MOODY'S
RATINGS

Rating Action: Moody's Ratings upgrades ratings on notes issued by NOW Trust 2022-1

02 Jul 2024

Sydney, July 02, 2024 -- Moody's Ratings (Moody's) has upgraded the ratings on four classes of notes issued by NOW Trust 2022-1.

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The affected ratings are as follow:

Issuer: NOW Trust 2022-1

....Class C Notes, Upgraded to Aa3 (sf); previously on Nov 3, 2023 Upgraded to A1 (sf)

....Class D Notes, Upgraded to A2 (sf); previously on Nov 3, 2023 Upgraded to A3 (sf)

....Class E Notes, Upgraded to Baa2 (sf); previously on Nov 3, 2023 Upgraded to Baa3 (sf)

....Class F Notes, Upgraded to Ba1 (sf); previously on Nov 3, 2023 Upgraded to Ba2 (sf)

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

RATINGS RATIONALE

The upgrades were prompted by an increase in credit enhancement available to the affected notes and the collateral performance to date.

No action was taken on the remaining rated classes in the deal as credit enhancement for these classes remain commensurate with the current ratings.

Following the June 2024 payment date, the note subordination available for the Class C, D, E and F Notes has increased to 18.7%, 15.7%, 9.7% and 7.5% respectively from 16.8%, 13.7%, 7.6% and 5.4% at the time of the last rating action from these notes in November 2023.

Principal collections have been distributed on a pro-rata basis among the rated notes since the February 2023 payment date. Current total outstanding notes as a percentage of the total closing balance is 41.3%.

As of end-May 2024, 2.4% of the outstanding pool was 30-plus day delinquent and 0.6% was 90-plus day delinquent. The portfolio has incurred 3.1% of cumulative defaults (as a percentage of the closing pool balance) to date, all of which have been covered by excess spread.

Based on the observed performance to date and loan attributes, we have maintained the expected default assumption at 6.5% as a percentage of the current pool balance (equivalent to 5.3% of the original balance). We have also maintained the portfolio credit enhancement assumption at 29%.

The transaction is cash securitisation of portfolio of Australian unsecured and secured personal loans originated by Now Finance Group Pty Ltd.

The principal methodology used in these ratings was "Moody's Approach to Rating Consumer Loan-Backed ABS" published in December 2022 and available at https://ratings.moodys.com/rmc-documents/396935 . 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:

Factors that could lead to an upgrade of the ratings include (1) performance of the underlying collateral that is better than our expectations, and (2) an increase in credit enhancement available for the notes.

Factors that could lead to a downgrade of the ratings include (1) performance of the underlying collateral that is worse than our expectations, (2) a decrease in credit enhancement available for the notes, and (3) a deterioration in the credit quality of the transaction counterparties.

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 .

The analysis includes an assessment of collateral characteristics and performance to

determine the expected collateral loss or a range of expected collateral losses or cash flows to the rated instruments. As a second step, Moody's estimates expected collateral losses or cash flows using a quantitative tool that takes into account credit enhancement, loss allocation and other structural features, to derive the expected loss for each rated instrument.

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