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Dublin-based First Citizen refinances €158m of car loans

Consumer finance firm's sale of bonds opens up new avenue of funding for the industry

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Dublin-based consumer finance firm [First Citizen Finance](#) has sold €158 million of bonds secured against motor loans written over the past three years – opening up a new avenue of funding for the industry in Ireland.

The bonds, sold through a special purpose vehicle called Citizen Irish Auto Receivables Trust 2017, are the first such transaction by an Irish company and attracted bids from international investors for over four times the amount of securities that were on offer, the company's chief executive, [Chris Hanlon](#), told *The Irish Times*.

The most senior bonds – which account for 84 per cent – of the amount offered were given a top-notch triple-A rating by Moody’s and Standard & Poor’s and were priced to carry a coupon, or interest rate, of 0.4 per cent. The transaction was priced on Friday afternoon.

“This is a major milestone for us and the industry,” said Mr Hanlon, a former chief executive of [Permanent TSB Finance](#), adding that investor demand was helped by Ireland’s recovering economy. “We aim to carry out a deal like this every 18 months to two years.”

Consumer spending

Set up in 2012, First Citizen originally acquired the business platform of Permanent TSB Finance, which had been one of the largest consumer finance companies. Backed by [Deutsche Bank](#) funding, the company has concentrated to date on managing loan books in the motor, agri and personal finance sectors.

Ireland’s unemployment rate has fallen to 6.4 per cent from a crisis-era high of 15.1 per cent in early 2012. Meanwhile, consumer spending is rising and the domestic economy is set, according to [European Commission](#) forecasts, to grow at the fastest pace in the euro zone in 2017 for the third-straight year.

On Thursday, it emerged that US hedge fund [Magnetar Capital](#) had acquired a 66 per cent stake in First Citizen for €28.2 million.

The deal, which also involved Magnetar making €42 million of working capital available to the business, is expected to enable Mr Hanlon’s team develop additional products and expand its footprint in the Irish market.

“First Citizen has been our steadfast partner since 2014,” [Alan Shaffran](#), head of fixed income at Magnetar in Europe, said this week. “We mutually agreed that Magnetar’s investment in First Citizen would be the best way to support their continued growth.” Since 2014, the lender has processed more than 61,000 loan applications with a value of close to €1 billion. The car loan portfolio – which covers finance for a broad spread of brands, including [Toyota](#), Ford and [Hyundai](#) – is less than €200 million, Mr Hanlon said.

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