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## Car loans backed bond deal secures upgrade from rating agency Moody's

Link: <https://www.independent.ie/business/irish/car-loans-backed-bond-deal-secures-upgrade-from-rating-agency-moodys-40924383.html>



### Press Release:

**Thursday 7<sup>th</sup> October 2021.** Rating agency Moody's has upgraded bonds issued by Irish car loans company First Citizen Finance. This is a boost to a segment that at one point was seen as highly vulnerable to a Covid slowdown.

Moody's upgraded and affirmed ratings in Citizen Irish Auto Receivables Trust 2018 Designated Activity Company, a securitization backed by €158m of Irish car loans, saying the book had performed better than expected and benefited from credit enhancement including a build-up of a cash cushion.

That's likely to be a boost to issuers generally, given how relatively immature the market was for Irish car loan backed financing structures going into Covid.

The performance of the transaction has continued to be stable since the last rating action in January 2021.

The 60 days plus arrears have increased slightly to 1.32pc from their previous peak of 1.05pc reached in June 2020.

"Cumulative defaults currently stand at 0.92pc of original pool balance, with the pool factor of approximately 25pc, taking into account the replenishments during the revolving period," Moody's said.

Accounts filed in 2020 by First Citizen reported that up to 10pc of borrowers had availed of short-term forbearance offered by the lender during the initial six months of the Covid crisis but that had rapidly reduced as the economic situation stabilised.

First Citizen Finance has a total loan book of more than €500m split between car loans, SME and agricultural equipment financing and commercial property lending.

The First Citizen's business was formed when Permanent TSB's asset financing arm was sold off in a €287m management buyout deal led by Chris Hanlon and backed by Deutsche Bank in 2012.

