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First Citizen Finance raises €235m on the bond market for lending next year

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First Citizen Finance is now one of the country's biggest non-bank lenders. Stock image

Donal O'Donovan

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Car loans specialist First Citizen Finance has raised €235m on the bond markets to support its lending programme through 2024.

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.

Mr Hanlon later secured backing from US hedge fund Magnetar Capital which now has a 66pc stake, with the other third owned by Mr Hanlon and other managers.

It is now one of the country's biggest non-bank lenders, providing car finance, farm finance and commercial property lending.

Its latest financing deal is a securitisation, with bonds issued to investors backed by a pool of underlying loans issued by First Citizen.

The debt deal was oversubscribed with the highest-rated AAA tranche priced at just 77 basis points (0.77pc) above the one-month Euribor inter-bank lending rate.

First Citizen's founder, Mr Hanlon, said the securitisation had secured investment from 20 of the largest European and US banks, insurers and investment firms.

"We are delighted with the quantity and quality of investors who supported this transaction and the keen pricing we secured," he said.

The securitisation was arranged by Deutsche Bank who also acted as Lead Manager.

The deal is likely to be a boost to issuers generally, given how relatively few transactions have been through the market since the Covid crisis and subsequent rise in debt costs. These factors increased the risk of a wave of defaults by retail customers. But that has not materialised.

Accounts filed in 2021 by First Citizen show it had income of €30m and a profit for the year of €3.38m.

First Citizen has a loan book of €600m in car, agricultural and commercial real estate (CRE) finance.

It re-entered the commercial property market in 2021 after a 12-month Covid-related hiatus.

Mr Hanlon has previously indicated the firm would examine expanding into the mortgage market in the wake of the departures of KBC and Ulster.

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