NEUBERGER BERMAN

ANNUAL REPORT

AUDITED FINANCIAL STATEMENTS

NB Global Floating Rate Income Fund Limited

FOR THE YEAR ENDED 31 DECEMBER 2013

PARTNERING WITH CLIENTS FOR OVER 70 YEARS

TABLE OF CONTENTS

COMPANY OVERVIEW

The investment objective of NB Global Floating Rate Income Fund Limited (the "Company") 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 Neuberger Berman Europe Limited (the "Investment Manager") and Neuberger Berman Fixed Income LLC (the "Sub-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 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.

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 together with its wholly owned Luxembourg subsidiaries.

Non - Mainstream Pooled Investments

Suitability for Retail Distribution

The Board notes the changes to the Financial Conduct Authority's ("FCA") rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes which came into effect on 1 January 2014.

The Board has been advised that the Company would qualify as an investment trust if it were resident in the UK, and therefore the Board believes that its shares are excluded from the restrictions contained in the new rules. It is the Board's intention that the Company will make all reasonable efforts to continue to conduct its affairs in such a manner so that its shares can be recommended to ordinary retail investors in accordance with the FCA's rules relating to non-mainstream pooled investment products.

The Board has however been advised that no guidance on the application of the proposed rules to non-UK companies has been published by the FCA and, further, that the proposed rules may be subject to change. Any subsequent changes to the assessment of the application of the proposed rules to the Company will be communicated via an RIS announcement.

Company	**NB Global Floating Rate Income Fund Limited (the "Company")** • Guernsey incorporated, closed-ended investment company • Admitted to the Official List of the UK Listing Authority with a premium listing on the Main Market of the London Stock Exchange on 20 April 2011 • The Company was admitted to the FTSE 250 in March 2012 • Pays dividends quarterly • Current dividend yield (annualised based on the dividend declared in April 2014) - U.S. Dollar Ordinary Shares – 3.37% based on the 31 March 2014 share price of $1.0213 - Sterling Ordinary Shares – 3.46% based on the 31 March 2014 share price of £0.9935 • 51,280,525 U.S. Dollar Ordinary Shares, 824,544,205 Sterling Ordinary Shares and 425,571,132 Sterling C Shares in issue as at 31 December 2013 • 363,549,886 Sterling C Shares issued on 26 March 2013 and then converted into 360,521,605 Sterling Ordinary Shares on 16 July 2013 • 41,054,257 Sterling Ordinary Shares and 5,761,807 U.S. Dollar Ordinary Shares issued on 22 July 2013 through a tap issue • 425,571,132 Sterling C Shares issued on 29 October 2013 and then converted into 421,103,481 Sterling Ordinary Shares post year end on 21 January 2014
Investment Manager and Sub-Investment Manager (as at 31 December 2013)	**Neuberger Berman Europe Limited (the "Investment Manager")** **Neuberger Berman Fixed Income LLC (the "Sub-Investment Manager")** • A large team of over 139 fixed income investment professionals • Portfolio Managers have an average of 23 years of industry experience • Total fixed income assets of over $100 billion • Over $38.7 billion in high yield bonds and loans • Non-investment grade research team of over 20 analysts

KEY FIGURES

(US$ in millions, except per share data)	At 31 December 2013	At 31 December 2012
Net Asset Value attributable to U.S. Dollar shareholding		
- Ordinary Shares	$51.8	$83.2
Net Asset Value attributable to Sterling shareholding		
- Ordinary Shares	$1,368.0	$642.8
- C Shares	$693.5	-
Net Asset Value per share attributable to U.S. Dollar shareholding		
- Ordinary Shares	$1.0102	$1.0007
Net Asset Value per share attributable to Sterling shareholding		
- Ordinary Shares	£1.0018	£0.9952
- C Shares	£0.9839	-
Investments	$2,029.4	$714.9
Cash and Cash Equivalents	$284.8	$20.5
Dividend Yield on dividends paid during the year		
- U.S. Dollar Ordinary Shares on the share price	4.10%	4.85%
- Sterling Ordinary Shares on the share price	4.15%	4.92%
Share Price – U.S. Dollar Ordinary Shares	$1.0675	$1.0200
- Sterling Ordinary Shares	£1.0560	£1.0030
- Sterling C Shares (issued in October 2013)	£1.0200	-
Premium to Net Asset Value – U.S. Dollar Ordinary Shares	5.67%	1.93%
- Sterling Ordinary Shares	5.41%	0.78%
- Sterling C Shares (issued in October 2013)	3.67%	-
Total Return – U.S. Dollar Ordinary Shares	5.33%	10.31%
- Sterling Ordinary Shares	5.06%	9.93%
- Sterling C Shares (issued in October 2013)	0.14%	-

CHAIRMAN'S STATEMENT

Dear Shareholder,

I have pleasure in presenting you with the Annual Report of NB Global Floating Rate Income Fund Limited ("the Company") for the year ended 31 December 2013.

Portfolio and Company performance

Building on the solid start that your Company has made since April 2011, the Board remains pleased with the progress made by the Investment Manager. The portfolio remains fully invested, with a strong US bias. As at 31 December 2013, 88.14% of the Company was invested in US Dollar denominated assets, with 7.71% invested in Euro denominated assets and 4.14% in Sterling denominated assets (all excluding cash).

The Investment Manager has constructed a diversified portfolio of loan investments, across currencies, ratings and sectors. At the end of the reporting period, the portfolio had 234 holdings across 177 issuers in 34 different sectors.

Between 31 December 2012 and 31 December 2013, the Company's NAV per share rose by 0.95% and 0.66% for the U.S. Dollar Ordinary Share and Sterling Ordinary Share respectively. The NAV return plus dividends paid during the year was 5.33% and 5.06% for the U.S. Dollar Ordinary Shares and Sterling Ordinary Shares respectively. As at 31 December 2013, the share price was trading at a premium of 5.67% for the U.S. Dollar Ordinary Shares, 5.41% for the Sterling Ordinary Shares and 3.67% for the Sterling C Shares.

During 2013, the yield on dividends paid during the year was 4.10% (based on a share price of $1.0675) and 4.15% (based on a share price of £1.0560) for the U.S. Dollar Ordinary Shares and Sterling Ordinary Shares respectively, which we believe is consistent with the Company's investment objective of income generation whilst seeking to preserve investors' capital and give protection against rising interest rates.

Additional fundraises

We are particularly grateful for the strong ongoing support demonstrated by our investors, which led to two new C Share issues over the year. During the first quarter, the Company raised gross proceeds of approximately £363 million by means of a Placing and Offer for Subscription of C Shares and then an additional £425 million was raised in the fourth quarter of 2013. Both issues have subsequently been converted into Sterling Ordinary Shares. In addition, during the third quarter, the Company raised gross proceeds of £45.3 million by means of a tap issue.

We are delighted by the successful results of these issues, which significantly exceeded our target and we believe show that demand for bank loans remains strong.

Outlook for the rest of the financial year

Your Board continues to be satisfied with the portfolio's performance in the first few months of 2014 and with the strategy that is being applied by the Investment Manager. The Investment Manager will continue to update you on the Company's progress by way of the quarterly fact sheets, Investment Manager updates and the continuance of the Quarterly Investor Update calls that we introduced during 2013.

CHAIRMAN'S STATEMENT (CONTINUED)

Other Matters

Since the financial year ended I am pleased to confirm that on 19 March 2014 the first Continuation Vote, which fell due on or before the third anniversary of the Company's Admission to the London Stock Exchange, was passed by way of Ordinary Resolution. Additionally we also received approval to make a minor amendment to the Company's Articles of Incorporation to reduce the minimum number of Directors required to form a committee to which the Board may delegate its powers. More detail on both of these requests can be found in our Circular dated 26 February 2014 and I thank all investors who voted and supported these requests.

At the Board level, as the Company has grown significantly in size during 2013, it has agreed that due to this and the associated additional workload created, it should expand the Board and is now in the process of appointing an additional offshore non-executive Director. We will make a more formal announcement on the successful candidate once we have completed our process.

Finally, I would like to close by thanking you for your commitment and I look forward to reporting to you on the Company's progress later on this year.

William Frewen
Chairman
14 April 2014

INVESTMENT MANAGER'S REPORT

Market Environment

The U.S. loan market, as measured by the S&P/LSTA Leveraged Loan Index, returned 5.29% for the full year 2013 which was in line with our forecast of 5-6%. Performance was generally strong throughout the year with only two months of negative performance, June and August. Furthermore, looking at the components of return, only 0.33% was from price with the majority/remainder from the coupon. While loans underperformed high yield by about 200bp (5.3% vs. 7.4%), they significantly outperformed 10-Year Treasuries (-7.8%) and Investment Grade Credit (-1.5%). The European market also performed well with the S&P European Leveraged Loan Index (ELLI) returning 8.59% for the year. Over half of this, 4.41%, was generated from price with the remainder from coupon, which does reflect the quality composition of the two respective markets in that the weighted average bid on the ELLI was 95 in the final reading of the year whereas in the U.S. it was over 98. European high yield securities also outperformed their U.S. counterpart in 2013 with the Merrill Lynch European High Yield Index returning 10.13% for the year with less of a reaction seen to Chairman Bernanke's comments in May regarding the potential introduction of tapering by the U.S. Federal Reserve.

Demand for loans was very strong from both retail funds ($70bn) and collateralised loan obligations CLOs ($82bn) and this helped drive over $450bn of issuance during the year. While most of this issuance was refinancing related, we did see new money in the market from leveraged buy-outs (LBOs), mergers and acquisitions and recapitalisations. These new money deals resulted in an over $100bn increase in the size of the U.S. loan market, from $575bn to $682bn. Spreads were under pressure all year as excess demand drove the refinancing activity mentioned above. In all, issuers shaved approximately 115bp on $281bn of loans or approximately 42% off the FYE 2012 Loan Index. Additionally, a significant portion of the issuance in 2013 was covenant lite loans (57% of the total) and these loans now represent 46% of the U.S. loan market. In Europe, we saw robust new issuance levels of €65bn, a significant improvement on 2012's €29bn and, additionally, we saw record high yield bond issuance of €70bn, of which €32bn was senior secured. To date covenant lite loan issuance has been relatively limited in Europe but we do anticipate the market to follow the lead of the U.S. during 2014, particularly as demand for the loan asset class increases, driven by strong institutional demand and the re-awakening of the CLO market. In 2013 we saw €7.4bn of issuance in a market that had been basically closed since 2008.

Defaults picked up slightly throughout the year, from 1.27% to 2.11% by volume and from 1.36% to 1.61% by issuer count. In all, 11 issuers defaulted on $11.4bn of paper compared with 9 on $6.4bn in 2012. Approximately two thirds of the 2013 defaults came from five issuers, being four yellow pages companies and one textbook publisher, and all were well telegraphed by the trading price of the respective loans prior to default. European defaults came in lower than we forecasted at 2.9% by volume, the lowest reading since June 2011, and 4.9% by issuer count which indicates defaults are generally being experienced in the mid-market space that we avoid.

Portfolio

The portfolio remains fully invested and continues to take advantage of global opportunities. As at 31 December 2013, 88.14% of the Company's portfolio was invested in U.S. Dollar denominated assets (excluding cash) with the remaining 11.85% of the portfolio invested in Euro and Sterling denominated assets. The Company's exposure to non-U.S. assets has increased from 4.55% as at 31 December 2012 as the macro environment slowly improved in Europe and better issuance was seen.

You will note that within the statement of operations under 'Net realised gain on derivatives' and 'Net change in unrealised appreciation on derivatives' that there are gains of $41,119,080 and $42,127,799 respectively on these positions. We would like to highlight that this is as a result of share class hedging and is not as a result of investments held within the portfolio. The Company maintains forward foreign exchange transactions in order to hedge against the impact of foreign exchange fluctuations on the Company's NAV. The main purposes of hedging the financial instruments are (i) to mitigate the effect of foreign exchange movements on the value of non U.S. Dollar denominated investments by the Company and (ii) to mitigate the effect of foreign exchange movements on the Sterling value of shareholders' investments in the Sterling share class.

INVESTMENT MANAGER'S REPORT (CONTINUED)

Market Outlook

We believe that the fundamentals for investing in the loan asset class remain favourable. Default rates are expected to remain low in both the United States and Europe with forecasts of below 2% and 2 - 4%, respectively. This is driven by the lack of near term maturities (only US$17 billion of institutional loans come due in 2014 and 2015, approximately 2.6% of the U.S. Loan Index) and a relatively small portion of the market that we consider high risk. The highest risk deals seen during the most recent cycle had leverage of over 7x and interest coverage of less than 1.5x (cumulative defaults for such loans were approximately 13% as opposed to just over 4% for deals with 4x leverage or less). In contrast, there have been very few such deals done in recent years and none in 2013.

Additionally, we are satisfied with the performance of the issuers in the portfolio. As at 31 December 2013, their average total and secured debt to cash flow was an acceptable 5.6x and 3.9x, respectively. Furthermore, cash flow to interest expense was a robust 3.5x. At these leverage levels we remain comfortable that the issuers can generate free cash flow and continue to de-lever and this ability remains critical as we look to add new names to the portfolio.

The average bid of the U.S. Loan Index ended the year at 98.29, which increases to 100.05 if all issuers rated below B- are removed. As such, we believe price gains for 2014 will primarily be limited to CCC and D rated issuers, which make up only 8% of the U.S. Loan Index. Therefore performance is likely to be driven primarily by coupon returns and the most likely downside risk is an exogenous shock that leads to a ''risk-off'' environment which causes outflows from the asset class.

Neuberger Berman Europe Limited
April 2014

STRATEGIC REPORT

Principal Activities and Business Review

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 following review is designed to provide information primarily about the Company's business, the principal risks and uncertainties it faces and results for the year. The review should be read in conjunction with the Chairman's Statement on pages 3 and 4 and with the Investment Manager's Report on pages 5 to 6, which give a detailed review of the investment activities for the year and an outlook on the future.

Structure

The Company is a Guernsey Registered Closed-ended Collective Investment Scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended, and the Registered Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission. It was incorporated and registered with limited liability in Guernsey on 10 March 2011, with registration number 53155.

The Company commenced business on 15 April 2011 when the initial 107,220,280 U.S. Dollar Ordinary Shares and 243,973,227 Sterling Ordinary Shares were admitted with a premium listing to the Official List of the UK Listing Authority (the "UKLA") and commenced trading on the Main Market of the London Stock Exchange on 20 April 2011.

On 30 September 2011, following a Placing and Offer for Subscription of C Shares, the Company issued 5,511,010 U.S. Dollar C Shares and 115,899,189 Sterling C Shares, which were converted to 122,146,117 Sterling Ordinary Shares and 5,797,522 U.S. Dollar Ordinary Shares on 17 January 2012.

On 21 March 2013, following a Placing and Offer for Subscription of C Shares, the Company issued 363,549,886 Sterling C Shares, which were converted to 360,521,605 Sterling Ordinary Shares on 16 July 2013.

On 22 July 2013, following a tap issue, the Company issued 41,054,257 Sterling Ordinary Shares and 5,761,807 U.S. Dollar Ordinary Shares.

On 24 October 2013, the Company raised gross proceeds of £425,571,132 by means of a Placing and Offer Subscription for 425,571,132 Sterling C Shares. These Sterling C Shares were converted to 421,103,481 Sterling Ordinary Shares on 21 January 2014.

The Company is a member of the Association of Investment Companies (the "AIC") and is classified within the Debt Category.

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.àr.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.àr.l.

The Directors are presenting consolidated results for the Group, but use the term "Company" throughout this report to describe the consolidated results and activities of the Group, which include the results of its Luxembourg subsidiaries.

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 and the Sub-Investment Manager.

STRATEGIC REPORT (CONTINUED)

Investment Policy

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 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 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 investments in senior bonds on an opportunistic basis if the Investment Manager believes that such investments are attractively valued, up to a maximum in aggregate of 20% of the Net Asset Value at the time of investment, provided that no more than 10% of Net Asset Value may be invested in unsecured senior bonds at the time of investment.

Principal Risks and Uncertainties

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 are as follows:

Credit Risk

The key risk for the Company remains Credit Risk ie 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.

To mitigate this risk, 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. 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 Board meeting and monitor risk factors in respect of the portfolio.

Market Price Risk

The market value of senior secured loans may vary because of a number of factors, including, but not limited to, the financial condition of the underlying borrowers, the industry in which a borrower operates, general economic or political conditions, the condition of the debt trading markets and certain other financial markets, developments or trends in any particular industry and changes in prevailing interest rates.

STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (continued)

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 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 and the Directors accept no responsibility for any failure of any such strategy to effect a reduction in any discount or premium.

Accounting, Legal and Regulatory

The Company must comply with the provisions of The Companies (Guernsey) Law, 2008 (as amended) 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 London Stock Exchange, the Company is subject to the FCA's Listing, Disclosure and Transparency Rules. 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. The Investment Manager and the Administrator are contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives regular internal control reports from the Administrator that confirm compliance.

Management, Registrar, Administration, Custody and Company Secretary Arrangements

Investment management services are provided to the Company by Neuberger Berman Europe Limited, which has delegated certain of its responsibilities and functions to the Sub-Investment Manager, Neuberger Berman Fixed Income LLC.

The management fee is accrued daily at a stepped rate of 0.65%-0.75% depending on the Company's NAV and is paid quarterly in arrears. No performance fee is payable by the Company to the Investment Manager.

The Investment Management Agreement may be terminated by either party, 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, custodian and company secretarial services are provided to the Company by BNP Paribas Securities Services S.C.A., Guernsey Branch. Registrar services are provided by Capita Registrars (Guernsey) Limited.

Related Party Transactions

The contracts with Neuberger Berman Europe Limited 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 4.

STRATEGIC REPORT (CONTINUED)

Financial Review

At 31 December 2013, the Net Assets of the Company amounted to $2,113,304,793. The Net Asset Value attributable to the U.S. Dollar Ordinary shares amounted to $51,804,234 and the Net Asset Value per U.S. Dollar Ordinary share was $1.0102. The Net Asset Value attributable to the Sterling Ordinary shares amounted to £825,991,161 ($1,367,998,301) and the Net Asset Value per Sterling Ordinary share was £1.0018. The Net Asset Value attributable to the Sterling C shares amounted to £418,735,325 ($693,505,258) and the Net Asset Value per Sterling Ordinary share was £0.9839. Details on individual share class returns are under Note 8.

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 buy backs and short-term liquidity purposes. The Directors will restrict borrowing to an amount not exceeding 20% of the Net Asset Value at the time of drawdown. Derivatives are used for foreign exchange hedging purposes, the US Dollar exposure for sterling shareholders is explained in note 2 of the financial statements.

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 Guernsey law. Distributions are made by way of interim 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 of Incorporation 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 reissued 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 London Stock Exchange over five trading days; or (ii) the Net Asset Value 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 Net Asset Value per Share.

The below table relates to the quarterly dividends during the period:

Period	Date Declared	Payment Date	Dividend per U.S. Dollar Share	Dividend per Sterling Share
Quarter ended 31 March 2013 – Ordinary shares	8 April 2013	24 May 2013	$0.01220	£0.01220
Quarter ended 30 June 2013 – Ordinary shares	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 – Ordinary shares	7 October 2013	22 November 2013	$0.00890	£0.00890
Quarter ended 31 December 2013 – Ordinary shares	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

The Company has issued the following Ordinary Shares under Scrip Dividend Alternative for the period:

Period	Number of U.S. Dollar Shares	Number of Sterling Shares	Rate per U.S. Dollar Share	Rate per Sterling Share
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

STRATEGIC REPORT (CONTINUED)

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 meeting the performance of the portfolio as well as the NAV, income and share price of the Company;
- Discount/premium to NAV - At each 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 on a daily basis through the official newswire of the London Stock Exchange. 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.

Gender Metrics

The Board consists of two men and one woman. More information on the Board's consideration of diversity is given in the Corporate Governance Report on pages 15 to 32.

For and on behalf of the Board

Richard Battey
Director
14 April 2014

DIRECTORS' REPORT

The Directors present the consolidated financial statements of the Company and their report for the year ended 31 December 2013.

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 2013 was as follows:

U.S. Ordinary Shares	51,280,525
Sterling Ordinary Shares	824,544,205
Sterling C Shares	425,571,132

On 6 January 2014, the Company announced a Conversion ratio for the conversion of Sterling C Shares into Sterling Ordinary Shares. The conversion ratio, based on the NAV of each share class as at 31 December 2013, [as calculated in accordance with the Company's prospectus dated 30 September 2013 (the "Prospectus")], was 0.98950222 Sterling Ordinary Shares for every one Sterling C Share held. On the basis of the Conversion Ratio announced, an application was made to the UK Listing Authority for 421,103,481 Sterling Ordinary Shares (the "New Shares") to be admitted to the Premium Listing segment of the Official List. An application was also made for the New Shares to be admitted to trading on the Main Market of the London Stock Exchange, which became effective from and the dealings in the New Shares commenced from 21 January 2014. The Sterling C Shares were permanently removed from trading on the London Stock Exchange with effect from the opening of trading at 8:00 a.m. on 21 January 2014.

Substantial Share Interests

Based upon information deemed reliable as provided by the Company's registrar, as at 8 April 2014, the following shareholders owned 5% or more of the issued shares of the Company.

Shareholder	No. of Sterling Ordinary Shares	No. of Dollar Ordinary Shares	Percentage of Share Class (%)
BBHISL Nominees Limited 129481 ACCT	118,294,402	-	9.49
BNY Mellon Nominees Limited BSDTAGG ACCT	75,153,523	-	6.03

Notifications of Shareholdings

In the year to 31 December 2013 the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules ("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.

DIRECTORS' REPORT (CONTINUED)

Notifications of Shareholdings (continued)

	Number of Sterling Ordinary Shares	Percentage of total voting rights (%)
BlackRock, Inc	90,392,739	6.97%
Rathbone Brothers Plc	20,316,783	5.59%
Investec Wealth & Investment Limited	41,070,165	3.00%
Baille Gifford & Co*	-	Below 5%
Neuberger Berman Group*	-	-

There have been no changes notified since the year-end.

*The number of shares held was not disclosed by the shareholder as the holding is now under 5% and there is no requirement under the DTR.

Going Concern

Going concern refers to the assumption that the Company has the resources to continue in operation for the foreseeable future. After analysing the following, the Directors believe that it is appropriate to adopt the going concern basis in preparing these consolidated financial statements:

1. Working capital – As at 31 December 2013, there was a working capital surplus of approximately $84 million. The Directors noted that as at 31 December 2013 (i) the gross investment income for the period from 1 January 2013 to 31 December 2013 was approximately $53m and (ii) the Company had no borrowings, as such it has sufficient capital in hand to cover all expenses (which mainly consist of Investment Manager's fees, Administration fees and Professional fees) and to meet all of its obligations as they fall due.

2. Closed-ended Company - The Company has been registered with the Guernsey Financial Services Commission as a Registered Closed-ended Collective Investment Scheme, as such there cannot be any shareholder redemptions, and therefore no cash flows out of the Company in this respect.

3. Investments - The Company has a tradable portfolio, therefore the investments can be sold for cash.

Based on the above assessments, the Directors are of the opinion that the Company is able to meet its liabilities as they fall due for payment because it has and is expected to maintain adequate cash resources. Given the nature of the Company's business, the Directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

The going concern statement required by the Listing Rules and the AIC Code is set out above and in the "Directors' Responsibilities Statement" on page 38.

Life of the Company

The Company does not have a fixed life. However, under Article 51 of the Articles of Incorporation, the Directors have to convene an extraordinary general meeting of the Company at certain anniversaries of Admission and at such Meeting shall 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 Directors are next required to convene an extraordinary general meeting to propose a further Continuation Resolution on or before the sixth anniversary of Admission. The Directors shall convene a general meeting to propose a further Continuation Resolution every year thereafter.

If a Continuation Resolution is not passed, the Directors shall put proposals to shareholders for the restructuring or reorganisation of the Company.

DIRECTORS' REPORT (CONTINUED)

Discount Controls

Also as per the Articles of the Company, under the discount control mechanism, if, as at 31 December 2013, or as at 31 December in any subsequent calendar year, the Shares of a particular class have, on average over the last three calendar months of the relevant calendar year (the ''Discount Calculation Period''), traded on the London Stock Exchange at a discount in excess of 5% of the Net Asset Value per Share of that class, the Directors will, subject to any legal or regulatory requirements, implement a redemption offer (the ''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. The shares did not trade at a discount on average in excess of 5% of the Net Asset Value per share over the three-month period between 1 October 2013 and 31 December 2013.

Buybacks

At the annual general meeting of the Company held in June 2013, 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 19 June 2013). This authority, which has not been used, will expire at the forthcoming AGM. The Directors intend to seek annual renewal of this authority from the Shareholders.

Pursuant to this authority, and subject to the Companies (Guernsey) Law, 2008 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 Net Asset Value per Ordinary Share of that class and assisting in controlling the discount to Net Asset Value per Ordinary Share of that class in relation to the price at which the Ordinary Shares of such class may be trading.

Disclosure of Information to Auditors

The Directors who were members of the Board at the time of approving this Report are listed on page 67. 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 Auditors are 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 auditors are aware of that information.

Global Greenhouse Gas Emissions

The Company has no greenhouse gas emissions to report from its operations for the year to 31 December 2013 (2012 – none), nor does it have responsibility for any other emissions producing sources.

For and on behalf of the Board

Richard Battey
Director
14 April 2014

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. The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code ("UK Code"), published in September 2012, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company. The 2013 AIC Code came into effect for financial years ending on or after 30 September 2013.

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 Corporate Governance Code), will provide better 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. The GFSC have stated in their Code that companies which report against the UK Corporate Governance 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 2013 the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code of Corporate Governance, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

- The role of the chief executive
- Executive Directors' remuneration
- Internal audit function

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these 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 these provisions.

The Directors believe that this report and financial statements 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 Disclosure and Transparency Rules by virtue of the information included in the Corporate Governance section of the annual report together with information contained in the Strategic Report and the Directors' Report.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Directors

The Directors were all appointed on 10 March 2011. William Frewen was re-elected as Chairman, Richard Battey and Sandra Platts were re-elected as Directors at the Annual General Meeting held on 19 June 2013.

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.

Richard Battey (Chairman of the Audit Committee)

Richard Battey is a resident of Guernsey and is a non-executive Director and Chairman of the Audit Committees of AcenciA Debt Strategies Limited, Better Capital PCC Limited, Juridica Investments Limited, Princess Private Equity Holding Limited and Prospect Japan Fund Limited. He is a non- executive Director of Pershing Square Holdings 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.

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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 on page 18.		
The Board Members of NB Global Floating Rate Income Fund Limited: William Frewen (Chairman), Richard Battey and Sandra Platts – all independent non-executive Directors Responsibilities: Overall conduct of the Company's business and setting the Company's strategy. More details below.		
Remuneration and Nomination Committee Members: Sandra Platts (Chairman) William Frewen Richard Battey 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 22 and 23.	**Management Engagement Committee** Members: Sandra Platts (Chairman) William Frewen Richard Battey Responsibilities: To review performance of all Service Providers (including the Investment Manager). More details on pages 24 and 25.	**Audit Committee** Members: Richard Battey (Chairman) Sandra Platts William Frewen 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 auditors, and the management of the Company's systems of internal financial and operating controls and business risks. More details on pages 26 to 30.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Independence and Composition

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 three non-executive Directors. The biographical details of the Directors holding office at the date of this report are listed on page 16, and demonstrate a breadth of investment, accounting and professional experience. A senior independent Director has not been identified as 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 our Board is kept under review by the Remuneration and Nomination Committee, details of which can be found on page 17.

The Chairman and all Directors are all currently independent of the Company's Investment Manager and the 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.

The Company Secretary, BNP Paribas Securities Services S.C.A., Guernsey Branch 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;
- organises induction of new Directors; and
- is responsible for ensuring that the correct Board procedures are followed and advises the Board on corporate governance matters.

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 Annual General Meeting. All Directors have served since incorporation of the Company. 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 during the 2013 Board Evaluation and have determined that it is in the best interests of the Company to propose that all Directors are proposed for re-election.

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 and Sub-Investment Manager take 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 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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 from time to time by the appointment of new Directors with the skills and experience necessary to replace those lost by Directors' retirements. Directors must be able to demonstrate their commitment to the Company. The Board seeks to encompass relevant past and current experience of various areas relevant to the Company's business. The Board is considering the possibility of appointing an additional Director which will assist in the increased workload of the Company and aid succession planning by the end of 2014.

	Date first elected by shareholders	Years from first election to 2014 AGM	Considered to be independent by the Board
William Frewen	June 2012	2	Yes
Richard Battey	June 2012	2	Yes
Sandra Platts	June 2012	2	Yes

Re-election of Directors

All the Directors submit themselves for re-election at the AGM to be held on 18 June 2014. The Remuneration and Nomination Committee confirmed to the Board that the contributions made by the Directors offering themselves for re-election at the AGM on 18 June 2014 continue to be effective and that the Company should support their re-election.

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 page 33 to 37 provides information on the remuneration and interests of the Directors.

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 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 or nationality on the Board. At 31 December 2013 the Board has a 33% 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Performance Evaluation

The performance of the Board, its Committees and the Directors was reviewed by the Remuneration and Nomination Committee in November 2013, by means of an internal questionnaire. The Company Secretary collated the results of the questionnaires and the consolidated results were reviewed and discussed by the Remuneration and Nomination Committee. In addition, the Remuneration and Nomination Committee reviewed the performance of the Chairman in his role. The independence of all Directors was considered. The Chairman reviews each individual Directors contribution.

As a result of the recommendations made in this year's Board performance evaluation, the Board has agreed:

- That all Directors are considered independent;
- All Directors should be proposed for reappointment at the 2014 AGM;
- To appoint an additional Director to the Board; and
- To propose changes to the Company's Articles of Incorporation in relation to operation of Committee meetings that were approved by shareholders at the general meeting held on 19 March 2014;

As 2014 will be the third year of operation for the Company, an external facilitator will be engaged to carry out the 2014 board evaluation, details of the appointment of the facilitator and this process will be set out in the 2014 Annual Report.

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 Company Secretary and the Auditors.

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. He confirmed that all Directors actively kept up to date with industry developments and issues.

When a new Director is appointed to the Board, he/she will be provided with all relevant information regarding the Company and his/her 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 Guernsey Law, the Company's Articles of Incorporation 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.

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Board Meetings

The Board meets at least quarterly. Certain matters are considered at all 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.

Attendance at scheduled meetings of the Board and its committees in the 2013 financial year

	Board	Audit Committee	Remuneration and Nomination Committee	Management Engagement Committee
Number of meetings during the year	**7**	**3**	**1**	**1**
William Frewen	4*	3	1	1
Sandra Platts	7	3	1	1
Richard Battey	7	3	1	1

In addition to these meetings, 11 ad-hoc meetings and 3 Committee meetings were held during the year for various matters including but not limited to scrip dividends, issue of C shares and issue of shares under the tap programme.

***** Mr Frewen is resident in the UK and prevented by the Company's Articles from attending board meetings from the UK. It is not deemed cost effective for the Company for him to travel to Guernsey for the regular meetings 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 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 17 to 30. The terms of reference for each committee can be found on the Company's website www.nbgfrif.com.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Remuneration and Nomination Committee

Membership:
Sandra Platts - Chairman (Independent non-executive Director)
Richard Battey (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

- Determining the remuneration of the Directors;
- Preparing 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 page 67);
- 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.

Committee Meetings

Only members of the Remuneration and Nomination Committee have the right to attend Committee meetings. However, representatives of the Investment Manager and Administrator are invited by the Remuneration and Nomination Committee 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 Committee Chairman.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Remuneration and Nomination Committee (continued)

Main Activities during the Year

The Committee met once during the year and considered revised terms of reference for the Committee, succession planning, replenishment of the Board, and reviewed Directors' remuneration. The Committee also reviewed the results of the annual board evaluation and considered that the balance of skills, experience, independence and knowledge of the Company was appropriate. It was agreed that the Board worked very well as a unit and that an additional Director would need to complement the current Directors.

The revised terms of reference for the Committee incorporate the changes to the UK Corporate Governance Code 2012 and the AIC Code 2013. The new terms of reference are available on the Company's website, www.nbgfrif.com.

The Committee leads the process for appointments to the Board. There is a formal, rigorous and transparent procedure for the appointment of new Directors. Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of diversity on the Board, including gender. No Directors were appointed during the year. Following the annual board evaluation, the Board agreed that due to the increased size of the Company and additional workload that it would be desirable to appoint an additional offshore non-executive Director to the Board.

The Board will select suitable candidates with advice from their professional advisers and personal knowledge of the small pool of non-executive Directors in Guernsey. The decision will be based on merit and will be fair and non-discriminatory. The Board's diversity policy was agreed in March 2012. The Board supports the recommendations of the Davies Report and believes in and values the importance of diversity, including gender, to the effective functioning of the Board. At 31 December 2013 the Board has 33% 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.

A detailed "Directors' remuneration" report to shareholders from the Committee on behalf of the Board, is contained on page 33 to 37.

Sandra Platts
On behalf of the Remuneration and Nomination Committee
14 April 2014

CORPORATE GOVERNANCE REPORT (CONTINUED)

Management Engagement Committee

Membership:
Sandra Platts - Chairman (Independent non-executive Director)
Richard Battey (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.
- To review the performance of, and contractual arrangements with the Investment Manager including:

    Monitoring and evaluating 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.

Committee Meetings

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

Main Activities during the Year

The Committee met once during the year and considered revised terms of reference for the Committee, and reviewed the performance, relationships and contractual terms of all Service Providers including the Investment Manager.

The revised terms of reference for the Committee incorporate the changes to the UK Corporate Governance Code 2012 and the AIC Code 2013. The new terms of reference are available on the Company's website www.nbgfrif.com.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Management Engagement Committee (continued)

Main Activities during the Year (continued)

The Committee considered that the service from all Service Providers, including the Investment Manager had been good and no problems had been encountered.

Continued Appointment of the Investment Manager

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

As a result of the 2013 annual review it is the opinion of the Directors that the continued appointment of the current Investment Manager on the terms agreed is in the interest of the Company's shareholders as a whole. The Investment Manager has extensive investment management resources and wide experience in managing investments.

Sandra Platts
On behalf of the Management Engagement Committee
14 April 2014

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit Committee

Membership:
Richard Battey - Chairman (Independent non-executive Director)
Sandra Platts (Independent non-executive Director)
William Frewen (Company Chairman* and independent non-executive Director)

* The Board believes it is appropriate for the Company Chairman to be a member of the Audit Committee as he is 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 auditors, 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 Committee believes the annual report and accounts, 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 auditors;
- Considering the financial and other implications on the independence of the auditors arising from any non-audit services to be provided by the auditors;
- To analyse the key procedures adopted by the Company's Service Providers; and
- Compile a report on its activities to be included in the Company's annual report.

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit Committee (continued)

Committee Meetings

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

Main Activities during the Year

The 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 auditors. Meetings of the Committee generally take place prior to a Company Board meeting. The Committee reports to the Board as part of a separate agenda item, on the activity of the Committee and matters of particular relevance to the Board in the conduct of their work.

Following the publication of the revised version of the UK Corporate Governance Code and AIC Code, which apply to financial years commencing on or after 1 October 2012, the Board requested that the Committee advise them on whether it believes the annual report and accounts, 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 Committee's terms of reference have been amended to reflect this and can be found on the Company's website www.nbgfrif.com.

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

Financial Reporting

The primary role of the Committee in relation to financial reporting is to review with the Investment Manager, 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 auditors;
- Whether the annual report and accounts, 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 Committee considers reports from the Investment Manager, Administrator and also reports from the external auditors on the outcomes of their half-year review and annual audit.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit Committee (continued)

Significant Issues

In relation to the annual report and financial statements for the year ended 31 December 2013, the following significant issues were considered by the Audit Committee:

Significant Issue	How the Issue was Addressed
1. The valuation and existence of the Company's investments.	The Committee analysed the Investment portfolio of the Company in terms of investment mix, fair value hierarchy and valuation. The Committee has also considered the auditors' approach to their audit of the valuation and existence assertion in respect of the Company's investments. The Committee discussed in depth with PwC, with regards to their approach to testing the appropriateness and robustness of the valuation methodology applied by the Investment Manager to the Company's portfolio. The members of the Committee had meetings with PwC, where the audit findings were reported. PwC did not report any differences between the valuations used by the Company or custodian confirmation of holdings and the work performed during their testing process. Based on the above review and analysis the Committee confirmed that they were satisfied with the valuation and existence of the investments.
2. Presumed risk of fraud in revenue recognition and management override of controls.	The Committee considered the presumed risks of fraud as defined by auditing standards and was content that there were no issues arising. No instances of fraud were reported to the Committee by the Company's service providers.

Internal Controls and Risk Management

The 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 of Corporate Governance.

The 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 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 Board receives each year a report from the Administrator on its internal controls which includes a report from the Administrator's auditors on the control policies and procedures in operation.

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 Investment Manager's controls processes have also been outlined to the Board.

The Board's assessment of the Company's principal risks and uncertainties, is set out on pages 8 to 9.

By means of the procedures set out above, the Committee confirms that it has reviewed the effectiveness of the Company's system of internal financial and operating controls for the year ended 31 December 2013 and to the date of approval of this Annual Report and that no issues have been noted.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit Committee (continued)

External Audit

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. The Committee received a detailed audit plan from PwC identifying their assessment of these significant audit risks. For the 2013 financial year the significant audit risk identified was in relation to management override of controls. This significant risk was tracked through the year and the Committee challenged the work performed by the auditors to test management override of controls and in addition the audit work undertaken in respect of investment income and valuation of investments. The 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 Committee seeks feedback from the Investment Manager and the Administrator on the effectiveness of the audit process. For the 2013 financial year, the 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.

The Committee held private meetings with PwC, including the audit partner between Committee meetings to provide an additional opportunity for open dialogue and feedback from the Committee and PwC without the Investment Manager being present.

Appointment and Independence

The Committee considers the reappointment of PwC, including the rotation of the audit partner, and assesses their independence on an annual basis. PwC is required to rotate the audit partner responsible for the audit every five years. The current audit partner has been in place for one year. PwC has been the Company's external auditors since its stock exchange listing in 2011 (3 years). Due to the Company's incorporation in Guernsey, it is not obliged to comply with proposed developments in the UK and the EU on audit tendering. The Committee does however keep under review the ongoing legislative proposals on audit tendering and rotation from the EU and the Competition Commission in the UK. The comply or explain provision on audit tendering would have applied to the Company for the first time this year but has effectively now been superseded by recent developments and the Committee now notes the FRC plans to withdraw the provision during 2014. The Committee will continue to consider annually the need to go to tender for audit quality or independence reasons and will be guided by any final changes to the UK Corporate Governance Code which remains the definitive guidance to follow as a Guernsey incorporated company. Subject to the outcome of this process continuing to be satisfactory, it is currently expected that PwC will remain in office and a resolution to reappoint them for the 2014 audit will therefore be proposed at the AGM.

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

The Committee approved the fees for audit services for 2013 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 auditors from becoming compromised, the Committee has a formal policy governing the engagement of the external auditors to provide non-audit services. No material changes have been made to this policy during the year. The external auditors and the Directors have agreed that all non-audit services require the pre-approval of the Committee prior to commencing any work. Fees for non-audit services are tabled annually so that the Committee can consider the impact on external auditors' objectivity.

The external auditors were remunerated £117,555 for their services rendered in 2013. Of this amount, £85,055 was in relation to the year-end audit and £26,500 was in relation to the procedures performed in respect to the half-year review. An amount of £6,000 was in relation to the non-audit services performed over the C share conversion. In addition, a further £70,000 was paid to the external auditors when acting in the role of reporting accountant on both C Shares issues in March and October 2013. This amount was included in the issue costs of the respective C Shares.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit Committee (continued)

Non Audit Services (continued)

The Committee is satisfied with the effectiveness of the audit provided by PwC, and is satisfied with their independence. The Committee has therefore recommended to the Board that PwC be reappointed as external auditors for the year ending 31 December 2014, and to authorise the Directors to determine their remuneration. The auditors, PwC, have indicated their willingness to continue in office. Accordingly, a resolution proposing the reappointment of PwC as our external auditors will be put to the shareholders at the 2014 AGM. There are no contractual obligations restricting the Committee's choice of external auditors and we do not indemnify our external auditors.

Committee Evaluation

The Committee's activities formed part of the Board evaluation performed in the year. Details of this process can be found under "Performance evaluation" on page 20.

Richard Battey
On behalf of the Audit Committee
14 April 2014

CORPORATE GOVERNANCE REPORT (CONTINUED)

Relationship with the Investment Manager and the 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 and ad hoc reports and information are supplied to the Board as required. The Investment Manager takes decisions as to the purchase and sale of individual investments. The Investment Manager and Administrator also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Investment Manager and 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 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 and the 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. It has, since admission, 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 Broker and the Investment Manager, and shareholders are welcome to contact the Directors at any time via the Company Secretary.

During the year the Company introduced quarterly investor update calls, which can be accessed via conference call or WebEx, details are published via an RIS.

The Board believes that the Annual General Meeting provides an appropriate forum for shareholders to communicate with the Board, and encourages participation. The Annual General Meeting will be attended by the Directors. There is an opportunity for individual shareholders to question the Chairman of the Board, the Audit Committee, the Management Engagement Committee and the Remuneration and Nomination Committee at the Annual General Meeting. Details of proxy votes received in respect of each resolution will be made available to shareholders at the meeting and will be posted on the Company's website following the meeting.

The Annual and Half-Year Reports, the Interim Management Statements, monthly fact sheet 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 net asset value 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

2014 Annual General Meeting ("AGM")

The AGM will be held in Guernsey on 18 June 2014 at 10:15 GMT. The notice for the Annual General Meeting 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 address given on page 67. At other times the Company Secretary responds to letters from shareholders on a range of issues.

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 our website and announced via the Regulatory News Service.

DIRECTORS' REMUNERATION REPORT

Annual Statement

Dear Shareholder

This report meets the relevant rules of the Listing Rules of the Financial Conduct Authority and the AIC Code of Corporate Governance and describes how the Board has applied the principles relating to Directors' remuneration. An ordinary resolution to ratify this report will be proposed at the Annual General Meeting on 18 June 2014.

The rest of this report is split into two parts:

- The *Directors' remuneration policy* sets out the company's proposed policy on Directors' remuneration for the year. The Directors' remuneration policy is subject to annual review.

- The *annual report on remuneration* sets out payments made to the Directors. The annual report on remuneration together with this letter is subject to shareholder ratification at the AGM in June 2014.

Changes to the Board

There were no changes to the Board during the year. The Directors were appointed with the expectation that they will initially serve for three years. All Directors have served since incorporation of the Company on 10 March 2011 and will each stand for re-election at the AGM on 18 June 2014.

Conclusion

We have provided an at a glance summary of 2013 remuneration immediately after this letter. The Annual Report on Remuneration provides further details and the Director's Remuneration Policy sets out how we are building for the future.

I hope that we can rely on your vote in favour of the annual report.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

At a Glance

Single total figure for Directors for 2013

Element	Fees £	Other Fees £*	Total £	Total $
William Frewen	35,000	20,000	55,000	86,770
Richard Battey	30,000	20,000	50,000	78,845
Sandra Platts	25,000	20,000	45,000	70,921

Single total figure for Directors for 2012

Element	Fees £	Other Fees £	Total £	Total $
William Frewen	35,000	-	35,000	53,669
Richard Battey	30,000	-	30,000	46,002
Sandra Platts	25,000	-	25,000	38,335

*The Directors were paid an additional amount of £20,000 ($31,300) each in relation to the C Shares issued in March 2013 and October 2013. These Directors' fees were paid from the issue costs of the respective C Shares.

Remuneration Policy

The determination of the Directors' fees is a matter dealt with by the Remuneration and Nomination Committee and the Board. The Committee considers the remuneration policy annually to ensure that it remains appropriately positioned. 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 his or her own remuneration.

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.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Board on the Company's affairs and the responsibilities borne by the Directors and should be sufficient to enable high calibre candidates to be recruited. During the year 2013, the policy was for the Chairman of the Board and Chairman of the Audit Committee 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 of Incorporation.

The Company's Articles of Incorporation limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum. For the period under review there were no changes to the Directors' fees from 2012.

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Policy Table

Directors' Fees Policy

Element	Operation of the Element	Maximum Potential Value	Performance Metrics Used
Fees			
To recognise time spent and the responsibilities borne and to attract high calibre 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 2013 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

Service Contracts and Policy on Payment of Loss of Office

Directors are appointed with the expectation that they will stand for annual re-election. All Directors have served since incorporation of the Company. 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 of Corporate Governance all Directors will be re-elected by shareholders at the Annual General Meeting to be held on 18 June 2014. The names and biographies of the Directors holding office at the date of this report are listed in the Annual Report on page 16. All of the independent Directors will be subject to annual re-election.

Copies of the Director's letters of appointment are available for inspection by shareholders at the Company's Registered Office, and are available at the Annual General Meeting. The dates of their letters of appointment and details of the outstanding term are shown below.

Dates of Directors' Letters of Appointment

Standard Provision	Date of Letter of Appointment
William Frewen	10 March 2011
Richard Battey	10 March 2011
Sandra Platts	10 March 2011

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Directors' Interests

The Company has not set any requirements or guidelines for Directors to own shares in the Company. The beneficial interests of the Directors and their connected persons in the Company's shares are shown in the table below:

	31 December 2013 Sterling Ord Shares	31 December 2013 Sterling C Shares	31 December 2012 Sterling Ord Shares	31 December 2012 Sterling C Shares
William Frewen	-	10,000	-	-
Richard Battey	20,003	10,000	-	-
Sandra Platts	-	10,000	-	-

Annual Report on Remuneration

Single Total Figure of Remuneration (Audited Information) For Directors

The Company paid the following fees to the Directors for the year ended 31 December 2013.

	Board Fee 2013 $	Board Fee 2012 $	Other Fees 2013 $	Other Fees 2012 $	Total 2013 $	Total 2012 $
William Frewen Chairman Member of Audit Committee Member of Remuneration and Nomination Committee Member of Management Engagement Committee	55,470	53,669	31,300	-	86,770	53,669
Richard Battey Chairman of the Audit Committee Member of Remuneration and Nomination Committee Member of Management Engagement Committee	47,545	46,002	31,300	-	78,845	46,002
Sandra Platts Chairman of the Remuneration and Nomination Committee Chairman of the Management Engagement Committee Member of Audit Committee	39,621	38,335	31,300	-	70,921	38,335
Total	142,636	138,006	93,900	-	236,536	138,006

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 $2,955 (31 December 2012: $4,412).

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Advisors to the Remunerations Committee

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

Statement of Voting at Annual General Meeting

At the last Annual General Meeting, votes on the remuneration report were cast as follows.

	For Number	Against Number	Withheld Number
2012 Remuneration Report	351,890,809	10,880	-

Sandra Platts
On behalf of the Remuneration and Nomination Committee
14 April 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with applicable Guernsey law and US Generally Accepted Accounting Principles ('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 Companies (Guernsey) Law, 2008, as amended. 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 NB Global Floating Rate Income Fund Limited for the year ended 31 December 2013 as the parent of the Group in accordance with Section 244(5) of The Companies (Guernsey) Law, 2008. They are not required to prepare individual financial statements for NB Global Floating Rate Income Fund Limited in accordance with Section 243 of The Companies (Guernsey) Law, 2008 for the financial period.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he 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 auditors are aware of that information.

The Directors confirm to the best of their knowledge that:

- The consolidated financial statements which have been prepared in conformity with US GAAP give a true and fair view of the assets, liabilities, financial position and profit 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 Companies (Guernsey) Law, 2008 as amended;
- 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 NB Global Floating Rate Income Fund Limited website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website.

DIRECTORS' RESPONSIBILITIES STATEMENT (CONTINUED)

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

By order of the Board

Sandra Platts	Richard Battey
Director	Director
14 April 2014	14 April 2014

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements (the "financial statements") of NB Global Floating Rate Income Fund Limited and its wholly owned subsidiaries (together, "the Company") which comprise the consolidated statement of assets and liabilities and the consolidated condensed schedule of Investments as of 31 December 2013 and the consolidated statement of operations, the consolidated statement of changes in net assets and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2013, and of its financial performance and its 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.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Company Overview, the Key Figures, the Chairman's Statement, the Investment Manager's Report, the Strategic Report, the Directors' Report, the Corporate Governance Report, the Directors' Remuneration Report, the Directors' Responsibilities Statement and the Directors, Managers and Advisers.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In our opinion:

- the information given in the Directors' Report is consistent with the financial statements and;
- the information given in the Corporate Governance Report set out on page 28 with respect to internal control and risk management systems is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Matters on which we are required to report by exception

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

- the Directors' statement set out on page 13 in relation to going concern;
- the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

John Roche
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
2014

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

For the year ended 31 December 2013
(Expressed in U.S. Dollars)

	Notes	31 December 2013	31 December 2012
Assets		$	$
Investments, at fair value (2013: cost of $2,007,555,343; 2012: $708,938,484)	5	2,029,351,512	714,890,852
Cash and cash equivalents:			
- Sterling		33,299,179	1,643,656
- Euro		20,785,980	2,562,521
- U.S. Dollar		230,692,421	16,260,995
Total cash and cash equivalents		284,777,580	20,467,172
		2,314,129,092	735,358,024
Other assets:			
Receivables for investments sold		30,890,517	62,551,644
Derivative assets *(for hedging purposes only)*	5	47,457,456	5,329,658
Interest receivables		8,535,728	5,001,773
Other receivables and prepayments		71,565	74,973
		86,955,266	72,958,048
Total assets		2,401,084,358	808,316,072
Liabilities			
Payables for investments purchased		283,553,429	80,395,387
Payables to Investment Manager and affiliates		3,487,870	1,376,082
Accrued expenses and other liabilities		738,266	485,300
Total liabilities		287,779,565	82,256,769
Total assets less liabilities		2,113,304,793	726,059,303
Share capital	9	1,978,458,672	699,946,899
Accumulated profit		134,846,121	26,112,404
Total net assets		2,113,304,793	726,059,303

31 December 2013	**Net Asset Value**	**Number of Shares**	**NAV per Share**
U.S. Dollar shareholding			
- Ordinary Shares	$51,801,234	51,280,525	$1.0102
- C Shares	-	-	-
Sterling shareholding			
- Ordinary Shares	£825,991,161	824,544,205	£1.0018
- C Shares	£418,735,325	425,571,132	£0.9839
Sterling shareholding (in USD)			
- Ordinary Shares	$1,367,998,301	824,544,205	$1.6591
- C Shares	$693,505,258	425,571,132	$1.6296

The consolidated financial statements on pages 42 to 66 were approved and authorised for issue by the Board of Directors on 14 April 2014, and signed on its behalf by:

Sandra Platts
Director

Richard Battey
Director

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS

31 December 2013
(Expressed in U.S. Dollars)

31 December 2013	Cost	Fair Value	Fair Value as % of Net Assets
	$	$	
Portfolio of investments			
Financial investments			
Floating rate senior secured loans	1,875,055,312	1,892,019,894	89.53
Fixed rate bonds	129,712,830	134,324,690	6.36
Floating rate bonds	2,787,201	3,006,928	0.14
Total financial investments	2,007,555,343	2,029,351,512	96.03
Total portfolio of investments	2,007,555,343	2,029,351,512	96.03
Forwards			
Euro to U.S. Dollar		(1,274,208)	(0.06)
Sterling to U.S. Dollar		(2,914,916)	(0.14)
U.S. Dollar to Sterling		51,646,580	2.44
		47,457,456	2.24

31 December 2013	Cost	Fair Value	Fair Value as % of Net Assets
	$	$	
Geographic diversity of investment portfolio			
North America	1,710,285,186	1,720,454,726	81.41
Australia / Oceania	13,287,186	13,476,055	0.64
Europe	283,982,971	295,420,731	13.98
	2,007,555,343	2,029,351,512	96.03

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENT (CONTINUED)

31 December 2013
(Expressed in U.S. Dollars)

31 December 2012	**Cost**	**Fair Value**	**Fair Value as % of Net Assets**
	$	**$**	
Portfolio of investments			
Financial investments			
Floating rate senior secured loans	659,627,497	664,324,754	91.50
Fixed rate bonds	45,931,562	46,995,298	6.47
Floating rate bonds	3,379,425	3,570,800	0.49
Total financial investments	708,938,484	714,890,852	98.46
Total portfolio of investments	708,938,484	714,890,852	98.46
Forwards			
Euro to U.S. Dollar		(388,400)	(0.05)
Sterling to U.S. Dollar		(248,055)	(0.03)
U.S. Dollar to Euro		(30,297)	(0.01)
U.S. Dollar to Sterling		5,996,410	0.83
		5,329,658	0.74

31 December 2012	**Cost**	**Fair Value**	**Fair Value as % of Net Assets**
	$	**$**	
Geographic diversity of investment portfolio			
North America	634,126,804	640,988,995	88.28
Australia / Oceania	5,670,552	5,771,607	0.80
Europe	69,141,128	68,130,250	9.38
	708,938,484	714,890,852	98.46

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENT (CONTINUED)

31 December 2013
(Expressed in U.S. Dollars)

	31 December 2013		31 December 2012	
Industry diversity of Investment Portfolio	**Cost ($)**	**Fair Value ($)**	**Cost ($)**	**Fair Value ($)**
Aerospace & Defence	10,185,610	10,178,442	1,608,755	1,614,611
Air Transport	43,179,921	43,388,836	5,092,865	5,313,261
All Telecom	86,961,625	87,423,172	22,677,447	22,788,358
Automotive	51,480,143	52,154,432	24,201,281	24,508,115
Beverage and Tobacco	6,770,887	7,242,726	-	-
Building & Development	37,390,529	38,008,901	18,760,568	19,244,148
Business Equipment & Services	212,761,113	215,222,808	72,181,182	72,962,169
Cable & Satellite Television	18,764,570	19,772,705	12,385,734	12,673,175
Chemicals & Plastics	87,621,899	89,044,360	38,945,894	38,901,115
Clothing/Textiles	-	-	5,452,600	5,505,866
Conglomerates	5,166,277	5,175,331	6,599,470	6,698,225
Containers & Glass Products	73,673,371	74,615,030	18,975,824	19,239,258
Cosmetics/Toiletries	-	-	4,566,605	4,666,309
Drugs	22,812,977	22,923,610	6,876,198	6,947,030
Ecological Services & Equipment	14,358,726	14,399,802	8,156,480	8,190,196
Electronics/Electrical	118,349,268	119,741,256	53,717,794	54,572,052
Equipment Leasing	11,871,339	11,950,300	12,450,867	12,628,659
Farming/Agriculture	5,457,715	5,506,017	-	-
Financial Intermediaries	156,715,219	158,316,560	69,967,535	71,198,868
Forest Products	4,042,710	4,082,092	-	-
Food Products	56,573,715	57,269,113	11,688,166	11,919,587
Food Service	42,170,928	42,383,501	8,389,202	8,452,870
Food/Drug Retailers	40,386,217	41,300,128	5,163,066	5,305,098
Health Care	113,760,669	114,356,349	73,059,355	74,489,784
Home Furnishings	14,028,642	14,109,656	5,244,836	5,302,397
Industrial Equipment	73,985,493	75,330,550	25,719,085	26,047,835
Insurance	11,194,077	11,189,354	1,674,107	1,701,505
Leisure Goods/Activities/Movies	72,130,603	72,587,707	12,210,086	12,324,762
Lodging & Casinos	180,382,752	182,310,887	44,476,664	44,793,941
Nonferrous Metals/Minerals	43,129,287	43,341,232	14,384,410	14,559,212
Oil & Gas	45,225,145	45,375,847	11,026,027	11,093,011
Publishing	61,917,462	62,631,593	21,103,330	20,149,243
Radio & Television	95,293,364	96,920,247	26,807,241	27,196,719
Retailers (except food & drug)	96,926,939	98,263,580	45,862,830	45,118,716
Steel	24,832,541	25,120,126	5,066,601	5,173,654
Utilities	68,053,610	67,715,262	14,446,379	13,611,103
	2,007,555,343	2,029,351,512	708,938,484	714,890,852

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENT (CONTINUED)

31 December 2013

As at 31 December 2013, issuers with the following investments comprised of greater than 1% of Net Asset Value:

31 December 2013	Country	Industry	Fair Value	%
FIRST DATA CORPORATION			**39,289,108**	**1.86**
First Data Corp T/L B2 24/03/2018	United States	Financial Intermediaries	39,289,108	1.86
UNIVISION COMMUNICATIONS INC			**36,261,081**	**1.72**
Univision Comm T/L 2013 Con 01/03/2020	United States	Radio & Television	35,450,579	1.68
Univision Comm T/L 2013 Con 04/11/2020	United States	Radio & Television	810,502	0.04
LEVEL 3 FINANCING INC.			**29,612,346**	**1.40**
Level 3 Communications T/L B3 01/08/2019	United States	All Telecom	3,516,030	0.17
Level 3 Communications T/L B4 15/01/2020	United States	All Telecom	26,096,316	1.23
REYNOLDS GROUP (AKA BEVERAGE PACKAGING)			**26,822,697**	**1.27**
Reynolds Group Hold Inc T/L 30/09/2018	United States	Containers & Glass Products	13,894,679	0.66
Reynolds Group Hold Inc T/L 26/12/2018	Unites States	Containers & Glass Products	10,164,539	0.48
Reynolds Group Hold Inc T/L 31/12/2018	United States	Containers & Glass Products	2,763,479	0.13
CERIDIAN CORPORATION			**25,867,266**	**1.22**
Ceridian Corporation T/L B 09/05/2017	United States	Business Equipment & Services	25,867,266	1.22
CLEAR CHANNEL			**24,667,790**	**1.17**
Clear Channel T/L D Extended 22/01/2019	United States	Radio & Television	24,667,790	1.17
STATION CASINOS			**23,708,957**	**1.12**
Station Casinos LLC T/L B 25/02/2020	United States	Lodging & Casinos	23,708,957	1.12
US FOODSERVICE INC			**22,897,344**	**1.08**
US Foodservice Inc T/L 31/03/2019	United States	Food Service	22,897,344	1.08
			228,126,589	**10.84**

31 December 2012

As at 31 December 2012, issuers with the following investments comprised of greater than 1% of Net Asset Value:

31 December 2012	Country	Industry	Fair Value	%
FIRST DATA CORPORATION			**12,911,777**	**1.78**
First Data Corp 6.75% 12-01/11/2020	United States	Financial Intermediaries	1,383,700	0.19
First Data Corp 7.375% 11-15/06/2019	United States	Financial Intermediaries	4,936,950	0.68
First Data Corp New Extend TL 24/09/2018	United States	Financial Intermediaries	2,648,980	0.37
First Data Corp TL B4 24/03/2017	United States	Financial Intermediaries	3,942,147	0.54
NXP FUNDING			**12,479,922**	**1.72**
NXP BV Term Loan C 11/01/2020	Netherlands	Electronics/Electrical	1,905,271	0.26
NXP BV TL B 16/02/2019	United States	Electronics/Electrical	3,426,618	0.47
NXP Funding TL A2 31/03/2017	United States	Electronics/Electrical	7,148,033	0.99
Level 3 Financing Inc.			**12,437,678**	**1.71**
Level 3 Communication Tranche B2 TL 01/08/2019	United States	All Telecom	10,355,249	1.42
Level 3 Communications Term B 01/08/2019	United States	All Telecom	2,082,429	0.29
STATION CASINOS			**10,443,538**	**1.44**
NP OPCO LLC TL B 07/09/2019	United States	Lodging & Casinos	5,322,845	0.73
Station Casinos LLC T/L B2 17/06/2016	United States	Lodging & Casinos	5,120,693	0.71

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENT (CONTINUED)

31 December 2012 (continued)

31 December 2012	Country	Industry	Fair Value	%
MOMENTIVE PERFORMANCE MATERIALS			**9,369,525**	**1.29**
Momentive Performance 10% 12-15/10/2020	United States	Chemicals & Plastics	3,324,375	0.46
Momentive Performance 9% 11-15/01/2021	United States	Chemicals & Plastics	2,974,750	0.41
MPM Escrow/MPM FI8.875%12-15/10/2020	United States	Chemicals & Plastics	3,070,400	0.42
TOYS R US DELAWARE INC.			**9,164,270**	**1.26**
Toys R us TL B 25/05/2018	United States	Retailers (except food & drug)	4,635,221	0.64
Toys R us TL B Cov Lite 01/09/2016	United States	Retailers (except food & drug)	4,529,049	0.62
CITCO			**8,875,613**	**1.22**
Citco III Ltd T/L B 16/04/2018	United States	Financial Intermediaries	8,875,613	1.22
PQ CORPORATION			**8,641,796**	**1.19**
PQ Corporation Term Loan 30/04/2017	United States	Chemicals & Plastics	8,641,796	1.19
KRONOS			**8,539,453**	**1.18**
Kronos 2nd Lien TL 30/04/2020	United States	Business Equipment & Services	4,951,717	0.68
Kronos Term Loan 31/10/2019	United States	Business Equipment & Services	3,587,737	0.50
GALA GROUP			**8,479,159**	**1.17**
Gala Group Ltd Term Loan B 30/04/2018	United Kingdom	Lodging & Casinos	8,479,159	1.17
RFC BORROWER LLC			**8,424,400**	**1.16**
Residential Capital LLC TL A1 01/12/2013	United States	Financial Intermediaries	6,476,087	0.89
Residential Capital LLC TL A2 01/12/2013	United States	Financial Intermediaries	1,948,313	0.27
REYNOLDS GROUP (aka BEVERAGE PACKAGING)			**8,168,635**	**1.12**
Reynolds Group 5.75% 12-15/10/2020	United States	Containers & Glass Products	4,821,775	0.66
Reynold Group Holdings Inc TL 30/09/2018	United States	Containers & Glass Products	3,346,860	0.46
CAPITAL AUTOMOTIVE LP			**7,835,639**	**1.08**
Capital Automotive T/L B 1L	United States	Building & Development	7,835,639	1.08
TRADER MEDIA GROUP			**7,717,359**	**1.06**
Trader Media Corp Ltd TB3 31/12/2017	United Kingdom	Publishing	7,717,359	1.06
UNITED SURGICAL PARTNERS (USP DOMESTIC)			**7,538,332**	**1.04**
United Surgical Parners Int TL 01/04/2019	United States	HealthCare	7,538,332	1.04
CERIDIAN CORPORATION			**7,453,565**	**1.02**
Ceridian Corporation 8.875% 12-15/07/2019	United States	Business Equipment & Services	2,278,500	0.31
Ceridian Cororation T/L 09/05/2017	United States	Business Equipment & Services	5,175,065	0.71
VALEANT PHARMACEUTICALS			**7,455,150**	**1.03**
Valeant Pharma Int TLB 9/12 D 13/02/2019	United States	HealthCare	7,455,150	1.03
			154,992,390	**20.35**

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended 31 December 2013
(Expressed in U.S. Dollars)

	1 January 2013 to 31 December 2013 $	1 January 2012 to 31 December 2012 $
Income		
Interest income (net of withholding taxes, 2013: $97,595; 2012: $170,502)	49,932,038	40,156,171
Other income from investments	2,666,618	3,317,236
	52,598,656	43,473,407
Expenses		
Investment management and services	8,475,394	5,155,590
Administration and professional fees	2,115,690	1,704,012
Directors' fees and travel expenses	142,836	142,418
Total expenses	10,733,920	7,002,020
Net investment income	41,864,736	36,471,387
Realised and unrealised gains and losses		
Net realised gain on investments	4,116,093	3,334,624
Net realised gain on derivatives	41,119,080	22,076,850
Total net realised gain	45,235,173	25,411,474
Net change in unrealised appreciation on investments	15,843,801	28,834,061
Net change in unrealised appreciation on derivatives	42,127,799	5,888,687
Total net unrealised appreciation	57,971,600	34,722,748
Realised gain / (loss) on foreign currency	137,852	(2,197,937)
Net realised and unrealised gains	103,344,625	57,936,285
Net increase in net assets resulting from operations	145,209,361	94,407,672

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the year ended 31 December 2013
(Expressed in U.S. Dollars)

31 December 2013

	C Shares ($)	Ordinary Shares ($)	Total ($)
Net assets as at 1 January 2013	-	726,059,303	726,059,303
Issuance of C Shares [(net of issuance costs of £14,718,493 (approximately $22,977,521)]	1,211,549,641	-	1,211,549,641
Tap issue	-	69,019,703	69,019,703
Scrip issue	-	2,432,684	2,432,684
Conversion of C Shares into Ordinary Shares	(535,635,812)	535,635,812	-
Dividends	(3,062,375)	(36,475,645)	(39,538,020)
Net increase in net assets resulting from operations	20,653,804*	123,127,678	143,781,482
Net assets as at 31 December 2013	693,505,258	1,419,799,535	2,113,304,793

31 December 2012

	C Shares ($)	Ordinary Shares ($)	Total ($)
Net assets as at 1 January 2012	183,998,928	477,744,646	661,743,574
Scrip issue	-	3,370,313	3,370,313
Conversion of C Shares into Ordinary Shares	(183,480,114)	183,480,114	-
Dividends	(518,814)	(32,943,442)	(33,462,256)
Net increase in net assets resulting from operations	-	94,407,672	94,407,672
Net assets as at 31 December 2012	-	726,059,303	726,059,303

*This includes an amount of $1,427,879 relating to the decrease in NAV, crystallised as part of the July 2013 C Share conversion.

The accompanying notes are an integral part of the consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013
(Expressed in U.S. Dollars)

	1 January 2013 to 31 December 2013 $	1 January 2012 to 31 December 2012 $
Cash flows from operating activities:		
Net increase in net assets resulting from operations	145,209,361	94,407,672
Adjustment to reconcile net decrease in net assets resulting from operations:		
Net realised gain on investments	(4,116,093)	(3,334,624)
Net change in unrealised appreciation on investments and derivatives	(57,971,600)	(34,722,748)
Changes in receivables for investments sold	31,661,127	(42,279,576)
Changes in interest receivables	(3,533,955)	(1,651,872)
Changes in other receivables and prepayments	3,408	41,137
Realised gains on forwards	-	(359,270)
Changes in payables for investments purchased	203,158,042	9,777,383
Changes in payables to Investment Manager and affiliates	2,111,788	46,707
Changes in accrued expenses and other liabilities	252,966	59,633
Purchase of investments	(2,210,523,422)	(885,801,118)
Sale of investments	916,022,657	850,058,060
Net cash used in operating activities	(977,725,721)	(13,758,616)
Cash flows from financing activities:		
Issue of C Shares (net of issuance costs of £14,718,493 (approximately $22,977,521))	1,211,549,641	-
Tap issue	69,019,703	-
Dividends paid (net of Scrip issue)	(38,533,215)	(30,091,943)
Net cash provided / (used) by financing activities	1,242,036,129	(30,091,943)
Net increase / (decrease) in cash and cash equivalents	264,310,408	(43,850,559)
Cash and cash equivalents at beginning of the year	20,467,172	64,317,731
Cash and cash equivalents at end of the year	284,777,580	20,467,172

The accompanying notes are an integral part of the consolidated financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF BUSINESS

NB Global Floating Rate Income Fund Limited (the "Company") is a Guernsey Registered Closed-ended Collective Investment Scheme registered and incorporated in Guernsey under The Companies (Guernsey) Law, 2008 (as amended), on 10 March 2011, with registration number 53155. The Company's shares were admitted to trading on the Main Market of the London Stock Exchange on 20 April 2011.

The Initial Public Offering of the Company took place on 15 April 2011, raising gross proceeds of approximately $507.3 million. On 30 September 2011, the Company raised an additional $187 million by means of a Placing and Offer for Subscription of C Shares. On 21 March 2013 and 24 October 2013 the Company raised an additional $550 million and $705 million respectively by means of a Placing and Offer for Subscription of C Shares. On 22 July 2013, through a tap issue, the Company raised gross proceeds of $69 million.

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, Neuberger Berman Europe Limited and the Sub-Investment Manager, Neuberger Berman Fixed Income LLC. 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.

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 Company's share capital is denominated in U.S. Dollars and Sterling and consists of U.S. Dollar Ordinary Shares, Sterling Ordinary Shares and Sterling C Shares at 31 December 2013.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated financial statements have been presented on a going concern basis and on the accrual basis of accounting in conformity with United States generally accepted accounting principles (US GAAP). Management believes that the underlying assumptions are appropriate and that the Company's consolidated financial statements therefore present a true and fair financial position.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings as at 31 December 2013. The Company and all its wholly owned subsidiaries have United States Dollars as their functional and reporting currencies. 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.

Use of estimates

The preparation of consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Interest earned on debt instruments is accounted for net of applicable withholding taxes and it 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.

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.

New accounting pronouncements

In December 2011, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update 2011-11, Disclosures about Offsetting Assets and Liabilities ("ASU 2011-11"). The disclosure requirements are intended to help shareholders and other financial statement users better assess the effect or potential effect of offsetting arrangements on a company's financial position. They also improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. In addition, ASU 2011- 11 facilitates comparison between those entities that prepare their financial statement on the basis of US GAAP and those entities that prepare their financial statements on the basis of International Financial Reporting Standards ("IFRS"). ASU 2011-11 requires entities to: disclose both gross and net information about both instruments and transactions eligible for offset in the financial statements; and disclose instruments and transactions subject to an agreement similar to a master netting agreement.

In January 2013, FASB issued Accounting Standard Update 2013-01, Balance Sheet (Topic 210), Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities, which clarifies that the scope of ASU 2011-11 applies to derivatives accounted for in accordance with Topic 815, Derivatives and Hedging, including bifurcated embedded derivatives, repurchase agreements and reverse repurchase agreements and securities borrowing and securities lending transactions that are either offset in accordance with Section 210-20-45 or Section 815-10-45 or subject to an enforceable master netting arrangement or similar agreement.

The provisions of ASU 2011-11 and ASU 2013-01 are effective for annual reporting periods beginning on or after 1 January 2013.

Note 5 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.

Valuation of investments

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Valuation of investments (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 Sub-Investment Manager determines the valuation based on the Sub-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 is 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.

Derivative financial instruments

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 judgements 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 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. Dollars 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Realised gains and losses on investments

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 average cost method.

Operating expenses

Operating expenses are recognised on an accruals basis. Operating expenses include amounts directly or indirectly incurred by the Company as part of its operations.

Issuance cost

In line with the Prospectus, the expenses incurred for the initial placing were borne by the Company up to a maximum of 2% of the Gross Issue Proceeds. These expenses include placing fees and commissions; registration, listing and admission fees; the cost of settlement and escrow arrangements; printing, advertising and distribution costs; legal fees, and any other applicable expenses incurred in connection with the offering of shares.

All such expenses are charged to capital, reducing the issue proceeds received.

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 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 period. Transactions during the period, 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 2013 were 1.656190 USD: 1GBP and 1.377950 USD: 1EUR (31 December 2012: 1.625447 USD: 1GBP and 1.38184 USD: 1 EUR).

NOTE 3 – AGREEMENTS AND RELATED PARTIES

Investment Management Agreement

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

The Investment Manager of the Company is Neuberger Berman Europe Limited (which is a related party) is an indirectly wholly owned subsidiary of NB Group. The Investment Manager has delegated certain of its responsibilities and functions to the Sub-Investment Manager, Neuberger Berman Fixed Income LLC, also an indirect wholly owned subsidiary of NB Group.

As per the Sub-Investment Management agreement dated 18 March 2011, the Investment Manager pays a management fee to the Sub-Investment Manager. The Company does not pay any fees to the Sub-Investment Manager.

The Investment Manager is responsible for the discretionary management of the assets held in the Company Portfolio and will conduct the day-to-day management of the Company's assets (including un-invested cash). The Investment Manager is not required to and generally will not submit individual investment decisions for approval by the Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – AGREEMENTS AND RELATED PARTIES (CONTINUED)

Investment Management Agreement (continued)

As per the Investment Management Agreement dated 18 March 2011 ("the Agreement") and the Deed of Amendment to the Agreement dated 30 September 2013, the Investment 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 Net Asset Value.

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

For the year ended 31 December 2013, the management fee expense was $8,475,394 (31 December 2012: $5,155,590), of which $3,487,870 (31 December 2012: $1,373,082) was unpaid at the year end.

The Investment Manager was paid an additional amount of £85,875 (approximately $141,600) in relation to the C Shares issued in March 2013 and October 2013. These fees were paid from the 2% and 1.75% issue costs respectively.

The Investment Manager is not entitled to a performance fee.

Administration and Custody Agreement

The Company has appointed BNP Paribas Securities Services S.C.A., Guernsey Branch (formerly known as BNP Paribas Fund Services (Guernsey) Limited) (which is not a related party) as Administrator, Secretary, Custodian and Designated Manager of the Company pursuant to the Administration and Custody Agreement. In such capacity, the Administrator is responsible for the day-to-day administration of the Company (including but not limited to the calculation and publications of the estimated daily Net Asset Value), general secretarial functions (including but not limited to the maintenance of the Company's accounting and statutory records) and certain safekeeping and custody services. The Administrator is currently entitled to the following fees per annum:

On first $100m of the Net Asset Value	0.08%
On $100m - $250m of the Net Asset Value	0.06%
On $250m - $500m of the Net Asset Value	0.03%
Any amount greater than $500m of the Net Asset Value	0.015%

The Administrator is entitled to an annual minimum fee of £100,000 (approximately $165,600).

The Secretary is entitled to an annual fee of £36,000 (approximately $59,600) plus fees for ad-hoc board meetings and services. The Custodian is entitled to a fee of 0.02% of the Market Value of the portfolio and a fee of 0.045% per annum on the Market Value of the loan assets (which will be adjusted to 0.035% per annum if assets exceeded $500m), with a minimum annual fee of £50,000 (approximately $82,800) in respect of portfolio and loan administration.

For the year ended 31 December 2013, the administration fee expense was $459,226 (31 December 2012: $245,418), the secretarial fee was $50,246 (31 December 2012: $73,666) and the custodian and loan administration fee expense was $506,250 (31 December 2012: $396,775). Of these amounts an administration fee of $193,783 (31 December 2012: $185,333), a secretarial fee of $15,028 (31 December 2012: $48,683) and a custodian and loan administration fee of $227,459 (31 December 2012: $179,975) were unpaid at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – AGREEMENTS AND RELATED PARTIES (CONTINUED)

Registrar's Agreement

Capita Registrars (Guernsey) Limited (which is not a related party) has been appointed as registrar of the Company. The fee charged at a rate of £2.00 per holder of shares appearing on the registry during the fee year, with a minimum charge per annum of £9,000.

NOTE 4 – RELATED PARTY TRANSACTIONS

Directors

The Directors are related parties and are remunerated for their services at a fee of £25,000 (approximately $41,000) per annum (£35,000 for the Chairman – approximately $58,000). In addition, the Chairman of the Audit Committee receives an additional £5,000 (approximately $8,200) for his services in this role. For the year ended 31 December 2013, the Directors' fees and travel expenses amounted to $142,836 (31 December 2012: $142,418). Of these, $40,371 (31 December 2012: $43,940) were unpaid at the year end.

The Directors were paid an additional amount of £20,000 (approximately $33,000) each in relation to the C Shares issued in March 2013 and October 2013. These Directors' fees were paid from the 2% and 1.75% issue costs respectively.

In March 2013, Mr Battey purchased £20,000 (approximately $33,000) worth of C Shares. These C Shares were converted in July 2013 into 19,833 Sterling Ordinary Shares. In October 2013, Mr Battey purchased £10,000 (approximately $15,000) worth of C Shares. In October 2013, Mr Battey also received 170 Sterling Ordinary Shares as a scrip dividend. As at 31 December 2013, Mr Battey holds 20,033 Sterling Ordinary Shares and 10,000 Sterling C Shares in the Company. As at 31 December 2013, Mr Frewen and Mrs Platts hold 10,000 Sterling C Shares each in the Company.

Neuberger Berman Europe Limited

The contract with Neuberger Berman Europe Limited is classified as a related party transaction.

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 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

A financial instrument is defined by 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 judgement. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following estimates and assumptions were used at 31 December 2013 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.
- Cash and cash equivalents – The carrying value is a reasonable estimate of fair value due to the short-term nature of these instruments.
- Receivables for investments sold – The carrying 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 carrying value reasonably approximates fair value.
- Other receivables and prepayments – The carrying 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 carrying 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 carrying value reasonably approximates fair value.
- Accrued expenses and other liabilities – The carrying 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: price quotations in active markets/exchanges for identical securities;

Level 2: other observable inputs (including but not limited to: quoted prices for similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market-corroborated inputs); and

Level 3: unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Company's own assumption used in determining the fair value of investments).

The Company has adopted the authoritative guidance contained in FASB ASC 820-10, Fair Value Measurements and Disclosures, for estimating the fair value of the financial instruments that have calculated Net Asset Value per share in accordance with FASB ASC 946-10.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table details the Company's financial instruments that were accounted for at fair value as at 31 December 2013.

Financial Instruments at Fair Value as at 31 December 2013

Financial investments		**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Floating rate senior secured loans		-	1,892,019,894	-	1,892,019,894
Fixed rate bonds		-	134,324,690	-	134,324,690
Floating rate bonds		-	3,006,928	-	3,006,928
Total financial investments		-	2,029,351,512	-	2,029,351,512
Financial Assets	**No of contracts**				
Derivatives *(for hedging purposes only)*	7	-	51,646,581	-	51,646,581
Financial liabilities					
Derivatives *(for hedging purposes only)*	10	-	(4,189,125)	-	(4,189,125)
Total	17	-	47,457,456	-	47,457,456

Financial Instruments at Fair Value as at 31 December 2012

Financial investments		**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Floating rate senior secured loans		-	664,324,754	-	664,324,754
Fixed rate bonds		-	46,995,298	-	46,995,298
Floating rate bonds		-	3,570,800	-	3,570,800
Total financial investments		-	714,890,852	-	714,890,852
Financial Assets	**No of contracts**				
Derivatives *(for hedging purposes only)*	7	-	6,004,258	-	6,004,258
Financial liabilities					
Derivatives *(for hedging purposes only)*	4	-	(674,600)	-	(674,600)
Total	11	-	5,329,658	-	5,329,658

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.

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

Primary underlying risk	**For the year ended 31 December 2013 $**	**For the year ended 31 December 2012 $**
Net realised gain on derivatives	41,119,080	22,076,850
Net change in unrealised appreciation on derivatives	42,127,799	5,888,687
Total	83,246,879	27,965,537

Primary underlying risks (credit risk, liquidity risk and market risk) associated with the derivatives are explained in note 6.

There is no collateral for forward contracts.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – RISKS

The Company is subject to various risks, including, but not limited to, market risk, foreign exchange risk, credit risk, geographic concentration risk and liquidity risk. The Investment Manager attempts to monitor and manage these risks on an ongoing basis.

Market Risk and Price Risk
Market risk is the potential for changes in the value of investments. Categories of market risk include, but are not limited to interest rate and foreign exchange 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. Investments in senior loans are subject to interest rate risk.

Price risk is the risk that the price of the security will fall. The exposure to price risk is managed by the Investment Manager 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 securities values and interest rates.

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 credit risk relating to whether the issuer will meet its obligations when the securities come due.

The cash and other liquid securities held can subject the Company to a concentration of credit risk. The Investment Manager attempts to mitigate the credit risk that exists with cash deposits and other liquid securities by regularly monitoring the credit ratings of such financial institutions and at times attempting to hold a significant amount of the Company's cash and cash equivalents in U.S. Treasuries or other highly liquid securities.

Credit Risk
Credit risk is the risk of losses due to the failure of counterparty to perform according to the terms of a contract. Since the Company does not clear all of its own securities transactions, it has established accounts with other financial institutions for this purpose. This can, and often does, result in a concentration of credit risk with one or more of these institutions. Such risk, however, is partially mitigated by the obligation of certain of these financial institutions to comply with rules and regulations governing financial institutions in countries where they conduct their business activities.

These rules and regulations generally require maintenance of minimum net capital and may also require segregation of customers' funds and financial instruments from the holdings of the financial institutions themselves. The Company actively reviews and attempts to manage exposures to various financial institutions in an attempt to mitigate these risks.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – RISKS (CONTINUED)

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 these are budgeted for.

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 2013, 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.

NOTE 7 – INCOME TAXES

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 Fund does not file any tax returns.

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 it 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 interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities.

As of 31 December 2013, the Company has recorded no liability for net unrecognised tax benefits relating to uncertain tax positions they have taken or expect to take in future tax returns (31 December 2012: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – FINANCIAL HIGHLIGHTS

31 December 2013

Per share operating performance	Sterling Ordinary Share as at 31/12/2013 (£)	U.S. Dollar Ordinary Share as at 31/12/2013 ($)	Sterling C Share as at 31/12/2013[1] (£)
Net Asset Value per share at the beginning of the year / period	0.9952	1.0007	0.9825
Shareholder activity during the year	(0.0066)	-	-
Income from investment operations (a)			
Net income per share for the year (b)	0.0404	0.0425	0.0020
Net realised and unrealised gain/(loss) from investments	0.0850	0.0108	0.0294
Foreign currency translation	(0.0684)	-	(0.0300)
Total gain from operations	0.0570	0.0533	0.0014
Distribution per share during the year	(0.0438)	(0.0438)	-
Net asset value per share at the end of the year	1.0018	1.0102	0.9839

Total return* (b)	Sterling Ordinary Share as at 31/12/2013	U.S. Dollar Ordinary Share as at 31/12/2013	Sterling C Share as at 31/12/2013[1]
Total return*	5.06%	5.33%	0.14%

Ratios to average net assets (b)	Sterling Ordinary Share as at 31/12/2013	U.S. Dollar Ordinary Share as at 31/12/2013	Sterling C Share as at 31/12/2013[1]
Net income	3.95%	4.27%	0.25%
Expenses	(0.95)%	(0.98)%	(0.19)%

(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] This relates to the second C Share issue during the year, which were issued on 29 October 2013. The issue price per C Share was £1, the issue price net of issue costs (1.75%) was £0.9825 per C Share.

*The total return is the NAV return per share plus dividends paid during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 – FINANCIAL HIGHLIGHTS (CONTINUED)

31 December 2012

	Sterling Series of Ordinary Share Class as at 31/12/2012	U.S. Dollar Series of Ordinary Share Class as at 31/12/2012
Per share operating performance	**(£)**	**($)**
Net Asset Value per share at the beginning of the year	0.9479	0.9497
Shareholder activity during the year	0.0044	(0.0300)
Income from investment operations (a)		
Net income per share for the year (b)	0.0546	0.0527
Net realised and unrealised gain from investments (c)	0.0943	0.0777
Foreign currency translation	(0.0566)	-
Total gain from operations	0.0923	0.1304
Distribution per share during the year	(0.0494)	(0.0494)
Net asset value per share at the end of the year	0.9952	1.0007

Total return* (b)	**Sterling Ordinary Share as at 31/12/2012**	**U.S. Dollar Ordinary Share as at 31/12/2012**
Total return*	9.93%	10.31%

Ratios to average net assets (b)	**Sterling Ordinary Share as at 31/12/2012**	**U.S. Dollar Ordinary Share as at 31/12/2012**
Net income	5.02%	5.43%
Expenses	(0.97)%	(1.03)%

(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.

*The total return is the NAV return per share plus dividends paid during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – 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 Shares, Sterling Shares or Euro 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.

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 Share held by the shareholder;

(b) 1.6 votes in respect of each Sterling 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – SHARE CAPITAL (CONTINUED)

There were no Euro shares in issue as at 31 December 2013 (31 December 2012: No Euro shares).

As at 31 December 2013, 425,571,132 Sterling C Shares were in issue (31 December 2012: No C shares).

From 1 January 2013 to 31 December 2013	**Sterling C Shares**	**U.S. Dollar Ordinary Shares**	**Sterling Ordinary Shares**	**Total**
Balance as at 1 January 2013	-	83,143,330	397,393,734	480,537,064
Tap Issue *	-	5,761,807	41,054,257	46,816,064
Scrip Issue **	-	181,540	1,446,765	1,628,305
Issue of C Shares***	789,121,018	-	-	789,121,018
Monthly Conversions****	-	(37,806,152)	24,127,844	(13,678,308)
Conversion of C Shares into Ordinary Shares*****	(363,549,886)	-	360,521,605	(3,028,281)
Balance as at 31 December 2013	425,571,132[1]	51,280,525[2]	824,544,205[3]	1,301,395,862

From 1 January 2012 to 31 December 2012	**U.S. Dollar C Shares**	**Sterling C Shares**	**U.S. Dollar Ordinary Shares**	**Sterling Ordinary Shares**	**Total**
Balance as at 1 January 2012	5,511,010	115,899,186	138,173,155	235,224,040	494,807,391
Scrip Issue	-	-	341,893	1,967,060	2,308,953
Monthly Conversions	-	-	(61,169,240)	38,056,517	(23,112,723)
Conversion of C Shares	(5,511,010)	(115,899,186)	5,797,522	122,146,117	6,533,443
Balance as at 31 December 2012	-	-	83,143,330[4]	397,393,734[5]	480,537,064

The shares of no par value had the following issue proceeds net of any issue costs:

[1] $671,423,575 (£418,123,637)

[2] $48,998,166

[3] $1,258,036,930 (£996,488,868)

[4] $80,886,175

[5] $619,060,722 (£380,855,680)

* On 22 July 2013, the Company raised gross proceeds of £45.3 million (approximately $70m) through the issue of 41,054,257 new Sterling Shares and 5,761,807 new U.S. Dollar Shares.

** At the time of each quarterly dividend declaration, the Company offered a scrip dividend alternative for the distribution to those shareholders who wish to receive additional Ordinary Shares in lieu of a cash payment.

***On 21 March 2013, the Company raised gross proceeds of £363,549,886 by means of a Placing and Offer Subscription for C shares. 363,549,886 Sterling C Shares were admitted to listing on the official list of the UK Listing Authority and on 26 March 2013, the Sterling C Shares started trading on the main market of the London Stock Exchange.

On 24 October 2013, the Company raised gross proceeds of £425,571,132 by means of a Placing and Offer Subscription for C shares. 425,571,132 Sterling C Shares were admitted to listing on the official list of the UK Listing Authority and on 29 October 2013, the Sterling C Shares started trading on the main market of the London Stock Exchange.

**** 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.

***** On 4 July 2013, the Company announced a Conversion ratio for the conversion of C Shares into Ordinary Shares. The conversion ratio, based on the NAV as at 28 June 2013, was 0.99167089 Sterling Ordinary Shares for every one Sterling C Share held. On this basis an application was made to the UK Listing Authority for 360,521,605 Sterling Shares to be admitted to the Official List and application to trading on the London Stock Exchange, which became effective when the dealings in the New Shares commenced on 16 July 2013. The C Shares were permanently removed from trading on the London Stock Exchange with effect from the opening of trading at 8:00 a.m. on 16 July 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - SUBSEQUENT EVENTS

Management has evaluated the following subsequent events for the Company through 14 April 2014, the date the consolidated financial statements were available to be issued.

a) The following dividends were declared for Ordinary and C Shareholders as follows:

Period	Date Declared	Payment Date	U.S. Dollar Share	Sterling Share
Quarter ended 31 December 2013 – Ordinary Shareholders	6 January 2014	21 February 2014	$0.0094	£0.0094
Quarter ended 31 December 2013 – C Shareholders	6 January 2014	7 February 2014	-	£0.0020
Quarter ended 31 March 2014 – Ordinary Shareholders	4 April 2014	27 May 2014	$0.0086	£0.0086

b) On 6 January 2014, the Company announced a conversion ratio for the conversion of Sterling C Shares into Ordinary Shares. The conversion ratio, based on the NAV of each share class as at 31 December 2013, [as calculated in accordance with the Company's prospectus dated 30 September 2013 (the "Prospectus")], was 0.98950222 Sterling Ordinary Shares for every one Sterling C Share held.

Based on the conversion announcement on 20 January 2014, an application was made to the UK Listing Authority for 421,103,481 Sterling Shares (the "New Shares") to be admitted to the Official List. Application was also made for the New Shares to be admitted to trading on the London Stock Exchange, which became effective from and the dealings in the New Shares commenced from 21 January 2014.

The Sterling C Shares were permanently removed from trading on the London Stock Exchange with effect from the opening of trading at 8:00 a.m. on 21 January 2014.

c) On 21 January 2014, Mr Battey, Mrs Platts and Mr Frewen received 9,895 Sterling Ordinary Shares each for their C Shares held as at 31 December 2013. On 17 January 2014, Mr Battey received 179 Sterling Ordinary Shares as scrip dividend.

Apart from the subsequent events noted above there are no other material events that require disclosure or adjustment of the consolidated financial statements.

NOTE 11 - DIVIDENDS

a) The following dividends were declared for Ordinary and C Shareholders 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
Special dividend (to C shareholders only at the Conversion of 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – DIVIDENDS (CONTINUED)

Period	Date Declared	Payment Date	Dividend per U.S. Dollar Share	Dividend per Sterling Share
Quarter ended 30 June 2013 – Ordinary Shares	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 – Ordinary Shares	4 April 2014	27 May 2014	$0.00860	£0.00860

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

Period	Number of U.S. Dollar Shares	Number of Sterling Shares	Rate per U.S. Dollar Share	Rate per Sterling 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

NOTE 12 – OTHER

The Company has determined that no accrual or loss contingency is required in the consolidated financial statements.

DIRECTORS, MANAGERS AND ADVISERS

For the year ended 31 December 2013

Directors William Frewen (*Chairman*) Sandra Platts Richard Battey All c/o the Company's registered office.	**Registered Office** BNP Paribas House 1 St. Julian's Avenue St. Peter Port Guernsey GY1 1WA
Designated Manager, Administrator, Custodian and Company Secretary BNP Paribas Securities Services S.C.A., Guernsey Branch *(formerly known as BNP Paribas Fund Services (Guernsey) Limited)* BNP Paribas House 1 St. Julian's Avenue St. Peter Port Guernsey GY1 1WA	**Registrar** Capita Registrars (Guernsey) Limited Mont Crevelt House Bulwer Avenue St. Sampson Guernsey GY2 4LH
Investment Manager Neuberger Berman Europe Limited 4th Floor, 57 Berkeley Square London United Kingdom W1J 6ER	**Sub-Investment Manager** Neuberger Berman Fixed Income LLC 190 S LaSalle Street Chicago IL 60603 United States of America
Joint Broker Oriel Securities Limited 150 Cheapside London United Kingdom EC2V 6ET	**Joint Broker** Dexion Capital plc 1 Tudor Street London United Kingdom EC4Y 0AH
Solicitors to the Company (as to English law and U.S. securities law) Herbert Smith Freehills LLP Exchange House Primrose Street London United Kingdom EC2A 2HS	**Advocates to the Company (as to Guernsey law)** Carey Olsen PO Box 98 Carey House Les Banques St. Peter Port Guernsey GY1 4BZ
Independent Auditors PricewaterhouseCoopers CI LLP Royal Bank Place 1 Glategny Esplanade St. Peter Port Guernsey GY1 4ND	**Principal Bankers** BNP Paribas Securities Services S.C.A., Guernsey Branch BNP Paribas House 1 St. Julian's Avenue St. Peter Port Guernsey GY1 1WA