

ANNUAL REPORT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

NB Global Floating Rate Income Fund Limited

PARTNERING WITH CLIENTS FOR OVER 70 YEARS

ANNUAL REPORT

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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. Investment management services are provided to the Company by Neuberger Berman Investment Advisers LLC (formerly known as Neuberger Berman Fixed Income LLC), as the Company's Alternative Investment Fund Manager, and Neuberger Berman Europe Limited, as the Company's Manager. Neuberger Berman Europe Limited provides administrative and limited currency hedging services to the Company.

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 may also make 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. 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. Part of the portfolio of the Company is held through NB Global Floating Rate Income Fund (Lux) 2 S.à.r.l. All references to the Company in this document refer to the Company together with its wholly-owned Luxembourg subsidiaries.

<u>Company</u>	<p>NB Global Floating Rate Income Fund Limited (the "Company")</p> <ul style="list-style-type: none"> • Guernsey incorporated, closed-ended investment company • Admitted to the Official List of the UK Listing Authority with a premium listing and to trading 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 • Dividend yield (based on dividends paid during the period 1 January 2015 to 31 December 2015) <ul style="list-style-type: none"> - U.S. Dollar Ordinary Shares – 4.11% based on the 31 December 2015 share price of \$0.9238 - Sterling Ordinary Shares – 4.13% based on the 31 December 2015 share price of £0.9175 • Shares in Issue at 31 December 2015 <ul style="list-style-type: none"> - U.S. Dollar Ordinary Shares - 53,735,656 (of which 1,355,254 are held in treasury and are not eligible to vote) - Sterling Ordinary Shares – 1,246,446,600 (of which 47,350,634 are held in treasury and are not eligible to vote)
<p><u>Manager and Alternative Investment Fund Manager</u></p>	<p>Neuberger Berman Europe Limited (the "Manager")</p> <p>Neuberger Berman Investment Advisers LLC (formerly known as Neuberger Berman Fixed Income LLC) (the "Alternative Investment Fund Manager" or the "AIFM" and together with the Manager, the "Investment Manager")</p> <ul style="list-style-type: none"> • A large team of 143 fixed income investment professionals • Total fixed income assets of approximately \$106 billion • Over \$36 billion in high yield bonds and loans • Non-investment grade research team of 27 analysts

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KEY FIGURES

	At 31 December 2015	At 31 December 2014
(US\$ in millions, except per share data)		
Net Asset Value attributable to U.S. Dollar shareholding		
– <i>Ordinary Shares</i>	\$49.7	\$59.3
Net Asset Value attributable to Sterling shareholding		
– <i>Ordinary Shares</i>	\$1,665.3	\$1,890.8
Net Asset Value per share attributable to U.S. Dollar shareholding		
– <i>Ordinary Shares</i>	\$0.9490	\$0.9862
Net Asset Value per share attributable to Sterling shareholding		
– <i>Ordinary Shares</i>	£0.9422	£0.9770
Investments	\$1,715.0	\$1,977.9
Cash and Cash Equivalents	\$80.1	\$46.7
Dividend Yield on dividends paid during the year 1 January 2015 to 31 December 2015		
– <i>U.S. Dollar Ordinary Shares on the 31 December 2015 share price</i>	4.11%	3.64%
– <i>Sterling Ordinary Shares on the 31 December 2015 share price</i>	4.13%	3.65%
Share Price		
– <i>U.S. Dollar Ordinary Shares</i>	\$0.9238	\$1.0013
– <i>Sterling Ordinary Shares</i>	£0.9175	£0.9975
(Discount)/Premium to Net Asset Value		
– <i>U.S. Dollar Ordinary Shares</i>	(2.66%)	1.53%
– <i>Sterling Ordinary Shares</i>	(2.63%)	2.10%
Total Return*		
– <i>U.S. Dollar Ordinary Shares</i>	0.08%	1.23%
– <i>Sterling Ordinary Shares</i>	0.32%	1.16%

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

CHAIRMAN'S STATEMENT

Dear Shareholder,

It is my pleasure to present to you the Annual Report of NB Global Floating Rate Income Fund Limited (the "Company") for the year ended 31 December 2015.

Portfolio and Company performance

Against a backdrop of weak global economic growth led by concerns over a slowdown in China and further declines in oil prices, senior loan assets demonstrated dogged resilience relative to other global bourses in the year ended 31 December 2015. Your Board is content with the progress made by the Investment Manager during this period.

The portfolio remains fully invested, with a strong US bias. As of 31 December 2015, 93.59% of the Company was invested in US Dollar denominated assets, with 4.61% invested in Euro denominated assets and 1.80% 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 year, the portfolio was 95.41% invested in loan investments with 277 holdings across 222 issuers in 32 different sectors (2014: 99.05% invested in loan investments with 267 holdings across 206 issuers in 33 different sectors). The portfolio also held 4.59% in senior bonds which included positions in collateralised loan obligations.

Between 31 December 2014 and 31 December 2015, the Company's NAV per share dropped by 3.77% and 3.56% for the U.S. Dollar Ordinary Share and Sterling Ordinary Share, respectively. The NAV return plus dividends declared in the year was 0.08% and 0.32% for the U.S. Dollar Ordinary Shares and Sterling Ordinary Shares, respectively.

During 2015, the annualised dividend yield of the Company on dividends paid during the year 1 January 2015 to 31 December 2015 was 4.11% (based on a share price of \$0.9238) for the U.S. Dollar Ordinary Shares and 4.13% (based on a share price of £0.9175) for the Sterling Ordinary Shares, which we believe is attractive given current market conditions.

As at 31 December 2015, the share price was trading at a discount of 2.66% for the U.S. Dollar Ordinary Shares and 2.63% for the Sterling Ordinary Shares. During the year to 31 December 2015, the Company repurchased 1,355,254 U.S. Dollar Ordinary Shares and 30,575,000 Sterling Ordinary Shares. Over the same period the Company's U.S. Dollar Ordinary Shares and Sterling Ordinary Shares traded at an average discount to NAV of 1.7% and 2.1% respectively. The Board notes that, as a result of heightened volatility in the market in the first quarter of 2016, the Company's shares have traded at a discount wider than the Board's previously stated target of 3% in normal market conditions. Since the year-end and at the latest practicable date prior to publication of this report, the Board has continued to seek to address any temporary imbalances of supply and demand for the shares by reducing the Company's share capital by 10.3% through a series of share repurchases. It is pleasing to report that the Company's discount has improved steadily since this period of intense volatility and at the latest practicable date prior to publication of this report is 3.94% and 3.86% per U.S. Dollar Ordinary Share and Sterling Ordinary Share respectively. The Board will remain vigilant in its approach to discount control on behalf of shareholders and reaffirms its belief that it is undesirable for the Company's shares to trade at much wider than a 3% discount in normal market conditions.

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CHAIRMAN'S STATEMENT (CONTINUED)

Outlook for the rest of the financial year

The first quarter of 2016 was a challenging one for credit markets as fears over global growth and diverging monetary policies put pressure on asset values in a period of heightened volatility. Whilst volatility is likely to remain a theme for the remainder of the year, your Board believes the senior loan market is well positioned to offer attractive risk-adjusted returns. From a macroeconomic perspective, your Board believes U.S. GDP growth will continue at a modest pace and this should translate to future rate rises, albeit on a more gradual trajectory than originally expected. From a fundamental perspective, your Board believes that the recent pressure on senior loan asset values offers compelling valuations across the asset class which the Investment Manager, through its disciplined investment approach, is well positioned to seek out. The Investment Manager will continue to update you on the Company's progress by way of the monthly fact sheets and Investment Manager updates.

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

William Frewen
Chairman
18 April 2016

INVESTMENT MANAGER'S REPORT

Market Environment

The US loan market, as measured by the S&P/LSTA Leveraged Loan Index (the "Index"), returned -0.69% for 2015.

After a solid start to the year, market sentiment was generally "risk off" during the second half of the year. This was driven by debt renegotiations in Greece, concerns around China's future growth prospects and continued downward pressure on oil prices. As such, while loan investors continued to earn a stable level of income and defaults in the asset class remained below historical levels, any interest earned was negated by market value losses. On a more positive note, the benefits of being senior secured and top of the capital structure were apparent, as loans outperformed high yield in 2015. The US trailing 12 month default rate ended 2015 at 1.54% by amount outstanding and 1.19% by number of issuers, well below the historical averages of 3.14% and 2.79%, respectively.

In Europe, the S&P European Leveraged Loan Index showed more stability and recorded a full-year total return (excluding currency) of 4.62%, which was generated by income. As we have reported before, a combination of a smaller market, the absence of a retail buyer base and a sustained collateralized loan obligation (CLO) bid all supported European performance during 2015. Default rates in Europe were 2.10% and 1.99% by volume and issuers, respectively, in 2015, versus 4.88% and 3.74% at the end of 2014.

Portfolio Management

During 2015, the portfolio remained very much weighted towards US Issuers which accounted for 93.59% of the portfolio as of 31 December 2015. The bond allocation remained well below the 20% of NAV permitted, at 4.67%, as we remained focused on keeping duration low and limiting potential areas of volatility. The key movement was in the portfolio allocation by rating and, whilst the weighted average rating is still B+, we took the opportunity to allocate to higher-rated assets. As such, the BBB/BB weighting increased from 40.68% of the portfolio at the end of December 2014 to 48.17% at the close of 2015, which should make the portfolio more defensive. We believe we were able to do this without sacrificing yield.

Despite a somewhat underwhelming performance by the loan asset class in 2015, we are of the view that the Company performed well from a NAV perspective and recorded a 0.75% (before fees) total return versus the -0.69% for the Index. We believe this out performance was a combination of positive credit selections, our higher quality bias and remaining underweight to more problematic sectors, such as Oil & Gas.

Outlook

Our outlook for the loan market remains positive. Generally, we feel that the issuers are performing steadily, leverage is being controlled and cash cover metrics are strong. We believe that US GDP growth will continue in its recent range and that the US Federal Reserve will continue to increase interest rates during 2016. We think a combination of these factors should be positive for loan performance over the next 12 months.

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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 page 3 and 4 and the Investment Manager's Report on page 5 which together 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, 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 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.à.r.l. which in turn holds a wholly-owned subsidiary, NB Global Floating Rate Income Fund (Lux) 2 S.à.r.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.

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.

STRATEGIC REPORT (CONTINUED)

Investment Policy (continued)

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

The Company also makes 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.

Diversification

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

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

Typically, no industry will represent more than 15% of Net Asset Value at the time of investment. No single investment will, at the time such investment is made, represent more than 5% of Net Asset Value.

Gearing and Derivatives

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

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 areas are as follows:

Macroeconomic Conditions

Macroeconomic risk is the risk that macroeconomic conditions change significantly and to the detriment of the portfolio or the Company causing a Credit or Liquidity risk to crystallise. To mitigate this risk, the Board receives regular reports from the Investment Manager on the health of the portfolio and the approach to managing Credit risk and Liquidity risk is set out further below.

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STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (continued)

Credit Risk

The key risk for the Company remains Credit risk i.e. that the Investment Manager buys a loan or bond of a particular issuer and it does not perform as expected and either defaults on a payment or experiences a significant drop in the secondary market value.

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 or equivalent in sterling or euros. These issuers tend to have broader syndicates, which can aid liquidity in the secondary market. As well as screening out the smaller issuers, the Investment Manager also excludes highly cyclical industries and companies with limited earning visibility from its Investment Process.

Once a particular investment has been made, the Investment Manager is very focused on the monitoring of it. A range of relevant data is reviewed on an ongoing basis for each investment, including, but not limited to, key financial drivers, commodity prices, stock prices, regulatory developments, financial results, press releases and management commentary to identify any indicators of credit deterioration.

To manage this risk further, the Board ensures a diversification of investments with the Investment Manager operating in accordance with the investment limits and restrictions policy determined by the Board. The Directors monitor the implementation and results of the investment process with the Investment Manager at each quarterly Board meeting and monitor risk factors in respect of the portfolio.

Liquidity Risk

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.

Fund Performance

The Company's Investment performance could fall below its stated objective or peer group for a variety of reasons including market conditions. The Investment Manager has robust processes in place and monitors the underlying investments on a daily basis. The Board receives detailed updates from the Investment Manager.

Level of Discount or Premium

A discount or premium to NAV can occur for a variety of reasons, including market conditions or to the extent investors undervalue the management activities of the Investment Manager or discount their valuation methodology and judgment. While the Directors may seek to mitigate any discount 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.

Switch of Administrator

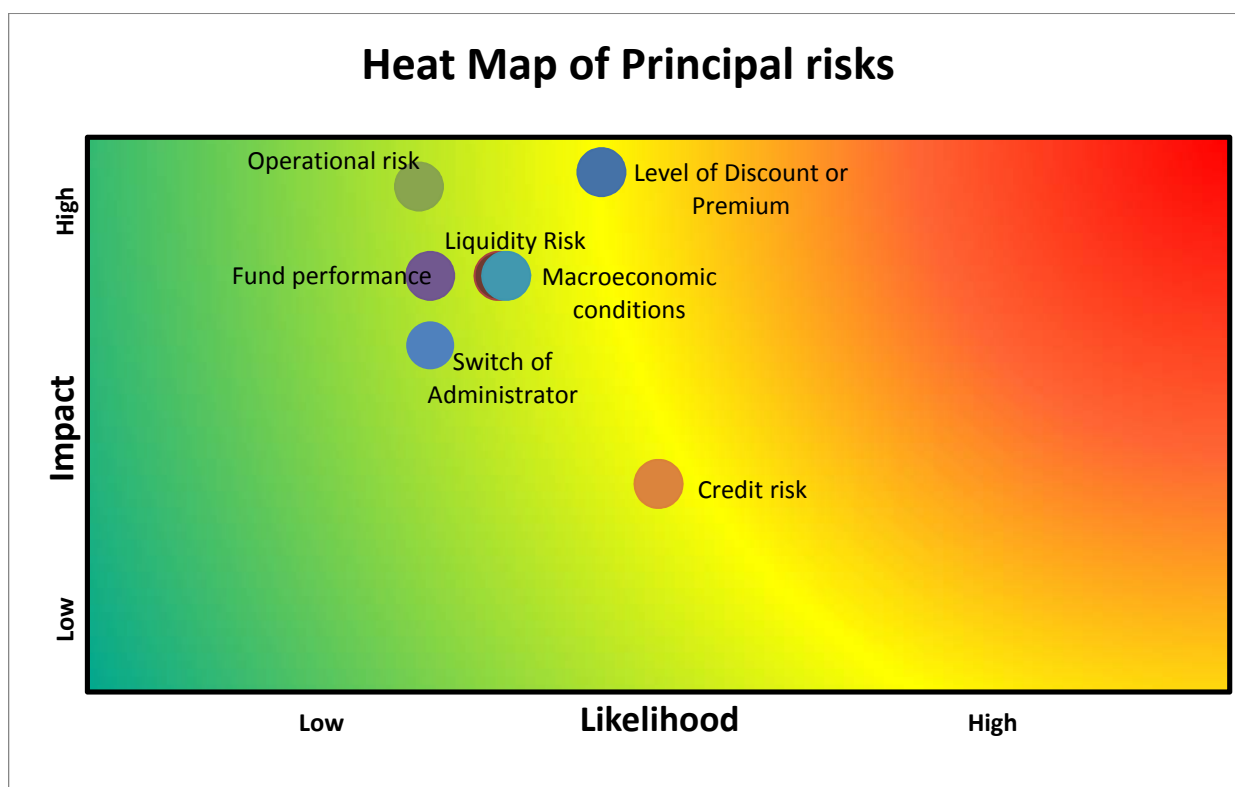
The Company switched its administrator on 1 March 2015. A two month parallel run was conducted prior to the transition becoming effective. The Investment Manager and the Board ensured that all processes and controls in place were adequate. The Board will continue to monitor the new administrator in line with the parameters adopted with the previous administrator.

STRATEGIC REPORT (CONTINUED)

Principal Risks and Uncertainties (continued)








Operational Risk

Disruption to, or the failure of either the Investment Manager's or the Administrator's accounting, dealings or payment systems, or the Custodian's records could prevent the accurate reporting or monitoring of the Company's financial position and the receipt or transmission of payments. Details of how the Board monitors the services provided by the Investment Manager and the Administrator, and the key elements designed to provide effective internal control are explained further in the internal controls section of the Corporate Governance Report which is set out on pages 17 and 34. The Investment Manager, the Company Secretary and the Administrator are contracted to provide investment, company secretarial, administration and accounting services through qualified professionals and the Board receives regular internal control reports from the Administrator that confirm compliance. Furthermore, 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.



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STRATEGIC REPORT (CONTINUED)Principal Risks and Uncertainties (continued)*Operational Risk (continued)*

Risk Category	Expected direction of change of risk	Rationale
Operational Risk		No expected changes.
Macroeconomic Conditions		US GDP growth is expected to continue at a modest pace and this should translate to future rate rises, albeit on a gradual trajectory. The Board remains cautious of an increase to senior loan default rates, although this figure is expected to remain below historical levels.
Liquidity Risk		No expected change. Liquidity risk is managed by the Investment Manager to ensure that the Company maintains sufficient working capital in cash or near cash form so as to be able to meet the Company's ongoing requirements as these are budgeted for.
Fund Performance		Attractive valuations in loan pricing together with recovery potential are expected to reduce the likelihood of poor performance.
Level of Discount / Premium		The Company's discount has traded wider than the Board's stated target of late, primarily due to heightened volatility in the market in early 2016. Reduced volatility combined with an active buyback programme, Redemption Offer (if the Company's shares trade wider than a 5% discount in the 3 months to 31 December each year) and a continuation vote in April 2017 are factors which the Board believes reduce the likelihood of the Company's shares trading significantly below their underlying net asset value per share.
Switch of Administrator		Lower expected likelihood as the Company's administrator (appointed in 2015) moves out of transition phase into "business as usual" environment.
Credit Risk		Default rates are expected to increase modestly in 2016, albeit below historical levels. This risk is mitigated by the Investment Manager's extensive due diligence on issuers and diversification of investments.

Viability

The Directors have assessed the prospects of the Company over the three year period to 31 December 2018 in accordance with provision C.2.2 of the UK Corporate Governance Code, published by the Financial Reporting Council in September 2014 (the "Code"). The Board conducted this review for a period of 3 years, a period that was selected for the following reasons:

- The nature of the loan investments held by the Company have an aggregate maturity of approximately 3 years which allows the investment cash flows, recycling of investments, and expenditure commitments of the Company to be reasonably forecast over this timeframe.
- The impacts on the Company of other factors can be reasonably assessed within this timeframe. Beyond a 3 year timeframe, the impact of external forces, such as changes to legislation, market forces or other unknown factors, becomes less able to be predicted or assessed in analysing the viability of the company.

STRATEGIC REPORT (CONTINUED)

Viability (continued)

The 3 year review considers the Company's cash flow, cash distributions and other key financial ratios over the period. The 3 year review also makes certain assumptions about the normal level of expenditure likely to occur and considers whether additional financing facilities will be required. Furthermore, the 3 year review period to 31 December 2018 makes assumptions on the Company's continuation vote in 2017, and each year thereafter, as well as the annual Redemption Offer. The Directors note that the annual Redemption Offer will be triggered if, in the last three months of each calendar year, the Company's Ordinary Shares trade at an average discount to Net Asset Value in excess of 5%.

In its assessment of the viability of the Company, the Directors have carried out a robust assessment of the principal risks and uncertainties detailed on pages 7 to 10 and in particular the impact of a significant fall in the value of the Company's investment portfolio. The Directors have performed a quantitative and qualitative analysis that included the Company's income and expenditure projections and the fact that the Company's investments include readily realisable securities which can be expected to be sold to meet funding requirements if necessary.

Based on the Company's processes for monitoring operating costs, the Investment Manager's compliance with the investment objective, asset allocation, the portfolio risk profile, liquidity risk and financial controls, and assuming normal market conditions the Directors have concluded that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period to 31 December 2018.

Management, Registrar, Administration, Custody and Company Secretarial Arrangements

Investment management services are provided to the Company by Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC (formerly 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 and soft commissions are not used.

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

BNP Paribas Securities Services S.C.A., Guernsey Branch provided administration and custodian services to the Company up to 28 February 2015. On 1 March 2015, US Bancorp Fund Services (Guernsey), Limited was appointed administrator and Quintillion Limited was appointed Sub-Administrator. US Bank National Association was appointed custodian on 1 March 2015.

During 2015, company secretarial services were provided by C.L. Secretaries Limited, a wholly owned subsidiary of Carey Commercial Limited. Registrar services are provided by Capita Registrars (Guernsey) Limited.

Related Party Transactions

The contracts with Neuberger Berman Europe Limited, Neuberger Berman Investment Advisers LLC 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 to the financial statement.

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STRATEGIC REPORT (CONTINUED)Financial Review

At 31 December 2015, the Net Assets of the Company amounted to \$1,714,972,853 (2014: \$1,950,175,572). The Net Asset Value attributable to the U.S. Dollar Ordinary shares amounted to \$49,710,242 (2014: \$59,335,724) and the Net Asset Value per U.S. Dollar Ordinary share was \$0.9490 (2014: \$0.9862). The Net Asset Value attributable to the Sterling Ordinary shares amounted to £1,129,834,189 (\$1,665,262,611) (2014: Ordinary shares: £1,212,666,057 (\$1,890,839,848)) and the Net Asset Value per Sterling Ordinary share was £0.9422 (2014: Ordinary shares: £0.9770).

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 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. On 21 December 2015, due to the current discount, the Board decided to replace the scrip dividend alternative with a Dividend Re-investment Plan ("DRIP"), whereby the Shareholders have the option to re-invest their cash dividend in the Company's shares on an efficient basis.

The below table sets out the quarterly dividends paid by the Company that relate to 2015 performance:

Period	Date Declared	Payment Date	Dividend per U.S. Dollar Share	Dividend per Sterling Share
Quarter ended 31 March 2015 - Ordinary Shares	7 April 2015	26 May 2015	\$0.0089	£0.0089
Quarter ended 30 June 2015 - Ordinary Shares	3 July 2015	21 August 2015	\$0.0103	£0.0103
Quarter ended 30 September 2015 - Ordinary Shares	5 October 2015	20 November 2015	\$0.0091	£0.0091
Quarter ended 31 December 2015 - Ordinary Shares	6 January 2016	19 February 2016	\$0.0099	£0.0099

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

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 2015	23,310	202,637	\$0.9960	£0.98799
Quarter ended 30 June 2015	6,507	609,773	\$0.9892	£0.98120
Quarter ended 30 September 2015	5,231	50,620	\$0.9677	£0.96010

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 board meeting the performance of the portfolio as well as the NAV, income and share price of the Company;
- Discount/premium to NAV - At each quarterly Board meeting, the Board monitors the level of the Company's discount or premium to NAV and reviews the average discount/premium for the Company's peer group. The Company publishes a NAV per share for both share classes on a daily basis through the official newswire of the 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 three men and one woman. More information on the Board's consideration of diversity is given in the Corporate Governance Report on pages 17 to 23.

For and on behalf of the Board

William Frewen
Chairman
18 April 2016

ANNUAL REPORT

DIRECTORS' REPORT

The Directors present the consolidated financial statements of the Company and their report for the year ended 31 December 2015.

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 2015 was as follows:

U.S. Dollar Ordinary Shares	53,735,656
Sterling Ordinary Shares	1,246,446,600

Substantial Share Interests

Based upon information deemed reliable as provided by the Company's registrar, as at 06 April 2016, the following shareholders owned 5% or more of the issued shares of the Company.

Shareholder	No. of Sterling Ordinary Shares	No. of U.S. Dollar Ordinary Shares	Percentage of Share Class (%)
BBHISL NOMINEES LIMITED 129481 ACCT	70,134,668		6.13%
LYNCHWOOD NOMINEES LIMITED 2006420 ACCT	67,767,595		5.93%
		948,639	2.10%
STATE STREET NOMINEES LIMITED OM04 ACCT	63,299,725		5.54%
	62,653,524		5.48%
BNY (OCS) NOMINEES LIMITED		1,000,000	2.21%
	41,958,972		3.67%
RATHBONE NOMINEES LIMITED*		9,540,153	20.08%

* shareholdings are greater than 5% in the U.S. Dollar Ordinary share class but do not have 5% in aggregate of the Company's issued share capital

Notifications of Shareholdings

In the year to 31 December 2015 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	Number of U.S. Dollar Ordinary Shares	Percentage of total voting rights (%)
Investec Wealth & Investment Limited	50,865,205	308,000	4.05%
Rathbone Brothers Plc	57,332,574	11,334,173	5.19%

Since the year-end two notifications were received by the Company.

	Number of Sterling Ordinary Shares	Number of U.S. Dollar Ordinary Shares	Percentage of total voting rights (%)
Newton Investment Management Limited	57,601,018	2,085,872	4.95%
Ballie Gifford & Co	94,904,106	-	5.03%

Going Concern

The Directors also considered it appropriate to prepare the financial statements on the going concern basis, as explained in the basis of preparation paragraph in Note 2 to the financial statements. In making this statement the Directors have considered the levels of working capital available to the Company, the closed ended nature of the Company and the tradable nature of the investment portfolio held.

Life of the Company

The Company does not have a fixed life. However, under Article 51 of the Articles of Incorporation (the "Articles"), the Directors are required to convene an extraordinary general meeting of the Company at certain anniversaries of Admission and, at such meeting, 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, in 2017. The Directors will convene a general meeting to propose a further Continuation Resolution every year thereafter.

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

Discount Controls

As set out in the Articles, if, as at 31 December in any calendar year, the Shares of a particular class have, on average over the last three calendar months of the relevant calendar year (the "Discount Calculation Period"), traded on the London Stock Exchange at a discount in excess of 5% to 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. This provision was not triggered at 31 December 2015.

ANNUAL REPORT

DIRECTORS' REPORT (CONTINUED)

Buybacks

At the annual general meeting of the Company held in June 2015, 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 17 June 2015). This authority will expire at the forthcoming Annual General Meeting ("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.

Between 1 January 2016 and 14 April 2016, the Company repurchased, in 27 tranches, 2,230,000 U.S. Dollar Ordinary shares to be held in Treasury* representing 4.93% of the U.S. Dollar Ordinary shares in issue as at 14 April 2016.

Between 1 January 2016 and 14 April 2016, the Company repurchased, in 66 tranches, 124,041,848 Sterling Ordinary shares to be held in Treasury* representing 7.00% of the Sterling Ordinary shares in issue as at 14 April 2016.

*Between the 7-9 March the Company repurchased shares for cancellation.

Disclosure of Information to Auditors

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

- to the best of his or her knowledge and belief, there is no information relevant to the preparation of their report of which the 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 2015 (2014 - none), nor does it have responsibility for any other emission producing sources.

For and on behalf of the Board

William Frewen
Chairman
18 April 2016

CORPORATE GOVERNANCE REPORT

Applicable Corporate Governance Codes

The Board of the Company has considered the principles and recommendations of the AIC Code of Corporate Governance (the "AIC Code"), by reference to the AIC Corporate Governance Guide for Investment Companies (the "AIC Guide"), both published in February 2013 and amended in 2015. 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 2014, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

The Board considers that reporting against the principles and recommendations of the AIC Code, and by reference to the AIC Guide (which incorporates the UK Code), will provide 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 Code or the AIC Code, are deemed to meet their Code, and need take no further action.

On 17 September 2014, the Financial Reporting Council ("FRC") confirmed further changes to the UK Code and supporting guidance, which will apply to reporting periods beginning on or after 1 October 2014 for year ends after 30 September 2015. The AIC Code and AIC Guide were amended in February 2015 to reflect the updates made to the UK Code in 2014.

Corporate Governance Statement

Throughout the year ended 31 December 2015 the Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except where explanations have been provided.

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

- 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 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.

ANNUAL REPORT

CORPORATE GOVERNANCE REPORT (CONTINUED)**Directors**

William Frewen, Richard Battey and Sandra Platts were appointed on 10 March 2011. Rupert Dorey was appointed on 1 March 2015. William Frewen was re-elected as Chairman, Richard Battey and Sandra Platts were re-elected as Directors at the Annual General Meeting held on 17 June 2015 and Mr Dorey was elected as a Director at the 2015 AGM, being the first AGM following his appointment.

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 and Risk Committee and Senior Independent Director)

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

Rupert Dorey

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

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.

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

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

Responsibilities:

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

More details below.

Remuneration and Nomination Committee

Members:

Sandra Platts (Chairman)
Richard Battey
Rupert Dorey
William Frewen

Responsibilities:

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

More details on page 24.

Management Engagement Committee

Members:

Sandra Platts (Chairman)
Richard Battey
Rupert Dorey
William Frewen

Responsibilities:

To review performance of all Service Providers (including the Investment Manager).

More details on pages 26 and 27.

Audit and Risk Committee

Members:

Richard Battey (Chairman)
Rupert Dorey
William Frewen
Sandra Platts

Responsibilities:

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

More details on pages 28 to 32.

ANNUAL REPORT

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 four non-executive Directors. The biographical details of the Directors holding office at the date of this report are listed on page 18, and demonstrate a breadth of investment, accounting and professional experience. Mr Battey as Chairman of the Audit and Risk Committee acts as Senior Independent Director when necessary. However, the Board considers that all the Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed. The balance and independence of our Board is kept under review by the Remuneration and Nomination Committee, details of which can be found on pages 24 and 25.

The Chairman and all Directors are all currently independent of the Company's Investment Manager, the Company Secretary 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 and is re-assessed at each Board meeting.

The Company Secretary, C.L. Secretaries Limited through its representative acts as Secretary to the Board and Committees and in doing so it:

- assists the Chairman in ensuring that all Directors have full and timely access to all relevant documentation;
- 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. William Frewen, Richard Battey and Sandra Platts have served since incorporation of the Company. Rupert Dorey has served since 1 March 2015. Any Director may resign in writing to the Board at any time.

In accordance with the AIC Code, as a FTSE 250 company, all Directors will be subject to re-election annually by shareholders. The Remuneration and Nomination Committee reviewed the independence, contributions and performance of all Directors during the 2015 Board Evaluation process and have determined that it is in the best interests of the Company to propose that all Directors are proposed for re-election. As Rupert Dorey was appointed on 1 March 2015, he was subject to election at the 2015 AGM, being the first AGM since his appointment.

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 AIFM 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.

	Date first elected by shareholders	Years from first election to 2016 AGM	Considered to be independent by the Board
William Frewen	June 2012	4	Yes
Richard Battey	June 2012	4	Yes
Rupert Dorey	June 2015	1	Yes
Sandra Platts	June 2012	4	Yes

Re-election of Directors

William Frewen, Richard Battey, Rupert Dorey and Sandra Platts submit themselves for re-election at the AGM to be held on 15 June 2016. 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 15 June 2016 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 pages 35 to 39 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 2015 the Board had 25% female representation. The Board continues to focus on encouraging diversity of business skills and experience, recognising that Directors with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Board.

ANNUAL REPORT

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 October 2015 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 Board, as lead by the Chairman of the Remuneration and Nomination Committee. No areas of concern were raised.

As a result of the suggestions 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 2016 AGM; and
- The Board composition was diverse and appropriate in regards to skills, number, experience and gender.

In addition, the Remuneration and Nomination Committee (excluding Mr Frewen) reviewed the performance of the Chairman in his role led by the Chairman of the Remuneration and Nomination Committee. All Directors are members of the Remuneration and Nomination Committee and as such it is not considered necessary for the SID to lead the discussions, as all Directors participate. The independence of all Directors was also considered. The Chairman reviews each individual Directors' contribution.

The Board intends to conduct another internal board evaluation in 2016, and will continue to review its procedures, its effectiveness and development in the year ahead. It is the intention of the Board to appoint an external consultant to undertake a review of the Board in 2017, being three years following the previous externally facilitated review.

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, and is satisfied that all Directors actively keep up to date with industry developments and issues.

When a new Director is appointed to the Board, 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.

Rupert Dorey, as a newly appointed Director, was provided with an induction including provision of all relevant information regarding the Company, and meetings with the Directors, Corporate Brokers and the Company Secretary. Mr Dorey was provided with a Letter of Appointment outlining his duties and responsibilities. Mr Dorey also attended the 2015 Board Strategy day at the offices of the Investment Manager, attended a Board meeting held at offices of the AIFM in Chicago in November 2015 and learned 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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

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. Each Director has an Instrument of Indemnity with the Company.

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

Board Meetings

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

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

Attendance at scheduled meetings of the Board and its committees in the 2015 financial year

	Board	Audit and Risk Committee	Remuneration and Nomination Committee	Management Engagement Committee
Number of meetings during the year	8	4	2	2
William Frewen*	4	3	2	2
Rupert Dorey**	6	4	1	1
Richard Battey	8	4	2	2
Sandra Platts	7	4	2	2

In addition to these meetings, 6 ad-hoc meetings were held during the year for various matters including but not limited to scrip dividends. Furthermore, a visit to the AIFM's offices in Chicago and visit to the Sub- Administrator's offices in Dublin were undertaken in the year.

* 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.

** Mr Dorey was appointed effective 1 March 2015 and has attended all scheduled meetings subsequent to his appointment.

Board Committees

The Board has established an Audit and Risk Committee, a Management Engagement Committee and a Remuneration and Nomination Committee with defined terms of reference and duties. Further details of these committees can be found in their reports on pages 26 to 34. The terms of reference for each committee can be found on the Company's website www.nbgfrif.com.

ANNUAL REPORT

CORPORATE GOVERNANCE REPORT (CONTINUED)

Remuneration and Nomination Committee

Membership:

Sandra Platts - Chairman (Independent non-executive Director)

Richard Battey (Independent non-executive Director)

Rupert Dorey (Independent non-executive Director)

William Frewen (Company Chairman and independent non-executive Director)

C.L. Secretaries Limited (Secretary)

Key Objectives

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

Responsibilities

- Determine the remuneration of the Directors;
- Prepare an annual report on Directors' remuneration;
- Considers the need to appoint external remuneration consultants;
- Regularly reviews and makes recommendations in relation to the structure, size and composition of the Board including the diversity and balance of skills, knowledge and experience, and the independence of the non-executive Directors;
- Oversees the performance evaluation of the Board, its committees and individual Directors (see page 74);
- 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 and the Secretary 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)

Main Activities during the Year

The Committee met twice during the year and considered succession planning, replenishment of the Board, the appointment of Rupert Dorey and reviewed the Directors' remuneration. The Committee also reviewed the results of the annual internal 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 the appointment of Rupert Dorey had complemented the current Directors well.

The terms of reference for the Committee have incorporated the changes to the UK Corporate Governance Code 2014 and the AIC Code 2015. The terms of reference remain appropriate and are available on the Company's website, www.nbgfrif.com.

Rupert Dorey was appointed as a non-executive Director to the Board on 1 March 2015 due to the increased size and complexity of the Company and to assist in managing the additional workload of the Board. The Committee believe that this appointment strengthens the Board and is part of the Company's succession planning.

The Committee led the process for the recruitment of the additional appointment to the Board. There is a formal, rigorous and transparent procedure for the appointment of new Directors. Candidates were identified and selected on merit against objective criteria and with due regard to the benefits of diversity on the Board, including gender. The Committee undertook a wide recruitment drive in 2014, which included searching for candidates from Guernsey, Jersey and the United Kingdom. Lists of potential candidates were obtained from a variety of sources and the Committee agreed short-lists. Numerous interviews were held with potential candidates. The skills, experience and time availability of each candidate was considered by the Committee. Short-listed candidates were invited to meet the Chairman and the Investment Manager and feedback was provided to the Board prior to selection. The decision to appoint Rupert Dorey was based on merit of both skills and experience and was considered 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 2015, the Board had 25% female representation. The Board continues to focus on encouraging diversity of business skills and experience, recognising that Directors with diverse skills sets, capabilities and experience gained from different backgrounds enhance the Board.

A detailed "Directors' remuneration" report to shareholders from the Committee on behalf of the Board, is contained on pages 35 to 39.

Sandra Platts
On behalf of the Remuneration and Nomination Committee
18 April 2016

ANNUAL REPORT

CORPORATE GOVERNANCE REPORT (CONTINUED)

Management Engagement Committee

Membership:

Sandra Platts - Chairman (Independent non-executive Director)

Richard Battey (Independent non-executive Director)

Rupert Dorey (Independent non-executive Director)

William Frewen (Company Chairman and independent non-executive Director)

C.L. Secretaries Limited (Secretary)

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:
 - Monitor and evaluate the Investment Manager's investment performance and, if necessary providing appropriate guidance;
 - To consider whether an independent appraisal of the Investment Manager's services should be made;
 - To consider requiring the Investment Manager to provide attribution and volatility analyses and considering whether these should be published;
 - Review the level and method of remuneration and the notice period, using peer group comparisons; and
 - To ensure that the Investment Manager has a sound system of risk management and internal controls and that these are maintained to safeguard shareholders' investment and the Company's assets.

Committee Meetings

Only members of the Committee and the Secretary 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 twice during the year and reviewed the performance, relationships and contractual terms of all Service Providers as at 27 October 2015 including the Investment Manager. The Committee reviewed the terms of reference for the Committee and considered that they remained appropriate. The terms of reference are available on the Company's website www.nbgfrif.com.

The Board annually assesses the performance and value of its Service Providers. On 1 March 2015, US Bancorp Fund Services (Guernsey), Limited and Quintillion Limited were appointed as Administrator and Sub-Administrator respectively, in place of BNP Paribas Securities Services S.C.A., Guernsey Branch.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Management Engagement Committee (continued)

Main Activities during the Year (continued)

In March 2015, the Board visited the offices of the Investment Manager in London to review and discuss the Company's strategy. The Board also attended the offices of the Sub-Administrator, Quintillion Limited, in Dublin in July 2015 to learn about their processes and procedures and to review the performance of the Administrator. The Board were satisfied with the performance of the sub-administrator and with the system and internal controls in place.

In November 2015, the Board also visited the Investment Manager's offices in Chicago in conjunction with the November Board meetings. The Board met with a number of personnel and learned more about the investment selection and diligence processes. The Board used the opportunity to review the fees and performance of the Investment Manager and agreed that these remained appropriate.

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 2015 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
18 April 2016

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit and Risk Committee

Membership:

Richard Battey - Chairman (Independent non-executive Director)

Rupert Dorey (Independent non-executive Director)

William Frewen (Company Chairman* and independent non-executive Director)

Sandra Platts (Independent non-executive Director)

C.L. Secretaries Limited (Secretary)

* The Board believes it is appropriate for the Company Chairman to be a member of the Audit and Risk 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 and Risk 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;
- Analysis of key procedures adopted by the Company's Service Providers;
- Reporting to the Board on the effectiveness of the Company's risk management framework; and
- Compiling a report on its activities to be included in the Company's annual report.

The 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. Therefore, the Board has designated him as its financial expert on the Committee.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit and Risk Committee (continued)

Committee Meetings

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

During the year the Board approved that the Audit Committee be renamed as the Audit and Risk Committee and that the Committee's responsibilities were further expanded to include the review and effectiveness of the Company's risk management framework in relation to the investment policy; assessment of the risks involved in the Company's business and how they are controlled and monitored by the Investment Manager; to monitor and review the effectiveness of the risk management function of the Investment Manager and Administrator; to review the risks associated with the valuation of investments; review the Company's procedures concerning prevention and detection of fraud and to review the Company's arrangements for regulatory compliance.

The Board requested that the 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 were updated during the year and can be found on the Company's website www.nbgfrif.com.

At its four 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, Company Secretary, Administrator and PwC the appropriateness of the half-year and annual financial statements concentrating on, amongst other matters:

- The quality and acceptability of accounting policies and practices;
- The clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- Material areas in which significant judgements have been applied or there has been discussion with the external auditor;

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit and Risk Committee (continued)

Financial Reporting (continued)

- The review of the Viability Statement included in the Strategic Report;
- 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, Company Secretary, Administrator and also reports from the external auditors on the outcomes of their half-year review and annual audit.

Significant Issues

In relation to the annual report and financial statements for the year ended 31 December 2015, the following significant issue was considered by the Audit and Risk Committee:

Significant Issue

1. The valuation of the Company's investments.

How the Issue was Addressed

The Committee analysed the Investment portfolio of the Company in terms of investment mix, fair value hierarchy and valuation. As explained in Note 5 the majority of the investment portfolio is at Level 2 of the fair value hierarchy which requires market corroborated inputs for the calculation of fair value. The Committee discussed in depth with the Investment Manager the appropriateness and robustness of the multi-sourced pricing information used and also had discussions 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 notify the Committee of any reportable differences between the valuations used by the Company or custodian confirmation of holdings and the work performed during the testing process. Based on the above review and analysis the Committee confirmed that they were satisfied with the valuation of the investments.

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.

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.

CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit and Risk Committee (continued)

Internal Controls and Risk Management (continued)

The Investment Manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Investment Manager's compliance and risk department on an ongoing basis. The Board reviewed the Investment Manager's controls processes and considered the transition between administrators, including board oversight of the new Administrator and sub-Administrator during the Strategy Day held at the Investment Manager's offices.

The Board's assessment of the Company's principal risks and uncertainties is set out on pages 7 to 10.

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 2015 and to the date of approval of this Annual Report and that, no issues have been noted.

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 the significant audit risks. For the 2015, 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 valuations 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, Company Secretary and the Administrator on the effectiveness of the audit process. For the 2015 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 additional opportunities 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 under Ethical Standards to rotate the audit partner responsible for the audit every five years. The current audit partner has overseen the audit of the Company for the three financial years to 31 December 2015. PwC has been the Company's statutory auditors since its stock exchange listing in 2011 and has to date audited all five financial years to 31 December 2015. The Company is incorporated in Guernsey, and therefore despite being listed on the Main Market of the London Stock Exchange and being in the FTSE350 Index, it is not required to comply with The Statutory Audit Services for Larger Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "Order") which came into force in the UK on 1 January 2015. The Committee does however keep these developments under review when determining policy on audit tendering and therefore the Company will seek to comply with the provisions of the Order. In the past the Company has been guided by the UK Corporate Governance Code as to the recommendation to put the external audit out to tender at least every ten years. As this year is the fifth for publishing the Company's annual report and financial statements and the Company has not yet completed a competitive tender process for auditor appointments. The Company is presently minded that it will complete such a tender process in respect of the audit of the financial statements for the year ended 31 December 2020. The Company presently believes that this is in the best interests of shareholders in view of the quality and level of service presently being provided by PwC. Having carried out a review of the performance of PwC for this current financial reporting period, it is currently expected that PwC will remain in office and a resolution to reappoint them for the 2016 audit will therefore be proposed at the AGM.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

Audit and Risk Committee (continued)

Appointment and Independence (continued)

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 2015 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 £120,102 for their services rendered in 2015. Of this amount, £87,040 was in relation to the year-end audit and £33,062 was in relation to the procedures performed in respect to the half-year review. No non-audit services were undertaken by PwC for the Company during the year.

The 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 2016, 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 2016 AGM. There are no contractual obligations restricting the Committee's choice of external auditors and we do not indemnify our external auditors.

Committee Evaluation

The Committee's activities formed part of the Board evaluation performed in the year. Details of this process can be found under "Performance evaluation" on page 22.

Richard Battey
On behalf of the Audit and Risk Committee
18 April 2016

CORPORATE GOVERNANCE REPORT (CONTINUED)

Relationship with the Investment Manager, Company Secretary 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, Administrator, Sub-Administrator and Company Secretary along with ad hoc reports and information supplied to the Board as required. The Investment Manager takes decisions as to the purchase and sale of individual investments. The Investment Manager, Company Secretary, Administrator and Sub-Administrator also ensure that all Directors receive, in a timely manner, all relevant management, regulatory and financial information. Representatives of the Investment Manager, Company Secretary, Administrator and Sub-Administrator attend each Board meeting enabling the Directors to probe further on matters of concern. A formal schedule of matters specifically reserved for decision by the full Board has been defined and is reviewed annually, and a procedure adopted for Directors, in the furtherance of their duties, to take independent professional advice at the expense of the Company within certain parameters. The Directors have access to the advice and service of the corporate Company Secretary through its appointed representative who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. The Board, the Investment Manager, Company Secretary, Administrator and Sub-Administrator operate in a supportive, co-operative and open environment.

Shareholder Engagement

The Board believes that the maintenance of good relations with shareholders is important for the long-term prospects of the Company. 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 Brokers and the Investment Manager, and shareholders are welcome to contact the Chairman, Senior Independent Director or any other Director at any time via the Company Secretary.

During the year the Company continued quarterly investor update calls, which can be accessed via conference call or WebEx, details are published via an RIS. The Board also welcomes the opportunity to meet with investors on a one-to-one basis, upon request.

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

The Board believes that the AGM provides an appropriate forum for shareholders to communicate with the Board, and encourages participation. All Directors will attend the AGM. There is an opportunity for individual shareholders to question the Chairman of the Board, the Senior Independent Director, the Audit and Risk Committee, the Management Engagement Committee and the Remuneration and Nomination Committee at the AGM. 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. Where the Board considers that a significant number of votes have been lodged against a proposed resolution, the Board intends to identify those shareholders and further understand their views.

The Annual and Half-Year Reports, 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.

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CORPORATE GOVERNANCE REPORT (CONTINUED)

2016 Annual General Meeting ("AGM")

The AGM will be held in Guernsey on 15 June 2016 at 13:00 BST. 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 registered office address given on page 74. 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 an RIS.

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 15 June 2016.

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 on 15 June 2016.

Changes to the Board

William Frewen, Richard Battey and Sandra Platts have served since incorporation of the Company on 10 March 2011, Rupert Dorey was appointed on 1 March 2015 and will each stand for re-election at the AGM on 15 June 2016.

Conclusion

We have provided an at a glance summary of 2015 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.

At a Glance

Single total figure for Directors for 2015

Element	Fees*	Other Fees	Total	Total
	£	£	£	US\$
William Frewen	45,000	-	45,000	66,326
Richard Battey	40,000	-	40,000	58,956
Sandra Platts	40,000	-	40,000	58,956
Rupert Dorey	29,167	-	29,167	42,989

Single total figure for Directors for 2014

Element	Fees*	Other Fees	Total	Total
	£	£	£	US\$
William Frewen	40,000	-	40,000	62,472
Richard Battey	35,000	-	35,000	54,062
Sandra Platts	35,000	-	35,000	52,037

* Basic Director fees were increased by £5,000 per annum effective 1 July 2014. With effect from 1 January 2014, fees for the Chairman of the Management Engagement Committee and the Chairman of the Remuneration and Nomination Committee increased by £2,500 each.

Please refer to Note 4 for more details on Directors Remuneration.

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DIRECTORS' REMUNERATION REPORT (CONTINUED)**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 individual aspects of his or her own remuneration, however the Board as a whole sets the level of directors fees.

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

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

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

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 2015, the policy was for the Chairman of the Board and Chairman of the other Committees to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent. The Board may amend the level of remuneration paid within the limits of the Company's Articles 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. The Chairman of the Remuneration and Nomination Committee may consult with principal shareholders of the Company should it be proposed to exceed the aggregate limit.

Policy Table**Directors' Fees Policy**

Element	Operation of the Element	Maximum Potential Value	Performance Metrics Used
Fees			
To recognize time spent and the responsibilities borne and to attract high caliber candidates who have the necessary experience and skills	Directors' fees are set by the Remuneration and Nomination Committee	Current fee levels are shown in the remuneration report	Directors are not remunerated based on performance and are not eligible to participate in any performance related arrangements
	Annual fees are paid quarterly in arrears	The Company's Articles of Incorporation limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum	
	Fees are reviewed annually and against those for Directors in companies of similar scale and complexity		
	Fees were last reviewed in October 2015		
	Directors do not receive benefits and do not participate in any incentive or pension plans		

DIRECTORS' REMUNERATION REPORT (CONTINUED)

Service Contracts and Policy on Payment for Loss of Office

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

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

In accordance with the AIC Code William Frewen, Richard Battey, Sandra Platts and Rupert Dorey will offer themselves for re-election by shareholders at the Annual General Meeting to be held on 15 June 2016. The names and biographies of the Directors holding office at the date of this report are listed on page 18. All of the Directors are subject to annual re-election.

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 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
Rupert Dorey	1 March 2015
Sandra Platts	10 March 2011

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 2015	31 December 2014
	Sterling Ordinary Shares	Sterling Ordinary Shares
William Frewen	9,895	9,985
Richard Battey	30,077	30,077
Sandra Platts	10,069	10,069
Rupert Dorey	20,000	-

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DIRECTORS' REMUNERATION REPORT (CONTINUED)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 2015.

	Board Fee 2015 US\$	Board Fee 2014 US\$	Other Fees 2015 US\$	Other Fees 2014 US\$	Total 2015 US\$	Total 2014 US\$
William Frewen						
Chairman						
Member of Audit and Risk Committee						
Member of Remuneration and Nomination Committee	66,326	62,472	-	-	66,326	62,472
Member of Management Engagement Committee						
Richard Battey						
Chairman of the Audit and Risk Committee						
Member of Remuneration and Nomination Committee	58,956	54,062	-	-	58,956	54,062
Member of Management Engagement Committee						
Sandra Platts						
Chairman of the Remuneration and Nomination Committee						
Chairman of the Management Engagement Committee	58,956	52,037	-	-	58,956	52,037
Member of Audit and Risk Committee						
Rupert Dorey						
Member of Remuneration and Nomination Committee						
Member of Audit and Risk Committee	42,989	-	-	-	42,989	-
Member of Management Engagement Committee						
Total	227,227	168,571	-	-	227,227	168,571

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 \$46,623 (31 December 2014: \$8,960).

Directors' fees for the Luxembourg Subsidiaries amounted to \$32,487 for the year ended 31 December 2015 (2014: \$48,611).

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.

DIRECTORS' REMUNERATION REPORT (CONTINUED)**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
2015 Remuneration Report	934,933,491	0	0

Sandra Platts
On behalf of the Remuneration and Nomination Committee
18 April 2016

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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 2015 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 year.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken all the steps that he or she ought to have taken as a Director, in order to make himself or herself aware of any relevant audit information and to establish that the Company's 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 loss of the Company, and the undertakings included in the consolidation taken as a whole as required by DTR 4.1.12R and are in compliance with the requirements set out in The 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

William Frewen
Chairman
18 April 2016

Richard Battey
Director
18 April 2016

ANNUAL REPORT

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 which comprise the consolidated statement of assets and liabilities and the consolidated condensed schedule of investments as of 31 December 2015 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2015, 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 only 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 page detailing the Directors, managers and advisers.

In our opinion the information given in the Directors' report is consistent with the financial statements.

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

Report on other Legal and Regulatory Requirements (continued)

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 15 in relation to going concern. As noted in the Directors' Statement, the Directors have concluded that it is appropriate to adopt the going concern basis in preparing the financial statements. The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so, for at least one year from the date the financial statements were signed. As part of our audit we have concluded that the Directors' use of the going concern basis is appropriate. However, because not all future events or conditions can be predicted, these statements are not a guarantee as to the Company's ability to continue as a going concern;
- the Directors' statement that they have carried out a robust assessment of the principal risks facing the Company and the Directors' statement in relation to the longer-term viability of the Company. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statements are consistent with the knowledge acquired by us in the course of performing our audit;
- the part of the Corporate Governance Statement relating to the Company's compliance with the ten further provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on Directors' remuneration.

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

18 April 2016

ANNUAL REPORT

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2015

(Expressed in U.S. Dollars)

	Notes	31 December 2015	31 December 2014
Assets		\$	\$
Investments, at fair value (2015: cost of \$1,818,256,912; 2014: \$2,033,593,735)	5	1,715,009,535	1,977,893,115
Cash and cash equivalents:			
- Sterling		23,070,349	9,427,617
- Euro		13,386,247	8,022,083
- U.S. Dollar		43,678,399	29,232,981
Total cash and cash equivalents		80,134,995	46,682,681
		1,795,144,530	2,024,575,796
Other assets:			
Receivables for investments sold		39,438,655	62,614,902
Interest receivable		7,018,000	11,612,370
Other receivables and prepayments		74,689	84,957
Derivative Assets		468,544	-
		46,999,888	74,312,229
Total assets		1,842,144,418	2,098,888,025
Liabilities			
Payables for investments purchased		88,842,683	92,990,478
Payables to Investment Manager and affiliates	3	3,378,212	3,705,040
Derivative liabilities	5	33,603,715	51,477,879
Accrued expenses and other liabilities	3	1,346,955	539,056
Total liabilities		127,171,565	148,712,453
Total assets less liabilities		1,714,972,853	1,950,175,572
Share capital	9	1,934,737,971	2,001,727,455
Accumulated reserves		(219,765,118)	(51,551,883)
Total net assets		1,714,972,853	1,950,175,572
31 December 2015	Net Asset Value	Number of Shares	NAV per Share
U.S. Dollar shareholding			
- Ordinary Shares	49,710,242	52,380,402	\$0.9490
Sterling shareholding			
- Ordinary Shares	1,129,834,189	1,199,095,966	£0.9422
Sterling shareholding (in USD)			
- Ordinary Shares	1,665,262,611	1,199,095,966	\$1.3888

The Consolidated Financial Statements were approved and authorized for issue by the Board of Directors on 18 April 2016, and signed on its behalf by:

William Frewen
Chairman

Richard Battey
Director

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

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS**As at 31 December 2015**

(Expressed in U.S. Dollars)

	Cost	Fair Value	Fair Value as % of Net Assets
	\$	\$	
Portfolio of investments			
Financial investments			
Floating rate senior secured loans	1,731,526,854	1,636,279,673	95.41
Fixed rate bonds	20,995,808	18,941,703	1.10
Floating rate bonds	65,734,250	59,788,159	3.49
Total financial investments	1,818,256,912	1,715,009,535	100.00
Total portfolio of investments	1,818,256,912	1,715,009,535	100.00
Forwards			
U.S. Dollar to Euro		(41,093)	(0.00)
Sterling to U.S. Dollar		(35,174,950)	(2.05)
U.S. Dollar to Sterling		2,081,691	0.12
Euro to U.S. Dollar		(819)	0.00
		(33,135,171)	(1.93)
	Cost	Fair Value	Fair Value as % of Net Assets
	\$	\$	
Geographic diversity of investment portfolio			
North America	1,610,452,329	1,522,961,203	88.80
Australia / Oceania	16,978,974	12,546,553	0.73
Europe	190,825,609	179,501,779	10.47
	1,818,256,912	1,715,009,535	100.00

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

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CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)**As at 31 December 2014**

(Expressed in U.S. Dollars)

	Cost	Fair Value	Fair Value as % of Net Assets
	\$	\$	
Portfolio of investments			
Financial investments			
Floating rate senior secured loans	1,984,319,801	1,931,699,875	99.05
Fixed rate bonds	35,544,581	35,045,282	1.80
Floating rate bonds	13,729,353	11,147,958	0.57
Total financial investments	2,033,593,735	1,977,893,115	101.42
Total portfolio of investments	2,033,593,735	1,977,893,115	101.42
Forwards			
Euro to U.S. Dollar		4,444,940	0.23
Sterling to U.S. Dollar		3,978,123	0.20
U.S. Dollar to Euro		(1,455,505)	(0.07)
U.S. Dollar to Sterling		(58,445,437)	(3.00)
		(51,477,879)	(2.64)
	Cost	Fair Value	Fair Value as % of Net Assets
	\$	\$	
Geographic diversity of investment portfolio			
North America	1,828,254,930	1,786,052,315	91.58
Australia / Oceania	19,152,956	17,354,350	0.89
Europe	186,185,849	174,486,450	8.95
	2,033,593,735	1,977,893,115	101.42

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

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)**As at 31 December 2015**

(Expressed in U.S. Dollars)

Industry diversity of Investment Portfolio	31 December 2015		31 December 2014	
	Cost (\$)	Fair Value (\$)	Cost (\$)	Fair Value (\$)
Aerospace & Defence	14,460,494	13,824,176	24,513,274	23,630,756
Air Transport	13,045,566	12,906,699	35,986,326	35,613,391
Automotive	15,365,520	15,064,712	37,951,395	37,619,630
Broadcast Radio and Television *	50,339,926	42,236,587	91,610,920	89,760,076
Business Equipment & Services	213,306,917	203,831,062	216,767,999	212,433,217
Building & Development	67,500,426	66,896,657	66,787,077	66,087,015
Cable & Satellite Television	106,571,956	100,139,678	84,880,041	81,391,606
Chemicals & Plastics	51,756,550	49,883,530	48,234,647	46,442,453
Conglomerates	5,066,865	5,001,279	3,030,079	3,023,841
Containers & Glass Products	109,863,504	107,237,924	65,464,879	64,621,473
Cosmetics/Toiletries	2,698,345	2,685,382	5,324,443	5,326,611
Drugs	48,671,778	47,510,155	23,736,780	23,279,150
Ecological Services & Equipment	12,507,519	12,220,584	12,615,710	12,221,716
Electronics/Electrical	130,791,787	124,016,321	148,581,914	145,935,628
Financial Intermediaries	134,552,390	126,846,725	107,641,110	103,729,525
Food Products	24,033,541	22,055,988	53,898,396	50,207,833
Food Service	13,110,754	13,121,113	24,312,585	24,369,063
Food/Drug Retailers	23,046,480	22,780,423	27,683,393	25,240,766
Health Care	132,702,488	129,604,321	121,056,939	119,499,466
Home Furnishings	11,079,666	11,015,393	17,341,772	17,110,223
Hotels and Casinos**	164,545,616	160,508,425	202,554,410	199,443,927
Industrial Equipment	81,061,029	75,489,595	105,536,652	102,061,536
Insurance	12,551,126	11,663,886	17,923,050	17,197,793
Leisure Goods/Activities/Movies	51,765,232	49,253,953	54,084,976	52,507,038
Nonferrous Metals/Minerals	1,577,226	1,508,157	27,704,685	23,689,558
Office Equipment and Materials	-	-	4,804,366	4,497,781
Oil & Gas	27,632,895	13,209,814	29,317,766	24,933,926
Publishing	28,195,132	27,641,895	60,157,750	59,076,004
Retailers (except food & drug)	89,635,685	81,031,018	100,590,201	98,368,622
Steel	30,858,354	23,961,671	32,265,843	29,746,843
Surface Transport	10,165,070	10,108,918	6,052,030	5,997,263
Telecommunications/Cellular Communications ***	68,913,714	63,692,382	87,975,286	86,436,654
Utilities	70,883,361	68,061,112	87,207,041	86,392,731
	1,818,256,912	1,715,009,535	2,033,593,735	1,977,893,115

* In 2014 this industry was categorized as "Radio & Television"

** In 2014 this industry was categorized as "Lodging & Casinos"

*** In 2014 this industry was categorized as "All Telecom"

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

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CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 December 2015, issuers with the following investments comprised of greater than 1% of Net Asset Value:

Securities	Country	Industry	Fair Value	%
NUMERICABLE			34,419,144	2.01%
Numericable_Altice Tlb (First-Lien) Eur	United States	Cable & Satellite Television	11,823,328	0.69%
YPSO Holding SA TL B11L 21/05/2020	United States	Cable & Satellite Television	6,474,234	0.38%
YPSO Holding SA TL B1 EUR 21/05/2020	France	Cable & Satellite Television	5,607,058	0.33%
Numericable B4 (2014)	France	Cable & Satellite Television	5,663,656	0.33%
Numericable U.S. Llc Term Loan B2	France	Cable & Satellite Television	4,850,868	0.28%
AVAGO TECHNOLOGIES			29,434,329	1.71%
Avago Technologies 1L TI-B1	United States	Electronics/Electrical	27,138,990	1.58%
Avago Technologies 1L TI-B1 Euro (First-Lien)	European Union	Electronics/Electrical	2,295,339	0.13%
VALEANT PHARMACEUTICALS			28,005,025	1.63%
Valeant Pharmaceuticals Term Loan - F1	Canada	Drugs	28,005,025	1.63%
SCIENTIFIC GAMES			26,920,057	1.57%
Scientific Games T/L B-2 17/09/2021	United States	Lodging & Casinos	17,674,867	1.03%
Scientific Games TI B 24/05/2020	United States	Lodging & Casinos	9,245,190	0.54%
FIRST DATA CORPORATION			25,179,730	1.46%
First Data Corp T/L 24/03/2017	United States	Financial Intermediaries	9,516,578	0.55%
First Data Corp T/L C 24/03/2018	United States	Financial Intermediaries	7,397,603	0.43%
First Data Cor 2018B New T/L 21/10/2017	United States	Financial Intermediaries	3,156,925	0.18%
First Data Corporation Term B	United States	Financial Intermediaries	5,108,624	0.30%
PETSMART			21,169,320	1.23%
Petsmart Inc Term Loan B US	United States	Retailers	21,169,320	1.23%
MOHEGAN			20,185,551	1.18%
Mohegan Tribal Gaming T/L B 19/11/2019	United States	Lodging & Casinos	20,185,551	1.18%
ADVANTAGE SALES AND MARKETING			18,882,209	1.11%
Advant Sal&Markt T/L B Dd 11/07/2021	United States	Business Equipment & Services	12,963,441	0.76%
Advant Sal&Markt T/L 2Nd Lien 15/07/2022	United States	Business Equipment & Services	5,918,768	0.35%
BERLIN PACKAGING			18,037,123	1.05%
Berlin Pckg 1St Ln Cov-Lt T/L 24/09/2021	United States	Containers & Glass Products	11,318,173	0.66%
Berlin Pack Llc T/L 2Nd Lien 11/09/2022	United States	Containers & Glass Products	6,718,950	0.39%
CABLEVISION SYSTEMS CORPORATION			17,954,320	1.05%
Cablevision Systems Corp Tlb (First-Lien)	United States	Cable & Satellite Television	17,954,320	1.05%
UNIVISION COMMUNICAITONS			17,863,755	1.04%
Univision Communication T/L C 01/03/2020	United States	Broadcast Radio and Television	15,086,144	0.88%
Univision Com Re T/L 1St Lien 01/03/2020	United States	Broadcast Radio and Television	2,777,611	0.16%
WALTER INVESTMENT MANAGEMENT CORPORATION			17,590,862	1.03%
Walter Inv Mang Corp New T/L 11/12/2020	United States	Financial Intermediaries	17,590,862	1.03%
COMMUNITY HEALTH INCREMENTAL			17,541,357	1.02%
Chs/Community Health Incremental 2021 Term H	United States	Health Care	11,404,519	0.66%
Chs/Community Health Incremental 2019 Term G	United States	Health Care	6,136,838	0.36%
MITCHELL INTERNATIONAL			17,318,566	1.01%
Mitchell Intl Inc T/L B 01/10/2020	United States	Business Equipment & Services	10,452,267	0.61%
Mitchell Intl Inc T/L 01/10/2021	United States	Business Equipment & Services	6,866,299	0.40%
			310,501,348	18.10%

* In 2014 this industry was categorized as "Lodgings & Casinos"

** In 2014 this industry was categorized as "Radio & Television"

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

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)**31 December 2014**

As at 31 December 2014, issuers with the following investments comprised of greater than 1% of Net Asset Value:

Securities	Country	Industry	Fair Value	%
SCIENTIFIC GAMES CORPORATION			39,477,513	2.02
Scientific Games T/L B-2 17/09/2021	United States	Lodging & Casinos	19,338,941	0.99
Scientific Games T/L B 24/05/2020	United States	Lodging & Casinos	15,093,572	0.77
SGMS Escrow Corp 7% 14-01/01/2022	United States	Lodging & Casinos	5,045,000	0.26
UNIVISION COMMUNICATIONS			34,353,071	1.76
Univision Communication T/L C 01/03/2020	United States	Radio & Television	15,234,827	0.78
Univision Communication Re T/L 1 st Lien 01/03/2020	United States	Radio & Television	14,906,388	0.76
Univision Communication 6.875% 11-15/05/2019	United States	Radio & Television	4,211,856	0.22
LEVEL 3 FINANCING			31,941,936	1.64
Level 3 Communications T/L B4 15/01/2019	United States	All Telecom	25,691,218	1.32
Level 3 Communications T/L B3 01/08/2019	United States	All Telecom	3,471,580	0.18
Level 3 Financing Inc T/L B5 31/01/2022	United States	All Telecom	2,779,138	0.14
FIRST DATA CORPORATION			30,402,537	1.56
First Data Corp T/L C 24/03/2018	United States	Financial Intermediaries	12,976,785	0.67
First Data Corp T/L 24/03/2018	United States	Financial Intermediaries	9,413,569	0.48
First Data Corp New Term Loan B 21/10/2017	United States	Financial Intermediaries	8,012,183	0.41
NUMERICABLE YPSO.			29,553,493	1.52
Ypso France SAS EURO B-4 T/L 21/05/2020	United States	Cable & Satellite Television	8,849,007	0.45
Ypso Holding SA T/L B1 EUR 21/05/2020	United States	Cable & Satellite Television	7,367,542	0.38
Ypso Holding SA T/L B11L 21/05/2020	United States	Cable & Satellite Television	7,150,654	0.37
Ypso Holding SA T/L B2 1L 21/05/2020	United States	Cable & Satellite Television	6,186,290	0.32
IHEART COMMUNICATIONS			23,854,524	1.22
Clear Channel T/L D Extended 22/01/2019	United States	Radio & Television	23,854,524	1.22
COLUMBUS MEDIA			20,300,909	1.04
Columbus Media Holdings T/L B 18/12/2020	United States	Radio & Television	20,300,909	1.04
STATION CASINOS			20,098,921	1.03
Station Casinos LLC T/L B 25/02/2020	United States	Lodging & Casinos	20,098,921	1.03
BURGER KING CORPORATION			20,033,685	1.03
Burger King Corporation T/L B 30/09/2021	Canada	Food Service	20,033,685	1.03
			250,016,589	12.82

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

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CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 December 2015, the below were the largest 50 investments based on the Net Asset Value:

Securities	Country	Industry	Fair Value	%
Valeant Pharmaceuticals T/ L - F1 04/01/2022	Canada	Drugs	28,005,025	1.63
Avago Technologies 1L T/L-B1 (First-Lien) 11/11/2022	Cayman Islands	Electronics/Electrical	27,138,990	1.58
PetSmart Inc T/L B 03/11/2022	United States	Retailers	21,169,320	1.23
Mohegan Tribal Gaming T/L B 19/11/2019	United States	Hotels & Casinos**	20,185,551	1.18
Cablevision Systems Corp T/L B (First-Lien) 15/04/2016	United States	Cable & Satellite Television	17,954,320	1.05
Scientific Games T/L B-2 17/09/2021	United States	Hotels & Casinos**	17,674,867	1.03
Walter Inv. Man. Corp T/L 11/12/2020	United States	Financial Intermediaries	17,590,862	1.03
Univision Communication T/L C 01/03/2020	United States	Broadcast Radio and Television*	15,086,144	0.88
Virgin Media T/L E 07/06/2023	United Kingdom	Cable & Satellite Television	14,793,702	0.86
Pharmaceutical Product Development Inc. T/L B 29/02/2016	United States	Health Care	14,741,783	0.86
Acosta Holdco Inc T/L 13/08/2021	United States	Business Equipment & Services	14,531,882	0.85
Rite Aid Corp T/L 2Nd Lien 11/06/2021	United States	Food/Drug Retailers	14,505,927	0.85
The Serm Co 1St Ln Cov T/L 25/06/2021	United States	Business Equipment & Services	14,482,682	0.84
Bway Intermediate Co Inc T/L 07/08/2020	United States	Containers & Glass Products	14,137,693	0.82
Emerald Expositions Hldg T/L B 12/06/2020	United States	Leisure Goods/Activities/Movies	14,113,831	0.82
Level 3 Communications T/L B4 15/01/2020	United States	Telecommunication/Cellular Communications***	14,005,201	0.82
Zebra Technologies Corp T/L 30/09/2021	United States	Electronics/Electrical	13,879,625	0.81
Endo Pharma T/L B 09/26/2022	United States	Drugs	13,692,411	0.80
Burger King Corporation T/L B 30/09/2021	Canada	Food Service	13,121,113	0.77
Twin River Mgt Grp T/L B 1L 30/06/2020	United States	Hotels & Casinos**	12,983,630	0.76
Advant Sal & Markt T/L B DD 11/07/2021	United States	Business Equipment & Services	12,963,441	0.76
Station Casinos Llc T/L B 25/02/2020	United States	Hotels & Casinos**	12,572,770	0.73
Springer Sci & Bus Med T/L B3 14/08/2020	Germany	Publishing	12,572,051	0.73
Fmg Res (Aug06) Pty Lc Nw T/L 30/06/2019	Australia	Steel	12,546,553	0.73
Jeld - Wen Inc T/L B 09/09/2021	United States	Building & Development	12,275,770	0.72
Formula One Hldgs Ltd T/L 31/07/2021	Luxembourg	Leisure Goods/Activities/Movies	12,256,440	0.71
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	Telecommunication/Cellular Communications***	12,169,321	0.71
Citycenter Holdings Llc T/L B 09/10/2020	United States	Hotels & Casinos**	11,985,139	0.70
Dell Inc T/L B 24/03/2020	United States	Electronics/Electrical	11,909,444	0.69
Cumulus Media Holdings T/L B 18/12/2020	United States	Broadcast Radio and Television*	11,876,146	0.69
Energy Fut Int Hldg Dip T/L 12/19/2016	United States	Utilities	11,858,404	0.69
Numericable_Altice T/B (First-Lien) EUR 01/30/2023	France	Cable & Satellite Television	11,823,328	0.69
Iasis Hlthcare Corp T/L B 03/05/2018	United States	Health Care	11,797,565	0.69
Amscan Holdings Inc. T/L B (First-Lien) 08/19/2022	United States	Retailers	11,729,498	0.68
Filtration Gr Co T/L (First-Lien) 13/11/2020	United States	Industrial Equipment	11,625,589	0.68
99 Cents Only Stores T/L 11/01/2019	United States	Retailers	11,488,636	0.67
Community Health Incremental T/L H 01/27/2021	United States	Health Care	11,404,519	0.66
Berlin Pckg (First-Lien) COV-LT T/L 24/09/2021	United States	Containers & Glass Products	11,318,173	0.66
Immunor Inc T/L B2 19/08/2018	United States	Health Care	11,027,384	0.64
Spin Holdco Inc T/L 30/11/2019	United States	Retailers	10,811,650	0.63
Information Res Inc T/L B 26/09/2020	United States	Business Equipment & Services	10,670,227	0.62
La Frontera Generation T/L 30/09/2020	United States	Utilities	10,634,442	0.62

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

CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 December 2015, the below were the largest 50 investments based on the Net Asset Value: (continued)

Securities	Country	Industry	Fair Value	%
DTZ T/L B 11/04/2021	United States	Building & Development	10,575,051	0.62
Citco III LTD T/L B 16/04/2018	United States	Financial Intermediaries	10,566,688	0.62
Michaels Stores Inc T/L B 01/02/2020	United States	Retailers	10,512,595	0.61
Brand ENR & INF SER Inc T/L B 22/11/2020	United States	Business Equipment & Services	10,481,260	0.61
Mitchell Intl Inc T/L B 01/10/2020	United States	Business Equipment & Services	10,452,267	0.61
Aristocrat Leisure T/L B 31/10/2021	United States	Hotels & Casinos**	10,404,098	0.61
Kronos Incremental T/L 30/10/2019	United States	Business Equipment & Services	10,372,839	0.60
Datatel-Sophia LP TL B (First-Lien) 09/10/2022	United States	Electronics/Electrical	10,116,482	0.59
			676,592,329	39.44

* In 2014 this industry was categorized as "Radio & Television"

** In 2014 this industry was categorized as "Lodging & Casinos"

*** In 2014 this industry was categorized as "All Telecom"

As at 31 December 2014, the below were the largest 50 investments based on the Net Asset Value:

Securities	Country	Industry	Fair Value	%
Level 3 Communications T/L B4 15/01/2020	United States	All Telecom	25,691,218	1.32
Clear Channel T/L D Extended 22/01/2019	United States	Radio & Television	23,854,524	1.22
Cumulus Media Holdings T/L B 18/12/2020	United States	Radio & Television	20,300,909	1.04
Station Casinos Llc T/L B 25/02/2020	United States	Lodging & Casinos	20,098,921	1.03
Burger King Corporation T/L B 30/09/2021	Canada	Food Service	20,033,685	1.03
Scientific Games T/L B-2 17/09/2021	United States	Lodging & Casinos	19,338,941	0.99
Community Health System T/L D 27/01/2021	United States	Health Care	17,981,376	0.92
Mohegan Tribal Gaming T/L B 19/11/2019	United States	Lodging & Casinos	17,567,409	0.90
Fmg Res (Aug06) Pty Lc Nw T/L 30/06/2019	Australia	Steel	17,354,350	0.89
Acosta Holdco Inc T/L 13/08/2021	United States	Business Equipment & Services	16,621,198	0.85
Michaels Stores Inc T/L B 01/02/2020	United States	Retailers (except food & drug)	16,574,480	0.85
Bway Intermediate Co Inc T/L 07/08/2020	United States	Containers & Glass Products	16,142,358	0.83
Tribune Company T/L 21/11/2020	United States	Publishing	15,984,775	0.82
99 Cents Only Stores T/L 11/01/2019	United States	Retailers (except food & drug)	15,658,511	0.80
Walter Inv Mang Corp New T/L 11/12/2020	United States	Financial Intermediaries	15,537,005	0.80
Citycenter Holdings Llc T/L B 09/10/2020	United States	Lodging & Casinos	15,407,592	0.79
Ocwen Financial Initial T/L 15/02/2018	United States	Financial Intermediaries	15,354,987	0.79
Intelsat Jackson T/L B2 30/06/2019	Luxembourg	All Telecom	15,333,814	0.79
Univision Communication T/L C 01/03/2020	United States	Radio & Television	15,234,827	0.78
Freescale Semiconductor T/L B 01/03/2020	United States	Electronics/Electrical	15,209,280	0.78
Scientific Games TI B 24/05/2020	United States	Lodging & Casinos	15,093,572	0.77
Zebra Technologies Corp T/L 30/09/2021	United States	Electronics/Electrical	15,065,020	0.77
The Serm Co 1st Ln Cov T/L 25/06/2021	United States	Business Equipment & Services	15,034,719	0.77
Rexnord Llc T/L B 14/08/2020	United States	Industrial Equipment	14,906,737	0.76
Univision Com Re T/L 1st Lien 01/03/2020	United States	Radio & Television	14,906,388	0.76
Emerald Expositions Hldg TI B 12/06/2020	United States	Leisure Goods/Activities/Movie	14,751,624	0.76
Twin River Mgt Grp T/L B 1L 30/06/2020	United States	Lodging & Casinos	14,703,808	0.75

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

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CONSOLIDATED CONDENSED SCHEDULE OF INVESTMENTS (CONTINUED)

As at 31 December 2014, the below were the largest 50 investments based on the Net Asset Value: (continued)

Securities	Country	Industry	Fair Value	%
Rite Aid Corp T/L 2Nd Lien 11/06/2021	United States	Food/Drug Retailers	14,531,691	0.75
Amscan Holdings T/L B 27/07/2019	United States	Retailers (except food & drug)	14,484,502	0.74
Pharmaceutical Pdt Fac13 T/L 05/12/2018	United States	Health Care	14,393,139	0.74
Aot Bedding Super Hg Llc Tl B 20/09/2019	United States	Home Furnishings	14,147,611	0.73
Multiplan Inc T/L 19/03/2021	United States	Health Care	14,138,420	0.72
Charter Comm Operat Llc T/L G 12/08/2021	United States	Cable & Satellite Television	14,114,017	0.72
Realogy Corporation Nw T/L B 05/03/2020	United States	Building & Development	14,023,427	0.72
La Frontera Generation T/L 30/09/2020	United States	Utilities	14,023,015	0.72
Bmc Software Inc Term Loan B 09/08/2020	United States	Electronics/Electrical	13,415,008	0.69
Syniverse Holdings T/L 10/04/2019	United States	All Telecom	13,237,202	0.68
Springer Sci & Bus Med T/L B3 14/08/2020	Denmark	Publishing	13,037,157	0.67
First Data Corp T/L C 24/03/2018	United States	Financial Intermediaries	12,976,785	0.67
Par Pharmaceutical Co Inc Tlb 28/09/2019	United States	Drugs	12,945,486	0.66
Datatel Inc T/L B 19/07/2018	United States	Electronics/Electrical	12,786,398	0.66
Formula One Hldgs Ltd T/L 31/07/2021	United States	Leisure Goods/Activities/Movie	12,378,937	0.63
Ads Waste Holdings T/L Tra B2 10/09/2019	United States	Ecological Services & Equipment	12,221,716	0.63
United Air Lines Inc T/L B 31/03/2019	United States	Air Transport	12,209,977	0.63
Emi Music Publishing T/L B2 29/06/2018	United States	Publishing	12,085,129	0.62
Virgin Media T/L E 07/06/2023	United Kingdom	Cable & Satellite Television	12,078,916	0.62
Dell Inc Term Loan B 24/03/2020	United States	Electronics/Electrical	12,060,561	0.62
lasis Hlthcare Corp T/L B 03/05/2018	United States	Health Care	12,045,752	0.62
Ceridian Corporat Initial T/L 15/09/2020	United States	Business Equipment & Services	12,003,295	0.62
Spin Holdco Inc T/L 30/11/2019	United States	Retailers (except food & drug)	11,994,042	0.62
			761,074,211	39.04

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

CONSOLIDATED STATEMENT OF OPERATIONS**For the year ended 31 December 2015**

(Expressed in U.S. Dollars)

	1 January 2015 to 31 December 2015	1 January 2014 to 31 December 2014
	\$	\$
Income		
Interest income (net of withholding taxes, 2015: \$Nil ; 2014: \$Nil)	85,020,107	94,004,558
Other income from investments	1,887,346	1,566,971
	86,907,453	95,571,529
Expenses		
Investment management and services	13,959,247	15,428,716
Administration and professional fees	1,801,969	2,600,808
Directors' fees and travel expenses	279,807	226,142
Total expenses	16,041,023	18,255,666
Net investment income	70,866,430	77,315,863
Realised and unrealised gains and losses		
Net realised (loss)/gain on investments	(28,216,093)	1,625,070
Net realised (loss)/gain on derivatives	(102,456,812)	13,539,314
Total net realised (loss)/gain	(130,672,905)	15,164,384
Net change in unrealised depreciation on investments	(47,887,136)	(77,496,788)
Net change in unrealised appreciation/(depreciation) on derivatives	18,342,698	(98,935,336)
Total net unrealised depreciation	(29,544,438)	(176,432,124)
Realised and unrealised loss on foreign currency	(4,373,332)	(9,843,738)
Net realised and unrealised loss	(164,590,675)	(171,111,478)
Net decrease in net assets resulting from operations	(93,724,245)	(93,795,615)

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

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CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**For the year ended 31 December 2015**

(Expressed in U.S. Dollars)

31 December 2015

	Ordinary Shares (\$)	Total (\$)
Net assets as at 1 January 2015	1,950,175,572	1,950,175,572
Scrip issue	1,657,755	1,657,755
Dividends	(74,489,003)	(74,489,003)
Share buybacks	(68,647,226)	(68,647,226)
Net decrease in net assets resulting from operations	(93,724,245)	(93,724,245)
Net assets as at 31 December 2015	1,714,972,853	1,714,972,853

31 December 2014

	C Shares (\$)	Ordinary Shares (\$)	Total (\$)
Net assets as at 1 January 2014	693,505,258	1,419,799,535	2,113,304,793
Scrip issue	-	2,596,754	2,596,754
Conversion of C Shares into Ordinary Shares	(692,095,604)	692,095,604	-
Dividends	(1,409,654)	(70,520,706)	(71,930,360)
Net decrease in net assets resulting from operations	-	(93,795,615)	(93,795,615)
Net assets as at 31 December 2014	-	1,950,175,572	1,950,175,572

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

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 31 December 2015**

(Expressed in U.S. Dollars)

	1 January 2015 to 31 December 2015	1 January 2014 to 31 December 2014
	\$	\$
Cash flows from operating activities:		
Net decrease in net assets resulting from operations	(93,724,245)	(93,795,615)
Adjustment to reconcile net increase/(decrease) in net assets resulting from operations to net cash used in operating activities:		
Net realised loss/(gain) on investments	28,216,093	(1,625,070)
Net change in unrealised depreciation on investments and derivatives	29,544,438	176,432,124
Changes in receivables for investments sold	23,176,247	(31,724,385)
Changes in interest receivable	4,594,370	(3,076,642)
Changes in other receivables and prepayments	10,268	(13,392)
Changes in payables for investments purchased	(4,147,795)	(190,562,951)
Changes in payables to Investment Manager and affiliates	(326,827)	217,170
Changes in accrued expenses and other liabilities	807,899	(199,210)
Purchase of investments	(1,061,002,337)	(1,419,840,836)
Sale of investments	1,247,782,688	1,395,427,514
Net cash generated from/(used in) operating activities	174,930,799	(168,761,293)
Cash flows from financing activities:		
Share buybacks	(68,647,226)	-
Dividends paid	(72,831,259)	(69,333,606)
Net cash used by financing activities	(141,478,485)	(69,333,606)
Net increase/(decrease) in cash and cash equivalents	33,452,314	(238,094,899)
Cash and cash equivalents at beginning of the year	46,682,681	284,777,580
Cash and cash equivalents at end of the year	80,134,995	46,682,681

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

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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 Initial Public Offering of the Company took place on 15 April 2011, raising gross proceeds of approximately \$507.3 million. The Company’s shares were admitted to trading on the Main Market of the London Stock Exchange on 20 April 2011.

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

At the Annual General Meeting of the Company held in June 2015, 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 17 June 2015). This authority will expire at the next AGM in 2016. Pursuant to this authority, and subject to the Companies (Guernsey) Law, 2008 and the discretion of the Directors, the Company may purchase shares of any of its classes in the market on an on-going basis with a view to addressing any imbalance between the supply of and demand for such shares, thereby increasing the Net Asset Value per share of the shares and assisting in controlling the discount to Net Asset Value per share of the shares in relation to the price at which the shares of such class may be trading.

The Company re-purchased 47,350,634 Sterling Ordinary shares in 80 tranches between 06 March 2015 and 22 December 2015, which are held in Treasury. The Company also re-purchased 1,355,254 U.S. Dollar Ordinary shares in 21 tranches between 29 June 2015 and 12 November 2015, which are held in Treasury.

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

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

The Company’s share capital is denominated in U.S. Dollars and Sterling and consists of U.S. Dollar Ordinary Shares and Sterling Ordinary Shares as at 31 December 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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"). The Company is regarded as an Investment Company and it follows the accounting and reporting requirements of ASC 946. The Board believes that the underlying assumptions are appropriate and that the Company's Consolidated Financial Statements therefore present a true and fair financial position.

Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings as at 31 December 2015. The Company and all its wholly owned subsidiaries have United States Dollars as their functional and reporting currency. The results of the subsidiary undertakings are included in the Consolidated Statement of Operations.

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

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.

Revenue recognition

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

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.

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.

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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 Investment Manager determines the valuation based on the Investment Manager's fair valuation policy. The overall criterion for fair value is a price at which the securities involved would change hands in a transaction between a willing buyer and a willing seller, neither being under compulsion to buy or sell and both having the same knowledge of the relevant facts.

Consistent with the above criterion, the following criteria 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 judgments and the pricing inputs are observed from actively quoted markets. The forward exchange contracts valued by the Company using pricing models fall into this category and are categorised within level 2 of the fair value hierarchy.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

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.

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/buybacks cost

In line with the Prospectus, the expenses incurred for the initial placing and C Shares 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.

Any costs incurred by a share buyback will be charged to that share class.

Currency translation

Monetary assets and liabilities denominated in a currency other than U.S. Dollars are translated into U.S. Dollar equivalents using spot rates as at the reporting year end date. On initial recognition, a foreign currency transaction is recorded and translated at the spot exchange rate at the transaction date. Non-monetary assets and liabilities are translated at the historic exchange rate. There were no non-monetary assets held during the year. Transactions during the year, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. The rates of exchange against U.S. Dollars at 31 December 2015 were 1.473900 USD: 1GBP and 1.086300 USD: 1EUR (31 December 2014: 1.559242 USD: 1GBP and 1.210050 USD: 1EUR).

NOTE 3 – AGREEMENTS AND RELATED PARTIES

Investment Management Agreement

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

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE 3 – AGREEMENTS AND RELATED PARTIES (CONTINUED)****Investment Management Agreement (continued)**

The Sub-Investment Management Agreement was terminated on 17 July 2014 and the Sub-Investment Manager was appointed as the Alternative Investment Fund Manager.

As per the Sub-Investment Management agreement dated 18 March 2011 and the Deed of Amendment dated 30 September 2013, the Manager paid a management fee to the Sub-Investment Manager until 17 July 2014. As per the Amended and Restated Agreement dated 17 July 2014, the Manager shall pay a fee to the Alternative Investment Fund Manager out of the Investment Management fee received from the Company. The Company does not pay any fees to the Alternative Investment Fund 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.

As per the Agreement dated 18 March 2011 and the Deed of Amendment to the Agreement dated 30 September 2013, and the amended and restated agreement dated 17 July 2014, the Manager is entitled to a management fee, which shall accrue daily, and be payable quarterly in arrears, at the following rate per annum of the Company's 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 2015, the management fee expense was \$13,959,247 (31 December 2014: \$15,428,716), of which \$3,378,212 (31 December 2014: \$3,705,040) was unpaid at the year end.

The Manager is not entitled to a performance fee.

Administration, Custody and Company Secretary Agreement

BNP Paribas Securities Services S.C.A., Guernsey Branch ("BNPP") was the Administrator, Custodian and Designated Manager until 28 February 2015. Effective 1 March 2015, the Company has entered into an Administration and Sub-Administrator agreement with U.S. Bancorp Fund Services (Guernsey) Limited ("Administrator") and Quintillion Limited ("Sub-Administrator"), both wholly owned subsidiaries of U.S. Bancorp. Under the terms of the agreement, Sub-Administration services are delegated to Quintillion Limited.

The Sub-Administrator is responsible for the day-to-day administration of the Company (including but not limited to the calculation and publication of the estimated daily Net Asset Value), general secretarial functions (including but not limited to the maintenance of the Company's accounting records).

For the period from 1 January 2015 to 28 February 2015, BNPP was entitled to an annual fee, accrued daily and paid monthly in arrears, in accordance with the schedule below and subject to an annual minimum of £100,000.

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%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – AGREEMENTS AND RELATED PARTIES (CONTINUED)

Administration, Custody and Company Secretary Agreement (continued)

From 1 March 2015, the Administrator is entitled to an annual fee, accrued daily and paid monthly in arrears, in accordance with the schedule below and subject to an annual minimum of \$75,000.

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

For the year ended 31 December 2015, the administration fee was \$617,740 (31 December 2014: \$511,937) of which \$50,529 (31 December 2014: \$127,067) was unpaid at the year end.

C.L. Secretaries Limited, a wholly owned subsidiary of Carey Commercial Limited, as Company Secretary is entitled to an annual fee of £63,300 plus out of pocket expenses.

For the year ended 31 December 2015, the secretarial fee was \$159,699, of which \$42,745 related to administration of the on-going programme of buybacks, (31 December 2014: \$58,876) of which \$1,014 (31 December 2014: \$14,149 unpaid) was prepaid at the year-end..

For the period from 1 January 2015 to 28 February 2015, BNPP was entitled to a custodian fee of 0.02 per cent of the market value of the portfolio and a fee of 0.045 per cent per annum on the market value of the loan assets (adjusted to 0.035 per cent per annum if assets exceeded \$500m), with a minimum annual fee of £50,000 in respect of portfolio and loan administration..

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

For the period from 1 March 2015 to 31 December 2015, the Custodian is entitled to a fee of 0.025 per cent of the Market Value of the portfolio per annum, with a minimum annual fee of \$25,000 in respect of portfolio and loan administration.

For the year ended 31 December 2015, the custodian fee was \$411,704 (31 December 2014: custodian and loan administration, \$856,192) of which \$190,090 (31 December 2014: \$196,938) was unpaid, all of which was due to US Bank National Association at the year end.

Registrar's Agreement

Capita Registrars (Guernsey) Limited has been appointed as registrar of the Company. The fee charged is at a rate of £2.00 per holder of shares appearing on the registry during the fee period, with a minimum charge per annum of £9,000. For the year ended 31 December 2015, the Registrars fees amounted to \$171,704. Of these, \$36,380 was unpaid at the year end.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE 4 – RELATED PARTY TRANSACTIONS****Directors**

The Directors are related parties and are remunerated for their services at a fee of £35,000 per annum (£45,000 for the Chairman). In addition, the Chairman of the Audit and Risk Committee receives an additional £5,000 for his services in this role. The Chairman of the Management Engagement Committee and the Chairman of the Remuneration Committee receive an additional £2,500 each per annum. The Directors' fee for the two Luxembourg subsidiaries, whose Directors are unrelated to the Guernsey Board members, amounts to €14,700 per annum per subsidiary. Of these, \$396 were prepaid at the year end. For the year ended 31 December 2015, the Guernsey Directors' fees and travel expenses amounted to \$273,850 (31 December 2014: \$226,142). Of these, \$2,074 were prepaid at the year end (31 December 2014: \$46,311 were unpaid). As at 31 December 2015, Mr Battey, Mrs Platts, Mr Dorey and Mr Frewen had 30,077, 10,069, 20,000 and 9,895 Sterling Ordinary Shares in the Company respectively (31 December 2014: Mr Battey, Mrs Platts and Mr Frewen 30,077, 10,069 and 9,895 Sterling Ordinary Shares in the Company respectively).

Neuberger Berman Europe Limited and Neuberger Berman Investment Advisers LLC (formerly Neuberger Berman Fixed Income LLC)

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

NOTE 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 judgment. Accordingly, fair values are not necessarily indicative of the amounts realised on disposition of financial instruments. The use of different market assumptions and/or estimation methodologies may have a material effect on estimated fair value amounts.

The following estimates and assumptions were used at 31 December 2015 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- 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.

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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 2015.

Financial Instruments at Fair Value as at 31 December 2015

Financial investments	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Floating rate senior secured loans	-	1,591,082,427	45,197,246	1,636,279,673
Fixed rate bonds / corporate loans	-	18,941,703	-	18,941,703
Floating rate bonds / corporate loans	-	59,788,159	-	59,788,159
Total financial investments	-	1,669,812,289	45,197,246	1,715,009,535

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Balance at start of the year	-	1,977,893,115	-	1,977,893,115
Purchases during the year	-	1,051,483,783	9,518,554	1,061,002,337
Sales during the year	-	(1,247,671,303)	(111,385)	(1,247,782,688)
Realised loss on investments	-	(28,215,707)	(386)	(28,216,093)
Unrealised loss on revaluation	-	(45,910,469)	(1,976,667)	(47,887,136)
Transfer between Level 2 and Level 3	-	(37,767,130)	37,767,130	-
Balance at end of the year	-	1,669,812,289	45,197,246	1,715,009,535

Financial Assets	No of contracts	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Derivatives (for hedging purposes only)	16	-	468,544	-	468,544
Financial liabilities					
Derivatives (for hedging purposes only)	16	-	(33,603,715)	-	(33,603,715)
Total	32	-	(33,135,171)	-	(33,135,171)

Financial Instruments at Fair Value as at 31 December 2014

Financial investments	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Floating rate senior secured loans	-	1,931,699,875	-	1,931,699,875
Fixed rate bonds	-	35,045,282	-	35,045,282
Floating rate bonds	-	11,147,958	-	11,147,958
Total financial investments	-	1,977,893,115	-	1,977,893,115

	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Balance at start of the year	-	2,029,351,512	-	2,029,351,512
Purchases during the year	-	1,419,840,836	-	1,419,840,836
Sales during the year	-	(1,395,427,514)	-	(1,395,427,514)
Realised gain on investments	-	1,625,070	-	1,625,070
Unrealised loss on revaluation	-	(77,496,789)	-	(77,496,789)
Balance at end of the year	-	1,977,893,115	-	1,977,893,115

Financial Assets	No of contracts	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
Derivatives (for hedging purposes only)	8	-	8,442,433	-	8,442,433
Financial liabilities					
Derivatives (for hedging purposes only)	8	-	(59,920,312)	-	(59,920,312)
Total	16	-	(51,477,879)	-	(51,477,879)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The Derivatives assets and liabilities are offset in accordance with the guidance in sections 210-20-45 and 815-10-45 to determine the net amounts presented in the Consolidated Statement of Assets and Liabilities. All derivative trades have an enforceable master netting agreement so the net amount based on this is the same as the net amount disclosed in the Consolidated Statement of Assets and Liabilities. As at 31 December 2015, there were two counterparties for the Forwards (31 December 2014: two).

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 2015	For the year ended 31 December 2014
	\$	\$
Net realised (loss)/gain on derivatives	(102,456,812)	13,539,314
Net change in unrealised Appreciation/(depreciation) on derivatives	18,342,698	(98,935,336)
Total	(84,114,114)	(85,396,022)

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 in the Consolidated Statement of Operations.

The Company uses independent third party vendors to price its portfolio. As part of its valuation process, the Alternative Investment Fund Manager evaluates the number of broker quotes that combine to make up the valuation provided by these vendors and if it believes that the number of broker quotes is not sufficient to ensure a Level 2 price it designates those positions Level 3. As at 31 December 2015 the Alternative Investment Fund Manager designated 10 of its floating rate senior secured loans at Level 3.

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, foreign exchange and price risk. Interest rate risk primarily results from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads. Investments in senior loans are subject to interest rate risk.

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

Foreign Exchange Risk

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)NOTE 6 – RISKS (CONTINUED)*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.

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. 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.

Liquidity Risk

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

Participation Commitments

With respect to the senior loans the Company may: 1) invest in assignments; 2) act as a participant in primary lending syndicates; or 3) invest in participations. If a Company purchases a participation of a senior loan interest, the Company would typically enter into a contractual agreement with the lender or other third party selling the participation, rather than directly with the borrower. As such, the Company not only assumes the credit risk of the borrower, but also that of the selling participant or other persons inter positioned between the Company and the borrower. As of 31 December 2015, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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 Company files tax returns for its Lux entities.

In accordance with US GAAP, management is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognised is measured as the largest amount of benefit that 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 periods, disclosure, and transition that intendeds to provide better financial statement comparability among different entities.

As of 31 December 2015, the Company has recorded no liability for net unrecognised tax benefits relating to uncertain tax positions it has taken or expects to take in future tax returns (31 December 2014: Nil).

Note 8 – FINANCIAL HIGHLIGHTS

31 December 2015

	U.S. Dollar Ordinary Share as at 31/12/2015	Sterling Ordinary Share as at 31/12/2015
	\$	£
Per share operating performance		
Net Asset Value per share at the beginning of the year	0.9862	0.9770
Shareholder activity during the year	(0.0158)	0.0091
Income from investment operations (a)		
Net income per share for the year (b)	0.0412	0.0376
Net realised and unrealised loss from investments	(0.0247)	(0.0891)
Foreign currency translation	-	0.0455
Total gain from operations	0.0165	(0.0060)
Distribution per share during the year	(0.0379)	(0.0379)
Net asset value per share at the end of the year	0.9490	0.9422
Ratios to average net assets (b)		
Total return* (b)		
Total return*	0.08%	0.32%
Net income	3.76%	3.91%
Expenses	(0.84%)	(0.87%)

(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. This figure is for the year to 31 December 2015.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)Note 8 – FINANCIAL HIGHLIGHTS (CONTINUED)**31 December 2014**

	U.S. Dollar Ordinary Share as at 31/12/2014 \$	Sterling Ordinary Share as at 31/12/2014 £
Per share operating performance		
Net Asset Value per share at the beginning of the year	1.0102	1.0018
Shareholder activity during the year	(0.0032)	(0.0041)
Income from investment operations (a)		
Net income per share for the year (b)	0.0374	0.0371
Net realised and unrealised loss from investments	(0.0218)	(0.0890)
Foreign currency translation	-	0.0676
Total gain from operations	0.0156	0.0157
Distribution per share during the year	(0.0364)	(0.0364)
Net asset value per share at the end of the year	0.9862	0.9770
Total return* (b)		
Total return*	1.23%	1.16%
Ratios to average net assets (b)		
Net income	3.72%	3.68%
Expenses	(0.92)%	(0.87)%

(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. This figure is for the year to 31 December 2014.

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 Ordinary Shares, Sterling Ordinary Shares or Euro Ordinary Shares or as Shares of such other classes as the Directors may determine;
- (ii) B Shares of such classes denominated in such currencies as the Directors may determine; and
- (iii) C Shares of such classes denominated in such currencies as the Directors may determine.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – SHARE CAPITAL (CONTINUED)

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

- (a) One vote in respect of each U.S. Dollar Ordinary Share held by the shareholder;
- (b) 1.6 votes in respect of each Sterling Ordinary Share held by the shareholder; and
- (c) In respect of a Share of a class denominated in any currency other than U.S. Dollars or Sterling held by the shareholder, such number of votes per Share of such class as shall be determined by the Directors in their absolute discretion upon the issue for the first time of Shares of the relevant class.

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

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

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

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

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

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

There were no Euro Ordinary Shares in issue as at 31 December 2015 (31 December 2014: No Euro Ordinary Shares).

As at 31 December 2015, there were no C Shares in issue (31 December 2014: No C Shares were in issue).

From 1 January 2015 to 31 December 2015	U.S. Dollar Ordinary Shares	Sterling Ordinary Shares	Total
Balance as at 1 January 2015	60,166,690	1,241,163,626	1,301,330,316
Scrip issue *	65,325	1,045,029	1,110,354
Monthly conversions**	(6,496,359)	4,237,945	(2,258,414)
Shares buyback	(1,355,254)	(47,350,634)	(48,705,888)
Balance as at 31 December 2015	52,380,402¹	1,199,095,966²	1,251,476,368

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)NOTE 9 – SHARE CAPITAL (CONTINUED)

From 1 January 2014 to 31 December 2014	Sterling C Shares	U.S. Dollar Ordinary Shares	Sterling Ordinary Shares	Total
Balance as at 1 January 2014	425,571,132	51,280,525	824,544,205	1,301,395,862
Scrip issue *	-	191,701	1,461,013	1,652,714
Monthly conversions**	-	8,694,464	(5,945,073)	2,749,391
Conversion of C Shares into Ordinary Shares***	(425,571,132)	-	421,103,481	(4,467,651)
Balance as at 31 December 2014	-	60,166,690 ³	1,241,163,626 ⁴	1,301,330,316

Treasury Shares

As at 31 December 2015, the Company held the following Treasury Shares.

	31 December 2015	31 December 2014
Sterling Ordinary Treasury Shares****	47,350,634	-
U.S. Dollar Ordinary Treasury Shares****	1,355,254	-

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

¹ \$50,195,134

² \$1,884,542,826 (£1,369,372,479)

³ \$57,779,555

⁴ \$1,943,947,899 (£1,408,790,462)

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

** 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 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 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.

**** The Company has an approved share buyback programme and may elect to buyback ordinary shares at certain times during the year. Any shares purchased under this programmes are held as Treasury Shares. During the year, the Company purchased 21 tranches of U.S. Dollar Ordinary Shares with a high price of \$0.967 and a low price of \$0.9325, and 79 tranches of Sterling Ordinary Shares with a high price of £0.9560 and a low price of £0.9165.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 - SUBSEQUENT EVENTS

Effective January 1, 2016, the Alternative Investment Fund Manager changed its name from Neuberger Berman Fixed Income LLC to Neuberger Berman Investment Advisers LLC.

The following buyback information and subsequent event notes below are stated as at the latest practicable date prior to publication of this report, being the 14 April 2016.

On March 9, 2016, the Company cancelled 58,906,241 Sterling Ordinary shares and 1,352,627 U.S. Dollar Ordinary shares held in Treasury. This represented approximately 4.73 per cent of the Company's issued Sterling Ordinary shares and 2.65 per cent of the Company's issued U.S. Dollar Ordinary shares at that time.

On 11 April 2016, the Company announced that 43,111,620 Sterling Ordinary shares held in Treasury had been cancelled. This represented approximately 3.64 per cent of the Company's issued Sterling Ordinary shares at that time.

Between 1 January 2016 and 14 April 2016, the Company repurchased, in 27 tranches, 2,230,000 U.S. Dollar Ordinary shares to be held in Treasury* representing 4.93% of the U.S. Dollar Ordinary shares in issue as at 14 April 2016.

Between 1 January 2016 and 14 April 2016, the Company repurchased, in 66 tranches, 124,041,848 Sterling Ordinary shares to be held in Treasury* representing 7.00% of the Sterling Ordinary shares in issue as at 14 April 2016.

* Between 7-9 March 2016 the Company repurchased 5,840,000 Sterling Ordinary shares and 150,000 U.S. Dollar Ordinary shares for cancellation.

As at 14 April 2016, the Company held the following Treasury Shares:

14 April 2016

Sterling Ordinary Treasury Shares	63,534,621
U.S. Dollar Ordinary Treasury Shares	2,082,627

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)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
Quarter ended 31 December 2011– C Shares	5 January 2012	24 February 2012	\$0.00323	£0.00323
Quarter ended 31 March 2012	12 April 2012	25 May 2012	\$0.01260	£0.01260
Quarter ended 30 June 2012	5 July 2012	24 August 2012	\$0.01310	£0.01310
Quarter ended 30 September 2012	3 October 2012	23 November 2012	\$0.01210	£0.01210
Quarter ended 31 December 2012	9 January 2013	22 February 2013	\$0.01160	£0.01160
Quarter ended 31 March 2013	8 April 2013	24 May 2013	\$0.01220	£0.01220
Quarter ended 30 June 2013	4 July 2013	16 August 2013	\$0.01110	£0.01110
Quarter ended 30 June 2013 – C Shares	4 July 2013	26 July 2013	-	£0.00550
Quarter ended 30 September 2013	7 October 2013	22 November 2013	\$0.00890	£0.00890
Quarter ended 31 December 2013	6 January 2014	21 February 2014	\$0.00940	£0.00940
Quarter ended 31 December 2013– C Shares	6 January 2014	7 February 2014	-	£0.00200
Quarter ended 31 March 2014	4 April 2014	27 May 2014	\$0.00860	£0.00860
Quarter ended 30 June 2014	3 July 2014	15 August 2014	\$0.00890	£0.00890
Quarter ended 30 September 2014	3 October 2014	21 November 2014	\$0.00950	£0.00950
Quarter ended 31 December 2014	7 January 2015	20 February 2015	\$0.00960	£0.00960
Quarter ended 31 March 2015	7 April 2015	26 May 2015	\$0.00890	£0.00890
Quarter ended 30 June 2015	3 July 2015	15 August 2015	\$0.01030	£0.01030
Quarter ended 30 September 2015	5 October 2015	23 October 2015	\$0.00910	£0.00910
Quarter ended 31 December 2015	6 January 2016	19 February 2016	\$0.00990	£0.00990
Quarter ended 31 March 2016	5 April 2016	25 May 2016	\$0.01030	£0.01030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**NOTE 11 – DIVIDENDS (CONTINUED)**

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

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

Due to the current discount, the Board decided to replace the Scrip Dividend option with a Dividend Re-investment Plan, whereby the Shareholders have the option to re-invest their cash dividend in the Company's shares on an efficient basis as explained in Note 9.

NOTE 12 – OTHER

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

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DIRECTORS, MANAGERS AND ADVISERS

Directors

William Frewen (*Chairman*)
Sandra Platts
Richard Battey
Rupert Dorey
All c/o the Company's registered office.

Designated Manager, Administrator, Custodian (until 28 February 2015)

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Sub – Administrator (from 1 March 2015)

Quintillion
24/26 City Quay
Dublin
Ireland

Alternative Investment Fund Manager

Neuberger Berman Investment Advisers LLC
(formerly *Neuberger Berman Fixed Income LLC*)
190 S LaSalle Street
Chicago IL 60603
United States of America

Joint Broker

Fidante Capital (*formerly Dexion Capital plc*)
1 Tudor Street
London
United Kingdom
EC4Y 0AH

DIRECTORS, MANAGERS AND ADVISERS (CONTINUED)**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

Independent Auditors

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Glatigny Esplanade
St. Peter Port
Guernsey
GY1 4ND

Principal Bankers (until 28 February 2015)

BNP Paribas Securities Services S.C.A., Guernsey Branch
BNP Paribas House
1 St. Julian's Avenue
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Guernsey GY1 1WA

Advocates to the Company (as to Guernsey law)

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St. Peter Port
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GY1 4BZ

Registrar

Capita Registrars (Guernsey) Limited
Mont Crevelt House
Bulwer Avenue
St. Sampson
Guernsey
GY2 4LH

Custodian and Principal Bankers (from 1 March 2015)

US Bank National Association
214 North Tryon Street
26th Floor, Charlotte
North Carolina 28202