Moody's

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

04 May 2022

Sydney, May 04, 2022 -- Moody's Investors Service, ("Moody's") has upgraded the ratings on seven classes of notes issued by two NOW series ABS.

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The affected ratings are as follows:

Issuer: NOW Trust 2019-1

....Class B Notes, Upgraded to Aaa (sf); previously on Mar 25, 2021 Upgraded to Aa1 (sf)

....Class D Notes, Upgraded to A1 (sf); previously on Sep 21, 2021 Upgraded to A2 (sf)

....Class E Notes, Upgraded to Baa1 (sf); previously on Sep 21, 2021 Upgraded to Baa2 (sf)

....Class F Notes, Upgraded to Baa3 (sf); previously on Sep 21, 2021 Upgraded to Ba2 (sf)

Issuer: NOW Trust 2021-1

....Class D Notes, Upgraded to Baa1 (sf); previously on Jul 1, 2021 Definitive Rating Assigned Baa2 (sf)

....Class E Notes, Upgraded to Ba1 (sf); previously on Jul 1, 2021 Definitive Rating Assigned Ba2 (sf)

....Class F Notes, Upgraded to B1 (sf); previously on Jul 1, 2021 Definitive Rating Assigned B2 (sf)

RATINGS RATIONALE

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

NOW Trust 2019-1

Following the April 2022 payment, note subordination available for the Class B Notes has increased to 31.2% from 28.6% at the time of the last rating action for these notes in March 2021. Note subordination available for the Class D, Class E and Class F Notes has increased to 19.4%, 10.4% and 7.4%, respectively, from 17.5%, 8.3% and 5.2% at

the time of the last rating action for these notes in September 2021.

As of March 2022, 3.1% of the outstanding pool was 30-plus day delinquent and 0.6% was 90-plus day delinquent. The deal has incurred 5.3% of gross losses (as a percentage of original note balance) to date, which have been covered by excess spread.

Based on the performance to date and loan attributes, Moody's has maintained its expected default assumption at 7.25% of the outstanding portfolio balance (equivalent to 7.2% of original balance). Moody's has also maintained its portfolio credit enhancement assumption at 32%.

NOW Trust 2021-1

Following the April 2022 payment, note subordination available for the Class D, Class E and Class F Notes has increased to 11.1%, 3.8% and 1.5%, respectively, from 7.9%, 2.7% and 1% at closing.

As of March 2022, 1.1% of the outstanding pool was 30-plus day delinquent and 0.1% was 90-plus day delinquent. The deal has incurred 0.7% of gross losses (as a percentage of original note balance) to date, which have been covered by excess spread.

Based on the performance to date and loan attributes, Moody's has maintained its expected default assumption at 7.25% of the outstanding portfolio balance (equivalent to 5.7% of original balance). Moody's has also maintained its portfolio credit enhancement assumption at 32%.

The transactions are a cash securitisation of a 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 September 2021 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS_1264327. Alternatively, please see the Rating Methodologies page on www.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.

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 at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this 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. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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

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