

Aldermore hires advisers to plot raid on Co-operative Bank

Aldermore Group, the mid-sized consumer and business lender, has hired advisers to plot a takeover of the Co-operative Bank.

Sky News has learnt that Aldermore, which is itself owned by South Africa's FirstRand Group, is working with investment bankers on BNP Paribas on the size and structure of an offer.

City sources said on Tuesday that Aldermore intended to table a bid ahead of a deadline set by the Co-operative Bank's advisers early next month.

Its interest will see it [competing against Shawbrook](#), another medium-sized British bank, which Sky News revealed last month had approached the Co-operative Bank's advisers with a £3.5bn merger proposal.

Other lenders cited as potential bidders, including Paragon Banking Group and OneSavings Bank – are now regarded by industry insiders as being unlikely to participate in the auction.

The process has been launched against a backdrop of rising interest rates, which has boosted banks' profitability, at the same time that confidence recovers from the collapse of Silicon Valley Bank and the emergency takeover of Credit Suisse by Swiss rival UBS.

In the autumn of 2021, the Co-operative Bank approached Spanish-owned TSB about a merger, but talks failed to progress.

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A successful sale of the formerly mutually owned bank would come as a relief to regulators which have twice had to play roles in rescues over the last decade.

In 2013, the Co-operative Bank's bid to acquire the branch network which became TSB was left in ruins when the scale of its own crisis emerged.

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It was forced to turn to American hedge funds to secure a £1.5bn rescue, while its former chairman, Paul Flowers, was left humiliated by tabloid revelations about his private life.

The lender then needed a further bailout by investors in 2017, with two major investors – Bain Capital Credit and JC Flowers – subsequently taking a 10% stake in the company.

The remainder of its equity is owned by a syndicate of hedge funds.

Earlier talks about a sale of the Co-operative Bank to Cerberus Capital Management, an often-controversial investor, broke down in December 2020.

Aldermore, which has about 800,000 customers, is viewed as a logical bidder for the Co-operative Bank.

Last week, the South African-owned institution reported a strong set of full-year results, with statutory pre-tax profit up 9% to £222.5m.

PJT Partners and Fenchurch Advisory Partners are advising the Co-operative Bank on the sale.

Aldermore and the Co-operative Bank declined to comment.