MOODY'S
RATINGS

Rating Action: Moody's Ratings upgrades rating on Class D Notes issued by Bauhinia ILBS 1 Limited

03 Mar 2025

Hong Kong, March 03, 2025 -- Moody's Ratings (Moody's) has today upgraded the rating on the Class D Notes issued by Bauhinia ILBS 1 Limited (the Issuer).

The affected rating is as follows:

Issuer: Bauhinia ILBS 1 Limited

....US$10,000,000 Class D Senior Secured Floating Rate Notes Due 19 October 2044, Upgraded to Baa1 (sf); previously on Apr 15, 2024 Upgraded to Baa2 (sf)

A comprehensive review of all credit ratings for the transaction 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-December 2024, the notes are collateralized by US$360.1 million of assets, encompassing cash and a portfolio of bank-syndicated senior secured project finance and corporate infrastructure loans to 23 projects in Asia-Pacific, the Middle East, and South America.

RATINGS RATIONALE

The rating upgrade on the Class D Notes is 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.

The credit enhancement available to the Class D Notes has increased to 11.2% from 10.4% at last rating action in April 2024.

The credit quality of the portfolio has remained stable. Based on the portfolio as of end-December 2024, and taking into account the acquisition of two loans, one in

January 2025 and one in February 2025, the current weighted average rating factor (WARF) of the portfolio, after applying the credit estimate notching adjustments, is 954, and without adjustments is 820. At the last rating action, the WARF with notching adjustments was 936, and without adjustments was 793. All loans are performing, and there have been no defaults.

The assets comprised of project and infrastructure loans, an undrawn commitment amount, and cash currently held which will be distributed on the next payment date in April 2025. The cash is from principal and interest payments from the project and infrastructure loans since the last payment date in October 2024.

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, we analyzed the underlying loan portfolio as having a performing par of US347.2 million, a WARF of 954 after applying the credit estimate notching adjustments over a weighted average life of 4.8 years and a weighted average recovery rate upon default of 64% (inclusive of external credit support for covered loans).

Methodology Underlying the Rating Action:

The principal methodology used in this rating 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 rating:

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.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

For ratings issued on a program, series, category/class of debt or security, certain regulatory disclosures applicable to each rating of a subsequently issued bond or note of the same series, category/class of debt, or security, or pursuant to a program for which the ratings are derived exclusively from existing ratings, in accordance with Moody's rating practices, can be found in the most recent Credit Rating Announcement related to the same class of Credit Rating.

For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

This rating is solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website https://ratings.moodys.com.

Moody's considers a rated entity or its agent(s) to be participating when it maintains an overall relationship with Moody's. Unless noted in the Regulatory Disclosures as a Non-Participating Entity, the rated entity is participating and the rated entity or its agent(s) generally provides Moody's with information for the purposes of its ratings process. Please refer to https://ratings.moodys.com for the Regulatory Disclosures for each credit rating action, shown on the issuer/deal page, and for Moody's Policy for Designating Non-Participating Rated Entities, shown on https://ratings.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The Global Scale Credit Rating(s) discussed in this Credit Rating Announcement was(were) issued by one of Moody's affiliates outside the EU and UK and is(are) endorsed for use in the EU and UK in accordance with the EU and UK CRA Regulation.

Please see https://ratings.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the issuer/deal page on https://ratings.moodys.com for additional regulatory disclosures for each credit rating.

The first name below is the lead rating analyst for this Credit Rating and the last name below is the person primarily responsible for approving this Credit Rating.

Where the credit rating announcement include multiple issuers and different lead rating analyst and/or different persons primarily responsible for approving such ratings, their name and title information can be found in the body of the announcement or in the associated From-To-List (FTL) linked above, if applicable.

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