



Rating Action: Moody's Ratings upgrades three ratings on notes from Bauhinia ILBS 1 Limited

22 Dec 2025

Hong Kong, December 22, 2025 -- Moody's Ratings (Moody's) has today upgraded the ratings on three classes of notes issued by Bauhinia ILBS 1 Limited.

The affected ratings are as follows:

Issuer: Bauhinia ILBS 1 Limited

....US\$36,500,000 Class B Senior Secured Floating Rate Notes Due 19 October 2044, Upgraded to Aaa (sf); previously on May 30, 2023 Definitive Rating Assigned Aa1 (sf)

....US\$18,250,000 Class C Senior Secured Floating Rate Notes Due 19 October 2044, Upgraded to Aa3 (sf); previously on Apr 15, 2024 Upgraded to A1 (sf)

....US\$10,000,000 Class D Senior Secured Floating Rate Notes Due 19 October 2044, Upgraded to A2 (sf); previously on Mar 3, 2025 Upgraded to Baa1 (sf)

A comprehensive review of all credit ratings for the respective transaction(s) has been conducted during a rating committee.

This transaction is a project finance and corporate infrastructure collateralized loan obligation (CLO) cash flow securitization. As of end-September 2025, the portfolio comprised US\$264.7 million in bank-syndicated senior secured project finance and corporate infrastructure loans to 19 projects across Asia-Pacific, the Middle East, and South America.

RATINGS RATIONALE

The upgrades were prompted by an increase in the credit enhancement available to the notes, as well as the credit quality and performance of the collateral to date.

No actions were taken on the remaining rated classes in the deal, as credit enhancement remains commensurate with the current rating for those classes.

Following the October 2025 payment date, credit enhancement available for the Class B Notes has increased to 25.9% from 17.0% at closing. Credit enhancement available for the Class C Notes has increased to 19.1% from 12.9% at the time of the last rating action in April 2024. Credit enhancement available for the Class D Notes has increased to 15.3% from 11.2% at the time of the last rating action in March 2025.

The credit quality of the outstanding portfolio has improved following the repayment of lower-quality loans and an improvement in the quality of some of the remaining loans. Based on the portfolio as of end-September 2025, the current weighted average rating factor (WARF) of the portfolio, after applying the credit estimate notching adjustments, is 638, and without adjustments is 571. At the last rating action in March 2025, the WARF with notching adjustments was 954, and without adjustments was 820. All loans are performing, and there have been no defaults.

We use a loan-by-loan Monte Carlo simulation framework in Moody's CDOROM™ to model the portfolio loss distribution for this CLO.

The key model inputs we use in our analysis, such as par, rating factor, and the recovery rate assumptions, are based on our published methodology and could differ from the trustee's reported numbers. In our base case, the underlying loan portfolio has a performing par of US\$264.7 million, a WARF of 638 after applying the credit estimate notching adjustments over a weighted average life of 5.3 years and a weighted average recovery rate upon default of 66% (inclusive of external credit support for covered loans).

The principal methodology used in these ratings was "Project Finance and Infrastructure Asset CLOs" published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425583>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

This transaction is subject to the performance of the underlying portfolio and the credit quality of the external credit support providers and counterparties of the participation agreements, which in turn is subject to a high level of macroeconomic uncertainty. The CLO manager's investment decisions and management of the transaction will also affect the performance of the rated securities.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

In rating this transaction, Moody's CDOROM™ is used to model the expected loss for each tranche. Moody's CDOROM™ is a Monte Carlo simulation tool which takes each underlying asset default probability as input. Each underlying asset default behavior is then modeled individually with a standard multi-factor model incorporating both intra- and inter-industry correlation. The correlation structure is based on a Gaussian copula. Each Monte Carlo scenario simulates defaults and if applicable, recovery rates, to derive losses on a portfolio. For a synthetic transaction, the model then allocates losses to the tranches in reverse order of priority to derive the loss on the tranches. By repeating this process and averaging over the number of simulations, Moody's can derive the expected loss on the tranches. For a cash transaction, the portfolio loss, or default, distribution produced by Moody's CDOROM™ may be input into a separate cash flow model in accordance with its priority of payment to determine each tranche's expected loss.

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Kan Leung, CFA
VP - Senior Credit Officer

Marie Lam
Associate Managing Director

Releasing Office:
Moody's Investors Service Hong Kong Ltd.
24/F One Pacific Place
88 Queensway
Hong Kong,
China (Hong Kong S.A.R.)
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

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