

Barclays in talks to buy £3bn Metro Bank mortgage book

Metro Bank is in talks to offload a £3bn mortgage portfolio to Barclays as part of a broader financial restructuring aimed at saving the smaller high street lender from collapse.

Sky News has learnt that Metro Bank has entered exclusive talks with Barclays to sell the residential mortgage book in a move that would strengthen its capital position.

News of the negotiations comes just hours before Metro Bank is expected to announce that its shareholders have overwhelmingly backed a £925m refinancing plan.

The recapitalisation, which has already won approval from bondholders, was announced last month following a weekend of intense talks about a rescue deal.

The £925m package will see the Colombian billionaire Jaime Gilinski Bacal becoming its majority shareholder.

The lender is raising about £150m of new equity and £175m of new debt, while it is also refinancing £600m of existing borrowings.

Metro Bank, which has about 2.7 million customers, became the first new lender to open on Britain's high streets in over 100 years when it launched in 2010.

It offers current accounts, business accounts, personal loans and insurance products, and employs about 4,000 people, operating from about 75 branches across the country.

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The bank said last month that deposit outflows had returned to normal levels in the aftermath of the recapitalisation agreement.

Dan Frumkin, Metro Bank's chief executive, had indicated that Barclays was among the likely suitors for the mortgage book, telling an analyst at the FTSE 100 bank during a conference call: "We have genuine interest ... across a range of names – [one not too] dissimilar to what's on your pay cheque."

A deal is likely to be struck by the end of the year.

Barclays and Metro Bank both declined to comment.