

Co-op Bank boss: still on the hunt for merger deals

Co-op Bank today signalled it is still on the hunt for merger deals, a week after it was snubbed by the Spanish owners of TSB.


Chief executive Nick Slape concedes the bank needs scale to compete with the high street giants and the new breed of fintech bank apps.

“We have an organic plan that works,” he told the Standard. “But we are looking at opportunities. We are looking at things on paper, but they have got to be doable. The more we can do ourselves, the more we can be prepared to take opportunities when they arrive.”

TSB owners Banco de Sabadell turned the Co-op down flat saying it was “not a transaction we wish to explore at this moment”.

Slape said on the deal’s chances of returning “never say never”. A combined business would have assets of £60 billion, roughly comparable to Virgin Money, he noted.

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It would have eight million customers and 900 branches. Slape

said the talks didn't go far enough to consider what would have happened to the TSB brand.

In the third quarter the bank made profit of £25 million. It did £1.1 billion of mortgage loans taking the total for the year to £4.1 billion.

Co-op Bank was rescued by US hedge funds a few years ago after an extraordinary series of scandals that culminated in then chairman Paul Flowers being exposed as a drug user who paid male prostitutes.

A Reverend, he was dubbed The Crystal Methodist by tabloids.

Slape, who got the CEO job a year ago, says the owners are supportive and understand the need to retain the co-operative credentials that appeal to customers.

"We have sophisticated ambitious shareholders that are willing to put new money into the bank," he said.

They include Anchorage, Silverfleet, GoldenTree and Invesco.

Yesterday Metro Bank revealed it has had a bid from private equity house Carlyle. The shares rocketed.

That is a sign of the further consolidation likely among mid-tier lenders.

Metro Bank shares today edged up about 3p to 136p. They were over 4000p three years ago before an accounting failure was exposed.