



FINANCING AVIATION GROWTH FROM A FINANCIER'S PERSPECTIVE

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BOC AVIATION

4TH AVIATION SILK ROAD INTERNATIONAL
CONFERENCE

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BOC Aviation – Who Are We?

- One of the world's top five aircraft lessors
 - The largest headquartered in Asia by aircraft ownership
 - Listed on HKSE as stock ticker 2588
 - Bank of China owns 70%
 - Acquired or committed to acquire over 800 aircraft worth in excess of US\$44 billion
- Total assets of US\$18.3 billion
- Consistent profitable performance for 25 years
- Industry-leading financial metrics – average ROE of 15% over the last 12 years
- Investment grade credit ratings of A- from S&P Global Ratings and Fitch Ratings
- Strong presence in Belt and Road Initiative (BRI) Countries and Regions
 - More than 75% of our owned fleet¹ is currently leased to airlines domiciled in BRI countries and regions

A specialist aircraft operating lessor tied to part of one of the world's largest banks

All data as at 31 December 2018 unless otherwise indicated

Notes:

1. Based on net book value
2. Includes owned, managed and aircraft on order



Our Latest Customer – Uzbekistan Airways

First Airbus A320NEO Aircraft



Bank of China Group

Combined strength in global aviation markets

- Formed in 1912, one of the world's top 10 banks by market capitalization¹
- Total assets of more than US\$3 trillion
- Investment grade credit ratings of A/A/A1
- One of the top banks in Fortune Global 500 List 2018²
- Global reach
 - Presence in 57 countries and regions
 - More than 310,000 employees across 11,741 branches worldwide
 - Correspondent relationships with almost 1,600 financial institutions in 178 countries and regions
- Active role in building the Belt and Road financial artery
 - Presence in 23 countries along the Belt and Road; granted more than US\$130 billion in credit support since 2015
- BOC Group is one of the largest aircraft financing banks in the world with a US\$40 billion footprint in aviation financing

China's most globalised and integrated bank

Source: BOC 2018 Annual Report

Notes:

1. Bloomberg, March 2019
2. Fortune Global 500 2018 Report



BOC Mumbai Branch Opened by Chairman Chen on 19 March 2019



The China-India cross border market has huge potential



BOC Group is involved in providing services to the Aviation Market in many ways

- Banking services through Bank of China and Bank of China HK branches globally
- Operating leases and funding of pre-delivery payments for airlines through BOC Aviation
- Insurance Services through BOCG Insurance
- Debt and equity capital markets fund raising through BOC International

How We View The Aviation Supply Chain

Airlines

c.800 airlines globally

48,540 new aircraft required over the next 20 years¹

Aerospace Manufacturers

6 key airframe manufacturers

4 key engine manufacturers

10,000+ supply chain partners

Aviation
Supply
Chain

Airports

17,678 commercial airports in the world²

Maintenance Facilities

US\$77 billion MRO market today, due to rise to US\$115 billion in 2028³

Notes:

1. Source: Boeing CMO 2018-2037
2. Source: Airports Council International World Airport Traffic Report, 2015
3. Source: MRO Network, <https://www.mro-network.com/maintenance-repair-overhaul/global-mro-spend-hit-115-billion-2028>



Financing Across The Aviation Supply Chain through BOC Group

Airlines

- Aircraft PDP financing & operating lease
- Cash management
- Capital markets
- Debt financing
- Deposits
- Employee Retail banking
- Hedging: Fuel, FX/interest rate
- Insurance
- Trade finance

Aerospace Manufacturers

- Cash management
- Deposits
- Employee Retail banking
- FX hedging
- Receivable factoring
- Supply chain financing
- Trade finance
- Commodity hedging

Aviation Supply Chain

Airports

- Cash management
- Debt Capital markets
- Debt financing
- Deposits
- Employee retail banking
- Equity raising
- FX hedging
- Insurance
- Trade finance
- Transaction banking

Maintenance Facilities

- Capital markets
- Cash management
- Debt financing
- Deposits
- Employee retail banking
- FX hedging
- Insurance
- Trade finance
- Transaction banking



To Whom We Provide Financing Across The Aviation Industry in BRI

Airlines

- Air Astana
- Air China
- Air New Zealand
- Aeroflot
- Angkor Air
- Cathay Pacific
- China Eastern Airlines
- China Southern Airlines
- Czech Airlines
- Emirates
- Etihad
- Garuda
- Korean Air
- Philippine Airlines
- Qatar Airways
- Singapore Airlines
- Thai Airways
- Turkish Airlines
- Ukraine International
- Uzbekistan Airways
- Vietnam Airlines
- Wizzair

Aerospace Manufacturers

- Airbus China
 - Airbus Tianjin
 - Airbus Harbin
- AVIC
- Boeing China
 - Boeing Zhoushan
- Bombardier
- COMAC
- Embraer
- GE China
- Rolls Royce China
- UTC/ OTIS China

Aviation Supply Chain

Airports

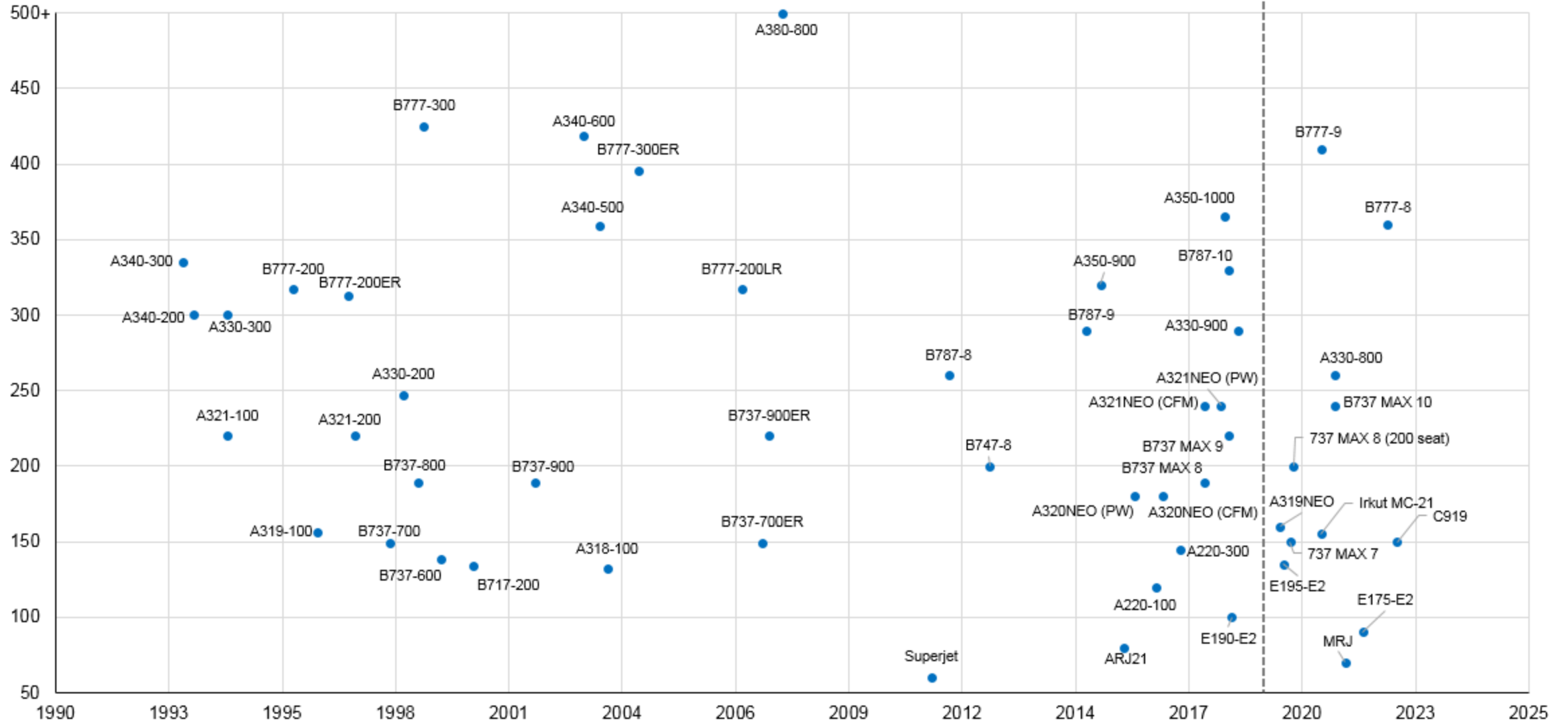
- Auckland
- Beijing Capital
- Beijing Daxing
- Chengdu Shuangliu
- Chongqing Jiangbei
- Hong Kong
- Istanbul
- Singapore Changi
- Tianjin Binhai

Maintenance Facilities

- Boeing enterprises in China (Aviall, Jeppesen, Shanghai Aviation Services)
- Ameco Beijing
- HAECO
- STAECO



Multiple New Aircraft Programmes Started Delivering this Decade



Conclusion

- Growth in air travel is driving demand for more aircraft, airports and infrastructure
 - Demand for new aircraft drives the operating leasing business
- Supply chain financing needs are increasing
 - New aircraft technology introductions over next few years is increasing complexity and requirement for supply chain funding as supply chains become more global
- More new markets being opened with China's Belt and Road Initiative (BRI)
 - BOC Group has a strong presence in the BRI countries and regions
 - Presents more opportunities across more than 60 countries with increased trade flows, and infrastructure development needs
- BOC Group is a key partner in aviation supply chain financing to the supply chain
 - US\$40 billion already invested in aviation financing

BOC Group has the wide network and ability to provide financing and financial services to the aviation industry



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