Moody's

Rating Action: **Moody's upgrades ratings on notes from two NOW series ABS**

03 Nov 2023

Sydney, November 03, 2023 -- Moody's Investors Service has upgraded the ratings on nine classes of notes issued by two NOW series ABS.

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Issuer: NOW Trust 2021-1

....Class C Notes, Upgraded to Aa3 (sf); previously on Feb 2, 2023 Upgraded to A1 (sf)

....Class D Notes, Upgraded to A2 (sf); previously on May 4, 2022 Upgraded to Baa1 (sf)

....Class E Notes, Upgraded to Baa3 (sf); previously on May 4, 2022 Upgraded to Ba1 (sf)

....Class F Notes, Upgraded to Ba2 (sf); previously on May 4, 2022 Upgraded to B1 (sf)

Issuer: NOW Trust 2022-1

....Class B Notes, Upgraded to Aa1 (sf); previously on Jul 01, 2022 Definitive Rating Assigned Aa2 (sf)

....Class C Notes, Upgraded to A1 (sf); previously on Jul 01, 2022 Definitive Rating Assigned A2 (sf)

....Class D Notes, Upgraded to A3 (sf); previously on Mar 8, 2023 Upgraded to Baa1 (sf)

....Class E Notes, Upgraded to Baa3 (sf); previously on Mar 8, 2023 Upgraded to Ba1 (sf)

....Class F Notes, Upgraded to Ba2 (sf); previously on Mar 8, 2023 Upgraded to Ba3 (sf)

RATINGS RATIONALE

The upgrades were prompted by an increase in note subordination available to the affected notes and the performance of the collateral pools to date.

NOW Trust 2021-1

Following the October 2023 payment date, the note subordination available to the Class C Notes has increased to

16.8%, from 15.8% at the time of the last rating action in February 2023. The note subordination available to the Class D, Class E and Class F Notes have increased to 12.8%, 5.7% and 3.4% respectively, from 11.1%, 3.8% and 1.5% at the time of the last rating action for these notes in May 2022.

As of September 2023, 1.6% of the outstanding pool was 30-plus day delinquent and 0.3% was 90-plus day delinquent. The deal has incurred 2.5% of gross losses (as a percentage of the closing pool balance) to date, which have been covered by excess spread.

Based on the observed performance to date and loan attributes, Moody's has updated its expected default assumption at 6.5% of the current pool balance (equivalent to 4.5% of the closing pool balance), compared with 7.0% of the outstanding portfolio balance (equivalent to 4.7% of the original portfolio balance) at the last rating action in February 2023. Moody's has lowered the Aaa portfolio credit enhancement to 29% from 31% at the last rating action.

NOW Trust 2022-1

Following the October 2023 payment date, the note subordination available to the Class B and Class C Notes has increased to 23.1% and 16.8% respectively, from 17.5% and 12.4% at deal close. The note subordination available to the Class D, Class E and Class F Notes has increased to 13.7%, 7.6% and 5.4%, respectively, from 12.5%, 6.3% an 4.0% at the time of the last rating action for these notes in March 2023.

As of end-September 2023, 1.9% of the outstanding pool was 30-plus day delinquent, and 0.4% was 90-plus day delinquent. The deal has incurred 1.7% of gross losses (as a percentage of the closing pool balance) to date, which have been covered by excess spread.

Based on the observed performance to date and loan attributes, Moody's has updated its expected default assumption at 6.5% of the current pool balance (equivalent to 5.4% of the closing pool balance), compared with 7.0% of the outstanding portfolio balance (equivalent to 5.9% of the original portfolio balance) during the last rating action. Moody's has maintained the Aaa portfolio credit enhancement of 29%.

The transactions are cash securitisations of portfolios 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 Moody's 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 Moody's expectations, (2) a decrease in credit enhancement available for the notes, and (3) a deterioration in the

credit quality of the transaction counterparties.

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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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