BOC AVIATION LIMITED
中銀航空租賃有限公司*

(Incorporated in the Republic of Singapore with limited liability)

STOCK CODE: 2588

*For identification purpose only

BOC AVIATION

PARTNERING FOR GROWTH

2026 Interim Report

BOC Aviation is a leading global aircraft operating leasing company. The Company is listed on the Hong Kong Stock Exchange (HKEx code: 2588) and has its headquarters in Singapore with offices in Dublin, London, New York and Tianjin.

Our core business model is focused on purchasing new, fuel-efficient, in-demand aircraft at competitive prices directly from aircraft manufacturers, financing those aircraft purchases at favourable rates, and placing our aircraft on long-term operating and finance leases with a globally diversified customer base.

Our portfolio of owned aircraft has an average age of around five years, weighted by net book value, making it one of the youngest in the aircraft operating leasing industry. We have long-term contracted cash flows, with a weighted average remaining lease term on the owned portfolio of around eight years.

We maintain those portfolio metrics by selling our aircraft, mostly with leases attached, to a global investor base. This enables us to maintain a young fleet, to mitigate risks in our aircraft portfolio and to generate gains on sale, reinvesting the sale proceeds in our new aircraft investments.

We benefit from a low average cost of funds, supported by our strong credit ratings (A- from both Fitch Ratings and S&P Global) and a diversified range of funding sources. We also enjoy strong and committed support from our major shareholder, Bank of China.

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FINANCIAL HIGHLIGHTS

Our financial highlights for the six months ended 30 June 2026 are:

- **Total revenues and other income of US$1,297 million, 4% greater than the US$1,242 million for the first half of 2025**
- **Net profit after tax of US$357 million, a 4% increase compared with US$342 million in the first half of 2025**
- **Earnings per share of US$0.51**
- **The Board declared an interim dividend of US$0.1799 per share compared with US$0.1476 per share for the first half of 2025**
- **Total assets increased to US$27.8 billion as at 30 June 2026 from US$26.3 billion as at 31 December 2025, with net assets of US$7.0 billion**
- **Core lease rental contribution[1] reached a record US$388 million for the first half of the financial year**
- **Maintained robust liquidity with US$6.0 billion in undrawn committed credit facilities and US$319 million in cash and cash equivalents as at 30 June 2026**

Capitalised terms used but not defined in this interim report are found in pages 35 to 37.

Due to rounding, numbers presented throughout this interim report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

[1] *Calculated as operating lease rental income and finance lease interest income less aircraft depreciation, relevant finance expenses, amortisation of deferred debt issue costs and lease transaction closing costs.*

FINANCIAL HIGHLIGHTS

	Unaudited 6 months ended 30 June 2026 US$m	Unaudited 6 months ended 30 June 2025 US$m
Statement of Profit or Loss		
Revenues and other income	**1,297**	1,242
Costs and expenses	**(866)**	(836)
Profit before income tax	**431**	406
Net profit after income tax	**357**	342
Earnings per share (US$)	**0.51**	0.49
	Unaudited 30 June 2026 US$m	Audited 31 December 2025 US$m
Statement of Financial Position		
Cash and short-term deposits	**319**	400
Total current assets	**908**	968
Total non-current assets	**26,904**	25,370
Total assets	**27,812**	26,338
Total current liabilities	**1,703**	2,468
Total non-current liabilities	**19,083**	17,029
Total liabilities	**20,785**	19,497
Net assets	**7,027**	6,841
Financial Ratios		
Net assets per share (US$)	**10.13**	9.86
Gross debt to equity (times)	**2.6**	2.5
Net debt to equity (times)	**2.6**	2.5

PORTFOLIO AND OPERATIONAL HIGHLIGHTS

As at 30 June 2026, the Company had:

- **A total fleet of 811 aircraft and engines owned, managed and on order. The average age of aircraft is 5.0 years with an average owned aircraft remaining lease term of 7.7 years, each weighted by net book value[1]**
- **An orderbook of 320 aircraft, scheduled for delivery through to the end of 2032**
- **24 new aircraft and one engine deliveries in the first half of 2026**
- **Sold eight owned aircraft and five managed aircraft in the first half of 2026**
- **Signed 33 lease commitments in the first half of 2026**
- **A customer base of 88 airlines in 45 countries and regions in the owned and managed portfolios**
- **Maintained owned aircraft[2] utilisation at 100.0% throughout the first half of 2026**
- **Cash collection from airline customers of 99.2% in the first half of 2026**

[1] *Includes finance lease receivables in respect of aircraft on finance leases.*
[2] *Excludes four owned aircraft in Russia.*

PORTFOLIO AND OPERATIONAL HIGHLIGHTS

EXHIBIT 1: PORTFOLIO AT 30 JUNE 2026, BY NUMBER

Asset Type	Owned	Managed	On Order[1]	Total
Airbus A220 family	23	0	0	23
Airbus A320CEO family	53	3	0	56
Airbus A320NEO family	166	0	198	364
Airbus A330CEO family	8	0	0	8
Airbus A330NEO family	6	0	0	6
Airbus A350 family	15	0	2	17
Boeing 737NG family	50	6	0	56
Boeing 737-8/9	90	0	120	210
Boeing 777-300ER	18	1	0	19
Boeing 787 family	35	1	0	36
Freighters	3	0	0	3
Engines	12	0	1	13
Grand total	**479**	**11**	**321**	**811**

1 *Comprises all purchase commitments, including four where an airline customer has exercised the right to acquire the aircraft on delivery.*

PORTFOLIO AND OPERATIONAL HIGHLIGHTS

EXHIBIT 2: REVENUES AND OTHER INCOME BREAKDOWN, US$m

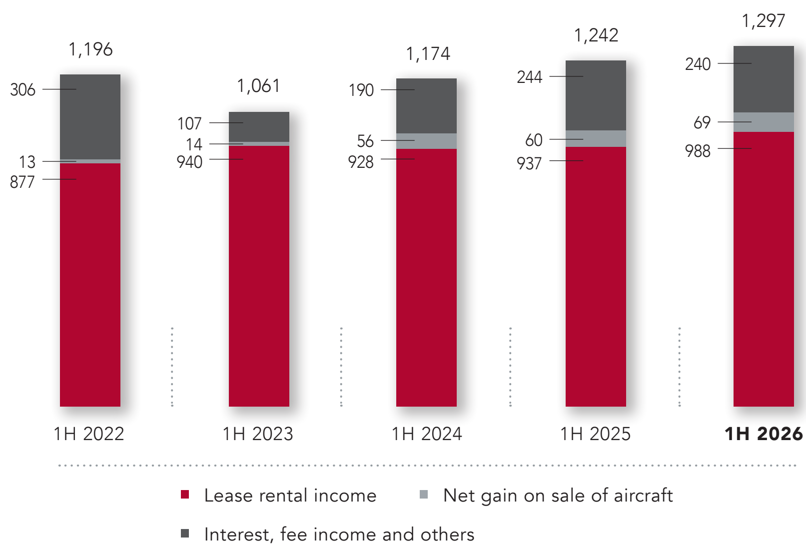
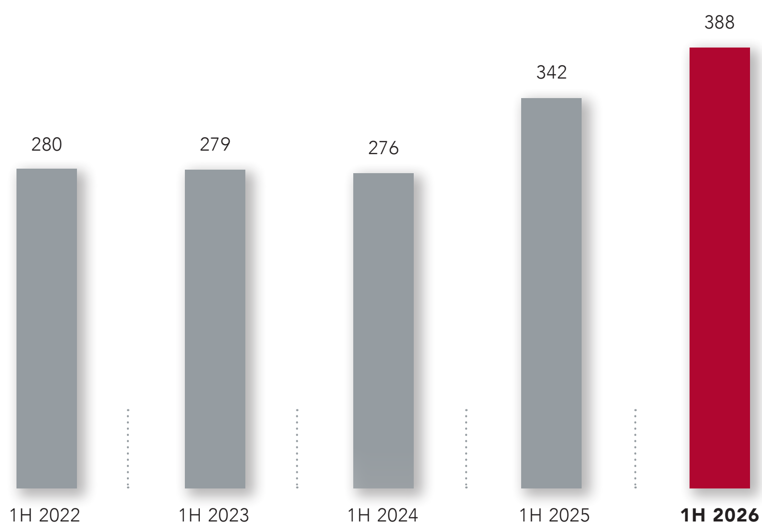


EXHIBIT 3: CORE LEASE RENTAL CONTRIBUTION, US$m



PORTFOLIO AND OPERATIONAL HIGHLIGHTS

EXHIBIT 4: NET PROFIT/(LOSS) AFTER TAX, US$m

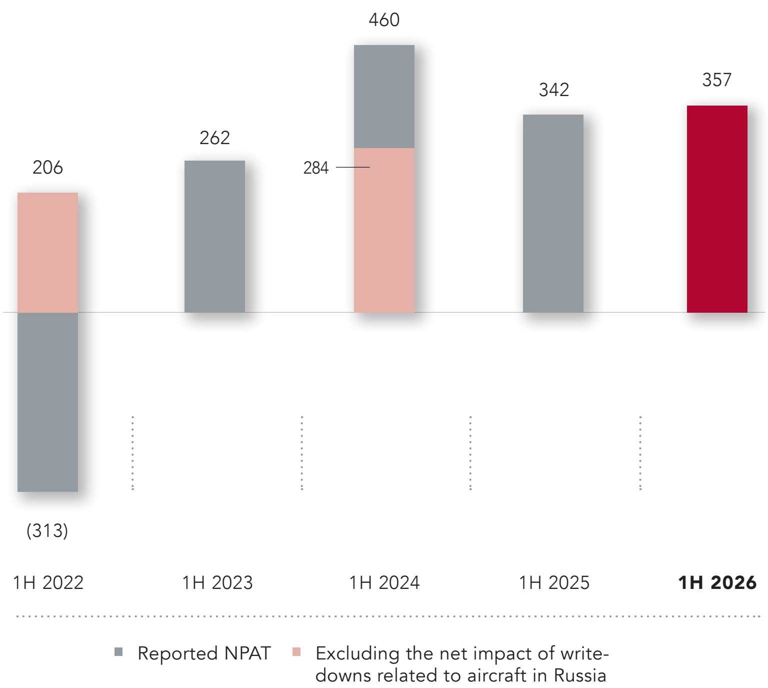
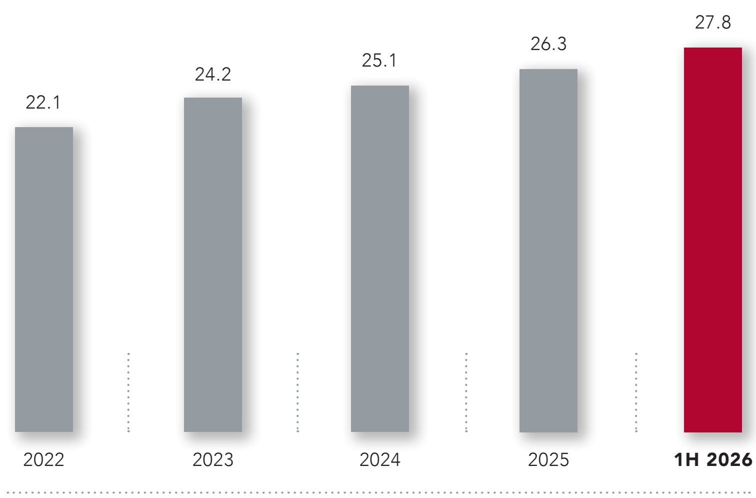


EXHIBIT 5: TOTAL ASSETS[1], US$b



[1] *As at the end of the relevant period.*

PORTFOLIO AND OPERATIONAL HIGHLIGHTS

EXHIBIT 6: TOTAL EQUITY[1], US$b

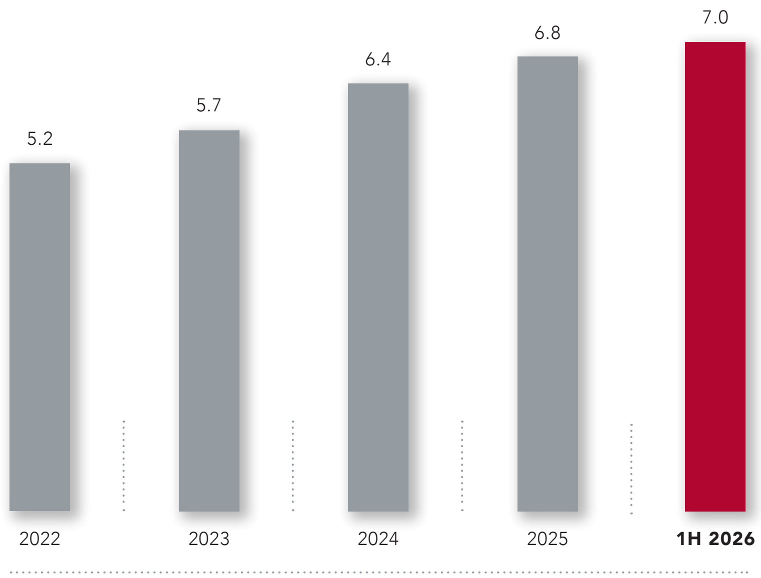
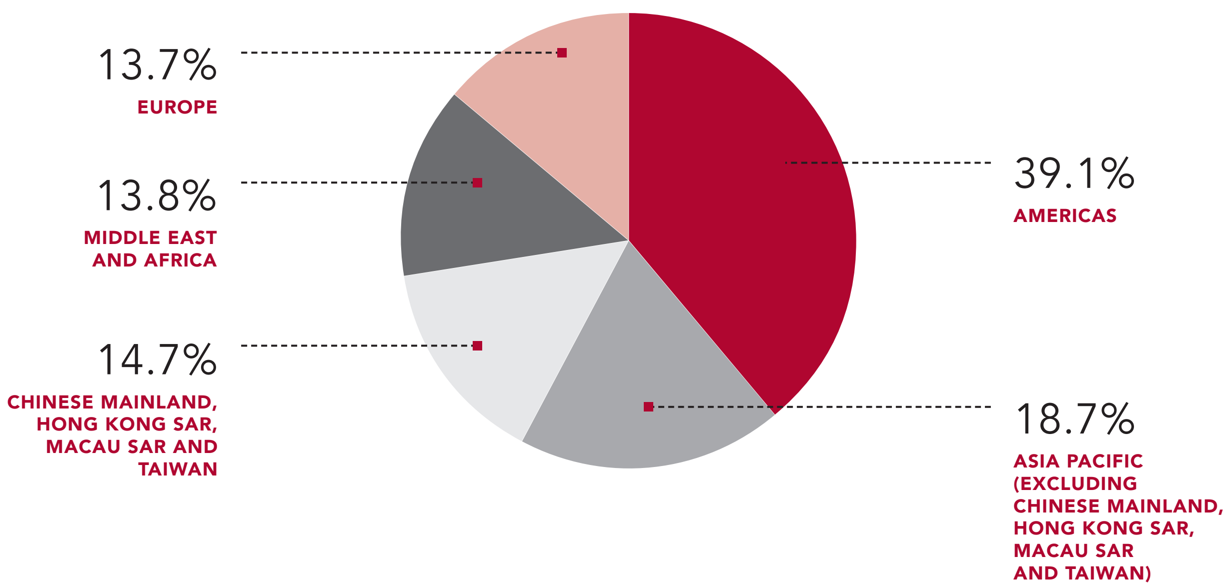


EXHIBIT 7: NET BOOK VALUE[2] OF PORTFOLIO BY REGION



1 *As at the end of the relevant period.*
2 *Includes finance lease receivables.*

PORTFOLIO AND OPERATIONAL HIGHLIGHTS

EXHIBIT 8: LEASE EXPIRIES[1]

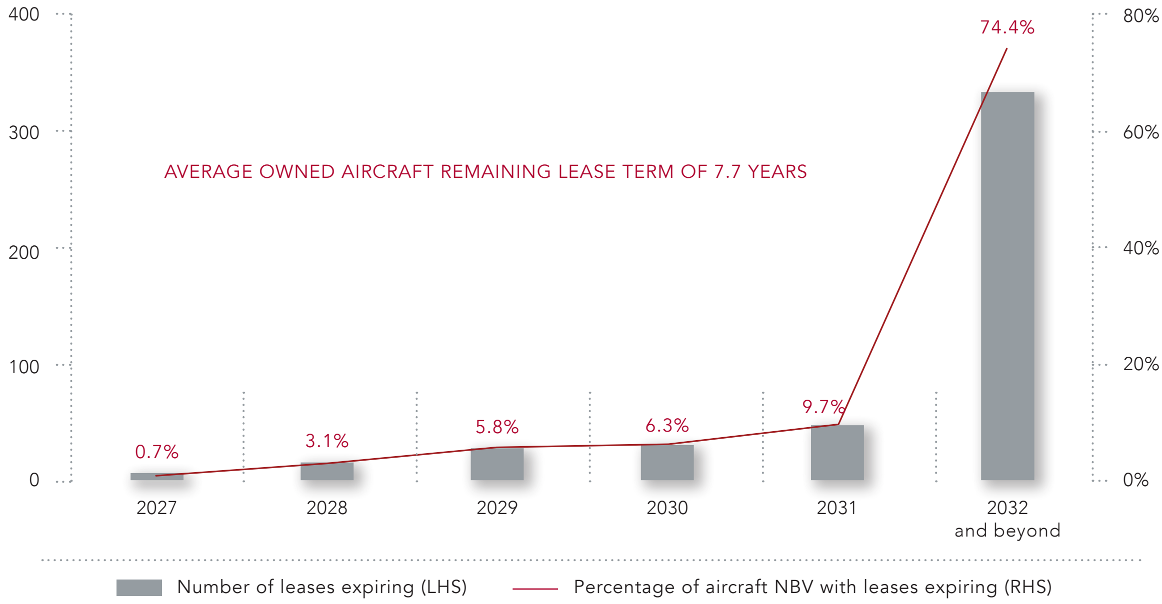
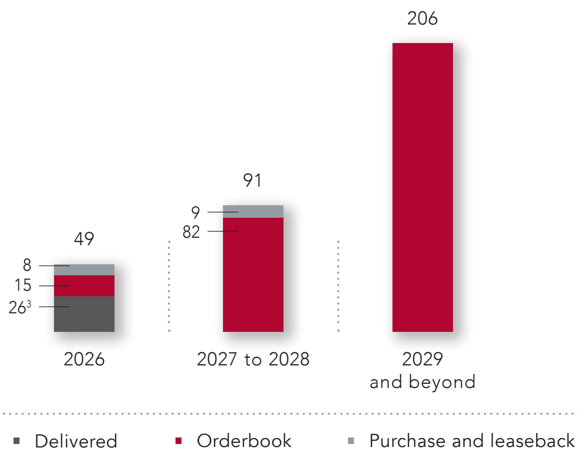


EXHIBIT 9: AIRCRAFT DELIVERIES BY NUMBER OF AIRCRAFT[2]



1 *Owned aircraft with leases expiring in each calendar year, weighted by net book value including finance lease receivables.*

2 *Based on expected delivery dates as at 30 June 2026.*

3 *Aircraft delivered in 1H 2026. Included two where an airline customer has exercised the right to acquire the aircraft prior to delivery.*

HALF YEAR BUSINESS REVIEW

We reported net profit after tax ("**NPAT**") of US$357 million for the six months ended 30 June 2026, equivalent to US$0.51 per share and 4% higher than in the first half of 2025. All business lines recorded improved contributions, despite the geopolitical disruption that occurred during the period.

The Board of Directors has declared an interim dividend of US$0.1799 per share, equivalent to 35% of NPAT. This represents a 22% increase on last year's interim dividend of US$0.1476 per share, reflecting both higher earnings and an increased payout ratio. The payout ratio was increased to 35% in 1H 2026 from 30% in 1H 2025, in line with the higher full-year distribution target of 40% of NPAT.

The first half of 2026 was marked by renewed geopolitical disruption in the Middle East, which affected selected passenger and cargo traffic flows and contributed to higher energy prices. Passenger traffic grew at a slower rate of 0.6%, compared with 5.1% in the first half of 2025, while the average Brent crude oil price rose by 28% over the same period. Average Singapore jet kerosene prices increased more sharply, rising by 65% as refining margins widened.

Reflecting these pressures, the International Air Transport Association ("**IATA**") reduced its 2026 industry profit forecast[1] from US$41 billion at the start of the year to US$23 billion. IATA now expects the average price of jet kerosene to be 72% higher than its previous estimate, while passenger traffic is expected to increase by 2.1% for the year, compared with its earlier forecast of 4.9% growth.

Despite these challenges, the aviation industry continued to demonstrate resilience. Passenger demand remained solid outside the Middle East travel corridors that were most directly affected by the conflict. Excluding the Middle East, passenger traffic increased by 3.1% in the first half of 2026. Continuing strong demand supported high load factors and fare increases in many markets, helping airlines partially offset higher fuel costs. Reflecting the resilient demand environment, IATA raised its 2026 passenger yield forecast by 15% from its previous projection.

Strong load factors and fares also reflect the continued shortage of aircraft relative to demand. Aircraft are broadly delivering on schedule, but with supply chain constraints remaining a limiting factor to planned delivery increases. Boeing and Airbus delivered a combined 665 aircraft in the six months ended 30 June 2026, a 13% increase compared with the same period in 2025. While the combined production output and values in 2026 are expected to surpass 2018 levels for the first time, the increase is being driven by the narrowbody segment, with widebody production still trailing 2018 levels.

We remain on track to achieve at least 49 aircraft deliveries in 2026, with 24 aircraft and one engine delivered into our fleet during the period. Although first-half deliveries were broadly in line with the first half of 2025, a higher proportion of widebody aircraft drove an increase in capital expenditure.

[1] *Global Outlook for Air Transport (7 June 2026).*

HALF YEAR BUSINESS REVIEW

We ended the first half of 2026 with an owned and managed fleet of 490 aircraft and engines, a further 321 aircraft and engines on order and all aircraft scheduled for delivery before the start of 2028 placed with airline customers. By net book value ("**NBV**"), 86% of our fleet now comprises latest-technology aircraft, a proportion that continues to increase as our orderbook delivers. We view this as an important measure, reflecting our commitment to sustainability and to providing airlines with modern, fuel-efficient aircraft.

The strength of our portfolio is reflected in its high utilisation, young average age, long remaining lease term and strong cash collection. All aircraft were on lease generating revenue for the entirety of the period, the third consecutive reporting period for which this was the case. Furthermore, we recorded no aircraft impairments for the half year. With an average age of 5.0 years and a remaining lease term of 7.7 years, our fleet ranks favourably among leading aircraft lessors. Cash collection also remained high at 99.2%, demonstrating the resilience of our customer base, despite the pressure of higher jet fuel prices on airline cash flows.

New lease commitments further demonstrated the quality and diversification of the portfolio. Asia-Pacific airlines accounted for over 60% of new leases signed in the first half of 2026, compared with 16% in the first half of 2025, underscoring strong demand in the region. As new aircraft are delivered, our portfolio will further enhance our geographic diversification and reinforce our position as a truly global aircraft lessor.

Reflecting new additions to the fleet, total assets increased 6% to US$27.8 billion as at 30 June 2026. Aircraft assets rose 5% to US$23.9 billion, from US$22.8 billion at the end of 2025, as we continued to execute our investment plan. Capital expenditure totalled US$2.3 billion in the first half of 2026, comfortably ahead of the US$1.9 billion recorded at the same stage last year and on track to exceed 2025's investments for the full year. Of this amount, 40% comprised purchase-and-leaseback transactions and pre-delivery payment financing originated during the period. These investments also contributed to our pipeline of US$17.6 billion in future committed investments.

We increased our available liquidity to a record US$8 billion during the quarter, before deploying part of this amount and ending the period with approximately US$6 billion available. This was supported by strong access to bank funding, with US$2.5 billion of new transactions closed. We also issued US$500 million of seven-year notes at one of the tightest spreads in the industry and raised CNH 2 billion through three-year notes, which were fully swapped into US Dollars inside our blended average cost of funds, which remained stable at 4.4%.

Operating cash flow net of interest remained strong at more than US$0.8 billion and contributed to our liquidity, as did proceeds from the sale of eight aircraft. Aircraft sales added US$69 million to first-half 2026 revenues, a 14% increase compared with last year. The gain on sale margin achieved continues to be substantially above our long-run average of approximately 9% and reflects the significant embedded equity value in our owned aircraft fleet. As at 30 June 2026, the fleet had a NBV of US$19.4 billion and an appraised current market value that was US$3.3 billion, or 17%, higher.

HALF YEAR BUSINESS REVIEW

Operating lease revenue improved by 5% to US$988 million, broadly in line with growth in NBV. The lease rate factor increased by 10 basis points to 10.4%. Net lease yield rose by a similar amount to 7.6%, reflecting stable debt expense, while core lease rental contribution increased 13% to US$388 million from US$342 million in the first half of 2025.

Finance lease income was 8% higher at US$141 million, supported in part by a 10% increase in finance lease receivables to US$4.6 billion. Finance lease receivables represented 19% of total aircraft assets at the end of the period.

Other interest and fee income rose 20% year-on-year to US$78 million, driven by a 19% increase in contributions from pre-delivery payment financing, which totalled US$65 million.

As we continued to invest in new aircraft in the first half of 2026, costs associated with the ownership and funding of these assets also rose. Aircraft depreciation expense increased 4% to US$402 million, while interest expense increased by only 3% to US$377 million. This was despite a 7% increase in gross debt to US$18.5 billion, which lifted our gross debt-to-equity ratio to 2.6 times.

Both our income tax expense and effective tax rate rose, reflecting higher pre-tax earnings and a greater proportion of business conducted in higher-tax jurisdictions. Income tax expense increased by almost US$11 million, while the effective tax rate rose to 17.3% from 15.8% in the first half of 2025.

Management and Board stability remained a feature of the period. Mr. Robert Martin's term as a Non-executive Director expired in June, and Mr. Yeung Chi Wai, Jason was appointed as an Independent Non-executive Director at the same time. We thank Mr. Martin for his contributions and welcome Mr. Yeung to the Board. The Company continued to maintain a diverse leadership and employee base, with women representing two members of our Board, 33% of management and 49% of the workforce.

In the first half of 2026, our employees contributed close to 550 volunteer hours through eight corporate social responsibility initiatives across our global offices. Approximately 61% of our workforce participated in activities supporting nine charitable organisations and community causes, which focused on food security, social inclusion and well-being, community welfare and environmental stewardship.

Looking ahead, we expect aviation demand to continue growing, while access to aircraft continues to be tight. Airline profitability is likely to remain challenged by lower-than-previously-forecast traffic growth and higher jet fuel prices, which is expected to promote continued demand for aircraft financing. Against this backdrop, we are well placed to support our airline customers with financing solutions or new aircraft from our orderbook.

BUSINESS OVERVIEW

BOC Aviation Limited is a leading global aircraft operating leasing company and is the largest aircraft operating leasing company headquartered in Asia. Our primary source of revenue is from long-term US dollar-denominated leases contracted with our globally diversified portfolio of airlines.

Our Senior Management is highly experienced and international, with most of the team having extensive experience working in the aviation and banking industries across multiple jurisdictions.

From our inception to 30 June 2026, we have:

- **Purchased and committed to purchase over 1,300 aircraft with an aggregate purchase price in excess of US$77 billion**
- **Executed more than 1,500 leases with over 200 airlines in more than 60 countries and regions**
- **Raised more than US$50 billion in debt financing**
- **Sold over 500 owned and managed aircraft**

As at 30 June 2026 our fleet comprised 490 owned and managed aircraft and engines on lease to 88 customers in 45 countries and regions. We also had commitments to acquire 320 aircraft through to the end of 2032. All of our orderbook comprises the latest-technology aircraft, principally single-aisle A320NEO family and 737-8 aircraft. As at 30 June 2026, more than 86% of our owned portfolio consisted of latest-technology aircraft.

We benefit from a low average cost of debt, which was 4.4% during the first half of 2026 supported by our strong investment grade credit ratings, which were reaffirmed as A- by both Fitch Ratings and S&P Global Ratings in June 2026, and by our access to diverse debt funding sources. Unsecured notes issued in the debt capital markets and unsecured loan facilities from third-party commercial banks are our primary sources of debt funding. We enjoy strong and committed support from Bank of China, a top four global bank by total assets as at 31 December 2025[1]. BOC Group has provided us with an aggregate of US$3.5 billion committed unsecured revolving credit facilities that mature in February 2031 of which US$2.7 billion remained unutilised as at 30 June 2026. Our cash and cash equivalents and undrawn credit facilities gave us total available liquidity of US$6.3 billion as at 30 June 2026.

[1] *Sourced from S&P Global Market Intelligence, 29 April 2026.*

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF PROFIT OR LOSS ANALYSIS

In the six months ended 30 June 2026, our net profit after tax was US$357 million, an increase of 4.4% from the same period last year. The increase in net profit after tax was mainly attributable to higher lease rental income, partly offset by a decline in other income.

Our selected financial data and changes to our consolidated statement of profit or loss are set out below:

	Unaudited			
	6 months ended 30 June			
	2026	2025	Change	Change
	US$'000	US$'000	US$'000	%
Lease rental income	**988,177**	937,059	51,118	5.5
Interest income from finance leases	**140,930**	130,197	10,733	8.2
Other interest and fee income	**78,493**	65,239	13,254	20.3
	1,207,600	1,132,495	75,105	6.6
Other sources of income:				
Net gain on sale of aircraft	**68,503**	60,329	8,174	13.5
Other income	**20,970**	49,033	(28,063)	(57.2)
Total revenues and other income	**1,297,073**	1,241,857	55,216	4.4
Depreciation of property, plant and equipment	**404,855**	390,201	14,654	3.8
Finance expenses	**376,664**	365,640	11,024	3.0
Staff costs	**43,318**	38,779	4,539	11.7
Impairment losses on financial assets	**5,900**	5,948	(48)	(0.8)
Other operating costs and expenses	**34,997**	35,713	(716)	(2.0)
Total costs and expenses	**(865,734)**	(836,281)	29,453	3.5
Profit before income tax	**431,339**	405,576	25,763	6.4
Income tax expense	**(74,644)**	(64,073)	10,571	16.5
Profit for the period	**356,695**	341,503	15,192	4.4

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUES AND OTHER INCOME

Our total revenues and other income increased by 4.4% to US$1,297 million in 1H 2026 compared with US$1,242 million in 1H 2025, primarily due to higher lease rental income, partially offset by lower other income as described below.

LEASE RENTAL INCOME

Our lease rental income increased by 5.5% to US$988 million in 1H 2026 compared with US$937 million in 1H 2025. During 1H 2026, we added 16 aircraft and sold eight aircraft on operating leases. The lease rental yield[1] for aircraft subject to operating leases was 10.4% for 1H 2026 compared with 10.3% for 1H 2025.

INTEREST INCOME FROM FINANCE LEASES

Our interest income from finance leases increased by 8.2% to US$141 million in 1H 2026 compared with US$130 million in 1H 2025. Our aircraft on finance leases increased from 77 as at 30 June 2025 to 84 as at 31 December 2025, and further increased to 92 as at 30 June 2026.

The lease rental yield[2] for aircraft on finance leases decreased to 6.6% in 1H 2026 from 6.9% in 1H 2025, primarily due to lower short-term US Dollar interest rates applicable to floating rate finance leases.

OTHER INTEREST AND FEE INCOME

Our other interest and fee income increased to US$78 million in 1H 2026 from US$65 million in 1H 2025, primarily driven by higher fees earned from pre-delivery payment transactions.

NET GAIN ON SALE OF AIRCRAFT

Net gain on sale of aircraft increased by 13.5% to US$69 million in 1H 2026, compared with US$60 million in 1H 2025. The increase was mainly due to higher profits per aircraft sold from sale of eight aircraft in 1H 2026, compared with 18 aircraft sold in 1H 2025.

OTHER INCOME

Other income decreased by 57.2% to US$21 million in 1H 2026 from US$49 million in 1H 2025, primarily due to the absence of insurance proceeds recognised in 1H 2025 relating to aircraft previously leased to Russian airlines and detained in Russia. This was partially offset by higher government incentives recognised in 1H 2026.

1 *Lease rental yield for operating leases is defined as annualised operating lease rental income divided by the average of aircraft net book value.*

2 *Lease rental yield for finance leases is defined as the average effective interest rate per annum on finance lease receivables as at 30 June 2026 and 30 June 2025, respectively.*

MANAGEMENT DISCUSSION AND ANALYSIS

COSTS AND EXPENSES

Costs and expenses rose by 3.5% to US$866 million in 1H 2026 from US$836 million in 1H 2025, primarily attributable to higher depreciation of property, plant and equipment and finance expenses, as described below.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Depreciation of property, plant and equipment increased by 3.8% to US$405 million in 1H 2026, compared with US$390 million in 1H 2025, mainly due to the growth of our fleet from 364 aircraft as at 30 June 2025 to 367 aircraft as at 31 December 2025, and a further increase to 375 aircraft as at 30 June 2026.

FINANCE EXPENSES

Finance expenses increased slightly by 3.0% to US$377 million in 1H 2026 from US$366 million in 1H 2025 mainly due to an increase in loans and borrowings to US$18.4 billion as at 30 June 2026 from US$16.9 billion as at 30 June 2025.

STAFF COSTS

Staff costs increased by 11.7% to US$43 million in 1H 2026 from US$39 million in 1H 2025 mainly due to increase in headcount and higher provisions for variable bonuses in 1H 2026 compared with 1H 2025.

INCOME TAX EXPENSE

Income tax expense increased by 16.5% to US$75 million in 1H 2026 from US$64 million in 1H 2025, primarily due to increased profits, as well as changes to the geographical distribution of profits between 2025 and 2026. Accordingly, our effective tax rate was 17.3% in 1H 2026 and 15.8% in 1H 2025.

PROFIT FOR THE PERIOD

As a result of the foregoing, our profit after tax increased by 4.4% to US$357 million in 1H 2026 from US$342 million in 1H 2025.

Since the publication of our audited financial statements for the year ended 31 December 2025 on 19 March 2026, there have been no material changes to our business.

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF FINANCIAL POSITION ANALYSIS

Our total assets increased by 5.6% to US$27.8 billion as at 30 June 2026 from US$26.3 billion as at 31 December 2025. Our total equity increased by 2.7% to US$7.0 billion as at 30 June 2026 compared with US$6.8 billion as at 31 December 2025.

Our selected financial data and changes to our consolidated statement of financial position are set out below:

	Unaudited 30 June 2026	Audited 31 December 2025	Change	Change
	US$'000	US$'000	US$'000	%
Property, plant and equipment	**22,444,416**	21,329,561	1,114,855	5.2
Finance lease receivables	**4,567,605**	4,134,311	433,294	10.5
Trade receivables	**86,518**	88,230	(1,712)	(1.9)
Cash and short-term deposits	**318,757**	399,791	(81,034)	(20.3)
Derivative financial instruments	**35,279**	2,285	32,994	1,443.9
Other assets	**359,546**	384,077	(24,531)	(6.4)
Total assets	**27,812,121**	26,338,255	1,473,866	5.6
Loans and borrowings	**18,436,784**	17,149,868	1,286,916	7.5
Maintenance reserves	**684,936**	557,939	126,997	22.8
Security deposits and non-current deferred income	**352,040**	385,629	(33,589)	(8.7)
Derivative financial instruments	**6,737**	30,138	(23,401)	(77.6)
Trade and other payables	**251,351**	373,524	(122,173)	(32.7)
Deferred tax liabilities	**890,759**	835,061	55,698	6.7
Other liabilities	**162,459**	165,235	(2,776)	(1.7)
Total liabilities	**20,785,066**	19,497,394	1,287,672	6.6
Net assets	**7,027,055**	6,840,861	186,194	2.7
Share capital	**1,157,791**	1,157,791	–	–
Retained earnings	**5,819,416**	5,678,348	141,068	2.5
Statutory reserve	**1,580**	1,549	31	2.0
Share-based compensation reserve	**20,212**	26,146	(5,934)	(22.7)
Fair value reserve	**–**	(2,563)	2,563	100.0
Hedging reserve	**28,056**	(20,410)	48,466	237.5
Total equity	**7,027,055**	6,840,861	186,194	2.7

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY, PLANT AND EQUIPMENT

We had property, plant and equipment of US$22.4 billion as at 30 June 2026, which increased by 5.2% from US$21.3 billion as at 31 December 2025 mainly due to the addition of 16 owned aircraft, partially offset by eight aircraft sold in 1H 2026 on operating leases.

Aircraft, which constituted the largest component, was US$19.4 billion as at 30 June 2026 and US$18.6 billion as at 31 December 2025, representing 86.3% and 87.4% of our total property, plant and equipment as at the same dates.

FINANCE LEASE RECEIVABLES

Finance lease receivables increased by 10.5% to US$4.6 billion as at 30 June 2026 from US$4.1 billion as at 31 December 2025, driven by the addition of new finance leases during 1H 2026.

TRADE RECEIVABLES

Trade receivables decreased by 1.9% to US$87 million as at 30 June 2026 from US$88 million as at 31 December 2025. As at 30 June 2026, net of an allowance of US$9 million for expected credit losses, we had trade receivables of US$76 million which were contractually deferred by mutual agreement, not overdue and interest bearing, and an amount of US$10 million which was past due but covered by collateral held.

CASH AND SHORT-TERM DEPOSITS

Our cash and short-term deposits, which were mainly denominated in US Dollars, decreased to US$319 million as at 30 June 2026 from US$400 million as at 31 December 2025. This decrease was mainly due to net cash outflows from capital expenditure being greater than net inflows from operating activities and proceeds from sale of property, plant and equipment during 1H 2026.

DERIVATIVE FINANCIAL INSTRUMENTS

Our assets and liabilities with respect to derivative financial instruments represent unrealised gains and losses, respectively, which were recognised in the hedging reserve in equity. Under assets, our derivative financial instruments increased to US$35 million as at 30 June 2026 from US$2 million as at 31 December 2025. Under liabilities, our derivative financial instruments decreased to US$7 million as at 30 June 2026 from US$30 million as at 31 December 2025. The movements in derivative financial assets and liabilities were primarily due to changes in marked-to-market values of the derivative financial instruments as a result of changes in interest rates. Accordingly, the unrealised gain in the hedging reserve was US$28 million as at 30 June 2026 compared with an unrealised loss of US$20 million as at 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

LOANS AND BORROWINGS

Our loans and borrowings increased by 7.5% to US$18.4 billion as at 30 June 2026 from US$17.1 billion as at 31 December 2025 mainly due to the issuance of US$0.8 billion of notes under our Global Medium Term Note Program and utilisation of US$2.0 billion under term loan facilities. This was partially offset by repayment and prepayment of US$1.6 billion in term loans and medium term notes in 1H 2026.

MAINTENANCE RESERVES

Our maintenance reserves increased by 22.8% to US$685 million as at 30 June 2026 from US$558 million as at 31 December 2025, primarily due to the contributions from lessees arising from increased utilisation of aircraft leased with cash maintenance reserves.

TRADE AND OTHER PAYABLES

Our trade and other payables decreased by 32.7% to US$251 million as at 30 June 2026 compared with US$374 million as at 31 December 2025. The decline was mainly attributable to lower maintenance reserve payables and staff cost related accruals.

DEFERRED TAX LIABILITIES

Our deferred tax liabilities increased by 6.7% to US$891 million as at 30 June 2026 from US$835 million as at 31 December 2025 mainly due to additional deferred tax provisions made on the Group's 1H 2026 profits.

TOTAL EQUITY

Total equity increased by 2.7% to US$7.0 billion as at 30 June 2026, compared with US$6.8 billion as at 31 December 2025. The increase in total equity was mainly attributable to profit for the period partially offset by payment of dividends amounting to US$212 million.

CONTINGENT LIABILITIES

Other than guarantees for certain loans extended to our subsidiary companies and for obligations under certain lease agreements entered into by our subsidiary companies as set out in Note 22 to the interim condensed consolidated financial statements as set out in the Appendix (Interim Financial Statements) hereto, the Company had no material contingent liabilities as at 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INFORMATION

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity comprise cash generated from aircraft leasing operations, proceeds from aircraft sales and borrowings. Our business is capital intensive, requiring significant investments and borrowings in order to grow and to maintain a young aircraft fleet. The cash flows from our operations have historically provided a significant portion of the liquidity for these investments.

In the first half of 2026, we closed total new loan facilities of US$2.5 billion and issued US$0.8 billion of notes under our Global Medium Term Note Program. We utilised US$2.0 billion under term loan facilities, including US$500 million which was raised in the previous year. We also had US$1.2 billion utilised under our revolving credit facilities as at 30 June 2026 compared with US$1.1 billion utilisation under these facilities as at 31 December 2025. Our liquidity remains strong, with cash and short-term deposits of US$319 million and US$6.0 billion in undrawn committed credit facilities as at 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

INDEBTEDNESS

Our gearing as at 30 June 2026 and 31 December 2025 is as set out in the table below:

	30 June 2026 US$m	31 December 2025 US$m
Gross debt	**18,515**	17,228
Net debt	**18,196**	16,828
Total equity	**7,027**	6,841
Gross debt to equity (times)	**2.6**	2.5
Net debt to equity (times)	**2.6**	2.5

Gross debt is defined as loans and borrowings before adjustments for deferred debt issue costs, revaluations and discounts/premiums on medium term notes. Total equity refers to the equity attributable to Shareholders. Gross debt to equity is calculated by dividing gross debt by total equity.

Net debt is defined as gross debt less cash and short-term deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

A description of our indebtedness is set out below:

	30 June 2026 US$m	31 December 2025 US$m
Secured		
Term loans	**49**	53
Total secured debt	**49**	53
Unsecured		
Term loans	**9,710**	8,005
Revolving credit facilities	**1,170**	1,070
Medium term notes	**7,586**	8,100
Total unsecured debt	**18,466**	17,175
Total indebtedness	**18,515**	17,228
Less: deferred debt issue costs, revaluations and discounts/premiums to medium term notes	**(78)**	(78)
Total debt	**18,437**	17,150

Indebtedness comprises our loans and borrowings before adjustments for deferred debt issue costs, revaluations and discounts/premiums on medium term notes.

Of the total indebtedness, the amount of debt at fixed rates, including floating rate debt swapped to fixed rate liabilities, amounted to US$12.5 billion as at 30 June 2026 and 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2026, our debt repayment profile was as follows:

DEBT REPAYMENT PROFILE

	30 June 2026
	US$b
2H 2026	**0.2**
2027	**2.3**
2028	**3.3**
2029 and beyond	**12.7**
Total	**18.5**

FOREIGN CURRENCY RISK

Our transactional currency exposures mainly arise from borrowings that are denominated in currencies other than US Dollar, our functional currency.

All loans and borrowings that are denominated in Australian Dollar, Chinese Yuan and Hong Kong Dollar are swapped into US Dollar. To eliminate foreign currency exposure that may arise, we utilise cross-currency interest rate swap contracts to hedge our Australian Dollar, Chinese Yuan and Hong Kong Dollar denominated financial liabilities. Such contracts are entered into with counterparties that are rated at least A- by S&P Global Ratings. Under these agreements, we receive foreign currency amounts sufficient to meet the obligations in foreign currency borrowings and pay US Dollar to the counterparties.

PLEDGE OF ASSETS

Details of pledges of assets are included in Note 9 to the financial statements for the six months ended 30 June 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS

Our estimated cash outflows based on aircraft capital expenditure commitments as at 30 June 2026 are set out below:

	30 June 2026 US$b
2H 2026	**1.8**
2027	**1.9**
2028	**2.5**
2029 and beyond	**11.4**
Total	**17.6**

The table above is based on estimated contractual capital expenditure commitments as at 30 June 2026. The capital expenditure figures for each period include anticipated escalation and are net of advance payments made before 30 June 2026.

SOURCES OF FUNDING

Our aircraft purchase commitments as at 30 June 2026 are expected to be financed through a range of funding sources, including (a) cash flow generated from our operating activities, (b) proceeds from our notes issuance from debt capital markets, (c) amounts drawn down under our various bank financing facilities, and (d) net proceeds from sales of aircraft.

We benefit from our strong investment grade corporate credit ratings of A- from both Fitch Ratings and S&P Global Ratings and from our access to diverse debt funding sources. Our primary sources of debt funding are unsecured notes and unsecured loan facilities. We have been an issuer of notes since 2000 and continue to regularly issue notes under our US$15 billion Global Medium Term Note Program. We also enjoy access to and continued support from a large global group of lenders comprising 55 financial institutions. As at 30 June 2026, we have US$6.0 billion in undrawn committed unsecured credit facilities including US$2.7 billion from BOC Group. US$0.8 billion of the US$3.5 billion committed unsecured revolving credit facilities provided by BOC Group is utilised as of 30 June 2026.

EMPLOYEES

As at 30 June 2026 and 30 June 2025, we had 216 and 208 employees, respectively, who were engaged in the operation and management of our business.

We provide certain benefits to our employees including retirement, as well as health, life, disability and accident insurance coverage. Opportunities for career development and training are also provided to employees. We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination.

MANAGEMENT DISCUSSION AND ANALYSIS

We set targets for our employees based on their position and role and regularly assess their performance. The results of such assessments are used in their salary reviews, bonus awards and assessment for promotions. The employee remuneration package generally comprises a basic salary and a discretionary bonus element. The discretionary bonus comprises two incentive plans as follows: (i) a short-term incentive plan which is cash-based, and is payable to employees when certain key performance indicator targets for each year are met, and (ii) a share-based long-term incentive plan, under which a bonus is awarded to selected employees in the form of Restricted Share Units (RSUs), fulfilled through the purchase of Shares in the secondary market by a trustee after the announcement of results for the relevant financial year in which performance occurred. Upon vesting, RSUs will generally be satisfied by the transfer of Shares from the trustee to the employee. As at 30 June 2026, the unvested long-term incentives include grants from financial years 2023 to 2024, which are share-based. Subject to the terms and conditions of the RSUs and the fulfilment of all conditions to vesting, the Shares relating to the RSUs will vest approximately three to four years (depending on the satisfaction of certain conditions) commencing from the date of grant.

None of our employees are represented by a union or collective bargaining agreement. We believe we have good employment relationships with our employees.

For the six months ended 30 June 2026 and 30 June 2025, our staff costs were US$43 million and US$39 million, respectively, representing approximately 3.3% and 3.1% of the Group’s total revenues and other income for each period.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the six months ended 30 June 2026, there was no material acquisition or disposal of subsidiaries and affiliated companies by the Company.

EVENTS AFTER THE REPORTING PERIOD

On 1 July 2026, 25,391 RSUs were granted to Mr. Zhuo Chengwen, the Chairman and Executive Director, and 243,723 RSUs were granted to Mr. Steven Matthew Townend, Executive Director and the Chief Executive Officer and Managing Director of the Company under the RSU Plan. Please refer to the Company’s announcement of 2 July 2026 on the websites of the Stock Exchange and the Company for further details.

On 9 September 2026, the Company entered into an agreement to purchase twelve Airbus A320NEO aircraft from Airbus S.A.S. The Company also entered into long-term leases with Aerovías del Continente Americano S.A. Avianca in respect of these aircraft. Please refer to the Company's announcement dated 10 September 2026, available on the websites of the Stock Exchange and the Company, for further information.

GENERAL INFORMATION

DIVIDEND POLICY

The Company's dividend policy is to distribute up to 40% of net profit after tax for a full financial year. The Board retains the discretion to declare any interim dividend and to propose any final dividend for approval by Shareholders at the annual general meeting.

INTERIM DIVIDEND

Consistent with the dividend policy, the Board of Directors have declared an interim dividend of US$0.1799 per Share for the six months ended 30 June 2026. The interim dividend will be paid in Hong Kong Dollar (converted from US Dollar at the prevailing market rate at least one week before the payment date) on 14 October 2026 to Shareholders registered at the close of business on the record date, being 25 September 2026. This declared interim dividend is not reflected as a dividend payable in the Interim Financial Statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2026.

The register of members will be closed from 23 September 2026 to 25 September 2026 (both dates inclusive), during which no transfer of Shares will be effected. In order to qualify for entitlement to the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration not later than 4:30 p.m. on 22 September 2026.

GENERAL INFORMATION

SUBSTANTIAL INTERESTS IN SHARE CAPITAL

The register maintained by the Company pursuant to Section 336 of the SFO recorded that, as at 30 June 2026, the following parties had the following interests (as defined in the SFO) in the Company set opposite their respective names:

Name of Shareholder	Capacity	Nature of interest	Number and class of Shares held	Approximate percentage of total issued share capital (%)
Central Huijin Investment Limited	Interest of controlled corporation	Long Position	485,807,334 (Ordinary)	70
BOC	Interest of controlled corporation	Long Position	485,807,334 (Ordinary)	70
BOCGI	Interest of controlled corporation	Long Position	485,807,334 (Ordinary)	70
Sky Splendor Limited	Beneficial owner	Long Position	485,807,334 (Ordinary)	70

Notes:

1. *BOCGI holds the entire issued share capital of Sky Splendor Limited. Accordingly, BOCGI is deemed to have the same interests in the Company as Sky Splendor Limited for the purpose of the SFO. Sky Splendor Limited directly holds 485,807,334 Shares.*
2. *BOC holds the entire issued share capital of BOCGI, which in turn holds the entire issued share capital of Sky Splendor Limited. Accordingly, BOC is deemed to have the same interests in the Company as BOCGI and Sky Splendor Limited for the purpose of the SFO. Sky Splendor Limited directly holds 485,807,334 Shares.*
3. *Central Huijin Investment Limited holds the controlling stake in the equity capital of BOC. Accordingly, for the purpose of the SFO, Central Huijin Investment Limited is deemed to have the same interest in the Company as BOC.*

Save as disclosed above, as at 30 June 2026, so far as the Directors are aware, no other persons or corporations had 5% or more interests or short positions in the Shares or underlying shares of the Company which were recorded in the register maintained by the Company under section 336 of the SFO.

GENERAL INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, interests of the Directors and the Chief Executive Officer and their respective associates in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO and Section 164 of the Singapore Companies Act 1967, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2026 were as follows:

LONG POSITION

Name of Director	Number of Shares and underlying Shares held under equity derivatives (Note)	Approximate percentage of total issued share capital (%)
Steven Matthew TOWNEND	616,511	0.09

Note: As at 30 June 2026, Mr. Townend had a beneficial interest in a total of 616,511 Shares, which included 330,198 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan.

As at 30 June 2026, Mr. Yeung Chi Wai, Jason (1) had an interest in bond series XS2740254177 and US66980Q2F36 issued by BOC Aviation (USA) Corporation, a wholly owned subsidiary of the Company, each with a par value of US$200,000 (aggregating US$400,000), and (2) is the beneficial owner of 75,000 ordinary shares in BOC Hong Kong (Holdings) Limited, representing approximately 0.00071% of the total issued share capital of BOC Hong Kong (Holdings) Limited as at 30 June 2026. Save as disclosed above, none of the Directors or the Chief Executive Officer of the Company or their respective associates had any short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO and Section 164 of the Singapore Companies Act 1967, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2026.

RESTRICTED SHARE UNIT LONG TERM INCENTIVE PLAN

As part of the Company's long-term employee incentive plans, the RSU Plan has been established to attract skilled and experienced management and professional employees, to motivate and reward them to maximise profit and long-term investment returns for Shareholders by providing them with the opportunity to acquire equity interests in the Company, thereby aligning the respective interests of employees and Shareholders.

The RSU Plan adopted on 28 February 2023 governing the awards made by the Company in respect of the four financial years from 2022 to 2025 (inclusive) will terminate in either April 2029 or (depending on the satisfaction of certain conditions) April 2030 when the final awards have vested.

GENERAL INFORMATION

Eligible participants of the RSU Plan are selected employees (including any Executive Directors) of the Company or any of its subsidiaries. There is no cap to the total number of shares available for grants under the RSU Plan, or the maximum entitlement of each participant under the RSU Plan. No consideration is required to be paid by the grantee on acceptance of the awards. A trustee (Computershare Hong Kong Trustees Limited) purchases Shares of the Company from the market and holds such Shares on trust in accordance with the rules of the RSU Plan. The RSU Plan will not involve any issue of new Shares by the Company.

Subject to the terms and conditions of the RSU Plan and the fulfilment of all conditions to the vesting of the awards, the Shares underlying each award will vest approximately three to four years (depending on the satisfaction of certain conditions) commencing from the date the award was granted.

The RSU Plan is a share scheme funded by existing Shares of the Company and is subject to the requirements of Rule 17.12 of the Listing Rules.

During the six months ended 30 June 2026, there were no grants of awards under the RSU Plan. Movements in the RSU Plan during the period are set out below:

	Unvested RSUs as at 1 January 2026[1]		RSUs granted during the six months ended 30 June 2026[1]		Number of RSUs vested during the six months ended 30 June 2026[3]	Number of RSUs cancelled during the six months ended 30 June 2026	Number of RSUs lapsed during the six months ended 30 June 2026	Unvested RSUs as at 30 June 2026[1]	
	Number	Date of grant	Number	Date of grant				Number	Date of grant
Steven Matthew TOWNEND	428,830	Note A	Nil	–	98,632	Nil	Nil	330,198	Note A
Robert James MARTIN[2]	329,431	Note A	Nil	–	144,375	Nil	Nil	Note 2	Note A
Five highest paid individuals[4]	1,236,078	Note A	Nil	–	297,299	Nil	Nil	938,779	Note A
Other grantees	4,549,087	Note A	Nil	–	1,177,482	Nil	Nil	3,371,605	Note A

Notes:

1. *Subject to the terms and conditions of the RSU Plan and the fulfillment of all conditions to the vesting of the awards, the Shares underlying each award will vest in April of either the third or fourth year commencing from the date the award was granted (depending on the satisfaction of certain conditions). No consideration is required from the relevant grantee at the time of vesting.*
2. *Mr. Robert James Martin ceased to be a Non-executive Director and a member of the Strategy and Budget Committee with effect from 2 June 2026.*
3. *The closing price of the Company's Shares on 2 April 2026, the trading day preceding the vesting date, was HK$78.50. No consideration is required from the relevant grantee at the time of vesting.*
4. *The information includes the grant awarded to a Director who was among the five highest paid individuals in the six months ended 30 June 2026.*

A: *Granted on 18 May 2022, 9 June 2023, 15 May 2024 and 19 May 2025, as applicable.*

GENERAL INFORMATION

CHANGE OF INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules after the approval date of the Company's 2025 annual report dated 16 April 2026, up to 14 September 2026 (being the approval date of this interim report) is set out below:

EXPERIENCE INCLUDING OTHER DIRECTORSHIPS

Ms. Liu Yunfei, a Non-executive Director, ceased to serve as Deputy General Manager, Risk Officer and Compliance Officer of the Global Transaction Banking Department of BOC, and was appointed as Deputy General Manager of the Global Transaction Banking and Clearing Department of BOC, with effect from 4 September 2026.

CHANGE IN BOARD AND BOARD COMMITTEE COMPOSITION

(1) Mr. Robert James Martin's term as a Non-executive Director expired on 2 June 2026. By mutual agreement, Mr. Martin's term of service was not renewed. His appointment as a Non-executive Director and a member of the Strategy and Budget Committee therefore ceased with effect from 2 June 2026.

(2) Mr. Yeung Chi Wai, Jason was appointed as an Independent Non-executive Director on 2 June 2026. His appointment was approved by the Shareholders at the annual general meeting of the Company held on the same date. Mr. Yeung was also appointed as a member of the Remuneration Committee, the Risk Committee and the Strategy and Budget Committee on the same date.

(3) With effect from 20 August 2026, (a) Ms. Jin Yan, a Non-executive Director, has ceased to be a member of the Audit Committee and has been appointed as a member of the Nomination Committee; (b) Mr. Yeung Chi Wai, Jason, an Independent Non-executive Director, has ceased to be a member of the Strategy and Budget Committee and has been appointed as a member of the Nomination Committee; and (c) Dr. Yeung Yin Bernard, an Independent Non-executive Director, has been appointed as a member of the Audit Committee.

GENERAL INFORMATION

As at the date of this interim report, the members of the respective Board committees are set out below:

Director	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee	Strategy and Budget Committee
ZHUO Chengwen			C		C
Steven Matthew TOWNEND					M
CHEN Xiang		M	M		
JIN Hongju	M				M
JIN Yan			M	M	M
LIU Yunfei				M	M
DAI Deming	C	M	M		
FU Shula	M	C	M		
Antony Nigel TYLER	M			C	M
YEUNG Chi Wai, Jason		M	M	M	
YEUNG Yin Bernard	M		M		M

Notes:
C committee chairman
M committee member

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities. The Group and the Company did not have any treasury shares for the six months ended 30 June 2026.

AUDIT COMMITTEE

As at the date of this interim report, the Audit Committee consists of four Independent Non-executive Directors and one Non-executive Director. It is chaired by Mr. Dai Deming. The other members are Mr. Jin Hongju, Mr. Fu Shula, Mr. Antony Nigel Tyler and Dr. Yeung Yin Bernard.

Based on the principle of independence, the Audit Committee assists the Board in overseeing the financial reporting system and internal control procedures of the Company, reviewing the financial information of the Company and considering issues relating to the external auditors and their appointment.

GENERAL INFORMATION

Our external auditor has carried out a review of the interim financial information in accordance with the International Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the International Auditing and Assurance Standards Board. The Audit Committee has reviewed with the management the accounting principles and practices we adopted and discussed auditing, internal controls and financial reporting matters including the review of the unaudited Interim Financial Statements.

NOMINATION COMMITTEE

As at the date of this interim report, the Nomination Committee consists of one Executive Director, two Non-executive Directors and four Independent Non-executive Directors. It is chaired by Mr. Zhuo Chengwen. The other members are Mr. Chen Xiang, Ms. Jin Yan, Mr. Dai Deming, Mr. Fu Shula, Mr. Yeung Chi Wai, Jason and Dr. Yeung Yin Bernard.

The Nomination Committee's main duties include reviewing (1) the selection and nomination of Directors, Board Committee members and Senior Management, (2) the structure, size and composition of the Board and Board Committees; and (3) the effectiveness of the Board and Board Committees.

Ms. Jin Yan and Mr. Yeung Chi Wai, Jason have been appointed as members of the Nomination Committee with effect from 20 August 2026. Following the appointment of Ms. Jin Yan, the Nomination Committee has one Director of a different gender, and, accordingly, the Company is from such date compliant with Code Provision B.3.5 of the Corporate Governance Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to enhancing shareholder value by achieving high standards of corporate conduct, transparency and accountability. During the six months ended 30 June 2026, save for the related disclosure in respect of Code Provision B.3.5 of the Corporate Governance Code (as explained above), the Company has complied with all applicable code provisions of the Corporate Governance Code.

COMPLIANCE WITH THE CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has established and implemented a Dealing Policy on terms no less exacting than the Model Code to govern the Directors' securities transactions of the Company. In this connection, the Company had made specific enquiry of all Directors, who confirmed that they had strictly complied with the provisions set out in both the Dealing Policy and the Model Code throughout the six months ended 30 June 2026.

GENERAL INFORMATION

FORWARD-LOOKING STATEMENTS

This interim report contains forward-looking statements. These forward-looking statements reflect our current views as to future events and are not a guarantee of our future performance. Forward-looking statements are subject to certain known and unknown risks, uncertainties and assumptions. We do not intend to update the forward-looking statements in this interim report, whether as a result of new information, future events or developments or otherwise. Accordingly, you should not place undue reliance on any forward-looking information.

CORPORATE COMMUNICATIONS

This interim report is available in both English and Chinese. A copy prepared in the language different from that which you have received is available by writing to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong or email to bocaviation.ecom@computershare.com.hk. This interim report is also available (in both English and Chinese) on the Company's website at www.bocaviation.com and the Stock Exchange's website at www.hkexnews.hk. You are encouraged to access the interim report and other corporate communications of the Company through these websites in lieu of receiving printed copies to help protect the environment. We believe that it is also the most efficient and convenient method of communication with our shareholders.

If you have any queries about how to obtain copies of this interim report please contact the service hotline of the Company's Hong Kong Share Registrar at (+852) 2862 8688 during business hours (9:00 a.m. to 6:00 p.m., Monday to Friday, excluding Hong Kong public holidays).

CORPORATE INFORMATION

As at 14 September 2026

BOARD OF DIRECTORS

Chairman
ZHUO Chengwen

Directors
Steven Matthew TOWNEND
CHEN Xiang*
JIN Hongju*
JIN Yan*
LIU Yunfei*
DAI Deming#
FU Shula#
Antony Nigel TYLER#
YEUNG Chi Wai, Jason#
YEUNG Yin Bernard#

* Non-executive Directors
\# Independent Non-executive Directors

SENIOR MANAGEMENT

Chief Executive Officer and Managing Director
Steven Matthew TOWNEND

Chief Financial Officer
WEN Lan

Chief Operating Officer
Thomas CHANDLER

Chief Commercial Officer
Paul KENT

Chief Commercial Officer
(Asia Pacific and the Middle East)
QIAN Xiaofeng

COMPANY SECRETARY

SO Yiu Fung

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

79 Robinson Road
#15-01
Singapore 068897

PLACE OF BUSINESS IN HONG KONG

Room 1912, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

INDEPENDENT AUDITOR

Recognised Public Interest Entity Auditor
Ernst & Young LLP

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

CREDIT RATINGS

Fitch Ratings
S&P Global Ratings

STOCK CODES

Ordinary shares:	
The Stock Exchange of Hong Kong Limited	2588
Reuters	2588.HK
Bloomberg	2588 HK

WEBSITE

www.bocaviation.com

DEFINITIONS

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise:

TERMS	MEANINGS
"1H 2025"	The six months ended 30 June 2025
"1H 2026"	The six months ended 30 June 2026
"Airbus"	Airbus S.A.S., a société par actions simplifiée duly created and existing under French law
"Audit Committee"	The audit committee of the Board
"Board"	The board of Directors of the Company
"Board Committees"	The five sub-committees of the Board Comprising the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Budget Committee and the Risk Committee
"BOC" or "Bank of China"	Bank of China Limited (中國銀行股份有限公司), a joint stock limited company incorporated in the PRC on 26 August 2004, the H-share and A-shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively, the ultimate controlling shareholder of the Company and a connected person of the Company under the Listing Rules
"BOC Group"	BOC and its subsidiaries (excluding the Group)
"BOCGI"	Bank of China Group Investment Limited (中銀集團投資有限公司), a company incorporated in Hong Kong with limited liability on 11 December 1984, and a wholly-owned subsidiary of BOC, a controlling shareholder of the Company and a connected person of the Company under the Listing Rules
"Boeing"	The Boeing Company, a corporation organised and existing under the General Corporation Law of the State of Delaware, U.S.A., and its affiliates
"Company" or "BOC Aviation"	BOC Aviation Limited, a company incorporated under the laws of Singapore with limited liability and listed on the Stock Exchange which, together with its subsidiaries, is engaged in aircraft leasing, aircraft purchase and sale and related businesses

DEFINITIONS

"Corporate Governance Code"	Appendix C1 *(Corporate Governance Code)* to the Listing Rules
"Dealing Policy"	The Directors'/Chief Executive Officer's Dealing Policy adopted by the Board on 12 May 2016
"Director(s)"	The director(s) of the Company
"Group"	The Company together with its subsidiaries
"Hong Kong"	The Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
"Interim Financial Statements"	The unaudited interim condensed consolidated financial statements as set out in the Appendix (Interim Financial Statements)
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
"Nomination Committee"	The nomination committee of the Board
"Operating cash flow net of interest"	Net cash flow from operating activities less finance expenses paid
"Remuneration Committee"	The remuneration committee of the Board
"Risk Committee"	The risk committee of the Board
"RSU"	A restricted share unit, which is a contingent right to receive Shares, awarded pursuant to the RSU Plan
"RSU Plan"	The BOC Aviation Limited Restricted Share Unit Long Term Incentive Plan

DEFINITIONS

"Senior Management"	Chief Executive Officer and Managing Director, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer and Chief Commercial Officer (Asia Pacific and the Middle East)
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder"	A holder of Shares
"Shares"	Ordinary shares in the share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and Budget Committee"	The strategy and budget committee of the Board
"USD", "US$" or "US Dollar"	The lawful currency of the United States of America

BOC AVIATION LIMITED
(Incorporated in Singapore. Registration No. 199307789K)
AND ITS SUBSIDIARY COMPANIES

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period from 1 January 2026 to 30 June 2026

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF BOC AVIATION LIMITED

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of BOC Aviation Limited ("the Company") and its subsidiary companies ("the Group") as at 30 June 2026 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising material accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") and Singapore Financial Reporting Standard (International) 1-34 *Interim Financial Reporting* ("SFRS(I) 1-34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. This report, including our conclusion, has been prepared solely for the Company in accordance with the contract between us. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work or this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 and SFRS(I) 1-34.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
20 August 2026

BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the period from 1 January 2026 to 30 June 2026

	Note	**Unaudited 1 January 2026 to 30 June 2026 US$'000**	Unaudited 1 January 2025 to 30 June 2025 US$'000
Revenues and other income			
Lease rental income	27(a)	**988,177**	937,059
Interest income from finance leases	21(b)	**140,930**	130,197
Other interest and fee income	3	**78,493**	65,239
		1,207,600	1,132,495
Other sources of income:			
Net gain on sale of aircraft	4	**68,503**	60,329
Other income	5	**20,970**	49,033
		1,297,073	1,241,857
Costs and expenses			
Depreciation of property, plant and equipment		**404,855**	390,201
Finance expenses	6	**376,664**	365,640
Amortisation of deferred debt issue costs		**9,902**	8,281
Staff costs	7	**43,318**	38,779
Marketing and travelling expenses		**4,471**	3,450
Impairment losses on financial assets		**5,900**	5,948
Other operating expenses		**20,624**	23,982
		(865,734)	(836,281)
Profit before income tax		**431,339**	405,576
Income tax expense	8	**(74,644)**	(64,073)
Profit for the period attributable to owners of the Company		**356,695**	341,503
Earnings per share attributable to owners of the Company:			
Basic earnings per share (US$)	26	**0.51**	0.49
Diluted earnings per share (US$)	26	**0.51**	0.49

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January 2026 to 30 June 2026

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Profit for the period	**356,695**	341,503
Other comprehensive income for the period, net of tax:		
Items that may be reclassified subsequently to statement of profit or loss:		
Effective portion of changes in fair value of cash flow hedges, net of tax	**53,460**	(8,973)
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax	**(4,994)**	(14,704)
Item that will not be reclassified to statement of profit or loss:		
Change in fair value of investment in equity instruments	**(596)**	(2,116)
Total comprehensive income for the period attributable to owners of the Company	**404,565**	315,710

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	Note	**Unaudited 30 June 2026 US$'000**	Audited 31 December 2025 US$'000
Non-current assets			
Property, plant and equipment	9	**22,444,416**	21,329,561
Derivative financial instruments	16	**33,820**	1,794
Finance lease receivables	21(b)	**4,253,069**	3,863,153
Trade receivables	10	**64,776**	76,597
Other receivables	11	**61,867**	56,407
Deferred tax assets	17	**175**	185
Other non-current assets		**45,618**	42,750
		26,903,741	25,370,447
Current assets			
Trade receivables	10	**21,742**	11,633
Prepayments		**3,652**	6,565
Derivative financial instruments	16	**1,459**	491
Finance lease receivables	21(b)	**314,536**	271,158
Other receivables	11	**230,675**	264,192
Income tax receivables		**36**	34
Short-term deposits	12	**260,971**	313,945
Cash and bank balances	12	**57,786**	85,846
Other current assets		**17,523**	13,944
		908,380	967,808
Total assets		**27,812,121**	26,338,255
Current liabilities			
Derivative financial instruments	16	**347**	2,085
Trade and other payables	13	**251,351**	373,524
Deferred income	14	**86,147**	97,002
Income tax payables		**59,459**	48,052
Loans and borrowings	15	**1,279,537**	1,877,432
Lease liabilities		**2,766**	2,873
Security deposits		**22,904**	67,523
		1,702,511	2,468,491
Net current liabilities		**(794,131)**	(1,500,683)
Total assets less current liabilities		**26,109,610**	23,869,764

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 30 June 2026

	Note	**Unaudited 30 June 2026 US$'000**	Audited 31 December 2025 US$'000
Non-current liabilities			
Derivative financial instruments	16	**6,390**	28,053
Loans and borrowings	15	**17,157,247**	15,272,436
Lease liabilities		**10,587**	11,999
Security deposits		**203,448**	193,167
Deferred income	14	**125,688**	124,939
Maintenance reserves		**684,936**	557,939
Deferred tax liabilities	17	**890,759**	835,061
Other non-current liabilities		**3,500**	5,309
		19,082,555	17,028,903
Total liabilities		**20,785,066**	19,497,394
Net assets		**7,027,055**	6,840,861
Equity attributable to owners of the Company			
Share capital	18	**1,157,791**	1,157,791
Retained earnings		**5,819,416**	5,678,348
Statutory reserve		**1,580**	1,549
Share-based compensation reserve		**20,212**	26,146
Fair value reserve		**–**	(2,563)
Hedging reserve	19	**28,056**	(20,410)
Total equity		**7,027,055**	6,840,861
Total equity and liabilities		**27,812,121**	26,338,255

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January 2026 to 30 June 2026

	Note	Attributable to owners of the Company						
		Share capital US$'000	Retained earnings US$'000	Statutory reserve* US$'000	Share-based compensation reserve US$'000	Fair value reserve US$'000	Hedging reserve US$'000	Total equity US$'000
Unaudited 2026								
At 1 January 2026		**1,157,791**	**5,678,348**	**1,549**	**26,146**	**(2,563)**	**(20,410)**	**6,840,861**
Profit for the period		**–**	**356,695**	**–**	**–**	**–**	**–**	**356,695**
Transfers to statutory reserve		**–**	**(31)**	**31**	**–**	**–**	**–**	**–**
Other comprehensive income for the period, net of tax		**–**	**–**	**–**	**–**	**(596)**	**48,466**	**47,870**
Total comprehensive income for the period		**–**	**356,664**	**31**	**–**	**(596)**	**48,466**	**404,565**
Transactions with owners of the Company:								
Dividends	20	**–**	**(212,437)**	**–**	**–**	**–**	**–**	**(212,437)**
Amortisation of share-based compensation	7	**–**	**–**	**–**	**5,895**	**–**	**–**	**5,895**
Restricted Share Units – amount vested		**–**	**–**	**–**	**(11,829)**	**–**	**–**	**(11,829)**
Transfer upon disposal of investment in equity instruments		**–**	**(3,159)**	**–**	**–**	**3,159**	**–**	**–**
At 30 June 2026		**1,157,791**	**5,819,416**	**1,580**	**20,212**	**–**	**28,056**	**7,027,055**
Unaudited 2025								
At 1 January 2025		1,157,791	5,178,988	1,401	13,034	–	11,330	6,362,544
Profit for the period		–	341,503	–	–	–	–	341,503
Transfers to statutory reserve		–	(149)	149	–	–	–	–
Other comprehensive income for the period, net of tax		–	–	–	–	(2,116)	(23,677)	(25,793)
Total comprehensive income for the period		–	341,354	149	–	(2,116)	(23,677)	315,710
Transactions with owners of the Company:								
Dividends	20	–	(185,301)	–	–	–	–	(185,301)
Amortisation of share-based compensation	7	–	–	–	6,513	–	–	6,513
At 30 June 2025		1,157,791	5,335,041	1,550	19,547	(2,116)	(12,347)	6,499,466

* In accordance with statutory requirements in China, each subsidiary company in this country is required to make appropriation of a certain percentage of its annual profit after tax to a statutory reserve until a statutory limit is reached.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BOC AVIATION LIMITED AND ITS SUBSIDIARY COMPANIES

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 1 January 2026 to 30 June 2026

	Note	**Unaudited 1 January 2026 to 30 June 2026 US$'000**	Unaudited 1 January 2025 to 30 June 2025 US$'000
Cash flows from operating activities:			
Profit before income tax		**431,339**	405,576
Adjustments for:			
Depreciation of property, plant and equipment		**404,855**	390,201
Amortisation of deferred debt issue costs		**9,902**	8,281
Amortisation of share-based compensation	7	**5,895**	6,513
Interest income from finance leases	21(b)	**(140,930)**	(130,197)
Other interest and fee income	3	**(78,493)**	(65,239)
Net gain on sale of aircraft	4	**(68,503)**	(60,329)
Finance expenses	6	**376,664**	365,640
Impairment losses on financial assets		**5,900**	5,948
Other income		**(3)**	–
Operating profit before working capital changes		**946,626**	926,394
Changes in working capital:			
Trade and other receivables		**145,022**	131,831
Trade and other payables		**(141,777)**	43,953
Maintenance reserves, net		**153,362**	(57,286)
Deferred income		**(16,622)**	2,611
Cash generated from operations		**1,086,611**	1,047,503
Security deposits (paid)/received, net		**(27,822)**	128,335
Lease transaction closing costs paid		**(175)**	(218)
Income tax paid, net		**(6,139)**	(4,950)
Interest and fee income received		**168,304**	222,977
Net cash flows from operating activities		**1,220,779**	1,393,647
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(1,748,371)**	(1,499,462)
Purchase of aircraft classified as finance lease		**(519,045)**	(387,500)
Proceeds from sale of property, plant and equipment	4	**257,852**	651,429
Refund of pre-delivery payments by airlines		**28,000**	–
Net cash flows used in investing activities		**(1,981,564)**	(1,235,533)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

For the period from 1 January 2026 to 30 June 2026

	Note	**Unaudited 1 January 2026 to 30 June 2026 US$'000**	Unaudited 1 January 2025 to 30 June 2025 US$'000
Cash flows from financing activities:			
Proceeds from loans and borrowings		**2,892,522**	2,210,000
Repayment of loans and borrowings		**(1,705,517)**	(2,361,926)
Increase in borrowings from revolving credit facilities, net		**100,000**	451,000
Repayment of lease liabilities		**(1,636)**	(1,487)
Finance expenses paid		**(376,411)**	(393,789)
Debt issue costs paid		**(16,770)**	(14,709)
Dividends paid	20	**(212,437)**	(185,301)
Net cash flows from/(used in) financing activities		**679,751**	(296,212)
Net decrease in cash and cash equivalents		**(81,034)**	(138,098)
Cash and cash equivalents at beginning of period		**399,791**	671,331
Cash and cash equivalents at end of period		**318,757**	533,233

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

BOC Aviation Limited (the "Company") is a public company limited by shares and is listed on the main board of The Stock Exchange of Hong Kong Limited. The Company is incorporated and domiciled in Singapore. The Company's immediate holding company is Sky Splendor Limited, which is incorporated in the Cayman Islands. The shareholder of Sky Splendor Limited is Bank of China Group Investment Limited, incorporated in Hong Kong and owned by Bank of China Limited, incorporated in the People's Republic of China ("PRC"). The controlling shareholder of Bank of China Limited is Central Huijin Investment Limited ("Central Huijin"), which is incorporated in the PRC. Central Huijin is a wholly owned subsidiary of China Investment Corporation ("CIC"), which is a wholly state-owned company in the PRC.

The registered address of the Company is 79 Robinson Road, #15-01, Singapore 068897.

The principal activities of the Company, which are conducted in Singapore, are the leasing of aircraft, management of aircraft leases and other related activities. The subsidiary companies are primarily engaged in the leasing of aircraft and other related activities.

2. Basis of preparation, material accounting policies and use of judgements and estimates

2.1 Basis of preparation

As at 30 June 2026, the Group's current liabilities exceeded its current assets by US$794.1 million (31 December 2025: US$1,500.7 million). The interim financial statements have been prepared on a going concern basis as management is reasonably confident that after taking into account the Group's ability to generate cash in the future periods and unutilised committed banking facilities, the Group will have sufficient resources to pay its debts as and when they fall due.

The interim condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with both International Accounting Standard 34 *Interim Financial Reporting* and SFRS(I) 1-34 *Interim Financial Reporting*.

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's audited consolidated financial statements for the year ended 31 December 2025.

The interim financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policies and the explanatory notes below. The interim financial statements are presented in the United States Dollar ("US$" or "US Dollar"), which is the functional currency of the Company and all values are rounded to the nearest thousand (US$'000), except when otherwise indicated. Where necessary, comparative information has been re-represented to conform with the presentation in the current period.

2. Basis of preparation, material accounting policies and use of judgements and estimates (cont'd)

2.2 Changes in material accounting policies

The material accounting policies adopted are consistent with those of the previous financial year which are set out in the audited consolidated financial statements of the Group for the financial year ended 31 December 2025, except for the adoption of new and revised standards effective for annual periods beginning on or after 1 January 2026. The adoption of these new and revised standards did not have any material impact on the interim financial statements of the Group.

2.3 Use of judgements and estimates

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements of the Group as at and for the year ended 31 December 2025.

3. Other interest and fee income

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Fee income from aircraft pre-delivery payments	**63,745**	49,748
Fee income from deferred payments	**2,429**	4,966
Interest income from short-term deposits and bank balances	**3,819**	4,506
Lease management and remarketing fee income	**2,894**	1,495
Others	**5,606**	4,524
	78,493	65,239

4. Net gain on sale of aircraft

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Proceeds from sale of aircraft	**257,852**	651,429
Maintenance reserves released	**26,362**	99,515
Security deposits released	**–**	5,200
Less: Net book value of aircraft classified as Property, plant and equipment	**(214,858)**	(694,847)
Expenses, net of costs written back	**(853)**	(968)
	68,503	60,329

5. Other income

During the period ended 30 June 2026, other income mainly consisted of government incentives and amounts paid by manufacturers based on mutual agreement.

During the period ended 30 June 2025, other income primarily comprised insurance settlements and government incentives.

6. Finance expenses

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Interest expense and other charges on:		
Loans and borrowings	**376,424**	365,414
Lease liabilities	**240**	226
	376,664	365,640

7. Staff costs

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Salaries, bonuses and other staff costs	**36,264**	31,203
Employers' defined contributions	**1,159**	1,063
Amortisation of share-based compensation	**5,895**	6,513
	43,318	38,779

Share-based compensation (equity-settled)

The Company has in place a Restricted Share Unit Long Term Incentive Plan (the "RSU Plan") for certain employees. The current RSU Plan was adopted on 28 February 2023 governing the awards made by the Company in respect of the four financial years from 2022 to 2025 (inclusive) and will terminate in either April 2029 or (depending on the satisfaction of certain conditions) April 2030 when the final awards have vested.

Subject to the terms and conditions of the RSU Plan and the fulfilment of all conditions to the vesting of the awards, the shares underlying each award will vest in April of either the fourth or fifth year (depending on the satisfaction of certain conditions) after the end of the financial year for which the award was granted.

7. Staff costs (cont'd)

Share-based compensation (equity-settled) (cont'd)

Movements of RSUs:

			Number of RSUs				
Year of grant	**Fair value at grant date HK$**	**Fair value at grant date US$**	**At 1 January 2026**	**Granted during the period**	**Lapsed during the period**	**Vested during the period**	**At 30 June 2026**
2023	60.40	7.70	**1,474,781**	**–**	**–**	**1,474,781**	**–**
2024	60.87	7.78	**1,963,458**	**–**	**–**	**–**	**1,963,458**
2025	58.21	7.49	**2,346,926**	**–**	**–**	**–**	**2,346,926**
			5,785,165	**–**	**–**	**1,474,781**	**4,310,384**

			Number of RSUs				
Year of grant	**Fair value at grant date HK$**	**Fair value at grant date US$**	**At 1 January 2025**	**Granted during the period**	**Lapsed during the period**	**Vested during the period**	**At 30 June 2025**
2023	60.40	7.70	1,558,488	–	–	–	1,558,488
2024	60.87	7.78	2,053,302	–	–	–	2,053,302
2025	58.21	7.49	–	2,465,872	–	–	2,465,872
			3,611,790	2,465,872	–	–	6,077,662

The fair value of each RSU at grant date was determined by the average market price at which the shares of the Company were purchased by a trustee in the secondary market.

8. Income tax expense

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Current income tax	**22,696**	19,696
Deferred income tax	**51,941**	44,325
Under provision in prior years	**7**	52
Income tax expense	**74,644**	64,073

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. Pillar Two legislation was enacted in the United Kingdom, Ireland and Singapore on 11 July 2023, 18 December 2023 and 8 November 2024 respectively, introducing a global minimum effective tax rate of 15%. The legislation implements domestic and multinational top-up taxes and is effective for the Group's operations in the United Kingdom and Ireland from 1 January 2024, and in Singapore from 1 January 2025.

As at 30 June 2026, the Group has identified Ireland and Singapore as the material in-scope jurisdictions that require top-up taxes. Accordingly, the Group has recognised an estimated current tax expense of US$17.4 million related to Pillar Two income taxes for the period ended 30 June 2026 (30 June 2025: US$16.1 million). This is included in income tax expense in the statement of profit or loss.

The Group has applied the temporary mandatory relief from deferred tax accounting for the impacts of Pillar Two income tax and accounts for it as current tax expense when it is incurred.

Due to the complex and evolving nature of the Pillar Two legislation, the Group will continue to assess its exposure to the legislation and the impact of that legislation on its financial statements.

9. Property, plant and equipment

	Aircraft US$'000	Aircraft pre-delivery payments US$'000	Office renovations US$'000	Furniture, fittings and office equipment US$'000	Right-of-use assets US$'000	Total US$'000
Cost:						
At 1 January 2025	22,980,299	2,089,271	3,632	10,338	22,152	25,105,692
Additions	2,125,501	1,165,262	555	955	2,117	3,294,390
Disposals	(2,115,033)	–	–	(5,551)	(2,938)	(2,123,522)
Transfers	566,619	(566,619)	–	–	–	–
Transfer to assets held for sale	–	(8,249)	–	–	–	(8,249)
Adjustments	17,737	–	10	19	(46)	17,720
At 31 December 2025 and 1 January 2026	23,575,123	2,679,665	4,197	5,761	21,285	26,286,031
Additions	1,250,353	482,550	–	681	32	1,733,616
Disposals	(321,697)	–	(342)	(210)	–	(322,249)
Transfers	93,471	(93,471)	–	–	–	–
Adjustments	983	–	(31)	–	–	952
At 30 June 2026	**24,598,233**	**3,068,744**	**3,824**	**6,232**	**21,317**	**27,698,350**

9. Property, plant and equipment (cont'd)

	Aircraft US$'000	Aircraft pre-delivery payments US$'000	Office renovations US$'000	Furniture, fittings and office equipment US$'000	Right-of-use assets US$'000	Total US$'000
Accumulated depreciation and impairment:						
At 1 January 2025	4,958,587	–	1,347	6,876	7,922	4,974,732
Charge for the year	776,498	–	426	1,942	2,791	781,657
Disposals	(791,430)	–	–	(5,551)	(2,938)	(799,919)
At 31 December 2025 and 1 January 2026	4,943,655	–	1,773	3,267	7,775	4,956,470
Charge for the period	402,254	–	248	1,003	1,350	404,855
Disposals	(106,839)	–	(342)	(210)	–	(107,391)
At 30 June 2026	**5,239,070**	**–**	**1,679**	**4,060**	**9,125**	**5,253,934**
Net book value:						
At 31 December 2025	18,631,468	2,679,665	2,424	2,494	13,510	21,329,561
At 30 June 2026	**19,359,163**	**3,068,744**	**2,145**	**2,172**	**12,192**	**22,444,416**

9. Property, plant and equipment (cont'd)

(a) Impairment of assets

As at 30 June 2026, the accumulated impairment loss on the Group's property, plant and equipment was US$461.6 million (31 December 2025: US$461.6 million). The weighted average discount rate applied to the forecast cash flows was 4.8% per annum for the period ended 30 June 2026 (for the year ended 31 December 2025: 4.7%).

Movement of accumulated impairment loss provision:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
At beginning of period/year	**461,623**	552,923
Disposal of aircraft	**–**	(91,300)
At end of period/year	**461,623**	461,623

The impairment loss represented the write-down of the book value of certain aircraft to their recoverable amounts. The recoverable amount was determined based on the higher of management's best estimate of each aircraft value from appraisers' valuation less costs of disposal and its value in use. The adjusted selling price, if available, is also taken into account.

During the period ended 30 June 2026, there were no insurance settlements in respect of aircraft formerly leased to Russian airlines which were detained in Russia and recognised by the Group as "Other income" in the statement of profit or loss (30 June 2025: US$43.4 million).

9. Property, plant and equipment (cont'd)

(b) Right-of-use assets

The Group has lease contracts for its office spaces.

The Group has certain leases that are of low value. The Group applies the exemption under IFRS 16/SFRS(I) 16 *Leases* not to recognise right-of-use assets and liabilities for these leases.

(c) Assets pledged as security

As at 30 June 2026, the net book value of one aircraft owned by the Group that has been charged for a loan facility granted (Note 15) by way of mortgage amounted to US$86.3 million (31 December 2025: US$88.1 million).

(d) Capitalisation of borrowing costs

As at 30 June 2026, the borrowing costs capitalised as cost of aircraft amounted to US$13.2 million (31 December 2025: US$31.9 million). The weighted average interest rate used to determine the amount of borrowing costs for capitalisation was 4.5% per annum for the period ended 30 June 2026 (for the year ended 31 December 2025: 4.7%).

10. Trade receivables

	Unaudited	Audited
	30 June 2026	31 December 2025
	US$'000	US$'000
Trade receivables – gross carrying amount		
Current	**31,080**	17,242
Non-current	**64,776**	76,597
	95,856	93,839
Less: Allowance for expected credit losses	**(9,338)**	(5,609)
	86,518	88,230
Trade receivables – net of allowance for expected credit losses		
Current	**21,742**	11,633
Non-current	**64,776**	76,597
	86,518	88,230

10. Trade receivables (cont'd)

Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are generally secured by cash security deposits or letters of credit. As at 30 June 2026, included in the Group's current and non-current portion of trade receivables was an amount of US$11.4 million and US$64.8 million (31 December 2025: US$8.5 million and US$76.6 million), respectively, that was contractually deferred by mutual agreement, not overdue and was interest bearing.

Impairment of financial assets – trade receivables

The Group applies the IFRS 9/SFRS(I) 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. The cash security deposits and letters of credit that the Group holds on behalf of its lessees are considered in the calculation of the loss allowance.

As at 30 June 2026 and 31 December 2025, the aging of trade receivables based on the receivables due date was as follows:

Unaudited 30 June 2026	**Deferred**	**Current**	**Less than 30 days past due**	**30 to 60 days past due**	**61 to 90 days past due**	**More than 90 days past due**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Gross carrying amount	**76,183**	**298**	**10,945**	**2,891**	**2,891**	**2,648**	**95,856**
Allowance for expected credit losses	**–**	**–**	**(1,625)**	**(2,234)**	**(2,831)**	**(2,648)**	**(9,338)**
Audited 31 December 2025							
Gross carrying amount	85,131	–	1,790	4,483	200	2,235	93,839
Allowance for expected credit losses	–	–	(719)	(2,719)	–	(2,171)	(5,609)

10. Trade receivables (cont'd)

Impairment of financial assets – trade receivables (cont'd)

For the period ended 30 June 2026, the allowance for expected credit loss rate for the Group was assessed to be immaterial for deferred and not yet due, and current (for the year ended 31 December 2025: deferred and not yet due, current and 61 to 90 days past due). The allowance for expected credit loss rate for the gross carrying amounts which were less than 30 days past due was 15%, 30 to 60 days past due was 77%, 61 to 90 days past due was 98% and more than 90 days past due was 100% (for the year ended 31 December 2025: less than 30 days past due was 40%, 30 to 60 days past due was 61% and more than 90 days past due was 97%).

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
At beginning of period/year	**5,609**	7,868
Charged to profit or loss	**5,900**	61
Write-off*	**(2,171)**	(2,320)
At end of period/year	**9,338**	5,609

* Trade receivables of the Group with a contractual amount of US$2.2 million (31 December 2025: US$2.3 million) written off during the period are still subject to enforcement activities.

11. Other receivables

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Current:		
Deposits	**1,159**	1,243
Interest receivables	**3,334**	2,699
Notes receivables	**–**	21,890
Sundry receivables	**3,743**	3,331
Receivables from airlines	**5,285**	22,042
Receivables from manufacturers	**77,300**	114,961
Government grant receivables	**56,145**	32,420
Accrued receivables	**83,709**	65,606
	230,675	264,192

11. Other receivables (cont'd)

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Non-current:		
Accrued receivables	**42,027**	39,707
Interest receivables	**539**	539
Receivables from airlines	**19,301**	16,161
	61,867	56,407

The sundry receivables of the Group are non-trade related, unsecured and non-interest bearing.

As at 30 June 2026, included in the Group's other receivables was an amount of US$77.3 million (31 December 2025: US$77.3 million) due from a manufacturer which was deferred by agreement in return for a fee.

The Group's receivables from airlines are non-trade related, secured by letter of credit, fee and interest bearing and are repayable based on agreed repayment schedule.

Accrued receivables relate to future receipts for revenues and other income for which services have been rendered.

There has been no significant increase in the risk of default of these other receivables since initial recognition. The Group assesses that there is no material expected credit loss.

12. Cash and cash equivalents

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Short-term deposits	**260,971**	313,945
Cash and bank balances	**57,786**	85,846
	318,757	399,791

As at 30 June 2026, the Group has no short-term deposits placed with a related party (31 December 2025: US$70.0 million for six days at an interest rate of 3.75% per annum).

As at 30 June 2026, the Group's cash and bank balances included an amount of US$11.7 million (31 December 2025: US$11.0 million) placed with the intermediate holding company.

13. Trade and other payables

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Trade payables	**502**	227
Sundry payables	**20,110**	79,241
Accrued finance expenses	**143,513**	133,861
Accrued maintenance reserve payables	**47,043**	111,728
Accrued technical expenses	**2,221**	668
Staff costs related accruals	**31,924**	41,547
Other accruals and liabilities	**6,038**	6,252
	251,351	373,524

Trade payables and sundry payables are substantially denominated in US Dollar (31 December 2025: US Dollar), non-interest bearing, current in nature and are normally contracted between 30 and 45 days (31 December 2025: between 30 and 45 days) credit terms.

The table below summarises the aging of trade payables based on invoice due date:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Current	**397**	175
1 – 30 days	**62**	–
More than 90 days	**43**	52
	502	227

14. Deferred income

Deferred income (current) relates to advance receipts for lease and other income for which services have not yet been rendered.

Deferred income (non-current) relates to advance receipts for lease income for which services have not yet been rendered and the difference between the nominal value of the security deposits and their amortised value using the effective interest method. The deferred income is recognised in profit or loss on a straight-line basis over the lease term.

15. Loans and borrowings

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Current:		
Medium term notes	**300,000**	1,307,372
Loans	**981,447**	571,341
Medium term notes discount (net of premium)	**–**	(31)
Revaluation adjustments	**(222)**	282
Deferred debt issue costs	**(1,688)**	(1,532)
	1,279,537	1,877,432
Non-current:		
Medium term notes	**7,285,576**	6,793,055
Loans	**9,947,976**	8,556,226
Medium term notes discount (net of premium)	**(27,474)**	(24,787)
Revaluation adjustments	**(2,292)**	(6,091)
Deferred debt issue costs	**(46,539)**	(45,967)
	17,157,247	15,272,436
Total loans and borrowings	**18,436,784**	17,149,868

15. Loans and borrowings (cont'd)

The table below summarises the maturity profile of the loans and borrowings for the Group:

	One year or less US$'000	One to two years US$'000	Two to five years US$'000	Over five years US$'000	Total US$'000
Unaudited 30 June 2026					
Medium term notes	**299,554**	**1,797,507**	**3,960,854**	**1,481,306**	**7,539,221**
Loans	**979,983**	**1,241,887**	**8,177,534**	**498,159**	**10,897,563**
Total loans and borrowings	**1,279,537**	**3,039,394**	**12,138,388**	**1,979,465**	**18,436,784**
Audited 31 December 2025					
Medium term notes	1,307,458	1,101,761	4,160,993	1,483,907	8,054,119
Loans	569,974	1,587,897	6,503,687	434,191	9,095,749
Total loans and borrowings	1,877,432	2,689,658	10,664,680	1,918,098	17,149,868

As at 30 June 2026, a loan of US$49.4 million (31 December 2025: US$52.6 million) for the Group is secured by way of mortgage over the related aircraft (Note 9).

In addition, the Company and certain subsidiary companies have provided negative pledges prohibiting the creation of any encumbrance on its assets and revenues (other than any encumbrance in existence at the time the negative pledge is entered into or created subsequently to secure finance to acquire or re-finance any aircraft).

(a) Medium term notes

Outstanding notes issued at fixed coupon rates and denominated in various currencies were:

			Unaudited As at 30 June 2026	
		Maturity (Year)	Outstanding amounts US$'000	Amounts swapped to US$ and fixed rates US$'000
Currency	**Fixed Coupon Rate (p.a.)**			
Australian Dollar	3.15%	2029	**140,590**	**140,590**
Chinese Yuan	1.90%	2029	**292,522**	**292,522**
Hong Kong Dollar	3.25%	2027	**102,464**	**102,464**
United States Dollar	2.63% to 5.75%	2027 to 2033	**7,050,000**	**–**
			7,585,576	**535,576**

15. Loans and borrowings (cont'd)

(a) Medium term notes (cont'd)

			Audited As at 31 December 2025	
		Maturity (Year)	Outstanding amounts US$'000	Amounts swapped to US$ and fixed rates US$'000
Currency	**Fixed Coupon Rate (p.a.)**			
Australian Dollar	3.15%	2029	140,590	140,590
Hong Kong Dollar	3.25% to 3.60%	2026 to 2027	159,837	159,837
United States Dollar	1.75% to 5.75%	2026 to 2033	7,800,000	–
			8,100,427	300,427

As at 30 June 2026, an amount of US$535.6 million (31 December 2025: US$300.4 million) in medium term notes which was denominated in non-US Dollar currencies at fixed rates has been swapped to US Dollars and at fixed rates via cross-currency interest rate swap contracts to hedge the exposure to variability in cash flows arising from the foreign currency fixed rate medium term notes.

The terms of the above cross-currency interest rate swap and interest rate swap contracts have been negotiated to match the terms of the notes and accordingly, the hedges are assessed to be highly effective. The net increase in fair value of US$5.9 million for the period ended 30 June 2026 (for the year 31 December 2025: net decrease in fair value of US$3.3 million) on these cross-currency interest rate swaps was recognised in hedging reserve.

15. Loans and borrowings (cont'd)

(b) Loans

Interest on floating rate loans of the Group is set at specified margins above Secured Overnight Financing Rate ("SOFR"). Interest rate for floating rate loans is reset at intervals of up to six months and the weighted average effective interest rate of the loans was 4.5% per annum for the period ended 30 June 2026 (for the year ended 31 December 2025: 5.2%). The loans are repayable based on agreed repayment schedules, until the expiry date of the respective loans. The final maturities of the loans are between 2026 and 2033 (31 December 2025: between 2026 and 2031).

As at 30 June 2026, the loans due to the intermediate holding company amounted to US$1,100 million (31 December 2025: US$835 million), and the loans due to other related parties amounted to US$3,630 million (31 December 2025: US$3,080 million).

As at 30 June 2026, loans outstanding amounting to US$4,660 million (31 December 2025: US$4,070 million) have been swapped to fixed rate liabilities via interest rate swaps to hedge exposure to variability in cash flows from related loans which are pegged to SOFR. These hedges are classified as cash flow hedges. The terms of the interest rate swap contracts have been negotiated to match the terms of the loans and accordingly, the cash flow hedges were assessed to be highly effective. The net increase in fair value of US$42.6 million (for the year ended 31 December 2025: net decrease in fair value of US$26.9 million) was accounted for in hedging reserve.

As at 30 June 2026, the Group had unutilised unsecured committed revolving credit facilities of US$5,965 million (31 December 2025: US$6,015 million). These facilities included US$2,550 million (31 December 2025: US$2,815 million) available under committed revolving credit facilities provided by the intermediate holding company that mature in 2031 (31 December 2025: between 2026 and 2031). The unutilised committed revolving credit facilities provided by other related parties to the Group totalled US$685 million (31 December 2025 US$745 million) that mature between 2027 and 2031 (31 December 2025: between 2026 and 2030).

As at 30 June 2026, the Group had no unutilised unsecured committed term loan facilities (31 December 2025: US$500 million, of which US$100 million was provided by other related parties).

16. Derivative financial instruments

	Unaudited 30 June 2026			Audited 31 December 2025		
	Outstanding notional amounts US$'000	**Assets US$'000**	**Liabilities US$'000**	Outstanding notional amounts US$'000	Assets US$'000	Liabilities US$'000
Current:						
Cross-currency interest rate swaps	**–**	**–**	**–**	57,372	476	–
Interest rate swaps	**1,910,000**	**1,459**	**(347)**	930,000	15	(2,085)
		1,459	**(347)**		491	(2,085)
Non-current:						
Cross-currency interest rate swaps	**535,576**	**3,832**	**(5,399)**	243,055	799	(12,357)
Interest rate swaps	**2,750,000**	**29,988**	**(991)**	3,140,000	995	(15,696)
		33,820	**(6,390)**		1,794	(28,053)

The fair values of interest rate swaps and cross-currency interest rate swaps as shown above are determined with reference to marked-to-market values based on valuation techniques that use data from observable markets.

Hedge accounting has been applied for interest rate swaps and cross-currency interest rate swaps that are assessed by the Group to be highly effective hedges.

The Group determines the economic relationship between the loans and borrowings and the derivatives by matching the critical terms of the hedging instruments with the terms of the hedged items. The hedge ratio (the ratio between the notional amount of the derivative financial instrument to the amount of the loans and borrowings being hedged) is determined to be 1:1. Hedge ineffectiveness arises from the difference in timing of cash flows of hedged items and hedging instruments, but it was negligible for the period ended 30 June 2026 and the year ended 31 December 2025.

16. Derivative financial instruments (cont'd)

The following hedging instruments used by the Group are shown as derivative financial instruments in the statement of financial position:

			Hedge rates		
	Outstanding notional amounts US$'000	**Assets/ (Liabilities) US$'000**	**USD interest rates (p.a.)**	**Foreign currency rates**	**Maturity (Year)**
Unaudited 30 June 2026					
Cash flow hedge					
Cross-currency interest rate swaps[1]					
- Australian Dollar	140,590	(5,310)	3.43%	US$1: AUD1.42	2029
- Chinese Yuan	292,522	3,832	4.22%	US$1: CNY6.84	2029
- Hong Kong Dollar	102,464	(89)	3.72%	US$1: HK$7.81	2027
Interest rate swaps[2]					
- United States Dollar	4,660,000	30,109	3.93% to 4.98%	–	2026 to 2031
Audited 31 December 2025					
Cash flow hedge					
Cross-currency interest rate swaps[1]					
- Australian Dollar	140,590	(12,357)	3.43%	US$1: AUD1.42	2029
- Hong Kong Dollar	159,837	1,275	3.72% to 4.13%	US$1: HK$7.81 to HK$7.84	2026 to 2027
Interest rate swaps[2]					
- United States Dollar	4,070,000	(16,771)	4.05% to 5.48%	–	2026 to 2030

16. Derivative financial instruments (cont'd)

[1] The Group uses these cross-currency interest rate swaps to hedge against the exposure to variability in cash flows arising from the foreign currency fixed rate loans and borrowings. Under these cross-currency interest rate swaps, the Group receives non-US Dollar principal and fixed interest, and pays US Dollar principal and fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these cross-currency interest rate swaps are recognised in hedging reserve.

[2] The Group uses these interest rate swaps to hedge against the exposure to variability in cash flows from the related loans and borrowings which are pegged to SOFR. Under these interest rate swaps, the Group receives floating interest pegged to SOFR and pays fixed interest. These hedges are classified as cash flow hedges and the fair value changes of these interest rate swaps are recognised in hedging reserve.

17. Deferred tax assets and liabilities

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Deferred tax liabilities, net	**890,759**	835,061
Deferred tax assets, net	**(175)**	(185)
	890,584	834,876

Net deferred tax assets and deferred tax liabilities which arose in different taxable jurisdictions are grouped separately.

18. Share capital

	Unaudited 30 June 2026		Audited 31 December 2025	
	No. of shares '000	**US$'000**	No. of shares '000	US$'000
Issued and fully paid ordinary shares:				
At beginning and end of period/year	**694,010**	**1,157,791**	694,010	1,157,791

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

19. Hedging reserve

Hedging reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Interest rate and foreign currency risk:		
At beginning of period/year	**(20,410)**	11,330
Effective portion of changes in fair value of cash flow hedges, net of tax:		
- Interest rate swaps	**42,066**	(11,249)
- Cross-currency interest rate swaps	**11,394**	6,410
	53,460	(4,839)
Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax:		
- Interest rate swaps	**538**	(17,237)
- Cross-currency interest rate swaps	**(5,532)**	(9,664)
	(4,994)	(26,901)
	48,466	(31,740)
At end of period/year	**28,056**	(20,410)

20. Dividends

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Declared and paid during the period:		
Final dividend for 2025: US$0.3061 (2024: US$0.2670) per share	**212,437**	185,301
Proposed as at 30 June:		
Interim dividend for 2026: US$0.1799 (2025: US$0.1476) per share	**124,852**	102,436

At the Annual General Meeting held on 2 June 2026, the shareholders approved a final dividend of US$0.3061 per ordinary share, which amounted to US$212.4 million, in respect of the profit for the year ended 31 December 2025. This dividend was paid in June 2026.

At a meeting on 20 August 2026, the directors declared an interim dividend of US$0.1799 per ordinary share for the period ended 30 June 2026 amounting to US$124.9 million. This declared interim dividend is not reflected as a dividend payable in these interim financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2026.

21. Commitments

(a) Operating lease commitments

Operating lease commitments - As lessor

Aircraft

The Group leases its aircraft under operating lease agreements that are non-cancellable.

Future net minimum lease receivables under the non-cancellable operating leases for existing aircraft are as follows:

	Unaudited 30 June 2026 US$ million	Audited 31 December 2025 US$ million
Within one year	**2,030**	1,954
Between one and two years	**1,997**	1,902
Between two and three years	**1,935**	1,876
Between three and four years	**1,773**	1,758
Between four and five years	**1,569**	1,545
More than five years	**4,802**	4,682
	14,106	13,717

Future net minimum lease receivables committed for aircraft yet to be delivered are as follows:

	Unaudited 30 June 2026 US$ million	Audited 31 December 2025 US$ million
Within one year	**82**	85
Between one and two years	**197**	185
Between two and three years	**291**	241
Between three and four years	**328**	256
Between four and five years	**344**	256
More than five years	**2,849**	2,050
	4,091	3,073

21. Commitments (cont'd)

(b) Finance lease commitments

Finance lease commitments - As lessor

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Within one year	**612,310**	543,079
Between one and two years	**615,918**	542,099
Between two and three years	**613,374**	563,973
Between three and four years	**593,045**	535,174
Between four and five years	**561,259**	495,822
More than five years	**3,448,455**	3,211,946
Total undiscounted minimum lease payments	**6,444,361**	5,892,093
Less: Amounts representing unearned finance income	**(1,876,756)**	(1,757,782)
Net investment in finance leases	**4,567,605**	4,134,311

The scheduled finance lease receivables are as follows:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Finance lease receivables	**4,567,605**	4,134,311
Less: Current portion	**(314,536)**	(271,158)
Non-current portion	**4,253,069**	3,863,153

The effective interest rate on the finance lease receivables was 6.6% per annum for the period ended 30 June 2026 (for the year ended 31 December 2025: 6.9%). Interest income from finance leases during the period ended 30 June 2026 was US$140.9 million (30 June 2025: US$130.2 million).

As there has been no significant increase in the risk of default since initial recognition, these finance lease receivables are included under Stage 1 for the purpose of loss allowance calculation. The Group assesses that there is no material expected credit loss.

21. Commitments (cont'd)

(c) Capital expenditure commitments

As at 30 June 2026, the Group had committed to purchase various aircraft delivering between 2026 and 2032. The amount of future commitments under purchase agreements, purchase and leaseback and finance lease agreements, including assumed escalation to delivery, was US$17.6 billion to the end of 2032 (31 December 2025: US$19.1 billion to the end of 2032). This includes all commitments to purchase aircraft, including those where an airline has a right to acquire the relevant aircraft on delivery.

22. Contingent liabilities

Guarantees of subsidiary companies' obligations

The Company has provided guarantees for certain loans and borrowings of its subsidiary companies and for obligations under certain lease agreements entered into by the subsidiary companies. As at 30 June 2026, the guarantees for loans and borrowings to subsidiary companies amounted to approximately US$8.7 billion (31 December 2025: US$8.2 billion). The guarantees are callable on demand if there is a default by the relevant subsidiary of its obligations under its loans and borrowings guaranteed by the Company.

23. Related party transactions

The Group is majority owned by Bank of China Limited which is controlled by Central Huijin, a wholly owned subsidiary of CIC, which is a wholly state-owned company in the PRC. Central Huijin and CIC have equity interests in certain other entities in the PRC. Bank of China Limited is indirectly subject to the control of the State Council of the PRC Government through CIC and Central Huijin. The State Council of the PRC Government directly or indirectly controls a significant number of entities through its government authorities, agencies, affiliates and other state-controlled entities.

The Group enters into leasing, purchase and leaseback, borrowing and other transactions with certain state-owned or state-controlled entities mentioned above in the normal course of business and on commercial terms.

23. Related party transactions (cont'd)

In addition to the information disclosed elsewhere in these interim financial statements, the following significant transactions took place between the Group and related parties in the normal course of business on terms agreed between the parties:

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Costs and expenses		
(a) Intermediate holding company:		
Interest expense	**22,864**	26,556
(b) Other related parties:		
Interest expense	**72,997**	70,840
Debt issue costs	**2,536**	3,758
Dividend paid to immediate holding company	**148,706**	129,711

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Balances		
(a) Intermediate holding company:		
Accrued interest expense	**2,852**	981
Lease liabilities	**1,125**	1,257
(b) Other related parties:		
Accrued interest expense	**14,435**	13,683
Lease liabilities	**2,653**	2,759

23. Related party transactions (cont'd)

	Unaudited 1 January 2026 to 30 June 2026 US$'000	Unaudited 1 January 2025 to 30 June 2025 US$'000
Directors' and key executives' remuneration paid during the period		
(a) Directors of the Company:		
Salary, bonuses and other costs	**2,006**	4,303
CPF and other defined contributions	**10**	12
	2,016	4,315
(b) Key executives (excluding executive directors):		
Salary, bonuses and other costs	**3,578**	4,877
CPF and other defined contributions	**56**	34
	3,634	4,911

During the period ended 30 June 2026, the share-based compensation expense for directors of the Company and key executives of the Group amounted to US$0.5 million (30 June 2025: US$0.5 million) and US$0.9 million (30 June 2025: US$1.6 million), respectively.

As at 30 June 2026, US$1.5 million (31 December 2025: US$3.4 million) of deferred bonuses were payable to directors of the Company and key executives of the Group.

As at 30 June 2026, 1,092,842 (31 December 2025: 1,861,638) of RSUs had been granted to directors of the Company and key executives of the Group but had not vested.

24. Financial risk management objectives and policies

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Group reviews and agrees policies for managing each of these risks.

There has been no significant change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

25. Capital management

The primary objective of the Group's capital management is to maximise shareholder value given an optimal debt to equity structure.

The Group manages its capital structure through the use of equity and debt after taking into account its capital expenditure and financing requirements. To maintain or adjust the capital structure, the Group may request for additional capital from the shareholders, adjust dividend payments to the shareholders or return capital to the shareholders. The changes in share capital and dividends are disclosed in Note 18 and Note 20 respectively. There were no changes made to the capital management objectives, policies and processes during the period from 1 January 2026 to 30 June 2026 and the year ended 31 December 2025.

The Group monitors its gross debt to equity, which is gross debt divided by total equity, to ensure that it complies with the debt to equity covenants in its loan facilities and to maintain its investment grade credit rating. Gross debt comprises the Group's loans and borrowings before adjustments for deferred debt issue costs, revaluations and discounts/premiums on medium term notes. Total equity refers to the equity attributable to owners of the Company.

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Gross debt	**18,514,999**	17,227,994
Total equity	**7,027,055**	6,840,861
Gross debt to equity (times)	**2.6**	2.5

26. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing profit for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. There were no dilutive potential ordinary shares as at 30 June 2026 and 30 June 2025.

The following tables reflect the profit and share data used in the computation of basic and diluted earnings per share:

	Unaudited 1 January 2026 to 30 June 2026	Unaudited 1 January 2025 to 30 June 2025
Earnings		
Earnings used in the computation of basic and diluted earnings per share (profit for the period attributable to owners of the Company) (US$'000)	**356,695**	341,503
Number of shares		
Weighted average number of ordinary shares of basic and diluted earnings per share computation ('000)	**694,010**	694,010
Basic earnings per share (US$)	**0.51**	0.49
Diluted earnings per share (US$)	**0.51**	0.49

27. Segmental analysis

Operating segments are reported in a manner consistent with the internal reporting provided to the Senior Management. Senior Management assesses the financial performance and position of the Group and uses the information to support strategic decisions.

All revenues are derived from the Group's principal activities of aircraft leasing, management of aircraft leases and other related activities. There is no known seasonality of the Group's contracted revenues. The main revenue and assets are analysed by geographical region as follows:

(a) Lease rental income

Lease rental income is derived from leasing of aircraft on operating lease to various airline customers around the world. The distribution of lease rental income by geographic region based on the jurisdiction of each airline customer under the relevant operating lease was as follows:

	Unaudited 1 January 2026 to 30 June 2026		Unaudited 1 January 2025 to 30 June 2025	
	US$ million	**%**	US$ million	%
Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan)	**198**	**20.0**	198	21.1
Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan	**184**	**18.6**	202	21.6
Americas	**327**	**33.1**	260	27.7
Europe	**152**	**15.4**	160	17.1
Middle East and Africa	**127**	**12.9**	117	12.5
	988	**100.0**	937	100.0

The lease rental income attributable to airline customers in Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan accounted for 18.6% (30 June 2025: 21.6%), and United States of America accounted for 21.7% (30 June 2025: 17.8%), of the total lease rental as at 30 June 2026. Other than as disclosed above, there was no other country concentration in excess of 10% of the total lease rental income for the periods ended 30 June 2026 and 30 June 2025.

27. Segmental analysis (cont'd)

(b) Net book value of aircraft and finance lease receivables

The distribution of net book value of aircraft and finance lease receivables by geographic region based on the jurisdiction of each airline customer under the relevant lease was as follows:

	Unaudited 30 June 2026		Audited 31 December 2025	
	US$ million	**%**	US$ million	%
Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan)	**4,467**	**18.7**	4,447	19.6
Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan	**3,524**	**14.7**	3,671	16.1
Americas	**9,363**	**39.1**	9,112	40.0
Europe	**3,269**	**13.7**	3,305	14.5
Middle East and Africa	**3,304**	**13.8**	2,231	9.8
	23,927	**100.0**	22,766	100.0

The net book value of aircraft leased to airline customers and finance lease receivables from airline customers in Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan accounted for 14.7% (31 December 2025: 16.1%), and United States of America accounted for 28.2% (31 December 2025: 29.5%), of the total net book value and finance lease receivables as at 30 June 2026. Other than as disclosed above, there was no other country concentration in excess of 10% of total net book value and finance lease receivables as at 30 June 2026 and 31 December 2025.

28. Classification of financial instruments and their fair values

The carrying amounts of each category of financial assets and financial liabilities, as defined in IFRS 9/SFRS(I) 9, are disclosed either in the statement of financial position or in the notes to the financial statements.

Financial assets measured at amortised cost comprise trade receivables (Note 10), other receivables (Note 11), short-term deposits[1] (Note 12), cash and bank balances (Note 12) and finance lease receivables (Note 21(b)).

As at 30 June 2026, the financial assets measured at amortised cost for the Group were US$5,127.1 million (31 December 2025: US$4,700.6 million).

Financial liabilities measured at amortised cost comprise trade and other payables (Note 13), loans and borrowings (Note 15), security deposits and other non-current liabilities[2].

As at 30 June 2026, the financial liabilities measured at amortised cost for the Group were US$18,870.8 million (31 December 2025: US$17,675.7 million).

1 Excluding investment in money market funds.
2 Excluding bonuses and related employers' contributions payable and provided for under the staff cash incentive plans.

(a) Financial instruments carried at fair values

Financial assets and liabilities at fair value through profit or loss comprise derivative financial instruments (Note 16) and investment in money market funds classified as short-term deposits (Note 12).

Financial assets at fair value through other comprehensive income comprise investment in equity instruments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of the derivative financial instruments and investment in money market funds under the Group are classified under Level 2 of the fair value hierarchy. The fair values of the derivative financial instruments are determined with reference to marked-to-market values based on valuation techniques that use data from observable markets. The fair values of investment in money market funds are determined by reference to marked-to-market values provided by counterparties. There were no transfers between Levels 1, 2 and 3 during the period ended 30 June 2026 and the year ended 31 December 2025.

28. Classification of financial instruments and their fair values (cont'd)

(b) Financial instruments whose carrying amounts approximate fair values

Management has determined that except for derivative financial instruments, the carrying amounts of current financial assets and liabilities reasonably approximate their fair values because these are mostly short-term in nature or are repriced frequently.

Non-current loans and borrowings (excluding non-current medium term notes as disclosed in Note 28(c) below) reasonably approximate their fair values for those that are at floating rate and are re-priced to market interest rates on or near the end of each period/year.

Non-current finance lease receivables and trade receivables reasonably approximate their fair values as the implicit interest rate of each financial instrument approximates the market interest rate prevailing at the end of each period/year.

(c) Financial instruments not measured at fair value, for which fair value is disclosed

Set out below is a comparison of carrying amounts and fair values of the Group's financial instruments not measured at fair value:

	Unaudited 30 June 2026 US$'000	Audited 31 December 2025 US$'000
Medium term notes:		
Carrying amounts	**7,541,735**	8,059,928
Fair values	**7,519,295**	8,105,677

As at 30 June 2026, the fair value measurements of the above financial instruments were classified under Level 1 of the fair value hierarchy as these amounts were based on quoted prices, except for the carrying amount of US$102.4 million (31 December 2025: US$159.8 million) with fair value of US$102.8 million (31 December 2025: US$161.3 million) which was classified under Level 2 of the fair value hierarchy as it was determined based on indicative bid price obtained from a counterparty.

29. Authorisation of interim financial statements for issue

The interim financial statements for the period from 1 January 2026 to 30 June 2026 were authorised for issue in accordance with a resolution of the directors passed on 20 August 2026.

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