Tungsten Bank plc (the 'Bank') is a wholly owned subsidiary of Tungsten Corporation plc, a company listed on the Alternative Investment Market in the UK. The Bank is authorised by the Prudential Regulation Authority (the 'PRA') and regulated by the Financial Conduct Authority (the 'FCA') and the PRA. The Bank is registered on the Financial Services Register with firm reference number 139209.

Contents

Company Information

Board of Directors:

In Post Board members

Robert Eddowes	Non-Executive Chairman (appointed 28 September 2015), Interim Chief Executive Officer (appointed 1 May 2015, resigned 28 September 2015)
Nicholas Parker	Non-Executive Director (resigned as Non-Executive Chairman 28 September 2015)
Richard Olliver	Independent Non-Executive Director
Timothy Hall	Independent Non-Executive Director
Iain Hunter	Chief Executive Officer (appointed 28 September 2015)
Matthew Cowan	Chief Financial Officer (appointed 30 September 2015)
Patrick Clark	Company Secretary (appointed 8 May 2015)

Ex Post Board members

Edmund Truell	Deputy Chairman (resigned 19 October 2015)
Holger Beyer	Chief Financial Officer (resigned 24 November 2015)
Georgina Behrens	Company Secretary (resigned 8 May 2015)

Company Secretaries:

Patrick Clark	(appointed 8 May 2015)
Georgina Behrens	(resigned 8 May 2015)

Executive Management:

Iain Hunter	Chief Executive Officer
Matthew Cowan	Chief Financial Officer

Independent Auditors:
PricewaterhouseCoopers LLP

Main Clearing Bankers:
Bank of New York Mellon
RBS NatWest

Registered Office:
Pountney Hill House
6 Laurence Pountney Hill
London EC4R 0BL
Telephone 020 7280 7717

Swift Address: TUNGGB 2L

Company Registration Number:
1536428

Chairman’s Statement

For the full twelve month period for which the financial statements have been drawn up, operating income was £180k (period from 1 January 2014 to 30 April 2015: £437k). Expenses for the twelve month period reduced to £2,766k (period from 1 January 2014 to 30 April 2015: £3,263k inclusive of a £34k write back of prior period provisions). This resulted in a loss on ordinary activities, before tax, of £2,586k (period from 1 January 2014 to 30 April 2015: £2,826k).

As at 30 April 2016, legacy customer deposits remained unchanged at £54k (2015: £54k), with efforts continuing to further reduce legacy balances. Customer loans stood at £7,329k (2015: £5,899k). Holdings in UK Government Treasury Bills also remained unchanged at £999k (2015 : £999k) allowing the Bank to maximise its capacity to finance discounted receivables from the remainder of its core capital.

The Bank paid no dividends during the year (period from 1 January 2014 to 30 April 2015: £8,821k).

Tungsten Corporation plc announced on 21 May 2015 that it was ‘actively exploring its strategic options for the Bank’. On 15 December 2015, that review concluded with the signing of a Sale and Purchase Agreement (the ‘SPA’) between Tungsten Corporation plc and SKG Financial Services Limited (‘SKG’) under the terms of which SKG agreed to purchase the full share capital of the Bank from Tungsten Corporation plc, subject to contract and successful approval from the PRA of the change in the Controller of the Bank (the ‘Change In Control’).

Post the signing of the SPA, SKG asked the Bank’s Executive Management Team to assist it in the submission and presentation of a new Regulatory Business Plan (‘RBP’), Internal Capital Adequacy Assessment Process (‘ICAAP’) and Internal Liquidity Adequacy Assessment Process (‘ILAAP’) on behalf of the Bank. The Bank completed these requirements and submitted on 29 February 2016. Thereafter, the Bank has continued to support its current shareholder, Tungsten Corporation plc, and the prospective new shareholder, SKG, through the ensuing regulatory challenge process.

The sale of the Bank continues to progress as expected, with an anticipated close on or around 31 October 2016.

I extend my thanks to my fellow Directors, managers, and staff of the Bank for the contributions each has made during this financial year and in support of the ongoing Change In Control process.

Robert Eddowes
Non-Executive Chairman
18 August 2016

Strategic Report

Review of the business

For the year end 30 April 2016, the Bank's business strategy has remained focussed on providing receivables financing solutions on invoices transacting over the Tungsten Network, operated by Tungsten Corporation plc and its subsidiaries (the 'Tungsten Network').

The Bank will only buy these invoices after they have been confirmed as 'Approved to Pay' by the relevant Buyer(s). These are not financing 'facilities', but offers to purchase invoices and as such do not represent a legal commitment to provide funding to either Purchasers or Suppliers. Offers to purchase invoices can be withdrawn without notice.

The invoice purchases are non-recourse to the Suppliers. As such, the principal risk taken by the Bank is with the Buyers who have confirmed that the invoices are 'Approved to Pay'. The Buyers are predominantly major multinational corporations or public sector bodies of high credit quality. During the year, the Bank bought discounted invoices issued by predominantly UK based suppliers with only a small number of purchases of US based Supplier discounted invoices.

Strategic vision for the business

As set out in the Chairman's statement, Tungsten Corporation plc announced on 21 May 2015 that it was 'actively exploring its strategic options for the Bank'. On 15 December 2015 that review concluded with the signing of the SPA between Tungsten Corporation plc and SKG, under the terms of which SKG agreed to purchase the full share capital of the Bank from Tungsten Corporation plc subject to contract and successful Change in Control.

The Bank nevertheless continued to operate in a limited capacity by purchasing receivables that were available for financing through its relationship with its existing shareholder, Tungsten Corporation plc and its subsidiary, Tungsten Network Finance Limited. This was funded entirely by the Bank's tier one share capital.

During the year, Tungsten Corporation plc continued providing support to the Bank to fulfil, not only its regulatory obligations under the minimum capital and liquidity requirements but also to maintain tier one capital at a level significantly in excess of such requirements. The Bank continues to be significantly capitalised and the Directors expected it to remain so in the foreseeable future.

Upon Change In Control, the Bank's strategy will alter and it will instead be focussed on what the Board believes is a material opportunity to support both UK and international customers in the delivery of trade and working capital solutions, servicing the need of these customers in a responsible, risk averse and profitable way. At the same time, the Bank will look to continue to support the legacy receivables financing business under a commercially agreed arm's-length basis with Tungsten Corporation plc, but this will be as a secondary product stream.

Funding for the development of the asset base is to be provided in the form of a diversified retail deposit strategy. In this way, the Bank will look to create the funding volume that will allow it to return to sustainable profitability in the coming years.

Strategic Report

Governance

The Bank's high level control environment is effected through the Board and Management Committees which govern and manage the Bank. The Board has delegated some of its responsibilities to two Board Committees.

- Audit Committee
- Remuneration and Nomination Committee

The Board has further delegated certain responsibilities to a number of Management Committees which operate within their respective terms of reference:

- Bank Executive Committee
- Operational Risk Committee
- Credit Committee
- Asset and Liability Committee

The various limits to control the risk appetite within which the Bank operates are set by the Board, who are advised by the Management Committees. The Management Committees are responsible for the oversight, monitoring and reporting on the Bank's adherence to these limits.

The Bank continues to be exposed to, and manages: interest rate, credit, liquidity, foreign currency, and market risk; risk related to the use of derivatives; and, operational risks.

Development and performance

The Bank has used its capital base to finance invoice receivables, but has not raised new deposits or debt finance. In recognition of the resulting limitation on potential revenue, the Bank has continued to manage its cost base tightly with administrative expenses of £2,766k for the year (period from 1 January 2014 to 30 April 2015: £3,297k). Nevertheless, costs did exceed revenue leading to an expense to income ratio of 1,537% for the year (period from 1 January 2014 to 30 April 2015:754%).

Post Change In Control, it is expected that the cost-income ratio will rebalance to more normal levels as the underlying financed asset base increases supported by the deposit raising activities of the Bank.

During the year, total assets were reduced further to £25,642k (2015: £25,741k). At the balance sheet date, there were £7,329k of loans to customers, comprised of discounted receivables (2015: £5,899k), and £17,755k of cash and cash equivalents, comprised of short term interbank placements and UK Government Treasury Bills (2015: £19,565k).

Principal risks and uncertainties

The principal risks and uncertainties facing the Bank, and the Bank's approach to managing risks, are set out in the notes to the financial statements and can be found on pages 20 to 22.

Approved by the Board and signed on its behalf by

Robert Eddowes
Non-Executive Chairman
18 August 2016

Directors' Report

The Directors submit their report and the audited financial statements of the Bank for the year ended 30 April 2016.

Board of Directors

In Post Board members

Robert Eddowes	Non-Executive Chairman (appointed 28 September 2015)
	Interim Chief Executive Officer (appointed 1 May 2015, resigned 28 September 2015
Nicholas Parker	Non-executive Director (resigned as Chairman 28 September 2015)
Richard Olliver	Independent Non-Executive Director
Timothy Hall	Independent Non-Executive Director
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Edmund Truell	Deputy Chairman (resigned 19 October 2015)
Holger Beyer	Chief Financial Officer (resigned 24 November 2015)
Georgina Behrens	Company Secretary (resigned 08 May 2015)

Company Secretaries

Patrick Clark	(appointed 8 May 2015)
Georgina Behrens	(resigned 8 May 2015)

Principal activity

For the financial year to 30 April 2016 the Bank was focussed on the purchase of discounted receivables sourced from the Tungsten Network.

Results and dividends

The loss on ordinary activities, before tax, for the year was £2,586k (period from 1 January 2014 to 30 April 2015: £2,826k). No dividends have been declared or paid in the period (period from 1 January 2014 to 30 April 2015: £8,821k).

Business review

Operating income for the year was £180k (period from 1 January 2014 to 30 April 2015: £437k). Administrative expenses for the year were £2,766k (period from 1 January 2014 to 30 April 2015: £3,297k) largely comprising staff costs, professional fees and other expenses.

The loss for the financial year amounted to £2,586k (period from 1 January 2014 to 30 April 2015: £2,826k). During the year, the Bank issued new shares to its parent company for cash consideration of £2,300k (period from 1 January 2014 to 30 April 2015: £7,520k).

Average full time equivalent staff numbers increased to 16 (period from 1 January 2014 to 30 April 2015: average of 10).

Directors' Report

Going concern

The Bank has met all minimum capital and liquidity requirements imposed on it by its regulators through the ICAAP and ILAAP during the year in question. The level of capital has been maintained above £25,000k, reflecting the current shareholder's desire to maintain these levels as a minimum requirement. The Bank's tier one capital ratio was 190%, providing the Bank with significant capital above its risk-weight assets and minimum regulatory requirements.

The current shareholder, Tungsten Corporation plc, has confirmed that it will continue to provide on-going parental support until the earlier of the sale of the Bank following confirmation of Change In Control, or 31 December 2016. SKG has indicated that it will provide the same support from the date of Change In Control.

Regardless of the timing of the Change In Control, and looking forward over the next twelve months, the Bank is independently self-sufficient both in terms of capital and liquidity and can fulfil all obligations as and when they become due.

<u>Sale of the Bank</u>

Following the agreement regarding a sale of the Bank – which remains subject to conditionality – the Executive Management Team and the Board met strict deadlines to provide the RBP and supporting papers, the ICAAP and ILAAP, by 29 February 2016. Further informal and formal challenge sessions occurred throughout April, May and June with both the PRA and the FCA.

The sale of the Bank continues to progress as expected, with an anticipated close on or around 31 October 2016.

In the event that, for whatever reason, the SPA and Change In Control fail to complete, Tungsten Corporation plc has indicated that it would seek to de-regulate the Bank and access the Bank's capital. Whether the Bank would continue to trade as a non-regulated entity and what its business line would be in this eventuality has yet to be decided. As outlined above, should this scenario occur, over a period of the next twelve months, the Bank could continue to meet its on-going obligations under the Individual Capital Guidance (the 'ICG') and Individual Liquidity Guidance (the 'ILG'), as dated 30 May 2014, over which there is significant headroom.

Following due and careful consideration, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Directors' interests

The Directors did not hold any beneficial interest in the ordinary shares of the Bank at any time during the year.

Charitable and political donations

No charitable or political donations were made during the year ended 30 April 2016 (period from 1 January 2014 to 30 April 2015: £nil).

Directors' Report

Independent auditor

PricewaterhouseCoopers LLP is deemed to be re-appointed as auditor under section 487(2) of the Companies Act 2006.

Disclosure of information to auditors

Each of the persons who are Directors at the time the report is approved confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Bank's auditor is unaware; and,
- he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Bank's auditor is aware of that information.

This confirmation should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' indemnity

The Bank provides that in certain circumstances the Directors are entitled to be indemnified out of assets of the Bank against claims from third parties in respect of certain liabilities arising in connection with the performance of their functions, in accordance with the provisions of the Companies Act 2006. Indemnity provisions have been in force during the financial year and also at the date of approval of the annual report and accounts. These indemnity provisions have not been utilised by the Directors.

Creditors policy

The Bank's target settlement terms are thirty days, although these terms may vary subject to agreement.

Events after the balance sheet date

On each of 25 May, 30 June and 27 July 2016, the Bank issued additional ordinary shares to its parent undertaking for cash consideration of £230k, resulting in an aggregate increase to the Bank's called up share capital of £690k.

Statement of Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors have prepared the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Generally Accepted Accounting Standards and applicable law), including Financial Reporting Standard 101: *Reduced Disclosure Framework* ('FRS 101'). The accounts made up for the year ended 30 April 2016 are the first time the accounts have been prepared under FRS 101.

Directors' Report

Statements of Directors' responsibilities (continued)

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Bank and of the profit or loss of the Bank 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 Bank will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Bank's transactions and disclose with reasonable accuracy at any time the financial position of the Bank and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board and signed on its behalf by

Robert Eddowes
Non-Executive Chairman
18 August 2016

Independent Auditors' Report to the Members of Tungsten Bank plc (the "company")

Report on the financial statements

Our opinion

In our opinion, Tungsten Bank plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 30 April 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101: *Reduced Disclosure Framework*, and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent Auditors' Report to the Members of Tungsten Bank plc

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Statement of Directors' responsibilities set out on pages 9 and 10, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ('ISAs (UK & Ireland)'). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Jonathan Hinchliffe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 August 2016

Statement of Comprehensive Income for the Year Ended 30 April 2016

	Note	12 months to 30 April 2016 £'000	16 months to 30 April 2015 £'000
Interest receivable and similar income	3	180	439
Interest payable and similar charges	4	-	(15)
NET INTEREST INCOME		**180**	**424**
Fees and commissions receivable		-	13
OPERATING INCOME		**180**	**437**
Administrative expenses	5	(2,766)	(3,297)
Provisions for bad and doubtful debts	14	-	34
TOTAL EXPENDITURE		**(2,766)**	**(3,263)**
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		**(2,586)**	**(2,826)**
Tax on loss on ordinary activities	8	-	-
LOSS FOR THE FINANCIAL YEAR/PERIOD		**(2,586)**	**(2,826)**

All results derive from continuing operations.

There is no material difference between the loss on ordinary activities before tax and the loss for the financial year/period stated above and their historical cost equivalents.

The Bank has no recognised gains or losses other than those included in the results above, and therefore no separate statement of comprehensive income has been presented.

The notes on pages 16 to 30 form an integral part of these financial statements.

Tungsten Bank plc

Registered number: 1536428

Statement of Financial Position as at 30 April 2016

	Note	2016 £'000	2015 £'000
ASSETS			
Fixed Assets			
Intangible assets	11	170	-
		170	**-**
Current Assets			
Cash and cash equivalents	12	17,755	19,565
Loans and advances to customers	13	7,329	5,899
Intercompany debtors	15	95	-
Debtors	16	192	-
Prepayments		87	277
Other assets	17	14	-
		25,472	**25,741**
LIABILITIES			
Current Liabilities			
Customer deposits	18	54	54
Accruals		469	282
		523	**336**
NET CURRENT ASSETS		**24,949**	**25,405**
NET ASSETS		**25,119**	**25,405**
EQUITY			
Called up share capital	19	29,820	27,520
Retained earnings		(4,701)	(2,115)
TOTAL EQUITY SHAREHOLDER'S FUNDS	**20**	**25,119**	**25,405**

The notes on pages 16 to 30 form an integral part of these financial statements.

The financial statements on pages 13 to 30 were approved by the Board of Directors on 17 August 2016.

Signed on behalf of the Board

Robert Eddowes
Non-Executive Chairman
18 August 2016

Statement of Changes in Equity for the Year Ended 30 April 2016

	Called up share capital £'000	Retained earnings £'000	Total equity shareholder's funds £'000
Balance as at 1 May 2015	**27,520**	**(2,115)**	**25,405**
Loss for the financial year	-	(2,586)	(2,586)
Shares issued	2,300	-	2,300
BALANCE AS AT 30 APRIL 2016	**29,820**	**(4,701)**	**25,119**

	Called up share capital £'000	Retained earnings £'000	Total equity shareholder's funds £'000
Balance as at 1 January 2014	**20,000**	**711**	**29,532**
Loss for the financial year	-	(2,826)	(2,826)
Shares issued	7,520	-	7,520
Dividends paid	-	-	(8,821)
BALANCE AS AT 30 APRIL 2015	**27,520**	**(2,115)**	**25,405**

The notes on pages 16 to 30 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 30 April 2016

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to financial statements of Tungsten Bank plc (the 'Bank').

a) Basis of preparation

The Financial Reporting Council revised Financial Reporting Standards in the UK and Republic of Ireland for accounting periods beginning on or after 1 January 2015. The revisions fundamentally reform United Kingdom Generally Accepted Practice.

These financial statements have been prepared in accordance with Financial Reporting Standard 101: *Reduced Disclosure Framework* ('FRS 101'). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards, as adopted by the European Union ('IFRS'), with reduced disclosures. The Bank has adopted FRS 101 with the transition date of 1 January 2014, the beginning of the comparative period. The financial statements have been prepared on a going concern basis under the historical cost convention, modified by the inclusion of financial instruments at fair value, and in accordance with the Companies Act 2006.

The effect of the adoption of FRS 101 on the Bank is not considered material. Specific changes that have been required by the implementation of FRS 101 are set out below.

- Addition of an accrual for employee holiday entitlement not yet taken as of the year end. The impact of this was an additional accrual of £33k for 30 Apr 2016 (period from 1 January 2014 to 30 April 2015: £1k).
- Holdings of UK Government Treasury Bills have been reclassified from 'Investments' to 'Cash and cash equivalents'. The Bank's holding of these instruments was £999k (2015: £999k).

The Bank's parent undertaking is Tungsten Corporation plc (together with its subsidiary undertakings, the 'Group'). The parent undertaking is aware of the Bank's adoption of FRS 101 and has not objected to this adoption nor to the use of disclosure exemptions available under this framework.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Cash Flow Statement and related notes (IAS 7 *Cash flow statements*);
- disclosures in relation to new or revised standards issued but not yet effective (paragraph 30 and 31, IAS 8 *Accounting policies, changes in accounting estimates and errors*);
- key management compensation disclosures (paragraph 17, IAS 24 *Related party disclosures*); and,
- related party transactions with wholly owned Group undertakings (IAS 24 *Related party disclosures*).

1. Accounting policies (continued)

b) The going concern assumption

The current shareholder, Tungsten Corporation plc, has confirmed that it will continue to provide on-going parental support until the earlier of the sale of the Bank following confirmation of Change In Control, or 31 December 2016. SKG Financial Services Limited ('SKG') has indicated that it will provide the same support from the date of Change In Control.

Regardless of the timing of the Change In Control, and looking forward over the next twelve months, the Bank is independently self-sufficient both in terms of capital and liquidity and can fulfil all obligations as and when they become due.

<u>Sale of the Bank</u>

Following the agreement regarding a sale of the Bank – which remains subject to conditionality – the Executive Management Team and the Board met strict deadlines to provide the RBP and supporting papers, the ICAAP and ILAAP, by 29 February 2016. Further informal and formal challenge sessions occurred throughout April, May and June with both the Prudential Regulation Authority (the 'PRA') and the Financial Conduct Authority (the 'FCA').

The sale of the Bank continues to progress as expected, with an anticipated close on or around 31 October 2016.

In the event that, for whatever reason, the SPA and Change In Control fail to complete, Tungsten Corporation plc has indicated that it would seek to de-regulate the Bank and access the Bank's capital. Whether the Bank would continue to trade as a non-regulated entity and what its business line would be in this eventuality has yet to be decided. As outlined above, should this scenario occur, over a period of the next twelve months, the Bank could continue to meet its on-going obligations under the Individual Capital Guidance (the 'ICG') and Individual Liquidity Guidance (the 'ILG'), as dated 30 May 2014, over which there is significant headroom.

Following due and careful consideration, the Directors have a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

c) Accounting estimates

Certain accounting policies underlying the preparation of these financial statements require management to make estimates and judgements. These estimates and judgements may affect reported amounts of assets and liabilities, revenues and expenses, and disclosures of contingent assets and liabilities. The most significant of these involve the basis for amortisation of intangible assets, as set out in note 1(d) below and note 11.

1. Accounting policies (continued)

d) Intangible assets

During the course of the year, the Bank capitalised and amortised long life software assets over a periods of three and five years respectively. The difference in amortisation periods is due to the distinction between software developed and implemented in support of the Bank's core operating systems, which are amortised over five years, and general software developments, which are amortised over three years reflecting the shorter useful life of these assets.

The Bank initially recognises its intangible assets at their cost. As the Bank's intangible assets have finite useful lives, it subsequently measures intangible assets at cost less accumulated amortisation. The Bank uses a straight-line method of amortisation as the Bank expects to realise the benefits from assets equally over their lives.

e) Financial instruments

The Bank classifies its financial assets into the following categories on initial recognition: loans and advances to customers; cash equivalents; and, derivatives.

The Bank classifies its financial liabilities into the following categories on initial recognition: financial liabilities at amortised cost.

More information regarding these classifications is included below.

i. Loans and advances to customers

Loans and advances to customers comprise loans and receivables and are initially recognised at fair value (see note 1(g) below) inclusive of any directly attributable transaction costs. Subsequently, the Bank measures loans and advances at their amortised cost less allowance for impairment using the effective interest rate ('EIR') method. The EIR is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the loan to the net carrying amount of the financial asset or liability.

ii. Cash equivalents

Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value and with maturities of three months or less.

Cash equivalents are classified as available for sale. Financial assets classified as available for sale are initially recognised and subsequently measured at fair value in the balance sheet (see note 1(g) below). Transaction costs that are directly attributable to the acquisition of an available for sale financial asset are added to the fair value on initial recognition.

For debt instruments, fair value changes on available for sale assets are recognised in equity, except for interest, impairment losses and foreign exchange gains or losses, which are recognised in income. The cumulative gain or loss that was recognised in equity is recognised in profit or loss when an available-for-sale financial asset is derecognised.

Notes to the Financial Statements for the Year Ended 30 April 2016

1. Accounting policies (continued)

e) Financial instruments (continued)

iii. Derivatives

Derivatives comprise financial instruments held for trading and are accounted for at fair value (see note 1(g) below). All subsequent changes in fair value, foreign exchange differences, interest and dividends, are reflected in profit and loss.

Transaction costs are excluded from the initial fair value measurement of the financial instrument. These costs are recognised directly in income as and when incurred.

f) Provision for bad and doubtful debts

A provision is raised against an exposure when, in the opinion of the Directors, after taking into account all of the circumstances of the exposure, a loss is likely to arise as a result of an incurred loss event. The amount of the provision is calculated by reference to the realisable amount of the exposure after taking into account a valuation of the security held. In addition, a collective provision is maintained to cover losses which are inherent in the portfolio of advances, although not specifically identified.

g) Fair value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. It also uses the assumptions that market participants would use when pricing the asset or liability. In determining fair value, the Bank maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Where the market for a financial instrument is not active, fair value is established using a valuation technique. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

h) Taxation

Income tax on profit and loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax assets and liabilities are measured at the amount expected to be paid to, or recovered from, taxation authorities, using the rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is recognised in respect of all taxable temporary differences that have occurred at the balance sheet date for transactions or events that are expected to result in an obligation to pay more tax in the future or are expected to confer a right on the Bank to pay less tax in the future.

Notes to the Financial Statements for the Year Ended 30 April 2016

1. Accounting policies (continued)

i) Pensions

There is a defined contribution scheme that is administered by the Bank's parent company, Tungsten Corporation plc. All pension contributions are accounted for as expenses as they are incurred.

j) Foreign currencies

The Bank's functional currency is Pound Sterling. All monetary assets and liabilities denominated in foreign currencies are translated into Pound Sterling at the rates ruling at the balance sheet date. Transactions in currencies other than Pound Sterling are recorded at the rates prevailing at the dates of the transactions. All translation differences are taken through the profit and loss account.

Transactions in currencies other than Pound Sterling are financed where possible using available cash balances in those currencies. To the extent that there are no available foreign currency cash balances with which to fund such transactions, the Bank will enter into foreign exchange transactions to provide such funds on a matched basis.

k) Revenue recognition

Interest income on loans is recognised in the profit and loss account on an effective interest basis based upon the future expected cash flows of loan assets.

Commissions and fees are recognised in the profit and loss account on an accruals basis.

l) Cash and the cash flow statement

Cash comprises cash at bank and on hand.

The Bank has taken advantage of the exemption in FRS 101 not to prepare a cash flow statement.

2. Principal risks and uncertainties and risk management

The Bank seeks to take risk through its lending activities and in all areas it looks to understand, mitigate, and control risks, reflecting proportionality, size and empirical data to support its approach.

The Board is ultimately responsible for the risks taken by the Bank. The Bank's risk appetite is the quantum of risk which, in general terms, the Board is willing to accept in pursuit of value. As the Directors pursue various objectives that will create value, they have to understand the risks they are willing to assume in doing so, communicate and monitor this to the Bank's staff and indeed update the risk appetite to reflect changes as and when they occur.

The Risk Management Framework (the 'RMF') Policy sets out how the Bank manages risk and how that framework will be maintained. It identifies the structure, processes, ownership, responsibilities and the risk oversight required to support effective implementation across the Bank. The RMF governs the approach to management of all risks that the Bank is exposed to including but not limited to risks arising from financial, economic, operational and behavioral factors. The RMF supports the "three lines of defence" model and reinforces the need for first line management of risk with second and third line oversight.

2. Principal risks and uncertainties and risk management (continued)

The Board articulates Risk Vision and Strategy and approves the RMF, the Risk Appetite Statement as well as setting the tolerance and approach to risk taking activities. The Bank manages risk in day-to-day operations across its operations within clearly defined limits and mandates, which, if adhered to, will remain within the Board's risk appetite. The risk and compliance functions then provide oversight of and challenge to the business, whilst audit provides independent assurance to the Board that the Bank is being run effectively.

Within the Bank's Risk Appetite and RMF, the following primary risks have been identified as those most relevant to the proposed lending activities;

a) Credit risk

Credit risk is the risk of financial loss resulting from a borrower or counterparty failing to meet its financial obligation to the Bank. For the types of business that the Bank undertakes, this typically means taking payment risk on a counterparty. For receivables financing, mitigation of this risk is achieved by exposures typically being of high credit quality or by trading with counterparties with a well-established credit record. Another key credit risk mitigation technique is ensuring that all financed invoices have been 'Approved To Pay'. This means that the Buyer has confirmed the validity of the invoice prior to any financing being offered.

Credit risk itself can be more specifically broken down as follows:

- *Counterparty risk* is the risk of loss from the failure of customers or other counterparties, including individuals, corporate entities, banks or other institutions, to meet their obligations. This risk is incurred in the context of the existing products offered by the Bank.
- *Default risk* relates to the risk of loss from a customer failing to settle outstanding amounts in accordance with contractual obligations agreed with the Bank as a result of a specified credit event or bankruptcy. In general, the Bank considers a credit event to arise where a credit facility is more than ninety days in arrears and an impairment process has been initiated.
- *Concentration ris*k is the risk of loss due to the concentration of credit risk on a specific customer or other counterparty, industry sector, region or product. In order to mitigate concentration risk the Bank maintains a portfolio that is widely diversified.

b) Liquidity risk

Liquidity risk arises from the mismatch of the timing of cash flows relating to assets and liabilities. The Bank's liquidity is managed by the Asset and Liability Committee (the 'ALCO') within guidelines laid down by the Board, and within the framework set by the Bank's regulators.

During the year, the Bank was funded exclusively with share capital thus eliminating any material liquidity risk.

Notes to the Financial Statements for the Year Ended 30 April 2016

2. Principal risks and uncertainties and risk management (continued)

c) *Foreign currency risk*

The Bank enters into spot and forward foreign exchange contracts in accordance with its policy of minimising foreign currency exposure. All individual currency exposures are monitored and managed to ensure that the Bank's open positions are maintained within limits.

d) *Market risk*

Market risk relates to potential changes in the Bank's financial condition as a result of movements in interest and, or foreign exchange rates. The ALCO and Executive Committee have overall responsibility for the management of the Bank's risk within the limits set by the Board.

The Bank may also from time to time, enter into derivative contracts for the purpose of hedging market risk inherent in the Bank's assets and liabilities.

During the year ended 30 April 2016, the Bank did not have any Trading Book positions.

e) *Operational risk*

The Bank maintains a framework of internal controls to manage and report on operational risks. In addition, it undertakes compliance monitoring to manage its regulatory risks. The Group internal audit function conducts an assessment of the business risks at the beginning of the period and tailors its activities for the subsequent period in order to cover all of the Bank's activities, with more frequent examinations of areas considered to present a higher risk.

3. Interest receivable and similar income

	12 months to 30 Apr 2016 £'000	**16 months to 30 Apr 2015 £'000**
Invoice interest	160	122
Interest on loans and advances to customers	-	298
Interest on UK Government Treasury Bills	17	19
Other interest	3	-
TOTAL INTEREST RECEIVABLE AND SIMILAR INCOME	**180**	**439**

4. Interest payable and similar charges

	12 months to 30 Apr 2016 £'000	**16 months to 30 Apr 2015 £'000**
Interest payable	-	15
TOTAL INTEREST PAYABLE AND SIMILAR CHARGES	**-**	**15**

Notes to the Financial Statements for the Year Ended 30 April 2016

5. Administrative expenses

	12 months to 30 Apr 2016 £'000	16 months to 30 Apr 2015 £'000
Administrative expenses include the following staff costs:		
- Wages and salaries	1,435	788
- Social security costs	148	113
- Other pension costs	130	120
	1,713	**1,021**
Property rentals	-	29
Amortisation of intangible assets	33	-
Fees payable to the Bank's auditor for the audit of the Bank's annual financial statements	102	90
Fees payable to the Bank's auditor for other services pursuant to regulatory legislation	11	-
Fees payable to the Bank's auditor for services relating to taxation	29	14
Fees payable to the Bank's auditor for all non-audit services not falling within the items above	116	363
Other administrative expenses	762	1,780
TOTAL ADMINISTRATIVE EXPENSES	**2,766**	**3,297**

6. Directors' emoluments

The Directors emoluments for the period are based on the full amount of remuneration over the period, whether this was specifically in the employment of the Bank or within the employment of the wider Group.

	12 months to 30 Apr 2016 £'000	16 months to 30 Apr 2015 £'000
Aggregate emoluments	911	861
TOTAL DIRECTORS' EMOLUMENTS	**911**	**861**
The highest paid Director received:		
- Aggregate emoluments	207	200
TOTAL DIRECTOR'S EMOLUMENTS	**207**	**200**

The Bank does not contribute to a pension scheme in respect of its Non-Executive Directors.

Notes to the Financial Statements for the Year Ended 30 April 2016

7. Employees

The average number of persons employed by the Bank during the period was made up as follows:

	12 months to 30 Apr 2016	16 months to 30 Apr 2015
Managers	8	3
Clerical staff	8	7
TOTAL EMPLOYEES	**16**	**10**

8. Tax on loss on ordinary activities

The analysis of the tax charge in the year/period is as follows:

	12 months to 30 Apr 2016 £'000	16 months to 30 Apr 2015 £'000
Total current tax	-	-
Total deferred tax	-	-
TAX ON LOSS ON ORDINARY ACTIVITIES	**-**	**-**

A reconciliation of the tax charge is as follows:

	12 months to 30 Apr 2016 £'000	16 months to 30 Apr 2015 £'000
Loss on ordinary activities before tax	(2,586)	(2,826)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%)	(517)	(565)
Effects of:		
Current year/period loss not utilised	517	565
TOTAL TAX CHARGE FOR THE YEAR/PERIOD	**-**	**-**

9. Pensions

There are no pension risks as the Bank does not operate a defined benefit pension scheme.

10. Currency analysis of assets and liabilities

	2016 £'000	2015 £'000
ASSETS		
Denominated in Pound Sterling	24,632	24,247
Denominated in currencies other than Pound Sterling	1,010	1,494
TOTAL ASSETS	**25,642**	**25,741**
LIABILITIES AND EQUITY		
Denominated in Pound Sterling	25,600	24,247
Denominated in currencies other than Pound Sterling	42	1,494
TOTAL LIABILITIES AND EQUITY	**25,642**	**25,741**

Notes to the Financial Statements for the Year Ended 30 April 2016

11. Intangible assets

	2016 £'000	2015 £'000
At 1 May / 1 January	**-**	**-**
Additions	203	-
Amortisation	(33)	-
AT 30 APRIL	**170**	**-**

12. Cash and cash equivalents

	2016			2015		
	Cash £'000	UK Gov. Treasury Bills £'000	Total £'000	Cash £'000	UK Gov. Treasury Bills £'000	Total £'000
At 1 May / 1 January	**18,566**	**999**	**19,565**	**981**	**10,995**	**11,976**
Net cash move	(1,810)	-	(1,810)	17,585	-	17,585
Additions	-	9,999	9,999	-	34,170	34,170
Maturities	-	(9,000)	(9,000)	-	(39,171)	(39,171)
Disposals	-	(999)	(999)	-	(4,995)	(4,995)
AT 30 APRIL	**16,756**	**999**	**17,755**	**18,566**	**999**	**19,565**

All UK Government Treasury Bill exposures as at 30 April 2016 have maturities of three months or less but none are repayable on demand (2015: maturities of three months or less but none repayable on demand).

13. Loans and advances to customers

	2016 £'000	2015 £'000
Repayable on demand or at short notice	7,329	3,001
Maturity of 3 months or less but not repayable on demand	-	2,898
TOTAL LOANS AND ADVANCES TO CUSTOMERS	**7,329**	**5,899**

	2016 £'000	2015 £'000
Exposure by credit quality:		
- Performing	7,329	5,899
- Watch list	-	-
- Problematic	-	-
- Bad Debts	-	-
TOTAL	**7,329**	**5,899**

The Bank has no collateral in respect of the above credit exposures (2015: £nil).

13. Loans and advances to customers (continued)

Of these balances, a proportion are past due at the end of the financial year but have not been impaired due to expectation of full recovery on all exposures as they are within the observed payment characteristics of the product type.

Past due not impaired:	2016 £'000	2015 £'000
0-10 days past due	2,051	-
TOTAL PAST DUE BUT NOT IMPAIRED	**2,051**	**-**

14. Provisions for bad and doubtful debts

	2016			2015		
	Specific £'000	Collective £'000	Total £'000	Specific £'000	Collective £'000	Total £'000
At 1 May / 1 January	**-**	**-**	**-**	**161**	**42**	**203**
Increase	-	-	-	8	-	8
Reversals	-	-	-	-	(42)	(42)
Written off	-	-	-	(169)	-	(169)
AT 30 APRIL	**-**	**-**	**-**	**-**	**-**	**-**

15. Intercompany debtors

	2016 £'000	2015 £'000
Amounts due from Group companies	95	-
TOTAL	**95**	**-**

The intercompany receivable balance of £95k is comprised of Tungsten Corporation plc's share of professional advisory fees incurred in relation to the sale of the Bank. These balances have been reviewed and agreed by Tungsten Corporation plc.

16. Debtors

	2016 £'000	2015 £'000
Other amounts receivable	192	-
TOTAL	**192**	**-**

The external receivables balance of £192k is composed of SKG's share of professional advisory and other fees and costs incurred in relation to the sale of the Bank. These balances have been reviewed and agreed by SKG.

Notes to the Financial Statements for the Year Ended 30 April 2016

17. Other assets

	2016 £'000	2015 £'000
Foreign exchange derivatives	14	-
TOTAL OTHER ASSETS	**14**	**-**

Other assets are comprised of the unrealised mark-to-market on the forward leg of Foreign Exchange ('FX') swap trades that have been executed solely for the purpose of economically hedging the Bank's FX exposure on its financing of invoice receivables.

18. Customer deposits

	2016 £'000	2015 £'000
Repayable on demand or at short notice	54	54
TOTAL CUSTOMER DEPOSITS	**54**	**54**

All such exposures represent legacy deposit balances that pre-date the Change in Control of 10 June 2014.

19. Called up share capital

	2016 £'000	2015 £'000
Allotted and fully paid:		
Ordinary shares of £1 each	27,520	20,000
Issue of ordinary shares	2,300	7,520
TOTAL CALLED UP SHARE CAPITAL	**29,820**	**27,520**

The ordinary shares have attached to them full voting, dividend and capital distribution rights, including on a winding up. The ordinary shares do not confer any rights of redemption.

20. Reconciliation of movements in equity shareholder's funds

	2016 £'000	2015 £'000
Equity shareholder's funds at 1 January / 1 May	**25,405**	**29,532**
Loss for the financial year/period	(2,586)	(2,826)
Dividends paid	-	(8,821)
Issue of ordinary shares	2,300	7,520
EQUITY SHAREHOLDER'S FUNDS AS AT 30 APRIL	**25,119**	**25,405**

21. Segmental analysis

In the opinion of the Directors, for the financial year ended 30 April 2016 there is currently only one class of business which is conducted from the UK, invoice discounting, accordingly there is no requirement for further analysis.

22. Financial risk management

The Bank's objectives and policies in managing the risks that arise in connection with the use of financial instruments are set out in the notes to the financial statements and can be found on pages 20 to 22 of these financial statements.

Maturity profile

The tables below show the maturity profile of the Bank's financial assets and liabilities. The difference in assets and liabilities and resulting maturity mismatch is due to the fact that the Bank has financed its financial assets with shareholder funds.

30 April 2016	**<3m £'000**	**6m £'000**	**1y £'000**	**5y £'000**	**>5y £'000**	**Total £'000**
Cash and cash equivalents	17,755	-	-	-	-	17,755
Loans and advances to customers	7,329	-	-	-	-	7,329
Other financial assets	301	-	-	-	-	301
TOTAL ASSETS	**25,385**	**-**	**-**	**-**	**-**	**25,385**
Customer deposits	54	-	-	-	-	54
Accruals	469	-	-	-	-	469
TOTAL LIABILITIES	**523**	**-**	**-**	**-**	**-**	**523**
Sensitivity gap	24,862	-	-	-	-	24,862

30 April 2015	**<3m £'000**	**6m £'000**	**1y £'000**	**5y £'000**	**>5y £'000**	**Total £'000**
Cash and cash equivalents	19,565	-	-	-	-	19,565
Loans and advances to customers	5,899	-	-	-	-	5,899
TOTAL ASSETS	**25,464**	**-**	**-**	**-**	**-**	**25,464**
Customer deposits	54	-	-	-	-	54
Accruals	282	-	-	-	-	282
TOTAL LIABILITIES	**336**	**-**	**-**	**-**	**-**	**336**
Sensitivity gap	25,128	-	-	-	-	25,128

22. Financial risk management (continued)

The interest profile of the Bank's financial assets and liabilities is set out below. Short-term debtors and creditors have been included in all of the following disclosures where applicable.

Interest rate sensitivity

The tables below show the split of the Bank's financial assets and financial liabilities between interest bearing (fixed and floating) and non-interest bearing assets and liabilities.

30 April 2016

	Fixed £'000	Floating £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	999	-	16,756	17,755
Loans and advances to customers	7,329	-	-	7,329
Other financial assets	-	-	301	301
TOTAL ASSETS	**8,328**	**-**	**17,057**	**25,385**
Customer deposits	-	-	54	54
Accruals	-	-	469	469
TOTAL LIABILITIES	**-**	**-**	**523**	**523**

30 April 2015

	Fixed £'000	Floating £'000	Non-interest bearing £'000	Total £'000
Cash and cash equivalents	999	-	18,566	19,565
Loans and advances to customers	5,899	-	-	5,899
TOTAL ASSETS	**6,898**	**-**	**18,566**	**25,464**
Customer deposits	-	-	54	54
Accruals	-	-	282	282
TOTAL LIABILITIES	**-**	**-**	**336**	**336**

Notes to the Financial Statements for the Year Ended 30 April 2016

23. Fair values

Set out below is a comparison, by category, of the Bank's book values and fair values of all financial assets and liabilities.

Due to their short term nature, the book value of accrual accounted assets and liabilities approximates to their fair value (2015: approximates to fair value).

	2016 Fair value £'000	2015 Fair value £'000	2016 Book value £'000	2015 Book value £'000
Assets				
Cash and cash equivalents	17,755	19,565	17,755	19,565
Loans and advances to customers	7,329	5,899	7,329	5,899
Other financial assets	301	-	301	-
TOTAL ASSETS	**25,385**	**25,464**	**25,385**	**25,464**
Liabilities				
Customer deposits	54	54	54	54
Accruals	469	282	469	282
TOTAL LIABILITIES	**523**	**336**	**523**	**336**

The notional value of the derivatives amounted to £982k (2015: £1,438k).

24. Related party transactions

The Bank has taken advantage of the exemption under FRS 101 from disclosing related party transactions.

25. Events after the balance sheet date

On each of 25 May, 30 June and 27 July 2016, the Bank issued additional ordinary shares to its parent undertaking for cash consideration of £230k, resulting in an aggregate increase to the Bank's called up share capital of £690k.

26. Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking, and the parent undertaking of the largest and smallest group that presents group financial statements and of which the Bank is a fully consolidated member is Tungsten Corporation plc, a company incorporated in England and Wales. The consolidated financial statements of Tungsten Corporation plc are available from Pountney Hill House, 6 Laurence Pountney Hill, London EC4R 0BL, UK.

Tungsten Bank plc – Country by Country Reporting

Basis of preparation

The Capital Requirements (Country By Country Reporting) (‘CBCR’) Regulations 2013 (the ‘Regulations’) came into effect on 1 January 2014 and have been transposed into UK law and impose certain reporting obligations on institutions within the UK within the scope of Article 89 of the EU Capital Requirements Directive IV. The Directors are responsible for the preparation of CBCR in accordance with the Regulations.

Country by country reporting

Tungsten Bank plc (the ‘Bank’) hereby sets out the required CBCR information for the Bank for the year ended 30 April 2016. The Bank also confirms that the following information relates only to the UK, as the Bank operates solely within this jurisdiction.

- The name of the institution is Tungsten Bank plc and the main activity for the year was invoice financing.
- Income for the year-ending 30 April 2016 was £180k.
- The average number of full-time employees during the year was 16.
- Net loss for the year was £2,586k.
- No corporation tax was paid for the year ended 30 April 2016.
- The Bank did not receive any public subsidies.

Independent Auditors' Report to the Directors of Tungsten Bank plc (the "company")

We have audited the accompanying schedule of the company for the year ended 30 April 2016 ("the schedule"). The schedule has been prepared by the Directors based on the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Directors' responsibility for the schedule

The Directors are responsible for the preparation of the schedule in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013, for the appropriateness of the basis of preparation and the interpretation of the Regulations as they affect the preparation of the schedule, and for such internal control as the directors determine is necessary to enable the preparation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the schedule 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 about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the schedule 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 management, as well as evaluating the overall presentation of the schedule.

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 country-by-country information in the schedule as at 30 April 2016 is prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Basis of preparation and restriction on distribution

Without modifying our opinion, we draw attention to paragraph 1 in the schedule, which describes the basis of preparation. The schedule is prepared to assist the Directors to meet the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. As a result, the schedule may not be suitable for another purpose.

Independent Auditors’ Report to the Directors of Tungsten Bank plc

Basis of preparation and restriction on distribution (continued)

Our report is intended solely for the benefit of the Directors of the company. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
18 August 2016