# Metro Bank shares surge amid fresh takeover talks with Pollen Street Capital



Shares in Metro Bank surged by over 10% as news emerged that the high street lender had attracted a takeover interest from Pollen Street Capital, an investment firm once again signalling potential transformation for a bank that has faced significant challenges in recent years. The discussions, reported to be in the early stages, have prompted optimism among investors. However, there remains uncertainty regarding the future of any proposed deal.

Metro Bank has been navigating a turbulent financial landscape, particularly since a substantial £925 million rescue deal secured in late 2023 that aimed to stabilise its operations. The rescue plan included a £325 million capital raise combined with a £600 million debt refinancing, which was notably led by its largest shareholder, Colombian billionaire Jaime Gilinski Bacal. His firm, Spaldy Investments, increased its stake from 9% to a significant controlling 53%, marking a pivotal change in ownership dynamics and corporate direction.

The bank's recent recovery is noteworthy, as it achieved profitability last year following severe share price declines that necessitated the aforementioned rescue deal. This turnaround involved drastic measures, including workforce reductions of approximately 30%, leading to about 3,000 employees remaining nationwide. In a bid to reshape its operational model, Metro Bank also discontinued its distinctive seven-day-a-week branch openings, a hallmark feature that set it apart since its inception in 2010 as the first new high street bank in over a century.

Furthermore, the Bank of England's Prudential Regulation Authority has been exploring strategic options for Metro Bank, including sounding out other potential buyers like NatWest and JP Morgan Chase, with reports suggesting these banks were gauged for interest in acquiring the struggling institution. In parallel, Metro intends to bolster its financial standing by contemplating the sale of up to £3 billion in residential mortgages, which would significantly enhance its capital ratios and operational stability.

However, recent developments have also highlighted past vulnerabilities. Earlier this year, Metro Bank's board rejected multiple takeover approaches from Shawbrook Bank, raising questions on the directors' strategy given the bank's urgent need for a strengthened balance sheet. The unsuccessful discussions with Shawbrook may now appear as a missed opportunity, especially in light of emerging credible interest.

Overall, while the latest takeover discussions may signal a new chapter, the road ahead for Metro Bank remains fraught with challenges, requiring careful navigation to ensure lasting stability and growth.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.independent.co.uk/news/business/metro-bank-sky-news-london-gateshead-chester-b2770685.html), [[7]](https://www.shorenewsnetwork.com/2023/10/09/metro-bank-shares-jump/)
* Paragraph 2 – [[1]](https://www.independent.co.uk/news/business/metro-bank-sky-news-london-gateshead-chester-b2770685.html), [[4]](https://www.bloomberg.com/news/articles/2023/11/27/metro-bank-investors-back-equity-raise-paving-way-for-new-owner), [[6]](https://knowledge.sharescope.co.uk/2023/10/10/weekly-market-commentary-10-10-23-boo-peel-mtro-widening-direct-equity-ownership/)
* Paragraph 3 – [[2]](https://www.theguardian.com/business/2023/oct/08/bank-of-england-sounds-out-buyers-for-metro-bank-including-natwest), [[5]](https://totalnews.com/shawbrook-makes-offer-for-co-op-bank-eyes-fresh-metro-bank-bid-reuters-com/)
* Paragraph 4 – [[3]](https://news.sky.com/story/amp/metro-bank-rejected-secret-shawbrook-takeover-approaches-12978882), [[5]](https://totalnews.com/shawbrook-makes-offer-for-co-op-bank-eyes-fresh-metro-bank-bid-reuters-com/)

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## Bibliography

1. <https://www.independent.co.uk/news/business/metro-bank-sky-news-london-gateshead-chester-b2770685.html> - Please view link - unable to able to access data
2. <https://www.theguardian.com/business/2023/oct/08/bank-of-england-sounds-out-buyers-for-metro-bank-including-natwest> - Metro Bank has secured a £925 million rescue deal, comprising a £325 million capital raise and £600 million debt refinancing. The equity raise is led by its largest shareholder, Colombian billionaire Jaime Gilinski Bacal's Spaldy Investments, which will increase its stake from 9% to 53%, making it the controlling shareholder. The Bank of England's Prudential Regulation Authority has approached several major banks, including NatWest and JP Morgan Chase, to gauge their interest in acquiring Metro Bank. Metro is also considering selling up to £3 billion of residential mortgages. The deal aims to strengthen Metro Bank's capital position and facilitate continued profitable growth. ([theguardian.com](https://www.theguardian.com/business/2023/oct/08/bank-of-england-sounds-out-buyers-for-metro-bank-including-natwest?utm_source=openai))
3. <https://news.sky.com/story/amp/metro-bank-rejected-secret-shawbrook-takeover-approaches-12978882> - Metro Bank's board has rejected multiple takeover approaches from Shawbrook Bank, including one as recently as the second half of September. The proposals were not disclosed to the stock market by Metro Bank's board. The emergence of a credible buyer may raise questions about its directors' decision not to engage in constructive talks given the company's need to strengthen its balance sheet. ([news.sky.com](https://news.sky.com/story/amp/metro-bank-rejected-secret-shawbrook-takeover-approaches-12978882?utm_source=openai))
4. <https://www.bloomberg.com/news/articles/2023/11/27/metro-bank-investors-back-equity-raise-paving-way-for-new-owner> - Metro Bank Holdings Plc shareholders have voted in favor of a £150 million equity raise, part of a £925 million rescue deal agreed in October. Over 90% of shareholders approved the raise, paving the way for Colombian billionaire Jaime Gilinski to increase his stake to about 53% from 9.2%. Investors also agreed to waive UK takeover rules that would have required Gilinski’s Spaldy Investments to bid for the entire company. ([bloomberg.com](https://www.bloomberg.com/news/articles/2023-11-27/metro-bank-investors-back-equity-raise-paving-way-for-new-owner?utm_source=openai))
5. <https://totalnews.com/shawbrook-makes-offer-for-co-op-bank-eyes-fresh-metro-bank-bid-reuters-com/> - British specialist lender Shawbrook has made an offer to rival Co-op Bank and is considering a new takeover bid for Metro Bank. Shawbrook, backed by private equity groups BC Partners and Pollen Street, tabled an indicative bid for Co-op in recent days. Separately, Shawbrook is considering a potential new bid for London-listed Metro Bank after several approaches failed earlier in the year. There is no certainty that a deal will materialize. ([totalnews.com](https://totalnews.com/shawbrook-makes-offer-for-co-op-bank-eyes-fresh-metro-bank-bid-reuters-com/?utm_source=openai))
6. <https://knowledge.sharescope.co.uk/2023/10/10/weekly-market-commentary-10-10-23-boo-peel-mtro-widening-direct-equity-ownership/> - Metro Bank announced a £150 million new equity raise and £600 million debt refinancing. The bank is also in talks to sell £3 billion of mortgages, representing 14% of total assets. The mortgage sale would boost the core tier 1 ratio to above 13%. The bank is expected to deliver a Return on Tangible Equity (RoTE) in excess of 9% in 2025 and low double-digit to mid-teens over the medium term. The biggest shareholder is currently Colombian billionaire Jaime Gilinski Bacal, who is backing the current capital raising, and his vehicle Spaldy Investments will become a 53% shareholder, contributing £102 million of the £150 million equity raise. ([knowledge.sharescope.co.uk](https://knowledge.sharescope.co.uk/2023/10/10/weekly-market-commentary-10-10-23-boo-peel-mtro-widening-direct-equity-ownership/?utm_source=openai))
7. <https://www.shorenewsnetwork.com/2023/10/09/metro-bank-shares-jump/> - Shares in Metro Bank jumped in early trading after the bank struck a fundraising deal to bolster its balance sheet. The deal includes a £325 million capital raising exercise and a £600 million debt refinancing, with majority shareholder control passing to its biggest investor, Colombian billionaire Jaime Gilinski. The shares were up 26% at 56.9 pence by 0800 GMT. The deal appears to secure the bank’s immediate future but represents a 'very painful rescue' as it entails a hit for both shareholders and bondholders. ([shorenewsnetwork.com](https://www.shorenewsnetwork.com/2023/10/09/metro-bank-shares-jump/?utm_source=openai))