



2021 INTERIM RESULTS REVIEW

AUGUST 2021

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1H 2021 OVERVIEW

Another Strong Performance in a Challenging Environment



Resilient core business¹

US\$1,107 million		7%
Total revenues and other income		
US\$557 million		0.4%
Operating cash flow net of interest ²		
US\$434 million		5%
Profit before tax and impairment charges		
US\$344 million		6%
Core lease rental contribution ³		
US\$254 million		21%
Net profit after tax		
US\$0.37		21%
Earnings per share		

Robust balance sheet⁴

US\$23.9 billion		1%
Total assets		
US\$5.8 billion		13%
Total available liquidity		
US\$5.0 billion		5%
Total equity		
US\$7.19		5%
Net assets per share		

Interim dividend per share

30%		Unchanged
Interim dividend payout ratio		
US\$0.1098		21%⁶
Interim dividend per share ⁵		

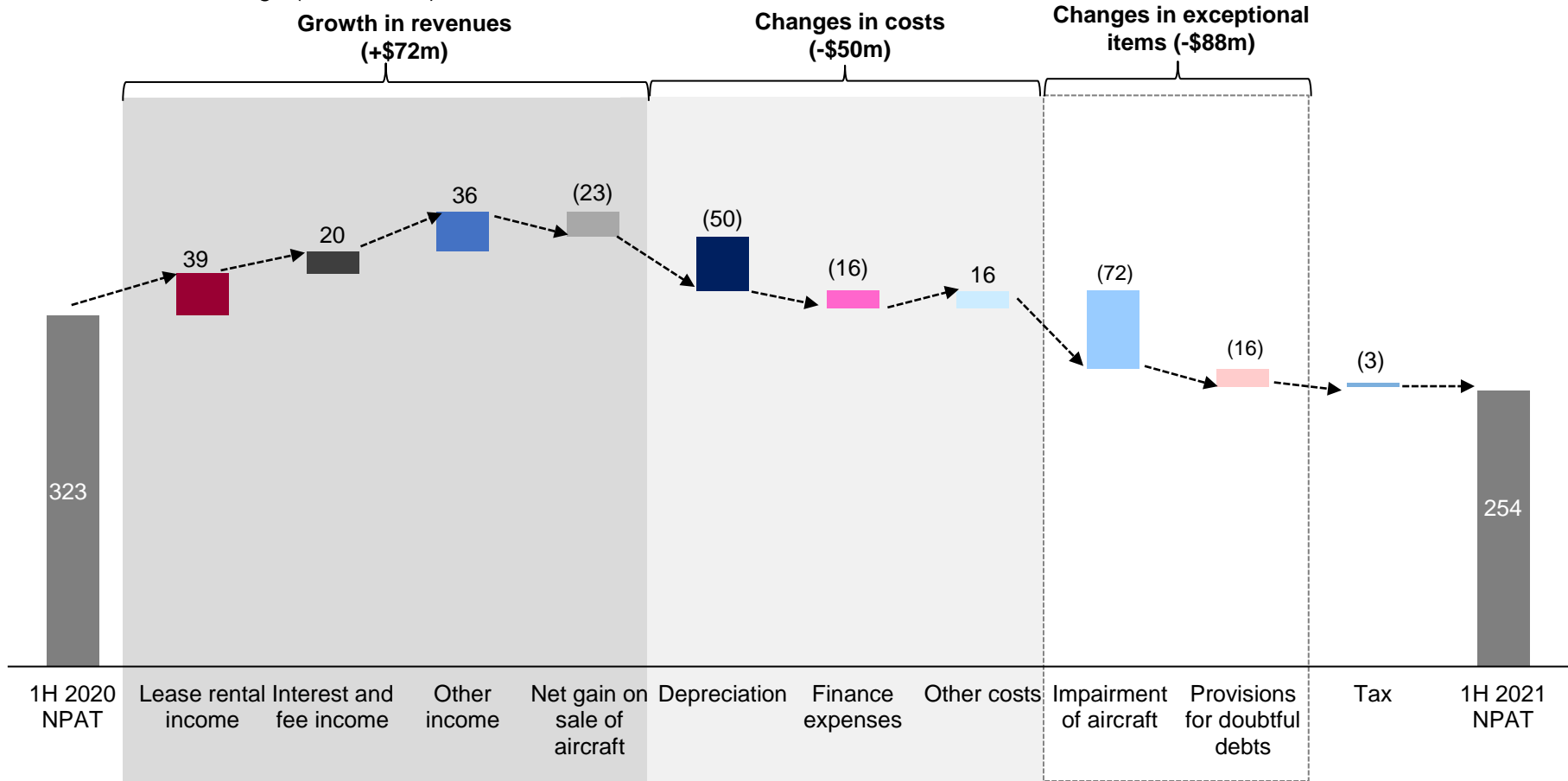
All data as at 30 June 2021

Notes:

1. Percentage changes compared to the first six months of 2020
2. Calculated as net cash flow from operating activities less finance expenses paid
3. Calculated as operating lease rental income and finance lease interest income less aircraft depreciation, finance expenses apportioned to operating lease rental income and finance lease interest income, amortisation of deferred debt issue costs and lease transaction closing costs.
4. Percentage changes compared to the year ended 31 December 2020
5. Payable to shareholders registered at the close of business on the record date, being 4 October 2021
6. Compared to US\$0.1398 paid for 1H 2020

1H 2021 NPAT Changes vs 1H 2020

Year-on-Year change (US\$ million)



Core leasing business remains strong

Due to rounding, numbers presented may not add up precisely to the totals provided



Resilient Core Business in 1H 2021

- Recorded more than US\$5 billion of cumulative earnings¹
- Celebrated our 5th year as a listed company
 - Annual General Meeting was chaired by new Chairman, Mr. Chen Huaiyu
 - We welcomed three new directors: Mr. Chen Huaiyu, Mr. Wang Xiao and Mdm. Wei Hanguang
- Profitability has improved since the second half of 2020
 - US\$254 million in 1H 2021 vs US\$187 million in 2H 2020
- Executed 72 transactions
 - Took delivery of 34 aircraft²
 - 18 via purchase-and-leaseback, 16 from aircraft manufacturers
 - Sold nine owned and three managed aircraft
 - Signed 26 lease commitments
- Ended 30 June 2021 with total fleet of 536
 - Comprised 377 owned, 37 managed and 122 on order
 - Average fleet age of 3.7 years³
 - Average remaining lease term of 8.1 years³
 - Committed to purchase eight Airbus A320NEO aircraft via the PLB market
- Improving asset quality
 - Diversified global customer base of 87 airlines in 38 countries and regions
 - 100% latest technology aircraft deliveries

Strong core business performance in a difficult environment

All data as at 30 June 2021

Notes:

1. Since the Company's inception in 1993
2. Including six aircraft acquired by airline customers on delivery
3. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases



Strong Liquidity

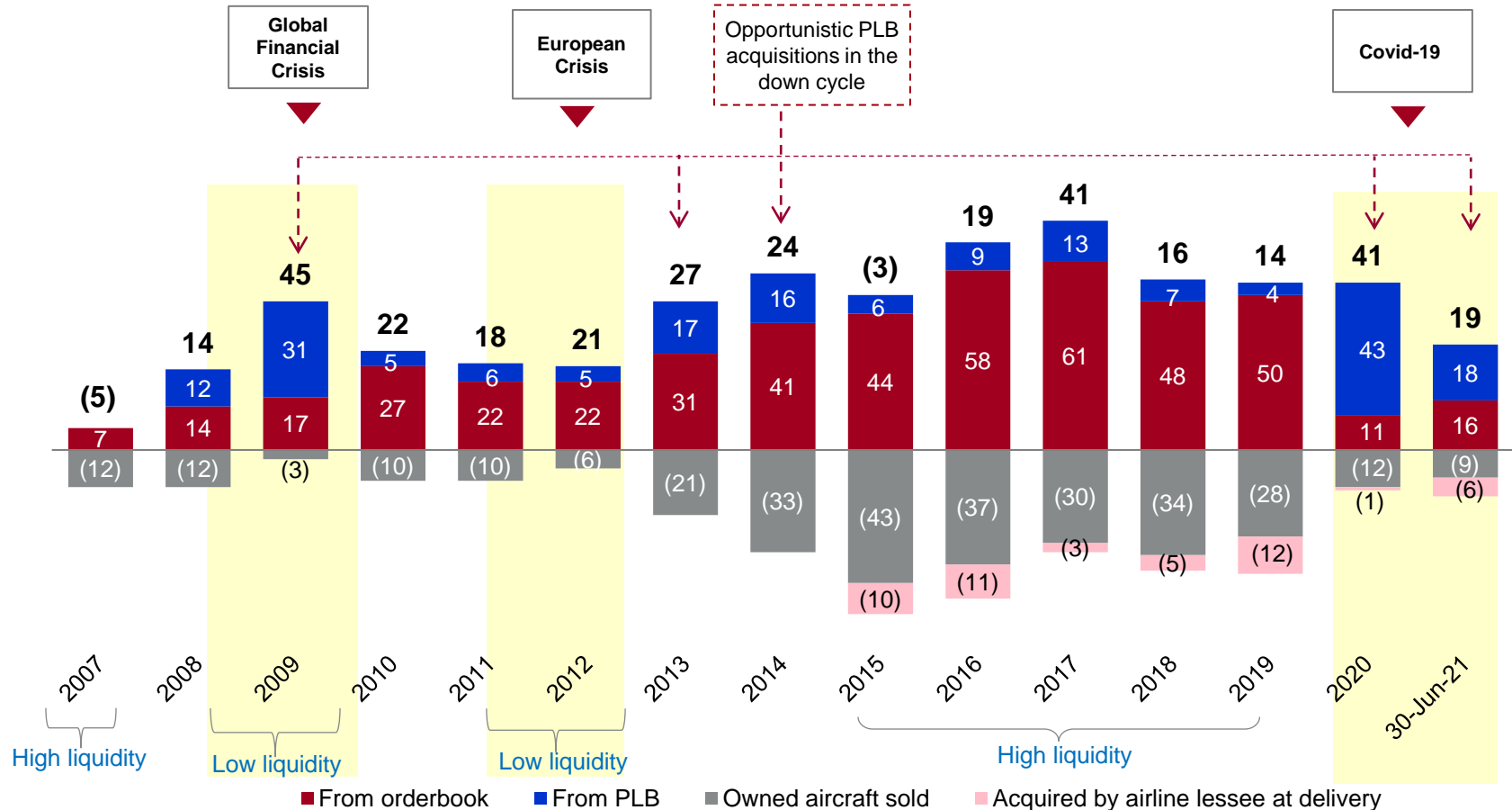
- Raising debt funding is a core competency of our company
 - Raised over US\$36 billion since January 2007
 - The largest Singapore based corporate issuer of USD bonds in aggregate since September 2012
 - Raised US\$1.5 billion of bonds and US\$500 million of bank loans in 1H 2021
 - 1H 2021 average cost of debt improved to 2.9%
- Total available liquidity of US\$5.8 billion positions us well for investment opportunities
 - US\$5.4 billion unutilised credit facilities and US\$0.4 billion of cash
- Maintaining strong credit ratings
 - A- credit ratings from S&P Global and Fitch Ratings
 - Outlook upgraded to stable by S&P Global; maintained at stable by Fitch Ratings

Continued to access competitively priced sources of liquidity

All data as at 30 June 2021 unless otherwise indicated

How We Invest

Number of aircraft delivered, purchased and sold



Investing in aircraft through multiple cycles

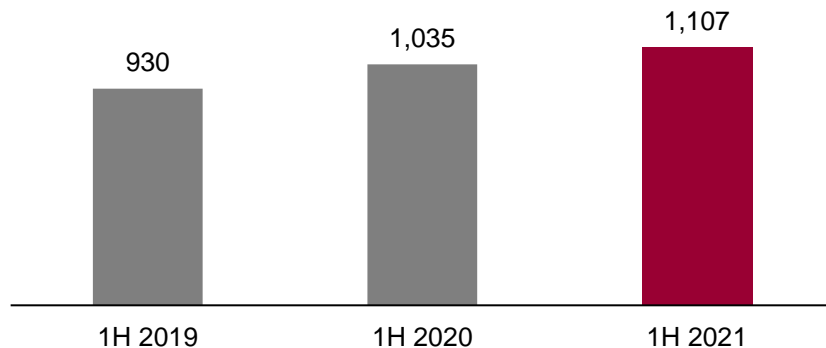
All data as at the end of the relevant period



Resilient Performance in a Difficult Market

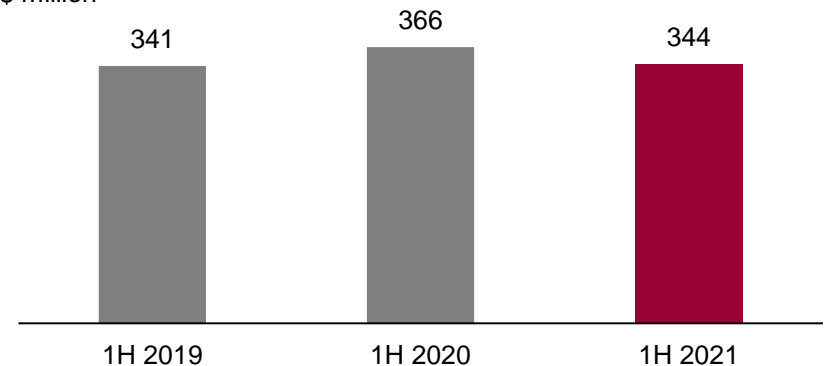
Fleet growth underpins growth in revenues

US\$ million



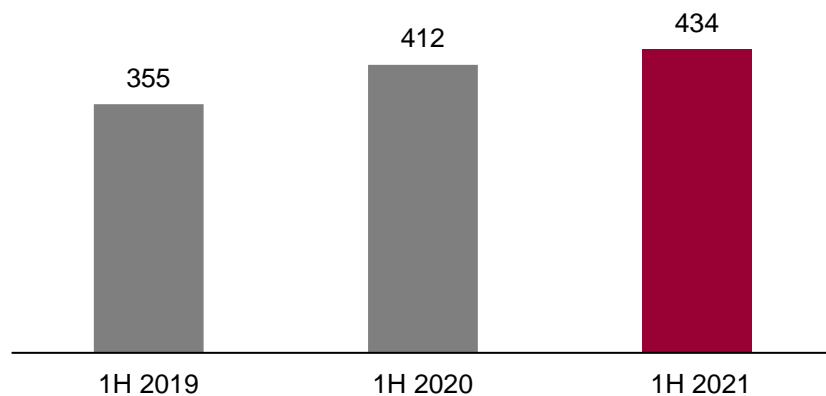
High core lease rental contribution²

US\$ million



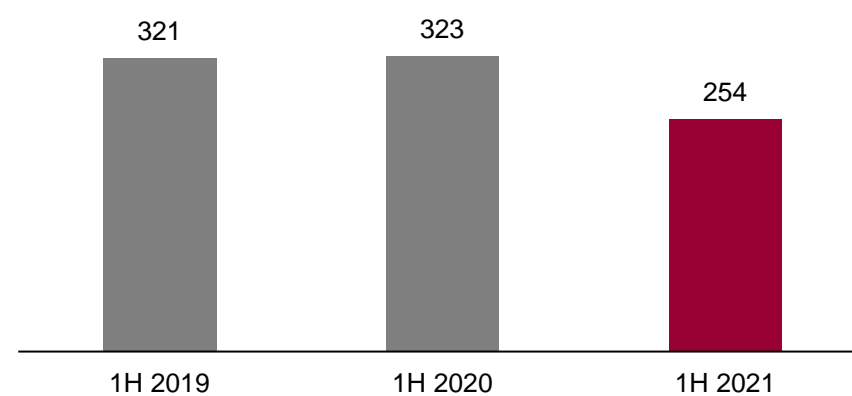
Improving profit before tax and impairment charges¹

US\$ million



Resilient NPAT performance

US\$ million



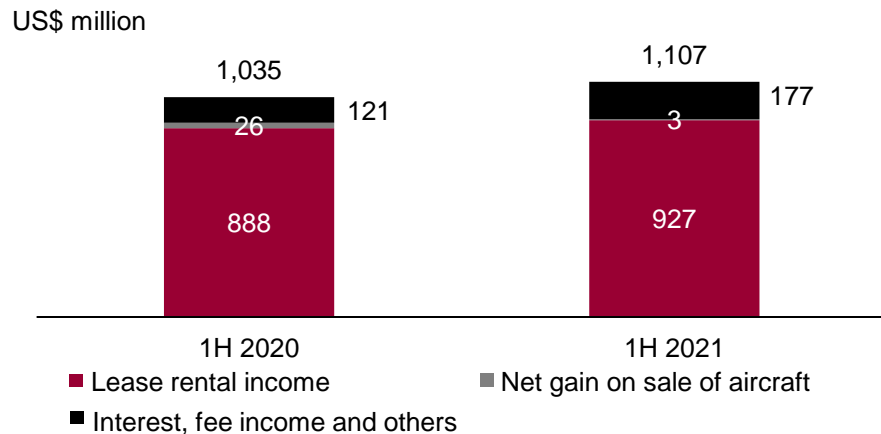
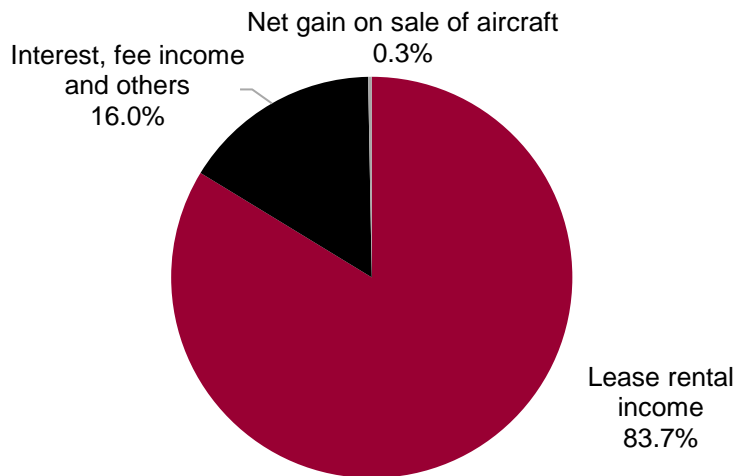
All data as at 30 June 2021

Notes:

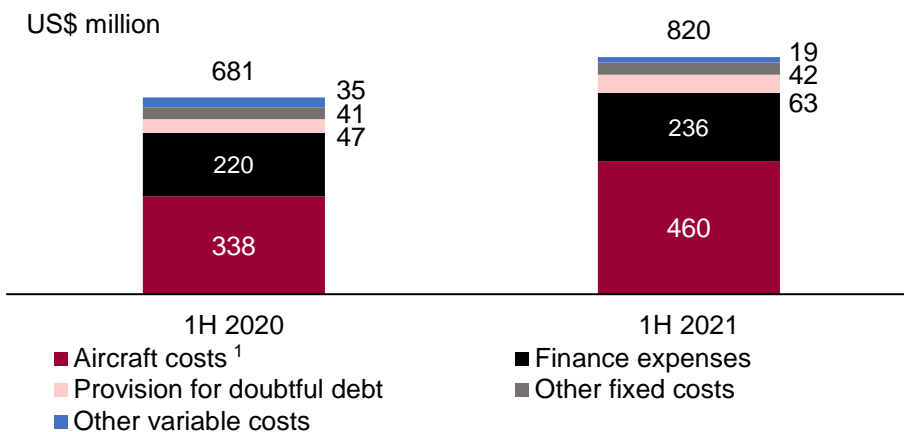
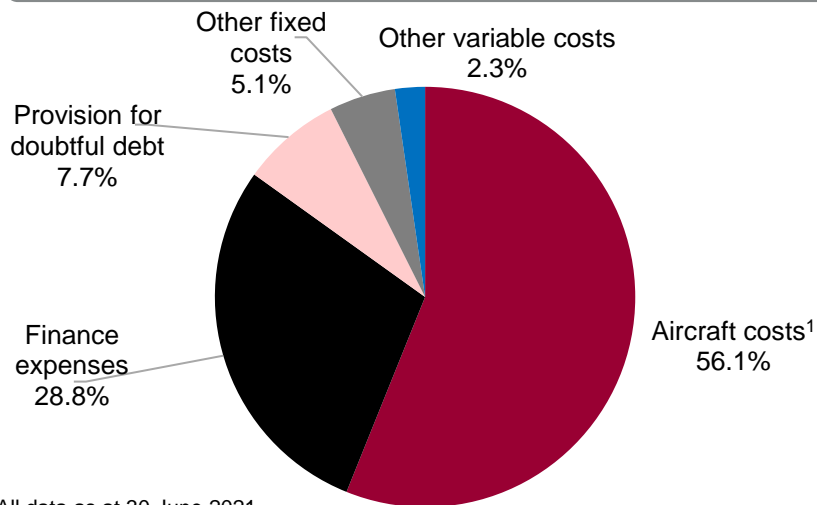
1. Impairment charges comprise impairment of aircraft and financial assets
2. Calculated as operating lease rental income and finance lease interest income less aircraft depreciation, finance expenses apportioned to operating lease rental income and finance lease interest income, amortisation of deferred debt issue costs and lease transaction closing costs

Lease Rental Income Continues to Dominate Revenue

Lease rental income consistently over 80% of total revenues and other income



Depreciation of aircraft plus financing costs make up over 80% of total costs



All data as at 30 June 2021

Note:

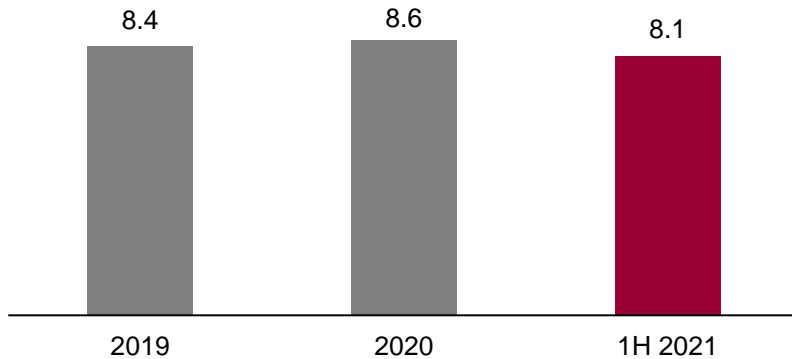
1. Comprises aircraft depreciation and impairment



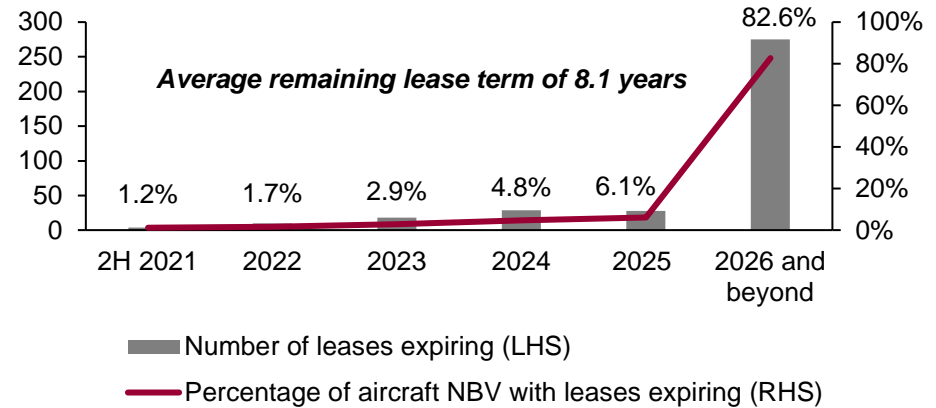
Long Term Leases Enhance Revenue Visibility

We have a long average remaining lease term¹

Number of years

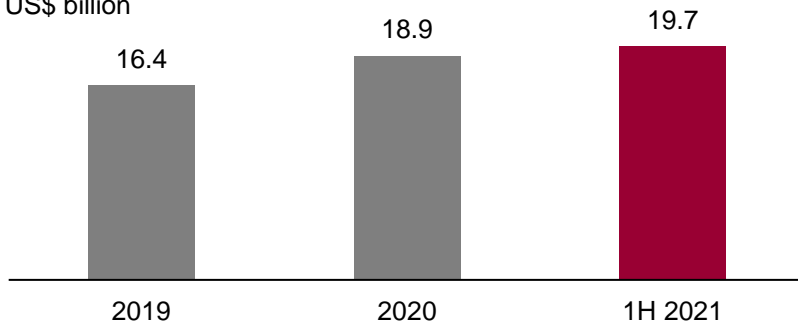


Well-dispersed lease expiries²



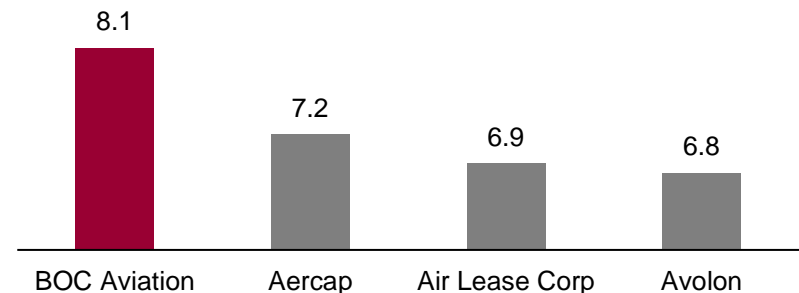
and high future committed lease revenue

US\$ billion



Industry-leading average remaining lease term³

Number of years



All data as at 30 June 2021

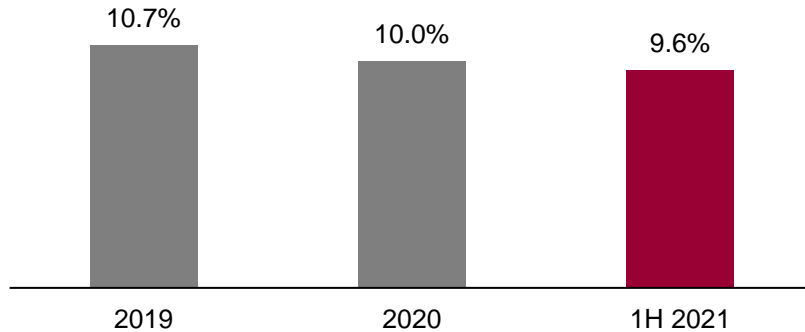
Notes:

1. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases
2. Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding any aircraft for which BOC Aviation has sale or lease commitments as well as aircraft off lease
3. Weighted by net book value of owned fleet as at 30 June 2021

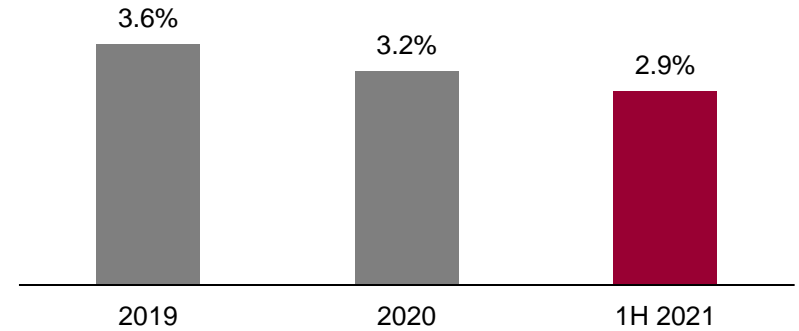


Margins Impacted by Covid-19

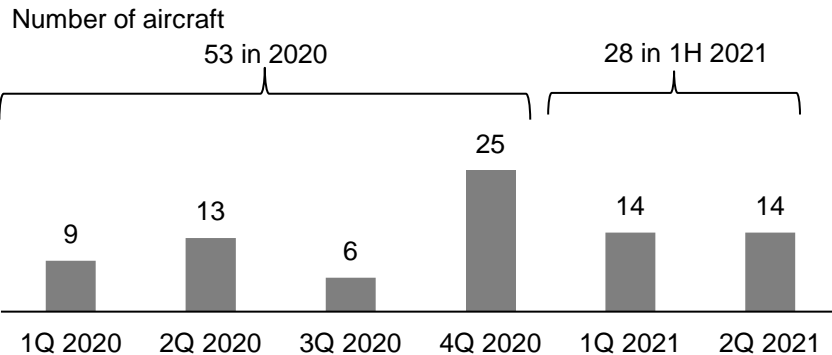
Lease rate factor¹ high at around 10%



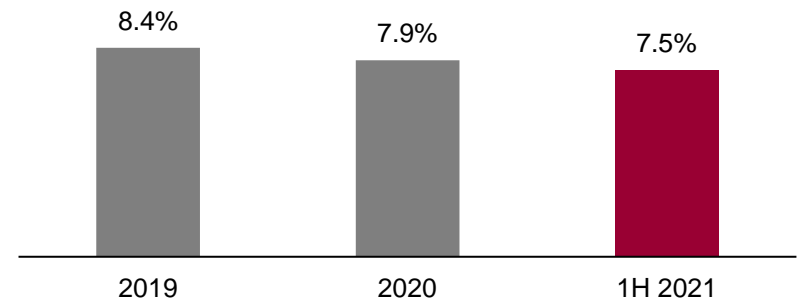
Reduced cost of debt³



Aircraft deliveries by quarter²



Net lease yield⁴

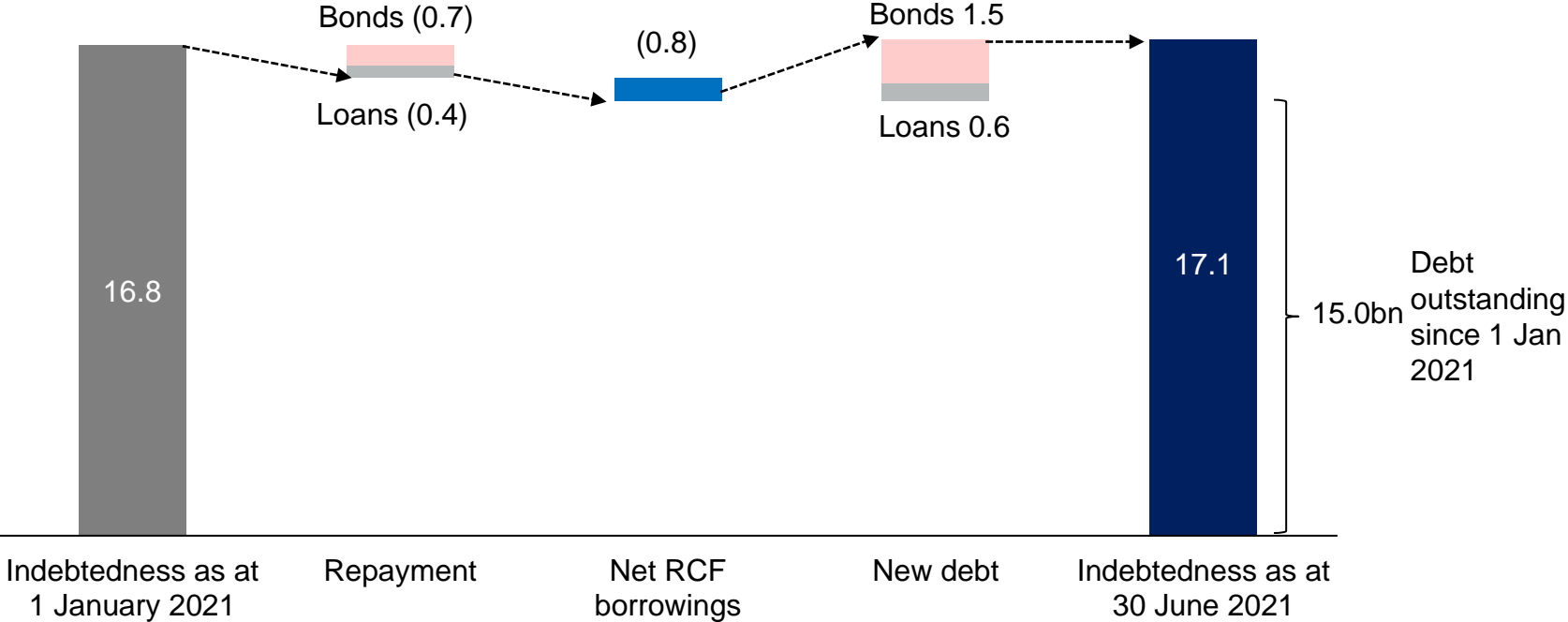


All data as at 30 June 2021

- Notes:
1. Calculated as operating lease rental income divided by average net book value of aircraft (including aircraft held for sale) and multiplied by 100%. Lease rate factor for 1H 2021 is calculated on an annualised basis
 2. Excluding aircraft acquired by airline customers on delivery
 3. Calculated as the sum of finance expenses and capitalized 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
 4. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value (including aircraft held for sale). Net lease yield for 1H 2021 is calculated on an annualised basis

Stable Debt Structure

US\$ billion



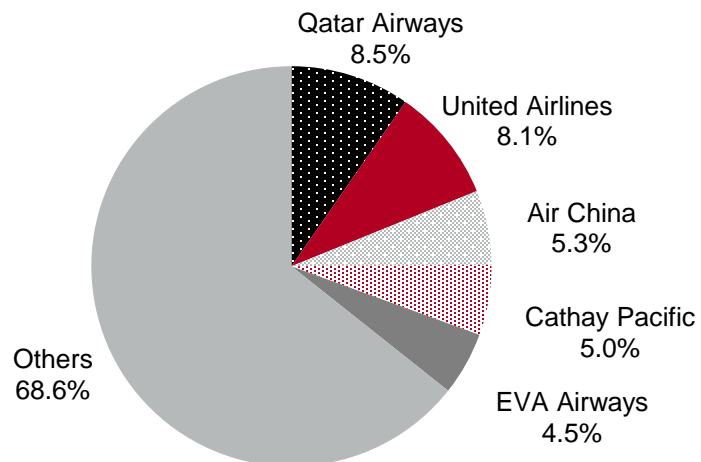
89% of debt unchanged from 1 January 2021 and debt to equity of 3.4:1

Due to rounding, numbers presented may not add up precisely to the totals provided

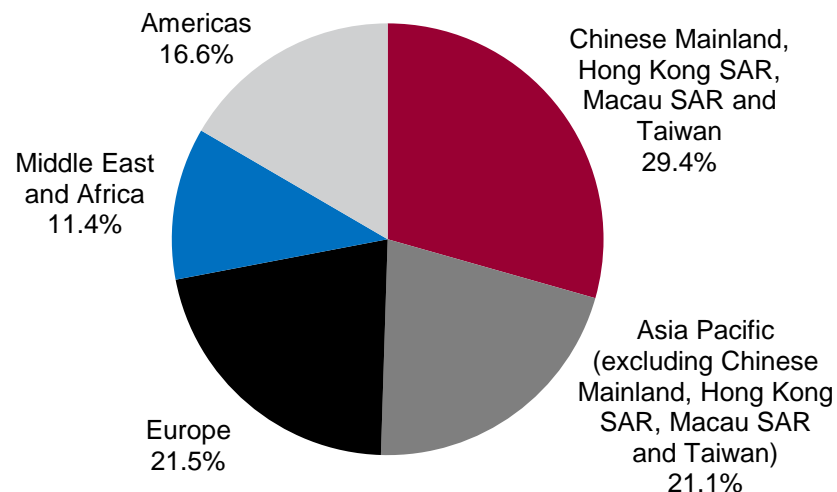


Globally Diversified Lease Portfolio

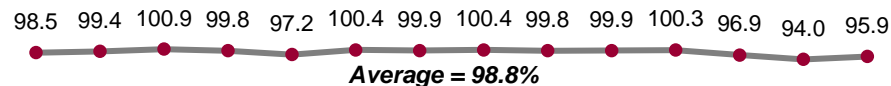
Lease portfolio diversified by customer^{1,2}



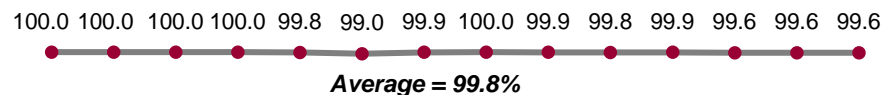
...and increasingly diversified by geography^{1,3}



Collection rate (%)



Fleet utilization (%)⁴



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 30-Jun-21

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 30-Jun-21

All data as at 30 June 2021

Notes:

1. Based on net book value including aircraft subject to finance leases and excluding aircraft off lease as at 30 June 2021
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary obligor under the relevant operating lease
4. Fleet utilization is the total days on-lease in the period as a percentage of total available lease days in the period



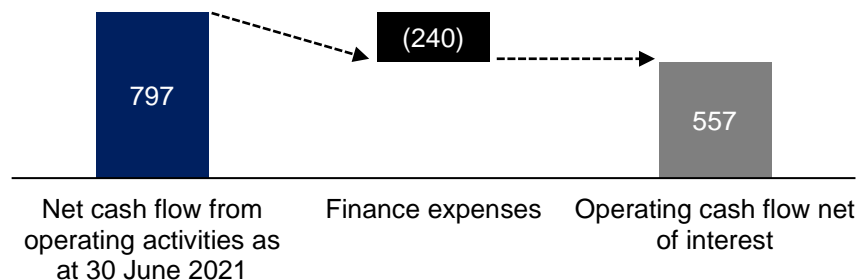
Robust Operating Cash Flow Net of Interest

Operating cash flow net of interest¹

- Stable compared with 1H 2020 despite a challenging environment
- The incremental committed investment in 85 purchase-and-leasebacks in 2020 and 1H 2021, of which 39 had delivered by end-2020 and another 17 by end-June 2021, will further enhance cash flow
- A further 29 PLB aircraft will be delivered before 2023

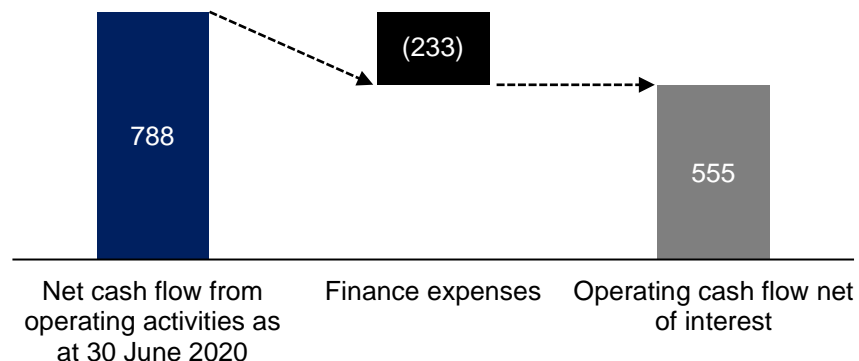
Operating cash flow net of interest ¹ for the period ended 30 June 2021

US\$ million



Operating cash flow net of interest ¹ for the period ended 30 June 2020

US\$ million



Operating cash flow net of interest remains high

All data as at 30 June 2021

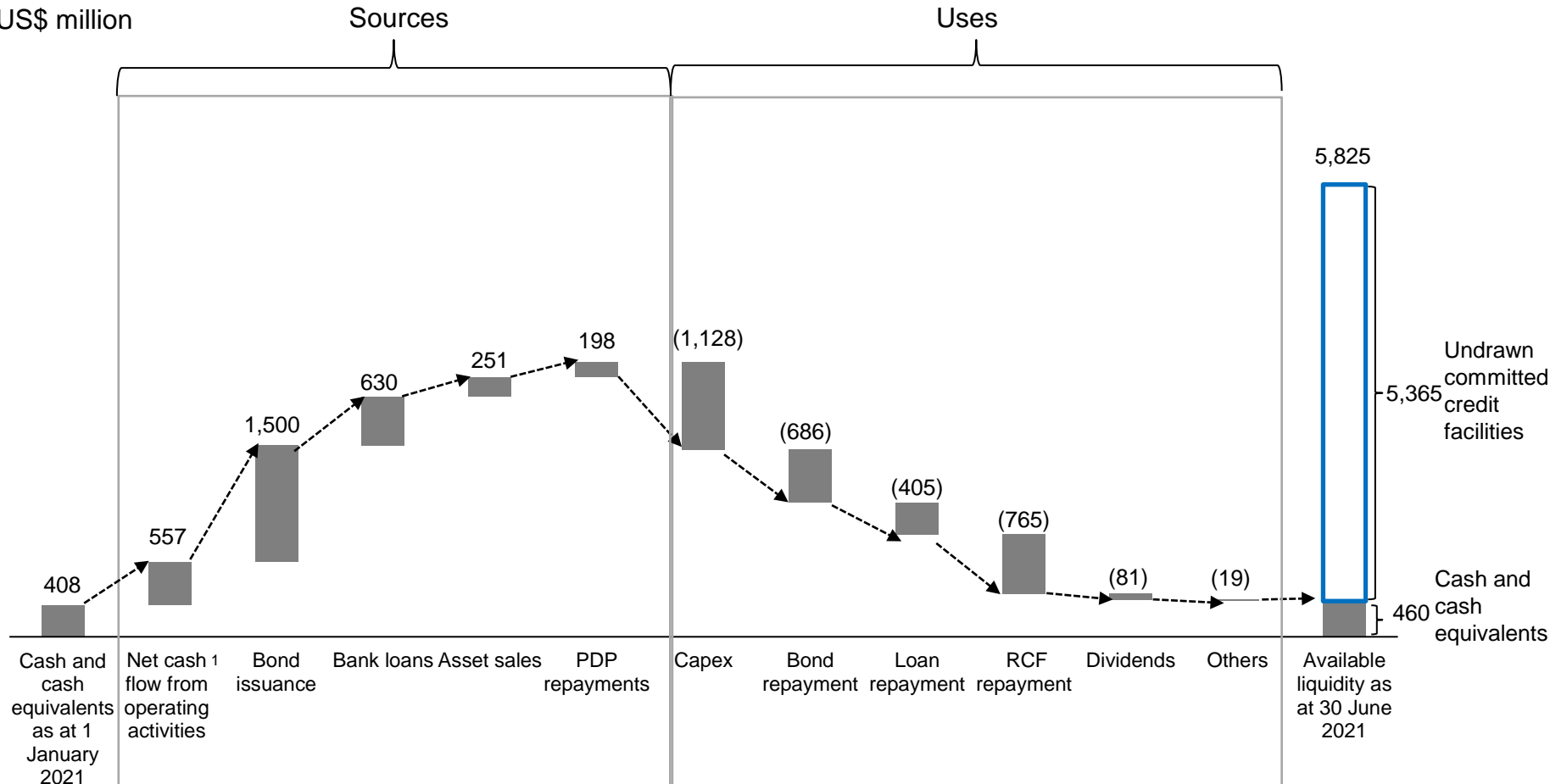
Note:

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

Diverse Funding Channels Utilised in 1H 2021

Sources and Uses of Cash

US\$ million



Proactive use of diverse funding sources in 1H 2021

All data as at 30 June 2021

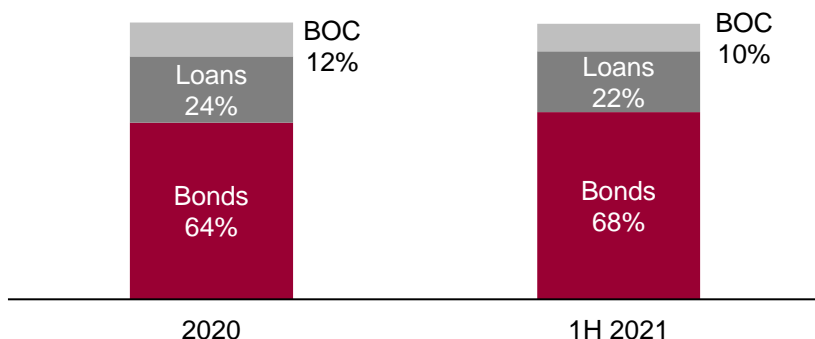
Note:

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



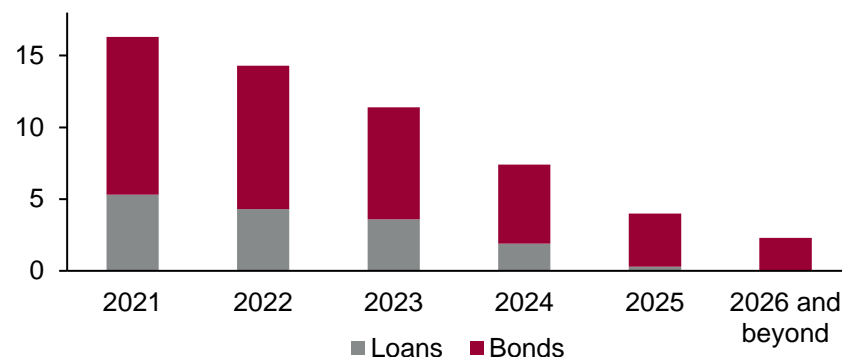
Flexible Capital Structure and Ample Backstop Liquidity

Sources of debt¹

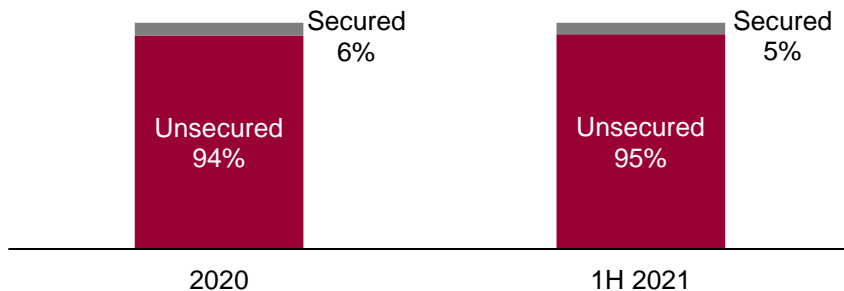


Outstanding debt amortises over a long term

US\$ billion

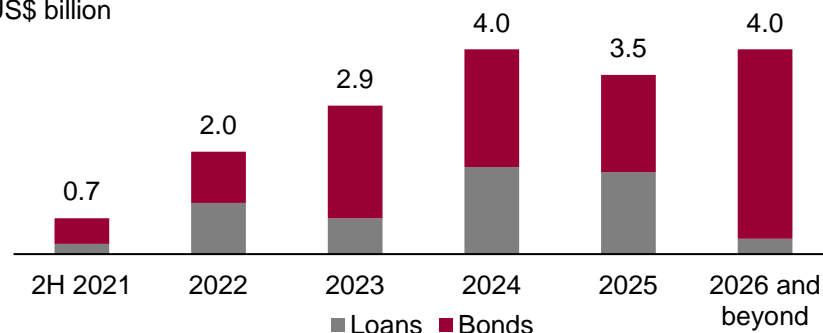


Focus on unsecured funding



Near term debt maturities well covered by US\$5.8 billion available liquidity

US\$ billion



Total available liquidity of US\$5.8 billion; liability management is a key strength

All data as at 30 June 2021 unless otherwise indicated

Note:

1. Drawn debt only



Popular and Fuel-Efficient Fleet

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	108	15	0	123
Airbus A320NEO family	79	0	51	130
Airbus A330CEO family	12	1	0	13
Airbus A330NEO family	4	0	2	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	75	14	0	89
Boeing 737 MAX family	40	0	45	85
Boeing 777-300ER	24	4	3	31
Boeing 777-300	0	1	0	1
Boeing 787 family	21	1	21	43
Freighters	5	1	0	6
Total	377	37	122	536

100% of orderbook comprises latest technology aircraft

All data as at 30 June 2021

Note:

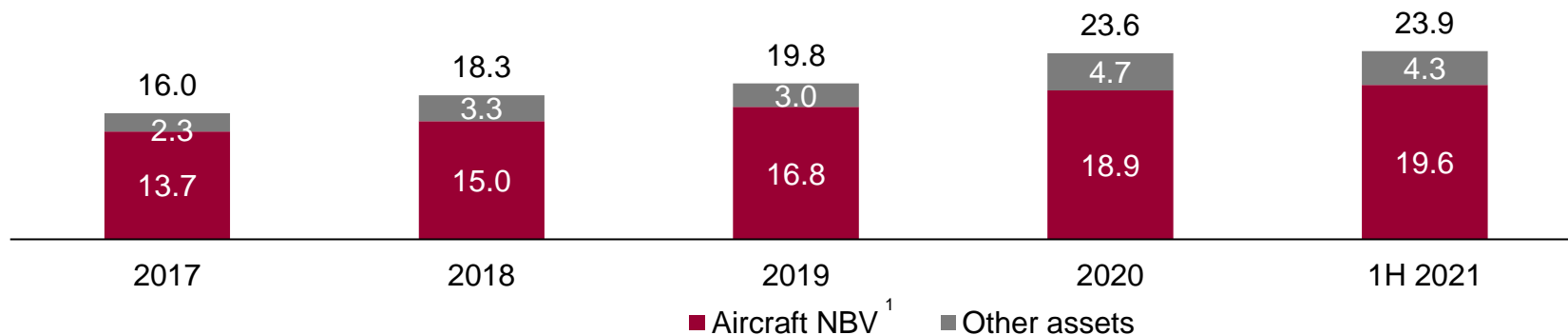
- Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Steadily Growing Balance Sheet and Aircraft Fleet

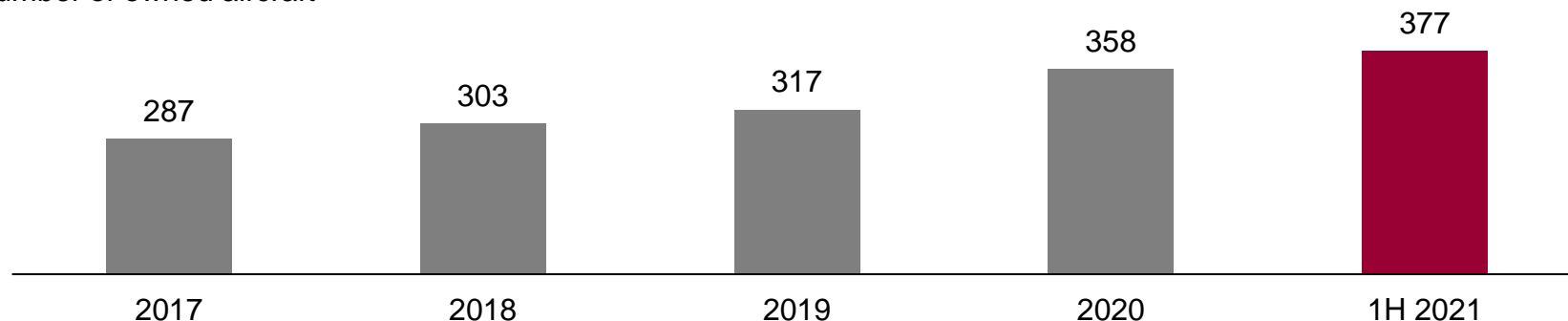
Growing balance sheet

US\$ billion



Disciplined increase in fleet size

Number of owned aircraft



Aircraft assets of US\$20 billion provide platform for future earnings

All data as at the end of the relevant period.

Note:

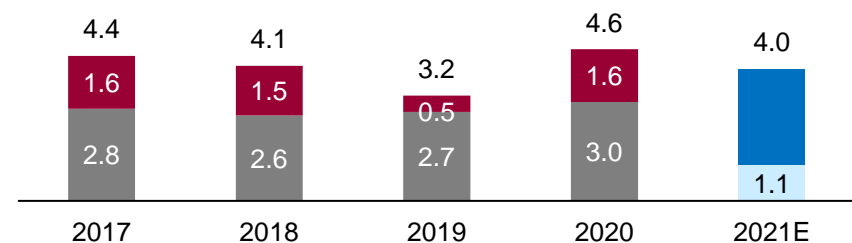
1. Excludes aircraft on leases classified as finance leases



New Investments Drive Growing Committed Lease Revenues

Average annual capital expenditure in excess of US\$4 billion since IPO

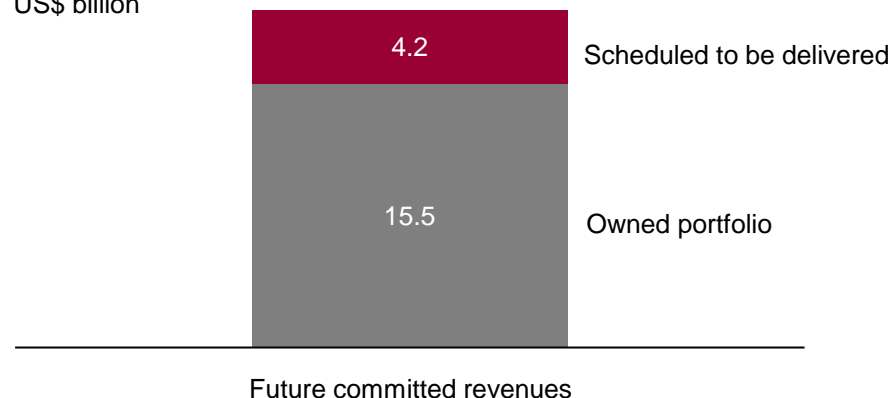
US\$ billion



- Committed capex at beginning of the year
- Additional capex during the year
- Capex during 1H 2021
- Expected 2H 2021 Capex

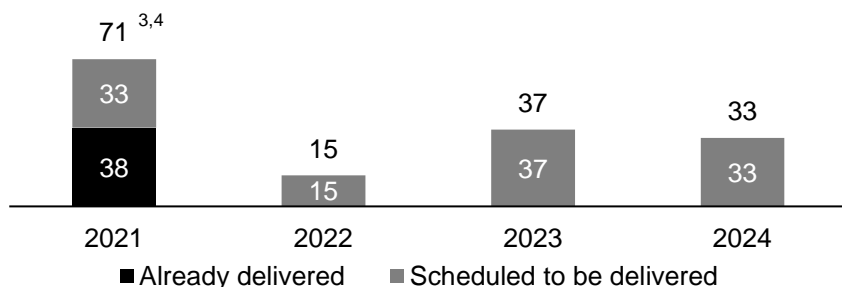
High committed future lease revenues of US\$20 billion

US\$ billion



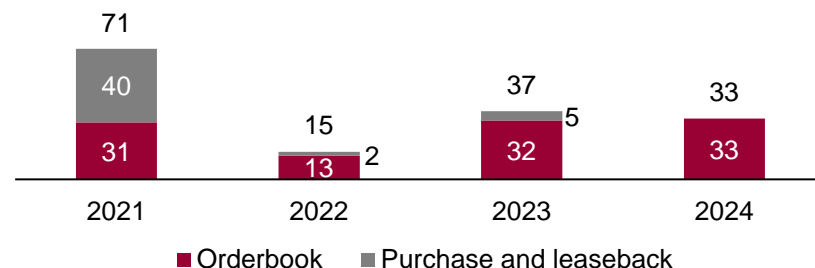
Orderbook delivery schedule^{1,2} as at 19 August 2021

Number of aircraft



Orderbook by direct orders vs PLBs as at 19 August 2021

Number of aircraft



Healthy pipeline of future lease revenues

All data as at 30 June 2021 unless otherwise indicated

Notes:

- Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
- Based on expected delivery dates
- Includes 38 aircraft delivered 19 August 2021 YTD
- Includes 11 commitments where airline customers have the right to acquire the relevant aircraft on delivery, of which six were exercised in 1H 2021



Conclusion

- Respectable first half performance achieved in a challenging environment
 - Record high first half revenues and other income of US\$1.1 billion
 - Operating cash flow net of interest paid of US\$557 million stable compared with 1H 2020
 - Net profit after tax of US\$254 million
 - Maintained the same interim dividend pay-out ratio as in previous years
- Continue to focus on sustainable long-term earnings
 - Committed future lease revenues of US\$20 billion
 - Orderbook of 122¹ aircraft provides future balance sheet growth
 - Record high total liquidity of US\$5.8 billion to support aircraft investments

Celebrated 5th year since IPO with more than US\$5 billion in cumulative earnings

All data as at 30 June 2021 unless otherwise indicated

Note:

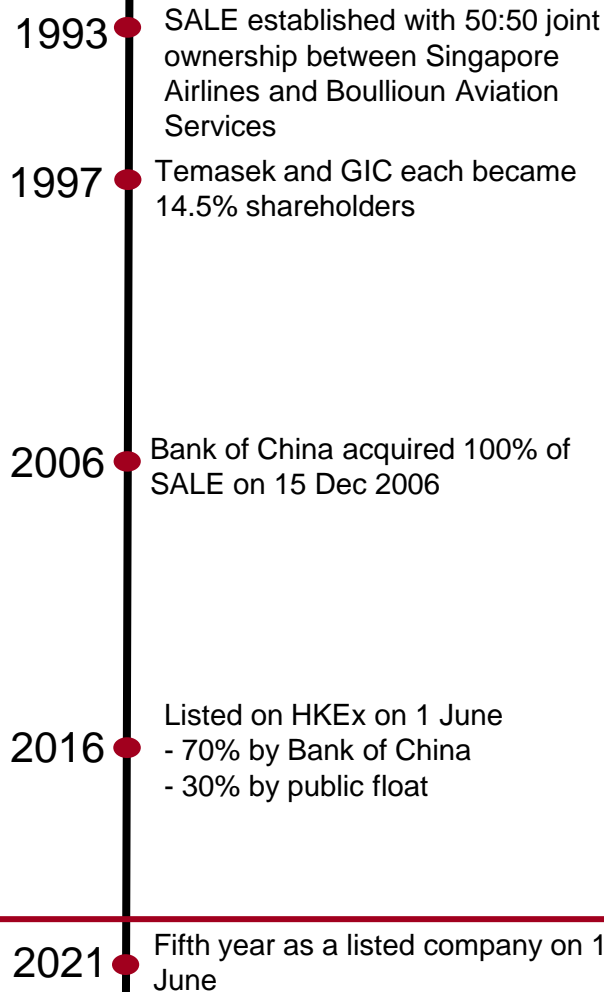
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



APPENDICES

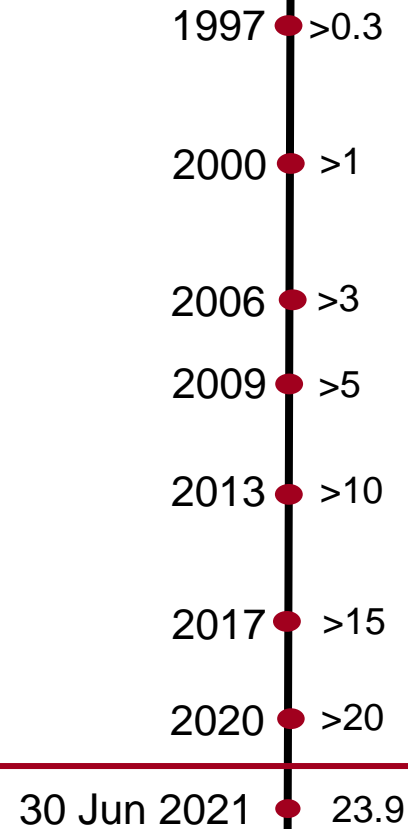
The BOC Aviation Journey

Ownership



Total assets

US\$ billion



All data as at the end of the relevant period

BOC Aviation – Who Are We?

Top 5 global aircraft operating lessor

- The largest based in Asia, by value of owned fleet
- Bank of China owns 70%
- Listed on the HKEX

Total assets of US\$23.9bn

- Aircraft net book value of US\$19.6bn¹
- 414 owned and managed aircraft
- 122 aircraft on order²

27th year of profitability

- Consistently profitable since inception
- US\$5.1bn in cumulative profits since inception

Industry leading performance

- Average ROE of c.15% since 2007
- Investment grade credit ratings of A- from S&P and Fitch

Industry leader with best in class financial performance

All data as at 30 June 2021 unless otherwise indicated

Notes:

1. Excludes aircraft on leases classified as finance leases
2. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Globally Diverse Management Team



Robert Martin
Managing Director & Chief Executive Officer

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



Nationality

Years of experience

33



Zhang Xiaolu
Vice-Chairman & Deputy Managing Director

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



31



Steven Townend
Deputy Managing Director & Chief Financial Officer

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



30



David Walton
Deputy Managing Director & Chief Operating Officer

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



35



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

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



23



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

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



25

Highly experienced senior management team

All data as at August 2021



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing 890 aircraft purchased totalling approximately US\$51 billion
- Leasing More than 1,080 leases executed with > 160 airlines in 57 countries and regions
- Financing More than US\$36 billion in debt raised since 1 January 2007

- Sales More than 380 aircraft sold
- Transitions More than 90 transitions
- Repossessions¹ 57 aircraft in 17 jurisdictions

All data as at 30 June 2021, since inception unless otherwise indicated

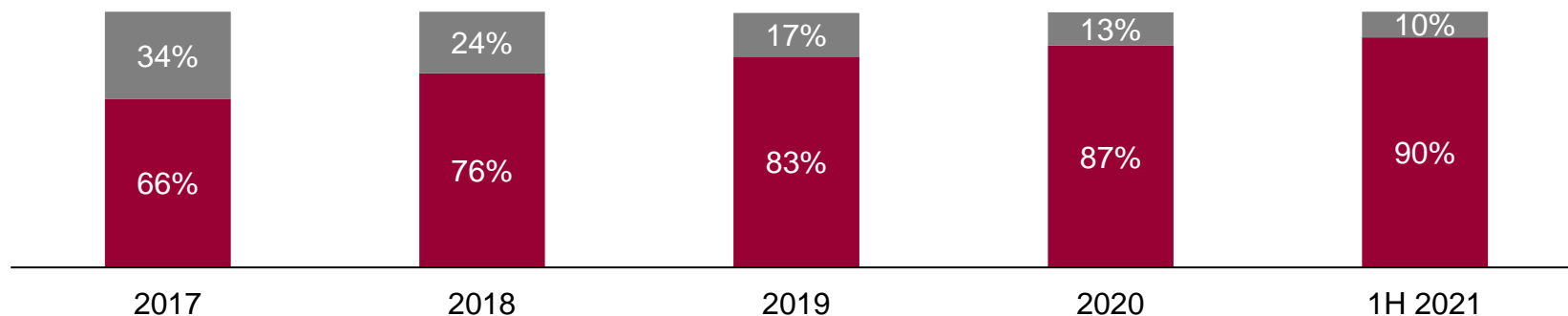
Note:

1. Includes repossessions and consensual early returns

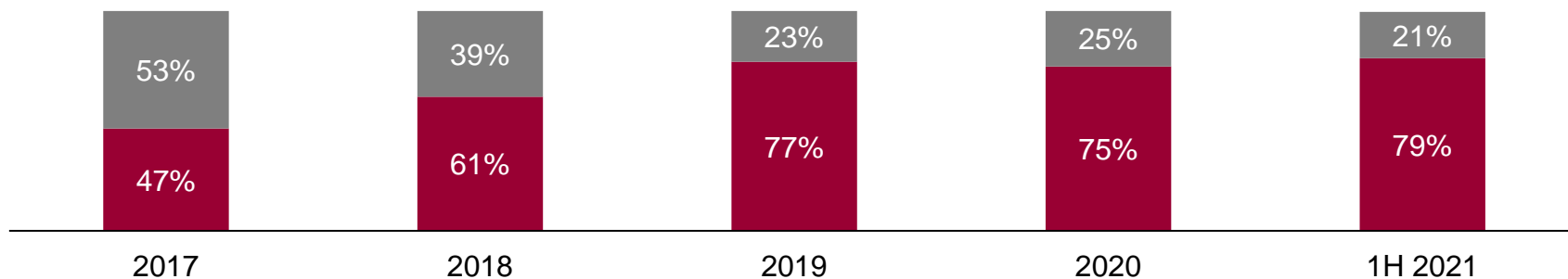
Increasing Proportion of Fixed Rate Leases and Debt

Proportion of fixed rate leases rising steadily¹

By net book value



Rising proportion of fixed rate debt²



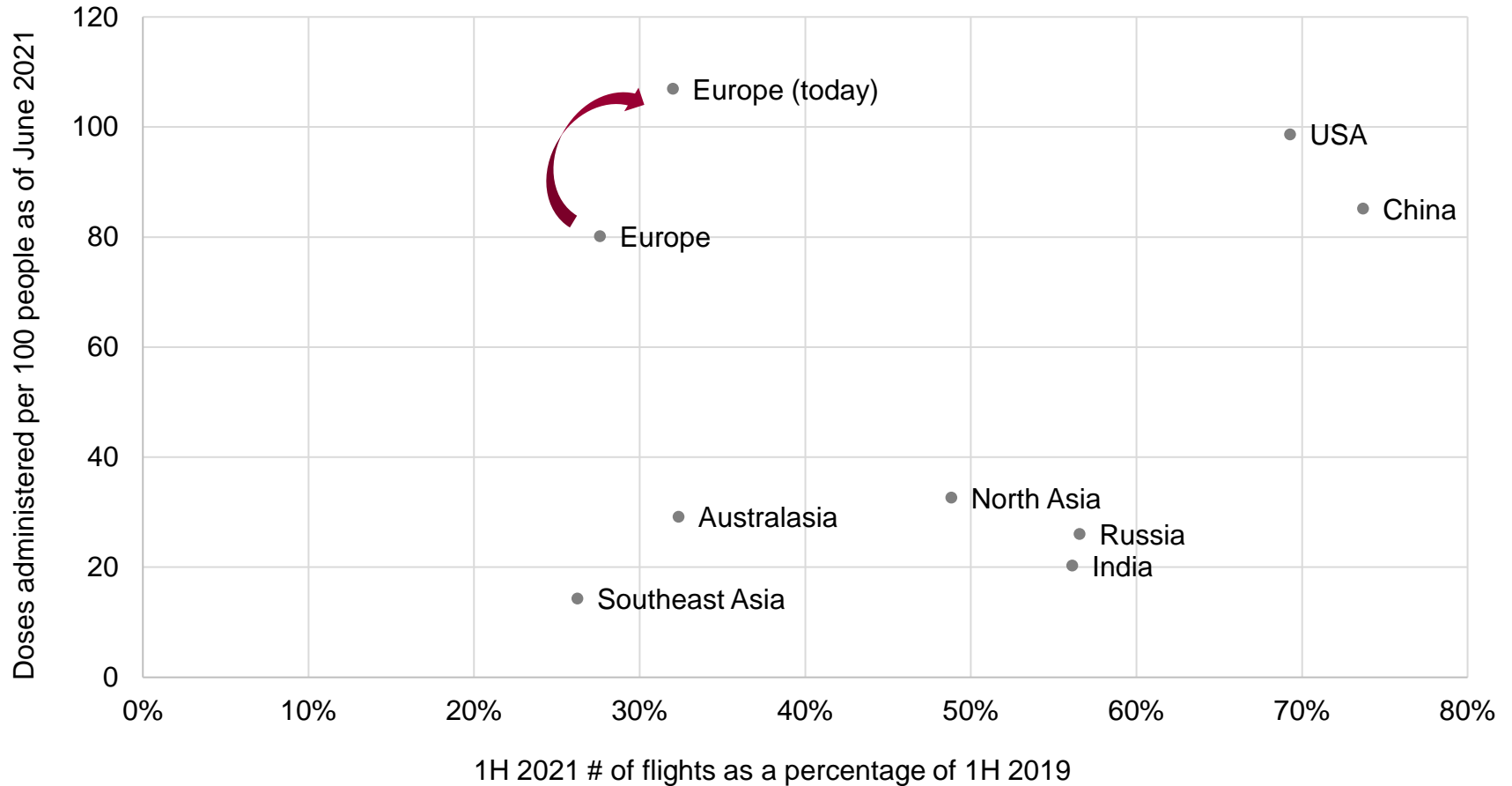
■ Fixed rate ■ Floating rate

All data as at 30 June 2021

Notes:

1. By net book value including aircraft subject to finance lease and aircraft held for sale, and excluding aircraft off lease
2. Fixed rate debt included floating rate debt swapped to fixed rate liabilities

Inoculation Rates Drive Recovery in Airline Schedules

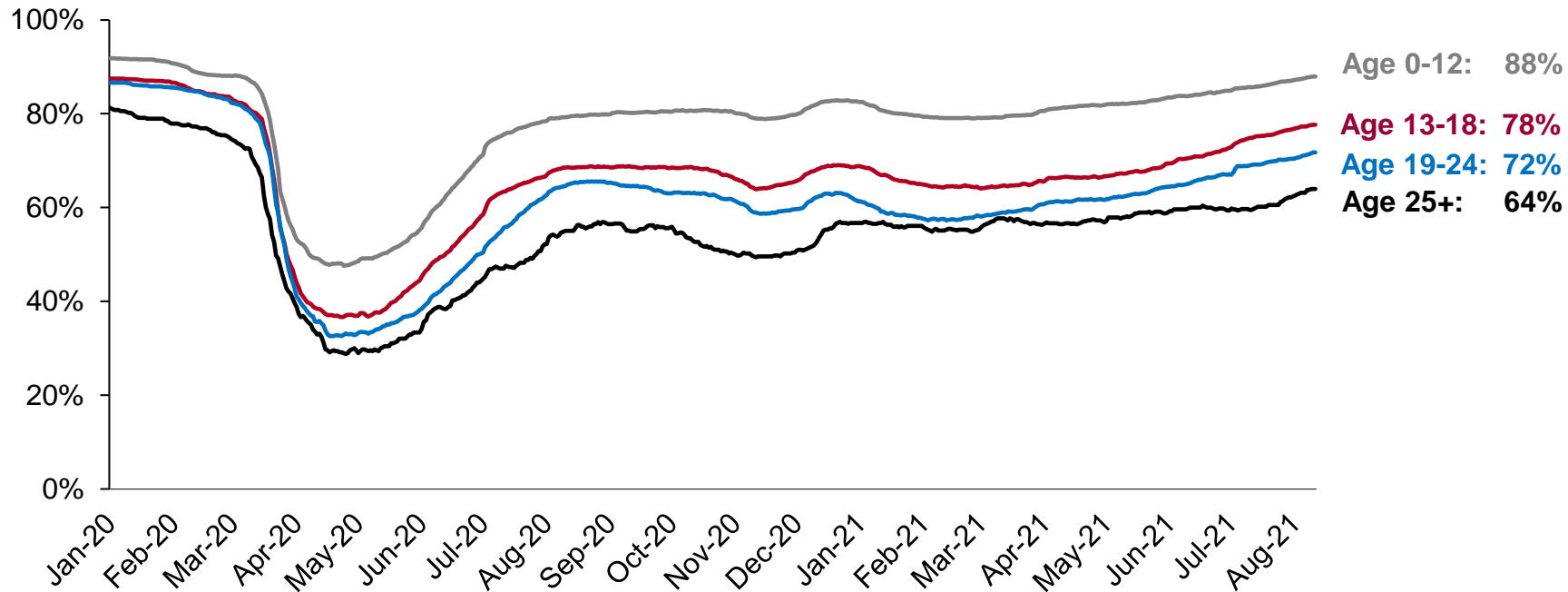


Capacity in USA and China are nearly back to pre-Covid levels

All data as at 30 June 2021 unless otherwise indicated
Sources: BOC Aviation analysis

Rising Utilisation Rates for Younger Narrowbody Aircraft

1st Jan 2020 – 11th Aug 2021



Domestic and short haul recovery drives demand for narrowbody aircraft

Sources: Cirium fleet data, BOC Aviation analysis





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