

AerCap Holdings N.V. Dutch GAAP Annual Report

For the year ended December 31, 2022

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REPORT OF THE BOARD OF DIRECTORS

Description of business

Global leader in aviation leasing

AerCap Holdings N.V. (together with its subsidiaries, “AerCap,” “we,” “us” or the “Company”) is the industry leader across all areas of aviation leasing with a portfolio consisting of 3,532 aircraft, engines and helicopters, that were owned, on order or managed as of December 31, 2022. 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, 2022, we executed 895 aviation asset transactions.

We have an extensive track record of successfully acquiring and integrating companies, including the acquisition of Genesis Lease in 2010, the acquisition of International Lease Finance Corporation (“ILFC”) in 2014 and the acquisition of GE Capital Aviation Services (“GECAS”) in 2021. The acquisitions of ILFC (the “ILFC Transaction”) and GECAS (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 with customers in every major geographical region. As of December 31, 2022, we owned 1,572 aircraft and managed 187 aircraft and had 435 new aircraft on order. As of December 31, 2022, the average age of our owned aircraft fleet, weighted by net book value, was 7.2 years. During the year ended December 31, 2022, our weighted average owned aircraft utilization rate was 96%, calculated based on the number of days each aircraft was on lease during the year, weighted by the net book value of the aircraft. Approximately 1% of our owned aircraft were undergoing or designated for cargo conversion during the year ended December 31, 2022 and were not calculated as utilized.

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 16 customers around the world, including e-commerce, express delivery and general 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 launching Boeing's 737BCF freighter conversion programs and, more recently, the A321F freighter programs with EFW and ST Aerospace. 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 and managed by our Shannon Engine Support Ltd. "SES" joint venture) with approximately 75 customers. Our owned engine portfolio is comprised almost entirely of General Electric ("GE") 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 343 owned or on order helicopters as of December 31, 2022. 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 50 customers in more than 40 countries serving a variety of industries, including offshore oil and gas, search and rescue ("SAR"), 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 Inc., ("AerCap Materials") is a global distributor of airframe and engine components 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 spare airframe and engine component distribution, component and asset leasing, consignment services and asset repair management. 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.

Aviation leases and transactions

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. Many operators lease flight equipment under operating leases as this reduces their capital requirements and costs and affords them flexibility to manage their fleet more efficiently as flight equipment assets are returned over time. Since the 1970s and the creation of aircraft leasing pioneers Guinness Peat Aviation (“GPA”) and ILFC, the world’s airlines have increasingly turned to operating leases to meet their aircraft needs. We serve approximately 300 customers around the world with comprehensive fleet solutions. Our relationships with these customers help us place new flight equipment and remarket existing flight equipment.

Over the life of our flight equipment, we seek to increase the returns on our investments by managing the lease rates, time off-lease and financing and maintenance costs, and by carefully timing their sale. Our current operating leases have initial terms ranging in length up to approximately 16 years. By varying our lease terms, we mitigate the effects of changes in cyclical market conditions at the time aircraft become eligible for re-lease.

Well in advance of the expiration of an operating lease, we prioritize entering into a lease extension with the then-current operator. This reduces our risk of aircraft downtime as well as aircraft transition costs. The terms of our lease extensions reflect the market conditions at the time and typically contain different terms from the original lease. Should a lessee not be interested in extending a lease, or if we believe we can obtain a more favorable return on the aircraft, we will explore other options, including the sale of the asset. If we enter into a lease agreement for the same asset with a different lessee, we generally do so well in advance of the scheduled return date of the asset. When the asset is returned, maintenance work may be required before transition to the next lessee.

Our extensive experience, global reach and operating capabilities allow us to rapidly complete numerous aviation transactions, which enables us to increase the returns on our flight equipment investments by minimizing any time that our assets are not generating revenue for us.

The following table provides details regarding the aircraft, engine and helicopter transactions we executed during the years ended December 31, 2022 and 2021. The trends shown in the table reflect the execution of the various elements of our leasing strategy for our owned and managed portfolio, as described further below:

	Year Ended December 31,		
	2022	2021 (a)	Total
Owned portfolio			
New leases on new assets	100	45	145
New leases on used assets	170	107	277
Extensions of lease contracts	256	131	387
New asset purchases	109	58	167
Asset sales	165	56	221
Managed portfolio			
New leases on new assets	4	—	4
New leases on used assets	17	14	31
Extensions of lease contracts	23	14	37
New asset purchases	9	7	16
Asset sales	42	6	48
Total transactions	895	438	1,333

(a) Does not include GECAS transactions executed prior to November 1, 2021 (the “Closing Date”).

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 its 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 2022, we raised \$4.2 billion of financing, consisting primarily of bank debt and revolving credit facilities.

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, 2022, we had \$10.7 billion of undrawn lines of credit available under our revolving credit and term loan facilities and \$1.6 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 Export Credit Agencies (“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 17—*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 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

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 Maintenance Repair and Overhaul ("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.

Relationship with Airbus, Boeing and other manufacturers

We are one of the largest customers of Airbus and Boeing measured by deliveries of aircraft through 2022 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 marketplace 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, and this insurance is subject to customary deductions and exclusions. 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.

Total loss write-offs result from the loss of an asset because of an unforeseen event (for example, an airplane crash incident, physical loss by wrongful deprivation, asset seizure, or other loss event). These events may be insured through the lessee's insurance policies where we are named as the insured, and under our own insurance policies where the lessee's insurance policy fails to indemnify us. We recognize an insurance receivable to the extent we have a claim from a loss from a total loss write-off event and the likelihood of recovering such loss or portion of the loss is virtually certain at the balance sheet date.

We recognize insurance proceeds in excess of the loss recognized when all contingencies are resolved, which generally occurs when we receive a non-refundable cash payment from the insurers, or when we execute a binding settlement agreement with the insurers where a non-refundable payment will be made.

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.

Our operations and assets are subject to various U.S. federal, state and local laws and regulations, and non-U.S. laws and regulations related to the protection of the environment. We could incur substantial costs, including capital and other expenditures, to comply with such requirements, as well as fines, penalties, or civil or criminal sanctions and third-party claims, if we were to violate or become liable under such laws or regulations. For example, jurisdictions around the world have adopted regulations regarding aircraft and engine noise and emissions levels that apply based on where the relevant aircraft is registered and where the aircraft is operated and that have become more stringent over time. These or other future regulations applicable to our aircraft could limit the usability or the economic life of certain of our aircraft and engines, reduce their value, limit our ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require us to make significant additional investments in the aircraft and engines to make them compliant.

Due to growing concerns over the risks of climate change, the United States, the EU and other jurisdictions are moving towards imposing more stringent limits on greenhouse gas emissions from aircraft engines. Although current emissions control laws generally apply to newer engines, new laws could be passed in the future that also impose limits on older engines, thereby subjecting our older engines to existing or new emissions limitations or indirect taxation. These limits may also impact growth levels in air travel. In particular, the aviation sector is subject to the EU Emissions Trading System ("ETS"), a cap-and-trade system for greenhouse gas emissions, under which airlines currently are granted free emission allowances based on historical performance and a carbon dioxide efficiency benchmark. However, on December 6, 2022, a provisional agreement on the European Commission's "Fit for 55" proposal was reached between the European Parliament and the European Council, that will modify the ETS system by phasing out ETS allowances for the aviation sector by 2026.

In October 2016, ICAO adopted Carbon Offset and Reduction Scheme for International Aviation ("CORSIA"), a global market-based scheme aimed at reducing carbon dioxide emissions from international aviation that will become mandatory in 2027. At least 115 countries, including the United States, have indicated that they will participate in the voluntary phase-in of CORSIA in 2023. CORSIA has applied to international aviation since 1 January 2019 when all airlines were required to report their CO₂ emissions on an annual basis. From 1 January 2021, international flights have become subject to offsetting obligations. 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 evolving and varies by jurisdiction. While it is uncertain whether new emissions restrictions will be passed, or 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’s 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 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 29—*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 2022, the Board level ESG Committee (“the ESG Committee”) which was established in 2021 met six times to discuss and review AerCap’s approach to ESG-related topics. The ESG Committee comprises three independent directors of the AerCap Board and three members of the AerCap senior leadership team. We believe this creates a balance between the execution of strategy at an executive level and the independent oversight and counsel of the experienced board members. These individuals have relevant experience in areas such as governance, sustainability, carbon emissions management, charitable outreach, financial reporting and reputational risk management. The ESG Committee is responsible for assisting AerCap’s Board of Directors in defining and reviewing the company’s strategy relating to ESG and developing and maintaining the policies, programs, targets and initiatives in this space. This approach is designed to provide dedicated oversight of ESG issues at the highest level.

In June 2022, we published our latest annual ESG report (the “2021 ESG Report”), which was prepared in accordance with the Global Reporting Initiative Standards: Core option and is publicly available on our website. The 2021 ESG Report sets forth in detail our commitment to growing our business in a responsible and sustainable way. We have increased our ESG disclosures over the last few years and in the 2021 ESG Report we published our Scope 3 emissions data for downstream leased assets for the first time. As well as disclosing our Scope 1, 2 and 3 emissions for 2021, we also published our historical Scope 3 emissions, which shows the emissions reduction that has occurred since 2015. This reduction in emissions is a direct result of AerCap’s strategy of purchasing the most fuel-efficient, new technology aircraft available from the Original Equipment Manufacturers (“OEMs”), disposing of older technology, less fuel-efficient aircraft and changes in behavior by the airlines as a result of Covid-19. Since 2014, AerCap has transformed its fleet from approximately 6% new technology aircraft to 66% at the end of 2022 measured by net book value, among the highest percentages of all the major aircraft lessors. New technology aircraft produce significantly lower emissions than the aircraft it is replacing and drive emissions reductions for our airline customers as well as significant cost savings.

In 2022, AerCap purchased 72 fuel-efficient, new technology aircraft and sold 120 aircraft with an average age of 17 years. Approximately 80 of our airline customers now lease new technology aircraft from us. We believe the best way for us to support the reduction of global carbon emissions is to follow the “leading-edge” approach, which means taking the best steps available to our industry. Today, that means investing in new technology aircraft, and we have set an ambitious target to transition our fleet to 75% new technology aircraft by net book value by the end of 2024.

Through AerCap Materials we are able to efficiently retire aircraft. ICAO estimates that approximately 85-90% of an aircraft can be recycled back into the supply chain either as spare parts or raw materials. AerCap Materials has been certified by the International Organization for Standardization (“ISO”) and the Aircraft Fleet Recycling Association (“AFRA”) and has over 50 years’ experience in this field, contributing to our processes designed to ensure that aircraft are retired with adherence to strict environmental and safety protocols.

AerCap is a member of Aircraft Leasing Ireland (“ALI”) and is a signatory to ALI’s inaugural Sustainability Charter, which outlines ten priority sustainability principles focused on areas including climate action and net zero, technology and innovation and waste and circular economy. AerCap has a dedicated government affairs function based in Brussels and has regular interaction with EU bodies on aviation decarbonization policies.

In our offices globally, AerCap is committed to the efficient use of resources and the reduction of unnecessary waste. Our headquarters in Dublin has been Leadership in Energy and Environmental Design (“LEED”) Platinum certified in areas such as building materials, energy and water use and accessibility. We are working with our landlords to improve the efficiency of our other offices.

At AerCap, we believe our employees are our greatest asset. We actively seek to hire and retain talented employees and remunerate our employees with what we believe are some of the most attractive packages in the industry. 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 and grow within the organization through continuous development programs, industry insights, training and knowledge sharing sessions. In 2022, we introduced a flexible working policy which was well received by our employees. We see great value in having a diverse workforce, in terms of gender diversity as well as diversity of cultural, social and educational backgrounds. We aim to recruit, employ and promote employees on the basis of qualifications and performance and we are committed to treating all current and prospective employees equally irrespective of race, religion, gender, marital status, family/civil status, sexual orientation, age, disability or any other characteristic protected by applicable laws and regulations. AerCap is committed to maintaining a productive working environment in which all employees are treated with mutual dignity and respect. All employees have the right to work in an environment that is free from sexual harassment, other forms of harassment and bullying. In 2022, AerCap launched its first Diversity, Equity, Inclusion and Belonging (“DEIB”) survey, to help develop a framework for our Diversity and Inclusion (“D&I”) strategy in line with our greater headcount, following the GECAS acquisition. The survey was aimed at understanding what DEIB means to our employees, their views on how AerCap supports these efforts and where and how we can do better. AerCap’s leadership team, together with the ESG Committee, aims to utilize this feedback to develop programs and initiatives that support our D&I strategy.

We participate in a significant number of charitable events and industry-related educational programs each year. In 2017, AerCap established a Corporate Social Responsibility (“CSR”) Committee. This Committee is employee-led and is responsible for the selection and implementation of the company’s fundraising initiatives. At the beginning of each calendar year, AerCap employees vote for four charitable and social themes and various fundraising and volunteering events are organized for charities that fall within these themes. In 2022, the themes employees chose to support were mental health and suicide prevention services, cancer care and hospice services, domestic abuse, gender-based violence and violence against women, and homelessness. We encourage employees to support local and national organizations that strengthen the communities in which they live and work. Several of our charitable initiatives involve the Company’s matching of funds raised through employee team efforts for the benefit of local community projects. In addition to this, AerCap also has a number of longer-term partnerships with charitable organizations. As an example, in 2022 AerCap was pleased to support Concern Worldwide’s CHANGE program in Ethiopia, as well as the Museum of Literature Ireland’s “MoLI in the Classroom” program. In 2022, together with our employees, AerCap donated over \$800,000 to charitable and social causes.

AerCap is proud to be a sponsor of the prestigious MSc in Aviation Finance program at University College Dublin (“UCD”) Michael Smurfit Graduate Business School since the program launched in 2015. In addition to sponsorship, the Company also arranges for key employees to give lectures to students and provides internships to a number of students from the program. This gives graduates the opportunity to gain valuable hands-on experience in a range of disciplines. In 2019, AerCap established a scholarship program with the University of Limerick (“UL”), the first Women in Aviation program of its type in Ireland. The program aims to create awareness amongst female students of Aeronautical Engineering as a career option and encourage more women to join the industry. Since the launch of the initiative five first-year students of the UL Bachelor of Engineering in Aeronautical Engineering have been awarded the AerCap Women in Aviation Scholarship. As well as an annual financial bursary provided to the scholarship recipients, students have the opportunity to gain first-hand experience through an eight-month internship in the AerCap technical department with mentoring from experienced professionals in the team.

AerCap launched a four-year scholarship program in 2021 in partnership with the Faculty of Engineering at the International School of Engineering at Chulalongkorn University, Thailand, the country’s number one ranked university and a world-class leader in aerospace engineering education. In addition to the scholarships, AerCap provides a range of tailored support to students, including guest lectures, workshops, and summer internships. As part of the program, fourth year students undertake a research project focused on ESG and related innovations in the aviation industry, supported by AerCap. In June 2022, AerCap welcomed three students for an eight-week internship program. During the internship, the students had the opportunity to learn about all technical aspects of an aircraft lease and received cross-departmental training from colleagues in legal, commercial and leasing, contracts and cargo, and also took part in site visits to some of our MRO partners.

Aircraft portfolio

The following table presents our aircraft portfolio by type of aircraft as of December 31, 2022:

Aircraft type	Number of owned aircraft	Number of managed aircraft	Number of on order aircraft (b)	Total owned, managed and on order aircraft
Passenger Aircraft	1,513	180	435	2,128
Airbus A220 Family	5	3	17	25
Airbus A320 Family	457	69	—	526
Airbus A320neo Family	343	23	217	583
Airbus A330	55	9	—	64
Airbus A330neo Family	1	—	11	12
Airbus A350	41	6	—	47
Boeing 737 MAX	47	5	130	182
Boeing 737NG	296	63	—	359
Boeing 777-200ER	14	—	—	14
Boeing 777-300ER	45	1	—	46
Boeing 787	100	1	25	126
Embraer E190/E195/E2	70	—	30	100
Other (a)	39	—	5	44
Freighter Aircraft	59	7	—	66
Boeing 737	41	7	—	48
Boeing 747/767/777	18	—	—	18
Total	1,572	187	435	2,194

(a) Other includes 39 owned aircraft (including five Embraer E170/175 aircraft; 12 Boeing 767 aircraft; 19 ATR and De Havilland Canada DHC-8-400 aircraft, and three Boeing 757 aircraft) and five regional jet aircraft on order.

(b) Excludes aircraft for which we have cancellation rights that we expect to exercise.

During the year ended December 31, 2022, we had the following activity related to owned aircraft:

	Held for operating leases	Investment in finance leases, net	Total owned aircraft
Number of owned aircraft at beginning of period	1,530	226	1,756
Aircraft purchases	72	—	72
Aircraft sold or designated for part-out (a)	(102)	(41)	(143)
Aircraft reclassified from / to investment in finance leases, net	47	(47)	—
Write-offs of aircraft (b)	(111)	(2)	(113)
Number of owned aircraft at end of period	1,436	136	1,572

(a) Includes 23 aircraft that were reclassified to inventory.

(b) Write-offs relate to aircraft remaining in Russia. Refer to Note 5—*Net charges related to Ukraine Conflict* to our Consolidated Financial Statements included in this annual report.

Aircraft on order

The following table details our 435 aircraft on order as of December 31, 2022:

Aircraft type	2023	2024	2025	2026	2027	Thereafter	Total
Airbus A220 Family	8	9	—	—	—	—	17
Airbus A320neo Family	49	52	58	41	17	—	217
Airbus A330neo Family	4	7	—	—	—	—	11
Boeing 737 MAX	12	19	34	65	—	—	130
Boeing 787	4	6	10	5	—	—	25
Embraer E190/195-E2	2	11	17	—	—	—	30
Other	—	—	—	5	—	—	5
Total (a)	79	104	119	116	17	—	435

(a) Excludes aircraft for which we have cancellation rights that we expect to exercise.

Due to our aircraft order book, we believe that we are well-positioned to take advantage of trading opportunities and expand our aircraft portfolio. We believe that our global network of strong relationships with airlines, aircraft manufacturers, maintenance, repair and overhaul service providers and commercial and financial institutions gives us a competitive advantage in sourcing and executing transactions. Our revolving credit facilities are designed to allow us to rapidly execute our portfolio management strategies by providing us with large-scale committed funding to acquire new and used aircraft.

Aircraft acquisitions and dispositions

We purchase new and used aircraft directly from aircraft manufacturers, airlines and financial investors. The aircraft we purchase are both on-lease and off-lease, depending on market conditions and the composition of our portfolio. The buyers of our aircraft include airlines, financial investors and other aircraft leasing companies. We acquire aircraft at attractive prices in three primary ways: by purchasing large quantities of aircraft directly from manufacturers to take advantage of volume discounts; by purchasing portfolios consisting of aircraft of varying types and ages; and by entering into purchase and leaseback transactions with airlines. In addition, we also opportunistically purchase individual aircraft that we believe are being offered at attractive prices. Through our marketing team, which is in frequent contact with airlines worldwide, we are also able to identify attractive acquisition and disposition opportunities. We sell aircraft when we believe the market price for the type of aircraft has reached its peak or to rebalance the composition of our aircraft portfolio.

Prior to a purchase or disposition, our dedicated portfolio management group analyzes the aircraft's price, fit in our aircraft portfolio, specification and configuration, maintenance history and condition, the existing lease terms, financial condition and creditworthiness of the existing lessee, the jurisdiction of the lessee, industry trends, financing arrangements and the aircraft's redeployment potential and value, among other factors. During the year ended December 31, 2022, we purchased 72 aircraft and sold 120 aircraft from our owned portfolio.

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, Memphis, Amsterdam, Shanghai, Dubai 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, 2022, we had 250,347,345 ordinary shares issued, including 245,931,275 ordinary shares issued and outstanding, and 4,416,070 ordinary shares held as treasury shares. Our issued and outstanding ordinary shares included 4,837,602 shares of unvested restricted stock.

AerCap completed the acquisition of the GECAS business from GE 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 AerCap’s issued and outstanding ordinary shares. In connection with the GECAS Transaction, GE has appointed two members to join the Board of Directors of AerCap, bringing the number of directors serving on AerCap’s Board of Directors to 11. The GE shares were subject to a lock-up period that expired on February 1, 2023. 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 factors.

Risks	Mitigating Factors
<u><i>Risks relating to our funding, liquidity and financial structure</i></u> <p>We require significant capital to fund our business and service our debt, and changes in the availability of capital or in the interest rates we pay on our debt may affect our operations or financial results.</p> <p>We have a substantial level of indebtedness and we might incur significantly more debt, which could adversely impact our operating flexibility and subject us to covenants that impose restrictions that may affect our ability to operate our business.</p>	<ul style="list-style-type: none">• 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• 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
<u><i>Risks related to the geopolitical, regulatory, corporate responsibility and legal exposure of our business</i></u> <p>We are exposed to geopolitical, economic and legal risks associated with the international operations of our business and those of our lessees, including many of the economic and political risks associated with emerging markets. We are exposed to concentrated political and economic risks in certain geographical regions in which our lessees are concentrated, particularly China.</p> <p>Our assets are subject to various environmental regulations and concerns, including those related to climate change, that may be supplemented by additional regulations and requirements or become more stringent, which may negatively affect our operations.</p> <p>Corporate responsibility, specifically related to ESG matters, may impose additional costs and expose us to new risks.</p> <p>Our insurance policies may not adequately cover our risks, the costs of our insurance policies may increase and/or our insurance coverage may be reduced, and we may not be able to recover under insurance policies in a timely manner or at all should we suffer loss.</p>	<ul style="list-style-type: none">• Highly diversified customer base• Proactive risk management• Engaged legal, advisory and financial services advisors• Efficient use of resources and reduction of unnecessary waste• Continually optimize portfolio through aircraft acquisition of new technology aircraft and disposing of older current technology aircraft• Dedicated ESG Committee to oversee ESG matters relevant to the Company• We seek protection from a number of our key operational risk exposures by purchasing insurance to cover insurable risks, by requiring our lessees to maintain insurance, and, recently, through a self-insurance program

Risks related to disease, natural disasters, terrorist attacks and other world events

The Covid-19 pandemic may continue to have a material and adverse impact on the aviation industry and our business.

Global or regional public health developments, extreme weather or natural disasters may adversely affect our business and financial condition, results and cash flows.

The effects of terrorist attacks and the threat of terrorist attacks may adversely affect our business and financial condition, results and cash flows.

Risks relating to market demand for, and lease rates and value of, flight equipment in our fleet

Our business depends heavily on the level of demand for the flight equipment in our fleet, which may decline as a result of factors outside our control, thereby affecting the returns on our flight equipment investments.

- Highly diversified customer base
- Security deposits, letters of credit and maintenance reserves
- Proactive risk management
- Diversified sources of funding
- Insurance policies

Risks related to the financial strength of our lessees and relationship with our lessees

Our financial condition depends, in part, on the financial strength of our lessees

Airline bankruptcy proceedings or reorganizations may limit our ability to collect lease rentals and other payments, depress flight equipment market values and adversely affect our ability to re-lease or sell flight equipment at favorable rates, if at all, particularly where such proceedings involve our lessees.

We have limited control over the operation of our flight equipment while they are under lease, which may adversely affect our business and financial condition, results and cash flows.

If our lessees encounter financial difficulties and we restructure or terminate our leases, our ability to re-lease flight equipment on favorable lease terms, collect outstanding amounts due to us, and repossess flight equipment under defaulted leases may be limited and require us to incur additional costs and expenses.

- Highly diversified customer base
- Proactive risk management
- Security deposits, letters of credit and maintenance reserves
- Under our leases, our lessees are primarily responsible for maintaining our assets, obtaining adequate levels of insurance and complying with all governmental requirements

Risks related to competition and the aviation industry

Competition and changes in market participants, including lessors, manufacturers and aircraft lessees, may adversely affect our business operations.

The financial instability of an aircraft or engine manufacturer could impact delivery of our aircraft on order and negatively affect our cash flow and results of operations.

- Highly diversified customer base
- Proactive risk management
- Diversified asset portfolio base

Risks related to our IT, structure and taxation

We depend on our information technology systems and those of third-parties.

We are incorporated in the Netherlands and it may be difficult to obtain or enforce judgments against us or our executive officers, some of our directors and some of our named experts in the United States.

We are subject to taxation regimes in various jurisdictions, including BEPS 2.0 which includes a global minimum effective tax rate of 15% for groups with a global turnover in excess of €750 million (effective 2023 at the earliest).

GE holds a significant portion of our outstanding ordinary shares and has certain governance rights, and may as a result be able to influence fundamental corporate matters. In addition, sales by GE of our ordinary shares issued to GE in connection with the GECAS Transaction may negatively affect the market price of our ordinary shares.

- Proactive risk management
- Development and conversion of existing systems
- Adequate levels of cybersecurity, resources and technical sophistication
- Engaged legal, advisory and financial services advisors

Risk that materialized in 2022

The Ukraine Conflict

On February 24, 2022, Russia launched a large-scale military invasion of Ukraine and has since been engaged in a broad military conflict with Ukraine (the “Ukraine Conflict”). In response to the Ukraine Conflict and ongoing related hostilities, 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 (the “Sanctions”).

At the time of Russia’s launch of the Ukraine Conflict, we had 135 owned aircraft on lease to Russian airlines, as well as 14 owned engines on lease to Russian airlines, which represented approximately 5% of AerCap’s fleet by net book value as of December 31, 2021. Basic lease rents from our owned aircraft and engines leased to Russian airlines were approximately \$33 million for the month of December 2021. We had no helicopters on lease to Russian customers. We have sought to repossess all of our aircraft and engines from Russian airlines and remove them from Russia. As of December 31, 2022, we had recovered 22 of our 135 owned aircraft and three of our 14 owned engines outside of Russia. While we continue to hold title to the aircraft that remain in Russia, we have concluded that it is not likely we will regain possession of these assets.

In addition, at the time of Russia’s launch of the Ukraine Conflict, we had seven owned aircraft on lease to Ukrainian airlines. As of December 31, 2022, five of these aircraft were in temporary storage outside of Ukraine. As of December 31, 2022, the remaining two aircraft are grounded in Ukraine, but the exact status of these aircraft remains difficult to ascertain.

In compliance with all applicable sanctions in March 2022, we terminated the leasing of all of our aircraft and engines with Russian airlines. These terminations have resulted in reduced revenues and operating cash flows.

The Ukraine Conflict, including the Sanctions and the actions of our former Russian lessees and the Russian government, represents an unusual and infrequent event and therefore the related net charges are classified on a separate line as part of our operating expenses on our Consolidated Income Statements. Refer to Note 5—*Net charges related to Ukraine Conflict* for further details. During 2022, we recognized a pre-tax net charge of \$2.4 billion to our earnings, comprised of write-offs and impairments of flight equipment, which were partially offset by the derecognition of lease-related assets and liabilities (including maintenance rights and lease premium intangible assets, maintenance liabilities, security deposits and other balances) and the collection of letter of credit proceeds. We recognized a total loss write-off with respect to our assets that remain in Russia and Ukraine, and impairment losses with respect to the assets we have recovered from Russian and Ukrainian airlines. The impairments recognized with respect to assets recovered from Russian and Ukrainian airlines were based on the expected commercial strategy and corresponding cash flow estimates for each asset.

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 presented requests for payment to all of these institutions. As of December 31, 2022, we had received payments of \$257 million related to these letters of credit.

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 contingent and possessed insurance (“C&P Policy”) which provides us with coverage when our flight equipment is not subject to a lease or where a lessee’s policy fails to indemnify us. In March 2022, we submitted an insurance claim for approximately \$3.5 billion under our C&P Policy with respect to all aircraft and engines remaining in Russia. In June 2022, we commenced legal proceedings in London, England to recover up to \$3.5 billion in connection with our previously submitted claim under the C&P Policy. Refer to Note 29—*Commitments and Contingencies* for further details.

In parallel, during the year ended December 31, 2022, we submitted claims as an additional insured under the Russian airlines’ insurance policies. Our efforts to recover from the airlines’ Russian insurers and their reinsurers continue. The collection, timing and amount of any potential recoveries under our C&P Policy and under the airlines’ insurance and reinsurance policies are uncertain. We have not recognized any claim receivables in respect of our claims under our C&P Policy and under the Russian airlines’ insurance and reinsurance policies as of December 31, 2022. Refer to Note 29—*Commitments and contingencies* for further details.

It is not possible to predict the broader or longer-term consequences of the Ukraine Conflict, which could include expansion of the conflict, further sanctions, embargoes, regional instability, geopolitical shifts and adverse effects on macroeconomic conditions, security conditions, fuel prices, currency exchange rates and financial markets. Such geopolitical instability and uncertainty could have a negative impact on our ability to lease aircraft, engines and helicopters, collect payments from, and support customers in certain regions based on trade restrictions, embargoes and export control law restrictions, and logistics restrictions including closures of air space, and could materially and adversely affect our business.

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, 2022, 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, 2022, 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.

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, 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.

2022 financial and operating review

Major developments in 2022

Despite the challenges as a result of the Ukraine Conflict and the continued impact of the Covid-19 pandemic in certain jurisdictions, in 2022 AerCap:

- Executed a total of 895 transactions, including 570 lease agreements;
- Completed purchases of 109 assets, including 72 new technology owned aircraft, for approximately \$4.6 billion;
- Completed sales of 165 assets for aggregate proceeds of approximately \$2.2 billion, including 120 owned aircraft with an average age of 17 years;
- Raised \$4.2 billion of financing, consisting primarily of bank debt and revolving credit facilities; and
- Signed the ALI Sustainability Charter, the first set of ESG and climate-aligned principles for the aviation industry promoting collaboration and ambition amongst the lessor community.

In addition, in 2022 our ratings outlook was revised to positive by Fitch and Moody's.

Results of operations

Net loss attributable to equity holders of AerCap Holdings N.V. for the year ended December 31, 2022 was \$596 million, as compared to a net loss of \$99 million for the year ended December 31, 2021. Our total revenues and other income increased by \$1.7 billion, or 33%, to \$6.9 billion for the year ended December 31, 2022 from \$5.2 billion for the year ended December 31, 2021. For the year ended December 31, 2022, diluted loss per share was \$2.48, and the weighted average number of diluted shares outstanding was 240,486,849. 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.

Aviation assets

During the year ended December 31, 2022, we acquired \$4.6 billion of aviation assets. As of December 31, 2022, we owned 1,572 aircraft, including 1,436 aircraft under operating leases and 136 aircraft under finance leases. In addition, we managed 187 aircraft. We also owned or managed over 900 engines (including engines owned by SES) and over 300 helicopters.

As of December 31, 2022, the average age of our 1,572 owned aircraft fleet, weighted by net book value, was 7.2 years and as of December 31, 2021, the average age of our 1,756 owned aircraft fleet, weighted by net book value, was 7.1 years. We operate our business on a global basis and as of December 31, 2022, 1,491 of our 1,572 owned aircraft were on lease, with no lessee representing more than 10% of total lease revenue for the year ended December 31, 2022.

As of December 31, 2022, our owned aircraft portfolio included 81 aircraft that were off-lease. As of February 24, 2023, of the 81 aircraft, 37 were re-leased or under commitments for re-lease, 34 aircraft were designated for sale or part-out (which represented less than 1% of the aggregate net book value of our fleet), eight aircraft were being marketed for re-lease (which represented less than 1% of the aggregate net book value of our fleet) and two aircraft were sold.

As of December 31, 2022, we had 435 new aircraft on order, including 17 Airbus A220 Family aircraft, 217 Airbus A320neo Family aircraft, 11 Airbus A330neo aircraft, 130 Boeing 737 MAX aircraft, 30 Embraer E-Jets E2 aircraft, 25 Boeing 787 aircraft and five regional jet aircraft.

Liquidity and capital resources

As of December 31, 2022, our cash balance was \$1.8 billion, including unrestricted cash of \$1.6 billion, and we had \$10.7 billion of undrawn lines of credit available under our revolving credit and term loan facilities. As of December 31, 2022, our total available liquidity, including undrawn lines of credit, unrestricted cash, cash flows from contracted asset sales and other sources of funding, was \$13.1 billion, and including estimated operating cash flows for the next 12 months, our total sources of liquidity were \$18 billion. As of December 31, 2022, our existing sources of liquidity were sufficient to operate our business and cover approximately 1.4x of our debt maturities and contracted capital requirements for the next 12 months.

During the year ended December 31, 2022, 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 3.1%. As of December 31, 2022, our adjusted debt to equity ratio was 2.5 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.

As a result of the Ukraine Conflict and in compliance with all applicable sanctions in March 2022, we terminated the leasing of all of our aircraft and engines with Russian airlines. These terminations result in reduced revenues and operating cash flows. Refer to Note 5—*Net charges related to Ukraine Conflict* to our Consolidated Financial Statements included in this Annual Report.

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, 2022. 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”) or Term Secured Overnight Financing Rate (“SOFR”), 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.

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Thereafter</u>	<u>Fair value</u>
	(U.S. Dollars in millions)						
Interest rate caps							
Average notional amounts	\$2,634.0	\$1,903.3	\$854.2	\$238.3	\$19.2	—	\$137.7
Weighted average strike rate	2.1%	1.7%	2.2%	2.1%	2.1%	—	
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Thereafter</u>	<u>Fair value</u>
	(U.S. Dollars in millions)						
Interest rate swaps							
Average notional amounts	\$2,077.7	\$1,450.0	\$1,425.0	\$275.0	\$66.7	—	\$74.3
Weighted average pay rate	2.7%	2.6%	2.6%	2.7%	2.5%	—	

The variable benchmark interest rates associated with these instruments ranged from one- to six-month U.S. dollar LIBOR or Term SOFR, as applicable. All instruments referencing U.S. dollar LIBOR will expire, or will transition to Term SOFR, in advance of or concurrently with U.S. dollar LIBOR cessation on June 30, 2023.

As of December 31, 2022, we had \$1.7 billion notional amount of floating rate derivatives outstanding linked to a SOFR index and \$3.7 billion notional amount of floating rate derivatives outstanding linked to either one-month, three-month or six-month USD LIBOR. All floating rate derivatives outstanding linked to a LIBOR index are due to be transitioned to a SOFR index by, or mature before, June 30, 2023.

Personnel

As of December 31, 2022 and 2021, respectively, we had 641 and 736 permanent employees.

Financial outlook

As of December 31, 2022, our cash balance was \$1.8 billion, including unrestricted cash of \$1.6 billion, and we had \$10.7 billion of undrawn lines of credit available under our revolving credit and term loan facilities. As of December 31, 2022, our total available liquidity, including undrawn lines of credit, unrestricted cash, cash flows from contracted asset sales and other sources of funding, was \$13.1 billion. As of December 31, 2022, our existing sources of liquidity were sufficient to operate our business and cover approximately 1.4x of our debt maturities and contracted capital requirements for the next 12 months.

As of December 31, 2022, we had commitments to purchase 435 new aircraft, excluding aircraft for which we have cancellation rights, scheduled for delivery through 2027. We also had commitments to purchase 47 engines and 18 helicopters through 2025. As a result, we will need to raise additional funds to satisfy these capital 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 the comparability of our results

Net charges related to Ukraine Conflict

During 2022, we recognized a pre-tax net charge of \$2.4 billion to our earnings as a result of the impacts of the Ukraine Conflict, comprised of write-offs of \$2.8 billion and impairments of \$256 million of flight equipment, which were partially offset by the derecognition of lease-related assets and liabilities (including maintenance rights and lease premium assets, maintenance liabilities, security deposits and other balances) and the collection of letter of credit proceeds. We recognized a total loss write-off on our assets that remain in Russia and Ukraine, and impairment losses on the assets we have recovered from Russian and Ukrainian airlines. Refer to Note 5—*Net charges related to Ukraine Conflict* to our Consolidated Financial Statements included in this Annual Report for further details.

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* to our Consolidated Financial Statements included in this Annual Report for further details.

During 2022, we recognized transaction and integration-related expenses of \$33 million related to the GECAS Transaction.

During 2021, we recognized transaction and integration-related expenses of \$118 million related to the GECAS Transaction.

Asset impairment charges

During 2022, we recognized impairment charges of \$126 million. Please refer to Note 23—*Asset Impairment* to our Consolidated Financial Statements included in this Annual Report for further details.

During 2021, we recognized impairment charges of \$1.4 billion.

Proceeds from unsecured claims

During 2022, we recognized \$99 million of proceeds from unsecured claims in other income. Please refer to Note 21—*Other Income* to our Consolidated Financial Statements included in this Annual Report for further details.

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

Sales transactions

During 2022, we completed sales of flight equipment for aggregate proceeds of \$2.2 billion and recognized a net gain on sale of assets of \$267 million.

During 2021, we completed sales of flight equipment for aggregate proceeds of \$0.8 billion and recognized a net gain on sale of assets of \$129 million.

Trends in our business

We continue to see the recovery of both domestic and international air travel following the Covid-19 pandemic. During 2022, demand for air travel increased across most major markets, excluding China, particularly for leisure and short-haul trips. Overall global passenger traffic, measured in revenue passenger kilometers, rose substantially in 2022, and in November 2022 was approximately 75% of 2019 pre-pandemic levels, according to International Air Transport Association (“IATA”). IATA expects that most regions will be at, or will exceed, pre-pandemic levels of traffic by the end of 2023. These forecasts are subject to downside risk if travel restrictions are re-imposed.

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 U.S. Securities and Exchange Commission (“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 www.aercap.com.

Responsibility Statement

Our Financial Statements give a true and fair view of the assets and liabilities, the financial position and the result of AerCap Holdings N.V. as at and for the year ended December 31, 2022. 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

Share repurchase program

In March 2023, our Board of Directors approved a share repurchase program authorizing total repurchases of up to \$500 million of AerCap ordinary shares through September 30, 2023. Repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable U.S. federal securities laws. The timing of repurchases and the exact number of common shares to be purchased will be determined by the Company's management, in its discretion, and will depend upon market conditions and other factors. The program will be funded using the Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

Secondary offering by GE of AerCap ordinary shares and share repurchase

On March 8, 2023, we announced the pricing of an underwritten secondary offering (the "Secondary Offering") of 23,000,000 AerCap ordinary shares by GE at a price to the public of \$58.50 per ordinary share, as well as our agreement to repurchase \$500 million of our ordinary shares from GE at a price per ordinary share of \$56.89.

Revolving credit facility amendment and extension

In March 2014, AICDC entered into a senior unsecured revolving credit facility (the "Citi Revolver I") which was subsequently upsized and amended. In February 2023, AICDC extended the Citi Revolver I, extending its maturity to February 2027.

Insurance claims relating to aircraft remaining in Ukraine

In January 2023, we submitted insurance claims for \$100 million under our C&P Policy for our two aircraft which remain in Ukraine. We intend to continue to vigorously pursue such claims under the C&P Policy. However, the collection, timing and amount of any potential recoveries are uncertain.

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 11 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	65	United States of America	M	Non-Executive Chairman of the Board of Directors	2010	2025
Aengus Kelly	49	Ireland	M	Executive Director and Chief Executive Officer	2011	2026
Julian (Brad) Branch	68	United States of America	M	Non-Executive Director	2018	2026
Stacey Cartwright	59	United Kingdom	F	Non-Executive Director	2019	2026
Rita Forst	67	Germany	F	Non-Executive Director	2019	2026
Richard (Michael) Gradon	63	United Kingdom	M	Non-Executive Director	2010	2026
James (Jim) Lawrence	70	United States of America	M	Non-Executive Director	2017	2025
Michael Walsh	56	Ireland	M	Non-Executive Director	2017	2025
Robert (Bob) Warden	50	United States of America	M	Non-Executive Director	2006	2026
Jean Raby	58	France	M	Non-Executive Director	2022	2026
Jennifer VanBelle	54	United States of America	F	Non-Executive Director	2021	2025

(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 11 directors, ten 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 Entertainment. 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. Ms. Forst is currently a Non-Executive Director of Westport Fuel Systems Inc. in Vancouver, Canada and 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.

Michael Walsh. Mr. Walsh has been a Director of AerCap since May 5, 2017. He is also a non-executive director of Uisce Éireann, the Irish government owned national water utility, and of Limerick Civic Trust, a charitable organization. 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 has worked in the private equity industry for 28 years. Mr. Warden was Global Head of Private Equity at Cerberus Capital Management until January 2023. Mr. Warden formerly worked in private equity at Pamplona Capital Management, J.H. Whitney, Cornerstone Equity and DLJ. Mr. Warden received his A.B. from Brown University.

Jean Raby. Mr. Raby has been a Director of AerCap since May 2022. He is currently a partner with Astorg, a European private equity firm. Mr. Raby has more than 30 years of experience in investment banking, law and finance. Immediately prior to joining Astorg, he was Sponsor and Co-CEO of Odyssey Acquisition, a special purpose acquisition company which listed in July 2021 on the Amsterdam Stock Exchange and subsequently merged in April 2022 with Benevolent AI, a drug discovery platform powered by artificial intelligence. Prior to his role with Odyssey Acquisition, he was Chief Executive Officer of Natixis Investment Managers (global asset management) and Head of Asset and Wealth Management for Natixis from February 2017 until April 2021. Prior to his role at Natixis, he was Executive Vice President, Chief Financial and Legal Officer of Alcatel-Lucent S.A. (telecommunications equipment) from September 2013 to February 2016. He served briefly as Chief Financial Officer of SFR Group (telecommunications operator) from May to November 2016. Prior to his role at Alcatel-Lucent, he spent 16 years in roles of increasing responsibility at the investment banking division of Goldman Sachs & Co. (investment banking, securities, and investment management), in Paris, France, where he became Co-Chief Executive Officer of the division in France in 2006 (then Chief Executive Officer in 2009). He retired from Goldman Sachs at the end of 2012. In his early career, Mr. Raby was a corporate lawyer with the law firm Sullivan & Cromwell in New York (1989-1992) and in Paris (1992-1996). In addition to serving as Director of AerCap, he is a member of the board of directors of Fiera Capital (asset management, listed in Toronto) and Benevolent AI and also served as a director of SNC Lavalin Inc. from November 2015 until May 2021. Mr. Raby holds a law degree from Université Laval (Quebec, Canada), a Master of Philosophy in International Relations from the University of Cambridge in the U.K., and a Master of Law from Harvard Law School. Mr. Raby is also a (retired) member of the New York State Bar Association.

Jennifer VanBelle. Ms. VanBelle has been a Director of AerCap since November 1, 2021. She is currently Senior Vice President and Treasurer of GE and CEO of GE Capital. She also leads GE's Separation Management Office, which is working to separate GE into three industry-leading, global public companies. Ms. VanBelle was named CEO of GE Capital in January 2021, expanding her role as GE Treasurer which she assumed in 2018. Prior to her current roles, she held several leadership roles within GE across capital markets, risk management, treasury and finance, including GE Capital Markets Leader, GE Capital—Capital Management Risk Officer, and Deputy Treasurer. Before joining GE in 1998, Ms. VanBelle spent several years at Chemical Bank and ING. Ms. VanBelle holds a B.A. degree in Economics from Bates College and an MSc in Finance from the London Business School.

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 2022, the Board of Directors met on 11 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 impact of the Ukraine Conflict, the GECAS Transaction and the integration of the GECAS business, AerCap's annual reports and annual accounts for the financial year 2021, topics for the AGM 2022, the impact of the Covid-19 pandemic, 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, ESG-related topics, remuneration and compensation, directors' and officers' succession planning, cyber security, regulatory compliance, culture and values, 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 2022. The table below outlines the attendance at Board and committee meetings during 2022:

Name	Full board	% Attendance	Audit Committee	% Attendance	Nomination and Compensation Committee	% Attendance	ESG Committee	% Attendance
Paul Dacier	11/11	100%	—	—	3/3	100%	—	—
Aengus Kelly	11/11	100%	—	—	—	—	—	—
Julian (Brad) Branch	11/11	100%	7/7	100%	—	—	6/6	100%
Stacey Cartwright	11/11	100%	—	—	3/3	100%	6/6	100%
Rita Forst	9/11	82%	—	—	—	—	4/6	67%
Richard (Michael) Gradon	11/11	100%	7/7	100%	—	—	—	—
James (Jim) Lawrence	11/11	100%	7/7	100%	—	—	—	—
Michael Walsh	11/11	100%	7/7	100%	3/3	100%	—	—
Robert (Bob) Warden	10/11	91%	—	—	3/3	100%	—	—
Jean Raby (a)	5/5	100%	—	—	—	—	—	—
Jennifer VanBelle	10/11	91%	—	—	3/3	100%	—	—

(a) Appointed to the Board in May 2022.

In 2022, 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, 2022, 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 2022, 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, 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 2022, approval of other services rendered by the external auditors, internal audit reports, the internal auditors’ audit plan for 2023, the impact of the Ukraine Conflict, the impact 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, insurance matters, 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, 2022, the members of our Nomination and Compensation Committee were Paul Dacier (Chairman), Michael Walsh, Jennifer VanBelle, Robert (Bob) Warden and Stacey Cartwright.

In 2022, the Nomination and Compensation Committee met on three 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.

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

Our ESG Committee, which was established in 2021, assists the Board of Directors in defining and reviewing the company's strategy relating to ESG and developing and maintaining the policies, programs, targets and initiatives in this space. This approach is designed to provide dedicated oversight of ESG-related issues, risks and opportunities at the highest level. The ESG Committee comprises three board-level independent directors and three members of the AerCap senior leadership team. As of December 31, 2022, the members of our ESG Committee were Stacey Cartwright (Chair), Julian (Brad) Branch, Rita Forst, Peter Juhas, Tom Slattery and Joseph McGinley.

In 2022, the ESG Committee met on six occasions. At these meetings it discussed and reviewed our approach to ESG-related topics and other values that we believe contribute to a culture focused on long-term value creation, the development and deployment of the Company's ESG strategy, engagement with staff and stakeholders, AerCap's role in sustainability and carbon emissions reduction initiatives, industry engagement and initiatives, regulatory developments, external reporting and compliance matters and community and social involvement by the Company.

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. 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 2022, the Board carried out an assessment and determined that the requirements of the profile of the non-executive directors continue to be met.

Gender Diversity

The Company has set targets to improve gender diversity in the composition of the Board of Directors and the senior management team (being the Company's management committee and senior heads of departments across the group), which together forms the Company's group of senior executives as referred to in Section 2:166(2) Dutch Civil Code. We are committed to promoting gender diversity on our Board of Directors and our senior management team as we believe that greater diversity will have a positive impact. Our diversity targets are focused on ensuring equality of opportunity and outcomes regardless of diversity. Specifically, the Company has set a target to promote the gender diversity of relevant management through ensuring that, where possible, each interview pool for a senior management position includes a diverse candidate slate with a target of a minimum of one third of candidates being female and at least one third of the interview panel being female.

Company has also adopted a plan of action to achieve these diversity targets. This plan of action includes, among other matters, the collation of baseline data for tracking / measuring diversity initiatives and the company-wide rollout of a diversity and inclusion program. This diversity and inclusion program included an initial employee survey in 2022 and the Company is currently finalizing its action plan on foot of feedback gathered through this survey. Training on topics related to Diversity and Inclusion will be made available to all employees in the 2023 calendar year. In addition, all relevant corporate policies and procedures will be reviewed, and adapted where necessary, to ensure alignment with the Company's diversity and inclusion objectives. Such reviews will be repeated at regular intervals.

As at December 31, 2022: 279 (44%) of total 641 staff were women; three (27%) out of 11 members of our Board of Directors were women and 13 (25%) out of 53 members of the relevant senior management team were women, the remaining individuals all being men. As the Company delivers on its diversity targets, it is expected that the gender diversity of senior management will increase in the coming years.

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, 2022, 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:

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Gender</u>	<u>Position</u>
Peter Juhas	51	United States of America	M	Chief Financial Officer
Peter Anderson	47	Australia	M	Chief Commercial Officer
Vincent Drouillard	47	France	M	General Counsel
Brian Canniffe	50	Ireland	M	Group Treasurer
Anton Joiner	52	United Kingdom	M	Chief Risk Officer
John Burke	52	Ireland	M	Chief Technical Officer
Jorg Koletzki	55	Germany	M	Chief Information Officer
Ristead Sheridan	48	Ireland	M	Company Secretary and Chief Compliance Officer
Theresa Murray	55	Ireland	F	Head of Human Resources
Bart Ligthart	41	The Netherlands	M	Chief Investment Officer
Martin Olson	60	United States of America	M	Head of OEM Relations
John Govan	52	Ireland	M	Head of EMEA
Bashir Hajir	55	United States of America	M	Head of Americas
Emmanuel Herinckx	50	France	M	Head of Asia Pacific
Richard Greener	51	United Kingdom	M	Head of AerCap Cargo
Pat Sheedy	44	Ireland	M	President and CEO, Milestone Aviation Group
Tom Slattery	52	Ireland	M	Executive Vice President Engines
Dermot Manifold	56	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, the New York law firm. Mr. Juhas received his A.B. from Harvard College and his J.D. from Harvard Law School.

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.

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 25 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.

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 has 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.

John Burke. Mr. Burke was appointed Chief Technical Officer of AerCap in June 2022, following his prior appointment to Deputy Chief Technical Officer in 2018. He previously served as Head of Technical EMEA from 2014 to 2018. From 2008, Mr. Burke worked at ILFC where he headed the technical group responsible for the EMEA region until AerCap's acquisition of ILFC in 2014. He spent six years at TransAer International Airlines, where he worked internationally in Europe, the Middle East and the Americas in various roles. He began his career as an Aircraft Maintenance and Engineering Apprentice at SRS Aviation, an Aer Lingus subsidiary, where he qualified as an Aircraft Maintenance Engineer. Mr. Burke holds a Bachelor of Business in Aviation and Transport from Carlow Institute of Technology and is an EASA 66 Licenced Engineer. He also holds an FAA A&P Licence and an FAA Private Pilot's Licence.

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.

Ristead 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 September 2018 and as Chief Investment Officer in March 2022. Mr. Ligthart has 15 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 over 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.

Richard Greener. Mr. Greener assumed the position of Head of Cargo following AerCap's acquisition of GECAS in November 2021. He is responsible for AerCap's global cargo aircraft strategy and portfolio. Mr. Greener joined GECAS in 2001, and was subsequently promoted to Senior Vice President of Specialty Markets, including cargo and regional aircraft. He began his career in business development and marketing with BAE Systems, Airbus and has 30 years' experience in the aerospace industry. Mr. Greener holds a Post Graduate Diploma in Business Administration and Management Studies from the University of the West of England.

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 29 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. We have designed our compensation plans to meet these objectives.

Compensation goal	How goal is accomplished
Attract and retain leading executive talent	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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. Refer to Note 22—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report for more details on our equity incentive plans.

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.

In addition, as directed under the Dodd-Frank Act, on October 26, 2022, the SEC adopted a final rule directing national securities exchanges, including the NYSE, to implement listing standards requiring listed companies to adopt clawback policies that mandate recovery by listed companies of certain incentive-based compensation awarded to current and former executives in the event of an accounting restatement. The final rule requires us to adopt a clawback policy within 60 days after such listing standard becomes effective and we intend to do so.

As of December 31, 2022, 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 22—*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.

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 2022, 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 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.

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 2022, 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 2022, 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 2022, 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 2022, 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, 2022. The AGM adopted the 2021 annual accounts and voted in favor of 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, 2022 three of our non-executive directors (out of a total of ten) had served on our Board in excess of 12 years, which is longer than recommended by the best practice provisions in the Dutch Code. Seven 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, 2022, was 6.7 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 www.aercap.com.

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 22—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report and to Note 31—*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 2022, we paid Mr. Kelly a total remuneration of approximately \$4.8 million, consisting of an annual base salary of \$0.9 million, an annual bonus of \$3.7 million, and \$0.2 million as contributions to his defined benefit pension plan and other employment benefits. In addition, during 2022, we recognized \$56.7 million of expenses related to AerCap equity awards that were granted to him in 2022 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 typically 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. 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 awards primarily have a vesting period of between four and five years. 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.

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2022:

	2022 Granted	2022 Vested
Aengus Kelly	53,996 (a)	859,960

(a) Grant of 53,996 shares of restricted stock.

The table below indicates the years in which Mr. Kelly's equity awards held as of December 31, 2022, are due to vest, subject to meeting the applicable vesting criteria:

	2023	2024	2025	2026	2027
Aengus Kelly	684,812	—	2,053,996	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 to be paid in certain circumstances.

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, 2022, 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 15:1 (2021: 16:1).

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, 2022, our non-executive directors held 682,231 restricted stock units (our non-executive directors did not hold any shares of restricted stock as of December 31, 2022); 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 non-executive directors during the years ended December 31, 2022 and 2021, 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, 2022 and December 31 in prior years:

	Year Ended December 31,			
	2022		2021	
	Remuneration paid	Share-based compensation expense (b)	Remuneration paid	Share-based compensation expense (b)
	(U.S. Dollars in thousands)			
Paul Dacier	\$ 382	\$ 452	\$ 384	\$ 512
Julian (Brad) Branch	210	519	215	547
Stacey Cartwright	179	455	179	371
Rita Forst	156	455	177	371
Richard (Michael) Gradon	195	496	214	419
James (Jim) Lawrence	199	348	228	571
Michael Walsh	202	338	232	529
Robert (Bob) Warden	217	424	214	373
Jean Raby (a)	100	—	—	—
Jennifer VanBelle	147	—	—	—
	\$ 1,987	\$ 3,487	\$ 1,843	\$ 3,693

(a) Appointed to the Board in May 2022.

(b) 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 22—*Personnel expenses* to our Consolidated Financial Statements included in this Annual Report for more details on our equity incentive plans.

March 8, 2023

Paul Dacier
Aengus Kelly
Julian (Brad) Branch
Stacey Cartwright
Rita Forst
Richard (Michael) Gradon
James (Jim) Lawrence
Michael Walsh
Robert (Bob) Warden
Jean Raby
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, 2022 and 2021

(After profit appropriation)

	Note	As of December 31,	
		2022	2021
		(U.S. Dollars in thousands)	
ASSETS			
<i>Fixed assets</i>			
Intangible fixed assets			
Maintenance rights and lease premium, net	6	\$ 3,364,453	\$ 4,444,520
Other intangibles, net	6	225,386	253,603
Total intangible fixed assets		3,589,839	4,698,123
Tangible fixed assets			
Flight equipment held for operating leases, net	7	53,794,026	56,188,625
Prepayments on flight equipment	29	3,806,602	4,586,848
Other tangible fixed assets, net		66,590	25,418
Total tangible fixed assets		57,667,218	60,800,891
Financial fixed assets			
Investment in finance leases, net	8	1,369,879	1,930,619
Deferred income tax assets	25	329,966	242,732
Other financial fixed assets	9, 10, 11	1,771,934	1,170,876
Total financial fixed assets		3,471,779	3,344,227
Total fixed assets		64,728,836	68,843,241
<i>Current assets</i>			
Trade receivables, other receivables and inventory			
Trade receivables		132,202	181,455
Other receivables	12	1,381,020	1,689,099
Inventory		55,868	48,584
Total trade receivables, other receivables and inventory		1,569,090	1,919,138
Cash, cash equivalents and restricted cash	13	1,756,770	1,914,753
Total current assets		3,325,860	3,833,891
Total Assets		\$ 68,054,696	\$ 72,677,132

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, 2022 and 2021
(After profit appropriation)

	Note	As of December 31,	
		2022	2021
(U.S. Dollars in thousands)			
GROUP EQUITY AND LIABILITIES			
Group equity			
Total AerCap Holdings N.V. shareholders' equity	14	\$ 14,142,445	\$ 14,458,913
Non-controlling interest	14	77,543	76,617
Total group equity		14,219,988	14,535,530
Provisions			
Deferred income tax liabilities	25	2,010,506	1,885,548
Total provisions		2,010,506	1,885,548
Liabilities			
Non-current liabilities	15, 17	44,274,266	50,474,529
Current liabilities	16, 17	7,549,936	5,781,525
Total liabilities		51,824,202	56,256,054
Total Group Equity and Liabilities		\$ 68,054,696	\$ 72,677,132

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, 2022 and 2021

	Note	Year Ended December 31,	
		2022	2021
(U.S. Dollars in thousands, except share and per share data)			
Revenues and other income			
Lease revenue	20	\$ 6,468,525	\$ 4,382,317
Net gain on sale of assets		266,694	128,644
Other income	21	175,804	666,315
Total revenues and other income		6,911,023	5,177,276
Operating expenses			
Leasing expenses		(1,125,841)	(456,105)
Personnel expenses	22	(276,852)	(246,373)
Depreciation and amortization	6, 7	(2,279,657)	(1,669,701)
Asset impairment	23	(126,419)	(1,413,154)
Net charges related to Ukraine Conflict	5	(2,393,305)	—
Other operating expenses	4, 24	(158,174)	(192,023)
Total operating expenses		(6,360,248)	(3,977,356)
Operating profit		550,775	1,199,920
(Loss) gain on investments at fair value		(17,676)	2,301
Financial income	21	208,382	117,555
Financial expense	11, 17	(1,596,846)	(1,426,653)
Loss before taxes		(855,365)	(106,877)
Income tax benefit (expense)	25	146,793	(7,294)
Result from participations	10	117,165	24,051
Group loss after tax		(591,407)	(90,120)
Result non-controlling interest	14	(4,883)	(8,924)
Net loss attributable to equity holders of AerCap Holdings N.V.		\$ (596,290)	\$ (99,044)
Basic loss per share	26	\$ (2.48)	\$ (0.68)
Diluted loss per share	26	\$ (2.48)	\$ (0.68)
Weighted average shares outstanding—basic		240,486,849	146,421,188
Weighted average shares outstanding—diluted		240,486,849	146,421,188

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, 2022 and 2021

	Year Ended December 31,	
	2022	2021
	(U.S. Dollars in thousands)	
Group loss after tax	\$ (591,407)	\$ (90,120)
Net change in fair value of derivatives (Note 11), net of tax of (\$21,809) and (\$11,679), respectively	165,817	81,751
Actuarial gain on pension obligations (Note 19), net of tax of (\$4,108) and (\$1,327), respectively	28,761	9,285
Foreign currency translation adjustments	—	(15,286)
Total direct movements in group equity after tax	194,578	75,750
Total result of the group after tax	\$ (396,829)	\$ (14,370)

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, 2022 and 2021

	Note	Year Ended December 31,	
		2022	2021
(U.S. Dollars in thousands)			
Group loss after tax		\$ (591,407)	\$ (90,120)
Adjustments to reconcile group loss to net cash provided by operating activities:			
Depreciation and amortization	6, 7	2,279,657	1,669,701
Net charges related to Ukraine Conflict	5	2,650,004	—
Asset impairment	23	126,419	1,413,154
Financial expense	17	1,596,846	1,426,653
Income tax	25	(146,793)	7,294
Amortization of lease premium	6	255,609	48,221
Maintenance rights write-off	6	389,852	138,780
Maintenance liability release to income	18	(271,581)	(273,715)
Net gain on sale of assets		(266,694)	(128,644)
Share-based compensation	22	102,848	96,087
Loss (gain) on investments at fair value		17,676	(2,301)
Other		(170,376)	62,555
Changes in operating assets and liabilities:			
Trade receivables		39,162	232,119
Other receivables, inventory and other assets	9, 10, 11, 12	113,374	112,790
Accounts payable, accrued expenses and other liabilities		(19,465)	2,307
Interest paid	17	(1,565,163)	(1,109,948)
Income tax (paid) refunded	25	567	(4,928)
Collections of finance and sales-type leases	7	630,427	124,325
Net cash provided by operating activities		5,170,962	3,724,330
Purchase of flight equipment	7	(3,480,074)	(1,703,395)
Proceeds from sale or disposal of assets	7	1,635,777	796,613
Prepayments on flight equipment	29	(391,498)	(86,386)
Acquisition of GECAS, net of cash acquired	4	—	(22,523,703)
Other		75,296	27,427
Net cash used in investing activities		(2,160,499)	(23,489,444)
Issuance of debt	17	467,996	26,496,660
Repayment of debt	17	(4,230,082)	(5,973,508)
Debt issuance and extinguishment costs paid, net of debt premium received	17	379	(422,260)
Maintenance payments received	18	779,824	448,516
Maintenance payments returned	18	(245,294)	(209,087)
Security deposits received		332,822	210,781
Security deposits returned		(245,084)	(290,758)
Dividend paid to non-controlling interest holders and others	14	(3,957)	(323)
Repurchase of shares and tax withholdings on share-based compensation	14	(17,419)	(76,220)
Net cash (used in) provided by financing activities		(3,160,815)	20,183,801
Net (decrease) increase in cash, cash equivalents and restricted cash		(150,352)	418,687
Effect of exchange rate changes		(7,631)	776
Cash, cash equivalents and restricted cash at beginning of period		1,914,753	1,495,290
Cash, cash equivalents and restricted cash at end of period	13	\$ 1,756,770	\$ 1,914,753

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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

1. General

The Company

AerCap is the global leader in aviation leasing with 2,194 aircraft owned, managed or on order, over 900 engines (including engines owned and managed by SES), over 300 owned helicopters, and total assets of \$68 billion as of December 31, 2022. 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, Memphis, Amsterdam, Shanghai, Dubai 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.

AerCap completed the acquisition of GE Capital Aviation Services ("GECAS") from General Electric ("GE") (the "GECAS Transaction") on November 1, 2021 (the "Closing Date"). Refer to Note 4—*GECAS Transaction* for further details.

Aviation 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.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

1. General (Continued)

Related parties

All group companies and related parties mentioned in Note 10—*Participations and Investments*, Note 21—*Other income and financial income*, Note 27—*Special purpose entities* and Note 28—*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 cover the year 2022, which ended at the balance sheet date of December 31, 2022. 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 the functional and reporting currency of the Company.

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 Income Statement for the year ended December 31, 2021, reclassifications have been made between Lease revenue and Financial income, with income from investments in finance leases, net now being disclosed in Financial income.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

2. Basis of presentation (Continued)

Use of estimates and judgements

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 held for operating leases, net, maintenance rights intangible and lease premium, net, investment in finance leases, net, participations, trade receivables and notes receivable, deferred income tax assets and accruals and reserves and supplemental rent used to calculate maintenance related amounts. 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.

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.

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

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 have been used to allocate the consideration to the fair value of GECAS assets and liabilities acquired;
- Note 6—*Intangibles*: intangible assets; supplemental rent used to calculate maintenance related amounts;
- Note 7—*Flight equipment held for operating leases, net*: useful lives and residual values of the flight equipment;
- Note 8—*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 12—*Other receivables*: notes receivable, allowance for credit losses and loan receivables;
- Note 22—*Personnel expenses*: key assumptions used underlying long term equity award and performance vesting criteria;
- Note 23—*Asset impairment*: key assumptions used underlying the fair value measurement of flight equipment; and
- Note 25—*Income taxes*: key assumptions underlying the measurement of deferred income tax assets and liabilities.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

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, 2022 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 27— *Special purpose entities* and 32— *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 8— *Investment in finance leases, net*.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

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.

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. 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 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 end-of-lease (“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”) liabilities, 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 liabilities, 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. 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. An impairment loss of goodwill, if any, is not reversed in a subsequent period.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

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.

	<u>Useful Life (a)</u>	<u>Residual Value (b)</u>
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 discounted residual value. 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 23—*Asset Impairment*.

Prepayments on flight equipment are recorded in the Consolidated Balance Sheet at cost and are not depreciated.

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.

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Financial fixed assets

Investment in finance leases, net

If a lease meets specific criteria (refer to the Lease Classification criteria in Note 3—*Summary of significant accounting policies*), 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. 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 our equity method investments is written down if it is impaired. The carrying amount of our equity method investments is included in other financial fixed assets on our Consolidated Balance Sheets. Refer to Note 10—*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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Investments

Equity securities without readily determinable fair values are carried at cost less impairment. We account for our investments with readily determinable fair values at fair value with all changes in fair value recognized in our Consolidated Income Statements.

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.

Non-current and current debt are measured after their initial recognition at amortized cost on the basis of the effective interest rate method. The effective interest is directly recorded in the profit and loss account. Debt payments regarding non-current liabilities that are due next year, are presented under current liabilities.

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 (on an individual or collective basis) 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

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 no longer probable that the forecasted transaction will 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.

Other receivables

Other receivables consist of notes and loans receivable, prepaid expenses incurred in the ordinary course of business and other receivables. After initial recognition at fair value, notes receivable and loans are carried at amortized cost using the effective interest method, less any allowance for credit losses.

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.

Inventory

Inventory consists primarily of engine and airframe components and piece parts. We value our inventory at the lower of cost and net realizable value.

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.

Allowance for credit losses of a receivable is recognized when 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 allowance for credit losses 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

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.

Offsetting financial instruments

A financial asset and a financial liability are offset when the entity has a legally enforceable right to set off the financial asset and financial liability and the Company has the firm intention to settle the balance on a net basis, or to settle the asset and the liability simultaneously.

If there is a transfer of a financial asset that does not qualify for derecognition in the balance sheet, the transferred asset and the associated liability are not offset.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Liabilities

Debt and deferred debt issuance costs

Long-term debt is carried at the principal amount borrowed, including unamortized discounts and premiums, 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.

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.

Lessee security deposits

Lessee security deposits are classified as liabilities. 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

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 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.

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.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Net gain on sale of assets

Our net gain on sale of assets is generated from the sale of our flight equipment as the difference between the sale proceeds and the carrying amount of the asset. The transaction result 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.

Other income

Other income consists of proceeds from unsecured claims, management fee revenue, lease termination fees, insurance proceeds, and income related to other miscellaneous activities. 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.

Finance income and expense

Finance income

Our finance income is derived primarily from interest on unrestricted and restricted cash balances, income from investments in finance leases 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. Income from investment in finance leases is recognized using the interest method to produce a constant yield over the life of the lease.

Finance expense

Our finance expense arises predominantly from a variety of debt funding structures and related derivative financial instruments. Finance expense in any period is primarily affected by contracted interest rates, amortization of fair value adjustments, amortization of debt issuance costs and debt discounts and premiums, principal amounts of indebtedness and unrealized mark-to-market gains or losses on derivative financial instruments for which we do not achieve cash flow hedge accounting treatment.

Expenses

Our expenses consist primarily of leasing expenses, personnel expenses, depreciation and amortization, asset impairment, other operating expenses. Expenses are generally recognized in the period the cost is incurred.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Leasing expenses

Our leasing expenses consist primarily of maintenance rights asset 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”) liabilities, 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 liabilities, 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.

Total loss write-offs

Total loss write-offs result from the loss of control of an asset because of an unforeseen event that results in the derecognition of the asset (for example, an airplane crash incident, physical loss by wrongful deprivation, asset seizure, or other loss event) (“write offs”). These events may be insured through the lessee’s insurance policies where we are named as the insured, and under our own insurance policies where the lessee’s insurance policy fails to indemnify us. We recognize an insurance receivable to the extent we have a claim from a loss from a total loss write-off event and the likelihood of recovering such loss or portion of the loss is virtually certain at the balance sheet date.

We recognize insurance proceeds in excess of the loss recognized when all contingencies are resolved, which generally occurs when we receive a non-refundable cash payment from the insurers, or when we execute a binding settlement agreement with the insurers where a non-refundable payment will be made.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Exceptional items

Exceptional items account for revenues or expenses arising from events or transactions that form part of the ordinary activities but are reported separately on the basis of their nature, size or non-recurring nature in order to obtain proper insight into the legal entity's result on ordinary activities, and in particular the development of this result. The "Net charges related to Ukraine Conflict" meets the definition of an exceptional item and is presented as one line item on the face of the Consolidated Income Statements as part of operating expenses. The Consolidated Income Statements have been presented in accordance with the applicable legislation, including the Financial Statements Formats Decree (Besluit modellen jaarrekening) in relation to the exceptional item. Refer to Note 5—*Net charges related to Ukraine Conflict* for further details.

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.

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.

The measurement of deferred tax liabilities and deferred tax assets is based on the tax consequences following from the manner in which the Company expects, at the balance sheet date, to realize or settle its assets, provisions, debts and accrued liabilities. Deferred tax assets and liabilities are measured at nominal value.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Reportable segments

We manage our business and analyze and report our results of operations on the basis of one business segment.

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 investments 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 30—*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 5—*Net charges related to Ukraine Conflict*, Note 11—*Derivative financial instruments*, Note 17—*Debt* and Note 23—*Asset Impairment*.

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, leasing 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 older than five years old and 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 input assumptions including the future lease rates, maintenance cash flow forecasts, the residual value and the discount rate when performing quantitative impairment tests.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

During the year ended years ended December 31, 2022 and 2021, we recognized impairment charges of \$126 million and \$1.4 billion, respectively. The impairment charges in 2021 were primarily related to aircraft that were subject to restructuring type bankruptcy proceedings and lease contract restructurings as a result of the impact of Covid-19. Throughout the Covid-19 pandemic, many of our customers were required to curtail their commercial operations and were under varying degrees of financial stress, which resulted in restructuring type bankruptcy proceedings and lease contract restructurings. 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. In 2021, as a result of the impact of Covid-19, there was more uncertainty regarding these future cash flows which resulted in a decrease in the future cash flows relating to our flight equipment and the impairment charges.

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.

Reversal of a previously recognized impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment. In such case, the carrying amount of the Asset Group is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognized in previous years for the Asset Group.

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 or SOFR, 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.

We have certain debt instruments, derivative contracts, and leases that reference LIBOR. LIBOR is a benchmark interest rate calculated based on information contributed by a panel of large international banks. LIBOR's administrator announced in March 2021 that it intends to stop publishing the Overnight, 1-month, 3-month, 6-month and 12-month USD LIBOR settings after June 30, 2023. In anticipation of that cessation, we commenced the transition of our LIBOR based instruments, contracts and leases to Secured Overnight Financing Rate ("SOFR") in October 2022 and expect to conclude the transition by June 2023.

As of December 31, 2022, we had \$3.2 billion of floating rate debt outstanding linked to a SOFR index, and \$5.1 billion of floating rate debt outstanding linked to either one-month, three-month or six-month USD LIBOR. As of December 31, 2022, we had \$1.7 billion notional amount of floating rate derivatives outstanding linked to a SOFR index and \$3.7 billion notional amount of floating rate derivatives outstanding linked to either one-month, three-month or six-month USD LIBOR. All floating rate debt and derivatives outstanding linked to a LIBOR index are due to be transitioned to a SOFR index by, or mature before, June 30, 2023. Our Board of Directors is responsible for reviewing our overall interest rate management policies.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

3. Summary of significant accounting policies (Continued)

Foreign currency risk and foreign operations

The Company's 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.

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

After a sustained period of relatively low inflation rates, the rates of inflation are above or near recent historical highs in the United States, the European Union, the United Kingdom, and other countries. High rates of inflation may have a number of adverse effects on our business. Inflation may increase the costs of goods, services and labor used in our operations, thereby increasing our expenses. To the extent that we derive our income from leases with fixed rates of payment, high rates of inflation will cause a greater decrease in the value of those payments than had the rates of inflation remained lower. Because our leases are generally multi-year, there may be a lag in our ability to adjust the lease rates for a particular aircraft accordingly. Our suppliers and lessees may also be subject to material adverse effects as a result of high rates of inflation, including as a result of the impact on their financial conditions, changes in demand patterns, price volatility, and supply chain disruption.

Liquidity risk

As of December 31, 2022, our cash balance was \$1.8 billion, including unrestricted cash of \$1.6 billion, and we had \$10.7 billion of undrawn lines of credit available under our revolving credit and term loan facilities and other available secured debt. As of December 31, 2022, the principal amount of our outstanding indebtedness, which excludes debt issuance costs, debt discounts and debt premium of \$275 million, totaled \$46.8 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, 2022, 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

4. GECAS Transaction

On November 1, 2021, 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. In connection with the GECAS Transaction, GE appointed two members to join the Board of Directors of AerCap, bringing the number of directors serving on AerCap’s Board of Directors to 11.

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 17—*Debt*.

We recognized expenses of \$33.3 million and \$118.0 million in relation to the GECAS Transaction for the years ended December 31, 2022 and 2021, respectively. Refer to Note 24—*Other operating expenses*.

Immediately following the completion of the GECAS Transaction, GE held approximately 46% of our issued and outstanding ordinary shares. The GE shares were subject to a lock-up period which expired on February 1, 2023. 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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

(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:

	<u>Final Amounts Recognized as of the Closing Date</u>
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	<u>\$ 30,151,978</u>
Transaction expenses directly related to the GECAS Transaction	\$ 30,508
Consideration Transferred	30,166,952
Goodwill	<u><u>\$ 45,482</u></u>

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

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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

5. Net charges related to Ukraine Conflict

On February 24, 2022, Russia launched a large-scale military invasion of Ukraine and has since been engaged in a broad military conflict with Ukraine (the “Ukraine Conflict”). In response to the Ukraine Conflict and ongoing related hostilities, 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 (the “Sanctions”).

At the time of Russia’s launch of the Ukraine Conflict, we had 135 owned aircraft on lease to Russian airlines, as well as 14 owned engines on lease to Russian airlines, which represented approximately 5% of AerCap’s fleet by net book value as of December 31, 2021. Basic lease rents from our owned aircraft and engines leased to Russian airlines were approximately \$33 million for the month of December 2021. We had no helicopters on lease to Russian customers. We have sought to repossess all of our aircraft and engines from Russian airlines and remove them from Russia. As of December 31, 2022, we had recovered 22 of our 135 owned aircraft and three of our 14 owned engines outside of Russia. While we continue to hold title to the aircraft that remain in Russia, we have concluded that it is not likely we will regain possession of these assets.

In addition, at the time of Russia’s launch of the Ukraine Conflict, we had seven owned aircraft on lease to Ukrainian airlines. As of December 31, 2022, five of these aircraft were in temporary storage outside of Ukraine. As of December 31, 2022, the remaining two aircraft are grounded in Ukraine, but the exact status of these aircraft remains difficult to ascertain.

In compliance with all applicable sanctions in March 2022, we terminated the leasing of all of our aircraft and engines with Russian airlines. These terminations have resulted in reduced revenues and operating cash flows.

The Ukraine Conflict, the Sanctions and the actions of our former Russian lessees and the Russian government, together represent an unusual and infrequent event and therefore the related net charges are classified on a separate line as part of our operating expenses on our Consolidated Income Statements. During 2022, we recognized a pre-tax net charge of \$2.4 billion to our earnings, comprised of write-offs and impairments of flight equipment, which were partially offset by the derecognition of lease-related assets and liabilities (including maintenance rights and lease premium intangible assets, maintenance liabilities, security deposits and other balances) and the collection of letter of credit proceeds. We recognized a total loss write-off with respect to our assets that remain in Russia and Ukraine, and impairment losses with respect to the assets we have recovered from Russian and Ukrainian airlines. The impairments recognized with respect to assets recovered from Russian and Ukrainian airlines were based on the expected commercial strategy and corresponding cash flow estimates for each asset.

	Year ended December 31, 2022 (U.S. Dollars in millions)
Write-offs and impairments of flight equipment (a)	\$ 3,044
Derecognition of lease-related assets and liabilities (b)	(394)
Letters of credit receipts	(257)
Net charges related to Ukraine Conflict	\$ 2,393

(a) Includes \$2.8 billion and \$256 million of write-offs and impairments of flight equipment, respectively.

(b) Includes \$821 million, \$294 million, \$71 million and \$71 million of accrued maintenance liability, maintenance rights assets, lessee deposit liability and lease premium, net respectively and other lease-related assets and liabilities.

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 presented requests for payment to all of these institutions. As of December 31, 2022, we had received payments of \$257 million related to these letters of credit.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

5. Net charges related to Ukraine Conflict (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 contingent and possessed insurance (“C&P Policy”) which provides us with coverage when our flight equipment is not subject to a lease or where a lessee’s policy fails to indemnify us. In March 2022, we submitted an insurance claim for approximately \$3.5 billion under our C&P Policy with respect to all aircraft and engines remaining in Russia. In June 2022, we commenced legal proceedings in London, England to recover up to \$3.5 billion in connection with our previously submitted claim under the C&P Policy. Refer to Note 29— *Commitments and Contingencies* for further details.

In parallel, during the year ended December 31, 2022, we submitted claims as an additional insured under the Russian airlines’ insurance policies. Our efforts to recover from the airlines’ Russian insurers and their reinsurers continue. The collection, timing and amount of any potential recoveries under our C&P Policy and under the the airlines’ insurance and reinsurance policies are uncertain. We have not recognized any claim receivables in respect of our claims under our C&P Policy and under the Russian airlines’ insurance and reinsurance policies as of December 31, 2022.

In November 2022, we submitted an insurance claim under a Ukrainian airline’s insurance and reinsurance policies for the loss of one aircraft which remains in Ukraine. In January 2023, we submitted an insurance claim under our C&P Policy for the same aircraft and also submitted an insurance claim under our C&P policy for our second aircraft which remains in Ukraine. The value of the two claims under our C&P Policy for the two aircraft which remain in Ukraine is approximately \$100 million We intend to continue to vigorously pursue all insurance claims in respect of the two aircraft which remain in Ukraine. However, the collection, timing and amount of any potential recoveries are uncertain and we have not recognized any claim receivables as of December 31, 2022.

6. Intangibles

Maintenance rights and lease premium, net

Maintenance rights and lease premium, net consisted of the following as of December 31, 2022 and 2021:

	As of December 31,	
	2022	2021
Maintenance rights	\$ 2,540,286	\$ 3,292,007
Lease premium, net	824,167	1,152,513
	\$ 3,364,453	\$ 4,444,520

Movements in maintenance rights during the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31,	
	2022	2021
Maintenance rights at beginning of period	\$ 3,292,007	\$ 642,825
GECAS Transaction	—	2,790,324
EOL and MR contract maintenance rights expense (a)	(232,622)	(7,048)
MR contract maintenance rights write-off due to maintenance liability release (a)	(260,245)	(17,260)
EOL contract maintenance rights write-off due to cash receipt	(191,478)	(114,472)
EOL and MR contract maintenance rights write-off due to sale of aircraft	(67,376)	(2,362)
Maintenance rights at end of period	\$ 2,540,286	\$ 3,292,007

(a) EOL and MR contract maintenance rights expense and MR contract maintenance rights write-off offset by maintenance liability release for the year ended December 31, 2022 included amounts related to the Ukraine Conflict. Refer to Note 5— *Net charges related to Ukraine Conflict* for further details.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

6. Intangibles (Continued)

Movements in lease premium and related accumulated amortization during the year ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31,	
	2022	2021
<i>Balance at beginning of period</i>		
Historical costs	\$ 1,246,928	\$ 53,040
Cumulative impairment losses and amortization	(94,415)	(45,951)
Net carrying amount	1,152,513	7,089
<i>Movements</i>		
GECAS Transaction	—	1,193,888
Amortization and write-offs (a)	(328,346)	(48,464)
Total movements	(328,346)	1,145,424
<i>Balance at end of period</i>		
Historical costs	\$ 1,176,245	\$ 1,246,928
Cumulative impairment losses and amortization	(352,078)	(94,415)
Net carrying amount	\$ 824,167	\$ 1,152,513
Remaining weighted-average amortization period (in years)	5.8	6.2

(a) Amortization and write-off amounts for the year ended December 31, 2022 included amounts related to the Ukraine Conflict. Refer to Note 5—*Net charges related to Ukraine Conflict* for further details.

As of December 31, 2022, the estimated future amortization expense for lease premium was as follows:

	Estimated amortization expense
2023	\$ 180,299
2024	168,306
2025	126,742
2026	107,247
2027	89,156
Thereafter	152,417
	\$ 824,167

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

6. Intangibles (Continued)

Other intangibles, net

Other intangibles consisted of the following as of December 31, 2022 and 2021:

	As of December 31,	
	2022	2021
Customer relationships, net	\$ 177,235	\$ 198,413
Goodwill	40,176	44,724
Other intangible assets	7,975	10,466
	\$ 225,386	\$ 253,603

Movements in goodwill and customer relationships accumulated amortization during the year ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31, 2022	
	Goodwill	Customer relationships
<i>Balance at beginning of period</i>		
Historical costs	\$ 45,482	\$ 360,000
Cumulative amortization	(758)	(161,587)
Net carrying amount	44,724	198,413
<i>Movements</i>		
Amortization	(4,548)	(21,176)
Total movements	(4,548)	(21,176)
<i>Balance at end of period</i>		
Historical costs	45,482	360,000
Cumulative amortization	(5,306)	(182,765)
Net carrying amount	\$ 40,176	\$ 177,235
Remaining weighted-average amortization period (in years)	8.8	8.4

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

6. Intangibles (Continued)

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

As of December 31, 2022, the estimated future amortization expense for customer relationships and goodwill for the next five years is \$25.7 million per year and \$88.8 million in aggregate for the years thereafter.

7. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31,	
	2022	2021
Net book value at beginning of period	\$ 56,188,625	\$ 34,415,373
GECAS Transaction	—	23,108,835
Additions	4,587,387	2,368,677
Depreciation	(2,245,170)	(1,644,012)
Write-offs and Impairment (Notes 5 and 23)	(3,170,396)	(1,413,154)
Disposals	(1,532,100)	(634,616)
Transfers from / to investment in finance leases, net / inventory	(34,320)	(12,478)
Net book value at end of period	\$ 53,794,026	\$ 56,188,625
Gross cost as of January 1	\$ 69,558,943	\$ 45,051,857
Gross cost as of December 31	68,380,319	69,558,943
Accumulated depreciation and impairment as of January 1	(13,370,318)	(10,636,484)
Accumulated depreciation and impairment as of December 31	(14,586,293)	(13,370,318)

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

8. Investment in finance leases, net

Movements in investment in finance leases, net during the years ended December 31, 2022 and 2021 were as follows:

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Investment in finance leases, net, at beginning of period	\$ 1,930,619	\$ 878,451
GECAS Transaction	—	1,165,382
Additions	330,724	58,568
Principal repayments	(606,418)	(125,221)
Transfers from/to flight equipment held for operating lease and other	(285,046)	(46,561)
Investment in finance leases, net, at end of period	<u>\$ 1,369,879</u>	<u>\$ 1,930,619</u>

Components of investment in finance leases, net as of December 31, 2022 and 2021 were as follows:

	<u>As at December 31,</u>	
	<u>2022</u>	<u>2021</u>
Future minimum lease payments to be received, net	\$ 1,299,724	\$ 1,275,379
Estimated residual values of leased flight equipment	630,538	1,131,419
Less: Unearned interest income	(551,165)	(406,286)
	<u>\$ 1,379,097</u>	<u>\$ 2,000,512</u>
Less: Allowance for credit losses	(9,218)	(69,893)
	<u>\$ 1,369,879</u>	<u>\$ 1,930,619</u>

Investment in finance leases consists of direct financing leases, leveraged leases and sales-type leases of flight equipment and represents net unpaid rentals and estimated unguaranteed residual values of leased equipment, less related unearned interest 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, 2022, the cash flows receivable, including the estimated residual value at lease termination, on finance leases were as follows:

	<u>Future minimum lease payments to be received</u>
2023	\$ 326,616
2024	357,425
2025	220,076
2026	171,426
2027	130,151
Thereafter	724,568
Undiscounted cash flows receivable	<u>\$ 1,930,262</u>
Less: Unearned interest income	(551,165)
Less: Allowance for credit losses	(9,218)
	<u>\$ 1,369,879</u>

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

9. Other financial fixed assets

Other financial fixed assets consisted of the following as of December 31, 2022 and 2021:

	As of December 31,	
	2022	2021
Participations and Investments (Note 10)	\$ 873,738	\$ 750,341
Straight-line rents	522,520	245,209
Derivative assets (Note 11)	211,993	16,909
Lease incentives	163,683	158,417
	\$ 1,771,934	\$ 1,170,876

The movement in our Other financial fixed assets for the year ended December 31, 2022 was as follows:

	As of December 31,					
	2022					2021
	Participations and Investments	Straight-line rents	Derivative assets	Lease incentives	Total	Total
Balance at beginning of period	\$ 750,341	\$ 245,209	\$ 16,909	\$ 158,417	\$ 1,170,876	\$ 391,010
Additions/Capital contributions	16,196	—	100,279	51,341	167,816	70,139
GECAS Transaction	—	—	—	—	—	558,799
Share in undistributed earnings, net of dividends	117,165	—	—	—	117,165	18,777
Amortization	—	—	—	(13,406)	(13,406)	(30,373)
Disposals / expired	—	—	(1,487)	(33,310)	(34,797)	(23,663)
Deliveries, redeliveries, extensions, amendments and novations	—	277,311	—	—	277,311	172,595
Mark-to-market ("MTM") movement	—	—	96,292	—	96,292	13,606
Other	(9,964)	—	—	641	(9,323)	(14)
Balance at end of period	\$ 873,738	\$ 522,520	\$ 211,993	\$ 163,683	\$ 1,771,934	\$ 1,170,876

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

10. Participations and Investments

Participations accounted for under the net asset value method of accounting consisted of the following as of December 31, 2022 and 2021:

	% Ownership as of December 31, 2022	As of December 31,	
		2022	2021
Shannon Engine Support Ltd (“SES”)	50.0	\$ 634,701	\$ 530,815
AerDragon Aviation Partners Limited and its Subsidiaries (“AerDragon”)	16.7	88,240	81,336
Other	5.7-39.3	88,278	92,936
		\$ 811,219	\$ 705,087

Our share of undistributed earnings of participations in which our ownership interest is less than 50% was \$62.6 million and \$61.7 million as of December 31, 2022 and 2021, respectively.

In addition to the participations above, as of December 31, 2022 and 2021, we held investments at fair value of \$59.1 million and \$38.4 million, respectively. We also held investments accounted for in accordance with the cost method of accounting of \$3.4 million and \$6.8 million, as of December 31, 2022 and 2021, respectively.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

11. 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, 2022, we had interest rate caps and swaps outstanding, with underlying variable benchmark interest rates ranging from one to six-month U.S. dollar LIBOR or Term SOFR, as applicable.

As of December 31, 2022 and 2021, we had cash collateral of \$4.6 million and \$0.3 million, respectively, from various counterparties and the obligation to return this collateral was recorded in accounts payable, accrued expenses and other liabilities. We had not advanced any cash collateral to counterparties as of December 31, 2022 or 2021.

During 2022, we transitioned a number of our longer-dated derivative instruments from LIBOR to Term SOFR. We applied an optional expedient that allowed us to account for the contract modifications as a continuation of the existing contract without further analysis, and to continue cash flow hedging relationships without dedesignation.

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 financial fixed assets and our derivative liabilities are recorded in current and non-current liabilities in our Consolidated Balance Sheets.

The following tables present notional amounts and fair values of derivatives outstanding as of December 31, 2022 and 2021:

	As of December 31,			
	2022		2021	
	Notional amount	Fair value	Notional amount	Fair value
Derivative assets not designated as accounting cash flow hedges:				
Interest rate caps	\$ 1,727,500	\$ 76,639	\$ 2,703,500	\$ 14,203
Derivative assets designated as accounting cash flow hedges:				
Interest rate swaps	\$ 2,516,000	\$ 74,292	\$ —	\$ —
Interest rate caps	1,125,000	61,062	475,000	2,706
Total derivative assets		<u>\$ 211,993</u>		<u>\$ 16,909</u>

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

11. Derivative financial instruments (Continued)

	As of December 31,			
	2022		2021	
	Notional amount	Fair value	Notional amount	Fair value
Derivative liabilities not designated as accounting cash flow hedges:				
Interest rate swaps	\$ —	\$ —	\$ 500,000	\$ 6,627
Derivative liabilities designated as accounting cash flow hedges:				
Interest rate swaps	\$ —	\$ —	\$ 2,616,000	\$ 64,570
Total derivative liabilities		\$ —		\$ 71,197

We recorded the following in revaluation reserves related to derivative financial instruments for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Gain (Loss)		
Effective portion of change in fair market value of derivatives designated as accounting cash flow hedges:		
Interest rate swaps	\$ 138,589	\$ 87,800
Interest rate caps	44,260	2,193
Derivative premium and amortization	4,777	3,437
Income tax effect	(21,809)	(11,679)
Net gain on derivatives, net of tax	\$ 165,817	\$ 81,751

The following table presents the effect of derivatives recorded in financial expense in our Consolidated Income Statements for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Gain (Loss)		
Derivatives not designated as accounting hedges:		
Interest rate caps and swaps	\$ 69,336	\$ 19,718
Reclassification to Consolidated Income Statements:		
Reclassification of amounts previously recorded in AOCI	17,909	(76,682)
Effect from derivatives on financial expense	\$ 87,245	\$ (56,964)

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

12. Other receivables

Other receivables consisted of the following as of December 31, 2022 and 2021:

	As of December 31,			
	2022		2021	
	Total	Maturity > 1 year	Total	Maturity > 1 year
Notes receivable (a) (b)	\$ 439,661	\$ 341,690	\$ 589,828	\$ 349,023
Loans receivable	358,885	299,746	407,008	347,492
Other receivables (c)	388,336	161,506	455,036	188,953
Prepaid expenses and other	194,138	158,517	237,227	203,668
	\$ 1,381,020	\$ 961,459	\$ 1,689,099	\$ 1,089,136

- (a) Notes receivable, net of allowance for credit losses as of December 31, 2022 and 2021 included \$412 million and \$560 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, 2022 and 2021 also included \$27 million and \$30 million, respectively, related to aircraft sale and other transactions.
- (b) As of December 31, 2022 and 2021, we had a \$109 million and \$38 million, respectively, allowance for credit losses on notes receivable.
- (c) Other receivables as of December 31, 2022 and 2021 included nil and \$66 million, respectively, related to a receivable from GE.

13. Cash, cash equivalents and restricted cash

Our restricted cash balance was \$160 million and \$186 million as of December 31, 2022 and 2021, 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 17—*Debt*.

The following is a summary of our cash, cash equivalents and restricted cash as of December 31, 2022 and 2021:

	As of December 31,	
	2022	2021
Cash and cash equivalents	\$ 1,597,147	\$ 1,728,794
Restricted cash	159,623	185,959
Total cash, cash equivalents and restricted cash	\$ 1,756,770	\$ 1,914,753

14. 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 36—*Equity*.

Movements in non-controlling interest during the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31,	
	2022	2021
Balance at beginning of period	\$ 76,617	\$ 68,016
Result non-controlling interest	4,883	8,924
Dividends paid	(3,957)	(323)
Balance at end of period	\$ 77,543	\$ 76,617

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

15. Non-current liabilities

Non-current liabilities consisted of the following as of December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Debt (Note 17)	\$ 40,364,462	\$ 46,218,827
Accrued maintenance liability (Note 18)	3,074,136	3,414,413
Lessee deposit liability	806,655	773,753
Derivative liabilities (Note 11)	—	41,232
Other liabilities	29,013	26,304
	<u>\$ 44,274,266</u>	<u>\$ 50,474,529</u>

16. Current liabilities

Current liabilities consisted of the following as of December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021 (a)
Debt (Note 17)	\$ 6,162,330	\$ 3,982,938
Deferred revenue	547,662	510,715
Accrued interest	336,910	352,374
Accounts payable and accrued expenses	503,034	905,533
Derivative liabilities (Note 11)	—	29,965
	<u>\$ 7,549,936</u>	<u>\$ 5,781,525</u>

(a) Prior year balances for deferred revenue, accrued interest and accounts payable and accrued expenses have been reclassified to conform to current year presentation. These reclassifications have not changed the results of operations of prior periods.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. Debt

As of December 31, 2022, the principal amount of our outstanding indebtedness totaled \$46.8 billion, which excluded debt issuance costs, debt discounts and debt premium of \$275 million, and our undrawn lines of credit were \$10.7 billion, availability of which is subject to certain conditions, including compliance with certain financial covenants. As of December 31, 2022, 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, 2022 and 2021:

Debt obligation	As of December 31,						Amount outstanding
	Collateral (number of aircraft and helicopters)	Commitment	Undrawn amounts	Amount outstanding	Weighted average interest rate (a)	Maturity	
Unsecured							
AerCap Trust & AICDC Notes		\$32,700,000	—	\$32,700,000	3.04%	2041	\$34,167,202
Revolving credit facilities (b)		9,034,000	9,034,000	—	—	2025	—
ILFC Legacy Notes		—	—	—	—	—	1,034,274
Other unsecured debt		2,010,500	—	2,010,500	5.68%	2026	1,874,000
<i>Fair value adjustment</i>		—	—	—			4,210
TOTAL UNSECURED		\$43,744,500	\$9,034,000	\$34,710,500			\$37,079,686
Secured							
Export credit facilities (c)	40	1,058,269	—	1,058,269	2.14%	2033	1,276,557
Institutional secured term loans & secured portfolio loans	264	7,499,339	—	7,499,339	5.44%	2032	8,428,534
AerFunding Revolving Credit Facility	26	2,075,000	1,357,442	717,558	6.33%	2027	783,488
Other secured debt (d)	18	830,847	293,615	537,232	5.38%	2039	700,842
<i>Fair value adjustment</i>		—	—	1,778			2,361
TOTAL SECURED		\$11,463,455	\$1,651,057	\$9,814,176			\$11,191,782
Subordinated							
Subordinated notes		2,250,000	—	2,250,000	6.24%	2079	2,250,000
Subordinated debt issued by SPEs		27,219	—	27,219	—	2026	27,219
<i>Fair value adjustment</i>		—	—	(212)			(215)
TOTAL SUBORDINATED		\$ 2,277,219	\$ —	\$2,277,007			\$ 2,277,004
Debt issuance costs, debt discounts and debt premium				(274,891)			(346,707)
	348	\$57,485,174	\$10,685,057	\$46,526,792			\$50,201,765

(a) The weighted average interest rate for our floating rate debt of \$9.3 billion is calculated based on the applicable U.S. dollar LIBOR or SOFR rate, as applicable, 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 18 aircraft, 74 engines are pledged as collateral.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. Debt (Continued)

The movement in our debt for the year ended December 31, 2022 was as follows:

	As of December 31,						2021
	2022						
	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	\$37,075,476	\$11,189,421	\$2,277,219	\$ 6,356	\$ (346,707)	\$50,201,765	\$28,733,113
Issuance of debt	383,000	84,996	—	—	—	467,996	27,339,785
Repayment of debt	(2,747,976)	(1,462,749)	—	—	—	(4,210,725)	(5,309,032)
Debt issuance costs paid, net of debt premium received	—	—	—	—	(4,366)	(4,366)	(206,121)
Amortization, extinguishment and other	—	730	—	(4,790)	76,182	72,122	(355,980)
Balance at end of period	<u>\$34,710,500</u>	<u>\$9,812,398</u>	<u>\$2,277,219</u>	<u>\$ 1,566</u>	<u>\$ (274,891)</u>	<u>\$46,526,792</u>	<u>\$50,201,765</u>

As of December 31, 2022, 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, 2022 were as follows:

	Maturities of debt financing
2023	\$ 6,162,330
2024	8,343,844
2025	5,832,335
2026	7,542,036
2027	2,669,525
Thereafter	16,250,047
	<u>\$ 46,800,117</u>

The effective interest is recognized directly in Consolidated Income Statements. The repayment obligations for the coming year for long term debt are included in Current liabilities.

During the years ended December 31, 2022 and 2021, we amortized as interest expense debt issuance costs, debt discounts and debt premium of \$82.4 million and \$65.8 million, respectively.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. 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, 2022:

	Maturities of AGAT/ AICDC Notes
2023	\$ 4,100,000
2024	6,800,000
2025	3,650,000
2026	5,250,000
2027	1,600,000
Thereafter	11,300,000
	\$ 32,700,000

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.

On May 25, 2022, AerCap Trust and AICDC completed the redemption of all \$500 million outstanding aggregate principal amount of the 4.625% Senior Notes due 2022.

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 paid in the GECAS Transaction, and to pay related fees and expenses, with any excess proceeds 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. Debt (Continued)

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. In February 2023, AICDC amended and extended the Citi Revolver I, extending its maturity to February 2027.

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”). In February 2023, the terms of the Citi Revolvers were amended to replace LIBOR with Term SOFR as the relevant reference rate.

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.

Export credit facilities

The principal amounts under the export credit facilities amortize over ten-to 12-year terms. The export credit facilities require that Special Purpose Entities (“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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. Debt (Continued)

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:

	As of December 31,				
	2022			2021	
	Collateral (Number of aircraft) (a)	Amount outstanding	Weighted average interest rate	Maturity	Amount outstanding
Institutional secured term loans					
Setanta	78	\$ 2,000,000	6.73%	2028	\$ 2,000,000
Hyperion	71	1,050,000	6.48%	2023	1,050,000
Secured portfolio loans					
Celtago & Celtago II	24	731,480	4.14%	2027	869,550
Cesium	15	658,580	5.27%	2025	726,398
Goldfish	13	560,084	6.13%	2025	616,649
Scandium	10	517,577	5.31%	2025	573,770
Rhodium	11	459,599	4.27%	2026	506,202
Other secured facilities	42	1,522,019	3.85%	2024-2032	2,085,965
	264	\$ 7,499,339			\$ 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 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. Debt (Continued)

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.

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.

During the fourth quarter of 2022, the terms of the Celtago and Cesium facilities were amended to replace LIBOR with Term SOFR as the relevant reference rate. The margin on these facilities remains unchanged, and the maturity on the Celtago facility has been extended to December 2027. The terms of the Scandium, Rhodium and Celtago II facilities were also amended to replace LIBOR with Term SOFR as the relevant reference rate. These amendments will become effective during the first quarter of 2023. We applied an optional expedient that allowed us to account for the contract modifications as a continuation of the existing contract without further analysis.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. Debt (Continued)

Subordinated debt

The following table provides a summary of the outstanding subordinated debt as of December 31, 2022:

	As of December 31,			
	2022		2021	
	Amount outstanding	Weighted average interest rate	Maturity	Amount outstanding
ECAPS Subordinated Notes (a)	\$ 1,000,000	6.39%	2065	\$ 1,000,000
2045 Subordinated Notes	500,000	6.50%	2045	500,000
2079 Subordinated Notes	750,000	5.88%	2079	750,000
	\$ 2,250,000			\$ 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, 2022 and 2021 was \$16.5 billion and \$16.8 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

17. Debt (Continued)

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 the three-month benchmark rate 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.

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, 2022, the 2079 Junior Subordinated Notes rank senior only to the issuer’s and the guarantors’ common and preferred stock.

Subordinated debt issued by SPEs

AerCap holds subordinated loan notes issued by certain SPEs. The subordinated debt held by AerCap is eliminated in consolidation of the SPEs.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

18. Accrued maintenance liability

Movements in accrued maintenance liability, predominately non-current in nature, during the years ended December 31, 2022 and 2021 were as follows:

	<u>Year Ended</u>	<u>December 31,</u>
	<u>2022</u>	<u>2021</u>
Accrued maintenance liability at beginning of period	\$ 3,414,413	\$ 2,188,906
GECAS Transaction	—	1,234,857
Maintenance payments received	779,824	448,516
Maintenance payments returned	(245,294)	(209,087)
Release to income upon sale	(81,366)	(43,598)
Release to income other than upon sale (a)	(994,779)	(273,715)
Lessor contribution, top ups and other (a)	201,338	68,534
Accrued maintenance liability at end of period	<u>\$ 3,074,136</u>	<u>\$ 3,414,413</u>

(a) Accrued maintenance liability released to income other than upon sale and lessor contribution, top-ups and other for the year ended December 31, 2022 included amounts related to the Ukraine Conflict. Refer to Note 5—*Net charges related to Ukraine Conflict* for further details.

19. Post-retirement benefit plans

We provide separate defined benefit pension plans covering a small number of our employees based on years of service and pensionable pay. These plans are funded through contributions by the Company and invested in trustee administered funds. These plans are now closed to new participants and ceased accruing benefits for existing participants after December 31, 2022. Accounts payable and accrued expenses as of December 31, 2022 and 2021 included \$3 million and \$63 million respectively, related to the defined benefit obligation in respect of these pension plans.

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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

20. 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, 2022 and 2021:

	Year Ended December 31,			
	2022		2021	
	Amount	%	Amount	%
China (a)	\$ 1,084,094	16.8%	\$ 782,297	17.9%
United States	953,798	14.7%	538,994	12.3%
Other countries (b)	4,430,633	68.5%	3,061,026	69.8%
	\$ 6,468,525	100.0%	\$ 4,382,317	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 consists primarily of flight equipment held for operating leases, 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, 2022 and 2021:

	As of December 31,			
	2022		2021	
	Amount	%	Amount	%
China (a)	\$ 9,818,319	17.0%	\$ 9,803,654	16.0%
United States	8,765,846	15.2%	9,306,062	15.2%
Other countries (b)	39,001,629	67.8%	42,189,091	68.8%
	\$ 57,585,795	100.0%	\$ 61,298,807	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, 2022 and 2021, 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 15 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, 2022 were as follows:

	Contracted minimum future lease payments receivable
2023	\$ 5,921,049
2024	5,815,284
2025	5,363,238
2026	4,866,291
2027	4,322,718
Thereafter	14,474,083
	\$ 40,762,663

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

21. Other income and financial income

Other income consisted of the following for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Proceeds from unsecured claims	\$ 98,565	\$ 635,075
Management fees	38,229	15,725
Other	39,010	15,515
	\$ 175,804	\$ 666,315

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). Subsequent to the bankruptcy court entering an order establishing the allowed claim amount in May 2021, the sale of a portion of the unsecured claims closed. Approximately \$595 million of sale proceeds were recognized in other income during the year ended December 31, 2021. In June 2022, the Bankruptcy Court entered an order establishing the allowed claim amount and the sale of the final portion of the unsecured claims closed. Approximately \$39 million of sale-related proceeds were recognized in other income during the year ended December 31, 2022.

Financial income consists of interest income from investment in finance leases, net and other interest income. During the years ended December 31, 2022 and 2021, we recognized interest income from investment in finance leases, net, of \$130.1 million and \$61.3 million, respectively. In addition, during the years ended December 31, 2022 and 2021, we recognized other interest income of \$78.3 million and \$56.3 million, respectively.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

22. Personnel expenses

Personnel expenses consisted of the following for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Salary, bonus and other benefits	\$ 164,439	\$ 135,111
Share-based compensation	102,848	96,087
Social securities and pensions	9,565	15,175
	\$ 276,852	\$ 246,373

Share-based compensation

Under our equity incentive plans, we grant restricted stock units and restricted stock 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 three 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. Our Chief Executive Officer receives an annual equity award as part of his 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

22. Personnel expenses (Continued)

In 2021, we granted certain restricted stock units the terms of which provided that those units would only vest if the average closing price of AerCap's ordinary shares on the New York Stock Exchange is at least \$75 or \$90 for any 30 calendar day period to April 30, 2026 (the "Market Condition RSUs"). As discussed below, the Ukraine Conflict, the Sanctions and the actions of our former Russian lessees and the Russian government together represent an unusual and infrequent event that required us to recognize a pre-tax net charge of \$2.4 billion to our earnings. Refer to Note 5—*Net charges related to Ukraine Conflict* to our Consolidated Financial Statements included in this annual report for further details. After considering the impact of the foregoing, our Board of Directors determined that, if we are unable to successfully collect on our claims under the C&P policy or the Russian airlines' policies, the share price targets for the Market Condition RSUs would no longer effectively serve their purpose of retaining and properly incentivizing our key employees. Our Board of Directors therefore determined that, to ensure that the Market Condition RSUs served as an effective retention and incentive tool, the share price targets for the Market Condition RSUs should be adjusted to reflect the impact on the Company of the net charges related to Ukraine Conflict. The adjustments also provide that the revised share price targets will be appropriately raised if we collect on any of our claims under the C&P Policy or the Russian airlines' policies, with the targets potentially resetting to or exceeding their original levels.

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, 2022:

	Year Ended December 31, 2022			
	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	3,140,879	5,009,792	\$ 47.80	\$ 51.15
Granted (a)	505,843	295,311	50.00	51.68
Vested (b)	(689,780)	(1,269,994)	40.77	51.31
Forfeited	(27,357)	(24,118)	46.23	46.91
Number at end of period	2,929,585	4,010,991	\$ 49.94	\$ 51.18

(a) Includes 390,659 shares of restricted stock granted under the AerCap Equity Plans, of which 282,532 shares of restricted stock were issued, with the remaining 108,127 ordinary shares being withheld and applied to pay the taxes involved. As part of the 108,127 ordinary shares withheld to pay for taxes, 56,041 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 \$2.6 million on the grant dates associated with these ordinary shares.

(b) 424,608 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, 262,106 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 1,479,126 shares of restricted stock (1,242,598 shares of restricted stock net of withholding for taxes) lapsed during the period. In addition, 56,041 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

22. 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:

	<u>Expected share-based compensation expense</u> (U.S. Dollars in millions)
2023	\$ 82.0
2024	67.8
2025	33.1
2026	5.9

Employees

The following table presents the number of employees at each of our principal geographic locations as of December 31, 2022 and 2021:

Location	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Ireland	431	479
United States	120	141
Singapore	57	65
Netherlands	2	3
Other (a)	31	48
Total (b)	<u>641</u>	<u>736</u>

(a) Includes employees located in China, France, the United Kingdom, the United Arab Emirates, Belgium and Italy.

(b) Includes one and six part-time employees as of December 31, 2022 and 2021, respectively.

AerCap Holdings N.V. and Subsidiaries
Notes to the Consolidated Financial Statements (Continued)

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

23. Asset impairment

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 (2022: 7.5%, 2021: 6.5%) 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, 2022, we recognized impairment charges which were partially offset by maintenance revenue recognized when we retained maintenance-related balances or received EOL compensation. We also recognized write-offs of \$2.8 billion and impairments of \$256 million of flight equipment related to the Ukraine Conflict. Please refer to Note 5—*Net charges related to Ukraine Conflict*.

During the year ended 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.

24. Other operating expenses

Other operating expenses consisted of the following for the years ended December 31, 2022 and 2021:

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Professional services	\$ 37,805	\$ 28,999
Transaction expenses (Note 4)	33,286	117,984
Office expenses	26,141	17,941
Travel expenses	24,752	5,649
Other expenses	36,190	21,450
	<u><u>\$ 158,174</u></u>	<u><u>\$ 192,023</u></u>

Other expenses are predominantly made up of information technology and telecommunication costs and bank charges.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

25. Income taxes

Our subsidiaries are subject to income 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 (benefit) expense by tax jurisdiction for the years ended December 31, 2022 and 2021:

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Deferred tax expense (benefit)		
Ireland	\$ 48,573	\$ (179,083)
United States	(14,558)	7,675
Other	(26,297)	10,260
	<u>7,718</u>	<u>(161,148)</u>
Current tax (benefit) expense		
Ireland	(159,730)	160,866
United States	1,617	1,198
Other (a)	3,602	6,378
	<u>(154,511)</u>	<u>168,442</u>
Income tax (benefit) expense	<u>\$ (146,793)</u>	<u>\$ 7,294</u>

(a) The other category is made up of multiple tax jurisdictions none of which individually comprise more than 10% of the balance.

The following table provides a reconciliation of the statutory income tax (benefit) expense to income tax (benefit) expense for the years ended December 31, 2022 and 2021:

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Income tax benefit at statutory income tax rate of 12.5%	\$ (106,920)	\$ (13,360)
Other than temporary differences	(10,579) (a)	15,496 (b)
Foreign rate differential	(29,294)	5,158
	<u>(39,873)</u>	<u>20,654</u>
Income tax (benefit) expense	<u>\$ (146,793)</u>	<u>\$ 7,294</u>

(a) The 2022 other than temporary differences included a valuation allowance change in respect of Irish, U.S. and certain other jurisdictions' deferred tax assets (excluding the foreign tax rate differential) and other permanent differences.

(b) The 2021 other than temporary differences included non-deductible expenses, non-taxable income, a valuation allowance change in respect of U.S., Dutch and Irish tax losses and other permanent differences.

The Company has assessed, on a jurisdictional basis, the realization of its deferred tax assets, including the ability to carry back net operating losses, the existence of taxable temporary differences, the availability of tax planning strategies and available sources of future taxable income. The Company has concluded that based on cumulative taxable income and future taxable income that it is able to realize a benefit for deferred tax assets in certain jurisdictions. In addition, the Company has concluded that a valuation allowance on its deferred tax assets in Ireland, the U.S. and certain other jurisdictions continue to be appropriate considering income projections and uncertainty with respect to future taxable income.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

25. Income taxes (Continued)

The effective tax rate was 17.2% for the year ended December 31, 2022 as compared to 6.8% for the year ended December 31, 2021. 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, 2022 and 2021:

	As of December 31, 2022			
	Ireland	United States	Other	Total
Flight equipment	\$ (3,083,001)	\$ (47,505)	\$ (4,290)	\$ (3,134,796)
Intangibles	(295,480)	17,268	1	(278,211)
Accrued maintenance liability	59,916	1,179	1,432	62,527
Participations	—	(3,973)	—	(3,973)
Deferred losses on sale of assets	—	13,509	—	13,509
Losses and credits forward	1,812,188	53,461	17,282	1,882,931
Other	(223,024)	109	388	(222,527)
Net deferred income tax (liabilities) assets	\$ (1,729,401)	\$ 34,048	\$ 14,813	\$ (1,680,540)

	As of December 31, 2021			
	Ireland	United States	Other	Total
Flight equipment	\$ (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)

The net deferred income tax liabilities as of December 31, 2022 of \$1.7 billion were recognized in our Consolidated Balance Sheet as deferred income tax assets of \$330.0 million and as deferred income tax liabilities of \$2.0 billion.

The net deferred income tax liabilities as of December 31, 2021 of \$1.6 billion were recognized in our Consolidated Balance Sheet as deferred income tax assets of \$242.7 million and as deferred income tax liabilities of \$1.9 billion.

As of December 31, 2022 and 2021, we had \$31.8 million and \$37.5 million, respectively, of unrecognized tax benefits. Substantially all of the unrecognized tax benefits as of December 31, 2022, 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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

25. Income taxes (Continued)

Our major tax jurisdictions are Ireland and the United States. Our tax returns are open for examination in Ireland from 2018 forward and in the United States from 2018 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, approved a statement, known as the OECD BEPS Inclusive Framework (“IF”), providing a framework for BEPS 2.0, which builds upon the Blueprints. The IF and revised Pillar Two Blueprint include 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 involving 137 countries on December 20, 2021, and again on March 14, 2022. These detailed rules should allow some countries to introduce the Pillar 2 rules into domestic legislation during the course of 2023. On December 22, 2021, the European Commission published a proposed EU Directive to incorporate the Pillar 2 tax rules into EU law, and has also issued further publications since that date. On December 12, 2022, the EU council unanimously agreed to adopt this Directive giving EU countries until December 31, 2023 to transpose the Directive into domestic legislation. Further guidance is expected from the OECD and the EU as to how certain aspects of the Pillar Two Blueprint and the Directive will operate mechanically, and as such 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. Overall, 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, 2022 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 \$16.3 million as of December 31, 2022. There are also \$11.7 million of tax credit carryforwards available in Ireland.

United States

Our U.S. subsidiaries are assessable to federal and state income taxes. We have one significant group of U.S. companies that file a consolidated return. The blended federal and state statutory income tax rate applicable to our combined U.S. group was 21.5% and 21.3% for the years ended December 31, 2022 and 2021. Our U.S. federal net operating loss carryforwards generated in tax years beginning before December 31, 2017 of \$230.7 million expire between 2028 and 2038. The U.S. federal net operating loss carryforwards generated in tax years beginning after December 31, 2017 of \$154.2 million have an unlimited carryforward period.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

26. Earnings per share

Basic EPS is calculated by dividing net income by the weighted average number of our ordinary shares outstanding, which excludes 4,837,602 and 5,822,811 shares of unvested restricted stock as of December 31, 2022 and 2021, 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 losses for the years ended December 2022 and 2021, 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 3,099,221 and 2,584,793 for the years ended December 31, 2022 and 2021, respectively.

The computations of basic and diluted EPS for the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31,	
	2022	2021
Net loss for the computation of basic EPS	\$ (596,290)	\$ (99,044)
Weighted average ordinary shares outstanding—basic	240,486,849	146,421,188
Basic EPS	\$ (2.48)	\$ (0.68)
	Year Ended December 31,	
	2022	2021
Net loss for the computation of diluted EPS	\$ (596,290)	\$ (99,044)
Weighted average ordinary shares outstanding—diluted	240,486,849	146,421,188
Diluted EPS	\$ (2.48)	\$ (0.68)

The computations of ordinary shares outstanding, excluding shares of unvested restricted stock, as of December 31, 2022 and 2021 were as follows:

	As of December 31,	
	2022	2021
	Number of ordinary shares	
Ordinary shares issued	250,347,345	250,347,345
Treasury shares	(4,416,070)	(4,951,897)
Ordinary shares outstanding	245,931,275	245,395,448
Shares of unvested restricted stock	(4,837,602)	(5,822,811)
Ordinary shares outstanding, excluding shares of unvested restricted stock	241,093,673	239,572,637

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

27. 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, 2022, 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, 2022 and 2021, 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 17—*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. As of December 31, 2022, these entities had aggregate subordinated debt outstanding of \$54 million, consisting of \$27 million due to us and \$27 million due to our joint venture partner.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

27. Special purpose entities (Continued)

AerFunding

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

As of December 31, 2022, AerFunding had \$717.6 million outstanding under a secured revolving credit facility and \$2.0 billion 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, 2022 and 2021:

	<u>As of December 31,</u>	
	<u>2022</u>	<u>2021</u>
Carrying value of debt and equity participations	\$ 118,403	\$ 133,401

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 Leasing Limited and Subsidiaries (“AerLift”) and Acsal Holdco, LLC (“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 10– *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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

28. 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.

During the year ended December 31, 2022, AerCap recognized rental income from engines on lease to GE of approximately \$143 million purchases from and provision of services from GE of approximately \$150 million. During the year ended December 31, 2022, AerCap recognized sales to GE of approximately \$27 million.

During the year ended December 31, 2021, AerCap recognized rental income from engines on lease to GE of approximately \$22 million, and purchases from GE of approximately \$1 million.

As of December 31, 2022, AerCap had an outstanding payable balance of \$9 million with GE.

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

SES is a 50% joint venture between AerCap and Safran. During the years ended December 31, 2022 and 2021, we recognized lease rental income from SES of \$74 million and \$12 million respectively.

Other related parties

Other related parties include our participations as detailed in Note 10—*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, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Management fees and other	\$ 14,418	\$ 6,748
Dividends	34,245	5,262
	\$ 48,663	\$ 12,010

Purchase of shares

During the year ended December 31, 2022, an Officer sold 26,761 ordinary shares to the Company at fair value on the date of the sale for an aggregate sale price of \$1.5 million. The proceeds were used to pay taxes in 2022 in connection with the Officer's share awards.

AerDragon

During the year ended December 31, 2022, AerCap completed the sale of three Boeing 737 MAX aircraft to AerDragon in an arm's length transaction.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

29. Commitments and contingencies

Aircraft on order

As of December 31, 2022, we had commitments to purchase 435 new aircraft for delivery through 2027, excluding aircraft for which we have cancellation rights that we expect to exercise. 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, 2022 we also had commitments to purchase 47 new engines and 18 new helicopters for delivery through 2025. As of December 31, 2022, we had made non-refundable deposits on these purchase commitments (exclusive of capitalized interest and fair value adjustments) of approximately \$3.5 billion.

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.

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, 2022 and 2021 were as follows:

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Prepayments on flight equipment at beginning of period	\$ 4,586,848	\$ 2,111,659
GECAS Transaction	—	2,990,414
Prepayments and additions during the period, net	244,937	136,655
Interest paid and capitalized during the period	104,191	30,827
Prepayments and capitalized interest applied to the purchase of flight equipment	(1,129,374)	(682,707)
Prepayments on flight equipment at end of period	<u>\$ 3,806,602</u>	<u>\$ 4,586,848</u>

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

29. Commitments and contingencies (Continued)

The following table presents our contractual commitments for the purchase of flight equipment as of December 31, 2022:

	2023	2024	2025	2026	2027	Thereafter	Total
	(U.S. Dollars in millions)						
Purchase obligations (a)	\$ 6,821.9	\$ 7,302.3	\$ 5,725.0	\$ 3,367.9	\$ 835.0	—	\$ 24,052.1

(a) As of December 31, 2022, we had commitments to purchase 435 aircraft (including 17 purchase and leaseback transactions and excluding aircraft for which we have cancellation rights that we expect to exercise), 47 engines, 18 helicopters and other commitments through 2027. The timing of our purchase obligations is based on current estimates and incorporates 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, 2022, maturities of operating lease agreements were as follows:

	Operating leases
2023	\$ 50,638
2024	46,401
2025	12,605
2026	8,099
2027	8,131
Thereafter	25,580
Total lease payments	\$ 151,454

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

29. 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.

Contingent and Possessed Insurance Policy Litigation

During the year ended December 31, 2022, we submitted an insurance claim for approximately \$3.5 billion under our contingent and possessed insurance policy (the “C&P Policy”) with respect to 135 aircraft and 14 engines which had been on lease to Russian airlines at the time of the invasion of Ukraine, the vast majority of which remain in Russia.

On June 9, 2022, AerCap Ireland Limited (as representative claimant on its own behalf and on behalf of all other insureds under the C&P Policy) commenced a claim in the Commercial Court in London, England (i) in the amount of approximately \$3.5 billion against AIG Europe S.A. (on its own behalf and on behalf of all underwriters subscribing to the Aircraft Hull and Spares and Equipment Coverage section of the C&P Policy) and (ii) in the alternative, in the amount of \$1.2 billion against Lloyds Insurance Company S.A. (on its own behalf and on behalf of all underwriters subscribing to the Aviation “War and Allied Perils” Coverage section of the C&P Policy), in respect of AerCap’s aircraft and engines lost in Russia. Fidelis Insurance Ireland DAC was joined as a defendant to the action on January 13, 2023 and is no longer represented by AIG Europe S.A. or Lloyds Insurance Company S.A for its respective interests under the C&P Policy.

We intend to continue to vigorously pursue our claims under the C&P Policy. However, the collection, timing and amount of any potential recoveries are uncertain and we have not recognized any claim receivables as of December 31, 2022.

VASP litigation

We are party to a group of related cases arising from the leasing of 13 aircraft and three spare engines to Viação Aérea 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’s final appeal has been denied and we expect the case to return to the STJ for a ruling on the merits of our original appeal.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

29. Commitments and contingencies (Continued)

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.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

30. 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 investments is primarily based on quoted market prices. 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, 2022 and 2021 were as follows:

	December 31, 2022	
	Carrying value	Fair value
Assets		
Cash and cash equivalents	\$ 1,597,147	\$ 1,597,147
Restricted cash	159,623	159,623
Loans receivable	358,885	325,752
Notes receivable	439,661	439,661
Investments, at fair value	59,081	59,081
Derivative assets	211,993	211,993
	\$ 2,826,390	\$ 2,793,257
Liabilities		
Debt	\$ 46,801,683 (a)	\$ 42,525,932
	\$ 46,801,683	\$ 42,525,932

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

	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
	\$ 2,966,865	\$ 2,966,865
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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

31. 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 non-executive directors during the years ended December 31, 2022 and 2021, 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, 2022 and December 31 in prior years:

	Year Ended December 31,			
	2022		2021	
	Remuneration paid	Share-based compensation expense (b)	Remuneration paid	Share-based compensation expense (b)
Paul Dacier	\$ 382	\$ 452	\$ 384	\$ 512
Julian (Brad) Branch	210	519	215	547
Stacey Cartwright	179	455	179	371
Rita Forst	156	455	177	371
Richard (Michael) Gradon	195	496	214	419
James (Jim) Lawrence	199	348	228	571
Michael Walsh	202	338	232	529
Robert (Bob) Warden	217	424	214	373
Jean Raby (a)	100	—	—	—
Jennifer VanBelle	147	—	—	—
	<u>\$ 1,987</u>	<u>\$ 3,487</u>	<u>\$ 1,843</u>	<u>\$ 3,693</u>

(a) Appointed to the Board in May 2022.

(b) 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 \$0.9 million, an annual bonus of approximately \$3.7 million, and approximately \$0.2 million as contributions to his defined benefit pension plan and other employment benefits, during the year ended December 31, 2022. In addition, during the year ended December 31, 2022, we recognized \$56.7 million of expenses related to AerCap equity instruments that were granted to him in 2022 and prior years.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

31. Directors' remuneration (Continued)

The following table presents beneficial ownership of our shares which are held by our directors as of December 31, 2022:

	Ordinary shares (unrestricted)	Restricted stock (a)	Restricted stock units (a) (b)	Fully diluted ownership percentage (c)
Paul Dacier (Chairman)	11,675	—	24,328	*
Aengus Kelly (d)	1,701,962	3,738,808	500,000	2.2 %
Julian (Brad) Branch	12,066	—	20,000	*
Stacey Cartwright	—	—	26,160	*
Rita Forst	2,000	—	26,160	*
Richard (Michael) Gradon	3,656	—	20,000	*
James (Jim) Lawrence	208,454	—	23,008	*
Michael Walsh	7,680	—	22,575	*
Robert (Bob) Warden	16,485	—	20,000	*
Jean Raby (e)	1,000	—	—	*
Jennifer VanBelle	—	—	—	*
	1,964,978	3,738,808	682,231	

*Less than 1.0%.

(a) As of December 31, 2022, the outstanding restricted stock and restricted stock units are expected to vest as follows:

Vesting year	2023	2025	2026	Total
	(in shares)			
Restricted stock and Restricted stock units	857,132	2,529,485	1,650,812	5,037,429

(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) 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.

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

(e) Appointed to the Board in May 2022.

The table below indicates the equity awards the Company granted to Mr. Kelly and his equity awards that vested in 2022:

	2022 Granted	2022 Vested
Aengus Kelly	53,996 (a)	859,960 (b)

(a) Grant of 53,996 shares of restricted stock.

(b) Vesting of 859,960 shares of restricted stock.

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.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. 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 Bermuda Leasing Limited	Bermuda
Aircraft Lease Securitisation II Limited	Bermuda
Aistrigh 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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

The Milestone Aviation Group Limited	Bermuda
Wahafлот Leasing 3699 (Bermuda) Limited	Bermuda
Westpark 1 Aircraft Leasing Limited	Bermuda
Whitestream Aircraft Leasing Limited	Bermuda
Whitney Leasing Limited	Bermuda
AerCap do Brasil Serviços de Administração E Marketing Ltda.	Brazil
AerCap Aircraft Purchase 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 32A No.1 Leasing Limited	Ireland
AerCap Aircraft 32A No.2 Leasing Limited	Ireland
AerCap Aircraft 32A No.3 Leasing Limited	Ireland
AerCap Aircraft 32A No.4 Leasing Limited	Ireland
AerCap Aircraft 32A No.5 Leasing Limited	Ireland
AerCap Aircraft 33A No.1 Leasing 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 Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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
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 1 Limited	Ireland
AerCap Leasing 8 Limited	Ireland
AerCap Leasing 946 Limited	Ireland
AerFi Group Limited	Ireland
AerVenture Export Leasing Limited	Ireland
AerVenture Limited	Ireland
Aircraft 32A-10078010X (Ireland) Limited	Ireland
Aircraft 32A-10078019X (Ireland) Limited	Ireland
Aircraft Portfolio Holding Company 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 II 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
Baunacloka Leasing Limited	Ireland
BlowfishFunding Limited	Ireland
Burgundy Aircraft Leasing Limited	Ireland

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

Calliope Limited	Ireland
Camden Aircraft Leasing Limited	Ireland
Capella Aircraft Leasing Limited	Ireland
Cash Manager Limited	Ireland
Castletroy Leasing Limited	Ireland
Celestial Aviation Funding Unlimited Company	Ireland
Celestial Aviation Holding 101 Limited	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 101 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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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
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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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
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 Leasing 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
Floran Aircraft Leasing Limited	Ireland
Flotlease MSN 3699 Limited	Ireland
Flotlease MSN 973 Limited	Ireland
FlyFunding Limited	Ireland
Flying Fortress Ireland Leasing Limited	Ireland
FodiatorFunding Designated Activity Company	Ireland
Fortress Aircraft 1 Limited	Ireland
Fortress Aircraft 33A-0366 Limited	Ireland
Fortress Aircraft 76B-29383 Designated Activity Company	Ireland

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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 Designated Activity Company	Ireland
Gunung Leasing Limited	Ireland
Harmonic Aircraft Leasing Limited	Ireland
Hyperion Aircraft Financing Limited	Ireland
Hyperion Aircraft Limited	Ireland
ILFC Aircraft 1 Limited	Ireland
ILFC Aircraft 3 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-2279 Limited	Ireland
ILFC Aircraft 32A-2707 Limited	Ireland
ILFC Aircraft 32A-2797 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-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 4 Limited	Ireland
ILFC Aircraft 5 Limited	Ireland
ILFC Aircraft 6 Limited	Ireland
ILFC Aircraft 7 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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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-35275 Limited	Ireland
ILFC Aircraft 73B-38828 Limited	Ireland
ILFC Aircraft 73B-41784 Limited	Ireland
ILFC Aircraft 73B-41785 Limited	Ireland
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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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
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 5869 Limited	Ireland
Quiescent Holdings Limited	Ireland
RainbowFunding Limited	Ireland
Rhenium Funding 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 Limited	Ireland
Skylease 1 Limited	Ireland

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

Skylease 2 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 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 Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

AerCap Luxembourg S.a.r.l	Luxembourg
Delos Finance S.a.r.l.	Luxembourg
ILFC Labuan ECA Ltd.	Malaysia
ILFC Labuan Ltd.	Malaysia
GE Capital Aviation Services México, S. de R.L. de C.V.	Mexico
AerCap A330 Holdings B.V.	Netherlands
AerCap AerVenture Holding 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 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 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
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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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32. 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

AerCap Holdings N.V. and Subsidiaries

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32. 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

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. 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 41375 Trust	United States
Aircraft MSN 41379 Trust	United States
Aircraft MSN 79070P Trust	United States
Aircraft MSN 79074P Trust	United States
Aircraft MSN 79077P Trust	United States
Aircraft MSN 89002 Trust	United States
Aircraft MSN 89015 Trust	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 MSN 920301 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
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
Go3 LLC Trust	United States
Grand Staircase Aircraft, LLC	United States

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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
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 LLC Trust	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
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
Windy City Holdings LLC	United States
AerCap Corporate Services Inc.	United States
Floran Aircraft Leasing Inc.	United States
Setanta Aircraft Leasing Inc.	United States

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

32. Subsidiary undertakings (Continued)

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

Shannon Engine Support Ltd has its registered office at Aviation House, Shannon, Clare, Ireland. AerDragon Aviation Partners Limited has its registered office at Aviation House, Shannon, Clare, Ireland. AerLift Leasing Limited and Einn Volant Aircraft Leasing Holdings Ltd have registered offices at Aviation House, Shannon, Clare, Ireland. Acsal Holdco, LLC has its registered office at 330 Madison Ave FL 11, New York, NY 10017. Gilead Aviation Designated Activity Company has its registered office at Suite 315, Airport House, Shannon, Clare, Ireland. Mubadala Infrastructure Investments Limited has its registered office at Al Sila Tower, 15th Floor, Abu Dhabi Global Market Square, Abu Dhabi, United Arab Emirates.

AerCap Holdings N.V. and Subsidiaries

Notes to the Consolidated Financial Statements (Continued)

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

33. Subsequent events

Share repurchase program

In March 2023, our Board of Directors approved a share repurchase program authorizing total repurchases of up to \$500 million of AerCap ordinary shares through September 30, 2023. Repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable U.S. federal securities laws. The timing of repurchases and the exact number of common shares to be purchased will be determined by the Company's management, in its discretion, and will depend upon market conditions and other factors. The program will be funded using the Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

Secondary offering by GE of AerCap ordinary shares and share repurchase

On March 8, 2023, we announced the pricing of an underwritten secondary offering (the "Secondary Offering") of 23,000,000 AerCap ordinary shares by GE at a price to the public of \$58.50 per ordinary share, as well as our agreement to repurchase \$500 million of our ordinary shares from GE at a price per ordinary share of \$56.89.

Revolving credit facility amendment and extension

In March 2014, AICDC entered into a senior unsecured revolving credit facility (the "Citi Revolver I") which was subsequently upsized and amended. In February 2023, AICDC extended the Citi Revolver I, extending its maturity to February 2027.

Insurance claims relating to aircraft remaining in Ukraine

In January 2023, we submitted insurance claims for \$100 million under our C&P Policy for our two aircraft which remain in Ukraine. We intend to continue to vigorously pursue such claims under the C&P Policy. However, the collection, timing and amount of any potential recoveries are uncertain.

AerCap Holdings N.V.
Company Balance Sheets
For the Years Ended December 31, 2022 and 2021
(After proposed profit appropriation)

	Note	As of December 31,	
		2022	2021
(U.S. Dollars in thousands)			
ASSETS			
<i>Fixed assets</i>			
Financial fixed assets			
Subsidiaries	35	\$ 14,787,863	\$ 15,116,938
Total fixed assets		14,787,863	15,116,938
<i>Current assets</i>			
Receivables			
Receivable from subsidiaries		46,619	27,029
Other receivables (c)		69,660	71,622
Total receivables		116,279	98,651
Cash and cash equivalents		563	7,981
Total current assets		116,842	106,632
Total Assets		\$ 14,904,705	\$ 15,223,570
EQUITY AND LIABILITIES			
<i>Equity</i>			
Ordinary share capital		\$ 3,024	\$ 3,024
Share Premium		8,823,891	8,823,891
Treasury shares, at cost		(254,699)	(285,901)
Revaluation reserves		115,243	(79,335)
Other reserves (a)		5,454,986	5,997,234
Total Equity	36	14,142,445	14,458,913
<i>Liabilities</i>			
Debt (b)		742,357	741,483
Accounts payable, accrued expenses and other liabilities		19,903	23,174
Total liabilities		762,260	764,657
Total Equity and Liabilities		\$ 14,904,705	\$ 15,223,570

- (a) Includes \$62.6 million and \$48.7 million of legal reserves for participations as of December 31, 2022 and 2021, respectively, which are not free to distribute.
- (b) Debt, net of \$7.7 million and \$8.5 million of debt issuance costs as of December 31, 2022 and 2021, respectively. Please refer to the "2079 Junior Subordinated Notes" in Note 17—*Debt*.
- (c) Balance is primarily made up of deferred tax assets of \$58.2 million and \$52.5 million as of December 31, 2022 and 2021 respectively.

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, 2022 and 2021

	Note	Year Ended December 31,	
		2022	2021
		(U.S. Dollars in thousands)	
Net loss from subsidiaries	35	\$ (564,122)	\$ (69,941)
Other expenses after tax		(32,168)	(29,103)
Net loss		\$ (596,290)	\$ (99,044)

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

AerCap Holdings N.V.

Notes to the Company Financial Statements

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

34. 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.

35. Subsidiaries

Movements in subsidiaries during the years ended December 31, 2022 and 2021 were as follows:

	Year Ended December 31,	
	2022	2021
Balance at beginning of period	\$ 15,116,938	\$ 8,522,821
Net loss from subsidiaries	(564,122)	(69,941)
Direct equity movements of subsidiaries	194,578	75,750
Capital contributions and other	40,469	6,588,308
Balance at end of period	\$ 14,787,863	\$ 15,116,938

AerCap Holdings N.V.

Notes to the Company Financial Statements (Continued)

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

36. Equity

As of December 31, 2022 and 2021, the authorized share capital of AerCap Holdings N.V. amounts to ordinary share capital of €0.01 par value and 450,000,000 and 450,000,000, respectively, ordinary shares authorized. As of December 31, 2022 and 2021, issued share capital consists of 250,347,345 and 250,347,345 ordinary shares issued and 245,931,275 and 245,395,448 ordinary shares outstanding (including 4,837,602 and 5,822,811 shares of unvested restricted stock), respectively.

As of December 31, 2022 and 2021, treasury shares at cost were 4,416,070 and 4,951,897 ordinary shares, respectively.

Please refer to Note 22—*Personnel Expenses* for further details on share-based compensation.

Movements in equity during the years ended December 31, 2022 and 2021 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, 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 (c)	—	—	—	(35,406)	—	—	(35,406)
Share cancellation	—	—	—	—	—	—	—
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
Repurchase of shares (c)	—	—	—	(1,458)	—	—	(1,458)
Ordinary shares issued, net of tax withholdings	—	—	—	32,660	—	(48,806)	(16,146)
Share-based compensation	—	—	—	—	—	102,848	102,848
Direct equity movements of subsidiaries	—	—	—	—	194,578	—	194,578
Net (loss) for the period	—	—	—	—	—	(596,290)	(596,290)
Balance as of December 31, 2022	250,347,345	\$ 3,024	\$ 8,823,891	\$ (254,699)	\$ 115,243	\$ 5,454,986	\$14,142,445

(a) Revaluation reserves are not free to distribute

(b) Includes \$62.6 million and \$61.7 million of legal reserves for participations as of December 31, 2022 and 2021, respectively, which are not free to distribute.

(c) During the year ended December 31, 2022, an Officer sold 26,761 ordinary shares to the Company at fair value on the date of the sale for an aggregate sale price of \$1.5 million. The proceeds were used to pay taxes in 2022 in connection with the Officer's share awards. 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.

AerCap Holdings N.V.

Notes to the Company Financial Statements (Continued)

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

37. Employees

AerCap Holdings N.V. had two (2021: two) employees, all employed outside the Netherlands, as of December 31, 2022. The disclosure on directors' remuneration is included in Note 31—*Directors' remuneration*.

38. Audit fees

Our auditors charged the following fees for professional services rendered for the years ended December 31, 2022 and 2021:

	Year Ended December 31,	
	2022	2021
Audit fees	\$ 7,525	\$ 8,985
Tax fees	1,414	5,072
All other fees	44	2,826
	<u>\$ 8,983</u>	<u>\$ 16,883</u>

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 Statutory 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 \$0.9 million, all related to audit fees, which was charged by KPMG Accountants N.V. for the year ended December 31, 2022 and 2021, respectively.

Tax fees relate to the aggregated fees for services rendered on tax compliance. All other fees primarily relate to advisory and integration projects.

39. 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.

40. Profit appropriation

The Company Financial Statements for the year ended December 31, 2021 have been adopted by the General Meeting on May 12, 2022. The General Meeting has adopted the appropriation of profit after tax for the year ended December 31, 2021 as 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.

Following the appropriation of result proposed by the Board of Directors, the net loss of \$596.3 million for the year ended December 31, 2022 is deducted from the accumulated retained earnings.

41. Declaration of liability

AerCap Holdings N.V., as the parent company, guarantees certain notes and loans issued by subsidiaries, as disclosed in Note 17—*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 32—*Subsidiary undertakings* for a full list of our subsidiary undertakings.

AerCap Holdings N.V.

Notes to the Company Financial Statements (Continued)

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

March 8, 2023

Paul Dacier

Aengus Kelly

Julian (Brad) Branch

Stacey Cartwright

Rita Forst

Richard (Michael) Gradon

James (Jim) Lawrence

Michael Walsh

Robert (Bob) Warden

Jean Raby

Jennifer VanBelle

AerCap Holdings N.V.

AerCap House

65 St. Stephen's Green

Dublin

D02 YX20

Ireland

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 2022 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 2022 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 2022 of AerCap Holdings N.V. ("AerCap" or "the Company") based in Amsterdam.

The financial statements comprise:

- 1 the consolidated and company balance sheet as at 31 December 2022;
- 2 the consolidated and company income statement for the year ended 31 December 2022; and
- 3 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).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality

- Materiality of US\$ 75 million
- 5% of normalized profit before tax

Group audit

- Audit coverage of 99% of consolidated total assets
- Audit coverage of 96% of consolidated revenue and 86% consolidated loss before tax

Fraud/Noclar, Going concern and related risks

- Fraud & Non-compliance with laws and regulations (Noclar) related risks: presumed risk of management override of controls and revenue recognition in relation to supplemental maintenance rent.
- Going concern related risks: no going concern risks identified.

Key audit matters

- Assessment of impairment of flight equipment held for operating lease
- Impact of the consequences of the Ukraine Conflict

Opinion

Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at US\$ 75 million (2021: US\$ 72.6 million). The materiality is determined with reference to normalized profit before tax (5%). For 2022, we have normalized profit before tax for the negative financial impact from the consequences of the Ukraine conflict for the amount of US\$ 2.4 billion which mainly represent the write off loss on the assets that remain in Russia and Ukraine.

We consider normalized profit before tax as the most appropriate benchmark because we believe that it is a relevant metric for assessment of the financial performance of the Company by users of the financial statements. 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\$ 3.75 million (2021: 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 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 Company, the nature of the operations, the accounting processes and controls and the markets in which the Company operates. By performing audit procedures on AerCap Holdings N.V. and most of its subsidiaries 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.

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.

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, fraud framework, whistleblowing procedures, ethics-related compliance policies, incidents register and its procedures 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:

- obtained an understanding of how the Company uses information technology (IT) and the impact of IT on the financial statements, including the potential for cybersecurity incidents to have a material impact on the financial statements;
- 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 Company;

- evaluated correspondence with supervisory authorities and regulators as well as legal confirmation letters;
- 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:

- trade sanctions and export controls laws and regulations including sanctions in terms of prohibitions regarding the supply of aircraft and aircraft components to Russian entities or for use in Russia following the Ukraine conflict;
- anti-insider trading laws;
- anti-bribery and corruption laws and regulations;

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:

i. Management override of controls (a presumed risk)

Risk:

- Management is by definition 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 as further set out in the section ‘Our key audit matter’ 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 of 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 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 such as: interview with non-financial employees, external news analysis (negative news search), and, testing of a selection of immaterial account balances.

ii. Revenue recognition (a presumed risk)

Risk:

- 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 the Company 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 influence the results of the forecasting exercise to accelerate or defer the recognition of revenue on supplemental rents.

Responses:

- We evaluated the design and the implementation and tested the operating effectiveness of certain internal controls over the revenue recognition in relation to supplemental maintenance rent.
- We also performed substantive audit procedures in relation to supplemental maintenance rent:
 - Performed trend analysis of monthly amounts of revenue on supplemental maintenance rents for prior years, including inquiry with management and assessment 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 accounted and evaluated supporting documentation.
 - Performed specific item testing of revenue on supplemental maintenance rents recognized in 2022 and inspected 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, we have obtained an explanation and inspected relevant supporting documentation.

Further we assessed the presumed fraud risk on revenue recognition related to basic lease rents as irrelevant since it is based on the contracts agreed and not subject to management judgment.

Consequently, we did not identify an incentive nor pressure for the management board members to achieve certain results or specific financial targets and there appears to be limited perceived opportunity to commit a material fraud in this area.

Our evaluation of procedures performed related to fraud risks did not result in an additional key audit matter.

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.

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 going concern risks. To assess the Board of Directors' assessment, we have performed, the following procedures:

- we considered whether Board of Director's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we considered whether the developments of the Ukraine conflict, including thereto related sanctions on the aircraft leasing industry, could indicate the existence of significant going concern risks;
- we analyzed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks;
- we analyzed whether the headroom of the rations 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 agreements being breached;

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

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.

Compared to last year two key audit matters are not included. “Evaluation of the fair value of acquired flight equipment and maintenance right intangible assets” is not included as it specifically relates to the acquisition of GE Capital Aviation Services (GECAS) which occurred in 2021. “Revenue recognition for contracts where collection of rental payments is no longer probable” is not included as it is no longer significantly impacting the financial statements as a result of recovery from the COVID-19 pandemic.

Assessment of impairment of flight equipment held for operating lease

Description

As discussed in Note 7 and 23 to the consolidated financial statements, the Company had US\$ 53.8 billion of flight equipment held for operating lease as of December 31, 2022 (December 31, 2021: US\$ 56.2 billion).

In accordance with RJ 121, when events or changes in circumstances indicate that flight equipment held for operating lease may be impaired, an impairment evaluation is performed. If the sum of the expected discounted future cash flows is less than the carrying amount of the asset group, an impairment loss is recognized for the excess of the carrying value of the asset group over its estimated fair value.

The Company recognized an impairment charge of US\$ 126.4 million for the year ended December 31, 2022 (December 31, 2021: US\$ 1,413.1 million). This impairment amount excludes the charges in relation to the Ukraine conflict – for these amounts refer to the key audit matter “Impact of the consequences of the Ukraine Conflict”.

Significant assumptions included the follow-on lease assumptions, 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 impairment charge recognized on flight equipment held for operating leases.

Due to the significance of the flight equipment held for operating lease, the related risk of error and the significance of the estimation uncertainty, we consider the assessment of impairment of flight equipment held for operating lease as a key audit matter.

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 retrospective review and development of the significant assumptions.

Furthermore, we have performed substantive procedures which included the following:

- We have reviewed managements impairment assessment and performed the following procedures:
 - We evaluated the reasonableness of the follow-on lease assumptions 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 third party appraiser values and expected sale prices.

- We compared maintenance cash flows forecasts determined by management based on original equipment manufacturer and other market data and assessed the reasonableness of aircraft utilization against historical actual usage rates.
- We also involved valuation professionals with specialized skills and knowledge who assisted in evaluating 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 impairment assessment of flight equipment held for operating lease and resulting impairment charge to be reasonable. Furthermore, we considered the disclosures related to impairment of flight equipment held for operating lease in the notes to the financial statement to be adequate.

Impact of the consequences of the Ukraine Conflict

Description

As disclosed in note 5 and note 29 to the consolidated financial statements, the Company has been significantly impacted by the consequences of Russia's invasion into Ukraine that started in February 2022 ("Ukraine Conflict").

In response to the Ukraine Conflict, the United States, the European Union, the United Kingdom and other countries have imposed broad, far-reaching sanctions. These sanctions include prohibitions regarding the supply of aircraft and aircraft components to Russian persons or for use in Russia. These sanctions resulted in the termination of the leasing of all flight equipment by the Company with Russian airlines prior to 28 March 2022, also leading to reduced revenues and operating cash flows (from Russian airlines) in the year 2022.

Following this conflict, the Company lost control over a number of owned aircraft and engines leased to the Russian and Ukrainian airlines. For these assets that remain in Russia and Ukraine and for which repossession is unlikely, the Company recorded a total loss write off by derecognizing the assets. For the assets that were recovered from the Russian and Ukrainian airlines and remained under the Company's control, the Company recorded an impairment loss. The impairments recognized with respect to assets recovered from Russian and Ukrainian airlines were based on the expected commercial strategy and corresponding cash flow estimates for each asset.

The Company has determined that the Ukraine conflict represents an exceptional item to its earnings, and classified the related financial impact separately as part of the operating expenses in the consolidated income statement based on the provisions of article 377 of Part 9 of Book 2 of the Dutch Civil Code.

A total pre-tax charge of US\$2.4 billion has been recognized in consolidated income statement that comprised of the write-offs and impairments of flight equipment and lease related assets (including maintenance rights and lease premium intangible assets), which were partially offset by the derecognition of lease-related liabilities (including maintenance liabilities and security deposits), subsequent recovery of a small number of assets and the collection of letter of credit proceeds.

During the year 2022, the Company initiated legal proceedings in respect of an insurance claim for approximately \$3.5 billion under its own contingent and possessed insurance policy (the “C&P Policy”) for the loss of aircraft and engines which had been on lease to Russian airlines at the time of the Russian invasion of Ukraine and have not been recovered by the Company. During the year 2022, the Company also submitted insurance claims under the Russian airlines’ insurance and reinsurance policies for the same aircraft and engines. As the Company assessed the collection, timing and amount of any potential recoveries under its C&P Policy and under the Russian airlines’ policies to be uncertain, no claim receivables have been recognized as of December 31, 2022 and the claims are disclosed as a contingent asset (as the measurement hurdle of virtually certain has not been met in the 2022 financial year).

Furthermore, during the year 2022, the Company submitted an insurance claim under a Ukrainian airline’s insurance and reinsurance policies for the loss of one of two aircraft which remain in Ukraine. In January 2023, the company submitted an insurance claim under the C&P Policy for the same aircraft and also submitted an insurance claim under the C&P policy for the second aircraft which remains in Ukraine. The value of the two claims under the C&P Policy for the two aircraft which remain in Ukraine is approximately US\$100 million. As the Company assessed the collection, timing and amount of any potential recoveries in respect of such insurance claim to be uncertain, no claim receivable has been recognized as of December 31, 2022 and the claim is disclosed as a contingent asset (as the measurement hurdle of virtually certain has not been met in the 2022 financial year).

Due to the pervasiveness, the significance of the net charges related to Ukraine Conflict and the separate classification of this conflict in the financial statements we consider the impact of the consequences of the Ukraine Conflict as a key audit matter.

Our response

We have confirmed the accuracy and completeness of the net charges related to the Ukraine Conflict recognized in the consolidated income statement for the year ended December 31, 2022 by performing the following substantive procedures:

- We assessed whether the Company’s accounting policies related to the recognition and presentation of the charges related to Ukraine Conflict are compliant with the relevant accounting standards.
- We inspected the Company’s correspondence with the insurance companies of the claims and assessed the reasonability of management’s recoverability assessment and accounting treatment of the claim.
- We have ensured that relevant lease agreements were terminated in line with the sanctions imposed. We have also:
 - reviewed client lease revenue calculation and check that lease revenue recognition with respect of terminated leases with Russia airlines has been ceased.
 - reviewed operating and finance lease receivables and check if there are any significant outstanding balances with Russia airlines that have not been repaid or written off.
- We performed procedures on the accuracy and completeness that comprise the amount in the “net charges related to Ukraine conflict”, including write-offs, impairment loss of flight, and letter of credit receipts.
- We have reviewed the insurance claim submitted in January 2023 to ensure the accuracy of the subsequent event recorded in the financial statements.

- We have also assessed the adequacy and tested the disclosure related to net charges from the Ukraine Conflict in note 5 and the disclosure related to the insurance claims in note 29 to the financial statements.

Our observation

Based on the procedures performed we concur with the accounting treatment and presentation of the net charges for the Ukraine conflict. Furthermore, we consider the related disclosures in note 5 and 29 to be 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 Report of the Board of Directors 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 Company as its auditor on 30 November 2021 for the year 2021 and we were re-engaged by the General Meeting as auditor of the Company on 12 May 2022 for the year 2022.

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 with 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 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 appendix of this auditor's report. This description forms part of our auditor's report.

Amstelveen, 9 March 2023

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 Company'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 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 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, 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.