MOODY'S INVESTORS SERVICE

CREDIT OPINION
1 July 2022

New Issue

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NOW Trust 2022-1

New Issue – NOW Finance's third personal loan ABS transaction

Capital structure

Exhibit 1
Definitive ratings

Classes	Rating	Amount (AUD)	% of notes	Legal final maturity	Coupon**	Credit enhancement*
A	Aaa (sf)	150,800,000.00	75.40%	June 2030	1mBBSW + 1.65%	24.60%
B	Aa2 (sf)	14,200,000.00	7.10%	June 2030	1mBBSW + 2.40%	17.50%
C	A2 (sf)	10,200,000.00	5.10%	June 2030	1mBBSW + 2.70%	12.40%
D	Baa2 (sf)	5,000,000.00	2.50%	June 2030	1mBBSW + 3.05%	9.90%
E	Ba2 (sf)	10,000,000.00	5.00%	June 2030	1mBBSW + 5.00%	4.90%
F	B2 (sf)	3,600,000.00	1.80%	June 2030	1mBBSW + 7.00%	3.10%
G	NR	6,200,000.00	3.10%	June 2030	Undisclosed	0.00%
Total		**200,000,000.00**	**100.00%**			

*Does not include any benefit attributable to excess spread.
**In the case of the Class A, B, C, D, E and F notes, the coupon margin increases by 0.25% from the call option date.
Sources: NFG, transaction documents and Moody's Investors Service

Summary

NOW Trust 2022-1 is an Australian asset-backed security (ABS) transaction. It is a cash securitisation of secured and unsecured personal loans extended to obligors located in Australia. It is a static structure. All receivables were originated by Now Finance Group Pty Ltd (NFG, unrated).

NFG is a private company, operating as a non-bank lender in the Australian personal loan market under its registered trademark NOW FINANCE. NFG began originating personal loans in 2013 and has settled in excess of AUD1.0 billion of new loans to approximately 43,000 customers and has a loan book size of approximately AUD450 million as at 1 June 2022. NFG distributes its personal loan products nationally via finance brokers, through its direct-to-customer channel and through partnerships.

NOW Trust 2022-1 is NFG's third term ABS transaction.

Credit strengths

» ***Excess spread:*** The trust's expense and income structure allows for the generation of a substantial amount of excess spread that will be available to cover losses resulting from defaulted receivables. (See "Securitisation structure description")

» ***Obligor diversification:*** The transaction is not exposed to high or unusual single obligor defaults, with the largest single obligor concentration limited to 0.05% of the aggregate portfolio balance. (See "Asset description")

Credit challenges

» ***Limited historical data:*** NFG began originating personal loans in 2013, with significant origination growth beginning in 2017. NFG's portfolio performance history does not cover a period of significant economic stress. The static loss data used for our extrapolation analysis reflects NFG's short origination history. To address this limited data, we have overlaid additional stresses into our default assumptions to account for the limited data. (See details in "Asset analysis")

» ***Over-hedging or under-hedging risk:*** The notional amount in the swap agreement is based on the scheduled repayment profile of the notes, assuming a prepayment rate of 20% plus expected defaults on the underlying receivables. The notional amount under the swap agreement may exceed or fall below the outstanding balance of the notes in the event that prepayments or expected losses deviate assumption basis which the swap schedule is established. Such deviations will expose the transaction to being under-hedged or over-hedged, depending on interest rates at that time. (See "Securitisation structure description" and "Securitisation structure analysis")

» ***Pro rata amortisation/performance triggers:*** The pro rata amortisation of all notes (other than Class G notes) if certain pro-rata criteria are met. This will lead to reduced credit enhancement of the senior notes in absolute terms and exposes the senior notes to the risk of loss in the tail-end of the transaction, particularly should the timing of defaults prove to be backloaded. (See "Securitisation structure description" and "Securitisation structure analysis")

ESG considerations

We consider overall environmental, social and governance (ESG) risks to be low for securitisations backed by consumer loans. Our credit analysis of the transaction, which considers ESG risks, includes the social and demographic trends that affect the obligors in ABS backed by consumer loans, and the very low exposure to severe weather events or other environmental factors. The geographic and industry diversification of consumer loan portfolios mitigates overall environmental risk. In addition, governance risk is largely mitigated by the structure of the transaction and our consideration of the transaction parties. Please refer to our Cross-Sector Rating Methodology: General Principles for Assessing Environmental, Social and Governance Risks, 19 October 2021, which explains our general principles for assessing ESG risks in our credit analysis globally.

» ***Environmental:*** The transaction has low sector-wide exposure to meaningful environmental risks, with potential consequences not likely to be material to the credit quality of the bonds. (See Additional asset analysis—ESG-Environmental considerations)

» ***Social:*** The social risk for this transaction is low. Aside from the coronavirus effects, social risk is generally low in ABS secured by personal loan ABS. Furthermore, the geographical diversity of the obligors in this pool is sufficient to mitigate the risk of any one region or industry downturn. (See Additional asset analysis—ESG-Social considerations)

» ***Governance:*** Governance risks for this transaction are low based on the presence of transaction features such as risk retention, agreed upon procedures (AUPs) report, and presence of R&W. (See Additional structural analysis—ESG-Governance considerations)

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on https://ratings.moodys.com for the most updated credit rating action information and rating history.

Key characteristics

Exhibit 2

Asset characteristics

Receivables (pool as of 23 June 2022)	
Receivables:	Australian unsecured and secured personal loans
Total securitized portfolio amount (AUD):	199,991,855
Length of revolving period:	N/A
Number of contracts:	8,161
Average contract balance (AUD):	24,506
Maximum contract balance (AUD):	98,103
Loan concentration:	Top 1: 0.05% Top 10: 0.47% Top 20: 0.88%
Weighted average remaining term:	67.0 months
Maximum remaining term:	82.2 months
Weighted average seasoning:	8.5 months
Weighted average original term:	75.5 months
Weighted average borrower interest rate:	11.9%
Interest basis:	100% fixed rate
Delinquency status:	No loans in arrears greater than 30 days as of pool cut-off date

Historical portfolio performance data	
Delinquencies observed:	30 days past due delinquencies on NOW Finance's portfolio have historically been in the range of 0.8%-3.7% since the beginning of 2015 and were 1.1% as at April 2022
Mean default rate observed (extrapolated):	5.53%
Mean default rate assumed (stressed):	7.00%
Recovery rate observed:	13.50%
Recovery rate assumed (stressed):	10.00%
Portfolio credit enhancement:	31.00%

Transaction parties	
Seller:	NF Finco 2 Pty Ltd
Disposing Trustee:	WCF Warehouse Trust 2018-1
Originator:	NFG
Servicer:	NFG
Backup servicer:	AMAL

Sources: NFG and Moody's Investors Service

Exhibit 3

Securitisation structure characteristics

Credit enhancement, liquidity and hedging	
Credit enhancement:	» Excess spread » Subordination of the notes » Amortisation ledger
Form of liquidity:	» Principal draw » Liquidity facility of 1.5% of the balance of the notes, subject to a floor of AUD500,000
Number of interest payments covered by liquidity facility:	» Sufficient to cover just over 4 months of interest payments
Notes interest payments:	» Monthly in arrears on each payment date
Notes principal payments:	» Pass-through on each payment date
Notes payment dates:	» The 14th of each month » First payment date: 15 August 2022
Call option date:	» The payment date after the collection period in which the aggregate principal balance of all notes is less than 20% of the aggregate initial principal balance of all notes, and each payment date
Hedging arrangements:	» Interest rate swap, with the notional amount based on the repayment profile of the notes, assuming a prepayment rate of 20% on the underlying receivables plus expected defaults

Transaction Parties	
Issuer/trustee:	Perpetual Corporate Trust Limited as trustee of NOW Trust 2022-1
Trust manager:	NFG
Security trustee:	P.T. Limited
Collection account bank:	National Australia Bank Limited (NAB, Aa3/P-1/Aa2(cr)/P-1(cr))
Interest rate swap counterparty:	NAB
Basis swap counterparty:	N/A
Currency swap counterparty:	N/A
Liquidity facility provider:	NAB
Lead manager:	NAB

Sources: NFG and Moody's Investors Service

Asset description

The portfolio consists of Australian personal loans originated by NFG. We based our asset analysis on factors including historical performance data, pool characteristics, and originator and servicer quality.

Assets at definitive rating (pool as of 23 June 2022)

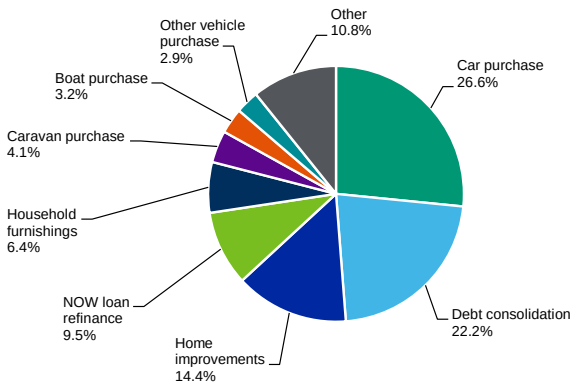
We assessed the collateral pool as of the pool cut-off date.

The weighted average remaining term of the portfolio is 67.0 months. The weighted average seasoning of the initial portfolio is 8.5 months.

All loans are fully amortising. The receivables are either unsecured or secured. The weighted average interest rate (including fees) of the portfolio is 11.86%, with interest rates up to a maximum of 17.95%. The number of receivables is 8,161. The portfolio is very granular, with the 10-largest obligors accounting for 0.5% of the total portfolio balance. The obligors are also geographically well diversified across Australia, although there is some overexposure to Western Australia and Queensland. Of the borrowers, 70.7% have a Equifax apply CCR Score of 622 or above.

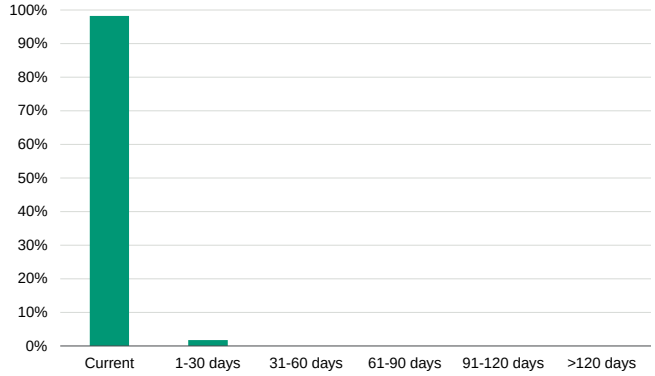
Exhibits 4-11 summarise the pool characteristics.

Exhibit 4
Primary loan purpose distribution



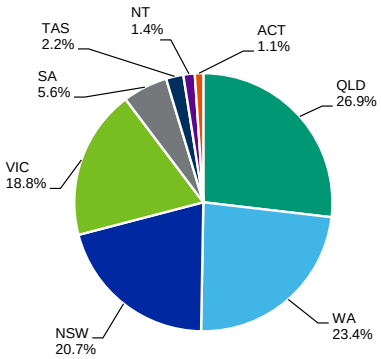
Sources: NFG and Moody's Investors Service

Exhibit 5
Arrears distribution



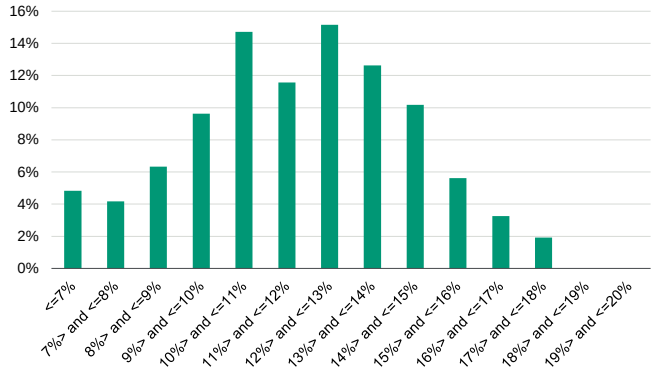
Sources: NFG and Moody's Investors Service

Exhibit 6
Geographical distribution



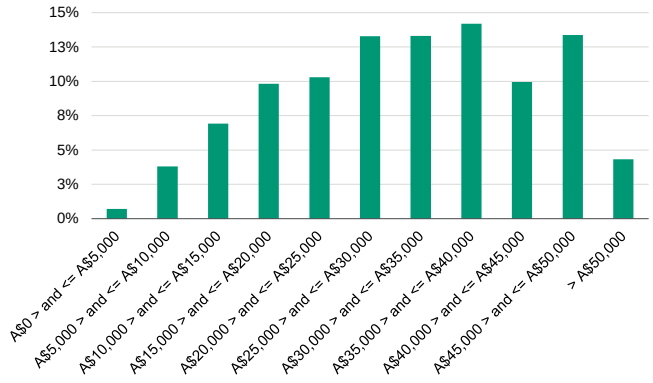
Sources: NFG and Moody's Investors Service

Exhibit 7
Interest rate distribution



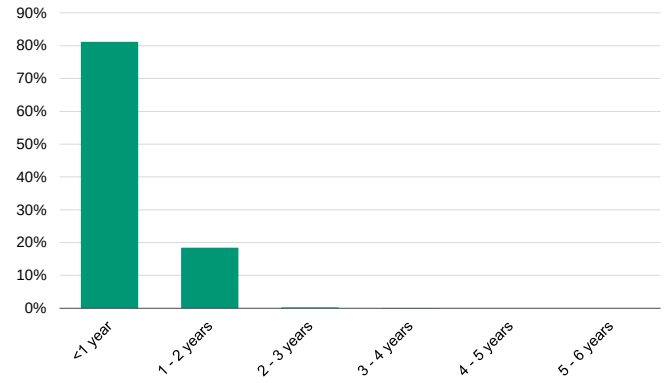
Sources: NFG and Moody's Investors Service

Exhibit 8
Outstanding principal balance distribution



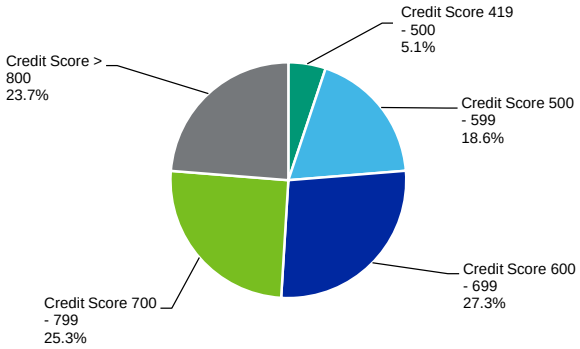
Sources: NFG and Moody's Investors Service

Exhibit 9
Seasoning distribution (in years)



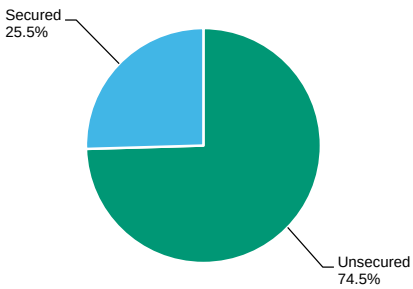
Sources: NFG and Moody's Investors Service

Exhibit 10
Equifax apply CCR Score



Sources: NFG,

Exhibit 11
Secured versus unsecured



Sources: NFG and Moody's Investors Service

Eligibility criteria

At closing, all receivables must comply with, among others, the following eligibility criteria:

- The receivable is governed by laws of an Australian state or territory.
- The receivable is denominated and payable only in Australian dollars.
- The receivable has an obligor that is an Australian citizen or a permanent resident.
- At the time the receivable was entered into, the receivable and the related documents complied in all material respects with all applicable laws, including consumer credit laws.
- As of the cutoff date, the receivable is not in arrears by more than 30 days.
- The receivable is legal, valid, binding and enforceable in accordance with its term against the relevant obligor, subject to equitable principles and laws relating to insolvency and creditors' rights generally.
- The receivable is not subject to any material litigation or claim that has a significant risk of being adversely determined.
- If the receivable is a loan secured by a related security that is a security interest for the purposes of the PPSA, such security interest has been perfected by registration on the PPS Register.
- The receivable requires the obligor to make payments by direct debit, which will amortise the principal balance to zero.

- No payments in respect of the receivable have been rescheduled to avoid breach of the contract by the obligor other than in accordance with the Credit Procedures and Servicing Guidelines.
- As at the cutoff date, the receivable has a remaining term that does not exceed 84 months.
- At the time the receivable was originated, the obligor in respect of that receivable had an Equifax apply CCR Score of at least 419.
- Outstanding principal balance of the receivable is not more than AUD50,000 and not more than AUD100,000 for unsecured receivable and secured receivable, respectively.
- Immediately following the assignment of the receivable to the trustee, the receivable will not be subject to any right of rescission, set-off, counterclaim or similar defence.
- At the time the receivable was originated, the originator did not receive any notice of the insolvency or bankruptcy of the obligor in respect of the receivable.
- In respect of a receivable that is secured over assets: subject to the applicable laws and consumer codes, it obliges the obligor to make payments even if the asset is damaged or has defects; it requires the obligor to keep the assets in good repair at its own expense; and it requires the obligor to insure the assets for the full insurable value, provided that this criterion only applies where a commercially reasonable insurance policy is reasonably available.

Originator

Now Finance Group Pty Ltd ("NFG") is a private company, wholly owned by Now Finance Group Holdings Limited.

NFG is a non-bank lender in the Australian personal loan market operating under its registered trademark NOW FINANCE.

NFG began originating personal loans in 2013 and has settled in excess of AUD1.0 billion of new loans to approximately 43,000 customers and has a loan book size of approximately AUD450 million as at 1 June 2022. NFG distributes its personal loan products nationally via finance brokers, through its direct-to-customer channel and through partnerships.

NFG's operations are headquartered in Melbourne and it has business development managers ("BDMs") in Sydney, Brisbane and Perth. NFG currently employs 100 staff across the 4 locations.

This transaction is NFG's third term ABS transaction. NFG also has securitisation experience through its current warehouse arrangements.

Exhibit 12

Originator background

NFG	
Date of operations review:	Mar-22
Rating:	Unrated
Ownership structure:	Now Finance Group Pty Ltd ("NFG") is a private company, wholly owned by Now Finance Group Holdings Limited.
Loan book size:	AUD450 million, as at 1 June 2022
% of total book securitized:	Close to all receivables are securitized by the business
Transaction as % of total assets:	44.5%
% of transaction retained:	3.1%

Sources: NFG and Moody's Investors Service

Servicer

The originator, NFG, is also the servicer. There is a warm backup servicing plan in place with AMAL. Upon the termination of the servicer, AMAL takes over the servicing role in accordance with the backup servicing plan and the standby servicing deed.

Exhibit 13

Servicer background: NFG

NFG	
Rating:	Unrated
Total number of receivables serviced:	AUD430 million, as at 1 June 2022
Number of staff:	Total Staff: 100; collections staff: 13
Servicer assessment:	Experienced servicer of consumer receivables
Strength of back-up servicer arrangement:	A warm standby servicing arrangement is in place
Back-up servicer and its rating:	AMAL, unrated

Sources: NFG and Moody's Investors Service

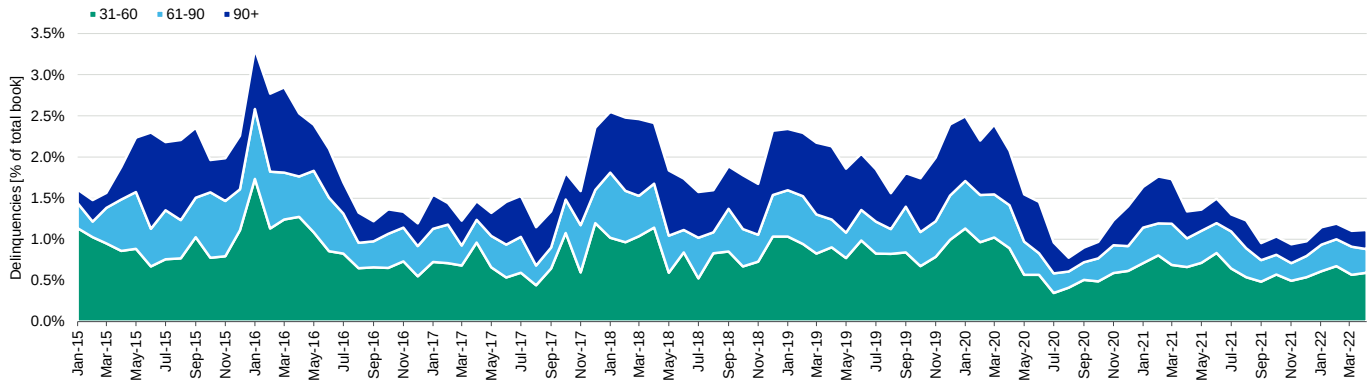
Historical performance data

We were provided with loan-by-loan historical data for each receivable originated by NFG. The data comprises 42,520 individual contracts. The static default and loss data dates back to 2013. We were also provided with a data tape detailing the securitised pool on a loan-by-loan basis.

30 days past due delinquencies on NFG's portfolio have ranged between 0.8% and 3.7% since 2015. As of April 2022, the 30+ day arrears on NFG's portfolio was 1.1%.

Exhibit 14

NFG portfolio arrears performance



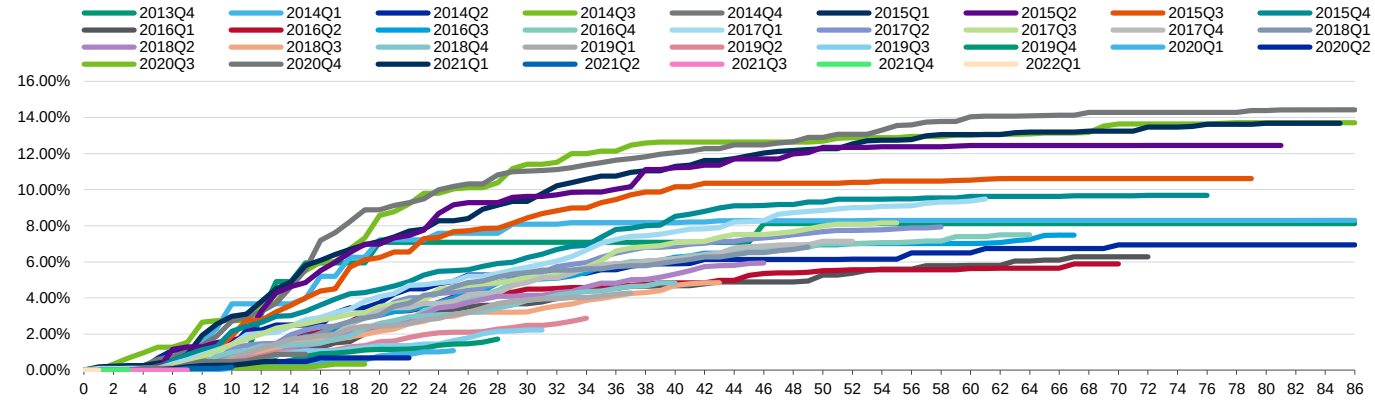
Source: NFG

The below charts show the historical gross and net loss performance for NFG's total portfolio since Q4 2013. Our analysis was based on vintages Q1 2016 to Q3 2020, we have excluded other vintages either on account of insufficient observations (no or low actual losses for these vintages as yet) or on account of being less representative because due to obligor demographics.

NFG introduced rate-for-risk in early 2016. The introduction of rate for risk saw continued improvement in the average credit score of borrowers and static losses from 2016 onwards demonstrate an improvement in performance, albeit the more recent, better performing origination vintages have not yet fully completed their life cycles and additional losses can be expected before their maturity.

Exhibit 15

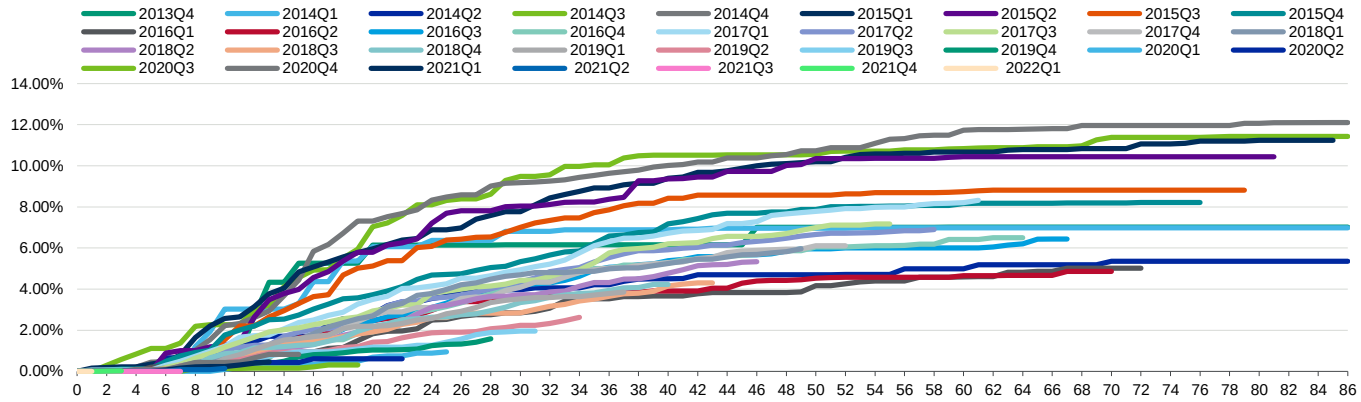
Historical NFG program's gross loss performance



Sources: NFG and Moody's Investors Service

Exhibit 16

Historical NFG program's net loss performance



Sources: NFG and Moody's Investors Service

Static pool

NOW Trust 2022-1 is a static structure. There can be no substitution of the assets after the closing date.

Asset analysis

We based our asset analysis on factors including historical performance data, pool characteristics, and originator and servicer quality.

Primary asset analysis

Default distribution

The first step in the rating analysis is to define a default distribution for the pool of loans to be securitised. Because of the large number of loans, we use a continuous distribution to approximate the default distribution, the lognormal distribution.

Two main parameters determine the shape of the default distribution: the mean default and the portfolio credit enhancement (PCE).The mean default captures our expectations of performance considering the current economic outlook, while the PCE captures the loss we expect the portfolio to suffer in the event of a severe recession. We generally derive these parameters from historical data. We may make adjustments based on further analytical elements, such as performance trends, differences in the portfolio composition or changes in servicing practices, among others.

Determination of default rate and coefficient of variation of default assumption

Our base case assumption are a mean default rate assumption of 7.00% and PCE assumption of 31.00%.

We have estimated these two parameters on the basis of historical default data provided to us, including the performance of comparable receivables in the market, as well as qualitative analysis, focusing on portfolio characteristics and the current economic environment in Australia. Given the limited historical data available for NFG, we have overlaid additional stresses into our default assumptions to account for the limited data.

The assumed mean default rate of 7.00% is adjusted compared with the extrapolated mean default rate of of 5.53%. The difference between the actual and assumed default rate is in part explained by the addition of several stressed curves (for example, average default rate multiplied by three) to address the limited historical loss data on NFG's portfolio.

Derivation of recovery rate assumption

Recoveries were modeled using a fixed recovery assumption of 10.0%. This compares with a historical recovery rate of 13.5% for the aggregate portfolio.

Key modeling assumptions

Exhibit 17 describes our key modeling assumptions.

Exhibit 17

Key modeling assumptions

NOW Trust 2022-1	
Default distribution:	Lognormal
Mean default:	7.00% (actual extrapolated = 5.53%)
Default definition:	4 months
Portfolio credit enhancement:	31.0%
Timing of default curve:	Sine curve: 4-16-49
Recovery:	10.0%
Recovery lags:	50% in period 3, 50% in period 6
Residual value inputs:	N/A
Conditional prepayment rate (CPR):	20.0%
Amortisation profile:	Vector, according to the scheduled amortisation of the assets
Fees:	1.00% (stressed), with a floor of AUD 50,000

Source: Moody's Investors Service

Comparables

Prior transactions

We have compared the NOW Trust 2022-1 transaction with NOW Trust 2021-1, Wisr Freedom Trust 2022-1 and Latitude Australia Personal Loans Series 2021-1 Trust transactions, given the similarities between these transactions in terms of obligors, contract types and asset types. In these transactions, the borrowers are individuals, and the assets are unsecured and secured personal loans.

For detailed pool and structural comparisons, refer to Appendix 1.

Additional asset analysis

Recovery rate assumption and debt sales

Of all new personal loans, 25.5% are secured and the remainder are on an unsecured basis. NFG will typically sell receivables at around 120 days past due, with funds transferred to the special-purpose vehicle as recoveries and write-offs at 180 days. All eligible charged off loans are sold to a member of NFG's panel of debt buyers.

Through a combination of recoveries and debt sales, NFG has achieved a historical recovery rate of 13.6%. For NOW Trust 2022-1, the servicer will continue with debt sales, with the proceeds of these sales flowing through to the trust as recoveries.

ESG - Environmental considerations

The environmental risk for consumer loan ABS is low. Most consumer portfolios can withstand severe weather events such as hurricanes and tornadoes because the obligors are spread over a large geographical footprint, resulting in very low exposure to any one severe weather event.

ESG - Social considerations

Social risks for this transaction are low. Aside from the coronavirus effects, social risk is generall low in consumer ABS transactions. The geographical and demographical borrower diversification of the pool should mitigate the risk of any one region's or industry's economic decline.

Securitisation structure description

NOW Trust 2022-1 is a bankruptcy-remote trust established in accordance with the master trust deed entered into by the trustee and the manager. The deed provides for the creation of a series of separate and distinct trusts, whose terms and conditions are governed by their respective transaction documents. The assets of each trust are segregated from the assets of any other trust and can only be available to meet the liabilities incurred by the trustee in respect of that trust.

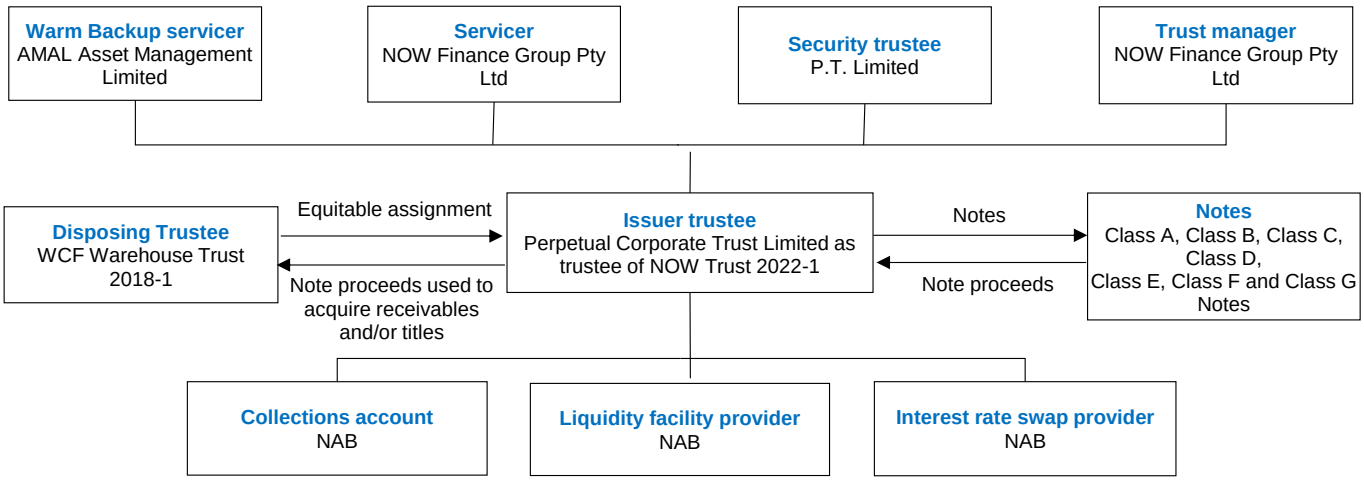
This transaction is a cash securitisation of personal loans extended to obligors located in Australia. The receivables are typically unsecured, although a portion is secured (primarily by motor vehicles). As part of our rating analysis, we modeled the bond structure and the cash flow waterfall to assess the amount of credit enhancement supporting each class of rated securities. We also analysed the priority of payments, bankruptcy remoteness, true sale and other structural issues.

The trust has issued seven classes of notes to purchase the portfolio. Principal collections will be at first distributed sequentially. If the pro rata paydown test (as described below) is satisfied, all rated notes may be able to participate in proportional principal collections distribution.

Structural diagram

Exhibit 18 is a structural diagram illustrating the relationships between the transaction parties and noteholders.

Exhibit 18
Structural diagram



Sources: Transaction documents and Moody's Investors Service

Detailed description of the structure

Key structural features of the transaction are detailed below. For detailed structural comparisons, refer to Appendix 1.

Credit enhancement

The Class A, B, C, D, E and F notes are supported by 24.6%, 17.5%, 12.4%, 9.9%, 4.9% and 3.1% subordination, respectively. Any excess spread, to the extent available, also provides credit enhancement.

Allocation of payments

Interest waterfall

On each monthly payment date, the issuer's available income funds (that is, interest and fees received from the portfolio, recoveries from losses, interest and investment proceeds from the issuer transaction account and the collection account, liquidity, and principal draws) will be applied in the following simplified order of priority:

1. Payment of AUD1 to the unit holders;
2. Tax payable;
3. Senior fees and expenses;
4. Pari passu, net amount payable to the liquidity facility provider and to the hedge provider (excluding any break costs where the hedge provider is the defaulting party);
5. Payment to the liquidity facility provider of any outstanding liquidity facility draws;
6. Class A note interest;
7. Class B note interest;
8. Class C note interest;
9. Class D note interest;
10. Class E note interest;
11. Class F note interest;
12. Reimbursement of principal draws;
13. Payment to the principal collections of an amount equal to any losses during the collection period;
14. To total available principal up to an amount equal to any carry-over charge-offs outstanding from any previous payment date;
15. Any break costs to the interest rate swap provider;
16. Pari passu and ratably:
    a. liquidity facility provider (if any)
    b. Any indemnity amount payable to the dealers;
17. If an amortisation event is subsisting, pay the amortisation amount to the total available principal and credit an equal amount to the amortisation ledger;
18. Class G note interest;
19. Allocate the tax shortfall to the tax account;
20. Allocate the tax amount to the tax account;
21. Excess income to the beneficiary.

Required payments

On each monthly payment date, the required payments will be up to and including interest payments on the Class F notes (item 11 in the interest waterfall above). However, for any note other than Class A notes, a note interest payment stops being a required payment, if the note has more than 5% unreimbursed charge-offs.

Interest on the notes

Interest on all notes will be calculated and payable in arrears, based on the invested amount of the notes.

No interest will accrue on any notes if the notes have been charged off in full.

Principal waterfall

On each payment date, principal collections will be applied in the following order of priority:

1. Principal draws;
2. Next:
    a. If the pro rata criteria is not satisfied, in the following order of priority:
        i. Class A notes
        ii. Class B notes
        iii. Class C notes
        iv. Class D notes
        v. Class E notes
        vi. Class F notes
    b. If the pro rata criteria is satisfied, in the following order of priority:
        i. Pari passu and ratably all remaining principal to Class A, Class B, Class C, Class D, Class E and Class F notes
3. Class G notes;
4. Toward payment to the unit holders of the balance remaining.

Pro rata criteria

The pro rata criteria is satisfied if:

1. The credit enhancement of the Class A notes is at least 30.0%.
2. The percentage of loans that are greater than 60 days in arrears is less than 4.0%.
3. Cumulative losses are less than 7.5%.
4. There are no unreimbursed charge-offs against any of the notes.
5. There are no unreimbursed principal draws.
6. The first call option date has not occurred as at that time.

Allocation of charge-offs

Principal charge-offs will be applied in reverse sequential order.

Call option date and step-up margin

The trustee may redeem all classes of notes on the payment date following the first determination date on which the aggregate invested amount of all notes on that determination date is less than an amount equal to 20% of the aggregate invested amount of all notes on the closing date.

A step-up margin of 0.25% applies to Class A, Class B, Class C, Class D, Class E and Class F notes after the call option date.

Excess spread

The transaction benefits from excess spread (implicit portfolio yield, net of the swap rate, coupon on the notes, and senior fees and expenses), which represents the first layer of credit enhancement to the rated notes. The excess spread may vary depending on the portfolio amortisation and prepayments, final cost structure, and the incidence and timing of any defaults.

Liquidity

Principal draw

The first source of liquidity is the ability of the issuer to use principal collections (principal draw) to meet interest payment shortfalls on the required payments. Any principal draws must be reimbursed on subsequent payment dates in accordance with the interest waterfall above.

Liquidity facility

The next source of liquidity is the liquidity facility provided by NAB. The liquidity facility will be available in instances where trust income and principal collections are insufficient to meet the required payments. On any payment date, the available liquidity facility is subject to a liquidity facility limit, equal to the lesser of:

» an amount equal to the greater of:

  – 1.5% of the aggregate Invested Amount of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, Class F Notes and the Class G Notes (after taking into account any payment to be made on that day); and

  – AUD500,000;

» the amount agreed from time to time in writing by the liquidity facility provider and the manager (in respect of which a rating notification has been given);

» the amount (if any) to which the liquidity limit has been reduced at that time; and

» the outstanding balance of receivables that are not greater than 90 days past due.

Any draws from the liquidity facility will be reimbursed on subsequent payment dates in accordance with the interest waterfall above.

Interest rate mismatch risk

Interest rate swap

While the assets are fixed rate in nature, the rated notes bear a floating rate of interest, exposing the structure to potential mismatches.

The trustee has entered into an interest rate swap to mitigate the floating rate risk on the repayment profile of the notes with NAB as the swap provider. Under the interest-rate swap agreement, the trustee will make a payment to the swap provider at a fixed rate of interest and receive from the swap counterparty an amount calculated based on the 30-day bank bill swap rate.

The notional amount in the swap agreement is based on the repayment profile of the notes, assuming a prepayment rate of 20% plus expected default on the underlying receivables.

The notional amount under the swap agreement may exceed or fall below the outstanding balance of the rated notes in the event that prepayments and defaults deviate from this assumption. Such deviations will expose the transaction to being under-hedged or over-hedged. However, NFG has the ability to adjust the notional schedule over the life of the deal to better match the paydown over time.

» Asset transfer risk/true sale

The disposing trustee sells the receivables to the trust by way of equitable assignment. The seller retains the legal ownership of the receivables, and NFG (as servicer) is responsible for the day-to-day servicing of the receivables and to carry out enforcement action, as necessary, on behalf of the trust.

The trustee holds an equitable interest in the receivables until a title perfection event occurs, upon which it is required to perfect its legal title to the loans.

Successor manager and backup servicer arrangements

Successor manager

Under the terms of the master program documentation, if the manager retires or is removed as manager of a trust, the retiring manager agrees to use its best endeavours to ensure a successor manager is appointed as soon as possible.

If a successor manager of a trust is not appointed within 90 days after notice of retirement or removal is given, the trustee may appoint a successor manager for that trust.

Backup servicer

The trustee has entered a backup servicing deed with AMAL.

The warm nature of the standby arrangements includes the backup servicer stepping into NFG's premises and using its systems and staff to perform the servicing function. All arrangements are covered in the backup servicing plan.

The backup servicing plan is reviewed on an annual basis through a due diligence visit.

Securitisation structure analysis

Primary structural analysis

Once we determine the asset default distribution and recoveries (see "Asset analysis" section above), we use a cash flow model to assess the structural features of the transaction, including the priority of payments of interest and principal, liquidity, the impact of portfolio yield, portfolio amortisation and hedging.

Another key input into the cash flow model is the assumption for the timing of losses. The curve is derived from the historical data provided by NFG.

The sum of the loss experience per note class weighted by the probability of such loss scenario (derived from the lognormal probability distribution) determines the expected loss on each tranche.

Additionally, we calculate the average life for each class in each loss-rate scenario. The weighted average life of each class of notes is then calculated as the sum product of the probability of each loss-rate scenario and the corresponding average life in each loss-rate scenario for a specific class of notes.

The combination of the expected loss and weighted average life for each class of notes is mapped into our rating, based on the idealised expected loss table, yielding the final rating result assigned to each tranche of the notes.

Additional structural analysis

Excess spread

We have stressed excess spread by incorporating higher-than-contracted senior fees. We have also taken into consideration the impact of prepayment and defaults of higher yielding receivables by assuming a lower yield on the portfolio.

Liquidity

The 1.5% liquidity facility limit at closing is commensurate with just over six months of liquidity support. This corresponds to our assessment of the possible servicing transfer to the backup servicer in the event of the termination of NFG's appointment as the original servicer.

If the liquidity facility provider is downgraded below P-1(cr), either:

» A replacement liquidity facility provider with a P-1(cr) must be appointed; or

» An amount equal to the undrawn liquidity commitment at the time must be deposited into the collections account.

Amortisation amount

If an amortisation event is subsisting on any payment date, the amortisation amount under item 17 of the income waterfall above is applied toward the available principal. With this payment, an equal and offsetting balance is applied to the amortisation ledger, which can then be used to cover any losses.

An amortisation event is subsisting on any payment date if the payment date falls on or after the first payment date after the call option date.

The amortisation amount for any payment date is determined as follows:

1. Where an amortisation event is subsisting: (1 - company tax rate) multiplied by the remaining available income at item 17 of the income waterfall above
2. Otherwise, zero

The benefit of the amortisation amount is limited in our analysis, because we assume the amortisation event will occur after the call option date, at which point the dollar amount of excess spread is small relative to the original note balances.

Interest rate swap counterparty

We have taken into consideration the impact of the linkage to NAB as the interest rate swap provider in the transaction. Given its Aa2(cr) rating, swap linkage has no present rating impact on the notes. This is because the link between the note's ratings and NAB's ratings as a swap provider is mitigated by an obligation to post cash collateral and novate the swap if the swap provider has a Counterparty Risk Assessment of below A3(cr) and Baa1(cr), respectively. For more information, please see the cross-sector methodology Moody's Approach to Assessing Counterparty Risks in Structured Finance, published in May 2021.

Asset transfer risk/true sale

NOW Trust 2022-1 title perfection events include the insolvency of NFG.

Following a title perfection event, the trustee must take all necessary steps to perfect legal title to the loans, including notifying all borrowers in writing of the sale and where they should make future payments, taking possession of all files and registering the transfer of legal ownership of the receivables from the seller. The trustee may then initiate direct enforcement action against the obligors as necessary.

The trustee has an irrevocable power of attorney from the seller, entitling it to perfect its legal title following the occurrence of a title perfection event. In addition, the originator and the seller covenant that they will not grant any encumbrance over their interest in the receivables.

Cash commingling

For NOW Trust 2022-1, we view commingling risk as immaterial and do not add any incremental commingling loss into our credit analysis on the basis of the following:

» Collections are transferred from the servicer collection account to the trust collection account within two 2 business days of receipt;

» The servicer collects accounts on behalf of the trust and any moneys it holds are held on trust for the trust.

If the bank with which the trust collections account is opened is no longer rated P-1, the trustee must open a bank account with another P-1-rated bank and transfer the balance of the collections account into this new account.

For further details, refer to Moody's Approach to Assessing Counterparty Risks in Structured Finance, published in May 2021.

ESG - Governance considerations

This securitisation's governance risk is low and is typical of other unsecured consumer ABS in the market. Strong ABS governance relates to transaction features that promote the integrity of the operations of the transaction for the benefit of investors, as well as the data provided to investors. The following are some of the governance considerations related to the transaction:

» Alignment of interest - NFG has retained the G notes, which represent 3.1% of the transaction's credit risk. This creates an alignment of interest to the performance of this transaction

» R&W framework - this transaction includes an obligation of the R&W providers to remedy loans that breach R&Ws.

» Agreed upon procedures (AUPs) - an independent due diligence firm will periodically review a sample of loans in the portfolio. This increases the likelihood that the data provided to investors and us is accurate.

Methodology and monitoring

Methodology

Methodology used: Moody's Approach to Rating Consumer Loan-Backed ABS, September 2021 (1264327)

Monitoring

We will track the performance of the underlying collateral; material developments regarding the originator, servicer and other participants in the transaction; the amount and form of credit enhancement; and factors that affect the integrity of the legal structure. The starting point is typically the monitoring of the collateral performance compared with our initial expectations.

The performance metric that we typically track is the then current cumulative default rate for the transaction, which we use, in combination with the issuer's historical loss experience, to update, when deemed appropriate, our estimate of the ultimate lifetime default rate and recoveries on the pool of loans. We take into account any material changes in the macroeconomic environment that could affect the future performance. We then use that updated estimate to assess whether the current ratings assigned to the transaction are still appropriate based on the credit protection available to investors.

Any changes in the rating of the notes will be publicly announced and disseminated via a press release.

Originator/servicer/cash manager-related triggers

Exhibit 19

Counterparty and structural triggers

NOW Trust 2022-1	
Key servicer termination events:	» Insolvency » Payment default » Breach of obligations under the transaction documents » Incorrect or misleading representation or warranty
Appointment of backup servicer:	» Termination of servicer's appointment
Key trust manager termination events:	» Insolvency » Breach of obligations under the transaction documents » Incorrect or misleading representation or warranty
Title perfection events:	» Originator insolvency
Notification of obligors of true sale:	» Upon the occurrence of a title perfection event
Collection sweeping arrangements:	» NOW Finance must transfer all collections it receives to the collections account within 2 business days of receipt

Sources: Transaction documents and Moody's Investors Service

Originator linkage

NFG acts as the servicer and trust manager. AMAL acts as the backup servicer and NAB acts as the interest rate swap provider and liquidity facility provider.

We assess the degree of linkage as moderate.

Exhibit 20

Counterparty linkages

Counterparty rating triggers	Condition	Remedies
Interest rate swap counterparty	Loss of A3(cr) Loss of Baa1(cr)	Post collateral Novate
Collection account bank	Loss of A2/P-1	Replace
Liquidity facility	Loss of P-1 (cr)	Post collateral Novate

Sources: Transaction documents and Moody's Investors Service

Appendices

Appendix 1: Transaction comparison table

NOW Trust 2022-1 has been compared with Latitude Australia Personal Loans Series 2021-1 Trust, the NOW Trust 2021-1 and Wisr Freedom Trust 2022-1 transactions. The NOW Trust 2022-1, NOW Trust 2021-1, Wisr Freedom Trust 2022-1 and Latitude Australia Personal Loans Series 2021-1 Trust transactions have similarities in terms of obligors, contract types and asset types.

In comparison to the Latitude Australia Personal Loans Series 2021-1 Trust, Wisr Freedom Trust 2022-1 and the NOW Trust 2021-1 transactions, the following is worth noting:

» The default rates (stressed) for NOW Trust 2022-1 transaction is the lowest as compared to for Latitude Australia Personal Loans Series 2021-1 Trust, Wisr Freedom Trust 2022-1 and NOW Trust 2021-1.

» The NOW Trust 2022-1 transaction exhibits a lower weighted average interest rates than Latitude Australia Personal Loans Series 2021-1 Trust and NOW Trust 2021-1 but marginally higher than Wisr Freedom Trust 2022-1.

» The seasoning for NOW Trust 2022-1 transaction is lower than for Latitude Australia Personal Loans Series 2021-1 Trust and NOW Trust 2021-1 but higher than that for Wisr Freedom Trust 2022-1.

» The NOW Trust 2022-1 has a higher average contract balance than Latitude Australia Personal Loans Series 2021-1 Trust and NOW Trust 2021-1 but lower than that for Wisr Freedom Trust 2022-1.

Exhibit 21

Transaction comparison table

Deal name:	NOW Trust 2022-1	NOW Trust 2021-1	Wisr Freedom Trust 2022-1	Latitude Australia Personal Loans Series 2021-1 Trust
Closing date:	01-Jul-22	01-Jul-21	20-Jun-22	24-Nov-21
Pool cut date:	23-Jun-22	10-Jun-21	31-Mar-22	15-Nov-21
Originator:	NFG	NFG	Wisr	Latitude
Captive finance company:	No	No	No	No
Servicer:	NFG	NFG	Wisr	Latitude
Pool characteristics:				
Total securitized portfolio amount (AUD):	199,991,855	199,991,815	249,900,315	499,999,988
Number of contracts:	8,161	9,003	9,438	27,488
Average contract balance (AUD):	24,506	22,214	26,478	18,190
Maximum contract balance (AUD):	98,103	80,059	64,989	87,687
Weighted average remaining term:	67.0 months	61.9 months	65.5 months	59.6 months
Maximum remaining term:	82.2 months	83.7 months	84.0 months	84.0 months
Weighted average seasoning:	8.5 months	13.9 months	5.5 months	17.2 months
Weighted average interest rate:	11.9%	13.0%	10.1%	12.2%
Interest basis:	100% fixed rate	100% fixed rate	100% fixed rate	100% fixed rate
Delinquency status:	0% of loans in arrears greater than 30 days as of pool cut-off date	0% of loans in arrears greater than 30 days as of pool cut-off date	0% of loans in arrears greater than 30 days as of pool cut-off date	1.0% of loans in arrears greater than 30 days as of pool cut-off date

Sources: NFG, transaction documents and Moody's Investors Service

Exhibit 22

Transaction comparison table

Deal name:	NOW Trust 2022-1	NOW Trust 2021-1	Wisr Freedom Trust 2022-1	Latitude Australia Personal Loans Series 2021-1 Trust
Geographical disribution:				
Australian Capital Territory:	1.1%	0.9%	1.0%	1.4%
New South Wales:	20.7%	20.6%	34.1%	25.6%
Northern Territory:	1.4%	1.1%	1.1%	1.7%
Queensland:	26.9%	27.1%	18.9%	29.8%
South Australia:	5.6%	5.2%	18.1%	6.2%
Tasmania:	2.2%	1.9%	1.5%	2.2%
Victoria:	18.8%	18.0%	20.2%	19.1%
Western Australia:	23.4%	25.3%	5.1%	14.0%
Obligor concentration:				
Top 1:	0.0%	0.0%	0.0%	0.0%
Top 10:	0.5%	0.3%	0.3%	0.2%
Top 20:	0.9%	0.5%	0.5%	0.3%
Historical portfolio performance and asset assumptions:				
Mean default rate observed:	5.5%	6.1%	6.2%	9.2%
Mean default rate assumed (stressed):	7.0%	7.3%	7.2%	9.7%
Seasoning adjusted mean default rate:	N/A	N/A	N/A	9.3%
Recovery rate observed:	13.5%	11.6%	Around 2.7% based on write-offs from Q32017 to Q12022	25.4%
Recovery rate assumed (stressed):	10.0%	10.0%	5.0%	15.0%
Structural features:				
Note payment frequency:	Monthly	Monthly	Monthly	Monthly
Length of revolving period:	N/A	N/A	N/A	N/A
Subordination to Aaa notes at closing:	24.6%	22.0%	38.8%	30.6%
Liquidity reserve/facility at closing:	1.5%	1.5%	1.5%	1.5%
Liquidity reserve/facility floor (AUD):	500,000	500,000	359,250	1,200,000
Interest rate swap:	Yes	Yes	Yes	Yes
Basis swap:	No	No	No	No
Currency swap:	No	No	No	No
Interest accrual shut-off:	Yes. For all Notes, interest will no longer accrue if the Note is charged-off in full	Yes. For all Notes, interest will no longer accrue if the Note is charged-off in full	No. For all Notes, interest will continue to accrue until invested amount of the note is reduced to zero	No, for all Notes, interest will be subordinated in the interest waterfall if the Note is charged-off in full
Principal to pay interest:	Yes for Class A to Class F Notes	Yes forClass A to Class F Notes	Yes for Class A to Class F Notes	Yes
Principal to pay interest shut-off:	Yes, principal draw cannot be used for Class B to Class F Notes once that note has more than 5% unreimbursed charge-offs	Yes, principal draw cannot be used for Class B to Class F Notes once that note has more than 5% unreimbursed charge-offs	Yes, principal draw cannot be used for Class B to Class F Notes once that note has more than 5% unreimbursed charge-offs	Yes, principal draw cannot be used for Class B to Class E Notes once that note has more than 5% unreimbursed charge-offs

Sources: NFG, transaction documents and Moody's Investors Service,

Moody's related publications

For a more detailed explanation of our approach to this type of transaction, as well as similar transactions, please refer to the following reports:

Methodology used:

» Moody's Approach to Rating Consumer Loan-Backed ABS, September 2021 (1264327)

Special reports:

» ABS Australia - Performance update: Excel Q1 2022, May 2022 (1329556)

» Auto ABS - Asia-Pacific: Sector update, Sector Update Q2 2022 -Rising inflation and pandemic effects will weigh on performance - June 2022 (1328728)

» 2022 Outlook - Strong asset performance will continue despite COVID-19 uncertainty, December 2021 (1303441)

» Structured Finance - Australia, New Zealand, Korea and China: High household debt increases risk of delinquencies and defaults, June 2018 (1123315)

» Global Auto ABS Market Comparison Tool, June 2018 (SF428154)

» Structured Finance and Sovereign - Japan, Korea and Australia: Mitigating factors will minimise risks posed by ageing populations, January 2018 (1098143)

New Issuer reports:

» NOW Trust 2021-1 (1291083)

» Latitude Australia Personal Loans Series 2021-1 Trust (1311325)

» Wisr Freedom Trust 2022-1 (1332285)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

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