



Goldman Sachs China Conference 2021

3 NOVEMBER 2021

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3Q 2021 Overview



STRONG ASSET QUALITY

- 533 aircraft owned, managed and on order¹
- 3.8 years² average fleet age; 8.2 years² average remaining lease term
- 99.0% aircraft utilization rate



ROBUST LIQUIDITY

- Closed US\$935 million of unsecured syndicated credit facilities in August 2021
- US\$5.8 billion of liquidity³



PROACTIVE INVESTMENT STRATEGY

- Nine aircraft deliveries in 3Q, 43 in 2021 YTD
- 27 lease commitments signed in 3Q, 53 in 2021 YTD
- 100% of aircraft scheduled for delivery before 2023 placed



STRONG CREDIT RATINGS

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



27TH YEAR OF PROFITABILITY

- Focus on sustainable long-term earnings
- More than US\$5 billion of cumulative profits since inception



EXPERIENCED MANAGEMENT AND OWNERSHIP

- Experienced management team successfully managed through multiple cycles
- Bank of China provides ongoing support

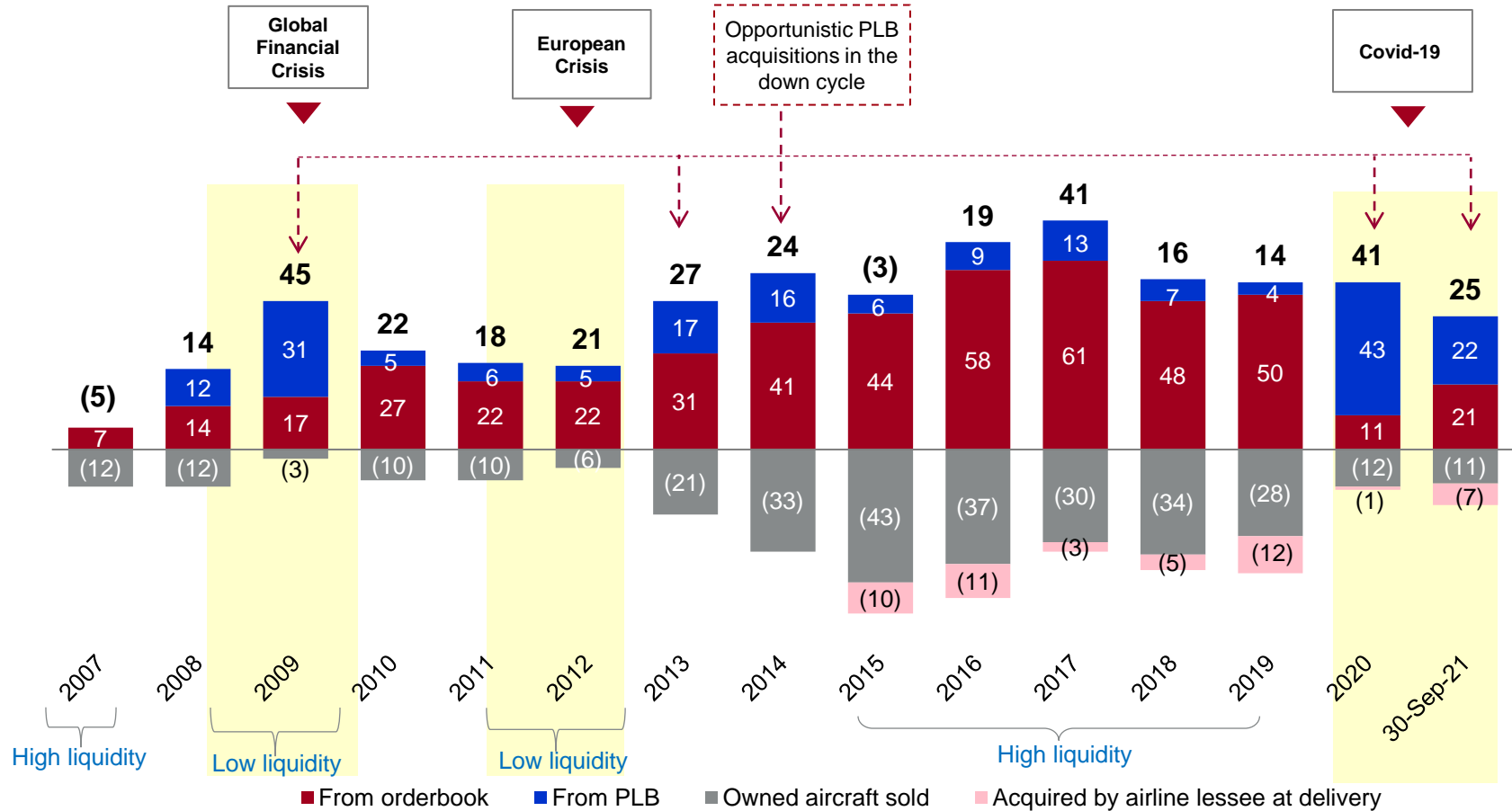
A resilient performance in a challenging environment

All data as at 30 September 2021 unless otherwise indicated
See Appendices - Endnotes



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



Popular and Fuel-Efficient Fleet

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	107	15	0	122
Airbus A320NEO family	85	0	44	129
Airbus A330CEO family	12	1	0	13
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	74	14	0	88
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	383	37	113	533

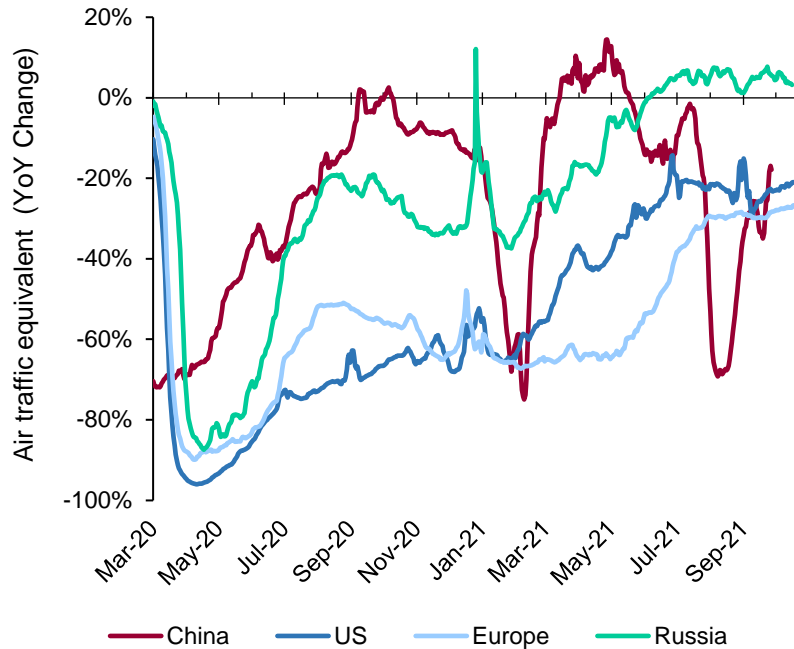
100% of orderbook comprises latest technology aircraft

All data as at 30 September 2021
See Appendices - Endnotes



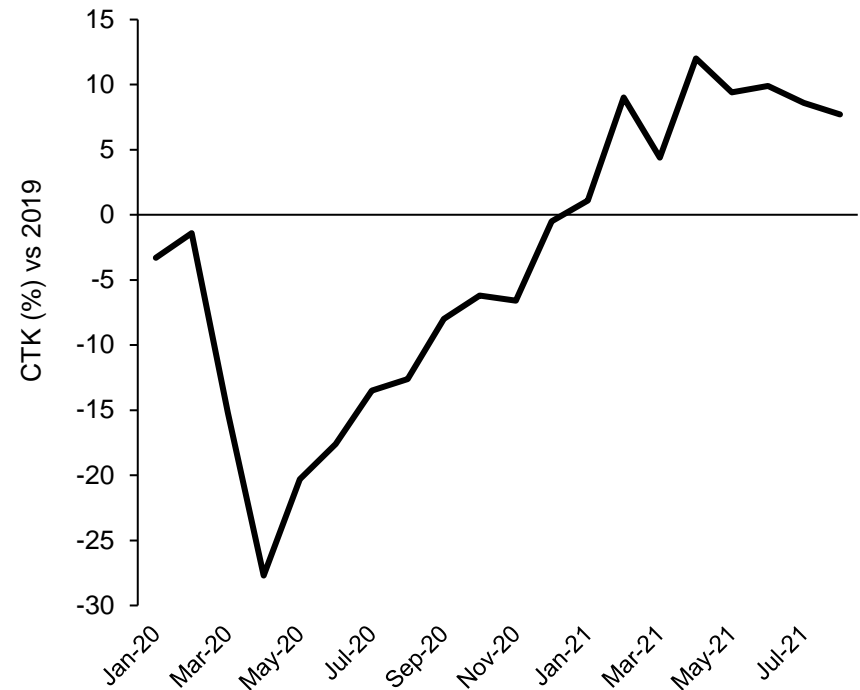
Air Traffic Recovery

Countries with significant domestic markets demonstrate rising passenger demand



Day 0 for each region: China 25-Jan-20, US, Europe & Russia 7-Mar-20.

Strong global air cargo performance



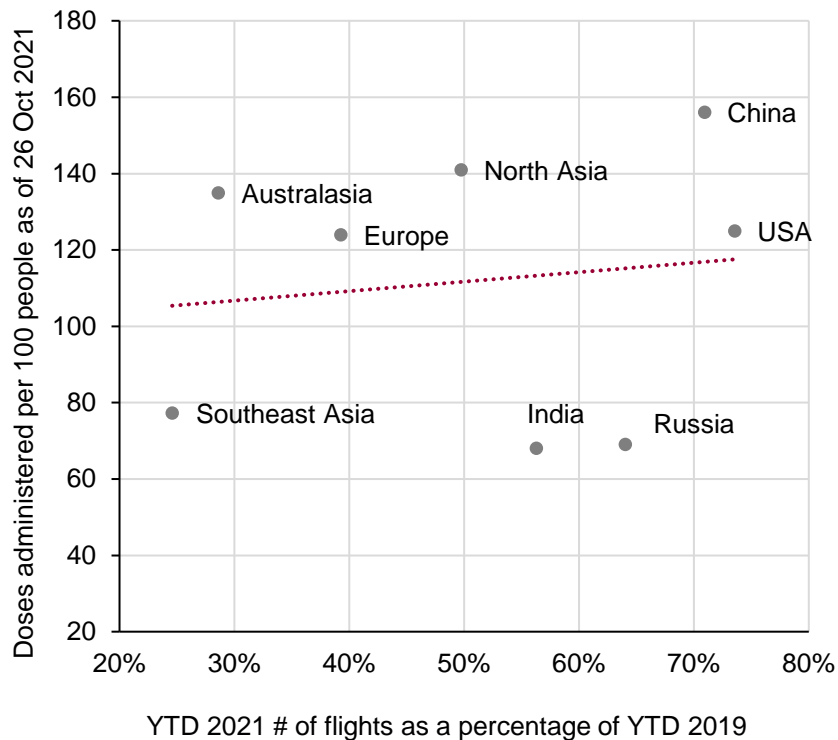
Recovery in large domestic markets following a resurgent cargo market

See Appendices - Endnotes



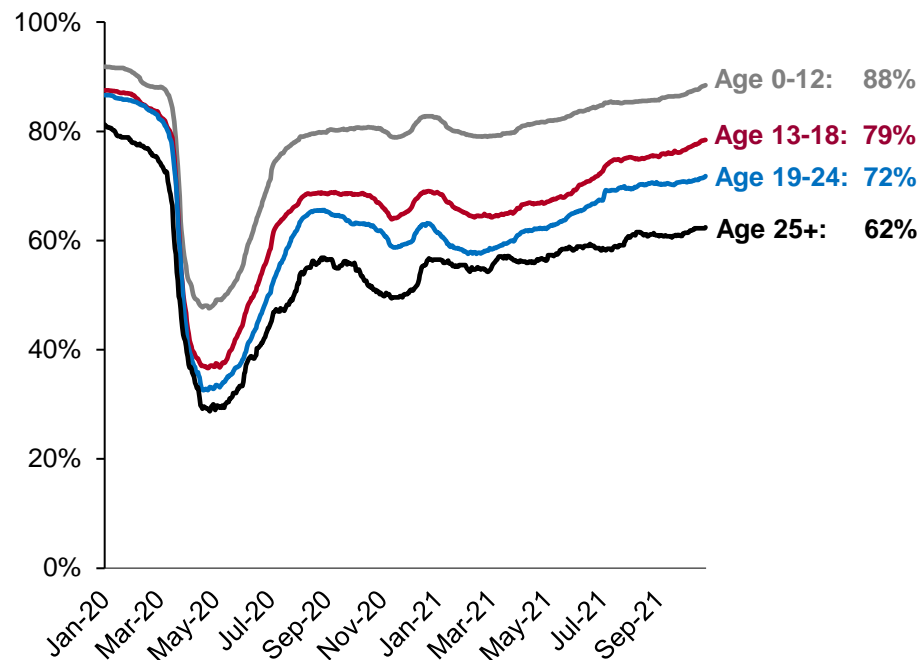
Rising Inoculation Rates Drive Recovery in Airline Schedules and Utilisation Rates

Rising inoculation rates



Rising utilisation rates

1st Jan 2020 – 22nd Oct 2021



Domestic and short haul recovery drives demand for narrowbody aircraft

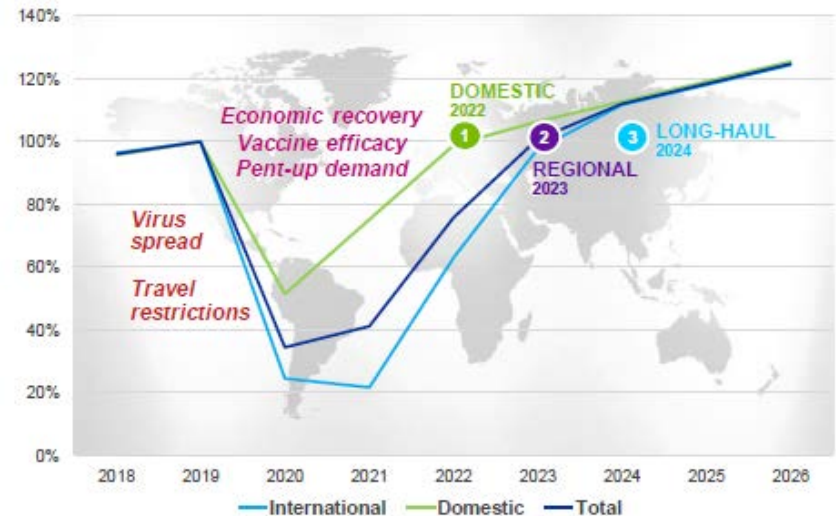
See Appendices - Endnotes



Demand Recovery Points to Renewed Order Cycle

- Domestic recovery is vaccination-led and already apparent in major markets
- Boeing expects full recovery by 2024
- Total world aircraft fleet should almost double from 2019 levels by 2040
- Replacement aircraft account for 46% of 20-year deliveries, vs. 48% in 2020, reflecting recent & pending retirements (~450 aircraft/1,500+)

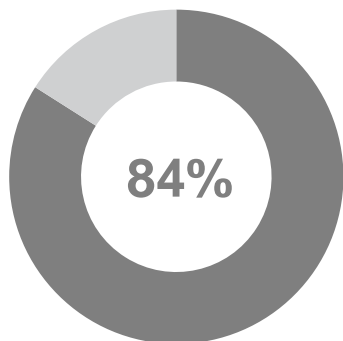
...and lead a full recovery anticipated by 2024



Domestic passenger volumes close to 2019

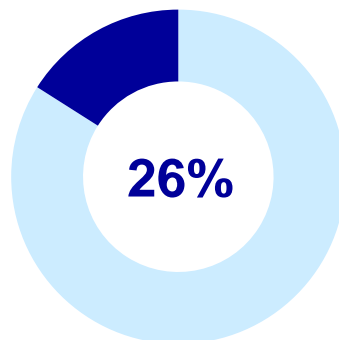
- Rapid travel recovery in markets where travel restrictions are able to ease

July Domestic



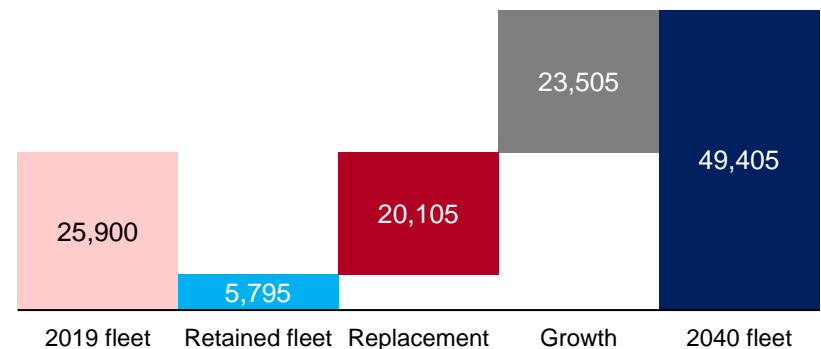
of 2019

July International



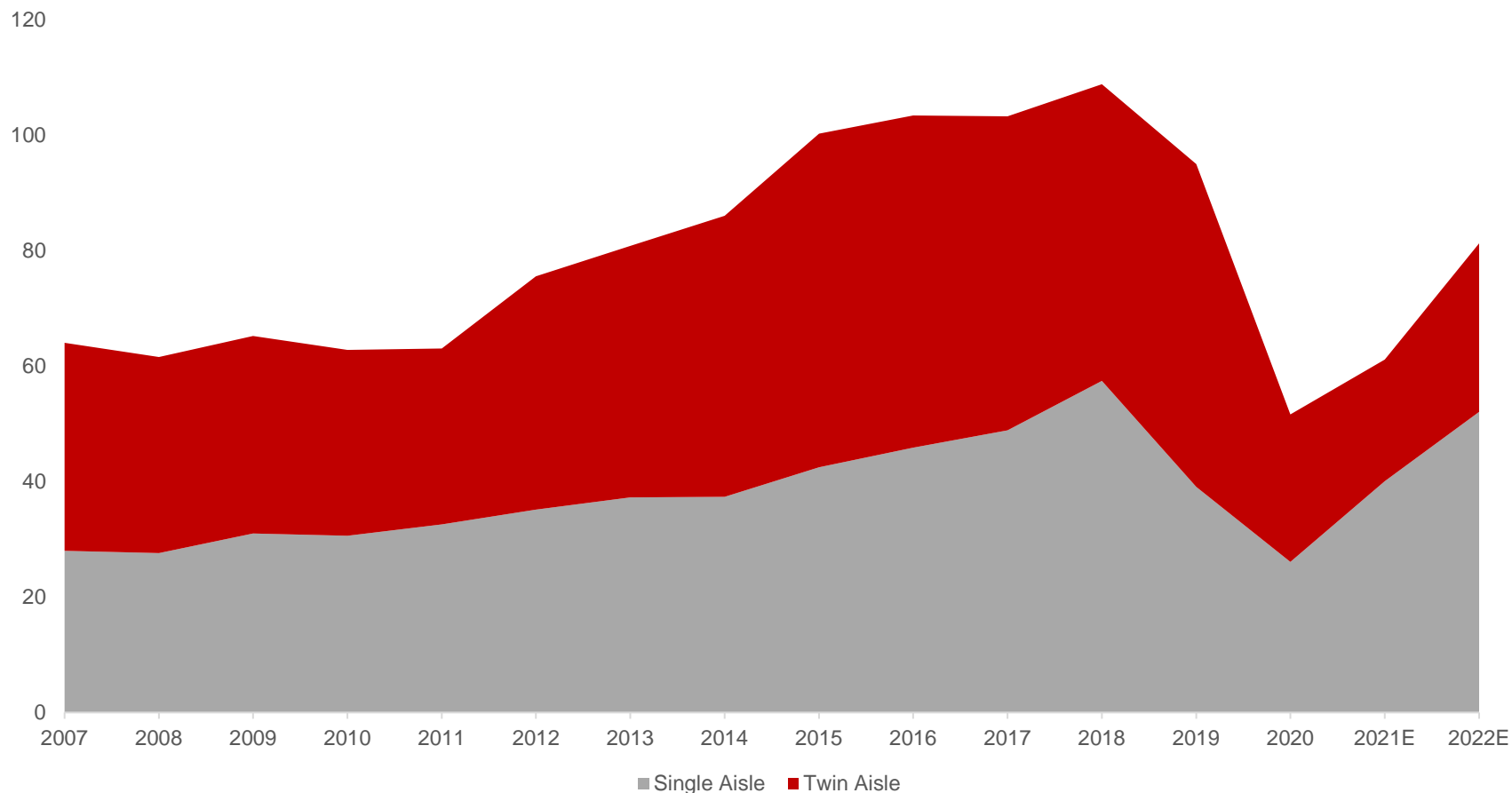
of 2019

Replacement aircraft close to half of total



Airlines Require US\$75 Billion of Capital Investments

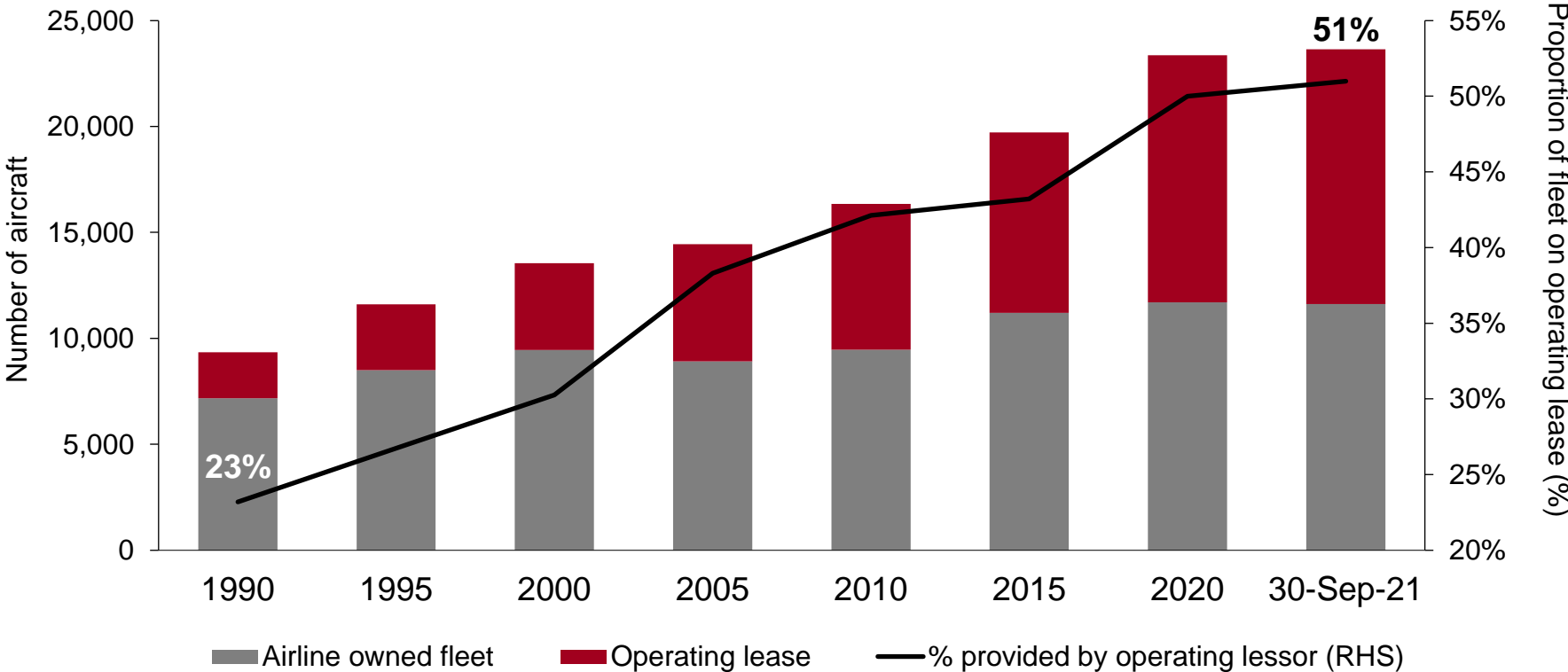
Annual airline capex – US\$ billion



All data as at 30 September 2021
See Appendices - Endnotes

Lessors Own 51% of the Aircraft Market Today

Proportion of fleet on operating lease



Lessors own 51% of the aircraft market today; this proportion has potential to increase

All data as at 30 September 2021
See Appendices - Endnotes



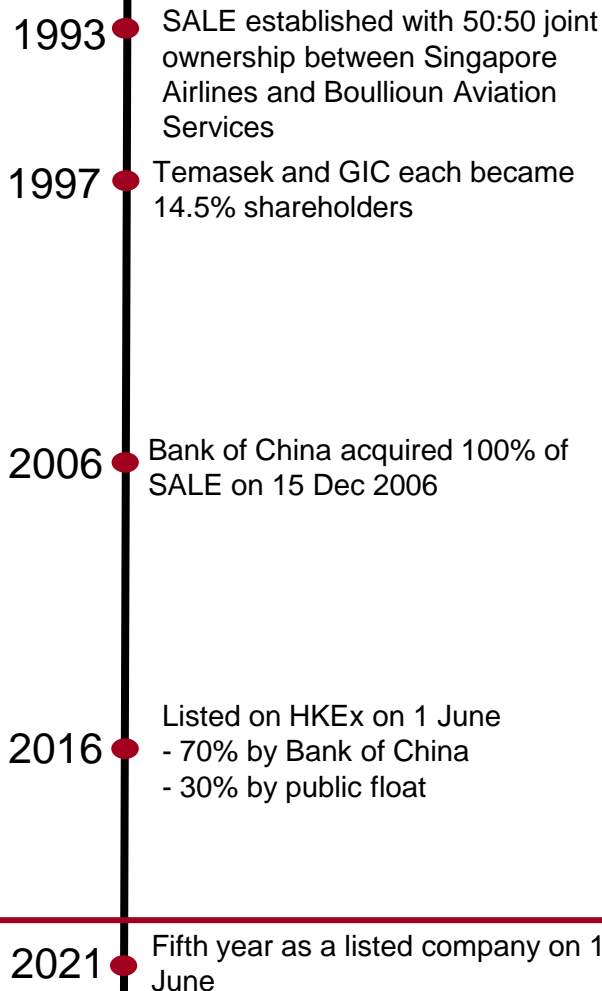
Looking Ahead

- Improving airline traffic visible globally
 - Still uneven and most visible in Northern Hemisphere geographies
 - Return of long-haul market with North Atlantic reopening on Nov 8
 - Should mark recovery in widebody aircraft activity
 - Resurgence in passenger numbers in large domestic markets already clear
- Lease rental income expected to grow but will be more slowly than anticipated due to:
 - Capex challenges as manufacturer delays impact our investments
- Aircraft sales robust and gaining pace in 4Q 2021
 - Strong demand for aircraft with leases attached
- Funding costs expected to remain stable
- Southeast Asian recovery still lagging rest of the world
- Potential for higher US tax rate
- A global aircraft operating lessor committed for the long-term
 - Earnings resilience, with 27 years of unbroken profitability across multiple industry cycles

APPENDICES

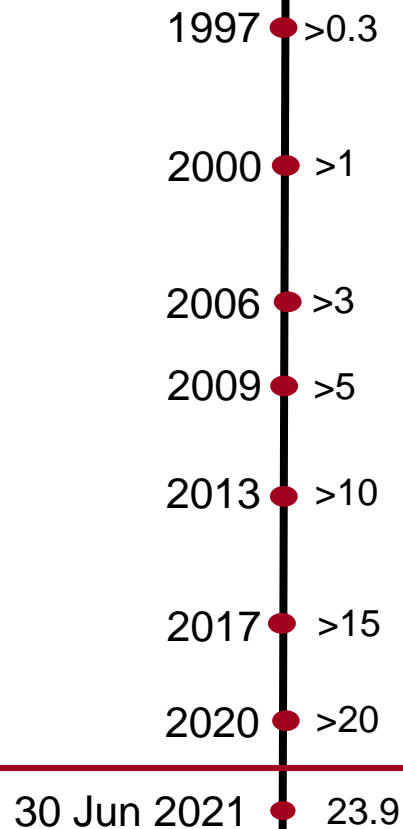
The BOC Aviation Journey

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
- 420 owned and managed aircraft²
- 113 aircraft on order^{2,3}

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



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 October 2021



Core Competencies - BOC Aviation Track Record

Since inception in 1993:







- Purchasing 890 aircraft purchased totalling approximately US\$51 billion
- Leasing 1,110 leases executed with > 160 airlines in 57 countries and regions
- Financing¹ More than US\$36 billion in debt raised since 1 January 2007

- Sales More than 380 aircraft sold
- Transitions 100 transitions
- Repossessions² 57 aircraft in 17 jurisdictions





All data as at 30 September 2021, since inception unless otherwise indicated
See Appendices - Endnotes

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

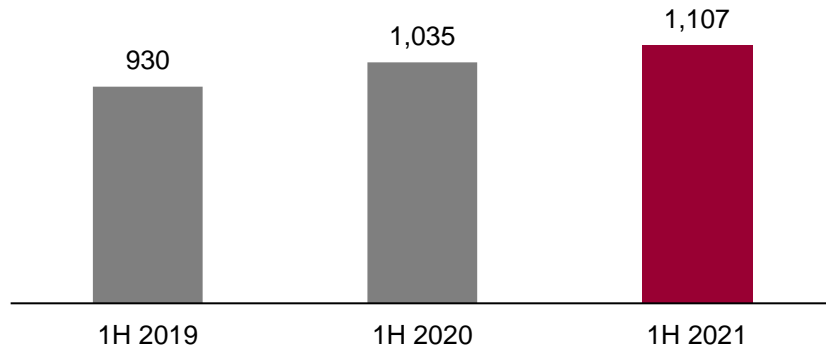
30%		Unchanged
Interim dividend payout ratio		
US\$0.1098		21%⁶
Interim dividend per share ⁵		

All data as at 30 June 2021
See Appendices - Endnotes

Resilient Performance in a Difficult Market

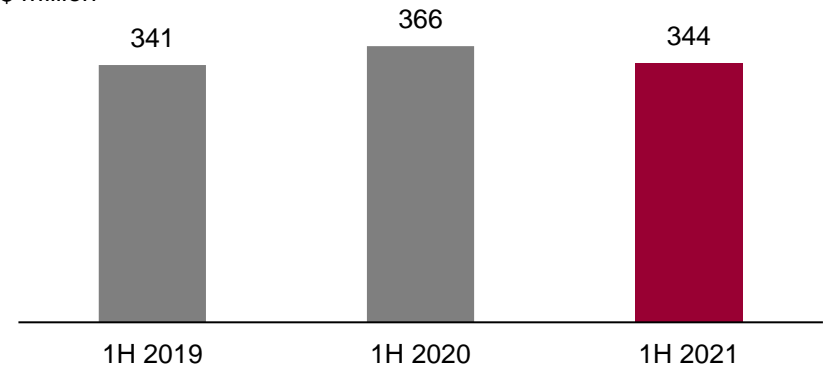
Fleet growth underpins growth in revenues

US\$ million



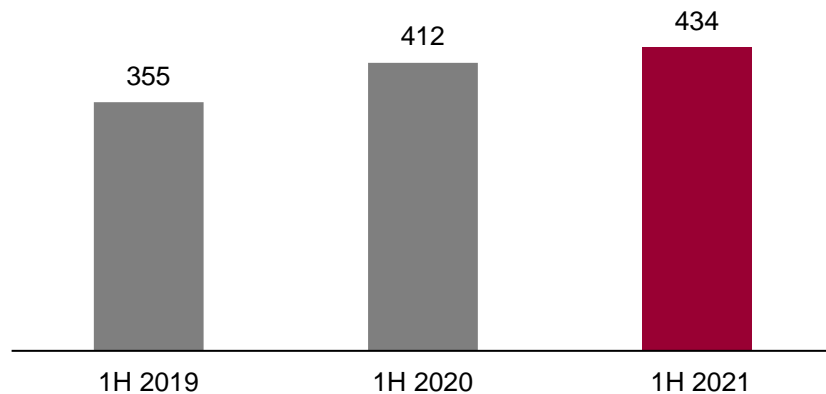
High core lease rental contribution²

US\$ million



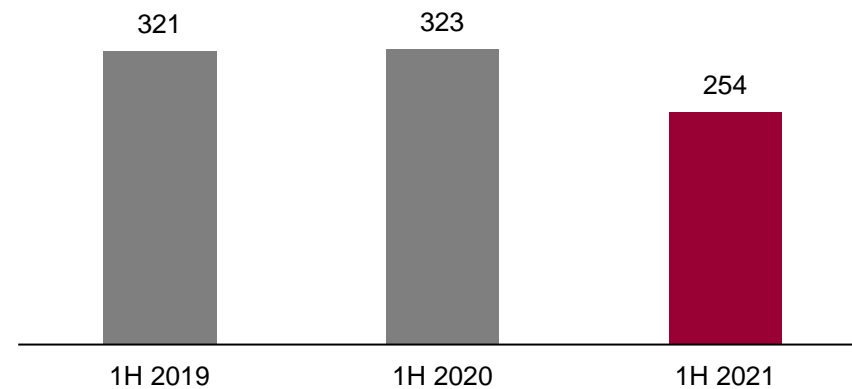
Improving profit before tax and impairment charges¹

US\$ million



Resilient NPAT performance

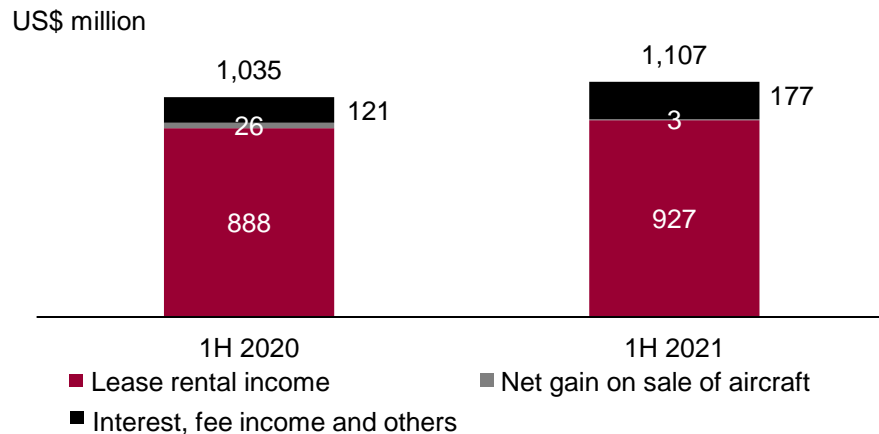
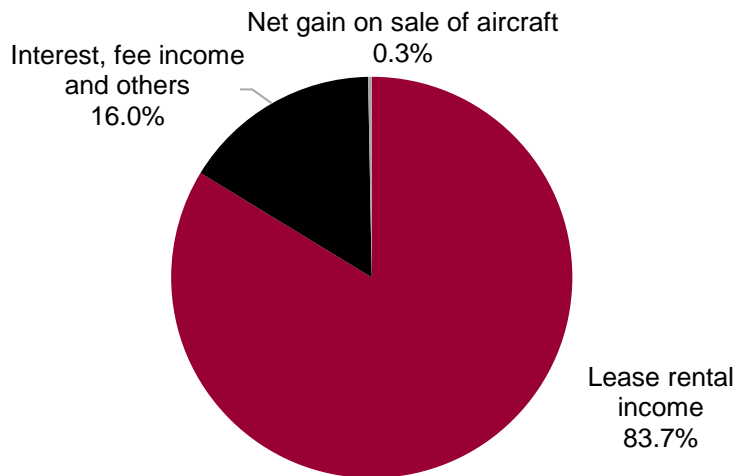
US\$ million



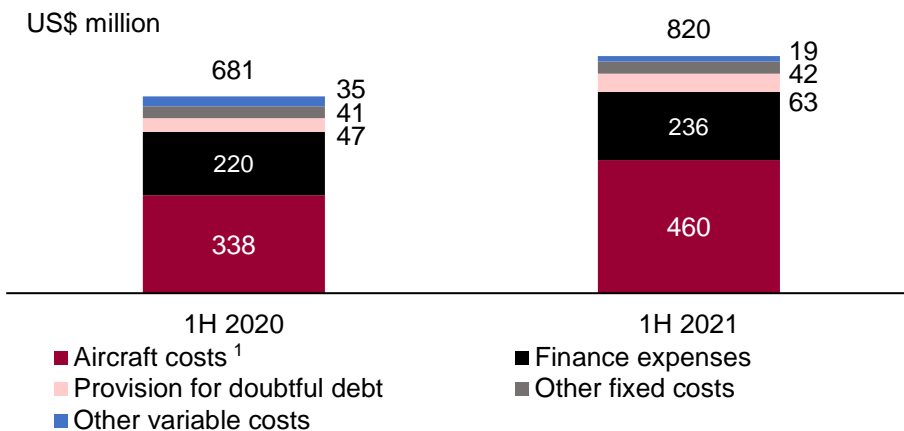
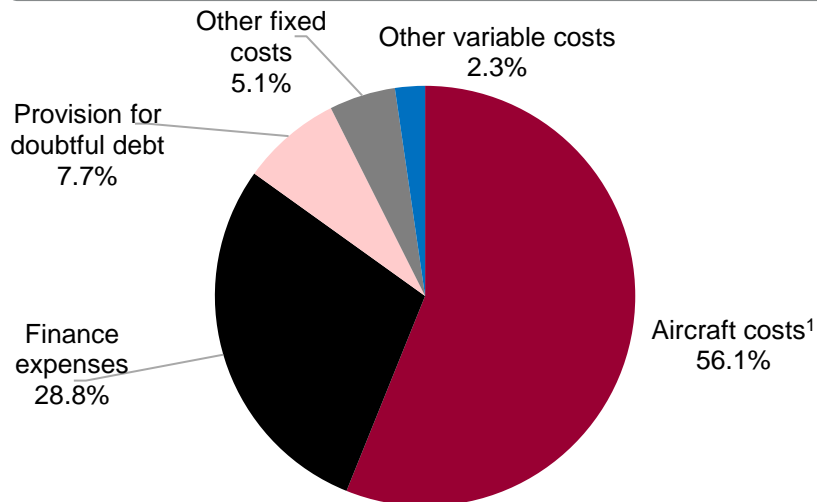
All data as at 30 June 2021
See Appendices - Endnotes

Lease Rental Income Continues to Dominate Revenue

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



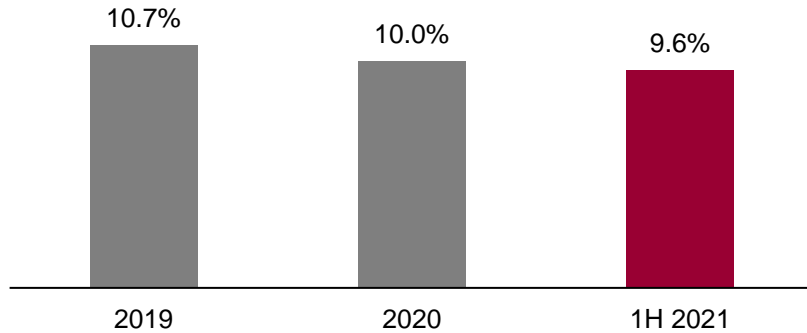
Depreciation of aircraft plus financing costs make up over 80% of total costs



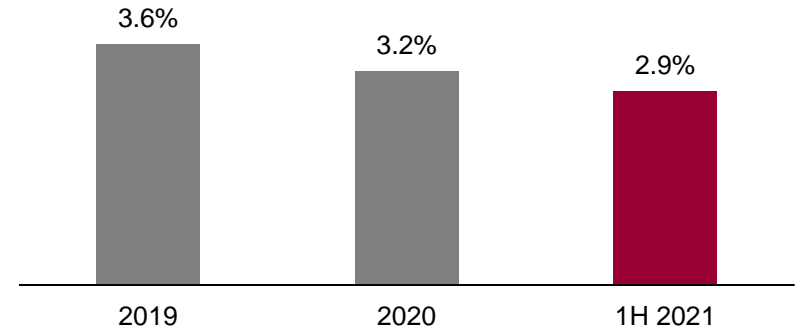
All data as at 30 June 2021
See Appendices - Endnotes

Margins Impacted by Covid-19

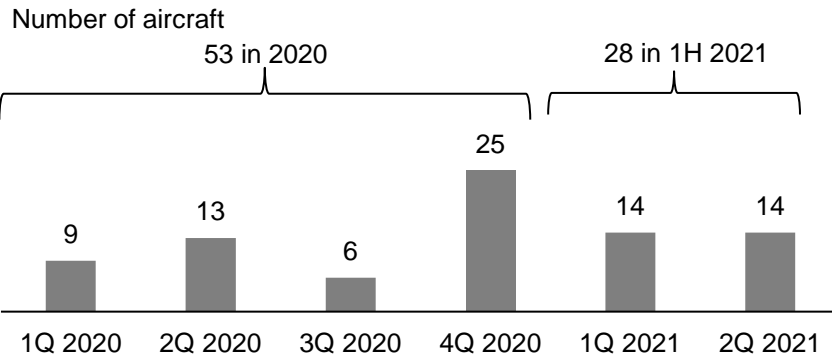
Lease rate factor¹ high at around 10%



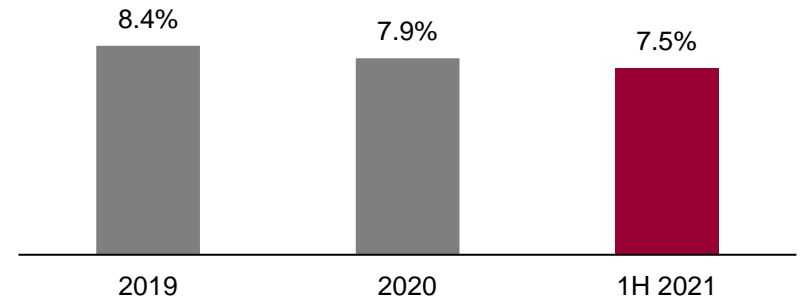
Reduced cost of debt³



Aircraft deliveries by quarter²



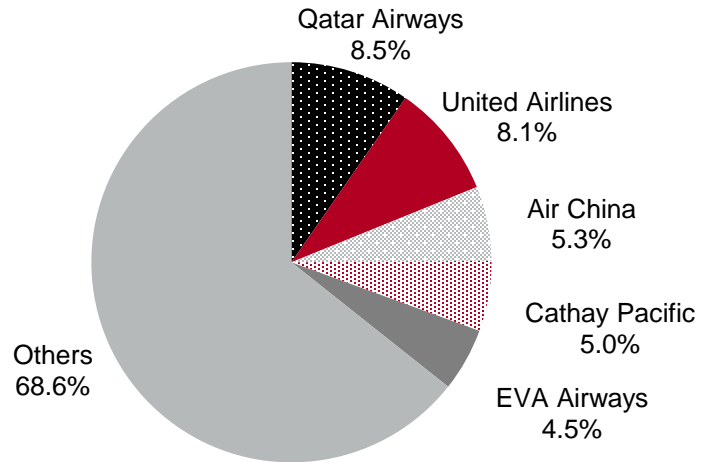
Net lease yield⁴



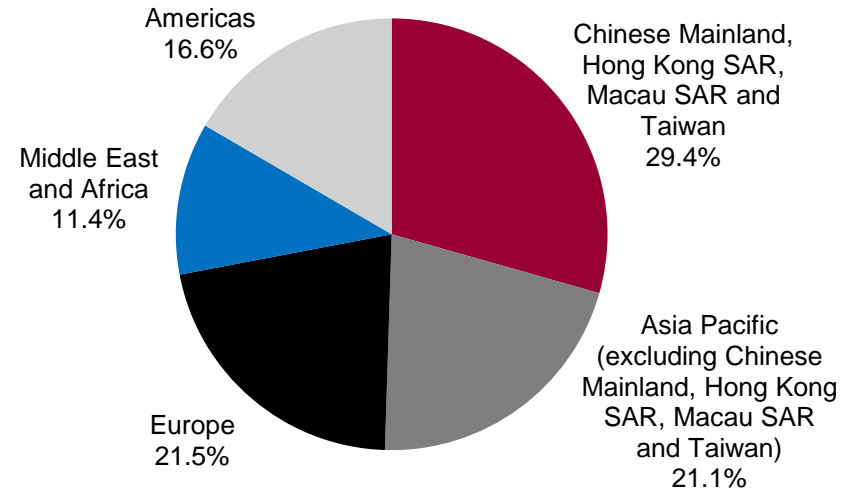
All data as at 30 June 2021
See Appendices - Endnotes

Globally Diversified Lease Portfolio

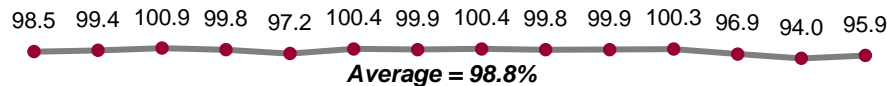
Lease portfolio diversified by customer^{1,2}



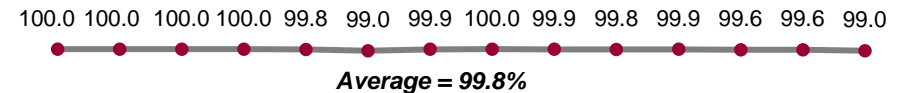
...and increasingly diversified by geography^{1,3}



Collection rate (%)



Fleet utilization (%)⁴



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

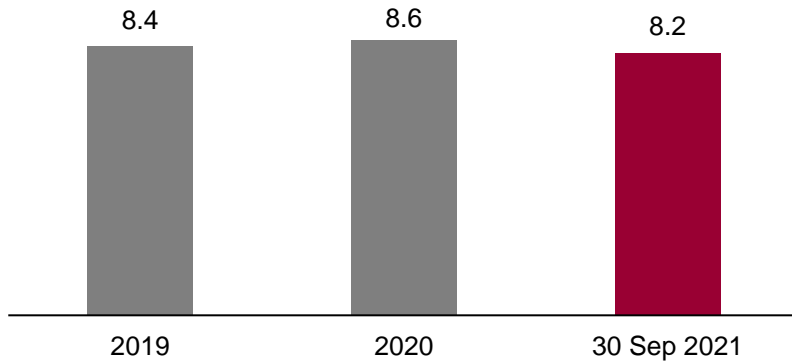
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 30-Sep-21

All data as at 30 June 2021
See Appendices - Endnotes

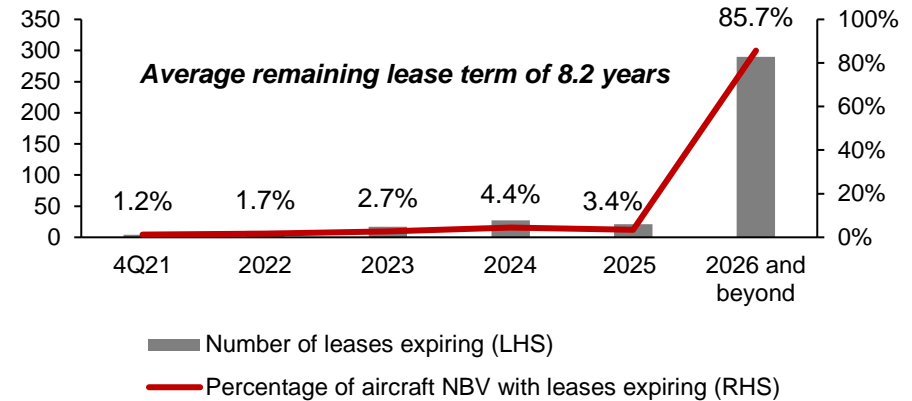
Long Term Leases Enhance Revenue Visibility

We have a long average remaining lease term¹

Number of years

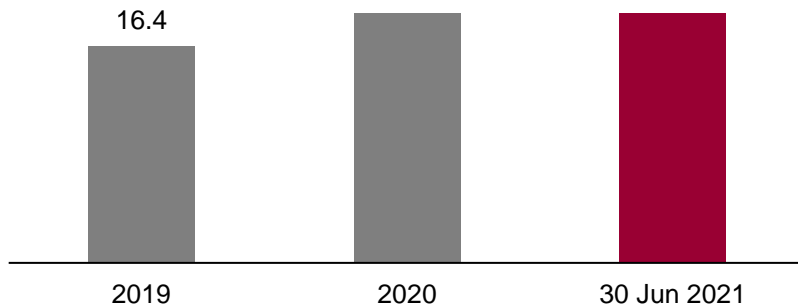


Well-dispersed lease expiries³



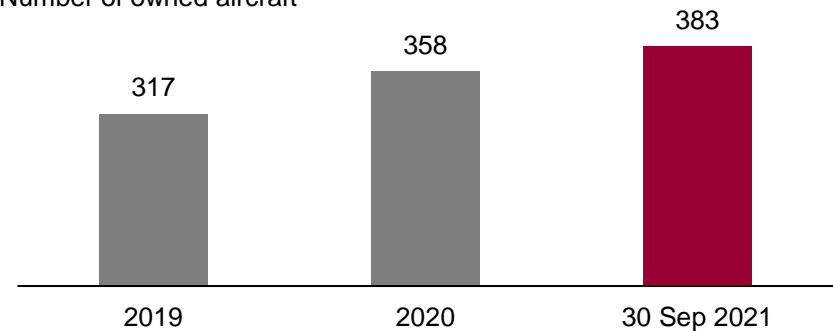
and high future committed lease revenue²

US\$ billion



Disciplined increase in fleet size

Number of owned aircraft



All data as at 30 September 2021 unless indicated
See Appendices - Endnotes

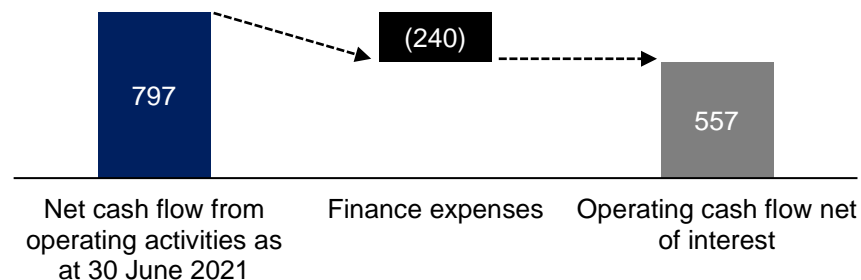
Robust Operating Cash Flow Net of Interest

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

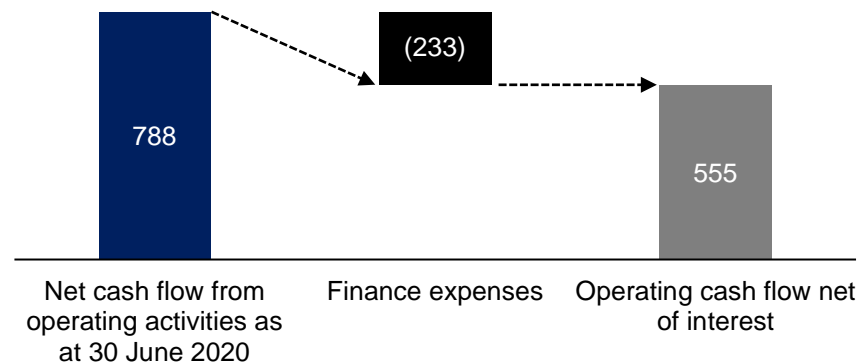
Operating cash flow net of interest ¹ for the period ended 30 June 2021

US\$ million



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

US\$ million



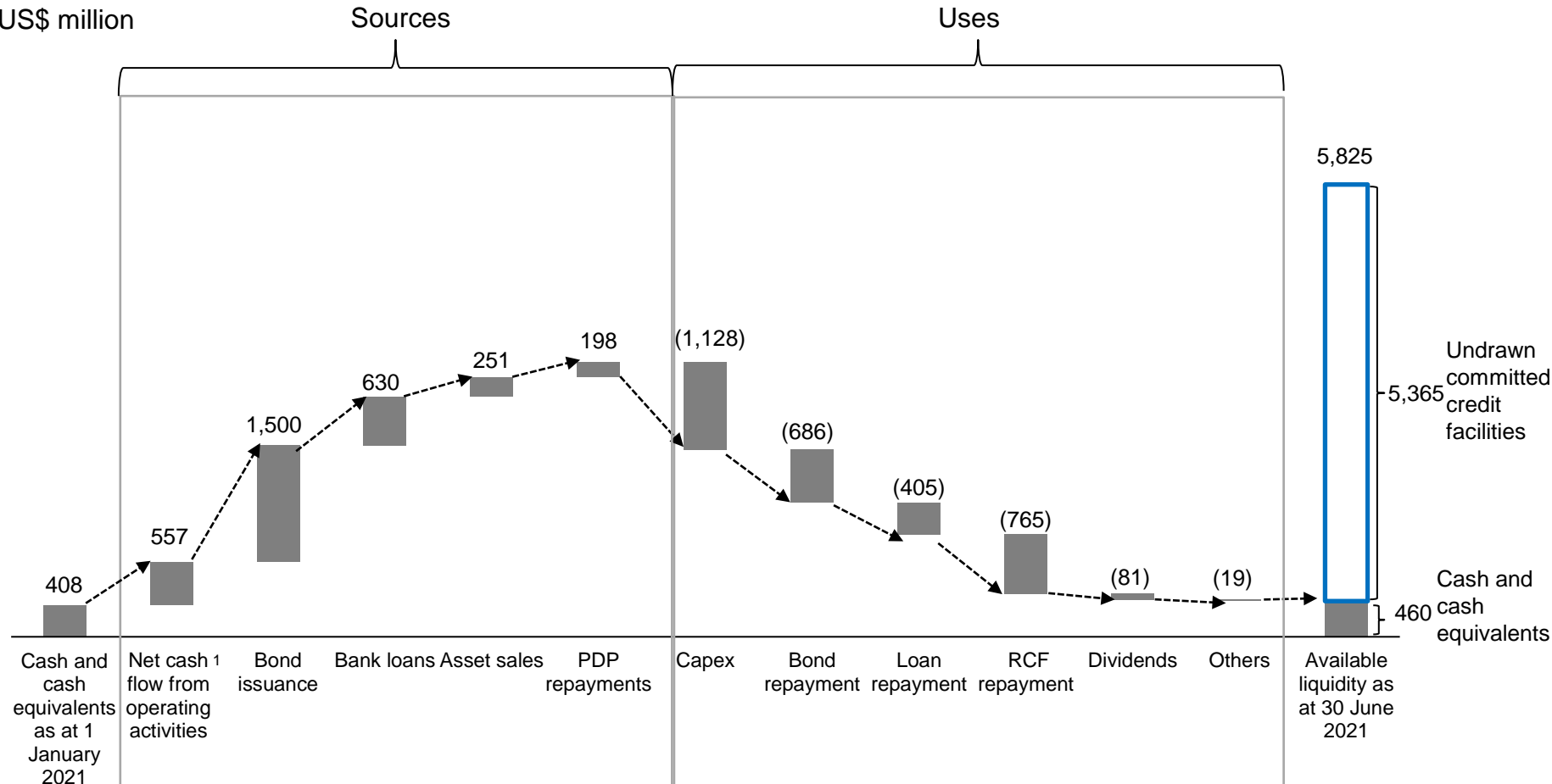
Operating cash flow net of interest remains high

All data as at 30 June 2021
See Appendices - Endnotes

Diverse Funding Channels Utilised in 1H 2021

Sources and Uses of Cash

US\$ million



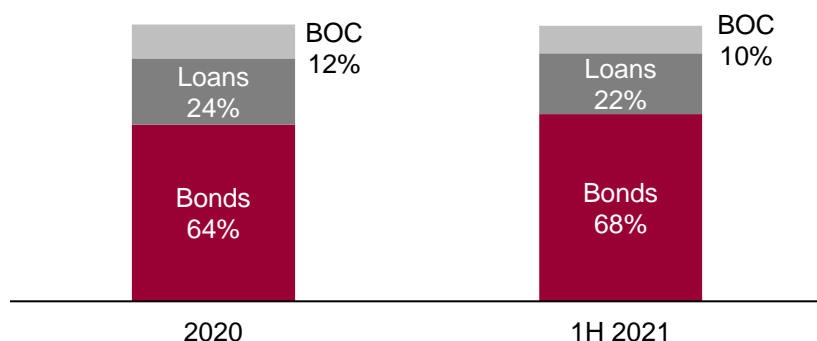
Proactive use of diverse funding sources in 1H 2021



All data as at 30 June 2021
See Appendices - Endnotes

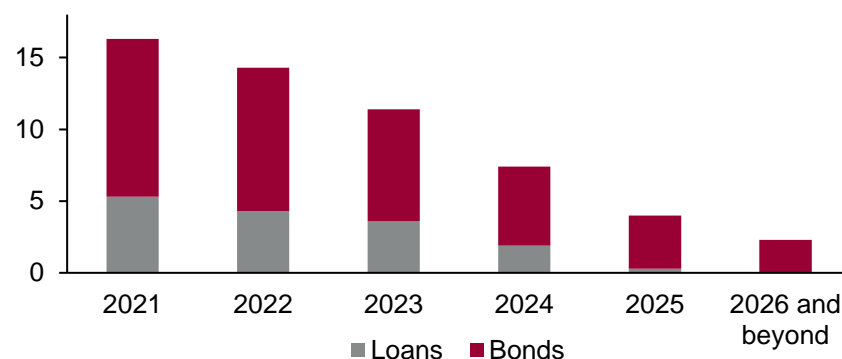
Flexible Capital Structure and Ample Backstop Liquidity

Sources of debt¹

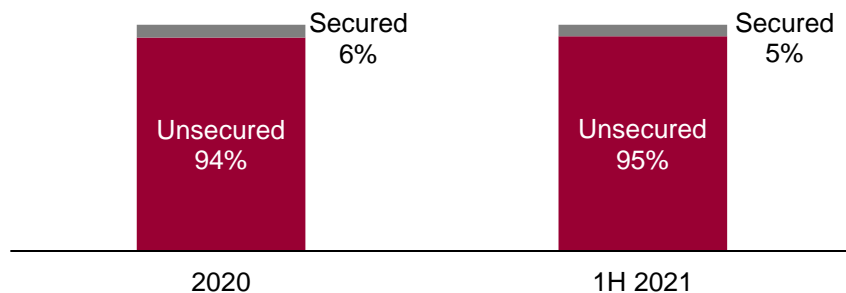


Outstanding debt amortises over a long term

US\$ billion

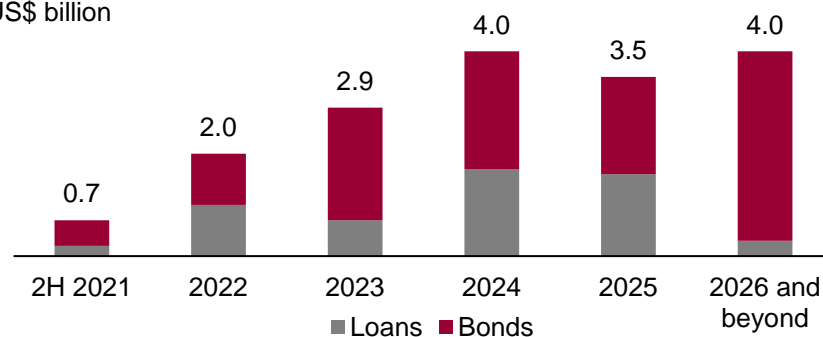


Focus on unsecured funding



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

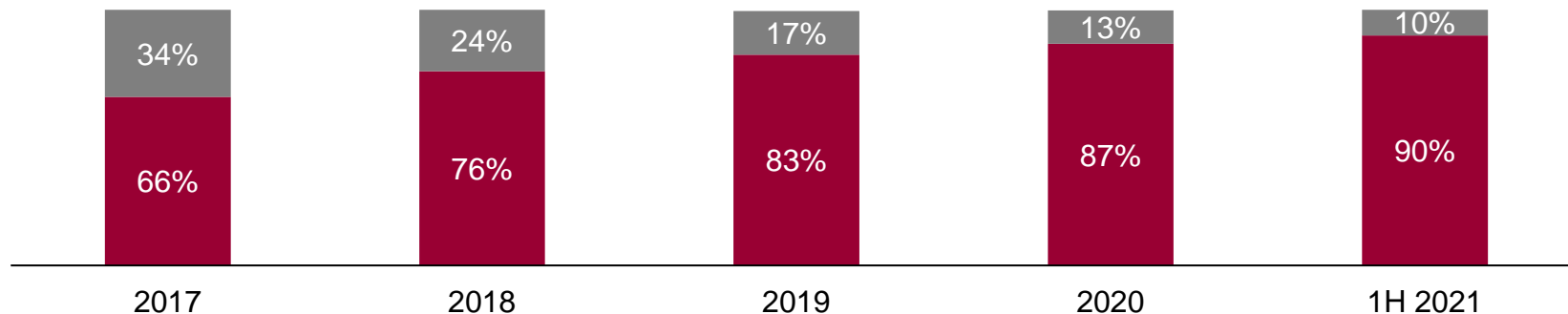
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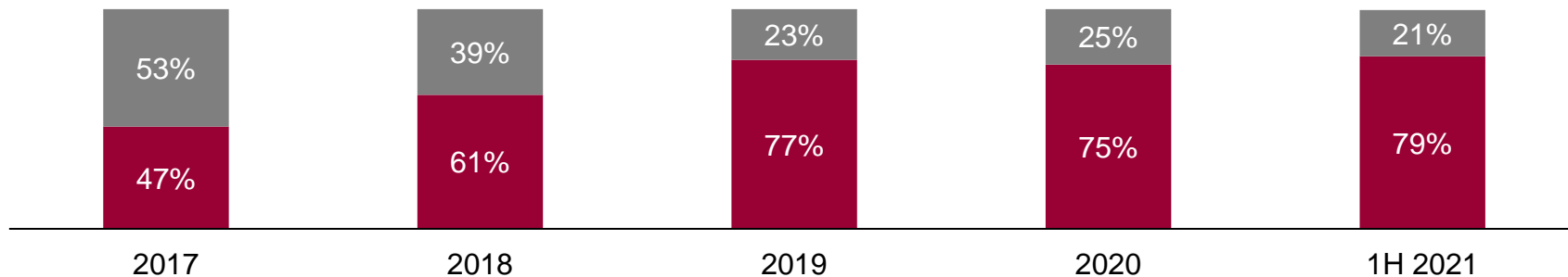
Increasing Proportion of Fixed Rate Leases and Debt

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
See Appendices - Endnotes

ESG Highlights

Environmental

- ✓ 100% carbon neutral for direct emissions
- ✓ 100% latest technology aircraft in the orderbook¹
- ✓ 3.7 years average aircraft fleet age¹
- ✓ All used IT equipment recycled
- ✓ US\$2.5 million investment in new technology and digital initiatives
- ✓ Digital Workplace Transformation to reduce waste and increase efficiency

Social

- ✓ 20 nationalities in our workforce
- ✓ 1,300+ training hours for employee development
- ✓ 51% female representation in BOC Aviation
- ✓ More than US\$80,000 in donations to local and global charitable organisations
- ✓ Maintaining the health and safety of employees by providing corporate gym membership, influenza vaccinations and cycle-to-work subsidies

Governance

- ✓ Strong board diversity from three nationalities
- ✓ Three female directors including the Vice Chairman¹
- ✓ 100% compliance training conducted for all employees
- ✓ Nil regulatory compliance breaches or violation of sanctions related laws reported

Endnotes (1)

- **SLIDE 3: 3Q 2021 Overview**
 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
 3. As at 30 June 2021
- **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
- **SLIDE 6: Air Traffic Recovery** - Sources: China MoT (Air Pax YoY) TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights), IATA
- **SLIDE 7: Rising Inoculation Rates Drive Recovery in Airline Schedules and Utilisation Rates** - Sources: Cirium fleet data, BOC Aviation analysis
- **SLIDE 8: Demand Recovery Points to Renewed Order Cycle** - Sources: Boeing CMO, September 2021
- **SLIDE 9: Airlines Require US\$75 Billion of Capital Investments** - Sources: BOC Aviation Analysis
- **SLIDE 10: Lessors Own 51% of the Aircraft Market Today** – Sources: Ascend, as at 30 September 2021, 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 14: BOC Aviation – Who Are We?**
 1. Excludes aircraft on leases classified as finance leases
 2. As at 30 September 2021
 3. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery

Endnotes (2)

- **SLIDE 16: Core Competencies - BOC Aviation Track Record**
 1. As at 30 June 2021
 2. Includes repossessions and consensual early returns
- **SLIDE 17: Another Strong Performance in a Challenging Environment**
 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
- **SLIDE 18: Resilient Performance in a Difficult Market**
 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
- **SLIDE 19: Lease Rental Income Continues to Dominate Revenue**
 1. Comprises aircraft depreciation and impairment

Endnotes (3)

- **SLIDE 20: Margins Impacted by Covid-19**
 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
- **SLIDE 21: Globally Diversified Lease Portfolio**
 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
- **SLIDE 22: Long Term Leases Enhance Revenue Visibility**
 1. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases
 2. As at 30 June 2021
 3. 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
- **SLIDE 23: Robust Operating Cash Flow Net of Interest**
 1. Calculated as net cash flow from operating activities less finance expenses paid

Endnotes (4)

- **SLIDE 24: Diverse Funding Channels Utilised in 1H 2021**
 1. Calculated as net cash flow from operating activities less finance expenses paid
- **SLIDE 25: Flexible Capital Structure and Ample Backstop Liquidity**
 1. Drawn debt only
- **SLIDE 26: Increasing Proportion of Fixed Rate Leases and Debt**
 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
- **SLIDE 27: ESG Highlights**
 1. As at 30 September 2021



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