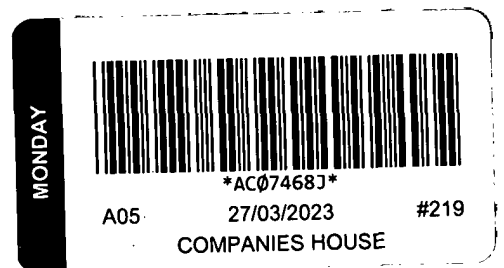


**Neuberger Berman Europe Limited**

**Annual Report and Financial Statements  
for the year ended 31 December 2022**



# **Neuberger Berman Europe Limited**

## **Annual Report and Financial Statements for the year ended 31 December 2022**

### **Contents**

#### **Page**

<b>1</b>	<b>Company information</b>
<b>2</b>	<b>Strategic report</b>
<b>11</b>	<b>Directors' report</b>
<b>13</b>	<b>Directors' statement of responsibility</b>
<b>14</b>	<b>Independent Auditor's report to the Members of Neuberger Berman Europe Limited</b>
<b>18</b>	<b>Income Statement and Other Comprehensive Income</b>
<b>19</b>	<b>Statement of Financial Position</b>
<b>20</b>	<b>Statement of Changes in Equity</b>
<b>21</b>	<b>Notes to the Financial Statements</b>

# **Neuberger Berman Europe Limited**

## **Company information**

### **Directors**

J V Amato  
A J Duncan  
M S Green  
J C F Harvey  
D van Lomwel  
A D Tutrone II  
H P Zuckerman

### **Independent Auditor**

KPMG LLP  
15 Canada Square  
London  
E14 5GL

### **Banker**

Citibank N.A.  
25 Canada Square  
Canary Wharf  
London  
E14 5LB

### **Registered Office**

The Zig Zag Building  
70 Victoria Street  
London  
SW1E 6SQ

### **Company Registration Number**

5463227

# **Neuberger Berman Europe Limited**

## **Strategic report**

The Directors present their Strategic report for Neuberger Berman Europe Limited (the "Company") for the year ended 31 December 2022.

### **Results**

The profit for the year, after taxation, amounted to \$28.0m (2021: \$29.4m) and has been transferred to reserves.

### **Principal activity**

The Company is authorised and regulated by the Financial Conduct Authority ("FCA"). Its principal activity is to provide investment management services. The Company's mission is to partner with its clients to achieve their unique investment objectives.

### **Business review and future developments**

The Company is a wholly owned subsidiary of NBSH Acquisition LLC ("Group"). The Group is run on an integrated basis through business units, not by the legal construct of its subsidiaries. Therefore the Company's strategy and business model is governed by that of the Group. The Group provides investment management services to clients throughout the Americas, Asia Pacific and Europe across a broad range of investment products.

The Company expanded its operations in Latin-America with the establishment of the Mexico branch in 2022, which commenced operations in early 2023.

On 16 March 2021, the Central Bank of Ireland granted permissions and authorised Neuberger Berman Asset Management Ireland Limited ("NBAMIL"), a subsidiary of the Company, as a UCITS manager, following this Neuberger Berman Investment Fund ("NBIF") appointed NBAMIL as UCITS manager. As of 1 July 2021, the UCITS range was novated from the Company to NBAMIL. On 1 January 2022, all third-party distributors of the UCITS range were novated from the Company to NBAMIL.

The EMEA CLO business continues to expand. Neuberger Berman Loan Advisers III ("NBLA III"), is an independent entity to which the Company provides portfolio management advice. On 6 December 2022, NBLA Euro CLO V was launched and the Company was appointed the collateral manager.

The Directors do not foresee any major changes in the principal activities of the Company, but will continue to review any further strategic opportunities which arise and are aligned with the long term success of the business.

The Income Statement and Other Comprehensive Income for the year is set out on page 18. The Directors consider both the level of business during the year and the financial position of the Company at the end of the year to be satisfactory.

# Neuberger Berman Europe Limited

## Strategic report (continued)

The Company's key financial and other performance indicators during the year were as follows:

	2022	2021	Change
	\$000	\$000	%
Turnover	142,453	232,528	-39%
Profit on ordinary activities before taxation	32,922	32,471	1%
Profit after tax	28,001	29,390	-5%
Average number of employees	239	211	13%

Turnover of \$142m represents fees from collateral loan organisations and institutional clients for investment management services provided during the year plus transfer pricing profit share for the services provided to the wider Group.

The novation of the UCITS fund range took place on 1 July 2021, for the first half of 2021, the Company recorded management fees for this fund range within revenue and a net transfer pricing expense to Group. From 1 July 2021, management fees from the UCITS fund range stopped being recognised within revenue in the Company and the Company received net transfer pricing profit share revenue from Group. Overall the Group performed well across the year, resulting in an increased transfer pricing profit share being allocated to the Company.

### Principal risks and uncertainties

The principal risks of the Company are aligned with the principal risks of the Group. The Group conducts Enterprise Risk Management (ERM) across the Group, divided into five pillars: Strategic, Financial, Investment, Operational and Regulatory. Environmental Social and Corporate Governance ("ESG") principals and sustainability risks span across the five ERM pillars, rather than a standalone risk, given the integral role ESG plays across the Group. The Group has implemented its own Risk Management Framework involving leadership across business segments and informs the Board in conducting oversight.

The Group implements a risk management framework to mitigate any control failures/inefficiencies. The Board understands that from time to time errors and breaches will occur, from the investment process and from key third parties' suppliers. The Board expects that these are appropriately escalated when required and remedied to prevent reoccurrence. The five pillars are as follows:

**Strategic Risk** - Risks both to, and from, the business strategy (Group ESG Policy), the business model and the Group's mission.

**Financial Risk** - Risk that the Company will not be able to meet its financial obligations.

**Investment Risk** - Risk that the performance of a portfolio will decline due to market risk factors, which would impact the revenue of the Company.

**Operational Risk** - Risk of loss arising from inadequate processes, people, systems or external events.

# Neuberger Berman Europe Limited

## Strategic report (continued)

**Regulatory Risk** - Current and prospective risk arising from violations of, or non-compliance with, laws, rules, regulations, contractual obligations, prescribed practices, internal policies and procedures, or ethical standards.

### Strategic Risk

These are the risks both to, and from, the business strategy (including the Group's ESG Policy), the business model and the Group's mission. The Group prioritises long-term value generation for investors and continues to review and challenge the viability of new and existing products including the integration of ESG. New products are only launched if they have gone through the appropriate governance channels (including committees). Strategic risks look to understand the adequacy of client activity to support the target platform footprint, understand our ability to innovate, maintain and scale competitive strategy offerings, and understand our ability to attract and retain talent who embody the Company and the Group's business principles, whilst setting and monitoring a fit for purpose risk appetite program.

### Financial Risk

Financial risk is the risk of a downturn in the Company's performance due to exposure to stress in financial and capital markets, credit risk on its receivables, weak corporate balance sheet management, or un-mitigated exposure to contingent liabilities such as fraud.

The Company manages its exposure to currency and liquidity risk by monitoring its cash balances, actively managing its balance sheet and forecasting cashflow by currency to ensure sufficient liquidity is available to meet its obligations as they come due. The Company's functional currency is US Dollar. However it has significant expenses in currencies other than USD, including Pounds Sterling, and Euro. The Company seeks to mitigate currency risk by matching income and expenses and ensuring that adequate non-USD balances are held to meet short-term expense requirements.

### Operational Risk

Operational Risk is defined as the risk of loss arising from inadequate processes, people, systems or external events. The delivery of the management of this risk lies with the Director of Operational Risk, who is responsible for the development and continual maintenance of the Operational Risk Framework. The output of this is escalated to both the EMEA Risk and Compliance Committee which has senior representation from the distribution, fund management, legal and compliance, portfolio analytics and risk, product development, human resources, client services, operations and finance functions within the organisation.

All internal operation activities are carried out by an independent dedicated team. The Company outsources all of the day-to-day internal operational activities to other members of the Group. Internal operational activities have an established control environment in place. The Operational Risk department maintains an error and breach (Event) log, which is provided to senior management, and the firm has a comprehensive Trade Execution Error and Escalation Policy.

There are a number of individuals employed by the Company who perform "global" investment roles in the Group. In the event of an individual / team leaving, there is adequate cover at our affiliated subsidiaries to continue to manage the relevant mandate until a decision can be made in relation to a replacement.

The Company considers that the Board has sufficient experience and expertise for the roles required of them, and there is the depth to cover any departures. The Company has a retention policy for certain individuals through a deferred compensation scheme and/or equity of the ultimate parent company.

# Neuberger Berman Europe Limited

## Strategic report (continued)

### Regulatory Risk

Regulatory risk is the current and prospective risk arising from violations of, or non-compliance with, laws, rules, regulations (including but not exclusively AIFMD, MIFID, SFDR, EMIR and UCITS Directives), contractual obligations, prescribed practices, internal policies and procedures, or ethical standards. This risk may affect the business either directly or indirectly by reducing investors' appetites for the Group's products, increasing capital requirements, restricting the Company's ability to sell certain products or pursue specific investment strategies. The lack of regulatory risk governance could lead to regulatory action, fines, sanctions, a Section 166 order and general business disruption when trying to remediate a regulatory risk. The regulatory risk increases as the Company expands the number of jurisdictions in which it operates. The Company engages local lawyers, accountants and tax advisers in each jurisdiction in order to provide updates of any relevant regulatory changes and ensure compliance with local laws and regulations. The Company runs project change programs when a new or amended regulation impact its on-going activities and business developments.

As noted previously, the Company is authorised and regulated by the FCA, and needs to be authorised to trade. In order to meet this requirement the Company ensures that its activities are limited to those within its permissions and that staff are adequately qualified, experienced and trained. The cost of doing business is subject to ongoing regulatory change. This risk is mitigated by continued active and constructive engagement with regulators through regular dialogue, with regulatory developments being monitored within Compliance.

### Investment Risk

The Company has revenues which are derived from Assets under Management. In the event of portfolios failing to achieve their performance benchmarks, poor performance relative to that of peer funds or new arising broad markets risk such as macro-economic (inflation rise and Central Bank shifts in rates policy as a recent example) or geo-politics (Ukraine invasion), this can lead to increased client redemptions and reductions in Assets Under Management (AUM). This is mitigated through having a robust investment process including detailed research, clearly articulated investment philosophy and an independent Investment Risk function that ensures that the level of risk taken for each portfolio is consistent and diversified with investment objectives' expectations.

Information in relation to the Company's risk management is included in the Company's Pillar 3 statement which is available at the Company's registered address and the Company's website at [www.nb.com](http://www.nb.com).

# **Neuberger Berman Europe Limited**

## **Strategic report (continued)**

### **Statement by the Directors in performance of their statutory duties in accordance with section 172(1) of the Companies Act 2006**

Under Section 172(1) of the Companies Act 2006, a director must act in a way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members, and in doing so have regard, amongst other matters, to:

- the likely consequence of any decision in the long-term;
- the interest of the company's employees;
- the need to foster the company's business relationships with suppliers, customers, and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the company.

The Board holds discussions with focus on financial performance, risk, general business performance and various key strategic initiatives. The Board focuses on areas with the opportunity to dedicate more attention and constructive challenge; taking into account the views of the Company's key stakeholders as part of its deliberations and decision-making process presented.

### **Stakeholder Engagement - who are our key stakeholders and how does the Company engage with them?**

The Board considers its key stakeholders to be its shareholders, customers, employees, suppliers, as well as the communities in which it operates, and the wider environment. Having regard to such a divergent range of interests is a key part of the Board's decision-making process, albeit it is not always possible to balance those different interests to deliver the desired outcome for each interested party.

The Company, under the direction of the Board, is committed to engaging with all key stakeholders while also appreciating the wider impact of its own operations.

As set out below, the Board directly and indirectly engages with its key stakeholders in a variety of ways, factoring these considerations into its medium and long-term strategic, operational, and financial objectives and all Board decisions are made with the Company's success in mind, and ultimately for the long-term benefit of all its members

### **Our Shareholders**

The Board knows the importance of understanding and aligning with the expectations of its shareholders, both supporting their ambitions and addressing their concerns. All Board decisions are made with the Company's success in mind, and ultimately for the long-term benefit of all its members.

### **Our Customers**

Our customers are crucial to the success of the Company and so the business welcomes direct feedback from its customers. Any issues or complaints are subject to a robust complaints procedure which is clear, unambiguous, and impartial, and all matters are supported by a formal Complaints Handling Policy and taken seriously by the Board.



# **Neuberger Berman Europe Limited**

## **Strategic report (continued)**

### **Our Employees**

The Board recognises the importance of maintaining its proactive focus on culture as the Company grows, actively promoting values of honesty and inclusivity. Given the Company's relatively small employee base, the Directors engage with employees on a day-to-day basis, allowing the Board to assess and promote transparency and inclusivity, which is intended to actively encourage access to the Executive team, and so contribute to the Company's overall success in executing its Business Plan and Strategy, and delivery value for its key stakeholders.

The Company is an equal opportunities employer and takes pride in a diverse, collaborative, and entrepreneurial workforce, regarding everyone's differences as strengths while mindfully fostering a culture that both challenges and rewards individuals based upon good conduct and ability, regardless of race, gender, age, or sexuality. All employees benefit from a wide range of training and development opportunities, underpinned by an established Equal Opportunities Policy to support those with disabilities.

The Group was named Diversity Leader by the Financial Times in the publication's annual ranking of European Diversity Leaders earning the designation as one of the Best Places to Work for LGBTQ Equality as part of the Human Rights Campaign Foundation's 2021 Corporate Equality Index.

The Company uses an Employee Engagement Survey to provide an opportunity for direct communication and to facilitate open and honest feedback, empowering all employees to participate in the development and future direction of the Company.

### **Our Suppliers**

The Company remains steadfastly selective in its choice of suppliers, all of which are subject to a rigorous onboarding process designed to support robust long-term partnerships with service providers, ensuring that efficient and sustainable services are provided to the business in line with all applicable laws, regulations, and best practice.

The Company also benefits from open and positive engagement with a diversity of professional advisors to assist with regulatory, legal and compliance matters. These include lawyers, accountants, auditors, brokers, and compliance specialists. Each of these relationships are owned by appropriately senior skilled managers within the business, who maintain regular contact to achieve alignment with the expectations and interests of the Company.

The Board continues in its efforts regarding the prevention of modern slavery, looking to implement a global approach, given the Company's continued focus on ESG, regulatory and client expectations, including the development of a third-party onboarding attestation for confirming there is no modern slavery practices in supply chains. Further details of the Company's commitment to ending modern slavery can be viewed in the 2022 Modern Slavery Statement which is approved by the Board annually and discloses all actions taken by the Company to ensure that there is no modern slavery in its business or supply chains. This statement is available on the Company website.

### **The Community**

The Company is dedicated to building engagement with the community in which it operates, as well as the broader community, successfully expanding its community footprint in 2022 with new grantee partners across EMEA.

The Company also coordinates volunteering initiatives and other fund-raising activities, including the continuation of its annual holiday fund raising efforts for local children's charities it partners with.

# Neuberger Berman Europe Limited

## Strategic report (continued)

Employees are actively encouraged to participate in charitable boards, act as trustees or sit on the board of governors and industry working groups which both supports the community, while also fostering their own long-term development.

### The Environment

The wider Group has long been at the forefront of integrating ESG criteria into the investment process, driven by the belief that companies with proactive leadership strategies in place to manage ESG-related risks and opportunities have the potential to be industry leaders with sustainable competitive advantages and thus offer the potential for long-term investment outperformance. As concerns in relation to ESG issues continue to gain momentum across the wider business community, driven by evolving investor values, regulatory pressure and global challenges, the Board remains resolute in its commitment to build upon this legacy and positively engages with sustainability and ESG issues, integrating ESG into the construction of portfolios and developing a range of truly sustainable investment solutions that respond to the specific needs of clients across multiple asset classes.

To that end, the wider group also consults the ESG Advisory Council, which is a group of external industry experts who are expected to provide advice and recommendations to Neuberger Berman, on key sustainability themes. The ESG Advisory Council does not make investment or voting recommendations or decisions. A cornerstone of the Company's public commitment to the environment includes managing climate-related risk by partnering with clients to develop and achieve net-zero portfolios, as well as the continued development of proprietary, analyst-led ESG insights and engagement efforts intended to drive meaningful change over time.

On a more essential level, in an effort to reduce the Company's travel-related carbon footprint, the Group closely monitors the number of miles flown and has committed to offset 100% of its estimated greenhouse gas emission from global travel. The offsets purchased support carbon reduction projects and ultimately contribute to mitigating climate change.

Furthermore, the Company's continuous investment in video conferencing technology solutions, as well as the enhancement of existing internal technology platforms, including document sharing solutions to achieve a paperless working environment, are tangible evidence of its commitment to the environment.

### Board Activities

Throughout 2022 the Board held discussions on the overall management of its operations, including the Company's capital, corporate structure, and material contract arrangements to safeguard the reliability of the internal risk management framework, reviewing the Company's risk and control processes, risk appetite and procedures for the detection of fraud and the prevention of bribery. The Board maintains an agreed Schedule of Reports covering regular business updates including financial performance, infrastructure and operational matters, risk, compliance, and regulatory development, as well as legal and governance matters throughout the year. This schedule is drafted by the Company Secretary who actively engages with business leads to ensure that key matters and developments are brought to the Board for consideration and challenge in a timely manner.

Whilst the primary duty of the Directors is owed to the Company as a whole, the Board considers the views and challenge from the Company's key stakeholders as part of its discussions and decision-making process. The following examples highlight how the Board used its meetings in 2022 as a mechanism for discharging its duties under section 172 of the Companies Act 2006, illustrating the scope of matters considered and challenged during the year, and the consideration these matters gave to the wider needs of the key stakeholder groups, while ensuring the continued

# Neuberger Berman Europe Limited

## Strategic report (continued)

alignment between the activities of the Company to contribute to delivering the Board's overall strategy.

Board Discussions		Value	Key Stakeholder Consideration
Strategy & Planning	Business Plan & Strategy	Demonstrating collective responsibility for setting out the strategic aims and objectives of the Company for the year ahead, the Board consistently evaluates and challenges the same to create an effective strategy for growth, defining future financial needs and creating opportunity.	Shareholders Customers Employees Suppliers Community Environment
Financial Performance	Financial Performance & Forecasting	Monitoring financial performance to ensure sufficient liquidity to meet all operational requirements, while seeking new and innovative investment opportunities to support continued diversification and the overall success of the Company.	Shareholders Customers Employees Suppliers
Operational Risk	EMEA Hybrid Working Model & Planning	Regular updates to the business guarantee that regional offices align their policies with CDC guidance, as well as state and local regulations. This, alongside the unified evolution of a hybrid working model, has provided a seamless experience between colleagues working remotely and those returning to the office.	Employees Suppliers Community
	Internal Capital Adequacy & Risk Assessment	The Board was fully involved in the implementation of the new ICARA process throughout the year, scheduling additional dedicated meetings in recognition of the important role the ICARA plays in the Company's risk management.	Shareholders Customers Employees Suppliers
Market & Liquidity Risk	Market Risk, Liquidity Risk & Valuation of Assets	Tracking market risk against strategies as well as market liquidity indicators, and stress testing conducted to safeguard both investors and the reputation of the company.	Shareholders Customers Suppliers
ESG Governance	ESG Investing Function & Stewardship Code Activities	The establishment of a dedicated EMEA ESG Product Committee to work in symbiosis with the Global ESG Product Oversight Committee, reinforced regional ESG governance, safeguarding appropriate product classification and verifying that investment processes which support ESG remained up-to-date, with controls to ensure the Company's proprietary ESG integration framework is evaluated, maintained and accurately defined in marketing materials and policy documents, and reporting.	Shareholders Customers Employees Suppliers Community Environment

# Neuberger Berman Europe Limited

## Strategic report (continued)

### Governance, Legal and Compliance

During the year the Board deliberated on numerous key governance, legal and compliance related matters, including the consideration, challenge and approval of the annual Modern Slavery and Human Trafficking Statement, the introduction of the new Consumer Duty Regulation, the Task Force on Climate-Related Financial Disclosures and the annual UK Stewardship Code submission.

The Board also undertook a self-assessment to ensure that it was fulfilling its duties and responsibilities, with appropriate processes being maintained to ensure that the Board was paying due diligence to planning and oversight of the Company. The Board considered, amongst other things, its own composition and performance, providing candid, objective results to identify opportunities for improvement to better support the Company's Business Plan and Strategy.

The Board continued to maintain oversight of all committee terms of reference and company policies throughout the year, providing challenge where appropriate to ensure these remained fit for purpose.

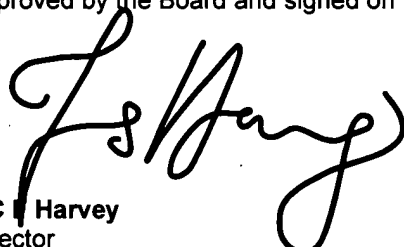
### Thematic Led Deep Dives

Throughout the course of the year the Board reviewed topical matters on a thematic basis, addressing emerging risks and actively encouraging discussion and challenge with the business, including cyber security and infrastructure security risk in light of continued geopolitical uncertainties, paying particular attention to matters of operational resilience and associated emerging risks.

The Board maintained oversight of the implementation of the ICARA in keeping with the changing environment for capital adequacy and risk, supporting the business as it adapted to the new framework in line with the key regulatory objective to create a risk-focused and proportionate capital framework.

The Board maintained dialogue regarding the culture of conduct and deliberated Human Capital Management initiatives, most notably matters of equity, inclusion, and diversity, recognising the continued importance of ensuring equal opportunity in junior positions as well as driving improvements in diversity, and talent retention.

Approved by the Board and signed on its behalf by:



J C Harvey  
Director

# **Neuberger Berman Europe Limited**

## **Directors' report (continued)**

The Directors present their annual report on the affairs of the Company, together with the financial statements, for the year ended 31 December 2022.

### **Directors**

The Directors, who held office during the year and up to the date of approval of these financial statements, were as follows:

J V Amato  
A J Duncan  
M S Green  
J C F Harvey  
D van Lomwel  
A D Tutrone II  
H P Zuckerman

The Directors do not have any interest in the issued share capital of the Company.

### **Dividend**

The Directors recommend a final dividend of \$19.5m in respect of the current financial year. Dividends paid during the year comprise of a final dividend of \$15m in respect of the previous year ended 2021, together with an interim dividend in respect of the year ended 2022 of \$13m.

### **Directors' Indemnities**

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Political Contributions**

The Company made no political donations nor incurred any political expenditure in the year (2021: Nil).

### **Disclosure of information to Auditor**

The Directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

### **Other Information**

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report.

# **Neuberger Berman Europe Limited**

## **Directors' report (continued)**

The Company will continue to diversify its fund range in order to further growth. The Company operates throughout the Middle East and South America through its branches and representative office.

### **Going Concern**

The Company has performed well throughout the year, therefore the Directors are confident that despite the uncertainty surrounding global markets and its potential impact on the Company's performance, the Company will continue to prosper. The Directors, having assessed the forecasted financial performance, liquidity and growth of the Company and performed in-depth risk assessments, including consideration of severe but plausible downside scenarios, has concluded the Company has sufficient resources to meet obligations as they fall due, for at least 12 months from the date of these financial statements.

Thus they continue to adopt the going concern basis for the preparation of financial statements.

### **Auditor**

Pursuant to Section 487(2) of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board:

A handwritten signature in black ink, appearing to read 'J C F Harvey', is written over a large, faint, stylized watermark of the letters 'L' and 'B'.

**J C F Harvey**

Director

13 March 2023

The Zig Zag Building  
70 Victoria Street  
London  
SW1E 6SQ

# **Neuberger Berman Europe Limited**

## **Directors' statement of responsibility**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of Neuberger Berman Europe Limited**

We have audited the financial statements of Neuberger Berman Europe Limited ("the Company") for the year ended 31 December 2022 which comprise the Income statement and Other comprehensive income, Statement of financial position, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.



**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering management compensation and incentive schemes

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post-closing journals.

*Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, employment law, health and safety data protection, anti-money laundering, market abuse regulations and financial services regulations and certain aspects of Company legislation and financial services legislation including Client Assets, and specific areas of regulatory capital and liquidity and certain

## **Independent Auditor's Report to the Members of Neuberger Berman Europe Limited**

aspects of Company legislation recognising the financial and regulated nature of the Company's activities and its legal form.

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 13, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the

## **Independent Auditor's Report to the Members of Neuberger Berman Europe Limited**

Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Carla Cassidy (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

15 Canada Square

London, E14 5GL

**15** March 2023

# Neuberger Berman Europe Limited

## Income Statement and Other Comprehensive Income

For the year ended 31 December 2022

		<b>2022</b>	<b>2021</b>
		<b>\$000</b>	<b>\$000</b>
	<b>Notes</b>		
<b>Turnover</b>	<b>3</b>	<b>142,453</b>	<b>232,528</b>
<b>Cost of sales</b>	<b>4</b>	<b>571</b>	<b>(68,956)</b>
<b>Gross profit</b>		<b>143,024</b>	<b>163,572</b>
<b>Administrative expenses</b>		<b>(123,794)</b>	<b>(138,308)</b>
<b>Operating profit</b>		<b>19,230</b>	<b>25,264</b>
<b>Net (loss) on investments at fair value through profit or loss</b>		<b>(3)</b>	<b>(10)</b>
<b>Interest receivable and similar income</b>		<b>715</b>	<b>2</b>
<b>Other income</b>		<b>12,980</b>	<b>7,215</b>
<b>Profit on ordinary activities before taxation</b>		<b>32,922</b>	<b>32,471</b>
<b>Tax on profit on ordinary activities</b>	<b>8</b>	<b>(4,921)</b>	<b>(3,081)</b>
<b>Profit for the financial year</b>		<b>28,001</b>	<b>29,390</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>28,001</b>	<b>29,390</b>

The notes on pages 21 to 39 form part of these financial statements.

# Neuberger Berman Europe Limited

## Statement of Financial Position

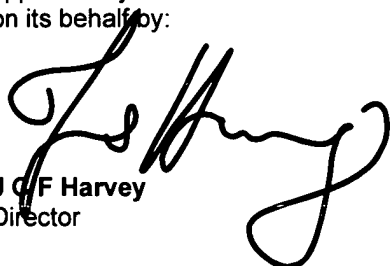
For the year ended 31 December 2022

		2022 \$000	2021 \$000
	Notes		
<b>Fixed assets</b>			
Investment in subsidiaries	9	16,239	18,553
Tangible assets	10	7,697	8,481
<b>Total</b>		<b>23,936</b>	<b>27,034</b>
<b>Current assets</b>			
Cash and cash equivalents		104,448	87,209
Investments	11	34	38
Debtors	12	27,308	50,549
<b>Total</b>		<b>131,790</b>	<b>137,796</b>
<b>Creditors: Amounts falling due within one year</b>	13	<b>(66,885)</b>	<b>(75,226)</b>
<b>Net current assets</b>		<b>64,905</b>	<b>62,570</b>
<b>Total assets less current liabilities</b>		<b>88,841</b>	<b>89,604</b>
<b>Creditors: Amounts falling due after more than one year</b>	14	<b>(7,947)</b>	<b>(8,904)</b>
<b>Total assets less liabilities</b>		<b>80,894</b>	<b>80,700</b>
<b>Capital and reserves</b>			
Called-up share capital	15	21,500	21,500
Capital contribution reserve	16	1,189	996
Profit and loss account		58,205	58,204
<b>Total shareholder's funds</b>		<b>80,894</b>	<b>80,700</b>

The notes on pages 21 to 39 form part of these financial statements.

The financial statements of Neuberger Berman Europe Limited (registered number 5463227) were approved by the Board of Directors and authorised for issue on 13 March 2023. They were signed on its behalf by:

J C F Harvey  
Director



# Neuberger Berman Europe Limited

## Statement of Changes in Equity

For the year ended 31 December 2022

	<b>Called up Share Capital</b>	<b>Profit and Loss Account</b>	<b>Total Equity</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Balance at 1 January 2021</b>	<b>21,500</b>	<b>29,055</b>	<b>50,555</b>
Total comprehensive income for the year	-	29,390	29,390
Equity Dividend paid	-	-	-
Capital contribution reserve		755	755
<b>Balance at 31 December 2021</b>	<b>21,500</b>	<b>59,200</b>	<b>80,700</b>
Total comprehensive income for the year	-	28,001	28,001
Equity Dividend paid	-	(28,000)	(28,000)
Capital contribution reserve	-	193	193
<b>Balance at 31 December 2022</b>	<b>21,500</b>	<b>59,394</b>	<b>80,894</b>

The notes on pages 21 to 39 form part of these financial statements.

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 1. Accounting policies

The Company is a private company limited by shares and incorporated and domiciled in the UK.

These financial statements are prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. These financial statements have been prepared on the going concern basis under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value. The functional and presentational currency of the Company is United States Dollar (USD). All amounts in the financial statements are presented in thousands (US\$000).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has relied upon the exemption under Section 400, Companies Act 2006 from the requirement to file consolidated Financial Statements as Neuberger Berman Europe Limited is a wholly-owned subsidiary of NBEH Limited, whose consolidated group accounts are publicly available.

As a qualifying entity, the Company has taken advantage of the exemption in section 1.12 of FRS 102 from the requirement to prepare a Statement of Cash Flows and the requirement to disclose key management personnel compensation in total. The Company has also taken advantage of the exemption of not reporting related party transactions with wholly owned subsidiaries. The accounting policies have been applied consistently to all periods presented in the financial statements.

#### Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets are stated at their fair value: investments. Investments have been classified at fair value through the Profit and Loss.

#### Management and distribution fees

Turnover is stated net of VAT. Management and distribution fees are recognised on an accruals basis and recorded when earned. Generally, funds and institutional clients are billed monthly or quarterly based on the net asset value. Performance fees are recognised once crystallised.

#### Transfer Pricing: Group Profit Share

The Ultimate Group operates a profit split method (PSM) under its global transfer pricing policy. Under the PSM entities within the Group will end up either receiving fees or paying fees to the ultimate parent undertaking, this will depend on a number of factors including, but not limited to, Group profitability and Company profitability (pre-PSM). If in any year the Company is in a fee receiving position from the ultimate parent undertaking this will be reflected within Turnover, if in any year the Company is in a fee paying position this will be reflected in Administration Expenses.

# **Neuberger Berman Europe Limited**

## **Notes to the Financial Statements at 31 December 2022**

### **1. Accounting policies (continued)**

#### **Revenue from subsidiary**

Revenue received from subsidiary relates to the re-charge of rebates incurred by the Company, on the UCITS fund range which were novated to NBAMIL on 1 July 2021. Revenue from subsidiary is recognised on an accruals basis and recorded when the rebates are incurred.

#### **Rebates**

Rebates to third parties are recognised under Cost of Sales in the Income Statement, separate from the management fees which are recorded as revenue. Rebates are recognised on an accruals basis and recorded when the management fees are earned. Generally, rebates are accrued monthly and paid on a quarterly basis in arrears.

#### **Contingent deferred sales charge (CDSC)**

The Company pays upfront commission payments to brokers / dealers to promote the sale of certain share classes that operate with a contingent deferred sales charge (CDSC). The upfront commission payment varies depending on the CDSC share class in which the investment has been made. Commission payments are expensed in the period in which they are incurred.

The Company is entitled to receive a CDSC fee should an investor redeem their shares during the prescribed time period. CDSC fees are recognised when an investor redeems within distribution fee revenue.

#### **Assignment and transfer of receivables**

The Company assigns and transfers certain receivables to an affiliate and third party.

The receivable is assigned and transferred so as to transfer all the risks and benefits to the counterparty, without recourse to the Company. No currency, credit or market risks are retained by the Company.

Up-front fees paid are expensed in the period in which they are incurred. The consideration received from the transferee is recognised at the same time. The revenue is disclosed within turnover in the Income Statement and shown within distribution fees.

#### **Foreign currency translation**

Foreign currency assets and liabilities are translated into USD at rates of exchange ruling at the balance sheet date. The majority of the Company's non USD expenditure is incurred in GBP however the Company also operates a number of other foreign currency accounts.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

All differences arising from translation are dealt with in the Income Statement and Statement of Comprehensive income and are included within other operating income. Foreign currency gains and losses are reported on a net basis.



# **Neuberger Berman Europe Limited**

## **Notes to the Financial Statements at 31 December 2022**

### **1. Accounting policies (continued)**

#### **Contingent compensation plan**

The Group operates a contingent compensation plan. Under this plan, certain employees who are eligible to receive a bonus receive a portion of their total compensation in the form of contingent payments, subject to vesting.

Vesting is conditional on continued employment, the absence of which results in forfeiture of outstanding contingent compensation. An acceleration trigger occurs where an employee is expected to reach retirement age or either 15 years of service by the age of 45 or 10 years of service by the age of 50, on grant of an award the future costs of their share based compensation are accelerated over the remaining time until the trigger date.

As such, subject to the acceleration provision above, no expense is recognised for the year of award in respect of contingent compensation. The deferred element is recognised on a straight line basis over the following three years. In the event that forfeiture occurs, any expense recognised less payments made on vesting, is unwound.

#### **Share based payment scheme**

The Group operates a share based payment scheme for key individuals, which is cash-settled. Charges for the scheme are allocated to the Company initially on a straight-line basis with any fair value adjustments to those units over the vesting period recognised in the Income Statement. The units are subsequently revalued at fair value at the reporting date. Where an observable market price is available the units are re-measured to fair value using the observable market prices. For the Group units where there is no observable market price, a third-party valuation is obtained.

The Group also operates a share based payment scheme for key individuals, which is equity-settled. The Group made an equity award, consisting of profit interest units in a particular business line to certain UK employees. Charges for the scheme are allocated to the Company on a straight-line basis over the vesting period. Upon the UK employees termination or departure from the Company, the equity award is also foregone.

Additionally an employee was awarded shares in the Group on commencement of employment. Charges for this scheme are recognised on a pre-defined vesting period, with the employee electing for cash or equity upon redemption of the shares.

#### **Pension costs**

The Company's UK pension obligations are covered by payments to defined contribution schemes administered by Aviva. The annual cost of pension arrangements is charged to the Income Statement in the period during which services are rendered by the employee.

The Company also contributes to a number of pension schemes on behalf of its non-UK employees. All such amounts are charged to the Income Statement when they become payable.

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 1. Accounting policies (continued)

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset, on a straight line basis over its expected useful life, as follows:

Leasehold improvements	Over the expected period of the lease term
Furniture and fittings	20%
IT and similar equipment	20% to 33%

Depreciation is charged on a monthly basis. A full month's charge is made in the month of acquisition. For leaseholds, depreciation is charged from the date on which the relevant property is occupied for business purposes. It is calculated to write off the cost of the assets over the remaining life of the lease.

Residual value is calculated on prices prevailing at the date of acquisition.

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may be impaired.

#### Financial instruments not considered to be basic financial instruments

Seed investments are stated at fair value. Gains and losses arising from changes in fair value are recognised in the Income Statement. Fair value of seed investments are based on the Net Asset Value (NAV), of the underlying fund at the balance sheet date.

#### Tax and deferred tax

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary difference will be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on either a net basis or simultaneously.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 1. Accounting policies (continued)

#### Basic financial instruments

##### *Investment in subsidiaries*

Investment in subsidiaries are held at cost less impairment. Impairment reviews are made on an annual basis. Impairment is measured as the difference between the carrying value and best estimate of the amount receivable on sale. Impairment costs are recognised through the income statement.

##### *Trade and other debtors / creditors*

Trade and other debtors including intra-group loans are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses in the case of trade debtors.

The Company applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. Appropriate allowances for irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the asset is impaired.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and money market funds, which are redeemable the next business day.

#### Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) are made under operating leases and recognised in the Income Statement on a straight line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation. In this case the payments related to the structured increases are recognised as incurred.

##### *Interest receivable and interest payable*

Interest income and interest payable are recognised in the Income Statement as they accrue using the effective interest method. Dividend income is recognised in the Income Statement on the date the Company's right to receive is established.

#### Other income/other expenses

Other income includes amounts recovered from funds as well as income for dividends, licences, directors' services and any impairments of assets and investments in shares measured at cost.

# **Neuberger Berman Europe Limited**

## **Notes to the Financial Statements at 31 December 2022**

### **1. Accounting policies (continued)**

#### **Judgements and key sources of estimation**

Management estimation is required to determine the amounts of deferred tax assets/liabilities that should be recognised, based upon likely timing and level of future taxable profits.

In 2020, the Group launched an EMEA CLO business, comprised of NBLA III and underlying NB CLO's. This structure has been assessed under European Securitisation Regulations 2017/2402 and it has been determined that NBLA III is the originator and is required to hold the risk retention requirement, being 5% of each underlying CLO. The role of the Company is of sponsor, collateral manager and servicer to the underlying CLO portfolios. The Directors assessed and considered whether NBLA III or the underlying CLOs should be consolidated but determined that no consolidation should take place because the Company does not hold any shareholding in the voting shares of any of the entities and the Company does not have power over any of the entities. This assessment took place on the launch of the business, and will remain in place, unless there is a material change in the business.

Certain employees hold units which track shares in the Group. As the Group is not publicly traded, a third party valuation is obtained. The valuation includes a judgement as to which public companies are comparable to the Group and then using a market approach calculates an enterprise value. A discounted cash-flow analysis, under the income approach, is performed which includes judgements on the future cash-flows and growth of the Group. A judgement is then made as to the appropriate level of discount to be applied to the enterprise value for lack of marketability.

On 1 July 2021 the UCITS fund range novated from the Company to NBAMIL. This novation transferred the rights, rewards and risks of the UCITS to NBAMIL. However, the Company continues its obligation to the underlying Funds and investors in the form of portfolio management services, asset management guidelines and investment decisions, which are delegated to the Company by NBAMIL. The Company is compensated for these services through the Transfer Pricing Group Profit Share. The Directors determined that this does not represent a discontinued operation in the year end 31 December 2021 as there was no change in the services provided by the Company.

### **2. Going concern**

The Company has performed well through the year, therefore the Directors are confident that despite the uncertainty surrounding the global markets and its potential impact, the Company will continue to prosper. The Directors, assessed the Company's forecasted financial performance, liquidity and growth; and performed in-depth risk assessments, including considerations of severe but plausible downside scenarios, have concluded that the Company has sufficient resources to meet obligations as they fall due for at least 12 months from the date of these financial statements. In addition, to making this assessment, the Directors have considered the regulatory capital requirements of the Company, the operational resilience that the Company's employees, systems, and its' third party service providers have shown since shifting to a 'hybrid' working environment.

As a result, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of these financial statements and thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 3. Turnover

Class of business	2022	2021
	\$000	\$000
Transfer Pricing Profit Share	109,494	21,233
Management Fee	34,851	176,607
Distribution Fee	60	13,062
Revenue from Subsidiary*	(1,952)	21,627
	<b>142,453</b>	<b>232,528</b>

\*In 2021, the Company received revenue from subsidiary in relation to the re-charge of rebates incurred by the Company on the UCITS fund range which novated to NBAMIL on 1 July 2021. In 2022, there has been a reversal related to the over-accrual of these rebates in both the turnover and cost of sales lines in the Income Statement.

### Geographical information

Country by Country	2022	2021
	\$000	\$000
United States	109,494	21,233
Germany	4,593	6,532
United Kingdom	4,504	5,476
Netherlands	4,027	4,791
Luxembourg	3,805	4,898
Denmark	3,152	3,409
Cayman Islands	2,336	2,565
Switzerland	2,118	2,387
Channel Islands	1,904	2,762
Ireland	1,722	174,895
Saudi Arabia	1,297	377
Liechtenstein	1,058	1,140
Norway	1,016	-
United Arab Emirates	934	1,458
Colombia	249	375
Bermuda	152	42
British Virgin Islands	93	186
	<b>142,453</b>	<b>232,528</b>

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 3. Turnover (continued)

This country by country revenue breakdown is made at the fund level, with the exception of transfer pricing profit share, which is included in the country United States.

#### Assignment and transfer of receivables

The transactions represent the assignment and transfer:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Assignment and transfer fee	-	6,872

### 4. Cost of sales

Cost of sales represents sub-advisory fees paid to affiliates in respect of the day-to-day investment activity for assets under management plus rebates payable:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Rebates	<b>571</b>	(66,723)
Sub-investment manager fees	-	(2,233)
	<b>571</b>	<b>(68,956)</b>

### 5. Expenses and auditor's remuneration

Included in the Income Statement are the following:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Depreciation of tangible fixed assets	<b>1,283</b>	867
Operating lease rentals – land and buildings	<b>3,631</b>	5,171
Gain on foreign exchange transactions	<b>1,033</b>	1,282
Auditor's remuneration – audit of these financial statements	<b>144</b>	167
Auditor's remuneration – CASS audit	<b>32</b>	32

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 6. Information regarding employees

The average number of employees (including directors) during the year, analysed by category, was as follows:

	<b>2022</b>	<b>2021</b>
	<b>No</b>	<b>No</b>
Investment Management	<b>65</b>	<b>57</b>
Other employees	<b>174</b>	<b>154</b>
	<b>239</b>	<b>211</b>

Employment costs incurred by the Company and included in administrative expenses comprise:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	<b>81,728</b>	<b>84,212</b>
Social security costs	<b>11,723</b>	<b>9,608</b>
Pension contributions to defined contribution scheme	<b>3,390</b>	<b>3,091</b>
Other employee costs	<b>2,104</b>	<b>2,104</b>
	<b>98,945</b>	<b>99,015</b>

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 7. Information regarding Directors

Directors' emoluments for management services to the Company were as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Directors' remuneration	<b>6,487</b>	<b>6,743</b>
Company contributions to pension schemes	<b>17</b>	<b>19</b>
	<b>6,504</b>	<b>6,762</b>

There are 4 (2021: 3) directors in the Company's defined contribution scheme.

The amounts in respect of the highest paid director are as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Emoluments	<b>4,532</b>	<b>4,668</b>
Company contributions to pension schemes	<b>0</b>	<b>37</b>
	<b>4,532</b>	<b>4,705</b>

The highest paid Director of the Company was determined using the highest amount paid by the Company. There are other Directors of the Company who also have roles within other Group companies, for which the total remuneration is paid by other Group companies and no recharge is made to the Company. Remuneration paid by other Group companies is not included in the table above because it is not considered to be paid for their services as Director of this company.



# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 8. Tax on profit on ordinary activities

#### Total tax expense recognised in the Statement of Comprehensive Income

The tax charge comprises:

	2022	2021
<b>Current tax</b>	<b>\$000</b>	<b>\$000</b>
UK corporation tax	3,439	5,239
Foreign tax	43	(505)
Double tax relief	(43)	(61)
	<hr/>	<hr/>
	3,439	4,673
Adjustments in respect of previous periods		
- UK corporation tax	1,114	(565)
	<hr/>	<hr/>
<b>Total current tax</b>	<b>4,553</b>	<b>4,108</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	352	(531)
Adjustments in respect of prior periods	(95)	(208)
Effect of changes in tax rates	111	(289)
	<hr/>	<hr/>
<b>Total deferred tax charge</b>	<b>368</b>	<b>(1,027)</b>
<b>Total tax on profit on ordinary activities</b>	<b>4,921</b>	<b>3,081</b>

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 8. Tax on profit on ordinary activities (continued)

#### Factors affecting the tax charge for the current period

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2022 \$000	2021 \$000
Profit before taxation	32,922	32,471
Tax using the UK corporation tax rate of 19% (2021: 19%)	6,255	6,154
Expenses not deductible	281	555
Other timing differences	-	(565)
Income not taxable	(2,642)	(1,690)
Change in tax rate	111	(289)
Offshore income and gains from disposals of non-reporting funds	-	(310)
Higher tax rates on overseas earnings	(103)	-
Adjustment to tax charge in respect of previous periods	1,019	(774)
<b>Total tax expense included in Income Statement</b>	<b>4,921</b>	<b>3,081</b>

#### Factors that may affect future current and total tax charges

The standard rate of UK Corporation tax at the balance sheet date was 19% (19% in 2021). The increase in UK tax rate to 25% was substantively enacted in May 2021 and will take effect from 1 April 2023. The impact of this tax rate is recognised in the deferred tax charge.

#### Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Opening deferred tax (asset)/ liability	Prior year change	Utilised in the year	Effect of changes tax rates	Closed deferred tax (asset)/ liability
Capital Allowance	444	(95)	(10)	(3)	336
Share Based Payment Arrangements	(1,649)	-	362	114	(1,173)
<b>Total</b>	<b>(1,205)</b>	<b>(95)</b>	<b>352</b>	<b>111</b>	<b>(837)</b>

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 9. Investment in subsidiaries and related undertakings

The following were direct and in-direct subsidiary undertakings as at 31 December 2022:

Direct Subsidiaries	Functional Currency	Share Class	Ownership Percentage	Principal Activity	Registered Office
Neuberger Berman Asset Management Ireland Limited	USD	Ordinary Shares	100%	Investment Management, Sales and Distribution	2 Central Plaza, Dame Street, Ireland, D02 T0X4
Neuberger Berman (Switzerland) GmbH	USD	Ordinary Shares	100%	Sales and Distribution	Borsenstrasse 26, 8001 Zurich Switzerland
NB Private Equity Holdings S.à r.l	EUR	A Shares	100%	Investment Holding	80 Route d'Esch L-1470 Luxembourg
NB Renaissance S.à r.l	EUR	A Shares	51%	Investment Holding	80 Route d'Esch L-1470 Luxembourg
<b>In-Direct Subsidiaries</b>					
Neuberger Berman AIFM S.à r.l	EUR	Ordinary Shares	100%	Investment Management, Sales and Distribution	9, rue du Laboratoire, L-1911 Luxembourg
NB Renaissance Associates SCSp	EUR	Ordinary Shares	50%	Investment Holding	80 Route d'Esch L-1470 Luxembourg
NB Renaissance Associates Annex SCSp	EUR	Ordinary Shares	50%	Investment Holding	80 Route d'Esch L-1470 Luxembourg
NB Renaissance Manager S.à r.l	EUR	Ordinary Shares	50%	Investment Management	9, rue du Laboratoire, L-1911 Luxembourg

All subsidiaries are held at cost less impairment. The Company reviews the results of all subsidiaries on an annual basis to determine if any impairment is required. At 31 December 2022, the Directors deem that no impairment charge is necessary for the subsidiaries.

On 18 May 2021, NB AIFM Limited, a direct subsidiary of the Company, was dissolved, this followed FCA de-authorisation in January 2020, reduction in capital in May 2021 and filing for voluntary strike off.

On 19 May 2021, the Company divested of DYAL UK Limited, a direct subsidiary of the Company, to a third party at cost, with no gain or loss. The Company is no longer liable for any liabilities of DYAL UK Limited.

On 26 July 2021, NB Private Equity Holdings Sarl ("PEH"), a direct subsidiary of the Company, converted its ordinary shares to A shares and the Company increased their investment in PEH via the transfer of Neuberger Berman AIFM Sarl to PEH.

NB Renaissance Sarl ("NBR"), a non-wholly owned subsidiary, also converted its ordinary shares to A shares on 26 July 2021 and the Company made a capital contribution of \$609K to NBR.

On 14 March 2022, Neuberger Berman AIFM Sarl, paid a dividend, reducing the investment in subsidiary by \$2.3m.

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 10. Tangible assets

	Leasehold Improvements	Fixtures, fittings and equipment	IT & similar equipment	Total
	\$000	\$000	\$000	\$000
<b>Cost</b>				
At 1 January 2022	8,027	2,810	2,555	13,392
Additions	301	117	80	498
At 31 December 2022	8,328	2,927	2,635	13,890
<b>Depreciation</b>				
At 1 January 2022	(2,812)	(900)	(1,198)	(4,910)
Charge for the period	(598)	(281)	(404)	(1,283)
At 31 December 2022	(3,410)	(1,181)	(1,602)	(6,193)
Net book value at 1 January 2022	5,215	1,910	1,357	8,481
Net book value at 31 December 2022	4,918	1,746	1,033	7,697

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 11. Investments held at fair value through profit & loss

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
At beginning of the year	<b>38</b>	<b>47</b>
(Loss) from fair value adjustment	<b>(4)</b>	<b>(9)</b>
At year ended 31 December 2022	<b>34</b>	<b>38</b>

Current asset investments are shown at fair value and are all deemed level 1 under the FRS 102 Fair Value Hierarchy (2021: Level 1). They represent seed investments in Neuberger Berman funds and are marked to their fair market value which is the published NAV on a monthly basis.

### 12. Debtors

	<b>2022</b>	<b>2021</b>
	<b>\$000</b>	<b>\$000</b>
Trade debtors	<b>10,098</b>	<b>10,452</b>
Amounts owed by group undertakings	<b>7,049</b>	<b>21,373</b>
Other debtors	<b>5,423</b>	<b>3,793</b>
Prepayments and accrued income	<b>2,531</b>	<b>1,756</b>
Deferred tax asset (note 8)	<b>1,173</b>	<b>1,649</b>
Amount due from subsidiary	<b>1,033</b>	<b>11,526</b>
Total debtors	<b>27,308</b>	<b>50,549</b>
Due within one year	<b>26,135</b>	<b>48,900</b>
Due after more than one year	<b>1,173</b>	<b>1,649</b>
Total debtors	<b>27,308</b>	<b>50,549</b>

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 13. Creditors: amounts falling due within one year

	2022	2021
	\$000	\$000
Other creditors	46,173	52,535
Corporation tax	8,924	8,379
Taxation and social insurance	6,902	3,796
Deferred compensation	3,029	3,467
Amounts owed to group undertakings	1,857	7,049
	<u>66,885</u>	<u>75,226</u>

### 14. Creditors: amounts due after more than one year

	2022	2021
	\$000	\$000
Other liabilities	5,627	6,665
Contingent compensation	1,984	1,795
Deferred tax liability (note 8)	336	444
	<u>7,947</u>	<u>8,904</u>

### 15. Share capital & reserves

	2022	2021
	\$000	\$000
<i>Allotted, called up, issued and fully paid</i>		
1 Ordinary Share of £1 each	0	0
21,500,000 Ordinary shares of \$1 each	<u>21,500</u>	<u>21,500</u>

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 16. Capital contribution reserve

The Company operates a number of share-based payment schemes:

#### Equity-settled share-based payment scheme

In 2020 the Group made an equity award of Profit Interest Units to certain UK employees. The award was valued by an external valuer with the expense recognised in the Profit and Loss account over the vesting period. This was an equity-settled share based payment award made by another group company, this has been recorded with a corresponding entry in the Capital contribution reserve.

On 19 May 2021, the Group transferred the DYAL business and its subsidiaries, DYAL UK Limited to Blue Owl Inc. At the point of transfer, the Profit Interest Units were forfeited.

Additionally, the Company awarded C-1 shares to an employee as part of their compensation. This was an equity-settled share-based payment award made by another group company. This has been recorded with a corresponding entry in the Capital contribution reserve.

#### Cash-settled share-based payment scheme

Historically, senior members of the Company were offered phantom units, which entitled the employees to a future cash payment based on the share price of the Group. This scheme is now closed.

With the sale of the DYAL business in 2021, the phantom units (which previously recognised the value of the Group, including the DYAL business), reflected the value of Group excluding DYAL. At this point, the phantom unit holders received Blue Owl units to reflect the value of the DYAL business which was sold. The Blue Owl units are valued from the publicly traded price.

During the year the Company was allocated \$2.5m income (2021: \$6.2m expense) from the Group in respect of its share based payment schemes. The Company has allocated the initial cost of the shares allotted to the Company's employees, on a straight line basis, as well as any fair value adjustment to those shares over the course of the vesting period.

At the end of reporting period, the Company recorded total liability of \$2.0m (2021:\$0.5m) arising from cash-settled share based payments.

Scheme	Type	Vesting Period	2021 Award	2022 Award
Profit Interest Unit	Equity	10 years	\$544,387	-
C-1 Units	Equity	4 years	\$213,584	\$193,688
Phantom	Cash	Fully vested	-	-
Blue Owl Units	Cash	4 years	-	-

# Neuberger Berman Europe Limited

## Notes to the Financial Statements at 31 December 2022

### 17. Operating leases

#### *Leases as lessee*

Non-cancellable operating lease rentals are payable as follows:

	2022	2021
	\$000	\$000
Less than one year	4,916	3,962
Between one and five years	16,963	18,440
More than five years	11,939	17,981
	<u>33,818</u>	<u>40,383</u>

During the year \$3.6m (2021: \$5.2m) was recognised as an expense in the profit and loss account in respect of operating leases.

### 18. Related Party

The Company is exempt under FRS102, section 33, from the related party disclosure requirements with regards to transactions with entities which are wholly owned group entities.

NB Renaissance Sarl ("NBR") is a non-wholly owned subsidiary of the Company. In 2022, the Company received a dividend of \$5.5m (2021: \$7.5m) from NBR, of which Nil (2021:Nil) was receivable at year end.

During the year, the Company received \$3.4m (2021: \$144.5m) management fee revenue from pooled funds. Due to the influence the Company has over these funds, they are considered to be related parties of the Company. There is an outstanding receivable of \$1.4m (2021: \$1.3m) at the end of the year. 2021 comparable includes UCITS fund range, which novated to NBAMIL 1 July 2021.

The Company has determined that key management personnel comprises only the Board of Directors. All compensation paid to the Directors is included within the directors remuneration note 7.



# **Neuberger Berman Europe Limited**

## **Notes to the Financial Statements at 31 December 2022**

### **19. Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of NBEH Limited. The ultimate controlling party is NBSH Acquisition LLC.

The largest group in which the results of the Company are consolidated is that headed by NBSH Acquisition LLC, registered office address c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, United States.

The smallest group in which they are consolidated is that headed by NBEH Limited, registered office address The Zig Zag Building, 70 Victoria Street, London SW1E 6SQ. No other group financial statements include the results of the Company. The consolidated financial statements of NBEH Limited are available to the public and may be obtained from Companies House.

### **20. Subsequent events**

The Board is not aware as at 13 March 2022, being the date the financial statements were approved, of any information concerning significant conditions in existence at the reporting date, which have not been reflected in the Financial Statements as presented.