Funding Circle SME Income Fund

Annual Report and Audited Consolidated Financial Statements

for the period from 22 July 2015 to 31 March 2016

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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.

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.

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").

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 various Marketplaces, as a leader in the growing industry of alternative lending to small and medium entities ("SMEs").

In accordance with the Company's investment policy, the Company holds a number of its investments in loans through special purpose vehicles. This annual report for the period ended 31 March 2016 (the "Annual 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".

Financial Highlights for the Period ended 31 March 2016

98.85p	98.00p	93.00p
Cum Income Net Asset Value per Ordinary Share	Ex Income Net Asset Value per Ordinary Share	Ordinary Share Price
(5.90%)	£139.5mil	0.87%
Discount to Net Asset Value per Ordinary Share	Market Capitalisation	Total Return as a % of Net Asset Value

36% Cash	18% US Loans	46% UK Loans	<1% CE Loans

- The Company has successfully deployed £97.2 million of the £147.0 million capital raised (net of initial costs) during the period
- Positive net asset value return has been achieved since the Company started operations
- Loans advanced to 1,245 small businesses in the UK, the US, Spain and the Netherlands
- Realised annualised loss rate was 0.2% of the portfolio value as at 31st March 2016

CHAIRMAN'S STATEMENT

Dear Shareholder,

I am glad to welcome you to the share register of the Company. Your Board was pleased that the Company's IPO closed above the target subscription level, in what were challenging market conditions. It is pleasing to note that at this very early stage, the Company's shares are trading at or around par to their net asset value, despite the pullback in stock prices that many yield-based closed ended funds have experienced since the turn of the year.

Performance

This statement will inevitably be limited in scope, as it covers the accounting period from incorporation on 22 July 2015 until 31 March 2016, prior to the Company fully investing its assets. However, I am pleased to report that as of the date of this statement, more than 85% of the Company's assets have been invested in SME loans in the UK, the US and Continental Europe ("CE"), which are producing yields and experiencing delinquency levels in line with those anticipated at the time of the IPO. Your Board is keeping these key metrics under continuous review. Full details and analysis of the current loan portfolio at 31 March 2016 appears elsewhere in these audited consolidated financial statements. Our foreign exchange exposures arising from US and Continental European lending activities have been and will continue to be fully hedged back to Sterling. We expect to be substantially invested towards the end of June 2016.

Placing the Company's activities in context, economic conditions in developed markets appear set to remain benign in the short to medium term as a result of continuing loose monetary policy positions adopted by central banks. A meaningful uptick in rates over an extended time period, as futures markets continue to envisage, is not presently seen as a key risk indicator for the Company as it is likely to be accompanied by a firmer economic tone which would typically benefit our borrowers. A decline in economic activity would be of greater concern but we see no consistent signs of this in our chosen markets currently.

Leverage

At IPO, we elected to expressly limit the Company's use of leverage. We originally guided prospective investors towards 0.25x leverage of net asset value, with an ability for the board to exercise its discretion to move to 0.5x leverage. Having grown our portfolio of credit assets and closely monitored delinquency rate and trends, alongside keeping a close watch on economic and geopolitical influences on our asset class and geographical regions of operation, we felt comfortable in exercising our discretion to approve the use of leverage up to 0.5x net asset value, as a means of enhancing returns to investors within an acceptable risk framework. This exercise of our discretion applies to both conventional and implicit economic leverage.

European Investment Bank

On 17 June 2016, we reported to the market the purchase of a note issued by Finch Lending Designated Activity Company ("Finch") in the sum of £25 million ("the Finch Note"). This purchase represents our participation in our joint UK SME lending project with the European Investment Bank. Further details of the transaction appear elsewhere in this report. I am pleased to note that, consistent with our announcement on 18 March 2016, we anticipate that the combination of our platform originated loan positions and the Finch Note is anticipated to enable us to achieve the total return target that we set ourselves at IPO of between 8% and 9% per annum.

Our purchase of the Finch Note, whilst not representing "leverage" as contemplated in the IPO prospectus, does carry with it implicit leverage as to investment risk and return by virtue of its position in the capital structure of Finch. The Board has therefore resolved, in accordance with the exercise of its discretion as set out above, to allocate a portion of the Finch Note to the portfolio of assets to be originated as part of the Company's intended capital raising process as announced on 17 June 2016 and discussed further below. In the event that the Company does not raise more capital, the Board will seek to promptly dispose of part of the Class B Notes or the economic interests therein to third party investors to ensure that the Company's leverage will not exceed 0.5 times net asset value on a look-through basis. As of the date of this statement, the Company has no borrowings.

Capital Management

We continue to receive encouraging indications of demand for the Company's shares from prospective investors. As a result, and after receiving advice from our bookrunners, the Board has determined that it is in the best interest of the Company to conduct a capital raising process, most likely in the form of a C share issue. As is usual in C share offerings, any funds raised will be deployed in a separate pool until the earlier of nine months or at such time as the funds have 90% invested, at which time they would be converted to Ordinary Shares, thus avoiding the performance drag on the Ordinary Shares that would otherwise derive from holding a substantial cash position pending investment. The C shares will be separately listed during the period prior to their conversion to Ordinary Shares. A further announcement will be made in due course.

CHAIRMAN'S STATEMENT

Dividend Policy

We said at IPO that we were targeting an annual dividend of between 6 pence and 7 pence per Ordinary Share once fully invested. The Company's performance to date and the projected earnings over the next twelve months enabled us to declare an initial dividend of 1 pence per Ordinary Share. This initial dividend is part of an overall plan and we continue to anticipate paying dividends at a rate of 1.5 pence to 1.75 pence per Ordinary Share in respect of each subsequent quarter. We expect that dividend yield on a cumulative basis will be 6% to 7% based on the current share price. It is our intention to adopt a progressive dividend policy to the extent that the Company's future performance permits.

RICHARD BOLÉAT
Chairman of the Board of Directors
23 June 2016

STRATEGIC REPORT

Strategy and Business Model

The Company has been established to provide shareholders with a sustainable and attractive level of dividend income, primarily by way of investment in loans both directly through the Marketplaces operated by Funding Circle and indirectly, in each case as contemplated by 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.

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).

Direct Investments

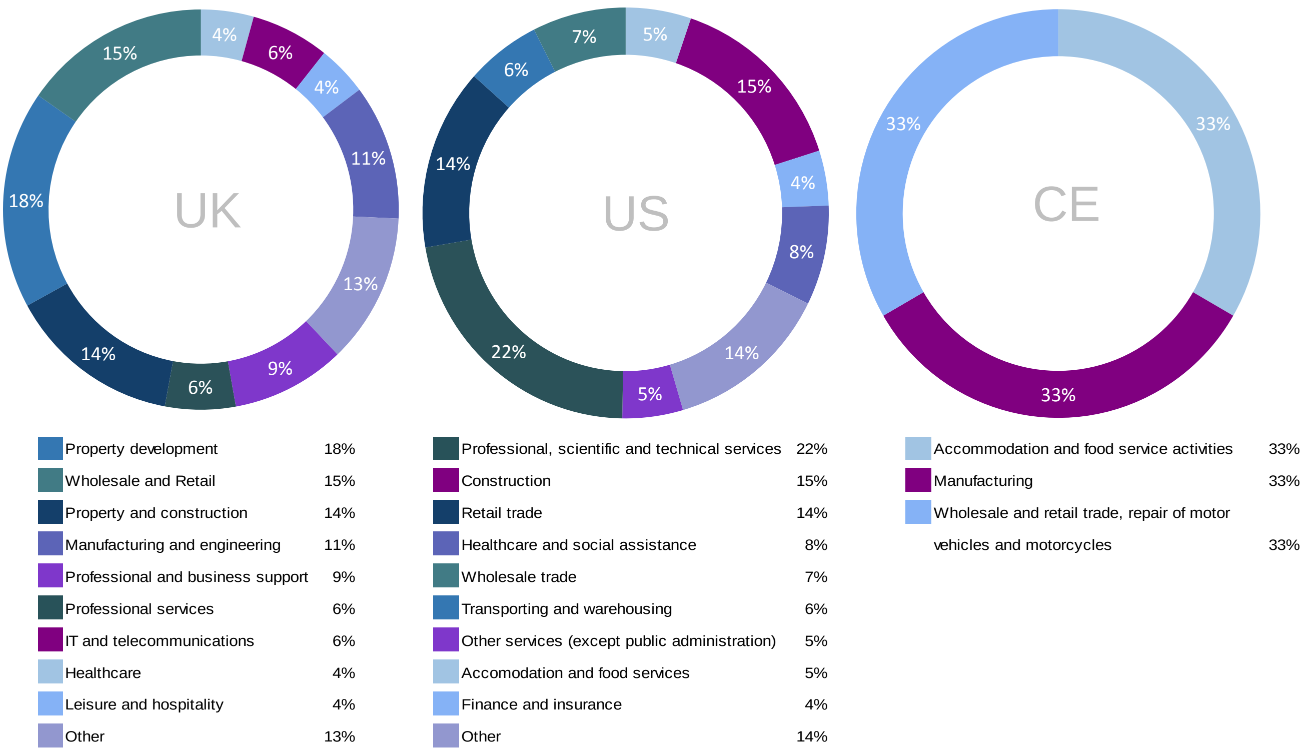
The Company acquires and holds US assets directly.

Indirect Investments

Indirect investment in loans shall be made at such times and in such manner as the Board may determine, having regard at all times to the investment policy and any Portfolio Limits. Indirect investments may involve participation in securitisation structures, which may involve the securitisation of loans previously acquired by the Company (or an investing company) or the acquisition or participation by the Company in interests in loans which have not previously been funded or held by the Company (or by an investing company). In either case, such investment may involve 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.

As at 31 March 2016, the Company holds indirect investments in loans through the following investing companies:

Investing Company	Jurisdiction
Basinghall	United Kingdom
Tallis	Spain and the Netherlands



Basinghall and Tallis have been formed solely in connection with the implementation of the investment policy of the Company.

Loans acquired by Basinghall and Tallis (subject to the investment policy, any Portfolio Limits and Available Cash) are funded by advances made by the Company under note programmes. The notes issued by Basinghall and Tallis are listed on the Irish Stock Exchange.

STRATEGIC REPORT

Investment Policy (continued)

The assets held by each of Basinghall and Tallis are ring-fenced from other entities or special purpose vehicles and there is no cross-collateralisation between special purpose vehicles in which the Company invests.

Uninvested Cash

The Company 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 (which may or may not be registered in the EU).

Principal Risk and Risk Management

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance and could cause actual results to differ materially from expected and historical results.

The Board of Directors has overall responsibility for risk management and internal control within the context of achieving the Company's objectives. The Board agrees the strategy for the Company, approves the Company's risk appetite and monitors the risk profile of the Company. The Company also maintains a risk register to identify, monitor and control risk concentration.

The Company established a risk matrix during the initial public offering ("IPO") process, consisting of the key risks and controls in place to mitigate those risks. The risk matrix provides a basis for the Audit Committee and the Board to regularly monitor the effective operation of the controls and to update the matrix when new risks are identified. The Board's responsibility for conducting a robust assessment of the principal risks are embedded in the Company's risk matrix and stress testing which helps position the Company to ensure compliance with the UK Corporate Governance Code's enhanced requirements.

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. The Board receives and reviews third party reports for 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. The Board did not identify any significant weaknesses during the period and up to the date of this Annual Report.

The Board will continue to monitor the Company's systems of risk management and internal control and will continue to receive updates from the Company's external service providers to ensure that the principal risks and challenges faced by the Group are fully understood and managed appropriately.

An overview of the principal risks that the Board considers to be the main uncertainties 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 15 of the 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 to macro-economic factors.	The Board has set portfolio limits and monitors information provided by the Administrator and Funding Circle on a regular basis. This risk has remained unchanged during the period.	Capital deployed Net return target Share price vs NAV per share Default 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 Board monitors deployment on a regular basis and is in close dialogue with Funding Circle. The risk remains unchanged during the period.	Capital deployed Net return target

Hedging

The Board's policy is to fully hedge currency exposure between Sterling and any other currency in which the Group's assets are denominated. During the period ended 31 March 2016, the Board entered into forward foreign exchange contracts to minimise the risk of loss due to fluctuation of the Sterling to US Dollar exchange rate and the Sterling to Euro exchange rate in pursuance of this policy. Foreign currency hedging activity is carried out by a specialist third party on behalf of the Company.

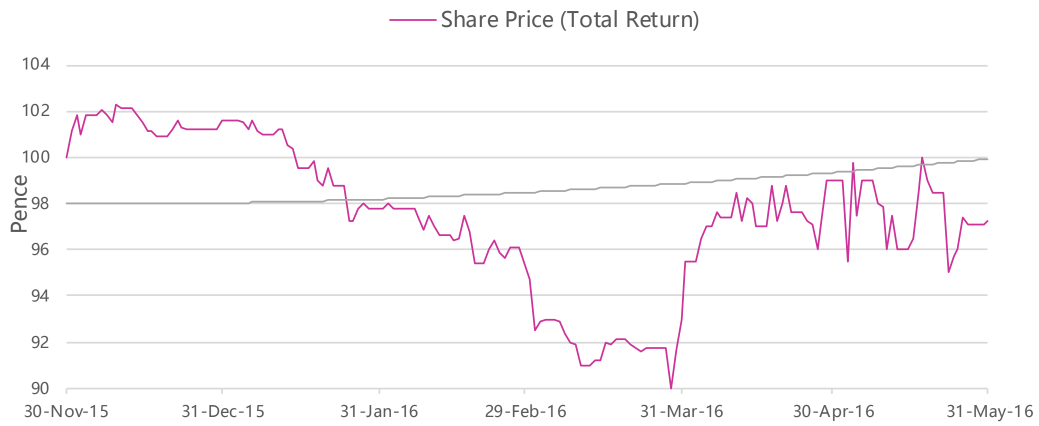
STRATEGIC REPORT

Financial Performance

The Board has focused on delivering on the targets set out in the Company's IPO Prospectus during its first period of operations. Following the successful admission of the Company's shares to trading on the Main Market of the London Stock Exchange, deployment of capital in accordance with the Company's investment policy has been actively pursued. The Board, working with Funding Circle and other service providers, continues to steer the Group towards a strong position to achieve its target returns whilst managing the risks that the Group and the wider peer-to-peer industry faces.

A review of the key metrics utilised by the Board to measure and monitor the performance of the Company are summarised below.

Share price discount



The discount to share price has started to reduce after the period end. As at 31 May 2016, the share price discount to cum income basis net asset value per share was 2.67p.

Capital deployment

The target deployment of funds raised from the IPO was nine months from the IPO date of 30 November 2015. As at 31 March 2016, after four months of lending operations, approximately 62% of the net IPO proceeds have been invested in loans. The Board expects the Company to substantially invest the net proceeds from the IPO by the end of June 2016, exceeding the target deployment rate.

Assets split by type as at 31 March 2016

Target net return

The Company aims to provide investors with an annual (unlevered) dividend of between 6 pence to 7 pence per Ordinary Share once the Company's portfolio is fully deployed. The Company has generated positive net returns on capital invested since inception of its lending activity soon after the IPO on 30 November 2015. The Company's performance to date and the projected earnings in the next twelve months enabled the Board to declare an initial dividend of 1 pence per Ordinary Share.

As mentioned above, the Company is expecting to have substantially deployed the funds raised from the IPO by the end of June 2016. The Board intends to adopt a progressive dividend policy to the extent that the Company's future performance permits.

Default rate

The Board carefully monitors the level of defaults to ensure that the Company can continue to meet its target net return to investors. The annualised default rate on the portfolio as at 31 March 2016 was 0.2% although defaults are expected to increase as the loan pool matures.

STRATEGIC REPORT

Viability Statement

In accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014, the Directors have assessed the prospects of the Company over a three year period. The Directors believe this period to be appropriate because it reflects the average term of the loans advanced by the Company to SMEs.

In their assessment of the viability of the Company, the Directors have considered each of the principal risks and uncertainties listed on page 5. The Board believes that the primary risks, other than tail risks beyond its control, that may impact on the Company's ability to continue as a viable business are:

- Default risk
- Insufficient loans originated

The Directors have also considered the Company's income, expenditure and cash flow projections and the fact that the Company's investments held directly or through its subsidiaries do not comprise readily realisable securities which can be sold to meet funding requirements if necessary. The Company maintains a risk register to identify, monitor and control risk concentration. In addition, overall credit and economic conditions are monitored to provide insight with respect to potential warnings on adverse changes at a macroeconomic level.

Based on the Directors' evaluation of the Company's current position and the results of the stress test performed on the base assumptions used for their viability assessment, the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over a three year period.

Employees, Social, Human Rights and Environmental Issues

The Company has no employees and the Board comprises five Directors, all of whom, except Samir Desai, are non-executive and independent of Funding Circle. As an investment company, the Company has no direct impact on the community and as a result does not maintain specific policies in relation to these matters.

The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions-producing sources, including those within its underlying investment portfolio. However, the Company believes that high standards of corporate social responsibility ("CSR") such as the recycling of paper waste will support its strategy and make good business sense.

In carrying out its investment activities and in relationships with suppliers, the Company aims to conduct itself responsibly, ethically and fairly.

Gender Diversity

The Board of Directors of the Company comprises five male directors.

The Remuneration and Nominations Committee and the Board are committed to diversity at the Board level and is supportive of increased gender diversity but recognises that it may not always be in the best interest of shareholders to prioritise this above other factors. The Remuneration and Nominations Committee regularly reviews the structure, size and composition required of the Board, taking into account the challenges and opportunities facing the Company. In considering future candidates, appointments are made with regard to a number of different criteria, including diversity of gender, background and personal attributes, alongside appropriate skills, experience and expertise.

DIRECTORS' REPORT

The Directors present their annual report and audited consolidated financial statements for the period ended 31 March 2016. In the opinion of the Directors, the annual report and audited consolidated financial statements are fair, balanced and understandable and provide the information necessary for Shareholders to assess the Company's performance, business model and strategy.

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 generate attractive returns to investors.

Results and dividends
The total comprehensive income for the period, determined under International Financial Reporting Standards ("IFRS"), amounted to £1.28 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).

On 17 June 2016, the Directors declared the payment of an interim dividend of 1 pence per Ordinary Share to those Shareholders on the register on 1 July 2016.

Business review
The Company was incorporated on 22 July 2015 and 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.

During the four months of trading up to 31 March 2016, the Company has deployed approximately 64% of the net initial funds raised to loans by lending directly to SMEs in the US and indirectly to SMEs in the UK and CE.

The Strategic Report set out on pages 4 to 7 includes further information about the Company's principal activities, financial performance during the period and indications of likely future developments.

Alternative Investment Fund Managers Directive ("AIFMD")
The AIFMD requires Alternative Investment Fund Managers ("AIFM") to comply with certain disclosure, reporting and transparency obligations for Alternative Investment Funds ("AIF") that it markets in the EU. The Company is a self-managed AIF for the purpose of the AIFMD and therefore has to comply with the disclosure requirements of the AIFMD.

The Prospectus issued by the Company in connection with Admission contained a schedule of disclosures prepared by the Directors for the purposes of AIFMD. In addition, the AIFMD requires the Company's annual report to include details of any material changes to the information contained in that schedule. The Directors confirm that no material changes have occurred in relation to the information contained in the schedule.

In making this confirmation, the Directors consider that any change in respect of which a reasonable investor, becoming aware of such information, would reconsider its investment in the Company, including because the information could impact on the investor's ability to exercise its rights in relation to its investment, or otherwise prejudice that investor's (or any other interests) interest in the Company should be considered material. In setting this threshold, the Directors have had regard to the current risk profile of the Company which outlines the relevant measures to assess the Company's exposure or potential exposure to those risks, as well as with due regard to the Company's investment restrictions set out in the Company's Prospectus. As required by the Listing Rules, any material change to the investment policy of the Company will be made only with the approval of the shareholders.

The AIFMD also requires the Company to disclose the remuneration of its investment manager providing analysis between fixed and variable fees along with the information of how much of such remuneration was paid to senior management at the investment manager and how much was paid to members of staff. As a self-managed AIF, the Company has no investment manager and thus has no information to report.

United States of America Foreign Account Tax Compliance Act ("FATCA")
Guernsey has entered into an Intergovernmental Agreement ("IGA") with the US Treasury in order to comply with FATCA and has also entered into an IGA with the UK in order to comply with the UK's requirements for enhanced reporting of tax information in accordance with FATCA principles. Under such IGAs, the Company is regarded as a Foreign Financial Institution ("FFI") resident in Guernsey. The Board continues to monitor developments in the rules and regulations arising from the implementation of FATCA in conjunction with its tax advisors.

DIRECTORS' REPORT

Common Reporting Standard
On 13 February 2014, the Organisation for Economic Co-operation and Development released the Common Reporting Standard ("CRS") designed to create a global standard for the automatic exchange of financial account information, similar to the information to be reported under FATCA. On 29 October 2014, 51 jurisdictions signed the multilateral competent authority agreement ("Multilateral Agreement") that activates this automatic exchange of FATCA-like information in line with the CRS.

Pursuant to the Multilateral Agreement, certain disclosure requirements may be imposed in respect of certain investors in the Company who are, or are entities that are controlled by one or more, residents of any of the signatory jurisdictions. It is expected that, where applicable, information that would need to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company and its subsidiaries.

Going concern
The Directors have considered the financial performance of the Group and the impact of the market conditions at the financial period-end date and subsequently. During the financial period the Group's NAV rose by £1.28 million or approximately 0.87%. 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 financial statements have been prepared on this basis.

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

	Date of appointment
Frederic Hervouet	12 August 2015
Jonathan Bridel	19 August 2015
Richard Boléat	19 August 2015
Richard Burwood	12 August 2015
Samir Desai	19 August 2015

Directors' shares and interests
A list of all Directors who served during the period and their biographies are included on page 41.

The appointment and replacement of Directors is governed by the Company's Articles of Incorporation, The Companies (Guernsey) Law 2008 (as amended) and related legislation. The Articles of Incorporation themselves may be amended by special resolution of the Shareholders.

As at 31 March 2016, the Directors held the following Ordinary Shares of the Company:

	Number of shares
Frederic Hervouet	5,000
Jonathan Bridel	5,000
Richard Boléat	5,000
Richard Burwood	5,000
Samir Desai	148,138
	168,138

During the period, no Director had a material interest in a contract to which the Company was a party (other than their own letter of appointment), except for Mr Desai who is a substantial shareholder in, director of and an employee of Funding Circle Limited which provides loan origination and servicing services to the Company.

Substantial shareholdings
During the period ended 31 March 2016, the Company had been informed of the following notifiable interests of 5% or more in the Company's voting rights in accordance with Disclosure and Transparency Rule 5.1.2:

Shareholder	**Number of Ordinary Shares**	**Percentage holding**
Invesco Ltd	44,250,000	29.65
Railway Pension Trustee Company Limited	22,500,000	15.00
Blackrock, Inc.	12,960,000	8.64

DIRECTORS' REPORT

Significant agreements
The Company is not party to any significant agreements which take effect after or terminate upon a change of control of the Company, nor has the Company entered into any agreements with its Directors to provide for compensation for loss of office as a result of a takeover bid.

Acquisition of Company's own shares
The Company has not bought any of its Ordinary Shares during the period.

Information to be disclosed in accordance with UK Listing Rule 9.8.4

A statement of the amount of interest capitalised by the Company during the period under review with an indication of the amount and treatment of any related tax relief.	The Company has not capitalised any interest in the period under review.
Any information required in relation to the publication of unaudited financial information.	Not applicable.
Details of any long-term incentive schemes	Not applicable.
Details of any arrangements under which a director of the Company has waived or agreed to waive any emoluments from the Company.	Samir Desai has waived his remuneration – please refer to page 18 in the Directors' Remuneration Report.
Details of any pre-emptive issues of equity not for cash.	Not applicable.
Details of any non-pre-emptive issues of equity for cash by any unlisted major subsidiary undertaking.	Not applicable.
Details of parent participation in a placing by a listed subsidiary	The Company holds Profit Participating Notes issued by Basinghall and Tallis. The Profit Participating Notes are listed on the Irish Stock Exchange.
Details of any contract of significance in which a director is or was materially interested.	Samir Desai is a substantial shareholder in, a director and employee of Funding Circle Limited. Richard Burwood is a Director of Basinghall and Tallis.
Details of any contract of significance between the Company (or one of its subsidiaries) and a controlling shareholder.	Not applicable.
Details of waiver of dividends by a shareholder.	Not applicable.
Board statement in respect of relationship agreement with the controlling shareholder.	Not applicable.

Disclosure of information to the Auditors
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditors are unaware and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

Auditors
PricewaterhouseCoopers CI LLP served as auditors during the financial period and have expressed their willingness to continue in office. A resolution to re-appoint PricewaterhouseCoopers CI LLP as auditors will be put to the forthcoming Annual General Meeting.

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

CORPORATE GOVERNANCE REPORT

The Company became a member of the Association of Investment Companies ("AIC") in November 2015 and has applied the AIC Code from that date.

The Financial Reporting Council ("FRC"), the UK's independent regulator for corporate reporting and governance responsible for the Corporate Governance Code, has endorsed the AIC Code meaning that companies who report in accordance with the AIC Code fully meet their obligations under the UK Corporate Governance Code (the "Code") and the related disclosure requirements contained in the Listing Rules.

Statement of how the principles of the AIC Code are applied

Throughout the financial period ended 31 March 2016 the Company has been in compliance with the provisions set out in the AIC Code and the relevant provisions of the Code. The Code includes provisions relating to: the roles of the chief executive; executive directors' remuneration; and the need for an internal audit function, each of which is not considered by the Board to be relevant to the Company. The Company has therefore not reported further in respect of these provisions.

Board of Directors

The Board comprises five Directors, all of whom, with the exception of Samir Desai, are non-executive and independent. Sachin Patel acts as a Permanent Alternate Director for Mr Desai. Richard Boléat is the Chairman of the Board and Jonathan Bridel is the Senior Independent Director. The Company did not use an external search consultancy nor any open advertising in the selection of the Chairman and the non-executive Directors. The Company was satisfied that the formal selection process from a pool of candidates with the relevant expertise and skills was appropriate for the needs of the Company. Biographies of the Directors are shown on page 41 and demonstrate the range and depth of skills and experience each brings to the Board.

The Directors ensure that, at all times, the Board is composed of members who, as a whole, have the required knowledge, abilities and expert experience to properly complete their tasks and are sufficiently independent. A Board member is considered independent if he has no business or personal relations which cause a conflict of interest with those of the Company. Every member of the Board ensures that he has sufficient time to perform his/her mandate. The Board considers the skills, competence and independence of candidates in the context of the overall board composition. The Board has put in place appropriate insurance cover in respect of any legal action against the Directors.

The Company does not have a policy on length of service of Directors. In view of the long-term nature of the Company's investments, the Board believes that a stable board composition is fundamental to the proper operation of the Company. The Board has not stipulated a maximum term of any directorship.

Copies of the letters of appointment are available on request from the Company Secretary.

Independence of Directors

In accordance with the AIC Code the Board has reviewed the independence of the individual directors and the Board as a whole. Each of the Directors except Samir Desai is considered independent.

Board evaluation

A formal Board evaluation process has not been confirmed by the Board. However, the Directors are aware of the importance to continually monitor and improve performance. It is expected that the Board will carry out a formal evaluation process on a biannual basis. The Directors will complete self-assessment forms which will be reviewed and discussed with the Chairman. The Senior Independent Director will perform an annual review of the Chairman's performance. The Directors will carry out an annual review of the Board as a whole discussing its composition, size and structure and ensuring that there is a good balance of skills and experience. The answers to these questionnaires will be discussed by the Remuneration and Nominations Committee.

The Board shall offer induction training to new Directors about the Company, its key service providers, the Directors' duties and obligations and other matters as may be relevant from time to time. A regular review will be undertaken by the Board to ensure that the Directors' ongoing training and development needs are met.

Election/Re-election of Directors

At each Annual General Meeting of the Company any Director who has been appointed pursuant to a nomination from Funding Circle UK, and any other Director for whom it is the second Annual General Meeting following the Annual General Meeting at which he was elected or last re-elected, shall retire from office but, subject to the Articles, shall be eligible for re-appointment. At the first Annual General Meeting of the Company, all directors will be standing for re-election.

Committees of the Board

Audit, Risk, Management Engagement and Remuneration and Nominations Committees have been established by the Board and each Committee has formally delegated duties, responsibilities and terms of reference, which are available from the Company Secretary upon request.

An outline of the responsibilities of each of the Committees is set out below.

Committees of the Board (continued)

Audit Committee

The Board has established the Audit Committee comprising of all the Directors other than Samir Desai and is chaired by Jonathan Bridel. The Audit Committee will meet at least three times a year (usually at the same time as Board meetings) and will be responsible for ensuring, inter alia, that the financial performance of the Company is properly reported on and monitored and will provide a forum through which the Company's external auditors may report to the Board. The Audit Committee will review and recommend to the Board the adoption and approval of the annual and half yearly financial statements, results, internal control systems and procedures and accounting policies of the Company.

Risk Committee

The Company has established a Risk Committee which is chaired by Frederic Hervouet and comprises of all of the Directors. The Risk Committee meets at least four times a year or more often if required. The principal duties of the Committee is to monitor the risk parameters set for the Company including breaches, errors, borrowing limits, allocation limits for UK, US, CE and other Marketplaces and Portfolio Limits.

Management Engagement Committee

The Company has established a Management Engagement Committee which is chaired by Richard Burwood and comprises all of the Directors other than Samir Desai. The Management Engagement Committee meets at least once a year or more often if required. The principal duties of the Committee are to review the actions and judgments of Funding Circle UK, Funding Circle US and Funding Circle CE and also the terms of agreements appointing each of them. The Committee is also responsible for monitoring the compliance of other service providers with the terms of their respective agreements.

Remuneration and Nominations Committee

The Company has established a Remuneration and Nominations Committee which is chaired by Richard Boléat and comprises all of the Directors. The Remuneration and Nominations Committee meets at least once a year or more often if required. The duties of the Committee include:

- determining and agreeing with the Board the framework or broad policy for the remuneration of the Company's Chairman and non-executive Directors pursuant to the Company's articles of association;
- reviewing the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes necessary; and
- giving full consideration to succession planning of Directors, taking into account the challenges and opportunities facing the Company.

Meetings and attendance

There were nine Board meetings held during the financial period ended 31 March 2016. The attendance record of each of the Directors was as follows:

	Number of attendances/number of meetings held during the period
Frederic Hervouet	7
Jonathan Bridel	8
Richard Boléat	6
Richard Burwood	9
Samir Desai	2

There were 2 Risk Committee meetings, 2 Audit Committee meetings, no Management Engagement meetings and no Remuneration and Nominations Committee held during the financial period ended 31 March 2016. The attendance record of each of the Committee members was as follows:

	Number of attendances/number of meetings held during the period			
	Audit Committee	Risk Committee	Management Engagement Committee	Remuneration and Nominations Committee
Frederic Hervouet	2	2	—	—
Jonathan Bridel	2	2	—	—
Richard Boléat	2	2	—	—
Richard Burwood	2	2	—	—
Samir Desai	N/A	1	—	N/A

CORPORATE GOVERNANCE REPORT

Board observers

Funding Circle UK has the right (pursuant to the Services Agreement) to nominate up to two observers to attend meetings of the Board. Those nominees may (other than in limited circumstances) attend each such meeting as observers, but do not have any rights to participate in the conduct of the business of the Company or to vote on any matter.

The Board may require that those nominees not attend the part of any Board meeting which considers (i) the termination of any agreement to which Funding Circle is party, or (ii) any dispute or litigation between Funding Circle and the Company.

Company Secretary

The Board appointed Sanne Group (Guernsey) Limited to act as Company Secretary on 22 July 2015. The principal duties of the Company Secretary are to monitor compliance with the established corporate governance framework, report to the Board and to arrange and host Board and Committee meetings.

Internal Control Review

The Board is responsible for ensuring the maintenance of a robust system of internal control and risk management and for reviewing the effectiveness of the Company's overall internal control arrangements and processes following recommendations from the Audit Committee.

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

The Management Engagement Committee will carry out regular reviews of the performance of Funding Circle UK, Funding Circle US and other service providers appointed by the Company.

Investor Relations

All shareholders have the opportunity to attend and vote, in person or by proxy, at the AGM. The notice of the AGM, which is sent out at least twenty days in advance, sets out the business of the meeting.

Shareholders are encouraged to attend the AGM and to participate in proceedings. The Chairman of the Board and the Directors, together with representatives of Funding Circle, will be available to answer shareholders' questions at the AGM.

Shareholders are also able to contact the Company and directly through a dedicated investor relations email address (ir@fcincomefund.com) or through the Company Secretary via the Company Secretary's e-mail address (FundingCircle@sannegroup.com) or by correspondence sent to the Chairman of the Board. The Chairman of the Audit Committee receives all correspondence sent to the investor relations email address and therefore can be contacted if the Chairman of the Board is unavailable. As a consequence, the Board receives appropriate updates from the Company Secretary relative to such correspondence to keep it informed of Shareholders' sentiment or analysts' views.

AUDIT COMMITTEE REPORT

Membership

Jonathan Bridel – Chairman (Independent non-executive Director)

Richard Burwood (Independent non-executive Director)

Fred Hervouet (Independent non-executive Director)

Richard Boléat (Company Chairman* and Independent non-executive Director)

* The Board believes it is appropriate for the Company Chairman to be a member of the Audit Committee as he is a Fellow of the Institute of Chartered Accountants in England & Wales and is an independent Director.

Key Objectives

The provision of effective governance over the appropriateness of the Company's financial reporting including the adequacy of related disclosures, the performance of the external auditors and the management of the Company's systems of internal controls and business risks.

Responsibilities

The primary responsibilities of the Audit Committee are:

- reviewing the Company's financial results announcements and financial statements and monitoring compliance with relevant statutory and listing requirements;
- reporting to the Board on the appropriateness of the Company's accounting policies and practices including critical accounting policies and practices;
- advising the Board on whether the Committee believes the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy;
- scrutiny of the loans held at amortised cost;
- compiling a report on its activities to be included in the Company's annual report;
- overseeing the relationship with and appointment of the external auditors;
- agreeing with the external auditors the audit plan including discussions on the key risk areas within the financial statements;
- considering the financial and other implications on the independence of the auditors arising from any non-audit services to be provided by the auditors; and
- considering the appropriateness of appointing the auditors for non-audit services.

The Audit Committee members have a wide range of financial and commercial expertise necessary to fulfil the Committee's duties. The Chairman of the Committee is a Fellow of the Institute of Chartered Accountants in England and Wales, and has recent and relevant financial experience, as required by the AIC Code. The Board has therefore designated him as its financial expert on the Committee.

Committee Meetings

The Committee meets formally at least three times a year. Only members of the Audit Committee have the right to attend Audit Committee meetings. However, other Directors and representatives of Funding Circle and the Administrator will be invited to attend Audit Committee meetings on a regular basis and other non-members may be invited to attend all or part of the meetings as and when appropriate and necessary. The Company's external auditors, PricewaterhouseCoopers CI LLP ("PwC"), are also invited to each meeting.

Main Activities during the period

The Committee assists the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal controls and key procedures adopted by the Company's service providers. The Committee also manages the Company's relationship with the external auditors and considers the appointment of external auditors, discusses with the external auditors the nature and scope of the audit, keeps under review the scope, results, cost and effectiveness of the audit and reviews the independence of the external auditors. The Committee also considers the objectivity of the auditors and reviews the external auditors' letter of engagement and management letter.

Meetings of the Committee generally take place prior to a Company Board meeting. The Committee reports to the Board, as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work. The Board requires that the Committee advise it on whether it believes the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

AUDIT COMMITTEE REPORT

Main Activities during the period (continued)

At its meetings during the period, the Committee focused on:

Financial reporting

The primary role of the Committee in relation to financial reporting is to review with Funding Circle, the Administrator and the External Auditors the appropriateness of the half-year and annual financial statements concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Material areas in which significant judgments have been applied or where there has been discussion with the external auditors;
- Whether the annual report and consolidated financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy; and
- Any correspondence from regulators and listing authorities in relation to our financial reporting.

To aid its review, the Committee considers reports from Funding Circle and the Administrator.

Significant risks

In relation to the annual report and financial statements for the period ended 31 March 2016, the following significant risks were considered by the Audit Committee:

- **Impairment and carrying values of loans advanced**

  The measurement of loans advanced is in accordance with the accounting policy set out in Note 2 of the financial statements. A formal policy has been developed by the Board using data provided by Funding Circle to estimate the impairment on loans. The Audit Committee regularly reviews this policy and the underlying loan models and has satisfied itself as to the impairment and carrying values of loans advanced in the financial statements.

- **Fraud risk in income recognition**

  Mitigating factors were reviewed through the risk register and internal controls framework which is reviewed and approved by the Committee on a regular basis. The Committee has considered and challenged as appropriate the assessment of risks within these documents and obtained evidence about the effective operation of the internal controls in place, including critically assessing reporting provided by Funding Circle. The Audit Committee has received a report from the Administrator that shows a comparison of the income recognised using the Funding Circle platform data to the revenue recognition requirements of IFRS. The Audit Committee is satisfied that the accounting policy for recognition of the interest earned on loans is in line with the relevant accounting standards.

Internal Control and Risk Management

The Committee along with the Risk Committee has established a process for identifying, evaluating and managing all major risks faced by the Company. The process is subject to regular review by the Board and accords with the AIC Code of Corporate Governance. The Board is responsible overall for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board receives reports from the Risk Committee on the Company's risk evaluation process and reviews changes to significant risks identified. The Board has undertaken a full review of the Company's business risks, which have been analysed and recorded in a risk report, which is reviewed and updated regularly. The Board receives each quarter from Funding Circle a formal report which details the steps taken to monitor the areas of risk including those that are not directly the responsibility of Funding Circle and which reports the details of any known internal control failures. The Board receives each year from the Administrator a report on its internal controls which includes a report from the Administrator's auditors on the control policies and procedures in operation.

Funding Circle has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by Funding Circle's compliance and risk department on an on-going basis. Funding Circle's controls processes have also been outlined to the Board. The Board's assessment of the Company's principal risks and uncertainties is set out on page 5. By means of the procedures set out above, the Board confirms that it has reviewed the effectiveness of the Company's system of internal controls for the period ended 31 March 2016 and that no material issues have been noted.

AUDIT COMMITTEE REPORT

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received a detailed audit plan from PwC, identifying their assessment of these key risks. For the period ended 31 March 2016 significant risks were identified in relation to impairment and the carrying values of loans advanced and the risk of fraud in revenue recognition (in addition to the risk of management override of controls). These risks are tracked through the period and the Committee challenged the work done by the auditors to test management's assumptions and estimates around these areas. The Committee will assess the effectiveness of the audit process addressing these matters through the reporting received for the period end financial statements. In addition the Committee will seek feedback from the Administrator on the effectiveness of the audit process. For the period ended 31 March 2016, the Committee was satisfied that there had been appropriate focus and challenge on the primary areas of audit risk and assessed the quality of the audit process to be good.

Appointment and Independence

The Committee considers the reappointment of PwC, including the rotation of the Audit Engagement Partner, and assesses their independence on an annual basis. The external auditors are required to rotate the Audit Engagement Partner responsible for the Company's audit every five years. The current Audit Engagement Partner has been in place since appointment in 2015 and is considered to be independent. In its assessment of the independence of the auditors, the Committee receives details of any relationships between the Company and PwC that may have a bearing on their independence and receives confirmation that they are independent of the Company. The Committee approved the fees for audit services for 2016 after a review of the level and nature of work to be performed and after being satisfied that the fees were appropriate for the scope of the work required.

Non Audit Services

To safeguard the objectivity and independence of the external auditors from becoming compromised, the Committee has a formal policy governing the engagement of the external auditors to provide non-audit services. No material changes have been made to this policy during the period. The auditors and the Directors have agreed that all non-audit services require the pre-approval of the Audit Committee prior to commencing any work. Fees for non-audit services are tabled annually so that the Audit Committee can consider the impact on auditors' objectivity. The auditors (and their affiliated network firms) were remunerated £210,315 for their services rendered for the period ended 31 March 2016. The Committee assessed whether PwC should be appointed in relation to certain transaction related services and concluded that it would be in the best interest of the Company.

PwC were remunerated as follows for the period ended 31 March 2016:

	PwC CI	PwC Ireland
	£	£
Audit of the Company	60,000	—
Audit of subsidiaries	—	28,515
Tax compliance review	6,750	15,050
Transaction related services*	100,000	—
Total	**166,750**	**43,565**

* This relates to work undertaken by PwC as reporting accountants for the admission of the Company's Ordinary Shares to the Main Market of the London Stock Exchange.

The Committee is satisfied with the effectiveness of the audit provided by PwC, and is satisfied with the auditors' independence. The Committee has therefore recommended to the Board that PwC be reappointed as external auditors for the period ending 31 March 2017, and to authorise the Directors to determine their remuneration and terms of engagement. Accordingly a resolution proposing the reappointment of PwC as our auditors will be put to the shareholders at the 2016 AGM. There are no contractual obligations restricting the Committee's choice of external auditors and we do not indemnify our external auditors.

Committee Evaluation

The Committee's activities form part of the performance evaluation that will be carried out by the Board.

Jonathan Bridel
Chairman of the Audit Committee
23 June 2016

DIRECTORS' REMUNERATION REPORT

During the period under review, the Board established a Remuneration and Nominations Committee. Given the limited time that has elapsed since the Company was launched, the Committee has not yet met.

Composition

The Remuneration and Nominations Committee was formed on 28 September 2015, comprising all the members of the Board. The Board have appointed Richard Boléat as Chairman of the Committee.

The Directors and Company Secretary are the only officers of the Company. Copies of the Directors' letters of appointment are available upon request from the Company Secretary at the registered office and will be available for inspection at the AGM. The Company Secretary is engaged under a Company Secretarial Agreement with the Company. The Company has no employees.

The Directors are each entitled to serve as non-executive Directors on the boards of other companies and to retain any earnings from such appointments.

Responsibilities

The primary responsibilities of the Committee are:

- determine and agree with the Board the framework or broad policy for the remuneration of the Company's Chairman and non-executive directors pursuant to the Company's articles of association;
- review the ongoing appropriateness and relevance of the remuneration policy;
- ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- annually review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes as necessary;
- give full consideration to succession planning of directors, taking into account the challenges and opportunities facing the Company, and what skills and expertise are therefore needed on the Board in the future; and
- keep under review the leadership needs of the Company with a view to ensuring the continued ability of the Company to compete effectively in the marketplace.

Remuneration Policy

In setting the Company's remuneration policy, the Remuneration and Nominations Committee has sought (so far as it considers appropriate for a company with a non-executive Board) to align the interests of the Board with those of the Company and to incentivise the Directors to help the Company to achieve its investment objective.

The Directors shall be paid such remuneration by way of fees for their services as defined in each of the Directors' letters of appointment. Under the terms of their appointments as non-executive Directors of the Company, the Directors (other than Samir Desai who has waived his entitlement to an annual fee) are entitled to the following annual fees:

	Annual fee	**Notes**
	£	
Frederic Hervouet	35,000	Chairman of the Risk Committee
Jonathan Bridel	40,000	Chairman of the Audit Committee
Richard Boléat	50,000	Chairman of the Board and Chairman of the Remuneration and Nominations Committee
Richard Burwood	30,000	Chairman of the Management Engagement Committee
Samir Desai	—	Waived annual Director's fee
	155,000	

The Directors shall not be entitled to any other fixed or variable remuneration (save as set out above).

No Director has a service contract with the Company, nor are any such contracts proposed. The retirement, disqualification and removal provisions relating to the Directors (in their capacity as Directors) are set out in their letters of appointment.

No annual bonus will be paid to any Director and the Company does not operate a long term incentive plan.

DIRECTORS' REMUNERATION REPORT

Remuneration Policy (continued)

The Directors shall also be entitled to be repaid by the Company all properly incurred out-of-pocket expenses reasonably incurred in the execution of their duties.

In setting the level of each non-executive Director's fees, the Company has had regard to: the time commitments expected, the level of skill and experience of each Director, the current market, the fee levels of companies of similar size and complexity.

On termination of the appointment, Directors shall only be entitled to such fees as may have accrued to the date of termination, together with reimbursement in the normal way of any expenses properly incurred prior to that date. If the Board considers it appropriate to appoint a new director, the new director remuneration will comply with the current policy.

Directors' remuneration and Share interests (audited)

The total remuneration of the Directors for the period ended 31 March 2016 was as follows:

	£
Frederic Hervouet	21,635
Jonathan Bridel	24,674
Richard Boléat	32,010
Richard Burwood	22,271
Samir Desai*	—
	100,590

**Director's fee waived*

Richard Burwood is also a Director of Basinghall and Tallis. The total director's fees to Richard disclosed in the above table includes £3,182 representing Director's fees charged to Basinghall and Tallis. There were no other items in the nature of remuneration, pension entitlements or incentive scheme arrangements which were paid or accrued to the Directors during this period.

As at 31 March 2016 each of Richard Boléat, Jonathan Bridel, Frederic Hervouet and Richard Burwood has a share interest in the Company, in the form of 5,000 Ordinary Shares, representing 0.0033% interest in voting rights. Samir Desai has a share interest in the Company in the form of 148,138 Ordinary Shares, representing 0.0987% in the voting rights as at 31 March 2016. There have been no changes to the shares held by the Directors up to the date of this report.

During the period no remuneration was received by any Director in a form other than cash. Furthermore, no payments were made for loss of office, other benefits or other compensation for extra services to any Director or former Director of the Company.

The Company has no employees other than its Directors who, except for Samir Desai, are all non-executives. When considering the level of fees, the Remuneration and Nominations Committee will evaluate the contribution and responsibilities of each Director and the time spent on the Company's affairs. Following this evaluation, the Committee will determine whether the fees as set out in the Remuneration Policy continue to be appropriate. Although the Company has not to date consulted shareholders on remuneration matters, it has reviewed the remuneration of Directors of other investment companies of similar size and complexity and to the limits set out in the Company's Articles of Association. The Company welcomes any views the shareholders may have on its proposed remuneration policy.

Richard Boléat
Chairman of the Remuneration and Nominations Committee
23 June 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 (as amended) requires the Directors to prepare financial statements for each financial period and under that law they have elected to prepare the financial statements in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008 (as amended). They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements and that to the best of their knowledge and belief:

- This annual report includes a fair review of the development and performance of the business and the position of the Group together with a description of the principal risks and uncertainties that the Group faces;
- The financial statements, prepared in accordance with IFRS adopted by the IASB and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), give a true and fair view of the assets, liabilities, financial position and results of the Group; and
- The annual report and financial statements, taken as a whole, provide the information necessary to assess the Group's position and performance, business model and strategy and is fair, balanced and understandable.

Richard Boléat	**Jonathan Bridel**
Chairman	***Chairman of the Audit Committee***
23 June 2016	23 June 2016

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of Funding Circle SME Income Fund Limited which comprise the consolidated statement of financial position as of 31 March 2016 and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the period then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Guernsey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 March 2016, and of the financial performance and cash flows of the Group for the period then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the Summary Information, Chairman's Statement, Strategic Report, Directors' Report, Corporate Governance Report, Audit Committee Report, Directors' Remuneration Report, Statement of Directors' Responsibilities, Board of Directors, Agents and Advisors and Glossary.

In our opinion:

- the information given in the Directors' Report is consistent with the financial statements and;
- the information given in the Corporate Governance Report set out on pages 11 to 13 with respect to internal control and risk management systems is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters which we are required to review under the Listing Rules:

- the directors' statement set out on page 9 in relation to going concern. As noted in the directors' statement, the directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern;

- the directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit;

- the part of the Corporate Governance Statement relating to the Company's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review; and

- certain elements of the report to shareholders by the Board on directors' remuneration.

Nicholas John Vermeulen
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
23 June 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM 22 JULY 2015 TO 31 MARCH 2016

	Notes	£
Operating income		
Interest income on loans advanced		1,864,930
Unrealised foreign exchange gain		863,421
Bank interest income		120,701
		2,849,052
Operating expenditure		
Realised loss on currency derivatives		882,189
Loan servicing fees	14	170,381
Audit and audit-related fees		110,315
Directors’ remuneration and expenses	13	103,239
Legal fees		99,820
Company administration and secretarial fees	14	92,767
Unrealised fair value movement on currency derivatives	7	2,432
Impairment of loans	4	30,192
Other operating expenses		81,100
		1,572,435
Operating profit for the period before taxation		1,276,617
Taxation	10	—
Total comprehensive income for the period		**1,276,617**
Earnings per share		
Basic and diluted	11	0.85p

		Number of shares
Weighted average number of shares outstanding		
Basic and diluted	11	150,000,000

Other comprehensive income

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

The Notes on pages 26 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Notes	£
ASSETS		
Cash and cash equivalents		56,757,244
Other receivables and prepayments		225,683
Fair value of currency derivative	7	607,568
Loans advanced	4	94,764,065
TOTAL ASSETS		**152,354,560**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	9	147,000,000
Retained earnings		1,276,617
TOTAL SHAREHOLDERS' EQUITY		**148,276,617**
LIABILITIES		
Accrued expense and other liabilities	8	4,077,943
TOTAL LIABILITIES		**4,077,943**
TOTAL EQUITY AND LIABILITIES		**152,354,560**
NAV per share outstanding		
Basic and diluted		**98.85p**

The financial statements on pages 22 to 40 were approved and authorised for issue by the Board of Directors on 23 June 2016 and were signed on its behalf by:

Richard Boléat
Chairman

Jonathan Bridel
Chairman of the Audit Committee

The Notes on pages 26 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM 22 JULY 2015 TO 31 MARCH 2016

	Notes	Share capital £	Retained earnings £	Total £
Balance at 22 July 2015		—	—	—
Issue of Ordinary Shares	9	150,000,000	—	150,000,000
Ordinary Shares issue costs	9	(3,000,000)	—	(3,000,000)
Total comprehensive income for the period		—	1,283,367	1,283,367
Balance at 31 March 2016		**147,000,000**	**1,283,367**	**148,283,367**

The Notes on pages 26 to 40 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM 22 JULY 2015 TO 31 MARCH 2016

	Notes	22 July 2015 to 31 March 2016 £
Operating activities		
Total comprehensive income for the period		1,276,617
Adjustments for:		
Interest income on loans advanced		(1,864,930)
Impairment of loans	4	30,192
Fair value movement of currency derivatives	7	2,432
Operating cash flows before movements in working capital		(555,689)
Loans advanced		(95,380,470)
Principal and interest collections on loans advanced	4	6,236,746
Increase in other receivables and prepayments		(225,683)
Increase in accrued expense and other liabilities		292,340
Increase in collateral for currency derivative	7	(610,000)
Net cash used in operating activities		(90,242,756)
Financing activities		
Proceeds from issue of Ordinary Shares	9	147,450,000
Initial costs of issue of Ordinary Shares	9	(450,000)
Net cash from financing activities		147,000,000
Net increase in cash and cash equivalents		56,757,244
Cash and cash equivalents at the beginning of the period		—
Cash and cash equivalents at the end of the period		**56,757,244**

The Notes on pages 26 to 40 form part of these financial statements.

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 Ordinary 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 both directly through the Marketplaces operated by Funding Circle and indirectly, in each case as contemplated by 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.

Semi-annual unaudited condensed half-yearly financial statements will be prepared in addition to annual audited financial statements. The Directors of the Company also publish monthly net asset value statements.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements, which give a true and fair view, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are in compliance with The Companies (Guernsey) Law, 2008 (as amended).

The Directors of the Company have adopted the exemption in Section 244 of The Companies (Guernsey) Law 2008 (as amended) and have therefore elected to only prepare consolidated financial statements for the period.

Assets and liabilities of the Group have been presented in the Statement of Financial Position in their order of liquidity as permitted by International Accounting Standards 1, Presentation of Financial Statements.

New Accounting Standards, amendments to existing Accounting Standards and/or interpretations of existing Accounting Standards (separately or together, "New Accounting Requirements") not yet adopted

In the Directors' opinion, except for the application of IFRS 9 referred to below, all non-mandatory New Accounting Requirements are either not yet permitted to be adopted, or would have no material effect on the reported performance, financial position or disclosures of the Group and consequently have neither been adopted nor listed.

New Accounting Requirements not yet endorsed for use in the EU

IFRS 9 - "Financial Instruments" (Replacement of IAS 39 - "Financial Instruments: Recognition and Measurement") - effective from 1 January 2018.

IFRS 9 requires financial assets to be classified into the following measurement categories: (i) those measured at fair value through profit or loss; (ii) those measured at fair value through other comprehensive income; and, (iii) those measured at amortised cost. The determination is made at initial recognition. Unless the option to designate a financial asset as measured at fair value through profit or loss is applicable, the classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

IFRS 9 also replaces the "incurred loss" model in IAS 39 with an "expected credit loss" model in the measurement of impairment loss. The new model applies to financial assets that are not measured at fair value through profit or loss.

The mandatory effective date for application of IFRS 9 is for accounting periods beginning on or after 1 January 2018. The Directors are still evaluating the impact of IFRS 9 and will conclude closer to the date of implementation.

b) Basis of measurement and consolidation

These financial statements have been prepared on a historical cost basis, as modified by the valuation of derivative financial instruments at fair value. The methods used to measure fair value are further disclosed in Note 15.

The Company owns all the Profit Participating Notes issued by Basinghall Lending Designated Activity Company ("Basinghall") and Tallis Lending Designated Activity Company ("Tallis"), companies incorporated in the Republic of Ireland. The Directors believe that the Company's ownership of the Profit Participating Notes constitute control as it exposes the Company to variability of returns from its involvement with the financial and operating activities of Basinghall and Tallis. Therefore these financial statements have been prepared on a consolidated basis. Intercompany transactions including intercompany gains and losses on currency translation between the Company and its subsidiaries were eliminated in the consolidation process.

2. BASIS OF PREPARATION (CONTINUED)

c) Functional and presentational currency

These financial statements are presented in Pound Sterling, which is the functional currency of each of the entities in the Group and the presentational currency of the Company. In the Directors' opinion, the Pound Sterling is the functional currency of the Company and Basinghall because substantially all their financing and operating activities are carried out in Pound Sterling. The Directors believe that the functional currency of Tallis is the Pound Sterling as its operations are carried out as an extension of the Company's operations. The Group hedges the projected cash flows from its US dollar and Euro investments such that its principal exposure is to the Pound Sterling.

d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the Board to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a quarterly basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following:

- Note 2(c) – functional currency of the subsidiary undertakings of the Company, which is considered by the Directors to be Pound Sterling;
- Note 3(b) – impairment of loans; and
- Note 3(j) – the operating segments, of which the Directors are of the opinion that the Company and its subsidiaries are engaged in a single segment of business, which is based on origination of loans; and
- Note 15 – determination of fair values.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently throughout the period.

a) Foreign currencies

Transactions in foreign currencies are initially translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies are retranslated to Pound Sterling at the foreign currency closing exchange rate ruling at the reporting date.

The results and financial position of all the Group entities that have a functional currency different from the presentation currency of the Group are translated into the presentation currency of the Group as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

None of the Group entities have a functional currency different to presentation currency.

b) Financial instruments

i) Loans advanced

Loans advanced are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans advanced are recognised when the funds are advanced to borrowers or when the agreements with the borrowers have been completed.

Loans advanced are measured at amortised cost using the effective interest method, less any impairment. The effective interest method calculates the amortised cost by allocating all relevant cash flows over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the loans to the net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Financial instruments (continued)

ii) Impairment of financial assets

The Directors assess at each reporting date whether, as a result of one or more events that occurred after initial recognition, there is objective evidence that a financial asset is impaired. Evidence of impairment may include indications that a borrower is experiencing significant financial difficulty, default or delinquency in interest and/or principal payments or restructuring of debt to reduce the burden on the borrower.

If there is no objective evidence of impairment for an individually assessed asset it is included in a group of assets with similar credit risk characteristics and collectively assessed for impairment.

Impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The methodology and assumptions used for estimating future cash flows and impairment rates are reviewed by the Board on a quarterly basis.

If, in a subsequent period, the amount of the default allowance decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised default allowance is recognised in the Consolidated Statement of Comprehensive Income.

Where a loan is not recoverable, it is written off against the related provision for loan impairment. Subsequent recoveries of amounts previously written off are reflected against the impairment losses recorded in the Consolidated Statement of Comprehensive Income.

iii) Derivative financial instruments

The Group holds derivative financial instruments to minimise its exposure to foreign exchange risks. Derivatives are classified as financial assets or financial liabilities (as applicable) at fair value through profit or loss. They are initially recognised at fair value with attributable transaction costs recognised in the Consolidated Statement of Comprehensive Income when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognised in the Consolidated Statement of Comprehensive Income. The fair values of derivative transactions are measured at their market prices at the reporting date.

iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported within assets and liabilities where there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

c) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and highly liquid interest-bearing securities with maturities of three months or less.

d) Share capital

Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary Shares are recognised as a deduction from the proceeds.

e) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its Ordinary Shares. Basic EPS is calculated by dividing the profit or loss attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares outstanding during the period. The diluted EPS is calculated by adjusting the profit or loss attributable to Ordinary Shareholders for the effects of all dilutive potential Ordinary Shares. For further details, please see Note 11.

f) Income

Income on loans held at amortised cost is recognised on an accruals basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the loan to its net carrying amount on initial recognition.

In calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees received and paid and costs borne that are an integral part of the effective interest rate and all premiums or discounts above or below market rates.

Bank interest and other income receivable are accounted for on an accruals basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g) Expenses and fees

Expenses are accounted for on an accruals basis and are recognised in the Consolidated Statement of Comprehensive Income.

h) Taxation

The Company is classified as exempt for taxation purposes under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 (as amended) and as such incurs a flat fee (presently £1,200 per annum). No other taxes are incurred in Guernsey.

Basinghall and Tallis are Irish resident companies that are subject to corporation tax in Ireland at a rate of 25% on their profits.

The tax currently payable by Basinghall and Tallis is based on the taxable profit of the companies for the period. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the Statement of Financial Position date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

i) Dividends payable

Dividends payable on the Company’s shares are recognised in the Consolidated Statement of Changes in Shareholders’ Equity when declared by the Directors or, where applicable, when approved by the Shareholders. The Directors consider declaration of a dividend on a quarterly basis, having regard to various considerations, including the financial position of the Company. 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).

j) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses. The Directors perform regular reviews of the operating results of the Group and make decisions using financial information at the Group level only. Accordingly, the Directors believe that the Group has only one reportable operating segment being the Group as a whole and the activity of making loans.

The Board is considered the chief operating decision maker for the purpose of segment reporting as they are responsible for ensuring that the Group carries out business activities in line with the transaction documents. They may delegate some or all of the day-to-day management of the business, including the decisions to purchase and sell securities, to other parties both internal and external to the Group. The decisions of such parties are reviewed on a regular basis to ensure compliance with the policies and legal responsibilities of the Directors, therefore the Directors retain full responsibility as to the major allocation decisions of the Group.

4. LOANS ADVANCED

	31 March 2016
	£
Balance at the beginning of the period	—
Advanced	99,166,073
Interest income	1,864,930
Principal and interest collections	(6,236,746)
Loans written-off (net of recoveries)	(20,194)
Impairment allowance	(9,998)
Balance at the end of the period	**94,764,065**

4. LOANS ADVANCED (CONTINUED)

The Group predominantly makes unsecured loans. However as at 31 March 2016, the carrying value of loans secured by charges over properties is £12,072,105. 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. As at 31 March 2016, loan principal and interest of £43,970 were past due.

The Group has no undrawn commitments on the loans advanced as at 31 March 2016. The Group has committed to purchase loans of £414,238.

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

	Principal and interest	**Impairment allowance**
	£	**£**
Past due between 30 days and 60 days	43,970	9,998
Past due between 61 days to 90 days	—	—
Past due for over 90 days	—	—
Defaulted	20,194	20,194
	64,164	**30,192**

The Group commenced operations on 30 November 2015 and therefore all of the impairment allowance as at 31 March 2016 relates to the current period. The loan included within 'Defaulted' in the table above relates to a loan written off due to the borrower defaulting on payments.

5. SEGMENTAL REPORTING

As stated in Note 3(j), in the Board's opinion, the Group is engaged in a single segment of business, being investment in loans. Certain additional financial information is presented below to supplement the information presented on the Consolidated Statement of Financial Position and Consolidated Statement of Comprehensive Income in order to provide Shareholders with additional useful information.

The Group did not hold any investments that individually generated income representing more than 10% of the Group's total income. All of the Group's investments are loans to Small and Medium-sized Entities ("SMEs"). The ten largest investments of the Group which are shown below are loans to SMEs.

Country	**Principal activity**	**Amortised cost as at 31 March 2016**	**% of Net Assets**
		£	
United Kingdom	Property and construction	900,000	0.61
United Kingdom	Property and construction	607,788	0.41
United Kingdom	Property and construction	524,568	0.35
United Kingdom	Property and construction	510,264	0.34
United Kingdom	Property and construction	499,514	0.34
United Kingdom	Wholesale and retail	493,645	0.33
United Kingdom	Property and construction	450,000	0.30
United Kingdom	Property and construction	411,387	0.28
United Kingdom	Property and construction	407,505	0.27
United Kingdom	Property and construction	400,014	0.27
		5,204,685	**3.50**

5. SEGMENTAL REPORTING (CONTINUED)

The loans advanced as at the period-end and interest income recognised during the period per geographical area in which the Group is invested are presented in the table below:

	31 March 2016	
	Assets held*	**Interest income**
	%	£
UK	46.37	1,159,668
USA	17.43	705,262
Europe (excluding UK)	0.11	—
Total	**63.91**	**1,864,930**

* Assets held are shown as a percentage of net asset value ("NAV") which is the sum of all the assets of the Group less the total liabilities.

The Company is domiciled in Guernsey and its subsidiaries are domiciled in Ireland. However, none of the Group's investments are domiciled in either Guernsey or Ireland. Consequently no investment income is derived from the countries of domicile of the Group entities.

6. CASH AND CASH EQUIVALENTS

	31 March 2016
	£
Cash at bank	22,483,253
Cash equivalents	34,273,991
Balance at the end of the period	**56,757,244**

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

7. 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 15). 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, with a margin requirement being applicable upon revaluation of such transactions. The balance on the margin account is offset against the value of the foreign exchange derivative transactions open as at the period-end.

	Fair value
	31 March 2016
	£
Revaluation of currency derivatives	(2,432)
Net margin amount paid as at the period-end	610,000
Fair value of currency derivatives	**607,568**

	Fair value (£)	**Nominal of outstanding contracts**
	31 March 2016	**31 March 2016**
Euro	(179,235)	10,005,000
USD	176,803	43,647,000
Revaluation of currency derivatives	(2,432)	

8. ACCRUED EXPENSES AND OTHER LIABILITIES

	31 March 2016 £
Payable for loans committed but not yet funded	3,785,603
Service fees payable	65,635
Audit fees payable	110,315
Legal fees payable	95,165
Other liabilities	21,225
	4,077,943

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.

9. SHARE CAPITAL

Authorised

	Number of shares
Ordinary Shares	150,000,000

Issued and fully paid

	Carrying value £	Number of shares
Ordinary Shares	150,000,000	150,000,000
Initial costs of issue	(3,000,000)	N/A
	147,000,000	

On incorporation of the Company, the issued share capital was £1 represented by one Ordinary Share, held by the subscriber to the Company's Memorandum of Incorporation. On 30 November 2015, the Company completed a placing and offer for subscription (the "Issue") on the London Stock Exchange raising £150 million. The total initial cost of the Issue was £3 million of which £2.55 million broker commission was offset from the total proceeds received by the Company. The initial share capital of the Company was redeemed from the proceeds of the Issue and subsequently cancelled.

Rights attaching to the shares

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. TAXATION

	22 July 2015 to 31 March 2016 £
Operating profit before taxation	1,276,617
Tax at the standard Guernsey income tax rate of 0%	—
Effects of tax rates in other jurisdictions	—
Taxation expense	**—**

The Group may be subject to taxation under the tax rules of the jurisdictions in which it invests. During the period to 31 March 2016, Basinghall and Tallis which are consolidated into the Group's results were subject to a corporation tax rate of 25%. There was no net profit subject to taxation in Ireland.

11. EARNINGS PER SHARE ("EPS")

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

	31 March 2016 £
Profit for the purposes of basic and diluted EPS	1,276,617
Weighted average number of Ordinary Shares for the purposes of basic and diluted EPS	150,000,000
Basic and diluted EPS	**0.85p**

12. DIVIDENDS

No dividend was paid per Ordinary Share during the period ended 31 March 2016. On 17 June 2016, the Board declared an interim dividend on the Ordinary Shares of 1 pence per Ordinary Share at a total amount of £1,500,000. This dividend will be paid on 29 July 2016.

13. DIRECTORS' REMUNERATION AND EXPENSES

	22 July 2015 to 31 March 2016 £
Directors' fees	100,590
Directors' expenses	2,649
	103,239

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.

14. FEES AND EXPENSES

Loan origination and servicing

Funding Circle UK has been appointed pursuant to the UK Origination Agreement, UK Servicing Agreement and the Services Agreement. Funding Circle US (as defined in the Prospectus) has been appointed pursuant to the US Origination Agreement and the US Servicing Agreement. Funding Circle Netherlands has been appointed pursuant to the Dutch Origination Agreement and the Dutch Servicing Agreement. Funding Circle Spain has been appointed pursuant to the Spanish Origination Agreement and the Spanish Servicing Agreement. Funding Circle CE has been appointed pursuant to the German Origination Agreement and the German Servicing Agreement. Each of Funding Circle Netherlands and Funding Circle Spain has agreed to designate Funding Circle CE GmbH as sub-contracting agent for the purposes of their respective Origination Agreements and Servicing Agreements.

The Group does not pay Funding Circle any fees on the initial origination of loans.

Funding Circle UK is entitled to receive loan servicing fees equal to 1 per cent. per annum, calculated daily, on the aggregate outstanding principal balance of the portfolio of loans held by Basinghall excluding any loans which have been charged off as defined in the Servicing Agreement. Additional fees of up to 40 per cent. of collections received on charged off assets are payable to Funding Circle UK as loan servicing fees. Servicing fees to Funding Circle UK of £117,151 were incurred during the period of which £54,183 was outstanding as at 31 March 2016.

Funding Circle US is entitled to receive loan servicing fees equal to 1 per cent. per annum, calculated daily, on the aggregate outstanding principal balance of the portfolio of loans held by the Company which have been originated in the US excluding any loans which have been charged off as defined in the Servicing Agreement. Additional fees of up to 40 per cent. of collections received on charged off assets are payable to Funding Circle US as loan servicing fees. Servicing fees to Funding Circle US of £53,230 were incurred during the period of which £11,452 was outstanding as at 31 March 2016.

Funding Circle Netherlands is entitled to receive loan servicing fees equal to 1 per cent. per annum, calculated daily, on the aggregate outstanding principal balance of the portfolio of loans held by Tallis excluding any loans which have been charged off as defined in the Servicing Agreement. Additional fees of up to 40 per cent. of collections received on charged off assets are payable to Funding Circle Netherlands as loan servicing fees. No servicing fees were incurred during the period.

Funding Circle Spain is entitled to receive loan servicing fees equal to 1 per cent. per annum, calculated daily, on the aggregate outstanding principal balance of the portfolio of loans held by Tallis excluding any loans which have been charged off as defined in the Servicing Agreement. Additional fees of up to 40 per cent. of collections received on charged off assets are payable to Funding Circle Spain as loan servicing fees. No servicing fees were incurred during the period.

Funding Circle Deutschland GmbH is entitled to receive loan servicing fees equal to 1 per cent. per annum, calculated daily, on the aggregate outstanding principal balance of the portfolio of loans held by Tallis excluding any loans which have been charged off as defined in the Servicing Agreement. Additional fees of up to 40 per cent. of collections received on charged off assets are payable to Funding Circle Deutschland GmbH as loan servicing fees. No servicing fees were incurred during the period.

Funding Circle UK is entitled to receive fees under the Services Agreement at an annual rate of 0.1 per cent. of net asset value of the Group. This fee shall accrue from the date on which the Group has made investments in respect of loans in an amount equal to 80 per cent. of the gross issue proceeds of £150.0 million. During the period ended 31 March 2016, no fee was incurred under the Services Agreement.

Administration, company secretarial and cash management

Sanne Group (Guernsey) Limited ("Sanne Guernsey") has been appointed as Administrator to the Company pursuant to the Administration Agreement. The Administrator will also act as Company Secretary and Cash Manager of the Company.

Sanne Guernsey is entitled to receive an annual fee equal to five basis points of the net asset value of the Group subject to a minimum amount of £60,000. Administration fees of £39,685 were incurred during the period all of which have been paid as at 31 March 2016.

Sanne Capital Markets Ireland Limited ("Sanne Ireland") has been appointed as Administrator to Basinghall and Tallis and is entitled to receive an annual fee for each entity of £45,000. Administration fees of £53,082 were incurred during the period all of which have been paid as at 31 March 2016.

14. FEES AND EXPENSES (CONTINUED)

Registrar

Capita Asset Services (the "Registrar") has been appointed as the Company's Registrar to undertake maintenance of the statutory books of the Company and to perform such related activities as are required to carry out the registrar function. The Registrar is entitled to an annual maintenance fee per shareholder subject to a minimum charge of £4,500 per annum. Registrar services fee of £2,402 was incurred during the period of which £700 was outstanding as at 31 March 2016.

Currency management fee

Record Currency Management Limited has been appointed as currency manager. The currency manager is entitled to fees calculated based on the amount of US Dollar denominated exposure being hedged within the Group's portfolio. Fees of £7,801 were incurred during the period of which £7,166 was outstanding as at 31 March 2016.

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:

Type of service	**PwC CI**	**PwC Ireland**
	£	**£**
Audit of the financial statements	60,000	28,515
Tax related services	6,750	15,050
Other non-audit services	100,000	—
	166,750	**43,565**

The non-audit services include assurance services in relation to the IPO of the Ordinary Shares of the Company.

15. 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 loans purchased by the Group. Failure on 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 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 prices, 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 investment portfolio and industry developments to ensure that any events which impact the Group are identified and considered in a timely manner.

iii) 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.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

iv) Interest rate risk (continued)

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. Financial instruments with floating interest rates that reset as market rates change are exposed to cash flow interest rate risk. As at 31 March 2016, the Group had £56.76 million of the total assets classified as cash and cash equivalents with floating interest rates. At 31 March 2016, 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 £141,893. 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.

v) Currency risk

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

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 hedge the currency exposure of the Group on US Dollar and Euro denominated investments.

The currency risk of the Group's non-GBP monetary financial assets and liabilities as of 31 March 2016 including the effect of a change in exchange rates by 5% is shown below. 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.

	Carrying amount as at 31 March 2016	**Effect of a 5% change in currency rate**
	£	**£**
US Dollar	43,931,427	1,527,412
Euro	9,973,443	389,801
Total	**53,904,870**	**1,917,213**

The Group's exposure has been calculated as at the period end and may not be representative of the period as a whole.

vi) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Many of the assets in which the Company invests are illiquid. Changes in market sentiment may make significant portions of the Company's investment portfolio rapidly more illiquid, particularly due to the types of Group's assets where there is not a broad well-established trading market.

The Board of Directors manages liquidity risk through active monitoring of amortising cash flows and reviewing the 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:

	Within one year	**One to five years**	**Over five years**
	£	**£**	**£**
Financial assets			
Cash and cash equivalents	56,757,244	—	—
Loans at amortised cost	30,068,969	64,695,096	—
Fair value of currency derivatives	607,568	—	—
Trade and other receivables	225,683	—	—
	87,659,464	**64,695,096**	**—**
Accrued expenses and other liabilities	4,077,943	—	—
	4,071,943	**—**	**—**

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

vii) Credit risk and counterparty risk

Credit risk is the risk of financial loss to the Group if the 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 at amortised cost are disclosed in note 4.

The Group's credit risks arise principally through exposures to loans acquired by the Group, which are subject to the risk of borrower default. As disclosed in note 4, the loans advanced by the Group are predominantly unsecured, but the Group holds assets as security for certain property-related loans. The ability of the Group to earn revenue is completely dependent upon payments being made by the borrower of the loan acquired by the Group.

Credit quality

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

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

Internal grade	Carrying value £	% of Carrying value
A+	30,258,928	31.93
A	27,804,077	29.34
B	19,270,393	20.34
C	11,685,191	12.33
D	3,708,412	3.91
E	2,037,064	2.15
	94,764,065	**100.00**

The credit grade assigned to a borrower is determined by Funding Circle using an internal rating process that uses a number of factors including expected annualised loss rates.

The Board of Directors have put in place the following limits on the portfolio to manage the concentration risk exposure of the Group.

Allocation limits

The proportionate division between loans originated through the various Marketplaces (as defined in the Prospectus) must fall within the ranges set out below:

- 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.

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.

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

vii) Credit risk and counterparty risk

As at 31 March 2016, the Group held cash with the following financial institutions:

	Amount as at 31 March 2016 £	Short term credit rating (S&P)
HSBC	5,841,564	A-1+
Santander	19,100,000	A-1
Barclays	17,393,508	A-2
Lloyds	14,422,172	A-1

The Group may use forward foreign currency transactions 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 counterparty was Royal Bank of Scotland International ("RBSI"). The long term-credit rating of RBSI as at 31 March 2016 assigned by Moody's was Ba1.

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 31 March 2016 are its currency derivatives. The fair value of the currency derivatives 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 31 March 2016. 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 31 March 2016 but for which fair value is disclosed:

	31 March 2016			
	Level 1 £	**Level 2 £**	**Level 3 £**	**Total £**
Loans held at amortised cost	—	—	94,764,065	94,764,065
Cash and cash equivalents	56,757,244	—	—	56,757,244
Other receivables and prepayments	—	225,683	—	225,683
Accrued expenses and other liabilities	—	(4,077,943)	—	(4,077,943)
	56,757,244	**(3,852,260)**	**94,764,065**	**147,669,049**

15. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value estimation (continued)
The Board of Directors believe that the carrying values of the above instruments approximate their fair values. The loans held at amortised cost were acquired close to the period end and their fair values were not expected to have changed significantly from the time of acquisition. 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 Consolidated Statement of Financial Position due to their short term nature.

There were no transfers between levels during the 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 Alternative Investment Manager Directive ("AIFMD"). As at 31 March 2016, the Group has not employed any leverage.

16. 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	35,000
Other directors	30,000
	155,000

Samir Desai who is a member of the Board of Directors has waived his fees as a director of the Company. Samir Desai is a substantial shareholder in, a director and employee of Funding Circle UK.

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.

As at 31 March 2016 each of Richard Boléat, Jonathan Bridel, Frederic Hervouet and Richard Burwood has a share interest in the Company, in the form of 5,000 Ordinary Shares, representing 0.0033% interest in voting rights. Samir Desai has a share interest in the Company of 148,138 as at 31 March 2016 representing 0.0987% interest in voting rights.

The Group has no employees during the period.

The Directors may delegate certain functions to other parties. In particular, the Directors have appointed Funding Circle UK, Funding Circle US, Funding Circle Netherlands, Funding Circle Spain 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 basis of fees, amounts incurred during the period and amounts payable to each of Funding Circle UK, Funding Circle US, Funding Circle Netherlands, Funding Circle Spain and Funding Circle CE are disclosed in note 14.

During the period, Funding Circle purchased a loan from Basinghall with an outstanding principal and accrued interest of £106,358 at par value. Funding Circle also purchased a loan from Basinghall with an outstanding principal and accrued interest of £454,167 at par value. The terms of these transactions were approved by the respective Boards of the Company and Basinghall. The proceeds from the sale of loans of £106,358 was outstanding as at 31 March 2016.

17. INVESTMENT IN SUBSIDIARIES

The Company had the following subsidiaries as at 31 March 2016, whose results were fully consolidated during the period:

	Country of incorporation	Principal activity	Transactions	Outstanding amount £
Basinghall Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in the UK	Subscription of notes issued	78,800,000
Tallis Lending Designated Activity Company	Ireland	Investing in Credit Assets originated in Spain, Germany and the Netherlands	Subscription of notes issued	7,920,900
				86,720,900

18. SUBSEQUENT EVENTS

On 16 June 2016, in exercise of the Company's powers to make indirect investments, and as contemplated in the Prospectus, the Company agreed to participate in a £125 million structured finance transaction with the European Investment Bank ("EIB"). The Company is participating as a junior noteholder in a new structure into which EIB will provide senior finance.

On 17 June 2016, the Board declared a dividend of 1 pence per Ordinary Share payable on 29 July 2016 to shareholders on the register as at the close of business on 1 July 2016 and the corresponding ex-dividend date will be 30 June 2016.

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, 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.

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 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.

Samir Desai

Executive Director

Mr Desai is Global CEO and co-founder of Funding Circle. Samir is responsible for driving Funding Circle's strategy, overseeing its finances and managing its day to day operations. Mr Desai has worked extensively in the financial services sector. Before co-founding Funding Circle, Mr Desai was an Executive at Olivant Advisers Limited, a private equity investor in financial services businesses in Europe, the Middle East and Asia. Prior to this, Mr Desai was a management consultant at Boston Consulting Group advising a number of major UK and global banks and insurers on strategy, new product initiatives, and operational efficiency.

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 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.

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 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.

AGENTS AND ADVISORS

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GLOSSARY

Definitions and explanations of methodologies used:

“Administrator”	Sanne Group (Guernsey) Limited
“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
“Funding Circle UK”	Funding Circle Limited
“Funding Circle US”	FC Marketplace, LLC
“Marketplaces”	the marketplace platforms operated in the UK and the US, respectively, by Funding Circle, together with any similar or equivalent marketplace platform established or operated by Funding Circle in any jurisdiction
“Note” or “Profit Participating Note”	notes issued by Basinghall Lending Designated Activity Company and Tallis Lending Designated Activity Company under their separate note programmes
“PwC”	PricewaterhouseCoopers CI LLP and PricewaterhouseCoopers Ireland
“PwC CI”	PricewaterhouseCoopers CI LLP
“PWC Ireland”	PricewaterhouseCoopers Ireland

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