

Asset Finance Glossary

Term	Definition
Asset	A real or physical asset which can be financed such as a vehicle, machinery or plant equipment E.g. car and tractor
Residual Value	Residual value is the estimated worth of an asset at the end of the finance term.
Depreciation	Depreciation refers to the value of an asset decreasing over time due to use, wear and tear etc.
Interest Rate	The Interest Rate is the cost the borrower pays for borrowing money ie The rate which applies to the credit agreement.
Secured Loan	Secured loans are business or personal loans that require some type of collateral as a condition of borrowing.
Term	In an asset finance agreement, the term refers to the length of time it takes for a loan to be paid off completely.
Deposit	A deposit is a sum a borrower pays upfront when purchasing an asset.
Credit Intermediary	A credit intermediary is defined in the Consumer Credit Act, 1995 (as amended) as: "Credit intermediary means a person, other than a credit institution or a mortgage lender, who in the course of his business arranges or offers to arrange for a consumer the provision of credit or the letting of goods in return for a commission, payment or consideration of any kind from the provider of the credit or the owner, as the case may be".
APR	The Annual Percentage Rate (APR) is the total cost expressed as an annual percentage of the total amount of credit. APR quotes is based on the credit to be financed and period of hire. The APR helps you compare different lending offers.
Balloon Payment	A Balloon Payment is a lump sum due at the end of the term of a finance agreement. This type of payment allows for lower monthly payments during the term; and requires either paying the balloon amount in full or refinancing the remaining balance at the end.

Credit History	Credit History is a record of how well a person or business has managed their borrowings and repaid debts in the past. In Ireland we use the Central Credit Register (CCR), which is a centralised system that collects and securely stores information about loans. It is managed by the Central Bank of Ireland under the Credit Reporting Act 2013. The Register collects information on loans of €500 or more including: Credit cards, Overdrafts, Personal loans, Mortgages, Business loans, Moneylender loans, Loans from local authorities, hire purchase agreements, Personal Contract Plans and similar types of finance.
Underwriting	Underwriting is a lender's process of evaluating and managing risk. Through underwriting, banks and other financial services providers carefully review a borrower's credit history and financial background to determine their eligibility for a loan.
Balance	Balance refers to the loan balance which is remaining amount that a policyholder owes on a loan.
Equity	Equity is the difference between the current value of your asset and the amount you owe on it. For example, if you are purchasing an asset for €10,000, you put down a €1,000 deposit and finance the remaining €9,000, you have €1,000 in equity in the asset.
CBI	CBI stands for the Central Bank of Ireland. The CBI is the central monetary authority and financial regulator of Ireland.
Instalments	Instalments are the payments a borrower agrees to make, to pay off a loan in smaller amounts over a pre-determined period of time.
Fixed Rate	A fixed interest rate loan is a loan where the interest rate doesn't fluctuate during the fixed rate period of the loan. This allows the borrower to accurately predict their future payments. PTSB Asset Finance products are all have a fixed interest rate during the loan period.

Permanent TSB plc trading as PTSB Asset Finance is regulated by the Central Bank of Ireland