Moody's assigns definitive rating to COSCO Finance (2011) Limited's bonds

Monday 3 December, 2012

Moody's Investors Service has assigned a definitive A1 rating to the US$1,000,000,000 4.00% Credit Enhanced Bonds due 2022 issued by COSCO Finance (2011) Limited.

The bonds are supported by an unconditional and irrevocable standby letter of credit from the Bank of China Limited (BOC, A1 stable), acting through its Beijing Branch.

Issuer: COSCO Finance (2011) Limited

.... US$1,000,000,000 4.00% Credit Enhanced Bonds due 2022, assigned A1

The rating of the bonds addresses the expected loss posed to investors by the legal final maturity.

Moody's rating addresses only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

RATINGS RATIONALE

The A1 rating of the bonds is the same as BOC's senior unsecured debt rating as the bonds are fully supported by an unconditional and irrevocable standby letter of credit provided by BOC through its Beijing Branch.

The standby letter of credit is an unconditional, unsecured and unsubordinated obligation of BOC. BOC's payment obligations under the standby letter of credit will at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations.

The issuer of the bonds is a special purpose vehicle established in the British Virgin Islands, and is wholly owned by China COSCO Holdings Company Limited.

BOC is headquartered in Beijing. As of 30 September, 2012, BOC's assets totaled RMB12.7 trillion.

RATING METHODOLOGY

Moody's analysis of the transaction is based primarily on the unsecured and unsubordinated obligations of BOC to support the payment of the bonds through the standby letter of credit. As such, the rating of the bonds is directly linked to the senior unsecured debt rating of BOC. Accordingly, any change in such rating of BOC could cause a corresponding change to the rating of the bonds.

Other factors used in this rating are described in "Moody's Identifies Core Principles of Guarantees for Credit Substitution" published in November 2010 and "Letter of Credit Supported Transactions" published in August 2005.

REGULATORY DISCLOSURES

The Global Scale Credit Ratings on this press release that are issued by one of Moody's affiliates outside the EU are endorsed by Moody's Investors Service Ltd., One Canada Square, Canary Wharf, London E 14 5FA, UK, in accordance with Art.4 paragraph 3 of the Regulation (EC) No 1060/2009 on Credit Rating Agencies. Further information on the EU endorsement status and on the Moody's office that has issued a particular Credit Rating is available on www.moodys.com.

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structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

The rating has been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

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

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