



BOC Aviation Investor Presentation

NOVEMBER 2022

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3Q 2022 and Recent Developments



STRONG ASSET QUALITY

- 612 aircraft owned, managed and on order¹
- 4.3 years² average fleet age; 8.2 years² average remaining lease term
- 96% aircraft utilization rate



ROBUST LIQUIDITY

- US\$6 billion of available liquidity³
- More than covers 2H 2022 target capex and maturing liabilities
- Well positioned to support future investment
- Limited refinancing required



PROACTIVE INVESTMENT STRATEGY

- 12 aircraft deliveries, including six used aircraft transitions
- 21 lease commitments signed
- Committed to acquire nine new aircraft, including six Airbus A320NEO aircraft placed with JetSMART



STRONG CREDIT RATINGS

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



FUTURE GROWTH

- Delivered seven new Boeing 787 aircraft from our orderbook to American Airlines since delivery of the 787 aircraft resumed in August 2022
- Expecting another 11 to be delivered to American Airlines through to end-2023



EXPERIENCED MANAGEMENT AND OWNERSHIP

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

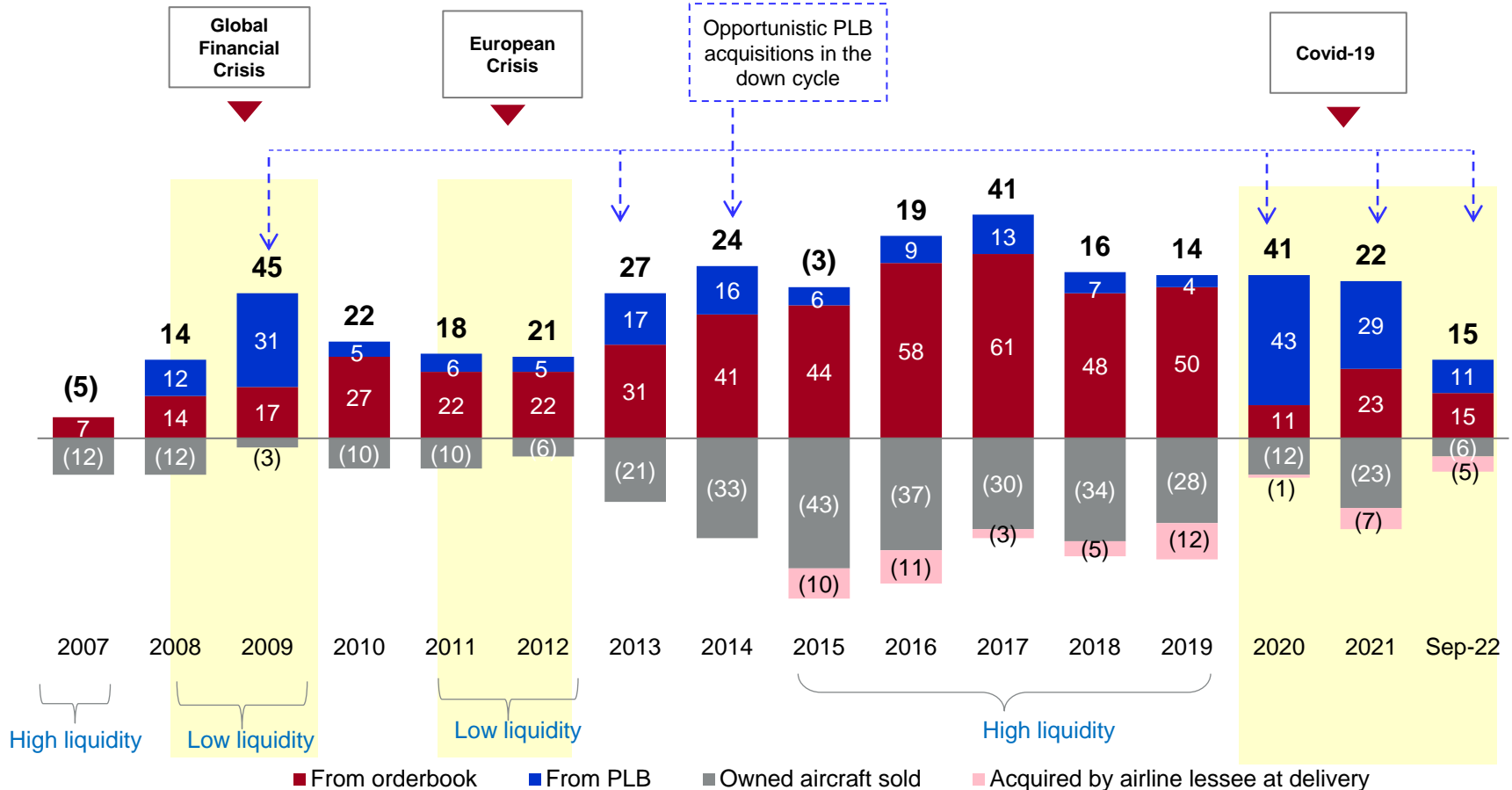
Long-term sustainable growth

All data as at 30 September 2022 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	100	15	0	115
Airbus A320NEO family	93	0	117	210
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	14	0	86
Boeing 737 MAX family	52	0	50	102
Boeing 777-300ER	27	4	0	31
Boeing 787 family	23	1	14	38
Freighters	5	1	0	6
Total	395	36	181	612

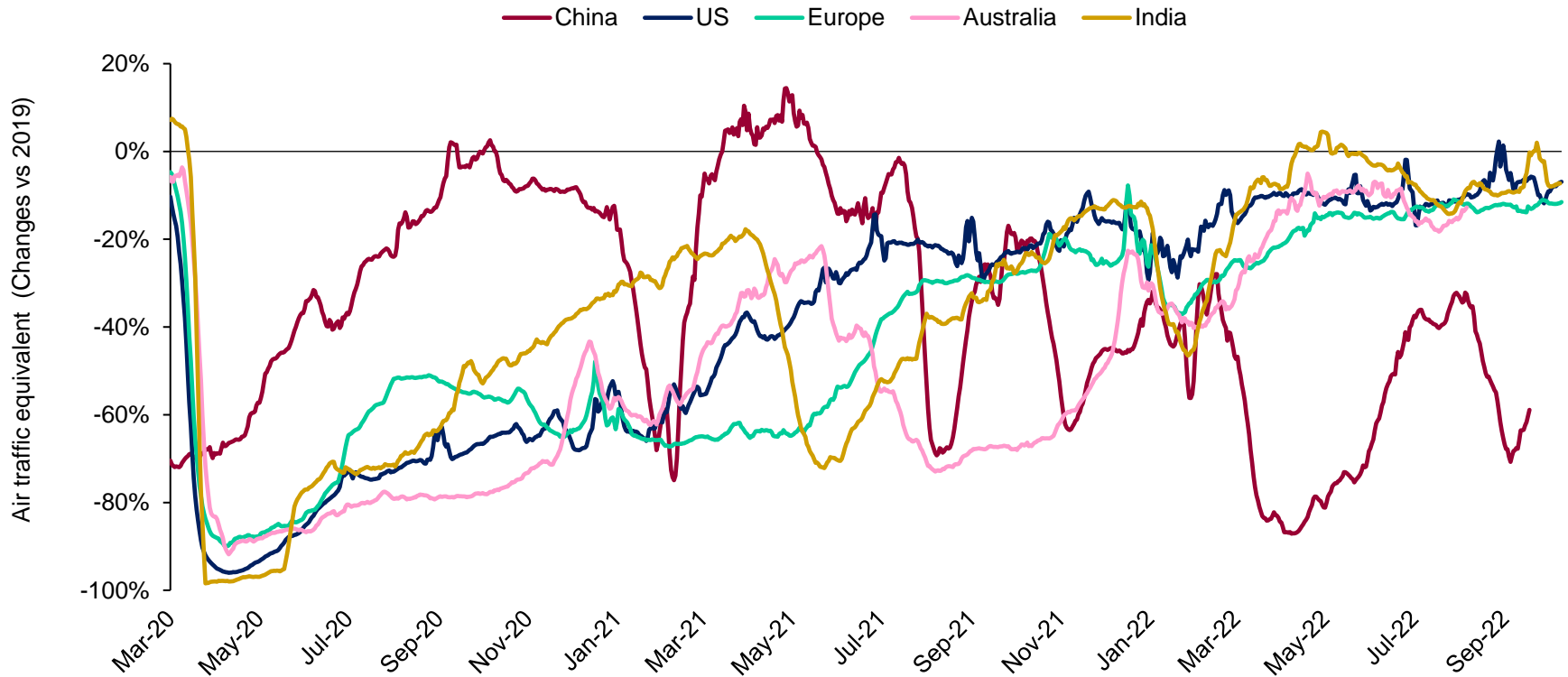
100% of orderbook comprises latest technology aircraft

All data as at 30 September 2022
See Appendices - Endnotes



Major Passenger Markets See Strong Rebound in Travel

Market continues to recover

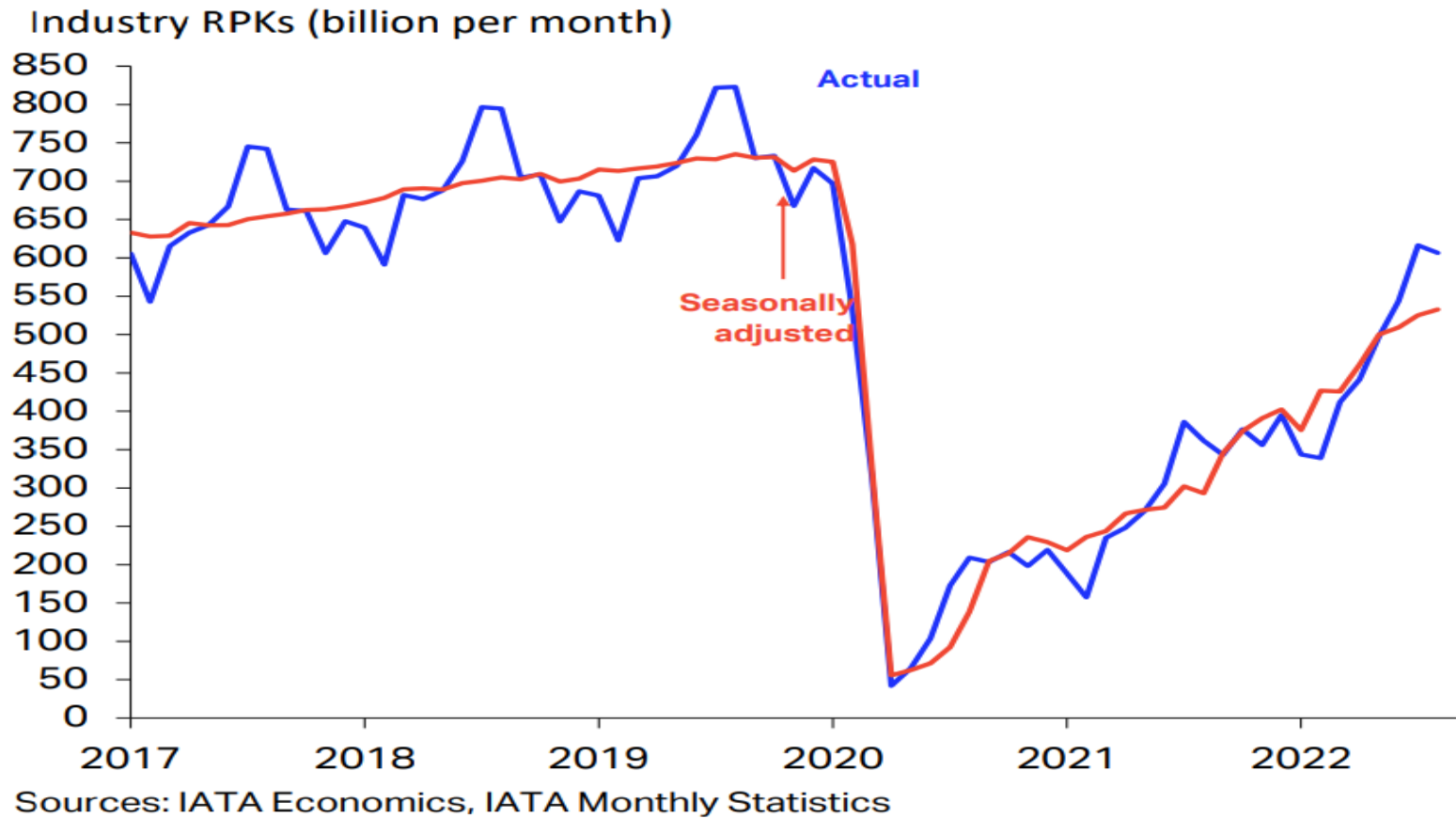


Recovery in large domestic markets following a resurgent cargo market

See Appendices - Endnotes



Global Passenger Traffic Recovering Rapidly



Passenger traffic now within 20% of pre-pandemic levels

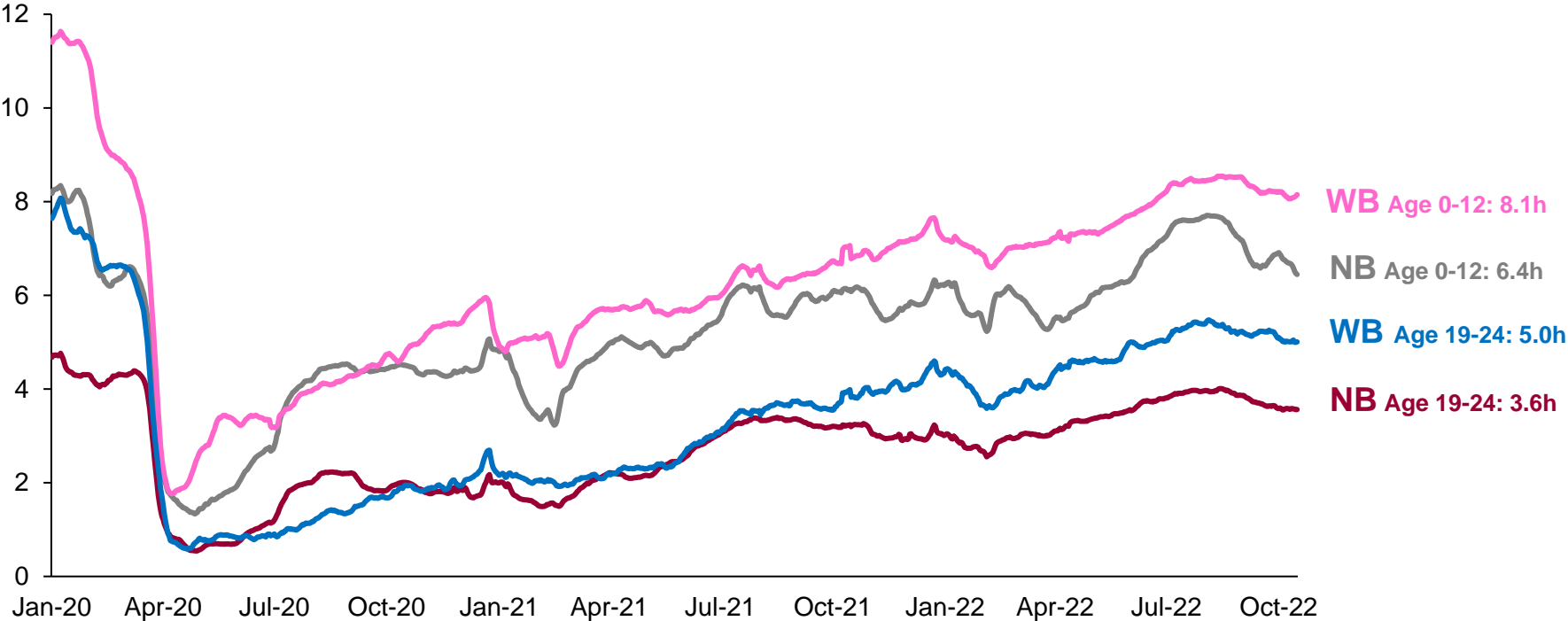
See Appendices - Endnotes



Rising Aircraft Utilisation

Rising utilisation hours

1st Jan 2020 – 16 October 2022



Shorthaul recovery drives demand for narrowbody aircraft; international demand picking up

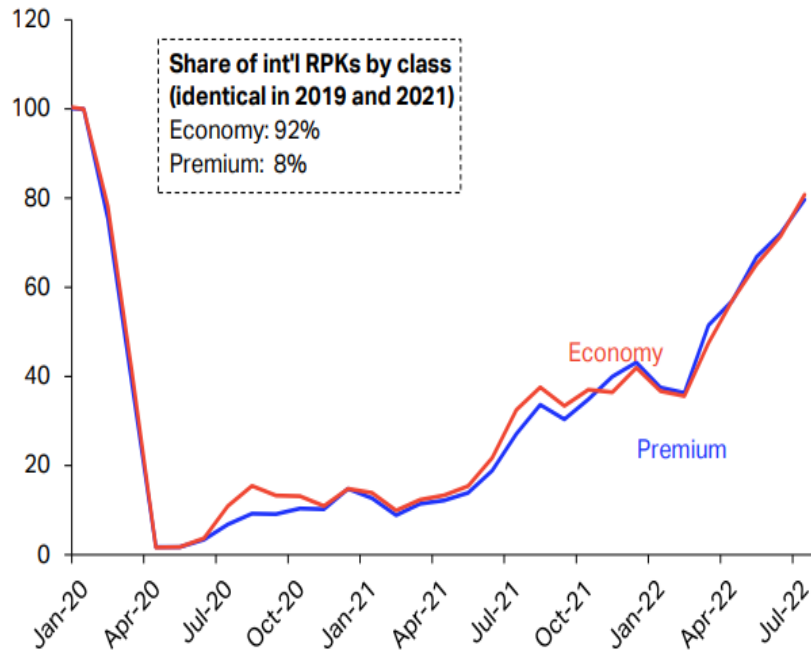


See Appendices - Endnotes

Improving Forward Bookings Drive Traffic Recovery

International RPKs by cabin class

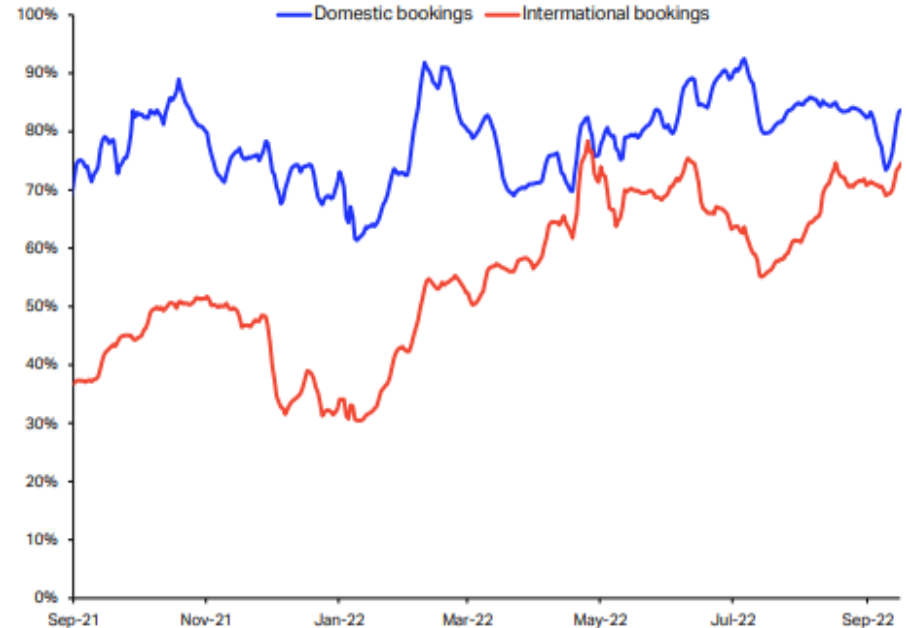
International RPKs, January 2020 = 100



Source: IATA Monthly Statistics

Passenger ticket sales

Bookings by purchase date, year-on-year vs 2019, 7-day average



Source: IATA Economics, DDS

Air traffic is expected to remain resilient

Jet Fuel Prices

Jet fuel price, US\$

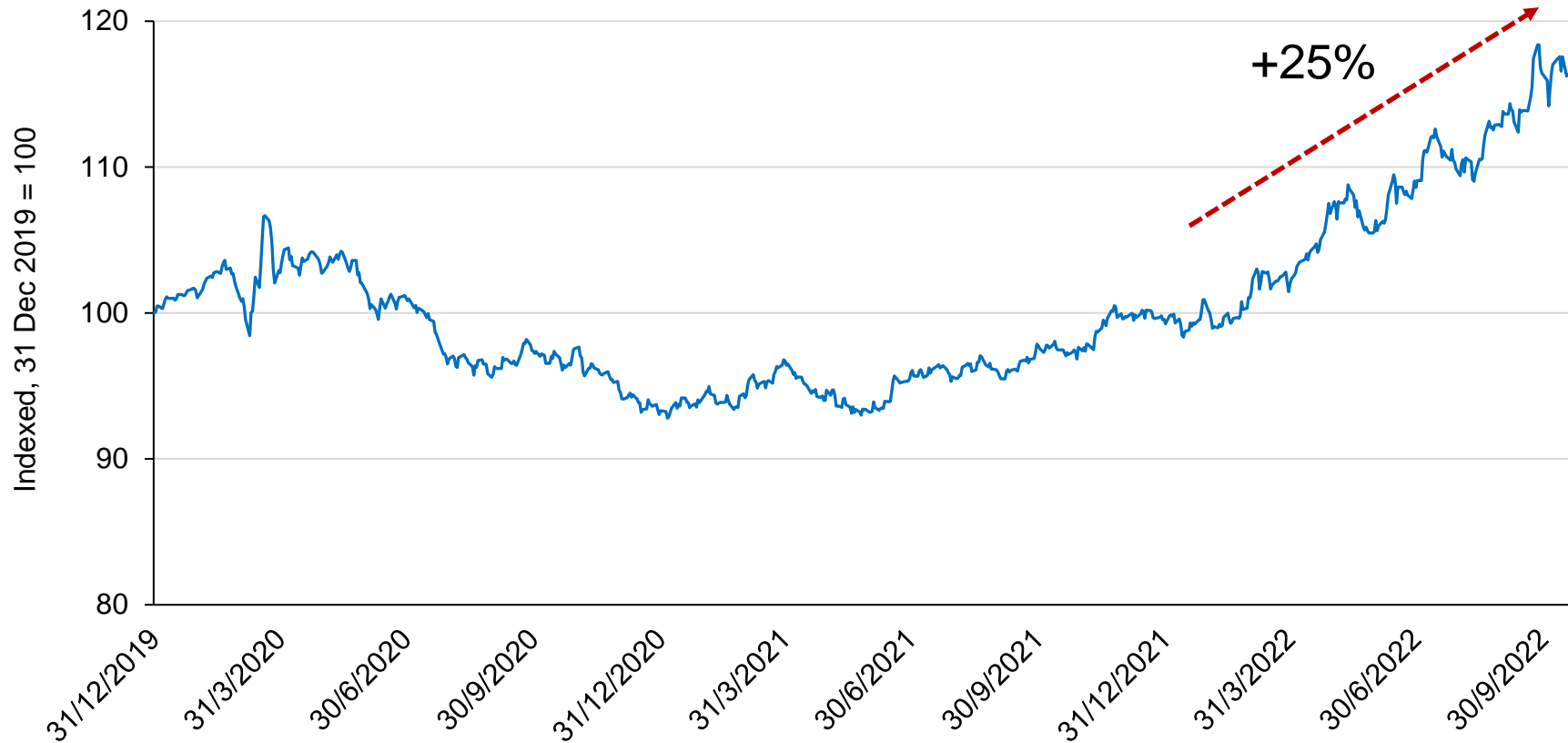


Fuel prices remain high and volatile

See Appendices - Endnotes



Strengthening USD



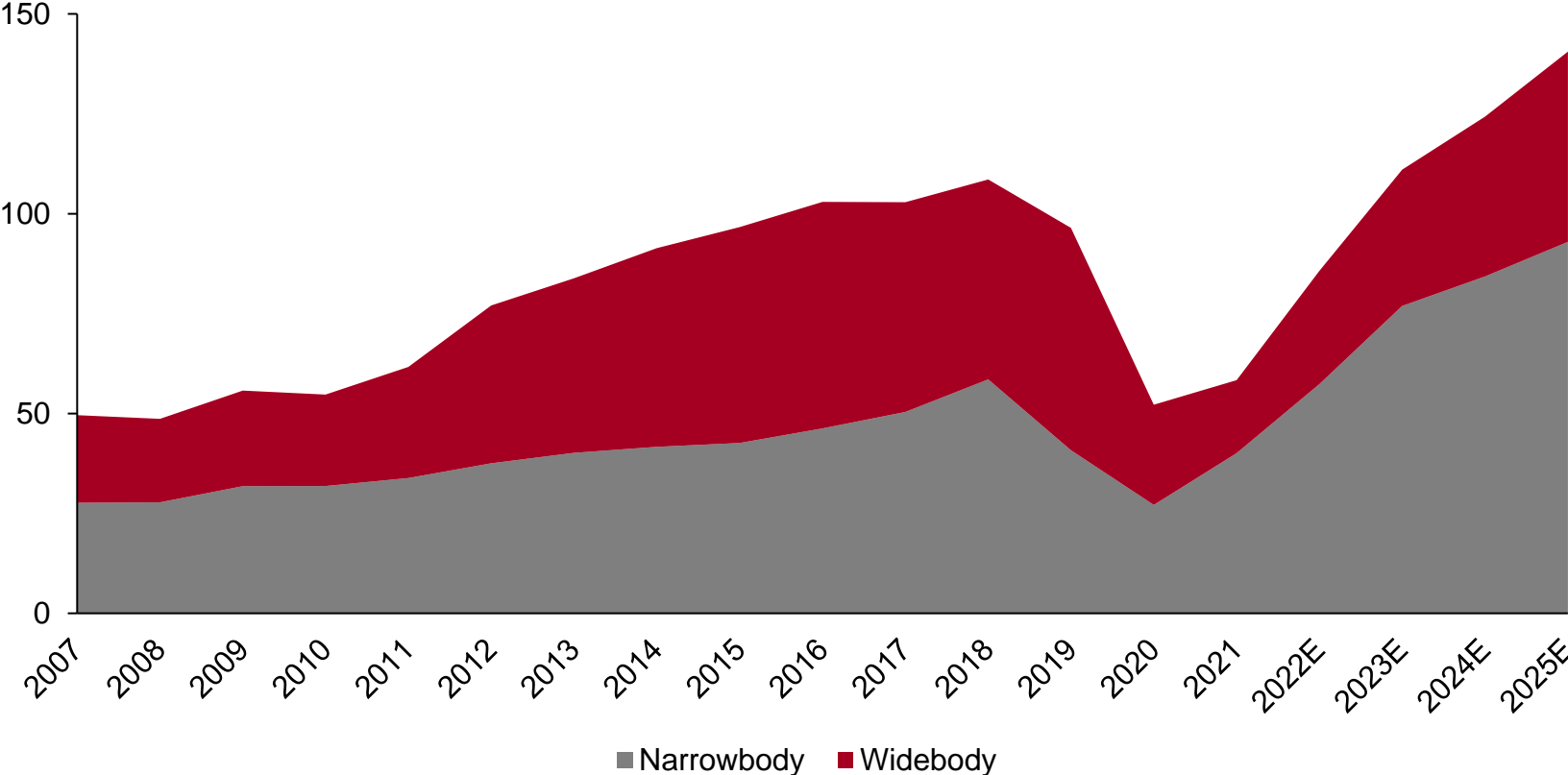
Sharp appreciation of USD since 2021

See Appendices - Endnotes



Value of Deliveries to Exceed US\$120 Billion in 2025

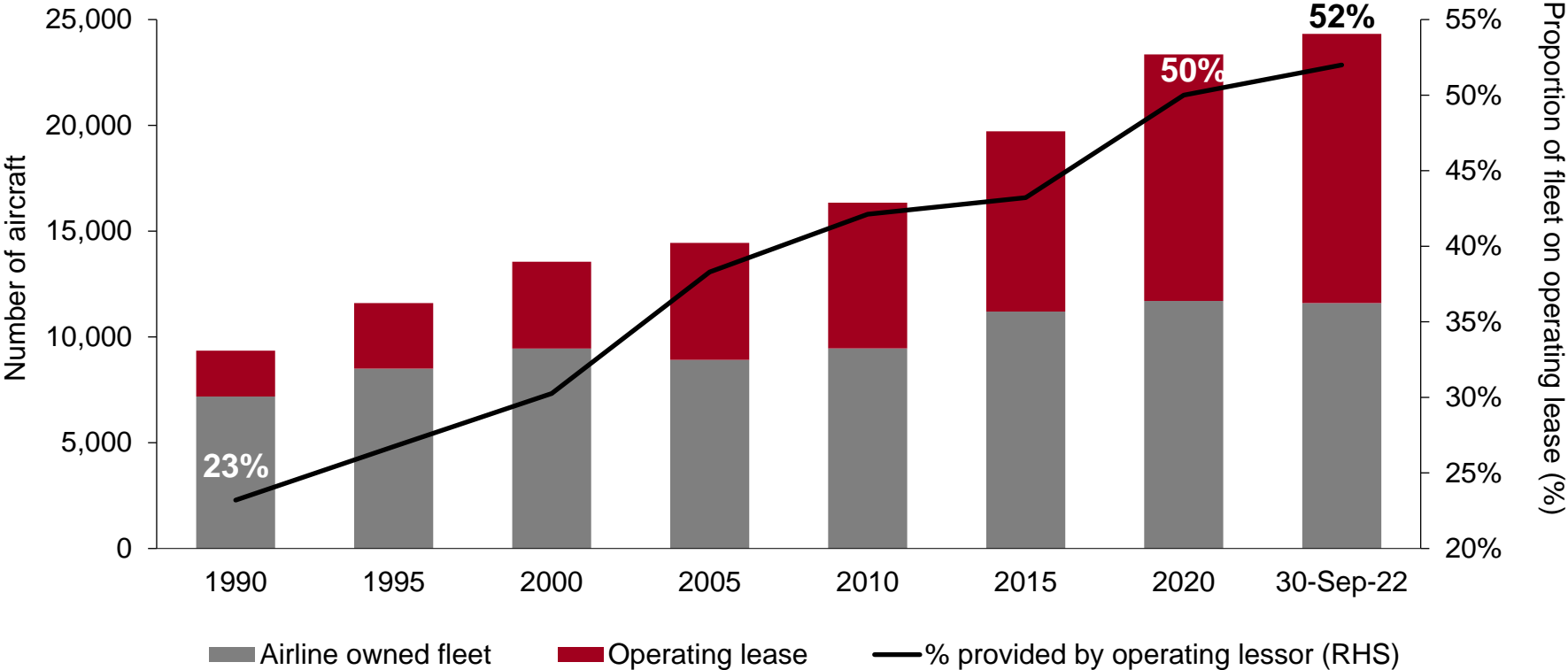
Annual capex – US\$ billion



All data as at 30 June 2022
See Appendices - Endnotes

Lessors Own 52% of the Aircraft Market Today

Proportion of fleet on operating lease



Lessors own 52% of the aircraft market today; this proportion has potential to increase

All data as at 30 September 2022
See Appendices - Endnotes



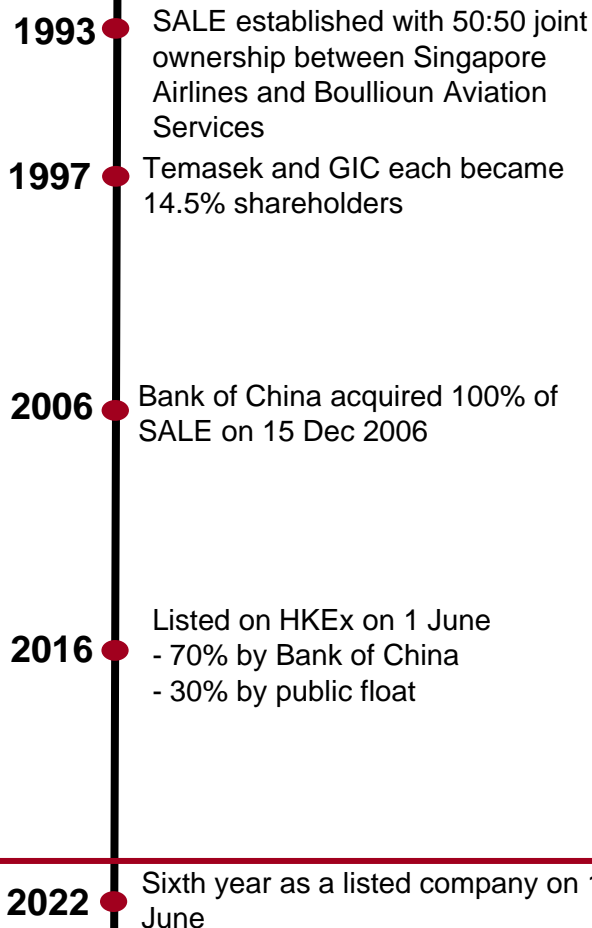
Looking Ahead

- Improving airline traffic visible globally
 - Long-haul markets recovering
 - Asia is poised to follow suit as more markets are opening up
 - China re-opening will drive upside for Southeast Asia
 - Russian airspace closure having limited effect on overall travel demand
- Higher interest rates, fuel prices and USD provide financing opportunities for well-capitalised operating lessors
 - Airline capex showing signs of distinct recovery
- A global aircraft operating lessor committed for the long-term
 - Resilient 1H 2022 performance achieved amidst a challenging backdrop
 - Orderbook and available liquidity of US\$6 billion position us well to capture airline demand upturn
 - Committed lease revenues of US\$17 billion
 - Three female Directors out of Board of 11

APPENDICES

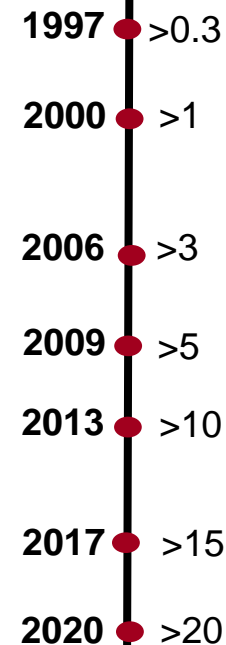
The BOC Aviation Journey

Ownership



Total assets

US\$ billion



30 June 2022 22.8

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\$5.0 billion

Cumulative profits since inception²

US\$6.0 billion

Available liquidity

181

Aircraft on order³

Bank of China

70% owned by BOC

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

US\$22.8 billion

Total assets²

612

Aircraft in fleet⁴

4.3 years; 8.2 years

Average fleet age & lease term remaining⁵

Industry leader focused on long-term sustainable earnings

All data as at 30 September 2022 unless otherwise indicated
See Appendices - Endnotes



Globally Diverse Management Team



Robert Martin
Managing Director & Chief Executive Officer

Zhang Xiaolu
Vice-Chairman & Deputy Managing Director

Steven Townend
Deputy Managing Director & Chief Financial Officer

David Walton
Deputy Managing Director & Chief Operating Officer

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

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

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

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

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

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

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

- 26 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 October 2022



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

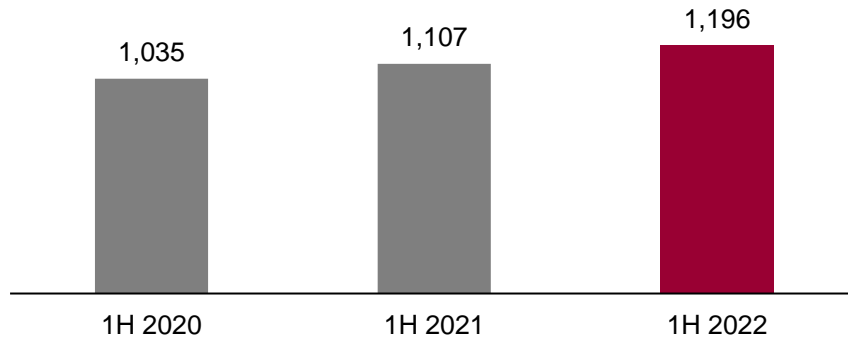
- Purchasing More than 990 aircraft purchased totalling close to US\$57 billion
- Leasing More than 1,190 leases executed with >180 airlines in 61 countries and regions
- Financing¹ More than US\$38 billion in debt raised since 1 January 2007

- Sales More than 400 aircraft sold
- Transitions More than 110 transitions
- Repossessions² 65 aircraft in 19 jurisdictions

Resilient Performance in a Challenging Market

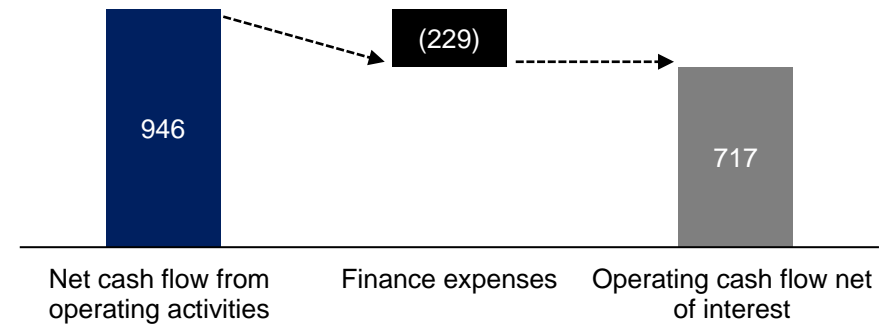
Diversified revenue sources underpin growth

US\$ million



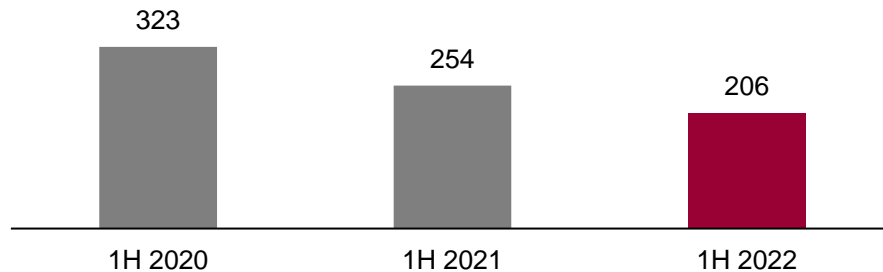
1H 2022 operating cash flow net of interest¹

US\$ million



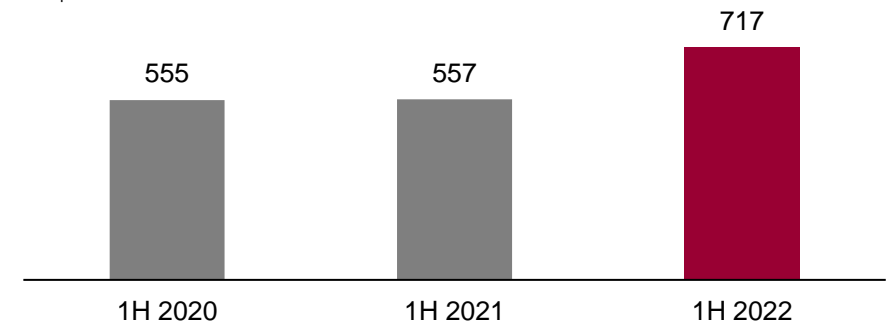
Core NPAT

US\$ million



Rising operating cash flow net of interest¹

US\$ million



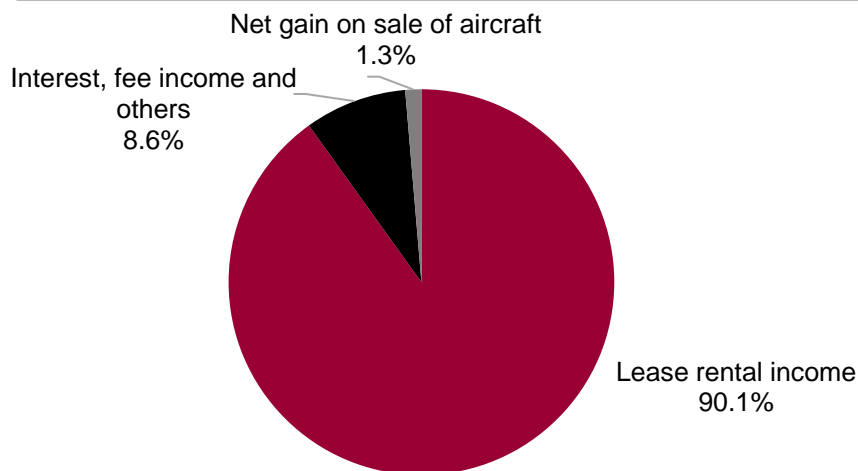
Collection rate rose to 97% from 96% a year ago

All data as at 30 June 2022
See Appendices - Endnotes

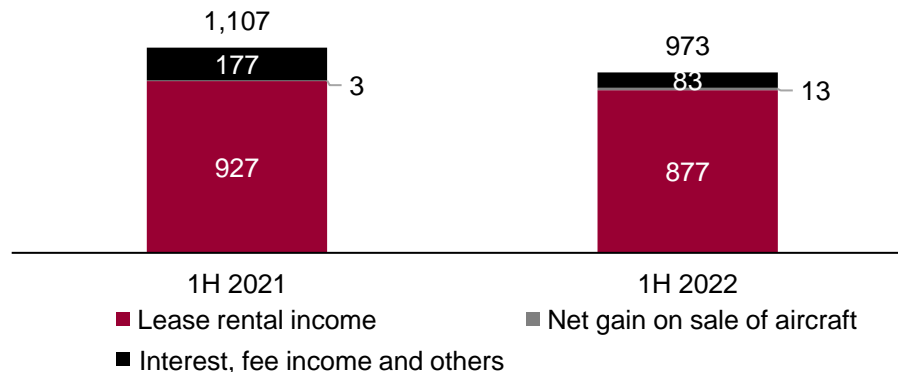


Lease Rental Income Continues to Dominate Revenue

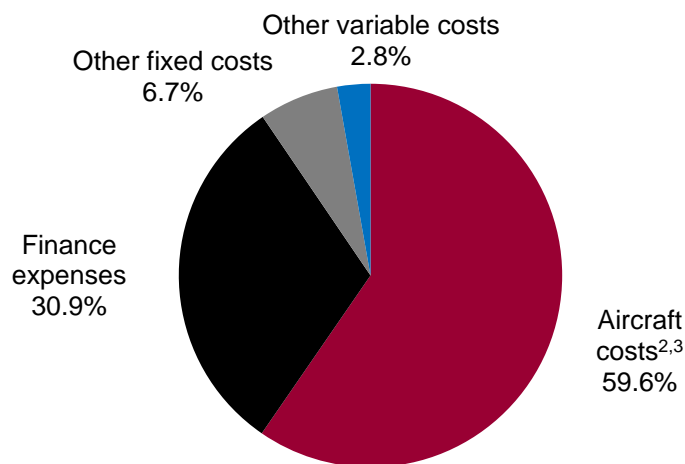
Lease rental income at 90% of total revenues and other income¹



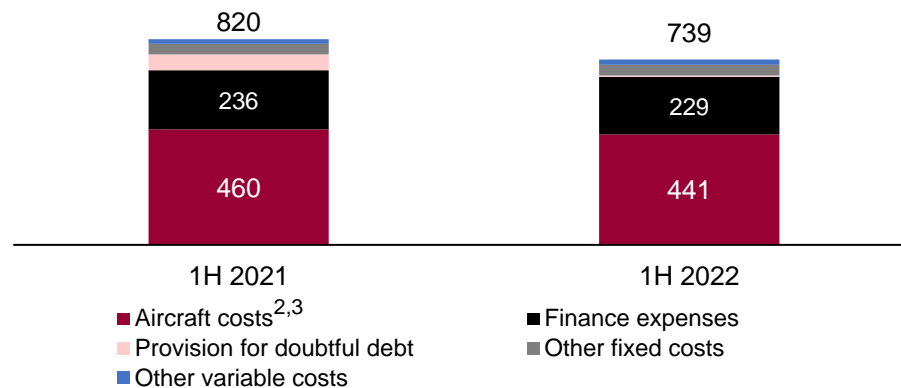
US\$ million



Depreciation of aircraft and financing costs are key costs²



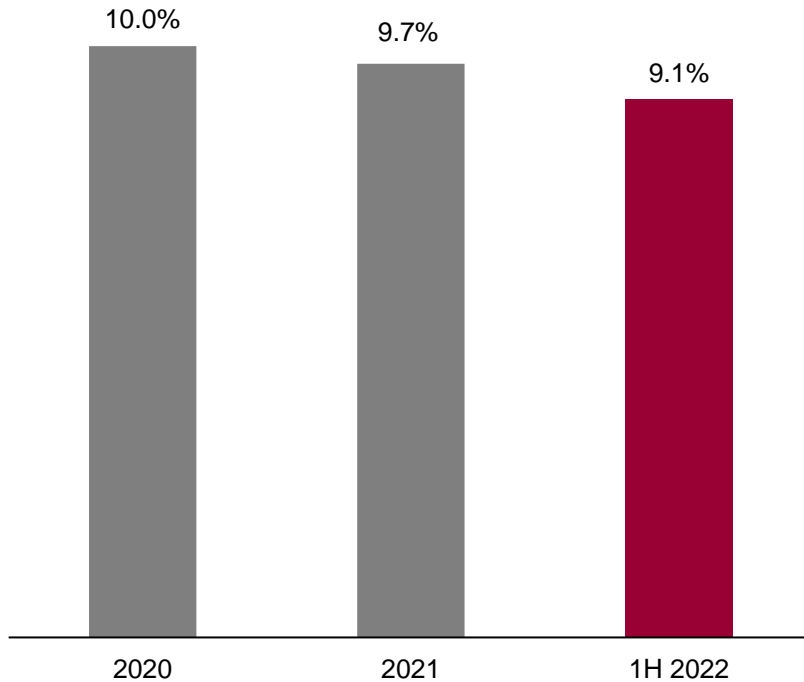
US\$ million



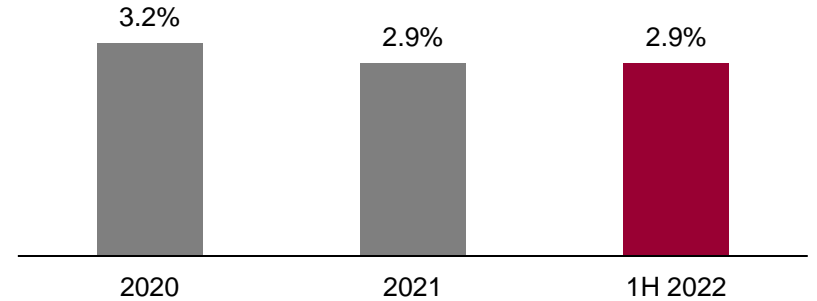
All data as at 30 June 2022
See Appendices - Endnotes

Lease Yields Reflect Market Environment During Covid

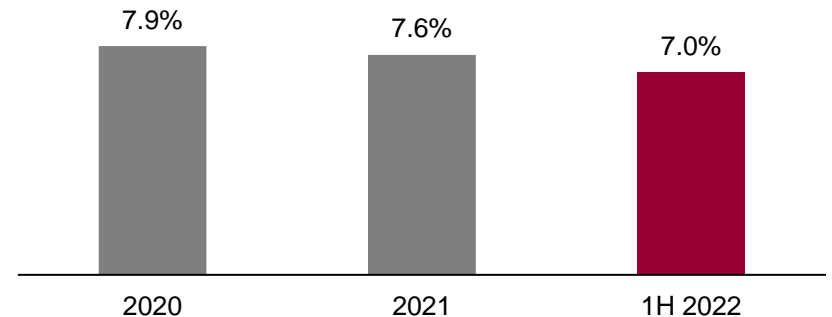
Lease rate factor¹



Maintained low cost of debt²



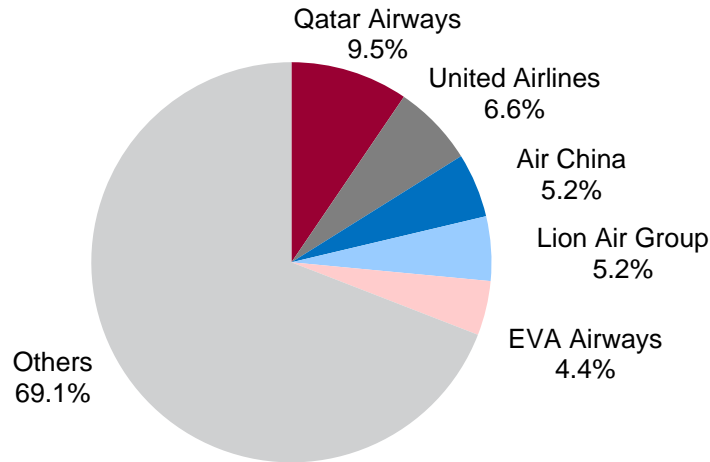
Net lease yield³



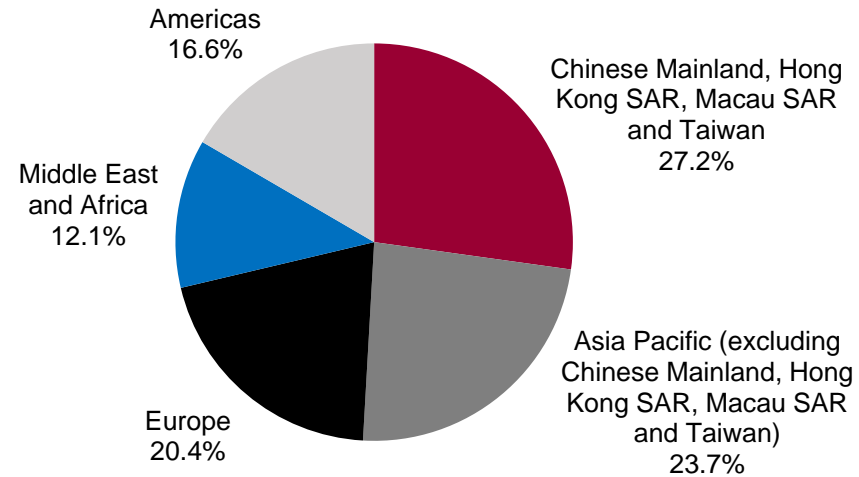
All data as at 30 June 2022
See Appendices - Endnotes

Globally Diversified Portfolio

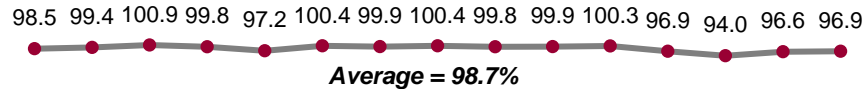
Lease portfolio diversified by customer^{1,2}



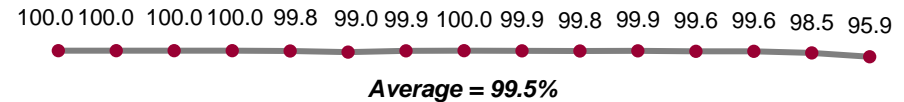
...and increasingly diversified by geography^{1,3}



Collection rate (%)



Fleet utilisation (%)⁴



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 Jun-22

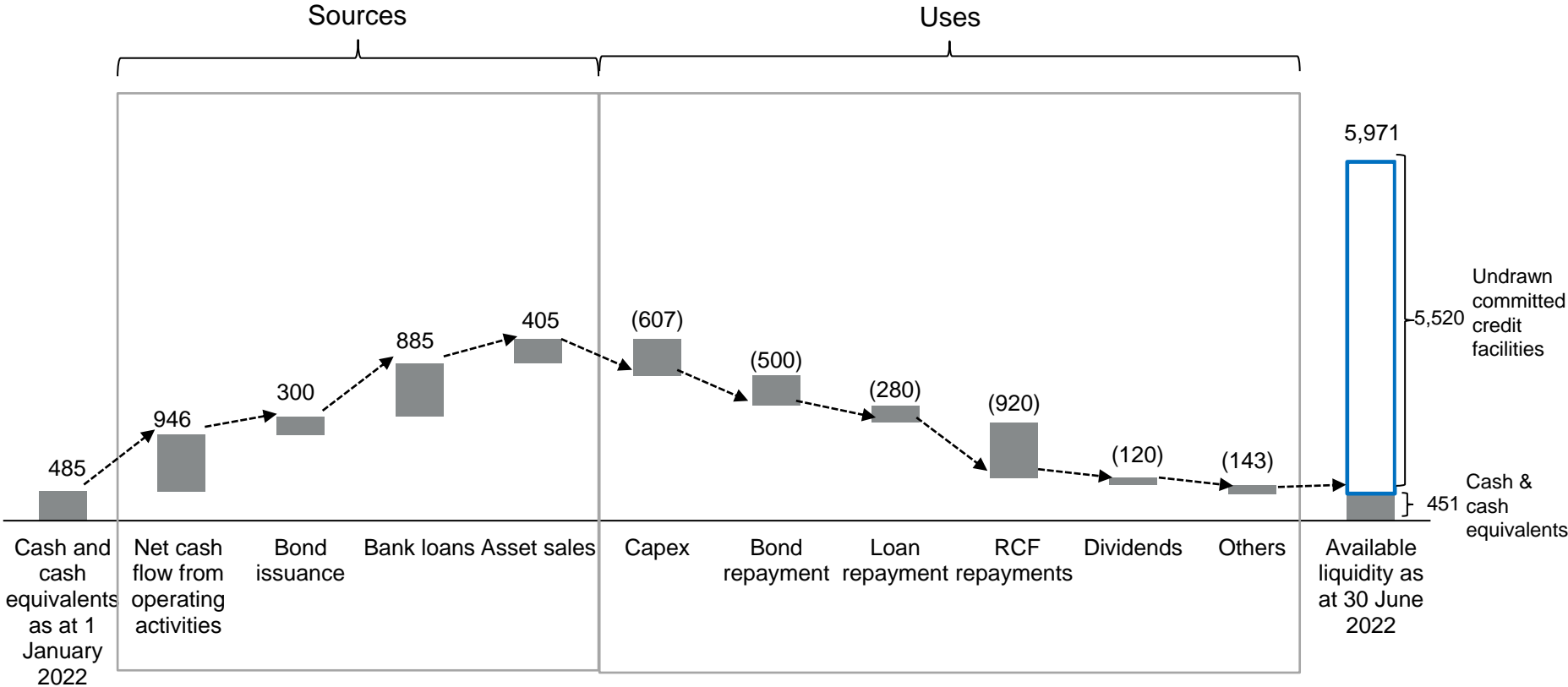
2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 Sep-22

All data as at 30 June 2022 unless otherwise indicated
See Appendices - Endnotes

Diverse Funding Channels Utilised in 1H 2022

Sources and Uses of Cash

US\$ million



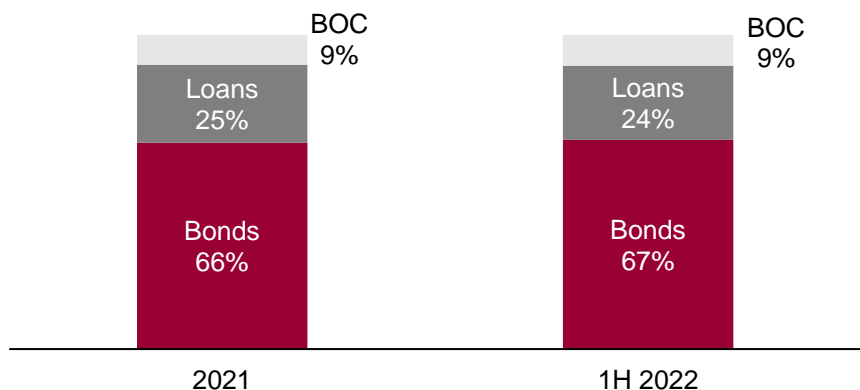
US\$6 billion of committed available liquidity



All data as at 30 June 2022

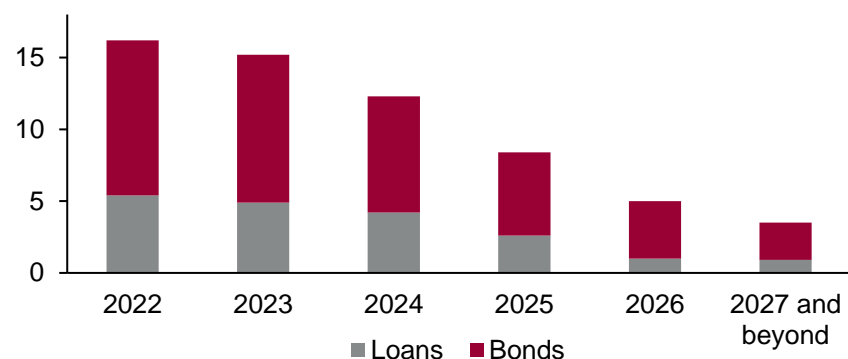
Flexible Capital Structure and Ample Backstop Liquidity

Sources of debt¹

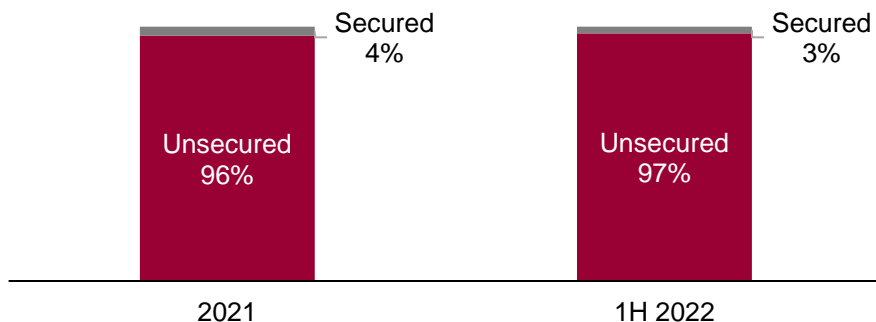


Outstanding debt amortises over a long term

US\$ billion

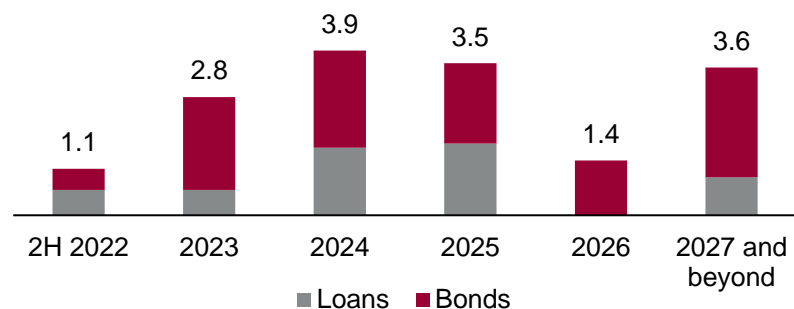


Increasing unsecured funding



Near term debt maturities well covered by US\$6 billion available liquidity

US\$ billion



Long-term debt is a key strength

All data as at 30 June 2022 unless otherwise indicated
See Appendices - Endnotes

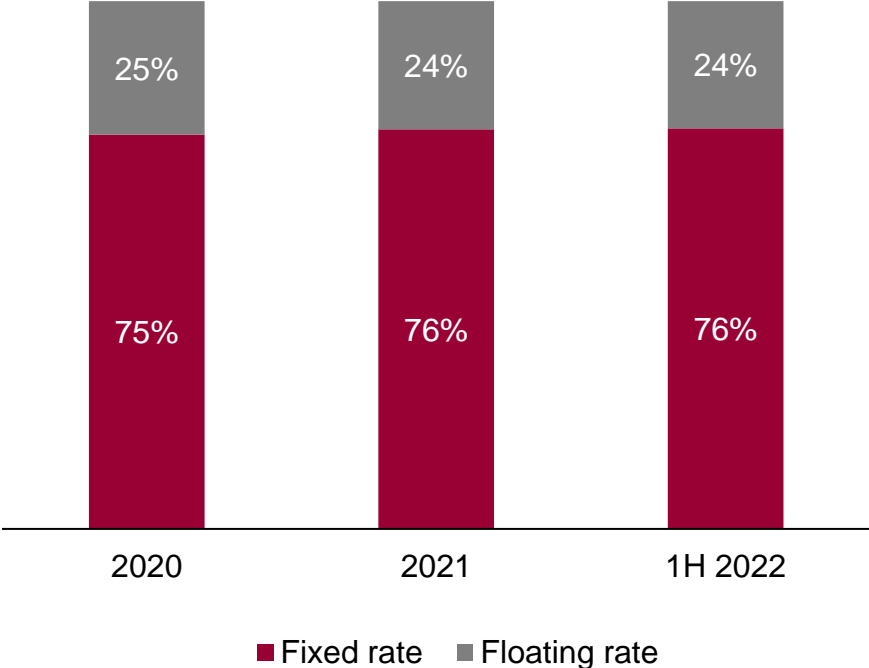
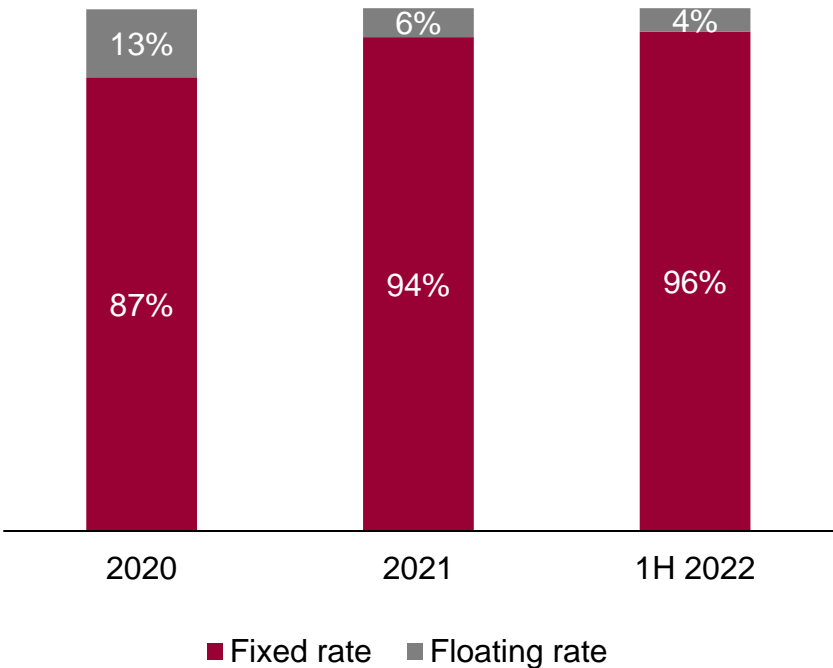


Fixed Rate Leases and Debt

Fixed rate leases dominate¹

Stable proportion of fixed rate debt²

By net book value



High proportion of fixed rate debt reduces impact of rising interest rates

All data as at 30 June 2022
See Appendices - Endnotes

Endnotes (1)

- **SLIDE 3: 3Q 2022 and Recent Developments**
 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 30 June 2022
 3. As at 30 June 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
- **SLIDE 6: Major Passenger Markets See Strong Rebound in Travel** - Sources: China MoT (Air Pax YoY) TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights)
 1. Changes compared to 2021 with effect from January 2022
- **SLIDE 7: Global Passenger Traffic Recovering Rapidly** - Source: IATA Air Passenger Market Analysis (August 2022)
- **SLIDE 8: Rising Aircraft Utilisation** - Sources: AWN ADS-B
- **SLIDE 9: Improving Forward Bookings Drive Traffic Recovery** – Source: IATA Air Passenger Market Analysis (August 2022)
- **SLIDE 10: Jet Fuel Prices** – Source: Bloomberg, 18 October 2022
- **SLIDE 11: Strengthening USD** – Source: Bloomberg, 18 October 2022
- **SLIDE 12: Value of Deliveries to Exceed US\$120 Billion in 2025** – Sources: BOC Aviation Analysis

Endnotes (2)

- **SLIDE 13: Lessors Own 52% of the Aircraft Market Today** – Sources: Ascend, as at 30 September 2022, 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 17: BOC Aviation – Who Are We?**
 1. By net book value of owned aircraft
 2. As at 30 June 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 30 September 2022
 5. Weighted by net book value of owned fleet as at 30 September 2022
- **SLIDE 19: Core Competencies - BOC Aviation Track Record**
 1. As at 30 June 2022
 2. Includes repossessions and consensual early returns
- **SLIDE 20: Resilient Performance in a Challenging Market**
 1. Calculated as net cash flow from operating activities less finance expenses paid
- **SLIDE 21: Lease Rental Income Continues to Dominate Revenue**
 1. Excludes income of US\$223 million arising from the termination of leases of aircraft that remain in Russia
 2. Excludes the effects of the one-time write-down of the net book value of aircraft that remain in Russia of US\$804 million
 3. Comprises aircraft depreciation and impairment charges

Endnotes (3)

- **SLIDE 22: Lease Yields Reflect Market Environment During Covid**
 1. Calculated as operating lease rental income divided by average net book value of aircraft 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 of aircraft net book value. Net lease yield for 1H 2022 is calculated on an annualised basis.
- **SLIDE 23: Globally Diversified Lease Portfolio**
 1. Based on net book value including aircraft subject to finance leases and excluding aircraft off lease and aircraft that remain in Russia as at 30 June 2022
 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 utilisation is the total days on-lease in the period as a percentage of total available lease days in the period
- **SLIDE 25: Flexible Capital Structure and Ample Backstop Liquidity**
 1. Drawn debt only
- **SLIDE 26: Fixed Rate Leases and Debt**
 1. By net book value including aircraft subject to finance lease, and excluding aircraft off lease
 2. Represents the position net of any hedging



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