

MERCANTILE LEASING COMPANY (NO.132) LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Business review and principal activities

The principal activity of Mercantile Leasing Company (No.132) Limited is the provision of defeasance lending to customers and leasing of equipments. No significant change in this activity is envisaged in the foreseeable future.

Business performance

The results of the Company show a profit after tax of £202,000 (2020: profit of £12,000) and a profit before tax of £249,000 (2020: profit of £540,000) for the year. The Company has net assets of £3,012,000 (2020: £2,810,000). Net cash outflow from operating activities for the year was £113,581,000 (2020: £15,105,000).

Future outlook

The Directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The Directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business. The Directors will continue to monitor the performance of the Company and take appropriate action as necessary.

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 pandemic and current geopolitical tensions. The Company continues to operate within its risk and capital limits which are being actively monitored by management.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed in the Barclays PLC 2021 Annual Report which does not form part of this report.

The COVID-19 pandemic continued in 2021 and may persist for a prolonged period. However, the negative economic impact of the pandemic was mainly in 2020 with markets appreciating in value in 2021. The COVID-19 pandemic and current geopolitical tensions is not expected to have a material impact on the Company's principal risks or the future outlook/revenues and cash flows of the Company.

Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the relevant business cluster, which includes the Company, is discussed in the Barclays PLC 2021 Annual Report, which does not form part of this report.

Section 172(1) statement

The Directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its member as a whole and this section forms our Section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Directors also took into account the views and interests of a wider set of stakeholders.

The Directors considered, amongst other matters, the following:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

- and to act fairly between members of the Company.

You can find out more about who the Barclays Group's key stakeholders are, how management and/or the Directors engaged with them, the key issues raised and actions taken on pages 16 to 19 of the Barclays PLC Annual Report 2021 which is incorporated by reference into this statement.

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it will not always be possible to deliver everyone's desired outcome.

How does the board engage with stakeholders?

Depending on the decision in question, the relevance of each particular stakeholder group may differ, and equally the Board adopts a variety of methods of engagement with different stakeholder groups. The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Barclays Group.

The Board considers and discusses information from across the organisation to help it understand the impact of the Company's operations on, and the interests and views of, our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities and the information it receives, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

The purpose of Mercantile Leasing Company (No.132) Limited is the provision of defeasance lending to customers and leasing of equipments. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in section 172 of the Companies Act 2006.

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)(a)-(f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

COVID-19

Throughout 2021, as the COVID-19 pandemic continued, the primary focus of the Company and the Board has been on (i) maintaining focus on risk management and investment outcomes; (ii) the operational resilience of the front-to-back operating platform as it transferred to an entirely virtual model; (iii) establishing enhanced oversight of all delegates carrying out core functions; (iv) the health and wellbeing of colleagues; and (v) the control environment, notably CASS oversight. The Board has demonstrated leadership and oversight during the pandemic, and this continues at the date of this report.

Geopolitical tensions

The Company and the Board have established a strong risk management culture. Risks are identified and overseen through the Enterprise Risk Management Framework which specifies the principal risks of the Company and the approach to managing them. Current geopolitical tensions have also heightened awareness of certain principal risks such as conduct and reputational risk. These risks are managed within the established risk framework and key performance indicators remain within the risk appetite defined by the Company.

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FOR THE YEAR ENDED 31 DECEMBER 2021**

FOR AND ON BEHALF OF THE BOARD

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Mark Beastall

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Mark Beastall

Director

Date: 23/9/2022

Registered number: 02895722

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