

GRACECHURCH CARD PROGRAMME FUNDING PLC

Strategic Report For the Year Ended 31 December 2019

Introduction

The Directors present the strategic report for Gracechurch Card Programme Funding PLC (the "Company") for the year ended 31 December 2019.

Business review

The Company is a Special Purpose Entity ("SPE") set up by Barclays Bank PLC to issue asset backed notes as part of the securitisation of a pool of credit card receivables originated by Barclays Bank UK PLC (prior to 1 April 2018 by Barclays Bank PLC before the Part VII transfer under the Financial Services and Markets Act 2000). The structure is such that Barclays Bank UK PLC sells a beneficial interest in a pool of receivables to Gracechurch Receivables Trustee Limited (an SPE incorporated in England and Wales and fellow Barclays Group Company), which then issues an investment certificate (collateralised by the receivables) to Barclaycard Funding PLC (an SPE incorporated in England and Wales and fellow Barclays group company), which itself then issues limited recourse medium term notes to the Company. The Company funds the purchase of the medium term notes issuing the asset backed notes under the Medium Term Note Programme ("MTNP"), which are collateralised by the medium term notes. All asset backed notes issued by the Company are listed on the Official List of the London Stock Exchange.

In 2019 the Company redeemed Class A and D asset-backed notes totalling £750million and £132.4million respectively on 15 July 2019 referred to as Series 2014-1. As a result of the redemption, £882.4million in medium term notes were also redeemed on the same date.

As at 31 December 2019, the Company held £7.6 billion of medium term notes and issued \$0.65billion (£0.5 billion) and £7.1billion of asset backed note liabilities. The medium term notes and asset backed notes were purchased and issued, respectively, in several series of offerings. The medium term notes and asset backed notes are expected to be redeemed on the scheduled redemption dates, where the key performance indicators for each series of notes issued meet criteria set out in the offering documentation. Where these criteria are not met, redemption will take place by the final redemption.

The Company's activities are detailed in the MTNP-offering documentation and the Company is entitled to expense and profit retention reimbursements from Barclays Bank UK PLC as part of its agreed margin. The MTNP stipulates a profit retention requirement of the greater of £1,200 per annum and of £600 annually per series of asset backed notes issued. The Company has met this retention requirement for 2018 and 2019.

Financial key performance indicators

During the year ended 31 December 2019 the Company made a total comprehensive loss for the year of £0.51 million (2018: profit of £0.53 million). The Directors do not recommend the payment of a dividend (2018: £nil). The total net assets during the year were £54k (2018: £566k) and net operating cash outflows were £178k (2018: £298k).

Principal risks and uncertainties

The Company's activities expose it to a number of risks. The principal risk is that the Company is unable to meet its obligations should the interest and principal received on the Company's investments not be sufficient to pay the asset backed note holders interest and principal and the associated expenses of the Company. This could arise if the cash flows generated on the medium term notes are not sufficient to settle interest and principal due on the asset backed notes. Information on how the Company's Directors manage these principal risks and uncertainties is explained in note 15 to the accompanying financial statements.

Whilst the direct and indirect impact of the Coronavirus (COVID-19) outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries. In addition, an escalation in geopolitical tensions or increased use of protectionist measures may also negatively impact the Company's business.

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Strategic Report (continued) For the Year Ended 31 December 2019

Other key performance indicators

The interest receivable on the medium term notes, the interest costs of the asset backed notes, and the related operating expenses are the principal components of the Company's operations and have been quantified on the Statement of Comprehensive Income. Barclays Bank UK PLC as servicer under the MTNP monitors a number of key performance indicators such as triggers (including performance of the underlying credit card receivables portfolio, related arrears levels, excess spread, portfolio yield, payment rate and charge off rate), the credit ratings of the notes in issue and the credit worthiness of the counterparties relevant to the Company, which give comfort to Directors on the performance of the underlying receivables and hence the anticipated performance of the Company.

Statement of section 172(1) of the Companies Act 2006

Section 172(1) of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole but having regard to a range of different matters. The Company is a special purpose vehicle and as such performs a very limited range of activities. As a special purpose vehicle, the governance structure of the Company is such that the key policies have been predetermined at the time of its incorporation.

The Directors have had regards to the matters set out in section 172(1) of the Companies Act 2006 as follows:

- the documents governing the financing and other principal transactions to which the Company is party (together, the "programme documentation") have been formulated with the aim of achieving the Company's purpose and business objectives, safeguarding the assets of the Company and promoting the success of the Company;
- in accordance with relevant securitisation legislation the Company is only permitted to retain minimal profit;
- the Company has no employees;
- the Company has appointed various third parties to perform certain roles strictly governed by the programme documentation, fee arrangements agreed in advance;
- as a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment;
- 49,999 of the shares in the Company are held by Gracechurch Card (Holdings) Limited and one issued share is held on a discretionary trust basis for charitable purposes.

An example of how the Directors have had regard to the matters set out in sections 172 (1) (a) to (f) of the Companies Act 2006 when discharging their section 172 duties and the effect of that on certain of the decisions taken by them is when the Company's bank accounts were novated from Wells Fargo Bank, N.A. ("Wells Fargo") to Barclays Bank UK PLC ("Barclays") (and HSBC Bank plc ("HSBC")) in respect of a swap cash collateral account), following Wells Fargo's decision to no longer provide account bank services. As part of this transaction, HSBC was separately appointed as a standby bank account provider to permit the transfer of the Company's bank accounts from Barclays to HSBC if Barclays' credit ratings were downgraded below a certain level. When making this decision, the Directors considered the interests of the Company's stakeholders, in particular ensuring (1) operational resilience and business continuity for the Company's contractual counterparties and security holders in the event of a ratings downgrade affecting Barclays; (2) relevant rating agency criteria were complied with; and (3) servicing costs were managed as efficiently as possible.

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**Strategic Report (continued)
For the Year Ended 31 December 2019**

This report was approved by the board on 29 June 2020 and signed on its behalf.

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Paul Whitaker

For and on behalf of Intertrust Directors 1 Limited
Director
29 June 2020