

Barclays PLC

Acquisition of Kensington Mortgage Company

Barclays PLC ("Barclays") today announces that Barclays Bank UK PLC ("Barclays Bank UK") has agreed to acquire UK specialist mortgage lender Kensington Mortgage Company Limited ("KMC") from companies controlled by funds managed by Blackstone Tactical Opportunities Advisors L.L.C. and funds affiliated with Sixth Street Partners LLC.

KMC is a leading UK specialist residential mortgage lender providing mortgages via brokers to borrowers with complex incomes. It uses proprietary technology, data analytics and insight to design products and make lending decisions, focusing on the self-employed and customers who have multiple or variable incomes. The business is based in Maidenhead, has approximately 600 employees and also services mortgages for other parties.

The acquisition will enable Barclays to broaden its product offering and capabilities in the UK mortgage market, extend the number of customers we can serve and grow mortgage originations to better utilise our strong UK funding base.

Historically KMC did not hold mortgages on its balance sheet, however following completion of the transaction KMC will retain the majority of mortgages that it originates. KMC originated approximately £1.6 billion of mortgages (excluding retentions) in the year ended 31 March 2022.

Alongside acquiring KMC, Barclays Bank UK has also agreed to acquire a portfolio of UK mortgages consisting primarily of mortgages originated by KMC from October 2021 to completion of the acquisition of KMC (the "KMC Mortgage Portfolio" and together the "Transaction"¹). The KMC Mortgage Portfolio totalled £1.2 billion as at 31 May 2022 (comprising approximately 70% owner-occupied and 30% buy-to-let residential mortgages) with a weighted average LTV of 77% at origination.

The Transaction is subject to regulatory approval and is expected to complete in late Q4 2022 or early Q1 2023. Assuming completion of the Transaction occurs at the beginning of December 2022 and the KMC Mortgage Portfolio comprises approximately £2.0 billion of loans at that date, the total consideration payable by Barclays Bank UK under the Transaction agreements is expected to be approximately £2.3 billion².

The Transaction will be financed from Barclays' existing resources and is estimated to reduce Barclays' CET1 ratio by approximately 12 basis points (based on Barclays' CET1 ratio as at 31 March 2022) assuming completion in late Q4 2022.

KMC generated £65.9 million of income and a pre-tax profit of £0.5 million in the year ended 31 March 2021. KMC had £66.7 million of gross assets at that date. Under its existing ownership and funding structure, the KMC Mortgage Portfolio generated a profit before tax of £1.1 million in the six months ended 31 March 2022 before mark-to-market hedging gains of £9.2 million.

The Transaction constitutes a Class 2 transaction under the UK Listing Rules.

Matt Hammerstein, CEO of Barclays Bank UK, commented:

"The Transaction reinforces our commitment to the UK residential mortgage market and presents an exciting opportunity to broaden our product range and capabilities. KMC is a best-in-class specialist mortgage lender with an established track record in the UK market, strong broker and

customer relationships and data analytics capabilities. KMC complements our existing UK mortgage business and broker relationships through the addition of a specialist prime mortgage originator and the utilisation of our strong UK funding base. The Transaction should generate attractive returns for Barclays over the medium term as the KMC Mortgage Portfolio increases in size through the ongoing origination of new mortgages. We look forward to KMC management and employees becoming part of the Barclays group.”

Notes:

1. As part of the Transaction Barclays Bank UK is also acquiring Kensington Mortgage Services Limited (“KMS”). KMS was incorporated on 21 October 2020 and has not yet produced audited financial statements. The company has £100 of issued share capital and one employee and is an immaterial part of the Transaction.
2. The exact consideration payable will depend on movements in the KMC Mortgage Portfolio up to completion of the Transaction, the mark-to-market value of hedging instruments, the terms of the mortgages originated between the date of the agreement to acquire KMC and completion of the Transaction and the net asset values of KMC and KMS at that date.

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About Barclays

Barclays is a British universal bank. We are diversified by business, by different types of customer and client, and geography. Our businesses include consumer banking and payments operations around the world, as well as a top-tier, full service, global corporate and investment bank, all of which are supported by our service company which provides technology, operations and functional services across the Group. For further information about Barclays, please visit our website home.barclays.

Forward-looking statements

This announcement contains forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Group. Barclays cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as ‘may’, ‘will’, ‘seek’, ‘continue’, ‘aim’, ‘anticipate’, ‘target’, ‘projected’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’, ‘achieve’ or other words of similar meaning. These statements are based on the current beliefs and expectations of Barclays’ management and are subject to significant risks and uncertainties. Actual outcomes may differ materially from those expressed in the forward-looking statements. Factors that could impact the Barclays Group’s future financial condition and performance are identified in the Barclays PLC’s filings with the US

Securities Exchange Commission (the “SEC”) (including, without limitation, Barclays PLC’s Annual Report on Form 20-F for the fiscal year ended 31 December 2021, as amended), which are available on the SEC’s website at www.sec.gov.

Subject to Barclays’ obligations under the applicable laws and regulations of any relevant jurisdiction (including, without limitation, the UK and the US), in relation to disclosure and ongoing information, Barclays undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.