Metro Bank shares crash as bidder Carlyle walks away

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ETRO Bank shares crashed 18% today after private equity firm Carlyle ditched its takeover pursuit of the troubled lender.

Carlyle first disclosed bid talks with Metro at the start of the month and had until December 2 to make a firm bid. Today it decided to pull the plug on talks.

Metro said in response that the board "strongly believe in the standalone strategy".

Rising interest rates ought to be good for all banks, but Metro has been plagued by problems, starting with an accounting issue discovered in 2019 that saw it wrongly class certain loans.

The stock, once more than 4000p, today fell 23p to 109p.

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Other bidders could emerge, but it is not clear how attractive Metro is at this point.

Ian Gordon at Investec said: "We see the main obstacle to a viable transaction as Metro’s high fixed cost base, largely a function of expensive long leases on its network of 78 stores which suggests (to us) limited strategic flexibility for Metro either on a standalone basis, or in the hands of any would-be third party acquirer.”

Metro, founded in 2010, made an early splash in the market with brash marketing and a pledge to open branches as other banks closed them.

Colourful founder Vernon Hill quit as chairman after the accounting scandal.