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NB GLOBAL FLOATING RATE INCOME FUND LIMITED
2017 ANNUAL REPORT

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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Features

NB Global Floating Rate Income Fund Limited (the "Company")

The Company is a closed-ended investment company incorporated and registered in Guernsey on 10 March 2011 with registered number 53155. The Company is governed under the provisions of the Companies (Guernsey) Law, 2008 as amended (the "Law"), and the Registered Collective Investment Scheme Rules 2015 issued by the Guernsey Financial Services Commission. It is a non-cellular Company limited by shares and has been declared by the Guernsey Financial Services Commission to be a registered closed-ended collective investment scheme. On 20 April 2011, the Company was admitted to the Official List of the U.K. Listing Authority with a premium listing trading on the Main Market of the London Stock Exchange ("LSE"). The Company was admitted to the FTSE 250 in March 2012.

Alternative Investment Fund Manager ("AIFM") and Manager

Investment management services are provided to the Company by Neuberger Berman Investment Advisers LLC (the "AIFM") and Neuberger Berman Europe Limited (the "Manager"), collectively the "Investment Manager". The AIFM is responsible for risk management and discretionary management of the Company's portfolio and the Manager provides certain administrative services to the Company.

Capital Structure

As at 31 December 2017 the Company's share capital comprised 1,039,088,627 Sterling Ordinary Shares of no par value (of which 75,000,000 were held in treasury) and 44,570,419 U.S. Dollar Ordinary Shares of no par value (of which 1,342,627 were held in treasury).

For the purposes of efficient portfolio management, the Company has established a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. Part of the portfolio of the Company is held through NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. All references to the Company in this document refer to the Company together with its wholly-owned Luxembourg subsidiaries.

Non Mainstream Pooled Investments

The Company currently conducts its affairs so that the shares issued by the Company can be recommended by Independent Financial Advisers to ordinary retail investors in accordance with the Financial Conduct Authority's ("FCA") rules in relation to non-mainstream investment products and intends to continue to do so for the foreseeable future.

The Company's shares are excluded from the FCA's restrictions which apply to non-mainstream investment products.

Company Numbers

Sterling Ordinary Shares ("NBLS")
LSE ISIN code: GG00B3KX4Q34
Bloomberg code: NBLS:LN

U.S. Dollar Ordinary Shares ("NBLU")
LSE ISIN code: GG00B3P7S359
Bloomberg code: NBLU:LN

Legal Entity Identifier
549300P4FSBHZFALLG04

Dividends

Paid quarterly in respect of each calendar quarter.

Rolling 12 month dividend yield (based on the previous four quarterly dividends paid and share price as at 31 December 2017):

- Sterling Ordinary Shares – 3.54%
- U.S. Dollar Ordinary Shares – 3.55%

Website

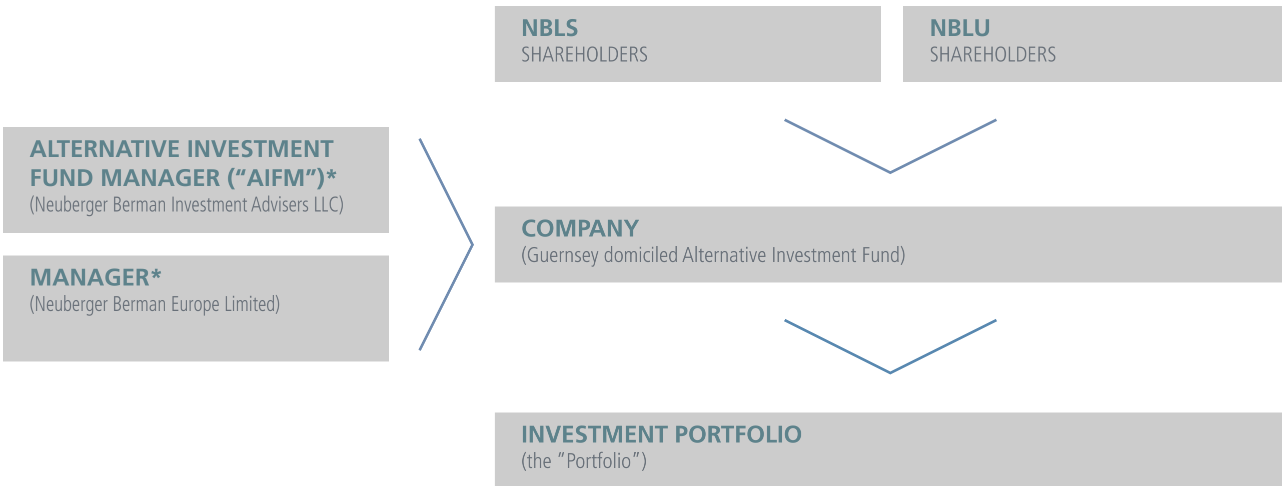
www.nbgfrif.com

Principal Activities and Structure

The principal activity of the Company is to carry out business as an investment company. The Directors do not envisage any changes in this activity for the foreseeable future.

The chart below sets out the ownership, organisational and investment structure of the Company.

INVESTMENT STRUCTURE OF THE COMPANY



* Further information on the Company's investment management arrangements can be found on page 17

Investment Objective

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst preserving the capital value of its investment portfolio, utilising the investment skills of the Investment Manager.

Investment Policy

To pursue its investment objective, the Company invests mainly in senior secured floating rate loans issued in U.S. Dollars, Pound Sterling or Euros by primarily North American and European Union corporations, partnerships and other business issuers. These loans are at the time of investment often non-investment grade. The Company considers debt instruments to be non-investment grade if, at the time of investment, they are rated below the four highest categories (Aaa, Aa, A and Baa) by at least two independent credit ratings agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

The coupon received when investing in floating rate loans varies with, and is periodically adjusted to reflect changes in, a generally recognised base interest rate such as LIBOR. The Company generally seeks to focus on loans of issuers that the Investment Manager believes have the ability to generate cash flow through a full business cycle, maintain adequate liquidity, possess an enterprise value in excess of senior debt and have access to both debt and equity capital.

The Company also makes opportunistic investments in senior bonds if the Investment Manager believes that such investments are attractively valued, up to a maximum in aggregate of 20% of the Net Asset Value ("NAV") at the time of investment, provided that no more than 10% of NAV may be invested in unsecured senior bonds at the time of investment.

Diversification

The Investment Manager seeks to manage risk through in-depth credit research utilising proprietary analytic processes, diversifying across industries, companies and investment size and adjusting sector weightings based on economic and market analysis.

The Company's portfolio is intended to contain at least 100 investments across a minimum of 20 industries, with a focus on those industries regarded as defensive. Defensive industries are those the Investment Manager believes are less affected by changes in economic conditions and likely to demonstrate the strongest capital preservation. The Board considers that it is not appropriate to make available a full portfolio listing to shareholders as the information is considered commercially sensitive.

Typically, at the time such investment is made, no industry will represent more than 15% of NAV and no single investment will represent more than 5% of NAV.

What Are Senior Secured Floating Rate Loans?

Senior secured floating rate loans are debt obligations originated and arranged by banks or other financial entities (also known as an arranger) on behalf of corporations, partnerships and other business issuers. Such loans are typically used to finance mergers and acquisitions, leveraged buyouts, recapitalisations, refinancings, capital expenditure or for other general corporate purposes.

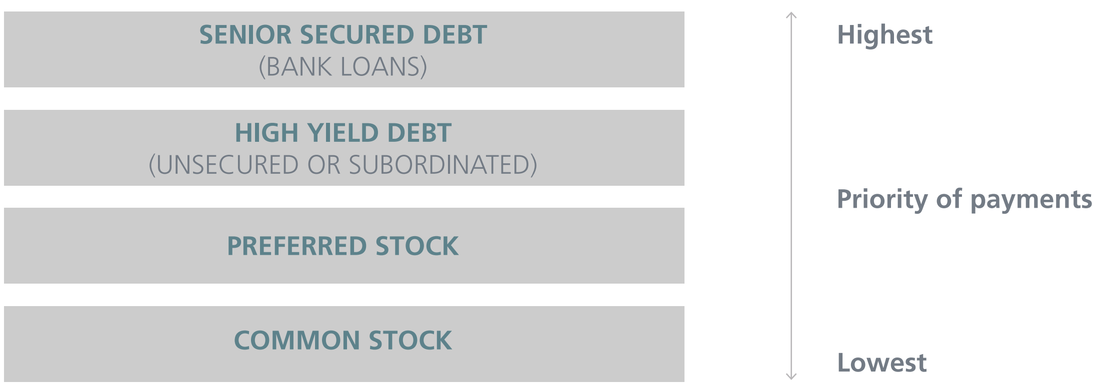
These will typically be syndicated to a pool of lenders that collaborate to provide financing for the borrower. Once the bank loan is issued, lenders have the option to hold their portion for the life of the loan or to sell it to other investors in the secondary market.

The senior secured floating rate loans that the Company invests in are generally non-investment grade, that is rated at or below Ba1 by Moody's Investors Service or at or below BB+ by Standard & Poor's or an equivalent rating by a third party rating agency.

The senior secured floating rate loans that comprise the portfolio typically hold the most senior position in the capital structure of the borrower and are secured with specific collateral, giving lenders a claim on the assets that are senior to the claims of unsecured creditors, subordinated debt holders and stockholders of the borrower. The security package typically incorporates a first priority over all of the borrower's assets including receivables, inventory, bank accounts, property, plant and equipment. In the event of a default or bankruptcy, the holders of the loans should be in a better position to maximise recovery of their debt than other creditors due to their position in the capital structure.

The below chart shows the typical capital structure of a borrower:

SAMPLE CAPITAL STRUCTURE



Senior secured floating rate loans earn a variable rate of interest that includes a stated 'spread' (also known as the margin or coupon), which reflects issuer risk, over a widely accepted base rate such as LIBOR. The floating rate on senior secured floating rate loans typically resets every 30 to 90 days in line with the prevailing rate of LIBOR and, because such loans reset on a regular basis, the yield is described as ''floating''.

The Investment Manager's experience is that LIBOR floors are a common feature of almost all new loan issues in the U.S. LIBOR floors guarantee a minimum level of LIBOR to investors irrespective of the prevailing interest rate.

What Are Senior Secured Floating Rate Loans? (continued)

If LIBOR exceeds the floor then such loans pay the prevailing LIBOR as well as the credit spread. The return is generated by LIBOR or the LIBOR floor, the spread over LIBOR paid by the borrower due to the terms of the underlying loan and the discount. The discount occurs because new issues are commonly priced, in the Investment Managers' experience, at a discount to the par value of the loan.

INDICATIVE BREAKDOWN OF SENIOR SECURED LOAN RETURNS

LIBOR FLOOR	CREDIT SPREAD	DISCOUNT[1]
The minimum base rate of LIBOR even if LIBOR falls below that level	The amount of interest paid over LIBOR to compensate an investor for the associated credit risk	The amount a loan is priced below par in the primary or secondary market e.g. if a loan is priced at 97 this equals a 3 per cent. discount

[1] New issues are typically sold at a discount to par.

Investment Process

The Investment Manager focuses on experience-based, in-depth credit and industry analyses, disciplined portfolio construction and ongoing portfolio monitoring. The below diagram provides a high level overview of the Investment Manager's investment process.

INVESTMENT UNIVERSE
Approximately 800-1100 issuers

Comprised of loans and securities rated BB+ and below

Includes U.S. and non-U.S. issuers

QUALITY SCREENS
Approximately 400-600 issuers

Focused on companies with historically stable cash flows, liquidity and access to capital

Seeks to eliminate:

- Less liquid issuers (EBITDA <$100M
- Most defaulted and distressed securities
- Outliers and high default potential issuers

CREDIT AND INDUSTRY ANALYSIS
Approximately 200-250 issuers

Macroeconomic Analysis: State of global economy, credit cycle, political factors, etc.

Industry Analysis: Competitive landscape, life cycle, regulatory environment etc.

Credit Analysis: Cash flow analysis, default analysis, recovery analysis

PORTFOLIO CONSTRUCTION
Approximately 175-225 issuers

Strive to construct highly diversified portfolios across

- Industry
- Companies
- Investment size
- Credit ratings
- Yield analysis

Avoid concentration of cyclical industries

Focus on Risk Management

The credit ratings noted above are those of Standard & Poor's. Ratings of BB+ and below are considered non-investment grade (junk bonds). Credit ratings are subject to change at any time. **This material is intended as a broad overview of the portfolio managers' style; philosophy and investment process and is subject to change without notice.** The portfolio managers' views may differ from those of other portfolio managers as well as the views of Neuberger Berman.

Investment Discipline

The Investment Manager's investment discipline seeks to ensure, through its "credit best practices" checklist that it thoroughly understands the investment thesis for each investment and any underlying assumptions:

Top-Down Analysis

ECONOMY: KEY DATA POINTS

- **Direction of Global Economy:**
  - Economic Indicators
- **Globalisation Trends:**
  - Regional GDP/economic forecasts
  - Global equity market movements
  - Currency fluctuations
- **Credit Cycle:**
  - Degree of cyclicality
  - Spreads relative to historic levels
  - Banking Industry
- **Political Factors:**
  - Budget surplus/deficit
  - Election/wars

INDUSTRY: KEY DATA POINTS

- Where are we in industry life cycle
- Competitive landscape
- Trend for industry consolidation
- Capacity levels
- Regulatory environment
- Competitor analysis
- Industry value chain
- Industry size and growth
- Rating agency trends
- Industry model/return
- Sensitivity to exogenous factors

Bottom-Up Analysis

ISSUER: KEY CONSIDERATIONS

BUSINESS FUNDAMENTALS	QUALITY OF CASH FLOW	SCENARIO ANALYSIS	CAPITAL STRUCTURE	LIQUIDITY	MANAGEMENT OWNERSHIP
• Established businesses with longer-term track records • Ability to de-lever • Origination (roll-up vs. organic) • Understand business and products	• Off-set business risk • Cautious of large transforming acquisitions • Quantify/evaluate CAPEX • Ability to delay commitments • Accounting practices	• Understand upside/downside in terms of credit ratios, spreads and ratings • Benchmark company vs. industry and its own history	• Evaluate management's intention and ability to right size the capital structure • Focus on senior structures in tight capital markets and slow growth periods	• Cash • Bank lines • Covenants • Non-core asset sales • Other sources of cash	• Understand any unusual equity ownership • Evaluate management's abilities and incentives • Consider turnover of senior management

Investment Philosophy and Selection Process

Investment Philosophy

PROACTIVE INVESTMENT PROCESS

- Develop investment thesis and benchmark the drivers
- Proprietary fundamental research
- Disciplined and repeatable processes
- We endeavour to add value throughout all market cycles

GENERATE ADDED VALUE

- We seek to capitalise on market opportunities and generate added value through;
  - Efforts to reduce credit deterioration
  - Industry and quality rotation
  - Relative value analysis

RISK MANAGEMENT

- We have developed proprietary systems to manage risk in accordance with client objectives and constraints
- Oversight provided by independent Neuberger Berman Risk Management Committee

Investment Philosophy and Selection Process (continued)

Selection Process

CREDIT	VALUATION	SELL DISCIPLINE
• Process driven by longstanding "Credit Best Practices" checklist • Three financial models; upside, downside and base case modeling • Focus on cash flow for debt service • Assessment of management • Seek multiple sources of repayment • Bond indenture/credit agreement analysis • Vigilant and proactive monitoring using proprietary monitoring database	• Internal Neuberger Berman credit rating • Relative Value spread analysis across industry and credit tier in light of Neuberger Berman rating • Potential for deleveraging and credit upgrade	• Anticipation of deteriorating credit fundamentals • Unexplained shortfall relative to financial scenarios • Unexpected developments, including unanticipated change in management • Fundamental problems at an industry level • Holding reaches full valuation and Neuberger Berman Investment Advisers LLC ("NBIA") has identified a swap opportunity

Further information on the Company's investment strategy and process can be found in the Company's most recent prospectuses, which are available on the Company's website at www.nbgfrif.com under the "Investor Information" tab.

Hedging

As the Company's shares are denominated in Pound Sterling (Sterling Ordinary Shares) and U.S. Dollars (U.S. Dollar Ordinary Shares) and investments are denominated in U.S. Dollars, Euro or Pound Sterling, holders of any class of shares are subject to foreign currency fluctuations between the currency in which such shares are denominated and the currency of the investments made by the Company. Consequently, the Investment Manager seeks to engage in currency hedging between the U.S. Dollar and any other currency in which the assets of the Company or a class of shares is denominated, subject to suitable hedging contracts such as forward currency exchange contracts being available in a timely manner and on terms acceptable to the Investment Manager, at their sole and absolute discretion.

A consequence of currency hedging is that the interest rate differential between the hedged share class currency (GBP) and the base currency (USD) (the "carry") is included in the return of the hedged share class. The objective of the foreign exchange hedge on Ordinary Sterling share class investors is to give a long exposure to GBP LIBOR and a short exposure to USD LIBOR. As a result, the interest rate differential has a marginal impact on dividend distributions for the holders of the Ordinary Sterling share class shares. The costs of the interest rate differential will be borne by the NBLS NAV, and any narrowing of the USD/GBP LIBOR differential will reduce the size of this cost. The interest rate differential is a cost/benefit for all currency hedging arrangements and is not unique.

Gearing and Derivatives

The Company does not normally employ gearing or derivatives for investment purposes. The Company may, from time to time, use borrowings for share buybacks and short-term liquidity purposes. The Directors will restrict borrowing to an amount not exceeding 20% of the NAV at the time of drawdown. Derivatives are used for foreign exchange hedging purposes and the U.S. Dollar exposure for Sterling shareholders is explained in Note 2 of the financial statements.

Discount Controls

As set out in the Company's Articles of Incorporation (the "Articles"), if, as at 31 December in any calendar year, the shares of a particular class have, on average over the last three calendar months of the relevant calendar year, traded on the LSE at a discount in excess of 5% to the NAV per share of that class, the Directors will, subject to any legal or regulatory requirements, implement a redemption offer pursuant to which each holder of shares of the relevant class shall be offered the opportunity to redeem up to 50% of their shares of such class. This provision was not triggered at 31 December 2017.

Financial Highlights

Key Figures

(U.S. Dollars, except per share data)	AS AT 31 DECEMBER 2017	AS AT 31 DECEMBER 2016
Net Asset Value		
- Sterling Ordinary Shares[1]	$1,265.3	$1,228.2
- U.S. Dollar Ordinary Shares[1]	$42.8	$37.8
Net Asset Value per share		
- Sterling Ordinary Shares	£0.9702	£0.9787
- U.S. Dollar Ordinary Shares	$0.9896	$0.9881
Investments	$1,260.70	$1,256.9
Cash and Cash Equivalents	$118.6	$58.8
12 month rolling dividend yield		
- Sterling Ordinary Shares[2]	3.54%	4.18%
- U.S. Dollar Ordinary Shares[2]	3.55%	4.12%
Share price		
- Sterling Ordinary Shares	£0.9470	£0.9690
- U.S. Dollar Ordinary Shares	$0.9600	$0.9875
Discount to Net Asset Value		
- Sterling Ordinary Shares	(2.39%)	(0.99%)
- U.S. Dollar Ordinary Shares	(2.99%)	(0.06%)
Total Return[3]		
- Sterling Ordinary Shares	2.55%	8.17%
- U.S. Dollar Ordinary Shares	3.60%	8.41%
Total Expense Ratio[4]		
- Sterling Ordinary Shares	0.92%	0.95%
- U.S. Dollar Ordinary Shares	0.95%	0.93%

1 In the year ended 31 December 2017, the Company re-issued 1,630,000 U.S. Dollar Ordinary Shares for gross consideration of $1.66m and re-purchased 48.3m Sterling Ordinary Shares at a total U.S. Dollar equivalent cost of $60.3m and 0.7m U.S. Dollar Ordinary Shares at a total cost of $0.7m.

2 Rolling 12 month dividend yield based on the four quarterly dividends paid and share price as at 31 December.

3 The total return is the NAV return per share plus dividends paid during the period.

4 Management fees and all other operating expenses expressed as a percent of average net assets.

Financial Review

At 31 December 2017, the Net Assets of the Company amounted to $1,308,070,928 (2016: $1,266,042,532). The NAV attributable to the U.S. Dollar Ordinary Shares amounted to $42,776,584 (2016: $37,814,352) and the NAV per U.S. Dollar Ordinary Share was $0.9896 (2016: $0.9881). The NAV attributable to the Sterling Ordinary Shares amounted to £935,349,728 ($1,265,294,344) (2016: £993,993,590 ($1,228,228,180)) and the NAV per Sterling Ordinary Share was £0.9702 (2016: Ordinary Shares: £0.9787).

Chairman's Statement

Dear Shareholder,

It is my pleasure to present to you the Annual Report of NB Global Floating Rate Income Fund Limited for the year ended 31 December 2017.

Performance

This year has again proved to be eventful. United States' and European senior secured floating rate loans continued to perform well during the year, as fears over increasing default rates failed to materialise and the defaults that were seen in the market came in identifiable sectors such as commodities, reinforcing senior secured loans' credentials as a stable and resilient asset class with favourable risk-adjusted return characteristics.

Credit spreads continued to tighten during 2017, as they did in 2016, and the market saw a record $650bn of leveraged loans issued during the year. The pace of interest rate increases, particularly outside the US, was slower than expected. Given these headwinds, the Board remains satisfied with the performance of the Company and the progress made by the Investment Manager. During the year the Company's NAV total return (NAV plus dividends) was 2.55% and 3.60% for the Sterling Ordinary Shares and U.S. Dollar Ordinary Shares, respectively. During the same period the Company's share price total return was (2.27)% per Sterling Ordinary Share and (2.78)% per U.S. Dollar Ordinary Share. As at the latest practicable date prior to publication of this report the Company's Sterling Ordinary Shares and U.S. Dollar Ordinary Shares trade at a discount of (4.00)% and (3.07)%, respectively.

2.55%
NBLS NAV TOTAL RETURN

3.6%
NBLU NAV TOTAL RETURN

Discount/Premium Management

For a period during the first half of the year, the Company's U.S. Dollar Ordinary Shares traded at a premium and the Board addressed this by issuing 1,630,000 U.S. Dollar Ordinary Shares out of Treasury at a weighted average premium to NAV of 3.023%.

During the year, the Company's premium/ (discount) ranged between 2.6% and (3.8)% per Sterling Ordinary Share and 6.5% and (3.9)% per U.S. Dollar Ordinary Share. At times during the year, the Board sought to address temporary imbalances between supply and demand in the Company's shares by proactively issuing and/or repurchasing shares. In the 12 months to 31 December 2017, the Company repurchased 48,349,467 Sterling Ordinary Shares at a total cost of £60.3m and 679,888 U.S. Dollar Ordinary Shares at a total cost of $0.7m representing 7.40% and 1.49% of the issued share capital at 31 December 2017, respectively. The weighted average discount of the buyback was 3.05% for the Sterling Ordinary Shares and 2.90% for the U.S. Dollar Ordinary Shares with a respective accretion to NAV of 0.14% and 0.06%.

Your Board will remain vigilant in its approach to discount and premium management on behalf of shareholders and reaffirms its belief that it is undesirable for the Company's shares to trade at wider than a 3% discount or 3% premium in normal market conditions.

Dividend

As at 31 December 2017, the annualised dividend based on the previous four quarterly dividends declared was 3.54% for the Sterling Ordinary Shares and 3.55% for the U.S. Dollar Ordinary Shares. This reduction was primarily driven by a high volume of repricing transactions by loan issuers. Your Board believes this dividend yield continues to represent value on a risk-adjusted basis given the current low interest rate environment and taking account of the prudent investment approach taken by the Investment Manager.

Portfolio Construction

The portfolio remains fully invested, with a strong U.S. bias. As at 31 December 2017, 88.64% of the Company was invested in U.S. Dollar denominated assets, with 10.02% invested in Euro denominated assets and 1.34% in Sterling denominated assets (all excluding cash). The Company's Sterling Ordinary Share class hedges all U.S. Dollar and Euro exposure back to Sterling. The Board does not currently expect volatility in the foreign exchange markets to impact materially on the Company's NAV. These allocations reflect the investment opportunities available in the respective markets with the United States, as measured by the S&P/LSTA Leveraged Loan Index, being $959bn as at the end of 2017 versus €139bn for the European market (S&P European Leveraged Loan Index). These geographical allocation levels have been relatively constant over the last 12 months, reflecting both the market sizes and relative value available in the different geographies.

Chairman's Statement (continued)

Portfolio Construction (continued)

During 2017 the Investment Manager kept the portfolio's bond allocation well below the 20% of NAV permitted, closing December 2017 at 8.4%. The majority of the allocations were floating rate securities and only 6.06% of the portfolio was fixed rate as the Investment Manager remained focused on keeping duration low and limiting potential areas of volatility. Additionally, allocations to higher rated assets continued with BB loans accounting for 49.84% of the NAV at the end of December 2017, down from 51.69% at the end of 2016.

The Investment Manager has constructed a diversified Portfolio of investments, consisting of 372 holdings across 273 issuers and 34 different sectors as at 31 December 2017. The Company's Sterling Ordinary Share class hedges all U.S. Dollar and Euro exposure back to Pound Sterling.

Continuation Vote

In accordance with the Company's Articles of Incorporation (the "Articles"), on 5 April 2017 the Company held an Extraordinary General Meeting ("EGM") to consider the Company's continuation as a closed-ended investment company. I am pleased to report that shareholders voted overwhelmingly in favour of the Company's continuation at this meeting. At the same EGM shareholders approved an amendment to the Articles to align the date of all future annual continuation resolutions with the Company's Annual General Meeting ("AGM") from June 2018.

Board Composition and Succession Planning

During the year, the Board gave substantial thought to the tenure of the directors who were appointed at the launch of the Company. We acknowledge that some market participants believe that directors should not be considered independent after 9 years of service and we look to seek a sensible balance of tenure on the Board. Richard Battey, Sandra Platts, and I have each served for 7 years since appointment. We have therefore agreed to implement a process for rotation to replenish the Board over the coming years to ensure a smooth transfer of knowledge and encourage diversity in length of tenure on the Board.

Outlook

Your Board believes that the outlook for 2018 is favourable for short duration asset classes such as senior secured floating rate loans. We expect to see further rate rises in 2018 in the US and probably in the UK. The Investment Manager believes that default rates will stay below historical levels and credit quality is expected to remain favourable with the exception of some identifiable areas, such as within the retail and commodity sectors. Furthermore, the restraints put on lending banks by regulators through the Interagency Guidance on Leveraged Lending should continue to limit excess leverage in new issuance. However, all of these positive tailwinds come with the caveat of significant political uncertainty, such as Brexit negotiations and trade relations, which have the potential to derail any positive momentum and could lead to increased volatility across global markets.

Your Board believes the Company continues to offer a risk-adjusted return, which compares favourably to other corporate credit and is pleased with the Investment Manager's performance to date in executing its strategy. The Investment Manager will continue to update you on the Company's progress by way of the monthly fact sheets and updates. While total return and yield have reduced during 2017, the Board believes that the Company's risk-adjusted yield and NAV performance remain attractive compared to alternative corporate credit investments. The Investment Manager's defensive positioning, combined with good liquidity in the shares and your Board's continuing support to maintain a tight discount or premium to NAV continue to make the Company a sound investment proposition.

I would like to close by thanking you for your continued support.

William Frewen
Chairman

9 April 2018

Investment Manager’s Report

Market Environment

The U.S. loan market, as measured by the S&P/LSTA Leveraged Loan Index (the "Index"), returned 4.21% for 2017 with the majority of gains generated by income in what was predominantly a stable year for the asset class with limited variations in returns each quarter.

In the U.S., demand for loans was robust, with $116.7bn of inflows from collateralised loan obligation ("CLO") managers and a further $14.1bn from retail funds. For comparison, 2016 saw $71.4bn of inflows from CLO managers, and $5.4bn of inflows from retail funds. For the majority of the year, demand exceeded supply, which meant that, similar to the previous year, a lot of the issuance that came to market was opportunistic, i.e., the repricing of existing facilities and owners looking to take dividends or draw small add on facilities.

The par amount outstanding of the Index stood at $959bn, having ended 2016 at $887bn and, within that, the average bid was 98.05 with 65.6% of issues priced at par or above, versus 68.31% at the end of 2016. By principal amount the trailing 12 month U.S. default rate ended 2017 at 2.1%, 50 basis points higher than the closing figure for 2016, but still comfortably below the 3.1% historical annual average.

In Europe, the S&P European Leveraged Loan Index ("ELLI") returned 4.06% for 2017 (all numbers excluding currency) and the average bid closed the year at 99.43, up from 98.62 at the end of 2016. Demand for loans continued to be strong and CLO issuance totalled €22bn for the year, a new post crisis high for the European market. The par amount outstanding of the ELLI ended the year at €139bn, an increase from €114bn one year ago. By principal amount, the trailing 12 month default was 1.11% at the end of December, down from 2.40% at the end of 2016.

Portfolio Management

During 2017, the portfolio remained significantly weighted towards US Dollar issuance, which accounted for 88.64% of the portfolio at the end of the year. The bond allocation was well within the 20% of NAV permitted, at 8.4%, as we remained focused on keeping duration low and limiting potential areas of volatility. We continued to allocate to better rated assets and our share of BBB/BB credits ended the year at 49.8%.

38.27%

TOTAL RETURN SINCE INCEPTION[1]

1 Source: Neuberger Berman. Total return: Cumulative $ NAV based returns including dividends (gross of fees)

Outlook

Our outlook for the loan market remains positive. At the start of 2018 the U.S. and European economies, revenue, earnings and cash flow metrics have continued to demonstrate improvement across the board.

Furthermore, recent U.S. corporate tax reform should provide a modest benefit to most companies that we are focused on. The market today is pricing in approximately a 1.61% imputed default rate, which is in line with our 2018 expectations of 1.5 – 2.5%.

We continue to believe that loans will be attractive given the returns on offer, the expected low volatility compared to other risk asset classes and their senior secured nature.

Neuberger Berman Investment Advisers LLC

9 April 2018

Neuberger Berman Europe Limited

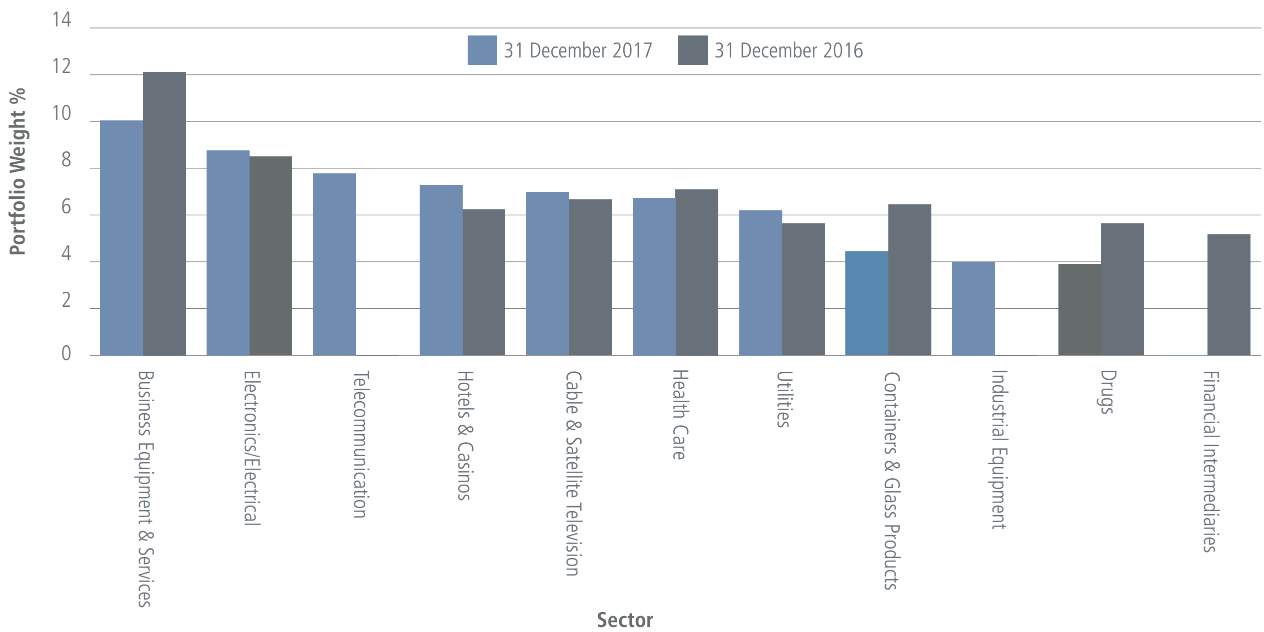
9 April 2018

Portfolio Information

Top 10 Issuers as at 31 December 2017

ISSUER	SECTOR	FAIR VALUE	PORTFOLIO WEIGHT
Valeant Pharmaceuticals	Drugs	19,827,950	1.52%
First Data	Business Equipment & Services	15,530,322	1.19%
Intelsat Jackson	Telecommunications/Cellular Communications	14,580,492	1.12%
CenturyLink	Telecommunications/Cellular Communications	14,302,267	1.09%
Vistra	Utilities	13,629,016	1.05%
Wide Open West	Cable & Satellite Television	13,503,780	1.03%
Endo Pharmaceuticals	Drugs	11,584,710	0.89%
Univision Communications Inc	Broadcast Radio and Television	11,495,670	0.88%
Rackspace	Electronics/Electrical	11,165,887	0.85%
Reynold Group	Containers & Glass Products	10,632,582	0.81%

Top 10 S&P Sector Breakdown



Key Statistics as at 31 December 2017

Current Gross Portfolio Yield[1]	4.66%
Number of Investments	372
Number of Issuers	273

1 The Company's Current Gross Portfolio Yield is a market-value weighted average of the current yields of the holdings in the portfolio, calculated as the coupon (base rate plus spread) divided by current price. The calculation does not take into account any fees, fund expenses or sales charges paid, which would reduce the results. The Current Gross Portfolio Yield for the Company will fluctuate from month to month. The Current Gross Portfolio Yield should be regarded as an estimate of the Company's rate of investment income and it will not equal the realised distribution rate for each share class.

Strategic Report

Principal Risks and Risk Management

The Board is responsible for the Company's system of internal financial and operating controls and for reviewing its effectiveness. The Board also monitors the investment limits and restrictions set out in the Company's investment objective and policy. The principal risks and uncertainties that have been identified and the steps taken by the Board to mitigate these areas are as follows:

RISK	MITIGATION
Macroeconomic Conditions	
Macroeconomic conditions change significantly and to the detriment of the portfolio or the Company causing a credit or liquidity risk to crystallise.	The Board receives regular reports from the Investment Manager on the health of the Portfolio and the approach to managing credit risk and liquidity risk is set out further below.
Credit Risk	
The key risk for the Company remains credit risk i.e. that the Investment Manager buys a loan or bond of a particular Issuer and it does not perform as expected and either defaults on a payment or experiences a significant drop in the secondary market value.	The Investment Manager carries out extensive, independent due diligence on each borrower, and has a particular focus on stable, performing credits that evidence strong track records through previous economic cycles. Additionally, the size of an issuer is also considered and the Investment Manager continues to favour the larger issuers in the market, defined by having debt issuance greater than $500m or equivalent in sterling or euros. These issuers tend to have broader syndicates, which can aid liquidity in the secondary market. As well as screening out the smaller issuers, the Investment Manager also excludes highly cyclical industries and companies with limited earning visibility from its Investment Process. Once a particular investment has been made, the Investment Manager is very focused on the monitoring of it. A range of relevant data is reviewed on an ongoing basis for each investment, including, but not limited to, key financial drivers, commodity prices, stock prices, regulatory developments, financial results, press releases and management commentary to identify any indicators of credit deterioration. To manage this risk further, the Board ensures a diversification of investments with the Investment Manager operating in accordance with the investment limits and restrictions policy determined by the Board. The Directors monitor the implementation and results of the investment process with the Investment Manager at each quarterly Board meeting and monitor risk factors in respect of the Portfolio.
Liquidity Risk	
The risk that the Company will not be able to meet its obligations as and when these fall due.	Liquidity risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as these are budgeted for. In addition the Investment Manager maintains a diversified portfolio of investments and assesses potential investments to screen smaller, potentially less liquid, issuers.

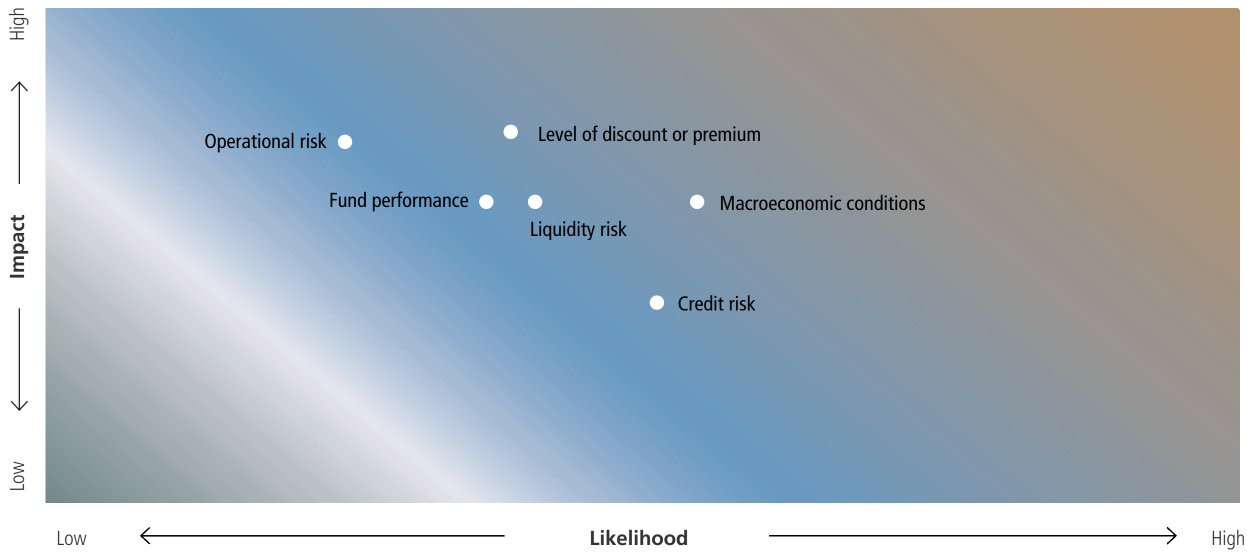
Strategic Report (continued)

Principal Risks and Risk Management (continued)

RISK	MITIGATION
Fund Performance	
The Company's Investment performance could fall below its stated objective or peer group for a variety of reasons including market conditions.	The Investment Manager has robust processes in place and monitors the underlying investments on a daily basis. The Board receives regular, detailed updates from the Investment Manager.
Level of Discount or Premium	
A discount or premium to NAV can occur for a variety of reasons, including market conditions or to the extent investors undervalue the management activities of the Investment Manager or discount their valuation methodology and judgment.	While the Directors may seek to mitigate any discount or premium to NAV per Share through the discount management mechanisms set out in the Prospectus, there can be no guarantee that they will do so or that such mechanisms will be successful.
Operational Risk	
Disruption to, or the failure of either the Investment Manager's, Administrator's or Sub- Administrator's accounting, dealings or payment systems, or the Custodian's records could prevent the accurate reporting or monitoring of the Company's financial position and the receipt or transmission of payments.	Details of how the Board monitors the services provided by the Investment Manager, the Administrator and Sub-Administrator, and the key elements designed to provide effective internal control are explained further in the internal controls section of the Corporate Governance Report which is set out on pages 24 to 30 The Investment Manager, the Company Secretary, the Administrator and Sub-Administrator are contracted to provide investment, company secretarial, administration and accounting services through qualified professionals and the Board receives regular internal control reports from the Administrator and Sub-Administrator that confirm compliance. Furthermore, the Company must comply with the provisions of the Law and, since its shares are admitted to listing on the Official List of the UK Listing Authority and to trading on the Main Market of the LSE, the Company is subject to the FCA's Listing Rules and the Disclosure Guidance and Transparency Rules ("DTRs"). A breach of the legislation could result in the Company and/or the Directors being fined or subject to criminal proceedings. A breach of the Listing Rules could result in the suspension of the Company's shares. The Board relies on its Company Secretary and advisers to ensure adherence to the Guernsey legislation and the FCA's rules.

Heat Map of Principal Risks

HEAT MAP OF PRINCIPAL RISK



Principal Risks' Expected Direction of Change

RISK CATEGORY	EXPECTED DIRECTION OF CHANGE	RATIONALE
MACRO ECONOMIC CONDITIONS	●	No expected change. The Board expects continued volatility as the market reacts amongst other things, to the implementation of President Trump's policy measures as well as any developments in Brexit negotiations. The Trump Administration's anticipated stimulus measures are expected to contribute to U.S. GDP growth and this in turn should translate to future rate rises, albeit on a gradual trajectory
CREDIT RISK	●	No expected change. Default rates are expected to remain low in 2018 and focused primarily on specific sectors
LIQUIDITY RISK	●	No expected change. Liquidity Risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash forms as to be able to meet the Company's ongoing requirements as these are budgeted for
FUND PERFORMANCE	●	The Board believes a rising rate and low default environment is favourable to a loans portfolio and could result in additional income
LEVEL OF DISCOUNT/ PREMIUM	●	The Board believes the Company continues to be an attractive risk adjusted investment proposition and expects the level of discount/premium to reflect this as demand for shorter duration assets such as loans increases in light of the macroeconomic environment. The Company's ability to issue and repurchase shares, the Redemption Offer (if the Company's shares trade wider than a 5% discount in the 3 months to 31 December each year) and an annual continuation vote all contribute to effective management of the discount or premium at which the Company's shares trade.
OPERATIONAL RISK	●	No expected changes

Strategic Report (continued)

Going Concern

The Directors also considered it appropriate to prepare the Financial Statements on the going concern basis, as explained in the basis of preparation paragraph in Note 2 to the Financial Statements. In making this statement the Directors have considered the levels of working capital available to the Company, the closed-ended nature of the Company and the tradable nature of the investment portfolio held. The Directors have made the assumption that the annual continuation vote to be held in June 2018 will be passed and that the Redemption Offer for the year ended 31 December 2018 will not be triggered.

Viability Statement

The Directors have assessed the prospects of the Company over the three year period to 31 December 2020 in accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in April 2016 (the "Code"). The Board conducted this review for a period of three years, a period that was selected for the following reasons:

- The nature of the loan investments held by the Company have an average maturity of approximately three years which allows the investment cash flows, recycling of investments, and expenditure commitments of the Company to be reasonably forecast over this timeframe.
- The impacts on the Company of other factors can be reasonably assessed within this timeframe. Beyond a three year timeframe, the impact of external forces, such as changes to legislation, market forces or other unknown factors, becomes less able to be predicted or assessed in analysing the viability of the company.

The three year review considers the Company's cash flow, cash distributions and other key financial ratios over the period. The three year review also makes certain assumptions about the normal level of expenditure likely to occur and considers whether additional financing facilities will be required. Furthermore, the three year review period to 31 December 2020 makes assumptions that the Company's annual continuation vote will be passed, and that the annual Redemption Offer will not be triggered. The Directors note that the annual Redemption Offer will be triggered if, in the last three months of any calendar year, the Company's Ordinary Shares trade at an average discount to NAV in excess of 5%.

In its assessment of the viability of the Company, the Directors have carried out a robust assessment of the principal risks and uncertainties detailed on pages 13 to 15 and in particular the impact of a significant fall in the value of the Company's investment portfolio. The Directors have performed a quantitative and qualitative analysis that included the Company's income and expenditure projections and the fact that the Company's investments include readily realisable securities which can be expected to be sold to meet funding requirements if necessary.

Based on the Company's processes for monitoring operating costs, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, liquidity risk and financial controls, and assuming normal market conditions 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 the three year period to 31 December 2020.

Performance Measurement and Key Performance Indicators

In order to measure the success of the Company in meeting its objectives and to evaluate the performance of the Investment Manager, the Directors take into account the following performance indicators:

- Returns and NAV - The Board reviews at each board meeting the performance of the Portfolio as well as the NAV, income and share price of the Company;
- Discount/premium to NAV - At each quarterly Board meeting, the Board monitors the level of the Company's discount or premium to NAV and reviews the average discount/premium for the Company's peer group. The Company publishes a NAV per share for both share classes on a daily basis through the official newswire of the LSE. This figure is calculated in accordance with the AIC's guide which includes current financial year revenue, the same basis as that calculated for the Financial Statements;
- The Directors examine the revenue forecast quarterly and consider the yield on the Portfolio and the amount available for distribution; and
- The Board considers the peer group performance of other income funds at each quarterly Board meeting.

Management Arrangements

Investment Management Arrangements

On 17 July 2014, the Company, the Manager and the AIFM made certain classificatory amendments to their contractual arrangements for the purposes of the European Commission's Directive on Alternative Investment Fund Managers (the "AIFM Directive"). The Sub Investment Management Agreement was terminated on 17 July 2014 and Neuberger Berman Investment Advisers LLC, which was the Sub Investment Manager, was appointed as the AIFM per the amended and restated Investment Management Agreement ("IMA") dated 17 July 2014. Under this agreement, the AIFM is responsible for risk management and day-to-day discretionary management of the Company's Portfolios (including uninvested cash). The risk management and discretionary portfolio management functions are performed independently of each other within the AIFM structure. The AIFM is not required to, and generally will not, submit individual investment decisions for approval by the Board. The Manager, Neuberger Berman Europe Limited, was appointed under the same IMA to provide, amongst other things, certain administrative services to the Company. Please refer to Note 3 on page 67 for details of fee entitlement.

On 31 December 2017 an amendment to the IMA was approved. Under the amendment the responsibility for the manufacture of the Company's Key Information Document is delegated to the AIFM and other changes were made relating to MiFID II, anti-money laundering, bribery, cyber security and data protection.

The IMA can be terminated either by the Company on one hand or the Investment Manager, on the other, but in certain circumstances, the Company would be required to pay compensation to the Investment Manager of six months' management charges. No compensation is payable if notice of termination of more than six months is given.

Administration and Custody Agreement

Effective 1 March 2015, the Company entered into an Administration and Sub-Administration Agreement with U.S. Bancorp Fund Services (Guernsey) Limited ("U.S. Bancorp") and Quintillion Limited, a wholly-owned subsidiary of U.S. Bancorp. Under the terms of the agreement, Sub-Administration services are delegated to Quintillion Limited (the "Sub-Administrator"). U.S. Bank National Association (the "Custodian") was appointed custodian to the Company effective 1 March 2015.

See Note 3 on page 67 for details of fee entitlement.

Company Secretarial and Registrar Arrangements

Effective 14 June 2017, company secretarial services were provided by Carey Commercial Limited in place of C.L. Secretaries Limited, a wholly owned subsidiary of Carey Commercial Limited. Registrar services are provided by Link Market Services (Guernsey) Limited (formerly known as Capita Registrars (Guernsey) Limited).

See Note 3 on pages 67 and 68 for details of fee entitlement.

Related Party Transactions

The receipt of dividends by the Directors and the contracts between the Investment Manager and the Directors are the only related party transactions currently in place. Other than fees payable in the ordinary course of business, there have been no material transactions with these related parties, which have affected the financial position or performance of the Company in the financial year.

Further details on related party transactions can be found under Note 3 to the Financial Statements.

Directors

William Frewen (Chairman)

William Frewen is a resident of the United Kingdom and has extensive experience in the fixed income sector. William worked in a number of roles at Chemical Bank, Credit Suisse First Boston Limited and HSBC Bank plc from 1984 to 1998 before becoming head of Fixed Income Trading and deputy head of Capital Markets at Nomura International plc from 1998 to 2001. He served as the Non-Executive Chairman of Playgolf Holdings plc from 2004 to 2007, a company that was admitted to AIM in 2004 under his chairmanship. William also acted as a consultant to Man Group plc from 2005 to 2006 before becoming an executive member of the board and head of Fixed Income at Threadneedle Asset Management from 2007 to 2010.

Sandra Platts (Chairman of the Management Engagement Committee and the Remuneration and Nomination Committee)

Sandra Platts is a resident of Guernsey and is a non-executive Director of Investec Bank (C.I.) Limited, UK Commercial Property Trust Limited and Starwood European Finance Partners Limited. Sandra was Managing Director of Kleinwort Benson in Guernsey and Chief Operating Officer for Kleinwort Benson Private Banking Group (UK and Channel Islands). She also held Directorships of the Kleinwort Benson Trust Company and Operating Boards, retiring from Kleinwort Benson boards in 2010. Sandra holds a Masters in Business Administration and The Certificate in Company Direction from the Institute of Directors.

Richard Battey (Chairman of the Audit and Risk Committee and Senior Independent Director)

Richard Battey is a resident of Guernsey and is a non-executive Director and Chairman of the Audit and Risk Committee of Better Capital PCC Limited, Juridica Investments Limited, Pershing Square Holdings Limited and Princess Private Equity Holding Limited. He is a Fellow of the Institute of Chartered Accountants in England and Wales having qualified with Baker Sutton & Co. in London in 1977. Richard has been a non-executive Director of a number of investment companies and funds since leaving CanArgo Energy Corporation in 2006 where he was Chief Financial Officer. Prior to that role, he spent 27 years with the Schroder Group. Richard was a Director of Schroders (C.I.) Limited in Guernsey from April 1994 to December 2004 where he served as Finance Director and Chief Operating Officer. He was a Director of a number of the Schroder Group's Guernsey companies covering banking, investment management, trusts, insurance and private equity administration, retiring from his last Schroder Directorship in December 2008.

Rupert Dorey

Rupert Dorey is a resident of Guernsey and has over 30 years of experience in financial markets. Mr Dorey was at Credit Suisse First Boston Limited for 17 years from 1988 to 2005 where he specialised in credit related products, including derivative instruments where his expertise was principally in the areas of debt distribution, origination and trading, covering all types of debt from investment grade to high yield and distressed debt. He held a number of senior positions at Credit Suisse First Boston Limited, including establishing Credit Suisse First Boston Limited's high yield debt distribution business in Europe, fixed income credit product coordinator for European offices and head of UK Credit and Rates Sales. Since 2005 he has been acting in a Non-Executive Directorship capacity for a number of Hedge Funds, Private Equity & Infrastructure Funds, for both listed and unlisted vehicles. Rupert is a former President of the Guernsey Chamber of Commerce and is a member of the Institute of Directors.

Directors' Report

The Directors present their Report and Financial Statements of the Company and their Report for the year ended 31 December 2017.

Share Capital

The share capital of the Company consists of: (a) an unlimited number of shares which upon issue the Directors may classify as U.S. Dollar Shares, Sterling Shares or Euro Shares or as shares of such other classes as the Directors may determine; (b) an unlimited number of B Shares which upon issue the Directors may classify as B Shares of such classes denominated in such currencies as the Directors may determine; (c) an unlimited number of C Shares which upon issue the Directors may classify as C Shares of such classes denominated in such currencies as the Directors may determine.

The number of shares in issue at 31 December 2017 was as follows:

Sterling Ordinary Shares	1,039,088,627[1]
U.S. Dollar Ordinary Shares	44,570,419[2]

1 of which 75,000,000 were held in treasury
2 of which 1,342,627 were held in treasury

The number of shares in issue at 31 December 2016 was as follows:

Sterling Ordinary Shares	1,090,614,330[3]
U.S. Dollar Ordinary Shares	41,242,736[4]

3 of which 75,000,000 were held in treasury
4 of which 2,972,627 were held in treasury

The number of shares in issue as at 5 April 2018 being the latest practicable date prior to publication of this report was as follows:

Sterling Ordinary Shares	1,001,375,582[5]
U.S. Dollar Ordinary Shares	45,952,548[6]

5 of which 75,000,000 are held in treasury
6 of which 1,342,627 are held in treasury

Share Repurchases

At the Annual General Meeting ("AGM") of the Company held in June 2017, the Directors were granted the general authority to purchase in the market up to 14.99% of the Ordinary Shares of each class in issue (as at 14 June 2017). This authority will expire at the AGM to be held on 13 June 2018. Pursuant to this authority, and subject to the Law and the discretion of the Directors, the Company may purchase Ordinary Shares of a particular class in the market on an ongoing basis with a view to addressing any imbalance between the supply of and demand for Ordinary Shares of such class, thereby increasing the NAV per Ordinary Share of that class and assisting in managing the discount to NAV per Ordinary Share of that class in relation to the price at which the Ordinary Shares of such class may be trading. The Directors intend to seek annual renewal of this authority from shareholders.

During the year to 31 December 2017, the Company repurchased and cancelled, in 122 tranches, 48,349,467 Sterling Ordinary Shares and 679,888 U.S. Dollar Ordinary Shares representing 7.4031% of the Sterling Ordinary Shares in issue and 1.4907% of the U.S. Dollar Ordinary Shares in issue, at 31 December 2017.

Since the year end and up to the 5 April 2018, being the latest practicable date prior to publication of this report the Company has repurchased 36,394,039 Sterling Ordinary Shares and 377,750 U.S. Dollar Ordinary Shares for cancellation.

Share Issuances

In the period 1 January 2017 to 31 December 2017, the Company sold 1,630,000 U.S. Dollar Ordinary Shares from Treasury at an average weighted premium of 3.023%.

Directors' Report (continued)

Share Conversions

The Company offers a monthly conversion facility pursuant to which shareholders may elect to convert some or all of their shares of a class into shares of any other class. During the year to 31 December 2017, shareholders elected to convert 6,680,400 Sterling Ordinary Shares into U.S. Dollar Ordinary Shares and 3,804,631 U.S. Dollar Ordinary Shares into Sterling Ordinary Shares. Since the year end and up to the latest practicable date prior to publication of this report, shareholders have elected to convert 1,285,907 Sterling Ordinary Shares into U.S. Dollar Ordinary Shares and 3,159,297 U.S. Dollar Ordinary Shares into Sterling Ordinary Shares.

Dividends

The Company pays dividends to shareholders equal to the cash income it receives less its running costs paid in that year, subject to the solvency test prescribed by the Law. Distributions are made by way of dividends with respect to each calendar quarter. Dividends are paid in the currency of the class of shares in respect of which the dividend was declared.

The Articles also permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to shareholders when a cash dividend is declared from time to time. In the event a scrip dividend is offered, an electing Shareholder is issued new, fully paid up shares (or shares sold from treasury) pursuant to the scrip dividend alternative, calculated by reference to the higher of (i) the prevailing average mid-market quotation of the shares on the Daily Official List of the LSE over five trading days; or (ii) the NAV per share, at the relevant time. The scrip dividend alternative is available only to those shareholders to whom shares might lawfully be marketed by the Company. The Directors' intention is not to offer a scrip dividend at any time that the shares trade at a material discount to the NAV per Share. On 21 December 2015, due to the prevailing discount at that time, the Board decided to replace the scrip dividend alternative with a Dividend Re-Investment Plan ("DRIP"), whereby shareholders have the option to re-invest their cash dividend in the Company's shares on an efficient basis.

The below table sets out the quarterly dividends paid by the Company that relate to 2017:

PERIOD	DATE DECLARED	PAYMENT DATE	DIVIDEND PER STERLING SHARE	DVIDEND PER U.S. DOLLAR SHARE
Quarter ended 31 March 2017 - Ordinary Shares	5 April 2017	23 May 2017	£0.0090	$0.0091
Quarter ended 30 June 2017 - Ordinary Shares	5 July 2017	18 August 2017	£0.0084	$0.0086
Quarter ended 30 September 2017 - Ordinary Shares	5 October 2017	16 November 2017	£0.0082	$0.0083
Quarter ended 31 December 2017 - Ordinary Shares	4 January 2018	23 February 2018	£0.0079	$0.0081

Substantial Share Interests

Based upon information deemed reliable as provided by the Company's registrar, as at 5 April 2018, the following shareholders owned 5% or more of the issued shares of the Company.

SHAREHOLDER	NUMBER OF STERLING ORDINARY SHARES	NUMBER OF U.S. DOLLAR ORDINARY SHARES[1]	PERCENTAGE OF SHARE CLASS (%)
BNY (OCS) NOMINEES LIMITED	65,361,315		6.49%
BBHISL NOMINEES LIMITED 129481 ACCT	60,015,596		5.96%
LYNCHWOOD NOMINEES LIMITED 2006420 ACCT	58,803,254		5.84%
		1,502,300	3.27%
BBHISL NOMINEES LIMITED 130354 ACCT	52,934,673		5.25%

1 Certain shareholdings within the U.S. Dollar Ordinary Share Class are greater than 5% of the U.S. Dollar Ordinary share in issue but do not have 5% in aggregate of the Company's issued share capital.

Notifications of Shareholdings

In the year to 31 December 2017 the Company had been notified in accordance with Chapter 5 of the DTR (which covers the acquisition and disposal of major shareholdings and voting rights), of the following voting rights as a shareholder of the Company. When more than one notification has been received from any shareholder, only the latest notification is shown. For non-UK issuers, the thresholds prescribed under DTR 5.1.2 for notification of holdings commence at 5%. Notifications received by the Company below 5% are included here for completeness only.

SHAREHOLDER	VOTING RIGHTS OF STERLING ORDINARY SHARES	VOTING RIGHTS OF U.S. DOLLAR ORDINARY SHARES	PERCENTAGE OF TOTAL VOTING RIGHTS (%)
BREWIN DOLPHIN LIMITED	91,615,812		8.8%
		2,316,775	0.14%
RATHBONE INVESTMENT MANAGEMENT	49,333,763	5,616,978	5.12%
THE ROYAL BANK OF SCOTLAND GROUP PLC	50,072,654		4.99%

Since the year end, one notification was received by the Company.

SHAREHOLDER	VOTING RIGHTS OF STERLING ORDINARY SHARES	VOTING RIGHTS OF U.S. DOLLAR ORDINARY SHARES	PERCENTAGE OF TOTAL VOTING RIGHTS (%)
FIL LIMITED	108,921,974	0	7.01%

Directorship Disclosures in Public Companies Listed on a Stock Exchange

COMPANY NAMES	EXCHANGE(S)
Mrs Sandra Platts	
Sequoia Economic Infrastructure Income Fund Limited	London
UK Commercial Property Trust Limited	London
Marble Point Loan Financing Limited	London
Mr Richard Battey	
Juridica Investments Limited	AIM, London
Princess Private Equity Holding Limited	London
Better Capital PCC Limited	London
Pershing Square Holdings Limited	Euronext, Amsterdam and London
Mr Rupert Dorey	
Tetragon Financial Group Limited	Euronext, Amsterdam and SFS, London
AP Alternative Assets LP, AAA Guernsey Limited	Euronext, Amsterdam
International Public Partnerships Ltd	London
Partners Group Global Opportunities Limited	Irish Stock Exchange
M&G General Partner Inc, Episode LLP & Episode Inc.	Irish Stock Exchange

Certain of the Directors maintain additional directorships in companies that are not listed on any stock exchange. Details may be obtained from the Company Secretary.

Directors' Report (continued)

Life of the Company

The Company does not have a fixed life. However, under Article 51 of the Articles, the Directors are required to propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company. The first continuation resolution, which fell due on or before the third anniversary of Admission, was passed on 19 March 2014. The second continuation resolution fell on 5 April 2017, being before the sixth anniversary of Admission and was also duly passed. From 2018, the Continuation Resolution will be proposed annually at the annual general meeting, which will next be held on 13 June 2018.

If a Continuation Resolution is not passed, the Directors are required to put proposals to shareholders for the restructuring or reorganisation of the Company. The Directors have made the assumption that the Continuation Resolution proposed at the AGM in June 2018 will be passed.

Anti-Bribery and Corruption Policy

The Board of the Company has a zero tolerance approach to instances of bribery and corruption. Accordingly, it expressly prohibits any Director or associated persons, when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company. The Investment Manager has also adopted a zero tolerance approach to instances of bribery and corruption. The Board insists on strict observance with these same standards by its service providers in their activities for the Company and continues to refine its process in this regard.

Criminal Facilitation of Tax Evasion Policy

The Board of the Company is committed to zero tolerance towards the criminal facilitation of tax evasion. The Board insists on strict observance with these same standards by its service providers and continues to refine its process in this regard.

Employees and Socially Responsible Investment

The Company has a management contract with the Investment Manager. It has no employees and all of its Directors are non-executive, with day-to-day activities being carried out by third parties. There are therefore no disclosures to be made in respect of employees. The Company's main activities are carried out by Neuberger Berman, which is a signatory of the Principles of Responsible Investment and has an ongoing commitment to strengthening and refining its environmental, social and governance approach. An overview of Neuberger Berman's Principles for Responsible Investment is detailed on its website at www.nb.com/pages/public/en-gb/principles-for-responsible-investment.aspx.

Global Greenhouse Gas Emissions

The Company has no significant greenhouse gas emissions to report from its operations for the year to 31 December 2017 (2016 – none), nor does it have responsibility for any other emissions producing sources.

Gender Metrics

The Board consists of three men and one woman. More information on the Board's consideration of diversity is given in the Corporate Governance Report on page 27.

The Modern Slavery Act 2015 ("MSA")

The MSA requires companies to prepare a slavery and human trafficking statement for each financial year of the organisation. As the Company has no employees and does not supply goods or services, the MSA does not directly apply to it. The MSA requirements more appropriately relate to the Investment Manager which is a signatory of the Principles of Responsible Investment (please see "Employees and Socially Responsible Investment" above) which include social factors such as working conditions, including slavery and child labour.

Disclosure of Information to the Auditor

The Directors who were members of the Board at the time of approving this report are listed on page 18. Each of those Directors confirms that:

- to the best of his or her knowledge and belief, there is no information relevant to the preparation of their report of which the auditor is unaware; and
- he or she has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

For and on behalf of the Board

William Frewen
Chairman

9 April 2018

Corporate Governance Report

Applicable Corporate Governance Codes

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code"), by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"), both published in February 2013 and last amended in July 2016. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide more relevant information to shareholders. Copies of the AIC Code and the AIC Guide can be found at www.theaic.co.uk.

On 1 January 2012, the Guernsey Financial Services Commission's ("GFSC") "Finance Sector Code of Corporate Governance" came into effect and was amended in February 2016. The GFSC has stated in its Code that companies, which report against the UK Code or the AIC Code, are deemed to meet their Code, and need take no further action.

Corporate Governance Statement

Throughout the year ended 31 December 2017, the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except where explanations have been provided.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers the following provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive directors, employees or internal operations. The Company has therefore not reported further in respect of the following provisions:

- the role of the chief executive
- executive directors' remuneration
- internal audit function

The Directors believe that this Annual Report and Financial Statements ("Annual Report") presents a fair, balanced and understandable assessment of the Company's position and prospects, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

The Company complies with the corporate governance statement requirements pursuant to the FCA's DTR by virtue of the information included in the Corporate Governance section of the Annual Report together with information contained in the Strategic Review and the Directors' Report.

Our Governance Framework

Chairman - William Frewen

Responsibilities:

The leadership, operation and governance of the Board, ensuring effectiveness, and setting the agenda for the Board.

More details are provided below.

The Board Members of NB Global Floating Rate Income Fund Limited:

William Frewen (Chairman), Richard Battey, Rupert Dorey and Sandra Platts – all independent non-executive Directors.

Responsibilities:

Overall conduct of the Company's business and setting the Company's strategy.

The Company Secretary, Carey Commercial Limited, through its representative acts as Secretary to the Board and Committees and in doing so it:

- assists the Chairman in ensuring that all Directors have full and timely access to all relevant documentation;
- will organise induction of new Directors; and
- is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

AUDIT AND RISK COMMITTEE

Members:

Richard Battey (Chairman)
Rupert Dorey
William Frewen
Sandra Platts

Responsibilities:

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 auditor, and the management of the Company's systems of internal financial and operating controls and business risks.

More details on pages 31 to 34.

MANAGEMENT ENGAGEMENT COMMITTEE

Members:

Sandra Platts (Chairman)
Richard Battey
Rupert Dorey
William Frewen

Responsibilities:

To review performance of all service providers (including the Investment Manager).

More details on pages 35 to 36.

REMUNERATION AND NOMINATION COMMITTEE

Members:

Sandra Platts (Chairman)
Richard Battey
Rupert Dorey
William Frewen

Responsibilities:

To ensure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that the Board is effective in discharging its responsibilities and oversight of all matters relating to corporate governance, and to review the on-going appropriateness and relevance of the remuneration policy.

More details on pages 37 to 42.

The Board, chaired by William Frewen who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of four non-executive Directors. The biographical details of the Directors holding office at the date of this report are listed on page 18, and demonstrate a breadth of investment, accounting and professional experience. Mr Battey as Chairman of the Audit and Risk Committee acts as Senior Independent Director when necessary. However, the Board considers that all the Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed. The balance and independence of the Board is kept under review by the Remuneration and Nomination Committee, details of which can be found on page 37.

Board Independence and Composition

The Chairman and all Directors are all considered independent of the Company's Investment Manager, the Company Secretary, the Administrator and Sub-Administrator. The Directors consider that there are no factors, as set out in the AIC Code, which compromise the Directors' independence and that they all contribute to the affairs of the Company in an adequate manner. The Board reviews the independence of all Directors annually.

Corporate Governance Report (continued)

Directors' Appointment

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company, copies of which are available for review by shareholders at the Registered Office and will be available at the 2018 AGM. William Frewen, Richard Battey and Sandra Platts have served since incorporation of the Company. Rupert Dorey has served since 1 March 2015. Any Director may resign in writing to the Board at any time.

In accordance with the AIC Code, as a FTSE 250 company, all Directors will be subject to re-election annually by shareholders. The Remuneration and Nomination Committee reviewed the independence, contributions and performance of all Directors together with results of the 2017 external Board Evaluation, which described the directors as conscientious and effective and independent in thought and action and have determined that it is in the best interests of the Company to propose that all Directors are proposed for re-election.

Tenure of Non-Executive Directors

The Board has adopted a policy on tenure that is considered appropriate for an investment company. The Board does not believe that length of service, by itself, leads to a closer relationship with the Investment Manager or necessarily affects a Director's independence. The Board's tenure and succession policy seeks to ensure that the Board is well balanced and will be refreshed by the appointment of new Directors with the skills and experience necessary to replace those lost by Directors' retirements or as identified for the strategy of the Company. The Board seeks to encompass relevant past and current experience of various areas relevant to the Company's business.

Directors are expected to devote such time as is necessary to enable them to discharge their duties. Other business relationships, including those that conflict or may potentially conflict with the interests of the Company, are taken into account when appointing Board members and are monitored on a regular basis.

The dates of appointment of all Directors are provided in the Directors' Remuneration Report and a summary on shareholder elections is provided below.

	DATE FIRST ELECTED BY SHAREHOLDERS	YEARS FROM FIRST ELECTION TO 2017 AGM	CONSIDERED TO BE INDEPENDENT BY THE BOARD
William Frewen	June 2012	6	Yes
Sandra Platts	June 2012	6	Yes
Richard Battey	June 2012	6	Yes
Rupert Dorey	June 2015	3	Yes

Succession

The Board acknowledges that some market participants believe that directors should not be considered independent after 9 years of service and look to balance the tenure of the directors on the Board. Richard Battey, William Frewen and Sandra Platts have each served for 7 years since appointment. The Board has agreed to implement a process of rotation to replenish the Board over the coming years to ensure a smooth transfer of knowledge and encourage diversity in length of tenure on the Board.

Re-election of Directors

All directors submit themselves for re-election at the AGM to be held on 13 June 2018. The Remuneration and Nomination Committee confirmed to the Board that the contributions made by the Directors offering themselves for re-election at the 2018 AGM continue to be effective and that the Company should support their re-election.

Board Diversity

The Board considers that its members have a balance of skills and experience which are relevant to the Company. The Board supports the recommendations of the Davies Report and notes the recommendations of the Parker Review into ethnic diversity and the Hampton-Alexander Review on gender balance in FTSE leadership. The Board believes in the value and importance of diversity in the boardroom but it does not consider it is appropriate or in the interests of the Company and its shareholders to set prescriptive targets for gender, ethnicity or nationality on the Board. At 31 December 2017, the Board had 25% female representation. The Board continues to focus on encouraging diversity of business skills and experience, recognising that directors with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Board.

Board Responsibilities

The Board meets at least four times each year and deals with the important aspects of the Company's affairs including the setting and monitoring of investment strategy, and the review of investment performance. The Investment Manager takes decisions as to the purchase and sale of individual investments, in line with the investment policy and strategy set by the Board. The Investment Manager together with the Company Secretary, Administrator and Sub-Administrator also ensures that all Directors receive, in a timely manner, all relevant management, regulatory and financial information relating to the Company and its portfolio of investments. Representatives of the Investment Manager attend each Board meeting, enabling Directors to question any matters of concern or seek clarification on certain issues. Matters specifically reserved for decision by the full Board have been defined and a procedure adopted for Directors in the furtherance of their duties to take independent professional advice at the expense of the Company. This is available on the Company's website www.nbgfrif.com.

Conflict of Interests

Directors are required to disclose all actual and potential conflicts of interest to the Board as they arise for consideration and the Board may impose restrictions or refuse to authorise conflicts if deemed appropriate. The Directors have undertaken to notify the Company Secretary as soon as they become aware of any new potential conflicts of interest that would need to be approved by the Board. Only Directors who have no material interest in the matter being considered will be able to participate in the Board approval process.

It has also been agreed that the Directors will advise the Chairman and the Company Secretary in advance of any proposed external appointment.

None of the Directors had a material interest in any contract, which is significant to the Company's business. The Directors' Remuneration Report on pages 39 to 42 provides information on the remuneration and interests of the Directors. Page 21 details Directors' appointments on other listed companies.

Performance Evaluation

The performance of the Board, its committees and the Directors was reviewed by the Remuneration and Nomination Committee in November 2017 with the assistance of external evaluator, Trust Associates Limited. All Directors are members of the Remuneration and Nomination Committee and as such it is not considered necessary for the SID to lead the discussions, as all Directors participate. The results were reviewed and discussed by the Committee whose Chairman reported to the Board. No material areas of concern were raised and all suggestions made by Trust Associates Limited were considered by the Board.

As a result of the suggestions made in the 2017 Board performance evaluation, facilitated by the external evaluator, the Board has agreed:

- That all Directors are considered independent;
- All Directors should be proposed for re-election at the 2018 AGM; and
- The Board composition was diverse and appropriate in regards to skills, number, experience and gender.

Corporate Governance Report (continued)

Performance Evaluation (continued)

In addition, the Remuneration and Nomination Committee (excluding Mr Frewen) received the results of the performance evaluation of the Chairman, undertaken by Trust Associates Limited, and it was agreed that the Chairman continued to be well-regarded and his knowledge of debt markets was very beneficial for the supervision of the portfolio by the Board.

The Board will continue to review its procedures, its effectiveness and development in the year ahead.

Induction/Information and Professional Development

Directors are provided, on a regular basis, with key information on the Company's policies, regulatory requirements and its internal controls. Regulatory and legislative changes affecting Directors' responsibilities are advised to the Board as they arise along with changes to best practice from, amongst others, the Investment Manager, Company Secretary and the Auditor. Advisers to the Company also prepare reports for the Board from time to time on relevant topics and issues. In addition, Directors attend relevant seminars and events to allow them to continually refresh their skills and knowledge and keep up with changes within the investment company industry. The Chairman reviewed the training and development needs of each Director during the annual Board evaluation process and is satisfied that all Directors actively keep up to date with industry developments and issues.

When a new Director is appointed to the Board, they will be provided with all relevant information regarding the Company and their duties and responsibilities as a Director. In addition, a new Director will also spend time with representatives of the Investment Manager in order to learn more about their processes and procedures.

Independent Advice

The Board recognises that there may be occasions when one or more of the Directors feels it is necessary to take independent legal advice at the Company's expense. A procedure has been adopted to enable them to do so, which is managed by the Company Secretary.

Indemnities

To the extent permitted by the Law, the Company's Articles provide an indemnity for the Directors against any liability except such (if any) as they shall incur by or through their own breach of trust, breach of duty or negligence. Each Director has an Instrument of Indemnity with the Company.

During the year, the Company has maintained insurance cover for its Directors and Officers under a Directors' and Officers' liability insurance policy.

Relationship with the Investment Manager, Company Secretary, Administrator and Sub-Administrator

The Board has delegated various duties to external parties including the management of the investment portfolio, the custodial services (including the safeguarding of assets), the registration services and the day-to-day company secretarial, administration and accounting services. Each of these contracts was entered into after full and proper consideration by the Board of the quality and cost of services offered, including the control systems in operation in so far as they relate to the affairs of the Company.

The Board receives and considers reports regularly from the Investment Manager, Administrator, Sub-Administrator and Company Secretary along with ad hoc reports and information supplied to the Board as required. The Investment Manager takes decisions as to the purchase and sale of individual investments. The Investment Manager, Company Secretary, Administrator and Sub-Administrator also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Investment Manager, Company Secretary, Administrator and Sub-Administrator attend each

Board meeting enabling the Directors to probe further on matters of concern. A formal schedule of matters specifically reserved for decision by the full Board has been defined and is reviewed annually, and a procedure adopted for Directors in the furtherance of their duties, to take independent professional advice at the expense of the Company within certain parameters. The Directors have access to the advice and service of the corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board, the Investment Manager, Company Secretary, Administrator and Sub-Administrator operate in a supportive, co-operative and open environment.

Shareholder Engagement

The Board believes that the maintenance of good relations with shareholders is important for the long-term prospects of the Company. Since admission, the Board has sought engagement with shareholders. Where appropriate the Chairman, and other Directors are available for discussion about governance and strategy with shareholders and the Chairman ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its Corporate Brokers and the Investment Manager, and shareholders are welcome to contact the Chairman, Senior Independent Director or any other Director at any time via the Company Secretary.

During the year the Company continued its quarterly investor update calls, which can be accessed via conference call or WebEx, details are published via an RIS. The update calls are also made available on the Company's website at www.nbgfrif.com. Furthermore the Board welcomes the opportunity to meet with investors on a one-to-one basis, upon request.

The Chairman of the Remuneration and Nomination Committee will consult with shareholders should it be proposed to increase the current aggregate limit of annual Directors' fees as set out in the Company's Articles.

The Board believes that the AGM provides an appropriate forum for shareholders to communicate with the Board, and encourages participation. All Directors will attend the 2018 AGM. There is an opportunity for individual shareholders to question the Chairman of the Board, the Senior Independent Director, and the Chairman of each of the Audit and Risk Committee, the Management Engagement Committee and the Remuneration and Nomination Committee at the AGM.

The Annual and Interim Reports, Key Information Documents, monthly fact sheets and monthly holdings are available to provide shareholders with a clear understanding of the Company's activities and its results. This information is supplemented by the daily calculation and publication on the London Stock Exchange of the NAV of the Company's Ordinary Shares. The Board is informed of relevant promotional documents issued by the Investment Manager. All documents issued by the Company can be viewed on the website, www.nbgfrif.com.

2018 AGM

The 2018 AGM will be held in Guernsey on 13 June 2018. The Notice for the AGM sets out the ordinary and special resolutions to be proposed at the meeting. Separate resolutions are proposed for each substantive issue.

It is the intention of the Board that the Notice of AGM be issued to shareholders so as to provide at least twenty working days' notice of the meeting. Shareholders wishing to lodge questions in advance of the meeting and specifically related to the resolutions proposed are invited to do so by writing to the Company Secretary at the registered office address given on page 77.

Voting on all resolutions at the AGM is on a poll. The proxy votes cast, including details of votes withheld are disclosed to those in attendance at the meeting and the results are published on the website and announced via a RIS Service. Where a significant number of votes have been lodged against a proposed resolution (being greater than 20%), the Board intends to identify those shareholders and further understand their views to address the concerns of the Company's shareholders. The Board notes that any resolution which receives a high vote against it will be included in the Investment Association's Public Register. The Public Register is an aggregated list of publicly available information regarding meetings of companies in the FTSE All-Share who have received significant shareholder opposition to proposed resolutions or have withdrawn a resolution prior to the shareholder vote.

Board Meetings

The Board meets at least quarterly. Certain matters are considered at all quarterly board meetings including the performance of the investments, NAV and share price and associated matters such as asset allocation, risks, strategy, marketing and investor relations, peer group information and industry issues. Consideration is also given to administration and corporate governance matters, and where applicable, reports are received from the board committees.

Directors unable to attend a board meeting are provided with the board papers and can discuss issues arising in the meeting with the Chairman or another non-executive Director.

Corporate Governance Report (continued)

Attendance at scheduled meetings of the Board and its committees in the 2017 financial year

	BOARD	AD-HOC BOARD MEETINGS	AUDIT AND RISK COMMITTEE	REMUNERATION AND NOMINATION COMMITTEE	MANAGEMENT ENGAGEMENT COMMITTEE
Number of meetings during the year	**4**	**7**	**3**	**1**	**1**
William Frewen1	4	0	3	1	1
Rupert Dorey	4	3	3	1	1
Richard Battey	4	6	3	1	1
Sandra Platts	4	6	3	1	1

1 It is not deemed practical for Mr Frewen to travel to Guernsey for the ad-hoc meetings which deal with items that are transactional in nature such as to approve dividends in line with the Company's dividend policy; he does, however, attend all quarterly board meetings.

Board Committees

The Board has established an Audit and Risk Committee, a Management Engagement Committee and a Remuneration and Nomination Committee with defined terms of reference and duties. Further details of these committees can be found in their reports on pages 31 to 37. The terms of reference for each committee can be found on the Company's website www.nbgfrif.com.

The Board has not established an Inside Information Committee as a quorum of the Board will review and determine any inside information and any delay to the disclosure thereof to meet the requirements of the EU Market Abuse Regulations.

For and on behalf of the Board

William Frewen
Chairman

9 April 2018

Audit and Risk Committee Report

Membership

Richard Battey – Chairman	(Independent non-executive Director)
Sandra Platts	(Independent non-executive Director)
Rupert Dorey	(Independent non-executive Director)
William Frewen[1]	(Company Chairman and independent non-executive Director)

1 The Board believes it is appropriate for the Company Chairman to be a member of the Audit and Risk Committee as he is deemed by the Board to be an independent non-executive 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 auditor, and the management of the Company's systems of internal financial and operating controls and business risks.

Responsibilities

- Reviewing the Company's financial results announcements, 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 Audit and Risk Committee believes the Annual Report, 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;
- Overseeing the relationship with the external auditor;
- Considering the financial and other implications on the independence of the auditor arising from any non-audit services to be provided by the auditor;
- Analysis of key procedures adopted by the Company's service providers;
- Reporting to the Board on the effectiveness of the Company's risk management framework; and
- Compiling a report on its activities to be included in the Company's Annual Report.

The Audit and Risk Committee members have a wide range of financial and commercial expertise necessary to fulfil the Audit and Risk Committee's duties. The Chairman of the Audit and Risk 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. Therefore the Board has designated him as its financial expert on the Audit and Risk Committee.

Audit and Risk Committee Meetings

The Audit and Risk Committee meets at least three times a year. Only members of the Audit and Risk Committee and the Secretary of the Audit and Risk Committee have the right to attend Audit and Risk Committee meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator are invited to attend Audit and Risk Committee meetings on a regular basis and other non-members may be invited to attend all or part of the meeting as and when appropriate and necessary. The Company's external auditor, PricewaterhouseCoopers CI LLP ("PwC") is also invited to each meeting. The Chairman of the Audit and Risk Committee also met separately with PwC without the Investment Manager being present.

Audit and Risk Committee Report (continued)

Main Activities during the Year

The Audit and Risk Committee assists the Board in carrying out its responsibilities in relation to financial reporting requirements, risk management and the assessment of internal financial and operating controls. It also manages the Company's relationship with the external auditor. Meetings of the Audit and Risk Committee generally take place prior to a Company Board meeting.

The Audit and Risk Committee reports to the Board as part of a separate agenda item, on the activity of the Audit and Risk Committee and matters of particular relevance to the Board in the conduct of their work. The Audit and Risk Committee reviews the effectiveness of the Company's risk management framework in relation to the investment policy; assessment of the risks involved in the Company's business and how they are controlled and monitored by the Investment Manager; monitors and reviews the effectiveness of the risk management function of the Investment Manager, Administrator and the Sub-Administrator; reviews the risks associated with the valuation of investments; and reviews the Company's procedures concerning prevention and detection of fraud and to review the Company's arrangements for regulatory compliance.

The Board requested that the Audit and Risk Committee advise them on whether it believes the Annual Report, 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.

The Audit and Risk Committee's terms of reference were updated during the year and can be found on the Company's website www.nbgfrif.com.

At its three meetings during the year, the Audit and Risk Committee focused on:

Financial Reporting

The primary role of the Audit and Risk Committee in relation to financial reporting is to review with the Investment Manager, Company Secretary, Administrator, Sub-Administrator and PwC 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 judgements have been applied or there has been discussion with the external auditor;
- The review of the Viability Statement included in the Strategic Report;
- Whether the Annual Report, 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; and
- Any correspondence from regulators in relation to the quality of our financial reporting.

To aid its review, the Audit and Risk Committee considers reports from the Investment Manager, Company Secretary, Administrator, Sub-Administrator and also reports from the external auditor on the outcomes of their half-year review and annual audit.

Significant Issues

In relation to the Annual Report for the year ended 31 December 2017, the following significant issue was considered by the Audit and Risk Committee:

SIGNIFICANT ISSUE	HOW THE ISSUE WAS ADDRESSED
The valuation of the Company's investments	The Audit and Risk Committee analysed the investment portfolio of the Company in terms of investment mix, fair value hierarchy and valuation. As explained in Note 2 the majority of the investment portfolio is at Level 2 of the fair value hierarchy which requires market corroborated inputs for the calculation of fair value. The Audit and Risk Committee discussed in depth with the Investment Manager the appropriateness and robustness of the multi-sourced pricing information used. The members of the Audit and Risk Committee had meetings with PwC, where the audit findings were reported. PwC did not notify the Audit and Risk Committee of any reportable differences between the valuations used by the Company or custodian confirmation of holdings and the work performed during the testing process. Based on the above review and analysis the Audit and Risk Committee confirmed that they were satisfied with the valuation of the investments.

Internal Controls and Risk Management

The Audit and Risk Committee has established a process for identifying, evaluating and managing any major risks faced by the Company. The process is subject to regular review by the Board and accords with the UK Code.

The Audit and Risk Committee is responsible overall for the Company's system of internal financial and operating controls 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 Audit and Risk Committee receives reports from the Investment Manager 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 the Investment Manager a formal report which details the steps taken to monitor the areas of risk including those that are not directly the responsibility of the Investment Manager and which reports the details of any known internal control failures.

The Investment Manager 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 the Investment Manager's compliance and risk department on an ongoing basis.

The Board's assessment of the Company's principal risks and uncertainties is set out on pages 13 to 15.

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Audit and Risk Committee received a detailed audit plan from PwC identifying their assessment of the significant audit risks. For the 2017 financial year the significant audit risks identified were in relation to the risk of management override of controls and the risk of fraud in revenue recognition. These significant risks were tracked through the year and the Audit and Risk Committee challenged the work performed by the auditor to test both the risk of management override of controls and the risk of fraud in revenue recognition. In addition, the Audit and Risk Committee focused on understanding the work performed over the valuation of investments. The Audit and Risk Committee assess the effectiveness of the audit process in addressing these matters through the reporting received from PwC at both the half-year and year end. In addition, the Audit and Risk Committee seeks feedback from the Investment Manager, Company Secretary, the Administrator and Sub-Administrator on the effectiveness of the audit process. For the 2017 financial year, the Audit and Risk Committee was satisfied that there had been appropriate focus and challenge on the significant and other key areas of audit risk and assessed the quality of the audit process to be good.

During the year, the Committee performed its annual review of the independence, effectiveness and objectivity of the external auditor. The Committee concluded that the effectiveness of the external auditor and the audit process were satisfactory and recommended to the Board the reappointment of PwC as external auditor for the 2018 financial year.

Appointment and Independence

The Audit and Risk Committee considers the reappointment of PwC, including the rotation of the audit partner, and assesses their independence on an annual basis. PwC is required under applicable Ethical Standards to rotate the audit partner responsible for the audit every seven years. The current audit partner has overseen the audit of the Company for the five financial years to 31 December 2017. PwC has been the Company's statutory auditor since its stock exchange listing in 2011 and has to date audited all seven financial years to 31 December 2017. The Company is incorporated in Guernsey, and therefore despite being listed on the Main Market of the London Stock Exchange and being in the FTSE350 Index, it is not required to comply with The Statutory Audit Services for Larger Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "Order") which came into force in the UK on 1 January 2015. The Audit and Risk Committee does however keep these developments under review when determining policy on audit tendering and therefore the Company will seek to comply with the provisions of the Order.

The Company is guided by the EU Audit Regulations and EU Audit Directive to put the external audit out to tender at least every ten years. As this year is the seventh for publishing the Company's Annual Report and the Company has not yet completed a competitive tender process for auditor appointments, the Company is presently minded that it will complete such a tender process in respect of the audit of the financial statements for the year ended 31 December 2020. The Company presently believes that this is in the best interests of shareholders in view of the quality and level of service presently being provided by PwC. Having carried out a review of the performance of PwC for this current financial reporting period, it is currently expected that PwC will remain in office and a resolution to reappoint them for the 2018 audit will therefore be proposed at the AGM.

Audit and Risk Committee Report (continued)

External Audit (continued)

In its assessment of the independence of the external auditor, the Audit and Risk Committee receives details of any relationships between the Company and PwC that may have a bearing on their independence and receives confirmation that the external auditor is independent of the Company.

The Audit and Risk Committee approved the fees for audit services for 2017 after a review of the level and nature of work to be performed, and after being satisfied by PwC that the fees were appropriate for the scope of the work required.

Non Audit Services

To safeguard the objectivity and independence of the external auditor from becoming compromised, the Audit and Risk Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. No material changes have been made to this policy during the year. The external auditor and the Directors have agreed that all non-audit services require the pre-approval of the Audit and Risk Committee prior to commencing any work. Fees for non-audit services are tabled annually so that the Audit and Risk Committee can consider the impact on external auditor's objectivity.

The external auditor was remunerated £115,500 for audit and assurance related services rendered in 2017. Of this amount, £89,500 was in relation to the year-end audit and £26,000 was in relation to the procedures performed in respect to the half-year review. No non-audit services were undertaken by PwC for the Company during the year.

The Audit and Risk Committee is satisfied with the effectiveness of the audit provided by PwC, and is satisfied with their independence. The Audit and Risk Committee has therefore recommended to the Board that PwC be reappointed as external auditor for the year ending 31 December 2018, and to authorise the Directors to determine their remuneration. The auditor, PwC, has indicated willingness to continue in office. Accordingly, a resolution proposing the reappointment of PwC as our external auditor will be put to the shareholders at the 2018 AGM. There are no contractual obligations restricting the Audit and Risk Committee's choice of external auditor and we do not indemnify our external auditor.

Audit and Risk Committee Evaluation

The Audit and Risk Committee's activities formed part of the Board evaluation performed in the year. Details of this process can be found under "Performance evaluation" on pages 27 and 28.

Richard Battey
On behalf of the Audit and Risk Committee

9 April 2018

Management Engagement Committee ("MEC") Report

Membership

Sandra Platts – Chairman	(Independent non-executive Director)
Richard Battey	(Independent non-executive Director)
Rupert Dorey	(Independent non-executive Director)
William Frewen	(Company Chairman and independent non-executive Director)

Key Objectives

To review performance of all service providers (including the Investment Manager).

Responsibilities

- To annually review the performance, relationships and contractual terms of all service providers (including the Investment Manager);
- Review and make recommendations on any proposed amendment to the Investment Management Agreement ("IMA"); and
- To review the performance of, and contractual arrangements with the Investment Manager including:
- Monitor and evaluate the Investment Manager's investment performance and, if necessary providing appropriate guidance;
- To consider whether an independent appraisal of the Investment Manager's services should be made;
- To consider requiring the Investment Manager to provide attribution and volatility analyses and considering whether these should be published;
- Review the level and method of remuneration and the notice period, using peer group comparisons; and
- To ensure that the Investment Manager has a sound system of risk management and internal controls and that these are maintained to safeguard shareholders' investment and the Company's assets.

MEC Meetings

Only members of the MEC and the Secretary have the right to attend MEC meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator may be invited by the MEC to attend meetings as and when appropriate.

Main Activities during the Year

The MEC met once during the year and reviewed the performance, relationships and contractual terms of all service providers as at 15 November 2017 including the Investment Manager. The MEC reviewed the terms of reference for the MEC and recommended to the Board that revised Terms of reference be adopted. The current terms of reference are available on the Company's website www.nbgfrif.com. Furthermore, the MEC reviewed the approaches to cyber security by its service providers and were satisfied that there were no apparent deficiencies in this regard.

In October 2017, the Board undertook a due diligence visit to the offices of the Sub-Administrator in Dublin to review their processes and procedures. The Board were highly satisfied with the performance of the Sub-Administrator and with the systems and internal controls in place.

The Company approved an Amendment Agreement amending the Amended and Restated IMA dated 17 July 2014, on 31 December 2017 in respect of the manufacture of the Company's Key Information Document by the AIFM, MiFID II, anti-money laundering and bribery, cyber security and data protection.

Management Engagement Committee ("MEC") Report (continued)

Continued Appointment of the Investment Manager and other Service Providers

The Board reviews investment performance at each Board meeting and a formal review of all service providers is conducted annually by the MEC.

As a result of the 2017 annual review it is the opinion of the Directors that the continued appointment of the current Investment Manager and other service providers on the terms agreed is in the interest of the Company's shareholders as a whole. The Board considers that the Investment Manager has extensive investment management resources and wide experience in managing investments and is satisfied with the quality and competitiveness of the fee arrangements of the Company's other service providers.

With 2018 marking three years since the last visit, the Board intends to undertake a due diligence visit to the Investment Manager's offices in Chicago in November 2018 to meet a number of personnel and review the investment selection and diligence processes. The Board will use this opportunity to review the fees and performance of the Investment Manager. The Board also intends to undertake a due diligence visit to the Investment Manager's offices in London in May 2018.

Sandra Platts
On behalf of the Management Engagement Committee

9 April 2018

Remuneration and Nomination Committee ("RNC") Report

Membership

Sandra Platts – Chairman	(Independent non-executive Director)
Richard Battey	(Independent non-executive Director)
Rupert Dorey	(Independent non-executive Director)
William Frewen	(Company Chairman and independent non-executive Director)

Key Objectives

To ensure the Board comprises individuals with the necessary skills, knowledge and experience to ensure that it is effective in discharging its responsibilities and oversight of all matters relating to corporate governance, and to review the on-going appropriateness and relevance of the remuneration policy.

Responsibilities

- Determine the remuneration of the Directors;
- Prepare an annual report on Directors' remuneration;
- Considers the need to appoint external remuneration consultants;
- Regularly reviews and makes recommendations in relation to the structure, size and composition of the Board including the diversity and balance of skills, knowledge and experience, and the independence of the non-executive Directors;
- Oversees the performance evaluation of the Board, its committees and individual Directors (see pages 27 and 28);
- Reviews the tenure of each of the non-executive Directors;
- Leads the process for identifying and making recommendations to the Board regarding candidates for appointment as Directors, giving full consideration to succession planning and the leadership needs of the Company;
- Makes recommendations to the Board on the composition of the Board's committees; and
- Is responsible for the oversight of all matters relating to corporate governance, bringing any issues to the attention of the Board.

RNC Meetings

Only members of the RNC and the Secretary have the right to attend RNC meetings. However, representatives of the Investment Manager, Administrator and Sub-Administrator are invited by the RNC to attend meetings as and when appropriate. In the event of matters arising concerning either an individual's membership of the Board or their remuneration, they would absent themselves from the meeting as required and another independent non-executive Director would take the chair if this applied to the RNC Chairman.

Main Activities during the Year

The RNC met once during the year and considered succession planning and replenishment of the Board and reviewed director's remuneration. The RNC also reviewed the results of the external board evaluation and considered that the results provided confirmed the continued appropriateness of the balance of skills, experience, independence and knowledge of the Company.

The terms of reference for the RNC were reviewed and the Board adopted revised terms of reference for the RNC. The current terms of reference remain appropriate and are available on the Company's website at www.nbgfrif.com.

The Board's diversity policy was agreed in March 2012. The Board supports the recommendations of the Davies Report and Hampton-Alexander Review, notes the recommendations of the Parker Review and believes in and values the importance of diversity, including gender, to the effective functioning of the Board. At 31 December 2017, the Board had 25% female representation. The Board continues to focus on encouraging diversity of business skills and experience, recognising that Directors with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Board.

Remuneration and Nomination Committee ("RNC") Report (continued)

Main Activities during the Year (continued)

The RNC reviewed the fees paid to the board of directors of similar investment companies and agreed that the current level of fees remained appropriate. Further, the RNC considered the remuneration policy and agreed that it remained appropriately positioned. A detailed "Directors' Remuneration Report" to shareholders from the RNC on behalf of the Board, is contained on pages 39 to 42.

Sandra Platts

On behalf of the Remuneration and Nomination Committee

9 April 2018

Directors' Remuneration Report

Annual Statement

This report meets the relevant rules of the Listing Rules of the FCA and the AIC Code and describes how the Board has applied the principles relating to Directors' remuneration. An ordinary resolution to receive and approve this report will be proposed at the AGM on 13 June 2018.

Directors' Fees

The Company paid the following fees to the Directors for the year ended 31 December 2017:

	FEES £	OTHER FEES £	TOTAL £	TOTAL US$
William Frewen	45,000	–	45,000	58,186
Richard Battey	40,000	–	40,000	52,128
Rupert Dorey	35,000	–	35,000	45,295
Sandra Platts	40,000	–	40,000	52,128

The Company paid the following fees to the Directors for the year ended 31 December 2016:

	FEES £	OTHER FEES £	TOTAL £	TOTAL US$
William Frewen	45,000	–	45,000	64,043
Richard Battey	40,000	–	40,000	57,145
Rupert Dorey	35,000	–	35,000	50,611
Sandra Platts	40,000	–	40,000	57,145

No other remuneration or compensation was paid or is payable by the Company during the year to any of the Directors, other than reimbursed travel expenses of $6,184 (31 December 2016: $9,721).

Directors' fees for the Luxembourg Subsidiaries amounted to $32,533 for the year ended 31 December 2017 (2016: $31,945). None of the Company's Directors are directors of the Luxembourg subsidiaries.

Please refer to Note 3 for more details on Directors' remuneration.

Changes to the Board

There were no changes to the Board during the year.

Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the RNC and the Board. The RNC considers the remuneration policy annually to ensure that it remains appropriately positioned and takes into account any expected changes in time commitments. Directors will review the fees paid to the boards of directors of similar investment companies. No Director is to be involved in decisions relating to individual aspects of his or her own remuneration, however the Board as a whole sets the level of directors' fees.

No Director has a service contract with the Company and Directors' appointments may be terminated at any time by one month's written notice with no compensation payable at termination.

The Company's policy is for the Directors to be remunerated in the form of fees, payable quarterly in arrears. No Director has any entitlement to a pension, and the Company has not awarded any share options or long-term performance incentives to any of the Directors. No element of the Directors' remuneration is performance related.

Directors are authorised to claim reasonable expenses from the Company in relation to the performance of their duties.

Directors' Remuneration Report (continued)

Remuneration Policy (continued)

The Company's policy is that the fees payable to the Directors should reflect the time commitment required by the Board on the Company's affairs and the level of responsibility borne by the Directors and should be sufficient to enable high calibre candidates to be recruited and be comparable to those paid by similar companies. It is not considered appropriate that director's remuneration should be performance related, and none of the directors are eligible for bonuses, pension benefits, share options, long- term incentive schemes or other benefits in respect of their services as non-executive directors of the Company. During the year ended 2017, the policy was for the Chairman of the Board and Chairman of the other Committees to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Board may amend the level of remuneration paid within the limits of the Company's Articles.

The Company's Articles limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum. The Chairman of the Remuneration and Nomination Committee may consult with principal shareholders of the Company should it be proposed to exceed the aggregate limit.

Directors' Fees Policy

OBJECTIVE	MAXIMUM POTENTIAL OPERATION	PERFORMANCE VALUE	METRICS USED
To recognise time commitment and the level of responsibilities borne and to attract high caliber candidates who have the necessary experience and skills	Directors' fees are set by the Remuneration and Nomination Committee Annual fees are paid quarterly in arrears Fees are reviewed annually and against those for Directors in companies of similar scale and complexity Fees were last reviewed in November 2017 Directors do not receive benefits and do not participate in any incentive or pension plans	Current fee levels are shown in the remuneration report The Company's Articles of Incorporation limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum	Directors are not remunerated based on performance and are not eligible to participate in any performance related arrangements

Statement by the Chairman of the Remuneration and Nomination Committee

In accordance with the directors' remuneration policy, directors' fees were reviewed by the RNC during its meeting in November 2017, when it was recommended that fees should be maintained at the current level. The level of the directors' fees will continue to be reviewed annually by the RNC.

Service Contracts and Policy on Payment for Loss of Office

Directors are appointed with the expectation that they will stand for annual re-election. William Frewen, Richard Battey and Sandra Platts have served since incorporation of the Company. Rupert Dorey was appointed on 1 March 2015. Any Director may resign in writing with one month’s notice to the Board at any time. Directors’ appointments are reviewed during the annual board evaluation.

No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company.

In accordance with the AIC Code William Frewen, Richard Battey, Rupert Dorey and Sandra Platts will offer themselves for re-election by shareholders at the AGM to be held on 13 June 2018. The names and biographies of the Directors holding office at the date of this report are listed on page 18. All of the Directors are subject to annual re-election.

Dates of Directors’ Letters of Appointment

William Frewen, Richard Battey and Sandra Platts were appointed as Directors on 10 March 2011 and Rupert Dorey was appointed a Director on 1 March 2015. Each Director was re-elected at the AGM held on 14 June 2017.

Copies of the Director’s letters of appointment are available for inspection by shareholders at the Company’s Registered Office, and are made available at the AGM. The dates of their letters of appointment are shown below:

	DATE OF LETTER OF APPOINTMENT
William Frewen	10 March 2011
Richard Battey	10 March 2011
Rupert Dorey	1 March 2015
Sandra Platts	10 March 2011

Directors’ Interests

The Company has not set any requirements or guidelines for Directors concerning ownership of shares in the Company. The beneficial interests of the Directors and their connected persons (where applicable) in the Company’s shares are shown in the table below:

	31 DECEMBER 2017 STERLING ORDINARY SHARES	31 DECEMBER 2016 STERLING ORDINARY SHARES
William Frewen	9,895	9,895
Richard Battey	30,077	30,077
Rupert Dorey	20,000	20,000
Sandra Platts	10,069	10,069

Directors' Remuneration Report (continued)

Annual Report on Remuneration

The Company paid the following fees to the Directors for the year ended 31 December 2017.

	BOARD FEE 2017 US$	BOARD FEE 2016 US$	OTHER FEES 2017 US$	OTHER FEES 2016 US$	TOTAL 2017 US$	TOTAL 2016 US$
William Frewen Chairman Member of Audit and Risk Committee Member of Remuneration and Nomination Committee Member of Management Engagement Committee	58,186	64,043	–	–	58,186	64,043
Richard Battey Chairman of the Audit and Risk Committee Member of Remuneration and Nomination Committee Member of Management Engagement Committee	52,128	57,145	–	–	52,128	57,145
Rupert Dorey Member of Remuneration and Nomination Committee Member of Audit and Risk Committee Member of Management Engagement Committee	45,295	50,611	–	–	45,295	50,611
Sandra Platts Chairman of the Remuneration and Nomination Committee Chairman of the Management Engagement Committee Member of Audit and Risk Committee	52,128	57,145	–	–	52,128	57,145
Total	207,737	228,944	-	-	207,737	228,944

The decrease in remuneration for the year ended 31 December 2017 from the year ended 31 December 2016 was solely attributable to changes in foreign exchange rates between GBP and USD.

Advisors to the Remuneration and Nomination Committee

The Remuneration and Nomination Committee has not sought the advice or services by any outside person in respect of its consideration of the Directors' remuneration.

Statement of Voting at AGM

At the last AGM, votes on the remuneration report were cast as follows:

	FOR NUMBER	AGAINST NUMBER	WITHHELD NUMBER
2017 Remuneration Report	882,138,165	336,121	0

Sandra Platts
On behalf of the Remuneration and Nomination Committee

9 April 2018

Directors’ Responsibility Statement

The Directors are responsible for preparing the Financial Statements for each financial year, which give a true and fair view, in accordance with applicable Guernsey Law and accounting principles generally accepted in the United States (”US GAAP”), of the state of affairs of the Company and of the profit or loss for the period. In preparing those Financial Statements, the Directors are required to:

- Select suitable accounting policies and 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 Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the Financial Statements comply with the Law. The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors of the Company have elected to prepare consolidated financial statements for the Company for the year ended 31 December 2017 as the parent of the Group in accordance with Section 244(5) of the Law. They are not required to prepare individual financial statements for NB Global Floating Rate Income Fund Limited in accordance with Section 243 of the Law for the financial year.

So far as the Directors are aware, there is no relevant audit information of which the Company’s auditor is unaware. Each Director has taken all the steps that he or she ought to have taken as a Director, in order to make himself or herself aware of any relevant audit information and to establish that the Company’s auditor is aware of that information.

The Directors confirm to the best of their knowledge that:

- The Financial Statements which have been prepared in conformity with US GAAP give a true and fair view of the assets, liabilities, financial position and loss of the Company, and the undertakings included in the consolidation taken as a whole as required by DTR 4.1.12R and are in compliance with the requirements set out in the Law; and
- The Annual Report includes a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R, which provides an indication of important events and a description of principal risks and uncertainties which face the Company.

The maintenance and integrity of the Company’s website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

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

By order of the Board

William Frewen
Chairman

9 April 2018

Richard Battey
Director

9 April 2018

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NB GLOBAL FLOATING RATE INCOME FUND LIMITED

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of NB Global Floating Rate Income Fund Limited (the "Company") and its subsidiaries (together "the Group") as at 31 December 2017, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of assets and liabilities as at 31 December 2017;
- the consolidated condensed schedule of investments as at 31 December 2017;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of changes in net assets for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

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

Material Uncertainty Related to Going Concern

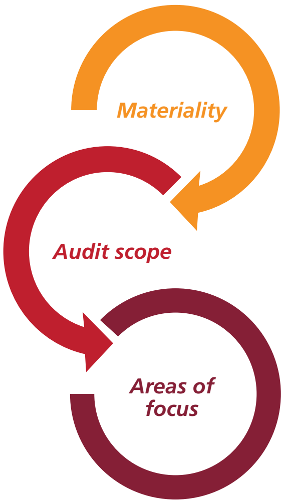
We draw your attention to the going concern disclosures in the Strategic Report on page 16 and to the basis of preparation disclosures in note 2 to the financial statements. These note that the directors are required to propose a resolution that the Company continues its business as a closed-ended investment company at the annual general meeting. If a continuation resolution is not passed, the directors shall put proposals to the shareholders for restructuring or reorganisation of the Company. Our opinion is not modified in respect of this matter.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Overview



Materiality

- Overall Group materiality was $19.6 million which represents approximately 1.5% of overall Group net assets.

Audit scope

- We performed an audit of the complete financial information of the Guernsey and Luxembourg components of the Group.
- The components where we performed full scope audit procedures accounted for 100% of total net assets, net investment income and net realised and unrealised gain/appreciation.

Key audit matters

- Valuation of investments

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Company is based in Guernsey with two underlying subsidiaries located in Luxembourg and engages Neuberger Berman Europe Limited (the "Manager") to manage its assets. The consolidated financial statements are a consolidation of the Company and both of the underlying subsidiaries.

We conducted our audit of the consolidated financial statements from information provided by Quintillion Limited (the "Sub-Administrator") to whom US Bancorp Fund Services (Guernsey) Limited (the "Designated Manager and Administrator") has, with the consent of the directors, delegated the provision of certain administrative functions.

Scoping was performed at the Group level, irrespective of whether the underlying transactions took place within the Company or within either of the subsidiaries. The transactions relating to the Company and the subsidiaries are maintained by the Sub-Administrator on a single consolidated general ledger and therefore we were not required to engage with component auditors from another PwC global network firm operating under our instructions. Our testing was therefore performed on a consolidated basis using thresholds which are determined with reference to the overall Group performance materiality and the risks of material misstatement identified.

We conducted our audit work both in Guernsey and on site at the Sub-Administrator in Dublin and we tailored the scope of our audit taking into account the types of investments within the Group and the involvement of the third parties referred to above, together with their accounting processes and controls.

As noted in the overview, the components of the Group where we performed full scope audit procedures accounted for 100% of Group total net assets, net investment income and net realised and unrealised gain/appreciation.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in

Independent Auditor's Report (continued)

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	$19.6 million (2016: $25.3 million)
How we determined it	1.5% of overall Group net assets (2016: 2.00% of overall Group net assets)
Rationale for the materiality benchmark	We believe overall Group net assets to be the appropriate basis for determining benchmark materiality since the primary consideration for investors is asset preservation, over and above income generation. The key statistic used for periodic reporting to investors is total return, which is a calculation comprising both movements in the valuation of the portfolio and the income generated from the portfolio. We have reduced the overall materiality percentage to 1.5% of Group net assets from 2% in the previous year due to the following: • We have assessed that in view of the present characteristics of the portfolio and current market conditions, there needs to be a tighter level of precision applied. The vast majority of the investments are Level 2 and are capable of being independently re-priced to a range of reliable third party providers with little or no exceptions arising. • In the current market, the portfolio is presently considered to be moderately liquid with some level of subjectivity in the overall valuation process, however this is limited.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $980,000 (2016: $1,266,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investments As detailed in Note (2), the investment portfolio at year end was valued at $1,260.7 million (2016: $1,256.9 million), comprising floating rate senior secured loans of $1,153.6 million (2016: $1,213.9 million), fixed and floating rates bonds of $104.1 million (2016: $43.0 million) and an equity investment of $3.0 million (2016: nil). We focussed on the valuation of this investment portfolio because it represents the principal element of the net asset value as disclosed on the consolidated statement of assets and liabilities.	• The internal control environment in place at the Sub- Administrator over the valuation of the investment portfolio and the production of the net asset value for the Group was understood and evaluated. • We assessed the accounting policy for investment valuation for compliance with accounting standards, performed testing to ensure that the investment valuation had been accounted for in accordance with the stated accounting policy and determined that the accounting policy complied with accounting standards and had been consistently applied. • We tested the valuation of the investment portfolio of floating rate senior secured loans and fixed and floating rate bonds by independently agreeing the prices used in the valuation to a range of third party providers. No misstatements were identified which required reporting to those charged with governance. • Whilst the equity investment is not material, we have inquired of the Investment Manager to understand this investment and how the fair value has been derived. The fair value was agreed by the Investment Manager's pricing committee due to there being no third party price available at year end. • Back testing was performed for a sample of floating rate senior secured loan disposals to compare the sales transaction price to the most recently recorded valuation provided by the third party pricing provider prior to the disposal, which provided additional evidence over the reliability of the valuation data from the third party providers engaged in the valuation process. We also assessed the overall appropriateness of management's decision to engage the specific third party pricing providers to assist with the investment portfolio valuation, based on their competency and objectivity. No matters were noted which required reporting to those charged with governance. • An assessment was made to determine whether the Investment Manager used any estimation techniques in determining the valuation of any securities in the investment portfolio. Apart from the equity investment identified above, we identified no indication that such techniques had been used.

Other information

The directors are responsible for the other information. The other information comprises the company overview section, the financial highlights, the chairman's statement, the investment manager's report, the portfolio information, the strategic report, the directors, the directors report, the corporate governance report, the remuneration and nomination committee report, the directors' remuneration report, the directors responsibilities statement, the alternative investment fund managers directive disclosure and the contact details of the advisers (but does not include the consolidated financial statements and our auditor's report thereon).

Other than as specified in our report, our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report (continued)

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Under The Companies (Guernsey) Law, 2008 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;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

We have nothing to report in respect of the following matters which we have reviewed:

- the directors' statement set out on page 16 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 Group 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 Group'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 Group and the directors' statement in relation to the longer-term viability of the Group. 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; and
- the part of the Corporate Governance Statement relating to the Group's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review.

This report, including the opinion, has been prepared for and only for the 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.

John Roche
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands

9 April 2018

Consolidated Statement of Assets and Liabilities

(EXPRESSED IN U.S. DOLLARS)	NOTES	31 DECEMBER 2017	31 DECEMBER 2016
Assets			
Investments at fair value (2017: cost of $1,254,926,416, 2016: cost of $1,262,575,676)	2	1,260,659,210	1,256,886,223
Cash and cash equivalents, at cost:			
– Sterling		17,933,041	10,271,118
– Euro		35,339,955	20,030,923
– U.S. Dollar		65,322,593	28,527,585
Total cash and cash equivalents		**118,595,589**	**58,829,626**
		1,379,254,799	**1,315,715,849**
Other assets			
Receivables for investments sold		14,202,567	17,394,802
Interest receivable		3,969,819	4,777,061
Other receivables and prepayments		82,017	93,369
Derivative assets, at fair value	2	17,126,844	15,225,146
		35,381,247	**37,490,378**
Total assets		**1,414,636,046**	**1,353,206,227**
Liabilities			
Payables for investments purchased		103,761,885	84,256,725
Payables to Investment Manager and affiliates	3	2,425,237	2,365,325
Accrued expenses and other liabilities	3	377,996	541,645
Total liabilities		**106,565,118**	**87,163,695**
Total assets less liabilities		**1,308,070,928**	**1,266,042,532**
Share capital	6	1,631,170,504	1,690,371,848
Accumulated reserves		(323,099,576)	(424,329,316)
Total net assets		**1,308,070,928**	**1,266,042,532**

The Financial Statements on pages 50 to 73 were approved and authorised for issue by the Board of Directors on 9 April 2018, and signed on its behalf by:

William Frewen
Chairman

Richard Battey
Director

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments

AS AT 31 DECEMBER 2017 (EXPRESSED IN U.S. DOLLARS)	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Portfolio of investments			
Financial investments			
- Floating rate senior secured loans	1,150,941,811	1,153,605,182	88.19%
- Fixed rate bonds	75,778,511	76,383,520	5.84%
- Floating rate bonds	25,466,082	27,703,528	2.12%
- Equity	2,740,012	2,966,980	0.23%
Total financial investments	**1,254,926,416**	**1,260,659,210**	**96.38%**

Total portfolio of investments			**%**
Forwards			
– Euro to Sterling	–	(8,488)	0.00%
– Euro to U.S. Dollar	–	38,718	0.01%
– Sterling to U.S. Dollar	–	21,103,377	1.61%
– U.S. Dollar to Euro	–	(1,665,036)	(0.13%)
– U.S. Dollar to Sterling	–	(2,341,727)	(0.18%)
		17,126,844	**1.31%**

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Geographic diversity of investment portfolio			
Middle East and Asia	4,581,350	4,646,248	0.36%
Australia/Oceania	2,491,774	2,490,583	0.19%
Caribbean	17,258,332	18,957,522	1.45%
North America	1,056,534,586	1,055,656,555	80.70%
Europe	174,060,374	178,908,302	13.68%
	1,254,926,416	**1,260,659,210**	**96.38%**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

AS AT 31 DECEMBER 2016 (EXPRESSED IN U.S. DOLLARS)	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Portfolio of investments			
Financial investments			
– Floating rate senior secured loans	1,220,170,197	1,213,873,452	95.88%
– Fixed rate bonds	6,416,388	6,410,344	0.51%
– Floating rate bonds	35,989,091	36,602,427	2.89%
Total financial investments	**1,262,575,676**	**1,256,886,223**	**99.28%**
Total portfolio of investments	**1,262,575,676**	**1,256,886,223**	**99.28%**
Forwards			
- U.S. Dollar to Euro	–	4,074,462	0.32%
- Sterling to U.S. Dollar	–	11,564,568	0.91%
- U.S. Dollar to Sterling	–	(148,744)	(0.01%)
- Euro to Sterling	–	(94,613)	(0.01%)
- Euro to U.S. Dollar	–	(170,527)	(0.01%)
		15,225,146	**1.20%**

	COST	FAIR VALUE	FAIR VALUE AS % OF NET ASSETS
Geographic diversity of investment portfolio			
North America	1,119,704,474	1,119,421,012	88.42
Australia/Oceania	4,070,889	4,148,949	0.33
Europe	138,800,313	133,316,262	10.53
	1,262,575,676	**1,256,886,223**	**99.28**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

(EXPRESSED IN U.S. DOLLARS)

INDUSTRY DIVERSITY OF INVESTMENT PORTFOLIO	31 DECEMBER 2017 COST	31 DECEMBER 2017 FAIR VALUE	31 DECEMBER 2016 COST	31 DECEMBER 2016 FAIR VALUE
Aerospace & Defence	7,000,031	7,016,572	6,010,397	6,072,357
Air Transport	12,813,827	12,802,450	14,994,162	15,097,483
Automotive	15,975,793	16,104,745	13,099,656	13,154,487
Broadcast Radio & Television	36,591,985	34,339,674	30,573,209	27,289,619
Business Equipment & Services	129,512,207	129,472,705	150,945,338	150,244,072
Building & Development	45,151,072	45,308,707	44,749,026	45,156,117
Cable & Satellite Television	86,518,053	87,734,803	85,850,028	83,782,756
Chemicals & Plastics	33,454,899	33,924,501	28,161,440	28,123,140
Clothing & Textiles	1,763,625	1,805,703	–	–
Conglomerates	2,443,160	2,442,507	3,200,104	3,202,547
Containers & Glass Products	54,942,556	55,781,506	81,055,964	81,141,060
Cosmetics/Toiletries	6,331,452	6,337,574	–	–
Drugs	47,960,635	48,958,391	69,848,569	70,837,534
Ecological Services & Equipment	13,187,726	13,406,097	10,761,054	10,897,919
Electronics/Electrical	111,105,196	110,356,833	107,678,600	106,903,155
Energy	–	–	2,241,650	2,289,800
Equipment Leasing	10,574,399	10,547,065	2,264,131	2,269,040
Financial Intermediaries	40,964,150	42,867,629	63,967,235	64,387,402
Food Products	8,131,866	7,641,742	21,853,184	20,349,684
Food Service	26,144,274	26,748,805	22,181,347	22,640,245
Food/Drug Retailers	14,358,878	13,688,605	11,386,389	11,250,561
Health Care	83,952,745	84,557,519	89,463,601	88,429,140
Hotels & Casinos	89,721,042	91,849,405	76,179,702	78,303,694
Industrial Equipment	50,340,112	50,407,511	50,180,235	49,284,624
Insurance	8,145,635	8,229,494	8,009,796	8,100,203
Leisure Goods/Activities/Movies	39,660,986	40,128,536	38,591,122	38,979,267
Nonferrous Metals & Minerals	3,311,450	3,373,236	–	–
Oil & Gas	32,137,037	31,670,104	15,787,271	17,026,476
Publishing	7,950,033	7,945,289	5,423,978	5,503,203
Real Estate	–	–	844,138	844,544
Retailers (except food/ drug retailers)	37,075,412	36,576,648	62,415,601	60,059,477
Steel	13,549,679	13,819,646	11,535,856	11,669,916
Surface Transport	9,014,338	9,110,123	6,893,898	6,914,697
Telecommunications	98,094,930	97,717,570	56,584,506	55,980,742
Utilities	77,047,233	77,987,515	69,844,489	70,701,262
	1,254,926,416	**1,260,659,210**	**1,262,575,676**	**1,256,886,223**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments (CONTINUED)

As at 31 December 2017, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE	% OF NAV
Valeant Pharmaceuticals			**19,827,950**	**1.52%**
Valeant Pharmaceuticals T/L - F1	Canada	Drugs	10,126,512	0.77%
Valeant Pharmaceuticals 7.000% 03/15/24 SR:144A	Canada	Drugs	3,659,400	0.28%
Valeant Pharmaceuticals 6.500% 03/15/22 SR:144A	Canada	Drugs	3,554,250	0.28%
Valeant Pharmaceuticals 5.500% 11/01/25 SR:REGS	Canada	Drugs	1,597,475	0.12%
Valeant Pharmaceuticals 5.500% 11/01/25 SR:REGs	Canada	Drugs	890,313	0.07%
First Data Corporation			**15,530,322**	**1.19%**
First Data Corp 1L T/L	United States	Business Equipment & Services	15,530,322	1.19%
Intelsat Jackson			**14,580,803**	**1.12%**
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	Telecommunications/Cellular Communications	11,071,608	0.85%
Intelsat 1L T/L-B5	Luxembourg	Telecommunications/Cellular Communications	3,508,884	0.27%
Centurylink			**14,302,267**	**1.09%**
CenturyLink 1L T/L-B	United States	Telecommunications/Cellular Communications	14,302,267	1.09%
Vistra			**13,629,016**	**1.05%**
Vistra Operations Co 1L TL-B	United States	Utilities	11,577,380	0.89%
Vistra Operations Co 1L TL-C	United States	Utilities	2,051,636	0.16%
Wide Open West			**13,503,780**	**1.03%**
Wide Open West 1L T/L-B	United States	Cable & Satellite Television	13,503,780	1.03%
Total			**91,373,827**	**7.00%**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments

As at 31 December 2016, issuers with the following investments comprised of greater than 1% of NAV (Excluding cash):

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE	%
Valeant Pharmaceuticals			**33,740,844**	**2.67%**
Valeant Pharmaceuticals T/L - F1	Canada	Drugs	33,740,844	2.67%
First Data Corporation			**25,146,475**	**1.98%**
First Data T/L (2021C New Dollar)	United States	Business Equipment & Services	19,811,573	1.56%
First Data 2022 C Dollar T/L	United States	Business Equipment & Services	5,334,902	0.42%
TXU			**19,703,064**	**1.55%**
TXU/TCEH 10/16 Cov-Lite TLB	United States	Utilities	11,768,911	0.93%
TXU Energy 1L TL-DIP	United States	Utilities	5,250,015	0.41%
TXU/TCEH 10/16 Cov-Lite TLC	United States	Utilities	2,684,138	0.21%
Avago Technologies			**18,738,885**	**1.48%**
Avago Technologies Tl	Cayman Islands	Electronics/Electrical	18,738,885	1.48%
CHS/Community Health Incremental			**16,637,580**	**1.32%**
CHS/Community Health Incremental 2021 Term H Loan	United States	Health Care	9,502,553	0.75%
CHS/Community Health Incremental 2019 Term G Loan	United States	Health Care	6,043,947	0.48%
CHS/Community Health Community Health Systems 1L TL-F1 (First-Lien)	United States	Health Care	1,091,080	0.09%
Energy Transfer Equity			**15,510,094**	**1.23%**
Energy Transfer Equity Tranche B T/L (First-Lien)	United States	Oil & Gas	10,103,973	0.80%
Energy Transfer Equity T/L C 12/02/2019	United States	Oil & Gas	5,406,121	0.43%
Intelsat Jackson			**14,692,419**	**1.16%**
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	Telecommunications	14,692,419	1.16%
Information Resources			**13,731,458**	**1.08%**
Information Resources Inc. T/L B 26/09/2020	United States	Business Equipment & Services	8,664,989	0.68%
Information Resources Inc. (Symphony IRI Group Inc.)	United States	Business Equipment & Services	5,066,469	0.40%
Endo Pharma			**13,489,003**	**1.07%**
Endo Pharma T/L B-1	United States	Drugs	13,489,003	1.07%
Bass Pro Shops			**12,676,368**	**1.00%**
Bass Pro Shops 1L TL-B	United States	Retailers (except Food/ Drug Retailers)	8,543,700	0.67%
Bass Pro Shops Tranche B-1 T/L (First-Lien)	United States	Retailers (except Food/ Drug Retailers)	4,132,668	0.33%
Reynolds Group			**12,641,463**	**1.00%**
Reynolds Group (Aka Beverage Packaging) T/L B-1 1st Lien	United States	Containers & Glass Products	12,641,463	1.00%
Total			**196,707,653**	**15.54%**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments

As at 31 December 2017, the below were the largest 50 investments based on the NAV:

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE $	%
First Data Corp 1L T/L	United States	Business Equipment & Services	15,530,322	1.19%
CenturyLink 1L T/L-B	United States	Telecommunications/Cellular Communications	14,302,267	1.09%
Wide Open West 1L T/L-B	United States	Cable & Satellite Television	13,503,780	1.03%
Endo Pharma 1L T/L-B	United States	Drugs	11,584,710	0.89%
Vistra Operations Co 1L TL-B	United States	Utilities	11,577,380	0.89%
Rackspace T/L B (11/17)	United States	Electronics/Electrical	11,165,887	0.85%
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	Telecommunications/Cellular Communications	11,071,608	0.85%
Valeant Pharmaceuticals T/ L - F1	Canada	Drugs	10,126,512	0.77%
Formula One Hldgs Ltd T/L 31/07/2021	Luxembourg	Leisure Goods/Activities/Movies	9,856,990	0.75%
TPF II Power LLC T/L B 11/09/2021	United States	Utilities	9,662,015	0.74%
Univision Communications Inc 1L T/L-C5	United States	Broadcast Radio and Television	9,595,771	0.73%
Pharmaceutical Product 5/17 Cov-Lite T/L	United States	Drugs	9,568,692	0.73%
Sprint Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	9,545,648	0.73%
Cowlitz Tribal Gaming Authority Term Loan B	United States	Hotels & Casinos	9,349,275	0.72%
Reynolds Group 1/17 (USD) T/L	United States	Containers & Glass Products	9,127,606	0.70%
Dynegy Holdings Inc 1L	United States	Utilities	8,940,407	0.68%
Syniverse Holdings T/L 10/04/2019	United States	Telecommunications/Cellular Communications	8,911,639	0.68%
Scientific Games Corp 1L T/L-B4	United States	Hotels & Casinos	8,724,242	0.67%
Nielsen Business Media 1L T/L-B	United States	Leisure Goods/Activities/Movies	8,460,089	0.65%
Dell 1L T/L-B	United States	Electronics/Electrical	8,458,313	0.65%
Milacron LLC 1L T/L-B	United States	Industrial Equipment	8,373,966	0.64%
Berlin Packaging 5/17 TLB	United States	Containers & Glass Products	8,124,799	0.62%
Twin River Mgt Grp T/L B 1L 30/06/2020	United States	Hotels & Casinos	7,912,481	0.60%
DTZ Term B	United States	Building & Development	7,857,372	0.60%
Datatel-Sophia LP 1L T	United States	Electronics/Electrical	7,824,145	0.60%
Presidio 1L T/L	United States	Business Equipment & Services	7,680,781	0.59%
Crosby Worldwide Ltd T/L 06/11/2020	United States	Industrial Equipment	7,518,725	0.57%
Bass Pro 1L T/L-B	United States	Retailers (except food and drug)	7,502,883	0.57%
Cumulus Media Holdings T/L B 18/12/2020	United States	Broadcast Radio and Television	7,038,134	0.54%
Transdigm Inc 1L T/L-F ADD ON	United States	Aerospace & Defence	7,016,572	0.54%
Team Health Inc 1L T/L-B	United States	Health Care	6,876,720	0.53%
TXU Energy 1L T/L	United States	Utilities	6,804,531	0.52%
Grifols Worldwide 1L T/L-B	Spain	Health Care	6,785,853	0.52%
Frontier Communications 1L T/L-B	United States	Telecommunications/Cellular Communications	6,717,576	0.51%
Nautilus Power 1L T/L-B	United States	Utilities	6,708,928	0.51%
Virgin Media (fka NTL Investment Holdings Ltd) 1L TL-L GBP	United Kingdom	Cable & Satellite Television	6,586,834	0.50%
Verallia SA EUR 1L T/L	France	Containers & Glass Products	6,558,310	0.50%
Multiplan Inc. T/L B	United States	Health Care	6,546,082	0.50%
Berry Plastics 1L T/L-M	United States	Containers & Glass Products	6,378,898	0.49%
Avolon 1L T/L-B	Ireland	Equipment Leasing	6,376,086	0.49%
Energy Transfer Equity (First-Lien)	United States	Oil & Gas	6,207,513	0.48%
BMC Software EUR 1L T/L EUR	United States	Electronics/Electrical	6,178,939	0.47%
Seaworld 1L T/L-B5	United States	Leisure Goods/Activities/Movies	6,173,290	0.47%
Doosan Infracore 1L T/L-B	United States	Industrial Equipment	6,140,892	0.47%
Staples Inc 1L T/L	United States	Retailers (except food and drug)	6,127,752	0.47%
Garda World Security	Canada	Business Equipment & Services	6,062,215	0.46%
Advant Sal&Markt T/L B DD 11/07/2021	United States	Business Equipment & Services	6,038,198	0.46%
Acosta Holdco Inc T/L 13/08/2021	United States	Business Equipment & Services	5,940,611	0.45%
Grosvenor 1L TLB (08/16)	United States	Financial Intermediaries	5,844,783	0.45%
Mallinckrodt International 1L T/L-B	United States	Drugs	5,837,114	0.45%
			412,804,136	**31.56%**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Condensed Schedule of Investments

As at 31 December 2016, the below were the largest 50 investments based on the NAV:

SECURITIES	COUNTRY	INDUSTRY	FAIR VALUE $	%
Valeant Pharmaceuticals T/L - F1	Canada	Drugs	33,740,844	2.67%
First Data T/L (2021C New Dollar)	United States	Business Equipment & Services	19,811,573	1.56%
Avago Technologies Tl	Cayman Islands	Electronics/Electrical	18,738,885	1.48%
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	Telecommunications/Cellular Communications	14,692,419	1.16%
Endo Pharma T/L B-1	United States	Drugs	13,489,003	1.07%
Reynolds Group (Aka Beverage Packaging) T/L B-1 1St Lien	United States	Containers & Glass Products	12,641,463	1.00%
Emerald Expositions Hldg Tl B 12/06/2020	United States	Leisure Goods/Activities/Movies	12,280,768	0.97%
TXU/Tceh 10/16 Cov-Lite Tlb	United States	Utilities	11,768,911	0.93%
Scientific Games T/L B-2 17/09/2021	United States	Hotels & Casinos	11,271,791	0.89%
Petsmart Inc 1L Tl-B (First Lien)	United States	Retailers (except food/drug retailers)	11,005,905	0.87%
Iasis Hlthcare Corp T/L B 03/05/2018	United States	Health Care	10,732,579	0.85%
Cablevision Systems Corp 1L Tl-B (First-Lien)	United States	Cable & Satellite Television	10,217,556	0.81%
Energy Transfer Equity Tranche B T/L (First-Lien)	United States	Oil & Gas	10,103,973	0.80%
Burger King Corporation Term B (First-Lien) 30/09/2021	Canada	Food Service	9,968,943	0.79%
Dynegy Holdings Inc 1L Tl-B	United States	Utilities	9,928,505	0.78%
Univision Communication T/L C 01/03/2020	United States	Broadcast Radio & Television	9,895,718	0.78%
Pharmaceutical Product Development Inc. T/L B	United States	Drugs	9,757,039	0.77%
Charter Communications Operating 5/16 Tli	United States	Cable & Satellite Television	9,592,959	0.76%
Wide Open West Finance Llc 1L Tl-B	United States	Cable & Satellite Television	9,507,862	0.75%
Chs/Community Health Incremental 2021 Term H Loan	United States	Health Care	9,502,553	0.75%
Presidio Inc T/L B	United States	Business Equipment & Services	9,442,600	0.75%
Tpf Ii Power Llc T/L B 11/09/2021	United States	Utilities	9,236,910	0.73%
99 Cents Only Stores T/L 11/01/2019	United States	Retailers (except food/drug retailers)	9,216,903	0.73%
Walter Inv Mang Corp New T/L 11/12/2020	United States	Financial Intermediaries	9,056,480	0.72%
Cowlitz Tribal Gaming Authority Term Loan B	United States	Hotels & Casinos	8,992,913	0.71%
On Semiconductor 1L Tl B	United States	Electronics/Electrical	8,748,268	0.69%
Bway Corporation 1L Tl-B (First-Lien)	United States	Containers & Glass Products	8,735,720	0.69%
Information Res Inc T/L B 26/09/2020	United States	Business Equipment & Services	8,664,989	0.68%
Formula One Hldgs Ltd T/L 31/07/2021	Luxembourg	Leisure Goods/Activities/Movies	8,634,970	0.68%
Verallia Sa 1L Tl-B Eur	France	Containers & Glass Products	8,585,594	0.68%
Bass Pro Shops 1L Tl-B	United States	Retailers (except food /drug retailers)	8,543,700	0.67%
Level 3 Communications T/L B4 15/01/2020	United States	Telecommunications/Cellular Communications	8,471,719	0.67%
Berlin Pckg 1St Ln Cov-Lt T/L 24/09/2021	United States	Containers & Glass Products	8,220,577	0.65%
HCA Inc. Term Loan B	United States	Health Care	8,213,308	0.65%
Michaels Stores T/L B1	United States	Retailers (except food/drug retailers)	8,191,333	0.65%
Twin River Mgt Grp T/L B 1L 30/06/2020	United States	Hotels & Casinos	8,133,685	0.64%
Dtz Term B	United States	Building & Development	8,088,336	0.64%
Datatel-Sophia Lp Tl B (First-Lien)	United States	Electronics/Electrical	8,040,274	0.64%
Syniverse Holdings T/L 10/04/2019	United States	Telecommunications/Cellular Communications	7,921,118	0.63%
Talen Energy Supply Llc 4.625% 07/15/19 Sr:144A	United States	Utilities	7,598,950	0.60%
Zebra Technologies 1L T-B (First-Lien)	United States	Electronics/Electrical	7,523,920	0.59%
Berry Plastics Tl	United States	Containers & Glass Products	7,391,542	0.58%
Dj Orthopedics Llc Tranche B-1 T/L (First-Lien)	United States	Health Care	7,013,498	0.55%
Multiplan Inc. T/L B	United States	Health Care	7,004,501	0.55%
Jeld-Wen Inc T/L 1 Usd	United States	Building & Development	6,884,458	0.54%
Acosta Holdco Inc T/L 13/08/2021	United States	Business Equipment & Services	6,679,632	0.53%
Rexnord Corp 1L Tl-B	United States	Industrial Equipment	6,592,044	0.52%
Husky Injection Molding T/L 30/06/2021	Canada	Industrial Equipment	6,587,802	0.52%
Citycenter Holdings Llc T/L B 09/10/2020	United States	Hotels & Casinos	6,583,301	0.52%
Dell T/L B	United States	Electronics/Electrical	6,551,149	0.52%
			498,199,443	**39.36%**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Statement of Operations

(EXPRESSED IN U.S. DOLLARS)	1 JANUARY 2017 TO 31 DECEMBER 2017	1 JANUARY 2016 TO 31 DECEMBER 2016
Income		
Interest income (net of withholding taxes, 2017: $Nil; 2016: $Nil)	55,373,601	67,802,475
Other income from investments	1,054,236	1,047,152
Total income	**56,427,837**	**68,849,627**
Expenses		
Investment management and services	9,688,487	10,664,024
Administration and professional fees	2,036,172	2,544,696
Directors' fees and travel expenses	246,100	258,827
Total expenses	**11,970,759**	**13,467,547**
Net investment income	**44,457,078**	**55,382,080**
Realised and unrealised gains and losses		
Net realised gain/(loss) on investments	2,767,227	(52,229,039)
Net realised gain/(loss) on derivatives	85,369,914	(288,288,255)
Total net realised gain/(loss)	**88,137,141**	**(340,517,294)**
Net change in unrealised appreciation on investments	11,422,246	97,557,925
Net change in unrealised appreciation on derivatives	1,901,698	48,360,316
Total net unrealised appreciation	**13,323,944**	**145,918,241**
Realised and unrealised gain/(loss) on foreign currency	1,112,603	(2,123,380)
Net realised and unrealised gain/(loss)	**102,573,688**	**(196,722,433)**
Net increase/(decrease) in net assets resulting from operations	**147,030,766**	**(141,340,353)**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Statement of Changes in Net Assets

FOR THE YEAR ENDED 31 DECEMBER 2017 (EXPRESSED IN U.S. DOLLARS)	VALUE
Net assets as at 1 January 2017	**1,266,042,532**
Dividends	(45,801,025)
Net movement from share buybacks and swaps	(59,201,345)
Net increase in net assets resulting from operations	147,030,766
Net assets as at 31 December 2017	**1,308,070,928**

31 DECEMBER 2016 (EXPRESSED IN U.S. DOLLARS)	VALUE
Net assets as at 1 January 2016	**1,714,972,853**
Dividends	(63,223,857)
Net movement from share buybacks and swaps	(244,366,111)
Net decrease in net assets resulting from operations	(141,340,353)
Net assets as at 31 December 2016	**1,266,042,532**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2017 (EXPRESSED IN U.S. DOLLARS)	**1 JANUARY 2017 TO 31 DECEMBER 2017**	**1 JANUARY 2016 TO 31 DECEMBER 2016**
Cash flows from operating activities:		
Net increase/(decrease) in net assets resulting from operations	147,030,766	(141,340,353)
Adjustment to reconcile net increase/(decrease) in net assets resulting from operations to net cash (used in)/provided by operating activities:		
Net realised (gain)/loss on investments	(2,767,227)	52,229,039
Net change in unrealised appreciation on investments and derivatives	(13,323,944)	(145,918,242)
Net change in unrealised gain/(loss) on translation of assets and liabilities	1,112,603	(2,123,380)
Changes in receivables for investments sold	3,192,235	22,043,853
Changes in interest receivable	807,242	2,240,939
Changes in other receivables and prepayments	11,352	(18,680)
Changes in payables for investments purchased	19,505,160	(4,585,958)
Changes in payables to Investment Manager and affiliates	59,912	(1,012,887)
Changes in accrued expenses and other liabilities	(163,649)	(805,310)
Purchase of investments	(892,781,629)	(981,314,788)
Sale of investments	903,198,115	1,484,766,986
Net cash provided by operating activities	**165,880,936**	**284,161,219**
Cash flows from financing activities:		
Net movement from share buybacks and swaps	(59,201,345)	(244,366,111)
Dividends paid	(45,801,025)	(63,223,857)
Net cash used in financing activities	**(105,002,370)**	**(307,589,968)**
Effect of exchange rate changes on cash	(1,112,603)	2,123,380
Net increase/(decrease) in cash and cash equivalents	**59,765,963**	**(21,305,369)**
Cash and cash equivalents at beginning of the year	58,829,626	80,134,995
Cash and cash equivalents at end of the year	**118,595,589**	**58,829,626**

The accompanying notes on pages 61 to 73 form an integral part of the Consolidated Financial Statements

Notes to the Audited Consolidated Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 1 – DESCRIPTION OF BUSINESS

The Company is a closed-ended investment company incorporated and registered in Guernsey with registered number 53155. It is a non-cellular company limited by shares and has been declared by the Guernsey Financial Services Commission to be a registered closed-ended collective investment scheme. On 20 April 2011, the Company was admitted to the Official List of the U.K. Listing Authority with a premium listing trading on the Main Market of the LSE.

On 30 September 2011, the Company raised an additional $187 million by means of a Placing and Offer for Subscription of C Shares and the shares were admitted to trading on the Main Market of the LSE on 5 October 2011. On 21 March 2013 and 24 October 2013, the Company raised an additional $550 million and $705 million by means of a Placing and Offer for Subscription of C Shares and the shares were admitted to trading on the Main Market of the LSE on 26 March 2013 and 29 October 2013 respectively. On 22 July 2013, through a tap issue, the Company raised gross proceeds of $69 million. The Sterling C Shares issued on 21 March 2013 were converted into 360,521,605 Sterling Ordinary Shares on 16 July 2013 and the Sterling C Shares issued on 24 October 2013 were converted into 421,103,481 Sterling Ordinary Shares on 21 January 2014.

At the AGM of the Company held in June 2017, the Directors were granted the general authority to purchase in the market up to 14.99% of the Ordinary Shares of each class in issue (as at 14 June 2017). This authority will expire at the next AGM in 2018. Pursuant to this authority, and subject to the Law and the discretion of the Directors, the Company may purchase shares of any of its classes in the market on an on-going basis with a view to addressing any imbalance between the supply of and demand for such shares, thereby increasing the NAV per share of the shares and assisting in managing the discount to NAV per share of the shares in relation to the price at which the shares of such class may be trading.

As required under Article 51 of the Company's Articles of Incorporation, an Extraordinary General Meeting ("EGM") was convened on 5 April 2017, being the sixth anniversary of the IPO admission date, to propose an ordinary resolution that the Company continues its business as a closed-ended investment company, which was duly passed. From 2018, a continuation vote will be proposed annually at the AGM.

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst preserving the capital value of its investment portfolio, utilising the investment skills of the Investment Manager to pursue its investment objective. The Company invests mainly in floating rate senior secured loans issued in U.S. Dollars, Sterling and Euros by primarily North American and European Union corporations, partnerships and other business issuers. These loans will at the time of investment often be non-investment grade. The Company considers debt instruments to be non-investment grade if, at the time of investment, they are rated below the four highest categories (AAA, AA, A and BAA) by at least two independent credit rating agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

For the purposes of efficient portfolio management, the Company has established a wholly-owned Luxembourg incorporated subsidiary, NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. All references to the Company in this document refer to the Company and its wholly owned Luxembourg subsidiaries. The directors of these companies are unrelated to the Directors of the Company. A representative of the Investment Manager was appointed as a director of NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. and NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. in January 2018.

The Company's share capital is denominated in Pound Sterling and U.S. Dollars and consists of Pound Sterling Ordinary Shares and U.S. Dollar Ordinary Shares as at 31 December 2017.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying Consolidated Financial Statements have been presented on a going concern basis and in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The Company is regarded as an Investment Company and it follows the accounting and reporting requirements of the Financial Accounting Standards Board Accounting Standards ("FASB") Codification ("ASC") Topic946 ("ASC946"). The Board believes that the underlying assumptions are appropriate and that the Company's Consolidated Financial Statements therefore present a true and fair financial position.

The Directors have undertaken a rigorous review of the Company's ability to continue as a going concern including reviewing the on-going cash flows and the level of cash balances as of the reporting date as well as taking into consideration the continuation vote on page 16. After making enquiries of the Investment Manager and the Sub-Administrator, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least one year from the date these financial statements were signed. Accordingly, the Directors continue to adopt a going concern basis in preparing these financial statements.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The Financial Statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings as at 31 December 2017. The subsidiaries are NB Global Floating Rate Income Fund (Lux) 1 S.à.r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. The Company and all its wholly owned subsidiaries have US Dollars as their functional and reporting currency. The results of the subsidiary undertakings are included in the Consolidated Statement of Operations.

All intra-group balances, transactions, income and expenses are eliminated in full.

(a) Use of estimates

The preparation of Financial Statements in conformity with US GAAP requires that the Directors make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Such estimates and associated assumptions are generally based on historical experience and various other factors that are believed to be reasonable under the circumstances, and form the basis of making the judgments about attributing values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from such accounting estimates in amounts that may have a material impact on the financial information of the Company.

(b) Revenue recognition

Interest earned on debt instruments is accounted for net of applicable withholding taxes and is recognised as income over the terms of the loans. Discounts received or premiums paid in connection with the acquisition of loans are amortised into interest income using the effective interest method over the contractual life of the related loan. If a loan pays off prior to maturity, the recognition of the fees and costs is accelerated as appropriate. The Company raises a provision when the collection of interest is deemed doubtful.

(c) Cash and cash equivalents

The Company's cash and cash equivalents comprise cash in hand and demand deposits and highly liquid investments with original maturities of less than 90 days that are both readily convertible to known amounts of cash and so near maturity that they represent insignificant risk of changes in value.

(d) Foreign Currency translation

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are translated into U.S. Dollar equivalents using spot rates as at the reporting year end date. On initial recognition, a foreign currency transaction is recorded and translated at the spot exchange rate at the transaction date. Non-monetary assets and liabilities are translated at the historic exchange rate. There were no non-monetary assets held during the year. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. The rates of exchange against U.S. Dollars at 31 December 2017 were 1.35275 USD: 1GBP and 1.20080 USD: 1EUR (31 December 2016 were 1.23565 USD: 1GBP and 1.05475 USD: 1EUR).

(e) Fair Value of Financial Instruments and derivatives

A financial instrument is defined by FASB ASC 825, Disclosures about Fair Value of Financial Instruments, as cash, evidence of an ownership interest in an entity, or a contract that creates a contractual obligation or right to deliver to or receive cash or another financial instrument from a second entity on potentially favourable terms. Fair value estimates are made at a discrete point in time, based on relevant market data, information about the financial instruments, and other factors.

Fair value was determined using available market information and appropriate valuation methodologies. Estimates of fair value of financial instruments without quoted market prices are subjective in nature and involve various assumptions and estimates that are matters of judgment. Accordingly, fair values are not necessarily indicative of the amounts realised on disposition of financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

The following estimates and assumptions were used at 31 December 2017 to estimate the fair value of each class of financial instruments:

- Valuation of financial investments – The loans and bonds are valued at bid price. The Investment Manager believes that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company. Equity investments are carried at fair value as determined by the Investment Manager.
- Cash and cash equivalents – The net realisable value is a reasonable estimate of fair value due to the short-term nature of these instruments.
- Receivables for investments sold – The net realisable value reasonably approximates fair value as they reflect the value at which investments are sold to a willing buyer and settlement period on their balances is short term.
- Interest receivables – The net realisable value reasonably approximates fair value.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Fair Value of Financial Instruments and derivatives

- Other receivables – The net realisable value reasonably approximates fair value.
- Derivatives – The Company estimates fair values of derivatives based on the latest available forward exchange rates.
- Payables for investments purchased – The net realisable value reasonably approximates fair value as they reflect the value at which investments are purchased from a willing seller and settlement period on their balances is short term.
- Payables to the Investment Manager and affiliates – The net realisable value reasonably approximate fair value
- Accrued expenses and other liabilities – The net realisable value reasonably approximates fair value.

A fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value is established under FASB ASC Topic 820. The objective of a fair value measurement is to determine 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 (an exit price). Accordingly, the fair value hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3). The levels of the fair value hierarchy under FASB ASC Topic 820-10-35-39 to 55 are as follows:

The guidance establishes three levels of the fair value hierarchy as follows:

Level 1: Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs used in the determination of the fair value require significant management judgement or estimation.

The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following table details the Company's financial instruments that were accounted for at fair value as at 31 December 2017.

FINANCIAL INSTRUMENTS AT FAIR VALUE AS AT 31 DECEMBER 2017

FINANCIAL INVESTMENTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Floating rate senior secured loans		(1,124,902,958)	28,702,224	1,153,605,182
Fixed rate bonds/corporate loans		(74,668,170)	1,715,350	76,383,520
Floating rate bonds/corporate loans		(27,703,528)	–	27,703,528
Equity		–	2,966,980	2,966,980
Total financial investments		**1,227,274,656**	**33,384,554**	**1,260,659,210**

	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Balance at start of the year		1,204,755,476	52,130,747	1,256,886,223
Purchases during the year[1]		1,271,130,541	29,275,154	1,300,405,695
Sales during the year[1]		(1,279,077,012)	(31,745,168)	(1,310,822,180)
Realised loss on investments		4,690,167	(1,922,940)	2,767,227
Unrealised gain on revaluation		11,533,556	(111,311)	11,422,245
Transfer from Level 2 to Level 3		(35,590,955)	35,590,955	–
Transfer from Level 3 to Level 2		49,832,883	(49,832,883)	–
Balance at end of the year		**1,227,274,656**	**33,384,554**	**1,260,659,210**

1 Included in this figure is $407,624,065 of non-cash transactions. These arose due to the repricing and restructuring of certain investments during the year. These have also been excluded from the sales and purchases in the cash flow statement on page 60.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL ASSETS	NUMBER OF CONTRACTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Derivatives (for hedging purposes only)	42	–	17,126,844	–	17,126,844
FINANCIAL LIABILITIES					
Derivatives (for hedging purposes only)	42	–	–	–	–
Total	**84**	**–**	**17,126,844**	**–**	**17,126,844**

FINANCIAL INVESTMENTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Floating rate senior secured loans	–	1,161,742,705	52,130,747	1,213,873,452
Fixed rate bonds/corporate loans	–	6,410,344	–	6,410,344
Floating rate bonds/corporate loans	–	36,602,427	–	36,602,427
Total financial investments	**–**	**1,204,755,476**	**52,130,747**	**1,256,886,223**

	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Balance at start of the year	–	1,669,812,289	45,197,246	1,715,009,535
Purchases during the year	–	950,168,859	31,145,929	981,314,788
Sales during the year	–	(1,453,052,585)	(31,714,401)	(1,484,766,986)
Realised loss on investments	–	(46,603,485)	(5,625,554)	(52,229,039)
Unrealised gain on revaluation	–	86,491,473	11,066,452	97,557,925
Transfer from Level 2 to Level 3	–	(54,881,616)	54,881,616	–
Transfer from Level 3 to Level 2	–	52,820,541	(52,820,541)	–
Balance at end of the year	**–**	**1,204,755,476**	**52,130,747**	**1,256,886,223**

FINANCIAL ASSETS	NUMBER OF CONTRACTS	LEVEL 1 ($)	LEVEL 2 ($)	LEVEL 3 ($)	TOTAL ($)
Derivatives (for hedging purposes only)	15	–	15,225,146	–	15,225,146
FINANCIAL LIABILITIES					
Derivatives (for hedging purposes only)	15	–	–	–	–
Total	**30**	**–**	**15,225,146**	**–**	**15,225,146**

The derivatives assets and liabilities are offset in accordance with the guidance in Accounting Standards Codification Topic210 (ASC 210) section 210-20-45 and ASC 815 section 815-10-45 to determine the net amounts presented in the Consolidated Statement of Assets and Liabilities. All derivative trades have an enforceable master netting agreement so the net amount based on this is the same as the net amount disclosed in the Consolidated Statement of Assets and Liabilities. As at 31 December 2017, there were two counterparties for the forward contracts (31 December 2016: two).

Due to changes in observable inputs, the Company transferred securities from Level 2 to Level 3 and from Level 3 to Level 2 of the fair value hierarchy. Level 3 assets are valued using single broker quotes

The following table presents the impact of derivative instruments on the Consolidated Statement of Operations in conformity with US GAAP.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PRIMARY UNDERLYING RISK	FOR THE YEAR ENDED 31 DECEMBER 2017 ($)	FOR THE YEAR ENDED 31 DECEMBER 2016 ($)
Net realised gain/(loss) on derivatives	85,369,914	(288,288,255)
Net change in unrealised appreciation on derivatives	1,901,698	48,360,316
Total	**87,271,612**	**(239,927,939)**

Primary underlying risks (credit risk, liquidity risk and market risk) associated with the derivatives are explained in Note 4.

There is no collateral for forward contracts.

The Company presents the gain or loss on derivatives in the Consolidated Statement of Operations.

The Company uses independent third party vendors to price its portfolio. As part of its valuation process, the AIFM evaluates the number of broker quotes that combine to make up the valuation provided by these vendors and if it believes that the number of broker quotes is not sufficient to ensure a Level 2 price it designates those positions Level 3. As at 31 December 2017 the AIFM designated 9 (31 December 2016: 16) of its floating rate senior secured loans at Level 3. With respect to the Equity position, the Investment Manager's Investment Committee has derived the fair value, based on comparison of similar industries, designating the position as Level 3.

The net realised and unrealised gain/(loss) on investments shown in the Consolidated Statement of Operations for the year ended 31 December 2017 by type of investment is as follows:

FOR THE YEAR ENDED 31 DECEMBER 2017
(EXPRESSED IN U.S. DOLLARS)

Realised gain on investments	15,023,739
Realised loss in investments	(12,256,512)
	2,767,227
Realised gain on derivatives	119,635,688
Realised loss on derivatives	(34,265,774)
	83,369,914
Unrealised gain on investments	30,263,399
Unrealised loss on investments	(18,841,153)
	11,422,246
Unrealised gain on derivatives	21,924,956
Unrealised loss on derivatives	(20,023,258)
	1,901,698
Realised and unrealised gain on foreign currency transactions	4,371,208
Realised and unrealised loss on foreign currency transactions	(3,258,605)
	1,112,603

(f) Investment Transactions, Investment Income, Expenses and Valuation

All investment transactions are recorded on a trade date basis. Upon sale or maturity, the difference between the consideration received and the cost of the investment is recognised as a realised gain or loss. The cost is determined based on the first in, first out ("FIFO") cost method.

Operating expenses are recognised on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations. Any costs incurred by a share buyback and by a re-issue of shares held in treasury will be charged to that share class.

The Company carries investments on its Consolidated Statement of Assets and Liabilities at fair value in accordance with US GAAP, with changes in fair value recognised within the Consolidated Statement of Operations in each reporting period. Quoted investments are valued according to their bid price as at the close of the relevant reporting date. Investments in private securities are priced at the bid price using a pricing service for private loans. Asset backed securities are valued according to their bid price. If a price cannot be ascertained from the above sources, the Company will seek bid prices from third party broker/dealer quotes for the investments. The Investment Manager believes that bid price is the best estimate of fair value and is in line with the valuation policy adopted by the Company.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Investment Transactions, Investment Income, Expenses and Valuation (continued)

In cases where no third party price is available, or where the Investment Manager determines that the provided price is not an accurate representation of the fair value of the investment, the Investment Manager determines the valuation based on the Investment Manager's fair valuation policy. The overall criterion for fair value is a price at which the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria are considered when applicable:

- Valuation of other securities by the same issuer for which market quotations are available;
- Reasons for absence of market quotations;
- The credit quality of the issuer and the related economics;
- Recent sales prices and/or bid and ask quotations for the security;
- Value of similar securities of issuers in the same or similar industries for which market quotations are available;
- Economic outlook of the industry;
- Issuer's position in the industry;
- The financial information of the issuer; and
- The nature and duration of any restriction on disposition of the security.

(g) Derivative Contracts

The Company may, from time to time, hold derivative financial instruments for the purposes of hedging foreign currency exposure. These derivatives are measured at fair value in accordance with US GAAP, with changes in fair value recognised within the Consolidated Statement of Operations in each reporting period.

Depending on the product and the terms of the transaction, the fair value of the over the counter (OTC) derivative products, such as foreign exchange contracts, can be modelled taking into account the counterparties' credit worthiness and using a series of techniques, including simulation models.

Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgments and the pricing inputs are observed from actively quoted markets. The forward exchange contracts valued by the Company using pricing models fall into this category and are categorised within level 2 of the fair value hierarchy.

As shares are denominated in U.S. Dollars and Pound Sterling and investments are denominated in U.S. Dollars, Euro or Sterling holders of any class of shares are subject to foreign currency fluctuations between the currency in which such shares are denominated and the currency of the investments made by the Company. Consequently, the Investment Manager seeks to engage in currency hedging between the U.S. Dollar and any other currency in which the assets of the Company or a class of shares is denominated, subject to suitable hedging contracts such as forward currency exchange contracts being available in a timely manner and on terms acceptable to the Investment Manager, in their sole and absolute discretion.

Note 2 (e) details the gross and net derivative asset and liability position by contract type and the amount for those derivative contracts for which netting is permissible under US GAAP. The derivative assets and liabilities have been netted where an enforceable master netting arrangement is in place.

(h) Taxation

The Company is exempt from Guernsey tax on income derived from non-Guernsey sources. However, certain of its underlying investments may generate income that is subject to tax in other jurisdictions, principally in the United States. The Company files tax returns for its Luxembourg entities.

In accordance with US GAAP, management is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognised is measured as the largest amount of benefit that has 50% or higher chance of being realised upon ultimate settlement. De-recognition of a tax benefit previously recognised could result in the Company recording a tax liability that would reduce net assets. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in periods, disclosure, and transition that intends to provide better financial statement comparability among different entities.

As of 31 December 2017, the Company has recorded no liability for net unrecognised tax benefits relating to uncertain tax positions it has taken or expects to take in future tax returns (31 December 2016: Nil).

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS

Investment Management Agreement

The Board is responsible for managing the business affairs of the Company but delegated certain functions to the Investment Manager under the Investment Management Agreement (the “Agreement”) dated 18 March 2011.

The Manager of the Company is Neuberger Berman Europe Limited (which is a related party), an indirectly wholly owned subsidiary of NB Group. On 17 July 2014, the Company, the Manager and Neuberger Berman Investment Advisers LLC (which was the Sub-Investment Manager) made certain classificatory amendments to the Agreement for the purposes of the AIFM Directive.

The Sub-Investment Management Agreement was terminated on 17 July 2014 and the Sub-Investment Manager was appointed as the AIFM per the amended and restated IMA dated 17 July 2014. The Manager, Neuberger Berman Europe Limited, was appointed under the same agreement. In accordance with the terms of the IMA, the Manager shall pay a fee to the AIFM out of the Investment Management fee received from the Company. The Company does not pay any fees to the AIFM. On 31 December 2017, the Company entered into an Amendment Agreement amending the IMA in respect of the manufacture of the Company’s Key Information Document, by the AIFM, MiFID II, anti-money laundering and bribery, cyber security and data protection.

The AIFM is responsible for risk management and the discretionary management of the assets held in the Company’s portfolio and will conduct the day-to-day management of the Company’s assets (including uninvested cash). The AIFM is not required to and generally will not submit individual investment decisions for approval by the Board. The Manager provides certain administrative services to the Company.

As per the IMA dated 17 July 2014, the Manager is entitled to a management fee, which shall accrue daily, and be payable quarterly in arrears, at the following rate per annum of the Company's NAV:

On first £1bn of the NAV	0.75%
On £1bn - £2bn of the NAV	0.70%
Any amount greater than £2bn of the NAV	0.65%

For the year ended 31 December 2017, the management fee expense was $9,688,487 (31 December 2016: $10,664,024), of which $2,425,237 (31 December 2016: $2,365,325) was unpaid at the year end.

The Manager is not entitled to a performance fee.

Administration, Custody and Company Secretary Agreement

Effective 1 March 2015, the Company entered into an Administration and Sub-Administrator agreement with U.S. Bancorp Fund Services (Guernsey) Limited (“Administrator”) and Quintillion Limited (“Sub-Administrator”), both wholly owned subsidiaries of U.S. Bancorp. Under the terms of the agreement, Sub-Administration services are delegated to Quintillion Limited.

The Sub-Administrator is responsible, amongst other things, for the day-to-day administration of the Company (including but not limited to the calculation and publication of the estimated daily NAV).

The Administrator is entitled to an annual fee, accrued daily and paid monthly in arrears, in accordance with the schedule below and subject to an annual minimum of $75,000.

On first $250m of the NAV	0.05%
On $250m - $500m of the NAV	0.04%
On $500m - $1bn of the NAV	0.03%
Any amount greater than $1bn of the NAV	0.02%

For the year ended 31 December 2017, the administration fee was $547,388 (31 December 2016: $542,415) of which $44,385 (31 December 2016: $42,704) was unpaid at the year end.

Effective 14 June 2017, Carey Commercial Limited was appointed the Company Secretary in replacement of C.L. Secretaries Limited, a wholly owned subsidiary of Carey Commercial Limited. The Company Secretary is entitled to an annual fee of £78,300 plus out of pocket expenses.

For the year ended 31 December 2017, the secretarial fee was $148,545 (31 December 2016: $202,589), of which $43,134 related to administration of the buybacks and re-issuance of U.S. Dollar Ordinary Shares, of which $25,980 (31 December 2016: prepaid of $6,020) was unpaid at the year end.

Effective 1 March 2015, US Bank National Association (“Custodian”) became the Custodian of the Company.

The Custodian is entitled to a fee of 0.025 per cent of the Market Value of the portfolio per annum, with a minimum annual fee of $25,000 in respect of portfolio and loan administration. For the year ended 31 December 2017, the custodian fee was $355,595 (31 December 2016: $416,006) of which $153,469 (31 December 2016: $262,470) was unpaid, all of which was due to US Bank National Association at the year end.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 3 – AGREEMENTS AND RELATED PARTIES TRANSACTIONS (continued)

Registrar's Agreement

Link Market Services (Guernsey) Limited (formerly known as Capita Registrars (Guernsey) Limited) is the appointed registrar of the Company. The fee charged is at a rate of £2.00 per holder of shares appearing on the registry during the fee period, with a minimum charge per annum of £9,000. For the year ended 31 December 2017, the Registrars fees amounted to $115,293 (31 December 2016: $100,061). Of these, $10,879 (31 December 2016: $12,868) was unpaid at the year end.

Directors

The Directors are related parties and are remunerated for their services at a fee of £35,000 per annum (£45,000 for the Chairman). In addition, the Chairman of the Audit and Risk Committee receives an additional £5,000 for services in this role. The Chairman of the Management Engagement Committee and the Chairman of the Remuneration Committee receive an additional £2,500 each per annum. The Directors' fee for the two Luxembourg subsidiaries for the period ended 31 December, whose Directors are unrelated to the Guernsey Board members, amounted to €14,700 per subsidiary (31 December 2016: €14,700). Of these, none were prepaid or owing at year end. For the year ended 31 December 2017, the Guernsey Directors' fees and travel expenses amounted to $213,567 (31 December 2016: $238,873). Of these, $ none were prepaid or owing at the year end (31 December 2016: $ Nil). As at 31 December 2017, Mr Battey, Mrs Platts, Mr Dorey and Mr Frewen had 30,077, 10,069, 20,000 and 9,895 Sterling Ordinary Shares in the Company respectively (31 December 2016: Mr Battey, Mrs Platts, Mr Dorey and Mr Frewen 30,077,10,069, 20,000 and 9,895 Sterling Ordinary Shares in the Company respectively).

Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC

The contracts with Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC are classified as related party transactions. Other than fees payable in the ordinary course of business and the additional fees disclosed in Note 3, there have been no material transactions with related parties, which have affected the financial position or performance of the Company in the financial period.

NOTE 4 – RISK FACTORS

Market Risk

Market risk is the potential for changes in the value of investments. Market risk includes interest rate risk, foreign exchange risk and price risk. Interest rate risk primarily results from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Floating rate investments, such as senior secured loans, typically receive a fixed coupon, which is linked to a variable base rate, usually LIBOR or EURIBOR. As such, income earned will be affected by changes in the variable component albeit downward moves are likely to be capped by the LIBOR/EURIBOR floors that are prevalent in the majority of transactions. The Company invests predominantly in floating rate investments; however, it does have some exposure to fixed rate investments, which are subject to interest rate risk through movements in their market price when interest rates change.

Price Risk

Price Risk is the risk that the price of the security will fall. The Investment Manager manages the exposure to price risk by diversifying the portfolio.

Foreign Exchange Risk

Foreign Exchange Risk arises from various currency exposures, primarily with respect to Sterling and Euro investments and share issue proceeds. The Company makes use of hedging techniques, as part of its risk management strategy, including but not limited to the use of forward exchange contracts to mitigate its exposure to this risk. These instruments involve market risk, credit risk, or both kinds of risks. Risks arise from the possible inability of counterparties to meet the terms of their contracts and from movement in currency and interest rates.

Credit Risk

The Company maintains positions in a variety of securities, derivative financial instruments and cash and cash equivalents in accordance with its investment strategy and guidelines. The Company's trading activities expose the Company to counterparty credit risk from brokers, dealers and other financial institutions (collectively, "counterparties") with which it transacts business. "Counterparty credit risk" is the risk that a counterparty to a trade will fail to meet an obligation that it has entered into with the Company, resulting in a financial loss to the Company. The Company's policy with respect to counterparty credit risk is to minimize its exposure to counterparties with perceived higher risk of default by dealing only with counterparties that meet the credit standards set out by the Investment Manager.

All the Company's assets other than derivative financial instruments were held by the Custodian. The Custodian segregates the assets of the Company from the Custodian's assets and other Custodian clients. The Investment Manager believes the risk is low with respect to any losses as a result of this concentration. The Company conducts its trading activities with respect to non-derivative positions with a number of counterparties. Counterparty credit risk borne by these transactions is mitigated by trading with multiple counterparties.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 4 – RISK FACTORS (continued)

In addition, the Company trades in over-the-counter ("OTC") derivative instruments. The Company is subject to counterparty credit risk related to the potential inability of counterparties to these derivative transactions to perform their obligations to the Company. The Company's exposure to counterparty credit risk associated with counterparty non-performance is generally limited to the fair value (derivative assets and liabilities) of OTC derivatives reported as net assets, net of collateral received or paid, pursuant to agreements with each counterparty. The Investment Manager attempts to reduce the counterparty credit risk of the Company by establishing certain credit terms in its ISDA Master Agreements (with netting terms) with counterparties, and through credit policies and monitoring procedures. Under ISDA Master Agreements in certain circumstances (e.g., when a credit event such as a default occurs) all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions. The Company receives and gives collateral in the form of cash and marketable securities and it is subject to the ISDA Master Agreement Credit Support Annex. This means that securities received/given as collateral can be pledged or sold during the term of the transaction. The terms also give each party the right to terminate the related transactions on the other party's failure to post collateral.

The Company may invest in a range of bank debt investments and corporate and other bonds. Until such investments are sold or are paid in full at maturity, the Company is exposed to issuer credit risk, relating to whether the issuer will make interest and/or principal payments on their debt obligations.

Geographic Concentration Risk

The Company may invest a relatively large percentage of its assets in issuers located in a single country, a small number of countries, or a particular geographic region. As a result, the Company's performance may be closely aligned with the market, currency or economic, political or regulatory conditions and developments in those countries or that region, and could be more volatile than the performance of more geographically diversified investments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as and when these fall due. Liquidity risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as they fall due.

Participation Commitments

With respect to the senior loans the Company may: 1) invest in assignments; 2) act as a participant in primary lending syndicates; or 3) invest in participations. If a Company purchases a participation of a senior loan interest, the Company would typically enter into a contractual agreement with the lender or other third party selling the participation, rather than directly with the borrower. As such, the Company not only assumes the credit risk of the borrower, but also that of the selling participant or other persons inter positioned between the Company and the borrower. As of 31 December 2017, there were no such outstanding participation commitments in the Company.

Other Risks

Legal, tax and regulatory changes could occur during the term of the Company that may adversely affect the Company. The regulatory environment for alternative investment companies is evolving, and changes in the regulation of investment companies may adversely affect the value of investments held by the Company or the ability of the Company to pursue its trading strategies. The effect of any future regulatory change on the Company could be substantial and adverse. The Board has considered the specific risks faced by the Company as a result of Brexit. At the portfolio level, the Board expects the impact of Brexit to be limited given the hedging arrangements in place and the robust investment process the Investment Manager has always adopted and its positioning in better rated, performing issuers. At the Company level the impact could be felt more directly through volatility of the Company's share price. The Board seeks to mitigate this risk by continuing to address any imbalances in supply and demand of the Company's shares through the use of further share buybacks in line with its stated policy.

NOTE 5 – CONTINGENCIES

In the opinion of the Directors, there were no contingencies as at year end.

NOTE 6 – SHARE CAPITAL

The share capital of the Company consists of an unlimited number of Ordinary Shares of no par value, which upon issue the Directors may classify as:

(i) U.S. Dollar Ordinary Shares, Sterling Ordinary Shares or Euro Ordinary Shares or as shares of such other classes as the Directors may determine;

(ii) B Shares of such classes denominated in such currencies as the Directors may determine; and

(iii) C Shares of such classes denominated in such currencies as the Directors may determine.

FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 6 – SHARE CAPITAL (continued)

The rights attached to the above shares are one vote in respect of each share held and, in the case of a general meeting of all shareholders:

(a) One vote in respect of each U.S. Dollar Ordinary Share held by the shareholder;

(b) 1.6 votes in respect of each Sterling Ordinary Share held by the shareholder; and

(c) In respect of a Share of a class denominated in any currency other than U.S. Dollars or Sterling held by the shareholder, such number of votes per Share of such class as shall be determined by the Directors in their absolute discretion upon the issue for the first time of shares of the relevant class.

The Directors may effect distributions of capital proceeds attributable to the Ordinary Shares to holders of Ordinary Shares by issuing B Shares of a particular class to holders of Ordinary Shares of a particular class pro-rata to their holding of Ordinary Shares of such class.

The B Shares are issued on terms that each B Share shall be compulsorily redeemed by the Company shortly following issue and the redemption proceeds paid to the holders of such B Shares on such terms and in such manner as the Directors may from time to time determine.

The Directors are authorised to issue C Shares of such classes (and denominated in such currencies) as they may determine in accordance with Article 4 and with C Shares of each such class being convertible into Ordinary Shares of such class as the Directors may determine at the time of issue of such C Shares.

The C Shares will not carry the right to attend and receive notice of any general meetings of the Company, nor will they carry the right to vote at such meetings.

The C Shares will be entitled to participate in a winding-up of the Company or on a return of capital in relation to the C share surplus as defined in the Prospectus.

The C Shares will be entitled to receive such dividends as the Directors may resolve to pay to such holders out of the assets attributable to such class of C Shares.

There were no Euro Ordinary Shares, B Shares or C Shares in issue as at 31 December 2017 (31 December 2016: No Euro Ordinary Shares, no B Shares and no C Shares).

FROM 1 JANUARY 2017 TO 31 DECEMBER 2017	U.S. DOLLAR ORDINARY SHARES	STERLING ORDINARY SHARES	TOTAL
Balance as at 1 January 2017	38,270,109	1,015,614,330	1,053,884,439
Monthly conversions[1]	4,007,571	(3,176,236)	831,335
Share issuance (out of treasury)	1,630,000	–	1,630,000
Share buybacks	(679,888)	(48,349,467)	(49,029,355)
Balance as at 31 December 2017[2]	**43,227,792**	**964,088,627**	**1,007,316,419**

FROM 1 JANUARY 2016 TO 31 DECEMBER 2016	U.S. DOLLAR ORDINARY SHARES	STERLING ORDINARY SHARES	TOTAL
Balance as at 1 January 2016	52,380,402	1,199,095,966	1,251,476,368
Monthly conversions[1]	(8,444,322)	4,357,949	(4,086,373)
Share buybacks	(5,665,971)	(187,839,585)	(193,505,556)
Balance as at 31 December 2016[2]	**38,270,109**	**1,015,614,330**	**1,053,884,439**

Treasury Shares

As at 31 December 2017, the Company held the following shares in treasury.

	31 DECEMBER 2017	31 DECEMBER 2016
Sterling Ordinary Treasury Shares[3]	75,000,000	75,000,000
U.S. Dollar Ordinary Treasury Shares[3]	1,342,627	2,972,627

The Company issued 1,630,000 USD Dollar Ordinary Shares out of treasury during the year.

1 The Company offers a monthly conversion facility pursuant to which shareholders may elect to convert some or all of their shares of a class into shares of any other class.

2 Balance of issued shares (less Treasury shares) used to calculate NAV.

3 The Company has an approved share buyback programme and may elect to buyback ordinary shares at certain times during the period for either cancellation or to be held as Treasury shares.

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NOTE 7 – DIVIDENDS

The following dividends were declared for shareholders of Ordinary and C Shares since inception:

PERIOD	DATE DECLARED	PAYMENT DATE	DIVIDEND PER U.S. DOLLAR SHARE	DIVIDEND PER STERLING SHARE
Period 20 April 2011 to 30 September 2011	12 October 2011	9 December 2011	$0.01486	£0.01486
Quarter ended 31 December 2011	5 January 2012	24 February 2012	$0.01187	£0.01187
Quarter ended 31 December 2011– C Shares	5 January 2012	24 February 2012	$0.00323	£0.00323
Quarter ended 31 March 2012	12 April 2012	25 May 2012	$0.01260	£0.01260
Quarter ended 30 June 2012	5 July 2012	24 August 2012	$0.01310	£0.01310
Quarter ended 30 September 2012	3 October 2012	23 November 2012	$0.01210	£0.01210
Quarter ended 31 December 2012	9 January 2013	22 February 2013	$0.01160	£0.01160
Quarter ended 31 March 2013	8 April 2013	24 May 2013	$0.01220	£0.01220
Quarter ended 30 June 2013	4 July 2013	16 August 2013	$0.01110	£0.01110
Quarter ended 30 June 2013 – C Shares	4 July 2013	26 July 2013	–	£0.00550
Quarter ended 30 September 2013	7 October 2013	22 November 2013	$0.00890	£0.00890
Quarter ended 31 December 2013	6 January 2014	21 February 2014	$0.00940	£0.00940
Quarter ended 31 December 2013 – C Shares	6 January 2014	7 February 2014	–	£0.00200
Quarter ended 31 March 2014	4 April 2014	27 May 2014	$0.00860	£0.00860
Quarter ended 30 June 2014	3 July 2014	15 August 2014	$0.00890	£0.00890
Quarter ended 30 September 2014	3 October 2014	21 November 2014	$0.00950	£0.00950
Quarter ended 31 December 2014	7 January 2015	20 February 2015	$0.00960	£0.00960
Quarter ended 31 March 2015	7 April 2015	26 May 2015	$0.00890	£0.00890
Quarter ended 30 June 2015	3 July 2015	15 August 2015	$0.01030	£0.01030
Quarter ended 30 September 2015	5 October 2015	23 October 2015	$0.00910	£0.00910
Quarter ended 31 December 2015	6 January 2016	19 February 2016	$0.00990	£0.00990
Quarter ended 31 March 2016	5 April 2016	25 May 2016	$0.01030	£0.01030
Quarter ended 30 June 2016	6 July 2016	19 August 2016	$0.01080	£0.01080
Quarter ended 30 September 2016	05 October 2016	17 November 2016	$0.01100	£0.01090
Quarter ended 31 December 2016	05 January 2017	17 February 2017	$0.00860	£0.00850
Quarter ended 31 March 2017	05 April 2017	23 May 2017	$0.00910	£0.00900
Quarter ended 30 June 2017	05 July 2017	18 August 2017	$0.00860	£0.00840
Quarter ended 30 September 2017	5 October 2017	16 November 2017	$0.00830	£0.00820
Quarter ended 31 December 2017	04 January 2018	23 February 2018	$0.00810	£0.00790

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NOTE 7 – DIVIDENDS (continued)

The Company has issued the following Ordinary Shares under Scrip Dividend Alternative since inception:

PERIOD	NUMBER OF U.S. DOLLAR ORDINARY SHARES	NUMBER OF STERLING ORDINARY SHARES	RATE PER U.S. DOLLAR ORDINARY SHARE	RATE PER STERLING ORDINARY SHARE
Quarter ended 30 September 2011	91,565	710,833	$0.95880	£0.96320
Quarter ended 31 December 2011	68,398	592,380	$0.95300	£0.95760
Quarter ended 31 March 2012	84,444	14,653	$0.99300	£1.00020
Quarter ended 30 June 2012	97,572	792,651	$0.97840	£0.97160
Quarter ended 30 September 2012	91,479	567,376	$1.00400	£0.99030
Quarter ended 31 December 2012	29,500	821,100	$1.02000	£1.00650
Quarter ended 31 March 2013	69,213	38,805	$1.05700	£1.05080
Quarter ended 30 June 2013	28,237	221,317	$1.06700	£1.03880
Quarter ended 30 September 2013	58,190	365,543	$1.03870	£1.03360
Quarter ended 31 December 2013	67,590	217,354	$1.06900	£1.04880
Quarter ended 31 March 2014	67,228	668,002	$1.03950	£0.99010
Quarter ended 30 June 2014	27,941	341,872	$1.00280	£0.99390
Quarter ended 30 September 2014	28,942	233,785	$0.98230	£0.97500
Quarter ended 31 December 2014	30,277	181,999	$0.99520	£0.97040
Quarter ended 31 March 2015	23,310	202,637	$0.99600	£0.98790
Quarter ended 30 June 2015	6,507	609,773	$0.98890	£0.98110
Quarter ended 30 September 2015	5,231	50,620	$0.96770	£0.96010

In December 2015, the Board decided to replace the Scrip Dividend option with a Dividend Re-investment Plan, whereby the shareholders have the option to re-invest their cash dividend in the Company's shares on an efficient basis.

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Note 8 – FINANCIAL HIGHLIGHTS

31 DECEMBER 2017	U.S. DOLLAR ORDINARY SHARE AS AT 31 DECEMBER 2017 (USD)	STERLING ORDINARY SHARE AS AT 31 DECEMBER 2017 (GBP)
Per share operating performance		
NAV per share at the beginning of the year	0.9881	0.9787
Shareholder activity during the year	0.0016	(0.0090)
Income from investment operations (a)		
Net income per share for the year(b)	0.0336	0.0333
Net realised and unrealised loss from investments	0.0006	0.0007
Foreign currency translation	–	0.0009
Total gain from operations	**0.0342**	**0.0349**
Distribution per share during the year	(0.0343)	(0.0344)
NAV per share at the end of the year	**0.9896**	**0.9702**
Total return[1] (b)		
Total return[1]	**3.60%**	**2.55%**
Ratios to average net assets (b)		
Net investment income	3.40%	3.43%
Expenses	(0.95%)	(0.92%)

(a) Average shares outstanding were used for calculation.

(b) An individual shareholder's return may vary from these returns based on the timing of the shareholder's investments in the Company.

1 The total return is the NAV return per share plus dividends paid during the year. This figure is for the year to 31 December 2017.

31 DECEMBER 2016	U.S. DOLLAR ORDINARY SHARE AS AT 31 DECEMBER 2016 (USD)	STERLING ORDINARY SHARE AS AT 31 DECEMBER 2016 (GBP)
Per share operating performance		
NAV per share at the beginning of the year	0.9490	0.9422
Shareholder activity during the year	0.0089	0.0094
Income from investment operations (a)		
Net income per share for the year (b)	0.0376	0.0373
Net realised and unrealised gain from investments	0.0356	0.0357
Foreign currency translation	–	(0.0034)
Total gain from operations	**0.0732**	**0.0696**
Distribution per share during the year	(0.0430)	(0.0425)
Net asset value per share at the end of the year	**0.9881**	**0.9787**
Total return[2] (b)		
Total return[2]	**8.41%**	**8.17%**
Ratios to average net assets (b)		
Net investment income	3.91%	3.90%
Expenses	(0.93%)	(0.95%)

(a) Average shares outstanding were used for calculation.

(b) An individual shareholder's return may vary from these returns based on the timing of the shareholder's investments in the Company.

2 The total return is the NAV return per share plus dividends paid during the year. This figure is for the year to 31 December 2016.

NOTE 9 - SUBSEQUENT EVENTS

Since the year ended 31 December 2017 and up to 5 April 2018, being the last practicable date prior to publishing, the Company has repurchased 36,394,039 Sterling Ordinary Shares and 377,750 US Dollar Ordinary Shares for cancellation.

Alternative Investment Fund Managers Directive Disclosure

Changes to Article 23(1) Disclosures

Directive 2011/61/EU on Alternative Investment Fund Managers Directive ("AIFMD") requires certain information to be made available to investors in alternative investment funds ("AIFs") before they invest and requires that material changes to this information be disclosed in the annual report of each AIF.

There have been no material changes (other than those reflected in the financial statements) to this information requiring disclosure.

Leverage

For the purposes of this disclosure, leverage is any method by which an AIF's exposure is increased, whether through borrowing of cash or securities, or leverage embedded in foreign exchange forward contracts or by any other means.

The AIFMD requires that each leverage ratio be expressed as the ratio between an AIF's exposure and its net asset value ("NAV"), and prescribes two required methodologies, the gross methodology and the commitment methodology, for calculating such exposure. Using the methodologies prescribed under the AIFMD, the leverage of NB Global Floating Rate Income Fund Limited (the "Fund") as at 31 December 2017 is disclosed below:

Leverage calculated pursuant to the gross methodology:	0.98
Leverage calculated pursuant to the commitment methodology:	0.99

Liquidity and risk management systems and profile

Current risk profile risk management systems

The portfolio managers and risk management professionals of Neuberger Berman Investment Advisers LLC (the "AIFM") regularly review the investment performance and the portfolio composition of the Company in the light of the Company's investment objective, policy and strategy; the principal risks and investment or economic uncertainties that have been identified as relevant to the Fund; internal risk measures and the interests and profile of investors.

The AIFM assesses the Fund's current and prospective need for liquidity on an on-going basis and ensures that liquidity is available when required. The risk profile of the Fund as at 31 December 2017 as reported to relevant EEA authorities was as follows:

Market risk profile

The market risk indicators contained in the Annex IV regulatory reporting template as at 31 December 2017 are listed in the table here below:

	< 5 YRS	5 – 15 YRS	> 15 YRS	RISK MEASURE DESCRIPTION
Net DV01	USD 69,886	USD 11,686	0	Change of 1 bps of rate
Net CS01	USD 572,531	USD 11,507	0	Change of 1 bps for spread

The expected annual investment return/IRR in normal market conditions (in %)	0

	HISTORICAL SIMULATION	MONTE CARLO SIMULATION	PARAMETRIC SIMULATION
VAR[1]	N/A	1.02 %	N/A

1 Value at Risk

Counterparty risk profile

The top five counterparties to which the Fund had the greatest mark-to-market net counterparty credit exposure, measured as a % of the NAV of the Fund are listed in the table below:

RANKING	NAME OF COUNTERPARTY	NAV PERCENTAGE OF THE TOTAL EXPOSURE VALUE OF THE COUNTERPARTY
First counterparty exposure	UBS AG	2.05%
Second counterparty exposure	Valeant Pharmaceuticals International Inc	1.53%
Third counterparty exposure	First Data Corporation	1.19%
Fourth counterparty exposure	Intelsat S.A.	1.12%
Fifth counterparty exposure	CenturyLink Inc	1.09%

Westpac Banking Corporation had a mark-to-market credit exposure to the Fund equivalent to 0.1% of the Fund's NAV. UBS AG had a mark-to-market credit exposure to the Fund equivalent to 0.08% of the Fund's NAV.

Liquidity Profile

(a) Portfolio Liquidity Profile

22% percent of the portfolio can be liquidated within a day. 78% percent. of the portfolio can be liquidated within 2 to 7 days in normal market conditions.

The Fund had USD 16,613,022 unencumbered cash available to it.

(b) Investor Liquidity Profile

100% of investor equity can be redeemed within a day.

(c) Investor Redemption

Does the Fund provide investors with withdrawal/redemption rights in the ordinary course?	No

Report on Remuneration

The Neuberger Berman Compensation Committee is responsible for the compensation practices within the Neuberger Berman group, and Neuberger Berman also operates a structure throughout the group to ensure appropriate involvement and oversight of the compensation process, so that compensation within the group rewards success whilst reflecting appropriate behaviours.

Neuberger Berman recognises the need to ensure that compensation arrangements do not give rise to conflicts of interest, and this is achieved through the compensation policies as well as through the operation of specific policies governing conflicts of interests.

Neuberger Berman's compensation philosophy is one that focuses on rewarding performance and incentivizing employees. Employees at Neuberger Berman may receive compensation in the form of base salary, discretionary bonuses and/or production compensation. Investment professionals receive a fixed salary and are eligible for an annual bonus. The annual bonus for an individual investment professional is paid from a "bonus pool" made available to the portfolio management team with which the investment professional is associated. Once the final size of the available bonus pool is determined, individual bonuses are determined based on a number of factors including the aggregate investment performance of all strategies managed by the individual (including the three-year track record in order to emphasize long-term performance), effective risk management, leadership and team building, and overall contribution to the success of Neuberger Berman.

Alternative Investment Fund Managers Directive Disclosure (continued)

Report on Remuneration (continued)

Neuberger Berman considers a variety of factors in determining fixed and variable compensation for employees, including firm performance, individual performance, overall contribution to the team, collaboration with colleagues across the firm, effective partnering with clients to achieve goals, risk management and the overall investment performance. Neuberger Berman strives to create a compensation process that is fair, transparent, and competitive with the market.

A portion of bonuses may be awarded in the form of contingent or deferred cash compensation, including under the "Contingent Compensation Plan", which serves as a means to further align the interests of employees with the interest of clients, as well as rewarding continued employment. Under the Contingent Compensation Plan a percentage of a participant's compensation is awarded in deferred contingent form. Contingent amounts take the form of a notional investment based on a portfolio of Neuberger Berman investment strategies and/or a contingent equity award, and Neuberger Berman believes that this gives each participant further incentive to operate as a prudent risk manager and to collaborate with colleagues to maximise performance across all business areas. The programs specify vesting and forfeiture terms, including that vesting is normally dependent on continued employment and contingent amounts can be forfeited in cases including misconduct or the participants participating in detrimental activity.

The proportion of the total remuneration of the staff of the AIFM attributable to the Fund, calculated with reference to the proportion of the value of the assets of the Fund managed by the AIFM to the value of all assets managed by the AIFM, was USD 2,460,542, representing USD 517,677 of fixed compensation and USD 1,942,866 of variable compensation. There were 821 of staff of the AIFM who shared in the remuneration paid by the AIFM.

Compensation by the AIFM to senior management and staff whose actions had a material impact on the risk profile on the Fund in respect of 2017 was USD 286,460,870 in relation to senior management and USD 959,778 in respect of 'risk takers'. The compensation figure for senior management has not been apportioned, while the compensation figure for risk takers has been apportioned by reference to the number of AIFs whose risk profile was materially impacted by each individual staff member.

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