

BOC Aviation Investor Presentation

MAY/JUNE 2023

30 Years of
Excellence

 BOC AVIATION

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Developments in 2023 YTD



STRONG ASSET QUALITY

- 635 aircraft owned, managed and on order¹
- 4.6 years² average fleet age; 8.0 years² average remaining lease term
- 99% aircraft utilization rate



PROACTIVE INVESTMENT STRATEGY

- Took delivery of two new aircraft in 1Q 2023
- Signed 13 lease commitments in 1Q 2023
- Committed to acquire three aircraft in 1Q 2023
- Committed to acquire another seven Airbus A320NEO family aircraft and six Boeing 737-8 aircraft in May



FUTURE GROWTH

- Delivered the first of 11 new Boeing 737-8 aircraft to Lynx Air in April
- Delivered another two new Boeing 787 aircraft from our orderbook to American Airlines in May, a total of 12 delivered to the airline since delivery of the 787 aircraft resumed in August 2022
- Expecting another six to be delivered to American Airlines through to 2024



ROBUST LIQUIDITY

- More than US\$5 billion of available liquidity³
- Supplemented by additional US\$1 billion of bonds raised in May at yield of 5.015% (for 10Y) and 4.627% (for 5Y)
- More than covers 2023 target capex and maturing liabilities
- Well positioned to support future investment



STRONG CREDIT RATINGS

- A- by S&P Global Ratings
- A- by Fitch Ratings

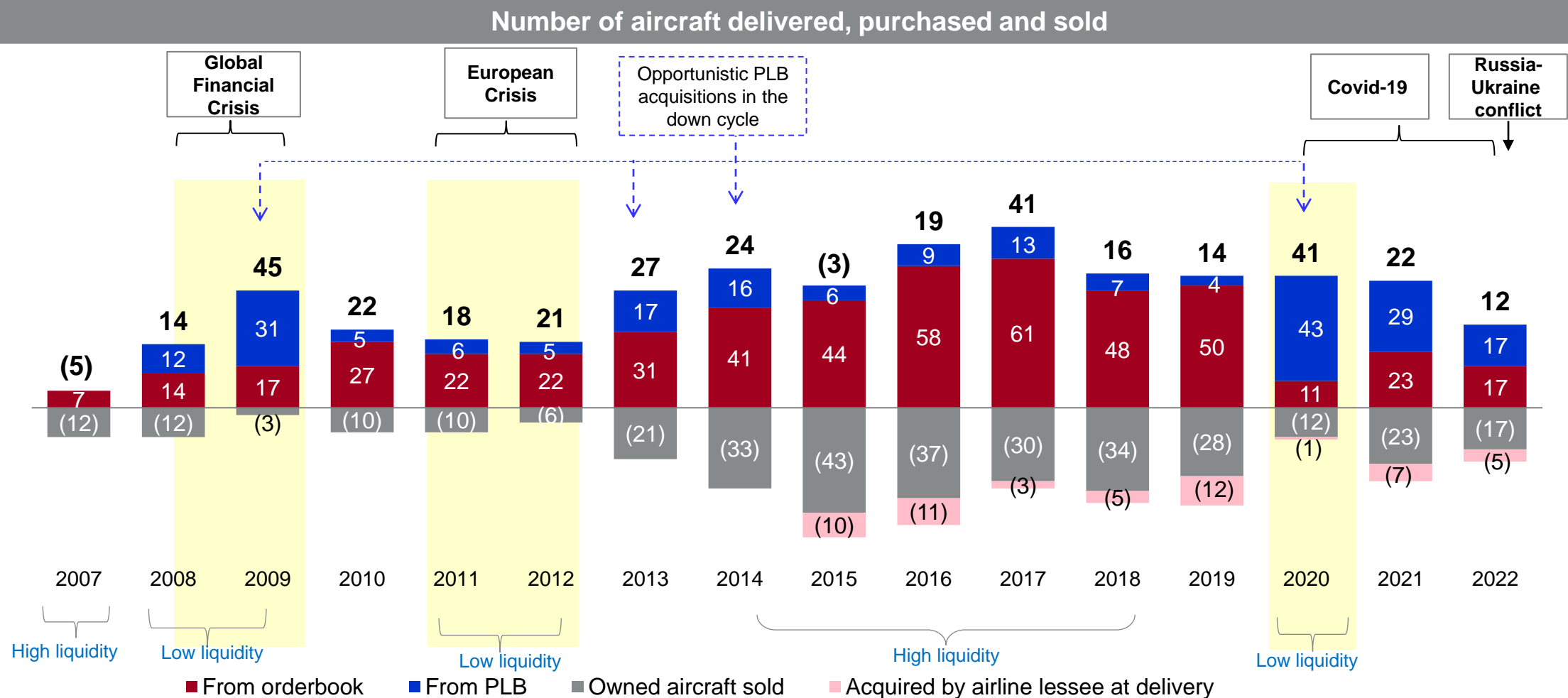


EXPERIENCED MANAGEMENT AND OWNERSHIP

- Experienced management team successfully managed through multiple cycles
- Bank of China provides ongoing support
- Announced the appointment of Mr. Liu Jin as Chairman of the Board of BOC Aviation
- Mr. Liu is the Vice Chairman of the Board of BOC and President of BOC

Long-term sustainable growth

How We Invest



Committed to acquire more than 1,000 aircraft since inception

All data as at the end of the relevant period

Popular and Fuel-Efficient Fleet

Our aircraft portfolio				
Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	97	15	0	112
Airbus A320NEO family	92	0	114	206
Airbus A330CEO family	8	1	0	9
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	72	13	0	85
Boeing 737-8/9	52	0	85	137
Boeing 777-300ER	27	4	0	31
Boeing 787 family	25	1	8	34
Freighters	5	1	0	6
Total	393	35	207	635

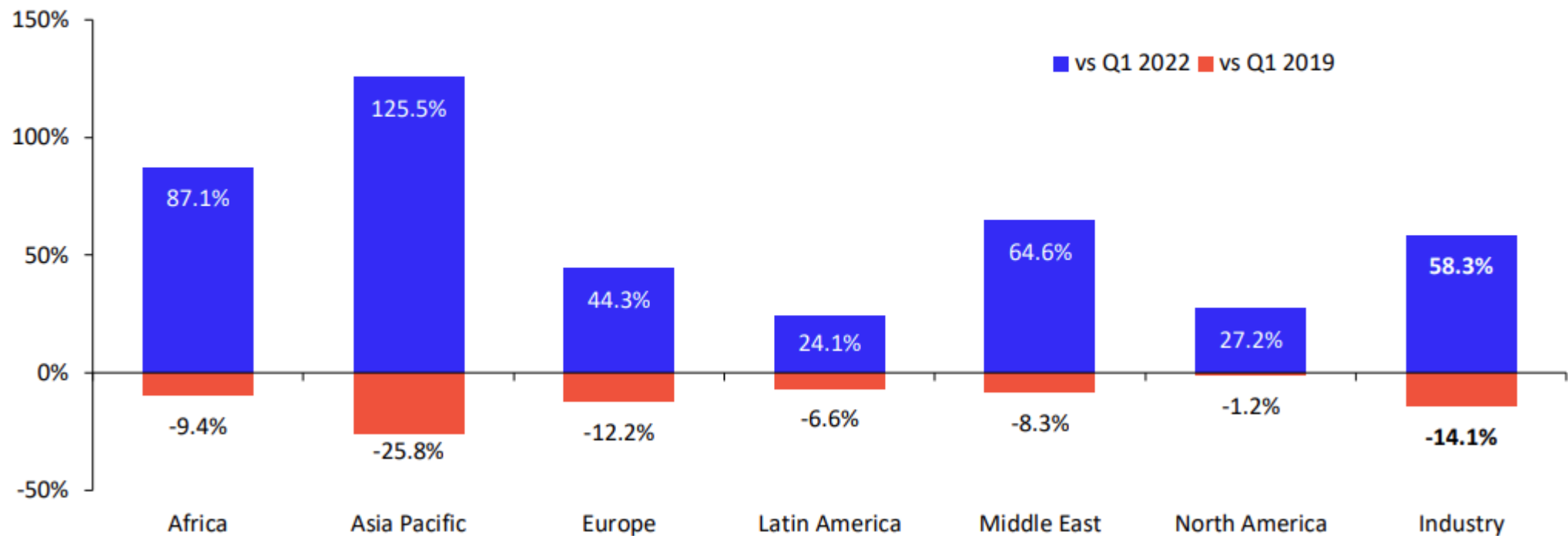
71% of existing fleet is latest technology aircraft²

All data as at 31 March 2023
See Appendices - Endnotes



Strong Growth in Passenger Demand in 1Q 2023

Growth in revenue passenger-kilometers (RPKs) by airline region
% change in Q1 2023

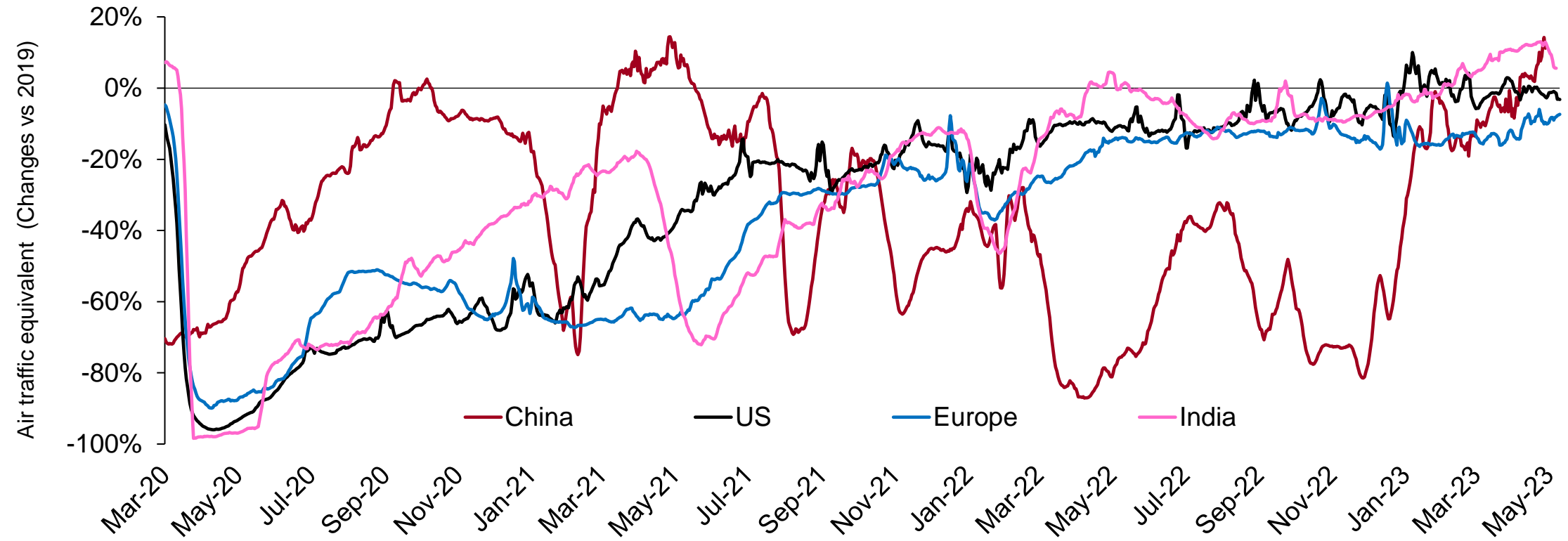


Passenger traffic now within 15% of pre-pandemic levels, re-opening of China's air travel markets to drive further improvement

See Appendices - Endnotes

All Major Passenger Markets See Strong Travel Rebound

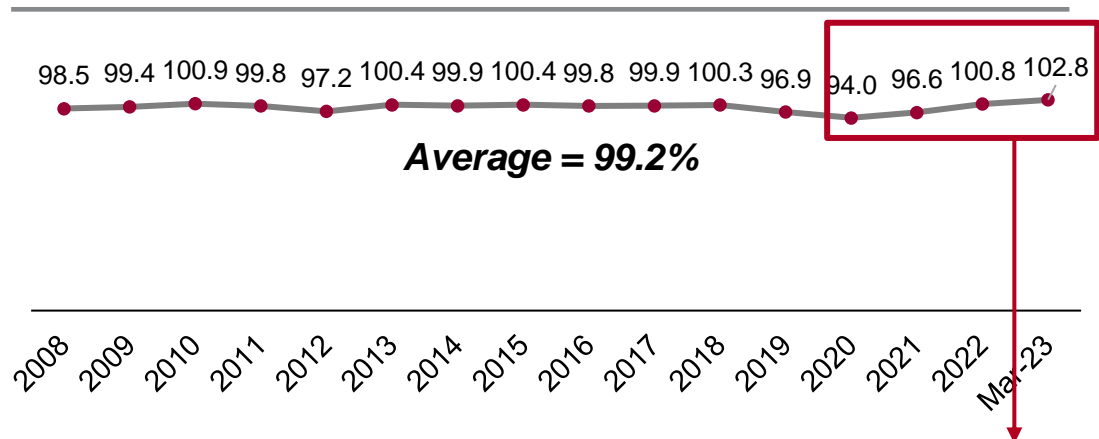
Market continues to recover



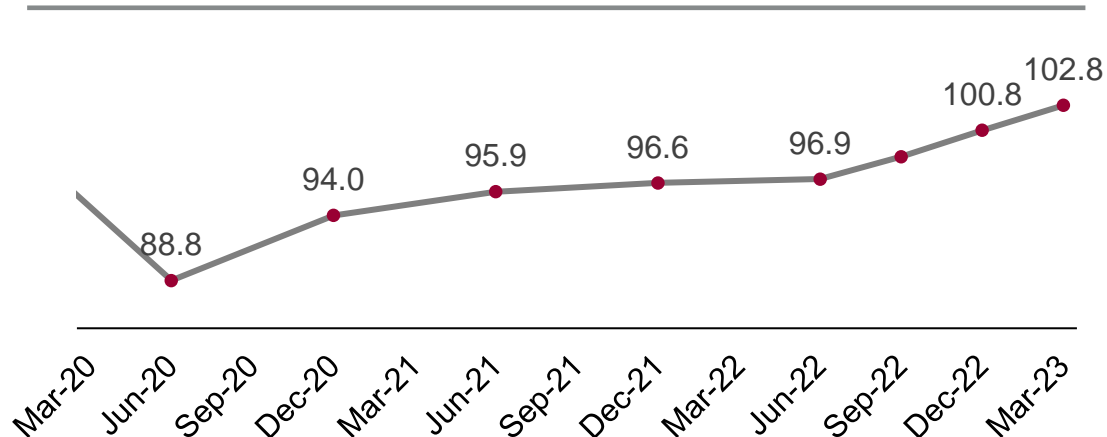
See Appendices - Endnotes

Rental Collection Consistently Above 100%

Annual collection rate (%)



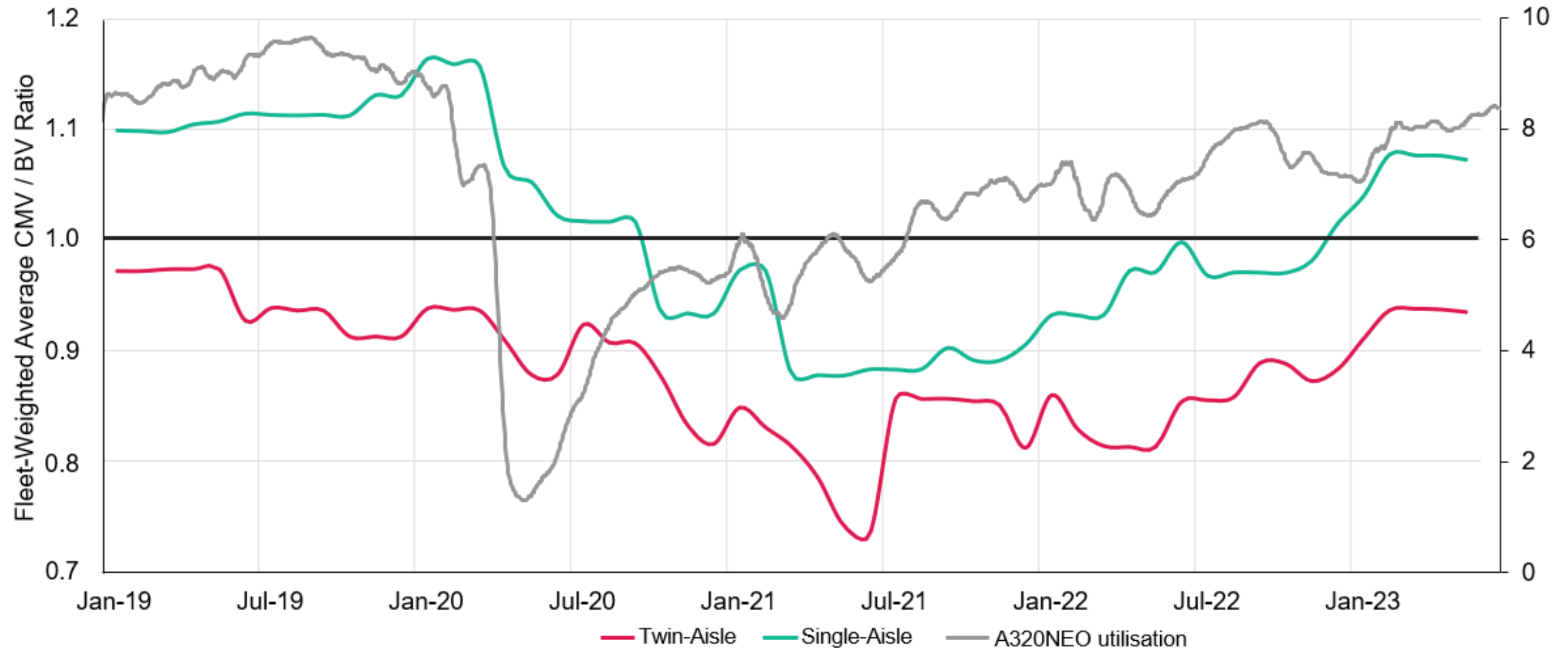
Collection rate since pandemic (%)



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

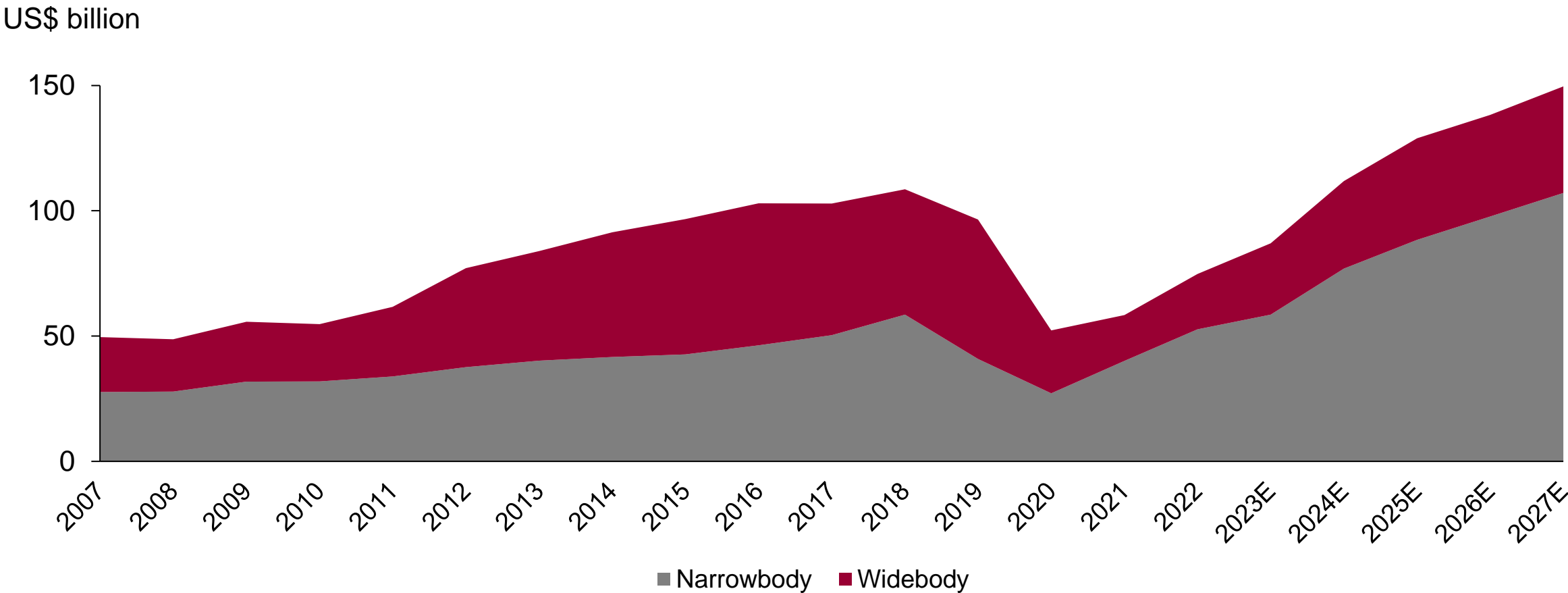
Maintaining high collection rate as deferred and overdue amounts are repaid

Rising Aircraft Values as Utilisation Accelerates



Aircraft valuation and lease rates track rising daily aircraft utilisation

Value of Deliveries to Exceed US\$125 Billion in 2025

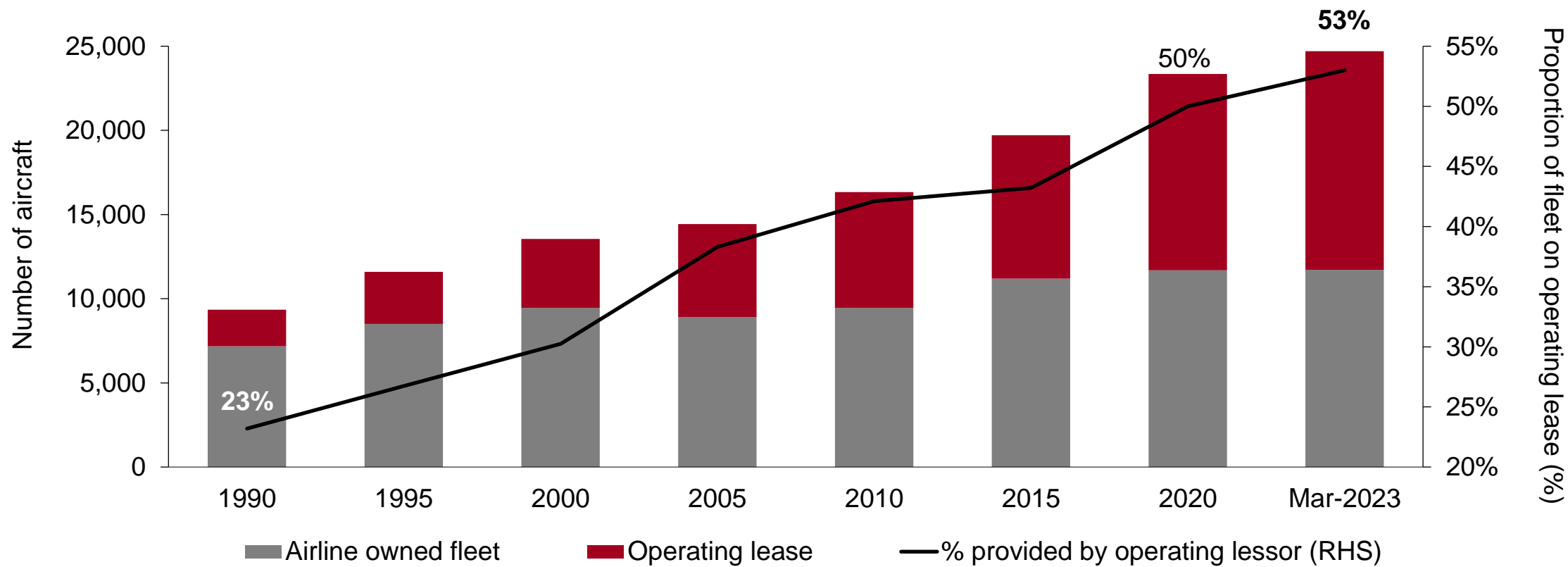


Value of deliveries expected to rise in the next four years

All data as at 31 December 2022
See Appendices - Endnotes

Operating Lessors' Share of the Market

Proportion of fleet on operating lease



Lessors own 53% of the aircraft market today

All data as at 31 March 2023
See Appendices - Endnotes

BOC Aviation Bonds Issued on the Tightest Spreads in 2023

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

BOC Aviation's recent 10-year offering prices inside other lessors' 5-years

Looking Ahead

- Strong start to 2023
 - Improving utilisation rate and collection rate
 - All aircraft scheduled for delivery in 2023 are placed
 - Maintained strong credit ratings of A- from Fitch Ratings and S&P Global Ratings
 - Robust support from debt capital markets for US\$1 billion in bond offerings
- 2023 outlook
 - Robust recovery in the airline industry bodes well for demand for leased aircraft
 - Major passenger markets recording strong travel rebound
 - Relaxation of travel restrictions in China to further boost air travel demand
- Investing for the future to build sustainable long-term earnings
 - Committed to acquire seven Airbus A320NEO family aircraft and nine Boeing 737-8 aircraft in 2023 to date
 - High liquidity of more than US\$5 billion to fund debt obligations and anticipated capex

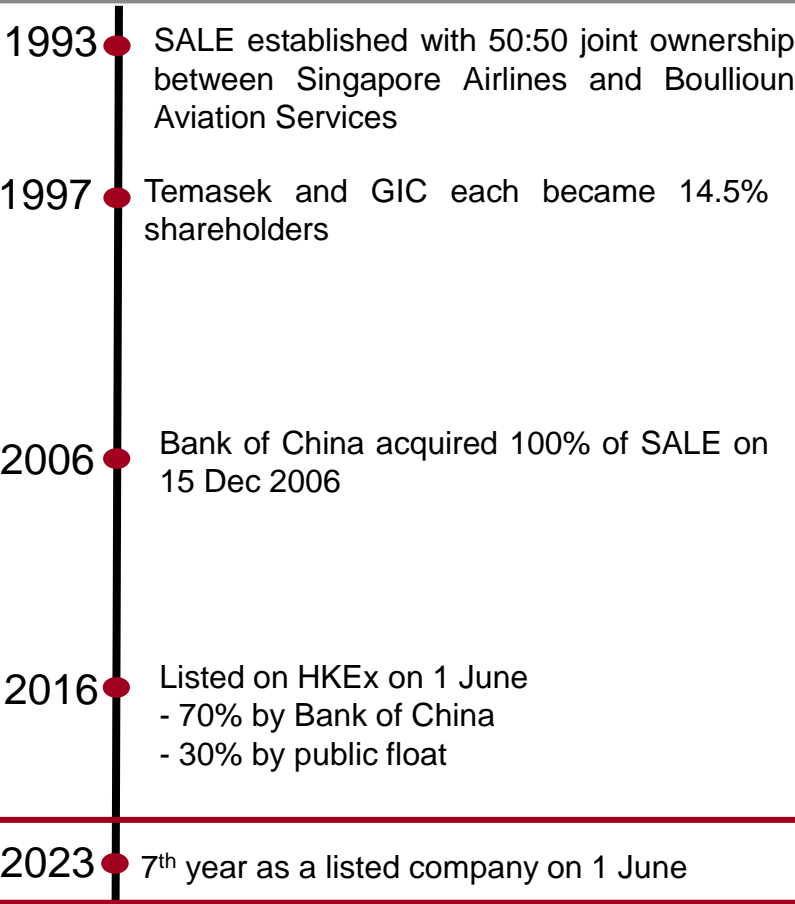
29 years of unbroken profitability with cumulative profits of US\$5.5 billion

All data as at 31 December 2022 unless otherwise stated

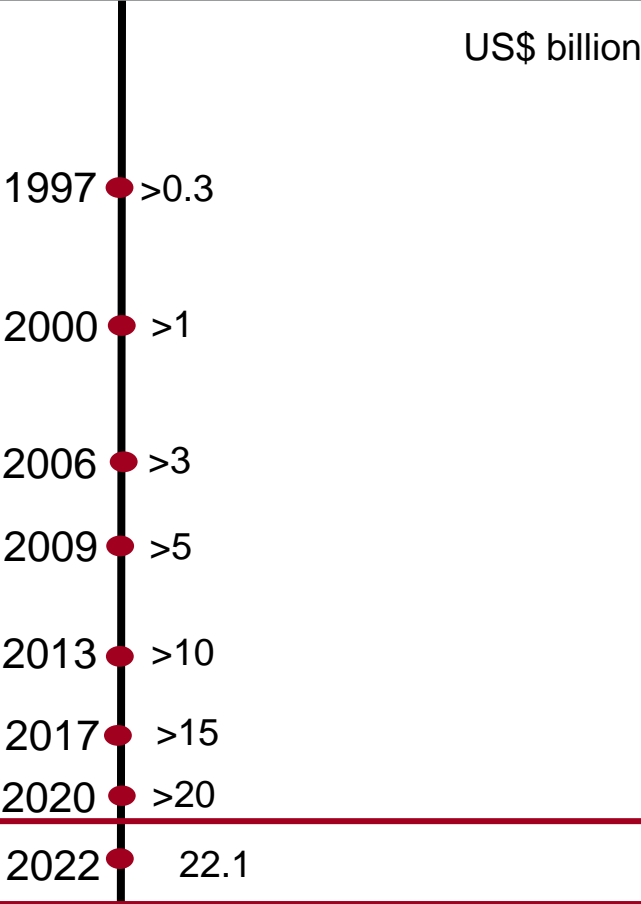
APPENDICES

The BOC Aviation Journey – 30 Years in 2023

Ownership



Total assets



2023 is our 30th year anniversary

All data as at the end of the relevant period

BOC Aviation – Who are We?

Top 5

Global aircraft operating lessor¹

Listed on HKEX

HKEX code: 2588

US\$5.5 billion

Cumulative profits since inception²

>US\$5.0 billion

Available liquidity²

207

Aircraft on order³

Bank of China

70% owned by BOC

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

US\$22.1 billion

Total assets²

635

Aircraft in fleet⁴

4.6 years; 8.0 years

Average fleet age & lease term remaining⁵

Industry leader focused on long-term sustainable earnings

All data as at 31 March 2023 unless otherwise indicated
See Appendices - Endnotes

Globally Diverse Management Team



Robert Martin
*Managing Director &
Chief Executive
Officer*

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



Zhang Xiaolu
*Vice-Chairman &
Deputy Managing
Director*

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



Steven Townend
*Deputy Managing
Director & Chief
Financial Officer*

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



David Walton
*Deputy Managing
Director & Chief
Operating Officer*

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



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

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



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

- 27 years of aircraft finance and leasing experience
- In charge of revenue activities for Europe, Americas and Africa



Nationality

Highly experienced senior management team

All data as at May 2023

Core Competencies - BOC Aviation Track Record

Since inception in 1993:

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

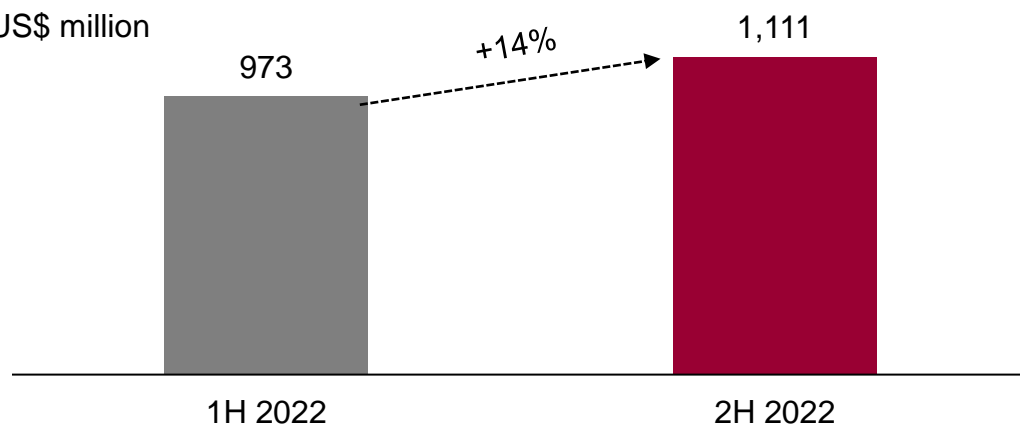
• Sales	More than 400 aircraft sold
• Transitions	129 transitions
• Repossessions ³	65 aircraft in 19 jurisdictions

All data as at 31 March 2023, since inception unless otherwise indicated
See Appendices - Endnotes

An Improvement in 2H 2022 over 1H 2022

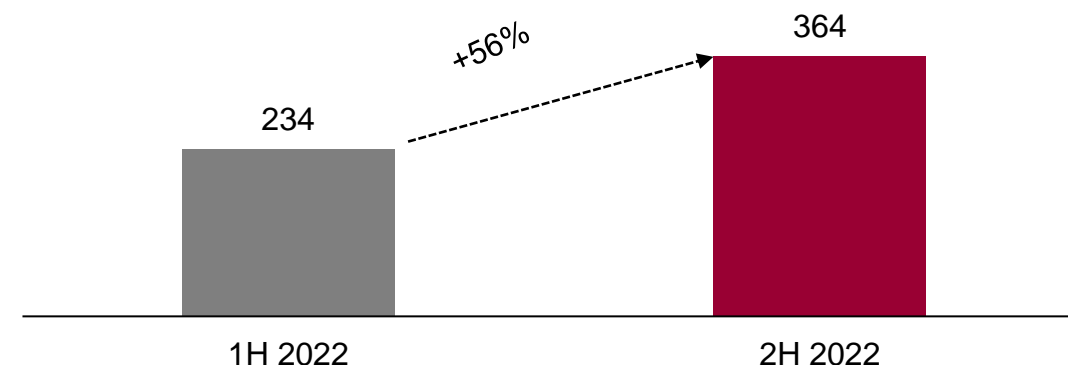
Core revenues¹

US\$ million



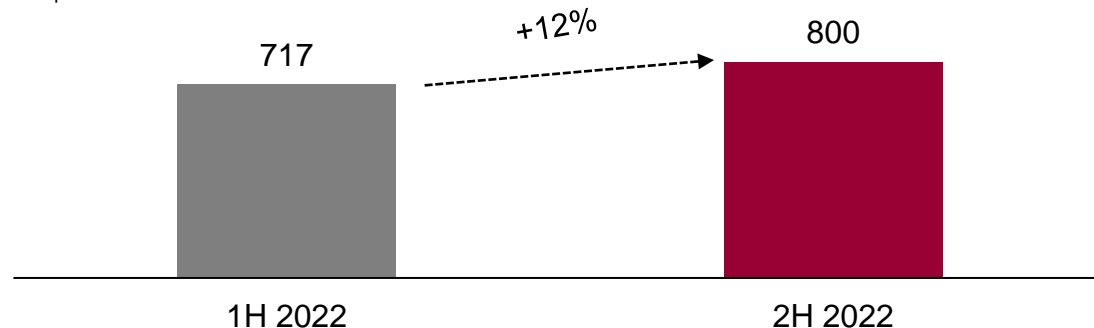
Core profit before tax¹

US\$ million



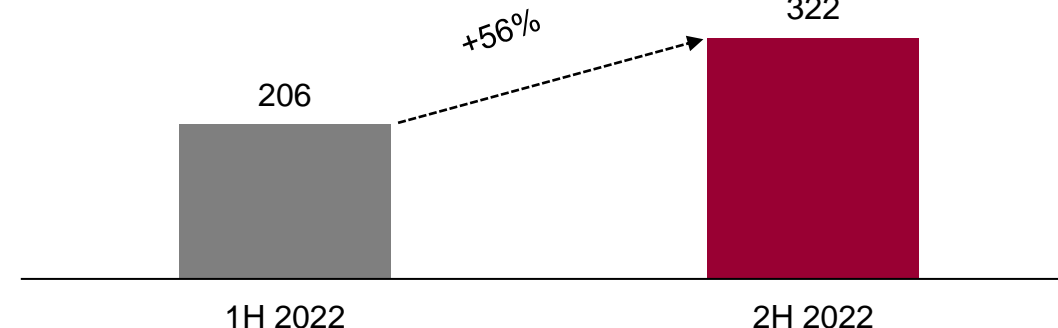
Operating cash flow net of interest²

US\$ million



Core net profit after tax¹

US\$ million



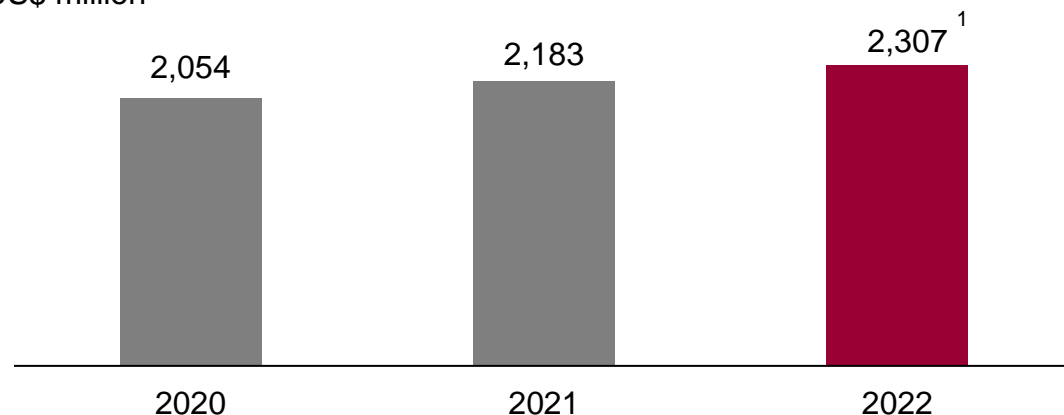
A strong 2H 2022 performance reflects the robustness of the business model

Due to rounding, numbers presented may not add up precisely to the total core net profit after tax provided elsewhere in the presentation
See Appendices - Endnotes

Continued Resilient Performance

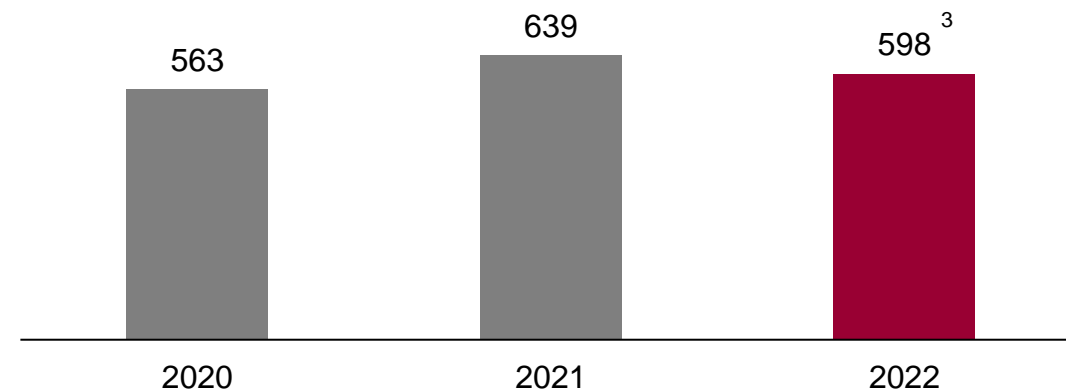
Fleet growth underpins growth in revenues

US\$ million



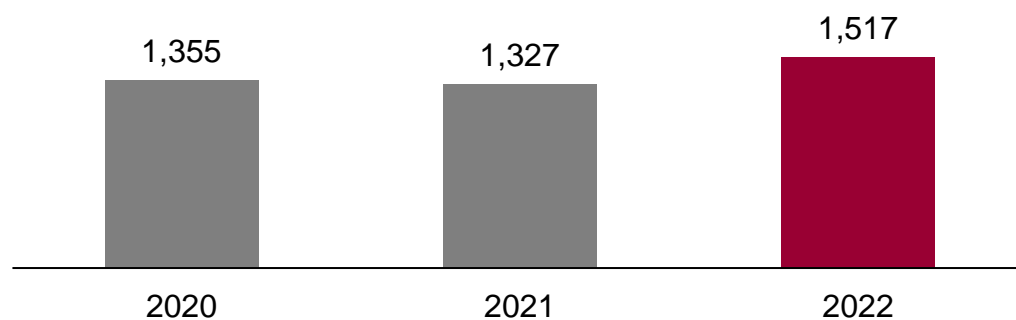
Strong core PBT

US\$ million



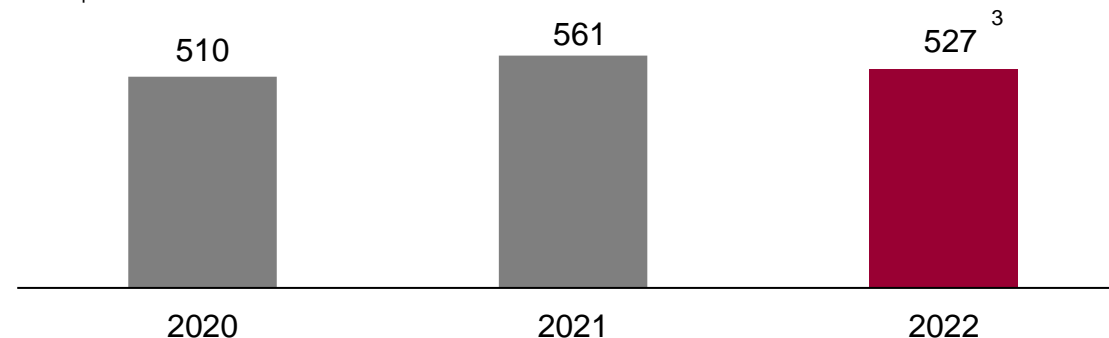
Rising operating cash flow net of interest²

US\$ million



Resilient core NPAT

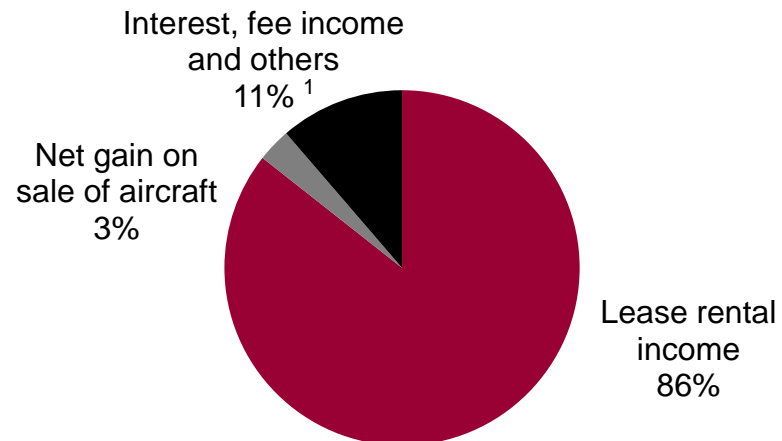
US\$ million



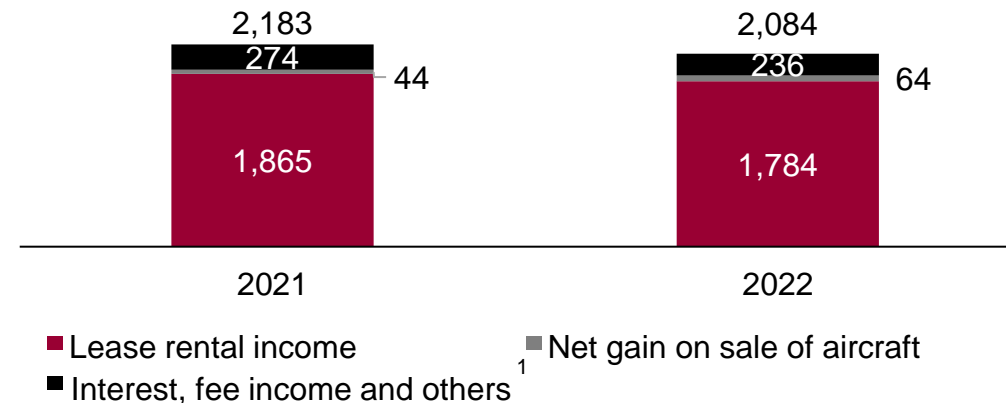
All data as at 31 December 2022
See Appendices - Endnotes

Lease Rental Income Continues to Dominate Revenue

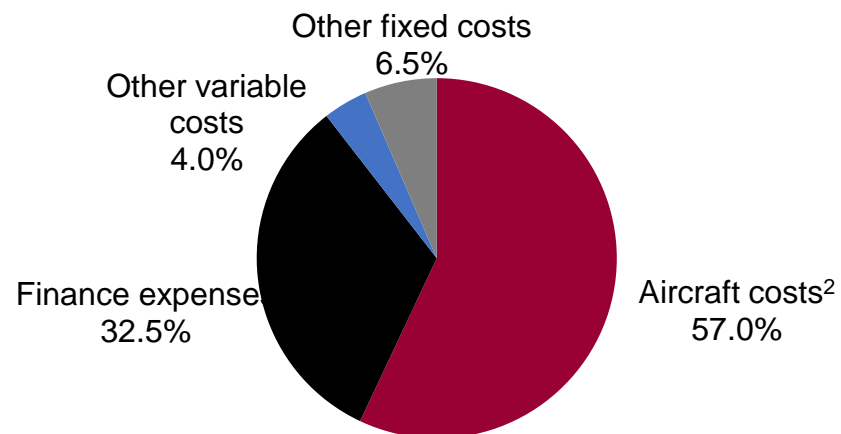
Lease rental income dominates total revenues and other income



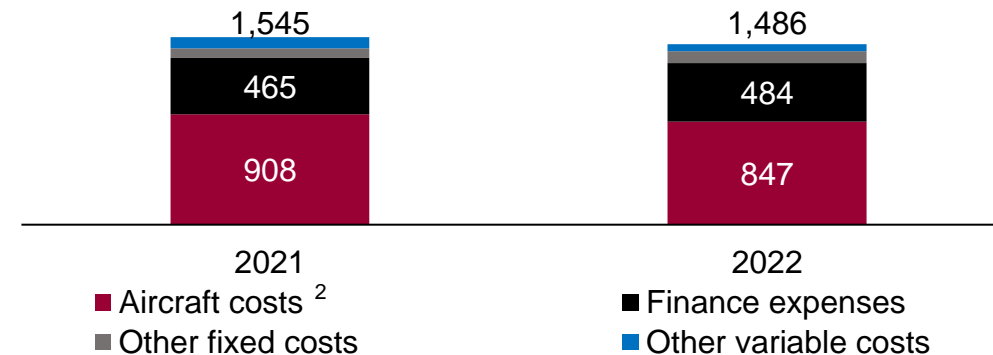
US\$ million



Depreciation of aircraft and financing costs are key costs



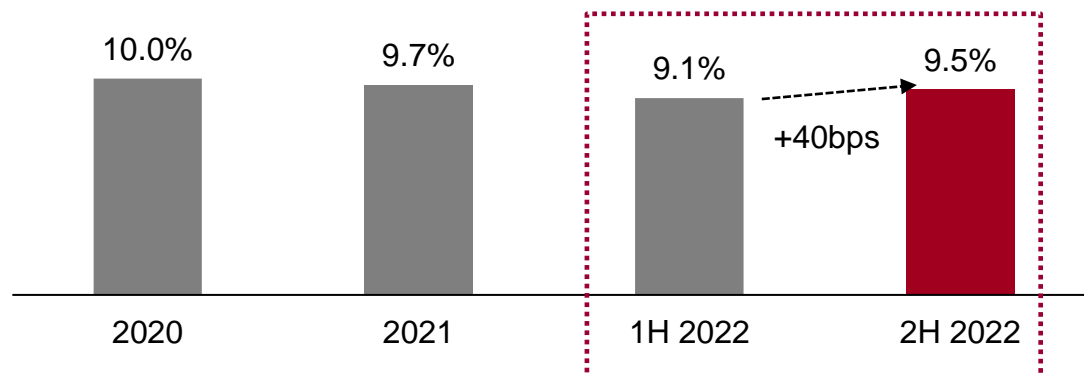
US\$ million



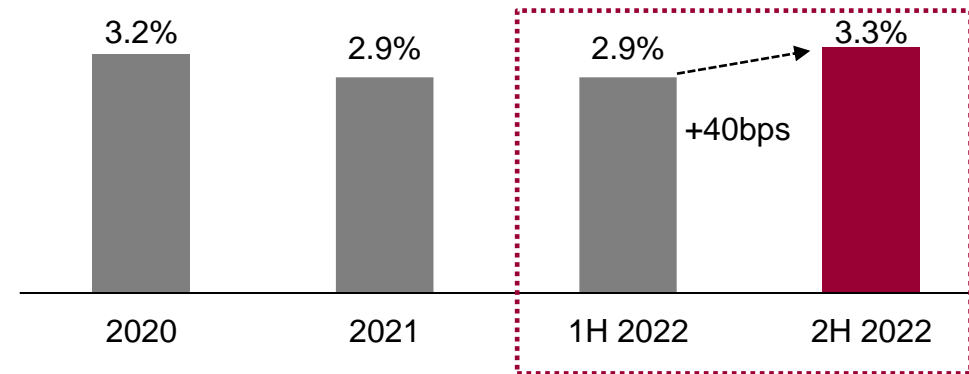
All data as at 31 December 2022
See Appendices - Endnotes

Lease Yields Improved in 2H 2022

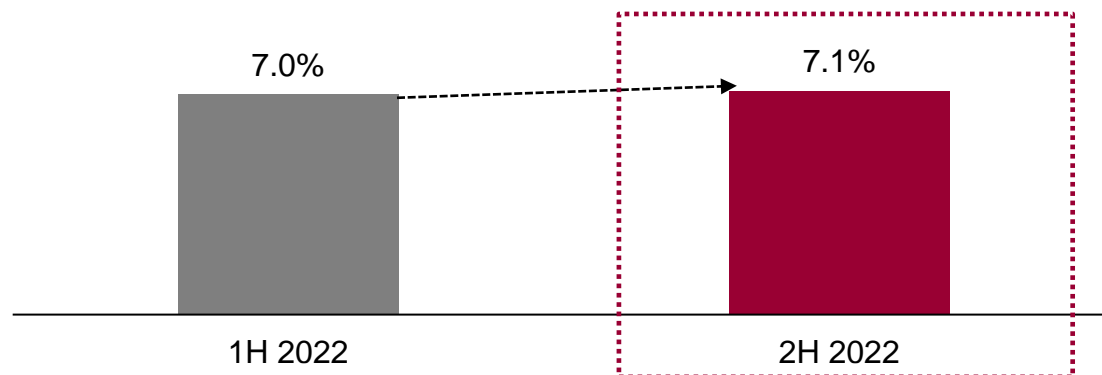
Lease rate factor¹



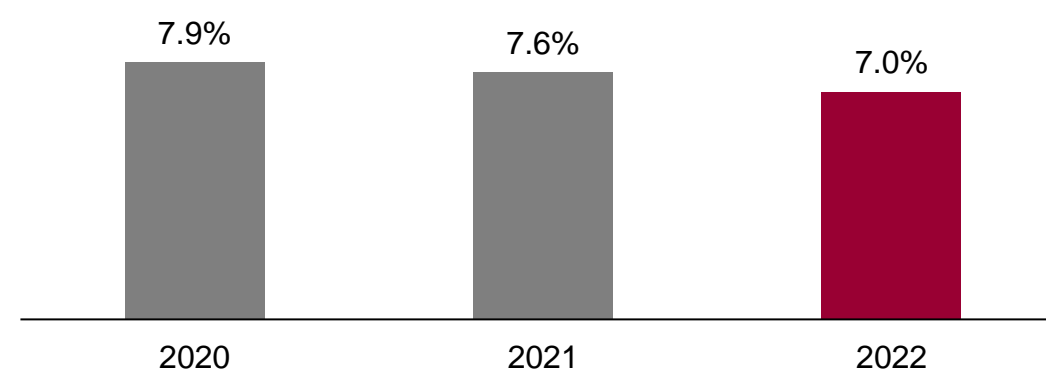
Cost of debt²



Net lease yield³ 1H 2022 vs 2H 2022

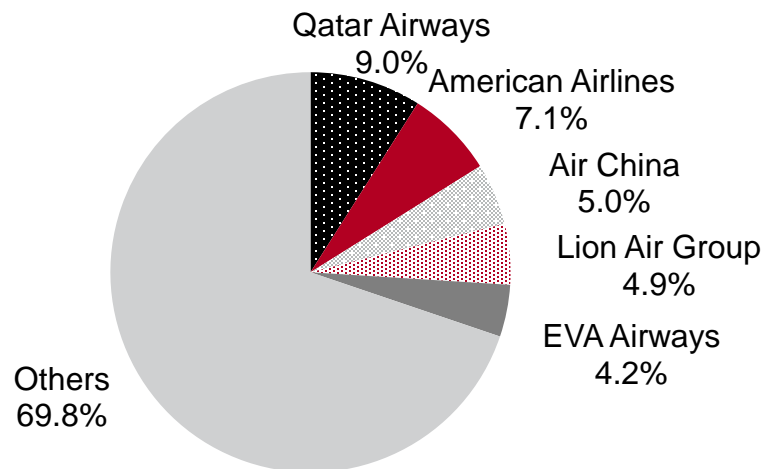


Net lease yield³

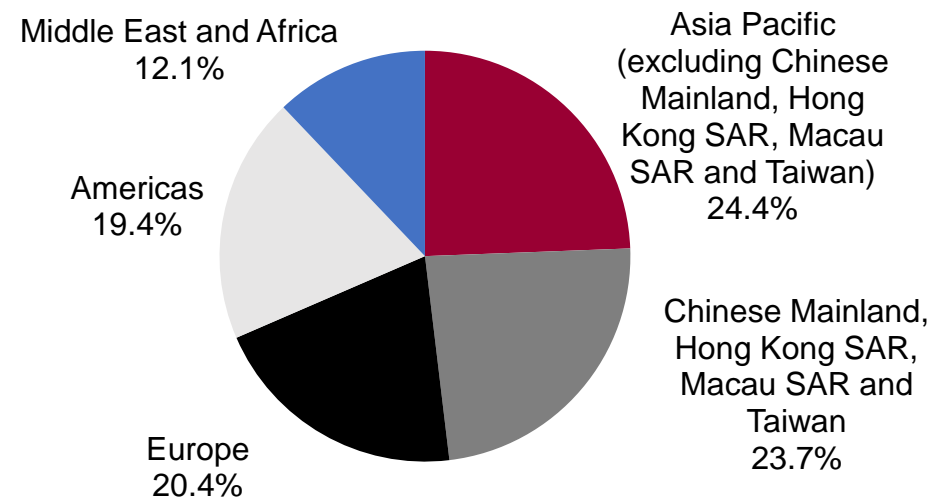


Globally Diversified Portfolio

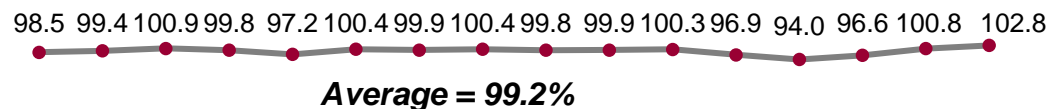
Lease portfolio diversified by customer^{1,2}



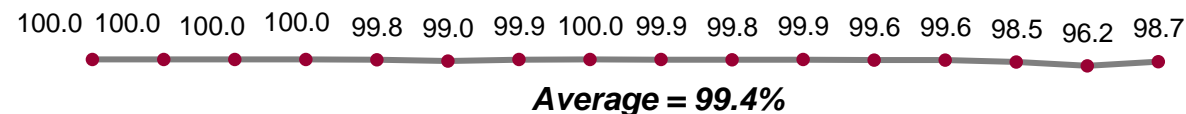
...and increasingly diversified by geography^{3,4}



Collection rate (%)



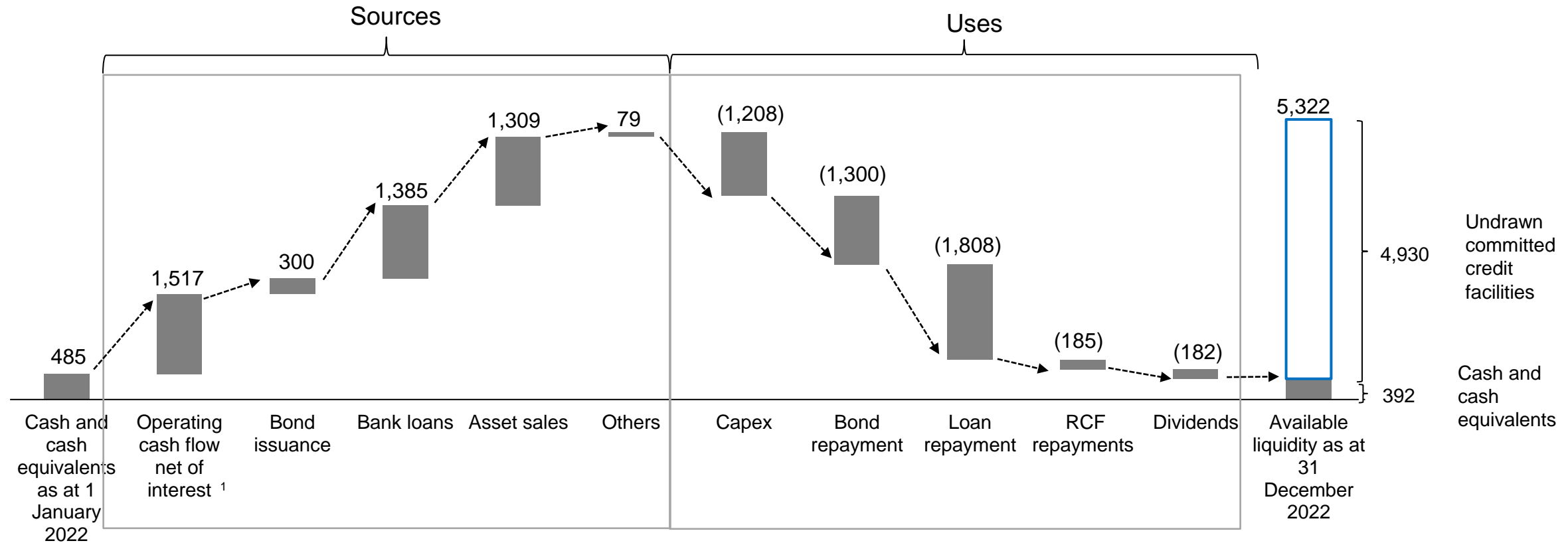
Fleet utilisation (%)⁵



All data as at 31 December 2022 unless otherwise indicated
See Appendices - Endnotes

Diverse Funding Channels Utilised in 2022

US\$ million

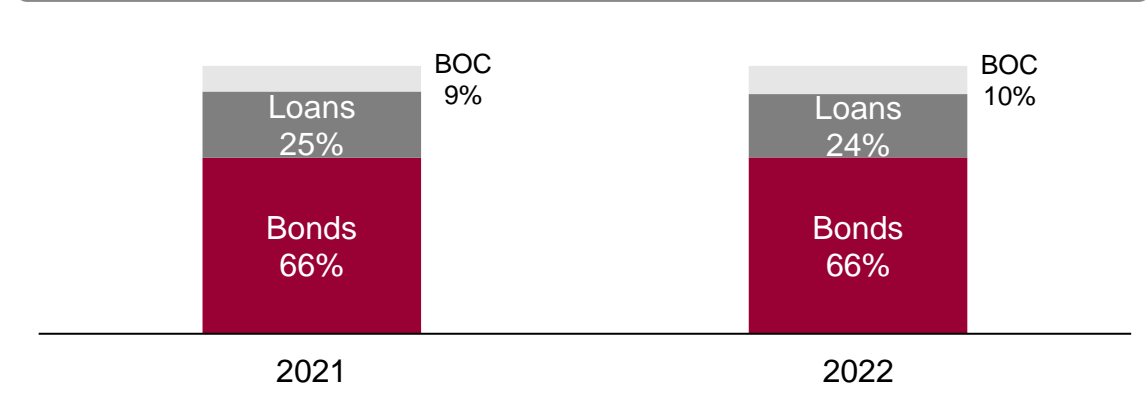


Internal cash generation reduced reliance on debt financing

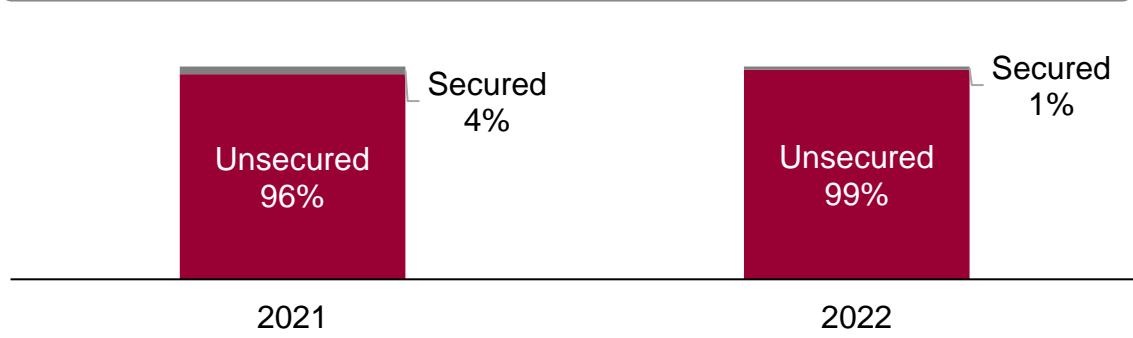
All data as at 31 December 2022
See Appendices - Endnotes

Flexible Capital Structure

Sources of debt¹



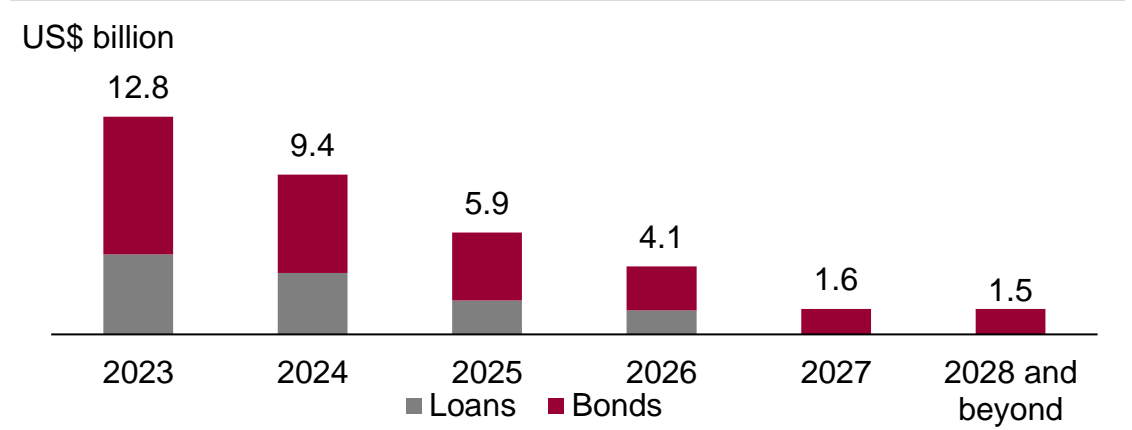
Increasing unsecured funding



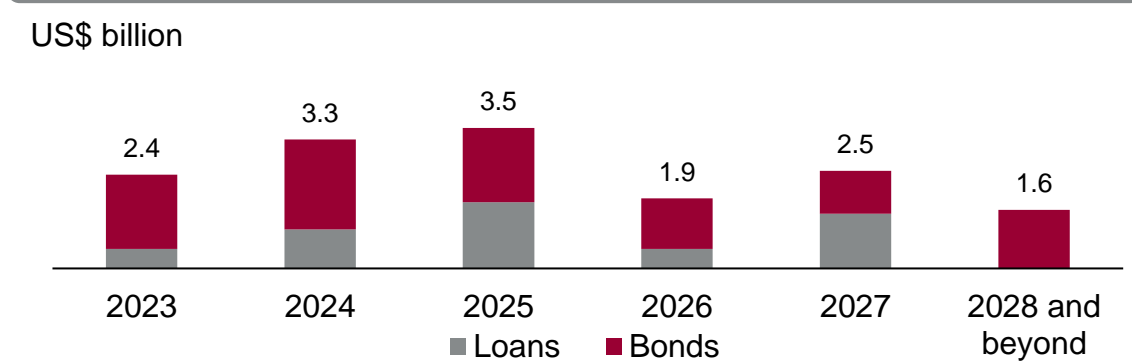
Borrowings predominantly unsecured

All data as at 31 December 2022 unless otherwise indicated
See Appendices - Endnotes

Outstanding debt amortises over a long term



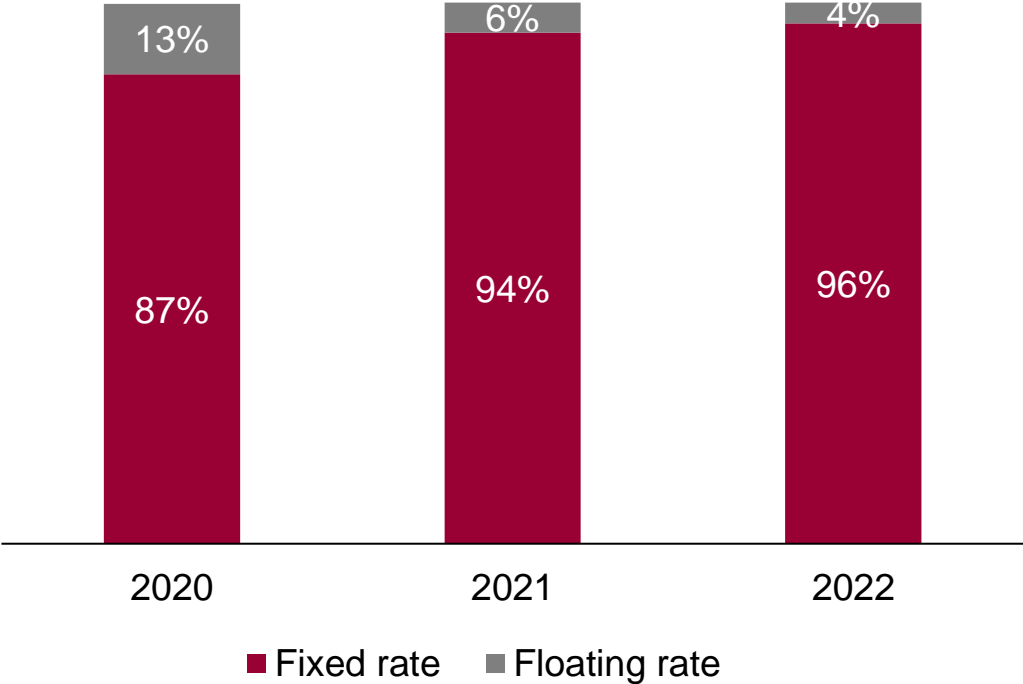
Debt maturity profile



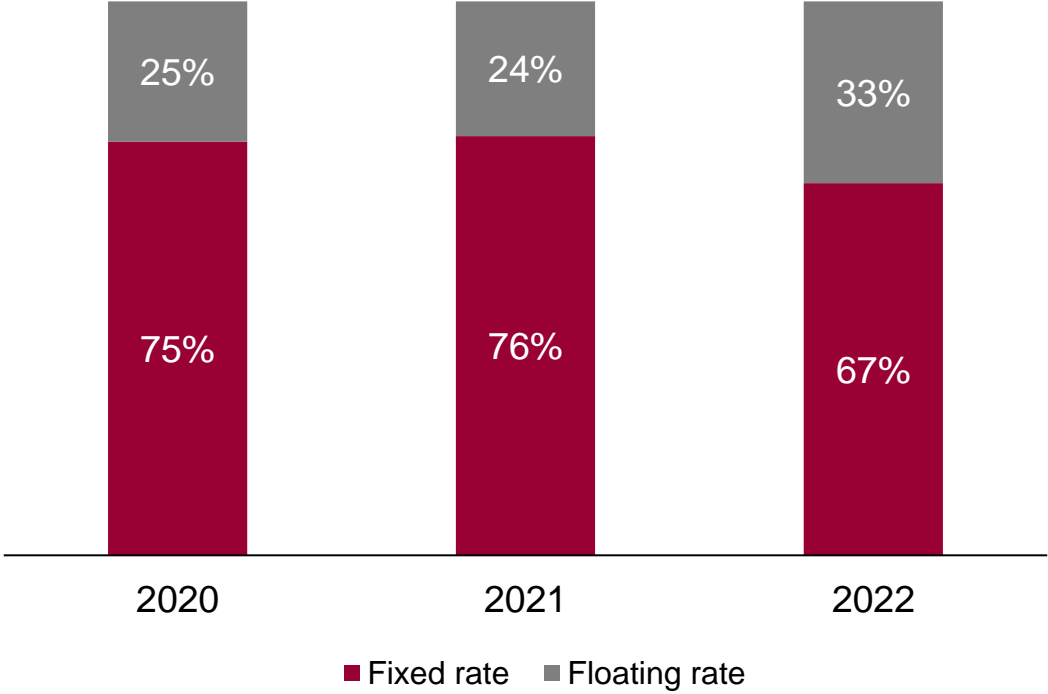
Fixed Rate Leases and Debt

Fixed rate leases dominate¹

By net book value



High proportion of fixed rate debt²



Continued asset and liability management to minimise impact of interest rate changes

All data as at 31 December 2022
See Appendices - Endnotes

ESG is a Key Focus

Environmental

- **100%** carbon neutral for direct emissions
- **100%** latest technology aircraft in the orderbook
- **More than 70%** of our owned fleet is latest technology aircraft
- **4.4** years average fleet age

Social

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

Governance

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

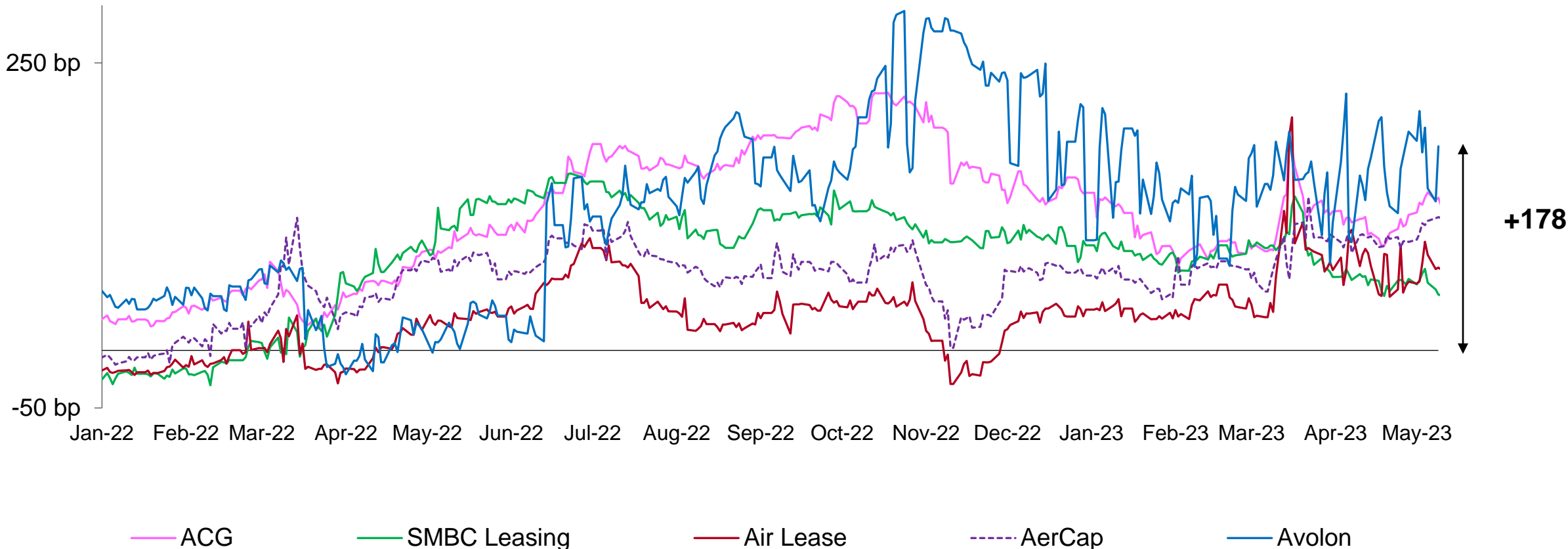
ESG Committee chaired by Chief Operating Officer

Aviation in a Low Carbon Environment

	2020	2025	2030	2035	2040	2045	2050
Commuter » 9-50 seats » < 60 minute flights » <1% of industry CO ₂	SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF
Regional » 50-100 seats » 30-90 minute flights » ~3% of industry CO ₂	SAF	SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF
Short haul » 100-150 seats » 45-120 minute flights » ~24% of industry CO ₂	SAF	SAF	SAF	SAF	Electric or Hydrogen combustion and/or SAF	Electric or Hydrogen combustion and/or SAF	Electric or Hydrogen combustion and/or SAF
Medium haul » 100-250 seats » 60-150 minute flights » ~43% of industry CO ₂	SAF	SAF	SAF	SAF	SAF	SAF	SAF potentially some Hydrogen
Long haul » 250+ seats » 150 minute + flights » ~30% of industry CO ₂	SAF	SAF	SAF	SAF	SAF	SAF	SAF

Historical G-Spread Differential vs. BOC Aviation

Historical G-Spread Differential vs. BOC Aviation



Spreads reflect relative credit strength

See Appendices - Endnotes

Endnotes (1)

- **SLIDE 3: Developments in 2023 YTD**
 1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
 2. Weighted by net book value of owned fleet as at 31 March 2023
 3. As at 31 December 2022
- **SLIDE 5: Popular and Fuel-Efficient Fleet**
 1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
 2. As at 31 December 2022
- **SLIDE 6: Strong Growth in Passenger Demand in 1Q 2023** - Source: IATA Chart of the Week (12 May 2023)
- **SLIDE 7: Major Passenger Markets See Strong Rebound in Travel** - Sources: China MoT (Air Pax YoY) TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights)
- **SLIDE 9: Rising Aircraft Values as Utilisation Accelerates** – Sources: Ascend, BOC Aviation Analysis
- **SLIDE 10: Value of Deliveries to Exceed US\$125 Billion in 2025** – Source: BOC Aviation Analysis
- **SLIDE 11: Lessors Own 53% of the Aircraft Market Today** – Sources: Ascend, as at 31 March 2023, based on aircraft of 100+ seats. Fleet data for 2020 onwards includes aircraft in-service and aircraft additionally parked from end-2019 due to Covid-19 fleet grounding
- **SLIDE 12: Recent IG Lessor Bond Deals** – Source: Bloomberg
- **SLIDE 16: BOC Aviation – Who Are We?**
 1. By net book value of owned aircraft
 2. As at 31 December 2022
 3. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
 4. Includes owned, managed and aircraft on order as at 31 March 2023
 5. Weighted by net book value of owned fleet as at 31 March 2023

Endnotes (2)

- **SLIDE 18: Core Competencies - BOC Aviation Track Record**
 1. Since 1 January 2007
 2. As at 31 December 2022
 3. Includes repossessions and consensual early returns
- **SLIDE 19: An Improvement in 2H 2022 over 1H 2022**
 1. Excluding the net impact of aircraft in Russia
 2. Calculated as net cash flow from operating activities less finance expenses paid
- **SLIDE 20: Continued Resilient Performance**
 1. Includes income arising from termination of leases with airlines in Russia
 2. Calculated as net cash flow from operating activities less finance expenses paid
 3. Excluding the net impact of the write-down of aircraft in Russia
- **SLIDE 21: Lease Rental Income Continues to Dominate Revenue**
 1. Excludes income arising from termination of leases with airlines in Russia in 2022
 2. Comprises aircraft depreciation and impairment charges (excludes the impairment of aircraft in Russia in 2022)
- **SLIDE 22: Lease Yields Improved in 2H 2022**
 1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%. Semi-annual lease rate factors are calculated on an annualised basis
 2. Calculated as the sum of finance expenses and capitalised interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes. Semi-annual cost of debt is calculated on an annualised basis
 3. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value. Semi-annual net lease yields are calculated on an annualised basis

Endnotes (3)

- **SLIDE 23: Globally Diversified Lease Portfolio**

1. Based on net book value (excluding off lease aircraft) and including aircraft subject to finance leases
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on net book value of aircraft excluding aircraft subject to finance leases and including off lease aircraft
4. Off lease aircraft are allocated to the region of the prospective operator if a lease commitment is in place or to the region of the prior operator if no lease commitment is in place
5. Fleet utilisation is the total days on-lease in the period as a percentage of total available lease days in the period

- **SLIDE 24: Diverse Funding Channels Utilised in 2022**

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

- **SLIDE 25: Flexible Capital Structure**

1. Drawn debt only

- **SLIDE 26: Fixed Rate Leases and Debt**

1. By net book value of aircraft including aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases) and excluding aircraft off lease
2. Represents the position net of any hedging

- **SLIDE 28: Aviation in a Low Carbon Environment** – Source: ATAG Waypoint 2050 Report

- **SLIDE 29: Historical G-Spread Differential vs. BOC Aviation** – Source: Bloomberg (9 May 2023)



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