

HSBC 8th Annual Asia Credit Conference

JUNE 2024

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Developments in 2024 YTD



STRONG ASSET QUALITY

- 688 aircraft owned, managed and on order
- 4.8 years¹ average fleet age; 7.9 years¹ average remaining lease term
- 99% aircraft utilisation rate



ROBUST LIQUIDITY

- Total liquidity of US\$5.6 billion²
- Issued US\$500 million of 5Y bonds in January, with another US\$500 million long 5Y issued in May at a spread of T + 87.5, the tightest in the Company's history
- Helps to fund 2024 target capex and maturing liabilities
- Well positioned to support future investment



PROACTIVE INVESTMENT STRATEGY

- Delivered five new aircraft in 1Q 2024
- Signed 31 lease commitments in 1Q 2024
- Committed to acquire ten aircraft in 1Q 2024
- Closed 1Q 2024 with an orderbook of 229 aircraft
- Recovered two Boeing 747-8F aircraft from a Russian airline
- Announced a finance lease transaction with JetBlue for an additional two Airbus A220-300 aircraft, scheduled to close in 2024



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





Long-term sustainable growth

All data as at 31 March 2024 unless otherwise indicated

Notes:

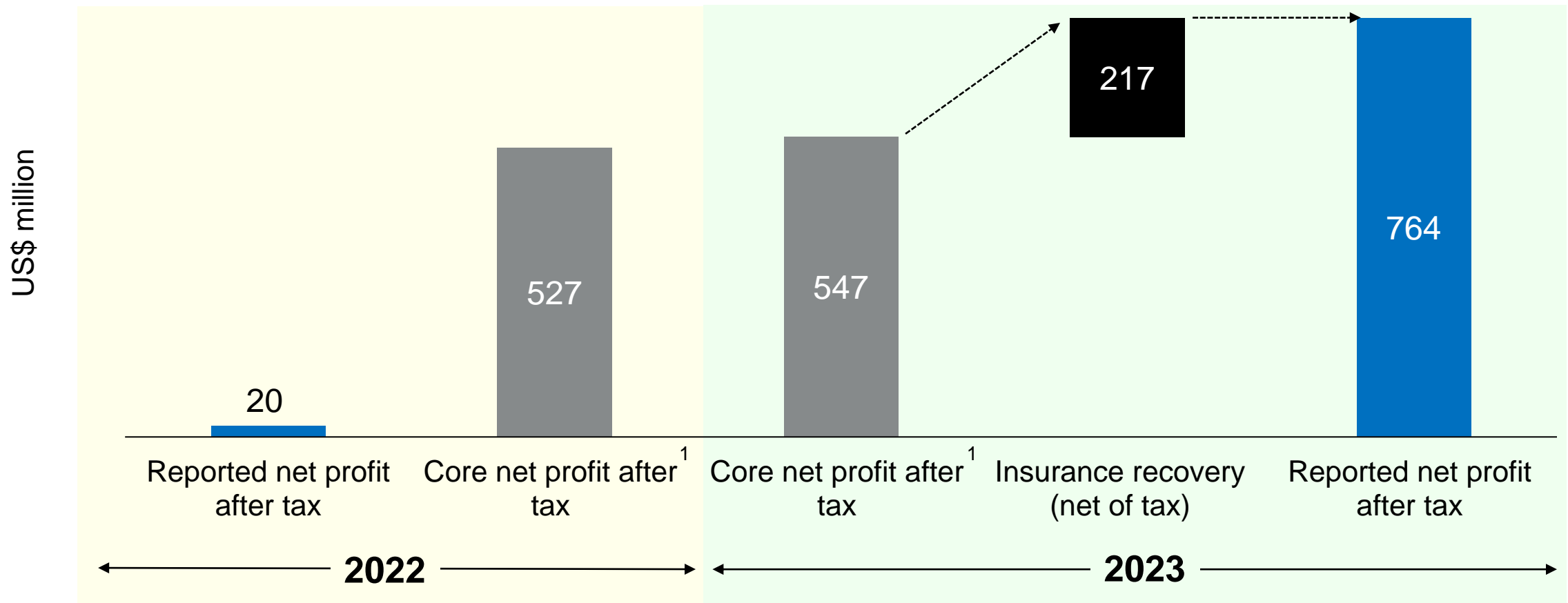
1. Weighted by net book value of owned fleet including finance lease receivables in respect of aircraft classified as finance leases in accordance with IFRS 16 (Leases)
2. As at 31 December 2023.

2023: A Year of Record Performance

Key Indicators	2023 US\$ million	2022 US\$ million	2023 vs 2022 Variance
Total revenues and other income	2,461	2,307	 7%
Profit before tax	861	29	 2,818%
Net profit after tax	764	20	 3,708%
Earnings per share (US\$)	1.10	0.03	 3,708%

30th year of unbroken profitability

Strong Improvement in Net Profit After Tax








Record performance driven by growth in underlying business and success in Russia-related recoveries



Note:

1. Excludes the impact of write-downs and recoveries related to aircraft in Russia.

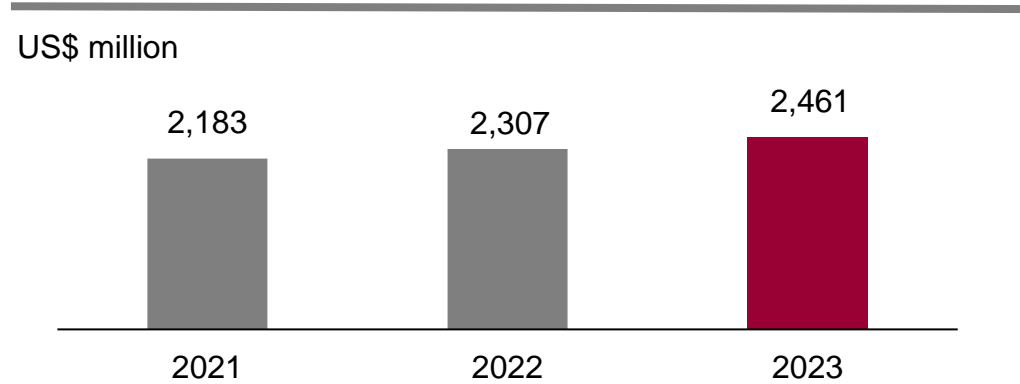
Robust Balance Sheet and Liquidity

Key Indicators	31 December 2023	31 December 2022	Variance
Total assets (US\$ billion)	24.2	22.1	 10%
Total available liquidity (US\$ billion)	5.6	5.3	 6%
Total equity (US\$ billion)	5.7	5.2	 11%
Net assets per share (US\$)	8.28	7.50	 11%
Gross debt to equity (times)	2.9	2.9	 Stable

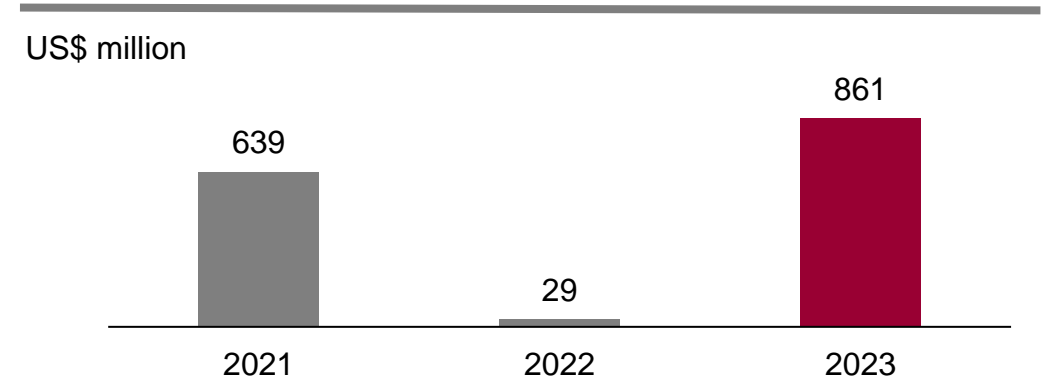
Total assets grew at the fastest pace since 2020

Continued Improvement in Key Metrics

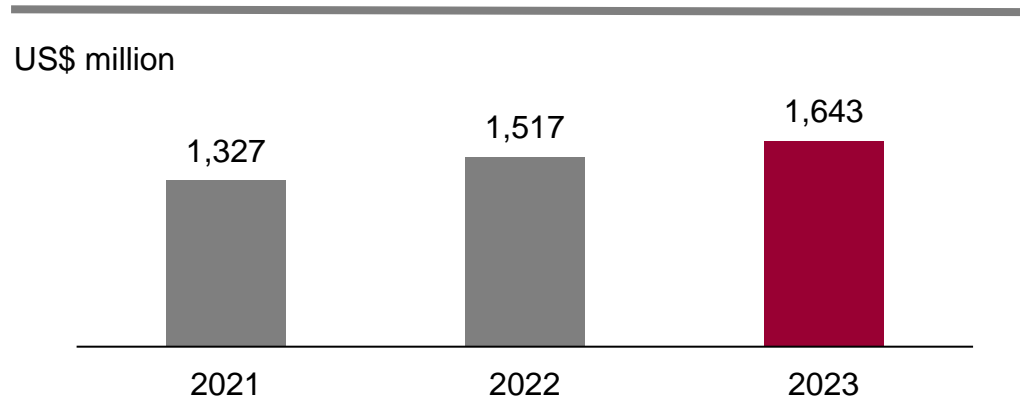
Total revenues



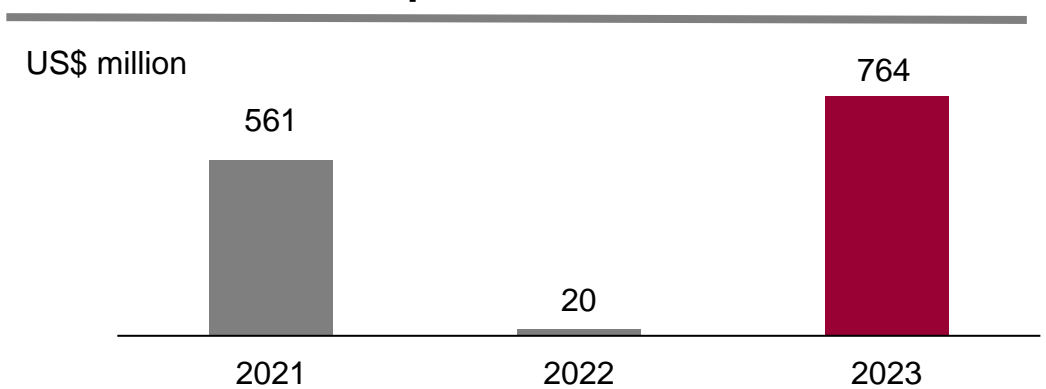
Profit before tax



Operating cash flow net of interest¹



Net profit after tax



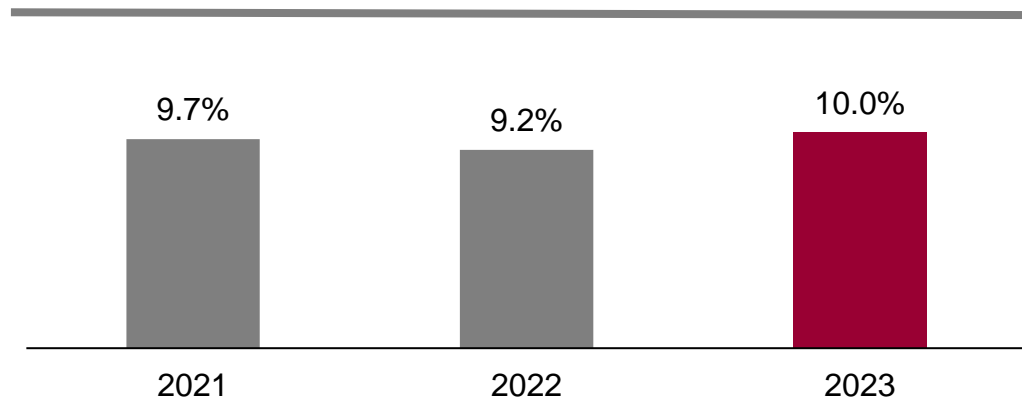
Strong rebound in earnings from growth in underlying business and recoveries from aircraft in Russia

Note:

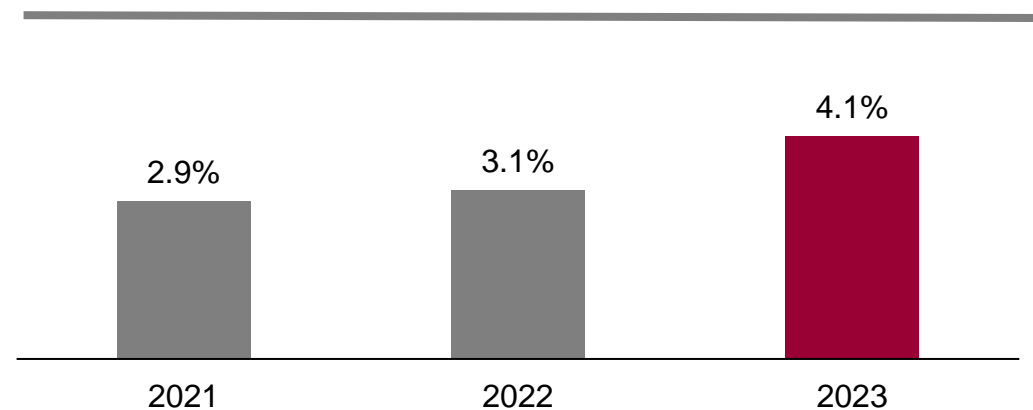
1. Calculated as net cash flow from operating activities less finance expenses paid

Improving Operating Lease Yields

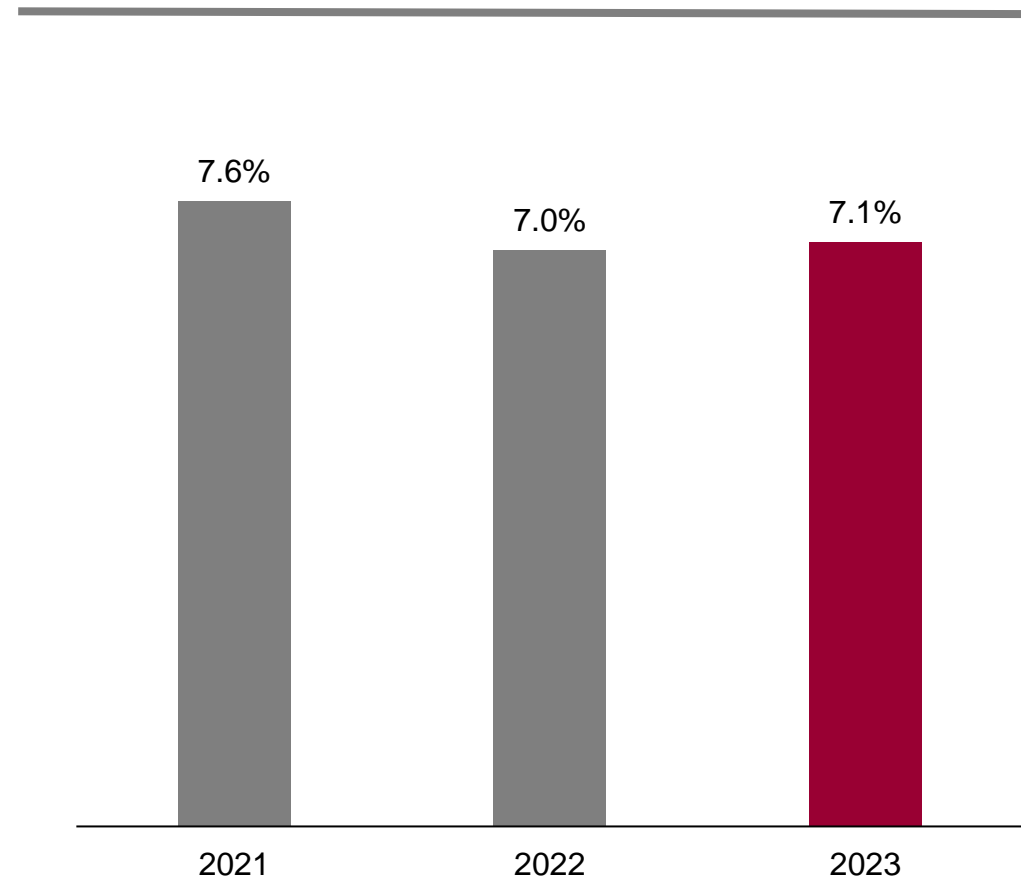
Lease rate factor¹



Cost of debt²



Net lease yield³

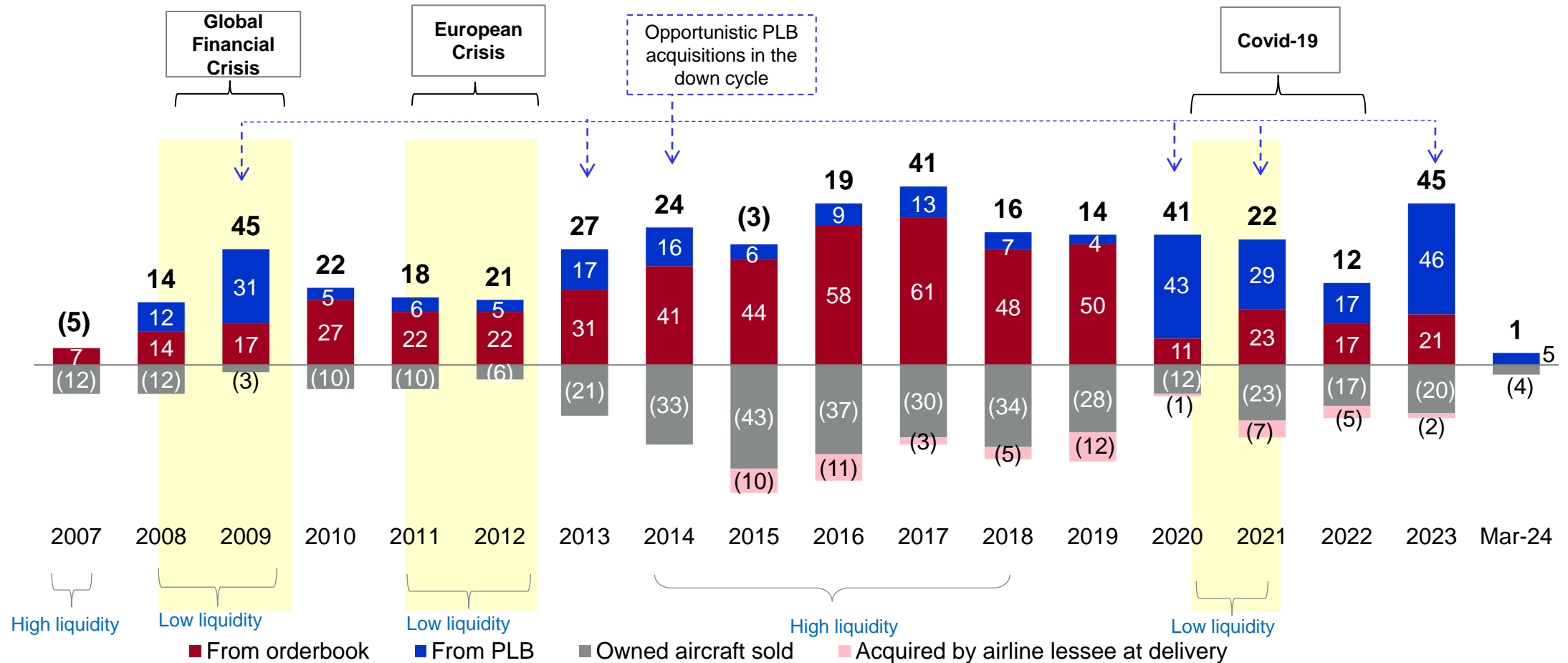


Notes:

1. Calculated as operating lease rental income divided by average aircraft net book value and multiplied by 100%
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
3. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average aircraft net book value

How We Invest

Number of aircraft delivered, purchased and sold



2023 saw largest fleet growth in our history

100% of Orderbook Comprises Latest Technology Aircraft

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order	Total
Airbus A220 family	19	0	2	21
Airbus A320CEO family	79	13	0	92
Airbus A320NEO family	126	0	127	253
Airbus A330CEO family	8	1	0	9
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	61	13	0	74
Boeing 737-8/9	60	0	93	153
Boeing 777-300ER	27	3	0	30
Boeing 787 family	27	1	7	35
Freighters	5	1	0	6
Total	427	32	229	688

77% of existing fleet is latest technology aircraft¹

All data as at 31 March 2024 unless otherwise indicated

Note:

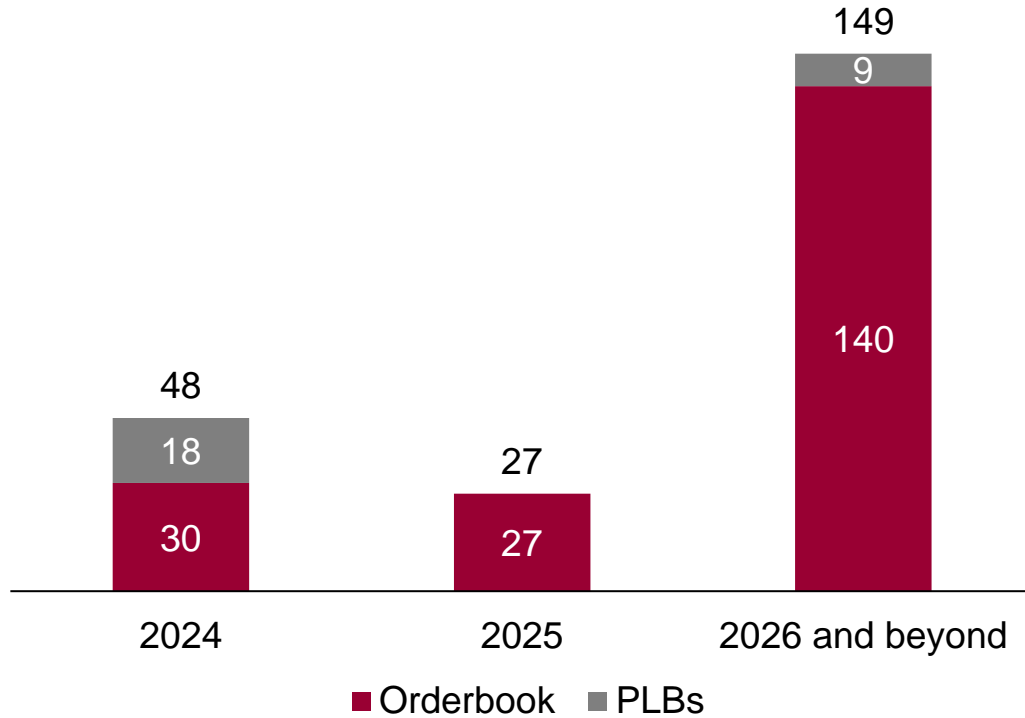
1. Based on net book value and including aircraft subject to finance leases as at 31 December 2023



Highest Committed Capex Since IPO

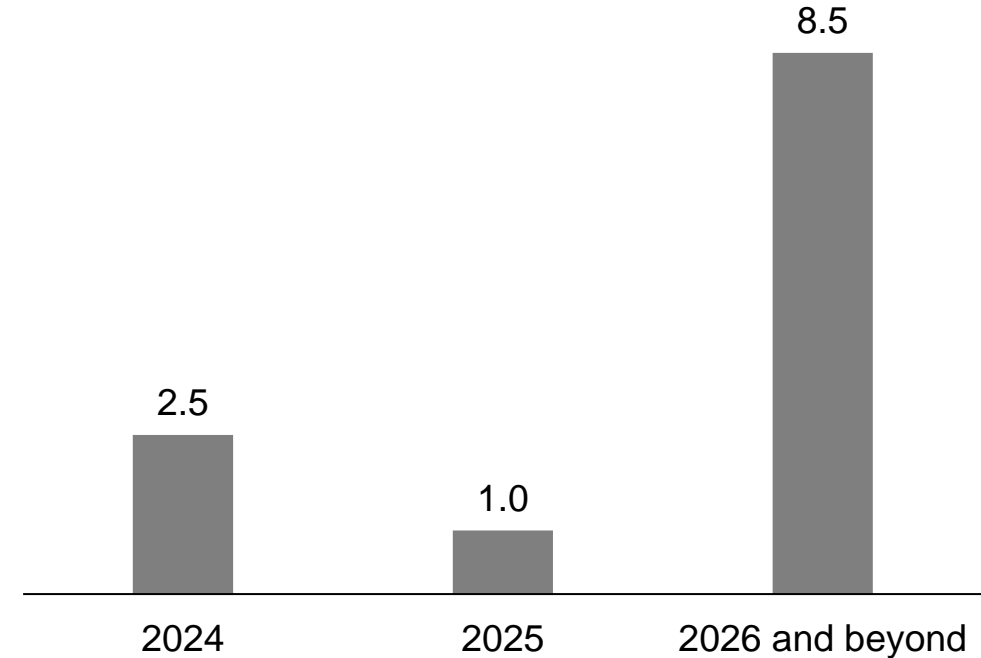
Orderbook delivery schedule¹

Number of aircraft



Total committed capex of US\$12 billion

US\$ billion



Added another 10 aircraft to 2024's delivery skyline so far in 2024²

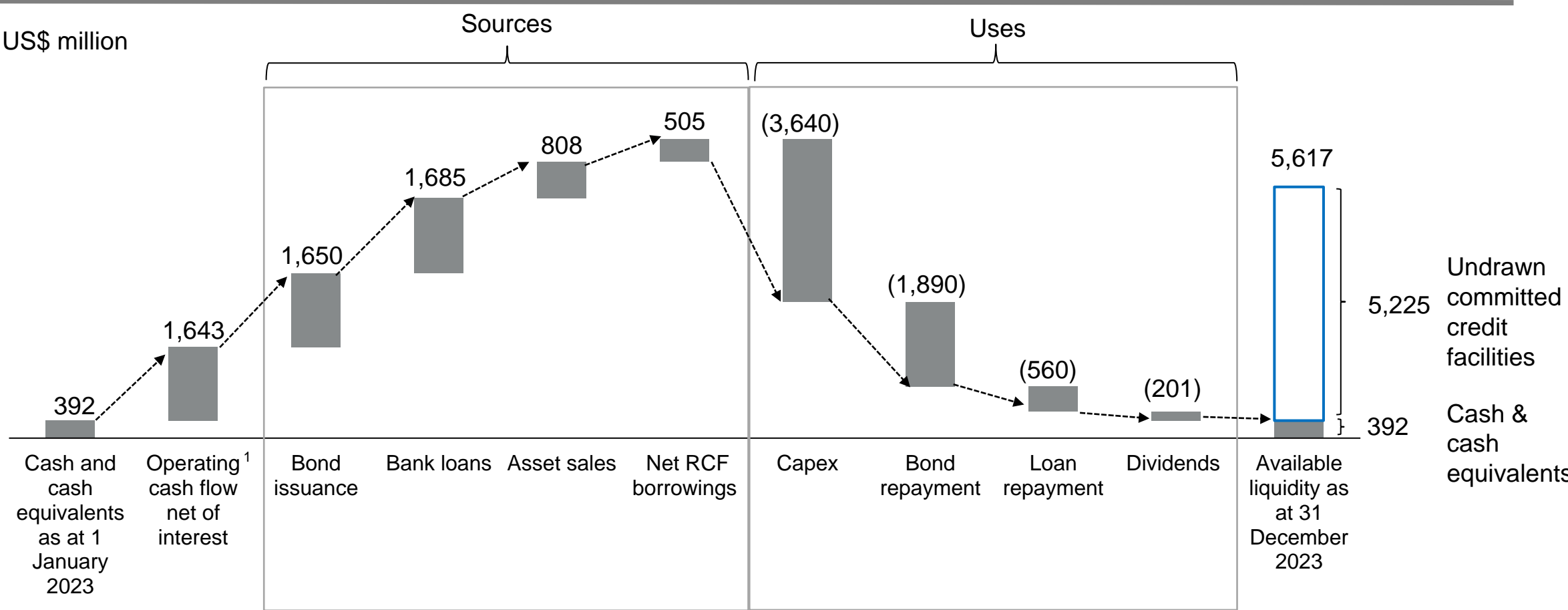
All data as at 31 December 2023

Notes:

1. Based on expected delivery dates
2. As at 31 March 2024

Diverse Funding Channels Utilised in 2023

Sources and Uses of Cash



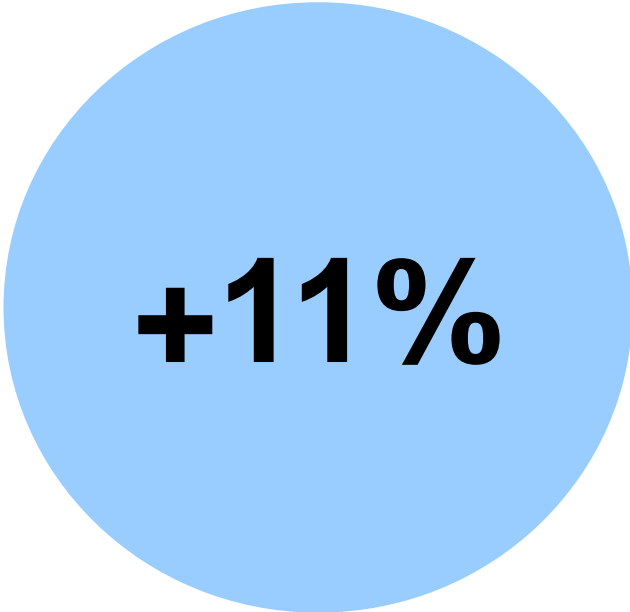
US\$5.6 billion of committed liquidity



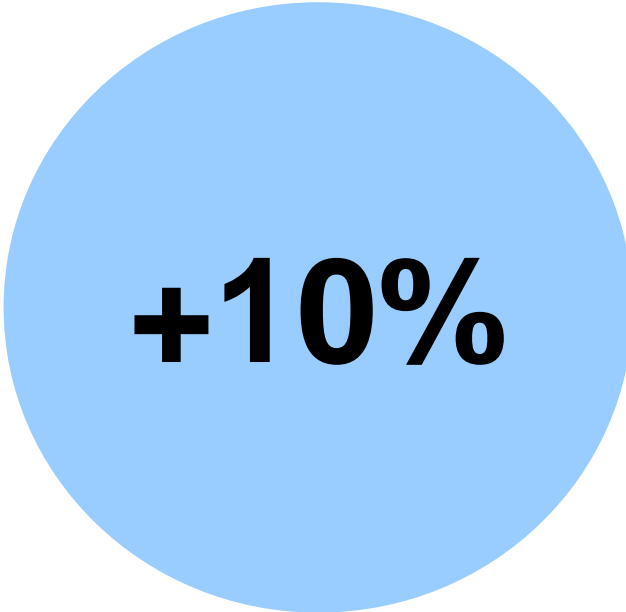
Note:
1. Calculated as net cash flow from operating activities less finance expenses paid

Robust Air Passenger Traffic

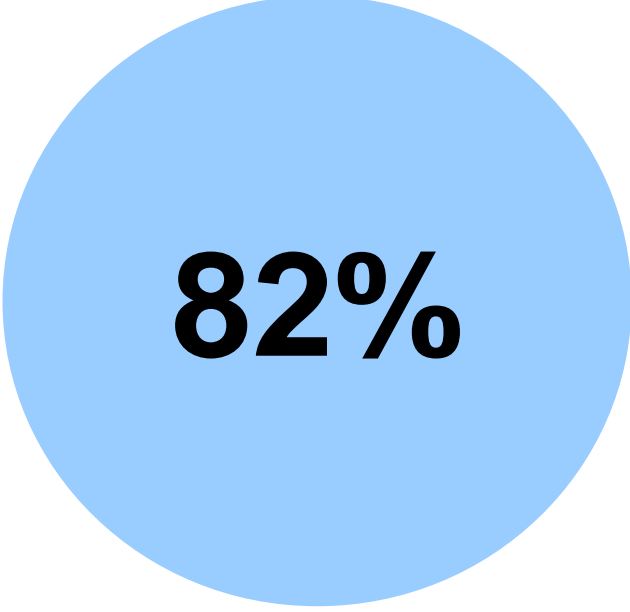
Passenger traffic¹



Capacity²



Passenger load factor³



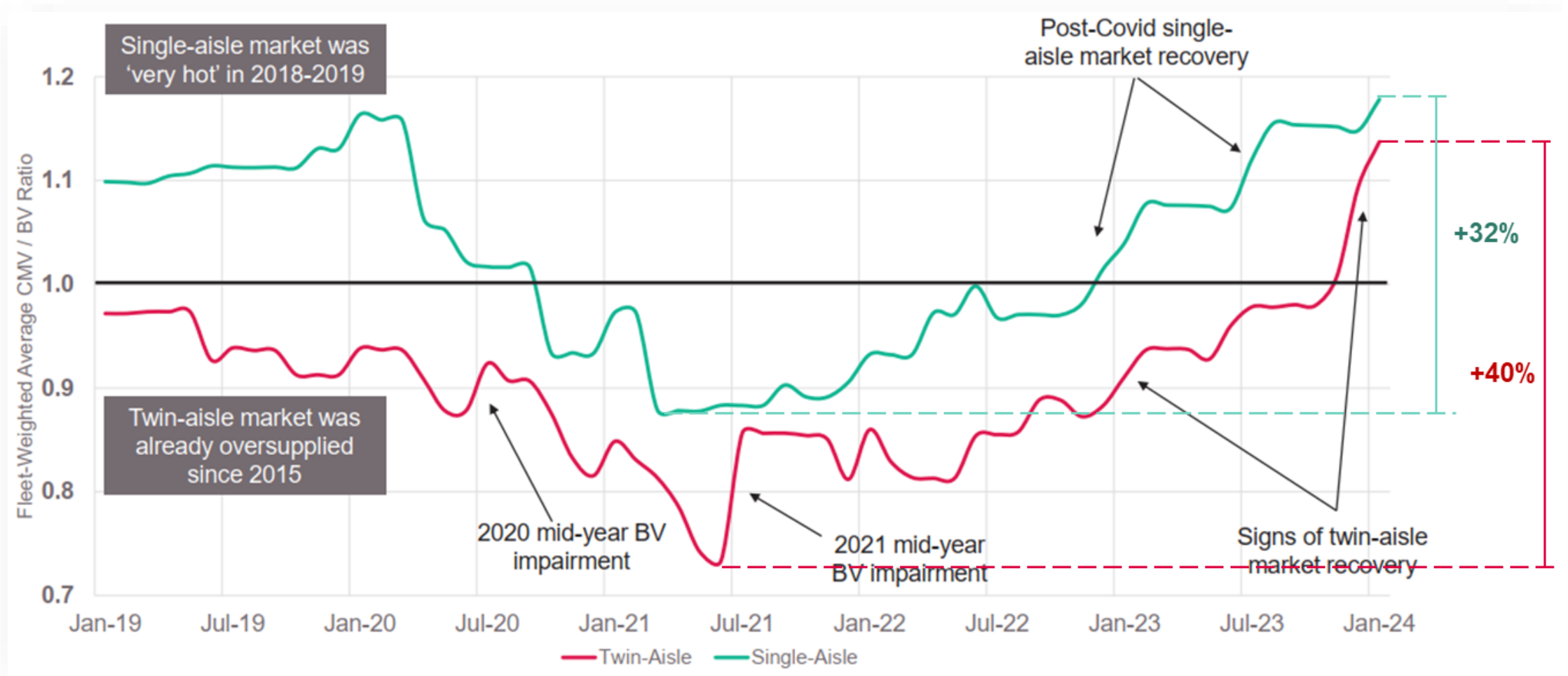
Global air traffic recovery now complete

Source: IATA, Air passenger market in detail – April 2024

Notes:

- 1. Revenue Passenger-Kilometers (RPK) YoY growth in April 2024
- 2. Available Seat-Kilometers (ASK) YoY growth in April 2024
- 3. Passenger load factors as at end-April 2024

Recovery in Aircraft Values



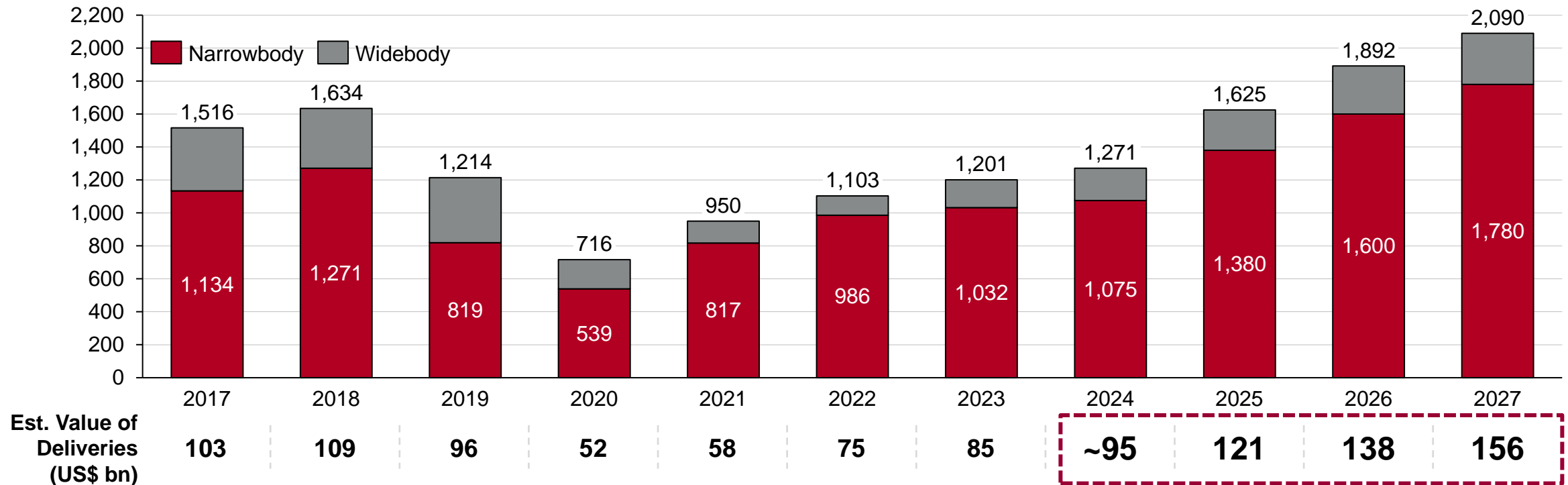
Improving aircraft market values underpinned by robust passenger traffic

Source: BOC Aviation analysis, Cirium, updated 18 January 2024

Industry Will Need to Fund Around US\$100 Billion of Aircraft in 2024

Passenger aircraft deliveries

Passenger aircraft >100 seats¹



Delivery values back close to near record levels in 2024

Sources: BOC Aviation analysis, Cirium fleet data, Forecast as at 30 April 2024, based on guidance published by OEMs

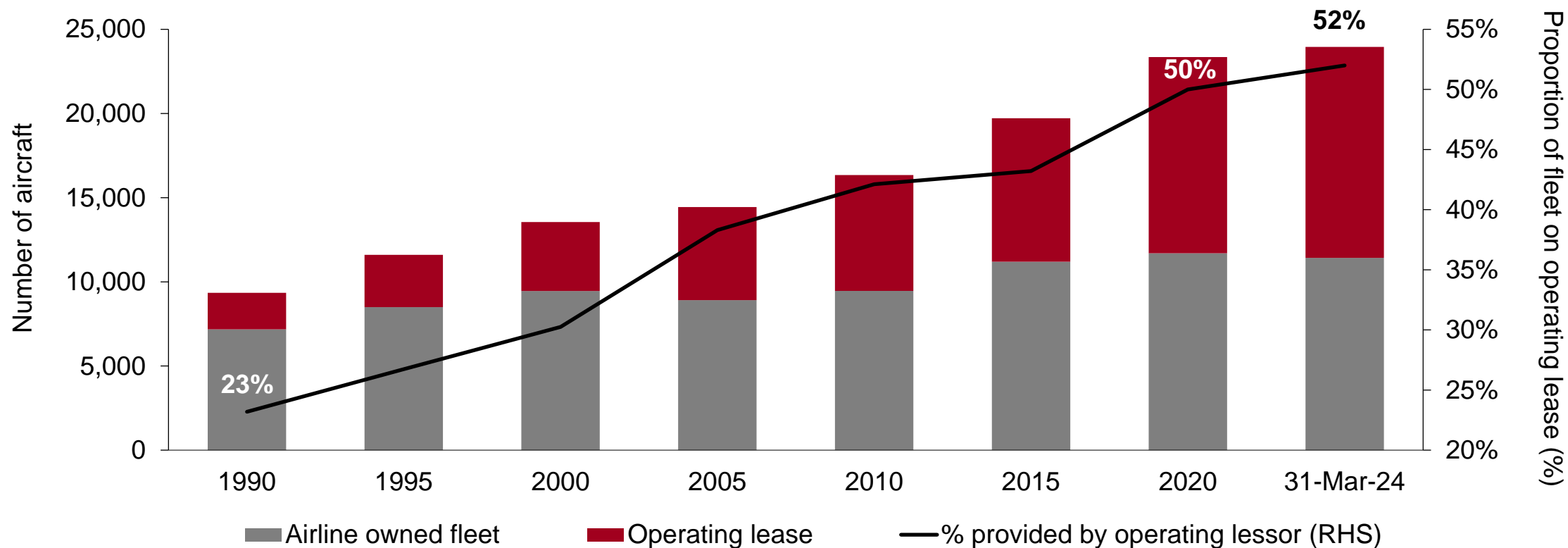
Note:

1. Defined as widebody, narrowbody and large regional jets



Operating Lessors' Share of the Market

Proportion of fleet on operating lease



Lessors own 52% of the aircraft market today

Source: Ascend, as at 31 March 2024 based on aircraft of 100 seats. Fleet data from 2020 to 2023 included aircraft in service and aircraft additionally parked from end 2019 due to Covid fleet grounding



Conclusion

- Record NPAT of US\$764 million in 2023
 - 30th year of unbroken profitability
 - Writeback of freighter values will positively impact 2024 earnings
- Positive 2024 industry dynamics
 - Global passenger traffic has surpassed 2019 levels¹
 - Airline profitability expected to rise 11% in 2024 on continued demand growth¹
 - Airline industry is estimated to take delivery of around US\$100 billion of aircraft in 2024, its highest since 2018²
- Liquidity and orderbook support future growth
 - More room for balance sheet growth with our total future capex of US\$12 billion
 - US\$5.6 billion of liquidity to support aircraft investments
 - US\$1 billion raised so far this year in debt capital markets, the most recent offering at record low spreads³

A top five global aircraft lessor well positioned for future growth

All data as at 31 December 2023 unless otherwise indicated

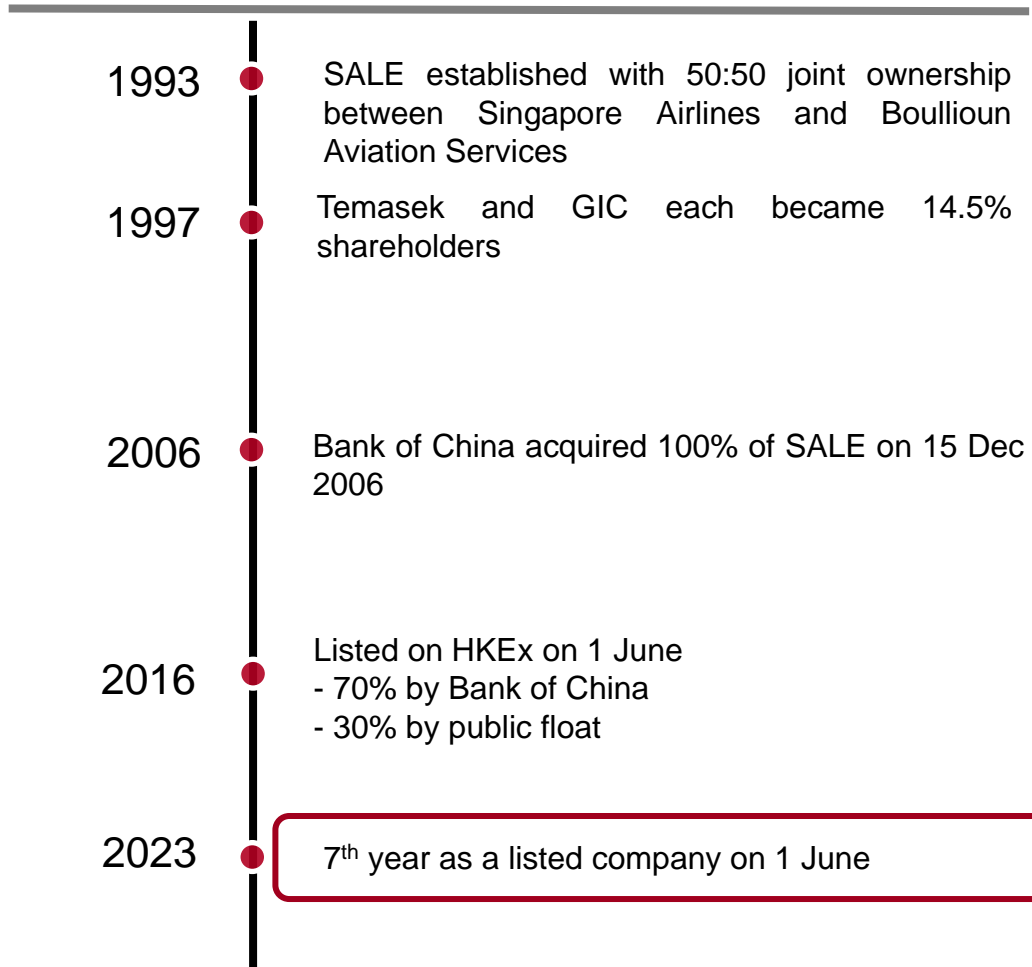
Notes:

1. Source: The International Air Transport Association (IATA)
2. Sources: BOC Aviation analysis, Cirium fleet data; based on estimated value of aircraft deliveries
3. As at 7 May 2024

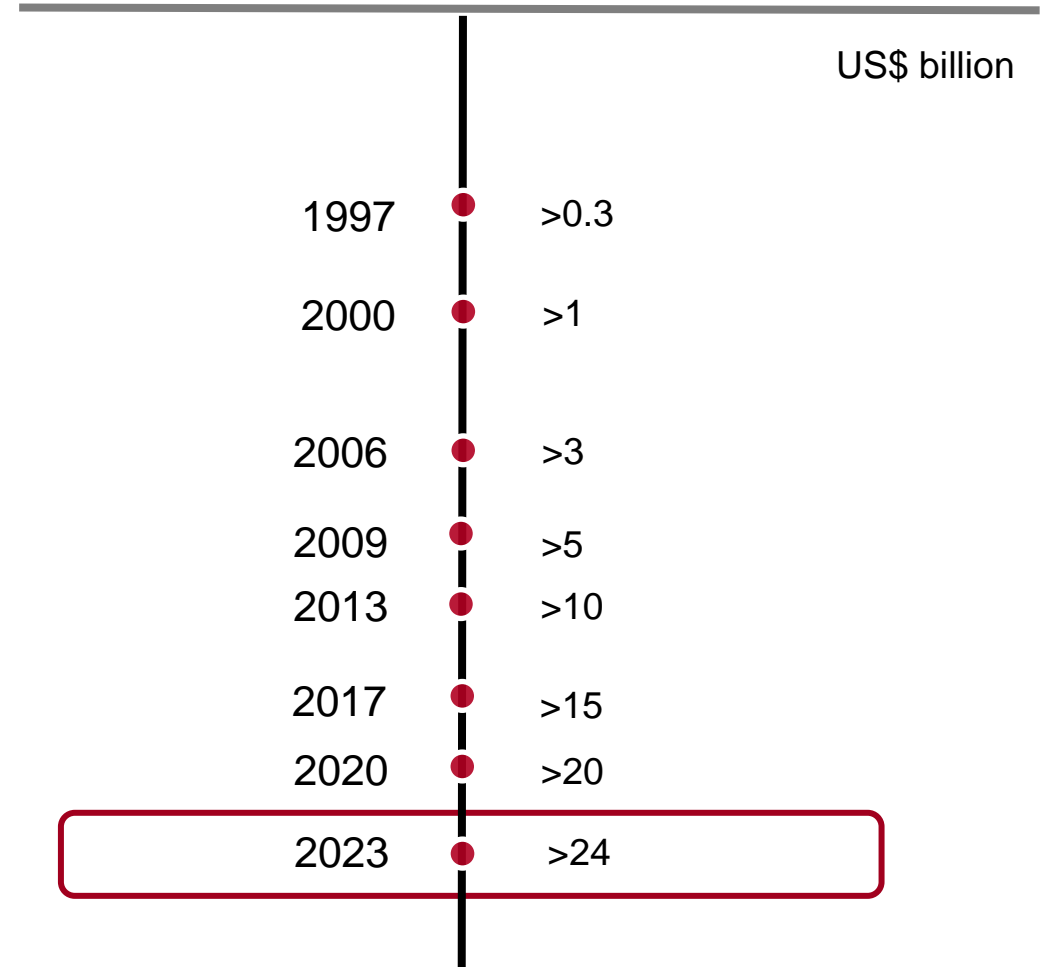
APPENDICES

The BOC Aviation Journey – 30 Years in 2023

Ownership



Total assets



Market capitalisation of US\$5.1 billion¹

All data as at the end of the relevant period

Note:

1. Source: Bloomberg (as at 12 June 2024)

BOC Aviation – Who are We?

Top 5

Global aircraft operating lessor¹

Listed on HKEX

HKEX code: 2588

>US\$6.2 billion

Cumulative profits since inception

>US\$5.6 billion

Available liquidity

229

Aircraft on order²

Bank of China

70% owned by BOC

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

US\$24.2 billion

Total assets

688

Aircraft in fleet^{2,3}

4.8 years; 7.9 years

Average fleet age & lease term remaining^{2,4}

Industry leader focused on long-term sustainable earnings

All data as at 31 December 2023 unless otherwise indicated

Notes:

1. By net book value of owned aircraft
2. As at 31 March 2024
3. Includes owned, managed and aircraft on order
4. Weighted by net book value of owned fleet including finance lease receivables in respect of aircraft classified as finance leases in accordance with IFRS 16 (*Leases*)



Our Management Team



Steven Townend
Chief Executive Officer & Managing Director

- 33 years of banking and leasing experience
- Appointed as a Director and Chief Executive Officer and Managing Director on 1 January 2024



Wu Jianguang
Chief Financial Officer

- 32 years of banking experience
- Oversees Financial Planning and Analysis, Financial Control, Accounting and Reporting, Tax, Treasury, Settlement departments



Tom Chandler
Chief Operating Officer

- 27 years of airline, legal and banking experience
- Oversees Procurement, Technical, all operations and related departments



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

- 26 years of banking and leasing experience
- Oversees revenue activities for Asia Pacific and Middle East



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

- 29 years of aircraft finance and leasing experience
- Oversees revenue activities for Europe, Americas and Africa



Nationality

Highly experienced senior management team

All data as at 31 May 2024

Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 1,100 aircraft purchased totalling more than US\$63 billion
- Leasing More than 1,380 leases executed with > 190 airlines in > 60 countries and regions
- Financing More than US\$43 billion in debt raised

- Sales More than 440 owned and managed aircraft sold
- Transitions More than 140 transitions
- Repossessions¹ 70 aircraft in 21 jurisdictions

The outcome:

- Total number of aircraft delivered **892**
- Proportion of aircraft sold² **49%**
- Proportion of transitions³ **10%**
- Proportion of repossessions³ **5%**

All data as at 31 March 2024, since inception unless otherwise indicated

Notes:

1. Includes repossessions and consensual early returns
2. As a proportion of aircraft delivered
3. As a proportion of leases executed

BOC Aviation Bonds Issued on the Tightest Spreads

Issuer	Issue Date	Tenor (years)	Amt Issued (US\$ million)	Coupon (%)	Yield (%)	T-Spread at Issue (bps)
BOC Aviation USA Corp	7/5/2024	Long 5	500	5.250	5.323	87.5
SMBC Aviation Capital Finance	26/3/2024	5	650	5.300	5.306	108
Air Lease Corp	17/6/2024	7	600	5.200	5.436	122
BOC Aviation USA Corp	9/1/2024	5	500	5.000	5.250	125
BOC Aviation USA Corp	9/11/2023	5	650	5.750	5.917	130
Aviation Capital Group	18/6/2024	5	600	5.375	5.547	130
SMBC Aviation Capital Finance	26/3/2024	10	850	5.550	5.588	135
Air Lease Corp	17/1/2024	5	500	5.100	5.379	135
Aercap	4/1/2024	5	800	5.100	5.371	140
Avolon	8/5/2024	Long 5	1,000	5.750	5.924	143
Aercap	4/1/2024	10	700	5.300	5.599	160
Avolon	16/1/2024	5	1,150	5.750	5.946	200
Aircastle	17/1/2024	5	650	5.950	6.090	205
Griffin Global Asset Management	3/4/2024	5	400	6.875	6.875	255
Fortress Transportation	3/6/2024	8	800	7.000	7.000	259

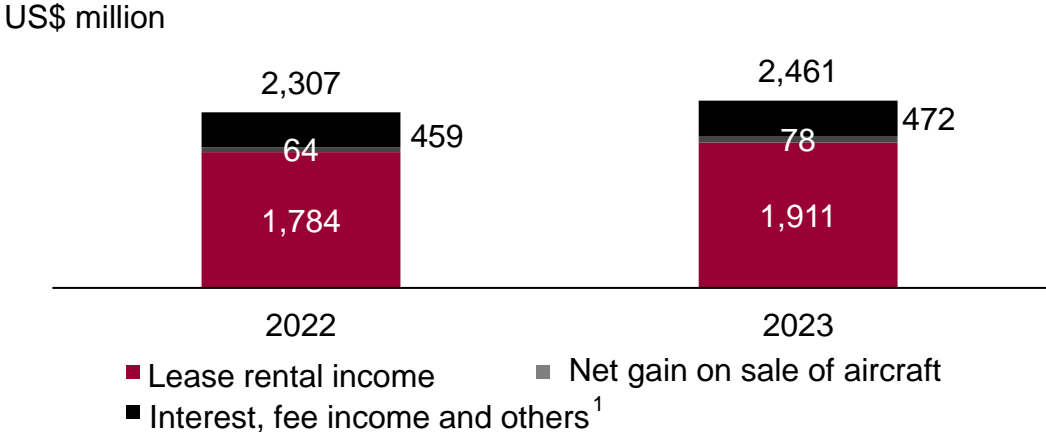
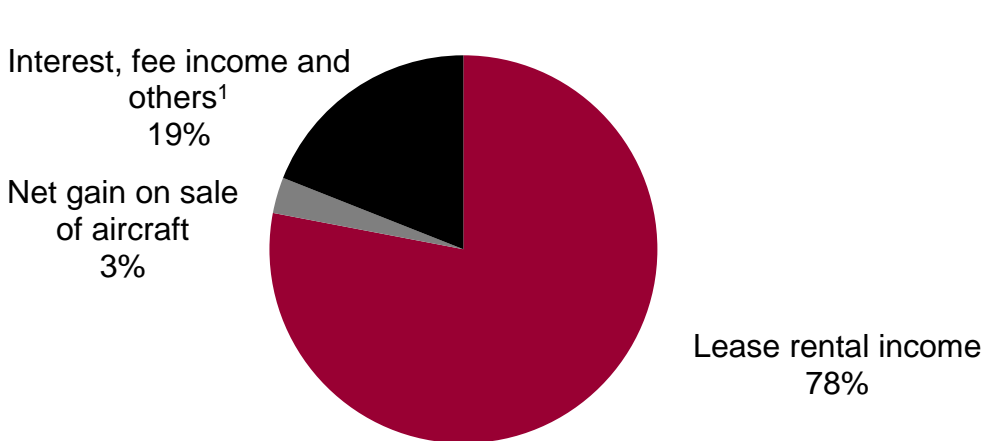
May 2024's BOC Aviation offering featured tightest pricing of any lessor issuance since 2005

Sources: Bloomberg and BOC Aviation's estimates

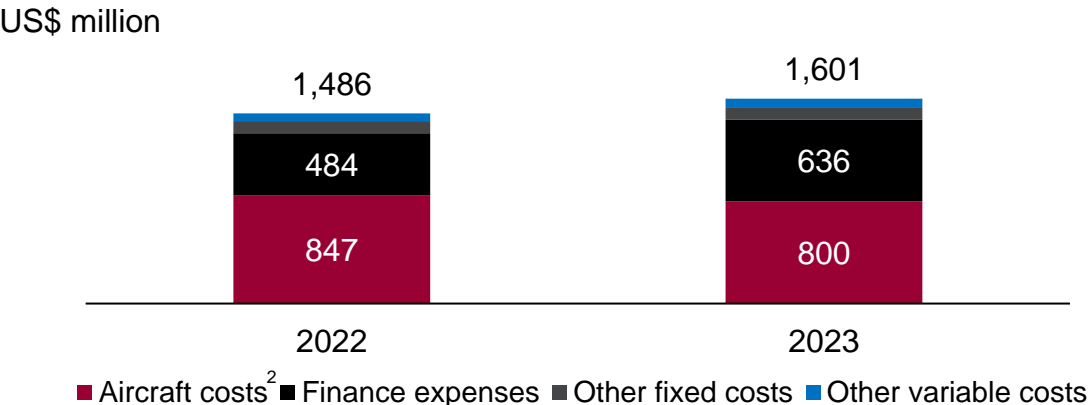
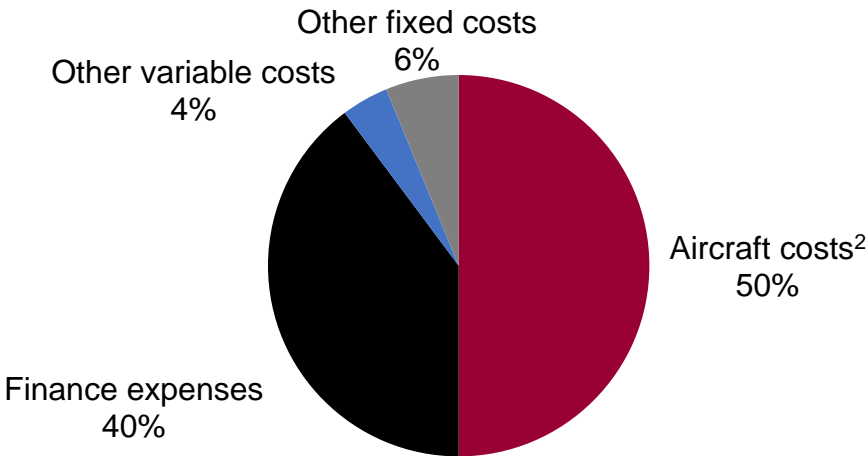


Lease Rental Income Continues to Drive Revenue

Lease rental income drives total revenues and other income



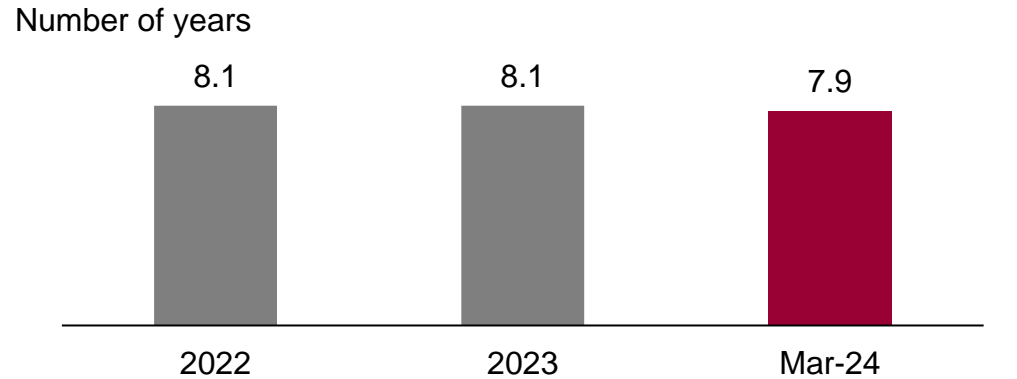
Depreciation of aircraft and financing costs are key costs



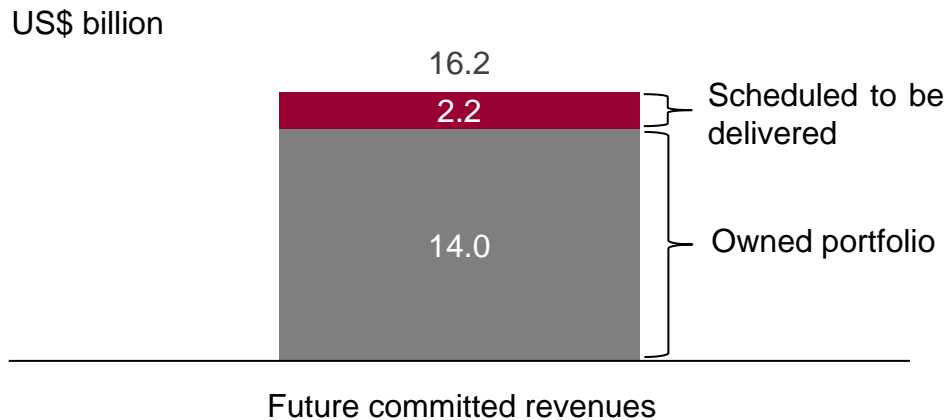
Notes:
 1. Includes income arising from termination of leases with airlines in Russia in 2022 and the recovery in respect of aircraft in Russia in 2023
 2. Comprises aircraft depreciation and impairment charges (excludes the impairment of aircraft in Russia in 2022)

Long-Term Leases A Key Feature of the Company

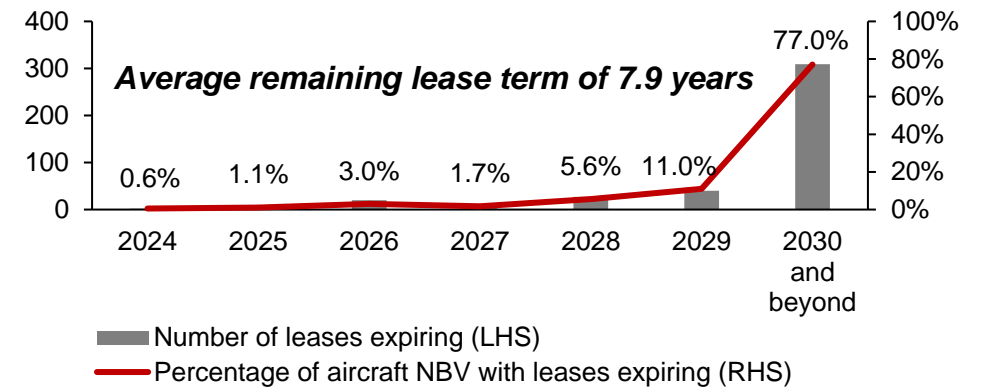
A long average remaining lease term¹



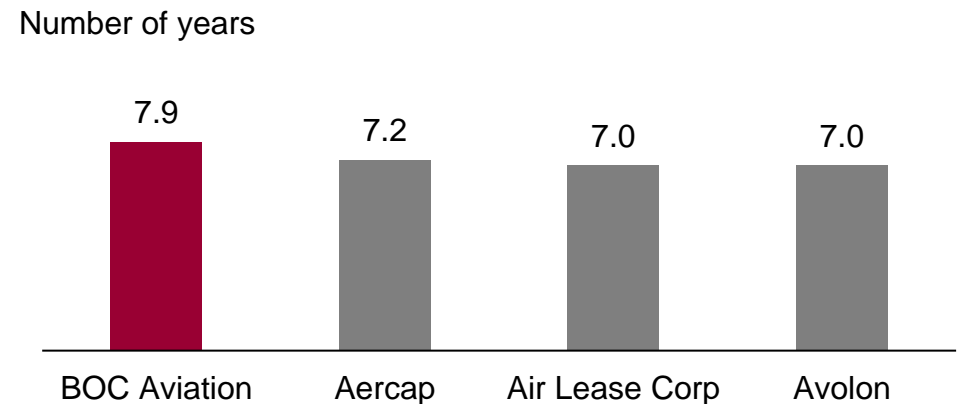
High future committed operating lease revenue



Well-dispersed scheduled lease expiries²



Industry-leading average remaining lease term³

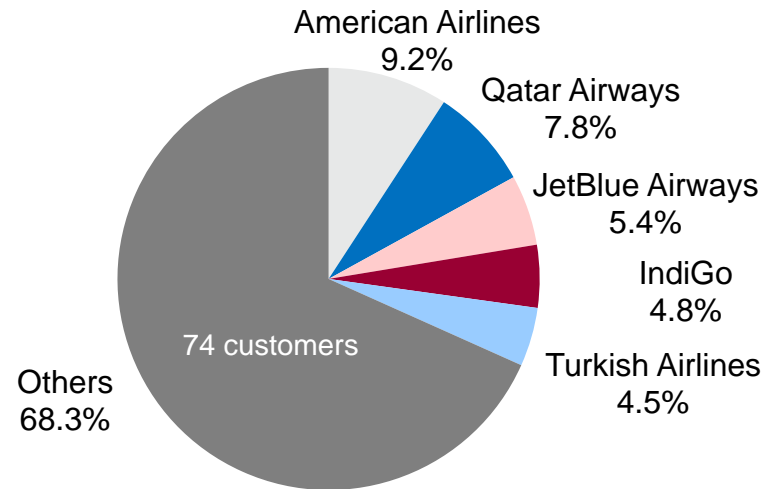


Notes:

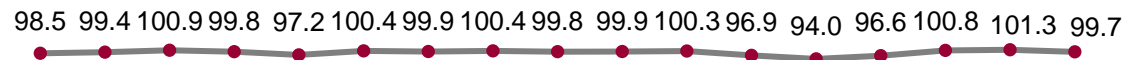
1. Weighted by net book value of owned fleet and finance lease receivables in respect of aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases)
2. Owned aircraft with lease expiring in each calendar year, weighted by net book value including finance lease receivables in respect of aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases), as at 31 March 2024
3. Updated as at 31 March 2024

Globally Diversified Portfolio

Lease portfolio diversified by customer¹



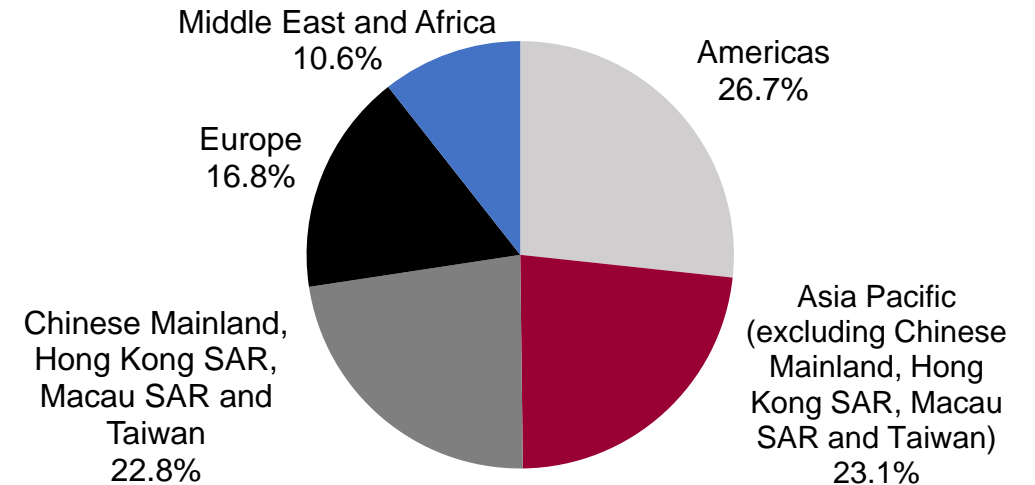
Collection rate (%)



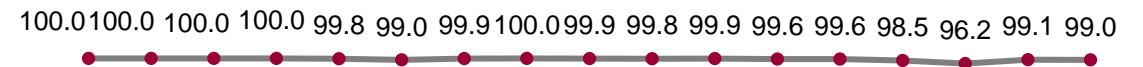
Average = 99.2%

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 Mar-24

...and diversified by geography¹



Fleet utilisation (%)²



Average = 99.4%

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 Mar-24

All data as at 31 December 2023 unless otherwise indicated

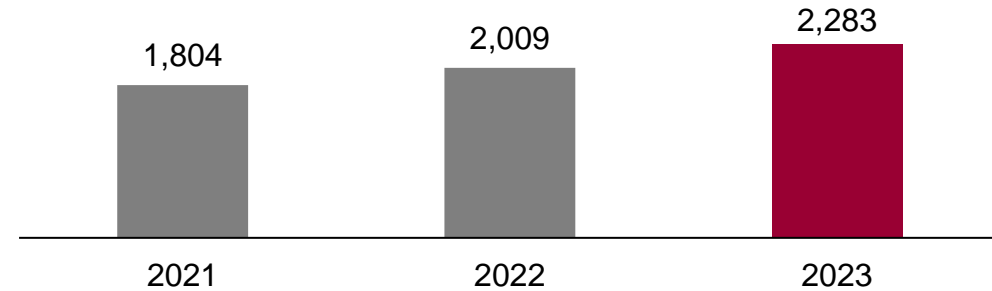
Notes:

1. Based on net book value of aircraft including finance lease receivables in respect of aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases) and excluding off lease aircraft
2. Fleet utilisation is the total days on-lease in the period as a percentage of total available lease days in the period

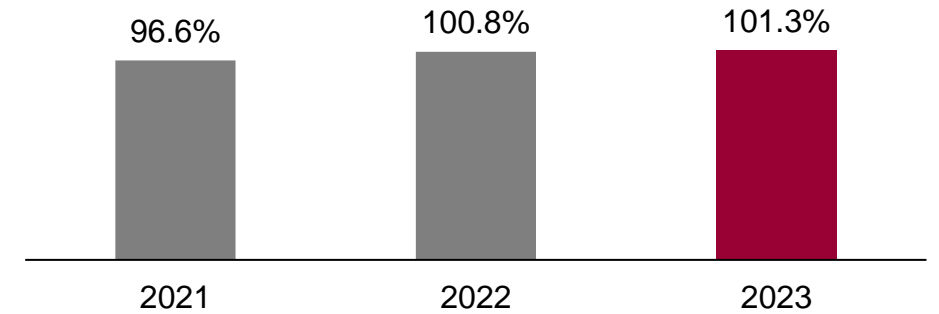
Record High Operating Cash Flow Net of Interest

Net cash flow from operating activities

US\$ million

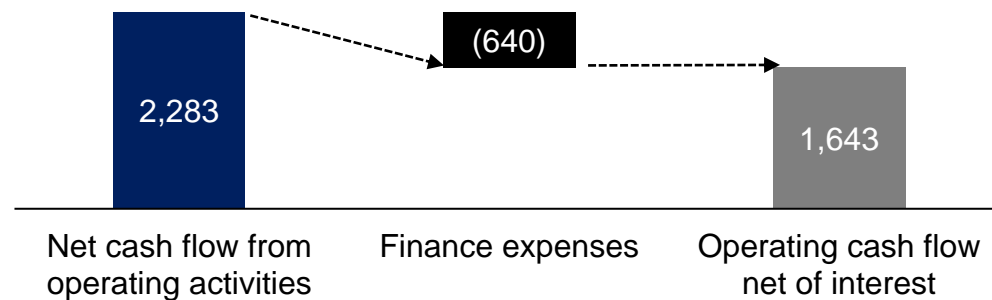


Collection rate exceeded 100% for the second consecutive year



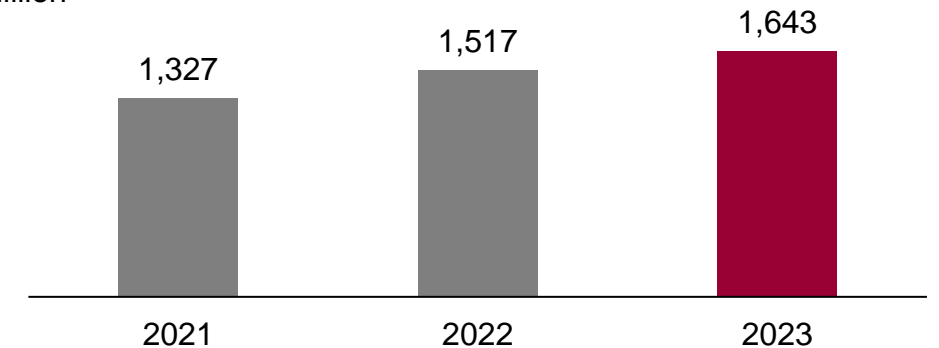
2023 operating cash flow net of interest^{1,2}

US\$ million



Improving operating cash flow net of interest^{1,2}

US\$ million



Collection rate of more than 100% and recoveries from aircraft in Russia contributed to record high cash flow

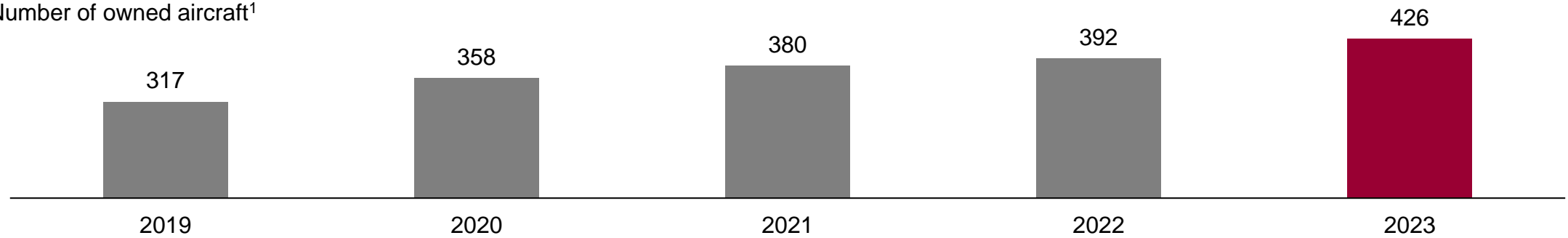
Notes:

1. Calculated as net cash flow from operating activities less finance expenses paid
2. Included recovery in respect of aircraft in Russia in 2023

Returning to Growth

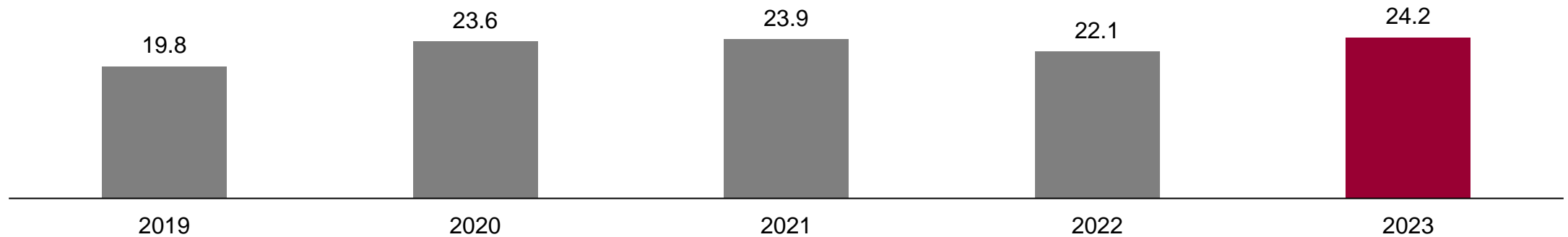
Expanding owned fleet

Number of owned aircraft¹



Total assets in excess of US\$24 billion

Total assets (US\$ billion)



Record asset base achieved in 2023

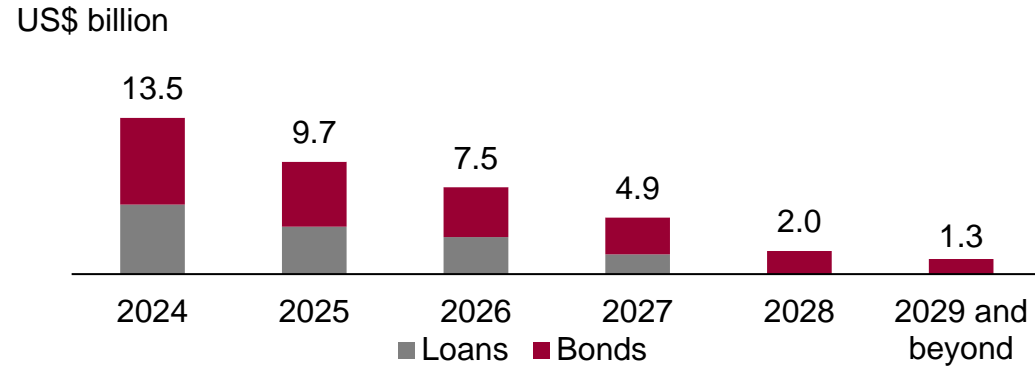


Note:

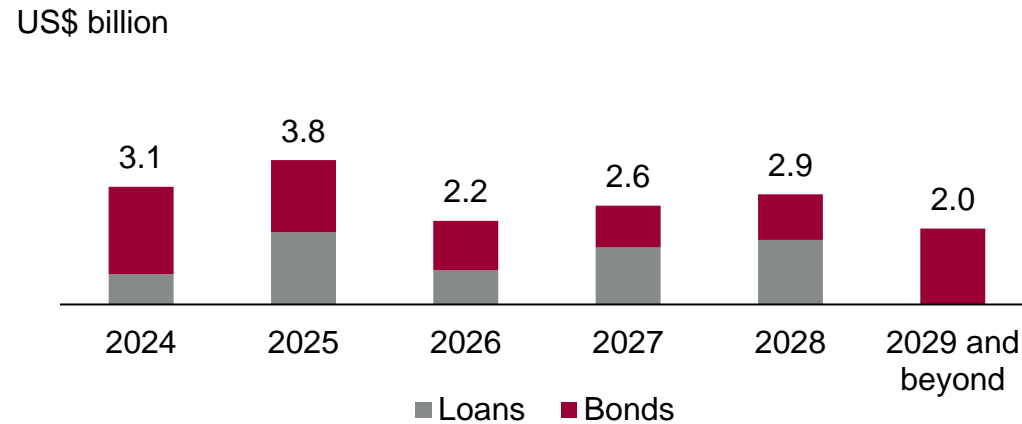
1. Includes aircraft on leases classified as finance lease in accordance with IFRS 16 (*Leases*)

Flexible Capital Structure

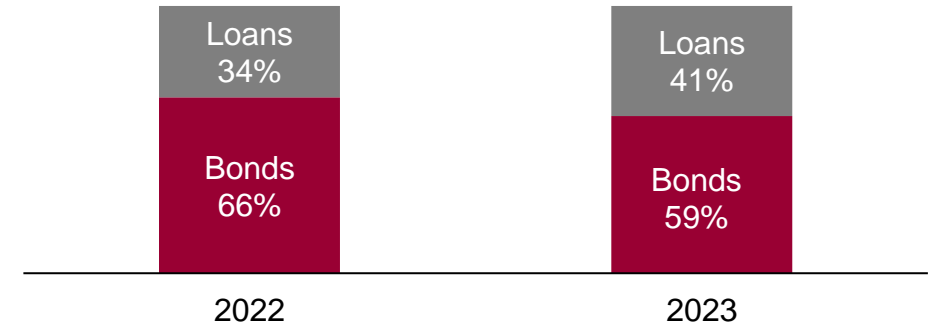
Outstanding debt amortises over a long term



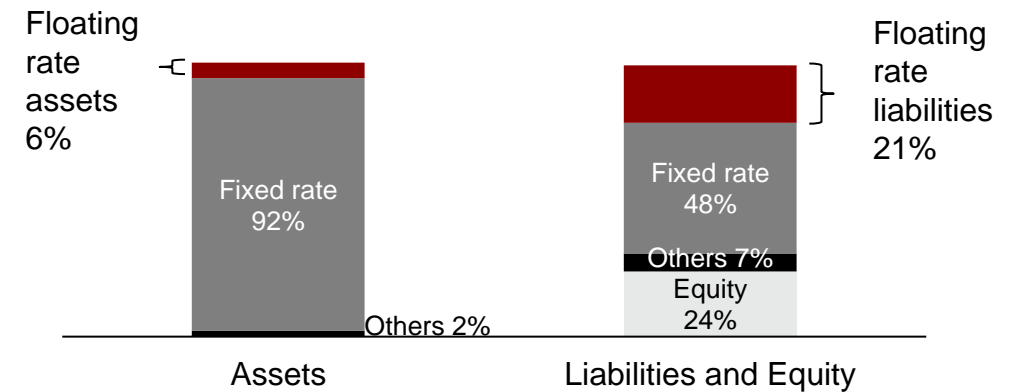
Outstanding debt maturity profile



Sources of debt¹



Asset and liability profile



Long-term unsecured debt is a key strength

All data as at 31 December 2023

Note:

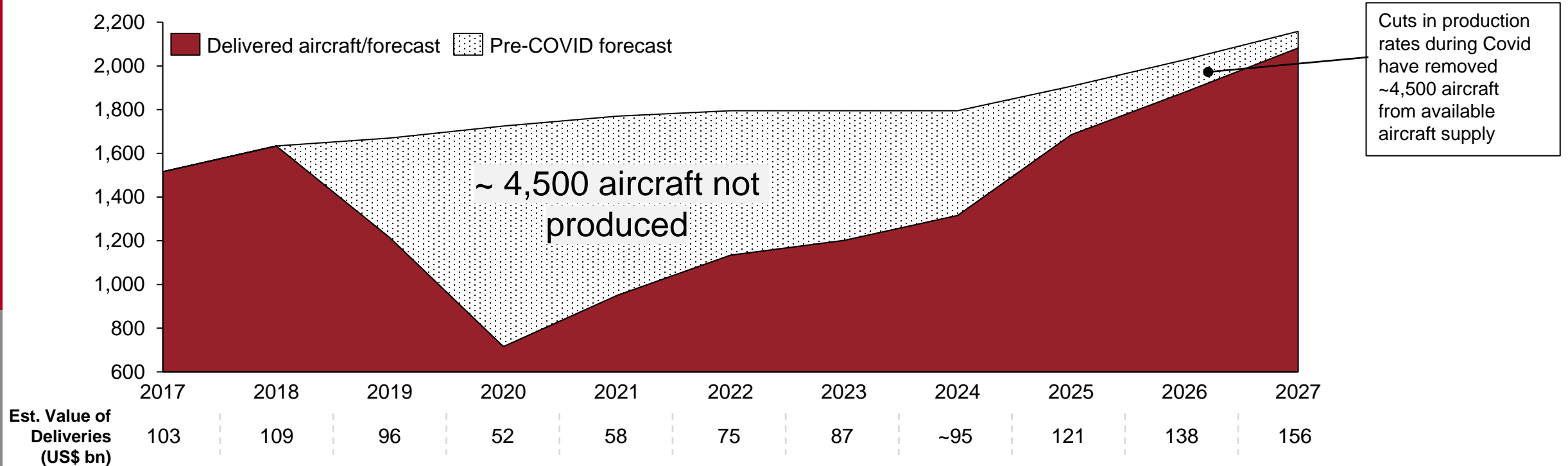
1. Drawn debt only

Aircraft Supply Remains Extremely Tight

Passenger aircraft deliveries

Passenger aircraft deliveries

Passenger aircraft >100 seats¹, 2017-2027



Industry needs to fund around US\$100 billion of aircraft in 2024

Sources: BOC Aviation analysis, Cirium fleet data, Forecast as at 30 April 2024, based on guidance published by OEMs

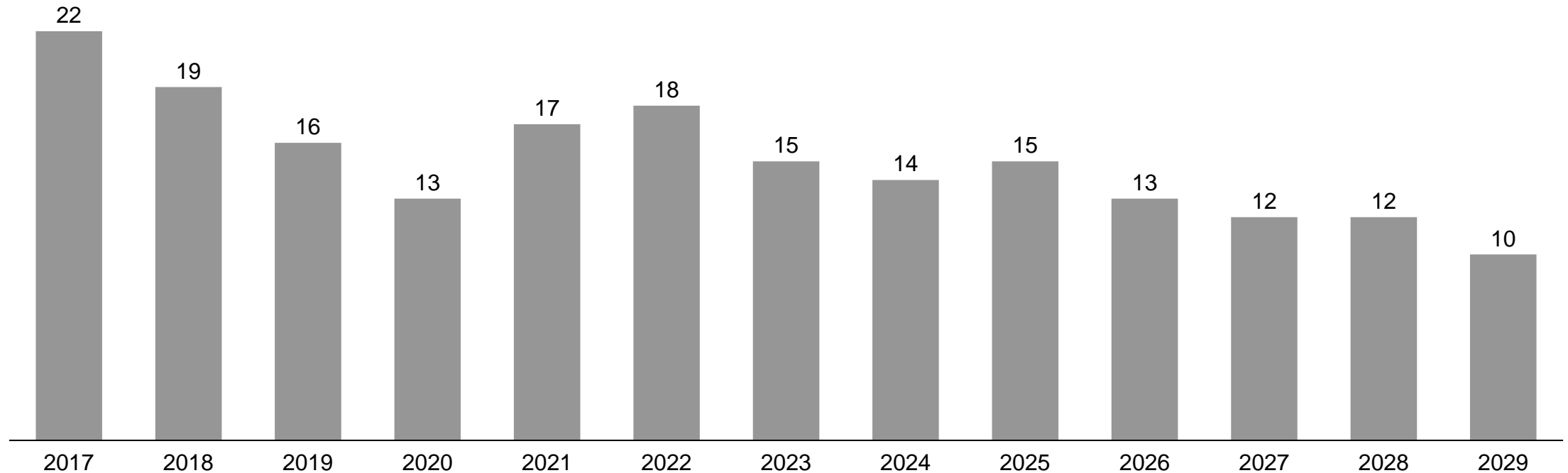
Note:

1. Defined as widebody, narrowbody and large regional jets



Fewer Lessors Have Orderbooks

Number of lessors with orderbook deliveries¹



More rational competition in the placement market

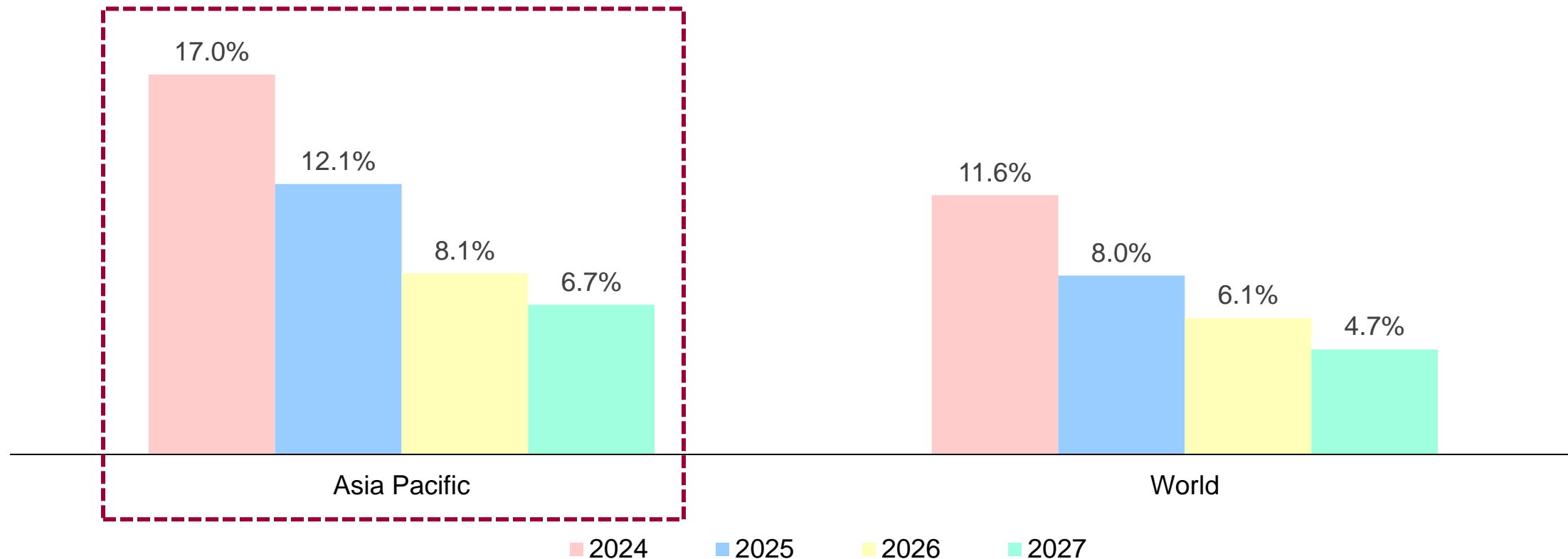
Sources: BOC Aviation analysis, Cirium fleet data

Note:

1. Excludes COMAC aircraft orders

APAC Airlines Fuel Global Passenger Demand Growth

Global and regional total passengers, year-on-year % change

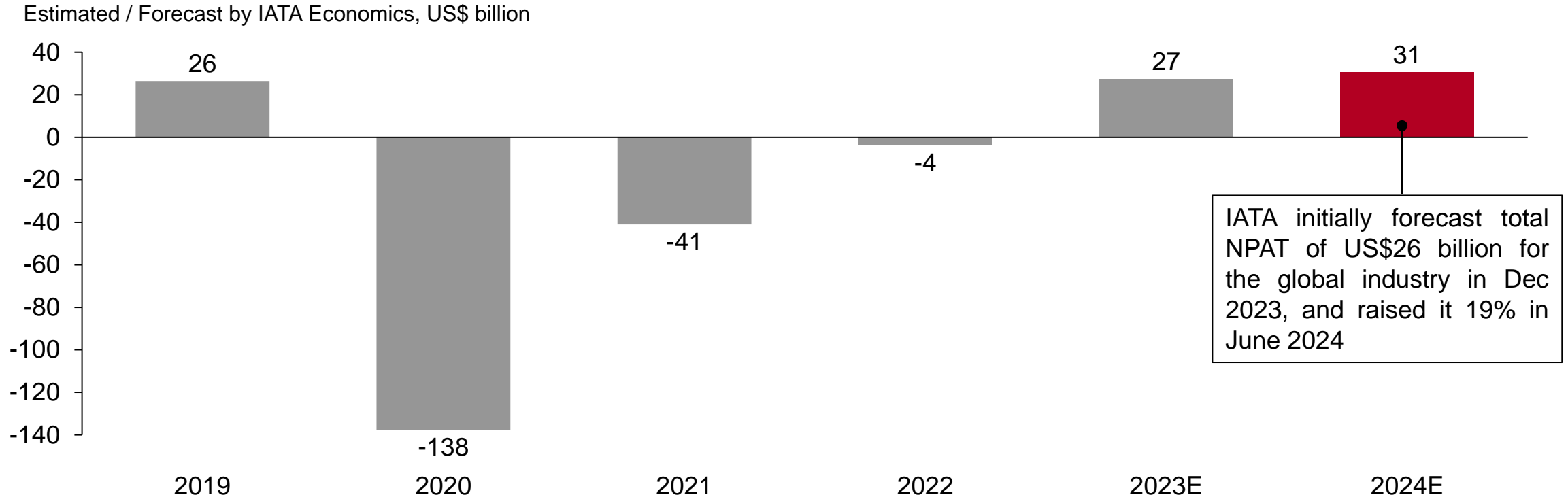


Airlines in Asia Pacific expected to grow faster than any other region for the next four years

Sources: IATA Air Passenger Forecast, APF - IATA Sustainability & Economics, Tourism Economics, February 2024 update, Airline Profitability Outlook Improves for 2024 (IATA, 3 June 2024)

Improving Airline Industry Profits

IATA global airline industry net post-tax profit






Further recovery in Asia-Pacific international travel will underpin growth in 2024

China and India Have Potential for Huge Aviation Growth

As economic powerhouses such as China and India continue to expand, their domestic aviation markets would be gradually heading towards a mature market such as US. This shall create solid demand for more aircraft

Fact Sheet - India, China and United States

Demographic, Fundamental and Aviation Market Stats

	 US	 India	 China
# of Large Cities (>1 mil residents)	50	64	151
Populations (in millions, 2023)	335	1,430	1,430
Real GDP Per Capita (USD, 2023)	70,000	2,300	12,000
Airlines Backlog (end of 1Q 2024)	3,000	2,000	1,000
Average passenger distance flown	4,500	120	750
Current aircraft fleet	6,300	750	4,100
Size of domestic fleet if passengers flew ~33% of US consumers	n/m	7,000	7,000

Note: Narrowbody equivalence capacity assumed at 317 million ASKs per year. The assumption is based on global average utilization. Some figures are rounded for illustrative purposes.
Source: BOC Aviation analysis, UN Population Division, IHS Markit, SRS Analyzer, Cirium Fleet Analyzer



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