AerCap Holdings N.V. Dutch GAAP Annual Report

For the year ended December 31, 2021

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AerCap Holdings N.V. Annual Report 2021

REPORT OF THE BOARD OF DIRECTORS

Description of business

Global leader in aviation leasing

AerCap Holdings N.V. is the global leader in aviation leasing with a portfolio consisting of 3,701 aircraft, engines and helicopters, that were owned, on order or managed as of December 31, 2021. We provide a wide range of assets for lease, including narrowbody and widebody aircraft, regional jets, freighters, engines and helicopters. We focus on acquiring in-demand flight equipment at attractive prices, funding them efficiently, hedging interest rate risk prudently and using our platform to deploy these assets with the objective of delivering superior risk-adjusted returns. We believe that by applying our expertise, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our investors.

We lease most of our flight equipment to customers under operating leases. Under these leases, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and we receive the benefit, and assume the risks, of the residual value of the equipment at the end of the lease.

We have the infrastructure, expertise and resources to execute a large number of diverse transactions in a variety of market conditions. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and managing our asset portfolio. During the year ended December 31, 2021, we executed 438 aviation asset transactions.

We have an extensive track record of successfully acquiring and integrating companies, including the acquisition of Genesis Lease in 2010 and the acquisition of ILFC in 2014. The acquisition of ILFC and the GECAS Transaction are the two largest transactions in the history of aviation leasing. We believe that our ability to successfully identify, acquire and integrate companies is a key competitive advantage.

Aircraft leasing

AerCap is the global leader in aircraft leasing, leasing to customers in every major geographical region. As of December 31, 2021, we owned 1,756 aircraft and managed 196 aircraft and had 417 new aircraft on order. As of December 31, 2021, the average age of our owned aircraft fleet, weighted by net book value, was 7.1 years. During the year ended December 31, 2021, our weighted average owned aircraft utilization rate was 94%, calculated based on the number of days each aircraft was on lease during the year, weighted by the net book value of the aircraft.

AerCap Cargo is a global leader in the air cargo market, with more than 25 years' experience and a global fleet of over 100 aircraft that are owned, serviced or committed for conversion. AerCap Cargo provides 12 types of modern narrowbody and widebody cargo aircraft to approximately 20 customers around the world, including freight forwarders, express delivery and cargo operators. AerCap Cargo also plays a developmental role in the provision of new cargo options, including the "Big Twin" freighter program between AerCap Cargo and Israel Aerospace Industries which involves the conversion of the Boeing 777-300ER aircraft into long-haul large-capacity freighters. AerCap Cargo was also involved in the development of the Boeing 767-300BDSF as well as the Boeing 737 Classic freighter conversion programs. AerCap Cargo's largest customers are Amazon, Maersk and ASL Aviation.

Engine leasing

AerCap is the world's largest engine leasing company, with over 900 owned and managed engines (including engines owned by our Shannon Engine Support "SES" joint venture) with over 75 customers. Our owned engine portfolio is comprised almost entirely of General Electric and CFM International engines, the most liquid engine types that power the world's most popular and in-demand aircraft, including Airbus A320 and A320neo Family aircraft and Boeing 737, Boeing 787, and Boeing 737 MAX aircraft.

We have longstanding and deep relationships with two key engine original equipment manufacturers, GE Aviation and CFM International. We manage the global spare engine pool for GE Aviation, and our joint venture SES manages the global spare engine pool for CFM International, in each case under a long-term management agreement. The two largest customers of our engine leasing business are GE Aviation and SES, representing over 50% of the net book value of our owned engine portfolio. AerCap and GE Aviation agreed to continue their relationship following completion of the GECAS Transaction. In 2021, AerCap and Safran Aircraft Engines, the French aerospace manufacturer, entered into a 20-year joint venture agreement regarding SES.

Helicopter leasing

The Milestone Aviation Group ("Milestone") is the world's leading helicopter leasing and financing company with 355 owned or on order helicopters as of December 31, 2021. Milestone partners with helicopter operators worldwide, providing a wide array of financial and productivity solutions, including operating leases, purchase and leasebacks, secured debt financing, engine leasing and fleet advisory services. Milestone supports over 40 customers in more than 35 countries serving a variety of industries, including offshore oil and gas, search and rescue, emergency medical services, police surveillance, mining and other utility missions. Milestone's largest customers are CHC Helicopters, Bristow Helicopters, Saudi Aramco and Babcock International.

AerCap Materials

AerCap Materials is a global distributor of airframe and engine parts for leading commercial aircraft and engine manufacturers. Since its founding as the Memphis Group in 1971, it has provided quality products and services ranging from spares distribution, engine components, consignment and acquisition. AerCap Materials has its own dismantlement facility located in Greenwood, Mississippi. AerCap Materials has a large inventory of aircraft parts to support mid-life and new-generation aircraft and provides ready access to support various aircraft types, including Boeing 737NG, Boeing 777, Embraer, and A320/A320neo Family aircraft.

Our business strategy

We develop and grow our aviation leasing business by executing on our focused business strategy, the key components of which are as follows:

Manage the profitability of our flight equipment portfolio

Our ability to profitably manage flight equipment throughout their lifecycle depends, in part, on our ability to successfully source acquisition opportunities of new and used flight equipment at favorable terms, as well as our ability to secure long-term funding for such acquisitions, lease flight equipment at profitable rates, minimize downtime between leases and associated maintenance expenses and opportunistically sell aircraft. We manage the long-term profitability of our flight equipment portfolio by:

- purchasing flight equipment directly from manufacturers;
- entering into purchase and leaseback transactions with airlines;
- using our global customer relationships to obtain favorable lease terms for flight equipment and maximizing aircraft utilization;
- maintaining diverse sources of global funding;
- optimizing our portfolio by selling flight equipment; and
- providing management services to securitization vehicles, our joint ventures and other aircraft owners at limited incremental cost to us.

Efficiently manage our liquidity

We analyze sources of financing based on pricing and other terms and conditions in order to optimize the return on our investments. We have the ability to access a broad range of liquidity sources globally. In 2021, we raised $30.5 billion of financing, including note issuances in the capital markets, bank debt and revolving credit facilities, $24 billion of which was for the purpose of financing the GECAS Transaction.

We have access to liquidity in the form of our revolving credit facilities and our term loan facilities, which provide us with flexibility in raising capital and enable us to deploy capital rapidly to accretive aircraft purchase opportunities that may arise. As of December 31, 2021, we had $10.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt and $1.7 billion of unrestricted cash. We strive to maintain a diverse financing strategy, both in terms of capital providers and structure, through the use of bank debt, note issuance and export credit, including ECA-guaranteed loans, in order to maximize our financial flexibility. We also leverage our longstanding relationships with major aircraft financiers and lenders to secure access to capital. In addition, we attempt to maximize our operating cash flows and continue to pursue the sale of flight equipment to generate additional cash flows. Refer to Note 16—*Debt* to our Consolidated Financial Statements included in this annual report for a detailed description of our outstanding indebtedness.

Manage our flight equipment portfolio

We intend to maintain an attractive portfolio of in-demand flight equipment by acquiring new flight equipment directly from manufacturers, executing purchase and leaseback transactions with airlines, assisting airlines with refleetings and pursuing other opportunistic transactions. We rely on our experienced team of portfolio management professionals to identify and purchase assets we believe are being offered at attractive prices or that we believe will experience an increase in demand over a prolonged period of time. In addition, we intend to continue to rebalance our portfolio through sales to maintain the appropriate mix of flight equipment by customer concentration, asset, age and type.

Maintain a diversified and satisfied customer base

We operate our business on a global basis, leasing flight equipment to customers in every major geographical region. We have active customer relationships with approximately 300 customers around the world. These customer relationships are either with existing customers or airlines with which we maintain regular dialogue in relation to potential transaction opportunities. Our relationships with these airlines help us place new flight equipment and remarket existing flight equipment. We monitor our lessee exposure concentrations by both customer and country jurisdiction and intend to maintain a well-diversified customer base. We believe we offer a quality product, both in terms of assets and service, to all of our customers. We have successfully worked with many customers to find mutually beneficial solutions to operational and financial challenges. We believe we maintain excellent relations with our customers. We have been able to achieve a high utilization rate on our aviation assets as a result of our customer reach, quality product offering and strong portfolio management capabilities.

Allocate capital efficiently

We seek to deploy our capital efficiently to provide the best long-term returns for our investors. We have a broad range of options for deployment of capital, including investment in flight equipment, repayment of debt, mergers and acquisitions and the return of capital to shareholders. We have deployed our capital across all of these areas in the past and will continue to seek opportunities to do so in the future.

Joint ventures and participations

We conduct some of our business through joint ventures and participations. These arrangements allow us to:

- increase the geographical and product diversity of our portfolio;
- obtain stable servicing revenues; and
- diversify our exposure to the economic risks related to aircraft and engines.

Shannon Engine Support Ltd

Following the GECAS Transaction, SES is a joint venture 50% owned by us and 50% owned by Safran Aircraft Engines. SES is headquartered in Shannon, Ireland, with marketing offices in Beijing, China and Budapest, Hungary. SES offers spare engine solutions to CFM International operators, including guaranteed pool access, short-term and long-term leases, trading and exchanges, all of which can be structured and combined to meet an individual airline's fleet requirements. SES's spare engine pools are located at certified MRO facilities around the world, close to international logistics hubs, to easily support airlines operating CFM56 and LEAP powered aircraft. We account for our investment in SES under the equity method of accounting.

Please refer to Note 26—*Special purpose entities* to our Consolidated Financial Statements included in this annual report for a detailed description of our joint ventures and participations.

Relationship with Airbus, Boeing and other manufacturers

We are one of the largest customers of Airbus and Boeing measured by deliveries of aircraft through 2021 and our order backlog. We were also the launch customer of the Embraer S.A ("Embraer") E2 program. We are also among the largest purchasers of engines from each of CFM International, GE Aviation, International Aero Engines, Pratt & Whitney and Rolls-Royce. These extensive manufacturer relationships and the scale of our business enable us to place large orders with favorable pricing and delivery terms. In addition, these strategic relationships with manufacturers and market knowledge allow us to participate in new aircraft designs, which gives us increased confidence in our airframe and engine selections. AerCap cooperates broadly with manufacturers seeking mutually beneficial opportunities.

Competition

The aviation leasing and sales business is highly competitive, and we face competition from other aviation leasing companies, airlines, aviation manufacturers, aviation brokers and financial institutions. Competition for a leasing transaction is based on a number of factors, including delivery dates, lease rates, term of lease, other lease provisions, aircraft condition and the availability in the market place of the types of aircraft that can meet customer requirements. As a result of our geographical reach, diverse aircraft portfolio and success in remarketing our aircraft, we believe we are a strong competitor in all of these areas.

Insurance

Our lessees are required under our leases to bear responsibility, through an operational indemnity subject to customary exclusions, and to carry insurance for any liabilities arising out of the operation of our flight equipment, including any liabilities for death or injury to persons and damage to property that ordinarily would attach to the operator of the asset.

In addition, our lessees are required to carry other types of insurance that are customary in the air transportation industry, including hull all risks insurance for both the aircraft and each engine whether or not installed on our aircraft (in each case, at a value stipulated in the relevant lease which typically exceeds the aircraft net book value by 10%) and hull war risks insurance covering risks such as hijacking and terrorism and, where permitted, including confiscation, expropriation, nationalization and seizure (subject to adjustment or fleet or policy aggregate limits in certain circumstances and customary exclusions). Our lessees are also required to carry aircraft spares insurance and aircraft third party liability insurance, in each case subject to customary deductibles and exclusions. We are named as an additional insured on liability insurance policies carried by our lessees, and we or our lenders are designated as a loss payee in the event of a total loss of an asset. We monitor the compliance by our lessees with the insurance provisions of our leases by securing confirmation of coverage from the lessees' insurance brokers.

We also purchase insurance which provides us with coverage when our assets are not subject to a lease or where a lessee's policy fails to indemnify us. In addition, we carry customary insurance for our property, which is subject to customary deductibles, limits and exclusions. Insurance experts advise and make recommendations to us as to the appropriate amount of insurance coverage that we should obtain.

Regulation

While the air transportation industry is highly regulated, we generally are not directly subject to most of these regulations, as we do not operate our assets. Our lessees are subject, however, to extensive regulation under the laws of the jurisdictions in which they are registered and in which they operate. These regulations, among other things, govern the registration, operation and maintenance of our assets. Most of our aircraft are registered in the jurisdiction in which the lessee of the aircraft is certified as an air operator. Both our aircraft and engines are subject to the airworthiness and other standards imposed by our lessees' jurisdictions of operation. Laws affecting the airworthiness of flight equipment are generally designed to ensure that all aircraft, engines and related equipment are continuously maintained in proper condition to enable safe operation of the aircraft. Most countries' aviation laws require aircraft and engines to be maintained under an approved maintenance program with defined procedures and intervals for inspection, maintenance and repair.

In October 2016, ICAO adopted CORSIA, a global market-based scheme aimed at reducing carbon dioxide emission from international aviation that will become mandatory in 2027. At least 107 countries including the United States, have indicated that they will participate in the voluntary phase-in of CORSIA in 2022. Limitations on emissions such as ETS and CORSIA could favor younger, more fuel-efficient aircraft since they generally produce lower levels of emissions per passenger, which could adversely affect our ability to re-lease or otherwise dispose of less efficient aircraft on a timely basis, on favorable terms, or at all. This is an area of law that is rapidly changing and as of yet remains specific to certain jurisdictions. While we do not know at this time whether new emissions restrictions will be passed, and if passed what impact these laws might have on our business, any future emissions limitations or other future requirements to address climate change concerns could adversely affect us.

In addition, under our leases, we may be required, in some instances, to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the leased assets. Also, to perform some of our cash management services and insurance services from Ireland under our management arrangements with our joint ventures and securitization entities, we are required to have a license from the Irish regulatory authorities, which we have obtained.

The United States, among other jurisdictions, regulates the export of goods, software, technology, and military items from the United States. In addition to the Office of Foreign Assets Control, two principal U.S. Government agencies have regulatory authority in this area. The U.S. Department of State, Directorate of Defense Trade Controls ("DDTC") administers the International Traffic in Arms Regulations ("ITAR") and the U.S. Department of Commerce, Bureau of Industry and Security administers the Export Administration Regulations ("EAR").

ITAR and EAR compliance are an integral part of AerCap compliance activities. As a result of the GECAS Transaction, Milestone Aviation, a helicopter operating lessor which engages in defense trade activities, became a wholly-owned subsidiary of AerCap. While our fleet is comprised of civil helicopters, certain of the helicopters (generally helicopters configured for search and rescue ("SAR") or police services missions) are equipped with controlled equipment covered by active ITAR licenses. In view of our defense trade activities, The Milestone Aviation Group LLC is registered with DDTC as an exporter and broker under ITAR. The controlled equipment in our fleet may require prior authorizations to be exported to certain jurisdictions. Any failures by us or our customers or suppliers to comply with these laws and regulations could result in civil or criminal penalties, fines, investigations, adverse publicity or restrictions on its ability to continue to engage in business activities involving controlled equipment, and repeat failures could carry more significant penalties. Any changes in export or sanctions regulations may further restrict business activities involving controlled equipment. The length of time required by the licensing processes can vary, potentially delaying helicopter lease transactions and the recognition of the corresponding revenue.

Litigation

Please refer to Note 28—*Commitments and contingencies* to our Consolidated Financial Statements included in this annual report for a detailed description of material litigation to which we are a party.

Trademarks

We have registered the "AerCap" name with the European Union Intellectual Property Office and the United States Patent and Trademark Office, as well as filed the "AerCap" trademark with the World Intellectual Property Organization International (Madrid) Registry and various local trademark authorities. The Milestone Aviation Group LLC has registered the "Milestone" trademark with the United States Patent and Trademark Office, the European Union Intellectual Property Office, and various local trademark authorities.

Culture and values

We strive to conduct our business with integrity and in an honest and responsible manner and to build and maintain long-term, mutually beneficial relationships with our customers, suppliers, shareholders, employees and other stakeholders. These values are further specified in our code of conduct and our ethics-related compliance policies, procedures, trainings and programs. Ethical behavior is strongly promoted by the management team. The Company has an excellent track record in relation to ethics and compliance. These ethical values are reflected in the Company's long-term strategy and our way of doing business.

Sustainability and community

During 2021, the Board of Directors discussed and reviewed our approach to environmental, social and governance ("ESG") related topics and other values that contribute to a culture focused on long-term value creation. In April 2021, we published a new ESG report, which was prepared in accordance with the Global Reporting Initiative Standards: Core option, which is publicly available on our website and not incorporated by reference into this annual report. The report sets forth in detail our commitment to growing our business in a responsible and sustainable way. In December 2021, our Board of Directors established an ESG Committee, which aims to enhance AerCap's governance of ESG-related risks and opportunities and reflects AerCap's aspiration to be a leader in this space. The committee comprises three board-level independent directors and members of the AerCap senior leadership team. These individuals have relevant experience in areas such as governance, sustainability, energy efficiency, charitable outreach, financial reporting and reputational risk management. This approach is designed to provide dedicated oversight to ESG issues at the highest level. Renewing our aircraft portfolio through the acquisition of new, modern technology aircraft while disposing of older aircraft has a positive impact on the environment, as these new technology aircraft produce significantly lower emissions than older aircraft and engines, thus helping AerCap and our airline customers to reduce their environmental footprint. AerCap is committed to the efficient use of resources and the reduction of unnecessary waste. Our head office in Dublin has been certified for sustainability in the areas of building materials, energy and water use and accessibility. Our office buildings in Los Angeles and Singapore hold similar green building certifications. The Company has invested resources to improve greenhouse gas emissions and corresponding mitigating initiatives.

Our Board of Directors along with members of the AerCap senior leadership team oversee our human capital management. We have zero tolerance of human rights violations, including modern day slavery, child labor and human trafficking, and we monitor for occurrences of these both in our operations and through our supply chain. We have a diverse workforce with employees from over 25 countries around the world. We align our non-discrimination policies with local laws in the locations where we operate, and we see great value in the diversity of cultural, ethnic, gender, social and education backgrounds as we serve customers in over 80 different countries around the world.

We actively seek to hire and retain talented employees and remunerate our employees with what we believe are attractive packages that are competitive with or superior to our peers. This includes not only competitive salaries and benefits, but also performance based-bonuses and employee share schemes. In addition, we also provide opportunities for employees to move within the organization through continuous development programs, industry insights and training and knowledge sharing sessions as well as through well-being initiatives.

We participate in a number of charitable events and industry-related educational programs. Through our social responsibility program, we encourage employees to support local and national organizations that strengthen the communities in which they live and operate. Our employee-led CSR Committee oversees the selection of charitable themes and charity partners and the implementation of charitable donations and activities. A number of our charitable donations involve the matching of funds raised through employee team efforts for the benefit of local community projects. We, along with other major aircraft leasing companies, are a founder and sponsor of a prestigious master's degree in aviation finance program at a renowned university. In addition to sponsorship, this program involves lectures by some of our key employees and internships provided by the Company to a number of international students from the program, in line with the global nature and identity of the Company and our business. In August 2021, we launched a four-year scholarship program, providing ten scholarships to students of the Faculty of Engineering at the International School of Engineering at Chulalongkorn University, Thailand's number one ranked university and a world-class leader in aerospace engineering education. In addition to the scholarships, AerCap will provide a range of tailored support to students, including guest lectures and workshops, and summer internships. As part of the scholarship program, final year students will undertake a research project in collaboration with AerCap which will focus on our environmental objectives to reduce our carbon footprint and to drive sustainable growth for our airline customers and the wider aviation industry.

GECAS Integration

Following the completion of the GECAS Transaction, we have focused, and will continue to focus, on integration while maintaining the efficiency of our operations in order to achieve our operational, financial and strategic objectives. Since the completion of the GECAS Transaction, we have continued to execute our business strategy described above.

History and development of the Company

AerCap was incorporated in the Netherlands as a public limited liability company ("*naamloze vennootschap*" *or* "*N.V.*") on July 10, 2006. Our ordinary shares are listed on the New York Stock Exchange (the "NYSE") under the ticker symbol AER. Our headquarters is located in Dublin, and we have offices in Shannon, Miami, Singapore, Amsterdam, Shanghai, Abu Dhabi and other locations. We also have representative offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

As of December 31, 2021, we had 250,347,345 ordinary shares issued, including 245,395,448 ordinary shares issued and outstanding, and 4,951,897 ordinary shares held as treasury shares. Our issued and outstanding ordinary shares included 5,822,811 shares of unvested restricted stock.

AerCap completed the acquisition of the GE Capital Aviation Services ("GECAS") business from General Electric ("GE") on November 1, 2021 (the "Closing Date"). We refer to this acquisition as the "GECAS Transaction." Under the terms of the transaction agreement, GE received 111.5 million newly issued AerCap shares, $23 billion of cash and $1 billion of AerCap senior notes. Immediately following the completion of the GECAS Transaction, GE held approximately 46% of AerCap's issued and outstanding ordinary shares. In connection with the GECAS Transaction, GE appointed one member to join the Board of Directors of AerCap, bringing the number of directors serving on AerCap's Board of Directors to ten. Additionally, pursuant to the shareholder agreement between AerCap and GE, for as long as GE and its wholly owned subsidiaries, collectively, beneficially own at least 10% of our outstanding shares, GE will be entitled to designate a second director for appointment to AerCap's Board of Directors. The GE shares are subject to a lock-up period which will expire in stages from nine to 15 months after the Closing Date. GE has entered into agreements with AerCap regarding voting restrictions, standstill provisions and certain registration rights. Refer to Note 4—*GECAS Transaction* to our Consolidated Financial Statements included in this annual report.

Risk management and control framework

Our management is responsible for designing, implementing and operating an adequate functioning internal risk management and control framework. The purpose of this framework is to identify and manage the strategic, operational, financial and compliance risks to which we are exposed, to promote effectiveness and efficiency of our operations, to promote reliable financial reporting and to promote compliance with laws and regulations. Supervision is exercised by our Audit Committee, as described in the "Committees of the Board of Directors" section included in this Annual Report. Our internal risk management and control framework is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (2013). The COSO framework aims to provide reasonable assurance regarding effectiveness and efficiency of an entity's operations, reliability of financial reporting, prevention of fraud and compliance with laws and regulations.

Risk appetite

Pursuing business strategy objectives inevitably leads to taking risks. Risks can jeopardize those objectives in various ways. Risks are addressed in a manner and with the intensity that matches the nature and size of the risk in relation to the Company's risk appetite. The risk appetite is the total residual impact of risks that we are willing to accept in the pursuit of our objectives. Effective risk management is a key success factor for realizing the Company's strategic objectives. Risk areas with a low-risk appetite and thus a low acceptable residual risk require strong risk management and strong internal controls. Risk areas with a high-risk appetite require relatively less risk management and internal control effort.

Primary risks and mitigating controls

Our business is subject to various risks relating to changing competitive, economic, political, regulatory, legal, social, industrial, business and financial conditions. The following table includes our primary risks which could harm the realization of our strategic business objectives, our financial condition and operating results, adversely affect our revenues and profitability, and possibly impact our share price, and their mitigation controls. For other risks that may affect us, we refer to our filings with U.S. Securities and Exchange Commission ("SEC") which are accessible through our website www.aercap.com.

Risks	Mitigating Controls
Industry Specific Risks	
Cyclical movements in, and macroeconomic or geopolitical events, including sanctions against specific airlines, for example the current Russia/Ukraine conflict, and the effects of pandemic and epidemic diseases, such as the COVID-19 pandemic, that may affect, the aircraft leasing industry and lease	• Highly diversified customer base
	• Security deposit and maintenance reserves
	• Proactive risk management
	• Diversified sources of funding
Aircraft valuation	• Focus on in-demand liquid aircraft types
	• Continually optimize portfolio through aircraft acquisitions and disposals
	• Ongoing and robust assessment for impairment indicators
Funding / Capital Structure Risks	
Availability of cost-effective funds	• Significant amount of liquidity, including unrestricted cash and undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt
	• Focus on highly diversified, long-term funding to match fund long-term assets
	• Appropriate mix of funding in capital markets and secured debt markets
	• Long-standing relationships with major aircraft financiers and lenders
	• Flexible repayment profiles
	• Conservative leverage
Interest Rate Exposure	
Increased cost of borrowing and changes in interest rates	• Hedge through a mix of interest rate caps, swaps and fixed-rate loans to benefit from decreasing interest rates, while protecting against increasing interest rates
Tax Risks	
Changes to tax regimes in the various jurisdictions we operate in	• Proactive risk management
Information Technology Risks	
Damage or interruption to our information technology systems, including by cyberattack	• Development and conversion of existing systems
	• Adequate levels of cybersecurity, resources and technical sophistication

Risk that materialized in 2021

Now that the GECAS Transaction has been completed, we have significantly more revenue, expenses, assets and employees than we did prior to the GECAS Transaction. In the GECAS Transaction, we have assumed all of the liabilities and other obligations of GECAS. Additionally, our management has expended, and will continue to expend, significant time and resources in connection with the GECAS Transaction, and we have incurred, and will continue to incur, significant legal, advisory and financial services fees related to the GECAS Transaction. We may not successfully or cost-effectively integrate GECAS's business and operations into our business and operations. Even if we are able to integrate GECAS's business and operations successfully, our future operations and cash flows will depend largely upon our ability to operate the combined company efficiently and this integration may not result in the realization of the full benefits of the growth opportunities, cost-savings or synergies that we currently expect from the GECAS Transaction within the anticipated time frame, or at all.

The process of integrating our operations with GECAS may require a disproportionate amount of resources and management attention. Our management team may encounter unforeseen difficulties in managing the integration. In order to successfully combine AerCap and GECAS and operate the combined business, our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention to difficulties in operating the combined business could affect our revenues and ability to achieve operational, financial and strategic objectives.

As of December 31, 2021 the principal amount of our outstanding indebtedness, which excluded debt issuance costs, debt discounts and debt premium of $347 million, was $50.5 billion. To finance the cash portion of the consideration for the GECAS Transaction, we have incurred $24 billion of additional long-term debt, including $1 billion of additional debt issued to GE as additional consideration for the GECAS Transaction. Our ability to make payments on our debt, fund our other liquidity needs, and make planned capital expenditures will depend on the combined company's ability to generate cash in the future. We cannot guarantee that the combined company will generate sufficient cash or that we will have alternative measures available to us to meet our debt obligations. The substantial level of our indebtedness after giving effect to the GECAS Transaction may limit our ability to raise additional financing on favorable terms or at all in the future, limit our flexibility in planning for, or reacting to, changes in our business or industry or make us more vulnerable to downturns in our business, our industry or the economy in general, in ways that could negatively affect the price of our ordinary shares as well as our business and financial condition.

The GECAS Transaction could cause disruptions to our business. For example, our customers may refrain from leasing or re-leasing our aircraft until they determine whether the GECAS Transaction will affect our business, including, but not limited to, the pricing of our leases, the availability of certain aircraft, and our customer support. Our customers may also choose to lease aircraft and purchase services from our competitors until they determine whether the GECAS Transaction will affect our business or our relationship with them. Uncertainty concerning potential changes to us and our business could also harm our ability to enter into agreements with new customers. In addition, key personnel may depart for a variety of reasons, including perceived uncertainty regarding the effect of the GECAS Transaction on their employment.

Investors holding our ordinary shares immediately prior to the completion of the GECAS Transaction, in the aggregate, owned a significantly smaller percentage of the combined company immediately after the completion of the GECAS Transaction. Immediately following the completion of the GECAS Transaction, GE held approximately 46% of our issued and outstanding ordinary shares, and our existing shareholders held approximately 54% of our issued and outstanding ordinary shares. The ordinary shares received by GE are subject to certain voting restrictions and standstill provisions. Furthermore, pursuant to the terms of the shareholders' agreement, GE is entitled to nominate two directors for election to our Board of Directors. Consequently, existing shareholders, collectively, are able to exercise less influence over the management and policies of the combined company than they were able to exercise over the management and our policies immediately prior to the completion of the GECAS Transaction.

The ordinary shares issued to GE pursuant to the GECAS Transaction are subject to a lock-up period that will expire in stages over a nine to 15 month period following the completion of the GECAS Transaction on November 1, 2021. Sales by GE of these ordinary shares, or the perception in the market that those sales could occur following the expiration of the lock-up period, may negatively affect the price of our ordinary shares.

On March 11, 2020, the World Health Organization declared that the Covid-19 outbreak was a pandemic. The Covid-19 pandemic and responsive government actions have caused significant economic disruption and a dramatic reduction in commercial airline traffic, resulting in a broad adverse impact on air travel, the aviation industry and demand for commercial aircraft globally, all of which has impacted our results of operations. The continued impact of the Covid-19 pandemic on our business will depend, among other things, on the duration of the pandemic and the speed and effectiveness of vaccination efforts; the rate of recovery in air travel and the aviation industry, including the future demand for commercial aircraft; and global economic conditions.

We have agreed with many of our lessees to defer rent obligations and if the financial condition of our customers remains weak or weakens further, we may grant further accommodations.

We periodically evaluate the collectability of our operating lease contracts to determine the appropriate revenue recognition and measurement model to apply to each lessee. Management cease accrual-based revenue recognition on an operating lease contract when the collection of the rental payments is no longer considered probable and thereafter recognize rental revenues using a cash receipts basis. In the period we conclude that collection of lease payments is no longer probable, we recognize any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, as a credit loss in Leasing expenses. Subsequently, we recognize revenues based on the lesser of the straight-line rental income and the lease payments collected from the lessee until such time that collection is probable, which could materially reduce our reported revenue. During the year ended December 31, 2021, we recognized rent payments from a number of our lessees using the cash method, which resulted in a decrease in basic lease rents of $265 million and an increase of $31 million in Leasing expenses as a provision against receivables. If the financial condition of any additional lessees worsens, we may determine to recognize rent payments from these lessees using the cash method, which could, in future periods, further decrease basic lease rents.

Many national governments have provided financial assistance to airlines. In some cases, governments have imposed conditions on airline recipients of assistance, and governments may also impose conditions on any future assistance, such as requiring airlines to remove less environmentally friendly aircraft from their fleets or obtain concessions from their creditors, including aircraft lessors, which could adversely impact our business.

In addition to a reduction in basic lease rents, the significant decline in air travel has resulted, and may continue to result, in lower utilization of our aircraft and engines, which is likely to reduce future supplemental maintenance rent and end-of-lease ("EOL") compensation payable to us.

We are observing, as a result of the significant and sustained decline in international air passenger traffic and an expectation of a long recovery time for international air traffic, a shift by some airlines away from current technology widebody aircraft in favor of new technology widebody aircraft. If airlines continue to experience prolonged financial hardships or bankruptcies, or there are other adverse developments to the air travel industry arising from the pandemic, aircraft values may decline further, thereby increasing the likelihood that in future quarters we recognize additional impairment charges with respect to our aircraft. In addition, any bankruptcy, insolvency, reorganization or other restructuring of our lessees may result in their grounding our flight equipment, negotiating reductions in lease rentals or altogether rejecting their leases, all of which could depress asset market value and adversely affect our ability to timely re-lease or sell flight equipment at favorable rates, if at all.

While we expect that, even with current market conditions, our liquidity is more than sufficient to satisfy our anticipated operational and other business needs over the next 12 months, we cannot assure you that operating cash flow will not be lower than we expect due to, for example, higher than expected deferral arrangements or payment defaults. Although we currently have a number of sources of liquidity, in some cases the availability of these sources is contingent upon our ability to satisfy certain financial covenants. Even though we do not currently foresee any difficulty or inability to remain in compliance with these financial covenants, to the extent we do not do so, we may be in default under, and/or unable to draw upon, these sources of liquidity or may be required to negotiate amendments with our counterparties, the terms of which could be unfavorable to us. As of December 31, 2021, our existing sources of liquidity were sufficient to operate our business and cover approximately 2.2x of our debt maturities and contracted capital requirements for the next 12 months.

Additionally, the Covid-19 pandemic has led us to adopt remote working arrangements (which remain in place in a small number of our locations), which could negatively affect our operations and may require us to implement new processes, procedures and controls to respond to further changes in our business environment. We also depend on certain key officers and employees; should any of them become ill and unable to work, it could impact our productivity and business continuity.

We believe that this report provides sufficient insight into the design and effectiveness, and exceptions to the effectiveness, of our internal risk management and control framework. Based on the current state of affairs, our financial statements are prepared on a going concern basis.

Other elements of our internal risk management and control framework include:

Planning and control cycle

The planning and control cycle consists of an annual budget and business plan prepared by management and approved by our Board of Directors, quarterly forecasts, operational reviews and financial reporting.

Risk management and internal controls

We have developed policies and procedures for all areas of our operations, both financial and non-financial, that constitutes a broad system of internal control. This system of internal control has been developed, and regularly updated, through a risk-based approach and enhanced with a view to achieving and maintaining full compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"). Our system of internal control is embedded in our standard business practices and is validated through audits performed by our internal auditors and through management testing of Sarbanes-Oxley Act controls, which is performed with the assistance of external advisors. In addition, senior management personnel and finance managers of our main operating subsidiaries annually sign a detailed letter of representation with regard to financial reporting, internal controls and ethical principles. Employees working in our finance or accounting functions are subject to a separate Finance Code of Ethics.

Controls and procedures

As of December 31, 2021, our management (with the participation of our Chief Executive Officer and Chief Financial Officer) conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures and our internal control over financial reporting pursuant to the Sections 302 and 404 of the Sarbanes-Oxley Act and Rules 13a-15(e) and 13a-15(f) of the Exchange Act of 1934, as amended (the "Exchange Act"). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2021, such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

The Company excluded GECAS from our assessment of internal control over financial reporting as of December 31, 2021 because it was acquired by the Company in a business combination during 2021. Total assets and total revenues of GECAS, represent 44% and 8%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2021.

Disclosure controls and procedures

The Disclosure Committee assists our Chief Executive Officer and Chief Financial Officer in overseeing our financial and non-financial disclosure activities and to ensure compliance with applicable disclosure requirements arising under U.S. and Dutch law and regulatory requirements. The Disclosure Committee obtains information for its recommendations from the operational and financial reviews, letters of representation which include a risk and internal controls self-assessment, input from the documentation and assessment of our internal controls over financial reporting and input from risk management activities during the year along with various business reports. The Disclosure Committee comprises various members of senior management.

Internal auditors

We have an internal audit function in place to provide assurance to the Audit Committee, on behalf of the Board of Directors, and to AerCap's executive officers, with respect to AerCap's key processes. The internal audit function independently and objectively carries out audit assignments in accordance with the annual internal audit plan, as approved by the Audit Committee. The head of the internal audit function reports, in line with professional standards of the Institute of Internal Auditors, to the Audit Committee (functional reporting line) and to our Chief Executive Officer (administrative reporting line). The work of the internal audit department is fully endorsed by the Audit Committee and AerCap's executive officers and is considered a valuable part of AerCap's system of control and risk management.

Code of Conduct and Whistleblower Policy

Our Code of Conduct is published on our website and is applicable to all our employees, including the Chief Executive Officer and Chief Financial Officer. It is designed to promote honest and ethical conduct and timely and accurate disclosure in our periodic financial results. We believe the Code of Conduct is effective and complied with in practice. Our Whistleblower Policy provides for the reporting, if so wished on an anonymous basis, of alleged violations of the Code of Conduct, alleged irregularities of a financial nature by our employees, directors or other stakeholders, alleged violations of our compliance procedures and other alleged irregularities without any fear of reprisal against the individual that reports the violation or irregularity.

Compliance procedures

We have various procedures and programs in place designed to ensure compliance with relevant laws and regulations, including anti-insider trading procedures, anti-bribery procedures, anti-fraud procedures, economic sanctions and export control compliance procedures, anti-money laundering procedures, International Traffic in Arms Regulations ("ITAR")-related compliance procedures, anti-trust procedures and protection of personal data procedures. Our compliance programs are maintained and supervised by the Chief Compliance Officer, and they include annual training in key compliance areas and annual certifications. The procedures are subject to regular audits by, or on behalf of, the internal audit function.

2021 financial and operating review

Major developments in 2021

The Covid-19 pandemic and responsive government actions continue to cause economic disruption and a reduction in commercial airline traffic as compared to pre-pandemic levels, resulting in an adverse impact on air travel in certain jurisdictions, the aviation industry and the demand for commercial aircraft. Despite the ongoing challenges of the Covid-19 pandemic, in 2021 AerCap:

- Completed the GECAS acquisition on November 1, 2021, making AerCap the worldwide industry leader across all areas of aviation leasing: aircraft, engines and helicopters;
- Raised $30.5 billion of financing, including note issuances in the capital markets, bank debt and revolving credit facilities, $24 billion of which was for the purpose of financing the GECAS Transaction;
- Completed purchases of 45 new technology aircraft for approximately $2.2 billion;
- Completed sales of 51 owned aircraft, with an average age of 18 years, for aggregate proceeds of approximately $0.8 billion;
- Executed a total of 438 transactions, including 311 lease agreements; and
- Received an ESG Rating of "A" from MSCI Inc., an improvement from our previous ESG rating of "BBB."

Results of operations

Net loss attributable to equity holders of AerCap Holdings N.V. for the year ended December 31, 2021 was $99.0 million, as compared to a net loss of $809.8 million for the year ended December 31, 2020. Our total revenues and other income increased by $646.4 million, or 14.1%, to $5,238.6 million for the year ended December 31, 2021 from $4,592.2 million for the year ended December 31, 2020. For the year ended December 31, 2021, diluted loss per share was $0.68, and the weighted average number of diluted shares outstanding was 146,421,188. For the year ended December 31, 2020, diluted loss per share was $6.34, and the weighted average number of diluted shares outstanding was 127,743,828.

Aviation assets

During the year ended December 31, 2021, we acquired $25.5 billion of aviation assets, including the assets acquired as part of the GECAS Transaction. As of December 31, 2021, we owned 1,756 aircraft, including 1,530 aircraft under operating leases and 226 aircraft under finance leases. In addition, we managed 196 aircraft. We also owned or managed over 900 engines (including engines owned by SES) and over 300 helicopters.

As of December 31, 2021, the average age of our 1,756 owned aircraft fleet, weighted by net book value, was 7.1 years and as of December 31, 2020, the average age of our 939 owned aircraft fleet, weighted by net book value, was 6.4 years. We operate our business on a global basis and as of December 31, 2021, 1,624 of our 1,756 owned aircraft were on lease, with no lessee representing more than 10% of total lease revenue for the year ended December 31, 2021.

As of December 31, 2021, our owned aircraft portfolio included 132 aircraft that were off-lease. As of March XX, 2022, of the 132 aircraft, 55 were re-leased or under commitments for re-lease, 43 aircraft were designated for sale or part-out (which represented less than 1% of the aggregate net book value of our fleet), 27 aircraft were being marketed for re-lease (which represented approximately 1% of the aggregate net book value of our fleet) and seven aircraft were sold.

As of December 31, 2021, we had 417 new aircraft on order, including ten Airbus A220 Family aircraft, 265 Airbus A320neo Family aircraft, 12 Airbus A330neo aircraft, 67 Boeing 737 MAX aircraft, 33 Embraer E-Jets E2 aircraft, 25 Boeing 787 aircraft and five regional jet aircraft.

Following the fatal accidents of two Boeing 737 MAX aircraft, the worldwide fleet of these aircraft was grounded by aviation authorities in March 2019 and production was temporarily suspended by Boeing in January 2020, resulting in ongoing delays in the delivery of our aircraft on order from Boeing. Most jurisdictions have now approved the Boeing 737 MAX return to service, including the United States, China and Europe. As of December 31, 2021, we had 43 Boeing 737 MAX aircraft delivered and on lease, and a further 67 Boeing 737 MAX aircraft on order, excluding aircraft for which we have cancellation rights.

Liquidity and capital resources

As of December 31, 2021, our cash balance was $1.9 billion, including unrestricted cash of $1.7 billion, and we had $10.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt. As of December 31, 2021, our total available liquidity, including undrawn lines of credit, unrestricted cash, cash flows from contracted asset sales and other sources of funding, was $13 billion, and including estimated operating cash flows for the next 12 months, our total sources of liquidity were $18 billion. As of December 31, 2021, our existing sources of liquidity were sufficient to operate our business and cover approximately 2.2x of our debt maturities and contracted capital requirements for the next 12 months.

During the year ended December 31, 2021, our average cost of debt, excluding the effect of mark-to-market movements on our interest rate caps and swaps, debt issuance fees, upfront fees and other impacts, was 3.6%. As of December 31, 2021, our adjusted debt to equity ratio was 2.7 to 1. Adjusted debt to equity ratio is obtained by dividing adjusted debt by adjusted equity. Adjusted debt represents consolidated total debt less cash and cash equivalents, and less a 50% equity credit with respect to certain long-term subordinated debt. Adjusted equity represents total equity, as per our U.S. GAAP consolidated financial statements of $16.6 billion, plus the 50% equity credit with respect to the long-term subordinated debt.

Interest rate risk

The following tables present the average notional amounts and weighted average interest rates which are contracted for the specified year for our derivative financial instruments that are sensitive to changes in interest rates, including our interest rate caps and swaps, as of December 31, 2021. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Under our interest rate caps, we will receive the excess, if any, of London Interbank Offered Rates ("LIBOR"), reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap. For our interest rate swaps, pay rates are based on the fixed rate which we are contracted to pay to our swap counterparty.

	2022	2023	2024	2025	2026	Thereafter	Fair value
				(U.S. Dollars in millions)			
Interest rate caps							
Average notional amounts	$2,784.1	$1,900.4	$1,185.0	$102.9	—	—	$16.9
Weighted average strike rate	1.8%	1.9%	1.0%	1.1%	—	—	

	2022	2023	2024	2025	2026	Thereafter	Fair value
				(U.S. Dollars in millions)			
Interest rate swaps							
Average notional amounts	$2,453.1	$694.3	—	—	—	—	$(71.2)
Weighted average pay rate	2.8%	3.0%	—	—	—	—	

The variable benchmark interest rates associated with these instruments ranged from one- to six-month U.S. dollar LIBOR.

As of December 31, 2021, we had approximately $6.3 billion notional amount of floating rate derivatives outstanding that used either one-month, three-month or six-month USD LIBOR. Certain of our derivatives contain LIBOR transition fall-back provisions and we expect to transition to SOFR on or before June 30, 2023.

Personnel

As of December 31, 2021 and 2020, respectively, we had 736 and 377 permanent employees. The increase in employees is primarily as a result of the GECAS transaction.

Financial outlook

For 2022, we have committed to $4.2 billion of aircraft purchases. We expect to source new debt finance for these capital expenditures through access to capital markets, including the unsecured and secured bond markets, the commercial bank market, export credit and the asset-backed securities market. As a result, we will need to raise additional funds to satisfy these requirements, which we expect to do through a combination of accessing committed debt facilities and securing additional financing, if needed, from capital markets transactions or other sources of capital. If other sources of capital are not available to us, we may need to raise additional funds through selling aircraft or other aircraft investments, including participations in our joint ventures.

Factors affecting our results

Our results of operations are affected by a variety of other factors, primarily:

- the completion of the GECAS acquisition;
- the severity, extent and duration of the Covid-19 pandemic and the rate of recovery in air travel, the aviation industry and global economic conditions, and the potential impacts of the pandemic and responsive government actions on our business and results of operations, financial condition and cash flows;
- the number, type, age and condition of the flight equipment we own;
- aviation industry market conditions, including general economic and political conditions;
- the demand for our flight equipment and the resulting lease rates we are able to obtain for our flight equipment;
- the availability and cost of debt capital to finance purchases of flight equipment;
- the purchase price we pay for our flight equipment;
- the number, type and sale price of flight equipment, or parts in the event of a part-out of flight equipment, we sell in a period;
- the ability of our lessees to meet their lease obligations, and the timing thereof, and maintain our flight equipment in airworthy and marketable condition;
- the utilization rates of our flight equipment;
- the recognition of non-cash share-based compensation expense related to the issuance of restricted stock units or restricted stock;
- our expectations of future maintenance reimbursements and lessee maintenance contributions;
- interest rates, which affect our lease revenues, our interest expense and the market value of our interest rate derivatives;
- our ability to fund our business; and
- our ability to recover claims related to airline bankruptcies or other restructurings.

Factors affecting the comparability of our results

GECAS Transaction

AerCap completed the acquisition of GECAS on November 1, 2021. The results of GECAS's operations have been included in our consolidated financial statements since November 1, 2021. Refer to Note 4—*GECAS Transaction* for further details.

During 2021, we recognized transaction and integration-related expenses of $118.0 million related to the GECAS Transaction.

During 2020, we did not recognize any transaction-related expenses.

Asset impairment charges

During 2021, we recognized impairment charges of $1.4 billion related to sales transactions and lease terminations.

During 2020, we recognized impairment charges of $1.7 billion related primarily to current technology widebody aircraft, in particular Airbus A330 and Boeing 777 aircraft. In addition, we recognized impairment charges related to sales transactions and lease terminations. We also assessed our indefinite-lived goodwill assets for impairment and recognized impairment charges related to goodwill.

Basic lease rents

When we determine that the collection of rental payments is no longer probable, we cease accrual-based revenue recognition on an operating lease contract and we instead recognize lease revenues using a cash receipts basis. During 2021, we recognized a reduction in basic lease rents of $265 million due to using a cash receipts basis.

During 2020, we recognized a reduction in basic lease rents of $248 million due to using a cash receipts basis.

Proceeds from sale of unsecured claims

During 2021, we recognized $635 million of proceeds from the sale of unsecured claims in other income.

During 2020, we did not recognize proceeds from the sale of unsecured claims.

Losses on debt extinguishment

During 2021, we recognized losses on debt extinguishment of $9.7 million.

During 2020, we recognized losses on debt extinguishment of $118.5 million, primarily related to the premium paid on the repurchase of debt as a result of the tender offers completed in 2020.

Gain (loss) on investment at fair value

During 2021, we recognized a gain on investment at fair value of $2.3 million.

During 2020, we recognized a loss on investment at fair value of $143.5 million.

Sales transactions

During 2021, we completed sales of 51 owned aircraft, with an average age of 18 years, for aggregate proceeds of approximately $0.8 billion.

During 2020, we completed sales of 40 owned aircraft, with an average age of 17 years, for aggregate proceeds of approximately $0.6 billion.

Trends in our business

The impact of the Covid-19 pandemic has had a dramatic impact on aviation. Overall global passenger traffic, measured in revenue passenger kilometers, rose in 2021, but was still only 42% of 2019 pre-pandemic levels, according to IATA. In March 2022, IATA estimated that global air passenger traveler numbers would recover significantly in 2022, to 83% of 2019 pre-pandemic levels. This forecast is subject to downside risk if continued or more severe travel restrictions are imposed.

We expect demand for leased aircraft to remain subdued in the short term and over the medium term we expect improvements in leased aircraft demand as air traffic continues to recover from the lows observed in 2020.

Critical accounting policies and estimates

Our Consolidated Financial Statements are prepared in accordance with Dutch GAAP, and require us to make estimates and assumptions that affect the amounts reported in our Consolidated Financial Statements and accompanying notes. The use of estimates is or could be a significant factor affecting the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities. Our estimates and assumptions are based on historical experiences and currently available information that management believes to be reasonable under the circumstances. Actual results may differ from our estimates under different conditions, sometimes materially. A summary of our significant accounting policies is presented in Note 3—*Summary of significant accounting policies* to our Consolidated Financial Statements included in this annual report. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results of operations and that require our judgments, estimates and assumptions.

Corporate governance

At AerCap, we are committed to good corporate governance, which helps us to continue our success and long-term value creation. We believe that our organizational documents and policies and procedures provide an effective governance framework to serve the interests of the Company, our shareholders and other stakeholders. We endeavor to ensure compliance with U.S., Dutch and other applicable corporate governance requirements, to the extent possible and desirable.

As we are listed on the NYSE and incorporated in the Netherlands as a public limited company ("*naamloze vennootschap*" or "N.V."), we are required to comply with the Sarbanes-Oxley Act and certain corporate governance requirements and best practices set out by the NYSE, the SEC and the 2016 Dutch Corporate Governance Code (the "Code"). We have elected to be exempt from the NYSE rules on directors' independence as a foreign private issuer.

Corporate governance related documents, including our articles of association, the Rules for the Board of Directors including its Committees (also referred to herein as the "Board Rules"), the Code of Conduct, the Whistleblower Procedure and our Insider Trading Rules, are available on our website.

Responsibility Statement

Our Consolidated Financial Statements give a true and fair view of the assets and liabilities, the financial position and the result of AerCap Holdings N.V. and Subsidiaries as at and for the year ended December 31, 2021. The Report of the Board of Directors provides a true and fair view and the significant risks and uncertainties to which AerCap is exposed have been described.

Subsequent events

Ukraine Conflict and Russia Sanctions

On February 24, 2022, Russia launched a large-scale military invasion of Ukraine and is now engaged in a broad military conflict with Ukraine (the "Ukraine Conflict"). In response, the United States, the European Union, the United Kingdom and other countries have imposed broad, far-reaching sanctions against Russia, certain Russian persons and certain activities involving Russia or Russian persons. These sanctions include prohibitions regarding the supply of aircraft and aircraft components to Russian persons or for use in Russia, subject to certain wind-down periods.

Prior to the Ukraine Conflict, we had 135 owned aircraft on lease to Russian airlines, as well as 14 owned engines on lease to Russian airlines. We had no helicopters on lease to Russian customers. The aggregate net carrying value of our owned assets leased to Russian airlines was approximately $2.8 billion (which includes flight equipment net book value of $3.2 billion, maintenance rights assets and other lease-related assets of approximately $500 million and maintenance liabilities and other lease-related liabilities of approximately $900 million) as of December 31, 2021. Additionally, SES had 14 engines on lease to Russian airlines prior to the Ukraine Conflict.

In addition, we had seven owned aircraft on lease to Ukrainian airlines, with an aggregate net carrying value of approximately $108 million as of December 31, 2021. As of March 30, 2022, five of these aircraft are in temporary storage outside of Ukraine. As of March 30, 2022, the remaining two aircraft are grounded in Ukraine, but the exact status of these aircraft remains difficult to ascertain.

We intend to fully comply with all applicable sanctions and we have terminated the leasing of all of our aircraft and engines with Russian airlines. These terminations will result in reduced revenues and operating cash flows. Basic lease rents from our owned aircraft and engines leased to Russian airlines were approximately $33 million for the month of December 2021.

We have sought to repossess all of our aircraft and engines from Russian airlines and remove them from Russia. As of March 30, 2022, we had detained 22 of our 135 owned aircraft and three of our 14 owned engines outside of Russia. The net carrying value as of December 31, 2021, of the owned aircraft and engines that we have removed from Russia was approximately $300 million.

It is unclear whether we will be able to repossess any additional aircraft or engines from our former Russian airline customers, or, if we do so, when we will be able to do so, and we do not know what the condition of these assets will be at the time of repossession or whether any such aircraft could be re-leased or sold. Any failure to promptly repossess our aircraft and engines will adversely affect our business and financial results. Many of these Russian airlines have continued to fly our aircraft and engines notwithstanding the leasing terminations and our repeated demands for the return of our assets. Our aircraft and engines that remain in Russia may suffer damage or deterioration due to inadequate maintenance and lack of spare parts.

As a result, we expect to recognize an impairment on our assets in Russia which have not been returned to us as early as the first quarter of 2022. While we have not yet determined the amount of this impairment, it may amount to the total net carrying value of these assets. We may also recognize an impairment on our assets that we have repossessed from Russian airlines as a result of our inability to re-lease them or otherwise.

We had letters of credit related to our aircraft and engines leased to Russian airlines as of February 24, 2022 of approximately $260 million, all confirmed by financial institutions in Western Europe. We have presented requests for payment to all of these institutions. As of March 30, 2022, we had received payments of approximately $175 million related to these letters of credit. We have initiated legal proceedings against one financial institution which rejected our payment demands in respect of certain letters of credit. We continue to work with other financial institutions toward receiving payments on the remaining letters of credit. We intend to pursue all available legal claims concerning these letters of credit but the timing and amount of any payments under these remaining letters of credit are uncertain.

Our lessees are required to provide insurance coverage with respect to leased aircraft and we are named as insureds under those policies in the event of a total loss of an aircraft or engine. We also purchase insurance which provides us with coverage when our aircraft or engines are not subject to a lease or where a lessee’s policy fails to indemnify us. We have submitted an insurance claim for approximately $3.5 billion with respect to all aircraft and engines remaining in Russia and intend to pursue all of our claims under these policies with respect to our assets leased to Russian airlines as of February 24, 2022. However, the timing and amount of any recoveries under these policies are uncertain.

In addition, we intend to pursue all available legal claims related to our assets leased to Russian airlines as of February 24, 2022. However, the timing and amount of any recoveries under any of these claims are uncertain.

AerFunding Amendment and Extension

In April 2006, AerFunding entered into a non-recourse senior secured revolving credit facility which was subsequently upsized and amended. In March 2022, AerFunding amended this facility, extending the revolving period to September 2024, following which there is a 30-month term out period. The final maturity date of the AerFunding Revolving Credit Facility is March 2027.

Board of Directors

Responsibilities

Under our articles of association, the Board Rules, and Dutch corporate law, the members of the Board of Directors are collectively responsible for the management, general and financial affairs, policy, and strategy of our Company.

Our Board of Directors has a one-tier structure and currently consists of ten directors, including one executive director. The executive director is our Chief Executive Officer, who is primarily responsible for managing our day-to-day affairs as well as other responsibilities that have been delegated to the executive director in accordance with our articles of association and Board Rules. The non-executive directors supervise the Chief Executive Officer and our general affairs and provide general advice to our Chief Executive Officer. In performing their duties, the non-executive directors are guided by the interests of the Company and shall, within the boundaries set by relevant Dutch law, take into account the relevant interests of our shareholders and other stakeholders in AerCap. The Board of Directors has appointed from among its non-executive directors the Chairman of the Board of Directors.

The Chairman of the Board of Directors is responsible for ensuring, among other things, that *(i)* each director receives all information about matters that he or she may deem useful or necessary in connection with the proper performance of his or her duties; *(ii)* each director has sufficient time for consultation and decision making; and *(iii)* the Board of Directors and the board committees are properly constituted and functioning. An alternative non-executive director shall be charged with the Chairman's responsibilities, should the latter become temporarily or permanently incapacitated or prevented from acting. The internal affairs of the Board of Directors are governed by our Board Rules.

Our current directors are:

Name	Age	Nationality	Gender	Position	Initial Appointment	End of Current Term (a)
Paul Dacier	64	United States of America	M	Non-Executive Chairman of the Board of Directors	2010	2025
Aengus Kelly	48	Ireland	M	Executive Director and Chief Executive Officer	2011	2026
Julian (Brad) Branch	67	United States of America	M	Non-Executive Director	2018	2022
Stacey Cartwright	58	United Kingdom	F	Non-Executive Director	2019	2023
Rita Forst	66	Germany	F	Non-Executive Director	2019	2023
Richard (Michael) Gradon	62	United Kingdom	M	Non-Executive Director	2010	2022
James (Jim) Lawrence	69	United States of America	M	Non-Executive Director	2017	2025
Jennifer VanBelle	53	United States of America	F	Non-Executive Director	2021	2025
Michael Walsh	55	Ireland	M	Non-Executive Director	2017	2025
Robert (Bob) Warden	49	United States of America	M	Non-Executive Director	2006	2022

(a) The term for each director ends at the Annual General Meeting of Shareholders ("AGM") typically held in April or May of each year.

Our Board of Directors currently consists of ten directors, nine of whom are non-executive directors.

Paul Dacier. Mr. Dacier has been a Director of AerCap since May 27, 2010. He is also currently the general counsel at Indigo Agriculture, a privately held start-up company, and he is on the Board of Directors of Progress Software Inc. (a software application development company). Until 2016, Mr. Dacier was Executive Vice President and General Counsel of EMC Corporation (an information infrastructure technology and solutions company), where he worked in various positions from 1990. He was a Non-Executive Director of GTY Technology Holdings Inc. from October 2016 until November 2019 and a Non-Executive Director of Genesis from November 2007 until the date of its amalgamation with AerCap International Bermuda Limited in March 2010. Prior to joining EMC, Mr. Dacier was an attorney with Apollo Computer Inc. (a computer work station company) from 1984 to 1990. Mr. Dacier received a B.A. in history and a J.D. in 1983 from Marquette University. He is admitted to practice law in the Commonwealth of Massachusetts and the state of Wisconsin.

Aengus Kelly. Mr. Kelly was appointed Executive Director and Chief Executive Officer of AerCap on May 18, 2011. Previously, he served as Chief Executive Officer of AerCap's U.S. operations from January 2008 to May 2011. Mr. Kelly served as AerCap's Group Treasurer from 2005 through December 31, 2007. He started his career in the aviation leasing and financing business with Guinness Peat Aviation ("GPA") in 1998 and continued working with its successors AerFi in Ireland and debis AirFinance and AerCap in Amsterdam. Prior to joining GPA in 1998, he spent three years with KPMG in Dublin. Mr. Kelly is a Chartered Accountant and holds a Bachelor's degree in Commerce and a Master's degree in Accounting from University College, Dublin.

Julian (Brad) Branch. Mr. Branch has been a Director of AerCap since April 25, 2018. Mr. Branch most recently served Deloitte Touche Tohmatsu Ltd (Deloitte's global organization) as Senior Advisor in the Office of the CEO and served the Boards of Deloitte Northwest Europe LP and of Deloitte's Middle East practice. Mr. Branch's professional career has spanned 40 years; he first qualified as a Certified Public Accountant in June 1979, and was a general partner of Deloitte entities in the U.S. including Deloitte & Touche LLP (accounting and auditing) and Deloitte Consulting LLP (consulting) for 29 years. His industry focus has been the air transportation industry; large global air carriers. Mr. Branch held a variety of global leadership roles with Deloitte, having lived and practiced outside of the U.S. for over a decade. Mr. Branch has vigorously supported the community through not-for-profit Board service, such as the Advisory Board of Emory University School of Ethics and the Duke University Heart Center. He received a B.A. and M.B.A. from the University of North Carolina.

Stacey Cartwright. Ms. Cartwright has been a Director of AerCap since April 24, 2019. She is also currently a Non-Executive Director of Savills PLC, Genpact and Majid al Futtaim LEC. She also Chairs the Advisory Committee of Majid al Futtaim Lifestyle. Ms. Cartwright previously served as Chief Executive Officer of Harvey Nichols Group from 2014 to 2017 (and as Deputy Chairman in 2018), Executive Vice President and Chief Financial Officer of Burberry Group from 2004 to 2013, and Chief Financial Officer of Egg PLC from 1999 to 2003, having spent her early career with Granada Group. Ms. Cartwright was also a Non-Executive Director of GlaxoSmithKline PLC and a Senior Independent Director of the Football Association Ltd. Ms. Cartwright is a qualified chartered accountant and she received a BSc from the London School of Economics.

Rita Forst. Ms. Forst has been a Director of AerCap since April 24, 2019. She is also currently an independent business consultant in powertrain and vehicle technology, and serves as a member of the supervisory board of Norma Group SE and ElringKlinger AG in Germany. Effective April 29, 2020, Ms. Forst became a Non-Executive Director of Westport Fuel Systems Inc. in Vancouver, Canada and, in October 2021 she was appointed a Non-Executive Director of Johnson Matthey Plc in London, UK. In addition, Ms. Forst holds an advisory board position at iwis SE & Co. KG in Germany. Ms. Forst spent more than 35 years at the Opel European division of General Motors in senior engineering and management positions, and as a member of Opel's management board. As such, Ms. Forst has been responsible for the development of new generations of engines and car models for Opel and General Motors. Ms. Forst holds Bachelor's degrees in mechanical engineering from the Kettering University (U.S.) and the Darmstadt University of Applied Technology (Germany).

Richard (Michael) Gradon. Mr. Gradon has been a Director of AerCap since May 27, 2010. He is also currently a Non-Executive Director of Exclusive Hotels. He was a Non-Executive Director of Genesis from November 2007 until the date of its amalgamation with AerCap International Bermuda Limited in March 2010. He practiced law at Slaughter & May before joining the UK FTSE 100 company The Peninsular & Oriental Steam Navigation Company (P&O) where he was a main Board Director from 1998 until its takeover in 2006. His roles at P&O included the group commercial & legal director function and he served as Chairman of P&O's property division. Mr. Gradon served on the board of The Wimbledon Tennis Championships from 2005 to 2019 and on the board of Grosvenor Limited from 2007 to 2015. In addition, Mr. Gradon served as Chairman of La Manga Club, Spain, and Chief Executive Officer of the London Gateway projects. Mr. Gradon holds an M.A. degree in law from Cambridge University.

James (Jim) Lawrence. Mr. Lawrence has been a Director of AerCap since May 5, 2017. He is currently Chairman of Lake Harriet Capital, a private investment firm. Previously, Mr. Lawrence served as Chairman of Rothschild North America and earlier as Chief Executive Officer of Rothschild North America and as co-head of global investment banking at Rothschild from 2010 to 2015. Prior to Rothschild, Mr. Lawrence was Chief Financial Officer of Unilever and he served as Executive Director on the boards of Unilever NV and Unilever PLC. He joined Unilever in 2007 after serving as the Vice Chairman and Chief Financial Officer of General Mills for nine years. Prior to General Mills, Mr. Lawrence was Executive Vice President and Chief Financial Officer of Northwest Airlines from 1996 to 1998, and before that Mr. Lawrence was a division President at PepsiCo, serving as CEO of Pepsi-Cola Asia, Middle East, Africa from 1992 to 1996. In 1983, he cofounded The LEK Partnership, a corporate strategy and merger/acquisition firm, headquartered in London. Before that he was a Partner of Bain and Company having opened their London and Munich offices. Prior to that, he worked for The Boston Consulting Group. Mr. Lawrence is currently a Non-Executive Director of Avnet Inc. and Smurfit Kappa Group. His aviation industry experience dates from 1990, and it includes, in addition to being the Chief Financial Officer of Northwest Airlines, serving on the boards of IAG (International Consolidated Airlines Group), Continental Airlines, TWA, Mesaba and British Airways. Since 1990, Mr. Lawrence has served on 16 public company boards, several private company boards and numerous non-profit boards. Mr. Lawrence earned a Bachelor of Arts in Economics from Yale University and an M.B.A. with distinction from Harvard Business School.

Jennifer VanBelle. Ms. VanBelle has been a Director of AerCap since November 1, 2021. She is currently Senior Vice President, GE Capital CEO, and Treasurer of GE and GE Capital. Ms. VanBelle became CEO of GE Capital in January 2021, expanding her role as GE Treasurer. She was named Treasurer in January 2018, after spending two years as Capital Markets leader. From 2012 to 2016, Ms. VanBelle was Chief Risk Officer—Capital Management for GE Capital and she served as Deputy Treasurer GE Treasury from 2007 to 2012. After spending several years at Chemical Bank and ING, she joined GE in 1998 and has served in a range of capital markets and risk management roles. Ms. VanBelle holds a B.A. degree in Economics from Bates College and an MSc in Finance from the London Business School.

Michael Walsh. Mr. Walsh has been a Director of AerCap since May 5, 2017. He previously served as a Non-Executive Director, including Chairman, of a number of companies which finance and lease aircraft and trains throughout the world. Mr. Walsh has over 30 years' experience as a Non-Executive Director, senior executive and commercial lawyer in the aircraft leasing and financing industry. In 1989, he joined GPA Group plc, the aircraft leasing and financing company, and held a number of senior management positions, including General Counsel. Following the acquisition of GPA by debis AirFinance in 2000, Mr. Walsh was appointed General Counsel of debis AirFinance and held that position until 2002. From 2003 to 2005, he served as Chief Legal Officer of Bord Gáis Éireann, the Irish gas utility. From 1986 to 1989, he was a diplomat in the Irish Diplomatic Service. Mr. Walsh is a barrister and a law graduate of University College, Cork, Ireland.

Robert (Bob) Warden. Mr. Warden has been a Director of AerCap since July 26, 2006. He is also currently Global Head of Private Equity at Cerberus Capital Management, L.P., which he joined in October 2018 after previously working at Cerberus from 2003 to 2012. Mr. Warden has worked in the private equity industry for over 25 years. He was formerly a partner at Pamplona Capital Management from 2012 to 2018, and had previously worked in private equity at J.H. Whitney, Cornerstone Equity Investors and Donaldson, Lufkin & Jenrette. Mr. Warden received his A.B. from Brown University.

Board meetings

Each director has the right to cast one vote and may be represented at a meeting of the Board of Directors by a fellow director. The Board of Directors may pass resolutions only if a quorum of four directors, including our Chief Executive Officer and the Chairman or, in his absence, an alternative non-executive director who has been charged by the Board of Directors to act as chairman, are present at the meeting. Resolutions must be passed by a majority of the votes cast. If there is a tie, the matter will be decided by the Chairman of the meeting. Subject to Dutch law, resolutions of the Board of Directors may be passed in writing by a majority of the directors in office. Pursuant to Dutch laws and the Board Rules, a director may not participate in discussions or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with us. Resolutions to enter into such transactions must be approved by our Board of Directors, excluding such interested director or directors.

In 2021, the Board of Directors met on nineteen occasions. Throughout the year, the Chairman of the Board and individual non-executive directors were in close contact with our Chief Executive Officer and the other Group Executive Committee members. During its meetings and contacts with the Chief Executive Officer and the other Group Executive Committee members, the Board discussed such topics as the GECAS Transaction, AerCap's annual reports and annual accounts for the financial year 2020, topics for the AGM 2021, the impacts of the Covid-19 pandemic, the situation involving the grounding of the Boeing 737 MAX aircraft, secured and unsecured financing transactions and AerCap's liquidity position, AerCap's hedging policies, the utilization and optimization of AerCap's portfolio of aircraft, global and regional macroeconomic, monetary and political developments and impact on the industry, AerCap key customer developments, competitive landscape, aircraft valuations, AerCap's backlog of new technology orders with aircraft and engine manufacturers, AerCap shareholder value, AerCap key shareholder developments, capital allocation strategies and share repurchases, AerCap's corporate and tax structure, reports from the various Board committees, budgeting and financial planning, environmental, social and governance ("ESG") related topics, remuneration and compensation, directors' and officers' succession planning, cyber security, regulatory compliance, culture and values, the impact of remote working environments, sustainability and community, governance, risk management and control and an assessment of the Board's own functioning.

None of the non-executive members of the Board of Directors were frequently absent during the meetings held in 2021. The table below outlines the attendance at Board and committee meetings during 2021:

Name	Full board	% Attendance	Audit Committee	% Attendance	Nomination and Compensation Committee	% Attendance
Paul Dacier	19/19	100%	—	—	5/5	100%
Aengus Kelly	19/19	100%	—	—	—	—
Julian (Brad) Branch	19/19	100%	7/7	100%	—	—
Stacey Cartwright	19/19	100%	—	—	5/5	100%
Rita Forst	19/19	100%	—	—	—	—
Richard (Michael) Gradon	19/19	100%	7/7	100%	—	—
James (Jim) Lawrence	18/19	95%	7/7	100%	—	—
Michael Walsh	19/19	100%	7/7	100%	5/5	100%
Robert (Bob) Warden	18/19	95%	—	—	5/5	100%
Jennifer VanBelle (a)	0/1	—	—	—	—	—

(a) Appointed to the Board on November 1, 2021.

In 2021, the non-executive directors of the Board also performed a self-assessment of the Board's performance. It assessed its own functioning, that of its individual members and the functioning of its committees, at a Board meeting. The outcome of the self-assessment was that the Board, its committees and its individual members functioned, and continue to function, satisfactorily. Possible improvement opportunities were documented and will be monitored through to implementation. The Board maintains an introduction program for new non-executive directors with the purpose of familiarizing them with the relevant AerCap business, values, governance and compliance aspects. The Board has determined a profile for its non-executive directors which has been made available on the Company's website.

Conflicts of interest

In accordance with Board rules, each director shall immediately report any potential conflict of interest concerning a director to the Chairman of the Board of Directors. The director with such a conflict of interest shall in such case provide the Chairman with all information relevant to the conflict. Also, a director may not participate in the discussions and/or the decision making process on a transaction or subject in relation to which he or she has a conflict of interest with the Company and its enterprise.

Appointment, suspension and dismissal

The directors are appointed by the General Meeting of Shareholders. Our directors may be appointed by the vote of a majority of votes cast at a General Meeting of Shareholders provided that our Board of Directors has proposed the appointment. Without a Board of Directors proposal, directors may also be appointed by the vote of a majority of the votes cast at a General Meeting of Shareholders if the majority represents at least one-third of our issued capital.

Shareholders may remove or suspend a director by the vote of a majority of the votes cast at a General Meeting of Shareholders, provided that our Board of Directors has proposed the removal. Our shareholders may also remove or suspend a director, without there being a proposal by the Board of Directors, by the vote of a majority of the votes cast at a General Meeting of Shareholders if the majority represents at least one-third of our issued capital.

Committees of the Board of Directors

In order to more efficiently fulfill its role, the Board has established committees including: a Group Executive Committee, a Group Portfolio and Investment Committee, a Group Treasury and Accounting Committee, an Audit Committee, a Nomination and Compensation Committee and an ESG Committee.

Audit Committee

Our Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the integrity of our financial statements, our risk management and internal control arrangements, our compliance with legal and regulatory requirements, the performance, qualifications and independence of our external auditors, and the performance of the internal audit function, among others. The Audit Committee is comprised of non-executive directors who are “independent” as defined by Rule 10A-3 under the Exchange Act. At least one of them shall have the necessary financial qualifications. As of December 31, 2021, the members of our Audit Committee were James (Jim) Lawrence (Chairman), Julian (Brad) Branch, Richard (Michael) Gradon, and Michael Walsh. Our Board of Directors has determined that James (Jim) Lawrence and Julian (Brad) Branch are “audit committee financial experts,” as that term is defined by SEC rules and the Dutch Corporate Governance Code.

In 2021, the Audit Committee met on seven occasions. Throughout the year, the members of the Audit Committee were in close contact with our Chief Executive Officer, our Chief Financial Officer, our internal auditors and our external auditors. Principal items discussed and reviewed during these Audit Committee meetings and with our Chief Executive Officer and our Chief Financial Officer included the annual and quarterly financial statements and disclosures, the GECAS Transaction and related integration considerations, including certain auditor independence matters and the related comprehensive process to select and appoint a new external auditor, internal auditors’ reports, external auditors’ reports, external auditors’ independence and rotation, activities and results in respect of our continued compliance with the Sarbanes-Oxley Act, the external auditors’ audit plan for 2021, approval of other services rendered by the external auditors, internal audit reports, the internal auditors’ audit plan for 2022, the impacts of the Covid-19 pandemic, the Company’s compliance, risk management, integrity and fraud policies, the expenses incurred by the Company’s most senior officers in carrying out their duties, the Company’s tax planning policies, key transformation projects including IT and cybersecurity projects, the functioning of the Audit Committee, the Audit Committee charter and the Audit Committee cycle. The Audit Committee had separate sessions with the external auditors and with the internal auditors without management being present.

Nomination and Compensation Committee

Our Nomination and Compensation Committee selects and recruits candidates for the positions of Chief Executive Officer, non-executive director and Chairman of the Board of Directors and recommends their remuneration, bonuses and other terms of employment or engagement to the Board of Directors. In addition, our Nomination and Compensation Committee approves the remuneration, bonuses and other terms of employment of the Group Executive Committee and certain other officers and appoints members of the Group Executive Committee, the Group Portfolio and Investment Committee, the Group Treasury and Accounting Committee and recommends candidates for the Audit Committee and plans the succession within the Board of Directors and committees. It is chaired by the Chairman of our Board of Directors and is further comprised of up to four non-executive directors appointed by the Board of Directors. As of December 31, 2021, the members of our Nomination and Compensation Committee were Paul Dacier (Chairman), Michael Walsh, Jennifer VanBelle, Robert (Bob) Warden and Stacey Cartwright.

In 2021, the Nomination and Compensation Committee met on five occasions. At these meetings it discussed and approved succession planning and compensation related occurrences and developments within the framework of the Board and Committee Rules and our remuneration policy. In addition, various resolutions were adopted outside of these meetings.

None of our Nomination and Compensation Committee members or our officers has a relationship that would constitute an interlocking relationship with officers or directors of another entity or insider participation in compensation decisions.

ESG Committee

In December 2021, our Board of Directors established an ESG Committee, which aims to enhance AerCap's governance of ESG-related risks and opportunities and reflects AerCap's aspiration to be a leader in this space. The committee comprises three board-level independent directors and members of the AerCap senior leadership team. These individuals have relevant experience in areas such as governance, sustainability, energy efficiency, charitable outreach, financial reporting and reputational risk management. This approach is designed to provide dedicated oversight to ESG issues at the highest level. As of December 31, 2021, the members of our ESG Committee were Stacey Cartwright (Chair), Julian (Brad) Branch, Rita Forst, Peter Juhas, Tom Slattery and Joseph McGinley.

Profile of the Board

The members of our Board of Directors are from diverse professional backgrounds and combine a broad spectrum of experience and expertise with a reputation for integrity. The Board of Directors as a whole possesses a wide range of core competencies, professional backgrounds and skill sets, as outlined in the Board profile, which is determined by the Board each year. The Board profile, which is available on the website of the Company, sets out the Board's policy in relation to Board composition and diversity, and associated targets. The highlights of this policy include that the Board of Directors shall aim for a diverse composition, in line with the global nature and identity of the Company and its business, in terms of such factors as nationality, background, gender and age. We are committed to advancing female representation on our Board of Directors, as we believe that greater diversity of the Board of Directors will have a positive impact. Candidate directors are primarily selected on the basis of core competencies, professional backgrounds and skill sets as outlined in the Board profile. The Board of Directors comprises at least one financial expert. The diversity principles are similarly applied, to the extent applicable, to the composition of the Group Executive Committee. In 2021, the Board carried out an assessment and determined that the requirements of the profile of the non-executive directors continue to be met.

Officers

As described above, the Chief Executive Officer is primarily responsible for managing our day-to-day affairs as well as other duties that have been delegated to the executive director in accordance with our articles of association and the Board Rules.

We maintain a Group Executive Committee, which is tasked with assisting the Chief Executive Officer with the operational management of the Company, subject to the Chief Executive Officer's ultimate responsibility. It is chaired by our Chief Executive Officer and is comprised of officers appointed by the Nomination and Compensation Committee. As of December 31, 2021, the members of our Group Executive Committee were Aengus Kelly, Peter Juhas and Peter Anderson. The members of the Group Executive Committee assist the Chief Executive Officer in performing his duties and as such have managerial and policy making functions within the Company in their respective areas of responsibility. Members of the Group Executive Committee regularly attend Board meetings.

Our current officers (in addition to Aengus Kelly who is our executive director and Chief Executive Officer, as described above) are:

Name	Age	Nationality	Gender	Position
Peter Juhas	50	United States of America	M	Chief Financial Officer
Brian Canniffe	49	Ireland	M	Group Treasurer
Peter Anderson	46	Australia	M	Chief Commercial Officer
Vincent Drouillard	46	France	M	General Counsel
Joe Venuto	62	United States of America	M	Chief Technical Officer
Anton Joiner	51	United Kingdom	M	Chief Risk Officer
Jorg Koletzki	54	Germany	M	Chief Information Officer
Risteard Sheridan	47	Ireland	M	Company Secretary and Chief Compliance Officer
Theresa Murray	54	Ireland	F	Head of Human Resources
Bart Ligthart	40	The Netherlands	M	Chief Investment Officer
Martin Olson	59	United States of America	M	Head of OEM Relations
John Govan	50	Ireland	M	Head of EMEA
Bashir Hajir	54	United States of America	M	Head of Americas
Emmanuel Herinckx	49	France	M	Head of Asia Pacific
Pat Sheedy	42	Ireland	M	President and CEO, Milestone Aviation
Tom Slattery	50	Ireland	M	Executive Vice President Engines
Dermot Manifold	55	Ireland	M	Head of Commercial Operations

Peter Juhas. Mr. Juhas was appointed Chief Financial Officer of AerCap in April 2017, following his appointment as Deputy Chief Financial Officer in September 2015. Prior to joining AerCap, Mr. Juhas was Global Head of Strategic Planning at American International Group, Inc. ("AIG"), where he led the development of the company's strategic and capital plans, as well as mergers, acquisitions and other transactions, including the sale of ILFC to AerCap. Prior to joining AIG in 2011, Mr. Juhas was a Managing Director in the Investment Banking Division of Morgan Stanley from 2000 to 2011. While at Morgan Stanley, he led the IPO of AerCap in 2006 and was the lead advisor to the Federal Reserve Bank and the U.S. Treasury on the AIG restructuring and the placement of the U.S. government-sponsored enterprises Fannie Mae and Freddie Mac into conservatorship in 2008. Prior to joining Morgan Stanley, Mr. Juhas was an attorney in the Mergers and Acquisitions group at Sullivan & Cromwell LLP, the New York law firm. Mr. Juhas received his A.B. from Harvard College and his J.D. from Harvard Law School.

Brian Canniffe. Mr. Canniffe was appointed Group Treasurer of AerCap in January 2018, previously serving as Head of Investor Relations since joining the Company in October 2016. He has over 20 years' experience in banking, lending and the capital markets. Prior to joining AerCap, Mr. Canniffe served as Managing Director and Head of Global Markets Financing for Bank of America Merrill Lynch in Hong Kong and Tokyo, where he led a division that was responsible for providing secured financing, trading, clearing, reporting and various treasury functions in the Asia Pacific region. In addition, he held roles within the financing divisions at Nomura Securities and Bankers Trust International.

Peter Anderson. Mr. Anderson was appointed Chief Commercial Officer in March 2021, overseeing AerCap's worldwide leasing business, including marketing, pricing and commercial execution. During his career at AerCap, Mr. Anderson has served as Head of EMEA and as Head of Asia Pacific and China, managing AerCap's leasing activities teams in those regions. From 2011, Mr. Anderson worked in the leasing team at ILFC, establishing and leading the Singapore office until AerCap's acquisition of ILFC in 2014. Mr. Anderson has also held positions at Hong Kong Aviation Capital and at Allco Finance Group in both Sydney and London, specializing in aircraft leasing and structured finance. Mr. Anderson earned his Master of Applied Finance and Investment from the Securities Institute of Australia, and his B.A. from the University of Technology Sydney.

Vincent Drouillard. Mr. Drouillard was appointed General Counsel on June 1, 2018. He previously served in the role of Head of Legal Leasing at AerCap, a position he held from 2015 to 2018. He joined ILFC in 2004 and last served as Head of Legal EMEA, prior to the acquisition of ILFC by AerCap. Mr. Drouillard practiced law at the law firm Gibson, Dunn & Crutcher. He received law degrees from King's College London, the University of Paris I Panthéon-Sorbonne and the University of Paris X Nanterre. Mr. Drouillard is a member of the New York State Bar and the State Bar of California.

Joe Venuto. Mr. Venuto was appointed Chief Technical Officer of AerCap in February 2012. He previously served in the role of Senior Vice President Operations for the Americas at AerCap for four years. From 2004 to 2008, he held the role of Senior Vice President Operations at AeroTurbine, Inc., responsible for all technical issues. Prior to joining AeroTurbine, Inc., Mr. Venuto held the role of Senior Director Maintenance at several airlines including Trump Shuttle, Laker Airways and Amerijet International. He has over 30 years' experience in the aviation industry and he commenced his aviation career as an Airplane and Powerplant technician for Eastern Airlines. Mr. Venuto is a graduate of the College of Aeronautics and a licensed FAA Airframe and Powerplant Technician.

Anton Joiner. Mr. Joiner was appointed Chief Risk Officer in 2011 with responsibility for portfolio risk management, workouts, repossessions and debtor management. He joined AerCap in 2001 and held a variety of positions. Prior to joining AerCap, Mr. Joiner held positions with Scotia Capital, Commercial Aviation Group and Hunting Cargo Airlines. He has a Master's degree in Air Transport Management from Cranfield College of Aeronautics.

Jorg Koletzki. Mr. Koletzki was appointed Chief Information Officer of AerCap in September 2015. He has significant experience in managing complex system implementations on a global scale, transforming IT functions and running high quality teams. His experience extends to working within large multinational companies including IBM, Volkswagen, National Grid and E.ON.

Risteard Sheridan. Mr. Sheridan was appointed Company Secretary in May 2020 and Chief Compliance Officer in 2019. He joined AerCap in April 2017 as Head of Internal Audit. Prior to joining AerCap, he gained extensive experience advising companies on governance, financial reporting and control/process matters while working with the professional services firms KPMG and EY. Mr. Sheridan holds a Bachelor's degree in Business & Legal Studies and a Master's degree in Accounting from University College Dublin and is a Fellow of Chartered Accountants Ireland.

Theresa Murray. Ms. Murray was appointed Head of Human Resources in October 2016. She has over 25 years' experience across all HR disciplines. Prior to joining AerCap she held the position of International HR Director at Nuance Communications. Throughout her career she has held a variety of HR and management roles, including senior positions at Telefonica and Lucent Technologies.

Bart Ligthart. Mr. Ligthart joined the AerCap Trading team in 2007. He was appointed to the position of Head of Trading and Portfolio Management in 2018 and as Chief Investment Officer in March 2022. Mr. Ligthart has 14 years' experience in aircraft trading and portfolio management in both wide and narrowbody aircraft. Prior to joining AerCap he worked at Deloitte and Touche in Amsterdam where he served as Manager Transactions Services. Mr. Ligthart received his B.A in Commercial Economics from Inholland University, and his MSc in Finance Management from Nyenrode Business University.

Martin Olson. Mr. Olson assumed the position of Head of OEM Relations following the acquisition of ILFC by AerCap. He previously served in the role of Senior Vice President at ILFC. Mr. Olson heads AerCap's OEM Relations Department, responsible for purchasing new aircraft and engines. He joined ILFC in 1995 after ten years with McDonnell Douglas Aircraft Corporation. Mr. Olson is a graduate of California State University, Fullerton. He holds a Master's degree in Business Administration from the University of Southern California.

John Govan. Mr. Govan was promoted to the position of Head of EMEA in March 2021. He previously served in the role of Vice President Leasing from 2016 to 2021. In his role, Mr. Govan is responsible for AerCap's leasing activities across Europe, Middle East and Africa. Prior to joining AerCap, he worked in the Technical team at SMBC Aviation Capital, formerly RBS Aviation Capital, as VP Technical and was subsequently promoted to the role of SVP Airline Marketing, followed by SVP OEM Relations. Mr. Govan began his aviation career as an Aircraft Maintenance and Engineering Apprentice at Lufthansa Technik, formerly Shannon Aerospace, where he qualified as an Aircraft Maintenance Technician in 1992.

Bashir Hajjar. Mr. Hajjar assumed the position of Head of Americas in October 2018. In his role Mr. Hajjar is responsible for AerCap's leasing activities across the Americas. He brings 30 years of wide-ranging experience in the aviation industry from aircraft manufacturing to aircraft leasing and airline management. Prior to joining AerCap he held various positions in the Fleet Planning group for Continental Airlines and the Aircraft Marketing group at McDonnell Douglas. Mr. Hajjar began his aviation career in engineering, at McDonnell Douglas, Eastern Airlines and Continental Airlines. Mr. Hajjar holds a Masters of Business Administration from California State University Long Beach, a Bachelor of Science Degree in Aerospace Engineering from Saint Louis University, and an FAA Airframe and Power Plant Certificate.

Emmanuel Herinckx. Mr. Herinckx was appointed to the position of Head of Asia Pacific in July 2019. He oversees AerCap's leasing activities across Asia Pacific and China from our office in Singapore. Mr. Herinckx joined AerCap in September 2006 as Vice President Marketing Asia Pacific. Prior to joining AerCap he worked in the Airline Marketing Departments of Airbus North America Sales, INC, Washington D.C., USA and Airbus SAS, Toulouse, France for a period of seven years. Mr. Herinckx holds a Master of Science in Air Transport Management from Cranfield University, United Kingdom.

Pat Sheedy. Mr. Sheedy is President and CEO of Milestone Aviation. He has over 20 years of international financial services experience, including having previously led the underwriting and portfolio management function at Milestone Aviation and also having overall risk responsibility for GE Engine Leasing and GECAS' Cargo business. Prior to joining Milestone, he spent the majority of his career working in commercial aircraft leasing, with a particular focus on Emerging Markets, covering the Middle East, Africa and Russia. He qualified as a chartered accountant with Deloitte in Ireland, where he spent four years in several roles including audit and assurance, corporate finance and corporate recovery, prior to joining GE in 2004. Mr. Sheedy obtained his Bachelor of Business Studies degree from University of Limerick and is a Fellow of the Institute of Chartered Accountants Ireland.

Tom Slattery. Mr. Slattery assumed the role of Executive Vice President of AerCap Engines following the acquisition of GECAS by AerCap in November 2021. Mr. Slattery heads the engine asset management activity of AerCap, responsible for the spare engine leasing business and the installed engine operations. He joined GE Aviation in 2000 as an engineer working on engine overhaul economics, followed by assuming several roles in GECAS, including sales and technical leadership, and in 2018, he was appointed EVP GECAS Engines. Mr. Slattery holds a Bachelor's degree in Mechanical Engineering and a Master's degree in Business from Cranfield University.

Dermot Manifold. Mr. Manifold was appointed Head of Commercial Operations following AerCap's acquisition of GECAS in November 2021. He has 28 years of industry experience including management roles with responsibility for finance, pricing, asset purchasing, portfolio management and strategy. Immediately prior to joining AerCap he was EVP Commercial Operations at GECAS with responsibility for new aircraft acquisitions, portfolio placement and pricing. He qualified as a chartered accountant with PwC in Ireland, where he spent four years in roles including audit, accounting, tax and insolvency, prior to joining GE in 1993. Mr. Manifold has a Bachelor of Business Studies degree from University of Limerick and is a Fellow of the Institute of Chartered Accountants Ireland since 2003.

Officer compensation

The aviation leasing business is highly competitive. As the global leader in aviation leasing, we seek to attract and retain the most talented and successful officers to manage our business and to motivate them with appropriate incentives to execute our strategy and to promote and encourage continued superior performance over a prolonged period of time, in support of achieving the objectives of long-term value creation and appropriate risk-taking. We have designed our compensation plans to meet these objectives.

Compensation goal	How goal is accomplished
Attract and retain leading executive talent	• Design compensation elements to enable us to compete effectively for executive talent
	• Selectively retain executives acquired through business transactions considering industry and functional knowledge, leadership abilities and fit with Company culture
	• Perform market analysis to stay informed of compensation trends and practices
Align executive pay with shareholder interests	• Concentrate executive pay heavily in equity compensation
	• Require robust equity ownership and retention
	• Motivate senior executives with meaningful incentives to generate long-term returns
Pay for performance	• Pay annual bonuses based on performance against one-year budgeted target set by the Nomination and Compensation Committee
	• Reward long-term growth and value creation
	• Tie long-term incentive program awards to the achievement of multi-year earnings per share ("EPS") targets set by the Nomination and Compensation Committee
	• Reward high-performers with above-target pay when predetermined goals are exceeded
Manage risk	• Prohibit hedging of Company securities and pledging of AerCap equity prior to vesting
	• Emphasize long-term performance by designing equity award opportunities to minimize short-term focus and influence on compensation payouts
	• Subject the executive director's incentive compensation to clawback provisions under Dutch law

The compensation packages of our Group Executive Committee members (other than our Chief Executive Officer) and certain other officers, consisting of base salary, annual bonus and, for some officers, annual stock bonus, along with other benefits, are determined by the Nomination and Compensation Committee upon the recommendation of the Chief Executive Officer on an annual basis. In addition, upon the recommendation of the Chief Executive Officer, the Nomination and Compensation Committee may grant long-term equity incentive awards to our officers (other than our Chief Executive Officer) on a non-recurring basis under our equity incentive plans, as further outlined below. The compensation package of our Chief Executive Officer, consisting of base salary, annual bonus, annual stock bonus and a long-term equity incentive award, along with other benefits, is determined by the Board of Directors, upon the recommendation of the Nomination and Compensation Committee, in accordance with the remuneration policy approved by the General Meeting of Shareholders.

The amount of the annual bonus and, if applicable, the amount of the annual stock bonus granted to our Group Executive Committee members and other participating officers are determined by the Nomination and Compensation Committee (or, in the case of our Chief Executive Officer, the Board of Directors, upon the recommendation of the Nomination and Compensation Committee) based on the Company's performance relative to the U.S. GAAP EPS budget for the relevant year and the personal performance of the individual Group Executive Committee member or other officer involved. The Company's U.S. GAAP EPS budget and target bonus levels are typically determined before the beginning of the relevant year. The annual bonus amounts and the annual stock bonuses are paid or granted, as the case may be, in arrears. As a matter of policy, actual bonus amounts will be below target level in years that the EPS target is not met, unless specific circumstances require otherwise which, if any, will be disclosed in this Annual Report. The annual stock bonuses vest after three years or, if earlier, at the end of the officer's employment term.

Our long-term equity incentive program is designed to retain our most talented and successful officers and to incentivize continued superior performance, in accordance with the Company's long-term objectives, for the benefit of our shareholders and other stakeholders. The majority of the long-term equity awards have vesting periods ranging between three years and five years, and the vesting of 66.67% of each award is conditional upon the achievement of the Company's U.S. GAAP EPS budget over the multi-year vesting period, as determined by the Board of Directors at the beginning of the vesting period (33.33% of each award is subject to time-based vesting). The awards will cliff vest, subject to meeting the vesting conditions, at the end of the vesting period, i.e., there will be no vesting in the interim, and all shares will remain at risk until the end of the vesting period. If the EPS target is not met, then none or only a portion of the performance-based shares will vest, with the remaining performance-based shares being forfeited. None of the performance-based shares will vest if 84.5% or less of the EPS target is met, which indicates the stringency of the program. A portion of the performance-based shares will vest, as specified in the award agreements, if between 84.5% and 100% of the EPS target is met, and all performance-based shares will vest if the EPS target is met or exceeded. In the event of a change of control of the Company, the shares will immediately vest. We believe that the design of our long-term equity incentive program promotes and encourages continued superior performance over a prolonged period of time in support of achieving the objectives of long-term value creation and appropriate risk-taking.

The employment agreements with some of our Group Executive Committee members provide for severance payments on certain terminations. The amount of the pre-agreed severance is derived from calculations, based on the employee's age and years of service.

The Company is subject to the Netherlands' Clawback of Bonuses Act. Pursuant to this legislation, bonuses paid to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be clawed back if awarded on the basis of incorrect information. In addition, any bonus that has been awarded to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be reduced if, under the circumstances, payment of the bonus would be unacceptable. As of December 31, 2021, we did not have any directors other than the executive director who were in charge of day-to-day management.

AerCap equity incentive plans

Under our equity incentive plans, we have granted restricted stock units, restricted stock and, previously, stock options to directors, officers and employees to attract and retain them on competitive terms, and to incentivize superior performance with a view to creating long-term value for the benefit of the Company, its shareholders and other stakeholders.

We require our Group Executive Committee members to own Company ordinary shares having a value equal to at least five times their annual base salary (ten times in the case of the Chief Executive Officer), in order to further align their interests with the long-term interests of our shareholders. This threshold amount includes ordinary shares owned outright, vested stock-based equity awards, time-based restricted stock and time-based restricted stock units, whether or not vested, and any stock-based equity that the executive has elected to defer. New Group Executive Committee members have a five-year grace period to meet this threshold. In addition, each Group Executive Committee member is required to hold, post vesting, 25% of the net ordinary shares (50% for our Chief Executive Officer) (after satisfaction of any exercise price or tax withholding obligations), delivered to him or her pursuant to Company equity awards since January 1, 2007, for so long as such member remains employed by the Company (or, if earlier, until such member reaches 65 years of age). Sales of Company ordinary shares are conducted with a view to avoiding undue impact on the Company's ordinary share price and in compliance with laws and regulations. Each member must consult with the Chairman before executing any sale of the Company's ordinary shares.

Our policies prohibit our directors, officers and employees from trading in Company securities on the basis of material non-public information, or engaging in hedging and other "short" transactions involving Company securities. In addition, our directors, officers and employees are prohibited from pledging equity incentive awards prior to vesting.

Please refer to Note 21—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report for more details on our equity incentive plans.

External auditors

Our external auditor is responsible for auditing the financial statements. Following the recommendation by the Audit Committee and upon proposal by the Board of Directors, the General Meeting of Shareholders appoints each year the auditor to audit the financial statements of the current financial year. The external auditor reports to our Board of Directors and the Audit Committee of our Board of Directors. The external auditor is present at the meetings of the Audit Committee when our annual results are discussed.

At the request of the Board of Directors and the Audit Committee, the Chief Financial Officer and the Internal Audit department review, in advance, each service to be provided by the auditor to identify any possible breaches of the auditor's independence. The Audit Committee pre-approves every engagement of our external auditor. In accordance with applicable regulations, the partner of the external audit firm and senior engagement team members in charge of the audit activities are subject to rotation requirements.

Due to certain independence matters arising in connection with the GECAS Transaction, KPMG has been appointed as auditor from the financial year 2021. The Audit Committee, working with the management of AerCap, conducted a comprehensive Request for Proposal process (the "RFP Process") to select a successor auditor. Following a detailed review and assessment of the RFP Process submissions by the Audit Committee and direct interactions with the potential audit teams through audit tender presentations, the Audit Committee selected KPMG as the audit firm in the best position to deliver a high-quality audit of AerCap.

Ordinary share capital

Pursuant to our articles of association, our ordinary shares may only be held in registered form. All of our ordinary shares are registered in a register kept by us or on our behalf by our transfer agent. Transfer of registered shares requires a written deed of transfer and the acknowledgment by AerCap, subject to provisions stemming from private international law. Our ordinary shares are, in general, freely transferable.

Regulatory obligations regarding certain share transactions

Cash Manager Limited, which is a subsidiary of AerCap, is subject to regulation by the Central Bank of Ireland. As a result, the acquisition or disposal directly or indirectly of interests in AerCap shares or similar interests may be subject to regulatory requirements involving the Central Bank of Ireland as set out below. The following disclosure is for information purposes only and AerCap cannot provide Irish legal advice to actual or potential investors. Actual or potential investors in AerCap must obtain their own legal advice in relation to their position.

Under the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (the "MiFID II Regulations"), a person or a group of persons acting in concert proposing to acquire a direct or indirect holding of ordinary shares or other similar interests in AerCap must give the Central Bank of Ireland prior written notice of such proposed acquisition if the acquisition would directly or indirectly *(i)* represent 10% or more of the capital or voting rights in AerCap; *(ii)* result in the proportion of capital or voting rights in AerCap held by such person or persons reaching or exceeding 10%, 20%, 33% or 50% of the capital or voting rights in AerCap; or *(iii)* in the opinion of the Central Bank of Ireland, make it possible for that person or those persons to control or exercise a significant influence over the management of Cash Manager Limited. Any such proposed acquisition shall not proceed until *(a)* the Central Bank of Ireland has informed such proposed acquirer or acquirers that it approves such acquisition or *(b)* the period prescribed in Regulation 21 of the MiFID II Regulations has elapsed without the Central Bank of Ireland having given notice in writing that it opposes such acquisition. It is important in this regard to note that the validity as a matter of Irish law of affected transactions, if completed without prior notification to, or assessment by, the Central Bank of Ireland will not be recognized in Ireland. Corresponding provisions apply to the disposal of direct and indirect shareholdings in AerCap except that, in such case, no approval is required, but prior notice of the disposal must be given to the Central Bank of Ireland. Cash Manager Limited is required under the MiFID II Regulations to notify the Central Bank of Ireland of relevant acquisitions and/or disposals of which it becomes aware.

Issuance of ordinary shares

The General Meeting of Shareholders can resolve upon the issuance of ordinary shares or the granting of rights to subscribe for ordinary shares, but only upon a proposal by the Board of Directors specifying the price and further terms and conditions. The General Meeting of Shareholders may designate our Board of Directors as the authorized corporate body for this purpose. Such designation may be for any period of up to five years and must specify the maximum number of ordinary shares that may be issued.

At the AGM held in 2021, our shareholders approved the GECAS Transaction, including the issuance of 111.5 million AerCap ordinary shares upon the completion of the transaction. At the same meeting, our shareholders resolved to authorize the Board of Directors, for a period of 18 months, to issue ordinary shares or grant rights to subscribe for ordinary shares *(i)* up to ten percent of the Company's issued share capital; and *(ii)* up to an additional ten percent of the Company's issued share capital, provided that the shares that may be issued and rights that may be granted pursuant to this second authorization may only be used for mergers and/or the acquisition of a business or a company.

These resolutions together, excluding the resolutions solely related to the GECAS Transaction, authorize the Board of Directors to issue ordinary shares, and grant rights to subscribe for such shares, up to a maximum of 20% of the Company's issued share capital, subject to the conditions described in these resolutions.

Pursuant to the articles of association, an increase in the Company's authorized share capital was approved at the AGM held in 2021. As of December 31, 2021, we had 450,000,000 authorized ordinary shares, par value €0.01 per share, of which 250,347,345 and 245,395,448 were issued and outstanding, respectively.

On the Closing Date we issued 111.5 million ordinary shares in capital of AerCap to GE in connection with the GECAS Transaction.

Preemptive rights

Unless limited or excluded by the General Meeting of Shareholders or Board of Directors as described below, holders of ordinary shares have a pro rata preemptive right to subscribe for ordinary shares that we issue, except for ordinary shares issued for non-cash consideration (contribution in kind) or ordinary shares issued to our employees.

The General Meeting of Shareholders may limit or exclude preemptive rights and also designate our Board of Directors as the authorized corporate body for this purpose. At the AGM held in 2021, our shareholders resolved to authorize the Board of Directors to limit or exclude preemptive rights in respect of any issuance of shares or granting of rights to subscribe for shares pursuant to the authorizations described above in the paragraph "Issuance of ordinary shares," which authorization is valid for a period of 18 months.

Repurchase of our ordinary shares

We may acquire our ordinary shares, subject to certain provisions of the laws of the Netherlands and of our articles of association, if the following conditions are met:

- the General Meeting of Shareholders has authorized our Board of Directors to acquire the ordinary shares, which authorization may be valid for no more than 18 months;
- our equity, after deduction of the price of acquisition, is not less than the sum of the paid-in and called-up portion of the share capital and the reserves that the laws of the Netherlands or our articles of association require us to maintain; and
- we would not hold after such purchase, or hold as pledgee, ordinary shares with an aggregate par value exceeding such part of our issued share capital as set by law from time to time.

At the AGM held in 2021, our shareholders resolved to authorize the Board of Directors for a period of 18 months *(i)* to repurchase ordinary shares up to ten percent of the Company's issued share capital; and *(ii)* to repurchase ordinary shares up to an additional ten percent of the Company's issued share capital, subject to the condition that the number of ordinary shares which the Company may at any time hold in its own capital will not exceed ten percent of the Company's issued share capital, and certain other conditions described in these resolutions.

Capital reduction and cancellation

The General Meeting of Shareholders may reduce our issued share capital either by cancelling ordinary shares held in treasury or by amending our articles of association to reduce the par value of the ordinary shares. A resolution to reduce our capital requires the approval of at least an absolute majority of the votes cast and, if less than one half of the share capital is represented at a meeting at which a vote is taken, the approval of at least two-thirds of the votes cast.

At the AGM held in 2021, our shareholders resolved to cancel the Company's ordinary shares that may be acquired under the repurchase authorizations described above or otherwise, subject to determination by our Board of Directors or our Chief Executive Officer, of the exact number of ordinary shares to be cancelled. During 2021, we cancelled no ordinary shares.

General Meetings of Shareholders

Our articles of association determine how our AGM and any extraordinary General Meeting of Shareholders are convoked. At least one AGM must be held every year. Shareholders can exercise their voting rights by submitting their proxy forms or equivalent means prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders. Shareholders may exercise their meeting rights in person after notifying us prior to a set date and providing us with appropriate evidence of ownership of the shares and authority to vote prior to a set date in accordance with the procedures indicated in the notice and agenda of the applicable general meeting of shareholders.

The rights of shareholders may only be changed by amending our articles of association. A resolution to amend our articles of association is valid if the Board of Directors makes a proposal amending the articles of association and such proposal is adopted by a simple majority of votes cast.

The following resolutions require a two-thirds majority vote if less than half of the issued share capital is present or represented at the General Meeting of Shareholders:

- capital reduction;
- exclusion or restriction of preemptive rights, or designation of the Board of Directors as the authorized corporate body for this purpose; and
- legal merger or legal demerger within the meaning of Title 7 of Book 2 of The Dutch Civil Code ("Boek 2 van het Burgerlijk Wetboek").

If a proposal to amend the articles of association will be considered at the meeting, we will make available a copy of that proposal, in which the proposed amendments will be stated verbatim.

An agreement of AerCap to enter into *(i)* a statutory merger whereby AerCap is the acquiring entity; or *(ii)* a legal demerger, with certain limited exceptions, must be approved by the shareholders.

The AGM was held on May 12, 2021. The AGM approved the GECAS Transaction as proposed, approved the re-appointment of the CEO, adopted the 2020 annual accounts and voted for all other items which required a vote.

Voting rights

Each ordinary share represents the right to cast one vote at a General Meeting of Shareholders. All resolutions must be passed with an absolute majority of the votes validly cast, unless otherwise stated in the Articles of Association or under Dutch law. We are not allowed to exercise voting rights for ordinary shares we hold directly or indirectly.

Any major change in the identity or character of AerCap or its business must be approved by our General Meeting of Shareholders, including:

- the sale or transfer of substantially all our business or assets;
- the commencement or termination of certain major joint ventures and our participation as a general partner with full liability in a limited partnership ("*commanditaire vennootschap*") or general partnership ("*vennootschap onder firma*"); and
- the acquisition or disposal by us of a participating interest in a company's share capital, the value of which amounts to at least one third of the value of our assets.

Liquidation rights

If we are dissolved or wound up, the assets remaining after payment of our liabilities will be first applied to pay back the amounts paid up on the ordinary shares. Any remaining assets will be distributed among our shareholders, in proportion to the par value of their shareholdings. All distributions referred to in this paragraph shall be made in accordance with the relevant provisions of the laws of the Netherlands.

Dutch statutory squeeze-out proceedings

If a person or a company or two or more group companies within the meaning of Article 2:24b of the Dutch Civil Code acting in concert hold 95% or more of a Dutch public limited liability company's issued share capital by par value for their own account, the laws of the Netherlands permit that person or company or those group companies acting in concert to acquire the remaining ordinary shares in the company by initiating statutory squeeze-out proceedings against the holders of the remaining shares. The price to be paid for such shares will be determined by the Enterprise Chamber of the Amsterdam Court of Appeal.

Choice of law and exclusive jurisdiction

Our articles of association provide that the legal relationship among or between us, any of our current or former directors, and any of our current or former holders of our shares and derivatives thereof, including but not limited to *(i)* actions under statute; *(ii)* actions under the articles of association, including actions for breach thereof; and *(iii)* actions in tort, shall be governed in each case exclusively by the laws of the Netherlands, unless such legal relationship does not pertain to or arise out of the capacities above. Any dispute, suit, claim, pre-trial action or other legal proceeding, including summary or injunctive proceedings, by and between those persons pertaining to or arising out of their capacities listed above shall be exclusively submitted to the courts of the Netherlands.

Adoption of annual accounts and discharge of management liability

Each year, our Board of Directors must prepare annual accounts within five months after the end of our financial year (subject to extension of that term by our General Meeting of Shareholders). The annual accounts must be made available for inspection by shareholders at our offices from the moment that our annual General Meeting of Shareholders is convened. The annual accounts must be accompanied by an auditor's certificate, a report of the Board of Directors and certain other mandatory information. The shareholders shall appoint an auditor, as referred to in Article 393 of Book 2 of the Dutch Civil Code, to audit the annual accounts. The annual accounts are adopted by our shareholders.

The adoption of the annual accounts by our shareholders does not include the release of the members of our Board of Directors from liability for acts reflected in those documents. Any such release from liability requires a separate shareholders' resolution.

Registrar and transfer agent

A register of holders of the ordinary shares will be maintained by Broadridge in the United States who also serves as our transfer agent. The telephone number of Broadridge is 1-800-733-1121.

Protective measures

There are no protective devices against takeovers in place.

Dutch Corporate Governance Code

The Code contains principles and best practices for Dutch companies with publicly listed shares, and requires companies to either comply with the best practice provisions of the Code or to explain why they deviate from these best practice provisions. For further information and the full text of the Code please refer to: *www.commissiecorporategovernance.nl*. AerCap is committed to good corporate governance. As such, AerCap complies with the Sarbanes-Oxley Act and certain corporate governance requirements and best practices set out by the NYSE and the SEC. In addition, AerCap complies with applicable principles and best practice provisions of the Code, which are based on a “comply or explain” principle, except for the following:

- *Best practice provision 2.2.2.* As at December 31, 2021 one of our non-executive directors (out of a total of nine) had served on our Board in excess of 12 years, which is longer than recommended by the best practice provisions in the Dutch Code. Two of our non-executive directors have served on our Board in excess of eight years but less than 12 years, in compliance with the best practice provisions in the Dutch Code. Six of our non-executive directors have served on our Board for less than eight years, in compliance with the best practice provisions in the Dutch Code. The average tenure of our non-executive directors as of December 31, 2021, was 6.8 years. As such, our Board of Directors represents a balanced mix of non-executive directors who were appointed in recent years and non-executive directors with a longer tenure. We believe that the current composition of the Board enables it to operate effectively and independently and secures continuity on the Board, which furthers long-term value creation for shareholders and other stakeholders. It is noted that the non-executive directors are carefully selected based upon their combined experience and expertise, as outlined in the Board profile.

- *Best practice provision 2.3.2 and 2.3.4.* The Code requires the Board to have an Audit Committee, a Remuneration Committee and a Selection and appointment Committee. For efficiency reasons, including the fact that we have only one executive director, we have combined the functions of the Remuneration Committee with those of the Selection and Appointment Committee into one Nomination and Compensation Committee. Under the Code, the Chairman of the Board shall not chair the Remuneration Committee; he may, however, chair the Selection and Appointment committee. Given that we have combined both committees and also having regard to the fact that the Chairman of the Board is very familiar with international executive compensation, we believe that the Chairman of the Board is the best person to chair our Nomination and Compensation Committee.

- *Best practice provision 4.3.3.* This provision was not applied by the Company in so far as it deals with the lifting of quorum requirements related to proposed directors’ dismissals, due to the fact that it is written for general meetings with a high degree of absenteeism, whereas absenteeism at the Company’s shareholders’ meetings is relatively low.

- *Best practice provision 3.3.2.* Although not strictly in line with the best practice provisions of the Code, we believe that the equity awards to our non-executive directors, as set forth in these annual accounts, are an effective means to further complement our non-executive directors’ remuneration in accordance with the conducted market compensation analysis, and they are consistent with the spirit of the corresponding provision in the Code. None of the equity awards to our non-executive directors are subject to performance-based vesting criteria. In addition, it should be noted that granting equity awards to non-executive directors is consistent with corporate practice in the United States, the jurisdiction where our shares are publicly listed which, to a certain extent, drives our corporate governance in addition to Dutch corporate governance rules.

Remuneration Report

This Remuneration Report is based on the remuneration policy for members of our Board of Directors, as amended by the Board and approved by the General Meeting of Shareholders on May 2, 2013. The remuneration policy is posted on our website.

Remuneration Policy

The objective of our remuneration policy is to recruit and retain highly qualified members of our Board of Directors, who possess the required core competencies, professional backgrounds and skill sets in line with the global nature and identity of the Company and its business in support of the objective of long-term value creation. The remuneration policy is determined by the General Meeting of Shareholders upon proposal by the Board of Directors. The remuneration of directors is determined by our Board of Directors in accordance with the general remuneration policy upon proposal by the Nomination and Compensation Committee.

Our Equity Incentive Plan 2014, which was approved by the General Meeting of Shareholders on February 13, 2014, provides for the grant of equity awards in the form of shares, share options, restricted stocks, restricted stock units or other equity instruments to our directors and other potential participants. The Equity Incentive Plan 2014 states the maximum number of shares, stock options, restricted stocks, restricted stock units or other equity instruments available under the plan and the criteria that apply to the granting or altering of such arrangements.

For further details regarding the remuneration of our directors, reference is made to the remuneration policy as referred to above (available on our website), to the paragraph AerCap equity incentive plans earlier in this Annual Report, to Note 21—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report and to Note 30—*Directors' remuneration* to our Consolidated Financial Statements included in this Annual Report.

Executive director

The compensation package for Mr. Aengus Kelly, our only executive director, was determined in 2018, concurrent with his re-appointment as executive director and following approval by the General Meeting of shareholders, taking into consideration comparable compensation packages for Chief Executive Officers of companies of similar size and profitability in the aircraft leasing industry and other relevant industries, scenario analyses, and other relevant benchmarks.

During 2021, we paid Mr. Kelly a total remuneration of approximately $4.8 million, consisting of an annual base salary of $1.0 million, an annual bonus of $3.4 million, and $0.4 million as contributions to his defined benefit pension plan and other employment benefits. In addition, during 2021, we recognized $49.7 million of expenses related to AerCap equity awards that were granted to him in 2021 and prior years. Mr. Kelly's annual cash bonus and annual stock bonus are paid in arrears. The actual bonus amounts are determined by the Board of Directors, upon recommendation of the Nomination and Compensation Committee, based on the Company's performance relative to the U.S. GAAP EPS budget for the relevant year and Mr. Kelly's personal performance during that year. The Company's U.S. GAAP EPS budget is determined by the Board of Directors before the beginning of the relevant year. As a matter of policy, the actual bonuses will be below target bonus level in years that our EPS target is not met, unless specific circumstances require otherwise which, if any, will be disclosed in this annual report. The annual stock bonus vests after three years, or if earlier, the end of his employment term. We believe that the ratio of fixed and variable /incentive compensation is reasonable and provides an appropriate level of incentive compensation to promote the achievement of the Company's objectives. Mr. Kelly's term was extended at the AGM in May 2021. His salary and target bonus remain unchanged.

In addition, Mr. Kelly participates in the Company's long-term equity incentive scheme. As noted, the long-term incentive program is designed to retain our most talented and successful officers and to encourage continued superior performance for the benefit of the Company and its shareholders and other stakeholders. Mr. Kelly's current long-term equity award has a five year vesting period (four years for a portion of the award). The vesting of 66.67% of the award is conditional upon the achievement of the Company's U.S. GAAP EPS budget over the vesting period, as determined by the Board of Directors at the beginning of the vesting period (the vesting of 33.33% of the award is subject to time-based vesting). The award will cliff vest, subject to meeting the vesting conditions, at the end of the respective vesting period, i.e., there will be no vesting in the interim, and all shares will remain at risk until the end of the respective vesting period. If the EPS target is not met, then none or only a portion of the performance-based shares will vest, with the remaining shares being forfeited. None of the performance-based shares will vest if 84.5% or less of the EPS target is met, which indicates the stringency of the award. A portion of the performance-based shares will vest, as specified in the award agreement, if between 84.5% and 100% of the EPS target is met, and all performance-based shares will vest if the EPS target is met or exceeded. In the event of a change of control of the Company, the shares will immediately vest. We believe that the design of Mr. Kelly's long-term equity award promotes and encourages good performance over a prolonged period of time in support of the objectives of long-term value creation and appropriate risk-taking.

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2021:

	2021 Granted	2021 Vested
Aengus Kelly	3,522,591 (a)	18,345

(a) Grant of 3,022,591 shares of restricted stock, of which 6,830 were withheld to pay taxes incurred by Mr. Kelly in connection with the grant. All other taxes in connection with these awards were funded by Mr. Kelly through a transfer of 624,000 shares from Mr. Kelly to the Company. Grant of 500,000 RSUs that will only vest subject to achievement of certain share price targets; payroll tax will be withheld and deducted from the shares to be delivered at vesting.

The table below indicates the years in which Mr. Kelly's equity awards in the form of restricted stock held as of December 31, 2021, are due to vest, subject to meeting the applicable vesting criteria:

	2022	2023	2024	2025	2026
Aengus Kelly	859,960	684,812	—	2,000,000	1,500,000

As noted, Mr. Kelly is required to own Company ordinary shares having a value equal to at least ten times his annual base salary, in order to further align his interests with the long-term interests of our shareholders. This threshold amount includes ordinary shares owned outright, vested stock-based equity awards, time-based restricted stock and time-based restricted stock units, whether or not vested, and any stock-based equity that Mr. Kelly has elected to defer. In addition, Mr. Kelly is required to hold, post vesting, 50% of the net shares (after satisfaction of any exercise price or tax withholding obligations) delivered to him pursuant to Company equity awards since January 1, 2007, for so long as he remains employed by the Company (or, if earlier, until he reaches 65 years of age). Sales of Company ordinary shares are conducted with a view to avoiding undue impact on the Company ordinary share price and in compliance with laws and regulations. Prior consultation with the Chairman is required before executing any sale of the Company's ordinary shares.

Mr. Kelly's employment contract expires on the day following the 2026 AGM, scheduled to be held in April or May 2026. His employment contract includes a severance clause with a pre-agreed severance amount, which is deemed reasonable in view of his long term employment history with the Company. The severance will be paid in the event that his employment is not renewed at expiration or is terminated without cause or in case of voluntarily leaving for good reason (as such terms are defined in the employment agreement).

As noted, the Company is subject to the Netherlands' Clawback of Bonuses Act. Pursuant to this legislation, bonuses paid to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day-to-day management) may be clawed back if awarded on the basis of incorrect information. In addition, any bonus that has been awarded to the executive director (and other directors, as defined under the articles of association, provided they are in charge of day to day management) may be reduced if, under the circumstances, payment of the bonus would be unacceptable. As of December 31, 2021, we did not have any directors other than the executive director who were in charge of day-to-day management.

Pay ratio

The pay ratio of our Chief Executive Officer's cash compensation compared with the cash compensation of the median employee is 16:1 (2020: 17:1).

Non-executive directors

We currently pay each non-executive director an annual fee of €95,000 (€200,000 for the Chairman of our Board of Directors) and pay each of these directors an additional €4,000 per meeting attended in person or €1,000 per meeting attended by phone. In addition, we pay the chair of the Audit Committee an annual fee of €25,000 and each Audit Committee member an annual fee of €15,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone. We further pay the non-executive chair of each of the Nomination and Compensation Committee, the ESG Committee, the Group Treasury and Accounting Committee and the Group Portfolio and Investment Committee an annual fee of €15,000 and each such committee member an annual fee of €10,000 and a fee of €4,000 per committee meeting attended in person or €1,000 per committee meeting attended by phone.

In addition, our non-executive directors receive an annual equity award as provided for in AerCap's remuneration policy for members of the Board of Directors and in accordance with the terms of the Equity Incentive Plan 2014. The size of the annual equity award to our non-executive directors increased, effective as of December 31, 2015, following a market compensation analysis conducted by an independent benefits advisory firm and in accordance with the terms of the Equity Incentive Plan 2014. The annual equity award may be supplemented by additional awards in line with AerCap's remuneration policy in order to meet the compensation goals of the Company. As of December 31, 2021, our non-executive directors held 693,252 restricted stock units and options to acquire a total of 1,803 AerCap ordinary shares (our non-executive directors did not hold any shares of restricted stock as of December 31, 2021); these equity awards have been granted under the AerCap equity incentive plans, as further described below. All members of the Board of Directors are reimbursed for reasonable costs and expenses incurred in attending meetings of our Board of Directors.

The table below indicates the total remuneration paid to our current and former non-executive directors during the years ended December 31, 2021 and 2020, and the share-based compensation expense recognized in those years related to AerCap equity instruments that were granted to the non-executive directors on December 31, 2021 and December 31 in prior years:

	Year Ended December 31,			
	2021		2020	
	Remuneration paid	Share-based compensation expense (c)	Remuneration paid	Share-based compensation expense (c)
	(U.S. Dollars in thousands)			
Paul Dacier	$ 384	$ 512	$ 346	$ 192
Pieter Korteweg (a)	—	—	122	350
Julian (Brad) Branch	215	547	206	140
Stacey Cartwright	179	371	160	49
Rita Forst	177	371	157	49
Richard (Michael) Gradon	214	419	213	220
James (Jim) Lawrence	228	571	211	303
Michael Walsh	232	529	222	250
Robert (Bob) Warden	214	373	227	150
Jennifer VanBelle (b)	—	—	—	—
	$ 1,843	**$ 3,693**	**$ 1,864**	**$ 1,703**

(a) Resigned from the Board on April 22, 2020.

(b) Appointed to the Board on November 1, 2021.

(c) Annual equity awards are granted to our non-executive directors each year and related expenses are recognized in subsequent years over the vesting period.

AerCap equity incentive plans

Please refer to AerCap equity incentive plans earlier in this Annual Report, and to Note 21—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report for more details on our equity incentive plans.

March 30, 2022

Paul Dacier
Aengus Kelly
Julian (Brad) Branch
Stacey Cartwright
Rita Forst
Richard (Michael) Gradon
James (Jim) Lawrence
Michael Walsh
Robert (Bob) Warden
Jennifer VanBelle

AerCap Holdings N.V.
AerCap House
65 St. Stephen’s Green
Dublin
D02 YX20
Ireland

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2021 and 2020

(After profit appropriation)

	Note	As of December 31, 2021	As of December 31, 2020 (*)
		(U.S. Dollars in thousands)	
ASSETS			
Fixed assets			
Intangible fixed assets			
Maintenance rights and lease premium, net	5	$ 4,444,520	$ 649,914
Other intangibles, net	5	253,603	224,634
Total intangible fixed assets		**4,698,123**	**874,548**
Tangible fixed assets			
Flight equipment held for operating leases, net	6	56,188,625	34,415,373
Prepayments on flight equipment	28	4,586,848	2,111,659
Other tangible fixed assets, net		25,418	22,512
Total tangible fixed assets		**60,800,891**	**36,549,544**
Financial fixed assets			
Investment in finance leases, net	7	1,930,619	878,451
Deferred income tax assets	24	242,732	161,933
Other financial fixed assets	8, 9, 10	1,170,876	391,010
Total financial fixed assets		**3,344,227**	**1,431,394**
Total fixed assets		**68,843,241**	**38,855,486**
Current assets			
Receivables and inventory			
Trade receivables		181,455	170,675
Other receivables and inventory	11	1,737,683	759,523
Total receivables and inventory		**1,919,138**	**930,198**
Cash			
Cash, cash equivalents and restricted cash	12	**1,914,753**	**1,495,290**
Total current assets		**3,833,891**	**2,425,488**
Total Assets		**$ 72,677,132**	**$ 41,280,974**

(*) Adjusted for comparative purposes. Refer to Note 2—*Basis of presentation*

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Balance Sheets (Continued)

As of December 31, 2021 and 2020

(After profit appropriation)

	Note	As of December 31, 2021	2020 (*)
		(U.S. Dollars in thousands)	
GROUP EQUITY AND LIABILITIES			
Group equity			
Total AerCap Holdings N.V. shareholders' equity	13	$ 14,458,913	$ 7,852,191
Non-controlling interest	13	76,617	68,016
Total group equity		**14,535,530**	**7,920,207**
Provisions			
Deferred income tax liabilities	24	1,885,548	778,525
Total provisions		**1,885,548**	**778,525**
Liabilities			
Non-current liabilities	14	50,474,529	29,307,475
Current liabilities	15	5,781,525	3,274,767
Total liabilities		**56,256,054**	**32,582,242**
Total Group Equity and Liabilities		**$ 72,677,132**	**$ 41,280,974**

(*) Adjusted for comparative purposes. Refer to Note 2—*Basis of presentation*

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Income Statements

For the Years Ended December 31, 2021 and 2020

	Note	Year Ended December 31, 2021	Year Ended December 31, 2020 (*)
		(U.S. Dollars in thousands, except share and per share data)	
Revenues and other income			
Lease revenue	19	$ 4,443,613	$ 4,454,496
Net gain on sale of assets		128,644	108,873
Other income	20	666,315	28,790
Total revenues and other income		**5,238,572**	**4,592,159**
Expenses			
Leasing expenses		(456,105)	(476,893)
Personnel expenses	21	(246,373)	(173,951)
Depreciation and amortization	5, 6	(1,669,701)	(1,627,777)
Asset impairment	22	(1,413,154)	(1,692,294)
Other operating expenses	4, 23	(192,023)	(65,864)
Total expenses		**(3,977,356)**	**(4,036,779)**
Operating profit		**1,261,216**	**555,380**
Gain (loss) on investment at fair value		2,301	(143,510)
Financial income		56,259	54,215
Financial expense	16	(1,426,653)	(1,366,685)
Loss before taxes		**(106,877)**	**(900,600)**
Income tax (expense) benefit	24	(7,294)	91,930
Result from participations	9	24,051	2,464
Group loss after tax		**(90,120)**	**(806,206)**
Result non-controlling interest	13	(8,924)	(3,643)
Net loss attributable to equity holders of AerCap Holdings N.V.		**$ (99,044)**	**$ (809,849)**
Basic loss per share	25	$ (0.68)	$ (6.34)
Diluted loss per share	25	$ (0.68)	$ (6.34)
Weighted average shares outstanding - basic		146,421,188	127,743,828
Weighted average shares outstanding - diluted		146,421,188	127,743,828

(*) Adjusted for comparative purposes. Refer to Note 2—*Basis of presentation.*

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Statement of Total Results of the Group

For the Years Ended December 31, 2021 and 2020

	Year Ended December 31,	
	2021	2020
	(U.S. Dollars in thousands)	
Group loss after tax	**$ (90,120)**	**$ (806,206)**
Net change in fair value of derivatives (Note 10), net of tax of ($11,679) and $8,402, respectively	81,751	(58,814)
Actuarial loss on pension obligations, net of tax of ($1,327) and $348, respectively	9,285	(2,684)
Foreign currency translation adjustments	(15,286)	—
Total direct movements in group equity	75,750	(61,498)
Total result of the group	**$ (14,370)**	**$ (867,704)**

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	Note	Year Ended December 31, 2021	2020 (*)
		(U.S. Dollars in thousands)	
Group loss after tax		$ (90,120)	$ (806,206)
Adjustments to reconcile group loss to net cash provided by operating activities:			
Depreciation and amortization	5, 6	1,669,701	1,627,777
Asset impairment	22	1,413,154	1,692,294
Financial expense		1,426,653	1,366,685
Income tax	24	7,294	(91,930)
Amortization of lease premium	5	48,221	7,729
Maintenance rights write-off	5	138,780	133,015
Maintenance liability release to income	17	(273,715)	(414,747)
Net gain on sale of assets		(128,644)	(108,873)
Share-based compensation	21	96,087	69,187
Loss on investment at fair value		(2,301)	143,510
Other		62,555	250,312
Changes in operating assets and liabilities:			
Trade receivables		232,119	(128,188)
Other receivables and other assets	8, 9, 10, 11	112,790	(400,316)
Accounts payable, accrued expenses and other liabilities		2,307	(85,389)
Interest paid	16	(1,109,948)	(1,196,467)
Income tax (paid) refunded	24	(4,928)	3,862
Collections of finance and sales-type leases	7	124,325	68,128
Net cash provided by operating activities		**3,724,330**	**2,130,383**
Purchase of flight equipment	6	(1,703,395)	(778,547)
Proceeds from sale or disposal of assets	6	796,613	471,437
Prepayments on flight equipment	28	(86,386)	(405,178)
Acquisition of GECAS, net of cash acquired	4	(22,523,703)	—
Other		27,427	—
Net cash used in investing activities		**(23,489,444)**	**(712,288)**
Issuance of debt	16	26,496,660	10,946,333
Repayment of debt	16	(5,973,508)	(11,560,015)
Debt issuance and extinguishment costs paid, net of debt premium received	16	(422,260)	(253,806)
Maintenance payments received	17	448,516	345,699
Maintenance payments returned	17	(209,087)	(412,492)
Security deposits received		210,781	137,130
Security deposits returned		(290,758)	(297,469)
Dividend paid to non-controlling interest holders and others	13	(323)	(2,935)
Repurchase of shares and tax withholdings on share-based compensation	13	(76,220)	(127,777)
Net cash provided by (used in) financing activities		**20,183,801**	**(1,225,332)**
Net increase in cash, cash equivalents and restricted cash		418,687	192,763
Effect of exchange rate changes		776	2,180
Cash, cash equivalents and restricted cash at beginning of period		1,495,290	1,300,347
Cash, cash equivalents and restricted cash at end of period		**$ 1,914,753**	**$ 1,495,290**

(*) Adjusted for comparative purposes. Refer to Note 2—*Basis of presentation.*

The accompanying notes are an integral part of these Consolidated Financial Statements.

AerCap Holdings N.V. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

For the Years Ended December 31, 2021 and 2020

Non-Cash Investing and Financing Activities

Year ended December 31, 2021:

Flight equipment held for operating leases in the amount of $12.5 million net, was reclassified to investment in finance leases, net.

Accrued maintenance liability in the amount of $43.6 million was settled with buyers upon sale or disposal of assets.

In November 2021, debt and shareholder's equity increased by $1 billion and $6.6 billion respectively due to non-cash consideration in the GECAS Transaction. Refer to Note 4—*GECAS Transaction* for further details.

Year ended December 31, 2020:

Flight equipment held for operating leases in the amount of $46.6 million, net, was reclassified to investment in finance leases, net.

Accrued maintenance liability in the amount of $104.7 million was settled with buyers upon sale or disposal of assets.

In May 2020, other assets and accounts payable, accrued expenses and other liabilities each increased by $185.7 million due to the Norwegian Air Shuttle ASA ("NAS") recapitalization.

The accompanying notes are an integral part of these Consolidated Financial Statements.

1. General

The Company

AerCap is the global leader in aviation leasing with 2,369 aircraft owned, managed or on order, over 900 engines (including engines owned by our Shannon Engine Support joint venture), over 300 owned helicopters, and total assets of $73 billion as of December 31, 2021. Our ordinary shares are listed on the New York Stock Exchange under the ticker symbol AER. Our headquarters is located in Dublin, and we have offices in Shannon, Miami, Singapore, Amsterdam, Shanghai, Abu Dhabi and other locations. We also have representative offices at the world's largest aircraft manufacturers, Boeing in Seattle and Airbus in Toulouse.

The Consolidated Financial Statements presented herein include the accounts of AerCap Holdings N.V. and its subsidiaries. AerCap Holdings N.V. was incorporated in the Netherlands as a public limited liability company ("*naamloze vennootschap" or "N.V.*") on July 10, 2006.

The Chamber of Commerce registration number for AerCap Holdings N.V. is 34251954 and the corporate seat is Amsterdam.

GECAS Transaction

AerCap completed the acquisition of GE Capital Aviation Services ("GECAS") from General Electric ("GE") (the "GECAS Transaction") on November 1, 2021. Under the terms of the transaction agreement, GE received 111.5 million newly issued AerCap shares, approximately $23 billion of cash and $1 billion of AerCap senior notes. Immediately following the completion of the GECAS Transaction, GE held approximately 46% of AerCap's issued and outstanding ordinary shares. In connection with the GECAS Transaction, GE appointed one member to join the Board of Directors of AerCap, bringing the number of directors serving on AerCap's Board of Directors to ten. Additionally, pursuant to the shareholder agreement between AerCap and GE, for as long as GE and its wholly owned subsidiaries, collectively, beneficially own at least 10% of our outstanding shares, GE will be entitled to designate a second director for appointment to AerCap's Board of Directors. The GE shares are subject to a lock-up period which will expire in stages from nine to 15 months after November 1, 2021 (the "Closing Date"). GE has entered into agreements with AerCap regarding voting restrictions, standstill provisions and certain registration rights. Refer to Note 4—*GECAS Transaction* for further details.

The process of integrating our operations with GECAS may require a disproportionate amount of resources and management attention. Our management team may encounter unforeseen difficulties in managing the integration. In order to successfully combine AerCap and GECAS and operate the combined business, our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention to difficulties in operating the combined business could affect our revenues and ability to achieve operational, financial and strategic objectives.

On March 11, 2020, the World Health Organization declared that the Covid-19 outbreak was a pandemic. The Covid-19 pandemic and responsive government actions have caused significant economic disruption and a dramatic reduction in commercial airline traffic, resulting in a broad adverse impact on air travel, the aviation industry and demand for commercial aircraft globally, all of which has impacted our results of operations. The continued impact of the Covid-19 pandemic on our business will depend, among other things, on the duration of the pandemic and the speed and effectiveness of vaccination efforts; the rate of recovery in air travel and the aviation industry, including the future demand for commercial aircraft; and global economic conditions.

Aircraft leasing is a capital intensive business and we have significant capital requirements. In order to meet our forward purchase commitments, we will need to access committed debt facilities, secure additional financing for pre-delivery payment obligations, use our existing available cash balances, cash generated from aircraft leasing and sales, and, if necessary, the proceeds from potential capital market transactions. If we cannot meet our obligations under our forward purchase commitments, we will not recover the value of prepayments on flight equipment on our Consolidated Balance Sheets and may be subject to other contract breach damages.

1. General (Continued)

We are dependent upon the viability of the commercial aviation industry, which determines our ability to service existing and future operating leases of our aircraft. A further deterioration of economic conditions could cause our lessees to default under their leases with us, which could negatively impact our cash flows and results of operations. Furthermore, the value of the largest asset in our Consolidated Balance Sheets, flight equipment held for operating leases, is subject to fluctuations in values of commercial aircraft worldwide. A material decrease in aircraft values could have a downward effect on lease rentals and residual values and may require that the carrying value of our flight equipment be materially reduced.

The values of trade receivables, notes receivable and intangible lease premium assets are dependent upon the financial viability of related lessees, which is directly tied to the health of the commercial aviation market worldwide.

We have significant tax losses carried forward in some of our subsidiaries, which are recognized as deferred tax assets in our Consolidated Balance Sheets. The recoverability of these deferred tax assets is dependent upon the ability of the related entities to generate a certain level of taxable income in the future. If those entities cannot generate such taxable income, we will not realize the value of those deferred tax assets and a tax charge will be required.

We periodically perform reviews of the carrying values of our aircraft, customer receivables and inventory, the recoverable value of deferred tax assets and the sufficiency of accruals and provisions, substantially all of which are sensitive to the above risks and uncertainties.

Related parties

All group companies and related parties mentioned in Note 9—*Participations,* Note 20—*Other income*, Note 26—*Special purpose entities* and Note 27—*Related party transactions* are considered to be related parties. Transactions between group companies are eliminated upon consolidation.

Consolidated Statements of Cash Flows

The Consolidated Statements of Cash Flows have been prepared using the indirect method. The cash and cash equivalents in our Consolidated Statements of Cash Flows comprise the Consolidated Balance Sheet item cash and cash equivalents. Cash flows denominated in currencies other than U.S. dollars are translated at average exchange rates.

Receipts and payments of interest, dividends received and income taxes paid are included in cash flow provided by operating activities.

2. Basis of presentation

General

Our Consolidated Financial Statements were prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board. The annual accounts are denominated in U.S. dollars, which is our functional and reporting currency.

In general, assets and liabilities (except for group equity) are stated at the amounts at which they were acquired or incurred, with the exception of derivatives which are measured at fair value. Our Consolidated Financial Statements have been prepared on the basis of the going concern assumption. The Consolidated Balance Sheets, Consolidated Income Statements and Consolidated Statements of Cash Flows include references to the notes.

The principles of valuation and determination of result remain unchanged compared to the prior year.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Comparative information

Certain comparative figures have been reclassified to conform to the current year presentation:

- In the Consolidated Balance Sheet, Liabilities as of December 31, 2020, have been split into Non-current and Current liabilities.
- In the Consolidated Income Statement for the year ended December 31, 2020, reclassification have been made between Lease revenue and Leasing expenses.
- In the Consolidated Statements of Cash Flow for the year ended December 31, 2020, reclassifications have been made within Net cash provided by operating activities.

Use of estimates

The preparation of Consolidated Financial Statements in conformity with Dutch generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, intangible assets, investment in finance leases, participations, trade receivables and notes receivable, deferred income tax assets and accruals and reserves. Our estimates and assumptions are based on historical experiences and currently available information that management believes to be reasonable under the circumstances. Actual results may differ from our estimates under different conditions, sometimes materially.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements.

2. Basis of presentation (Continued)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is included in the following notes:

- Note 4— *GECAS Transaction:* Purchase price accounting estimates will be used to allocate the consideration to the fair value of GECAS assets and liabilities acquired;
- Note 5— *Intangibles:* intangible assets; supplemental rent used to calculate maintenance related amounts;
- Note 6— *Flight equipment held for operating leases, net:* key assumptions on cash flows and other key assumptions underlying any impairment charges on flight equipment held for operating leases, net;
- Note 7— *Investment in finances leases, net:* the estimated unguaranteed residual value of the flight equipment on the lease termination date in relation to investment in finance leases, net;
- Note 11— *Other receivables and inventory:* trade receivables and notes receivable, measurement of credit risk allowance and finance lease receivables;
- Note 18— *Post retirement benefit plans:* measurement of defined benefit obligations, key actuarial assumptions;
- Note 21—*Personnel expenses:* key assumptions used underlying long term equity award and performance vesting criteria; and
- Note 24—*Income taxes:* key assumptions underlying the measurement of deferred income tax assets, accruals and reserves.

3. Summary of significant accounting policies

Foreign currency

Foreign currency transactions are translated into U.S. dollars, which is the currency of the primary economic environment in which the group operates, at the exchange rate prevailing at the time the transaction took place or at the rates of exchange under related forward contracts where such contracts exist. Monetary items denominated in foreign currency are remeasured into U.S. dollars at the exchange rate prevailing at the balance sheet date. Translation differences on non-monetary items held at cost are recognized using the exchange rates prevailing at the dates of the transactions (or the approximated rates). All resulting exchange gains and losses are recorded in other expenses in our Consolidated Income Statements. All group companies have the U.S. dollar as their functional currency, given the nature of the business.

Consolidation

The consolidation includes the financial information of AerCap Holdings N.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which AerCap Holdings N.V. exercises direct or indirect dominant control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which AerCap Holdings N.V. exercises control or whose central management it conducts are consolidated in full. Companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Non-controlling interests in group equity and group loss or profit are disclosed separately.

Intercompany transactions, profits or losses and balances among group companies and other consolidated legal persons are eliminated. Unrealized losses on intercompany transactions are eliminated as well, unless such a loss qualifies as impairment. The accounting policies of group companies and other consolidated legal entities were changed where necessary, in order to align them to the prevailing group accounting policies.

Since the income statement for year ended December 31, 2021 of AerCap Holdings N.V. is included in our Consolidated Financial Statements, an abridged income statement has been disclosed (in the Company Financial Statements) in accordance with Section 402, Book 2, of the Dutch Civil Code.

For a listing of consolidated companies and participations, please refer to Note 26— *Special purpose entities* and 31— *Subsidiary undertakings*.

Lease classification

The lease classification is determined on a contract-by-contract basis, taking into consideration the substance of the transaction and the specific details of each lease contract. The key factor to determine lease classification is if substantially all of the risks and rewards incidental to ownership are transferred.

Various criteria are used to determine the lease classification of which the two most important are:

- whether the lease term is for the major part of the economic life of the asset; and
- whether the present value of minimum lease payments amounts to at least substantially all of the fair value of the asset.

Finance lease portfolio

Leases where substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. Refer to Note 7— *Investment in finance leases, net*.

3. Summary of significant accounting policies (Continued)

Operating lease portfolio

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. As a lessor, we present the assets subject to operating leases in the Consolidated Balance Sheets as Flight equipment held for operating leases, net.

The carrying amount of fight equipment under operating lease is depreciated to its estimated residual value during the lease term or the useful life of the asset. Depreciation is recognized in the Consolidated Income Statement. The operating lease rental payments are recognized in the financial statements on a straight-line basis over the lease term. The rental payments are classified and presented in Basic lease revenue in the Consolidated Income Statement. Our current operating leases have initial terms ranging in length up to approximately 16 years.

Intangible fixed assets

We recognize intangible assets acquired in a business combination at fair value on the date of acquisition. The rate of amortization of intangible fixed assets is calculated based on the period over which we expect to derive economic benefits from such assets. We evaluate all intangible assets for impairment when events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Maintenance rights and lease premium, net

Maintenance rights assets are recognized when we acquire flight equipment subject to existing leases. These assets represent the contractual right to receive the aircraft in a specified maintenance condition at the end of the lease under lease contracts with EOL payment provisions, or our right to receive the aircraft in better maintenance condition due to aircraft maintenance events performed by the lessee either through reimbursement of maintenance deposit rents held under lease contracts with maintenance reserve (“MR”) provisions, or through a lessor contribution to the lessee.

For leases with EOL maintenance provisions, upon lease termination, we recognize receipt of EOL cash compensation as lease revenue to the extent those receipts exceed the EOL maintenance rights asset, and we recognize leasing expenses when the EOL maintenance rights asset exceeds the EOL cash received. For leases with maintenance reserve payment provisions, we recognize maintenance rights expense at the time the lessee submits a reimbursement claim and provides the required documentation related to the cost of a qualifying maintenance event that relates to pre-acquisition usage.

Lease premium assets represent the value of an acquired lease where the contractual rental payments are above the market rate. We amortize the lease premium assets on a straight-line basis over the term of the lease as a reduction of lease revenue.

Other intangible fixed assets, net (including goodwill)

Other intangible fixed assets primarily consist of goodwill and customer relationships initially recorded at fair value. These intangible assets are amortized over the period which we expect to derive economic benefits from such assets. The amortization term of goodwill and certain intangibles assets in relation to the GECAS acquisition is determined at ten years which is mainly driven by the forecasted cash flows and expected life. realized over a ten year period, corresponding to the amortization period of the other intangible assets, and as such are amortized over ten years. The associated benefits from customer relationships in relation to the prior ILFC acquisition are expected to be realized over a 17-year period based upon forecasted cash flows and as such are amortized over 17 years. The amortization expense is recorded in depreciation and amortization in our Consolidated Income Statements.

3. Summary of significant accounting policies (Continued)

Tangible fixed assets

Flight equipment held for operating leases, net

Flight equipment held for operating leases is stated at cost less accumulated depreciation and impairment. Flight equipment is depreciated to its estimated residual value on a straight-line basis over the useful life of the asset. The costs of improvements to flight equipment are normally recorded as leasing expenses unless the improvement increases the long-term value of the flight equipment. In that case, the capitalized improvement cost is depreciated over the estimated remaining useful life of the asset.

	Useful Life (a)	Residual Value (b)
Passenger aircraft	25 years	15 %
Freighter aircraft	35 years	15 %
Helicopters	30 years	20 %
Engines	20 years	60 %

(a) Useful life may be determined to be a different period depending on the disposition strategy.

(b) Estimated industry price, except where more relevant information indicates that a different residual value is more appropriate.

We periodically review the estimated useful lives and residual values of our flight equipment based on our industry knowledge, external factors, such as current market conditions, and changes in our disposition strategies, to determine if they are appropriate, and record adjustments to depreciation rates prospectively on an individual asset basis, as necessary.

We perform an impairment test on our long-lived assets when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The review of recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposal. The assets are grouped at the lowest level for which identifiable cash flows are largely independent of other groups of assets, which includes the individual aircraft and the lease-related assets and liabilities of that aircraft (the "Cash Generating Unit"). If the sum of the expected discounted future cash flows is less than the aggregate net book value of the Cash Generating Unit, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired Cash Generating Unit over its estimated recoverable amount.

Recoverable amount reflects the present value of future cash flows expected to be generated from the assets, including its expected residual value, discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar assets and industry trends. Refer to Note 22—*Impairment.*

Capitalization of interest

We capitalize interest on prepayments of forward order flight equipment and add such amounts to prepayments on flight equipment. The amount of interest capitalized is the amount of interest costs which could have been avoided in the absence of such prepayments.

Other tangible fixed assets

Other tangible fixed assets consist primarily of leasehold improvements, computer equipment and office furniture, and are recorded at historical acquisition cost and depreciated at various rates over the asset's estimated useful life on a straight-line basis. Depreciation expense on other tangible fixed assets is recorded in depreciation and amortization in our Consolidated Income Statements.

3. Summary of significant accounting policies (Continued)

Financial fixed assets

Investment in finance leases, net

If a lease meets specific criteria, we recognize the lease in investment in finance leases, net in our Consolidated Balance Sheets and de-recognize the asset from flight equipment held for operating lease. For leases where we initially recognized a gain, we recognize the difference between the asset carrying value and the amount recognized in investment in finance leases, net in net gain on sale of assets in our Consolidated Income Statements. The amounts recognized for finance leases consist of lease receivables and the estimated unguaranteed residual value of the flight equipment on the lease termination date, less the unearned interest income and impairment. Expected unguaranteed residual values are based on our assessment of the values of the flight equipment and, if applicable, the estimated EOL payments expected at the expiration of the lease. The unearned interest income is recognized as lease revenue over the lease term, using the interest method to produce a constant yield over the life of the lease. Finance leases that are mainly financed at commencement with non-recourse borrowings and that meet certain criteria are accounted for as leveraged leases. Leveraged leases are recorded at the aggregate of rentals receivable, net of that portion of the rental applicable to principal and interest on the non-recourse debt, plus the estimated residual value of the leased asset less unearned interest income. Unearned interest income is recognized as lease interest income at a level rate of return on the leveraged lease net investment.

Deferred income tax assets and liabilities

We report deferred income tax assets and liabilities resulting from the temporary differences between the book values and the tax values of assets and liabilities using the liability method. The differences are calculated at nominal value using the enacted tax rate applicable at the time the temporary difference is expected to reverse.

Other financial fixed assets

Other financial fixed assets consist of lease incentives, participations, derivative financial instruments and straight-line rents.

Lease incentives

We capitalize amounts paid or value provided to lessees, primarily related to cabin reconfiguration as lease incentives. We amortize lease incentives on a straight-line basis over the term of the related lease as a reduction of lease revenue.

Participations

Participations are those companies where we do not have a controlling financial interest, but over which we have significant influence over the business and financial policies but do not control the company, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in participations are accounted for using the equity method on the basis of net asset value. In assessing whether we has significant influence over the business and financial policies of a participating interest, all facts, circumstances and contract relationships, including potential voting rights, are taken into account.

Under the equity method of accounting, we recognize our share of earnings and losses based on our ownership percentage of such investments in equity in net earnings (losses) of investments accounted for under the equity method in our Consolidated Income Statements. The carrying amount of the equity method investment is included in associated companies on our Consolidated Balance Sheets. Refer to Note 9—*Participations* for further details.

Distributions received from equity method investees are classified using the cumulative earnings approach. Under this approach, distributions received are considered returns on investment and are classified as cash inflows from operating activities, unless the cumulative distributions received, less distributions received in prior periods that were determined to be returns of investment, exceed cumulative equity in earnings recognized. When such an excess occurs, the current-period distribution up to this excess is deemed to be a return of investment, and is classified as cash inflows from investing activities.

3. Summary of significant accounting policies (Continued)

Financial instruments

Financial instruments include trade receivables, notes receivables, other receivables, cash items, loans, derivative financial instruments, trade payables, lessee security deposit and other amounts payable. Financial assets and liabilities are recognized in the Consolidated Balance Sheet when the contractual risks and rewards with respect to that financial instrument originate. Financial instruments are derecognized if a transaction results in the contractual risks and rewards of the financial instrument being transferred to a third party.

Financial instruments (and individual components of financial instruments) are presented in the Consolidated Financial Statements in accordance with the economic substance of the contractual terms. Presentation of the financial instruments is based on the individual components of financial instruments as a financial asset, financial liability or equity instrument.

Financial and non-financial contracts may contain terms and conditions that meet the definition of derivative financial instruments. Such an agreement is separated from the host contract if its economic characteristics and risks are not closely related to the economic characteristics and risks of the host contract, a separate instrument with the same terms and conditions as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value with changes in fair value recognized in the profit and loss account. Financial instruments embedded in contracts that are not separated from the host contract are recognized in accordance with the host contract.

Initial recognition and subsequent measurement

Financial assets are initially recognized at fair value. Subsequent measurement of financial assets depends on the classification driven by cash flow characteristics and the business model in which the asset is held. The classification categories are held in fair value through profit or loss, fair value through other comprehensive income or amortized cost and are determined at initial recognition. We use derivative financial instruments to manage our exposure to interest rate risks. Derivatives are carried in our Consolidated Balance Sheets, after their initial recognition, at fair value.

Derivatives are recognized in our Consolidated Balance Sheet when the contractual risks and rewards with respect to the derivative originate. Derivatives are derecognized if a transaction results in a considerable part of the contractual risks or rewards of the derivative have being transferred to a third party or on the maturity date.

When cash flow hedge accounting treatment is applied, the changes in fair values related to the effective portion of the derivatives are recorded in revaluation reserves, and the ineffective portion is recognized immediately in our Consolidated Income Statements. Amounts reflected in revaluation reserves related to the effective portion are reclassified into financial expense in the same period or periods during which the hedged transaction affects financial expense.

We discontinue hedge accounting prospectively when *(i)* we determine that the derivative is no longer effective in offsetting changes in the fair value or cash flows of the hedged item; *(ii)* the derivative expires or is sold, terminated, or exercised; or *(iii)* management determines that designating the derivative as a hedging instrument is no longer appropriate. In all situations in which hedge accounting is discontinued and the derivative remains outstanding, we recognize the changes in the fair value in current-period earnings. The remaining balance in revaluation reserves at the time we discontinue hedge accounting is not recognized in our Consolidated Income Statements unless it is probable that the forecasted transaction will not occur. Such amounts are recognized in financial expense when the hedged transaction affects financial expense.

When cash flow hedge accounting treatment is not applied, the changes in fair values related to interest rate related derivatives between periods are recognized in financial expense in our Consolidated Income Statements.

Net cash received or paid under derivative contracts is classified as operating cash flows in our Consolidated Statements of Cash Flows.

Receivables

Trade receivables

Trade receivables represent unpaid, current lessee rental obligations under existing lease contracts.

3. Summary of significant accounting policies (Continued)

Other receivables

Other receivables consist of notes receivable, prepaid expenses and other. After initial recognition at fair value, notes receivable and loans are carried at amortized cost using the effective interest method, less any impairment loss.

Notes receivable

Notes receivable primarily arise from the restructuring and deferral of trade receivables from lessees experiencing financial difficulties.

Loans

Loans are classified as held for investment ("HFI") when the Company has the intent and ability to hold the loan for the foreseeable future or until maturity. Loans classified as HFI are recorded at amortized cost. Loan origination fees and certain direct origination costs are deferred and recognized as adjustments to interest income over the contractual lives of the related loans.

Allowance for credit losses

We are exposed to credit losses on our investment in finance leases, net, and loans and notes. The credit exposure of our receivables reflects the risk that our customers fail to meet their payment obligations and the risk that the aircraft value in an investment in finance lease, net is less than the unguaranteed residual value.

Impairment of a receivable is recognized when is there is objective evidence that we will not be able to collect all amounts due according to the original contractual terms of the receivable. The amount of the impairment is the difference between the carrying amount and the estimated recoverable future cash flow amount, including amounts recoverable from collateral values. Credit loss on receivables is recognized in the income statement as part of Leasing expenses. Receivables are written off where there is no reasonable expectation of recovering the outstanding amounts.

We review outstanding receivables to assess impairment on a quarterly basis. To determine if an impairment loss should be recognized in the income statement, we make judgments regarding the estimated future cash flows of a receivable. This assessment considers the specific financial status of a lessee customer, macroeconomic or industry specific economic factors, and other relevant data that may indicate a loss has been incurred. We recognize losses that we consider to be incurred but not reported based on a probability of default and exposure analysis. The methodology and assumptions used for estimating the amount and timing of future cash flows are reviewed regularly.

3. Summary of significant accounting policies (Continued)

Cash

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with original maturities of three months or less which are held at nominal value.

Restricted cash

Restricted cash includes cash held by banks that is subject to withdrawal restrictions. Such amounts are typically restricted under secured debt agreements and can be used only to maintain the aircraft securing the debt and to provide debt service payments of principal and interest. Given the nature of the restrictions, our restricted cash is recognized at nominal value.

Shareholders' equity

Expenses directly related to the purchase, sale and/or issue of new shares, net of tax, are directly charged against shareholders' equity. Other direct changes in shareholders' equity are also recognized after processing of the relevant income tax effects.

Non-controlling interest

The non-controlling interest in group equity is carried at the amount of the net interest in the group companies concerned. Gains and losses arising from acquisitions and disposals of non-controlling interests are recognized through shareholders' equity.

Provisions

Provisions are recognized for legally enforceable or constructive obligations existing on the balance sheet date, the settlement of which is probable to require an outflow of resources whose extent can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligations as of the balance sheet date.

Provisions are stated at the present value of the expenditure expected to be required to settle the obligations. If the expenditure to settle obligations is expected to be recovered from third parties, the recovery is carried as an asset in our Consolidated Balance Sheets if it is likely to be received upon settlement of the obligation.

Liabilities

Debt and deferred debt issuance costs

Long-term debt is carried at the principal amount borrowed, including unamortized discounts and premiums, fair value adjustments and debt issuance costs, where applicable. We amortize the amount of discounts, premiums and fair value adjustments over the period the debt is outstanding using the effective interest method. The costs we incur for issuing debt are capitalized and amortized as an increase to financial expense over the life of the debt using the effective interest method.

3. Summary of significant accounting policies (Continued)

Accrued maintenance liability

Under our aircraft leases, the lessee is responsible for maintenance and repairs and other operating expenses related to the flight equipment during the term of the lease. When an aircraft is not subject to a lease, we may incur maintenance and repair expenses for our aircraft. Maintenance and repair expenses are recorded in leasing expenses; to the extent such expenses are incurred by us.

We may be obligated to make additional payments to the lessee for maintenance-related expenses, primarily related to usage of major life-limited components prior to commencement of the lease ("lessor maintenance contributions"). For all lease contracts, we accrue lessor maintenance contributions at the commencement of the lease. In the case we have established an accrual maintenance payments are charged against the accrual.

For all aircraft acquired with leases attached, we determined the fair value of our maintenance liability, including lessor maintenance contributions, using the present value of the expected cash outflows. The discounted amounts are accreted in subsequent periods to their respective nominal values up until the expected maintenance event dates using the effective interest method. The accretion amounts are recorded as increases to financial expense in our Consolidated Income Statements. In the case we have established an accrual maintenance payments are charged against the accrual.

Accounts payable, accrued expenses and other liabilities

On initial recognition accounts payable, accrued expenses and other liabilities are recognized at fair value. After initial recognition they are recognized at amortized cost. This usually is the nominal value.

Post-retirement benefit plans

We maintain defined benefit pension plans for some of our employees. We recognize net periodic pension costs associated with these plans in personnel expenses and recognize the unfunded status of the plan, if any, in accounts payable, accrued expenses and other liabilities. The change in fair value of the funded pension liability that is not related to the net periodic pension cost is recorded in accumulated other comprehensive income (loss) ("AOCI"). Refer to Note 13—*Equity and* Note 35—*Equity.* The projection of benefit obligation and fair value of plan assets require the use of assumptions and estimates, including discount rates. Actual results could differ from those estimates. Furthermore, we maintain defined contribution plans for the employees who do not fall under the defined benefit pension plans. We recognize an expense for contributions to the defined contribution plans in personnel expenses in the period in which the employee services are rendered, and to the extent not already paid, as a liability in accounts payable, accrued expenses and other liabilities. We have opted to apply Accounting Standard Codification ("ASC") 715.

Lessee security deposits

For all lessee deposits assumed as part of the GECAS and ILFC transactions, we discounted our lessee security deposits to their respective present values. We accrete these discounted amounts to their respective nominal values, over the period we expect to refund the security deposits to each lessee, using the effective interest method, recognizing an increase to Interest expense.

3. Summary of significant accounting policies (Continued)

Revenues and other income

Our revenues and other income consist primarily of basic lease rents, maintenance rents and other receipts, net gain of sale of assets and other income.

Basic lease rents and maintenance rents and other receipts

We lease flight equipment principally under operating leases and recognize basic lease rental income over the life of the lease. At lease inception, we review all necessary criteria to determine proper lease classification. We account for lease agreements that include uneven rental payments on a straight-line basis. The amount of the difference between basic lease rental revenue recognized and cash received is included in other assets, or in the event it is a liability, in accounts payable, accrued expenses and other liabilities.

Lease agreements where rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate that existed at the commencement of the lease. Increases or decreases in lease payments that result from subsequent changes in the floating interest rate are considered contingent rentals and are recorded as increases or decreases in lease revenue in the period of the interest rate change.

Our lease contracts normally include default covenants, which generally obligate the lessee to pay us damages to put us in the position we would have been in had the lessee performed under the lease in full.

We periodically evaluate the collectability of our operating lease contracts to determine the appropriate revenue recognition and measurement model to apply to each lessee. Management cease accrual-based revenue recognition on an operating lease contract when the collection of the rental payments is no longer considered probable and thereafter recognize rental revenues using a cash receipts basis. In the initial period when collection of lease payments is no longer probable, any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, is recognized as a credit loss in leasing expenses. Subsequently, revenues are recognized based on the lesser of the straight-line rental income or the lease payments collected from the lessee until such time that collection is probable. We apply significant judgment in assessing at each reporting date whether operating rental payments are probable of collection by reference to the credit status of each lessee, including lessees in bankruptcy-type arrangements, the extent of overdue balances and other relevant factors. During the year ended December 31, 2021, we recognized rent payments from a number of our lessees using the cash method, which resulted in a decrease in basic lease rents of $265 million and an increase of $31 million in Leasing expenses as a provision against receivables.

Revenue from investment in finance leases is recognized using the interest method to produce a constant yield over the life of the lease and is included in basic lease rents.

Most of our lease contracts require rental payments in advance. Rental payments received but unearned are recorded as deferred revenue in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets.

Under our flight equipment leases, the lessee is responsible for maintenance, repairs and other operating expenses during the term of the lease. Under the provisions of many of our leases, the lessee is required to make payments of supplemental maintenance rents which are calculated with reference to the utilization of the airframe, engines and other major life-limited components during the lease. We record as lease revenue all supplemental maintenance rent receipts not expected to be reimbursed to the lessee. We estimate the total amount of maintenance reimbursements for the lease term and only record maintenance revenue after we have received sufficient maintenance rents to cover the total amount of estimated maintenance reimbursements during the remaining lease term.

In most lease contracts not requiring the payment of supplemental maintenance rents, and to the extent that the aircraft is redelivered in a different condition than at acceptance, we generally receive EOL cash compensation for the difference at redelivery. Upon lease termination, we recognize receipt of EOL cash compensation as lease revenue to the extent those receipts exceed the EOL maintenance rights asset, and we recognize leasing expenses when the EOL maintenance rights asset exceeds the EOL cash received.

3. Summary of significant accounting policies (Continued)

The accrued maintenance liability existing at lease termination, if any, is recognized as lease revenue net of the MR contract maintenance rights asset. When flight equipment is sold, the portion of the accrued maintenance liability not specifically assigned to the buyer is released net of any maintenance rights asset balance and is included in net gain on sale of assets.

Net gain on sale

Our net gain on sale of assets is generated from the sale of our flight equipment and is largely dependent on the condition of the asset being sold, prevailing interest rates, airline market conditions and the supply and demand balance for the type of asset we are selling. The timing of aircraft sale closings is often uncertain, as a sale may be concluded swiftly or negotiations may extend over several weeks or months. As a result, even if net gain on sale of assets is comparable over a long period of time, during any particular reporting period we may close significantly more or fewer sale transactions than in other reporting periods. Accordingly, net gain on sale of assets recorded in one reporting period may not be comparable to net gain on sale of assets in other reporting periods.

Other income

Other income consists of management fee revenue, lease termination fees, insurance proceeds, and income related to other miscellaneous activities, such as proceeds from the sale of unsecured claims. Management fee revenue is recognized as income as it accrues over the life of the contract. Income from the receipt of lease termination penalties is recorded at the time cash is received or when the lease is terminated, if revenue recognition criteria are met.

We generate management fee revenue by providing management services to non-consolidated aircraft securitization vehicles, joint ventures, and other third parties. Our management services include aircraft asset management services, such as leasing, remarketing and technical advisory services, cash management and treasury services, and accounting and administrative services.

Our interest revenue is derived primarily from interest on unrestricted and restricted cash balances and on financial instruments we hold, such as notes receivable, loans receivable and subordinated debt investments in unconsolidated securitization vehicles or affiliates. The amount of interest revenue we recognize in any period is influenced by our unrestricted or restricted cash balances, the principal balance of financial instruments we hold, contracted or effective interest rates, and movements in provisions for financial instruments which can affect adjustments to valuations or provisions.

Refer to Note 20—*Other income* to our Consolidated Financial Statements included in this annual report.

Expenses

Our expenses consist primarily of leasing expenses, personnel expenses, depreciation and amortization, asset impairment, other operating expenses.

3. Summary of significant accounting policies (Continued)

Leasing expenses

Our leasing expenses consist primarily of maintenance rights asset amortization expense, maintenance expenses on our flight equipment, which we incur during the lease through lessor maintenance contributions or when we perform maintenance on our off-lease aircraft, expenses we incur to monitor the maintenance condition of our flight equipment during a lease, expenses to transition flight equipment from an expired lease to a new lease contract, non-capitalizable flight equipment expenses, provisions for credit losses on notes receivable, trade receivables, loans and investment in finance leases, net and lease costs for contracts where we are the lessee.

Maintenance rights assets are recognized when we acquire flight equipment subject to existing leases. These assets represent the contractual right to receive the aircraft in a specified maintenance condition at the end of the lease under lease contracts with EOL payment provisions, or our right to receive the aircraft in better maintenance condition due to aircraft maintenance events performed by the lessee either through reimbursement of maintenance deposit rents held under lease contracts with maintenance reserve (“MR”) provisions, or through a lessor contribution to the lessee.

For leases with EOL maintenance provisions, upon lease termination, we recognize receipt of EOL cash compensation as lease revenue to the extent those receipts exceed the EOL maintenance rights asset, and we recognize leasing expenses when the EOL maintenance rights asset exceeds the EOL cash received. For leases with maintenance reserve payment provisions, we recognize maintenance rights expense at the time the lessee submits a reimbursement claim and provides the required documentation related to the cost of a qualifying maintenance event that relates to pre-acquisition usage.

For lease contracts where we are the lessee we recognize leasing expenses on a straight-line basis over the lease term.

Depreciation and amortization

Our depreciation expense is influenced by the adjusted gross book values, depreciable lives and estimated residual values of our flight equipment. Adjusted gross book value is the original cost of our flight equipment, adjusted for subsequent capitalized improvements, impairments and accounting basis adjustments associated with a business combination or a purchase and leaseback transaction. In addition, we have definite-lived intangible assets which are amortized over the period which we expect to derive economic benefits from such assets.

Share-based compensation

Employees may receive AerCap share-based awards, consisting of restricted stock units or restricted stock. Share-based compensation expense is determined by reference to the fair value of the restricted stock units or restricted stock on the grant date and is recognized on a straight-line basis over the requisite service period. Share-based compensation expense is recognized in personnel expenses.

Income taxes

The income tax expense for the period comprises of current and deferred tax. Income tax is recognized in our Consolidated Income Statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized to equity, or to business combinations.

The current income tax charge is calculated based on the laws enacted at the balance sheet date in the countries in which AerCap Holdings N.V. and its subsidiaries operate and generate taxable income. This includes any adjustment to income tax payable or receivable in respect of previous years. We recognize an uncertain tax benefit or expense only to the extent that it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position.

3. Summary of significant accounting policies (Continued)

Deferred tax is recognized, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax is based on the enacted tax rate applicable at the time the temporary difference is expected to reverse. For deductible temporary differences, available tax losses and unused tax credits, a deferred tax asset is recognized, but only to the extent that it is probable that future taxable profits will be available for set-off or compensation. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred tax assets and deferred tax liabilities are only offset if there is a legally enforceable right to offset the tax assets against tax liabilities relating to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current income tax assets and liabilities on a net basis.

Earnings per share

Basic EPS is computed by dividing income available to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For the purposes of calculating diluted EPS, the denominator includes both the weighted average number of ordinary shares outstanding during the period and the weighted average number of potentially dilutive ordinary shares, such as restricted stock units, restricted stock and stock options. In a period where a net loss is recognized, the denominator of the dilutive EPS calculation does not include potentially dilutive ordinary shares.

Reportable segments

We manage our business and analyze and report our results of operations on the basis of one business segment: leasing, financing, sales and management of commercial flight equipment.

Fair value measurements

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We measure the fair value of our derivatives and our equity investments which we have elected to account for at fair value on a recurring basis and measure the fair value of flight equipment, goodwill and definite-lived intangible assets on a non-recurring basis when the asset is impaired. Refer to Note 29—*Fair value of financial instruments*. Assets acquired and liabilities assumed as part of the GECAS Transaction were measured at their fair values on the acquisition date. Refer to Note 4—*GECAS Transaction*.

Risks and uncertainties

During the normal course of business, the Company uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, the Company has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of the Company.

The Company applies derivatives, including interest rate swap and cap agreements to control its risks.

The following discussion should be read in conjunction with Note 4—*GECAS Transaction,* Note 10—*Derivative financial instruments* , Note 16—*Debt* and Note 22—*Asset Impairment.*

3. Summary of significant accounting policies (Continued)

GECAS Transaction

Now that the GECAS Transaction has been completed, we have significantly more revenue, expenses, assets and employees than we did prior to the GECAS Transaction. In the GECAS Transaction, we have assumed all of the liabilities and other obligations of GECAS. Additionally, our management has expended, and will continue to expend, significant time and resources in connection with the GECAS Transaction, and we have incurred, and will continue to incur, significant legal, advisory and financial services fees related to the GECAS Transaction. We may not successfully or cost-effectively integrate GECAS's business and operations into our business and operations. Even if we are able to integrate GECAS's business and operations successfully, our future operations and cash flows will depend largely upon our ability to operate the combined company efficiently and this integration may not result in the realization of the full benefits of the growth opportunities, cost-savings or synergies that we currently expect from the GECAS Transaction within the anticipated time frame, or at all.

Asset impairment risk

We test flight equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The quarterly impairment assessments are primarily triggered by potential sale transactions, early terminated leases, credit events impacting lessees or forecasted significant and permanent declines in the demand for asset types. The quantitative impairment test is performed at the lowest level for which identifiable cash flows are largely independent of other groups of assets, which is the individual asset, including the lease-related assets and liabilities of that asset, such as the maintenance rights assets, lease incentives, and maintenance liabilities (the "Asset Group"). If the sum of the expected discounted future cash flows is less than the Asset Group, an impairment loss is recognized. The loss is measured as the excess of the carrying value of the Asset Group over its estimated fair value.

Fair value reflects the present value of future cash flows expected to be generated from the assets, including its expected residual value, discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar assets and industry trends.

On an annual basis, we also perform an assessment of all assets held for operating leases to identify potential impairment by reference to estimated future cash flows at the Asset Group level, and perform a quantitative impairment test. We apply significant judgment in assessing whether an impairment is necessary and in estimating significant assumptions including the future lease rates, maintenance cash flow forecasts, the residual value and the discount rate when performing quantitative impairment tests.

Due to the ongoing Covid-19 pandemic, many of our customers continue to curtail their commercial operations and are under varying degrees of financial stress, which could result in lease defaults, lease terminations and related aircraft repossessions. The future cash flows supporting the carrying value of our flight equipment are based on current lease contracts and our estimates of future lease rates, useful lives and residual values for these assets. As a result of the Covid-19 pandemic and its impact on the aviation industry and the global economic environment, there is more uncertainty regarding the future cash flows relating to our flight equipment. A reduction in the future expected cash flows relating to our assets could result in impairment losses that could be material to our financial results.

The ongoing Covid-19 pandemic and responsive government actions continue to have an impact on international travel. While both domestic and international air travel continue to increase since the low points experienced in early 2020, in general domestic travel has been faster to recover and has been more rapid than for international travel. During the year ended December 31, 2021, the ongoing Covid-19 pandemic led governments in many countries to reimpose restrictions on international travel or to delay the relaxation of existing restrictions. As a result, the expected recovery time for international air traffic has become longer.

3. Summary of significant accounting policies (Continued)

Due to the significant uncertainties associated with potential sales transactions, we use our judgment to evaluate whether a sale or other disposal is more likely than not. The factors we consider in our assessment include *(i)* the progress of the potential sales transactions through a review and evaluation of the sales-related documents and other communications, including, but not limited to, letters of intent or sales agreements that have been negotiated or executed; *(ii)* our general or specific fleet strategies and other business needs and how those requirements bear on the likelihood of sale or other disposal; and *(iii)* the evaluation of potential execution risks, including the source of potential purchaser funding and other execution risks.

Interest rate risk

Interest rate risk is the exposure to changes in the level of interest rates and the spread between different interest rates. Interest rate risk is highly sensitive to many factors, including government monetary policies, global economic factors and other factors beyond our control.

We enter into leases with rents that are based on fixed and variable interest rates, and we fund our operations primarily with a mixture of fixed and floating rate debt. Interest rate exposure arises when there is a mismatch between terms of the associated debt and interest-earning assets, primarily between floating rate debt and fixed rate leases. We manage this exposure primarily through the use of interest rate caps and interest rate swaps using a cash flow-based risk management model. This model takes the expected cash flows generated by our assets and liabilities and then calculates by how much the value of these cash flows will change for a given movement in interest rates.

Under our interest rate caps, we will receive the excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap. For our interest rate swaps, pay rates are based on the fixed rate which we are contracted to pay to our swap counterparty.

As of December 31, 2021, we had approximately $7.9 billion of floating rate debt outstanding that used either one-month, three-month or six-month USD LIBOR as the applicable reference rate to calculate interest on such debt, of which $6.0 billion is set to mature after June 30, 2023. As of December 31, 2021, we had approximately $6.3 billion notional amount of floating rate derivatives outstanding that used either one-month, three-month or six-month USD LIBOR. Certain of our floating rate debt and derivatives contain LIBOR transition fall-back provisions and we expect to transition to the Secured Overnight Financing Rate (“SOFR”) on or before June 30, 2023. Our Board of Directors is responsible for reviewing our overall interest rate management policies.

Foreign currency risk and foreign operations

Our functional currency is U.S. dollars. The functional currency for domestic and substantially all foreign operations is the U.S. dollar. Foreign currency transaction gains and losses are not significant to the Company’s operations. Foreign exchange risk arises from our and our lessees’ operations in multiple jurisdictions. All of our aircraft purchase agreements are negotiated in U.S. dollars, we currently receive substantially all of our revenue in U.S. dollars and we pay our expenses primarily in U.S. dollars. We currently have a limited number of leases and helicopter purchase agreements denominated in foreign currencies, maintain part of our cash in foreign currencies, pay taxes in foreign currencies, and incur some of our expenses in foreign currencies, primarily the euro. A decrease in the U.S. dollar in relation to foreign currencies increases our lease revenue received from foreign currency-denominated leases and our expenses paid in foreign currencies. An increase in the U.S. dollar in relation to foreign currencies decreases our lease revenue received from foreign currency denominated leases and our expenses paid in foreign currencies. Because we currently receive most of our revenues in U.S. dollars and pay most of our expenses in U.S. dollars, a change in foreign exchange rates would not have a material impact on our results of operations or cash flows. We do not have any restrictions or repatriation issues associated with our foreign cash accounts.

3. Summary of significant accounting policies (Continued)

Credit risk

The values of trade receivables and notes receivable are dependent upon the financial viability of related lessees, which is directly tied to the health of the commercial aviation market worldwide. We perform a credit evaluation on all lease counterparties with whom we conduct material business. We also actively monitor the creditworthiness of significant lessees to minimize the cost to us of lessee defaults. Our counterparty risk is monitored on an ongoing basis, but is mitigated by the fact that the majority of our interest rate derivative counterparties are required to collateralize in the event of their downgrade by the rating agencies below a certain level.

Inflation

Inflation generally affects our costs. We do not believe that our financial results have been, or will be in the near future, materially and adversely affected by inflation.

Liquidity

As of December 31, 2021, our cash balance was $1.9 billion, including unrestricted cash of $1.7 billion, and we had $10.6 billion of undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt. As of December 31, 2021, the principal amount of our outstanding indebtedness, which excludes debt issuance costs, debt discounts and debt premium of $347 million, totaled $50.5 billion and consisted of senior unsecured, subordinated and senior secured notes, export credit facilities, commercial bank debt, revolving credit debt, securitization debt and capital lease structures.

We believe, our existing sources of liquidity as of December 31, 2021, together with, operating cash flows for the next 12 months from the date of signing, are sufficient to operate our business. Our sources of liquidity include undrawn lines of credit, unrestricted cash, estimated operating cash flows, cash flows from contracted asset sales and other sources of funding.

4. GECAS Transaction

AerCap completed the acquisition of 100% of GECAS, GE's commercial aviation lessor and financier, on the Closing Date. Under the terms of the transaction agreement, GE received 111.5 million newly issued AerCap shares, $23 billion of cash and $1 billion of AerCap senior notes. Immediately following the completion of the GECAS Transaction, GE held approximately 46% of our issued and outstanding ordinary shares. AerCap is now the global leader across all areas of aviation leasing.

The total consideration paid to GE had a value of $30.2 billion based on AerCap's closing price per share of $59.04 on October 29, 2021. On the Closing Date, immediately after completing the GECAS Transaction, all GECAS assets were transferred substantially as an entirety to AerCap, and AerCap assumed substantially all of the liabilities of GECAS.

In connection with the GECAS Transaction, on October 29, 2021, AerCap Global Aviation Trust ("AerCap Trust") and AerCap Ireland Capital Designated Activity Company ("AICDC") co-issued an aggregate principal amount of $21 billion of senior unsecured notes (the "GECAS Acquisition Notes"). The proceeds from the issuance of the GECAS Acquisition Notes were used to fund a portion of the cash consideration to be paid in the GECAS Transaction, and to pay related fees and expenses, with any excess proceeds to be used for general corporate purposes. On November 1, 2021, AerCap Trust and AICDC also co-issued an aggregate principal amount of $1 billion of 1.90% senior unsecured notes due 2025 to a subsidiary of GE in connection with the closing of the GECAS Transaction. Refer to Note 16—*Debt*.

We recognized expenses of $118.0 million in relation to the GECAS Transaction. Refer to Note 23—*Other expenses*.

Immediately following the completion of the GECAS Transaction, GE held approximately 46% of our issued and outstanding ordinary shares. The GE shares are subject to a lock-up period which will expire in stages from nine to 15 months after the Closing Date. GE has entered into agreements with AerCap regarding voting restrictions, standstill provisions and certain registration rights.

The consideration transferred to effect the GECAS Transaction consisted of the following:

	(U.S. Dollars in thousands, except share data)
Cash consideration	$ 22,583,992
111,500,000 AerCap ordinary shares issued multiplied by AerCap closing share price per share of $59.04 on October 29, 2021	6,582,960
AerCap notes issued to GE	1,000,000
Consideration transferred	**$ 30,166,952**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

4. GECAS Transaction (Continued)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the Closing Date:

		Final Amounts Recognized as of the Closing Date
Assets		
Cash and cash equivalents		151,554
Restricted cash		4,850
Flight equipment held for operating leases, net		23,108,835
Investment in finance leases, net		1,165,382
Prepayments on flight equipment		2,990,414
Maintenance rights and lease premium, net (a)		3,984,212
Participations		555,212
Accrued maintenance liability		(1,234,857)
Deferred tax liabilities		(1,195,168)
Other assets and liabilities (b)		621,544
Estimate of fair value of net assets acquired	$	30,151,978
Transaction expenses directly related to the GECAS Transaction	$	30,508
Consideration Transferred		30,166,952
Goodwill	**$**	**45,482**

(a) Includes $2.8 billion maintenance rights asset and $1.2 billion lease premium asset, net.

(b) The fair value of the assets acquired includes current trade receivables of $245 million. The gross amount due under the contracts is $463 million.

4. GECAS Transaction (Continued)

Application of the Acquisition Method of Accounting

We applied the acquisition method of accounting and measured the identifiable assets acquired and liabilities assumed at their respective fair values on the Closing Date. These fair values were determined primarily using the income approach and were primarily based on significant inputs and assumptions that are not observable in the market. The fair value measurement of each major asset acquired and liability assumed is discussed separately below:

Flight equipment held for operating leases, net: We measured the fair value of the GECAS flight equipment in its estimated physical condition as of the Closing Date using contractual lease cash flows adjusted by lessee credit risk, estimated follow-on lease cash flows and estimated residual values. We included contracted lease cash flows in the fair value where applicable for the remainder of the existing lease terms and expected follow-on lease cash flows using estimated market lease rental rates and an estimated residual value based on the flight equipment type, age, and airframe and engine configuration, as applicable and required. The aggregate cash flows were then discounted to present value. The discount rate was based on the type and age of flight equipment and incorporated market participant assumptions regarding the likely debt and equity financing components and the required returns of those financing components. Key inputs and assumptions underlying the income approach and the projected cash flows are discussed further below:

(a) The contracted leases were adjusted to current market rents as appropriate, and accounted for approximately 49% of the flight equipment's fair value.

(b) For in-production, younger aircraft, residual values were assumed after the extension of the existing lease or new lease. The residual value assumption was based on an internal model. The residual values for in-production younger aircraft accounted for approximately 28% of the flight equipment's fair value.

(c) For most aircraft, an extension of the existing lease or a new lease was assumed based on our knowledge of the lessee's fleet plans and expected market lease rents. The extensions and new leases accounted for approximately 14% of the flight equipment's fair value.

(d) To determine the residual values for out-of-production, older aircraft that are at the end of their economic life, we assumed that these aircraft are to be sold for parts at the conclusion of their respective leases ("Part-out Residual"). The Part-out Residual values were based on an internal part-out model. Part-out Residual values accounted for approximately 9% of the flight equipment's fair value.

(e) The discount rate assumption is based on our knowledge of market returns and leverage and was 6.5%.

Investment in finance leases, net: We determined the fair value of the GECAS investment in finance leases, net using an income approach based on the present value of the current contracted finance leases for the remainder of the terms, and an estimated residual value where we retain the residual value risk. The cash flows were then discounted to present value using a discount rate of 6.5%. The discount rate incorporated market participant assumptions regarding the likely debt and equity financing components and the required returns of those financing components. Key inputs and assumptions underlying the income approach relate to the counterparty's ability to fulfil their obligations under the existing contracts and an appropriate discount rate.

4. GECAS Transaction (Continued)

Maintenance rights asset and lease premium, net: We determined the fair value of the GECAS maintenance rights assets associated with contracts with EOL compensation provisions based on the present value of the expected cash flows, measured as the difference between the aircraft physical maintenance condition at the Closing Date and the specified contractual return condition at the end of the respective lease term, adjusted for the credit risk of the lessee. The fair value of the maintenance rights assets associated with contracts where the lessee provides maintenance reserve payments based on usage during the lease term was determined based on the present value of reimbursements to lessees for maintenance events relating to pre-acquisition usage expected during the remaining post-acquisition lease term. The expected cash flows of the EOL compensation provision and maintenance reserve-paying lease contracts are discounted at market rates of return that reflect the relative risk of achieving the expected cash flows of the assets and the time value of money.

We determined the fair value of the lease premium based on the present value of the expected cash flows calculated as the difference between the contractual lease payments, adjusted for lessee credit risk, and the lease payments that the aircraft could generate over the remaining lease term based on current market rates.

Accrued maintenance liability: We determined the fair value of the GECAS maintenance liabilities, including amounts we agreed to contribute to certain maintenance events that the lessee incurs during the lease term (“Lessor Contributions”) relating to pre-acquisition aircraft usage. The fair value was determined based on the present value of expected cash outflows during the remaining lease term consisting of expected reimbursements of maintenance reserves and expected lessor contributions at the time of the forecasted maintenance event. These two cash flows are based on estimated maintenance intervals and estimated cost to perform the maintenance event. The cash flows were discounted to their respective present values using a market rate of return that reflects the relative risk of the cash flows and the time value of money.

Income taxes: AerCap and GECAS have agreed to treat the GECAS Transaction as a deemed “asset sale” for U.S. federal income tax purposes and will, with respect to each target entity that is a domestic corporation for U.S. federal income tax purposes, jointly make an election under Section 338(h)(10) of the Internal Revenue Code, as amended (the “Code”), to similarly treat such stock purchases for legal purposes as deemed asset sales for U.S. federal income tax purposes. As a result of the tax structure of this transaction, AerCap will have a tax basis equal to fair market value (a “step-up”) in certain of the legacy GECAS U.S.-owned assets, including flight equipment. In the months following closing, a significant portion of the legacy GECAS U.S.-owned assets and related liabilities were transferred to Ireland. These assets and liabilities are subject to corporation tax in Ireland.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

5. Intangibles

Maintenance rights and lease premium, net

Maintenance rights and lease premium, net consisted of the following as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
Maintenance rights	$ 3,292,007	$ 642,825
Lease premium, net	1,152,513	7,089
	$ 4,444,520	**$ 649,914**

Movements in maintenance rights during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Maintenance rights at beginning of period	$ 642,825	$ 794,798
GECAS Transaction	2,790,324	—
EOL and MR contract maintenance rights expense	(7,048)	(45,655)
MR contract maintenance rights expense due to maintenance liability release	(17,260)	(35,897)
EOL contract maintenance rights expense due to cash receipt	(114,472)	(51,463)
EOL and MR contract maintenance rights expense due to sale of aircraft and impairment	(2,362)	(18,958)
Maintenance rights at end of period	**$ 3,292,007**	**$ 642,825**

Movements in lease premium and related accumulated amortization during the year ended December 31, 2021 were as follows:

	Year Ended December 31,
	2021
Balance at beginning of period	
Historical costs	$ 53,040
Cumulative impairment losses and amortization	(45,951)
Net carrying amount	**7,089**
Movements	
GECAS Transaction	1,193,888
Amortization	(48,464)
Total movements	**1,145,424**
Balance at end of period	
Historical costs	1,246,928
Cumulative impairment losses and amortization	(94,415)
Net carrying amount	**$ 1,152,513**
Remaining weighted-average amortization period (in years)	**6.2**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

5. Intangibles (Continued)

As of December 31, 2021, the estimated future amortization expense for lease premium was as follows:

	Estimated amortization expense
2022	$ 242,004
2023	210,865
2024	192,232
2025	142,957
2026	115,935
Thereafter	248,520
	$ 1,152,513

Other intangibles, net

Other intangibles consisted of the following as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
Customer relationships, net	$ 198,413	$ 219,589
Goodwill	44,724	—
Contractual vendor intangible assets	10,466	5,045
	$ 253,603	**$ 224,634**

Movements in goodwill and customer relationships accumulated amortization during the year ended December 31, 2021 were as follows:

	Year Ended December 31, 2021	
	Goodwill	Customer relationships
Balance at beginning of period		
Historical costs	$ —	$ 360,000
Cumulative impairment losses and amortization	—	(140,411)
Net carrying amount	**—**	**219,589**
Movements		
GECAS Transaction	45,482	—
Amortization	(758)	(21,176)
Total movements	**44,724**	**(21,176)**
Balance at end of period		
Historical costs	45,482	360,000
Cumulative impairment losses and amortization	(758)	(161,587)
Net carrying amount	**$ 44,724**	**$ 198,413**
Remaining weighted-average amortization period (in years)	**9.8**	**9.4**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

5. Intangibles (Continued)

As of December 31, 2021, the estimated future amortization expense for customer relationships and goodwill was as follows:

	Estimated amortization expense
2022	$ 25,724
2023	25,724
2024	25,724
2025	25,724
2026	25,724
Thereafter	114,517
	$ 243,137

6. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Net book value at beginning of period	$ 34,415,373	$ 36,046,964
GECAS Transaction	23,108,835	—
Additions	2,368,677	2,108,539
Depreciation	(1,644,012)	(1,599,362)
Impairment (Note 22)	(1,413,154)	(1,599,714)
Disposals	(634,616)	(494,431)
Transfers to investment in finance leases, net	(12,478)	(46,623)
Net book value at end of period	**$ 56,188,625**	**$ 34,415,373**
Accumulated depreciation and impairment as of January 1	$ (10,636,484)	$ (7,736,928)
Accumulated depreciation and impairment as of December 31	$ (13,370,318)	$ (10,636,484)

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

7. Investment in finance leases, net

Movements in investment in finance leases, net during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Net book value at beginning of period	$ 878,451	$ 1,011,549
GECAS Transaction	1,165,382	—
Additions	58,568	59,494
Principal repayments	(125,221)	(82,525)
Impairment	(1,757)	(92,086)
Disposals and other	(44,804)	(17,981)
Net book value at end of period	**$ 1,930,619**	**$ 878,451**

Components of investment in finance leases, net as of December 31, 2021 and 2020 were as follows:

	As at December 31,	
	2021 (a)	2020
Future minimum lease payments to be received, net	$ 1,275,379	$ 608,950
Estimated residual values of leased flight equipment	1,131,419	589,872
Less: Unearned interest income	(406,286)	(260,708)
	$ 2,000,512	$ 938,114
Allowance for credit losses	(69,893)	(59,663)
	$ 1,930,619	**$ 878,451**

(a) $1.2 billion was acquired on the Closing Date as part of the GECAS Transaction. Refer to Note 4—*GECAS Transaction.*

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

7. Investment in finance leases, net (Continued)

Investment in finance leases consists of direct financing leases, leveraged leases and sales-type leases of aircraft and engines and represents net unpaid rentals and estimated unguaranteed residual values of leased equipment, less related deferred income. The Company has no general obligation for principal and interest on notes or other instruments representing third-party participation related to leveraged leases; such notes and other instruments have not been included in liabilities but have been offset against the related rentals receivable in the table above.

Our share of net lease payments on leveraged leases is subordinate to the share of other participants who also have security interests in the leased equipment. For federal income tax purposes, we are entitled to deduct the interest expense accruing on non-recourse financings related to leveraged leases.

As of December 31, 2021, the cash flow receivable, including the estimated residual value at lease termination, on finance leases were as follows:

	Future minimum lease payments to be received
2022	$ 479,965
2023	616,314
2024	367,030
2025	246,283
2026	244,850
Thereafter	452,356
Undiscounted cash flows receivable	$ 2,406,798
Less: Unearned interest income	(406,286)
Less: Allowance for credit losses	(69,893)
	$ 1,930,619

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

8. Other financial fixed assets

Other financial fixed assets consisted of the following as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
Lease incentives	$ 158,417	$ 177,028
Participations (Note 9)	750,341	138,065
Derivative assets (Note 10)	16,909	3,303
Straight-line rents	245,209	72,614
	$ 1,170,876	**$ 391,010**

The movement in our Other financial fixed assets for the year ended December 31, 2021 was as follows:

	Lease incentives	Participations	Derivative assets	Straight-line rents	Total
Balance at beginning of period	$ 177,028	$ 138,065	$ 3,303	$ 72,614	$ 391,010
Additions/Capital contributions	23,329	46,810	—	—	70,139
GECAS Transaction	—	558,799	—	—	558,799
Share in undistributed earnings, net of dividends	—	18,777	—	—	—
Amortization	(30,373)	—	—	—	(30,373)
Disposals	(11,553)	(12,110)	—	—	(23,663)
Deliveries, Redeliveries, Extensions, Amendments & Novations	—	—	—	172,595	172,595
MTM movement	—	—	13,606	—	13,606
Other	(14)	—	—	—	(14)
Balance at end of period	**$ 158,417**	**$ 750,341**	**$ 16,909**	**$ 245,209**	**$ 1,170,876**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

9. Participations

Participations accounted for under the net asset value method of accounting consisted of the following as of December 31, 2021 and 2020:

	% Ownership as of December 31, 2021	As of December 31, 2021	2020
Shannon Engine Support Ltd (“SES”)	50	$ 530,815	$ —
AerDragon Aviation Partners Limited and its Subsidiaries (“AerDragon”)	16.7	81,336	72,861
AerLift Leasing Limited and Subsidiaries (“AerLift”)	39.3	31,047	31,681
Einn Volant Aircraft Leasing Holdings Ltd. (“EV”)	9.5	21,020	—
Acsal Holdco, LLC (“ACSAL”)	19.4	21,018	18,112
Gilead Aviation Designated Activity Company (“Gilead”)	9.9	13,713	—
Mubadala Infrastructure Investments Limited (“MIP”)	5.7	6,138	—
		$ 705,087	**$ 122,654**

Our share of undistributed earnings of participations in which our ownership interest is less than 50% was $84.9 million and $42.1 million as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, we held an investment at fair value of $38.4 million and $12.1 million, respectively. We also held investments accounted for in accordance with the cost method of accounting of $6.8 million and $3.3 million, as of December 31, 2021 and 2020 respectively.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

10. Derivative financial instruments

Our primary market risk exposure is interest rate risk associated with short and long-term borrowings bearing variable interest rates and lease payments under leases tied to floating interest rates. To manage this interest rate exposure, from time to time, we enter into interest rate swap and cap agreements.

We have entered into interest rate derivatives to hedge the current and future interest rate payments on our variable rate debt. These derivative financial instruments can include interest rate swaps, caps, floors, options and forward contracts.

As of December 31, 2021we had interest rate caps and swaps outstanding, with underlying variable benchmark interest rates ranging from one to six-month U.S. dollar LIBOR.

Some of our agreements with derivative counterparties require a two-way cash collateralization of derivative fair values. We had not advanced any cash collateral to, or received any cash collateral from, counterparties as of December 31, 2021 or 2020.

The counterparties to our interest rate derivatives are primarily major international financial institutions. We continually monitor our positions and the credit ratings of the counterparties involved and limit the amount of credit exposure to any one party. We could be exposed to potential losses due to the credit risk of non-performance by these counterparties. We have not experienced any losses to date.

Our derivative assets are recorded in other assets and our derivative liabilities are recorded in accounts payable, accrued expenses and other liabilities in our Consolidated Balance Sheets.

The following tables present notional amounts and fair values of derivatives outstanding as of December 31, 2021 and 2020:

	As of December 31,			
	2021		2020	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets not designated as accounting cash flow hedges:				
Interest rate caps	$ 2,703,500	$ 14,203	$ 3,022,000	$ 2,790
Derivative assets designated as accounting cash flow hedges:				
Interest rate swaps	$ —	$ —	$ —	$ —
Interest rate caps	475,000	2,706	475,000	513
Total derivative assets		**$ 16,909**		**$ 3,303**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

10. Derivative financial instruments (Continued)

	As of December 31,			
	2021		2020	
	Notional amount	Fair value	Notional amount	Fair value
Derivative liabilities not designated as accounting cash flow hedges:				
Interest rate swaps	$ 500,000	$ 6,627	$ 400,000	$ 14,933
Derivative liabilities designated as accounting cash flow hedges:				
Interest rate swaps	$ 2,616,000	$ 64,570	$ 3,331,000	$ 152,370
Total derivative liabilities		**$ 71,197**		**$ 167,303**

We recorded the following in revaluation reserves related to derivative financial instruments for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Gain (Loss)		
Effective portion of change in fair market value of derivatives designated as accounting cash flow hedges:		
Interest rate swaps	$ 87,800	$ (62,967)
Interest rate caps	2,193	(5,846)
Derivative premium and amortization	3,437	1,597
Income tax effect	(11,679)	8,402
Net gain (loss) on derivatives, net of tax	**$ 81,751**	**$ (58,814)**

The following table presents the effect of derivatives recorded as (increases) in financial expense in our Consolidated Income Statements for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Gain (Loss)		
Derivatives not designated as accounting hedges:		
Interest rate caps and swaps	$ 19,718	$ (14,369)
Reclassification to Consolidated Income Statements:		
Reclassification of amounts previously recorded in AOCI	(76,682)	(53,539)
Effect from derivatives on financial expense	**$ (56,964)**	**$ (67,908)**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

11. Other receivables and inventory

Other receivables consisted of the following as of December 31, 2021 and 2020:

	As of December 31,		
	2021		2020
	Total	Maturity > 1 year	Total
Notes receivable (a)	$ 589,828	$ 349,023	$ 529,172
Loan receivable	407,008	347,492	—
Other receivables (b)	455,036	188,953	172,488
Prepaid expenses and other	237,227	203,668	57,863
	$ 1,689,099	**$ 1,089,136**	**$ 759,523**

(a) Notes receivable as of December 31, 2021 and 2020 included $587 million and $490 million, respectively, related to agreements we have executed with customers to reschedule certain lease payments under our leases that are due at the reporting dates. Notes receivable as of December 31, 2021 and 2020 also included $30 million and $39 million, respectively, related to aircraft sale and other transactions.

(b) Other receivables as of December 31, 2021 include $65.6 million receivable from GE.

Our inventory balance was $48.6 million and nil as of December 31, 2021 and 2020, respectively.

12. Cash, cash equivalents and restricted cash

Our restricted cash balance was $186.0 million and $246.5 million as of December 31, 2021 and 2020, respectively, and was primarily related to our Export Credit Agency ("ECA") financings, Export-Import Bank of the United States ("Ex-Im") financings, our AerFunding revolving credit facility, our Brazilian Development Bank ("BNDES") financing and other debt. Refer to Note 16—*Debt*.

The following is a summary of our cash, cash equivalents and restricted cash as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
Cash and cash equivalents	$ 1,728,794	$ 1,248,772
Restricted cash	185,959	246,518
Total cash, cash equivalents and restricted cash	**$ 1,914,753**	**$ 1,495,290**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

13. Equity

On November 1, 2021, AerCap completed the GECAS Transaction. Under the terms of the agreement, GE received 111.5 million newly issued AerCap ordinary shares. Refer to Note 4—*GECAS Transaction* for further details.

For a detailed explanation of the share of the Company in group equity, refer to Note 35—*Equity*.

During the year ended December 31, 2021, we did not have any authorized share repurchase programs.

The following table presents our share repurchase programs for the year ended December 31, 2020:

Program approval date	Program end date	Authorized amount	Program completion date
November 2019	June 30, 2020	200,000	Expired
January 2020	June 30, 2020	250,000	Expired

Movements in non-controlling interest during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Balance at beginning of period	$ 68,016	$ 67,308
Result non-controlling interest	8,924	3,643
Dividends paid	(323)	(2,935)
Balance at end of period	**$ 76,617**	**$ 68,016**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

14. Non-current liabilities

Non-current liabilities consisted of the following as of December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Debt (Note 16)	$ 46,218,827	$ 26,359,703
Accrued maintenance liability (Note 17)	3,414,413	2,188,906
Lessee deposit liability	773,753	600,321
Derivative liabilities (Note 10)	41,232	158,545
Other liabilities	26,304	—
	$ 50,474,529	**$ 29,307,475**

15. Current liabilities

Current liabilities consisted of the following as of December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Debt (Note 16)	$ 3,982,938	$ 2,373,410
Deferred revenue	850,215	399,820
Accrued interest	510,715	270,576
Accounts payable and accrued expenses	407,692	222,203
Derivative liabilities (Note 10)	29,965	8,758
	$ 5,781,525	**$ 3,274,767**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

16. Debt

As of December 31, 2021, the principal amount of our outstanding indebtedness totaled $50.5 billion, which excluded debt discounts and debt premium of $347 million, and our undrawn lines of credit and other available secured debt were $10.6 billion, availability of which is subject to certain conditions, including compliance with certain financial covenants. As of December 31, 2021, we remained in compliance with the financial covenants across our various debt agreements.

The following table provides a summary of our indebtedness as of December 31, 2021 and 2020:

	As of December 31,						
	2021						2020
Debt obligation	**Collateral (number of aircraft and helicopters)**	**Commitment**	**Undrawn amounts**	**Amount outstanding**	**Weighted average interest rate (a)**	**Maturity**	**Amount outstanding**
Unsecured							
ILFC Legacy Notes		$ 1,034,274	$ —	$ 1,034,274	6.63 %	2022	$ 1,198,888
AerCap Trust & AICDC Notes		34,167,202	—	34,167,202	3.07 %	2041	12,797,126
Revolving credit facilities (b)		9,034,000	9,034,000	—	—	2025	—
Other unsecured debt		1,874,000	—	1,874,000	1.8 %	2024	1,759,000
Fair value adjustment		—	—	4,210			21,716
TOTAL UNSECURED		**$46,109,476**	**$9,034,000**	**$37,079,686**			**$15,776,730**
Secured							
Export credit facilities (c)	42	1,276,557	$ 0	1,276,557	2.08 %	2033	1,023,912
Institutional secured term loans & secured portfolio loans	277	8,428,534	—	8,428,534	2.50 %	2032	6,989,633
AerFunding Revolving Credit Facility	26	2,075,000	1,291,512	783,488	2.85 %	2025	2,074,881
Other secured debt (d)	23	991,592	290,750	700,842	3.29 %	2039	778,273
Fair value adjustment		—	—	2,361			(1,827)
TOTAL SECURED		**$12,771,683**	**$1,582,262**	**$11,191,782**			**$10,864,872**
Subordinated							
Subordinated notes		2,250,000	$ —	2,250,000	4.94 %	2079	2,250,000
Subordinated debt issued by SPEs		27,219	—	27,219	—	2026	43,521
Fair value adjustment		—	—	(215)			(219)
TOTAL SUBORDINATED		**$ 2,277,219**	**$ —**	**$2,277,004**			**$ 2,293,302**
Debt issuance costs, debt discounts and debt premium				(346,707)			(201,791)
	368	**$61,158,378**	**$10,616,26**	**$50,201,765**			**$28,733,113**

(a) The weighted average interest rate for our floating rate debt of $9.5 billion is calculated based on the applicable U.S. dollar LIBOR or SOFR rate as of the most recent interest payment date of the respective debt, and excludes the impact of related derivative financial instruments which we hold to hedge our exposure to floating interest rates, as well as any amortization of debt issuance costs, debt discounts and debt premium. The institutional secured term loans and secured portfolio loans also contain base rate interest alternatives.

(b) Asia Revolver and Citi Revolvers (the "Revolving credit facilities")

(c) An additional $0.8 billion of commitment has been approved by the Export Credit Agencies, subject to customary conditions at drawdown.

(d) In addition to the 23 aircraft, 74 engines are pledged as collateral.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

16. Debt (Continued)

The movement in our debt for the year ended December 31, 2021 was as follows:

	As of December 31,						
	2021						2020
	Unsecured debt	Secured debt	Subordinated debt	Fair value adjustments	Debt issuance costs, debt discounts and debt premium	Total debt	Total debt
Balance at beginning of period	**$15,755,014**	**$10,866,699**	**$2,293,521**	**$ 19,670**	**$ (201,791)**	**$28,733,113**	**$29,477,190**
Issuance of debt	25,000,000	2,339,785	—	—	—	27,339,785	10,946,333
Repayment of debt	(4,699,585)	(609,447)	—	—	—	(5,309,032)	(11,560,015)
Debt issuance costs paid, net of debt premium received	—	—	—	—	(206,121)	(206,121)	(112,117)
Amortization, extinguishment and other (a)	1,020,047	(1,407,616)	(16,302)	(13,314)	61,205	(355,980)	(18,278)
Balance at end of period	**$37,075,476**	**$11,189,421**	**$2,277,219**	**$ 6,356**	**$ (346,707)**	**$50,201,765**	**$28,733,113**

(a) During the year ended December 31, 2021, we recognized a loss on debt extinguishment of $9.7 million.

As of December 31, 2021, all debt was issued or guaranteed by AerCap with the exception of the AerFunding Revolving Credit Facility, and the Glide Funding term loan facility.

Maturities of our debt financings (excluding fair value adjustments, debt issuance costs, debt discounts and debt premium) as of December 31, 2021 were as follows:

	Maturities of debt financing
2022	$ 3,982,938
2023	7,329,640
2024	8,910,800
2025	6,130,155
2026	5,939,562
Thereafter	18,249,021
	$ 50,542,116

During the years ended December 31, 2021 and 2020, we amortized as interest expense debt issuance costs, debt discounts and debt premium of $65.8 million and $57.2 million, respectively.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

16. Debt (Continued)

AerCap Trust & AICDC Notes

From time to time, AerCap Trust and AICDC have co-issued additional senior unsecured notes (the "AGAT/AICDC Notes").

The following table provides a summary of the outstanding AGAT/AICDC Notes as of December 31, 2021:

	Maturities of AGAT/ AICDC Notes
2022	$ 867,202
2023	4,700,000
2024	6,800,000
2025	3,650,000
2026	5,250,000
Thereafter	12,900,000
	$ 34,167,202

All of the AGAT/AICDC Notes bear interest at fixed rates ranging from 0.68% to 6.5%.

The AGAT/AICDC Notes are jointly and severally and fully and unconditionally guaranteed by AerCap Holdings N.V. and by AerCap Ireland Limited ("AerCap Ireland"), AerCap Aviation Solutions B.V., ILFC and AerCap U.S. Global Aviation LLC. Except as described below, the AGAT/AICDC Notes are not subject to redemption prior to their stated maturity and there are no sinking fund requirements. We may redeem each series of the AGAT/AICDC Notes in whole or in part, at any time, at a price equal to 100% of the aggregate principal amount plus the applicable "make-whole" premium plus accrued and unpaid interest, if any, to the redemption date.

16. Debt (Continued)

The indentures governing the AGAT/AICDC Notes contain customary covenants that, among other things, restrict our, and our restricted subsidiaries', ability to incur liens on assets and to consolidate, merge, sell, or otherwise dispose of all or substantially all of our assets. The indentures also provide for customary events of default, including, but not limited to, the failure to pay scheduled principal and interest payments on the AGAT/AICDC Notes, the failure to comply with covenants and agreements specified in the indentures, the acceleration of certain other indebtedness resulting from non-payment of that indebtedness and certain events of insolvency. If any event of default occurs, any amount then outstanding under the indentures may immediately become due and payable.

GECAS Acquisition Notes

AerCap Trust and AICDC co-issued an aggregate principal amount of $21 billion of senior unsecured notes (the "GECAS Acquisition Notes") in connection with the GECAS Transaction on October 29, 2021. The GECAS Acquisition Notes consist of $1.75 billion aggregate principal amount of 1.15% Senior Notes due 2023, $3.25 billion aggregate principal amount of 1.65% Senior Notes due 2024, $1.0 billion aggregate principal amount of 1.75% Senior Notes due 2024, $3.75 billion aggregate principal amount of 2.45% Senior Notes due 2026, $3.75 billion aggregate principal amount of 3.0% Senior Notes due 2028, $4.0 billion aggregate principal amount of 3.3% Senior Notes due 2032, $1.5 billion aggregate principal amount of 3.4% Senior Notes due 2033, $1.5 billion aggregate principal amount of 3.85% Senior Notes due 2041 and $500 million aggregate principal amount of Floating Rate Senior Notes due 2023. The GECAS Acquisition Notes are fully and unconditionally guaranteed on a senior unsecured basis by AerCap and certain other AerCap subsidiaries. The proceeds from the issuance of the GECAS Acquisition Notes were used to fund a portion of the cash consideration to be paid in the GECAS Transaction, and to pay related fees and expenses, with any excess proceeds to be used for general corporate purposes.

On November 1, 2021, AerCap Trust and AICDC also co-issued an aggregate principal amount of $1 billion of 1.90% senior unsecured notes due 2025 to a subsidiary of GE in connection with the closing of the GECAS Transaction.

Revolving Credit Facilities

In March 2018, AerCap entered into a $950 million unsecured revolving and term loan agreement (the "Asia Revolver") with a maturity of March 2022. In August 2021, AerCap amended and extended the Asia Revolver, reducing its size to $684 million and extending its maturity to February 2024.

In March 2014, AICDC entered into a senior unsecured revolving credit facility (the "Citi Revolver I"). In October 2019, AICDC amended the Citi Revolver I, increased the size to $4 billion (with an option for AerCap to increase the size by an additional $0.5 billion) and extended the maturity to February 2024.

On March 30, 2021, AerCap and AICDC entered into a $4.35 billion unsecured revolving credit agreement (the "Citi Revolver II") with a syndicate of lenders and Citibank N.A., as administrative agent, and a maturity of September 30, 2025. On March 30, 2021, the Citi Revolver I was amended such that the terms of both the Citi Revolver I and the Citi Revolver II are the same (the "Citi Revolvers").

The obligations under the revolving credit facilities are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. Availability of borrowings under the revolving credit facilities is subject to the satisfaction of customary conditions precedent. We have the right to terminate or cancel, in whole or in part, the unused portions of the commitment amounts. Availability of borrowings under the Citi Revolver II commenced upon the Closing Date.

Revolving credit facilities contain covenants customary for unsecured financings of this type, including financial covenants that require us to maintain compliance with a maximum ratio of consolidated indebtedness to shareholders' equity, a minimum fixed charge coverage ratio and a maximum ratio of unencumbered assets to certain financial indebtedness.

The facilities also contain covenants that, among other things, restrict, subject to certain exceptions, the ability of AerCap to sell assets, make certain restricted payments and incur certain liens.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

16. Debt (Continued)

Export credit facilities

The principal amounts under the export credit facilities amortize over ten- to 12-year terms. The export credit facilities require that SPEs controlled by the respective borrowers hold legal title to the financed flight equipment. Obligations under the export credit facilities are secured by, among other things, a pledge of the shares of the SPEs.

The obligations under the export credit facilities are guaranteed by AerCap Holdings N.V. and/or certain of its subsidiaries, as well as various export credit agencies.

Institutional secured term loans and secured portfolio loans

The following table provides details regarding the terms of our outstanding institutional secured term loans and secured portfolio loans:

	Collateral (Number of aircraft) (a)	Amount outstanding	Weighted average interest rate	Maturity
Institutional secured term loans				
Setanta	94	$ 2,000,000	2.14 %	2028
Hyperion	58	1,050,000	1.97 %	2023
Secured portfolio loans				
Celtago & Celtago II	25	869,550	2.77 %	2025
Cesium	15	726,398	2.78 %	2025
Goldfish	13	616,649	1.62 %	2025
Scandium	10	573,770	3.14 %	2025
Rhodium	11	506,202	2.97 %	2026
Other secured facilities	51	2,085,965	2.87 %	2022-2032
	277	**$ 8,428,534**		

(a) These loans are secured by a combination of aircraft and the equity interests in the borrower and certain special purpose entity ("SPE") subsidiaries of the borrower that own the aircraft.

Institutional secured term loans

The Hyperion institutional term loan was originally entered into in 2014. The obligations of the borrowers of the loan are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

A $2 billion institutional secured term loan ("Setanta") was entered into on November 5, 2021. The proceeds from the Setanta loan were used to repay the amount borrowed under the Term Loan Credit Agreement. The obligations of the borrowers of the loan are guaranteed by AerCap Holdings N.V. and AerCap Ireland.

Both the Hyperion loan and the Setanta loan contain customary covenants and events of default for financings of this type, including covenants that limit the ability of the subsidiary borrowers and their subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors, the subsidiary borrowers and their subsidiaries to consolidate, merge or dispose of all or substantially all of their assets and enter into transactions with affiliates.

Secured portfolio loans

The obligations of each of the respective borrowers under each secured portfolio loan are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries.

16. Debt (Continued)

These loans contain customary covenants and events of default for financings of this type, including covenants that limit the ability of the borrower and its subsidiaries to incur additional indebtedness and create liens, and covenants that limit the ability of the guarantors and the borrower and its subsidiaries to consolidate, merge or dispose of all or substantially all of their assets or enter into transactions with affiliates.

AerFunding Revolving Credit Facility

AerFunding 1 Limited ("AerFunding") is an SPE whose share capital is owned 95% by a charitable trust and 5% by AerCap Ireland. AerFunding is a consolidated subsidiary formed for the purpose of acquiring aircraft assets. In April 2006, AerFunding entered into a non-recourse senior secured revolving credit facility. In December 2020, this facility was amended to extend its revolving period to June 2022, following which there is a 32-month term out period.

Borrowings under the AerFunding Revolving Credit Facility are secured by, among other things, security interests in and pledges or assignments of equity ownership and beneficial interests in all of the subsidiaries of AerFunding, as well as by AerFunding's interests in the leases of its assets.

In March 2022, AerFunding amended this facility, extending the revolving period to September 2024, following which there is a 30-month term out period. The final maturity date of the AerFunding Revolving Credit Facility is March 2027.

Other secured debt

AerCap has entered into a number of financings, provided by a range of banks and non-bank financial institutions, to fund the purchase of aircraft and for general corporate purposes.

The majority of the financings are guaranteed by AerCap and are secured by, among other things, a pledge of the shares of the subsidiaries owning the related aircraft and, in certain cases, a mortgage on the applicable aircraft. All of our financings contain affirmative covenants customary for secured financings of this type.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

16. Debt (Continued)

Subordinated debt

The following table provides a summary of the outstanding subordinated debt as of December 31, 2021:

	As of December 31, 2021		
	Amount outstanding	Weighted average interest rate	Maturity
ECAPS Subordinated Notes (a)	$ 1,000,000	3.47 %	2065
2045 Subordinated Notes	500,000	6.50 %	2045
2079 Subordinated Notes	750,000	5.88 %	2079
	$ 2,250,000		

(a) Enhanced Capital Advantaged Preferred Securities ("ECAPS").

The liability capital comprises group equity and subordinated loans, which are accounted for under Liabilities. The liability capital as of December 31, 2021 and 2020 was $16.8 billion and $10.2 billion, respectively.

ECAPS Subordinated Notes

In December 2005, ILFC issued two tranches of subordinated notes in an aggregate principal amount of $1 billion. Both the $400 million and $600 million tranches have a floating interest rate, with margins of 1.80% and 1.55% respectively, plus the highest of three-month LIBOR, ten-year constant maturity U.S. Treasury, and 30-year constant maturity U.S. Treasury.

Upon consummation of the ILFC Transaction, the subordinated notes were assumed by AerCap Trust, and AerCap Holdings N.V. and certain of its subsidiaries became guarantors. ILFC remains a co-obligor under the indentures governing the subordinated notes. The addition of these subsidiary guarantors did not affect the subordinated ranking of these notes.

The ECAPS contain customary financial tests, including a minimum ratio of equity to total managed assets and a minimum fixed charge coverage ratio. Failure to comply with these financial tests will result in a "mandatory trigger event." If a mandatory trigger event occurs and we are unable to raise sufficient capital in a manner permitted by the terms of the subordinated debt to cover the next interest payment on the subordinated debt, a "mandatory deferral event" will occur, requiring us to defer all interest payments and prohibiting the payment of cash dividends on AerCap Trust's or ILFC's capital stock or its equivalent until both financial tests are met or we have raised sufficient capital to pay all accumulated and unpaid interest on the subordinated debt. Mandatory trigger events and mandatory deferral events are not events of default under the indenture governing the subordinated debt.

2045 Junior Subordinated Notes

In June 2015, AerCap Trust issued $500 million of junior subordinated notes due 2045 (the "2045 Junior Subordinated Notes"). The 2045 Junior Subordinated Notes currently bear interest at a fixed interest rate of 6.5% and, beginning in June 2025, will bear interest at a rate of three-month LIBOR plus 4.3%

The 2045 Junior Subordinated Notes are guaranteed by AerCap Holdings N.V. and certain of its subsidiaries. We may defer any interest payments on the 2045 Junior Subordinated Notes for up to five consecutive deferral periods. At the end of five years following the commencement of any deferral period, we must pay all accrued and unpaid deferred interest, including compounded interest.

We may at our option redeem the 2045 Junior Subordinated Notes before their maturity in whole or in part, at any time and from time to time, on or after June 15, 2025 at 100% of their principal amount plus any accrued and unpaid interest thereon.

The 2045 Junior Subordinated Notes are junior subordinated unsecured obligations, rank equally with all of the issuer's and the guarantors' future equally ranking junior subordinated indebtedness, if any, and are subordinate and junior in right of payment to all of the issuer's and the guarantors' existing and future unsubordinated indebtedness.

16. Debt (Continued)

2079 Junior Subordinated Notes

In October 2019, AerCap Holdings N.V. issued $750 million of junior subordinated notes due 2079 (the "2079 Junior Subordinated Notes"). The 2079 Junior Subordinated Notes currently bear interest at a fixed interest rate of 5.875% and, from October 2024, will bear interest at a rate equal to the five-year U.S. Treasury Rate plus 4.535%, to be reset on each subsequent five-year anniversary.

We may forgo payment of interest on the 2079 Junior Subordinated Notes for any interest period. Upon a forgoing of interest, we will have no obligation to pay the forgone interest on the payment date or at any future date. The 2079 Junior Subordinated Notes are guaranteed by certain of AerCap Holdings N.V.'s subsidiaries.

We may at our option redeem the 2079 Junior Subordinated Notes before their maturity in whole or in part on October 10, 2024 (the "First Call Date") and on each subsequent five-year anniversary of the First Call Date, at 100% of their principal amount plus any accrued and unpaid interest thereon for the then-current six-month interest period.

The 2079 Junior Subordinated Notes are junior subordinated unsecured obligations, rank equally with all of the issuer's and the guarantors' future equally ranking junior subordinated obligations, if any, and are subordinate and junior in right of payment to all of the issuer's and the guarantors' present and future creditors (i) who are unsubordinated creditors, (ii) who are subordinated only to the claims of unsubordinated creditors, or (iii) who are subordinated creditors except those whose claims rank equally with or junior to the 2079 Junior Subordinated Notes. As of December 31, 2021, the 2079 Junior Subordinated Notes rank senior only to the issuer's and the guarantors' common and preferred stock.

Subordinated debt issued by SPEs

In 2008 and 2010, AerCap purchased subordinated loan notes issued by the SPEs. The subordinated debt held by AerCap is eliminated in consolidation of the SPEs.

GECAS Transaction Financings

Bridge Credit Facility and Term Loan Credit Facility

On March 30, 2021, AerCap and AICDC entered into a $19 billion 364 -day unsecured Bridge Credit Agreement (the "Bridge Credit Facility") and a $5 billion 12-month Term Loan Credit Agreement (the "Term Loan Credit Agreement" and, together with the Bridge Credit Facility, the "GECAS Transaction Financings"), each with a syndicate of lenders and Citibank, N.A., as administrative agent. The obligations under each of the GECAS Transaction Financings were guaranteed by AerCap and certain of its subsidiaries. We recognized $186.5 million of Financial Expense in relation to the Bridge Credit Facility.

On October 29, 2021, the Bridge Credit Facility was terminated in connection with the closing of the GECAS Transaction. On November 1, 2021, $2 billion was drawn under the Term Loan Credit Agreement to pay a portion of the cash consideration due under the transaction agreement. On November 5, 2021, the Term Loan Credit Agreement was repaid and terminated in connection with the closing of the GECAS Transaction

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

17. Accrued maintenance liability

Movements in accrued maintenance liability, predominately non-current in nature, during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Accrued maintenance liability at beginning of period	$ 2,188,906	$ 2,648,714
GECAS Transaction	1,234,857	—
Maintenance payments received	448,516	345,699
Maintenance payments returned	(209,087)	(412,492)
Release to income upon sale	(43,598)	(104,689)
Release to income other than upon sale	(273,715)	(414,747)
Lessor contribution, top ups and other	68,534	126,421
Accrued maintenance liability at end of period	**$ 3,414,413**	**$ 2,188,906**

18. Post retirement benefit plans

We maintain defined benefit plans and defined contribution pension plans for our employees.

Defined benefit plans

We provide insured defined benefit pension plans covering a number of our employees. The plans provide benefits to employees based on formulas recognizing length of service and earnings. The plans are closed to new participants but will continue to accrue benefits for existing participants. We have opted to apply ASC 715. We determine the funded status of these plans with the assistance of actuaries. During the year ended December 31, 2021, we recognized a $9.3 million, net of tax, actuarial gain in Accumulated Other Comprehensive Income. This was calculated assuming a discount rate of 1.3%, and various assumptions regarding the future funding and pay out. As the funded status of our defined benefit plans are in a net liability position, the balance is recorded within accounts payable, accrued expenses and other liabilities in the Consolidated Statements of Financial Position. As of December 31, 2021, we have recognized a liability in accounts payable, accrued expenses and other liabilities of $63.4 million which covers our projected benefit obligations exceeding the plans' assets.

The following table presents the total pension plan participants of our former GECAS employees:

	Year Ended December 31, 2021
Service cost for benefits earned	$ 1,258
Expected return on plan assets	(856)
Interest cost on benefit obligations	352
Net actuarial loss amortization	—
Settlement cost	—
Curtailment gain (a)	(7,951)
Pension plan cost (benefit)	**$ (7,197)**

(a) A number of exits from active status took place during the period which resulted in a curtailment gain as a result of a reduction in PBO.

The components of net periodic benefit costs are included within other expenses in the Consolidated Income Statements.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

18. Post retirement benefit plans (Continued)

Assumptions used in pension calculations:

The plan is funded through a guaranteed insurance contract, and we determine the funded status of this plan with the assistance of an actuary. During the year ended December 31, 2021, we recognized a $5.1 million, net of tax, actuarial gain in AOCI. Based on ASC 715, this was calculated assuming a discount rate of 1.3%, and various assumptions regarding the future funding and pay out. Actuarial gains and losses are amortized into earnings over the average future working lifetime of the remaining active members of the plan. As of December 31, 2021 we recorded a liability in accounts payable, accrued expenses and other liabilities of $48.5 million which covers our projected benefit obligation exceeding the plan assets. Refer to Note 15—*Current liabilities.*

The actuarial assumptions as of December 31, 2021 used to measure the year-end benefit obligations and pension cost are described in the following tables:

Assumptions used to measure pension benefit obligations and costs:

	As of December 31, 2021
Weighted average	
Compensation increases	3.95 %
Expected return on plan assets	3.70 %
Discount rate	1.30 %

Funded status:

		As of December 31, 2021
Projected benefit obligations	$	(188,697)
Fair value of plan assets		140,152
Defined benefit obligation	**$**	**(48,545)**

		Year Ended December 31, 2021
Funded status at beginning of period	$	—
GECAS Transaction		(64,801)
Net periodic pension income		7,197
Changes in funded status recognized in other comprehensive income		5,855
Company contributions during the period		1,981
Exchange rate adjustment		1,223
Funded status at end of period	**$**	**(48,545)**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

18. Post retirement benefit plans (Continued)

Benefit obligations:

Benefit obligations are described in the following tables. Accumulated and projected benefit obligations ("ABO" and "PBO," respectively) represent the obligations of a pension plan for past service as of the measurement date. ABO is the present value of benefits earned to date with benefits computed based on current compensation levels. PBO is ABO increased to reflect expected growth in future compensation. The ABO for our plan was $166.4 million as of December 31, 2021.

Projected benefit obligation:

	As of December 31, 2021
Projected benefit obligation at beginning of period	$ —
GECAS Transaction	206,660
Service cost for benefits earned	1,258
Interest cost on benefit obligations	352
Actuarial gain	(7,789)
Benefits paid	(318)
Curtailment gain (a)	(7,951)
Exchange rate adjustment	(3,515)
	$ 188,697

Composition of plan assets:

Plan fiduciaries of our pension plan set investment policies and strategies for the assets held in trust and oversee its investment allocation, which includes selecting investment managers, commissioning periodic asset-liability studies and setting long-term strategic targets. Long-term strategic investment objectives take into consideration a number of factors, including the funded status of the plan, a balance between risk and return and the plan's liquidity needs. Target allocation percentages are established at an asset class level by plan fiduciaries. Target allocation ranges are guidelines, not limitations, and occasionally plan fiduciaries will approve allocations above or below a target range.

The fair value of the pension plan's investments is presented below, by class:

	As of December 31, 2021
Equity securities	$ 21,352
Debt securities	47,074
Other	71,726
Total plan assets	**$ 140,152**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

18. Post retirement benefit plans (Continued)

Fair value of plan assets:

	As of December 31, 2021
Fair value of plan assets at beginning of period	$ —
GECAS Transaction	141,859
Actual return on plan assets	(1,077)
Employer contributions	1,981
Benefits paid	(318)
Exchange rate adjustment	(2,293)
Fair value of plan assets at end of period	**$ 140,152**

Investments in collective funds held within our pension plans are generally valued using the net asset value (“NAV”) per share as a practical expedient for fair value provided certain criteria are met. The NAVs are determined based on the fair values of the underlying investments in the funds. Investments that are measured at fair value using the NAV practical expedient are not required to be classified in the fair value hierarchy. As of December 31, 2021 substantially all of the plan assets met the criteria to be presented at NAV, with the remaining amounts being cash.

Asset allocation:

	As of December 31, 2021	
	Target allocation	Actual allocation
Equity securities	15 %	15 %
Debt securities	35 %	34 %
Other	50 %	51 %

Funding policy:

The funding policy for the GECAS defined benefit plan is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws plus such additional amounts as we may determine to be appropriate. We expect to contribute approximately $4.6 million to this plan in 2022.

	2022	2023	2024	2025	2026	2027-2031
Estimated future benefit payments	$ 1,489	$ 1,554	$ 1,674	$ 1,736	$ 1,917	$ 14,113

Other plans

We provide a separate defined benefit pension plan covering a small number of our employees based on years of service and final pensionable pay. The plan is funded through contributions by the Company and invested in trustee administered funds, which was closed to new participants as of June 30, 2009, but will continue to accrue benefits for existing participants. This plan does not have a material impact on our Consolidated Balance Sheets or Consolidated Income Statements.

Defined Contribution Plans

We operate defined contribution pension plans for our employees that are not covered by the defined benefit plans. These plans do not have a material impact on our Consolidated Balance Sheets or Consolidated Income Statements.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

19. Lease Revenue

The following table presents the percentage of lease revenue attributable to individual countries representing at least 10% of our total lease revenue in any year presented, based on each lessee's principal place of business, for the years ended December 31, 2021 and 2020:

	Year Ended December 31,			
	2021		2020	
	Amount	%	Amount	%
China (a)	$ 782,297	17.7%	$ 835,317	19.0%
United States	579,270	13.1%	503,978	11.5%
Other countries (b)	3,082,046	69.2%	3,115,201	69.5%
	$ 4,443,613	**100.0%**	**$ 4,454,496**	**100.0%**

(a) Includes mainland China, Hong Kong and Macau.

(b) No individual country within this category, including Ireland, where our headquarters is located, accounts for more than 10% of our lease revenue.

The following table presents the percentage of long-lived assets, which is defined as the sum of flight equipment held for operating leases, flight equipment held for sale, investment in finance leases, net and maintenance rights assets, attributable to individual countries representing at least 10% of our total long-lived assets in any year presented, based on each lessee's principal place of business, as of December 31, 2021 and 2020:

	As of December 31,			
	2021		2020	
	Amount	%	Amount	%
China (a)	$ 9,803,654	16.0%	$ 7,460,628	20.8%
United States	9,306,062	15.2%	4,240,634	11.8%
Other countries (b)	42,189,091	68.8%	24,199,326	67.4%
	$ 61,298,807	**100.0%**	**$ 35,900,588**	**100.0%**

(a) Includes mainland China, Hong Kong and Macau.

(b) No individual country within this category, including Ireland, where our headquarters is located, accounts for more than 10% of our long-lived assets.

During the years ended December 31, 2021 and 2020, we had no lessees that represented more than 10% of total lease revenue.

Our current operating lease agreements expire up to and over the next 18 years. The contracted minimum future lease payments receivable from lessees for flight equipment on non-cancelable operating leases for our owned aircraft, engines and helicopters as of December 31, 2021 were as follows:

	Contracted minimum future lease payments receivable
2022	$ 5,795,836
2023	5,578,759
2024	5,318,652
2025	4,737,068
2026	4,231,210
Thereafter	15,355,925
	$ 41,017,450

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

20. Other income

Other income consisted of the following for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Proceeds from unsecured claims	$ 635,075	$ —
Management fees	15,725	9,701
Other	15,515	19,089
	$ 666,315	**$ 28,790**

Proceeds from unsecured claims primarily related to the sale of certain unsecured claims against LATAM Airlines Group S.A., as further described below.

On April 22, 2021, we entered into a claims sale and purchase agreement with a third-party for the sale of certain unsecured claims filed by various AerCap companies against LATAM Airlines Group S.A. and certain of its subsidiaries in the Chapter 11 case captioned LATAM Airlines Group S.A., et al., Case No. 20-11254 (JLG) (Jointly Administered). The sale of the unsecured claims is subject to such claims becoming allowed claims in the Bankruptcy Case and other customary closing conditions. The quantum of sale proceeds for each claim actually sold is determined as a percentage of the amount of such claim allowed by the Bankruptcy Court. To the extent any of our unsecured claims are not allowed by a specified date, the buyer has the option to terminate the agreement with respect to any or all such non-allowed claims, and to the extent the aggregate allowed amount of claims amount exceeds a specified amount, the buyer has the option not to purchase claims above the specified amount.

During the year ended December 31, 2021, the sale of a portion of the unsecured claims closed, subsequent to the Bankruptcy Court entering orders establishing the allowed claim amounts. The sale proceeds amount of approximately $595 million was recognized in Other income during the year ended December 31, 2021. We have other claim amounts outstanding that remain subject to the claims sale and purchase agreement and will be sold if and when such claims are allowed by the Bankruptcy Court.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

21. Personnel expenses

Personnel expenses consisted of the following for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	**2020**
Salary, bonus and other benefits	$ 135,111	$ 89,929
Share-based compensation	96,087	69,187
Social securities	13,068	7,041
Pensions	2,107	7,794
	$ 246,373	**$ 173,951**

Share-based compensation

Under our equity incentive plans, we grant restricted stock units and restricted stock, and previously granted stock options, to directors, officers and employees to attract and retain them on competitive terms, and to incentivize superior performance with a view to creating long-term value for the benefit of the Company, its shareholders and other stakeholders.

AerCap equity grants

In March 2012, we implemented an equity incentive plan (the "Equity Incentive Plan 2012") which provides for the grant of equity awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. The maximum number of equity awards available under the plan is equivalent to 8,064,081 ordinary shares. The Equity Incentive Plan 2012 is not open for equity awards to our directors.

On May 14, 2014, we implemented an equity incentive plan (the "Equity Incentive Plan 2014") which provides for the grant of equity awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. The maximum number of equity awards initially available under the plan was equivalent to 4,500,000 ordinary shares. The 2021 AGM increased the number of equity awards available under the plan to 8,500,000 ordinary shares. The Equity Incentive Plan 2014 is open for equity awards to our directors.

The Equity Incentive Plan 2014 and Equity Incentive Plan 2012 are collectively referred to herein as "AerCap Equity Plans."

The terms and conditions, including the vesting conditions, of the equity awards granted under AerCap Equity Plans are determined by the Nomination and Compensation Committee and, for our directors, by the Board of Directors in line with the remuneration policies approved by the General Meeting of Shareholders. The vesting periods of the majority of equity awards range between 3 and five years. Our long-term equity awards are subject to long-term performance vesting criteria, based on the Company's U.S. GAAP EPS budget over the specified periods, in order to promote and encourage superior performance over a prolonged period of time. During 2021, restricted stock units with a market and service-based vesting condition were issued to certain senior executives. An independent valuation was obtained to support the fair value attributable to these restricted stock units to reflect the market vesting condition. Some of our officers and employees receive annual equity awards as part of their compensation package. All outstanding awards of restricted stock units are convertible into ordinary shares of the Company at a ratio of one-to-one, prior to deduction for payroll withholding taxes, if applicable. Ordinary shares subject to outstanding equity awards, which are not issued or delivered by reason of, amongst others, the cancellation or forfeiture of such awards or the withholding of such ordinary shares to settle tax obligations, shall again be available under the AerCap Equity Plans.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

21. Personnel expenses (Continued)

The following table presents movements in the outstanding restricted stock units and restricted stock under the AerCap Equity Plans during the year ended December 31, 2021:

	Year Ended December 31, 2021			
	Number of service-based restricted stock units and restricted stock	Number of performance-based restricted stock units and restricted stock	Weighted average grant date fair value of service-based grants ($)	Weighted average grant date fair value of performance-based grants ($)
Number at beginning of period	**2,108,403**	**2,254,212**	**$ 43.81**	**$ 49.11**
Granted (a) (b)	1,949,786	3,265,427	53.57	52.67
Vested (c)	(908,588)	(509,847)	50.94	51.85
Forfeited	(8,722)	—	45.67	—
Number at end of period	**3,140,879**	**5,009,792**	**$ 47.80**	**$ 51.15**

(a) Includes 3,832,382 shares of restricted stock granted under the AerCap Equity Plans, of which 3,506,094 shares of restricted stock were issued, with the remaining 326,288 ordinary shares being withheld and applied to pay the taxes involved. As part of the 326,288 ordinary shares withheld to pay for taxes, 169,673 ordinary shares were treated as granted and subsequently vested on the grant date under specific Irish tax legislation. As a result, we recognized an expense of $9.7 million on the grant dates associated with these ordinary shares.

(b) Includes 625,000 restricted stock units that have a market and service-vesting condition with an aggregate fair value of $26.5 million at the grant date of these restricted stock units (weighted average fair value of $42.33 per share). 312,500 of these restricted stock units will vest if the executives remain in continuous employment until April 30, 2026, and the AER share price reaches an average of at least $75 based on the average of the closing prices of the shares on the New York Stock Exchange over any period of 30 consecutive calendar days during the period beginning on November 1, 2021 and ending on the vesting Date. 312,500 of these restricted stock units will vest if the executives remain in continuous employment until April 30, 2026, and the AER share price reaches an average of at least $90 based on the average of the closing prices of the shares on the New York Stock Exchange over any period of 30 consecutive calendar days during the period beginning on November 1, 2021 and ending on the vesting date.

(c) 984,972 restricted stock units, which were previously granted under the AerCap Equity Plans, vested. In connection with the vesting of the restricted stock units, the Company issued, in full satisfaction of its obligations, 609,557 ordinary shares to the holders of these restricted stock units, with the remainder being withheld and applied to pay the taxes in respect of those awards. Restrictions on 263,790 shares of restricted stock (235,629 shares of restricted stock net of withholding for taxes) lapsed during the period. In addition, 169,673 ordinary shares were treated as granted and subsequently vested on the grant dates, as described in (a) above.

In general, the amount of share-based compensation expense is determined by reference to the fair value of the restricted stock units or restricted stock on the grant date, based on the trading price of the Company's shares on the grant date and reflective of the probability of vesting. As noted above, restricted stock units with a market condition were issued during 2021. An independent fair market valuation was obtained to reflect the market condition.

21. Personnel expenses (Continued)

The following table presents our expected share-based compensation expense based on existing grants, assuming that the established performance criteria are met and that no forfeitures occur:

	Expected share-based compensation expense
	(U.S. Dollars in millions)
2022	$ 90.8
2023	69.9
2024	57.5
2025	30.0
2026	5.9

Employees

The following table presents the number of employees at each of our principal geographic locations as of December 31, 2021 and 2020:

	As of December 31,	
Location	**2021**	**2020**
Dublin	226	200
Shannon	253	79
United States	141	44
Singapore	65	44
Netherlands	3	1
Other (a)	48	9
Total (b)	**736**	**377**

(a) Includes employees located in China, France, the United Kingdom, the United Arab Emirates, Hong Kong, Italy, Luxembourg and Russia.
(b) Includes six and one part-time employee as of December 31, 2021 and 2020.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

22. Asset impairment

Asset impairment consisted of the following for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Flight equipment held for operating leases (Note 6)	$ 1,413,154	$ 1,599,714
Goodwill	—	55,733
Maintenance rights and other	—	36,847
	$ 1,413,154	**$ 1,692,294**

Our long-lived assets include flight equipment and intangible fixed assets. We test long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amounts of the assets may not be recoverable from its discounted cash flows.

The following assumptions drive the discounted cash flows for flight equipment: contracted lease rents per aircraft through current lease expiry, subsequent re-lease rates based on current marketing information, the discount rate (2021: 6.5%, 2020: 6.2%) and residual values based on current market transactions. We review and stress test our key assumptions to reflect any observed weakness in the global economic environment. Deterioration of the global economic environment and a decrease of aircraft values might have a negative effect on the discounted cash flows of older aircraft and might cause event-driven impairments. There can be no assurance that the Company's estimates and assumptions regarding the economic environment, or the period or strength of recovery, made for purposes of the long-lived asset impairment tests will prove to be accurate predictions of the future.

During the year ended December 31, 2021, we recognized impairment charges primarily related to aircraft that were subject to restructuring type bankruptcy proceedings and lease contract restructurings.

During the year ended December 31, 2020, we recognized impairment charges related to the impairment of our flight equipment held for operating lease, primarily Airbus A330 and Boeing 777 aircraft. In addition, we recognized impairment charges related to sales transactions and lease terminations, which were fully or partially offset by maintenance revenue recognized when we retained maintenance related balances or received EOL compensation. We also assessed goodwill for impairment and recognized impairment charges related to goodwill.

23. Other operating expenses

Other operating expenses consisted of the following for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Transaction expenses (Note 4)	$ 117,984	$ —
Professional services	28,999	24,480
Other expenses	21,450	20,601
Office expenses	17,941	12,974
Travel expenses	5,649	7,809
	$ 192,023	**$ 65,864**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

24. Income taxes

Our subsidiaries are subject to taxation in a number of tax jurisdictions, principally Ireland and the United States. As of February 1, 2016, AerCap Holdings N.V. became a tax resident in Ireland and as a result is subject to corporate income tax in Ireland.

The following table presents our income tax expense (benefit) by tax jurisdiction for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Deferred tax (benefit) expense		
Ireland	$ (179,083)	$ (104,204)
United States	7,675	18,265
Other	10,260	(9,642)
	(161,148)	**(95,581)**
Current tax expense (benefit)		
Ireland	160,866	—
United States	1,198	3,016
Other	6,378	635
	168,442	**3,651**
Income tax (expense) benefit	**$ 7,294**	**$ (91,930)**

The following table provides a reconciliation of the statutory income tax expense (benefit) to income tax expense (benefit) for the years ended December 31, 2021 and 2020:

	Year Ended December 31, 2021		Year Ended December 31, 2020	
Income tax benefit at statutory income tax rate of 12.5%	$ (13,360)		$ (112,575)	
Other than temporary differences	15,496	(a)	25,517	(b)
Foreign rate differential	5,158		(4,872)	
	20,654		**20,645**	
Income tax (expense) benefit	**$ 7,294**		**$ (91,930)**	

(a) The 2021 permanent differences included the following tax-effected amounts: non-deductible expenses of $19.1 million, non-taxable income of $18.9 million, a valuation allowance change in respect of U.S., Dutch and Irish tax losses of $6.5 million and other permanent differences of $7.4 million.

(b) The 2020 other than temporary differences included non-deductible goodwill, non-deductible interest, non-deductible share-based compensation in Ireland and in the Netherlands, and unrecognized deferred tax assets change in respect of U.S., Dutch and Irish tax losses.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

24. Income taxes (Continued)

The effective tax rate was 6.8% for the year ended December 31, 2021 as compared to 10.2% for the year ended December 31, 2020. The effective tax rate is impacted by the source and amount of earnings among our various tax jurisdictions as well as other than temporary differences relative to pre-tax income or loss.

The following tables provide details regarding the principal components of our deferred income tax liabilities and assets by jurisdiction as of December 31, 2021 and 2020:

	As of December 31, 2021			
	Ireland	United States	Other	Total
Depreciation/impairment	$ (2,832,253)	$ 214,404	$ (7,103)	$ (2,624,952)
Intangibles	(390,846)	(7,092)	—	(397,938)
Accrued maintenance liability	43,935	292	—	44,227
Obligations under capital leases and debt obligations	(2,079)	(178,299)	—	(180,378)
Participations	—	(10,507)	—	(10,507)
Deferred losses on sale of assets	—	17,079	—	17,079
Losses and credits forward	1,715,846	(24,978)	(1,922)	1,688,946
Other	(188,308)	9,863	(848)	(179,293)
Net deferred income tax (liabilities) assets	**$ (1,653,705)**	**$ 20,762**	**$ (9,873)**	**$ (1,642,816)**

	As of December 31, 2020			
	Ireland	United States	Other	Total
Depreciation/impairment	$ (2,043,288)	$ (14,014)	$ 11,070	$ (2,046,232)
Intangibles	(3,560)	(3,986)	—	(7,546)
Accrued maintenance liability	52,829	410	—	53,239
Obligations under capital leases and debt obligations	(3,343)	—	—	(3,343)
Participations	—	(7,836)	—	(7,836)
Deferred losses on sale of assets	—	20,534	—	20,534
Losses and credits forward	1,403,034	16,892	7,359	1,427,285
Other	(52,737)	1,002	(958)	(52,693)
Net deferred income tax (liabilities) assets	**$ (647,065)**	**$ 13,002**	**$ 17,471**	**$ (616,592)**

The net deferred income tax liabilities as of December 31, 2021 of $1,642.8 million were recognized in our Consolidated Balance Sheet as deferred income tax assets of $242.7 million and as deferred income tax liabilities of $1,885.5 million.

The net deferred income tax liabilities as of December 31, 2020 of $616.6 million were recognized in our Consolidated Balance Sheet as deferred income tax assets of $161.9 million and as deferred income tax liabilities of $778.5 million.

As of December 31, 2021 and 2020, we had $37.5 million and $30.7 million, respectively, of unrecognized tax benefits. Substantially all of the unrecognized tax benefits as of December 31, 2021, if recognized, would affect our effective tax rate. Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next 12 months, based on the information currently available, we do not expect any change to be material to our consolidated financial condition.

24. Income taxes (Continued)

Our major tax jurisdictions are Ireland and the United States. Our tax returns are open for examination in Ireland from 2016 forward and in the United States from 2014 forward.

Our policy is to recognize accrued interest on the underpayment of income taxes as a component of financial expense and penalties associated with tax liabilities as a component of income taxes.

Global Tax Reform

On October 8, 2021, 136 countries, including Ireland, approved a statement, known as the OECD BEPS Inclusive Framework ("IF"), providing a framework for BEPS 2.0, which builds upon the Blueprints and a prior iteration of the IF signed by 130 countries on July 1, 2021. The revised Pillar Two Blueprint includes a global minimum effective tax rate of 15% for groups with a global turnover in excess of €750 million , subject to certain exclusions. The OECD published detailed rules to assist in the implementation of the Pillar 2 rules on December 20, 2021 These detailed rules should allow some countries to introduce the Pillar 2 rules into domestic legislation during the course of 2022 (to be effective 2023 at the earliest). As noted above, the EU intends to implement the Pillar 2 measures by way of a Directive. It is this Directive which, if it enters into force, will ultimately be transposed into Irish domestic legislation. On December 22, 2021, the European Commission published a proposed EU directive to incorporate the Pillar 2 tax rules into EU law. Further publications in relation to this are expected from the OECD and the EU in the coming months. Although it is difficult to determine the degree to which these changes may result in an increase in our effective tax rate and cash tax liabilities in future periods, these developments make it more likely that this initiative will have an adverse impact on our effective tax rate and cash tax liabilities in future periods.

Ireland

Since 2006, the enacted Irish corporate income tax rate has been 12.5% Some of our Irish tax-resident operating subsidiaries have significant operating loss carryforwards as of December 31, 2021 which give rise to deferred income tax assets. The availability of these loss carry forwards does not expire with time. In addition, the vast majority of all of our Irish tax-resident subsidiaries are entitled to accelerated aircraft depreciation for tax purposes and shelter net taxable income with the surrender of losses on a current year basis within the Irish tax group. Based on projected taxable profits in our Irish subsidiaries, we expect to recover the majority of the value of our Irish tax assets and have not recognized a valuation allowance against such assets, with the exception of $10.7 million as of December 31, 2021. There are also $7.7 million of tax credit carryforwards available in Ireland.

United States

Our U.S. subsidiaries are assessable to federal and state U.S. taxes. During 2021, subsequent to the GECAS Transaction, we had one significant group of U.S. companies that file a consolidated return. The blended federal and state tax rate applicable to our combined U.S. group was 21.3% for the year ended December 31, 2021. Our U.S. federal net operating losses generated for tax years beginning before December 31, 2017 of $310.7 million expire between 2028 and 2038. The U.S. federal net operating losses generated in tax years beginning after December 31, 2017 of $90.9 million have an unlimited carryforward period.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

25. Earnings per share

Basic EPS is calculated by dividing net income by the weighted average number of our ordinary shares outstanding, which excludes 5,822,811 and 2,552,346 shares of unvested restricted stock as of December 31, 2021 and 2020, respectively. In general, for the calculation of diluted EPS, the weighted average of our ordinary shares outstanding for basic EPS is adjusted by the effect of dilutive securities provided under our equity compensation plans. Due to the reported loss for the year ended December 2021 and 2020, basic EPS was not adjusted by the effect of dilutive securities. The number of ordinary shares under our equity compensation plans which could dilute EPS in the future was 2,584,793 for the year ended December 31, 2021. The number of ordinary shares under our equity compensation plans which could dilute EPS in the future was 2,630,066 for the year ended December 31, 2020.

The computations of basic and diluted EPS for the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Net (loss) for the computation of basic EPS	$ (99,044)	$ (809,849)
Weighted average ordinary shares outstanding—basic	146,421,188	127,743,828
Basic EPS	**$ (0.68)**	**$ (6.34)**

	Year Ended December 31,	
	2021	2020
Net (loss) for the computation of diluted EPS	$ (99,044)	$ (809,849)
Weighted average ordinary shares outstanding—diluted	146,421,188	127,743,828
Diluted EPS	**$ (0.68)**	**$ (6.34)**

The computations of ordinary shares outstanding, excluding shares of unvested restricted stock, as of December 31, 2021 and 2020 were as follows:

	As of December 31,	
	2021	2020
	Number of ordinary shares	
Ordinary shares issued	250,347,345	138,847,345
Treasury shares	(4,951,897)	(8,448,807)
Ordinary shares outstanding	**245,395,448**	**130,398,538**
Shares of unvested restricted stock	(5,822,811)	(2,552,346)
Ordinary shares outstanding, excluding shares of unvested restricted stock	**239,572,637**	**127,846,192**

26. Special purpose entities

We use many forms of entities to achieve our leasing and financing business objectives and we have participated to varying degrees in the design and formation of these entities. Our involvement in SPEs varies and includes being a passive investor in the SPE with involvement from other parties, managing and structuring all of the SPE's activities, or being the sole shareholder of the SPE.

During the year ended December 31, 2021, we did not provide any financial support to any of our SPEs that we were not contractually obligated to provide.

Consolidated SPEs

As of December 31, 2021 and 2020, substantially all assets and liabilities presented in our Consolidated Balance Sheets were held in consolidated SPEs. Further details of debt held by our consolidated SPEs are disclosed in Note 16—*Debt*.

Wholly-owned ECA and Ex-Im financing vehicles

We have created certain wholly-owned subsidiaries for the purpose of purchasing flight equipment and obtaining financing secured by such flight equipment. The secured debt is guaranteed by the European ECAs and the Export-Import Bank of the United States. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes.

Other secured financings

We have created a number of wholly-owned subsidiaries for the purpose of obtaining secured financings. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes.

Wholly-owned leasing entities

We have created wholly-owned subsidiaries for the purpose of facilitating aircraft leases with airlines. These entities meet the definition of a SPE because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes, which serve as equity.

Limited recourse financing structures

We have established entities to obtain secured financings for the purchase of aircraft in which we have variable interests. These entities meet the definition of a Primary Beneficiary ("PB") because they do not have sufficient equity to operate without subordinated financial support from us in the form of intercompany notes. The loans of these entities are non-recourse to us except under limited circumstances.

AerCap Partners I Holding Limited ("AerCap Partners I"), AerCap Partners 767 Limited ("AerCap Partners 767") and AerFunding are entities where we have determined we are the PB of the entity because we direct the activities that most significantly affect the economic performance of the entity and we absorb a significant portion of the risks and rewards of the entity. We provide lease management, insurance management and aircraft asset management services to AerCap Partners I, AerCap Partners 767 and AerFunding for a fee.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

26. Special purpose entities (Continued)

AerCap Partners I and AerCap Partners 767

AerCap Partners I and AerCap Partners 767 are 50%-50% joint ventures owned by us and Deucalion Aviation Funds.

As of December 31, 2021, AerCap Partners I had $54.4 million of subordinated debt outstanding, consisting of $27.2 million due to us and $27.2 million due to our joint venture partner.

During the year ended December 31, 2021, AerCap Partners 767 completed the sale of its two aircraft and repaid the subordinated debt balance in full. As of December 31, 2020, AerCap Partners 767 had $32.6 million of subordinated debt outstanding, consisting of $16.3 million due to us and $16.3 million due to our joint venture partner.

AerFunding

We hold a 5% equity investment and 100% of the subordinated notes ("AerFunding Class E-1 Notes") in AerFunding.

As of December 31, 2021, AerFunding had $783.5 million outstanding under a secured revolving credit facility and $2,104.1 million of AerFunding Class E-1 Notes outstanding due to us.

Non-consolidated participations

The following table presents our maximum exposure to loss in participations as of December 31, 2021 and 2020:

	As of December 31,	
	2021	2020
Carrying value of debt and equity participations	$ 133,401	$ 125,955

The maximum exposure to loss represents the amount that would be absorbed by us in the event that all of our assets held in the participations, for which we are not the PB had no value.

AerDragon, AerLift and ACSAL are investments that are SPEs in which we have determined that we do not have control and are not the PB. We do have significant influence and, accordingly, we account for our investments in AerDragon, AerLift and ACSAL under the equity method of accounting. Refer to Note 9 —*Participations* for further details.

Other non-consolidated entities

We have variable interests in other entities in which we have determined we are not the PB because we do not have the power to direct the activities that most significantly affect the entities' economic performance. Refer to Note 9 — *Participations* for further details.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

27. Related party transactions

GE

As described in Note 4—*GECAS Transaction*, AerCap completed the acquisition of 100% of GECAS, GE's commercial aviation lessor and financier, on November 1, 2021. Under the terms of the transaction agreement, GE received 111.5 million newly issued AerCap shares, $23 billion of cash and $1 billion of AerCap senior notes. Immediately following the completion of the GECAS Transaction, GE held approximately 46% of our issued and outstanding ordinary shares. Consequently, GE became a related party upon the Closing Date of the GECAS Transaction. We may purchase, sell or lease flight equipment from/to GE and GE provides services to AerCap under a transition services agreement.

In November and December 2021, AerCap recognized rental income from engines on lease to GE of approximately $22 million, and purchases with GE of approximately $1 million.

As of December 31, 2021, AerCap had an outstanding payable balance of $6 million and a receivable balance of $66 million with GE.

Equity Method Investments

SES

As a result of the GECAS Transaction, SES is a 50% joint venture and is considered a related party. During the year ended December 31, 2021 we recognized lease rental income from SES of $12 million.

Other related parties

Other related parties include our participations as detailed in Note 9—*Participations.* The following table presents amounts received from other related parties for management fees, transaction-related fees and dividends for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Management fees and other	$ 6,748	$ 1,613
Dividends	5,262	267
	$ 12,010	**$ 1,880**

Purchase of shares

During the year ended December 31, 2021, an Officer sold 624,000 ordinary shares to the Company at fair value on the date of the sale for an aggregate sale price of $35.4 million. The proceeds were used to pay taxes in 2021 in connection with their share awards.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

28. Commitments and contingencies

Aircraft on order

As of December 31, 2021, we had commitments to purchase 417 new aircraft for delivery through 2027. These commitments are primarily based upon purchase agreements with Boeing, Airbus and Embraer S.A. ("Embraer"). These agreements establish the pricing formulas (including adjustments for certain contractual escalation provisions) and various other terms with respect to the purchase of aircraft. Under certain circumstances, we have the right to alter the mix of aircraft types ultimately acquired. As of December 31, 2021, we had made non-refundable deposits on these purchase commitments (exclusive of capitalized interest and fair value adjustments) of approximately $4.2 billion. As of December 31, 2021 we also had commitments to purchase 30 new engines and 16 new helicopters for delivery through 2025. As of December 31, 2021, we had made non-refundable deposits on these purchase commitments (exclusive of capitalized interest and fair value adjustments) of approximately $159 million.

Following the fatal accidents of two Boeing 737 MAX aircraft, the worldwide fleet of these aircraft was grounded by aviation authorities in March 2019 and production was temporarily suspended by Boeing in January 2020, resulting in ongoing delays in the delivery of our aircraft on order from Boeing. Most jurisdictions have now approved the Boeing 737 MAX return to service, including the United States, China and Europe. As of December 31, 2021, we had 43 Boeing 737 MAX aircraft delivered and on lease, and a further 67 Boeing 737 MAX aircraft on order, excluding aircraft for which we have cancellation rights.

A portion of the aggregate purchase price for the acquisition of flight equipment will be funded by incurring additional debt. The amount of the indebtedness to be incurred will depend on the final purchase price of the asset, which can vary due to a number of factors, including inflation.

The amount of interest capitalized is the actual interest costs incurred on the debt specific to the prepayments, if any, or the amount of interest costs which could have been avoided in the absence of such prepayments. Our average cost of debt, excluding the effect of mark-to-market movements on our interest rate caps was 3.6% during the year ended December 31, 2021.

Prepayments on flight equipment include prepayments of our forward order flight equipment and other balances held by the flight equipment manufacturers. Movements in prepayments on flight equipment during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Prepayments on flight equipment at beginning of period	$ 2,111,659	$ 2,954,478
GECAS Transaction	2,990,414	—
Prepayments and additions during the period, net	136,655	270,032
Interest paid and capitalized during the period	30,827	49,144
Prepayments and capitalized interest applied to the purchase of flight equipment	(682,707)	(1,161,995)
Prepayments on flight equipment at end of period	**$ 4,586,848**	**$ 2,111,659**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

28. Commitments and contingencies (Continued)

The following table presents our contractual commitments for the purchase of flight equipment as of December 31, 2021:

	2022	2023	2024	2025	2026	Thereafter	Total
Purchase obligations (a)	$4,240,998	$5,693,795	$5,245,543	$4,232,957	$1,885,653	$1,063,136	$22,362,100

(a) As of December 31, 2021, we had commitments to purchase 417 aircraft (including 26 purchase and leaseback transactions and excluding aircraft for which we have cancellation rights and aircraft with contracted sales at delivery), 30 engines, 16 helicopters and other commitments. The timing of our purchase obligations is based on current estimates. We have incorporated expected delivery delays into the table above. In addition, we have the right to reschedule the delivery dates of certain of our aircraft to future dates.

Leases

We lease office space in several locations globally under operating lease arrangements, and in limited instances may enter into operating or finance leases for flight equipment.

As of December 31, 2021, maturities of operating lease agreements were as follows:

	Operating leases
2022	$ 46,763
2023	49,679
2024	46,725
2025	12,393
2026	6,850
Thereafter	30,824
Total lease payments	**$ 193,234**

28. Commitments and contingencies (Continued)

Legal proceedings

General

In the ordinary course of our business, we are a party to various legal actions, which we believe are incidental to the operations of our business. The Company regularly reviews the possible outcome of such legal actions, and accrues for such legal actions at the time a loss is probable and the amount of the loss can be estimated. In addition, the Company also reviews indemnities and insurance coverage, where applicable. Based on information currently available, we believe the potential outcome of those cases where we are able to estimate reasonably possible losses, and our estimate of the reasonably possible losses exceeding amounts already recognized, on an aggregated basis, is immaterial to our Consolidated Financial Statements.

VASP litigation

We are party to a group of related cases arising from the leasing of 13 aircraft and three spare engines to Viação Aerea de São Paulo ("VASP"), a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess our equipment and obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines from VASP. We repossessed and exported the aircraft and engines. VASP appealed and in 1996, the Appellate Court of the State of São Paulo ("TJSP") ruled that the aircraft and engines should be returned or that VASP could recover proven damages arising from the repossession.

We have defended this case in the Brazilian courts through various motions and appeals. In 2004, the Superior Court of Justice (the "STJ") dismissed our then-pending appeal. In 2005, we filed an extraordinary appeal with the Federal Supreme Court (the "STF"). On June 24, 2020, the STF reversed its earlier contrary rulings and granted our extraordinary appeal, ordering a new panel of the STJ to review the merits of our challenge against TJSP's original order. VASP has appealed the STF's latest order.

In 2006, VASP commenced a related proceeding to calculate the amount of alleged damages owed under the TJSP's 1996 judgment. In 2017, the court decided that VASP had suffered no damages even if the TJSP's 1996 judgment regarding liability were affirmed. On April 20, 2018, VASP appealed this decision. We believe, however, and we have been advised, that it is not probable that VASP will ultimately be able to recover damages from us even if VASP prevails on the issue of liability. The outcome of the legal process is, however, uncertain. The ultimate amount of damages, if any, payable to VASP cannot reasonably be estimated at this time. We continue to actively pursue all courses of action that may reasonably be available to us and intend to defend our position vigorously.

In 2006, we brought actions against VASP in English and Irish courts seeking damages arising from the 1992 lease defaults. These actions resulted in judgments by the English court in the aggregate amount of approximately $40 million plus interest and judgments by the Irish court in the aggregate amount of approximately $36.9 million, all in our favor. VASP had meanwhile in 2008 been adjudicated as insolvent by a Brazilian bankruptcy court, which commenced bankruptcy proceedings. We have caused the English and Irish judgment to be domesticated in Brazil and submitted them as claims in the bankruptcy proceeding. The bankruptcy court has allowed the claims in the amount of $40 million in respect of the English judgments and $24 million in respect of the Irish judgments. We have been advised that it is not probable that VASP's bankruptcy estate will have funds to pay its creditors but our court-approved claims may be used to offset any damages that VASP might be awarded in the Brazilian courts if for any reason we are not successful in defending ourselves against VASP's claim for damages.

28. Commitments and contingencies (Continued)

Transbrasil litigation

We are party to a group of related actions arising from the leasing of various aircraft and engines to Transbrasil S/A Linhas Areas ("Transbrasil"), a now-defunct Brazilian airline. By 1998, Transbrasil had defaulted on various obligations under its leases with AerCap-related companies (the "AerCap Lessors"), along with other leases it had entered into with General Electric Capital Corporation ("GECC") and certain of its affiliates (collectively with GECC, the "GE Lessors"). GECAS was the servicer for all these leases at the time. Subsequently, Transbrasil issued promissory notes (the "Notes") to the AerCap Lessors and GE Lessors (collectively, the "Lessors") in connection with restructurings of the leases. Transbrasil defaulted on the Notes and the Lessors individually, brought enforcement actions against Transbrasil in 2001 (GECC also filed an action for the involuntary bankruptcy of Transbrasil).

Transbrasil brought a lawsuit against the Lessors in February 2001 (the "Transbrasil Lawsuit"), claiming that the Notes had in fact been paid at the time the Lessors brought the enforcement actions. In 2007, the trial judge ruled in favor of Transbrasil and the Lessors appealed. In April 2010, the appellate court published a judgment (the "2010 Judgment") rejecting the Lessors' appeal, ordering them to pay Transbrasil statutory penalties equal to double the face amount of the Notes (plus interest and monetary adjustments) as well as damages for any losses incurred as a result of the attempts to collect on the Notes. The 2010 Judgment provided that the amount of such losses would be calculated in separate proceedings in the trial court (the "Indemnity Claim"). In June 2010, the Lessors filed special appeals before the STJ in Brazil. In October 2013, the STJ granted the special appeals filed by the GE Lessors, effectively reversing the 2010 Judgment in most respects as to all of the Lessors. Transbrasil appealed this order, but the appellate panel in November 2016 rejected Transbrasil's appeal, preserving the 2013 reversal of the 2010 Judgment. All appeals in respect of the Transbrasil Lawsuit based on the merits of the dispute have now concluded.

However, in July 2011, while the various appeals of the 2010 Judgment were pending, Transbrasil brought three actions for provisional enforcement of the 2010 Judgment (the "Provisional Enforcement Actions"): one to enforce the award of statutory penalties; a second to recover attorneys' fees related to that award, and a third to enforce the Indemnity Claim. Transbrasil submitted its alleged calculation of statutory penalties, which, according to Transbrasil, amounted to approximately $210 million in the aggregate against all defendants, including interest and monetary adjustments.

In light of the STJ's ruling in October 2013, the trial court has ordered the dismissal of the Transbrasil Provisional Enforcement Actions. The TJSP has since affirmed the dismissals of the actions seeking statutory penalties and attorneys' fees. Lessors' motion to clarify relating to the dismissal of the Provisional Enforcement Action with respect to the Indemnity Claim remains pending. We believe we have strong arguments to convince the court that Transbrasil suffered no material damage as a result of the defendants' attempts to collect on the Notes.

The only matters remaining to be resolved are: (i) a motion to clarify relating to the dismissal of a lower court appeal with respect to the Indemnity Claim and (ii) a number of court-mandated legal fee assessments for (a) proofs of claim filed by the Lessors against the Transbrasil bankruptcy estate and (b) various otherwise-concluded enforcement proceedings, including the Provisional Enforcement Proceedings.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

29. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values of financial instruments have been determined with reference to available market information. However, considerable management judgment is required in interpreting market data to arrive at estimates of fair values.

The fair value of restricted cash and cash and cash equivalents approximates their carrying value because of their short-term nature. The fair value of notes receivable approximates its carrying value. The fair value of our long-term unsecured debt is estimated using quoted market prices for similar or identical instruments, depending on the frequency and volume of activity in the market. The fair value of our long-term secured debt is estimated using a discounted cash flow analysis based on current market interest rates and spreads for debt with similar characteristics. Derivatives are recognized in our Consolidated Balance Sheets at their fair value. The fair value of derivatives is based on dealer quotes for identical instruments. We have also considered the credit rating and risk of the counterparties of the derivative contracts based on quantitative and qualitative factors. The fair value of guarantees is determined by reference to the fair market value or future lease cash flows of the underlying aircraft and the guaranteed amount.

The carrying amounts and fair values of our most significant financial instruments as of December 31, 2021 and 2020 were as follows:

	December 31, 2021		
	Carrying value		Fair value
Assets			
Cash and cash equivalents	$ 1,728,794		$ 1,728,794
Restricted cash	185,959		185,959
Loans receivable	407,008		407,008
Notes receivable	589,828		589,828
Investment, at fair value	38,367		38,367
Derivative assets	16,909		16,909
	$ 2,990,290		**$ 2,990,290**
Liabilities			
Debt	$ 50,548,472	(a)	$ 51,348,160
Derivative liabilities	71,197		71,197
	$ 50,619,669		**$ 51,419,357**

(a) Excludes debt issuance costs, debt discounts and debt premium.

	December 31, 2020		
	Carrying value		Fair value
Assets			
Cash and cash equivalents	$ 1,248,772		$ 1,248,772
Restricted cash	246,518		246,518
Notes receivable	529,172		529,172
Investment, at fair value	12,110		12,110
Derivative assets	3,303		3,303
	$ 2,039,875		**$ 2,039,875**
Liabilities			
Debt	$ 28,934,904	(a)	$ 29,798,305
Derivative liabilities	167,303		167,303
	$ 29,102,207		**$ 29,965,608**

(a) Excludes debt issuance costs, debt discounts and debt premium.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

30. Directors' remuneration

Our remuneration policy for non-executive and executive directors can be found in our Remuneration Policy, which is available on our website, and in the Remuneration Report included in this Annual Report.

The table below indicates the total remuneration paid to our current and former non-executive directors during the years ended December 31, 2021 and 2020, and the share-based compensation expense recognized in those years related to AerCap equity instruments that were granted to the non-executive directors on December 31, 2021 and December 31 in prior years:

	Year Ended December 31,			
	2021		2020	
	Remuneration paid	Share-based compensation expense (c)	Remuneration paid	Share-based compensation expense (c)
Paul Dacier	$ 384	$ 512	$ 346	$ 192
Pieter Korteweg (a)	—	—	122	350
Julian (Brad) Branch	215	547	206	140
Stacey Cartwright	179	371	160	49
Rita Forst	177	371	157	49
Richard (Michael) Gradon	214	419	213	220
James (Jim) Lawrence	228	571	211	303
Michael Walsh	232	529	222	250
Robert (Bob) Warden	214	373	227	150
Jennifer VanBelle (b)	—	—	—	—
	$ 1,843	**$ 3,693**	**$ 1,864**	**$ 1,703**

(a) Resigned from the Board on April 22, 2020.
(b) Appointed to the Board on November 1, 2021.
(c) Annual equity awards are granted to our non-executive directors each year and related expenses are recognized in subsequent years over the vesting period.

Under our equity incentive plans, we have granted restricted stock units, restricted stock and, previously, stock options, to directors, officers and employees to attract and retain them on competitive terms, and to incentivize superior performance with a view to creating long-term value for the benefit of the Company, its shareholders and other stakeholders. Our non-executive directors receive an annual equity award as provided for in AerCap's remuneration policy for members of the Board of Directors and in accordance with the terms of the Equity Incentive Plan 2014.

We paid Mr. Kelly, our only executive director and Chief Executive Officer, a total remuneration of approximately $4.8 million, consisting of an annual base salary of approximately $1.0 million, an annual bonus of approximately $3.4 million, and approximately $0.4 million as contributions to his defined benefit pension plan and other employment benefits, during the year ended December 31, 2021. In addition, during the year ended December 31, 2021, we recognized $49.7 million of expenses related to AerCap equity instruments that were granted to him in 2021 and prior years.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

30. Directors' remuneration (Continued)

The following table presents beneficial ownership of our shares which are held by our directors as of December 31, 2021:

	Ordinary shares (unrestricted)	Restricted stock (a)	Restricted stock units (a) (b)	Ordinary shares underlying options (c)	Fully diluted ownership percentage (d)
Paul Dacier (Chairman)	11,118	—	26,700	1,803	*
Aengus Kelly (e)	1,018,386	4,544,772	500,000	—	2.3 %
Julian (Brad) Branch	5,000	—	31,016	—	*
Stacey Cartwright	—	—	24,451	—	*
Rita Forst	1,500	—	24,451	—	*
Richard (Michael) Gradon	3,656	—	23,987	—	*
James (Jim) Lawrence	208,454	—	20,000	—	*
Michael Walsh	6,897	—	20,000	—	*
Robert (Bob) Warden	13,742	—	22,647	—	*
Jennifer VanBelle	—	—	—	—	*
	1,268,753	**4,544,772**	**693,252**	**1,803**	

* Less than 1.0%.

(a) All restricted stock and restricted stock units are subject to time-based, performance-based or market vesting conditions. Of these restricted stock and restricted stock units, subject to the vesting conditions, 4,311 will vest on January 1, 2022, 45,889 will vest on March 11, 2022, 20,039 will vest on April 30, 2022 (or the date of the AGM in 2022, whichever is the earlier), 842,105 will vest on May 1, 2022 (or the date of the AGM in 2022, whichever is the earlier), 20,000 will vest on June 30, 2022, 242,737 will vest on September 13, 2022, 3,608 will vest on January 1, 2023, 14,419 will vest on March 9, 2023, 5,294 will vest on April 30, 2023 (or the date of the AGM in 2023, whichever is the earlier), 670,393 will vest on May 1, 2023 (or the date of the AGM in 2023, whichever is the earlier), 160,000 will vest on December 17, 2023, 313,953 will vest on March 31, 2025, 2,151,625 will vest on April 30, 2025 and 1,650,812 will vest on April 30, 2026.

(b) Payroll tax will be withheld and deducted from the ordinary shares to be delivered at the vesting of restricted stock units, as applicable.

(c) The remaining 1,803 options expire on December 31, 2022 and carry a strike price of $13.72 per option.

(d) Percentage amount assumes the vesting and exercise of all time-based and performance-based equity awards at target in this table, and no vesting or exercise of any other equity awards.

(e) Mr. Kelly is our Chief Executive Officer and the Executive Director of the Board.

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2021:

	2021 Granted	2021 Vested
Aengus Kelly	3,522,591 (a)	18,345

(a) Grant of 3,022,591 shares of restricted stock, of which 6,830 were withheld to pay taxes incurred by Mr. Kelly in connection with the grant. All other taxes in connection with these awards were funded by Mr. Kelly through a transfer of 624,000 shares from Mr. Kelly to the Company. Grant of 500,000 RSUs that will only vest subject to achievement of certain share price targets; payroll tax will be withheld and deducted from the shares to be delivered at vesting.

All of our ordinary shares have the same voting rights.

The address for all of our directors and officers is c/o AerCap Holdings N.V., AerCap House, 65 St. Stephen's Green, Dublin, D02 YX20, Ireland.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings

The subsidiaries which are taken up in the consolidated financial statements are direct and indirect subsidiaries 100% owned, unless otherwise stated.

Consolidated	
ILFC Aruba A.V.V.	Aruba
AerCap Australia Pty Ltd.	Australia
ILFC Australia Holdings Pty. Ltd.	Australia
ILFC Australia Pty. Ltd.	Australia
Wombat 3668 Leasing Pty Ltd	Australia
Andromeda FSC Corporation	Barbados
AerCap International Bermuda Limited	Bermuda
AerCap Leasing 3034 (Bermuda) Limited	Bermuda
AerCap Leasing MSN 2413 (Bermuda) Limited	Bermuda
AerFunding 1 Limited	Bermuda
AerFunding Bermuda Leasing Limited	Bermuda
Aircraft Lease Securitisation II Limited	Bermuda
Aquarius Aircraft Leasing Limited	Bermuda
Ararat Aircraft Leasing Limited	Bermuda
Belmar Bermuda Leasing Limited	Bermuda
CloudFunding III Limited	Bermuda
Copperstream Aircraft Leasing Limited	Bermuda
Flotlease 973 (Bermuda) Limited	Bermuda
Flying Fortress Bermuda Leasing Ltd.	Bermuda
Goldstream Aircraft Leasing Limited	Bermuda
ILFC (Bermuda) 5, Ltd.	Bermuda
ILFC (Bermuda) III, Ltd.	Bermuda
Lare Leasing Limited	Bermuda
LC (BERMUDA) NO 2 L.P.	Bermuda
LC (BERMUDA) NO. 2 LTD	Bermuda
Milestone Export Holdings No. 2, Ltd.	Bermuda
Poseidon Leasing (Bermuda) Limited	Bermuda
Roselawn Leasing Limited	Bermuda
Ross Leasing Limited	Bermuda
Sierra Leasing Limited	Bermuda
Silverstream Aircraft Leasing Limited	Bermuda
Skylease Bermuda Limited	Bermuda
The Milestone Aviation Asset Holding Group No. 1 Ltd.	Bermuda
The Milestone Aviation Asset Holding Group No. 12 Ltd.	Bermuda
The Milestone Aviation Asset Holding Group No. 19 Ltd.	Bermuda
The Milestone Aviation Asset Holding Group No. 24 Ltd.	Bermuda
The Milestone Aviation Asset Holding Group No. 25 Ltd.	Bermuda
The Milestone Aviation Asset Holding Group No. 8 Ltd.	Bermuda
The Milestone Aviation Group Limited	Bermuda

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Wahaflot Leasing 3699 (Bermuda) Limited	Bermuda
Westpark 1 Aircraft Leasing Limited	Bermuda
Whitestream Aircraft Leasing Limited	Bermuda
Whitney Leasing Limited	Bermuda
AerCap do Brasil Servicos de Administracao e Marketing Ltda.	Brazil
AerCap Aircraft Purchase Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
ILFC Cayman Limited	Cayman Islands
AerCap Aviation Services (Shanghai) Co., Ltd	China
Eaststar Limited	China
North Star Company Limited	China
Southstar Limited	China
Sunstar Limited	China
Vertical Aviation No.1 (Tianjin) Leasing Company Limited	China
AerCap Aircraft Leasing Cyprus Limited	Cyprus
AerCap Aviation Solutions S.a.r.l	France
Calais Location S.A.R.L.	France
Celestial France SARL	France
Grenoble Location S.A.R.L.	France
ILFC France S.A.R.L.	France
Milestone Aviation France No. 2 S.A.R.L	France
Milestone Aviation France No. 3 S.A.R.L	France
Milestone Aviation France S.A.R.L	France
Nancy Location S.A.R.L.	France
AerCap Hong Kong Limited	Hong Kong
GECAS Services India Private Limited	India
Aerborne Funding II Limited	Ireland
Aerborne Funding III Limited	Ireland
AerBorne Funding Limited	Ireland
AerCap A330 Holdings Limited	Ireland
AerCap Administrative Services Limited	Ireland
AerCap Aero Engines Limited	Ireland
AerCap Aircraft 73B-30661 Limited	Ireland
AerCap Aircraft 73B-32841 Limited	Ireland
AerCap Aircraft 77B-32717 Limited	Ireland
AerCap Aviation Leasing Limited	Ireland
AerCap Cash Manager Limited	Ireland
AerCap Finance Limited	Ireland
AerCap Financial Services (Ireland) Limited	Ireland
AerCap Holding & Finance Limited	Ireland
AerCap Ireland Asset Investment 1 Limited	Ireland
AerCap Ireland Asset Investment 2 Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

AerCap Ireland Capital Designated Activity Company	Ireland
AerCap Ireland Funding 1 Limited	Ireland
AerCap Ireland Limited	Ireland
AerCap Irish Aircraft Leasing 2 Limited	Ireland
AerCap Leasing 3034 Limited	Ireland
AerCap Leasing 8 Limited	Ireland
AerCap Leasing 946 Limited	Ireland
AerCap Partners 767 Holdings Limited	Ireland
AerCap Partners 767 Limited	Ireland
AerCap Partners I Holding Limited	Ireland
AerCap Partners I Limited	Ireland
AerFi Group Limited	Ireland
AerVenture Export Leasing Limited	Ireland
AerVenture Limited	Ireland
Aircraft Portfolio Holding Company Limited	Ireland
Aircraft Portfolio Holding Company No. 2 Limited	Ireland
Andes Aircraft Leasing Limited	Ireland
Andromeda Aircraft Leasing Limited	Ireland
Annamite Aircraft Leasing Limited	Ireland
Antares Aircraft Leasing Limited	Ireland
Arctic Leasing No.3 Limited	Ireland
Arfaj Aircraft Leasing Limited	Ireland
Artemis (Delos) Limited	Ireland
Artemis Aircraft 32A-1925 Limited	Ireland
Artemis Aircraft 32A-3309 Limited	Ireland
Artemis Aircraft 32A-3385 (Ireland) Limited	Ireland
Artemis Aircraft 32A-3388 (Ireland) Limited	Ireland
Artemis Aircraft 73B-30671 Limited	Ireland
Artemis Aircraft 77B-32725 Limited	Ireland
Artemis Ireland Leasing Limited	Ireland
Ballyfin Aviation Limited	Ireland
Ballymoon Aircraft Solutions Limited	Ireland
Ballysky Aircraft Ireland Limited	Ireland
Ballystar Aircraft Solutions Limited	Ireland
Bandeira Aircraft Leasing Limited	Ireland
BlowfishFunding Limited	Ireland
Burgundy Aircraft Leasing Limited	Ireland
Calliope Limited	Ireland
Camden Aircraft Leasing Limited	Ireland
Capella Aircraft Leasing Limited	Ireland
Cash Manager Limited	Ireland
Castletroy Leasing Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Celestial Aviation Funding Unlimited Company	Ireland
Celestial Aviation Operations Limited	Ireland
Celestial Aviation Services Limited	Ireland
Celestial Aviation Trading 1 Limited	Ireland
Celestial Aviation Trading 10 Limited	Ireland
Celestial Aviation Trading 100 Limited	Ireland
Celestial Aviation Trading 11 Limited	Ireland
Celestial Aviation Trading 12 Limited	Ireland
Celestial Aviation Trading 13 Limited	Ireland
Celestial Aviation Trading 14 Limited	Ireland
Celestial Aviation Trading 15 Limited	Ireland
Celestial Aviation Trading 16 Limited	Ireland
Celestial Aviation Trading 17 Limited	Ireland
Celestial Aviation Trading 19 Limited	Ireland
Celestial Aviation Trading 2 Limited	Ireland
Celestial Aviation Trading 20 Limited	Ireland
Celestial Aviation Trading 21 Limited	Ireland
Celestial Aviation Trading 22 Limited	Ireland
Celestial Aviation Trading 23 Limited	Ireland
Celestial Aviation Trading 24 Limited	Ireland
Celestial Aviation Trading 25 Limited	Ireland
Celestial Aviation Trading 26 Limited	Ireland
Celestial Aviation Trading 27 Limited	Ireland
Celestial Aviation Trading 28 Limited	Ireland
Celestial Aviation Trading 29 Limited	Ireland
Celestial Aviation Trading 3 Limited	Ireland
Celestial Aviation Trading 30 Limited	Ireland
Celestial Aviation Trading 31 Limited	Ireland
Celestial Aviation Trading 32 Limited	Ireland
Celestial Aviation Trading 33 Limited	Ireland
Celestial Aviation Trading 34 Limited	Ireland
Celestial Aviation Trading 35 Limited	Ireland
Celestial Aviation Trading 36 Limited	Ireland
Celestial Aviation Trading 37 Limited	Ireland
Celestial Aviation Trading 38 Limited	Ireland
Celestial Aviation Trading 39 Limited	Ireland
Celestial Aviation Trading 4 Limited	Ireland
Celestial Aviation Trading 41 Limited	Ireland
Celestial Aviation Trading 42 Limited	Ireland
Celestial Aviation Trading 43 Limited	Ireland
Celestial Aviation Trading 44 Limited	Ireland
Celestial Aviation Trading 45 Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Celestial Aviation Trading 46 Limited	Ireland
Celestial Aviation Trading 47 Limited	Ireland
Celestial Aviation Trading 48 Limited	Ireland
Celestial Aviation Trading 49 Limited	Ireland
Celestial Aviation Trading 5 Limited	Ireland
Celestial Aviation Trading 50 Limited	Ireland
Celestial Aviation Trading 51 Limited	Ireland
Celestial Aviation Trading 52 Limited	Ireland
Celestial Aviation Trading 53 Limited	Ireland
Celestial Aviation Trading 54 Limited	Ireland
Celestial Aviation Trading 55 Limited	Ireland
Celestial Aviation Trading 56 Limited	Ireland
Celestial Aviation Trading 57 Limited	Ireland
Celestial Aviation Trading 6 Limited	Ireland
Celestial Aviation Trading 62 Limited	Ireland
Celestial Aviation Trading 63 Limited	Ireland
Celestial Aviation Trading 64 Limited	Ireland
Celestial Aviation Trading 65 Limited	Ireland
Celestial Aviation Trading 66 Limited	Ireland
Celestial Aviation Trading 67 Limited	Ireland
Celestial Aviation Trading 68 Limited	Ireland
Celestial Aviation Trading 69 Limited	Ireland
Celestial Aviation Trading 7 Limited	Ireland
Celestial Aviation Trading 71 Limited	Ireland
Celestial Aviation Trading 8 Limited	Ireland
Celestial Aviation Trading 9 Limited	Ireland
Celestial Aviation Trading Ireland Limited	Ireland
Celestial ECA Ireland Limited	Ireland
Celestial ECA Trading 1 Limited	Ireland
Celestial ECA Trading 2 Limited	Ireland
Celestial ECA Trading 3 Limited	Ireland
Celestial ECA Trading 4 Limited	Ireland
Celestial EX-IM 2 Limited	Ireland
Celestial EX-IM Trading 1 Limited	Ireland
Celestial EX-IM Trading 2 Limited	Ireland
Celestial EX-IM Trading 5 Limited	Ireland
Celestial EX-IM Trading Limited	Ireland
Celestial Transportation Finance Ireland Limited	Ireland
CelestialFunding Limited	Ireland
Celtago Funding Limited	Ireland
Celtago II Funding Limited	Ireland
Celtago II Leasing Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Cesium Funding Limited	Ireland
Charleville Aircraft Leasing Limited	Ireland
CieloFunding Holdings Limited	Ireland
CieloFunding II Limited	Ireland
CieloFunding Limited	Ireland
Clarity Leasing Limited	Ireland
CloudFunding II Limited	Ireland
CloudFunding Limited	Ireland
Crescent Leasing 4 Limited	Ireland
Crescent Leasing 9 Limited	Ireland
Culann Aircraft Leasing Limited	Ireland
CuttlefishFunding Limited	Ireland
Dagda Aircraft Leasing Limited	Ireland
Danang Aircraft Leasing Limited	Ireland
Danang Aircraft Leasing No. 2 Limited	Ireland
DartfishFunding Designated Activity Company	Ireland
Delos Aircraft 76B-29387 Designated Activity Company	Ireland
Delos Aircraft Limited	Ireland
Delphinus Aircraft Leasing Limited	Ireland
Diadem Aircraft Limited	Ireland
Eden Aircraft Holding No. 2 Limited	Ireland
Electra Funding Ireland Limited	Ireland
Eris Aircraft Limited	Ireland
Excalibur Aircraft Leasing Limited	Ireland
Fansipan Aircraft Leasing Limited	Ireland
FirefishFunding Limited	Ireland
Flotlease MSN 3699 Limited	Ireland
Flotlease MSN 973 Limited	Ireland
FlyFunding Limited	Ireland
Flying Fortress Ireland Leasing Limited	Ireland
Fortress Aircraft 32A-2730 Limited	Ireland
Fortress Aircraft 33A-0366 Limited	Ireland
Fortress Aircraft 76B-29383 Designated Activity Company	Ireland
Fortress Aircraft 78B-38761 Limited	Ireland
Fortress Ireland Leasing Limited	Ireland
Geministream Aircraft Leasing Limited	Ireland
Gladius Funding Limited	Ireland
Glide Aircraft 35A-29 Ltd	Ireland
Glide Aircraft 73B-41815 Limited	Ireland
Glide Aircraft 78B-38765 Limited	Ireland
Glide Funding Limited	Ireland
Goldfish Funding Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Gunung Leasing Limited	Ireland
Harmonic Aircraft Leasing Limited	Ireland
Hyperion Aircraft Financing Limited	Ireland
Hyperion Aircraft Limited	Ireland
ILFC Aircraft 32A-1808 Limited	Ireland
ILFC Aircraft 32A-1884 Limited	Ireland
ILFC Aircraft 32A-1901 Limited	Ireland
ILFC Aircraft 32A-1905 Limited	Ireland
ILFC Aircraft 32A-2064 Limited	Ireland
ILFC Aircraft 32A-2076 Limited	Ireland
ILFC Aircraft 32A-2279 Limited	Ireland
ILFC Aircraft 32A-2707 Limited	Ireland
ILFC Aircraft 32A-2726 Limited	Ireland
ILFC Aircraft 32A-2797 Limited	Ireland
ILFC Aircraft 32A-3065 Limited	Ireland
ILFC Aircraft 32A-3070 Limited	Ireland
ILFC Aircraft 32A-3114 Limited	Ireland
ILFC Aircraft 32A-3116 Limited	Ireland
ILFC Aircraft 32A-3124 Limited	Ireland
ILFC Aircraft 32A-4619 Limited	Ireland
ILFC Aircraft 32A-666 Limited	Ireland
ILFC Aircraft 33A-1284 Limited	Ireland
ILFC Aircraft 33A-272 Limited	Ireland
ILFC Aircraft 33A-444 Limited	Ireland
ILFC Aircraft 33A-454 Limited	Ireland
ILFC Aircraft 33A-469 Limited	Ireland
ILFC Aircraft 33A-822 Limited	Ireland
ILFC Aircraft 33A-911 Limited	Ireland
ILFC Aircraft 73B-29344 Limited	Ireland
ILFC Aircraft 73B-30658 Limited	Ireland
ILFC Aircraft 73B-30665 Limited	Ireland
ILFC Aircraft 73B-30667 Limited	Ireland
ILFC Aircraft 73B-30669 Limited	Ireland
ILFC Aircraft 73B-30672 Limited	Ireland
ILFC Aircraft 73B-30694 Limited	Ireland
ILFC Aircraft 73B-30695 Limited	Ireland
ILFC Aircraft 73B-30696 Limited	Ireland
ILFC Aircraft 73B-30701 Limited	Ireland
ILFC Aircraft 73B-35275 Limited	Ireland
ILFC Aircraft 73B-38828 Limited	Ireland
ILFC Aircraft 73B-41784 Limited	Ireland
ILFC Aircraft 73B-41785 Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

ILFC Aircraft 73B-41789 Limited	Ireland
ILFC Aircraft 73B-41790 Limited	Ireland
ILFC Aircraft 73B-41791 Limited	Ireland
ILFC Aircraft 73B-41792 Limited	Ireland
ILFC Aircraft 73B-41793 Limited	Ireland
ILFC Aircraft 73B-41802 Limited	Ireland
ILFC Aircraft 73B-41803 Limited	Ireland
ILFC Aircraft 75B-26330 Limited	Ireland
ILFC Aircraft 75B-27208 Designated Activity Company	Ireland
ILFC Aircraft 75B-29381 Limited	Ireland
ILFC Aircraft 76B-27610 Limited	Ireland
ILFC Aircraft 76B-27616 Limited	Ireland
ILFC Aircraft 76B-27958 Limited	Ireland
ILFC Aircraft 76B-28111 Limited	Ireland
ILFC Aircraft 76B-28207 Limited	Ireland
ILFC Aircraft 76B-29435 Limited	Ireland
ILFC Aircraft 77B-29908 Limited	Ireland
ILFC Ireland Leasing Limited	Ireland
ILFC Ireland Limited	Ireland
Iridium Funding Limited	Ireland
Jade Aircraft Leasing Limited	Ireland
Jasmine Aircraft Leasing Limited	Ireland
Jasper Aircraft Leasing Limited	Ireland
Leostream Aircraft Leasing Limited	Ireland
Librastream Aircraft Leasing Limited	Ireland
Limelight Funding Limited	Ireland
Lishui Aircraft Leasing Limited	Ireland
Lyra Aircraft Leasing Limited	Ireland
Macra Aircraft Leasing Limited	Ireland
Mainstream Aircraft Leasing Limited	Ireland
Melodic Aircraft Leasing Limited	Ireland
Menelaus I Limited	Ireland
Menelaus II Designated Activity Company	Ireland
Menelaus III Limited	Ireland
Menelaus V Limited	Ireland
Menelaus VI Limited	Ireland
Menelaus VII Limited	Ireland
Menelaus VIII Limited	Ireland
Mentes I Ireland Leasing Limited	Ireland
Mentes II Ireland Leasing Limited	Ireland
Mentes III Ireland Leasing Limited	Ireland
Mentes IV Ireland Leasing Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Mentes V Ireland Leasing Limited	Ireland
Mentes VI Ireland Leasing Limited	Ireland
Mentes VII Ireland Leasing Limited	Ireland
Milestone Export Leasing No. 2, Limited	Ireland
Monophonic Aircraft Leasing Limited	Ireland
Moonlight Aircraft Leasing (Ireland) Limited	Ireland
Moyadda Limited	Ireland
NAS Aircraft Investments 11 Limited	Ireland
NimbusFunding Limited	Ireland
Palladium Funding Limited	Ireland
Philharmonic Aircraft Leasing Limited	Ireland
Platinum Aircraft Leasing Limited	Ireland
Polyphonic Aircraft Leasing Limited	Ireland
Premier Aircraft Leasing (EXIM) 1 Designated Activity Company	Ireland
Premier Aircraft Leasing (EXIM) 2 Designated Activity Company	Ireland
Premier Aircraft Leasing (EXIM) 5 Designated Activity Company	Ireland
Quadrant MSN 38774 Limited	Ireland
Quadrant MSN 5802 Limited	Ireland
Quadrant MSN 5869 Limited	Ireland
Quiescent Holdings Limited	Ireland
RainbowFunding Limited	Ireland
Rhodium Funding Limited	Ireland
Riggs Leasing Limited	Ireland
Rouge Aircraft Leasing Limited	Ireland
Scandium Funding Limited	Ireland
Scarlet Aircraft Leasing Limited	Ireland
Serpens Aircraft Leasing Limited	Ireland
Serranus Funding Limited	Ireland
Setanta Aircraft Leasing Designated Activity Company	Ireland
Setanta Aviation Holdings Limited	Ireland
Shrewsbury Aircraft Leasing Limited	Ireland
SkyFunding II Holdings Limited	Ireland
SkyFunding II Limited	Ireland
SkyFunding Leasing 1 Limited	Ireland
SkyFunding Limited	Ireland
Skylease MSN (3365) Limited	Ireland
Skylease MSN (3392) Limited	Ireland
Skylease MSN 3545 Limited	Ireland
Skylease MSN 3564 Limited	Ireland
Skylease MSN 3574 Limited	Ireland
Skylease MSN 3711 Limited	Ireland
Skylease MSN 3778 Limited	Ireland

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Skylease MSN 3825 Limited	Ireland
Skylease MSN 3859 Limited	Ireland
Skylease MSN 4241 Limited	Ireland
Skylease MSN 4254 Limited	Ireland
Skylease MSN 4267 Limited	Ireland
Skyscape Limited	Ireland
SoraFunding Limited	Ireland
StratocumulusFunding Limited	Ireland
StratusFunding Limited	Ireland
Streamline Aircraft Leasing Limited	Ireland
Sunflower Aircraft Leasing Limited	Ireland
Symphonic Aircraft Leasing Limited	Ireland
Synchronic Aircraft Leasing Limited	Ireland
Tantalum Funding Limited	Ireland
Temescal Aircraft 32A-2383 Limited	Ireland
Temescal Aircraft 33A-0758 Limited	Ireland
TetraFunding Limited	Ireland
Transversal Aircraft Holdings Limited	Ireland
Transversal Aircraft Leasing Limited	Ireland
Triple Eight Aircraft Holdings Limited	Ireland
Triple Eight Aircraft Leasing Limited	Ireland
Tullycrine Aircraft Leasing Limited	Ireland
Verde Aircraft Finance Limited	Ireland
Verde Aircraft Investment Limited	Ireland
Vertical Aviation No 1 Limited	Ireland
Vertical Aviation No 2 Limited	Ireland
Vertical Aviation No 3 Limited	Ireland
Vertical Aviation No 4 Limited	Ireland
Virgostream Aircraft Leasing Limited	Ireland
Whitney Ireland Leasing Limited	Ireland
XLease MSN 3008 Limited	Ireland
XLease MSN 3420 Limited	Ireland
Acorn Aviation Limited	Isle of Man
AerCap Holding (IOM) Limited	Isle of Man
Crescent Aviation Limited	Isle of Man
Stallion Aviation Limited	Isle of Man
AerCap Luxembourg S.a.r.l	Luxembourg
Delos Finance S.a.r.l.	Luxembourg
ILFC Labuan ECA Ltd.	Malaysia
ILFC Labuan Ltd.	Malaysia
Milestone Aviation Malta Ltd.	Malta
GE Capital Aviation Services México, S. de R.L. de C.V.	Mexico

31. Subsidiary undertakings (Continued)

AerCap A330 Holdings B.V.	Netherlands
AerCap AerVenture Holding B.V.	Netherlands
AerCap Aircraft Leasing Netherlands B.V.	Netherlands
AerCap Aviation Solutions B.V.	Netherlands
AerCap B.V.	Netherlands
AerCap Dutch Aircraft Leasing I B.V.	Netherlands
AerCap Dutch Aircraft Leasing VII B.V.	Netherlands
AerCap Dutch Global Aviation B.V.	Netherlands
AerCap Group Services B.V.	Netherlands
AerCap International B.V.	Netherlands
AerCap Leasing XIII B.V.	Netherlands
AerCap Leasing XXX B.V.	Netherlands
AerCap Netherlands B.V.	Netherlands
Annamite Aircraft Leasing B.V.	Netherlands
BlowfishFunding B.V.	Netherlands
Clearstream Aircraft Leasing B.V.	Netherlands
FodiatorFunding B.V.	Netherlands
Goldfish Funding B.V.	Netherlands
Harmony Funding B.V.	Netherlands
Harmony Funding Holdings B.V.	Netherlands
ILFC Aviation Services (Europe) B.V.	Netherlands
NimbusFunding B.V.	Netherlands
Sapa Aircraft Leasing B.V.	Netherlands
StratocumulusFunding B.V.	Netherlands
Worldwide Aircraft Leasing B.V.	Netherlands
AerCap Rus LLC	Russia
AerCap Asset Management Services Pte. Limited	Singapore
AerCap Aviation Singapore Private Limited	Singapore
AerCap Singapore Pte. Ltd.	Singapore
ILFC Singapore Pte. Ltd.	Singapore
AerFi Sverige AB	Sweden
Celestial Sverige Aircraft Leasing Worldwide AB	Sweden
International Lease Finance Corporation (Sweden) AB	Sweden
Celestial Aircraft Leasing Limited	United Arab Emirates
GECAS Services Limited	United Arab Emirates
AerCap Materials UK	United Kingdom
AerCap UK Aviation Limited	United Kingdom
AerCap UK Limited	United Kingdom
Aircraft 32A-3424 Limited	United Kingdom
Aircraft 32A-3454 Limited	United Kingdom
Archytas Aviation Limited	United Kingdom
ILFC UK Limited	United Kingdom

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Milestone Aviation UK Ltd	United Kingdom
Milestone Aviation UK No. 2 Limited	United Kingdom
Temescal UK Limited	United Kingdom
Whitney UK Leasing Limited	United Kingdom
AerCap ACM, Inc.	United States
AerCap Global Aviation Trust	United States
AerCap Group Services, LLC	United States
AerCap Hangar 52, Inc.	United States
AerCap Leasing USA I, LLC	United States
AerCap Leasing USA II, LLC	United States
AerCap Materials, Inc	United States
AerCap U.S. Global Aviation LLC	United States
AerCap US Aviation LLC	United States
AerCap US Holdings Aviation LLC	United States
AerCap, LLC	United States
AeroTurbine, LLC	United States
AFS Investments 48 LLC	United States
AFS Investments 52 LLC	United States
AFS Investments 54 LLC	United States
AFS Investments 55 LLC	United States
AFS Investments 56 LLC	United States
AFS Investments 57 LLC	United States
AFS Investments 60 LLC	United States
AFS Investments 66 LLC	United States
AFS Investments 67 LLC	United States
AFS Investments 67-F, Inc.	United States
AFS Investments 68 LLC	United States
AFS Investments 69 LLC	United States
AFS Investments 70 LLC	United States
AFS Investments 71 LLC	United States
AFS Investments 72 LLC	United States
AFS Investments 73 LLC	United States
AFS Investments 74 LLC	United States
AFS Investments 75, Inc.	United States
AFS Investments I, Inc.	United States
AFS Investments X LLC	United States
AFS Investments XI LLC	United States
AFS Investments XII LLC	United States
AFS Investments XIII LLC	United States
AFS Investments XIX LLC	United States
AFS Investments XL-C LLC	United States
AFS Investments XLI LLC	United States

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

AFS Investments XLII LLC	United States
AFS Investments XVIII LLC	United States
AFS Investments XX LLC	United States
AFS Investments XXII LLC	United States
AFS Investments XXVII LLC	United States
Aircraft 32A-1658 Inc.	United States
Aircraft 32A-1905 Inc.	United States
Aircraft 32A-1946 Inc.	United States
Aircraft 32A-2024 Inc.	United States
Aircraft 32A-2731 Inc.	United States
Aircraft 32A-585 Inc.	United States
Aircraft 32A-645 Inc.	United States
Aircraft 32A-726 Inc.	United States
Aircraft 32A-760 Inc.	United States
Aircraft 32A-775 Inc.	United States
Aircraft 32A-782 Inc.	United States
Aircraft 32A-993, Inc.	United States
Aircraft 33A-132, Inc.	United States
Aircraft 33A-358 Inc.	United States
Aircraft 34A-395 Inc.	United States
Aircraft 34A-48 Inc.	United States
Aircraft 34A-93 Inc.	United States
Aircraft 73B-26317 Inc.	United States
Aircraft 73B-28252 Inc.	United States
Aircraft 73B-30036 Inc.	United States
Aircraft 73B-30646 Inc.	United States
Aircraft 73B-30661 Inc.	United States
Aircraft 73B-30730 Inc.	United States
Aircraft 73B-32841 Inc.	United States
Aircraft 73B-38821 Inc.	United States
Aircraft 73B-41794 Inc.	United States
Aircraft 73B-41806 Inc.	United States
Aircraft 73B-41815 Inc.	United States
Aircraft 74B-27602 Inc.	United States
Aircraft 75B-28834 Inc.	United States
Aircraft 75B-28836 Inc.	United States
Aircraft 76B-26261 Inc.	United States
Aircraft 76B-26327 Inc.	United States
Aircraft 76B-26329 Inc.	United States
Aircraft 76B-27597 Inc.	United States
Aircraft 76B-27613 Inc.	United States
Aircraft 76B-28132 Inc.	United States

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Aircraft 76B-28206 Inc.	United States
Aircraft 77B-29404 Inc.	United States
Aircraft 77B-32723 Inc.	United States
Aircraft Andros Inc.	United States
Aircraft B757 29377 Inc.	United States
Aircraft B767 29388 Inc.	United States
Aircraft MSN 920167 Trust	United States
Aircraft MSN 920169 Trust	United States
Aircraft MSN 920171 Trust	United States
Aircraft MSN 920296 Trust	United States
Aircraft SPC-12, LLC	United States
Aircraft SPC-3, Inc.	United States
Aircraft SPC-4, Inc.	United States
Aircraft SPC-8, Inc.	United States
Aircraft SPC-9, LLC	United States
Apollo Aircraft Inc.	United States
Artemis US Inc.	United States
Brokat Leasing, LLC	United States
CABREA, Inc.	United States
Camden Aircraft Leasing Trust	United States
Castle Harbour - I Limited-Liability Company	United States
Castle Harbour Leasing LLC	United States
Charles River Aircraft Finance, Inc.	United States
Diadem Aircraft Inc. (CA)	United States
Diadem Aircraft Inc. (DE)	United States
Doheny Investment Holding Trust	United States
Euclid Aircraft, Inc.	United States
Fleet Solutions Holdings LLC	United States
Flying Fortress Financing, LLC	United States
Flying Fortress Holdings, LLC	United States
Flying Fortress Investments, LLC	United States
Flying Fortress US Leasing Inc.	United States
Gemanco Inc.	United States
GIF Management, Inc.	United States
Grand Staircase Aircraft, LLC	United States
ILFC Aircraft 32A-10072 Inc.	United States
ILFC Aircraft 78B-38799 Inc.	United States
ILFC Aviation Consulting, Inc.	United States
ILFC Dover, Inc.	United States
ILFC Volare, Inc.	United States
Interlease Aircraft Trading Corporation	United States
Interlease Management Corporation	United States
International Lease Finance Corporation	United States

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

31. Subsidiary undertakings (Continued)

Logistechs, LLC	United States
Milestone Export Leasing Trust	United States
NAS Aviation Services LLC	United States
NAS FSC Carpenter-J, Inc.	United States
NAS Investments 10 LLC	United States
NAS Investments 12 LLC	United States
NAS Investments 2 LLC	United States
NAS Investments 75, Inc.	United States
NAS Investments 76, Inc.	United States
NAS Investments 77, Inc.	United States
NAS Investments 8 LLC	United States
NAS Investments 9 LLC	United States
NAS U.S. Equity Holdings, Inc.	United States
Park Topanga Aircraft, LLC	United States
Pelican 35302, Inc.	United States
Polaris Holding Company LLC	United States
Silvermine River Finance Two LLC	United States
Spoon River Aircraft Finance, Inc.	United States
Sukuk Aviation Leasing LLC	United States
Temescal Aircraft, LLC	United States
The Memphis Group, LLC	United States
The Milestone Aviation Group LLC	United States
Tuolumne River Aircraft Finance, Inc.	United States
Vertical Aviation No. 1 LLC	United States
Whitney US Leasing, Inc.	United States
Windy City Holdings LLC	United States
Participations	
Shannon Engine Support Ltd (50%)	Ireland
Gilead Aviation Designated Activity Company (9.9%)	Ireland
Global Infrastructure Management LLC (6.5%)	Ireland
Mubadala Infrastructure Investments Limited (5.7%)	Ireland
Einn Volant Aircraft Leasing Holdings Ltd. (9.5%)	Ireland
AerDragon Aviation Partners Limited and Subsidiaries (16.7%)	Ireland
Peregrine Aviation Company Limited and Subsidiaries (9.5%)	Ireland
AerLift Leasing Limited and Subsidiaries (39.3%)	Isle of Man
Acsal Holdco LLC (19.4%)	United States

32. Subsequent events

Ukraine Conflict and Russia Sanctions

On February 24, 2022, Russia launched a large-scale military invasion of Ukraine and is now engaged in a broad military conflict with Ukraine (the "Ukraine Conflict"). In response, the United States, the European Union, the United Kingdom and other countries have imposed broad, far-reaching sanctions against Russia, certain Russian persons and certain activities involving Russia or Russian persons. These sanctions include prohibitions regarding the supply of aircraft and aircraft components to Russian persons or for use in Russia, subject to certain wind-down periods.

Prior to the Ukraine Conflict, we had 135 owned aircraft on lease to Russian airlines, as well as 14 owned engines on lease to Russian airlines. We had no helicopters on lease to Russian customers. The aggregate net carrying value of our owned assets leased to Russian airlines was approximately $2.8 billion (which includes flight equipment net book value of $3.2 billion, maintenance rights assets and other lease-related assets of approximately $500 million and maintenance liabilities and other lease-related liabilities of approximately $900 million as of December 31, 2021. Additionally, SES had 14 engines on lease to Russian airlines prior to the Ukraine Conflict.

In addition, we had seven owned aircraft on lease to Ukrainian airlines, with an aggregate net carrying value of approximately $108 million as of December 31, 2021. As of March 30, 2022, five of these aircraft are in temporary storage outside of Ukraine. As of March 30, 2022, the remaining two aircraft are grounded in Ukraine, but the exact status of these aircraft remains difficult to ascertain.

We intend to fully comply with all applicable sanctions and we have terminated the leasing of all of our aircraft and engines with Russian airlines. These terminations will result in reduced revenues and operating cash flows. Basic lease rents from our owned aircraft and engines leased to Russian airlines were approximately $33 million for the month of December 2021.

We have sought to repossess all of our aircraft and engines from Russian airlines and remove them from Russia. As of March 30, 2022, we had detained 22 of our 135 owned aircraft and three of our 14 owned engines outside of Russia. The net carrying value as of December 31, 2021, of the owned aircraft and engines that we have removed from Russia was approximately $300 million.

It is unclear whether we will be able to repossess any additional aircraft or engines from our former Russian airline customers, or, if we do so, when we will be able to do so, and we do not know what the condition of these assets will be at the time of repossession or whether any such aircraft could be re-leased or sold. Any failure to promptly repossess our aircraft and engines will adversely affect our business and financial results. Many of these Russian airlines have continued to fly our aircraft and engines notwithstanding the leasing terminations and our repeated demands for the return of our assets. Our aircraft and engines that remain in Russia may suffer damage or deterioration due to inadequate maintenance and lack of spare parts.

As a result, we expect to recognize an impairment on our assets in Russia which have not been returned to us as early as the first quarter of 2022. While we have not yet determined the amount of this impairment, it may amount to the total net carrying value of these assets. We may also recognize an impairment on our assets that we have repossessed from Russian airlines as a result of our inability to re-lease them or otherwise.

We had letters of credit related to our aircraft and engines leased to Russian airlines as of February 24, 2022 of approximately $260 million, all confirmed by financial institutions in Western Europe. We have presented requests for payment to all of these institutions. As of March 30, 2022, we had received payments of approximately $175 million related to these letters of credit. We have initiated legal proceedings against one financial institution which rejected our payment demands in respect of certain letters of credit. We continue to work with other financial institutions toward receiving payments on the remaining letters of credit. We intend to pursue all available legal claims concerning these letters of credit but the timing and amount of any payments under these remaining letters of credit are uncertain.

32. Subsequent events (Continued)

Our lessees are required to provide insurance coverage with respect to leased aircraft and we are named as insureds under those policies in the event of a total loss of an aircraft or engine. We also purchase insurance which provides us with coverage when our aircraft or engines are not subject to a lease or where a lessee’s policy fails to indemnify us. We have submitted an insurance claim for approximately $3.5 billion with respect to all aircraft and engines remaining in Russia and intend to pursue all of our claims under these policies with respect to our assets leased to Russian airlines as of February 24, 2022. However, the timing and amount of any recoveries under these policies are uncertain.

In addition, we intend to pursue all available legal claims related to our assets leased to Russian airlines as of February 24, 2022. However, the timing and amount of any recoveries under any of these claims are uncertain.

AerFunding Amendment and Extension

In April 2006, AerFunding entered into a non-recourse senior secured revolving credit facility which was subsequently upsized and amended. In March 2022, AerFunding amended this facility, extending the revolving period to September 2024, following which there is a 30-month term out period. The final maturity date of the AerFunding Revolving Credit Facility is March 2027.

AerCap Holdings N.V.

Company Balance Sheets

For the Years Ended December 31, 2021 and 2020

(After proposed profit appropriation)

	Note	As of December 31, 2021	As of December 31, 2020
		(U.S. Dollars in thousands)	
ASSETS			
Fixed assets			
Financial fixed assets			
Subsidiaries	34	$ 15,116,938	$ 8,522,821
Total fixed assets		**15,116,938**	**8,522,821**
Current assets			
Receivables			
Receivable from subsidiaries		27,029	2,610
Other receivables		71,622	80,732
Total receivables		**98,651**	**83,342**
Cash and cash equivalents		7,981	4,789
Total current assets		**106,632**	**88,131**
Total Assets		**$ 15,223,570**	**8,610,952**
EQUITY AND LIABILITIES			
Equity			
Ordinary share capital		$ 3,024	$ 1,721
Share Premium		8,823,891	2,242,234
Treasury shares, at cost		(285,901)	(459,994)
Revaluation reserves		(79,335)	(155,085)
Other reserves (a)		5,997,234	6,223,315
Total Equity	35	**14,458,913**	**7,852,191**
Liabilities			
Debt (b)		741,483	740,660
Accounts payable, accrued expenses and other liabilities		23,174	18,101
Total liabilities		**764,657**	**758,761**
Total Equity and Liabilities		**$ 15,223,570**	**$ 8,610,952**

(a) Includes \$84.9 million and \$42.1 million of legal reserves for participations as of December 31, 2021 and 2020, respectively, which are not free to distribute.

(b) Debt, net of \$8.5 million and \$9.3 million of debt issuance costs as of December 31, 2021 and 2020, respectively. Please refer to the "2079 Junior Subordinated Notes" in Note 16—*Debt.*

The accompanying notes are an integral part of these Company Financial Statements.

AerCap Holdings N.V.

Company Income Statements

For the Years Ended December 31, 2021 and 2020

	Note	Year Ended December 31, 2021	2020
		(U.S. Dollars in thousands)	
Net loss from subsidiaries	34	$ (69,941)	$ (774,329)
Other expenses after tax		(29,103)	(35,520)
Net loss		**$ (99,044)**	**$ (809,849)**

The accompanying notes are an integral part of these Company Financial Statements.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

33. Summary of significant accounting policies

General

The Company Financial Statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards for annual reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The Company Income Statements are presented in accordance with Part 9, Book 2, Art. 402 of the Dutch Civil Code.

For the Company Financial Statements, we have followed the same presentation as in our Consolidated Financial Statements for consistency purposes.

The principles of valuation and determination of result for AerCap Holdings N.V. and the Consolidated Financial Statements are the same. For these principles, refer to the Consolidated Financial Statements.

Subsidiaries

Subsidiaries are stated at net asset value as we effectively exercise influence over the operational and financial activities of these subsidiaries. The net asset value is determined in accordance with the accounting policies used for the Consolidated Financial Statements. If the valuation of a subsidiary based on the net asset value is negative, it will be stated at nil. If and insofar as AerCap Holdings N.V. can be held fully or partially liable for the debts of the subsidiary, or has the firm intention of enabling the subsidiary to settle its debts, a provision is recognized for this.

Receivables from and payables to subsidiaries

The fair value of receivables from and payables to subsidiaries approximates the carrying amount.

34. Subsidiaries

Movements in subsidiaries during the years ended December 31, 2021 and 2020 were as follows:

	Year Ended December 31,	
	2021	2020
Balance at beginning of period	$ 8,522,821	$ 11,034,722
Net loss from subsidiaries	(69,941)	(774,329)
Direct equity movements of subsidiaries	75,750	(61,498)
Capital contributions, redemptions, dividends received and other	6,588,308	(1,676,074)
Balance at end of period	**$ 15,116,938**	**$ 8,522,821**

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

35. Equity

As of December 31, 2021 and 2020, the authorized share capital of AerCap Holdings N.V. amounts to ordinary share capital of €0.01 par value and 450,000,000 and 350,000,000, respectively, ordinary shares authorized. As of December 31, 2021 and 2020, issued share capital consists of 250,347,345 and 138,847,345 ordinary shares issued and 245,395,448 and 130,398,538 ordinary shares outstanding (including 5,822,811 and 2,552,346 shares of unvested restricted stock), respectively.

As of December 31, 2021 and 2020, treasury shares at cost were 4,951,897 and 8,448,807 ordinary shares, respectively.

Please refer to Note 21—*Personnel Expenses* for further details on share-based compensation.

Movements in equity during the years ended December 31, 2021 and 2020 were as follows:

	Number of ordinary shares issued	Ordinary share capital	Share Premium	Treasury shares	Revaluation reserves (a)	Other reserves (b)	Total equity
Balance as of December 31, 2019	**141,847,345**	**$ 1,754**	**$ 2,391,437**	**$ (537,341)**	**$ (93,587)**	**$ 7,025,859**	**$ 8,788,122**
Repurchase of shares	—	—	—	(117,302)	—	—	(117,302)
Share cancellation	(3,000,000)	(33)	(149,203)	149,236	—	—	—
Ordinary shares issued, net of tax withholdings	—	—	—	45,413	—	(61,882)	(16,469)
Share-based compensation	—	—	—	—	—	69,187	69,187
Direct equity movements of subsidiaries	—	—	—	—	(61,498)	—	(61,498)
Net (loss) for the period	—	—	—	—	—	(809,849)	(809,849)
Balance as of December 31, 2020	**138,847,345**	**$ 1,721**	**$ 2,242,234**	**$ (459,994)**	**$ (155,085)**	**$ 6,223,315**	**$ 7,852,191**
GECAS Transaction	111,500,000	1,303	6,581,657				6,582,960
Repurchase of shares	—	—	—	(35,406)	—	—	(35,406)
Ordinary shares issued, net of tax withholdings	—	—	—	209,499	—	(223,124)	(13,625)
Share-based compensation	—	—	—	—	—	96,087	96,087
Direct equity movements of subsidiaries	—	—	—	—	75,750	—	75,750
Net (loss) for the period	—	—	—	—	—	(99,044)	(99,044)
Balance as of December 31, 2021	**250,347,345**	**$ 3,024**	**$ 8,823,891**	**$ (285,901)**	**$ (79,335)**	**$ 5,997,234**	**$14,458,913**

(a) Revaluation reserves are not free to distribute.

(b) Includes $84.9 million and $42.1 million of legal reserves for participations as of December 31, 2021 and 2020, respectively, which are not free to distribute.

(U.S. Dollars in thousands or as otherwise stated, except share and per share data)

36. Employees

AerCap Holdings N.V. had two (2020: four) employees, all employed outside the Netherlands, as of December 31, 2021. The disclosure on directors' remuneration is included in Note 30—*Directors' remuneration*.

37. Audit fees

Our auditors charged the following fees for professional services rendered for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
	2021	2020
Audit fees	$ 8,985	$ 5,931
Tax fees	5,072	542
All other fees	2,826	3
	$ 16,883	**$ 6,476**

The fees listed above relate only to the services provided to AerCap Holdings N.V. and its consolidated group entities by accounting firms and external auditors as referred to in Section 1(1) of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta). The fees have been allocated for the audit of the financial statements to the financial year to which the financial statements relate, irrespective of when the work has been performed. The total fees included $0.9 million and $0.4 million, all related to audit fees, which was charged by KPMG Accountants N.V. for the year ended December 31, 2021 and charged by PricewaterhouseCoopers Accountants N.V. for the year ended December 31, 2020, respectively.

The Audit Committee approved the decision to appoint KPMG as AerCap's independent public accounting firm for fiscal year 2021 and beyond, and KPMG was initially engaged on October 7, 2021 and became AerCap's principal accountant effective on PwC's resignation on November 1, 2021. Prior to KPMG being appointed AerCap's auditor it was ensured that independence requirements with applicable SEC and PCAOB rules were met and all pre-engagement prohibited services were terminated.

Tax fees relate to the aggregated fees for services rendered on tax compliance. All other fees primarily relate to advisory and integration projects.

38. Fiscal unity

As of February 1, 2016, AerCap Holdings N.V. became a tax resident in Ireland and as a result is subject to corporate income tax in Ireland.

39. Profit appropriation

Following the appropriation of result proposed by the Board of Directors, the net loss of $99.0 million for the year ended December 31, 2021 is deducted from the accumulated retained earnings.

40. Declaration of liability

AerCap Holdings N.V., as the parent company, guarantees certain notes and loans issued by subsidiaries, as disclosed in Note 16—*Debt* to the consolidated financial statements. AerCap Holdings N.V. has issued a declaration of liability as referred to in Article 2:403 of the Dutch Civil Code in respect of its Dutch subsidiaries. Pursuant to section 403, AerCap Holdings N.V. has assumed joint and several liability for the debts arising out of the legal acts of these subsidiaries. Please refer to Note 31—*Subsidiary undertakings* for a full list of our subsidiary undertakings.

March 30, 2022

Paul Dacier
Aengus Kelly
Julian (Brad) Branch
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Rita Forst
Richard (Michael) Gradon
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Other information

Statutory provision

According to article 26 of the articles of association, the Board of Directors determines which amounts from the Company's annual profits are reserved.

Independent auditor's report

To: the General Meeting and the Board of Directors of AerCap Holdings N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of AerCap Holdings N.V. as at 31 December 2021 and of its result for the year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2021 of AerCap Holdings N.V. (‘AerCap’ or ‘the Company’) based in Amsterdam.

The financial statements comprise:

1. the Consolidated and Company Balance Sheet as of 31 December 2021;

1. the Consolidated and Company Income Statement for the year ended December 31, 2021; and

2. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the ‘Our responsibilities for the audit of the financial statements’ section of our report.

We are independent of AerCap Holdings N.V. in accordance with the ‘Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten’ (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the ‘Verordening gedrags- en beroepsregels accountants’ (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit approach

Summary

Materiality
– Materiality of US $72.6 million – 4.8% of normalized profit before tax

Group audit
– Audit coverage: 99.4% of consolidated total assets, 100% consolidated revenue and 95% consolidated loss before tax

Going concern and Fraud/Noclar
– Going concern: no significant going concern risks identified – Fraud & Non-compliance with laws and regulations (Noclar): fraud risks identified in relation to (1) management override of controls, (2) revenue recognition in relation to supplemental maintenance rent and (3) revenue recognition for contracts where collection of rental payments is no longer probable (also considered as a Key Audit Matter)

Key audit matters
– Assessment of impairment of flight equipment held for operating leases – Evaluation of the fair value of acquired flight equipment and maintenance rights intangible assets – Revenue recognition for contracts where collection of rental payments is no longer probable

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at US$ 72.6 million. The materiality is determined with reference to normalized profit before tax (4.8%). For 2021 we have normalized profit before tax for the additional above historical pre COVID-19 three year average impairment loss recognized in respect of flight equipment held for operating lease for an amount of US$ 1,315.9 million. Furthermore the GECAS related transaction and integration expenses that have been expensed in the income statement in 2021 amounting to US$ 304.5 million have been excluded in the normalized profit before tax. The amount of US$ 304.5 million includes US$ 186.5 million banking fees that are presented as part of finance expenses. We consider normalized profit before tax as the most appropriate benchmark based on our assessment of the general information needs of the users of the financial statements and given the fact that AerCap is a profit-oriented entity. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Audit Committee of the Board of Directors that misstatements identified during our audit in excess of US$ 3.63 million, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

AerCap Holdings N.V. is the parent entity of a group of entities. The financial information of this group is included in the financial statements of AerCap Holdings N.V.

We tailored the scope of our audit to ensure that we, in aggregate provide sufficient coverage of the financial statements for us to be able to give an opinion on the financial statements as a whole. In this respect we considered the management structure of the Group, the nature of the operations, the accounting processes and controls and the markets in which the Group operates. For AerCap Holdings N.V. and all of its subsidiaries, the group audit team, was able to conduct most of the audit procedures centrally in the Netherlands and in Ireland. In addition, we made use of the work of other auditors in the US for certain specific topics in relation to the GECAS acquisition.

By performing the procedures mentioned above, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Initial audit engagement

Prior to accepting our appointment as auditors of AerCap effective 2021, we completed all the necessary steps to become fully independent of AerCap. For that purpose we ceased all conflicting existing tax and advisory engagements. After being appointed we developed a comprehensive plan to ensure an effective transition from the predecessor auditor. Our transition activities included, but were not limited to, obtaining an initial understanding of the company and its business, its strategy and business risks, the IT landscape and the financial reporting and internal controls framework. We assessed the opening balances and selection and consistent application of the accounting policies by discussing the audit with the predecessor auditor and reviewing their audit file and having inquiries with management on several occasions.

We ensured that our audit teams have the required competencies and skills needed for the audit. We added specialists and specialized team members to our team in the area of valuation, financial instruments, IT, tax and employee benefits.

Audit response to going concern – no significant going concern risks identified

The Board of Directors has performed its going concern assessment and has not identified any significant going concern risks. To assess the Board of Directors' assessment, we have performed, inter alia, the following procedures:

- we considered whether the Board of Directors' assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analyzed the company's financial position, including liquidity, as at year-end, and the cash flow forecast for 2022, in terms of indicators that could identify significant going concern risks;
- we analyzed whether the headroom of the ratios included in the financing agreements, including bank debt, revolving credit facilities and notes issuances in the capital markets, is sufficient or if it gives rise to the risk of the covenants in the financing agreement being breached;
- we considered whether the Russia/Belarus and Ukraine conflict, including thereto related sanctions impacting the aircraft leasing industry, could indicate the existence of significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter "Risk management and control framework" of the Report of the Board of Directors, the Board of Directors describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Audit Committee reflects on this.

As part of our audit , we have gained insights into the Company and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's code of conduct, Control and Risk Framework ('CRF'), fraud framework, whistleblowing procedures, ethics-related compliance policies, procedures, trainings and programs to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, those charged with governance and other relevant functions, such as Internal Audit, Legal Counsel, and Compliance. As part of our audit procedures, we:

- assessed other positions held by board members and/or other employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- assessed the board composition, committees and rules and verified compliance with applicable regulatory and stock exchange listing requirements;
- assessed the Company's Authority Matrix and organizational chart: the Authority Matrix sets out key operational delegations with a specific focus on authority to enter into legal contracts, spending funds or otherwise engage in binding commitments on behalf of the AerCap group of companies;
- assessed the Company's policies and procedures in relation to:
    - employee performance reviews, recruitment, induction and succession planning;
    - discipline: the Company maintains a policy of progressive discipline, which is set up to be applied using business judgement and discretion;
    - internal and external communications.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and identified the following areas as those most likely to have a material effect on the financial statements:

- anti-competition law;
- anti-bribery and corruption law;
- anti-money laundering and terrorist financing law;
- data privacy legislation;
- trade sanctions and exports law, including sanctions in terms of prohibitions regarding the supply of aircraft and aircraft components to Russian entities or for use in Russia following the recent development of the Russia/Belarus and Ukraine situation;
- anti-insider trading law.

We, together with our forensics specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

- **Management override of controls (a presumed risk)**

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as: estimates related to impairment of flight equipment held for operating lease and fair value of flight equipment and maintenance rights intangible assets acquired as further set out in the section ‘Key audit matters’ of this report.

Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed a data analysis to identify high-risk journal entries and evaluated key estimates and judgments for bias by the Company’s management, including retrospective reviews of prior years’ estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we evaluated whether such entries are indicative of management override of controls and performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, including negative news search and interview non-financial employees.

Furthermore, we refer to the key audit matters ‘Assessment of impairment of flight equipment held for operating leases’ and ‘Evaluation of the fair value of acquired flight equipment and maintenance rights intangible assets’. These key audit matters are examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

- **Revenue recognition (a presumed risk)**

Risks:

- (1) Revenue recognition in relation to supplemental maintenance rent: in accordance with RJ 212 and RJ 292, AerCap recognizes revenue on supplemental rents received from lessees when it has determined that (i) it will have to return certain of those rentals when the lessee has performed Planned Major Maintenance (PMM) expected to occur during the term of the lease and (ii) it has accrued/reserved that amount of supplemental rent that it expects to return to the lessee. This requires it to determine an estimate of (i) the cost of the PMM and (ii) the timing of when the overhaul will occur combined with the legal conditions of the return conditions per the lease. In addition AerCap must forecast expected future utilization of the aircraft over the remaining life of the lease. The level of judgement and estimation required to account for revenue on supplemental rents is significant and this also presents management with the opportunity to manipulate the results of the forecasting exercise so as to accelerate or defer the recognition of revenue on supplemental rents.
- (2) Revenue recognition for contracts where collection of rental payments is no longer probable (also considered as a Key Audit Matter): Management applies significant judgement in assessing at each reporting date whether collection of rental payments is probable by reference to the credit status of each lessee, including lessees in bankruptcy type arrangements, the extent of overdue balances and other relevant factors or if revenue should be recognized on a cash receipts basis in accordance with RJ 270 and RJ 290.

Responses:

- In relation to (1), we performed substantive audit procedures on the supplemental maintenance rent payments of the Company, including:
    - Trend analysis of monthly amounts of revenue on supplemental maintenance rents for prior years, including inquiry (and assess) with management regarding reasons of any unusual trends.
    - Identified any lessees in the current year that moved from end of lease revenue recognition to being recognized as revenue on supplemental rents or vice versa, or any lessees where large catch-up/corrective entries may have been posted and obtained an understanding and supporting documentation.
    - Tested a statistical sample of revenue on supplemental maintenance rents recognized in 2021 and assess, inspect the sources management has used to determine likelihood and cost of maintenance events. If the event was not forecasted or amount of cost is lower than estimated, obtain explanation from client and relevant supporting documentation.
- In relation to (2), we refer to our response as elaborated in key audit matter ‘Revenue recognition for contracts where the collection of rental payments is no longer probable’.

We communicated our risk assessment, audit responses and results to management and the Audit Committee of the Board of Directors.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Audit Committee of the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

Assessment of impairment of flight equipment held for operating lease

Description

As discussed in Notes 6 and 22 to the consolidated financial statements, the Company has US$56.2 billion of flight equipment held for operating lease as of December 31, 2021.

In accordance with RJ 121, when events or changes in circumstances indicate that flight equipment held for operating lease may be impaired, an evaluation is performed to identify potential impairment events by reference to estimated future cash flows at asset group level. The Company recognized an impairment charge of US$1,413 million for the year ended December 31, 2021.

We identified the assessment of impairment of flight equipment held for operating lease as a key audit matter. It required especially significant auditor judgement including involvement of valuation professionals with specialized skills and knowledge, to assess certain significant assumptions in the impairment model. Significant assumptions included the future lease rates, residual values of flight equipment held for operating lease, maintenance cash flow forecasts, and discount rates. Changes in these assumptions could have a significant impact on any impairment charge recognized on flight equipment held for operating lease.

Our response

We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's impairment process, including controls over the development of the significant assumptions.

We evaluated the reasonableness of the future lease rates by comparing these to (i) actual lease rates recently contracted by the Company for the leasing of similar flight equipment and (ii) current industry market data. We compared the residual values of flight equipment held for operating lease to expected sale prices and industry market data. We compared maintenance cash flows forecasts to external appraiser and original equipment manufacturer data and assessed the reasonableness of aircraft utilization against historical actual usage rates. In addition we critically assessed and tested management's methodologies and data elements.

We also involved valuation professionals with specialized skills and knowledge who assisted in evaluating the methodologies and assumptions, including the discount rate by comparing it against discount rates that were independently developed using data of comparable entities and the cost of capital of the Company.

We assessed the adequacy of the disclosures related to impairment in the notes to the financial statements.

Our observation

Overall we assess the assumptions applied in the assessment of impairment of flight equipment held for operating lease to be reasonable. Furthermore we consider the disclosures related to impairment in the notes to the financial statements adequate.

Evaluation of the fair value of acquired flight equipment and maintenance rights intangible assets

Description

As discussed in Note 4 to the consolidated financial statements, the Company completed the acquisition of GE Capital Aviation Services ('GECAS') on November 1, 2021. In accordance with RJ 216, the Company estimated the fair value of the of flight equipment held for lease acquired to be US$23billion, and the fair value of the maintenance rights intangible assets acquired to be US$4billion, as of the date of the acquisition.

We identified the evaluation of the fair value of acquired flight equipment and maintenance rights intangible assets as a key audit matter. It required especially significant auditor judgement, including involvement of valuation professionals with specialized skills and knowledge, to assess certain significant assumptions in the valuation model. Significant assumptions included the current, and where relevant, future lease rates, residual values of flight equipment held for operating leases, maintenance cash flow forecasts, and discount rates. Changes in these assumptions could have a significant impact on the fair value of flight equipment held for operating leases and maintenance rights intangible assets acquired.

Our response

We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's purchase price allocation process, including controls over the development of the significant assumptions.

We evaluated the reasonableness of the Company's current and future lease rates by comparing these to (i) actual lease rates recently contracted by the Company for the leasing of similar flight equipment and (ii) current industry market data. We compared the residual values of flight equipment held for operating leases to expected sale prices and industry market data. We compared maintenance cash flow forecasts to external appraiser and original equipment manufacturer data and assessed the reasonableness of aircraft utilization against historical actual usage rates. In addition we critically assessed and tested management's methodologies and data elements.

We also involved valuation professionals with specialized skills and knowledge who assisted in the assessment of the appropriateness of the fair value methodology adopted by the Company for acquired flight equipment and maintenance rights intangible assets and in evaluating the methodologies and assumptions, including the discount rate by comparing it against discount rates that were independently developed using data of comparable entities and the cost of capital of the Company.

We assessed the adequacy of the disclosures related to the fair value of the acquired flight equipment and maintenance rights intangible assets in the notes to the financial statements.

Our observation

Overall we assess the assumptions applied in the fair value of the acquired flight equipment and maintenance rights intangible assets to be reasonable. Furthermore we consider the disclosures related to the fair value of the acquired flights equipment and maintenance rights intangible assets in the notes to the financial statements adequate.

Revenue recognition for contracts where the collection of rental payments is no longer probable

Description

As discussed in Note 3 to the consolidated financial statements, in accordance with RJ 270 and RJ 290, the Company concluded that collection of basic lease rent payments was not probable from a number of lessees, resulting in a reduction of basic lease rents of approximately US$ 265 million. Management periodically evaluates the collectability of operating lease contracts to determine the appropriate revenue recognition and measurement model to apply to each lessee. Management ceased accrual-based revenue recognition on an operating lease contract when the collection of the rental payments is no longer probable and thereafter recognized rental revenues using a cash receipts basis. In the period management concluded that collection of lease payments is no longer probable, any difference between revenue amounts recognized to date under the accrual method and payments that have been collected from the lessee, including security deposit amounts held, is recognized as a credit loss on outstanding receivables. Subsequently, revenues are recognized based on the lesser of the straight-line rental income or the lease payments collected from the lessee until such time that collection is probable. Management applies significant judgement in assessing at each reporting date whether operating rental payments are probable of collection by reference to the credit status of each lessee, including lessees in bankruptcy type arrangements, the extent of overdue balances and other relevant factors.

Due to the significant judgement exercised by management in determining whether operating rentals from a lessee are probable of collection or if revenue should be recognized on a cash receipts basis, we consider the measurement of operating lease revenue as key audit matter.

Our response

We tested the design and operating effectiveness of controls over the measurement of operating lease revenue on a cash receipts basis. We determined that we could rely on these controls for the purposes of our audit.

We evaluated the reasonableness of management's judgements relating to the collectability of operating lease contracts. We tested the completeness and accuracy of the underlying data used by management in making their assessment. We also tested the completeness and accuracy of the credit loss. Evaluating the judgements relating to the collectability of operating lease payments involved evaluating whether the assumptions used were reasonable considering (1) inspecting the quantum of overdue balances, (2) tested the amounts of security deposit amounts held, (3) inspected third party information on lessees, and (4) assessed consistency with evidence obtained in other areas of the audit.

We assessed the adequacy of disclosures related to revenue recognition on operating lease contracts in the notes to the financial statements.

Our observation

Based on our procedures we found management's assumptions used and the resulting calculations reasonable within the context of our audit.
Furthermore, we consider the disclosures related to revenue for contracts where the collection of rental payments is no longer probable adequate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting as auditor of AerCap Holdings N.V. in 2021, as of the audit for the year 2021 and have operated as statutory auditor ever since this financial year.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Board of Directors, under supervision of the Audit Committee, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Directors should prepare the financial statements using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Audit Committee of the Board of Directors is responsible for overseeing the Company's financial reporting process

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 5 April 2022

KPMG Accountants N.V.

E.D.H. Vinke-Smits RA

Appendix: Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;

- concluding on the appropriateness of the Board of Directors' use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on AerCap Holdings N.V.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;

- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

We communicate with the Audit Committee of the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Audit Committee of the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee of the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.