NEUBERGER BERMAN

ANNUAL REPORT

AUDITED FINANCIAL STATEMENTS

NB Global Floating Rate Income Fund Limited

FOR THE PERIOD FROM INCORPORATION ON
10 MARCH 2011 TO 31 DECEMBER 2011

PARTNERING WITH CLIENTS FOR OVER 70 YEARS

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COMPANY OVERVIEW

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst growing the capital value of its investment portfolio over the long term, utilising the investment skills of Neuberger Berman Europe Limited (the "Investment Manager") and Neuberger Berman Fixed Income LLC (the "Sub-Investment Manager").

To pursue its investment objective, the Company invests mainly in floating rate senior secured loans issued in U.S. Dollars, Sterling and Euros by North American and European Union corporations, partnerships and other business issuers. These loans will at the time of investment often be non-investment grade.

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. which has been incorporated for the purpose of holding loans. All references to the Group in this document refer to the Company and its wholly owned Luxembourg subsidiaries.

Company (as at 31 December 2011)	**NB Global Floating Rate Income Fund Limited (the "Company")** • Guernsey incorporated, closed-ended investment company • Admitted to the Official List of the UK Listing Authority and to trading with a premium listing on the Main Market of the London Stock Exchange on 20 April 2011 • IPO on 15 April 2011 raising $507 million • Second offering of C shares on 30 September 2011 raising $187 million • Ordinary Shares (USD 138,173,155 / GBP 235,224,040) • C Shares (USD 5,511,010 / GBP 115,899,186)
Investment Manager (as at 31 December 2011)	**Neuberger Berman Europe Limited (the "Investment Manager")** • A large team of over 121 fixed income investment professionals • Portfolio Managers have an average of 20 years of industry experience • Total fixed income assets of over $80 billion • Over $11 billion in high yield bonds, loans and distressed assets

KEY FEATURES

(US$ in millions, except per share data)	At 31 December 2011
Net Asset Value attributable to USD shareholding	
- Ordinary shares	$131.2
- C Shares	$5.5
Net Asset Value attributable to Sterling shareholding	
- Ordinary shares	$346.5
- C Shares	$178.5
Net Asset Value per share attributable to USD shareholding	
- Ordinary shares	$0.9497
- C Shares	$0.9913
Net Asset Value per share attributable to Sterling shareholding	
- Ordinary shares	£0.9479
- C Shares	£0.9912
Investments	**$647.0**
Cash and Cash Equivalents	**$64.3**
***Dividend Yield – USD Ordinary shares**	**5.01%**
– GBP Ordinary shares	**5.02%**

*No yield provided for C share as they were liquidated immediately after the yearend.

DIRECTORS, MANAGER AND ADVISERS

Directors

William Frewen (Chairman)
Sandra Platts
Richard Battey

All c/o the Company's registered office.

Registered Office

BNP Paribas House
1 St. Julian's Avenue
St. Peter Port
Guernsey, GY1 1WA

Designated Manager, Administrator, Custodian and Company Secretary

BNP Paribas Fund Services (Guernsey) Limited
BNP Paribas House
1 St. Julian's Avenue
St. Peter Port
Guernsey
GY1 1WA

Registrar

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

Investment Manager

Neuberger Berman Europe Limited
4th Floor, 57 Berkeley Square
London W1J 6ER
United Kingdom

Sub-Investment Manager

Neuberger Berman Fixed Income LLC
190 S LaSalle Street
Chicago IL 60603
United States of America

Joint Broker

Oriel Securities Limited
150 Cheapside
London EC2V 6ET
United Kingdom

Joint Broker

Dexion Capital Plc
1 Tudor Street
London, EC4Y 0AH United Kingdom

Solicitors to the Company (as to English law and U.S. securities law)

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS
United Kingdom

Advocates to the Company (as to Guernsey law)

Carey Olsen
PO Box 98
Carey House
Les Banques
St. Peter Port
Guernsey
GY1 4BZ

Independent Auditors

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

Principal Bankers

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

CHAIRMAN'S STATEMENT

Dear Shareholder,

It is with pleasure that I present you with the first annual report of NB Global Floating Rate Income Fund Limited (the "Company") for the period from incorporation on 10 March 2011 to 31 December 2011. The Board would like to take this opportunity to welcome you as a shareholder of the Company.

The Company

The Company's initial public offering raised gross proceeds of $507 million and the shares were admitted to trading on the Main Market of the London Stock Exchange plc in April 2011. Your Board was particularly pleased by the response from investors, with the IPO significantly exceeding the Company's target of $200 million at a time of financial market volatility.

Due to considerable interest from both existing shareholders and potential new investors who were unable to participate in the initial public offering, your Board, in consultation with shareholders, took the decision in September 2011 to proceed with a C share offering with a target of raising further capital in excess of $100 million.

The Company ultimately raised $187 million with the shares being admitted to the London Stock Exchange in October 2011. Your Board was again delighted by the response from existing and new shareholders.

Portfolio and Company Performance

In the Company's period of operation to 31 December 2011, the net asset value total return per ordinary share since inception decreased by 2.96%, from $0.9788 to $0.9498 per share. As at 31 December 2011, the Share price verses the NAV was trading at a discount of 1.13% for the GBP line and 1.05% for the USD line. For the majority of the period since inception I am pleased to report that the Company's share price was trading at a premium to NAV, although it ended the year at a slight discount.

On 11 October 2011, the Company declared a dividend of $0.01486 per Dollar share and £0.01486 per Sterling share. This was paid on 9 December 2011.

As stated at inception of the Company, the Investment Manager committed to investing the proceeds raised within three months of listing. We are pleased to confirm that proceeds raised at IPO were fully invested in line with the prescribed timetable. The Board are also pleased to report that the Company is maintaining its target net dividend yield of 5%.

As at 31 December 2011, the Company had deployed 99.17% of the Ordinary share capital raised in 185 investments across 148 issuers, and 94% of the C share capital raised in 106 Investments across 91 issuers, with both of the portfolios investments being primarily Ba and B rated issues. The Board and Investment Manager are pleased with the quality of the loans that have been purchased on behalf of the Company.

I am also pleased to report that the Company has not experienced any defaults across its investments.

Post Year-End Update

The Company has made good progress during the first three months of 2012. The C share portfolio was merged into the Ordinary share portfolio in early January 2012. As at 30 March 2012 we are pleased to report that the Company's NAV has increased by 3.38% since 31 December 2011 and that the share price is trading at a premium to NAV of 0.75%.

CHAIRMAN'S STATEMENT (CONTINUED)

Outlook for 2012

The Investment Manager along with the Board of Directors believe that the fundamentals for investing in the loan asset class remain favourable, particularly with the economic environment in the US showing signs of improvement, which is where a significant portion of the Company's capital is invested.

Looking to the remainder of 2012, your Board is pleased with the Investment approach that is being applied and the Investment Manager remains confident in its ability to continue to generate positive returns for shareholders as noted in the Investment Manager's review.

I would like to close by thanking you for your commitment to the Company and I look forward to it continuing with its positive start.

William Frewen
Chairman
23 April 2012

INVESTMENT MANAGER'S REPORT

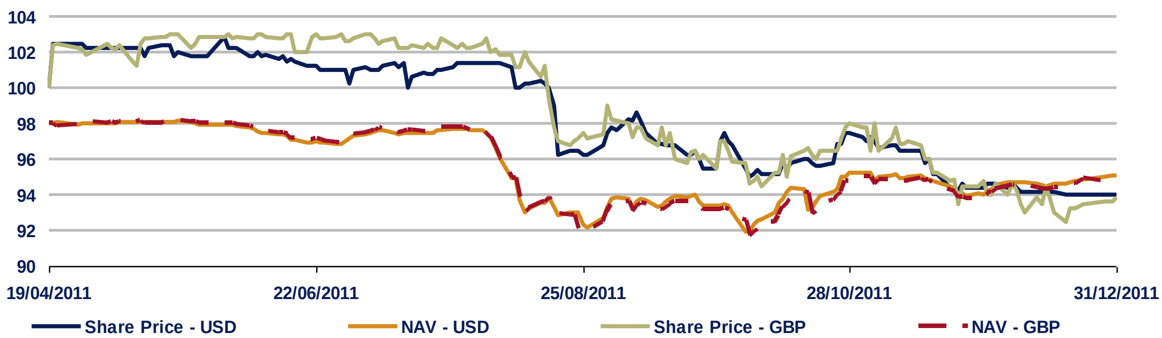
Following the highly successful Initial Public Offering and admission to the London Stock Exchange on 20 April 2011, when we raised $507m, we returned to the market in September 2011 with a C Share issue which raised a further US$187m. The proceeds from this issue were fully invested in line with the prescribed timetable by the end of 2011, and converted to Ordinary shares on 16 January 2012.

The Investment Manager remains comfortable with the portfolio's construction and performance to date. As at 31 December 2011, the Ordinary share portfolio held 185 investments across 148 issuers and was invested primarily in Ba (44.91%) and B (51.96%) rated investments. This was in line with our original expectations, as described in the Company's prospectus. The portfolio was well diversified by industry with 31 sectors being represented, with no one sector representing more than 16% of the portfolio. The Portfolio Managers had also allocated 13% of the Company to bonds out of the maximum 20% allowable. The C share portfolio held 106 investments across 91 issuers and was invested primarily in Ba (39.0%) and B (52.1%) rated investments. Again this was in line with our original expectations at the time of the C share issue. The portfolio was well diversified and was seamlessly merged with the Ordinary share portfolio.

The NAV of the Company decreased 2.96% from inception in April 2011, from $0.9788 to $0.9498 per share. As at 31 December 2011 the Share price vs. the NAV was trading at a discount of 1.13% for the GBP line and 1.05% for the USD line.

The Investment Manager was pleased to declare two dividends during the period for the Ordinary share. As anticipated at launch the Investment Manager remains confident that they will continue to achieve the 5% net dividend yield, which will be paid to shareholders on a quarterly basis.

Fund Performance (as at 31 December 2011)



Market Environment

December ended on a positive note with the S&P/LSTA Leveraged Loan Index returning 0.51%, pushing the full-year return to 1.52%, the thirteenth annual gain in the Index's fourteen year history. From a quality perspective, BB and B rated issuers, where the Company's investments are concentrated, outperformed the overall Index in 2011. In Europe, December was similarly positive with the S&P European Leveraged Loan Index (ELLI) returning 0.89%, taking the full year return to 0.72%.

The loan market experienced significant volatility throughout the year (-4.4% in August; +2.9% in October) driven by a series of extraordinary macroeconomic events, particularly the European sovereign debt crisis. Despite the significant macro concerns, the fundamentals of the underlying companies in the US remained strong, as we expected. The default rate on the US S&P/LSTA Index was a mere 0.17% for 2011, just above the all-time low of 0.15%. The Company has not experienced any defaults since inception. We continue to expect the US default rate to track well below historical levels as companies face very little in the way of near-term debt maturities and maintain extremely healthy liquidity positions. On the ELLI the default rate for the year was 4.1% and we expect this to rise to between 5 - 7% in 2012, given the potential for one or two larger defaults, as well as more acute operational/funding problems for some of the smaller, more regionalised issuers in the ELLI.

INVESTMENT MANAGER'S REPORT (continued)

Market Environment (continued)

The current original portfolio yield was 5.91% as at 31 December 2011 whilst the C Share portfolio had a yield of 5.47%.

Investment Pipeline

Given the continued combination of loan market rallies and a steady new issuance pipeline we have been focusing on selling low current yielding assets that were bought at a discount, which has generated capital appreciation, and are reinvesting the proceeds in higher yielding credits.

Whilst we have seen a small amount of acceptable new loan issuance in Europe, the US market remains far stronger in comparison, and as such, dominates our portfolio composition. This is a view we do not expect to change in the foreseeable future.

Neuberger Berman Europe Limited
23 April 2012

BOARD OF DIRECTORS

Directors

The Directors are responsible for determining the Company's investment policy and strategy and have overall responsibility for the Company's activities including the review of investment activity and performance, and the control and supervision of the Investment Manager.

All the Directors are non-executive and are independent of the Investment Manager.

The Directors were all appointed on 10 March 2011, and their details are as follows:

William Frewen (Chairman)

William Frewen is a resident of the United Kingdom and has extensive experience in the fixed income sector. Mr. Frewen worked in a number of roles at Chemical Bank, Credit Suisse First Boston Limited and HSBC 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. Mr. Frewen also acted as a consultant to Man Group plc from 2005 to 2006 before becoming an executive member of the board and head of Fixed Income at Threadneedle Asset Management from 2007 to 2010.

Richard Battey (Chairman of the Audit Committee)

Richard Battey is a resident of Guernsey and is a non-executive director and Chairman of the Audit Committee of AcenciA Debt Strategies Limited, Better Capital Limited, Juridica Investments Limited, Princess Private Equity Holding Limited and Prospect Japan Fund Limited. He is a non-executive director of Northwood Capital European Fund Limited and Northwood Capital Enhanced European 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.

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

Sandra Platts is a resident of Guernsey and holds a Masters in Business Administration. Mrs. Platts joined Kleinwort Benson (C.I.) Ltd in August 1986 and was appointed to the board in 1992. She undertook the role of Chief Operating Officer for the Channel Islands business and in 2002 for the Kleinwort Benson Private Bank Group - UK and Channel Islands. In January 2007, she was appointed to the position of Managing Director of the Guernsey Branch of Kleinwort Benson, and was responsible for a strategic change programme as part of her role as Group Chief Operating Officer. Mrs. Platts also held directorships on the strategic holding board of the KB Group, as well as the Bank, Trust Company and Operational boards. She resigned from these boards in 2010. Mrs. Platts is also a member of the Securities Institute and the Institute of Directors and she has recently been appointed to the board of Investec Bank (Channel Islands) Limited.

DIRECTORS' REPORT AND RESPONSIBILITIES

Report

The Directors present their report and the consolidated financial statements of the Company for the period from incorporation on 10 March 2011 to 31 December 2011.

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 period. The review should be read in conjunction with the Chairman's Statement on pages 4 to 5 and with the Investment Manager's Report on pages 6 to 7 which give a detailed review of the investment activities for the period 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 USD 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.

Following a Placing and Offer for Subscription of C shares, the Company issued 5,511,010 USD C shares and 115,899,189 GBP C shares which were admitted with a premium listing to the Official List of the UKLA, and commenced trading on the Main Market of the London Stock Exchange on 5 October 2011. Further details are provided in Note 10 of the financial statements.

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. which has been incorporated for the purpose of holding loans.

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

Investment Objective

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst growing the capital value of its investment portfolio over the long term, utilising the investment skills of the Investment Manager, Neuberger Berman Europe Limited and the Sub-Investment Manager, Neuberger Berman Fixed Income LLC.

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 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 by at least two independent credit ratings agencies or, if unrated, are deemed by the Investment Manager to be of comparable quality.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Investment Policy (continued)

The Company generally seeks to focus on loans of issuers that the Investment Manger 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 per cent. of the Net Asset Value at the time of investment, provided that no more than 10 per cent. of Net Asset Value may be invested in unsecured senior bonds at the time of investment.

Financial Review

An outline of the results, performance, investment activity and developments on the portfolio can be found on pages 28 to 30.

At 31 December 2011, the combined net assets of the Ordinary shares and C shares amounted to $661,743,574. The Net Asset Value per USD Ordinary share was $0.9497, per Sterling Ordinary share was £0.9479 and the Net Asset Value per USD C share was $0.9913 and per Sterling C share was £0.9912. Details on individual share class returns are under Note 9.

Gearing and Derivatives

The Company does not normally employ gearing or derivatives for investment purposes. The Company may, from time to time, use borrowings for share buy backs and short-term liquidity purposes. The Directors will restrict borrowing to an amount not exceeding 20 per cent. of the NAV at the time of drawdown. Derivatives may be used for hedging purposes.

Dividends

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

The Articles of Incorporation also permit the Directors, in their absolute discretion, to offer a scrip dividend alternative to Shareholders when a cash dividend is declared from time to time. In the event a scrip dividend is offered, an electing Shareholder is issued new, fully paid up shares (or shares reissued from treasury) pursuant to the scrip dividend alternative, calculated by reference to the higher of (i) the prevailing average mid-market quotation of the shares on the Daily Official List of the London Stock Exchange over five trading days; or (ii) the Net Asset Value per Share, at the relevant time. The scrip dividend alternative is available only to those Shareholders to whom shares might lawfully be marketed by the Company. The Directors' intention is not to offer a scrip dividend at any time that the shares trade at a material discount to the Net Asset Value per Share.

The Company has declared and paid the following dividends to its shareholders:

Period	Date declared	Payment date	USD Share	Sterling Share
Admission to 30 September 2011	11 October 2011	9 December 2011	$0.01486	£0.01486
Quarter ended 31 December 2011	5 January 2012	24 February 2012	$0.01187	£0.01187
Special dividend (to C shareholders only at the Conversion of C shares)	5 January 2012	24 February 2012	$0.00323	£0.00323
Quarter ended 31 March 2012	12 April 2012	25 May 2012	$0.01260	£0.01260

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Payment of Suppliers

It is the payment policy of the Company to obtain the best possible terms for all business for each relevant market in which it operates and, therefore, there is no single policy as to the terms used. In general the Company agrees with its suppliers the terms on which business will take place and it is the Company's policy to abide by such terms. There were trade creditors of $72,373,046 as at 31 December 2011.

The Bribery Act 2010

The Board of the Company has adopted a zero tolerance approach to instances of bribery and corruption. Accordingly it expressly prohibits any Director or associated persons when acting on behalf of the Company, from accepting, soliciting, paying, offering or promising to pay or authorise any payment, public or private, in the United Kingdom or abroad to secure any improper benefit for themselves or for the Company.

The Board insists on the same standards from its service providers in their activities for the Company.

A copy of the Company's Anti-Bribery and Corruption Policy can be found on its website at www.nbgfrif.com

Future Developments

While the future performance of the Company is dependent, to a large degree, on the performance of international financial markets, which, in turn, are subject to many external factors, the Board's intention is that the Company will continue to pursue its stated investment objective in accordance with the strategy outlined above. Further comments on the outlook for the Company for the next twelve months are set out in both the Chairman's Statement (on pages 4 to 5) and the Investment Manager's Report (on pages 6 to 7).

Going Concern

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

Life of the Company

The Company does not have a fixed life. However, under Article 51 of the Articles of Incorporation, the Directors will convene an extraordinary general meeting of the Company on or before the third anniversary of Admission and at such Meeting shall propose an Ordinary Resolution that the Company continues its business as a closed-ended investment company. If a Continuation Resolution is passed, the Directors are required to convene a further extraordinary general meeting to propose a further Continuation Resolution on or before the sixth anniversary of Admission. Thereafter, the Directors shall convene a general meeting to propose a further Continuation Resolution on or before the anniversary of the date on which the previous Continuation Resolution is passed.

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

Also as per the Articles of the Company, under the discount control mechanism, if, as at 31 December 2012, or as at 31 December in any subsequent calendar year, the Shares of a particular class have, on average over the last three calendar months of the relevant calendar year (the ''Discount Calculation Period''), traded on London Stock Exchange at a discount in excess of 5 per cent. of the Net Asset Value per Share of that class, the Directors will, subject to any legal or regulatory requirements, implement a redemption offer (the ''Redemption Offer'') pursuant to which each holder of Shares of the relevant class shall be offered the opportunity to redeem

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Life of the Company (continued)

up to 50 per cent. of their Shares of such class. The shares did not trade at a discount on average over the three month period between 1 October 2011 and 31 December 2011.

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 and compares at each meeting the performance of the portfolio as well as the NAV, income and share price of the Company; and

- Discount/premium to NAV - at each Board meeting, the Board monitors the level of the Company's discount or premium to NAV.

Management, Administration and Custody Arrangements

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

The management fee is calculated and accrued daily at a rate equivalent to 0.75 per cent. of NAV per annum. The management fee will be paid quarterly in arrear. No performance fee is payable by the Company to the Investment Manager.

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

Administration, Custodian and Company Secretarial services are provided to the Company by BNP Paribas Fund Services (Guernsey) Limited. Registrar services are provided by Capita Registrars (Guernsey) Limited.

Related Party Transactions

The contracts with Neuberger Berman Europe Limited and the Directors are the only related party transactions currently in place. Other than fees payable in the ordinary course of business, there have been no material transactions with these related parties which have affected the financial position or performance of the Company in the financial year.

The Directors were paid an additional £10,000 per director for their services in relation to the C Share issue, these amounts were included in the share issuance costs.

Further details on related party transactions can be found under Note 5.

Principal Risks and Uncertainties

The Board is responsible for the Company's system of internal 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 that have been identified and the steps taken by the Board to mitigate these are as follows:

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Investment activity and performance

An inappropriate investment strategy may result in under performance against the Company's objectives. The Board manages these risks by ensuring a diversification of investments. The Investment Manager operates in accordance with the investment limits and restrictions policy determined by the Board. The Directors review the limits and restrictions on a regular basis and the Administrator monitors adherence to the limits and restrictions every month and will notify any breaches to the Board. The Investment Manager provides the Board with management information including performance data and reports, and the Corporate Broker provides shareholder analyses. The Directors monitor the implementation and results of the investment process with the Investment Manager at each Board meeting and monitor risk factors in respect of the portfolio. Investment strategy is reviewed at each meeting.

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 judgement. While the Directors may seek to mitigate any discount to NAV per Share through the discount management mechanisms set out in the Prospectus, there can be no guarantee that they will do so or that such mechanisms will be successful and the Directors accept no responsibility for any failure of any such strategy to effect a reduction in any discount or premium.

Market price risk

The market value of senior loans may vary because of a number of factors, including, but not limited to, the financial condition of the underlying borrowers, the industry in which a borrower operates, general economic or political conditions, interest rates, the condition of the debt trading markets and certain other financial markets, developments or trends in any particular industry and changes in prevailing interest rates. The Investment Manager carries out extensive due diligence on each borrower which is subsequently assessed by a credit committee to mitigate this risk.

Accounting, legal and regulatory

The Company must comply with the provisions of The Companies (Guernsey) Law, 2008 (as amended) and, since its shares are admitted to listing on the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange, the Company is subject to the FSA'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 FSA's rules. The Investment Manager and the Administrator are contracted to provide investment, company secretarial, administration and accounting services through qualified professionals. The Board receives regular internal control reports that confirm compliance. The Company's subsidiaries, which are incorporated in Luxembourg, have to comply with the local regulatory and statutory rules and requirements.

Operational

Disruption to, or the failure of either the Investment Manager's or the Administrator's accounting, dealings or payment systems, or the custodians' records could prevent the accurate reporting or monitoring of the Company's financial position.

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 Statement, which is set out below.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Corporate Governance Statement

Applicable corporate governance codes

The Board of the Company has considered the principles and recommendations of the AIC Code by reference to the AIC Corporate Governance Guide for investment companies (the "AIC Guide"). The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company.

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

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

a) Statement of compliance

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code of Corporate Governance, except as set out below.

The UK Corporate Governance Code includes provisions relating to:

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

For the reasons set out in the AIC Guide, and as explained in the UK Corporate Governance Code, the Board considers these provisions are not relevant to the position of the Company, being an externally managed investment company. The Company has therefore not reported further in respect of these provisions.

b) Directors and their interests

Board independence and composition
The Board, chaired by William Frewen who is responsible for its leadership and for ensuring its effectiveness in all aspects of its role, currently consists of three non-executive Directors. The biographical details of the Directors holding office at the date of this report are listed on page 8, and demonstrate a breadth of investment, accounting and professional experience. A senior independent director has not been identified as the Board considers that all the Directors have different qualities and areas of expertise on which they may lead where issues arise and to whom concerns can be conveyed.

The Chairman and all Directors are considered independent. The Directors consider that there are no factors which compromise the Directors' independence and that they all contribute to the affairs of the Company in an adequate manner. The Directors will review their independence annually.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Corporate Governance Statement (continued)

Applicable corporate governance codes (continued)

b) Directors and their interests (continued)

Directors' appointment
No Director has a service contract with the Company. Directors have agreed letters of appointment with the Company, copies of which are available for review by shareholders at the Registered Office and will be available at the Annual General Meeting. All Directors have served since incorporation of the Company. Any Director may resign in writing to the Board at any time.

In accordance with the AIC Code and the Company's Articles of Incorporation all Directors will be re-elected by shareholders at the Annual General Meeting to be held on 19 June 2012, being the first Annual General Meeting following their appointment. The names and biographies of the Directors holding office at the date of this report are listed on page 8. All of the Independent Directors will be subject to re-election at intervals of no more than three years.

A report on Directors' Remuneration is on page 24.

Conflicts of interest
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.

None of the Directors had a material interest in any contract which is significant to the Company's business or had an interest in the Company's share capital in the period from 10 March 2011 to 31 December 2011. There have been no changes in the interests of the Directors since the year end.

Induction and training
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 will review the training and development needs of each Director during the annual Board evaluation process.

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.

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

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

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Corporate Governance Statement (continued)

Applicable corporate governance codes (continued)

c) The Board

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

Tenure
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 Directors' 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.

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.

Performance evaluation
The Board have decided to carry out the first Board and performance evaluation after the Company has been in operation for over one year. Therefore the results of this evaluation will be reported in next year's Annual Report.

Board Committees

The Board has established an Audit Committee, Management Engagement Committee and a Remuneration and Nomination Committee with defined terms of reference and duties. The terms of reference for each committee can be found on the Company's website www.nbgfrif.com.

Audit Committee
The Company's Audit Committee meets formally at least twice a year for the purpose, amongst other things, of considering the appointment, independence and remuneration of the auditors and to review the Company's annual accounts and interim reports. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditors arising from any such engagement will be considered before proceeding. The Audit Committee comprises each of the Directors. Richard Battey acts as Chairman of the Audit Committee.

The principal duties of the Audit Committee are to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditors, to review the external auditors' letter of engagement and management letter and to analyse the key procedures adopted by the Company's service providers.

The Audit Committee has satisfied itself that PricewaterhouseCoopers CI LLP, the Company's auditor is independent.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

c) The Board (continued)

Board Committees (continued)

Remuneration and Nomination Committee
The Remuneration and Nomination Committee meets at least annually for the purpose of considering the remuneration of the Directors. It will also: (i) identify individuals qualified to become Board members and select the director nominees for election at general meetings of the Shareholders or for appointment to fill vacancies; (ii) determine director nominees for each committee of the Board; and (iii) consider the appropriate composition of the Board and its committees. In addition, the chairmanship of the Audit Committee, the Remuneration and Nomination Committee and Management Engagement Committee and each Director's performance will be reviewed annually by the Chairman and the performance of the Chairman will be assessed by the remaining Directors.

The Remuneration and Nomination Committee comprises all the Directors. Sandra Platts acts as Chairman of the Remuneration and Nomination Committee.

Management Engagement Committee
The Company's Management Engagement Committee meets at least annually for the purpose of reviewing the performance of, and contractual relations with service providers (including the Investment Manager). The Management Engagement and Remuneration Committee comprises each of the Directors. Sandra Platts acts as Chairman of the Management Engagement Committee.

The principal duties of the Management Engagement Committee are to review and make recommendations on any proposed amendment to the Investment Management Agreement and keep under review the performance of the Investment Manager in its role as Investment Manager to the Company. The Committee also reviews the performance of the other service providers, their appointment and their remuneration.

Meeting attendance

The number of formal meetings during the year of the Board, the Audit Committee, the Management Engagement Committee and the Remuneration and Nomination Committee, and the attendance of individual Directors at those meetings, is shown in the following table:

	Board	Audit Committee	Remuneration and Nomination Committee	Management Engagement Committee
Number of meetings in period	3	1	1	1
William Frewen	3	1	1	1
Sandra Platts	3	1	1	1
Richard Battey	3	1	1	1

In addition, 11 ad hoc and 8 Committee meetings were held during the year for various matters including but not limited monthly share class conversions, dividends, C share issue and issues of shares under block listing (tap issues).

d) Internal controls

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

The Board is responsible overall for the Company's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate risks of failure to achieve the Company's business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

d) Internal controls (continued)

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

The Investment Manager has established an internal control framework to provide reasonable but not absolute assurance on the effectiveness of the internal controls operated on behalf of its clients. The effectiveness of the internal controls is assessed by the Investment Manager's compliance and risk department on an ongoing basis. The Investment Manager's controls processes have also been outlined to the Board.

By means of the procedures, set out above the Board confirms that it has reviewed the effectiveness of the Company's system of internal control for the period ended 31 December 2011 and to the date of approval of this Annual Report and no issues have been noted.

Relationship with the Investment Manager and the Administrator

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

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

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 annual review and considering that the Company has been in operation for less than a year, 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 investment companies.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

d) Internal controls (continued)

Share Capital

The share capital of the Company consists of: (a) an unlimited number of Shares which upon issue the Directors may classify as US 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 B Shares of such classes denominated in such currencies as the Directors may determine.

The number of shares in issue at 31 December 2011 were as follows:

USD Ordinary Shares	138,173,155
Sterling Ordinary Shares	235,224,040
USD C Shares	5,511,010
Sterling C Shares	115,899,186

On 5 January 2012, the Company announced a Conversion ratio for the conversion of C Shares into Ordinary Shares. The conversion ratio, based on the NAV of each share class as at 31 December 2011, (as calculated in accordance with the Company's prospectus dated 7 September 2011 (the "Prospectus")), was 1.05390 Sterling Ordinary Shares for every one Sterling C Share held, and 1.05199 USD Ordinary shares for every one USD C Share held.

On the basis of the Conversion Ratio announced, an application was made to the UK Listing Authority for 122,146,117 Sterling Ordinary Shares and 5,797,522 US Dollar Ordinary Shares (together the "New Shares") to be admitted to the Premium Listing segment of the Official List. An application was also made for the New Shares to be admitted to trading on the Main Market of the London Stock Exchange, which became effective from and the dealings in the New Shares commenced from 17 January 2012.

The USD and 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 17 January 2012.

Substantial Share Interests

Based upon information deemed to be reliable as provided by the Company's registrar, as at 16 April 2012, the following shareholders owned 5% or more of the issued shares of the Company.

Shareholder	No. of Sterling Ordinary Shares	No. of USD Ordinary Shares	Percentage of Share Class (%)
BNY Mellon Nominees Limited a/c BSDTAGG	33,882,241		9.43
Roy Nominees Limited a/c 669503 – GBP	24,330,863		6.77
Roy Nominees Limited a/c 669503 – USD		283,799	0.20
Rathbone Nominees Limited	19,325,258		5.38
Nortrust Nominees Limited a/c TDS	19,011,975		5.29

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

d) Internal controls (continued)

Notifications of Shareholdings

In the period from 15 April 2011 to 16 April 2012 the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules (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.

	Number of Ordinary shares	Percentage of total voting rights (%)
CCLA Investment Management Ltd	15,000,000	6.18
BlackRock, Inc.	65,721,245	13.17
BlackRock Cautious Portfolio Fund	24,337,501	4.88
Legal & General Target Return Trust	21,040,422	4.21
Neuberger Berman Group	84,568,640	16.47
Rathbone Brothers PLC	25,339,629	5.09
Newton Investment Management Limited	49,507,564	9.95

Communications with Shareholders

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 investors. Where appropriate the Chairman, and other Directors are available for discussion about governance and strategy with major shareholders and the Chairman ensures communication of shareholders' views to the Board. The Board receives feedback on the views of shareholders from its Corporate Broker and the Investment Manager.

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

The Annual and Half-year Reports, the Interim Management Statements and a monthly fact sheet are available to all shareholders. The Board considers the format of the Annual and Interim Reports so as to ensure they are useful to all shareholders and others taking an interest in the Company. In accordance with best practice, the Annual Report, including the Notice of the Annual General Meeting, will be sent to shareholders at least 20 working days before the meeting.

2012 Annual General Meeting ("AGM")

The following information is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own independent financial advice from a stockbroker, bank manager, solicitor, accountant, or other financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your shares in the Company, please send this document, together with any accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into the United States, Canada, Australia or Japan or into any other jurisdiction if to do so would constitute a violation of applicable laws and regulations in such other jurisdiction.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

2012 Annual General Meeting ("AGM") (continued)

The AGM will be held in Guernsey on 19 June 2012 at 10.00 am. The notice for the Annual General Meeting on page 45 sets out the ordinary and special resolution to be proposed at the meeting. Separate resolutions are proposed for each substantive issue.

Explanation of the resolutions

Ordinary Resolutions

Resolution 1: Annual Report and Consolidated Financial Statements

The Directors are required to present to the meeting the Annual Report and Financial Statements and the Directors' Report and Auditors' Report in respect of the financial year. Shareholders will be given an opportunity at the meeting to ask questions on these items before being invited to receive and consider the Annual Report and Financial Statements and the Directors' Report and Auditors Report.

Resolutions 2 to 4: Election, and appointment of Directors

In accordance with Principle 3 of the AIC Code of Corporate Governance ("AIC Code") all Directors should be subject to election by shareholders at the first Annual General Meeting after their appointment, and to re-election thereafter at intervals of no more than three years.

Resolution 2 is for the election of Mr William Frewen, who was appointed on incorporation of the Company and is required under the AIC Code to stand for election at the first Annual General Meeting following his appointment.

Resolution 3 is for the election of Mr Richard Battey, who was appointed on incorporation of the Company and is required under the AIC Code to stand for election at the first Annual General Meeting following his appointment.

Resolution 4 is for the election of Mrs Sandra Platts, who was appointed on incorporation of the Company and is required under the AIC Code to stand for election at the first Annual General Meeting following his appointment.

The Board of Directors (the **"Board"**) will carry out a Board evaluation after the first anniversary of the Company. Following this evaluation the Board will review the performance and commitment of the Directors standing for election and/or appointment at the next Annual General Meeting. The Board believe that the current Directors should continue to be Directors as they bring wide, current and relevant business experience that allows them to contribute effectively to the leadership of the Company.

Biographical details for the Directors are shown on page 8 of the Annual Report and Financial Statements.

Resolutions 5 and 6: Re-appointment and remuneration of the auditors

In accordance with sections 257 and 259 of The Companies (Guernsey) Law, 2008 (as amended), shareholders are required to approve the appointment of the Company's auditors each year and to give Directors the authority to determine the auditors' remuneration. PricewaterhouseCoopers CI LLP has expressed their willingness to continue as auditors to the Company.

Special Resolutions

Resolution 7: Repurchase of the Company's Shares

Resolution 7 seeks to obtain the Company's authority to buy back its Shares. The authority under this resolution is limited to the purchase of a maximum of up to 21,303,580 U.S. Dollar Shares and 53,841,966 Sterling Shares or, if less, such other number of Shares that is equal to 14.99 per cent. of Shares in issue at the date of the passing of this resolution. The minimum price (exclusive of expenses), which may be paid for a Share is 1 pence / 1 cent (as applicable). The maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of (a) an amount equal to 105 per cent. of the average middle market quotations for a Share as derived from and calculated by reference to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the relevant class of Shares is purchased; and (b) the higher of (A) the price or the last independent trade; and (B) the highest current independent bid for such class of Shares on the London Stock Exchange at the time the purchase is carried out. The Company may cancel or hold in treasury any Shares bought back under this authority. The Company does not currently hold any treasury shares.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Explanation of the resolutions (continued)

Resolution 7: Repurchase of the Company's Shares (continued)
This authority will expire at the conclusion of the next Annual General Meeting of the Company or on a date which is 18 months from the date of the passing of this resolution (whichever is earlier) and it is the present intention of the Directors to seek a similar authority annually.

Resolution 8: Dis-apply pre-emption rights
Resolution 8 seeks to allow the Directors to be able to allot Shares on a non pre-emptive basis. The Board feels that this resolution is appropriate and customary for a closed-ended investment fund such as the Company, having regard to guidance from The Association of Investment Companies and the Statement of Principles published by the Pre-emption Group.

This authority will expire upon the date of the next Annual General Meeting of the Company, unless previously renewed, varied or revoked by the Company in general meeting.

Recommendation

The Board considers that the resolutions relating to the above items are in the best interests of shareholders as a whole. Accordingly, the Board unanimously recommends to shareholders that they vote in favour of the above resolutions to be proposed at the forthcoming AGM.

Independent Auditors

Our auditors, PricewaterhouseCoopers CI LLP (PWC CI LLP), have expressed their willingness to remain in office. The Directors will place a resolution before the Annual General Meeting to re-appoint them as independent auditors for the ensuing year, and to authorise the Directors to determine their remuneration.

The Auditors and the Directors have agreed a policy for non-audit services. All non-audit services are prohibited and others require the pre-approval of the audit committee prior to commencing any work. Fees for non-audit work are tabled annually so that the audit committee can consider the impact on auditors' objectivity.

The auditors were appointed at the launch of the Company as the "Reporting Accountant", and were remunerated £85,000 for their services. In addition, PWC CI LLP were also been engaged at the time of C share issue and C share conversion, for which they were remunerated £75,000 and £6,000, respectively. All of these amounts were included as a part of issuance and conversion costs.

Directors' Responsibilities Statement

The Directors are responsible for preparing consolidated financial statements for each financial period which give a true and fair view, in accordance with applicable Guernsey law and US Generally Accepted Accounting Principles, of the state of affairs of the Company and of the profit or loss for the period. In preparing those consolidated 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 consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

DIRECTORS' REPORT AND RESPONSIBILITIES (continued)

Directors' Responsibilities Statement (continued)

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 consolidated 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.

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

The Directors confirm to the best of their knowledge that:

- The consolidated financial statements which have been prepared in conformity with US GAAP and gives a true and fair view of the assets, liabilities, financial position and profit of the Company, and the undertakings included in the consolidation taken as a whole as required by DTR 4.1.12R and are in compliance with the requirements set out in The Companies (Guernsey) Law, 2008 (as amended);

- The Annual Report includes a fair review of the information required by DTR 4.1.8R and DTR 4.1.11R, which provides an indication of important events and a description of principal risks and uncertainties during the year.

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.

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

By order of the Board

William Frewen
Director
23 April 2012

Richard Battey
Director
23 April 2012

DIRECTORS' REMUNERATION REPORT

The Board consists entirely of non-executive Directors who meet regularly to deal with the important aspects of the Company's affairs. Directors are appointed with the expectation that they will initially serve for a period of three years, and will stand for re-election every three years. All Directors have served since incorporation of the Company. Any Director may resign in writing to the Board at any time. Directors' appointments will be reviewed during the annual board evaluation.

The determination of the Directors' fees is a matter dealt with by the Remuneration and Nomination Committee and the Board. The Board has not sought the advice or services by any outside person in respect of its consideration of the Directors' remuneration, although the Directors will review the fees paid to the boards of directors of similar investment companies.

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.

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. The policy is for the Chairman of the Board and Chairman of the Audit Committee to be paid a higher fee than the other Directors in recognition of their more onerous roles and more time spent.

The Company's Articles of Incorporation limit the aggregate fees payable to the Board of Directors to a total of £500,000 per annum. In the period under review the Directors' fees were paid at the following annual rates: the Chairman £30,000; the Chairman of the Audit Committee £25,000; the other Directors £20,000.

Remuneration

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.

In accordance with the AIC Code and the Company's Articles of Incorporation all Directors will be elected by shareholders at the Annual General Meeting to be held on 19 June 2012, being the first Annual General Meeting following their appointment. The names and biographies of the Directors holding office at the date of this report are listed on page 8. All of the independent Directors will be subject to re-election at intervals of no more than three years.

The Company paid the following fees to the Directors for the period from incorporation on 10 March 2011 to 31 December 2011.

	$
William Frewen (Chairman)	38,222
Richard Battey (Audit Committee Chairman)	31,855
Sandra Platts	25,438
Total	**95,515**

The Directors were paid an additional £10,000 per director for their services in relation to the C Share issue, these amounts were included in the share issuance costs.

No other remuneration or compensation was paid or payable by the Company during the period to any of the Directors, other than travel expenses of $6,691.

For and on behalf of the Board

Sandra Platts
Director
23 April 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NB GLOBAL FLOATING RATE INCOME FUND LIMITED

We have audited the consolidated financial statements of NB Global Floating Rate Income Fund Limited (the "Company") and its wholly owned subsidiaries (together, the "Group"), which comprises the Consolidated Statement of Assets and Liabilities as of 31 December 2011 and the Consolidated Statement of Operations, the Consolidated Statements of Changes in Net Assets and the Consolidated Statement of Cash Flows for the period then ended and a summary of significant accounting policies and other explanatory information. The financial reporting framework that has been applied in their preparation is applicable law and accounting principles generally accepted in the United States of America.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2011 and of its financial performance and cash flows for the period then ended;
- have been properly prepared 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.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion on other matters

In our opinion:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under The Companies (Guernsey) Law, 2008, we are required to report to you if, in our opinion we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

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

Simon Perry
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognised Auditor
Guernsey, Channel Islands
23 April 2012

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

As at 31 December 2011
(Expressed in US dollars)

	Notes	31 December 2011
Assets		**$**
Investments, at fair value (cost of $669,860,803)	6	646,979,109
Cash and cash equivalents:		
-Sterling		205,316
-Euro		13,080,528
-US Dollar		51,031,887
Total cash and cash equivalents		64,317,731
		711,296,840
Other assets:		
Receivables for investments sold		20,272,068
Interest receivables		3,349,901
Other receivables and prepayments		116,110
Total assets		735,034,919
Liabilities		
Payables for investments purchased		70,618,004
Derivative liabilities (for hedging purposes only)	6	918,299
Payables to Investment Manager and affiliates		1,329,375
Accrued expenses and other liabilities		425,667
Total liabilities		73,291,345
Total assets less liabilities		661,743,574
Share Capital	10	696,576,586
Accumulated deficit		(34,833,012)
Total net assets		661,743,574

		Net Asset Value	Number of Shares	NAV per share
USD shareholding				
- Ordinary shares	$	131,226,820	138,173,155	$0.9497
- C Shares	$	5,462,953	5,511,010	$0.9913
Sterling shareholding				
- Ordinary shares	£	222,968,374	235,224,040	£0.9479
- C Shares	£	114,879,735	115,899,186	£0.9912
Sterling shareholding (in USD)				
- Ordinary shares	$	346,517,826	235,224,040	$1.4731
- C Shares	$	178,535,975	115,899,186	$1.5404

The consolidated financial statements on pages 27 to 45 were approved and authorised for issue by the Board of Directors on 23 April 2012, and signed on its behalf by:

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William Frewen
Director

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Richard Battey
Director

The accompanying notes are an integral part of the financial statements

CONDENSED CONSOLIDATED SCHEDULE OF INVESTMENTS

As at 31 December 2011
(Expressed in US dollars)

	Cost $	Fair Value $	% (1)
Portfolio of investments			
Asset Backed Securities	2,012,620	2,006,880	0.30
Corporate loans			
Floating rate senior secured loans	590,775,126	574,161,253	86.71
Fixed rate bonds / corporate loans	69,987,178	64,081,582	9.68
Floating rate bonds / corporate loans	7,085,879	6,729,394	1.02
Total Corporate loans	667,848,183	644,972,229	97.41
Total Portfolio of investments	669,860,803	646,979,109	97.71
Forwards			
Euro to U.S. Dollar		1,716,009	0.26
Sterling to U.S. Dollar		182,284	0.03
U.S. Dollar to Euro		(28,375)	(0.01)
U.S. Dollar to Sterling		(2,788,217)	(0.42)
		(918,299)	(0.14)

(1) This represents the percentage of fair value to total net assets.

31 December 2011

		Cost	Fair Value	% (1)
Geographic diversity of Investment Portfolio				
North America	$	507,585,125	501,255,022	75.68
Europe		162,275,678	145,724,087	22.01
	$	669,860,803	646,979,109	97.69

(1) This represents the percentage of fair value to total net assets.

The accompanying notes are an integral part of the financial statements

CONDENSED CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

(Expressed in US dollars)

31 December 2011

	Cost ($)	Fair Value ($)
Industry diversity of Investment Portfolio		
Aerospace & defence	5,960,634	5,351,033
Air transport	4,397,217	4,218,312
Audiovisual	6,147,442	6,124,691
Automotive	17,034,491	16,839,706
Banks	13,337,706	13,407,644
Building & development	6,978,918	6,828,171
Building and building materials	5,608,635	5,045,613
Business equipment & services	41,876,407	40,360,299
Cable & satellite television	12,474,228	12,470,453
Chemical products	5,152,983	4,232,881
Chemicals & plastics	23,731,668	22,543,307
Conglomerate	15,351,958	15,343,654
Consumption goods / food / brewery	1,429,600	1,220,261
Containers & glass products	22,984,454	22,736,580
Distribution water / gas / electricity / energy	3,795,125	3,832,500
Distribution / retail trade	8,986,362	8,732,037
Electrics / electronics	47,482,645	47,151,293
Equipment leasing	7,798,783	7,574,654
Farming / agriculture	2,282,333	2,273,506
Financial intermediaries	74,580,168	72,832,165
Food products	18,754,689	18,255,937
Food service	11,229,558	10,879,853
Food / drug retailers	4,916,750	4,847,550
Forest products	5,219,185	4,463,465
Health care	57,917,222	57,720,549
Holdings	3,273,230	2,066,969
Home furnishings	3,280,350	3,259,200
Industrial equipment	13,369,497	13,084,793
Insurance	1,666,496	1,670,127
Leisure Goods / activities / movies	12,385,051	12,237,876
Lodging & casinos	19,399,872	16,893,487
Mining of minerals and metals	8,359,173	8,023,648
Miscellaneous services	3,036,750	2,688,125
Nonferrous metals / minerals	2,012,500	1,987,860
Oil & gas	12,717,167	12,667,553
Other credit institutions	3,567,150	3,555,400
Packaging and paper industry	4,023,750	4,035,750
Pharmaceutics / cosmetics / biotechnology	5,060,000	5,182,350
Publishing	20,616,385	18,913,749
Radio & television	25,866,727	24,964,770
Retailers (except food & drug)	42,430,859	40,722,181
Surface transport	7,242,048	7,061,846

CONDENSED CONSOLIDATED SCHEDULE OF INVESTMENTS (CONTINUED)

(Expressed in US dollars)

31 December 2011

	Cost ($)	Fair Value ($)
Industry diversity of Investment Portfolio (continued)		
Telecom	18,376,612	17,876,578
Telecommunications	16,439,734	13,899,093
Transportation and transportation materials	8,133,877	7,868,405
Utilities	13,174,415	13,033,235
	669,860,803	646,979,109

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF OPERATIONS

For the period from incorporation on 10 March 2011 to 31 December 2011
(Expressed in US dollars)

	$
Income	
Interest income	16,735,433
Other income from investments	19,014
	16,754,447
Expenses	
Investment management and services	3,282,134
Administration and professional fees	833,583
Directors' fees and travel expenses	102,206
Total Expenses	4,217,923
Net Income	12,536,524
Realised and unrealised gains and losses	
Net realised loss on investments	(4,122,576)
Net realised loss on derivatives	(10,902,676)
Total net realised loss	(15,025,252)
Net change in unrealised depreciation on investments	(22,881,693)
Net change in unrealised depreciation on derivatives	(918,299)
Total net unrealised depreciation	(23,799,992)
Realised loss on foreign currency	(1,063,691)
Net realised and unrealised gains and losses	(39,888,935)
Net decrease in net assets resulting from operations	(27,352,411)

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

For the period from incorporation on 10 March 2011 to 31 December 2011
(Expressed in US dollars)

	C share ($)	Ord share ($)	Total ($)
Net assets at beginning of period	-	-	-
Issuance of shares (net of issuance costs)			
Initial issue (issue costs $10,146,727)	-	497,189,645	497,189,645
C share issue (issue costs $3,744,123)	183,464,169	-	183,464,169
Scrip issue	-	1,137,123	1,137,123
Tap issue (issue costs $149,350)*	-	14,785,650	14,785,650
Total proceeds from issuance of shares	183,464,169	513,112,418	696,576,587
Dividends	-	(7,480,602)	(7,480,602)
Net increase / (decrease) in net assets resulting from operations	534,759	(27,887,170)	(27,352,411)
Net assets at end of period	183,998,928	477,744,646	661,743,574

* See note 10 for further details.

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from incorporation on 10 March 2011 to 31 December 2011
(Expressed in US dollars)

	$
Cash flows from operating activities:	
Net decrease in net assets resulting from operations	(27,352,411)
Adjustment to reconcile net decrease in net assets resulting from operations:	
Net realised loss on investments	4,122,576
Net change in unrealised depreciation on investments and derivatives	23,799,992
Changes in receivables for investments sold	(20,272,068)
Changes in interest receivables	(3,349,901)
Changes in other receivables and prepayments	(116,110)
Changes in payables for investments purchased	70,618,004
Changes in payables to Investment Manager and affiliates	1,329,375
Changes in accrued expenses and other liabilities	425,667
Purchase of investments	(1,198,340,076)
Sale of investments	524,356,698
Net cash used in operating activities	(624,778,254)
Cash flows from financing activities:	
Proceeds from initial and tap issuance of ordinary and C shares (net of $14,040,201 of issuance costs)	695,439,464
Dividends paid (net of Scrip issue)	(6,343,479)
Net cash provided by financing activities	689,095,985
Net increase in cash and cash equivalents	64,317,731
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	64,317,731

The accompanying notes are an integral part of the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the period from incorporation on 10 March 2011 to 31 December 2011

NOTE 1 – DESCRIPTION OF BUSINESS

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

The Initial Public Offering of the Company took place on 15 April 2011, raising gross proceeds of approximately $507.3 million. The Company raised an additional $187 million by means of a Placing and Offer for Subscription of C shares. Additional capital was also raised during the period by way of Tap issues.

The Company's investment objective is to provide its shareholders with regular dividends, at levels that are sustainable, whilst growing the capital value of its investment portfolio over the long term, utilising the investment skills of the Investment Manager, Neuberger Berman Europe Limited and the Sub-Investment Manager, Neuberger Berman Fixed Income LLC. To pursue its investment objective, the Company will invest mainly in floating rate senior secured loans issued in U.S. Dollars and Sterling by North American and European Union corporations, partnerships and other business issuers. These loans will at the time of investment often be non-investment grade.

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. which has been incorporated for the purpose of holding loans.

The Company's share capital is denominated in US Dollars and Sterling and consists of US Dollar Shares and Sterling Shares.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accompanying consolidated financial statements have been presented on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Management believes that the underlying assumptions are appropriate and that the Company's consolidated financial statements therefore presents the true and fair financial position and complies with the Guernsey company law. The functional and reporting currency of the Company is the United States Dollar.

In June 2009, the Financial Accounting Standards Board (FASB) codified its standards and accounting principles for consolidated financial statements issued for the period ending after 15 September 2009. Starting with the accompanying financial statements, the Company will make reference to U.S. GAAP issued by the FASB as Accounting Standards Codification (ASC).

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiary undertakings as at 31 December 2011. The results of the subsidiary undertakings are included in the Consolidated Statement of Comprehensive Income.

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

Use of estimates

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Interest earned on debt instruments is accounted for, net of applicable withholding taxes and it is recognised as income over the terms of the loans. Discounts received or premiums paid in connection with the acquisition of loans are amortised into interest income using the effective interest method over the contractual life of the related loan. If a loan pays off prior to maturity, the recognition of the fees and costs is accelerated as appropriate. The Investment Manager raises a provision when the collection of principal or 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 or cash and so near maturity that they represent insignificant risk of changes in value.

Valuation of investments

The Company carries investments on its Statement of Assets and Liabilities at fair value in accordance with U.S. GAAP, with changes in fair value recognised within the 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.

In cases where no third party price is available, or where the Investment Manager, Neuberger Berman Europe Limited, determines that the provided price is not an accurate representation of the fair value of the investment, the Sub-Investment Manager, Neuberger Berman Fixed Income LLC, determines the valuation based on the Sub-Investment Manager's fair valuation policy.

The overall criterion for fair value is a price at which a round lot of 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 soundness of the security, its interest yield, the date of maturity, the credit standing of the issue and the current general interest rates;
- Recent sales prices and/or bid and asked 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 U.S. GAAP, with changes in fair value recognised within the Statement of Operations in each reporting period.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments (continued)

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' creditworthiness and using a series of techniques, including simulation models. Many pricing models do not entail material subjectivity because the methodologies employed do not necessitate significant judgements and the pricing inputs are observed from actively quoted markets. The forward exchange contracts valued by the company using pricing models fall into this category and are categorized 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 or Sterling, holders of any class of Shares are subject to foreign currency fluctuations between the currency in which such Shares are denominated and the currency of the investments made by the Company. Consequently, the Investment Manager seeks to engage in currency hedging between the U.S. Dollars and any other currency in which the assets of the Company or a class of Shares is denominated, subject to suitable hedging contracts such as forward currency exchange contracts being available in a timely manner and on terms acceptable to the Investment Manager, in their sole and absolute discretion.

Realised gains and losses on investments

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

Operating expenses

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

Issuance cost

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

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

Currency translation

Monetary assets and liabilities denominated in a currency other than U.S. dollars are translated into U.S. dollar equivalents using spot rates as at the period end date. On initial recognition, a foreign currency transaction is recorded and translates at the spot exchange rate at the transaction date. Non monetary assets and liabilities are translated at the historic exchange rate. There were no non monetary assets held during the period. Transactions during the period, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. The rates of exchange against U.S. dollars at 31 December 2011 were 1.554112 USD : 1GBP and 1.29815 USD : 1 EUR.

NOTE 3 – RECENT STANDARDS AND PRONOUNCEMENTS

In 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-06, Fair Value Measurements and Disclosures – Improving Disclosures about Fair Value Measurement. Most of the disclosure requirements in ASU 2010-06 became effective for annual periods beginning after 15 December 2010. The disclosure guidance which is effective in 2011 requires disclosures for purchases, sales, issuances and settlements in the roll-forward of activity in Level 3 fair value measurements to be presented separately, rather than on a net basis.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 – RECENT STANDARDS AND PRONOUNCEMENTS (CONTINUED)

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurements and Disclosures (Topic 820) – Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. ASU 2011-04 clarifies the application of existing fair value measurement requirements, changes certain principles related to measuring fair value, and requires additional disclosures about fair value measurements. Specially, the guidance specifies that the concepts of highest and best use and valuation premise in a fair value measurement are only relevant when measuring the fair value non-financial assets whereas they are not relevant when measuring the fair value of financial assets and liabilities.

Required disclosures are expanded under the new guidance, especially for fair value measurements that are categorised within Level 3 of the fair value hierarchy, for which quantitative information about the unobservable inputs used, and a narrative description of the valuation processes in place and sensitivity of recurring Level 3 measurements to changes in unobservable inputs will be required. Entities will also be required to disclose the categorisation by level of the fair value hierarchy for items that are not measured at fair value in the statement of financial position but for which the fair value is required to be disclosed.

ASU 2011-04 is effective for annual periods beginning after 15 December 2011 and is to be applied prospectively. The Company is currently assessing the impact of this guidance on its consolidated financial statements.

NOTE 4 – AGREEMENTS AND RELATED PARTIES

Investment Management Agreement

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

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

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

The Investment Manager is entitled to a management fee, which shall accrue daily, and be payable quarterly in arrears, at a rate of 0.75 per cent. per annum of the Company's NAV. For the period ended 31 December 2011, the management fee expense was $3,282,134, of which $1,329,375 was unpaid at the period end.

The Investment Manager is not entitled to a performance fee.

Administration and Custody Agreement

The Company has appointed BNP Paribas Fund Services (Guernsey) Limited as Administrator, Secretary, Custodian and Designated Manager of the Company pursuant to the Administration and Custody Agreement. In such capacity, the Administrator is responsible for the day–to-day administration of the Company (including but not limited to the calculation and publications of the estimated daily Net Asset Value), general secretarial functions (including but not limited to the maintenance of the Company's accounting and statutory records) and certain safekeeping and custody services. The Administrator is entitled to a fee on the following basis:

	From inception to 4 October 2011	From 5 October 2011 onwards
Ad-valorem		
Assets <$100m	0.09%	0.08%
Assets $100m - $250m	0.07%	0.06%
Assets $250m - $500m	0.04%	0.03%
Assets $500m+	0.02%	0.015%

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 – AGREEMENTS AND RELATED PARTIES (CONTINUED)

Administration and Custody Agreement (continued)

The Secretary is entitled to an annual fee of £36,000 (approximately $56,000) plus fees for ad hoc board meetings and services. The Custodian is entitled to a fee of 0.02 per cent. of the Market Value of the portfolio and the following fee in respect of the portfolio and loan administration services:

	From inception to 4 October 2011	From 5 October 2011 onwards
Ad-valorem		
Assets <$500m	0.045%	0.045%
Assets >$500m	0.045%	0.035%

For the period ended 31 December 2011, the administration fee expense was $245,263, the secretarial fee was $45,749 and the custodian and loan administration fee expense was $254,956. Of these amounts an administration fee of $85,861, a secretarial fee of $13,983 and a custodian and loan administration fee of $73,528 were unpaid at the period end.

NOTE 5 – RELATED PARTY TRANSACTIONS

The Directors are related parties and are remunerated for their services at a fee of £20,000 (approximately $31,100) per annum (£30,000 for the Chairman – approximately $46,600). In addition, the chairman of the Audit Committee receives an additional £5,000 (approximately $7,770) for his services in this role. For the period ended 31 December 2011, the directors' fees and travel expenses amounted to $102,206. Of these, $12,773 were unpaid at the period end.

The Directors were paid an additional £10,000 per director for their services in relation to the C Share issue, these amounts were included in the share issuance costs.

The contract with Neuberger Berman Europe Limited is 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.

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The following estimates and assumptions were used at 31 December 2011 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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

- Receivables for Investments Sold – The carrying value reasonably approximates fair value as they reflect the value at which investments are sold to a willing buyer and settlement period on their balances is short term.
- Interest receivables – The carrying value reasonably approximates fair value.
- Other receivables and prepayments – The carrying value reasonably approximates fair value.
- Derivatives – the Company estimates fair values of derivatives based on the latest available forward exchange rates.
- Payables for Investments Purchased – The carrying value reasonably approximates fair value as they reflect the value at which investments are purchased from a willing seller and settlement period on their balances is short term.
- Payables to 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)

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

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

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 – 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 2011.

Financial Instruments at Fair Value as at 31 December 2011

Financial investments		**Level 1 ($)**	**Level 2 ($)**	**Level 3 ($)**	**Total ($)**
Floating rate senior secured loans		-	574,161,253	-	574,161,253
Fixed rate bonds/corporate loans		-	64,081,582	-	64,081,582
Floating rate bonds/corporate loans		-	6,729,394	-	6,729,394
Asset Backed Securities			2,006,880		2,006,880
Total financial investments		-	646,979,109	-	646,979,109
Financial Assets	**No of contracts**				
Derivatives (for hedging purposes only)	6		1,898,293		1,898,293
Financial liabilities					
Derivatives (for hedging purposes only)	5		(2,816,592)		(2,816,592)
Total	11	-	(918,299)	-	(918,299)

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

Primary underlying risk	**For the period from 10 March 2011 to 31 December 2011**
Realised loss on foreign currency	(1,063,691)
Net realised loss on derivatives	(10,902,676)
Net change in unrealised depreciation on derivatives	(918,299)
Total	(12,884,666)

NOTE 7 – RISKS

The Company is subject to various risks, including, but not limited to, market risk, foreign exchange risk, credit risk and liquidity risk. The Investment Manager attempts to monitor and manage these risks on an ongoing basis. While the Investment Manager generally seeks to hedge certain portfolio risks, the Investment Manager is not required and may not attempt to hedge all market or other risks in the portfolio, and it may decide to only partially hedge certain risks.

Market Risk
Market risk is the potential for changes in the value of investments. Categories of market risk include, but are not limited to interest rate and foreign exchange risk. Interest rate risk primarily results from exposures to changes in the level, slope and curvature of the yield curve, the volatility of interest rates and credit spreads.

Foreign exchange risk
Foreign exchange risk arises from various currency exposures, primarily with respect to Sterling 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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 7 – RISKS (CONTINUED)

Credit Risk
The Company may invest in a range of bank debt investments, asset backed securities and corporate and other bonds and other credit sensitive securities. Until such investments are sold or are paid in full at maturity, the Company is exposed to credit risk relating to whether the issuer will meet its obligations when the securities come due.

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

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

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

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 so as 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.

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 vehicles is evolving, and changes in the regulation of alternative investment vehicles may adversely affect the value of investments held by the Company or the ability of the Company to pursue its trading strategies. The effect of any future regulatory change on the Company could be substantial and adverse.

NOTE 8 – 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.

In accordance with U.S. 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 is greater than fifty per cent. likely of being realised upon ultimate settlement. De-recognition of a tax benefit previously recognised could result in the Company recording a tax liability that would reduce net assets. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities.

As of 31 December 2011, the Company has recorded no liability for net unrecognised tax benefits relating to uncertain tax positions they have taken or expect to take in future tax returns.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 – FINANCIAL HIGHLIGHTS

Per share operating performance	Sterling Series of Ordinary Share Class as at 31/12/2011 (£)	USD Series of Ordinary Share Class as at 31/12/2011 ($)	Sterling Series of C Share Class as at 31/12/2011 (£)	USD Series of C Share Class as at 31/12/2011 ($)
Net proceeds per share at the initial offering	0.9800	0.9800	0.9800	0.9800
Shareholder activity in the period	(0.0000)	0.0017	-	-
Income from investment operations (a)				
Net income per share for the period (b)	0.0242	0.0233	0.0028	0.0028
Net realised and unrealised gain/(loss) from investments (c)	(0.0939)	(0.0404)	(0.0001)	0.0085
Foreign currency translation	0.0525	-	0.0085	-
Distribution per share during the period	(0.0149)	(0.0149)	-	-
Total gain/(loss) from operations	(0.0321)	(0.0320)	0.0112	0.0113
Net asset value per share at the end of the period	0.9479	0.9497	0.9912	0.9913

Total return* (b)	Sterling Series of Ordinary Share Class as at 31/12/2011	USD Series of Ordinary Share Class as at 31/12/2011	Sterling Series of C Share Class as at 31/12/2011	USD Series of C Share Class as at 31/12/2011
Total return	(3.28)%	(3.26)%	1.14%	1.11%

Ratios to average net assets (b)	Sterling Series of Ordinary Share Class as at 31/12/2011	USD Series of Ordinary Share Class as at 31/12/2011	Sterling Series of C Share Class as at 31/12/2011	USD Series of C Share Class as at 31/12/2011
Net income (c)	4.45%	4.28%	2.10%	2.09%
Expenses (c)	(1.07)%	(1.01)%	(0.98)%	(0.97)%

(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 subscriptions.
(c) Annualized.

*Total return or loss is calculated for the ordinary share class only, which is calculated based on movement in the net asset value, and does not reflect any movement in the market value. Subscription shares are not presented as they are not profit participating shares

NOTE 10 – SHARE CAPITAL

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

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

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

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

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 – SHARE CAPITAL (CONTINUED)

As at the 31 December 2011, the Company had following shares in issue:

(a) One U.S. Dollar management share issued and fully paid up;

(b) 138,173,155 U.S. Dollar ordinary shares of no par value in issue, with issue proceeds of $135,646,236.

(c) 235,224,040 Sterling ordinary shares of no par value in issue, with issue proceeds of $377,466,181 (£242,882,225).

(d) 5,511,010 U.S. Dollar C shares of no par value in issue, with issue proceeds of $5,402,918.

(e) 115,899,186 Sterling C shares of no par value in issue, with issue proceeds of $178,061,251 (£114,574,272).

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

(a) one vote in respect of each U.S. Dollar Share held by him;

(b) 1.6 votes in respect of each Sterling Share held by him; and

(c) in respect of a Share of a class denominated in any currency other than U.S. Dollars, Sterling or Euro held by him, 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 B Shares do not:

(a) carry any right to any dividends or other distributions of the Company other than as expressly permitted under these Articles;

(b) entitle the holder thereof to any surplus assets of the Company remaining after payment to all the creditors of the Company apart from a distribution in respect of any capital paid up on the B Shares which shall rank behind any amounts due in respect of other classes of shares and such distribution shall be distributed pro rata; or

(c) carry any right to receive notice of, or attend or vote at, any general meeting of the Company or any right to vote on written resolutions of the Company.

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.

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.

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10 – SHARE CAPITAL (CONTINUED)

There were no Euro shares in issue as at 31 December 2011.

From 10 March 2011 to 31 December 2011	USD Series of C Shares	Sterling Series of C Shares	USD Series of Ordinary Shares	Sterling Series of Ordinary Shares	Total
Opening Balance	-	-	-	-	-
Initial Shares Issued	5,511,010	115,899,186	107,220,280	243,973,227	472,603,703
Tap Issues*	-	-	12,114,891	1,715,000	13,829,891
Scrip Issue **	-	-	91,565	710,833	802,398
Transfer between share classes***	-	-	18,746,419	(11,175,020)	7,571,399
Closing Balance	5,511,010	115,899,186	138,173,155	235,224,040	494,807,391

* On 23 May 2011, the Company made a block listing application to the UK Listing Authority and the main market for listed securities of the London Stock Exchange plc for 22,343,944 Sterling Shares and 13,593,954 U.S. Dollar Shares (together "Shares") to be admitted to the Official List under a share block listing facility, with an immediate effect.

Shares issued under the block listing facility for general corporate purposes subject to guidelines laid down by the Board and in accordance with the Company's articles of incorporation. Any Shares issued pursuant to the block listing facility will, when issued, rank pari passu with the existing shares of the Company in issue.

During the period, 13,829,891 shares in total were issued under block listing application as tap issues.

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

*** 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.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events for the Company through 23 April 2012, the date the consolidated financial statements are available to be issued, and had concluded there are not any material events that require disclosure or adjustment of the consolidated financial statements other than those listed below.

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

Period	Date declared	Payment Date	USD Share	Sterling Share
Quarter ended 31 December 2011	5 January 2012	24 February 2012	$0.01187	£0.01187
Special dividend (to C shareholders only at the Conversion of C shares)	5 January 2012	24 February 2012	$0.00323	£0.00323
Quarter ended 31 March 2012	12 April 2012	25 May 2012	$0.01260	£0.01260

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 – SUBSEQUENT EVENTS

b) On 5 January 2012, the Company announced a Conversion ratio for the conversion of C shares into Ordinary shares. The conversion ratio, based on the NAV of each share class as at 31 December 2011, (as calculated in accordance with the Company's Prospectus dated 7 September 2011 (the "Prospectus")), was 1.05390 Sterling Ordinary Shares for every one Sterling C Share held, and 1.05199 Dollar Ordinary shares for every one Dollar C Share held.

On the basis of the Conversion Ratio announced, an application was made to the UK Listing Authority for 122,146,117 Sterling Shares and 5,797,522 US Dollar Shares (together the "New Shares") to be admitted to the Official List. Application was also been made for the New Shares to be admitted to trading on the London Stock Exchange, which became effective from 17 January 2012, being the commencement date of dealing in the New Shares.

The C Shares were permanently removed from trading on the London Stock Exchange with effect from the opening of trading at 8:00 a.m. on 17 January 2012.

NB GLOBAL FLOATING RATE INCOME FUND LIMITED

(a non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 53155)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the annual general meeting (the "**Annual General Meeting**") of NB Global Floating Rate Income Fund Limited (the "**Company**") will be held at BNP Paribas House, 1 St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA on 19 June 2012 at 10:00 BST for the following purposes:

RESOLUTIONS 1 TO 6 – ORDINARY RESOLUTIONS

To consider and, if thought fit, pass the following resolutions, which will be proposed as ordinary resolutions:

(1) to receive and consider the Annual Report and consolidated financial statements for the period from incorporation on 10 March 2011 to 31 December 2011, together with the Reports of the Directors and Auditors thereon;

(2) to elect Mr William Frewen as a Director of the Company;

(3) to elect Mr Richard Battey as a Director of the Company;

(4) to elect Mrs Sandra Platts as a Director of the Company;

(5) to reappoint PricewaterhouseCoopers CI LLP as the independent auditors of the Company;

(6) to authorise the Directors to determine the auditors' remuneration.

RESOLUTIONS 7 AND 8 – SPECIAL RESOLUTIONS

To consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

(7) **THAT**, in accordance with section 315 of The Companies (Guernsey) Law, 2008, as amended (the "**Law**"), the Company be and is hereby authorised to make one or more market acquisitions (as defined in section 316 of the Law) of its shares (as defined in the Company's articles of incorporation) (the "**Shares**"), and to cancel such Shares or hold such Shares in treasury in accordance with the Law, provided that:

(i) the maximum aggregate number of U.S. Dollar Shares (as defined in the Company's articles of incorporation) ("U.S. Dollar Shares") and Sterling Shares (as defined in the Company's articles of incorporation) ("Sterling Shares") hereby authorised to be acquired is 21,303,580 U.S. Dollar Shares and 53,841,966 Sterling Shares or, if less, such other number of Shares that is equal to 14.99 per cent. of each class of Shares in issue as at 19th June 2012;

(ii) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1 pence / 1 cent (as applicable);

(iii) the maximum price (exclusive of expenses) which may be paid for a Share shall be the higher of: (a) an amount equal to 105 per cent. of the average middle market quotations for a Share as derived from and calculated by reference to the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day on which the relevant class of Shares is purchased; and (b) the higher of (A) the price or the last independent trade; and (B) the highest current independent bid for such class of Shares on the London Stock Exchange at the time the purchase is carried out;

(iv) the authority hereby conferred shall expire at the earlier of: (a) the conclusion of the next annual general meeting of the Company; or (b) the date which is 18 months from the date on which this resolution is passed; and

(v) notwithstanding paragraph (iv) of this resolution, the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiration of such authority, and may make a purchase of Shares pursuant to any such contract.

NB GLOBAL FLOATING RATE INCOME FUND LIMITED (continued)

To consider and, if thought fit, pass the following resolution, which will be proposed as a special resolution:

(8) **THAT** the Directors (as defined in the Company's articles of incorporation) (the "**Directors**") be and are hereby empowered to issue and allot equity securities for cash either: (a) pursuant to article 4.4. of the Company's articles of incorporation, or (b) by way of a sale of Shares held in treasury, as if article 6.2 of the Company's articles of incorporation did not apply to any such issue and allotment, provided that:

(i) this power shall be limited to the issue and allotment of (a) up to 14,211,861 U.S. Dollar Shares or, if less, 10 per cent. of the U.S. Dollar Shares in issue as at 19 June 2012; and (b) up to 35,918,589 Sterling Shares or, if less, 10 per cent. of the Sterling Shares in issue as at 19 June 2012; and

(ii) this power shall expire upon the date of the next annual general meeting of the Company, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be issued or allotted after such expiry and the Directors shall be entitled to issue or allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had no expired.

This resolution revokes and replaces all unexercised authorities previously granted to the Directors to issue or grant equity securities in the capital of the Company wholly for cash as if the pre-emption rights contained in article 6.2 of the Company's articles of incorporation did not apply to such issue or grant but without prejudice to any issue of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

BY ORDER OF THE BOARD
BNP Paribas Fund Services (Guernsey) Limited
Company Secretary
23 April 2012

Registered Office:
BNP Paribas House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

Resolutions 1 to 6 are proposed as ordinary resolutions. For each ordinary resolution to be passed, not less than half of the total number of votes cast by shareholders being entitled to vote (by proxy or in person) must be in favour of the resolution.

Resolutions 7 and 8 are proposed as special resolutions. For a special resolution to be passed, not less than 75 per cent. of the total number of votes cast by shareholders being entitled to vote (by proxy or in person) must be in favour of the resolution.

1 Voting record date
The Company specifies that only those shareholders entered on the register of members of the Company as at 18:00 BST on 15 June 2012 or, in the event that this Annual General Meeting is adjourned, on the register of members of the Company 48 hours before the time of any adjourned Annual General Meeting, will be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their name at that time. The register of members of the Company at that time is also used for the purposes of calculating how many votes a holder of each Share may cast. Changes to entries on the register after 18:00 BST on 15 June 2012 or, in the event that this Annual General Meeting is adjourned, in the register of members of the Company 48 hours before the time of any adjourned Annual General Meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

2 Joint registered holders
Where there are joint registered holders of any Share, any one of such persons may vote at the Annual General Meeting, either personally, in respect of such Share as if he were solely entitled thereto; and if more than one of such joint holders of Shares be present at the Annual General Meeting personally that one of the said persons so present in person whose name stands first in the register of members in respect of such Share shall alone be entitled to vote in respect thereof.

3 Right to appoint proxies
A member of the Company entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to exercise all or any of his or her rights to attend and to speak and vote instead of him or her in any of the following ways: (a) by completing and returning the enclosed Form of Proxy; or (b) through the CREST electronic proxy appointment service (if they are users of CREST, including CREST personal members). Members who have lodged Forms of Proxy, or who have appointed a proxy through CREST, are not thereby prevented from attending the Annual General Meeting and voting in person if they so wish. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent you. If you wish your proxy to speak on your behalf at the Annual General Meeting, you will need to appoint your own choice of proxy (not the Chairman/Secretary) and give your instructions directly to them.

A member may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by a member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the Form of Proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

4 Proxies' rights to vote at the meeting
On a vote on a show of hands, each proxy has one vote. If a proxy is appointed by more than one member, and all such members have instructed the proxy to vote in the same way, the proxy will only be entitled, on a show of hands, to vote "for" or "against" as applicable. If a proxy is appointed by more than one member, but such members have given different voting instructions, the proxy may, on a show of hands, vote both "for", and "against" in order to reflect the different voting instructions.

On a poll all or any of the voting rights of the member may be exercised by one or more duly appointed proxies.

5 Voting by corporate representatives
Corporate representatives are entitled to attend, and vote on behalf of the corporate member.

6 Receipt and termination of proxies
To be valid a Form of Proxy must be deposited, by hand or by post, at the offices of Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU no later than 10:00 BST on 15 June 2012. The Company will also accept Forms of Proxy deposited in accordance with the Articles of Incorporation. The Directors may in their absolute discretion elect to treat as valid any instrument appointing a proxy which is deposited later than 10:00 BST on 15 June 2012. If the Directors so elect, the person named in such instrument of proxy shall be entitled to vote.

A member may terminate a proxy's authority at any time before the commencement of the meeting. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or a duly appointed attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Capita Registrars no later than 10:00 BST on 15 June 2012. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions: any amended proxy appointment received after the relevant cut-off time will be disregarded.

NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING (continued)

7 Electronic receipt of proxies
CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so for the Annual General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (the CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**Euroclear**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Registrars (CREST participant RA1O) by no later than 10:00 BST on 15 June 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions, it is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) or the Uncertificated Securities Regulations 2001.

8 Attendance at the Annual General Meeting
Appointment of a proxy does not preclude you from attending the Annual General Meeting and voting in person. If you have appointed a proxy and vote at the Annual General Meeting in person in respect or shares for which you have appointed a proxy, your proxy appointment in respect of those shares will automatically be terminated.

In the case of joint holders, the signature of only one of the joint holders is required on the Form of Proxy. Where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the more senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the more senior).

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to every other matter which is put before the Annual General Meeting.

9 Questions at the Annual General Meeting
The Directors will answer any questions raised at the Annual General Meeting which relate to the business of the meeting, although no answer need by given:

(a) if to do so would interfere unduly with the preparation of the meeting or involve disclosure of confidential information;

(b) if the answer has already been given on the Company's website; or

(c) if it is undesirable in the best interests of the Company or the good order of the meeting that the question be answered.

10 Website
A copy of the notice of the meeting, including these explanatory notes, is included on the Company's website: www.nbgfrif.com

13 Total voting rights
The total number of voting rights in the Company as at 12 April 2012 (being the last practicable date prior to the publication of this notice) is 716,816,171.

14 Quorum
The quorum for the Annual General Meeting will be two holders of Shares present and entitled to vote in person or by proxy. In the event that a quorum is not present for the Annual General Meeting within 30 minutes of the time appointed for the Annual General Meeting, the Annual General Meeting shall stand adjourned for five business days at the same time and place or to such other day and at such other time and place as the board of Directors may determine and no notice of adjournment need be given. At any such adjourned meeting, those members who are present in person shall be a quorum.

NB GLOBAL FLOATING RATE INCOME FUND LIMITED

(a non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 53155)

ANNUAL GENERAL MEETING – FORM OF PROXY

For use at the annual general meeting (the "**Annual General Meeting**") of the holders of ordinary shares in NB Global Floating Rate Income Fund Limited (the "**Company**") to be held at BNP Paribas House, 1 St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA on 19 June 2012 at 10:00 BST.

(PLEASE USE BLOCK CAPITALS)
I/We, (name in full) (note 1) ____
of (address in full) ____

being (a) member(s) of NB Global Floating Rate Income Fund Limited, hereby appoint the Chairman of the Annual

General Meeting or the Secretary or *(note 2) ____________________

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the holders of ordinary shares of the Company, to be held at BNP Paribas House, 1 St Julian's Avenue, St Peter Port, Guernsey, GY1 1WA on 19 June 2012 at 10:00 BST and at any adjournment thereof and to vote on the following resolutions as directed below.

Please indicate with an "X" (note 3) in the appropriate spaces below how you wish your votes to be cast. If no indications are given, your proxy will vote for or against each resolution or abstain from voting as he thinks fit.

	Ordinary Resolutions	**For**	**Against**	**Withheld**
1.	To receive the Annual Report and Financial Statements for the period from incorporation on 10 March 2011 to 31 December 2011, together with the Reports of the Directors and Auditors thereon.			
2.	To elect Mr William Frewen as a Director			
3.	To elect Mr Richard Battey as a Director			
4.	To elect Mrs Sandra Platts as a Director			
5.	To re-appoint PricewaterhouseCoopers CI LLP as independent auditors of the Company			
6.	To authorise the Directors to determine the auditors' remuneration			
	Special Resolutions			
7.	To authorise the Company to make market acquisitions of its own ordinary shares			
8.	To dis-apply pre-emption rights			

☐ **Please tick here you are appointing more than one proxy.**

☐ **Number of shares proxy appointed over.**

Signed :____________________ Date:

Notes:

1. **In the case of a joint holding the signature of any holder is sufficient but the vote of the senior holder who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the other joint holders; for this purpose seniority shall be determined by the order in which the names stand in the register of members.**
2. **If you wish to appoint a proxy other than the Chairman/Secretary you should delete the words "the Chairman of the Annual General Meeting or Secretary", insert the name and address of your appointee in the space provided and initial the amendment. A proxy need not be a member of the Company.**
3. **Please indicate by marking "X" in the appropriate space how you wish your votes to be cast. Unless so instructed by you, the proxy will vote for or against each resolution or abstain from voting as he/she thinks fit.**
4. **The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under the common seal or under the hand of an officer or attorney so authorised and need not be witnessed.**
5. **Shares held in uncertificated form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.**

Upon completion please return this Form of Proxy to the following address to arrive no later than 10:00 BST on 15 June 2012: FREEPOST RSBH-UXKS-LRBC, PXS, 34 Beckenham Road, Beckenham, BR3 4TU.