Half-Yearly Financial Report and Unaudited Condensed Consolidated Financial Statements

for the period from 1 April 2017 to 30 September 2017

Funding Circle
SME Income Fund

CONTENTS

FORWARD-LOOKING STATEMENTS

This report includes statements that are, or may be considered, "forward-looking statements". The forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

FINANCIAL HIGHLIGHTS

- Ordinary share NAV increased to £167 million from £165 million.
- Declared 3.25 pence per Ordinary share for the half year period to 30 September 2017.
- The C share class is expected to convert to Ordinary shares on 20 December 2017. After conversion, the market capitalisation of the Company will be in excess of £300 million.
- Total comprehensive income for the period amounted to £8.4 million, before finance costs related to the Company's recent capital raising activities.
- The last four quarterly dividends declared total 6.5 pence per Ordinary share, in line with the dividend target of 6 to 7 pence per Ordinary share.
- Raised £142m through a C share issue in April 2017, which will provide expanded funding opportunities to SMEs in the UK, US and Continental Europe. C share NAV was £142 million at 30 September 2017.

The information below for Ordinary shares is presented as at 30 September 2017 unless expressly stated to cover a period.

NAV per Ordinary Share	Total Net Assets	Ordinary Share price	Market Capitalisation	Premium / (Discount)
100.55p	£167mil	106.00p	£176mil	5.4%

Dividend per Ordinary Share	Earnings per Ordinary Share	Share Price Total Return (inception to date)	NAV Total Return (inception to date)
3.25p	3.91p	15.8%	12.0%

The information below for C shares is presented as at 30 September 2017 unless expressly stated to cover a period.

NAV per C Share	Total Net Assets	C Share Price	Market Capitalisation	Premium / (Discount)
99.82p	£142mil	102.50p	£146mil	2.7%

Earnings per C Share (before issue cost)	Share Price Total Return (inception to date)	NAV Total Return (inception to date)
1.41p	2.5%	1.3%

SUMMARY INFORMATION

About the Company

Funding Circle SME Income Fund Limited (the “Company” or the “Fund”) is a closed-ended investment company incorporated with liability limited by shares in Guernsey under The Companies (Guernsey) Law, 2008 (as amended), on 22 July 2015.

Capital Management

The Company issued 150 million Ordinary shares of no par value each at an issue price of £1 per Ordinary share. On 30 November 2015, these shares were admitted to the Premium Segment of the Official List of the UK Financial Conduct Authority and to trading on the London Stock Exchange’s Main Market (the “IPO”).

In June 2016, the Company entered into a structured finance transaction with the European Investment Bank (the “EIB”). The transaction involved the Company participating in the financing of an Irish domiciled special purpose vehicle (SPV). The Company invested £25 million into the junior Class B Note issued by the Irish SPV whilst the EIB has committed to invest up to £100 million in a senior loan to the Irish SPV.

On 20 July 2016, the Company issued a further 14,285,000 Ordinary shares at a price of £1.0153 per Ordinary Share raising net proceeds of £14,213,490 after direct issue costs of £290,071. The Ordinary shares were admitted to the Premium Segment of the Official List of the UK Financial Conduct Authority and to trading on the London Stock Exchange’s Main Market on 25 July 2016.

In February 2017, the Company issued a revised prospectus which established a programme by which the Directors are able to issue up to 500 million Ordinary shares and/or C shares in aggregate.

In April 2017, the Company issued 142 million C shares at a price of £1 per C share raising net proceeds of £139,870,000 after issue costs of £2,130,000. The C shares were admitted to the Premium Segment of the Official List of the UK Financial Conduct Authority and to trading on the London Stock Exchange’s Main Market on 12 April 2017.

The Company issued scrip dividends during the period amounting to £1,260,650 (677,466 shares).

Group Structure

The investment objective of the Company is to provide shareholders with a sustainable and attractive level of dividend income by lending, both directly and indirectly, to small businesses through Funding Circle’s Marketplaces. The Board believes that lending platforms with established infrastructure and scale of origination volumes are well placed to compete for loan originations against traditional financial institutions. The Company has identified Funding Circle, which operates in various Marketplaces, as a leader in the growing industry of alternative lending to small and medium sized entities (“SMEs”).

In accordance with the Company’s investment policy, the Company holds a number of its investments in loans through SPVs. This half-yearly report for the period ended 30 September 2017 (the “Half Yearly Report”) includes the results of Basinghall Lending Designated Activity Company (“Basinghall”) and Tallis Lending Designated Activity Company (“Tallis”). The Company, Basinghall and Tallis are collectively referred to in this report as the “Group”.

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am pleased to be able to report another solid set of results for the Company.

Performance and Distributions

Performance during the six-month period to 30 September 2017 has been consistent with the board's expectations. Total comprehensive income for the period amounted to some £8.4 million, before finance costs related to the Company's recent capital raising activities. As at 30 September 2017, the Company held, directly and indirectly, 5,828 discrete loans.

Quarterly dividends declared during the period amounted to 3.25 pence per Ordinary share, with a single dividend just declared on the Company's C shares prior to their conversion into Ordinary shares later this month. Net profit to Ordinary share dividend cover for the period (adjusted for finance costs of capital raising) stood at 1.2x (year to 31 March 2017 – 1.2x).

Impairment charges for the period under review reduced to some 12.6% of interest income on loans advanced, compared to 14.1% for the equivalent period in 2016. Total impairment provisions at the period end amounted to £4.8 million (31 March 2017 - £3.3 million) and represented some 1.9% (31 March 2017 – 2.1%) of net amortised loans advanced. These metrics are in line with expectations.

Capital Management

The Company closed a C share issuance on 7 April 2017, raising £142 million of fresh capital. The capital has now been substantially fully deployed and thus the C shares will convert to Ordinary shares later this month in accordance with the pre-determined formula laid out in the Company's prospectus. On conversion, the market capitalisation of the Company will grow to in excess of £300 million. As a reminder, the capital sums attributable to the Ordinary and C shares have operated as entirely separate pools, strictly segregating balance sheet and profit and loss items, and conversion of the C shares will take place based on the respective net asset value per share of each class on the conversion date, which is presently anticipated to be 20 December 2017.

The effective leverage attributable to the Company on a look-through basis is approximately 32%. The Company is in advanced discussions with an investment bank with a view to the provision of a facility to the Group which is anticipated to bring effective leverage back up to the maximum level sanctioned by the Directors, being no more than 50% of net asset value on a look-through basis. In the event that the Company is able to close this transaction, a further announcement will be made at that time.

Performance in Context

The Board continues to closely monitor macroeconomic and geopolitical developments in order to assess possible impacts on the Company's portfolio and future returns and delinquency trends. As anticipated in my last report, political stability remains a key concern, but as yet such instability has not fed through to performance impairment. We do not anticipate an acceleration in the pace of tightening generally with central banks being wary of dislocating the nascent liquidity fuelled recovery. Arguably the chance of monetary tightening in Continental Europe is higher than in the UK and US, though our allocation to Continental Europe assets is presently only around 3%.

IFRS 9 Implementation

As set out in the Company's factsheet for October 2017, the board continues to work to assess the impact of the implementation of this accounting standard on the Company's reported net asset value. In simple terms, the implementation of the accounting standard will require the Company, alongside a number of other market participants who make direct loans, including the vast bulk of the commercial banking industry, to change the basis on which it accounts for loan impairment provisions. At present, the Company takes provisions against individual loans on a progressive basis depending on the extent of any delinquency, i.e. the number of days past due. A table showing the position at 30 September 2017 is shown on page 17 below. Implementing IFRS9 will require the Company to cease this method of provisioning and start to make provisions based on future expected losses across the Company's entire loan book. This process requires the Company not only to make use of relevant historic SME loan market data derived from Funding Circle and other sources, but also to make forward looking assumptions about future market conditions, based principally on macroeconomic expectations and likely future trends in monetary policy in our chosen markets. It may be readily seen that such a process is not only complex from a computational perspective, but also subjective in terms of assumptions made in respect of the future. The Company continues to work with its professional advisors in order to determine a future provisioning basis which is robust and based on realistic future expectations as far as is reasonably possible. This revised basis of accounting will be implemented by the Company with effect from 1 April 2018, and any impact will be reflected in the April 2018 monthly net asset value. Given that the adjustment to net asset value is purely driven by a revised accounting methodology, it will have no impact on the Company's actual delinquencies over time, nor will it impact the Company's future cash flows. The Company is expecting to continue to pay a dividend of 6.5p per annum on its Ordinary shares, notwithstanding any adjustment that may derive from the Board's implementation of IFRS 9. The Board will provide further updates upon determining the expected impact from adoption of this new standard.

CHAIRMAN'S STATEMENT

As is both traditional and appropriate, I would like to express my thanks to my fellow directors, the team at Funding Circle and our professional and financial advisors for their support, diligence and hard work during the period. I would also like to record my thanks to all of the Company's shareholders for entrusting us with your capital. I have enjoyed direct interactions with a number of you over the period under review, and look forward to expanding those contacts in the future.

RICHARD BOLÉAT
Chairman of the Board of Directors
7 December 2017

INTERIM REPORT

Incorporation

The Company is a limited liability company registered in Guernsey under The Companies (Guernsey) Law, 2008 (as amended) with registered number 60680.

Activities

The Company is registered as a closed-ended collective investment scheme in Guernsey pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The primary activity of the Company is investment in loans to small and medium sized enterprises in the United Kingdom, the United States and Continental Europe, in order to seek to provide shareholders with a sustainable and attractive level of dividend income.

Defined Terms

Definitions appearing in this Interim Report and explanations of methodologies used are shown on pages 33 to 34. The Company's prospectus, which may be found on the Company's website at www.fcincomefund.com, contains a more comprehensive list of defined terms.

Strategy and Business Model

The Group's objective is to provide shareholders with a sustainable and attractive level of dividend income, primarily by way of investment in Credit Assets originated both directly through the Marketplaces operated by Funding Circle and indirectly, in each case as detailed in the Company's investment policy. The Group has identified Funding Circle as a leader in the growing marketplace lending space with its established infrastructure, scale of origination volumes and expertise in accurately assessing loan applications.

Investment Policy

The Company intends to achieve its investment objective by investing in a diversified portfolio of Credit Assets, both directly and indirectly. The Company intends to hold loans through to maturity (subject to the making of indirect investments as described below).

Credit Assets

Credit Assets are loans, debt or credit instruments of any type originated through any of the Marketplaces. The type of loans or debt or credit instruments available through the Marketplaces may vary from time to time, and Funding Circle may in the future acquire, establish and/or operate Marketplaces in addition to its existing Marketplaces. When Funding Circle determines that any new Marketplace may be suitable for receiving investments from the Company (for example, when any such Marketplace is operational and is able to facilitate investment in Credit Assets by the Company in a manner consistent with this Prospectus), then Funding Circle may propose to the Company the terms and documentation on which investments in Credit Assets originated through such Marketplace shall be made (subject always to the Allocation Limits defined in note 14). The determination as to whether to proceed with investment in Credit Assets originated through a Marketplace other than the existing Marketplaces will be made by the Board (subject to the working capital requirements of the Company), and may be subject to other requirements to the extent that the relevant origination and servicing arrangements constitute ''related party transactions'' for the purposes of the Listing Rules (it being noted that it is currently intended that the aggregate remuneration payable to Funding Circle (or other persons which are ''related parties'' of the Company for the purposes of the Listing Rules) will not exceed 5 per cent. of the Company's NAV per annum, such that the modified requirements for smaller related party transactions will be applicable).

Direct Investments

Pursuant to the Origination Agreements, the Company receives a random allocation of Qualifying Assets originated through the Marketplaces on each business day (as defined for the purposes of each Origination Agreement).

Subject to the Allocation Limits, the borrowing limitation and the other limitations described below, the Company is obliged to invest in all Credit Assets allocated to the Company without resulting in a breach of the Investment Policy (or any Portfolio Limits), in each case subject to the Group having sufficient Available Cash.

Indirect Investments

In addition to direct investments in Credit Assets the Company may, where the Board specifically determines and approves, invest indirectly in Credit Assets by means of the creation of, or participation in, securitisation or similar structures or instruments alongside third parties (which may include, without limitation, collective investment vehicles, institutional investors, commercial banks or supra-national agencies and government institutions).

Investment Policy (continued)

Indirect Investments (continued)

The Board may determine to pursue indirect investment in Credit Assets for such reasons as it deems appropriate having regard to the Investment Objective. Indirect investment in Credit Assets may be undertaken by such means, and through investment in such instruments or securities, as the Board may approve. This may include (without limitation) the following techniques:

- The acquisition, alongside one or more third parties, of debt or equity securities of whatever type or class (including in junior tranches) issued by special purpose vehicles or issuers established by any person (including Funding Circle and/or its Affiliates) in respect of the securitisation of underlying Credit Assets which have not previously been funded or held by the Group.
- The securitisation by the Group of Credit Assets initially funded or held by the Group through the formation of a bankruptcy remote SPV and the issuance by the Group of certain asset backed securities secured on the assets within that SPV. Those asset backed securities may be acquired by one or more third parties, as well as by the Group which may acquire debt or equity securities of whatever type or class (including in junior tranches) so issued.

In either of the above scenarios, the relevant SPV used for securitisation will be ring-fenced from other SPVs or entities investing in or holding Credit Assets, and there will be no cross collateralisation between SPVs in which the Company invests.

The Board will only approve the making of any indirect investment, however structured, if it is first satisfied that the making of such indirect investment will not result at the time of making the investment in a breach, on a ‘‘look-through’’ basis, of the Investment Policy (including the Allocation Limits, the borrowing limitation and the other restrictions described herein) or any Portfolio Limits.

Indirect investments proposed to be made by Basinghall or Tallis will also require the approval of the relevant Board of those entities. Where indirect investment in Credit Assets is made alongside third party participants, such that the Company is not the sole (indirect) owner of the relevant Credit Assets, the Investment Policy and any Portfolio Limits will be applied to the relevant indirect investments on a pro rata basis, proportionate to the Company’s indirect interest in the underlying Credit Assets. Investment in indirect investments is also subject to the Group having sufficient Available Cash.

As noted above, Funding Circle may (where it is lawfully able so to do) participate in the structuring, establishment and operation of vehicles established in connection with indirect investment in Credit Assets and may earn and retain remuneration or profits for performing any such role or service. It is anticipated that each relevant SPV will enter into service agreements with Funding Circle for the provision of services similar to those contemplated by the Servicing Agreements in the context of the Company’s portfolio of Credit Assets.

As at 30 September 2017, the Company holds indirect investments in loans through the following investing companies:

Investing Company	Jurisdiction
Basinghall	United Kingdom
Tallis	Germany and the Netherlands
Irish SPV (structured finance transaction with the EIB)	United Kingdom

Allocation Limits and Other Limitations

The Company will invest in Credit Assets originated through the various Marketplaces in each case (whether directly or indirectly) subject to the Allocation Limits and other limitations described in Note 14.

Results and dividends

Total comprehensive income for the period, determined under IFRS, amounted to £6.48 million. The Directors consider the declaration of a dividend on a quarterly basis. The payment of any dividend by the Company is subject to the satisfaction of a solvency test as required by The Companies (Guernsey) Law, 2008 (as amended). Dividends declared during the period are disclosed in Note 11 of the unaudited condensed consolidated financial statements.

INTERIM REPORT

Business review

The Company's Ordinary shares commenced trading on 30 November 2015 after successfully completing the admission of 150 million Ordinary shares to the Premium Segment of the Official List of the UK Financial Conduct Authority and to trading on the London Stock Exchange plc's Main Market.

In February 2017, the Company issued an updated prospectus which established a programme by which the Directors are able to issue up to 500 million Ordinary shares and/or C shares in aggregate. In April 2017, the Company issued 142 million C shares at a price of £1 per C share raising net proceeds of £139,870,000 after direct issue costs of £2,130,000.

Principal Risk and Risk Management

An overview of the principal risks and uncertainties that the Board considers to be currently faced by the Company are provided below, together with the mitigating actions being taken. The Directors have also linked the key performance indicators to the risks where relevant. Risks arising from the Group's use of financial instruments are set out in Note 14 of the unaudited condensed consolidated financial statements.

Principal risk	Mitigation and update of risk assessment	Company's financial KPI affected by risk
Default risk Borrowers' ability to comply with their payment obligations in respect of loans may deteriorate due to adverse changes in economic and political factors. Actual defaults may be greater than indicated by historical data and the timing of defaults may vary significantly from historical observations.	The Board has set portfolio limits and monitors information provided by the Administrator and Funding Circle on a regular basis. The impact of the uncertainties facing the UK and the EU as they continue negotiations over the United Kingdom's withdrawal from the European Union cannot be quantified. The Board has assessed that this risk may have been impacted but the magnitude and direction of the change is not clear at this stage. Economic uncertainties or developments including increases in interest rates may also impact upon default rates. Increases in interest rates are considered before Funding Circle offers loan facilities and all loans have a fixed interest rate. The risk remains unchanged during the period and is expected to be the same principal risk for the next 6 months.	Capital deployed Net return target Share price vs NAV per share Default rate Lending margin over risk free rate
Insufficient loans originated The Group may not achieve its target return due to lack of, or reduction to, loans available for the Group to invest in. The Group is only able to acquire Credit Assets originated by the Marketplaces to the extent that a sufficient number of Credit Asset requests are received by the Marketplaces which satisfy the Marketplaces' credit processes.	The Board monitors deployment on a regular basis and is in close dialogue with Funding Circle. The Company has deployed substantially all of its financial resources in Credit Assets. The risk remains unchanged during the period and is expected to be the same principal risk for the next 6 months.	Capital deployed Net return target

In addition to the principal risks considered above, the Board also considers other key operational risks as part of its ongoing risk monitoring process.

The Company has no employees and is reliant on the performance of third party service providers.

The Company's investment administration functions have been outsourced to external service providers. Any failure by any external service provider to carry out its obligations could have a materially detrimental impact on the effective operation, reporting and monitoring of the Company's financial position. This may have an effect on the Company's ability to meet its investment objectives successfully.

Principal Risk and Risk Management (continued)

The Company has no employees and is reliant on the performance of third party service providers (continued).

The Board receives and reviews reports from its principal external service providers. The Board may request a report on the operational effectiveness of controls in place at the service providers. The results of the Board's review are reported to the Audit Committee.

Cybersecurity breaches

The Company is reliant on the functionality of Funding Circle's software and IT infrastructure to facilitate the process of the Company acquiring Credit Assets. The Company is also reliant on the functionality of the IT infrastructure of its other service providers. These systems may be prone to operational, information security and related risks resulting from failures of, or breaches in, cybersecurity. The Management Engagement Committee requests details of the systems, policies and controls in place at the service providers to monitor this risk.

Risk models

The Company may invest (directly or indirectly) in Credit Assets originated on the Marketplaces based upon inaccurate borrower credit information. Additionally, the interest rate for a Credit Asset may not be reflective of its risk profile, which may result in lower returns than might be expected in relation to the actual credit risk which is borne by the Company.

Macroeconomic and other factors

Along with other holders of risk assets generally, the Group is exposed to a range of macroeconomic, geopolitical, market concentration and regulatory factors which could, in certain circumstances either individually or in combination have a negative effect on carrying values, portfolio returns, delinquencies and operating costs. These factors are kept under review by the Board and relevant Board committees as appropriate.

Going concern

The Directors have considered the financial performance of the Group and the impact of the market conditions at the period-end date and subsequently. During the period the Group's NAV rose (prior to the declaration and payment of interim dividends and excluding the effect of additional shares issued) by £7.74 million or approximately 4.7%. The Company's current cash holdings and projected cash flows are sufficient to cover current liabilities and projected liabilities. The Directors are therefore of the opinion that the Company and Group are a going concern and the unaudited condensed financial statements have been prepared on this basis.

Directors

The Directors who held office during the financial period and up to the date of approval of this report were:

	Date of appointment	**Date of resignation**
Frederic Hervouet	12 August 2015	
Jonathan Bridel	19 August 2015	
Richard Boléat	19 August 2015	
Richard Burwood	12 August 2015	
Samir Desai	22 July 2015	18 May 2017
Sachin Patel	18 May 2017	

Sachin Patel was appointed as Director on 18 May 2017. Sachin Patel is the Chief Capital Officer at Funding Circle, leads the Global Capital Markets group and is responsible for investor strategy. With effect from 31 May 2017, Phillip Hyett, who is Head of Funds at Funding Circle was approved to act as Alternate Director for Sachin Patel.

Related party transactions

The related parties of the Group, the transactions with those parties during the period and the outstanding balances as at 30 September 2017 are disclosed in Note 15 to the unaudited condensed financial statements.

Company Secretary

The Company Secretary is Sanne Group (Guernsey) Limited of Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands.

By order of the Board

Authorised Signatory
Sanne Group (Guernsey) Limited, Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the best of their knowledge and belief, the Directors confirm that:

- the Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34, "Interim Financial Reporting"; and
- the Half-Yearly Financial Report, comprising the Financial Highlights, the Summary Information, the Chairman's Statement, and the Interim Report, meets the requirements of an interim management report and includes a fair review of the information required by DTR 4.2.4 R;
    - DTR 4.2.7R of the UK Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months and their impact on the Unaudited Condensed Consolidated Financial Statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
    - DTR 4.2.8R of the UK Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months and that have materially affected the financial position or performance of the Group during the period, and any material changes in the related party transactions disclosed in the last annual report.

The maintenance and integrity of the Group and Company's website is the responsibility of the Directors. The work carried out by the independent auditors does not involve consideration of these matters and accordingly, the auditors accept no responsibility for any changes that may have occurred to the unaudited condensed consolidated financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Richard Boléat	**Jonathan Bridel**
Chairman	***Chairman of the Audit Committee***
7 December 2017	7 December 2017

INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF FUNDING CIRCLE SME INCOME FUND LIMITED

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial information of Funding Circle SME Income Fund Limited (the "Company") and its subsidiaries (together the 'Group') as of 30 September 2017. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The accompanying condensed consolidated interim financial information comprise:

- the condensed consolidated statement of financial position as at 30 September 2017;
- the condensed consolidated statement of comprehensive income for the six-month period then ended;
- the condensed consolidated statement of changes in equity for the six-month period then ended;
- the condensed consolidated statement of cash flows for the six-month period then ended; and
- the notes, comprising a summary of significant accounting policies and other explanatory information.

The condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibilities and those of the directors

The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity' issued by the International Auditing and Assurance Standards Board. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
7 December 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Notes	(Unaudited) 1 April 2017 to 30 September 2017 £	(Unaudited) 1 April 2016 to 30 September 2016 £
Operating income			
Interest income on loans advanced	3	11,972,032	7,883,098
Bank interest income		105,223	10,758
		12,077,255	7,893,856
Operating expenditure			
Net realised and unrealised loss on foreign exchange	14	475,674	24,187
Impairment of loans	3	1,512,564	1,114,256
Loan servicing fees		883,721	568,212
Company administration and secretarial fees		161,350	110,332
Directors' remuneration and expenses	12	98,400	128,109
Audit, audit-related and non-audit related fees	13	94,552	107,648
Corporate broker services		93,789	33,861
Corporate services fees		88,454	54,583
Regulatory fees		24,164	44,754
Advisory services fees		32,812	—
Legal fees		—	251,368
Other operating expenses		257,029	84,048
		3,722,509	2,521,358
Operating profit before finance costs		8,354,746	5,372,498
Finance costs			
Amortisation of C share financial liability		257,041	—
Amortisation of C share issue costs		(2,130,000)	—
Total comprehensive income for the period		**6,481,787**	**5,372,498**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Notes	(Unaudited) 1 April 2017 to 30 September 2017 £	(Unaudited) 1 April 2016 to 30 September 2016 £
Basic earnings per Ordinary share	10	3.91p	3.46p
Diluted earnings per Ordinary share	10	2.18p	3.46p
Weighted average number of Ordinary Shares outstanding			
Basic	10	165,677,574	155,230,027
Diluted	10	297,665,466	155,230,027

Other comprehensive income

There were no items of other comprehensive income in the current year or the prior period.

The Notes on pages 16 to 29 form part of these condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017

	Notes	(Unaudited) 30 September 2017 £	(Audited) 31 March 2017 £
ASSETS			
Cash and cash equivalents	5	54,131,079	12,331,519
Margin account held with bank	6	270,000	270,000
Other receivables and prepayments		350,155	371,919
Fair value of currency derivatives	6	2,359,225	239,253
Loans advanced	3	256,561,294	155,881,911
TOTAL ASSETS		**313,671,753**	**169,094,602**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	163,177,049	161,916,399
Retained earnings		3,926,408	2,835,892
TOTAL SHAREHOLDERS' EQUITY		**167,103,457**	**164,752,291**
LIABILITIES			
Liability in respect of C share issue	8	141,742,959	—
Accrued expenses and other liabilities	7	4,825,337	4,342,311
TOTAL LIABILITIES		**146,568,296**	**4,342,311**
TOTAL EQUITY AND LIABILITIES		**313,671,753**	**169,094,602**
NAV per share outstanding		**100.55p**	**99.87p**

The condensed consolidated financial statements on pages 11 to 29 were approved and authorised for issue by the Board of Directors on 7 December 2017 and were signed on its behalf by:

Richard Boléat
Chairman

Jonathan Bridel
Chairman of the Audit Committee

The Notes on pages 16 to 29 form part of these financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Notes	Share capital £	Retained earnings £	Total £
Balance at 1 April 2017		161,916,399	2,835,892	164,752,291
Scrip dividends issued	9	1,260,650	—	1,260,650
Dividends declared	11	—	(5,391,271)	(5,391,271)
Total comprehensive income for the period		—	6,481,787	6,481,787
Balance at 30 September 2017 (Unaudited)		**163,177,049**	**3,926,408**	**167,103,457**

Balance at 1 April 2016		147,000,000	1,276,617	148,276,617
Issue of Shares		14,503,561	—	14,503,561
Share issue costs		(290,071)	—	(290,071)
Dividends declared		—	(4,169,631)	(4,169,631)
Total comprehensive income for the period		—	5,372,498	5,372,498
Balance at 30 September 2016 (Unaudited)		**161,213,490**	**2,479,484**	**163,692,974**

The Notes on pages 16 to 29 form part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Notes	(Unaudited) 1 April 2017 to 30 September 2017 £	(Unaudited) 1 April 2016 to 30 September 2016 £
Operating activities			
Total comprehensive income before finance costs		8,354,746	5,372,498
Adjustments for:			
Foreign exchange loss/(gain)		3,962,565	(4,449,589)
Interest income on loans advanced		(11,972,032)	(7,883,098)
Impairment of loans	3	1,512,564	1,114,256
Fair value movement of currency derivatives	6	(2,119,972)	960,305
Operating cash flows before movements in working capital		**(262,129)**	**(4,885,628)**
Loans advanced	3	(145,314,103)	(96,214,774)
Principal and interest collections on loans advanced	3	51,614,111	49,464,078
Increase in other receivables and prepayments		21,764	204,662
Increase in accrued expenses and other liabilities		463,214	(3,582,109)
Decrease in collateral for currency derivatives	6	—	340,000
Net cash used in operating activities		**(93,477,143)**	**(54,673,771)**
Financing activities			
Proceeds from issue of Shares	8	140,171,744	14,213,490
Initial costs of issue of Shares	8	(301,744)	—
Dividends paid		(4,110,809)	(1,500,000)
Net cash from financing activities		**135,759,191**	**12,713,490**
Net increase/(decrease) in cash and cash equivalents		**42,282,048**	**(41,960,281)**
Cash and cash equivalents at the beginning of the period		12,331,519	56,757,244
Foreign exchange (losses)/gain on cash and cash equivalents		(482,488)	829,398
Cash and cash equivalents at the end of the period		**54,131,079**	**15,626,361**

The Notes on pages 16 to 29 form part of these condensed consolidated financial statements.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

1. GENERAL INFORMATION

The Company is a closed-ended limited liability company registered under The Companies (Guernsey) Law, 2008 (as amended) with registered number 60680. The Company is a registered collective investment scheme in Guernsey and its Shares are listed on the premium segment of the London Stock Exchange's Main Market for listed securities. The Company's home member state for the purposes of the EU Transparency Directive is the United Kingdom. As such, the Company is subject to regulation and supervision by the Financial Conduct Authority, being the financial markets supervisor in the United Kingdom. The registered office of the Company is Third Floor, La Plaiderie Chambers, La Plaiderie, St Peter Port, Guernsey GY1 1WG, Channel Islands.

The Company has been established to provide shareholders with sustainable and attractive levels of dividend income, primarily by way of investment in loans originated both directly through the Marketplaces operated by Funding Circle and indirectly, in each case as detailed in the investment policy. The Company has identified Funding Circle as a leader in the growing marketplace lending space with its established infrastructure, scale of origination volumes and expertise in accurately assessing loan applications.

The Company publishes monthly net asset value statements on its website at www.fcincomefund.com.

2. BASIS OF PREPARATION

The Company has prepared these Unaudited Condensed Consolidated Financial Statements on a going concern basis in accordance with the Disclosure and Transparency Rules of the United Kingdom Financial Conduct Authority and prepared in accordance with International Financial Reporting Standard ('IFRS') IAS 34 'Interim Financial Reporting'. This Half-Yearly Financial Report does not comprise statutory financial statements within the meaning of The Companies (Guernsey) Law, 2008 (as amended) and should be read in conjunction with the audited Consolidated Financial Statements of the Group for the year ended 31 March 2017, which have been prepared in accordance with IFRS. The statutory financial statements for the year ended 31 March 2017 were approved by the Board of Directors on 13 July 2017. The opinion of the auditors on those financial statements was unqualified. The accounting policies adopted in this Half-Yearly Financial Report are unchanged since 31 March 2017 except as set out below.

This Half-Yearly Financial Report for the period ended 30 September 2017 has been reviewed by the auditors but not audited.

2.1 Accounting for C share class

On 7 April 2017, the Company raised £142 million of capital through the placing of C shares. When in issue, the net assets attributable to the C shares are accounted for and managed by the Company as a distinct pool of assets. The Company manages separate cash accounts and investment portfolios for the C shares and expenses are either specifically invoiced to the appropriate share class or split proportionally based on the net asset value of each share class.

The Directors have assessed the characteristics of the C Share and concluded that the C shares issued meet the definition of a financial liability under IAS 32, 'Financial Instruments: Presentation' as the C Shares are non-derivative financial instruments that include a contractual obligation under the terms of the issue to deliver a variable number of the Company's own Ordinary shares via a pre-defined conversion mechanism contingent upon a defined level of cash proceeds deployment.

The Directors have considered whether the C Share liability should be valued in the financial statements at fair value or stated at amortised cost under IAS 39, 'Financial Instruments: Recognition and Measurement. The directors have concluded that the C share liability should be held at amortised cost. The amortised cost value of the C Share liability is estimated at the NAV of the C Share, which the Directors consider is the most appropriate way to disclose the liability within the financial statements. The direct issue costs attributable to the C shares were fully amortised as at 30 September 2017 and formed part of the valuation of the C Share liability as disclosed in more detail in note 8.

3. LOANS ADVANCED

	(Unaudited) 30 September 2017 £	**(Audited) 31 March 2017 £**
Balance at the beginning of the period/year	155,881,911	94,764,065
Advanced	145,314,103	110,193,869
Interest income	11,972,032	17,326,262
Principal and interest collections	(51,614,111)	(67,345,776)
Impairment allowance for the period/year	(1,512,564)	(3,282,919)
Foreign exchange (losses)/gains	(3,480,077)	4,226,410
Balance at the end of the period/year	**256,561,294**	**155,881,911**

3. LOANS ADVANCED – (CONTINUED)

The Group predominantly makes unsecured loans. As at 30 September 2017, the carrying value of loans secured by charges over properties is £11,272,524 (31 March 2017: £14,815,953).

Each loan has a contractual payment date for principal and interest. The Group considers a loan as past due when the borrower's repayment has not been received for at least 30 days from the scheduled payment date.

The ageing analysis of the past due receivables along with the amount recognised as an impairment allowance are as follows:

	(Unaudited) 30 September 2017		**(Audited) 31 March 2017**	
	Principal and interest	**Impairment allowance**	**Principal and interest**	**Impairment allowance**
Past due between 30 days and 60 days	785,024	268,348	711,376	255,566
Past due between 61 days to 90 days	603,485	320,127	263,985	164,067
Past due for over 90 days	312,305	264,928	19,353	11,999
Defaulted (net of recoveries)	5,003,131	3,972,272	3,727,505	2,881,479
	6,703,945	**4,825,675**	**4,722,219**	**3,313,111**

The following table shows the movement in impairment allowance during the period:

	£
Impairment allowance as at beginning of the period- (audited)	3,313,111
Additional impairment allowance	1,512,564
Impairment allowance at the end of the period – (unaudited)	**4,825,675**

4. SEGMENTAL REPORTING

The Group operates in the UK, US, Germany, Spain and the Netherlands. For financial reporting purposes, Germany, Spain and the Netherlands combine to make up the Continental Europe operating segment. The Group stopped lending to Spanish companies in January 2017.

The measurement basis used for evaluating the performance of each segment is consistent with the policies used for the Group as a whole. Assets, liabilities, profits and losses for each reportable segment are recognised and measured using the same accounting policies as the Group.

The Group's investment in the EIB Transaction generated interest income that exceeds 10% of the Group's total income. Except for this transaction, all of the Group's investments are loans to small and medium-sized entities ("SMEs"). Each individual SME loan does not generate income that exceeds 10% of the Group's total income.

The EIB Transaction and the corresponding income have been reported under the 'UK' segment below. All items of income and expenses not directly attributable to specific reportable segments have been included in 'Reconciling items' column.

Segment performance for the period ended 30 September 2017 – (unaudited)

	UK	**US**	**CE**	**Reconciling items**	**Consolidated**
	£	**£**	**£**	**£**	**£**
Total revenue	8,039,266	3,462,060	470,706	105,223	12,077,255
Profit/(loss) before finance costs	6,487,671	2,195,941	40,585	(370,451)	8,354,746

Segment assets and liabilities as at 30 September 2017

	UK	**US**	**CE**	**Reconciling items**	**Consolidated**
	£	**£**	**£**	**£**	**£**
Assets	194,392,501	100,354,211	15,945,661	2,979,380	313,671,753
Liabilities	(141,858,094)	(53,747)	(9,737)	(4,646,218)	(146,567,796)

4. SEGMENTAL REPORTING – (CONTINUED)

Segment performance for the year ended 30 September 2016 – (unaudited)

	UK	US	CE	Reconciling items	Consolidated
	£	£	£	£	£
Total revenue	5,463,550	6,068,271	807,405	10,758	12,349,984
Profit/(loss) before finance costs	4,732,963	1,316,499	4,380	(681,344)	5,372,498

Segment assets and liabilities as at 31 March 2017

	UK	US	CE	Reconciling items	Consolidated
	£	£	£	£	£
Assets	111,142,766	42,909,326	8,152,819	6,889,691	169,094,602
Liabilities	(1,375,391)	(33,778)	(30,748)	(2,901,894)	(4,341,811)

The Company is domiciled in Guernsey whilst Basinghall and Tallis are domiciled in Ireland. The Group earned £2,541,575 interest income as a result of the EIB Transaction during the period. All other income was earned from SME borrowers in the UK, US and CE.

5. CASH AND CASH EQUIVALENTS

	(Unaudited) 30 September 2017	(Audited) 31 March 2017
	£	£
Cash at bank	24,633,583	4,548,149
Cash equivalents	29,497,496	7,783,370
Balance at the end of the period	**54,131,079**	**12,331,519**

Cash equivalents are term deposits held with different banks with maturities between overnight and 90 days.

6. DERIVATIVES

Foreign exchange swaps are held to hedge the currency exposure generated by US dollar assets and Euro assets held by the Group (see Note 14). The hedges have been put in place taking into account the fact that derivative positions, such as simple foreign exchange swaps, could cause the Group to require cash to fund margin calls on those positions. Foreign exchange derivatives are entered into with Royal Bank of Scotland International ("RBSI") and Goldman Sachs International ("GS"). The contracts with GS are collateralised by a cash deposit. The Group renegotiated the terms of the contract with RBSI such that no collateral is required on the initial transaction and in instances of temporary negative fair value positions.

(a) Margin accounts held at bank

	(Unaudited) Fair value 30 September 2017	(Audited) Fair value 31 March 2017
	£	£
Margin account held with GS	270,000	270,000
	270,000	**270,000**

6. DERIVATIVES – (CONTINUED)

(b) Fair value of currency derivatives

	(Unaudited) Fair value 30 September 2017 £	(Audited) Fair value 31 March 2017 £
Valuation of currency derivatives	2,359,225	239,253
	2,359,225	**239,253**

	(Unaudited) Fair value 30 September 2017 (£)	(Unaudited) Nominal of outstanding contracts 30 September 2017 (Currency)
Euro	193,825	15,468,638
USD	2,165,400	101,922,841
Total	**2,359,225**	

	(Audited) Fair value 31 March 2017 (£)	(Audited) Nominal of outstanding contracts 31 March 2017 (Currency)
Euro	(16,658)	6,415,686
USD	255,911	57,630,653
Fair value of currency derivatives	**239,253**	

7. ACCRUED EXPENSES AND OTHER LIABILITIES

	(Unaudited) 30 September 2017 £	(Audited) 31 March 2017 £
Dividends payable	2,700,576	2,680,764
Payable for loans committed but not yet funded	1,605,978	1,284,176
Service fees payable	192,493	104,773
Audit fees payable	138,700	128,831
Legal fees payable	9,310	54,724
Advisory fees payable	32,811	—
Taxation payable	500	500
Other liabilities	144,969	88,543
	4,825,337	**4,342,311**

The amount payable for loans committed but not yet funded represents funds not released to borrowers but for which fully executed loan agreements are in place. The Group has acquired the rights to principal and interest repayments for these loans and these are therefore included in the loans advanced with a corresponding liability recognised for funds to be released to the borrowers.

8. LIABILITY IN RESPECT OF C SHARE IN ISSUE

On 7 April 2017, the Company issued 142,000,000 C shares at a price of £1 per share raising net proceeds of £139,870,000 after direct issue costs of £2,130,000. Whilst the C Shares are in issue, the results, assets and liabilities attributable to the C Shares are accounted for as a separate pool to the results, assets and liabilities attributable to the Ordinary shares. A share of the Group's expenses for the period during which the C Shares have been in issue has been allocated to the C Share pool based on the relative proportions of total net assets of each share class pool. The carrying amount of the C Share liability as at 30 September 2017 consists of:

	£
Proceeds from issue of C shares (par of £142,000,000 net of direct issue cost deducted from proceeds of £1,828,256)	140,171,744
C Share issue costs	(301,744)
Net proceeds from issue of C shares	139,870,000
Amortisation of C share issue costs	2,130,000
Amortisation of C share financial liability	(257,041)
Amortised cost as at 30 September 2017	**141,742,959**

The C share pool as at 30 September 2017 is represented by:

	£
Loans advanced	104,123,981
Cash and cash equivalents	36,472,725
Derivative financial instruments	1,075,728
Other receivables and prepayments	214,316
Accrued expense and other liabilities	(143,791)
NAV attributable to C share class as at 30th September 2017	**141,742,959**

Results of the C share pool for the period are given below:

	£
Interest income	2,544,020
Net foreign exchange loss	(98,617)
Group expenses allocated to the C share pool	(572,444)
Amortisation of C share issue costs	(2,130,000)
Loss attributable to C share class during the period	**(257,041)**

Earnings per C share is shown below:

	£
Profit before amortisation of C share issue costs	1,872,959
Loss after amortisation of C share issue costs	(257,041)
Weighted average number of C shares	132,688,525
Earnings per share before C share issue costs	1.41
Loss per share after C share issue costs	(0.19)

8. LIABILITY IN RESPECT OF C SHARE IN ISSUE – (CONTINUED)

Rights attaching to C share class

All shareholders of the same class have the same voting rights in respect of the share capital of the Company. The C shares shall carry the right to receive notice of and to attend, speak and vote at any general meeting of the Company. The voting rights of holders of C shares will be the same as those applying to holders of Ordinary shares as set out in the Articles, as if the C shares and Ordinary shares were a single class.

C shares shall carry the right to receive all income of the Company attributable to that class of C shares and to participate in any distribution of such income.

The Class C shares are redeemable by the Company in accordance with the terms set out in the Articles.

9. SHARE CAPITAL

Issued and fully paid	Number of shares	Shares issued value	Issue costs	Net Shares value
Ordinary Shares		**£**	**£**	**£**
At 31 March 2017 (audited)	164,970,063	165,206,470	(3,290,071)	161,916,399
Issue of new shares – scrip dividends	1,219,235	1,260,650	—	1,260,650
At 30 September 2017 (unaudited)	**166,189,298**	**166,467,120**	**(3,290,071)**	**163,177,049**

Rights attaching to the Ordinary share class

All shareholders have the same voting rights in respect of the share capital of the Company. Every member who is present in person or by a duly authorised representative or proxy shall have one vote on a show of hands and on a poll every member present shall have one vote for each share of which he is the holder, proxy or representative. All shareholders are entitled to receive notice of the Annual General Meeting and any other General meetings.

Each Ordinary share will rank in full for all dividends and distributions declared made or paid after their issue and otherwise pari passu in all respects with each existing Ordinary share and will have the same rights (including voting and dividend rights and rights on a return of capital) and restrictions as each existing Ordinary share.

10. EARNINGS PER SHARE ("EPS")

The calculation of the basic and diluted EPS is based on the following information:

	(Unaudited) 30 September 2017	(Unaudited) 30 September 2016
	£	**£**
Profit for the purposes of basic and diluted EPS	6,481,787	5,372,498
Weighted average number of shares for the purposes of EPS:		
Basic	165,677,574	155,230,027
Diluted	297,665,466	155,230,027
Basic EPS	**3.91p**	**3.46p**
Diluted EPS	**2.18p**	**3.46p**

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2017

11. DIVIDENDS

The following table shows a summary of dividends declared during the period in relation to Ordinary shares. The Directors did not declare dividends to the holders of the Class C shares during the period.

	Date declared	Ex-dividend date	Per share	Total	Number of shares issued as
			Pence	£	scrip dividend
Ordinary Shares					
Interim dividend	15 June 2017	22 June 2017	1.625	2,690,707	606,999
Interim dividend	14 September 2017	21 September 2017	1.625	2,700,564	70,467*
Total			**3.25**	**5,391,271**	**677,466**

**These shares were issued on 31 October 2017.*

The Board offers shareholders a choice to receive dividends in cash or in shares via a scrip dividend programme. Under the programme, the number of shares issued is determined by using a Reference Share Price determined as the higher of (i) the prevailing average of the middle market quotations of the shares derived from the Daily Official List of the London Stock Exchange for the ex-dividend date and the four subsequent dealing days and (ii) the prevailing net asset value per share.

12. DIRECTORS' REMUNERATION AND EXPENSES

	(Unaudited) 1 April 2017 to 30 September 2017	(Unaudited) 1 April 2016 to 30 September 2016
	£	£
Directors' fees	85,331	122,500
Directors' expenses	13,069	5,609
	98,400	**128,109**

None of the Directors have any personal financial interest in any of the Group's investments other than indirectly through their shareholding in the Group.

13. AUDIT, AUDIT RELATED AND NON-AUDIT RELATED SERVICES

Remuneration for all work carried out for the Group by the statutory audit firm in each of the following categories of work is disclosed below:

	(Unaudited) 1 April 2017 to 30 September 2017		(Unaudited) 1 April 2016 to 30 September 2016	
Type of service	**PwC CI**	**PwC Ireland**	**PwC CI**	**PwC Ireland**
	£	£	£	£
Audit of the financial statements	32,930	18,570	50,422	14,962
Review of half-yearly financial statements	21,000	—	20,000	—
Tax related services	—	7,052	—	7,264
Other non-audit services	15,000	—	15,000	—
	68,930	**25,622**	**85,422**	**22,226**

14. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's activities. Below is a summary of the risks that the Group is exposed to as a result of its use of financial instruments.

i) Operational risk

The Group is dependent on Funding Circle's resources and on the ability and judgement of the employees of Funding Circle and its professional advisers to originate and service the Credit Assets purchased by the Group. Failure of Funding Circle's platform or inconsistent operational effectiveness of the internal controls at Funding Circle may result in financial losses to the Group.

The Board manages this risk by performing a regular evaluation of Funding Circle's performance against the terms and conditions of the Group's agreements with Funding Circle.

ii) Market risk

Market risk is the risk of changes in market rates, such as interest rates, foreign exchange rates and equity prices, affecting the Group's income and/or the value of its holdings in financial instruments.

The Board of Directors regularly reviews the Credit Assets portfolio and industry developments to ensure that any events which impact the Group are identified and considered in a timely manner.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group is exposed to risks associated with the effect of fluctuations in the prevailing levels of market interest rates on its cash balances and indirectly on the pricing of and returns from Credit Assets.

Loans are held by the Group at amortised cost and bear fixed interest rates. The Board has not performed an interest rate sensitivity analysis on these loans as they are intended to be held until maturity and bear fixed interest rates. Financial instruments with floating interest rates that reset as market rates change are exposed to cash flow interest rate risk. As at 30 September 2017, the Group had £54.13 million (31 March 2017: £12.33 million) of the total assets classified as cash and cash equivalents with floating interest rates. At 30 September 2017, had interest rates increased or decreased by 25 basis points with all other variables held constant, the change in the value of future expected cash flows of these assets would have been £135,325 (31 March 2017: £30,829). The Board of Directors believes that a change in interest rate of 25 basis points is a reasonable measure of sensitivity in interest rates based on their assessment of market interest rates at the period end.

Loans are held by the Group at amortised cost and bear fixed interest rates. The Board has not performed an interest rate sensitivity analysis on these loans as they are intended to be held until maturity and bear fixed interest rates. However, the Group's portfolio of Credit Assets is dynamic and the pricing of new loans made from time to time to which the Group becomes exposed will take account of prevailing risk-free rates at the time of the making of a loan.

ii) Market risk – (continued)

Interest rate risk (continued)

The relationship between changing risk-free rates and loan pricing will not generally be linear and will be affected by other factors, such as changes in demand for loans, credit conditions generally and the action of other market participants with whom the Marketplaces compete.

Currency risk

Currency risk is the risk that the value of the Group's net assets will fluctuate due to changes in foreign exchange rates.

Aside from GBP, the Group invests in loans denominated in US Dollars and Euro, and may invest in loans denominated in other currencies. Accordingly, the value of such assets may be affected favourably or unfavourably by fluctuations in currency rates. The Board of Directors monitors the fluctuations in foreign currency exchange rates and uses forward foreign exchange contracts to seek to hedge the currency exposure of the Group arising from US Dollar and Euro denominated investments.

14. FINANCIAL RISK MANAGEMENT – (CONTINUED)

Currency risk – (continued)

The currency risk of the Group's non-GBP monetary financial assets and liabilities as at 30 September 2017 including the effect of a change in exchange rates by 5% is shown below. The effect of a 5% change shown below apply as an increase (for favourable change in currency rates) or a decrease (for unfavourable change in currency rates) to the reported amounts of the assets and liabilities of the Group. The Directors believe that a change of 5% in currency exchange rates is a reasonable measure of sensitivity based on available data on currency rates at the period end.

	(Unaudited) Carrying amount as at 30 September 2017	(Unaudited) Effect of a 5% change in currency rate	(Audited) Carrying amount as at 31 March 2017	(Audited) Effect of a 5% change in currency rate
	£	£	£	£
US Dollar	73,393,493	3,669,674	42,366,295	2,118,315
Euro	16,112,413	805,621	8,146,630	407,332
Total	**89,505,906**	**4,475,295**	**50,512,925**	**2,525,647**

The Group's exposure has been calculated as at the period end and may not be representative of the period as a whole. Furthermore, the above currency risk estimate does not take into account the effect of the Group's foreign exchange hedging policy. The net foreign exchange loss charged to the Statement of Comprehensive Income during the period was GBP 475,674 (31 March 2017: GBP 196,849) which represents:

	(Unaudited) 1 April 2017 to 30 September 2017	(Audited) 1 April 2016 to 31 March 2017
	£	£
Net unrealised foreign currency (loss)/gain	(3,962,565)	6,160,023
Realised gain/(loss) on currency derivatives	1,366,920	(6,598,557)
Unrealised fair value gains on currency derivatives	2,119,971	241,685
	(475,674)	**(196,849)**

iii) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Substantially all of the non-cash assets held by the Group are illiquid.

The Board of Directors manages liquidity risk through active monitoring of amortising cash flows and reviewing the Group cash flow forecast on a regular basis. The Group may borrow up to 0.5 times the then-current net asset value of the Group at the time of borrowing.

Maturity profile

The following tables show the contractual maturity of the financial assets and financial liabilities of the Group:

As at 30 September 2017 – (unaudited)

	Within one year	One to five years	Over five years	Total
	£	£	£	£
Financial assets				
Cash and cash equivalents	54,131,079	—	—	54,131,079
Loans advanced	79,957,709	176,603,585	—	256,561,294
Margin account held with bank	270,000	—	—	270,000
Fair value of currency derivatives	2,359,225	—	—	2,359,225
Other receivables and prepayments	350,155	—	—	350,155
	137,068,168	**176,603,585**	**—**	**313,671,753**

14. FINANCIAL RISK MANAGEMENT – (CONTINUED)

iii) Liquidity risk – (continued)

	Within one year	One to five years	Over five years	Total
	£	£	£	£
Financial liabilities				
Fair value of currency derivatives	—	—	—	—
Accrued expenses and other liabilities	4,825,337	—	—	4,825,337
	4,825,337	**—**	**—**	**4,825,337**

As at 31 March 2017 – (audited)

	Within one year	One to five years	Over five years	Total
	£	£	£	£
Financial assets				
Cash and cash equivalents	12,331,519	—	—	12,331,519
Loans advanced	51,549,919	104,331,992	—	155,881,911
Margin account held with bank	270,000	—	—	270,000
Fair value of currency derivatives	239,253	—		239,253
Other receivables and prepayments	371,919	—	—	371,919
	64,762,610	**104,331,992**	**—**	**169,094,602**

As at 31 March 2017 – (audited)

Financial liabilities				
Accrued expenses and other liabilities	4,342,311	—	—	4,342,311
	4,342,311	**—**	**—**	**4,342,311**

iv) Credit risk and counterparty risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date. Impairment recognised on the loans advanced is disclosed in note 3.

The Group's credit risks arise principally through exposures to loans advanced by the Group, which are subject to the risk of borrower default. As disclosed in note 3, the loans advanced by the Group are predominantly unsecured, but the Group holds assets as security for certain property-related loans.

Credit quality

The credit quality of loans is assessed on an ongoing basis through evaluation of various factors, including credit scores, payment data and other information related to counterparties. This information is subject to stress testing on a regular basis.

Set out below is the analysis of the Group's loan investments by internal grade rating:

	(Unaudited) Carrying value 30 September 2017	(Unaudited) % of Carrying value 30 September 2017	(Audited) Carrying value 31 March 2017	(Audited) % of Carrying value 31 March 2017
Internal grade	**£**	**%**	**£**	**%**
A+	78,601,739	30.64	38,900,209	24.95
A	60,228,339	23.48	38,637,295	24.79
B	46,242,414	18.02	27,987,038	17.95
C	27,971,058	10.90	15,178,806	9.74
D	12,213,689	4.76	5,365,261	3.44
E	3,843,633	1.50	1,678,729	1.08
Not graded*	27,460,422	10.70	28,134,573	18.05
	256,561,294	**100.00**	**155,881,911**	**100.00**

** - EIB Transaction. The investments of the Irish SPV are loans originated in the UK.*

14. FINANCIAL RISK MANAGEMENT – (CONTINUED)

iv) Credit risk and counterparty risk (continued)

The Internal Grade risk rating assigned to a borrower is based on Funding Circle's proprietary credit scoring methodology to evaluate each loan application. Analysis has regard to all the relevant application data gathered so far as well as information obtained from commercial and consumer credit bureaus. It also include analysis of the borrower's financial information.

Allocation limits

The Board of Directors have implemented the following portfolio limits to manage the concentration risk exposure of the Group:

The proportionate division between loans originated through the various Marketplaces (as defined in the Prospectus) must fall within the ranges set out below. The actual proportion within the ranges will be determined by Funding Circle UK (and communicated by Funding Circle UK to Funding Circle US, Funding Circle CE, and other Funding Circle group entities, as appropriate) pursuant to the Services Agreement:

- originated through the UK Marketplace – between 50 per cent. and 100 per cent. of the gross asset value of the Group
- originated through the US Marketplace – between 0 per cent. and 50 per cent. of the gross asset value of the Group
- originated through the other Marketplaces – between 0 per cent. and 15 per cent. of the gross asset value of the Group

Other limitations

In addition to the allocation limits described above, in no circumstances will loans be acquired by the Group, nor will indirect exposure to loans be acquired, if such acquisition or exposure would result in:

- in excess of 50 per cent. of the gross asset value being represented by loans in respect of which the relevant borrower is located in the US; or

- the amount of the relevant loan or borrowing represented by any one loan exceeding, or resulting in the Group's exposure to a single borrower exceeding (at the time such investment is made) 0.75 per cent. of the net asset value.

Banking counterparties

The Group is also exposed to credit risk in relation to cash placed with its banking counterparties. The Directors monitor the credit quality of these banking counterparties on regular basis.

The Group may invest cash held for working capital purposes and pending investment or distribution in cash or cash equivalents, government or public securities, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a "BBB" (or equivalent) or higher credit rating as determined by any internationally recognised rating agency selected by the Board.

The Group held cash with the following financial institutions:

	(Unaudited) Amount as at 30 September 2017 £	(Unaudited) Short term credit rating (S&P)	(Audited) Amount as at 31 March 2017 £	(Audited) Short term credit rating (S&P)
HSBC	5,131,180	A-1+	647,039	A-1+
Santander	13,720,585	A-1	5,900,000	A-1
Barclays	23,279,314	A-2	4,336,269	A-2
Lloyds	12,000,000	A-1	1,448,211	A-1
Total	**54,131,079**		**12,331,519**	

In addition, the Group uses forward foreign currency transactions to seek to minimise the Group's exposure to changes in foreign exchange rates. The Group is exposed to counterparty credit risk in respect of these transactions. The Board of Directors employs various techniques to limit actual counterparty credit risk, including the requirement for cash margin payments or receipts for foreign currency derivative transactions on a regular basis. As at the financial period-end, the Group's derivative counterparties were RBSI and GS. The long term-credit rating of RBSI as at 30 September 2017 assigned by Moody's was Baa3 (31 March 2017: Ba1). The long term-credit rating of GS as at 30 September 2017 assigned by Moody's was A1 (31 March 2017: A1). The Directors monitor the credit quality of these banking counterparties on a regular basis.

14. FINANCIAL RISK MANAGEMENT – (CONTINUED)

v) Fair value estimation

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities. Investments, whose values are based on quoted market prices in active markets and are therefore classified within Level 1, include active listed equities. The quoted price for these instruments is not adjusted;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The determination of what constitutes “observable” requires significant judgement by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

The Group’s only financial instruments measured at fair value as at 30 September 2017 are its currency derivatives. The fair value of the currency derivatives held by RBSI was estimated by RBSI based on the GBP-USD forward exchange rate, the GBP-EUR forward exchange rate, the GBP-USD spot rate and the GBP-EUR spot rate as at 30 September 2017. The fair value of the currency derivatives held by GS was estimated by GS based on the GBP-EUR forward exchange rate and the GBP-EUR spot rate as at 30 September 2017.

The Board of Directors believe that the fair value of the currency derivatives falls within Level 2 in the fair value hierarchy described above.

The following table presents the fair value of the Group’s assets and liabilities not measured at fair value as at 30 September 2017 but for which fair value is disclosed:

	(Unaudited) 30 September 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Loans advanced	—	—	256,561,294	256,561,294
Cash and cash equivalents	54,131,079	—	—	54,131,079
Margin account held with Bank	270,000	—	—	270,000
Other receivables and prepayments	—	350,155	—	350,155
Accrued expenses and other liabilities	—	(4,825,337)	—	(4,825,337)
	54,401,079	**(4,475,182)**	**256,561,294**	**306,487,191**

	(Audited) 31 March 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Loans advanced	—	—	155,881,911	155,881,911
Cash and cash equivalents	12,331,519	—	—	12,331,519
Margin account held with bank	270,000	—	—	270,000
Other receivables and	—	371,919	—	371,919
Accrued expenses and other liabilities	—	(4,342,311)	—	(4,342,311)
	12,601,519	**(3,970,392)**	**155,881,911**	**164,513,038**

14. FINANCIAL RISK MANAGEMENT – (CONTINUED)

v) Fair value estimation – (continued)

The Board of Directors believe that the carrying values of the above instruments approximate their fair values. The fair value of loans advanced is estimated to be approximate to the carrying value because the Directors believe that the effect of re-pricing between origination date and the date of this report is not material. In the case of cash and cash equivalents, other receivables and prepayments, and accrued expenses and other liabilities the amount estimated to be realised in cash are equal to their value shown in the Condensed Consolidated Statement of Financial Position due to their short term nature.

There were no transfers between levels during the period or the prior period.

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the Group. The Group's capital is represented by the Ordinary shares and retained earnings. The capital of the Group is managed in accordance with its investment policy, in pursuit of its investment objectives.

The Group is not subject to externally imposed capital requirements. However, certain calculations on the employment of leverage are required under the AIFMD. As at 30 September 2017, the Group used leverage through the EIB Transaction. The level of the Group's leverage has not resulted in a change of the reporting requirements as prescribed by AIFMD.

15. RELATED PARTY DISCLOSURE

The Directors, who are the key management personnel of the Group, are remunerated per annum as follow:

	£
Chairman	50,000
Audit Committee Chairman	40,000
Risk Committee Chairman	40,000
Other Directors	30,000
	160,000

Sachin Patel, who is a member of the Board of Directors from 18 May 2017, has waived his fees as a director of the Company. Samir Desai, who was a director of the Company up to 18 May 2017, waived his fees for the period of his tenure.

Richard Burwood is also a director of Basinghall and Tallis and is entitled to receive £5,000 per annum as Director's fees from each of the companies.

The Directors held the following number of shares as at 30 September 2017 and 31 March 2017:

	(Unaudited) As at 30 September 2017		**(Audited) As at 31 March 2017**	
	Number of shares	**% of total shares in issue**	**Number of shares**	**% of total shares in issue**
Richard Boléat	5,000	0.0030	5,000	0.0030
Jonathan Bridel	5,000	0.0030	5,000	0.0030
Richard Burwood	5,000	0.0030	5,000	0.0030
Samir Desai (resigned on 18 May 2017)	148,138	0.0894	148,138	0.0927
Frederic Hervouet	107,000	0.0646	107,000	0.0669
Sachin Patel	—	—	—	—
	270,138	**0.1630**	**270,138**	**0.1686**

The Group has no employees during the period or the prior period.

In the prior year, the Directors received GBP 10,000 each as one-off fees for services in connection with the issue of a new prospectus and other matters associated with the EIB Transaction.

15. RELATED PARTY DISCLOSURE – (CONTINUED)

The Directors delegate certain functions to other parties. In particular, the Directors have appointed Funding Circle UK, Funding Circle US, Funding Circle Netherlands and Funding Circle CE to originate and service the Group's investments in loans. Notwithstanding these delegations, the Directors have responsibility for exercising overall control and supervision of the services provided by the Funding Circle entities, for risk management of the Group and otherwise for the Group's management and operations.

The transaction amounts incurred during the period and amounts payable to each of Funding Circle UK, Funding Circle US and Funding Circle CE are disclosed below.

	Transaction	(Unaudited) Expense during the period ended 30 September 2017 £	(Unaudited) Payable as at 30 September 2017 £	(Audited) Expense during the period ended 30 September 2016 £	(Audited) Payable as at 30 September 2016 £
Funding Circle UK	Servicing fee	555,261	115,135	384,974	64,806
Funding Circle UK	Corporate services fee	88,454	13,874	54,583	13,578
Funding Circle UK	Reimbursement of expenses	158,878	37,645	6,768	839
Funding Circle US	Servicing fee	280,505	53,747	175,000	34,005
Funding Circle CE	Servicing fee	47,954	9,737	8,238	6,877

16. INVESTMENT IN SUBSIDIARIES

The Company accounts for its interest in the following entities as subsidiaries, in accordance with the definition of subsidiaries and control set out in IFRS 10:

	Country of incorporation	Principal activity	Transactions	(Unaudited) Outstanding amount as at 30 September 2017 £	(Audited) Outstanding amount as at 31 March 2017 £
Basinghall Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in the UK	Subscription of notes issued	159,715,760	80,415,760
Tallis Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in Spain*, Germany and the Netherlands	Subscription of notes issued	16,025,064	8,110,154
				175,740,824	**88,525,914**

**The Group ceased originating loans in Spain from January 2017.*

17. SUBSEQUENT EVENTS

On 14 September 2017, the Board declared a dividend of 1.625 pence per Ordinary share payable on 31 October 2017 to shareholders on the register as at the close of business on 22 September 2017 and the corresponding ex-dividend date of 21 September 2017.

On 20 November 2017, the Board declared a dividend of 1.73 pence per C share payable on 21 December 2017 to C shareholders on the register as at the close of business on 1 December 2017 (the record date) and the corresponding ex-dividend date of 30 November 2017.

BOARD OF DIRECTORS

Richard Boléat

Chairman, Remuneration and Nominations Committee Chairman, Non-executive Director

Richard Boléat was born in Jersey in 1963. He is a Fellow of the Institute of Chartered Accountants in England & Wales, having trained with Coopers & Lybrand in Jersey and the United Kingdom. After qualifying in 1986, he subsequently worked in the Middle East, Africa and the UK for a number of commercial and financial services groups before returning to Jersey in 1991. He was formerly a Principal of Channel House Financial Services Group from 1996 until its acquisition by Capita Group plc ("Capita") in September 2005. Mr Boléat led Capita's financial services client practice in Jersey until September 2007, when he left to establish Governance Partners, L.P., an independent corporate governance practice. He currently acts as Chairman of CVC Credit Partners European Opportunities Limited and Phaunos Timber Fund Limited, both of which are listed on the London Stock Exchange, and Yatra Capital Limited, listed on Euronext, along with a number of other substantial collective investment and investment management entities established in Jersey, the Cayman Islands and Luxembourg. He is regulated in his personal capacity by the Jersey Financial Services Commission and is a member of AIMA.

Jonathan Bridel

Audit Committee Chairman, Non-executive Director

Mr Bridel is currently a non-executive Chairman or director of various listed and unlisted investment funds and private equity investment managers. Listings include Alcentra European Floating Rate Income Fund Limited, Starwood European Real Estate Finance Limited, The Renewables Infrastructure Group Limited and Sequoia Economic Infrastructure Income Fund Limited which are listed on the premium segment of the London Stock Exchange. He is a Director of Phaunos Timber Fund Limited which is currently in wind up. He is also Chairman of DP Aircraft 1 Limited and a director of Fair Oaks Income Fund Limited. He was until 2011 Managing Director of Royal Bank of Canada's investment businesses in Guernsey and Jersey. This role had a strong focus on corporate governance, oversight, regulatory and technical matters and risk management. He is a Chartered Accountant and has specialised in Corporate Finance and Credit. After qualifying as a Chartered Accountant in 1987, Mr Bridel worked with Price Waterhouse Corporate Finance in London and subsequently served in a number of senior management positions in Australia and Guernsey in corporate and offshore banking and specialised in credit. This included heading up an SME Lending business for a major bank in South Australia. He was also chief financial officer of two private multi-national businesses, one of which raised private equity. He holds qualifications from the Institute of Chartered Accountants in England and Wales where he is a Fellow, the Chartered Institute of Marketing and the Australian Institute of Company Directors. He graduated with an MBA from Durham University in 1988. Mr Bridel is a chartered marketer and a member of the Chartered Institute of Marketing, the Institute of Directors and is a chartered fellow of the Chartered Institute for Securities and Investment.

Richard Burwood

Management Engagement Committee Chairman, Non-executive Director

Mr Burwood is a resident of Guernsey with 25 years' experience in banking and investment management. During 18 years with Citibank London Mr Burwood spent 4 years as a Treasury Dealer and 11 years as a Fixed Income portfolio manager covering banks & finance investments, corporate bonds and asset backed securities.

Mr Burwood moved to Guernsey in 2010, initially working as a portfolio manager for EFG Financial Products (Guernsey) Ltd managing the treasury department's ALCO Fixed Income portfolio. From 2011 to 2013 Mr Burwood worked as the Business and Investment manager for the Guernsey branch of Man Investments (CH) AG. This role involved overseeing all aspects of the business including operations and management of proprietary investments.

Mr Burwood serves as Non-Executive Director on the boards of the Roundshield Fund, Guernsey (a European asset backed special opportunities fund providing finance to small and mid-cap businesses) since January 2014 and TwentyFour Income Fund (a UK and European asset backed investments) since January 2013.

Frederic Hervouet

Risk Committee Chairman, Non-executive Director

Mr. Hervouet is based in Guernsey and acts in a non-executive directorship capacity for a number of hedge funds, private equity & credit funds (including structured debt, distressed debt and asset backed securities), for both listed (SFM on LSE, Euronext) and unlisted vehicles. Mr Hervouet is a non-executive director of Tetragon Financial Group which is listed on Euronext and Chenavari Toro Income Fund Limited which is listed on the SFM on LSE.

Mr. Hervouet was Managing Director and Head of Commodity Derivatives Asia for BNP Paribas including Trading, Structuring and Sales. Mr. Hervouet has worked under different regulated financial markets based in Singapore, Switzerland, United Kingdom and France. Most recently, Mr. Hervouet was a member of BNP Paribas Commodity Group Executive Committee and BNP Paribas Credit Executive Committees on Structured Finance projects (structured debt and trade finance).

Mr. Hervouet holds a Master Degree (DESS 203) in Financial Markets, Commodity Markets and Risk Management from University Paris Dauphine and an MSc in Applied Mathematics and International Finance. He is a member of the UK Institute of Directors, a member of the Guernsey Chamber of Commerce and a member of the Guernsey Investment Fund Association. Mr. Hervouet is a resident of Guernsey.

BOARD OF DIRECTORS

Sachin Patel
Non-executive Director
Sachin Patel was appointed as Director on 18 May 2017, replacing Samir Desai who resigned on the same date. Sachin Patel is the Chief Capital Officer at Funding Circle, leads the Global Capital Markets group and is responsible for investor strategy. Previously, Sachin was Vice President in the cross-asset structured products and solutions businesses at Barclays Capital and, prior to this, at J.P. Morgan, advising a wide variety of investors including insurance companies, pension funds, discretionary asset managers and private banks.

By virtue of Sachin's role at Funding Circle Limited, Sachin is not an independent Director. Notwithstanding this, Sachin has undertaken in his service contract with the Company to communicate to the Board any actual or potential conflict of interest arising out of his position as a Director and the other Directors have satisfied themselves that procedures are in place to address potential conflicts of interest.

Sachin is not entitled to any fee for the services provided and to be provided in relation to his directorship, although the Company shall, during the course of his appointment, reimburse all properly incurred out-of-pocket expenses incurred in the execution of his duties as a Director.

AGENTS AND ADVISORS

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(Guernsey, Channel Islands)

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GLOSSARY

Definitions and explanations of methodologies used are shown below. The Company's prospectus contains a more comprehensive list of defined terms.

"Administrator"	Sanne Group (Guernsey) Limited
"Affiliates"	with respect to any specified person means: (a) any person that directly or indirectly controls, is directly or indirectly controlled by or is directly or indirectly under common control with such specified person; (b) any person that serves as a director or officer (or in any similar capacity) of such specified person; and (c) any person with respect to which such specified person serves as a general partner or trustee (or in any similar capacity). For the purposes of this definition, ''control'' (including ''controlling'', ''controlled by'' and ''under common control with'') means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.
"AGM"	Annual General Meeting
"AIC Code"	the AIC Code of Corporate Governance
"AIC"	the Association of Investment Companies, of which the Company is a member
AIFM"	Alternative Investment Fund Manager, appointed in accordance with the AIFMD
"AIFMD"	the Alternative Investment Fund Managers Directive
"Available Cash"	cash determined by the Board as being available for investment by the Company in accordance with the Investment Objective, and, in respect of Basinghall and Tallis cash determined by the Board of each of Basinghall and Tallis Board (having regard to the terms of the Origination Agreement and the Note) to be available for investment by Basinghall and Tallis and excluding (without limitation) amounts held as reserves or pending distribution
"Company Secretary"	Sanne Group (Guernsey) Limited
"Credit Assets"	loans or debt or credit instruments of any type originated through any of the Marketplaces
"Funding Circle"	Funding Circle UK, Funding Circle US or either of their respective Affiliates (as defined in the Prospectus of the Company), or any or all of them as the context may require
"Funding Circle CE"	Funding Circle CE GmbH and Funding Circle Deutschland GmbH
"Funding Circle Netherlands"	Funding Circle Nederlands B.V.
"Funding Circle Spain"	Funding Circle Espaňa SLU

GLOSSARY

"Funding Circle UK"	Funding Circle Limited
"Funding Circle US"	FC Marketplace, LLC
"Marketplaces"	the marketplace platforms operated in the UK, US and CE respectively, by Funding Circle, together with any similar or equivalent marketplace platform established or operated by Funding Circle in any jurisdiction
"Near Affiliates"	the relevant Irish subsidiary of the Company and any other SPV or entity which, not being an Affiliate of the Company, has been or will be formed in connection with the Company's direct or indirect investment in Credit Assets and which (save in respect of any nominal amounts of equity capital) is or will be financed solely by the Company or any Affiliate of the Company
"Note" or "Profit Participating Note"	notes issued by Basinghall Lending Designated Activity Company and Tallis Lending Designated Activity Company under their separate note programmes
"Origination Agreements"	the German Origination Agreement, the Dutch Origination Agreement, the Spanish Origination Agreement, the UK Origination Agreement, the US Origination Agreement, and the CE Origination Agreements
"Portfolio Limits"	One or more concentration limits, expressed as a maximum percentage of the Company's gross asset value which may be invested in Credit Assets having the relevant feature, in respect of any of the metrics comprising the portfolio data
"PwC"	PricewaterhouseCoopers CI LLP and PricewaterhouseCoopers Ireland
"PwC CI"	PricewaterhouseCoopers CI LLP
"PwC Ireland"	PricewaterhouseCoopers Ireland
"Qualifying Assets"	are those Credit Assets which the Company has Available Cash to Purchase and which would not breach the Company's Investment Policy or any Portfolio Limits were they to be randomly allocated and purchased by the Company

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