

GRACECHURCH CARD PROGRAMME FUNDING PLC

Strategic Report For the Year Ended 31 December 2020

The Directors present the strategic report for Gracechurch Card Programme Funding PLC (the "Company") for the year ended 31 December 2020.

Business review and principal activities

The Company is a Special Purpose Entity ("SPE") set up to issue asset backed notes as part of the securitisation of a pool of credit card receivables originated by Barclays Bank UK PLC. The structure is such that Barclays Bank UK PLC sells a beneficial interest in a pool of receivables to Gracechurch Card Receivables Trustee Limited (an SPE incorporated in England and Wales), which then issues an investment certificate (collateralised by the receivables) to Barclaycard Funding PLC (an SPE incorporated in England and Wales and 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 2020 the Company redeemed Class A and D asset-backed notes totalling £1.5billion and £264.7million respectively on 16 November 2020 referred to as Series 2015-2. As a result of the redemption, £1.76billion in medium term notes were also redeemed on the same date. The Company also redeemed Class A (USD denominated) and D asset-backed notes totalling a sterling equivalent of £493.5million and £87million respectively on 15 July 2020 referred to as Series 2018-1. As a result of the redemption of these asset-backed notes, £580.6million in medium term notes were also redeemed and the associated cross currency swap matured on the same date.

As at 31 December 2020, the Company held £5.3 billion of medium term notes and issued £5.3billion 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 2019 and 2020.

Business performance

During the year ended 31 December 2020 the Company made a total comprehensive loss for the year of £6,000 (2019: £512,000). The Directors do not recommend the payment of a dividend (2019: £nil). The total net assets during the year were £48,000 (2019: £54,000) and net operating cash outflows were £1,000 (2019: £178,000).

Future outlook

Based upon the performance of the underlying receivables and the various levels of support offered by the structure of the instruments, the Directors remain confident that the medium term notes will be repaid in full and therefore that the Company will be able to repay the asset backed notes in issue in full, along with their interest, at maturity. The Directors intention in the future is to continue purchasing additional medium term notes and issuing further asset-backed notes when its strategically optimal to do so.

The Directors do not expect there to be any changes in the Company's principal activity in the foreseeable future.

Principal risks and uncertainties

The Company is exposed to internal and external risks of ongoing activities. These risks are managed as part of the Company's business model.

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Strategic Report (continued) For the Year Ended 31 December 2020

Principal risks and uncertainties (continued)

Whilst the direct and indirect impact of the ongoing COVID-19 outbreak remains uncertain, a number of central banks and governments have extended financial stimulus packages as a result of the significant negative impact on GDP. 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.

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.

LIBOR rates are expected to be discontinued by the end of 2021. Currently all notes in issue by the Company are based on LIBOR rates. The Company will transition across to SONIA benchmark rates during 2021.

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 Profit or Loss and Other 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. These key performance indicators are measured against specified thresholds, and should any key performance indicator approach the specified threshold, there are established management actions that would be implemented in order to maintain the asset-backed bonds ratings. At present, all key performance indicators have significant headroom above the specified thresholds which give comfort to Directors on the performance of the underlying receivables and hence the anticipated performance of the Company.

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 have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its member as a whole, and in doing so had regard, amongst other matters, to:

- 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;

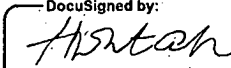
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**Strategic Report (continued)
For the Year Ended 31 December 2020**

Section 172(1) statement (continued)

- 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.

This report was approved by the board on 29 June 2021 and signed on its behalf.

DocuSigned by:


P H Wintaker
per pro Intertrust Directors 1 Limited
Director
29 June 2021