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First Citizen plans for expansion as profits pick up



Pictured above: Chris Hanlon, Managing Director at First Citizen Finance DAC

Photo by: Sean Brosnan

Non-bank lender First Citizen expects to grow earnings and assets by more than 20% this year after returning to profitability in 2018.

“We’ve a big reach. We’re digging deeper into existing relationships and expanding into manufacturing, engineering and retail — areas where we haven’t played for the past 10 years,” said chief executive Chris Hanlon.

He predicted the loan book would grow from €340m in 2018, to €420m by the end of this year, to exceed €500m by the end of 2020.

First Citizen has reported profits of almost €61,000 after tax for 2018 compared with losses of €7.5m for the previous year. The losses were mostly caused by a one-off payment in 2017 to its previous finance providers, after First Citizen was acquired by Magnetar Financial, a US hedge fund.

Revenues were up 24% to €19.4m in 2018.

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Auto finance, which accounts for about half of the loan book, has been constrained by depressed car sales. “We’ve processed more than €1bn of applications on 70,000 cars in the past three years,” said Hanlon. “Without Brexit, we might have been more expansive in our approach to underwriting.”

He expects the market will ultimately recover to between 120,000 and 140,000 new car sales a year. This year sales of 116,000 units are expected.

The commercial real estate book stands at about €100m, which Hanlon believes is backed by solid valuations.

“The big funds haven’t got out of the market as expected,” he said.

“They view Irish property as a shining star and we see this continuing for the next three to five years.”

Equipment financing for farmers and small businesses is the third leg of the business. First Citizen is in the process of replacing mezzanine finance from Magnetar with cheaper bank borrowing, believed to come from Citi. Hanlon expects to refinance about €200m of auto and property loans on the bond markets next year.

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