Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Registered number: 3722571

Morgan Stanley

Registered office:
25 Cabot Square
Canary Wharf
London, E14 4QA
United Kingdom

Morgan Stanley Bank International Limited

Report and Financial Statements

31 December 2025

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

STRATEGIC REPORT 3
Company Overview 3
Principal Activity 3
Supervision and Regulation 3
Risk Factors and Business Environment 3
Financial Performance and Condition 5
Performance Indicators 5
Overview of 2025 Financial Results 6
Key Accounting Estimates and Judgements 6
Capital and Liquidity Resource Management and Regulation 8
Capital Management 8
Funding and Liquidity Management 9
Recovery and Resolution Planning 10
Regulatory Developments 10
Risk Management 11
Risk Management Framework 11
Market Risk 14
Credit Risk 15
Valuation Risk 17
Leverage Risk 18
Liquidity Risk 19
Operational Risk 19
Climate and Environmental Risk 20
Sustainability 24
Carbon emissions 25
Sustainability Governance 25
MS Sustainability Disclosures 26
Corporate Governance 27
Corporate Governance Framework 27
Stakeholder Engagement and Section 172(1) Statement 30
DIRECTORS' REPORT 32
Directors' Responsibilities Statement 33
INDEPENDENT AUDITOR'S REPORT 35
PRIMARY FINANCIAL STATEMENTS 43
NOTES TO THE FINANCIAL STATEMENTS 47

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for Morgan Stanley Bank International Limited (the "Company") for the year ended 31 December 2025.

Company Overview

The ultimate parent undertaking and controlling entity of the Company is Morgan Stanley, which together with the Company and Morgan Stanley's other subsidiary undertakings, forms the "Morgan Stanley Group". Morgan Stanley is a global financial services firm authorised as a Financial Holding Company and regulated by the Board of Governors of the Federal Reserve System in the United States of America ("US").

Morgan Stanley International Limited ("MSI") is the ultimate United Kingdom ("UK") parent undertaking of the Company. MSI, together with all of its subsidiary undertakings, forms the "MSI Group".

The Company operates within the financial services industry and is subject to extensive supervision and regulation. Throughout the Strategic Report, the Directors may refer to policies, procedures and practices that the Company shares with the MSI Group and the Morgan Stanley Group.

Refer to the Company's Section 172(1) statement in the 'Corporate Governance' section for further information on the engagement with stakeholders by the Board of Directors ("Board").

Principal Activity

The principal activity of the Company is the provision of financial services to corporations, governments and financial institutions. Financial services includes investment banking, sales and trading, and other services to clients. There has been no change in the Company's principal activity during the year and no significant change is expected.

The Company conducts business from its headquarters in London, UK and operates a branch in South Korea.

Supervision and Regulation

As a UK-based financial services provider, the Company is subject to extensive regulation and is authorised by the Prudential Regulation Authority ("PRA") as a Credit Institution and is regulated by the PRA and the Financial Conduct Authority ("FCA").

As a provider of services to global clients, the Company is registered with the Commodity Futures Trading Commission ("CFTC") as a Swap Dealer.

The Company's branch in South Korea is regulated by the Financial Supervisory Service ("FSS").

Risk Factors and Business Environment

The business results of the Company's operations may be impacted by exposure to risk factors and the current business environment in which it operates.

Risk Factors

Risk taking is an inherent part of the Company's business activities. The MSI Group has policies and procedures in place to identify, measure, monitor, report, challenge and escalate the principal risks involved in its business activities.

The Company's Risk Appetite Statement ("RAS") articulates the aggregate level and type of risk that the Company is willing to accept to execute its business strategy and protect its capital and liquidity resources.

The MSI Group has an established Risk Management Framework, to support the identification, monitoring and management of risk.

A description of the principal risks considered material to the Company, and how they are managed, is outlined in the 'Risk Management' section.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Business Environment

The economic environment demonstrated resilience in 2025 as client and investor confidence and market sentiment improved and markets rebounded from early-year uncertainty. The year was characterised by increased momentum in capital markets activity and lower interest rates. The rate of economic growth, elevated geopolitical uncertainty, as well as central bank actions have impacted and could continue to impact capital markets. The Company's performance in this environment is discussed in the 'Overview of 2025 Financial Results' section.

Geopolitical Risk

The Company has material exposure to South Korea arising from the business of its South Korean branch. The Company continues to closely monitor and control its exposures to South Korea.

Future developments

The Strategic Report contains certain forward-looking statements and information on future developments. These statements are made by the Board in good faith, based on the information available at the time of the approval of the report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors considered, underlying any such forward-looking information.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Financial Performance and Condition

Performance Indicators

To assess the effectiveness of the execution of the Company's strategy, the Board monitors the results of the Company by reference to a range of key performance indicators and required regulatory risk based metrics, including, but not limited to those disclosed below.

The Company's performance indicators are as at the years ended 31 December 2025 and 31 December 2024, except where indicated.

The Company has consistently been, and continues to be, fully compliant with its financial resources requirements.

Return on Shareholders' Equity

in £'000	2025	2024
Equity shareholders' funds at the beginning of the year	810,485	765,983
Profit after tax	37,579	45,781
Return on shareholders' equity	4.64%	5.98%

Tier 1 Capital Ratio

in £'000	2025	2024
Risk-weighted assets ("RWAs")	1,586,014	1,519,269
Tier 1 capital	676,229	709,078
Tier 1 capital ratio	42.6%	46.7%

Leverage Ratio

in £'000	2025	2024
Leverage exposure	2,233,488	2,436,257
Tier 1 capital	676,229	709,078
Leverage ratio	30.3%	29.1%

Net Stable Funding Ratio

in £'000	2025 (2)	2024
Available stable funding ("ASF") (1)	1,485,790	1,597,110
Required stable funding ("RSF") (1)	574,724	716,541
Net Stable Funding Ratio ("NSFR")	263%	223%

(1) Metric is reported to the regulator in USD. The above has been converted into GBP using an average exchange rate for the year.
(2) Calculated as the average of the preceding four quarters.

Liquidity Coverage Ratio

in £'000	2025	2024
Liquidity buffer - High quality liquid assets ("HQLA")(1)	1,110,032	1,825,386
Liquidity coverage ratio ("LCR")(2)	412%	417%

(1) Metric is reported to the regulator in USD. The above has been converted into GBP using an average exchange rate for the year.
(2) Calculated as the average of the preceding twelve months.

Senior Unsecured Credit Ratings

At 31 December 2025 and 31 December 2024, the Company's senior unsecured ratings were as follows:

	Short-Term	Long-Term	Rating Outlook
Moody's Investor Service, Inc ("Moody's")	P-1	Aa3	Stable
Standard & Poor's Rating Service ("S&P")	A-1	A+	Stable

In addition, the PRA requires the Company to disclose the Return on Assets ratio, as per the PRA Rulebook for Capital Requirement Regulation ("CRR") firms.

Return on Assets

in £'000	2025	2024
Total assets at beginning of the year	5,943,082	5,761,181
Profit after tax	37,579	45,781
Return on assets	0.63%	0.79%

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Overview of 2025 Financial Results

Income Statement

Set out below is an overview of the Company's financial results for the years ended 31 December 2025 and 31 December 2024.

in £'000	2025	2024	Increase/ (decrease)	Variance %
Net revenues[1]	**71,698**	**92,064**	**(20,366)**	**(22)%**
Staff related expenses	8,593	9,396	(803)	(9)%
Non-staff related expenses	12,716	18,555	(5,839)	(31)%
Operating expenses[2]	**21,309**	**27,951**	**(6,642)**	**(24)%**
Profit before tax	**50,389**	**64,113**	**(13,724)**	**(21)%**
Income tax expense	12,810	18,332	(5,522)	(30)%
Profit after tax	**37,579**	**45,781**	**(8,202)**	**(18)%**

[1] Net revenues refer to the aggregate of 'Fee and commission income', 'Fee and commission expense', 'Interest receivable and similar income', 'Interest payable and similar charges' and 'Net gain from financial instruments at fair value through profit or loss' as set out in the Income Statement.

[2] Operating expenses refer to the aggregate of 'Administrative expenses' and 'Depreciation of tangible fixed assets' as set out in the Income Statement.

The income statement for the year is set out on page 43.

Net Revenues

The Company's net revenues decreased by 22% compared to 2024, due to lower trading activity and reduced net interest income from lower interest rates throughout 2025.

Operating Expenses

The Company's operating expenses decreased during the year as a result of lower management recharges from other Morgan Stanley Group entities.

Income Tax Expense

The Company's tax expense represents an effective tax rate ("ETR") of 25.42% (2024: 28.59%) which is broadly in line with the statutory rate (inclusive of the UK Banking surcharge) of 28% (2024: 28%).

Balance Sheet

in £'000	2025	2024	Increase/ (decrease)	Variance %
Secured financing	836,854	1,163,336	(326,482)	(28)%
Trading financial assets	3,022,186	3,746,151	(723,965)	(19)%
All other assets	615,661	1,033,595	(417,934)	(40)%
Total Assets	**4,474,701**	**5,943,082**	**(1,468,381)**	**(25)%**
Customer accounts	632,759	783,693	(150,934)	(19)%
Trading financial liabilities	2,409,008	3,311,515	(902,507)	(27)%
All other liabilities	685,033	1,037,389	(352,356)	(34)%
Total Liabilities	**3,726,800**	**5,132,597**	**(1,405,797)**	**(27)%**
Total Equity	**747,901**	**810,485**	**(62,584)**	**(8)%**

The statement of financial position at the year end is set out on page 46.

Assets and Liabilities

The decrease across the balance sheet line items was driven by a reduction in derivatives activity on the branch coupled with a decrease in all other assets and liabilities due to liquidity management.

Equity

Total Equity decreased due to the £100,000 thousand dividend payment partially offset by the profit after tax of £37,579 thousand for the year.

Key Accounting Estimates and Judgements

In the preparation of the financial results, management is required to make accounting estimates and assumptions (see note 2 for further details). Of the material accounting policies, the following policy involved a higher degree of judgement and complexity, and consequentially greater consideration by management.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Valuation of Financial Instruments at Fair Value

Given the extent to which the Company recognises financial instrument assets and liabilities at fair value, the preparation of the Company's financial statements requires management to consider on an on-going basis, the key valuation metrics and judgements involved in the determination of the fair value of financial instruments. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement.

Management have reviewed the key valuation metrics, assumptions and methodologies involved in the determination of the fair value of financial instruments and determined that the valuations were reasonable.

Refer to accounting policy note 3(d), as well as note 32 for more detail on the Company's fair value measurement and valuation methods.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Capital and Liquidity Resource Management and Regulation

The Company manages and monitors its capital and liquidity in line with established policies and procedures and in compliance with local regulatory requirements.

The key regulations impacting the financial soundness of the Company are as follows:

Capital and Liquidity Standards: The Company is subject to risk-based capital, leverage and liquidity standards for banks and major investment firms in the UK, as implemented by the PRA. These are largely based on the standards developed by the Basel Committee on Banking Supervision ("BCBS"). They also include on-shored regulatory obligations following the UK's withdrawal from the EU related to the CRR.

Recovery and Resolution: The Company is within the scope of the UK's recovery and resolution framework, as established through the UK Banking Act 2009 and related legislation. This includes regulatory requirements that apply to the MSI Group and which therefore indirectly apply to the Company. The Company is also within the scope of the resolution strategy adopted by the Morgan Stanley Group. Refer to the 'Capital and Liquidity Resource Management and Regulation - Recovery and Resolution Planning' section for further information.

Capital Management

Consistent with the Morgan Stanley Group capital management policies, the MSI Group manages its capital position based upon, among other things, business opportunities, risks, capital availability and rate of return together with, internal capital policies, current and future regulatory requirements and rating agency guidelines.

Further information is available in the Pillar 3 Regulatory Disclosures Report of the MSI Group, available at www.morganstanley.com/about-us-ir/pillar-uk.

Regulatory Capital and Leverage Requirements

The Company is subject to minimum risk-based capital requirements calculated in accordance with PRA rules – referred to as Pillar 1. The Company is also subject to a Pillar 2 supervisory review process, including a requirement to undertake an Internal Capital Adequacy Assessment ("ICAAP"), assessed by the PRA, for risks not covered in Pillar 1.

The MSI Group conducts an ICAAP at least annually. The ICAAP is a key tool used to inform the MSI Board and executive management on risk profile and capital adequacy.

The PRA reviews the ICAAP through its Supervisory Review and Evaluation Process ("SREP") and sets a Total Capital Requirement ("TCR") comprising Pillar 1 and Pillar 2A, which establishes the minimum level of regulatory capital for the MSI Group and the Company.

As at 31 December 2025, the Company's TCR was 14.4% (31 December 2024: 10.9%) of Risk Weighted Assets ("RWA") which equates to £228,703 thousand (31 December 2024: £165,600 thousand). In addition, the PRA sets a buffer if required, which is available to support the Company in a stressed market environment.

The Company's capital is monitored on an ongoing basis to ensure compliance with these requirements.

Capital Resources (Audited)

The capital managed by the Company includes share capital, subordinated debt and reserves.

To maintain or adjust its capital structure, the Company may pay dividends, return capital to its shareholders, issue new shares, or issue or repay subordinated debt. The Company complied with all of its capital requirements during the year.

Set out below are details of the Company's Capital Resources as at 31 December 2025 and 31 December 2024 which forms part of the audited financial statements (unless clearly stated as unaudited):

in £'000	2025	2024
Total Company equity	747,901	810,485
Regulatory adjustments (unaudited)	(71,672)	(101,407)
Tier 1 Capital	676,229	709,078
of which		
CET1	676,229	709,078
Tier 2 Capital	258,220	199,661
Total Capital Resources	934,449	908,739
Unaudited		
RWAs	1,586,014	1,519,269
CET1 capital ratio	42.6%	46.7%
Tier 1 capital ratio	42.6%	46.7%
Total capital ratio	58.9%	59.8%

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Regulatory adjustments include deductions applied based on the prudential filters in compliance with the PRA Rule book (CRR).

RWAs (Unaudited)

Set out below are details of the Company's RWAs.

in £'000	2025	2024
Credit RWAs	438,035	427,744
Market RWAs	1,004,032	964,352
Operational risk RWAs	143,947	127,173
Total RWAs	**1,586,014**	**1,519,269**

RWAs increased by £66,745 thousand over the year primarily driven by Market Risk due to changes in risk profile.

Leverage Ratio

The leverage ratio is a supplementary measure to the risk-based capital requirements, calculated as the ratio of Tier 1 capital to total leverage exposure (certain assets plus certain off-balance sheet exposures adjusted for Tier 1 capital deductions).

The Company manages to a minimum Tier 1 leverage ratio of 3.25%.

The Company's leverage ratio is detailed below.

in £'000	2025	2024
Tier 1 Capital	676,229	709,078
Leverage Exposure	2,233,488	2,436,257
Leverage Ratio	30.3%	29.1%

Leverage exposure decreased over the year primarily from derivatives partially offset by Secured Financing Transactions ("SFTs").

Funding and Liquidity Management

Funding and Balance Sheet Management

Liquidity and funding risk refers to the risk that the Company is unable to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten its viability as a going concern, as well as the associated funding risks triggered by the market or idiosyncratic stress events that may negatively affect the Company's liquidity and may impact its ability to raise new funding.

The Company manages its funding in a manner that reduces the risk of disruption to its operations. The Company pursues a strategy of diversification of secured and unsecured funding sources (by product and investor) and attempts to ensure that the tenor of its liabilities equals or exceeds the expected holding period of the assets being financed.

The Company funds itself through diverse sources. These sources may include equity capital, long-term debt and securities sold under agreements to repurchase. The MSI Group has active financing programs for both standard and structured products targeting global investors and currencies.

In managing both the Morgan Stanley Group's and the Company's funding risk, the composition and size of the entire balance sheet, not just financial liabilities, is monitored and evaluated. The liquid nature of the marketable securities and short-term receivables arising principally from sales and trading activities in the Institutional Securities business provide the Morgan Stanley Group and the Company with flexibility in managing the composition and size of its balance sheet.

Credit Ratings

The Company relies on external sources to finance a significant portion of its daily operations. The cost and availability of financing generally are impacted by the Company's credit ratings, among other variables. In addition, the Company's credit ratings can have an impact on certain trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration, such as certain over the counter ("OTC") derivative transactions. When determining credit ratings, ratings agencies consider both company-specific and industry-wide factors. The Company's unsecured credit ratings are included in the 'Financial Performance and Condition' section.

Regulatory Liquidity and Funding Requirements

The Company is subject to the liquidity regulations prescribed by the PRA which include the LCR and NSFR under Pillar 1 and additional Pillar 2 requirements.

The Pillar 2 requirements are assessed by the PRA for risks not captured in Pillar 1. Pillar 2 risks are identified by the Company and documented in the Internal Liquidity Adequacy Assessment Process ("ILAAP"), reviewed and

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

assessed by the PRA as part of the Liquidity Supervisory Review Process (“L-SREP”).

Throughout the year, the Company held adequate liquidity in the form of HQLA and maintained an appropriate funding profile to meet LCR and NSFR regulatory requirements.

The Company complied with all of its liquidity requirements during the year.

The Company’s liquidity ratios are included in the 'Performance indicators' section on page 5.

Recovery and Resolution Planning

The UK Banking Act 2009 and related legislation established a recovery and resolution framework for UK institutions, including the Company.

Annually, the MSI Group prepares a recovery plan which identifies mitigation tools available in times of severe stress.

The MSI Group produces information required for resolution purposes by the Bank of England ("BOE"), as the UK Resolution Authority in accordance with UK statutory and regulatory requirements.

The Morgan Stanley Group has developed a resolution plan in accordance with the requirements of Section 165(d) of Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act and its implementing regulations adopted by the Federal Reserve Board and the Federal Deposit Insurance Corporation. The resolution plan presents Morgan Stanley's strategy for resolution of Morgan Stanley upon material financial distress or failure.

Regulatory Developments

The Company continues to monitor the changing political, tax and regulatory environment, with specific changes taking place as part of the BOE implementation of Basel 3.1 standards, as detailed below. The Company expects to remain subject to extensive supervision and regulation.

Finalising Basel III Reforms

BCBS sets the standard for international banking prudential regulation in a series of accords (“Basel Accords”) that are implemented in the UK via the PRA Rulebook including retained EU Law under the European Union (Withdrawal) Act 2018.

There are a number of remaining standards of the Basel III reform package (referred to as “Finalisation of Basel III”) covering revisions to RWA requirements for credit, market, credit valuation adjustments ("CVA") and operational risk.

In the UK, the PRA issued their final rules, referred to as Basel 3.1, to implement these standards in January 2026. These rules are effective from 1 January 2027 with the exception of new advanced approaches for market risk which are effective from 1 January 2028. The proposed rules are largely consistent with the Basel III reform package with some adjustments to address UK specificities. These new rules require significant changes in calculation processes. The above developments have been considered in the capital planning, funding plan, ICAAP and ILAAP, and the Company remains adequately capitalised.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Risk Management

The business strategy acts as a key driver for the MSI Group's business model, which in turn drives the risk strategy and the consequent risk profile of the Company. The business strategy and risk strategy are considered and aligned as part of the annual strategic review or more frequently if necessary.

Note 28 provides additional qualitative and quantitative disclosures about the Company's management of, and exposure to, certain financial risks.

Risk Management Framework

Risk taking is an inherent part of the Company's business activities and effective risk management is vital to the success of the Company. The MSI Group has established a Risk Management Framework which encompasses the risk management culture, risk governance, approach and practices that support risk identification, measurement, monitoring, reporting, challenge and escalation. This chapter covers the core components of the Framework.

Three Lines of Defence Framework

The MSI Group executes risk oversight through a "Three Lines of Defence" framework, to create a clear delineation of responsibilities between risk owners and independent risk control functions with a view to addressing potential conflicts of interest. The functions responsible for carrying out the activities across the Three Lines of Defence are summarised below.

- **First Line of Defence**: Business units are responsible for managing their strategy and business activities in accordance with the Risk Appetite and Risk Management Framework. Support functions are independent of the business units and support strategy execution of the Company's revenue-generating activities.
- **Second Line of Defence**: Independent Risk Management and Control Functions identify, measure, monitor, report, challenge and escalate risks. Independent Risk Management and Control Functions include, for example, functions performed by the Europe, Middle East and Africa ("EMEA") Risk Division, EMEA Second Line Non-Financial Risk ("2LoD NFR") and Product and Valuation Control ("VC") (part of Finance Division).
  - EMEA Risk Division: The EMEA Chief Risk Officer ("CRO") leads, manages and oversees the EMEA Risk Division and is a member of the MSI Board. The EMEA Risk Division is responsible for the independent identification, measurement, monitoring, reporting, challenge and escalation of all market, credit and liquidity risks (including the financial risks arising from climate change) arising from MSI Group and EMEA managed business. The EMEA CRO has overall responsibility for the Enterprise Risk Management Framework applicable to the MSI Group which includes development of risk appetite, oversight of relevant risks reflected in the RAS and monitoring and reporting of risks in line with agreed appetite to relevant Boards. The EMEA CRO is assisted by governance across first and second line functions to discharge this responsibility.
  - EMEA 2LoD NFR Department: Includes Compliance, Global Financial Crimes and Operational Risk Departments and provides independent oversight and challenge of Non-Financial Risk Management across the MSI Group by identifying, measuring, monitoring, reporting, challenging and escalating the non-financial risks. The EMEA Head of Non-Financial Risk leads, manages and oversees the EMEA 2LoD NFR Department.
  - Other Independent Control Functions: Finance Control and Assurance Functions determine whether the conceptual framework, governance, measurement and monitoring systems and controls are appropriate for MSI Group's size, complexity and business activities. The primary EMEA Finance Control and Assurance Functions reporting to EMEA CFO include EMEA Product Control, EMEA VC and EMEA Regulatory Reporting Quality Assurance Group.
- **Third Line of Defence**: The EMEA Internal Audit Department ("IAD") provides independent, objective and timely assurance about the effectiveness of risk management, governance and controls over key risks within the businesses and functions. EMEA IAD's responsibilities are carried out independently with support and oversight from the MSI Audit

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Committee. The teams within EMEA IAD do not have reporting lines to business management. EMEA IAD executes its activities in accordance with the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

Risk Policies and Processes

Morgan Stanley has several well-established policies and procedures which set out the standards that govern the identification, measurement, monitoring, reporting, challenge and escalation of the various types of risk involved in its business activities. The MSI Group has implemented specific risk management policies to address local business and regulatory requirements, where appropriate. These policies are approved by the MSI Board and reviewed at least annually.

Risk Culture

MSI Group's Risk Management Culture is rooted in the following key principles: integrity, comprehensiveness, independence, accountability, and transparency.

The MSI Group has a risk culture that encourages open dialogue, effective challenge, escalation and appropriate reporting of risk to EMEA senior management, the MSI Board (or a committee thereof) and the MSI Group's regulators, as well as external risk disclosures. Developing the MSI Group's risk culture is a continuous process and builds upon Morgan Stanley's commitment to its values, including "doing the right thing", which make managing risk each employee's responsibility. Senior management promotes the MSI Group's risk culture, which enables individuals across the organisation to make appropriate risk decisions. The RAS of the Company is embedded in the risk culture and is linked to the Company's short-term and long-term strategic, capital and financial plans, as well as compensation programmes.

Risk Identification, Risk Appetite and Risk Limits/Tolerances

Risk Identification

The process of Risk Identification is performed on a continuous basis as part of the day-to-day activities of the EMEA business units and the EMEA Independent Risk Management and other Control Functions including the EMEA Risk Division, and the EMEA 2LoD NFR Organisation. A number of risk management processes, such as regular risk reviews and stress testing, are conducted to identify business model vulnerabilities, review market events and regulations and support the continuous assessment process for risk identification.

As part of these processes, the MSI Group identifies all potential material risks related to the MSI Group's business activities. The collection of risks identified through this process are assessed for capital and liquidity adequacy as part of the Company's ICAAP and ILAAP, and form an integral part of the development of the Company's RAS.

The following risk types involved in MSI Group's business activities are currently considered material as determined through the Risk Identification Framework:

Financial Risks

- Market Risk
- Credit Risk
- Model Risk
- Valuation Risk
- Leverage Risk
- Liquidity Risk

Non-Financial Risks

- Operational Risk
- Compliance Risk (including Conduct)
- Financial Crimes Risk

Other Material Risks

- Strategic Risk (including Earnings at Risk)
- Reputational Risk

Climate change is a driver of existing risks and is managed within the Company's existing Risk Appetite (for more information refer to the 'Risk

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Management - Climate and Environmental Risk' section).

The MSI Board has established frameworks to identify, measure, monitor, report, challenge and escalate these risks. The frameworks for Market Risk, Credit Risk, Valuation Risk, Leverage Risk, Liquidity Risk, and Operational Risk described in further detail in the respective chapters of this document.

A summary of the remaining material risks is outlined below:

- **Model Risk** is the potential for adverse consequences from decisions based on incorrect or misused model outputs. Model Risk can lead to financial loss, poor business and strategic decision-making, non-compliance with applicable laws and/or regulations, or damage to the MSI Group's reputation.
- **Compliance Risk** is defined as the risk of legal or regulatory sanctions, material financial loss or damage to reputation resulting from the failure to comply with laws, rules, regulations, related self-regulatory organisation standards and codes of conduct applicable to MSI Group's activities. Compliance Risk includes Conduct Risk, which is defined as the risk arising from misconduct by individual employees or contingent workers or groups of employees or contingent workers (collectively, "Personnel"), or the risk arising from conduct by MSI Group where the outcome has an adverse impact on clients or markets. Conduct Risk includes both intentional and unintentional behaviours.
- **Financial Crimes Risk** refers to the risk of regulatory sanctions and reputation damage posed to the MSI Group in the event of failure to comply with applicable anti-money laundering, economic sanctions, anti-tax evasion, or anti-bribery and corruption laws and regulations.
- **Strategic Risk (including Earnings at Risk)** is defined as risk to baseline earnings from misaligned design and implementation of the MSI Group's overall strategic objectives and the associated business unit strategic initiatives required to enable them, and any threat to the effective and efficient execution of the MSI Group's strategic business initiatives.
- **Reputational Risk (also referred to as Franchise Risk)**, refers to potential risks associated with the way in which the MSI Group conducts its business and the perception of the MSI Group by external parties including shareholders, clients, regulators and the public. Reputational risks may be triggered by either the nature of the transaction (e.g. unusual complexity or novel issues) or business practice (e.g. a transaction without appropriate economic substance or business purpose) or by the identity or reputation of the client or counterparty (e.g. a client linked to alleged corruption or other improper activities).

Risk Appetite

The Company’s RAS articulates the aggregate level and types of risk that the Company is willing to accept in order to execute its business strategy and protect its capital and liquidity resources. The Company’s Risk Appetite is set by the Board in conjunction with its business strategy and in consideration of its capital liquidity resource adequacy framework.

The RAS includes risks that have both qualitative and quantitative elements. The combination of qualitative Risk Appetite and Tolerance Statements and quantitative limits aims to ensure that the Company’s businesses are carried out in line with the Risk Appetite approved by the Board, and to protect the Company’s reputation in both normal and stressed environments.

Risk Limits/Tolerances

The Risk Appetite of the Company is translated into a comprehensive set of risk limits and tolerances. The Company's limits and tolerance framework mostly covers limits and tolerances across Market Risk, Credit Risk, Operational Risk, and Liquidity Risk, each at different granularity levels to manage risk taking in line with Risk Appetite. These limits and tolerance frameworks are approved and monitored by the Board, the MSI Risk Committee, the EMEA Risk Committee ('ERC'), and the Independent Risk Management and other Control Functions.

The MSI Group employs integrated risk stress tests that set the boundary for risk-taking activities relative to the MSI Group’s Risk Capital Resource Capacity by defining a set of limits. The MSI Board owns and approves the Macroeconomic Stress Loss Limit and the Climate Stress Loss Limit (“CSLL”).

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Macroeconomic and climate-related scenarios are used to monitor stress losses against the Stress Loss Limits.

The potential impact of climate-related risks on Credit and Market Risk is assessed through a specific transition risk/carbon repricing scenario and managed via the CSLL. Risk limits are reviewed and updated on an annual basis at a minimum, with more frequent updates as necessary.

Stress Testing

Stress testing is a key risk management tool for the MSI Group, informing risk and capital management processes and decisions, and is performed in line with internal and external regulatory requirements. It provides an understanding of the aggregate risk for the Group and an assessment of the Group's resilience to a different scenarios over a range of severities. At a more granular level, stress tests provide detailed coverage of potential areas of weaknesses at the business area and counterparty level, respectively. The Group conducts both cross-risk stress tests and risk specific stress tests, including reverse stress testing, with the following objectives:

- *Risk Identification:* Identification of material risk concentrations and vulnerabilities in adverse scenarios;
- *Risk Aggregation:* Estimation of aggregate size of exposures and losses in adverse shocks;
- *Risk Management:* Management of tail risks or vulnerabilities against risk appetite;
- *Capital and Liquidity Management:* Informing capital and liquidity risk assessment processes and plans (ICAAP, ILAAP, Recovery Plan);
- *Recovery and Resolution Planning:* As a key component of the Recovery and Resolution Planning exercises; and
- *Regulatory Requirements*: Meeting the relevant regulatory requirements for Stress Testing.

Risk Reporting

The MSI Group has established a Risk Reporting Framework to monitor and report MSI Group's risk profile against set risk limits and tolerances, and to provide timely risk information and/or escalation to responsible limit owners and relevant MSI Group risk governance forums and/or the MSI Board and senior management, as appropriate (for further detail, refer to section 'Corporate Governance').

The Risk Reporting Framework covers all material risks, identification of matters for escalation and decision-making and highlights emerging risks, mitigating actions and other risk matters that are deemed significant to the relevant governance forums and/or the MSI Board and senior management. The key purpose of risk reporting is to provide decision makers and risk managers with an accurate and timely representation of risk exposures, including risk concentrations, at the MSI Group level, across business lines and between legal entities. To provide this information, MSI Group generates various risk reports across individual risk functions including Market, Credit, Liquidity and Model Risk and non-financial risks, at different frequencies (e.g. daily, weekly).

In addition, the MSI Group follows Morgan Stanley Group-wide principles for risk reports which are applied to risk reporting, such as the appropriate level of aggregation, balance between qualitative and quantitative information or implementation of controls to ensure reported information is complete and accurate.

Risk Governance

The MSI Group has a comprehensive risk management governance framework which includes MSI Board approved policies and a defined senior management risk oversight and escalation process at various levels of the governance structure, including for key MSI Group legal entities as appropriate.

The corporate governance structure between MSI and the Company, including the executive and management-level Committees (associated with risk governance) is described in further detail within the 'Corporate Governance' section.

Market Risk

Definition

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

factors, such as market liquidity, will result in losses for a position or portfolio.

Governance

The MSI Group manages the market risk associated with its activities at both an overall group level and at a product level, in consideration of each significant legal entity.

Sound market risk management is an integral part of the MSI Group's culture. The MSI Group is responsible for ensuring that market risk exposures are well-managed and monitored. The Market Risk Department ("MRD") ensures transparency of material market risks, monitors compliance with established limits, and escalates risk concentrations to appropriate senior management.

To execute these responsibilities, the Company monitors its market risk against limits on aggregate risk exposures and performs a variety of risk analyses. This includes monitoring Value-at-Risk ("VaR"), stress testing and scenario analyses, regular reporting of risk exposures and maintenance of the VaR and scenario analysis methodologies. Material risks identified by these processes are summarised and reported to senior management.

The market risk management policies and procedures applicable to MSI Group establish the framework for the identification, measurement, monitoring, reporting, challenge and escalation of market risks. These are consistent with those of the Morgan Stanley Group and include escalation to the MSI Board and appropriate management personnel.

The information in this Strategic Report is complemented by note 28 of the Financial Statements which contains additional information on primary market risk exposures, market risk management and measurement and non-trading risks and currency risk together with an analysis of VaR sensitivity. For information regarding the management of market risk driven by climate risk, refer to 'Risk Management - Climate and Environmental Risk section.

Measurement and Management of risk

Year End VaR

The Company's VaR for Primary Risk Categories and Total Management VaR for the years ended 31 December 2025 and 31 December 2024 are shown in the below table. Refer to note 28 for further details.

	95%/ one-day VaR 2025		95%/ one-day VaR 2024	
in £'000	Year end	Average	Year end	Average
Primary Market Risk Categories	791	632	374	496
Credit Portfolio[1]	288	474	587	616
Less diversification benefit[2]	(365)	(280)	(272)	(240)
Total Management VaR	**714**	**826**	**689**	**872**

(1) The Credit Portfolio VaR is disclosed as a separate category from the Primary Risk Categories and includes counterparty credit valuation adjustments and related hedges.

(2) Diversification benefit equals the difference between total trading VaR and the sum of the VaRs for the individual risk categories. This benefit arises because the simulated one-day losses for each of the primary market risk categories occur on different days; similar diversification benefits are also taken into account within each category.

The Company's Total Management VaR at 2025 year-end was £714 thousand, remaining broadly stable compared to the 2024 year-end VaR of £689 thousand.

Credit Risk

Definition

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to the MSI Group. Credit risk includes country risk, which is further described below.

Governance

The MSI Group manages the Credit Risk associated with its activities, at the counterparty, portfolio, product and MSI group levels, in consideration of each significant legal entity. The credit risk management policies and procedures applicable to MSI Group establish the framework for identification, measurement, monitoring, reporting, challenge and escalation of credit risks whilst ensuring transparency of material credit risks, compliance with established limits, requisite approvals for extensions of credit and escalation of risk concentrations to appropriate senior management.

The MSI Group Credit Risk Management Department is an independent risk oversight group. The Department is responsible for managing and overseeing the credit risk profile of the MSI Group. This includes the design and oversight of the credit risk and limits framework

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

as well as the evaluation, monitoring, control and escalation of credit risk exposure at the transaction, obligor and portfolio levels. The Credit Risk Management Department also helps to ensure that the creditworthiness of the Company's counterparties is reviewed on a regular basis.

The MSI Group Credit Limits Framework is one of the primary tools used to monitor, manage, and control credit risk exposures. The MSI Board approves limits that reflect the credit risk tolerance of the MSI Group and serve as a basis from which more detailed limits are established. The Credit Limits Framework includes single name limits (e.g. counterparty, lending, settlement and treasury) and portfolio concentration limits by country, industry and product type.

The information in this Strategic Report is complemented by note 28 of the Financial Statements which contains additional information about the primary credit exposures, credit risk management and mitigation, exposure to credit risk, including the maximum exposure to credit risk by credit rating. For information regarding the management of credit risk driven by climate-related credit risk, refer to ‘Risk Management – Climate and Environmental Risk’ section.

Measurement and Management of risk

The Company is exposed to credit risk primarily from the extension of credit to clients through derivatives and deposits. The Company is also exposed to credit risk via inventory holdings. The Company primarily incurs credit risk exposure to Corporates, Financial Institutions, Central Governments, and Central Banks through its Institutional Securities business segment.

Country and Sovereign Risk Exposure

Country risk is the risk that events in, or affecting, a foreign country might adversely affect the Company. “Events” can include changes to global trade policies, the implementation of tariffs or imposition of capital controls resulting from numerous risks. “Foreign country” means any country other than the UK. Sovereign risk, by contrast, is the risk that a government will be unwilling or unable to meet its debt obligations or will renege on the debt that it guarantees. Sovereign risk is a single-name risk for a sovereign government, its agencies and guaranteed entities.

Country risk exposure is measured in accordance with the MSI Group’s internal risk management standards and includes obligations from sovereign governments, corporations, clearing houses and financial institutions. The MSI Group actively manages country risk exposure through a comprehensive risk management framework that combines credit and market fundamentals and allows the MSI Group to effectively identify, measure, monitor, report, challenge and escalate country risk.

The MSI Group’s obligor credit evaluation process defines country of risk as the country that has the largest economic impact on the obligor and may be different from the obligor's country of jurisdiction. Examples where this applies may include corporations that are incorporated in one country but that derive the bulk of their revenue from another and mutual funds incorporated in one jurisdiction but with a concentration of investments in a different country.

The following table shows the Company’s five largest non-UK net country exposures as at 31 December 2025.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Five largest non-UK country risk total net exposures[5]:

in £'000 Country	Net inventory[1]	Net counter-party exposure[2]	Exposure before hedges	Hedges[3]	Total net exposure 2025[4]	Total net exposure 2024[6]
Republic of Korea						
Sovereigns	208,158	8,277	216,435	—	216,435	98,496
Non-sovereigns	—	50,495	50,495	—	50,495	64,935
Total Korea	**208,158**	**58,772**	**266,930**	**—**	**266,930**	**163,431**
Ireland						
Sovereigns	—	—	—	—	—	—
Non-sovereigns	32,319	1,399	33,718	—	33,718	32,419
Total Ireland	**32,319**	**1,399**	**33,718**	**—**	**33,718**	**32,419**
Germany						
Sovereigns	—	—	—	—	—	—
Non-sovereigns	27,750	23	27,773	—	27,773	37,723
Total Germany	**27,750**	**23**	**27,773**	**—**	**27,773**	**37,723**
Italy						
Sovereigns	—	—	—	—	—	—
Non-sovereigns	7,365	—	7,365	—	7,365	14,772
Total Italy	**7,365**	**—**	**7,365**	**—**	**7,365**	**14,772**
United Arab Emirates						
Sovereigns	—	—	—	—	—	—
Non-sovereigns	3,708	—	3,708	—	3,708	7,098
Total United Arab Emirates	**3,708**	**—**	**3,708**	**—**	**3,708**	**7,098**

(1) Net inventory represents exposure to both long and short single name and index positions (i.e. bonds and equities at fair value and Credit Default Swap ("CDS") based on notional amount assuming zero recovery adjusted for any fair value receivable or payable). As a market maker, the Company transacts in these CDS positions to facilitate client trading.

(2) Current exposure of repurchase transactions, securities lending and derivatives taking into consideration legally enforceable master netting agreements and collateral as well as relevant valuation adjustments.

(3) Represents CDS hedges (purchased and sold) on net counterparty exposure and lending executed by trading desks responsible for hedging counterparty and lending credit risk exposures for the Company. Amounts are based on the CDS notional amount assuming zero recovery adjusted for any fair value receivable or payable.

(4) Total net exposure represents the sum of net inventory exposure, net counterparty exposure, funded lending, unfunded lending and hedges. As of 31 December 2025, the Company did not have any funded or unfunded lending commitments.

(5) In addition, at 31 December 2025, the Company had exposure to these countries for overnight deposits with banks of approximately £29,043 thousand.

(6) The 2024 total net exposures have been revised to include exposures to other Morgan Stanley Group undertakings located in the country in question, aligned with the 2025 basis of calculation. The Company can have counterparty exposure to other Morgan Stanley Group undertakings, for example, to facilitate access to markets where the other Morgan Stanley Group undertaking is a member of the local exchange.

Valuation Risk

Definition

Valuation risk represents the possibility that a valuation estimate of a position would differ from the amount observed in a close-out transaction due to uncertainty around the actual price that could be obtained.

Governance

VC within Finance is responsible for the Company's valuation policies and procedures which ensure compliance with the relevant accounting standards and regulatory requirements. VC implements valuation control processes designed to validate the fair value of the Company's financial instruments measured at fair value including those derived from pricing models.

Risk Mitigation

There are three primary control processes that mitigate the risk of valuation errors:

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

- Model Certification Process: All models are certified before use and at least annually thereafter. New models (and enhancements to existing models) are developed by Strategists within the Business Units, who affirm that they are appropriate for intended use. Senior Traders in the Business Units sign off that they have been involved in the development of the model and understand the model's assumptions and limitations. VC must approve the model by performing an independent review to ensure the valuation methodology and valuation outputs produced by the model are consistent with accounting standards. Model Risk Management ("MRM"), within Firm Risk Management, must approve the application of all models, being responsible for the independent oversight of model risks.
- Mark Review Process: VC performs a mark review process which covers the financial instruments inventory held at fair value by the MSI Group. VC ensures that the valuation generated by the Business Units is in compliance with accounting standards. This is performed by reviewing the appropriateness of the prices or pricing inputs applied to valuation models using approved valuation methodologies and external pricing data. Variances are reviewed against VC's tolerance framework; breaches are communicated to controllers for consideration as part of the general ledger close. A subjectivity escalation threshold also exists at the legal entity level and is set by the EMEA Head of VC together with the EMEA Chief Financial Officer.
- Significant Transaction Analytical Review Process ("STAR"): As defined by the STAR policy, for all trades with significant gross day 1 profit or loss, VC reconfirms that the valuation methodologies are adequate and the modelling uncertainty is appropriately addressed. STAR reviews may be conducted before trade execution, post-execution, and at the point of early unwind of the trade, if it occurs. Reviews are documented, presented to, and approved by, relevant STAR Committees.

Leverage Risk

Definition

Risk of excessive leverage refers to the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

Governance

The risk of excessive leverage is assessed and managed through the application and allocation of leverage ratio exposure limits of business unit and internal leverage ratio early warning indicator ("EWI") levels. If internal limits are exceeded, cross-functional teams identify the key drivers of the elevated exposures and consider appropriate remediation actions. EWI levels are monitored daily to ensure that any increases above the internal thresholds are escalated to governance forums to allow for any appropriate management actions to be taken, i.e. Tier 1 capital increases and/or leverage exposure reductions, in a timely manner.

The leverage ratio exposures of MSI Group and the Company (including business unit limit utilisation) are regularly calculated and reported to the EMEA Asset and Liability Committee ("ALCO"), alongside other additional factors that are considered, such as maturity and funding profiles considering both assets and liabilities and asset encumbrance metrics. Additionally, weekly capital resource meetings occur between senior cross-functional stakeholders to monitor, analyse, and optimise resources including but not limited to leverage ratio exposure.

In addition to reporting of the leverage ratio, a quarterly risk identification assessment is in place to monitor both qualitative and quantitative leverage ratio exposure drivers, risks and quantify contingent leverage exposures to ensure compliance with internal and regulatory minimums in the event they were to crystallise. Output from this process is shared quarterly with the EMEA ALCO, which is responsible for monitoring the Group's leverage ratio.

Moreover, robust capital planning ensures future leverage ratio requirements are considered. The capital planning focuses on, but is not limited to, forecasted business activity, planned mitigation, future regulatory changes, net income forecasts and required capital.

In addition to capital planning, the Large Transaction Approval process requires the

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

leverage ratio exposure impact to be assessed prior to execution. Trades are approved based on, amongst others, capacity and return metrics. Large transactions are defined as transactions that are anticipated to generate Risk Weighted Assets, Leverage Exposure, Affiliate Exposure and Liquidity/Funding usage in excess of defined thresholds. If a transaction exceeds the defined thresholds, management provides approval before the execution takes place.

Liquidity Risk

Definition

Liquidity risk is the risk that the MSI Group's financial condition or overall soundness is adversely affected by an inability or perceived inability to meet its financial obligations in a timely manner. Liquidity risk encompasses the associated funding risks triggered by stress events, which may cause unexpected changes in funding needs or an inability to raise new funding.

Governance

The MSI Group manages the Liquidity Risk associated with its activities at both an overall group level and at a product level, in consideration of each significant legal entity.

The Liquidity Risk Management policies and procedures establish the framework for the identification, measurement, monitoring, reporting, challenge and escalation of liquidity risk whilst ensuring transparency of material Liquidity and Funding Risks, compliance with established limits and escalating risk concentrations to appropriate senior management.

To execute these responsibilities, the MSI Group establishes and maintains limits and risk indicators in line with the Morgan Stanley Group's Liquidity and Funding Risk Appetite, identifies and analyses emerging Liquidity and Funding Risks to ensure such risks are appropriately mitigated, and monitors and reports risk exposures against metrics and limits. The Liquidity and Funding Risks identified by these processes are summarised and reported to senior management.

The information in this Strategic Report is complemented by note 28 of the Financial Statements which contains additional information on stress testing and limits framework.

For information regarding the management of market risk driven by climate risk, refer to the 'Climate and Environmental Risk Management' section.

Measurement and Management of risk

In order to measure liquidity risk the MSI Group uses a range of approaches (point-in-time, forward looking and backward looking) at product and BU levels. MSI Group maintains Liquidity Risk limits and risk indicators at various levels of the Group's governance structure to support links between the Group's overall Liquidity Risk appetite and more granular risk-taking decisions and activities. These more granular limits and risk indicators on the various products also serve to promote risk reducing behaviour, ensure an appropriate liquidity and funding profile, and to assist senior management in the early identification of a stressed environment.

These scenarios contain various combinations of idiosyncratic and systemic stress events of different severity and duration. Quantitative information on the regulatory requirements for the LCR and NSFR are disclosed in the 'Performance Indicators' section. The information in this Strategic Report is complemented by note 28.

Operational Risk

Definition

Operational risk is defined as the risk of loss, or of damage to the Company's reputation, resulting from inadequate or failed processes, people and systems, from human factors or from external events (e.g. fraud, theft, compliance risks, cyber-attacks or damage to physical assets). Operational risk relates to the following risk event categories as defined by Basel Capital Standards: internal fraud, external fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failure, damage to physical assets, and execution, delivery and process management.

Governance

The Company may incur operational risk across the full scope of its business activities. The Company has established an operational risk framework to identify measure, monitor and control risk across the Company. This framework is consistent with the framework established by

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

the Morgan Stanley Group and includes escalation to the Company's Board and appropriate senior management personnel. Effective operational risk management is essential to reducing the impact of operational risk incidents and mitigating legal and reputational risks. The framework is continually evolving to reflect changes in the Company and to respond to the changing regulatory and business environment.

Measurement and Management of risk

The MSI Group has implemented operational risk data and assessment systems to monitor and analyse internal and external operational risk events, to assess business environment and internal control factors and to perform scenario analysis. The collected data elements are incorporated in the operational risk capital model. The model encompasses both quantitative and qualitative elements. Internal loss data and scenario analysis results are direct inputs to the capital model, while external operational incidents, business environment and internal control factors are evaluated as part of the scenario analysis process.

In addition, the MSI Group employs a variety of risk processes and mitigants to manage its operational risk exposures. These include a governance framework, a comprehensive risk management programme and insurance.

The breadth and variety of operational risks are such that the types of mitigating activities are wide ranging. Examples of such activities include enhancement of defences against cyber-attacks, maintaining global programmes for Business Continuity Management and Disaster Recovery, use of legal agreements and contracts to transfer and/or limit operational risk exposures, due diligence; implementation of enhanced policies and procedures, exception management processing controls, and segregation of duties.

The information in this Strategic Report is complemented by note 28.4 which contains additional information regarding identification of Priority Non-Financial Risks ("NFRs") Pathways and End Risks; operational risk management; measurement and risk mitigation; business continuity management and disaster recovery; third-party risk management.

Operational Resilience

The MSI Group's critical processes and businesses could be disrupted by events including cyberattacks, failure or loss of access to technology and/or associated data, military conflicts, acts of terror, natural disasters, severe weather events and infectious disease. Morgan Stanley maintains a firmwide resilience programme that is designed to provide for operational resilience and enable it to respond to disruptions impacting our people, technology, facilities and third parties and recover critical processes and supporting assets. The key elements of MSI Group's resilience programme include business continuity management, technology disaster recovery, third party resilience and key business service resilience. Resilience testing is performed both internally and with critical third parties to validate recovery capability in accordance with business requirements. MSI Group is subject to the operational resilience requirements of the FCA and the PRA. The UK regulatory requirements are incorporated within the broader firmwide resilience programme.

Morgan Stanley's Firm Resilience organisation is responsible for maintaining global programs for Business Continuity Management and Disaster Recovery. The programs are designed to identify key risks and threats to the MSI Group's operational resiliency to ensure that recovery strategies and required resources are in place for the resumption of critical business functions following a disaster or other business interruption. Disaster recovery plans are in place for critical technology assets and resources on a MSI Group-wide basis, and redundancies are built into the systems as deemed appropriate.

Climate and Environmental Risk Management

Climate and environmental risks include negative potential impacts to biodiversity, pollution of land, water or air, climate change, deforestation and forest degradation, and other negative impacts on the environment as a result of human activities. Within climate and environmental risk, the risks arising from climate change are a particular area of focus.

The MSI Group considers climate and environmental risks through two main categories: transition risks and physical risks.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

- *Transition Risks:* Transitioning to a low-carbon and more environmentally sustainable economy will entail extensive regulatory, policy, legal, technology and market initiatives as society adapts to climate change, mitigates its causes and promotes a more sustainable environment. Depending on the nature, speed and focus of these changes, transition risks may pose varying types and levels of financial and reputational risk to businesses and other organisations.
- *Physical Risks:* These risks include both acute physical events such as flooding, and chronic physical risks related to longer-term shifts in climate patterns such as more frequent and prolonged drought and progressive shifts like biodiversity loss, land use change, habitat destruction and resource scarcity. Financial implications for organisations can range from direct damage to assets to indirect impacts from supply chain disruption, driven by factors such as changes in water availability, food security and agricultural productivity. Extreme temperature changes may affect an organisation's physical locations, operations, supply chain, transport needs and employee safety.

MSI Group may also be exposed to litigation risk or reputational risk losses arising from compliance risks related to increasing and evolving sustainability-focused regulation.

Managing Climate and Environmental Risks

The Central Climate Risk Team within the Risk Division is responsible for working with stakeholders in the Risk Division and across the Morgan Stanley Group to identify, monitor, mitigate and report on the climate and environmental financial risks that it may face. This includes partnering with MSI Group stakeholders to manage and embed climate and environmental risks in the risk management framework including regional regulatory requirements and with consideration of the MSI Group's portfolio.

Climate and environmental risks are incorporated into the EMEA and MSI Group risk management framework. The framework also applies to the Company as a legal entity of the Group. The framework continues to be enhanced to meet requirements set out in new and evolving regulations.

Risk Identification and Materiality Assessment

As part of its risk identification and materiality assessment process, MSI Group conducts granular risk assessments of climate and environmental risks across risk types.

The risk inventory captures climate and environmental risks as drivers of existing risks. Risk events assessed for their impact on credit, market, liquidity and funding and operational risks include:

- Transition risk driven by climate policy (carbon repricing) and other environmental policy (reduction of pollution);
- Physical risk driven by climate events (extreme temperature, drought, wildfire, riverine flood, coastal floods, and storms) and other environmental events (biodiversity loss, water stress and marine resources).

In addition, MSI Group assessed ESG scenarios for litigation risk (see the 'Scenario Analysis and Stress Testing' section).

A quantitative assessment is performed on a quarterly basis across risk types to determine the materiality of the impact of short-term ESG risks. A risk is considered material if the estimated stress loss or outflow is above the existing risk identification materiality threshold.

MSI Group also performed a medium- and long-term assessment of climate risks based on 5 year and 30 year losses from long-term scenarios.

Results of Materiality Assessment

In 2025, climate transition risk was assessed as a material credit risk for MSI Group. Climate physical risks were assessed as non-material for credit risk. Operational risk (business disruption and litigation risk), market risk, and liquidity risk were assessed as non-material given estimated losses and liquidity outflows fell below respective materiality thresholds. Other environmental risks were assessed as non-material across risk types.

Risk Appetite and Limit Framework

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

A MSI Group Board-level CSLL is set across credit and market risks.

The CSLL is integrated into the MSI Group's Risk Appetite Statement, which is approved by the MSI Board on an annual basis.

In addition to the CSLL, climate risk is incorporated into the credit risk management framework through industry sector limits as well as country and obligor ratings.

- *Climate Stress Loss Limit:* The MSI Group Board expresses risk appetite via the CSLL. To monitor potential credit and market risk losses against this limit, MSI Group runs a short-term transition risk 'Carbon Repricing' scenario that assumes a global effort to address carbon emissions leads to a sudden and sustained carbon repricing across all countries. This scenario is run monthly and the results are reported quarterly to the Risk Committee of the MSI Board.
- *Industry Sector Limit:* Credit risk limits are established for industries that are highly exposed to climate risk. This process includes a portfolio segmentation of industries into groups with common climate risk profiles. These limits enable MSI Group to monitor and manage credit risk arising from climate risk.
- *Country Ratings:* ESG considerations are incorporated into the internal sovereign credit rating assessment. The sovereign rating is an important input in determining country limits, therefore ESG considerations influence risk appetite at the country level.
- *Obligor Ratings:* Climate risk is being incorporated into the rating assessment for corporates. The corporate rating is an important input in determining single name limits, therefore climate risk will influence risk appetite at the single name level.

Scenario Analysis and Stress Testing

Scenario Analysis is central to MSI Group's Climate Risk Management Framework and supports the identification and measurement of potential financial vulnerabilities from climate-related risks.

Both transition and physical risks can materialise over different time horizons. For example, extreme flooding events present near-term physical risks to vulnerable regions and populations, while certain climate policy measures, particularly those implemented over several years, present long-term challenges as economies adjust to increased costs and market or technological changes stemming from new policies.

Therefore, scenarios may be developed to assess potential losses or financial impact over the short-, medium- or long-term. Morgan Stanley defines these time horizons as:

Short-term: 0 - < 1 year

Medium-term: 1 - < 5 years

Long-term: > 5 years

MSI Group has implemented short-, medium- and long-term scenarios to assess the impact of climate risks. Short-term scenarios are considered in the capital planning process and prioritised to manage financial risk due to the short maturity of the business activities. Medium- and long-term scenarios are used to assess materiality and inform the business strategy.

Climate Metrics and Targets

Climate Stress Loss Limit: MSI Group remained within its portfolio CSLL throughout 2025.

Exposure to climate risk: Credit exposure to industries with high climate transition or physical risk comprises of 0.9% and 0.4% of the Company’s aggregate risk net current exposure, respectively. Climate risk concentration metrics are calculated based on deposits with central and agent banks, repurchase transactions, securities lending, derivatives and corporate loan commitments after taking into consideration legally enforceable master netting agreements, collateral and credit risk mitigants. Trading activities and other receivables are excluded.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Credit Exposures to High Climate Risk Industries

	2025	
	Exposure in £000s	% of Exposure
Company total net exposure	201,972	
of which transition risk	1,825	0.9 %
of which physical risk	733	0.4 %

	2024	
	Exposure in £000s	% of Exposure
Company total net exposure	356,095	
of which transition risk	702	0.2 %
of which physical risk	—	0.00 %

Note: The table above includes the credit exposure to industry sectors highly vulnerable to climate transition and climate physical risks. The vulnerability of obligors is assessed based on a segmentation approach which differentiates between low, medium, high and very high (high and very high are presented in the table). The segments are sub-industries with consistent climate risk profile. The assessment considers expert credit assessment, greenhouse gas emission data and external physical risk scores.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Sustainability

Streamlined Energy and Carbon Reporting ("SECR")

Organisational Boundary

The organisational boundary is defined as all operations owned by the Company and other sites, assets or undertakings under the Company's financial control, and additionally emissions related to energy consumed from activities for which the Company is responsible, as required by SECR. The Company is also responsible for energy consumed associated with its usage of UK properties leased by other Morgan Stanley Group undertakings.

For the purposes of SECR reporting, emissions are limited to UK emissions.

Operational Boundary

a. Scope 1 emissions

Scope 1 emissions are direct emissions from the combustion of fuel from sources inside the organisational boundary and include the following:

Source	Boundary Description
Combustion of natural gas and diesel fuel	UK properties and data centres utilised by the Company as part of its activities

b. Scope 2 emissions

Scope 2 emissions are indirect emissions from the generation of acquired and consumed electricity, and where it occurs, steam, heat, or chilled water occurring at sources outside of the organisational boundary as a consequence of activities from sources inside the organisational boundary, and include the following:

Source	Boundary Description
Purchased electricity	UK properties and data centres utilised by the Company as part of its activities

c. Scope 3 emissions

Scope 3 emissions are indirect emissions from the consumption of energy from sources outside the organisational boundary as a consequence of activities of the Company. As required by SECR, the Company reports emissions from the consumption of fuel directly purchased for the purposes of transport. In addition, the Company voluntarily discloses emissions from commercial air and ground transportation.

Source	Boundary Description
Employee expensed car mileage	Automobile travel (including employee-owned and rental cars)
Commercial air and ground transportation	Air, rail and bus travel

Basis of Preparation

The Company presents its emissions under the SECR approach as informed by the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised Edition) ("GHGP"), accounting for emissions for which it is responsible as a result of its activities, including emissions related to its use of properties or other assets which are not directly held by the Company.

In line with the Morgan Stanley Group's organisational structure, properties are primarily leased by service entity subsidiaries of the Morgan Stanley Group. The service entities recharge property and travel costs to the Company, reflecting its usage. Total scope 1 and scope 2 emissions reported relate to the Company's usage of UK properties only. Scope 3 emissions relate to the Company's share of UK employee business travel only. This disclosure is a subset of the emissions reported in the financial statements of Morgan Stanley's UK service entities - Morgan Stanley UK Limited and Morgan Stanley UK Group, both of which are subsidiaries of the MSI Group.

The Company calculates emissions using factors from the US Environmental Protection Agency (2025) for Scope 1. The Company has chosen to report both location-based and market-based emissions for Scope 2. The Scope 2 location-based emissions reflect the average emissions of the grid where the energy consumption occurs using emissions factors from the Department for Environment, Food & Rural Affairs ("DEFRA") (2025). The Scope 2 market-based calculation uses supplier specific emission factors and

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

residual mix factors (in order of preference), to align with the GHGP's hierarchy of Scope 2 instruments. Where available, the Company also makes use of renewable energy guarantee of origin certificates to reduce its Scope 2 market-based emissions.

For data centres, Scope 2 emissions and associated electricity to operate information technology hardware are calculated using a data centre facility power usage effectiveness ratio.

The intensity ratio is calculated using square metre ("SQM") of UK real estate. This is considered most appropriate as the service entity subsidiaries of the Morgan Stanley Group recharge property costs to the Company using SQM reflecting its usage.

The table below represents the Company's share of the UK's carbon emissions for the years ended 31 December 2025 and 31 December 2024:

	2025		2024 (restated)*		2024	
*Energy consumption used to calculate emissions in kWh***	156,973		158,390		158,400	
	CO2e Tonnes***		CO2e Tonnes***		CO2e Tonnes***	
	Location based	Market based	Location based	Market based	Location based	Market based
Emission source						
Scope 1 – Combustion of fuel and operation of facilities	2	2	1	1	1	1
Scope 2 – Electricity, heat, steam and cooling	26	—	32	-	32	-
Total scope 1 and scope 2	**28**	**2**	**33**	**1**	**33**	**1**
Scope 3 – Commercial air and ground transportation	13	13	20	20	21	21
Total emissions	**41**	**15**	**53**	**21**	**54**	**22**
Intensity ratio (tCO2e/SQM)****	0.1575	0.0102	0.1648	0.0055	0.1648	0.0055

* The Company has refined its business travel data collection approach during the year. The 2024 Scope 3 emissions have been restated on a consistent basis

** Energy consumption includes the SECR mandatory activities captured in Scope 1, 2 and Scope 3 - Employee expensed car mileage only

*** Tonnes of carbon dioxide equivalent

**** Tonnes of CO2e per square meter of UK real estate (Scope 1 and 2 emissions only)

Total energy consumption remains broadly in line with increased consumption by service entity affiliates offset by a lower allocation of UK real estate to the Company. Scope 2 market-based emissions continue to be nil based on the application of zero-carbon supplier specific emissions factors where available and usage of renewable energy guarantee of origin certificates. Reductions to Scope 2 location-based and Scope 3 emissions are driven by reductions to applicable UK conversion factors.

Energy Efficiency Opportunities in Operations

Energy efficiency opportunities in operations are represented through UK initiatives such as a quarterly assessment of equipment run-times and operational requirements, to maintain consistent performance.

Sustainability Governance

Sustainability governance starts with leadership from the top and is embedded in committees and other governance bodies, policies and procedures across the firm as detailed below.

The Group has put in place a robust EMEA sustainability governance framework which establishes clear escalation and reporting channels from dedicated sustainability working groups, to sustainability specific committees, up to executive committees and then the Board. Prior to information on sustainability related impacts, risks and opportunities being brought to the Board, it is subject to an appropriate review and challenge process.

A dedicated EMEA Sustainability Committee supports the Board in its oversight of the relevant sustainability related matters. The EMEA Sustainability Committee is in place to support the Group in the continued consideration, governance and oversight of the incorporation of Sustainability impacts, risks and opportunities into strategy, business processes and risk management. In particular, the EMEA Sustainability Committee advises on the

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

integration of sustainability considerations into the regional business strategy, oversees the embedding of sustainability risks into the risk and control framework and oversees the tracking, analysis and implementation of key regulatory requirements related to sustainability. The EMEA Sustainability Committee reports on at least an annual basis to the Morgan Stanley Group Sustainability Committee.

At a Company level, the Board has appointed the EMEA Chief Risk Officer ("CRO") as the Senior Manager responsible for managing the financial risks from climate change. The EMEA CRO Co-Chairs the EMEA ESG Committee and is a member of the MSI Board and the Board. The EMEA Chief Administrative Officer is a member of the EMEA Sustainability Committee and a member of the MSI Board and the Board

During 2025, the Board and Board committees received sustainability-related updates.. The Board reviewed results of the Group Socio - Economic Survey and focused on delivering on outcomes and building on existing diversity offerings. The MSI Risk Committee assists and provides guidance to the Board on its oversight of the management of financial and non-financial risks including ESG risks. The MSI Risk Committee received quarterly updates from the EMEA Chief Credit Officer on climate scenario stress losses, climate risk limits and the climate risk framework. The MSI Risk Committee also reviewed and recommended to the Board, the MSI Group and the Company's respective Risk Appetite Statements which include climate change as a driver of existing risks.

The MSI Audit Committee assists and provides guidance to the Board in monitoring financial reporting, internal controls and legal and regulatory compliance, including in relation to sustainability-related matters. The MSI Audit Committee received regular updates on ESG disclosures, in relation to the Company's Financial Statements, to support the MSI Audit Committee's review and recommendation to the Board.

The MSI Nomination and Governance Committee (“NomCo”) assists and provides guidance to the Board on succession planning, the recruitment of board members and considers climate and environmental related skills in its annual assessment of the Board.

Morgan Stanley Group Sustainability Disclosures

The Company's approach to sustainability is consistent with that of the Morgan Stanley Group. The Morgan Stanley Group is committed to transparent disclosure, and its latest sustainability-related disclosure can be found in the Morgan Stanley Group’s Sustainability Report. The Report’s data, content and narrative are informed by the Sustainability Accounting Standards Board ("SASB") standards for Investment Banking and Brokerage, Asset Management Custody Activities, and Commercial Banking. The climate section is informed by the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). Both frameworks are now part of the International Sustainability Standards Board ("ISSB") under the International Financial Reporting Standards ("IFRS") Foundation. Morgan Stanley is a member of the IFRS Sustainability Alliance and monitors the standards being developed by the ISSB.

The Morgan Stanley Group's Sustainability Report is available at https://www.morganstanley.com/about-us/sustainability-reports-research.

As at publication date of this Strategic Report, the latest Morgan Stanley Group Sustainability Report is the 2024 Report. The 2025 Report will be available at this site when published.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Corporate Governance

Corporate Governance Framework

While it has chosen not to formally adopt an additional corporate governance code, the Company seeks to align with best practice guidance on the corporate governance of financial institutions. As a financial services firm, the Company applies regulatory requirements set out by the PRA and FCA when determining its corporate governance arrangements.

Purpose

The Company's purpose is to deliver the strategy of the Morgan Stanley Group in the markets and communities in which it operates and to its global client base.

Our Strategy

What we do - Advise, originate, trade, manage and distribute capital for governments, institutions and individuals, and always do so with a standard of excellence.

How we do it - Execute in a way that is consistent with our values and, whenever possible, deliver more than one part of the Morgan Stanley Group.

With what result - Deliver strong returns for our shareholders, build long-term value for our clients and offer highly attractive career opportunities for our employees.

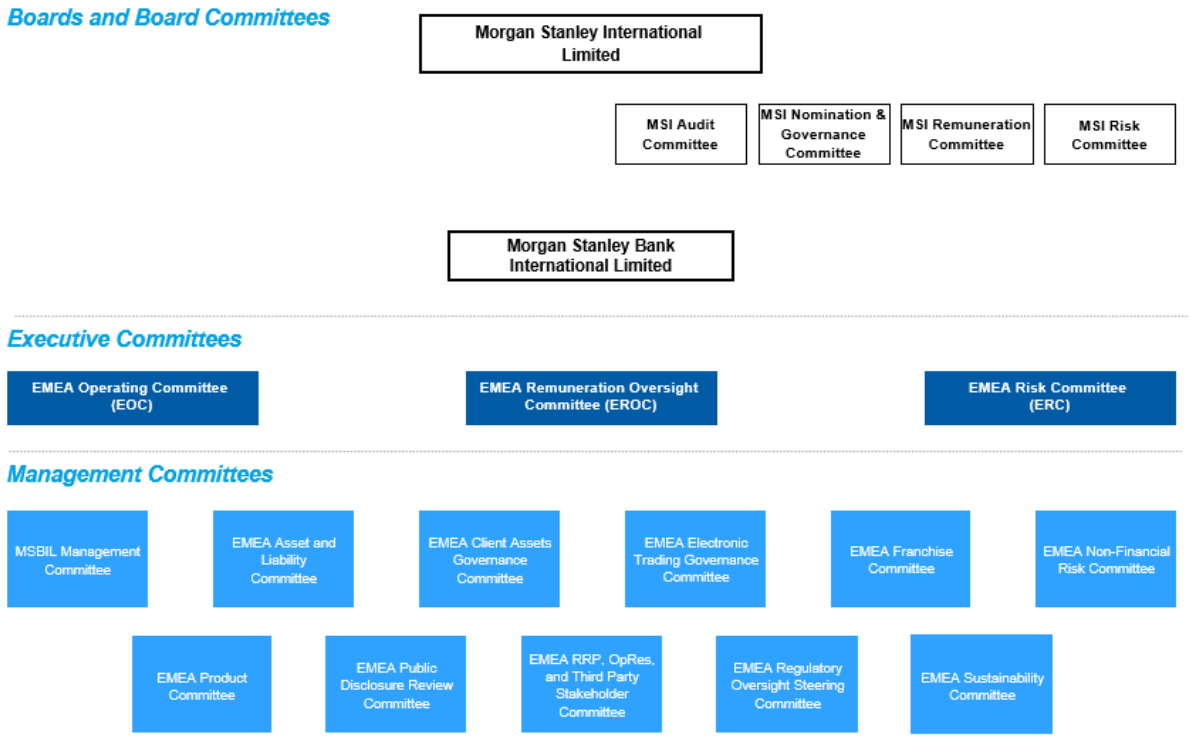
Board Oversight

The Board is assisted in discharging its responsibilities via its Board Committees; the MSI Audit, Risk, Remuneration Committees and NomCo. In addition, the Company and MSI have Division-level, Management-level and Executive-level Committees that report up to the Boards in line with established escalation processes. The Board and management committee structure applicable to the oversight of the Company's risk management is described below.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of Contents

MSI Board Committee Structure and EMEA Executive Management Structure



Board Committees

The MSI Risk Committee assists the Board on the management of financial and non-financial risks, including (i) risk strategy and appetite; (ii) risk identification and management; (iii) risk framework and policies; (iv) measurement of risk against tolerance and limits; (v) risk culture (save for conduct risk, which is overseen by the MSI Audit Committee); (vi) financial resource management and capital; and (vii) recovery and resolution.

The MSI Audit Committee assists the Board in monitoring: (i) financial reporting; (ii) internal controls; (iii) legal and regulatory compliance (including Client Assets Sourcebook ("CASS") requirements) and certain non-financial risks (including Compliance, Conduct, Financial Crime and Operational Risk); (iv) internal audit; (v) external auditors; and (vi) recovery and resolution planning.

In addition to the MSI Risk and Audit Committees, the MSI Board has also appointed a NomCo and an MSI Remuneration Committee.

The MSI Risk Committee and MSI Audit Committee meet at least quarterly and the MSI Remuneration Committee and NomCo meet at least twice a year to receive reports on key matters within their remit.

Each MSI Board Committee is comprised solely of independent Non-Executive Directors appointed to provide robust and effective challenge of the matters within its remit. Processes are in place to manage conflicts of interest, should they arise.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

EMEA Executive and Management Committees

Day to day management of the Company's business is delegated to key EMEA Executive Committees, namely the EMEA Operating Committee, the EMEA Remuneration Oversight Committee, and the EMEA Risk Committee.

These Executive Committees are the most senior MSI Group executive management committees and have responsibility for overseeing business performance, operations and risks identified in relation to the MSI Group. The Executive Committees are supported in their oversight of specific areas of the MSI Group's activities by a number of management committees.

Executive Committees

The **EMEA Operating Committee** (**"EOC"**) is the principal forum for key decisions regarding matters affecting the operations and performance of the MSI Group in accordance with the strategy approved by the MSI Board. The Committee's responsibilities include matters relating to: (i) strategy; (ii) financial and business performance; (iii) risk and control; (iv) operational, legal and regulatory matters; and (v) human resources.

The **EMEA Remuneration Oversight Committee** provides executive oversight of EMEA remuneration matters and helps to ensure remuneration practices in EMEA are compliant with relevant UK and EU legislation and do not incentivise excessive risk taking.

The **EMEA Risk Committee** (“**ERC**”) assists in the oversight of the management of risk (including financial and non-financial risks) within the MSI Group. The Committee provides oversight of: (i) risk strategy and appetite; (ii) risk framework and policies; (iii) risk identification and management; (iv) risk culture; and (v) financial resource management and capital.

Management-level Committees

The **Company Management Committee** assists and provides guidance to the Company's CEO in matters relating to the management of the Company’s business and strategy, and oversight of its capital and liquidity management and systems and controls.

The **EMEA Asset and Liability Committee** assists the ERC to oversee the capital adequacy, funding, and liquidity risk management of the MSI Group.

The **Client Assets Governance Committee** provides governance over Morgan Stanley’s approach to ensuring compliance and adherence to the relevant rules covering the arranging of and / or the safeguarding, including holding, of client financial instruments and client money in respect of relevant entities in the MSI Group.

The **EMEA Electronic Trading Governance Committee** is established by the ERC to review and challenge controls applicable to the electronic trading business undertaken by the MSI Group.

The **EMEA Franchise Committee** assists in the oversight of potentially significant reputational or franchise risks in connection with relevant transactions, activities, or clients in EMEA.

The **EMEA Non-Financial Risk Committee** assists and provides guidance to the ERC in relation to the oversight of the management of non-financial risk of the MSI Group.

The **EMEA Product Committee** assists the ERC in discharging its responsibilities for the oversight of approvals of New Products, and the oversight of Product Governance.

The **EMEA Public Disclosure Review Committee** provides governance and oversight over publicly disclosed information relating to Morgan Stanley’s EMEA business.

The **EMEA Recovery and Resolution Planning, Operational Resilience, and Third Party Stakeholder Committee** is responsible for overseeing the policies and procedures relating to Recovery and Resolution Planning, Operational Resilience, and Third Party risk across EMEA.

The **EMEA Regulatory Oversight Steering Committee** provides oversight of (i) deliverables due in response to findings of, or requests from, the FCA and PRA, (ii) initiatives to address regulatory priorities and expectations, and (iii) MSI Group strategic initiatives.

The **EMEA Sustainability Committee** supports the MSI Group in the development, governance and oversight of the incorporation of environmental, social and governance risks, impacts and opportunities into risk management, business processes and strategy in EMEA.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Stakeholder Engagement and Section 172(1) Statement

Directors of the Company are required to act in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in so doing have regard, among other matters, to:

- the likely consequences of any decision in the long-term;
- the interests 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.

To comply with their duty under s172 of the Companies Act 2006, the Directors undertake stakeholder engagement activities to inform their understanding of the views and interests of the Company's stakeholders. The insights gained support Directors in decision-making and strategy setting, enabling them to have proper regard to the long term consequences of decisions and the reputation of the Company. The Company's key stakeholders were considered in 2025 and are listed below with examples of the stakeholder engagement activities that took place in 2025.

Employees

During 2025, Director engagement with employees continued under the stewardship of one of the Non-Executive Directors. Directors continued a program of "open door" sessions at which employees were encouraged to ask questions about the business, its strategy, performance, current initiatives and the role of the Board, and Directors participated in round tables with employees and diversity and inclusion events. These sessions provide Directors with the opportunity to gather feedback from employees.

Employees attended NomCo meetings to report on diversity and inclusion initiatives within the MSI Group, including the socio-economic inclusion action plan. Many of the Directors also sit on the Board of MSI. In this role, they continued to focus on employee culture and conduct through regular reports to the MSI Audit Committee and MSI Board which informed management actions for the year. For more information on the practices and procedures relating to culture, values and employee conduct see 'Risk management – Culture' section.

Suppliers

In 2025, the Board received reporting on key external outsourcing relationships specific to the Company's business, most notably within the context of the residential mortgages portfolio and the FCA's Consumer Duty Principles. The Board also considered suppliers to the MSI Group, particularly in the context of operational resilience, through reports to the MSI Audit Committee.

Clients

Throughout the year, the Board received reports from its business areas and its Korea branch on the competitive landscape and the plans in place to respond to client demands. Business Unit heads also provided regular updates on performance and client focus areas which provided the Board with insight into client issues and concerns. The Board considered the competitive landscape and client interests when reviewing the Company's business planning. The Board also received regular updates on the residential mortgages portfolio and the measures in place to ensure the Company's compliance with the FCA's Consumer Duty Principles and deliver positive outcomes to clients.

Community and Environment

The Morgan Stanley Group is committed to giving back to the communities in which it operates through working in partnership with charitable organisations and engaging its employees in a range of philanthropic programs.

In 2025, as part of Morgan Stanley's annual Global Volunteer Month, 93% of Morgan Stanley employees in EMEA dedicated approximately 53,000 volunteer hours to support local community organisations where they live and work.

In the second year of its five-year commitment, the Morgan Stanley International Foundation granted £2.4 million to its partner charities in

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

London, Budapest, Glasgow, Frankfurt and Paris. Through these partnerships, Morgan Stanley is on track to meet its aim to positively impact the health and education outcomes of children and young people in its communities.

In addition, employee giving and fundraising, along with matching from the Morgan Stanley International Foundation totalled over £1.1 million across EMEA.

Regulators

In 2025, the Board continued to receive regular updates on key regulatory matters, including the FCA Consumer Duty, and a number of the Directors met with regulators, through Continuous Assessment and Proactive Engagement meetings. The Board also received updates on interactions with key regulators in the regions in which the Company operates.

Investors

The Chair of the Board also chairs the MSI Board and a number of Directors of the Company also sit on the MSI Board, with some chairing the MSI Board Committees. Through these appointments, these Directors are able to provide the Board with insights on MSI's views and priorities. The Chair of the MSI Audit Committee is also a member of the Morgan Stanley Board. Further insight into the views of Morgan Stanley and its shareholders are obtained through regular interactions between certain of the Company's Directors and the Morgan Stanley Non-Executive Directors, including the Chairs of the Morgan Stanley Audit and Risk Committees.

Making Decisions

When making decisions, the Board considers the insights obtained through relevant stakeholder engagement activities as well as the need to maintain a reputation for high standards of business conduct and the long-term consequences of its decisions. In 2025, the Board approved a number of annual requirements including the Company's 2024 ICAAP, 2025 ILAAP and the 2025 Consumer Duty Report. When making these decisions the interests of shareholders, MSI Group companies and regulators were considered.

Approved by the Board and signed on its behalf by:

DocuSigned by:
ANTHONY MULLINEAUX
9A10B5202FE4470...

A Mullineaux

Director

1 April 2026

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

The Directors present their report and audited financial statements (which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position, and the related notes 1 to 38) for the Company for the year ended 31 December 2025.

Results and Dividends

The profit for the year, after tax, was £37,579 thousand (2024: £45,781 thousand).

The Board recommended and approved a dividend of £100,000 thousand on 12 June 2025 (2024: £nil thousand).

Regulation, Risk Management, Branches and Future Developments

Information regarding regulation, risk management, branches and future developments has been included in the Strategic Report.

Corporate Governance Arrangements

Information on the Corporate Governance Arrangements for the Company has been included within the Strategic Report.

Stakeholder Relationships and Engagement

Details of engagement activities undertaken by the Board in 2025 with suppliers, clients and other stakeholders and how they inform decision making are provided in the s172(1) Statement in the ‘Corporate Governance’ section.

Pillar 3 Disclosures and Country-by-Country Reporting

The Company is included in the MSI Group Pillar 3 disclosures, which allow investors and other market participants to understand capital adequacy, particularly risk exposures and risk management processes of individual firms required by the EU implementation of Basel capital standards.

The Company is also included in the MSI consolidated disclosure to comply with the provisions of Statutory Instrument 2013 No. 3118 Capital Requirements (Country-by-Country Reporting) Regulations 2013, which implements in the UK, the requirements set out in Article 89 of the Capital Requirement Directive (Directive 2013/36/EU). The Pillar 3 disclosures and the Country-by-Country Reporting for the MSI Group for the year ended 31 December 2025 will be made available on the Morgan Stanley website at www.morganstanley.com/investorrelations.

Energy and Carbon Reporting

Information on the Company’s UK energy and carbon reporting has been included in the Strategic Report within the 'Sustainability' section.

Directors

The following Directors held office throughout the year and to the date of approval of this report (except where otherwise shown):

D Cannon	(Chair)
C Beatty	
M Butler	
T Duhon	
P Kahre	(Appointed 1 November 2025)
A Khazen	(Appointed 12 June 2025)
R Latif	
K Lazaroo	
A Mullineaux	
J Pearce	
M Richards	
A Sekhar	(Resigned 1 November 2025)
R Talma Stheeman	(Appointed 5 February 2026)
P Taylor	
N Whyte	

Directors’ and Officers’ Liability Insurance

Directors’ and Officers’ Liability Insurance is taken out by Morgan Stanley, the Company’s ultimate parent undertaking, for the benefit of the Directors and Officers of the Company and its subsidiary undertaking.

Directors’ Indemnity

Qualifying third party indemnity provisions (as defined in section 234 of the Companies Act 2006) were in force during the year and up to and including the date of the Directors’ report for the benefit of the Directors of the Company.

Events after the reporting date

There have been no significant events since the reporting date.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Employees

Both the Company and the Morgan Stanley Group place considerable value on the investment in their employees and have continued their practice of keeping employees informed on matters affecting them. Employees are encouraged to present their suggestions and views on the Morgan Stanley Group's performance to management and employees participate directly in the success of the business through the Morgan Stanley Group's various compensation incentive plans.

Every effort is also made to ensure that disabled applicants, or those existing employees who are disabled or may have become disabled, are treated as fairly as possible on terms comparable with those of other employees. Appropriate training is arranged for disabled persons, including retraining for alternative work for employees who become disabled, to promote their career development within the organisation.

Going Concern

Business risks associated with the uncertain market and economic conditions are being actively monitored and managed by the Company. Retaining sufficient capital and liquidity to withstand these market pressures remains central to the Company's strategy. In particular, the Company's capital and liquidity is deemed sufficient to exceed regulatory minimums under both a normal and in a stressed market environment. The effect of relevant macroeconomic scenarios on the business of the Company has been considered as part of the going concern analysis, including impact on operational capacity, access to capital and liquidity, contractual obligations, asset valuations and other critical accounting judgements and key sources of estimation uncertainty. The Company has access to further Morgan Stanley Group capital and liquidity as required.

Taking all of these factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual reports and financial statements.

Auditor

Forvis Mazars LLP have expressed their willingness to continue in office as auditor of the Company and their re-appointment was approved by the Board on 10 April 2025.

Statement as to Disclosure of Information to the Auditor

Each of the persons who are Directors of the Company at the date when this report is approved confirms that:

- so far as each of the Directors is aware, there is no relevant audit information (being information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware; and
- each of the Directors 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.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations, including the Companies Act 2006.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). 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;

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

- state whether United Kingdom Accounting Standards, including FRS 101, have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors 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 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.

Approved by the Board and signed of its behalf

DocuSigned by:
ANTHONY MULLINEAUX
9A10B5202FE4470...

A Mullineaux

Director

1 April 2026

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Morgan Stanley Bank International Limited (the 'Bank') for the year ended 31 December 2025 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Bank's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's ('FRC') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our audit procedures to evaluate the directors' assessment of the Bank's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Obtaining the directors' going concern assessment, including the cash flow forecast for the going concern period covering at least 12 months from when the financial statements are authorised for issue;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Bank's future financial performance;
- Reviewing the directors' going concern assessment to determine that it appropriately considers an assessment of key business risks including assessing the sufficiency of the Bank's capital and liquidity taking into consideration the most recent Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP');
- Assessing the appropriateness and reasonableness of the assumptions used in the directors' going concern assessment, including assessing key assumptions and mitigating actions put in place in response to external factors such as, but not limited to, geopolitical risks, the inflation levels and the interest rate environment;
- Incorporating back-testing to assess the historical accuracy of directors' forecasting and budgeting ability;
- Assessing the extent of support from the Bank's ultimate parent company and assessing the parent company's supporting financial capacity;
- Inspecting correspondence with the Prudential Regulation Authority ('PRA') and

the Financial Conduct Authority ('FCA') and inspecting minutes of meetings of the Board of Directors to identify events or conditions that may impact the Bank's ability to continue as a going concern;

- Considering whether there were events subsequent to the balance sheet date, or relevant information included in the financial statements of the Bank's ultimate parent company, which could have a bearing on the Bank's going concern conclusion;
- Assessing the consistency of the directors' forecasts with other areas of the annual accounts and our audit; and
- Evaluating the appropriateness of the disclosures in the financial statements in relation to the description of the directors' assessment of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Bank's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matter in forming our opinion above, together with an overview of the principal audit procedures performed to address the matter and our key observations arising from those procedures.

This matter, together with our findings, was communicated to those charged with governance through our Audit Completion Report.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our scope addressed this matter
Valuation of complex financial instruments Refer to the following notes to the financial statements: • Note 2 – Basis of Preparation – Critical accounting judgements and key sources of estimation uncertainty • Note 3 – Summary of material accounting policies (d) Fair Value • Note 32 – Assets and liabilities measured at fair value (a) (b) (c) (d) (e)	To address the identified risks in relation to valuation of complex financial instruments, the audit procedures we have performed included, but were not limited to, those described hereafter. Main aspects of our control testing involved evaluating the design and implementation and testing the operating effectiveness of the key controls associated with the valuation process including those controls related to: • Trade booking and trade confirmation; • Product to model automated mapping configuration; • Trade cancellation and trade modification; • Validation and review of new and existing models, including model changes; • Access and change management in respect of models in use; • Independent Price Verification ('IPV'); • Completeness and integrity of internal and external data feeds used in the valuation; • Collateral management and posting; and • Classification of instruments under IFRS 13 the fair value hierarchy.
At 31 December 2025, the Bank's total financial assets and liabilities measured at fair value were £3,859 million (2024: £4,909 million) and £2,409 million (2024: £3,312 million) respectively, of which financial instruments assessed as complex were £1,543 million and £1,282 million respectively. The Bank's trading and financing activities result in the Bank recording financial instruments measured at fair value consistent with IFRS 13 Fair Value Measurement. The valuation of these financial instruments is determined through complex models requiring significant management judgement and unobservable inputs..	With the assistance of our quantitative valuation specialists we: • Assessed the appropriateness of the fair-value levelling methodology; • Assessed the appropriateness of the modelling methodology and reasonableness of assumptions used by management for a sample of models; • Reviewed the completeness and appropriateness of management's validation reports for a sample of models; and • Performed independent valuation on a sample of transactions

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our scope addressed this matter
As indicated in note 32, the fair value measurement of the financial assets and liabilities is mostly based on observable inputs. However, the Banks also enters into financial instruments, fair-valued using significant unobservable inputs. We performed a risk assessment of the financial instruments held by the Bank determined that a significant risk of material misstatement relate to the positions where the valuation is based on complex models requiring unobservable inputs. Overall, the range of reasonable outcomes could be greater than materiality for the financial statements as a whole.	As part of our substantive procedures, we also: • Obtained confirmations from custodians/ exchanges to ensure the completeness and existence of instruments; • On a sample basis, reconciled key trade characteristics recorded with contractual terms or trade confirmations; • Assessed the cancellation or modification of a sample of trades to determine the appropriateness; • Reviewed and challenged the reasonableness of significant IPV pricing variances present at year-end; • Reviewed any manual adjustments or price verification overrides/remarks; • Assessed the completeness and appropriateness of the Bank's recorded valuation adjustments; • Reviewed collateral disputes and any significant gains or losses from disposals which could indicate an inappropriate valuation or management's bias; • Reviewed of post year-end model validation reports and assessment of any potential deficiencies identified; and • Assessed the completeness and appropriateness of the disclosures relating to the valuation of financial instruments in the financial statements for consistency with IFRS 13 and IFRS 7 requirements. Our observations We found the approach taken by management in the valuation of complex financial instruments is consistent with the requirements of IFRS 13 and we determined that the valuation of complex financial instruments was not materially misstated as at 31 December 2025.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£7.4 million (2024: £8.1 million)
How we determined it	1% of net assets
Rationale for benchmark applied	Net assets have been chosen for the basis of materiality. In making this selection, we have considered the Bank's business operations and its role within Morgan Stanley group, including how market risk is transferred to other group entities. We have determined that the primary users of the Bank's financial statements, including the regulators and the Morgan Stanley group, would primarily focus on the Bank's regulatory capital, which is a performance indicator used by management to assess the Bank. In our view, net assets, an audited component of the balance sheet and the primary component of regulatory capital is considered an appropriate benchmark.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £4.8 million (2024: £4.1 million), which represents 65% (2024: 50%) of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £0.22 million (2024: £0.24 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the Bank, its environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

The Bank operates a branch in South Korea. The Bank and its branch constitute a single audit component. We have determined that some controls relevant to the financial reporting are carried out in this location and we have applied the materiality specified above when performing our audit.

In addition, Morgan Stanley group operates a number of common controls homogenously applied across the group entities and transactions. We determined that the common controls relevant for the Bank's financial reporting are located in the United States. Consequently, we instructed the Parent Company's auditors, acting as component auditors for the Bank's audit, to perform specified audit procedures in relation to general information technology controls and information technology automated controls over systems domiciled in the United States which are relevant to the Bank.

We determined the level of involvement we needed as the Bank's auditor in the work of the Parent Company's auditors to be able to conclude whether sufficient and appropriate audit evidence was obtained to provide a basis for our opinion on the financial statements as a whole. We maintained oversight of the Parent Company's auditors' audit work relevant to the Bank. This included setting the scope of work including processes and controls, communicating with the Parent Company's auditors throughout the audit, holding on-site meetings in the United States, evaluating their reporting to us, and reviewing and challenging selected key workpapers supporting the conclusions. We have concluded that the procedures performed on our behalf were sufficient for the purposes of issuing our opinion.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Bank and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- the Bank 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.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 33, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Bank'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 the directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Bank and its activity, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: financial crime regulations, and regulatory and supervisory requirements from the regulatory authorities where the Bank conducts its business, including primarily the PRA, the FCA as the primary UK regulators of the Bank, and the Financial Supervisory Service ('FSS') in South Korea.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Obtaining an understanding of the legal and regulatory frameworks applicable to the Bank and the industry in which it operates and considering the risk of acts by the Bank which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of management and, where appropriate, those charged with governance, as to whether the Bank is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, primarily the PRA, the FCA, and the FSS during the year and up until the date of the approval of the financial statements;
- Holding bilateral meetings with the PRA to enhance our understanding of the regulator's focus and potential concerns related to the Bank;
- Inspecting minutes of meetings of directors held during the year and up until the date of approval of the financial statements; and
- Discussing amongst the engagement team the identified laws and regulations and remaining alert to any indications of non-compliance throughout our audit; and
- Focusing on 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 discussions with those charged with governance and senior management, review of regulatory and legal correspondence, and review of minutes of meetings of the Board of Directors held during the year and up until the date of the approval of the financial statements.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements, valuation of complex financial instruments which we pinpointed to the valuation assertion, revenue recognition which we pinpointed to the accuracy of the revenue recorded by the Bank and assumptions in significant accounting estimates.

Our procedures in relation to fraud included but were not limited to

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Verifying that related party transactions were conducted at arm's length;
- Substantively testing the valuation of complex financial instruments;
- Performing substantive testing over trade existence, including cancelled / modified trades and trades where the trade booking process requires manual intervention to address the risks of fraud associated with unauthorised trading;
- Addressing the risks of fraud through management override of controls by performing journal entry testing and by

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

incorporating unpredictability testing into our audit procedures; and

- Being sceptical to the potential of management bias through judgements and assumptions in significant accounting estimates.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/ auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 24 November 2022 to audit the financial statements for the year ending 31 December 2024 and subsequent financial periods. The period of total uninterrupted engagement is two years, covering the year ended 31 December 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Bank and we remain independent of the Bank in conducting our audit.

Our audit opinion is consistent with our additional report to the Board of Directors

Use of the audit report

This report is made solely to the Bank'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 Bank'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 Bank and the Bank's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed by:
47EDAF39FF3D4B7...

Pauline Pélissier (Senior Statutory Auditor)

for and on behalf of Forvis Mazars LLP

Chartered Accountants and Statutory Auditor

30 Old Bailey

London, EC4M 7AU

1 April 2026

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

INCOME STATEMENT

Year ended 31 December 2025

in £'000	Note	2025	2024
Interest receivable and similar income	4	111,211	150,183
Interest payable and similar charges	5	(67,596)	(93,121)
NET INTEREST INCOME		**43,615**	**57,062**
Fee and commission income	6	9,777	10,790
Fee and commission expense	6	(5,676)	(6,506)
Net gains from financial instruments at fair value through profit or loss	7	23,982	30,718
Administrative expenses	8	(21,070)	(27,722)
Depreciation of tangible fixed assets		(239)	(229)
PROFIT BEFORE TAX		**50,389**	**64,113**
Income tax expense	9	(12,810)	(18,332)
PROFIT FOR THE YEAR		**37,579**	**45,781**

All operations were continuing in the current year and prior year.

The notes on pages 47 to 98 form an integral part of the financial statements.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

in £'000	Note	2025	2024
PROFIT FOR THE YEAR		37,579	45,781
OTHER COMPREHENSIVE LOSS AFTER INCOME TAX			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability	9	40	21
Items that may be reclassified subsequently to profit or loss:			
Foreign currency revaluation reserve:			
Foreign currency translation differences arising on foreign operations	9	(8,951)	(19,706)
Gain arising on hedging instruments designated in net investment hedges	9,24	8,748	18,406
OTHER COMPREHENSIVE LOSS AFTER INCOME TAX		**(163)**	**(1,279)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**37,416**	**44,502**

The notes on pages 47 to 98 form an integral part of the financial statements.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

in £'000	Note	2025	2024
Called up share capital – at 1 January and 31 December		**340,000**	**340,000**
Foreign currency revaluation reserve - at 1 January		**35,368**	**36,668**
Foreign currency translation differences arising during the year	9	(8,951)	(19,706)
Gain arising on hedging instruments designated in net investment hedges	24	8,748	18,406
Foreign currency revaluation reserve - at 31 December		**35,165**	**35,368**
Capital contribution reserve – at 1 January and 31 December	**22**	**89,654**	**89,654**
Profit and loss account - at 1 January		**345,463**	**299,661**
Profit for the year		37,579	45,781
Remeasurement gain on net defined benefit liability	9	40	21
Dividends	23	(100,000)	—
Profit and loss account - at 31 December		**283,082**	**345,463**
Other comprehensive loss for the year		(163)	(1,279)
Total comprehensive income for the year		37,416	44,502
Total equity shareholders funds at 31 December		**747,901**	**810,485**

The notes on pages 47 to 98 form an integral part of the financial statements.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

in £'000	Note	2025	2024
ASSETS			
Cash and balances at central banks		24,687	17,404
Secured financing	11	836,854	1,163,336
Loans and advances to banks	12	140,542	212,774
Loans and advances to customers	13	422,190	775,727
Trading financial assets (of which £94,240 thousand (2024: £86,238 thousand) were pledged to various parties)	14	3,022,186	3,746,151
Investment securities		23	472
Tangible fixed assets		681	926
Other receivables	16	26,119	23,892
Current tax assets		1,218	282
Deferred tax assets	17	75	1,961
Prepayments and accrued income		126	157
TOTAL ASSETS		**4,474,701**	**5,943,082**
EQUITY AND LIABILITIES			
Deposits by banks		279,651	462,429
Customer accounts	18	632,759	783,693
Secured borrowing	11	103,105	123,656
Trading financial liabilities	14	2,409,008	3,311,515
Other payables	19	18,473	20,906
Accruals and deferred income	20	4,080	9,391
Current tax liabilities		19,853	11,677
Deferred tax liabilities		1,079	—
Retirement benefit liability		394	424
Provisions for liabilities and charges	34	178	179
Subordinated debt	21	258,220	408,727
Called up share capital	22	340,000	340,000
Capital contribution reserve	22	89,654	89,654
Foreign currency revaluation reserve	22	35,165	35,368
Profit and loss account		283,082	345,463
Equity shareholders' funds		747,901	810,485
TOTAL EQUITY AND LIABILITIES		**4,474,701**	**5,943,082**
MEMORANDUM ITEMS			
Commitments	27	310,391	330,170

These financial statements were approved by the Board and authorised for issue on 1 April 2026.

Signed on behalf of the Board

DocuSigned by:
ANTHONY MULLINEAUX
9A10B5202FE4470...

A Mullineaux

The notes on pages 47 to 98 form an integral part of the financial statements.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

1. CORPORATE INFORMATION

The Company is incorporated and domiciled in England and Wales, United Kingdom, at the following registered address: 25 Cabot Square, Canary Wharf, London, E14 4QA. The Company is a private company and is limited by shares. The registered number of the Company is 3722571.

The Company's immediate parent undertaking is Morgan Stanley Investments (UK) ("MSIUK"), which has its registered office at 20 Bank Street, Canary Wharf, London, England, E14 4AD and is registered in England and Wales. Copies of the financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Cardiff, CF14 3UZ.

The Company's ultimate parent undertaking and controlling entity and the largest and the smallest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the Morgan Stanley Group. Morgan Stanley is incorporated in the State of Delaware, in the United States of America. Copies of its financial statements can be obtained from www.morganstanley.com/investorrelations.

2. BASIS OF PREPARATION

The results of the Company are included within the financial statements of Morgan Stanley, which has prepared consolidated financial statements for the year ended 31 December 2025.

Statement of Compliance

These financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 and the Companies Act 2006.

The Company meets the definition of a qualifying entity and is a Financial Institution as defined in FRS 101 Reduced Disclosure Framework. The Company has taken advantage of certain disclosure exemptions under FRS 101 in relation to share-based payments, fair value measurement (as applicable to assets and liabilities other than financial instruments), revenue from contracts with customers, presentation of comparative information in respect of certain assets and shares outstanding, presentation of a cash-flow statement, accounting standards not yet effective, related party transactions, and leases.

Where relevant, equivalent disclosures have been provided in the group financial statements of Morgan Stanley in which the Company is consolidated. Copies of Morgan Stanley's financial statements can be obtained as detailed at note 1.

New Standards and Interpretations Adopted During the Year

The following amendments to standards and interpretations relevant to the Company's operations were adopted during the year. These did not have a material impact on the Company's financial statements.

Amendments to IAS 21 '*The Effects of Changes in Foreign Exchange Rates':* Lack of Exchangeability were issued by the IASB in August 2023 for prospective application in accounting periods beginning on or after 1 January 2025. The amendments were adopted by the UK in July 2024.

There were no other standards, amendments to standards or interpretations relevant to the Company's operations which were adopted during the year.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

New Standards and Interpretations Not Yet Adopted

At the date of authorisation of these financial statements, the following standards, amendments to standards and interpretations relevant to the Company's operations were issued by the IASB but not mandatory for accounting periods beginning 1 January 2025. Except where otherwise stated, the Company does not expect that the adoption of the following amendments to standards will have a material impact on the Company's financial statements.

Amendments to IFRS 9 '*Financial Instruments*' ("IFRS 9") and IFRS 7 '*Financial Instruments: Disclosures'* ("IFRS 7") was issued by the IASB in May 2024 for retrospective application except where otherwise prescribed by transitional provisions of the standard and is effective for annual periods beginning on or after 1 January 2026.

IFRS 18 '*Presentation and Disclosure in Financial Statements*' ("IFRS 18") was issued by the IASB in April 2024 for retrospective application in annual periods beginning on or after 1 January 2027. Earlier application is permitted. The Company is currently assessing the impact of IFRS 18 on its financial statements.

Annual improvements to IFRS 7 '*Financial Instruments: Disclosures*' and IFRS 9 '*Financial Instruments*'' were issued by IASB in July 2024, for application in annual periods beginning on or after 1 January 2026. Earlier application is permitted.

Basis of Measurement

The financial statements of the Company are prepared under the historical cost basis except for certain financial instruments that have been measured at fair value as explained in the accounting policies below, and in accordance with applicable United Kingdom Accounting Standards including, FRS 101, and UK company law.

Net Investment Hedging

The Company conducts a portion of its business through its Korean branch with a non-Sterling currency ('foreign operation'). This creates foreign currency exposures, a portion of which the Company elects to manage via its net investment hedging program. The net investment hedging program is designed to mitigate the effect of the foreign currency risk arising from the translation of the net assets of the South Korean branch into the Company's functional currency, which is presented in the foreign currency revaluation reserve. The Company designates a portion of the opening net assets as the hedged item for the duration of one month. The spot elements of foreign exchange forward contracts are designated as the hedging instruments. Gains or losses on the hedging instrument relating to the effective portion of net investment hedging relationships are deferred to the foreign currency revaluation reserve until the disposal of the foreign operation.

A qualitative assessment of the economic relationship between the hedged item and the hedging instrument is performed by comparing the economic terms which affect the amount of the foreign currency risk arising from the translation of the net assets from the South Korean branch ("hedged item") to those which affect the amount of the foreign exchange risk arising from the foreign exchange forward contracts ("hedging instrument"). Generally it is expected that the foreign currency exposure resulting from the translation of the foreign operation and the spot element of the foreign exchange forward contracts will have values which will move in opposite directions because of the same underlying foreign currency risk. The hedge ratio is the ratio between the notional amount of the foreign exchange currency contracts entered into and the notional amount of the net assets of the foreign operation designated in the hedge, which are expected to be equal amounts.

There was no ineffectiveness in the year as all of the critical terms of the hedged exposure and the designated instruments, including the hedge ratio and the foreign exchange risk being hedged are matched.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In preparing the financial statements, the Company makes judgements and estimates that affect the application of accounting policies and reported amounts.

Critical accounting judgements are key decisions made by management in the application of the Company's accounting policies, other than those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

No critical accounting judgements have been made in the process of applying the Company's accounting policies that have had a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty represent assumptions and estimations made by management that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year.

The key source of estimation uncertainty is as follows:

- *Valuation of Level 3 financial instruments:* Valuation techniques used to measure the fair value of instruments categorised in Level 3 of the fair value hierarchy are dependent on unobservable parameters, and as such require the application of judgement, involving estimations and assumptions. The fair value for these financial instruments has been determined using parameters appropriate for the valuation methodology based on prevailing market evidence. It is recognised that the unobservable parameters could have a range of reasonably possible alternative values. See accounting policy note 3(d) and note 32(d) '2. Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives'.

The Company evaluates the critical accounting judgements and key sources of estimation uncertainty on an ongoing basis and believes that these are reasonable.

The Going Concern Assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, and the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; and its exposures to credit risk and liquidity risk, are reflected in the Strategic Report, and as set out in the Strategic Report and Director's Report, retaining sufficient capital and liquidity to withstand market pressures remains central to the Morgan Stanley Group's and the Company's strategy.

Taking the above factors into consideration, the Directors believe the Company will have access to adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of the approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a. Functional Currency

Items included in the financial statements are measured and presented in pounds sterling ("sterling"), the currency of the primary economic environment in which the Company operates.

All currency amounts in the financial statements and Strategic and Directors' reports are rounded to the nearest thousand pound sterling.

b. Foreign Currencies

All monetary assets and liabilities denominated in currencies other than sterling are translated into sterling at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than sterling are recorded at the rates prevailing at the dates of the transactions. Assets and liabilities of the foreign operation is translated into sterling using the closing rate. Translation differences arising from the net investment in the foreign operation is taken to the 'Foreign currency revaluation reserve'. All other translation differences are taken through the income statement. Exchange differences recognised in the income statement are presented in 'Interest receivable and similar income' or 'Interest payable and similar charges', except where noted in 3(c) below.

c. Financial Instruments

i) Financial Instruments Mandatorily at Fair Value Through Profit or Loss

Trading Financial Instruments

Trading financial instruments include government debt securities and corporate and other debt where the Company acquires the financial asset or financial liability for the purpose of selling or repurchasing in the near term or is part of a portfolio for which there is evidence of short-term profit taking, and all derivative contracts.

Purchases and sales of non-derivative financial instruments classified as held for trading are initially recorded on settlement date at fair value (see note 3(d) below). For purchases of non-

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

derivative financial instruments classified as held for trading, from the date that the terms are agreed (trade date) until the settlement date, the Company recognises any unrealised fair value changes in the statement of financial position as 'Trading financial instruments' with corresponding profit or loss recognised within the income statement in 'Net gain from financial instruments at fair value through profit or loss'.

For sales of non-derivative financial instruments the resulting financial instrument is de-recognised from the statement of financial position upon settlement date.

Derivatives are initially recognised on trade date at fair value.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. For all trading financial instruments, transaction costs are excluded from the initial fair value measurement of the financial instrument. These costs are recognised in the income statement in 'Other expenses' within 'Administrative expenses'.

Non-Trading Financial Assets at Fair Value Through Profit or Loss

Non-trading financial assets at fair value through profit or loss ("FVPL") include secured financing transactions such as securities purchased under agreements to resell, corporate loans measured at fair value and investment securities.

Non-trading financial assets at FVPL are principally financial assets where the Company makes decisions based upon the assets' fair values and are generally recognised on settlement date at fair value (see note 3(d) below), since they are neither regular way nor are they derivatives. From the date the terms are agreed (trade date), until the financial asset is funded (settlement date), the Company recognises any unrealised fair value changes in the financial asset as non-trading financial assets at FVPL. On settlement date, the fair value of consideration given is recognised as a non-trading financial asset at FVPL.

For all non-trading financial assets at FVPL, transaction costs are excluded from the initial fair value measurement of the financial assets. These costs are recognised in the income statement in 'Other expenses' within 'Administrative expenses'.

Subsequent measurement of financial instruments mandatorily at fair value through profit or loss

All subsequent changes in fair value and dividends are reflected in the income statement in 'Net gain from financial instruments at fair value through profit or loss'. Interest income and expense and foreign exchange differences are recognised in the income statement in 'Interest receivable and similar income' or 'Interest payable and similar charges'.

ii) Financial Instruments Designated at Fair Value Through Profit or Loss

Financial instruments designated at FVPL include certain unfunded loan commitments which are mandatorily at FVPL once funded.

The company has designated certain financial liabilities at FVPL where the financial liability forms part of a group of financial assets or financial liabilities or both which are managed, evaluated and reported internally on a fair value basis.

From the date the transaction in a financial instrument designated at FVPL is entered into (trade date) until settlement date, the Company recognises any unrealised fair value changes in the contract as financial instruments designated at FVPL in the statement of financial position. On settlement date, the fair value of consideration given or received is recognised as a financial instrument designated at FVPL (see note 3(d) below).

iii) Financial Assets and Financial Liabilities at Amortised Cost

Financial assets at amortised cost include 'Cash and balances at central banks', 'Loans and advances to banks', 'Loans and advances to customers' and certain 'Other receivables'. Cash and cash equivalents comprise cash and demand deposits with banks, net of outstanding bank overdrafts, along with highly liquid investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

Financial assets are recognised at amortised cost when the Company's business model objective is to collect the contractual cash flows of the assets and where these cash flows are solely payments of principal and interest on the principal amount outstanding until maturity. Such

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

assets are recognised when the Company becomes a party to the contractual provisions of the instrument. The instruments are initially measured at fair value (see note 3(d) below) and subsequently measured at amortised cost less expected credit loss ("ECL") allowance. Interest is recognised in the income statement in 'Interest receivable and similar income', using the effective interest rate ("EIR") method. Transaction costs that are directly attributable to the acquisition of the financial asset are added to the fair value on initial recognition. ECL and reversals thereof are recognised in the income statement in 'Net impairment (loss) / net reversal of impairment on financial instruments'.

Financial liabilities at amortised cost include 'Deposits by banks', 'Customer accounts', 'Secured borrowing', certain 'Other payables' and 'Subordinated debt'. These are initially recognised on settlement date at fair value (see note 3(d) below) and subsequently measured at amortised cost. Interest is recognised in the income statement in 'Interest payable and similar charges' using the EIR method. Transaction costs that are directly attributable to the issue of the financial liability are deducted from the fair value on initial recognition.

iv) Secured Financing and Secured Borrowings

In the course of financing its business and as part of its trading activities, the Company enters into arrangements which involve the sale of securities with agreements to repurchase and the purchase of securities with resale agreements. Securities received by the Company under resale arrangements are generally not recognised on the statement of financial position. Securities pledged or sold by the Company under sale repurchase agreements are generally not derecognised from the statement of financial position.

In relation to secured financing, cash collateral balances receivable and accrued interest arising under resale agreements are classified as 'Non-trading at FVPL' as they are managed on a fair value basis.

In relation to secured borrowing, cash collateral balances repayable and accrued interest under repurchase agreements are classified as 'Financial liabilities at amortised cost' and the related securities, where owned by the Company, are included in 'Trading financial assets'.

d. Fair Value

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, assumptions are set to reflect those that the Company believes market participants would use in pricing the asset or liability at the measurement date.

Where the Company manages a group of financial assets and financial liabilities on the basis of its net exposure to either market risks or credit risk, the Company measures the fair value of that group of financial instruments consistently with how market participants would price the net risk exposure at the measurement date.

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that requires the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability that were developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect assumptions the Company believes other market participants would use in pricing the asset or liability, that are developed based on the best information available in the circumstances.

The fair value hierarchy is broken down into three levels based on the observability of inputs as follows, with Level 1 being the highest and Level 3 being the lowest level:

- Level 1 – Quoted prices (unadjusted) in an active market for identical assets or liabilities

  Valuations based on quoted prices in active markets that the Morgan Stanley Group has the ability to access for identical assets or liabilities. Valuation adjustments, block discounts and discounts for equity-specific and contractual restrictions that would not transfer to market participants are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

regularly available in an active market, valuation of these products does not entail a significant degree of judgement.

- Level 2 – Valuation techniques using observable inputs

  Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, significant market inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

- Level 3 – Valuation techniques with significant unobservable inputs

  Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the product. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Accordingly, the degree of judgement exercised by the Company in determining fair value is greatest for instruments categorised in Level 3 of the fair value hierarchy.

The Company considers prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3 of the fair value hierarchy.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the total fair value amount is disclosed in the level appropriate for the lowest level input that is significant to the total fair value of the asset or liability.

For assets and liabilities that are transferred between levels in the fair value hierarchy during the period, fair values are ascribed as if the assets or liabilities had been transferred as of the beginning of the period.

Valuation Techniques

Many cash instruments and OTC derivative contracts have bid and ask prices that can be observed in the marketplace. Bid prices reflect the highest price that a party is willing to pay for an asset. Ask prices represent the lowest price that a party is willing to accept for an asset. The Company carries positions at the point within the bid-ask range that meets its best estimate of fair value. For offsetting positions in the same financial instrument, the same price within the bid-ask spread is used to measure both the long and short positions.

Fair value for many cash instruments and OTC derivative contracts is derived using pricing models. Pricing models take into account the contract terms, as well as multiple inputs including, where applicable, commodity prices, equity prices, interest rate yield curves, credit curves, correlation, creditworthiness of the counterparty, creditworthiness of the Company, option volatility and currency rates.

Where appropriate, valuation adjustments are made to account for various factors such as liquidity risk (bid-ask adjustments), credit quality, model uncertainty and concentration risk and funding.

Adjustments for liquidity risk adjust model-derived mid-market amounts of Level 2 and Level 3 financial instruments for the bid-mid or mid-ask spread required to properly reflect the exit price of a risk position. Bid-mid and mid-ask spreads are marked to levels observed in trade activity, broker quotes or other external third-party data. Where these spreads are unobservable for the particular position in question, spreads are derived from observable levels of similar positions.

The Company applies credit-related valuation adjustments to its OTC derivatives. For OTC derivatives, the impact of changes in both the Company's and the counterparty's credit rating is considered when measuring fair value. In determining the expected exposure the Company simulates the distribution of the future exposure to a counterparty, then applies market-based default probabilities to the future exposure, leveraging external third-party CDS spread data. Where CDS spread data are unavailable for a specific counterparty, bond market spreads, CDS spread data based on the counterparty's credit rating or CDS spread data that reference a

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

comparable counterparty may be utilised. The Company also considers collateral held and legally enforceable master netting agreements that mitigate its exposure to each counterparty.

The Company incorporates funding valuation adjustments ("FVA") into the fair value measurements of OTC uncollateralised or partially collateralised derivatives and in collateralised derivatives where the terms of the agreement do not permit the re-use of the collateral received. In general, FVA reflects a market funding risk premium inherent in the noted derivative instruments. The methodology for measuring FVA leverages the Company's existing credit-related valuation adjustment calculation methodologies, which apply to both assets and liabilities.

Adjustments for model uncertainty are taken for positions where underlying models are reliant on significant inputs that are neither directly nor indirectly observable, hence requiring reliance on established theoretical concepts in their derivation. These adjustments are derived by making assessments of the possible degree of variability using statistical approaches and market-based information where possible.

The Company may apply concentration adjustments to certain of its OTC derivatives portfolios to reflect the additional cost of closing out a particularly large risk exposure. Where possible, these adjustments are based on observable market information but in many instances significant judgement is required to estimate the costs of closing out concentrated risk exposures due to the lack of liquidity in the marketplace.

Valuation Process

VC within Finance is responsible for ensuring that the inventory carried at fair value in the Company's financial statements and associated disclosures is presented in accordance with applicable accounting standards. VC is independent of the Business Units and reports to the Chief Financial Officer ("CFO") of the Morgan Stanley Group globally and EMEA CFO regionally, who have final authority over the valuation of the Company's inventory. VC implements valuation control processes designed to validate the fair value of the Company's financial instruments measured at fair value including those derived from pricing models.

Model Control: VC, in conjunction with the Model Risk Management ("MRM"), which reports to the CRO of the Morgan Stanley Group, independently reviews valuation models. VC is responsible for reviewing that the model valuation methodology is appropriate, model inputs and valuations are consistent with accounting standards and an independent price verification can be performed. The Company generally subjects valuations and models to a review process initially and on a periodic basis thereafter.

Independent Price Verification: The Business Units are responsible for determining the fair value of financial instruments using approved valuation models and valuation methodologies. Generally on a monthly basis, VC performs an independent review of the valuation in the books and records by determining the appropriateness of the inputs used by the business units and by testing compliance with the documented valuation methodologies approved in the model review process described above. External pricing data used to validate the valuation must meet minimum quality standards set by VC.

The results of this independent price verification and any adjustments made to the fair value generated by the Business Units are presented to management of the Morgan Stanley Group's three business segments (i.e. Institutional Securities, Wealth Management and Investment Management), the Morgan Stanley CFO, EMEA CFO and the CRO on a regular basis.

VC reviews the models and valuation methodology used to price new material Level 2 and Level 3 transactions and both Finance and MRM must approve the fair value of the trade that is initially recognised.

Gains and Losses on Inception

In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (i.e. the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Company recognises a gain or loss on inception of the transaction.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

When the use of unobservable market data has a significant impact on determining fair value at the inception of the transaction, the entire initial gain or loss indicated by the valuation technique as at the transaction date is not recognised immediately in the income statement but is deferred and recognised over the life of the instrument or at the earlier of when the unobservable market data become observable, maturity or disposal of the instrument.

e. Impairment of Financial Assets

The Company recognises loss allowances for ECL for the following financial instruments that are not measured at FVPL:

- financial assets measured at amortised cost;
- loan commitments, except those that can be net settled in cash or with another financial instrument.

Measurement of ECL

The Company applies a three stage approach to measuring ECL based on the change in credit risk since initial recognition:

- *Stage 1:* if the credit risk of the financial instrument at the reporting date has not increased significantly since initial recognition then the loss allowance is calculated as the lifetime cash shortfalls that will result if a default occurs in the next 12 months, weighted by the probability of that default occurring.
- *Stage 2:* if there has been a significant increase in credit risk ("SICR") since initial recognition, the loss allowance is calculated as the ECL over the remaining life of the financial instrument. If it is subsequently determined that there has no longer been a SICR since initial recognition, then the loss allowance reverts to reflecting 12 month expected losses.
- *Stage 3:* if there has been a SICR since initial recognition and the financial instrument is deemed credit-impaired (see below for definition of credit-impaired), the loss allowance is calculated as the ECL over the remaining life of the financial instrument. If it is subsequently determined that there has no longer been a SICR since initial recognition, then the loss allowance reverts to reflecting 12 month expected losses.

Assessment of Significant Increase in Credit Risk

When assessing SICR, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit risk assessment, including forward-looking information.

The determination of a SICR is generally based on changes in the probability of default ("PD"), in conjunction with a rebuttable presumption that a SICR has occurred if a financial asset is more than 30 days past due.

Calculation of ECL

ECL is calculated using three main components:

- *PD:* for accounting purposes, the 12 month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and over the remaining lifetime of the financial instrument respectively, based on conditions existing at the balance sheet date and future economic conditions.
- *Loss given default ("LGD"):* the LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, including the expected value of the collateral when realised and the time value of money.
- *Estimated exposure at default ("EAD"):* this represents the expected EAD, taking into account the expected repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of the facility over that period.

These parameters are generally derived from internally developed statistical models, incorporating historical, current and forward-looking macro-economic data and country risk expert judgement. The macro-economic scenarios are reviewed quarterly.

The 12 month ECL is equal to the sum over the next 12 months of quarterly PD multiplied by LGD and EAD, with such expected losses being discounted at the EIR. Lifetime ECL is calculated using the discounted present value of total quarterly PDs multiplied by LGD and EAD, over the full remaining life of the facility.

When measuring ECLs, the Company considers multiple scenarios, except where practical expedients are used to determine ECL. Practical expedients are used where they are consistent

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

with the principles described above. Where there is a history of no credit losses, and where this is expected to persist into the future for structural or other reasons, such as collateral or other credit enhancement, it is determined that the ECL for a financial instrument is *de minimis* (highly immaterial) and it may not be necessary to recognise the ECL.

The Company measures ECL on an individual asset basis and has no purchased or originated credit-impaired financial assets.

If a financial asset has been the subject of modification which does not lead to its derecognition (refer to note 3(e)), SICR is assessed by comparing the risk of default of the financial instrument, based on the modified terms at the reporting date, with the risk of default of the financial instrument at inception, based on the financial instrument's original, unmodified, terms.

Where the modification of contractual cash flows of a financial asset leads to its derecognition and the recognition of a new asset (refer to note 3(e)), the date of modification is treated as the date of initial recognition for the new financial asset when determining whether a SICR has occurred for that modified financial asset. In rare circumstances, after modification, the new asset is considered to be credit impaired, in which case it is treated as an asset which was credit-impaired at origination.

More information on measurement of ECL is provided in note 28 'Risk Management'.

Presentation of ECL

ECL is recognised in the income statement within 'Net impairment loss on financial instruments'.

Credit-Impaired Financial Instruments

In assessing the impairment of financial instruments under the ECL model, the Company defines credit-impaired financial instruments in accordance with Credit Risk Management Department's policies and procedures. A financial instrument is credit-impaired when one or more events that have a detrimental impact on estimated future cash flows of that financial asset have occurred.

Definition of Default

In assessing the impairment of financial instruments under the ECL model, the Company defines default in accordance with Credit Risk Management Department's policies and procedures. This considers whether the borrower is unlikely to pay its credit obligations to the Company in full and takes into account qualitative indicators, such as breaches of covenants. The definition of default also includes a presumption that a financial asset which is more than 90 days past due has defaulted.

Write-Offs

Loans and debt securities are written off (either partially or in full) when they are deemed uncollectible. Financial assets that are written off could still be subject to enforcement activities for recoveries of amounts due.

f. Fees and Commissions

Fees and commissions classified within 'Fees and commissions income' in the income statement include syndication and arrangement fees, account servicing fees, and management charges to other Morgan Stanley Group undertakings.

- Syndication fees are generally not an integral part of the effective interest rate and are recognised as the related services are performed.
- Arrangement fees are recognised as the related services are performed where there is no ongoing contractual obligation for the Company. Where there is an ongoing contractual obligation for the Company, fees are recognised over the term of the commitment on a straight-line basis where the commitment is not expected to be drawn or deferred until drawdown and included in the effective interest rate where the commitment is expected to be drawn.
- Account servicing fees include loan commitment and utilisation fees. These fees are recognised over the term of the commitment on a straight-line basis where the commitment is not expected to be drawn. Where the commitment is expected to be drawn, the fees are deferred until drawdown and included in the effective interest rate.

Fees and commissions classified within 'Fees and commissions expense' include transaction and service fees. These amounts are recognised as the related services are received.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

g. Income Tax

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is calculated based on taxable profit for the year. Taxable profit may differ from profit before taxation as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Taxable profit is also adjusted if it is considered that it is not probable that a taxation authority will accept an uncertain tax treatment. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Current tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the current tax is also recorded within other comprehensive income or equity respectively.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and limited to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is reflected within other comprehensive income or equity, respectively.

Current tax assets are offset against current tax liabilities when there is a legally enforceable right to set off current tax assets against current tax liabilities and the Company intends to settle its current tax assets and current tax liabilities on a net basis or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and current tax liabilities on a net basis.

The Company is subject to the OECD Pillar Two Model Rules legislation that is effective from 1 January 2024. The Company has applied the mandatory exception to deferred tax recognition and disclosure as provided in the amendments to IAS 12: International Tax Reform - Pillar Two Model Rules.

h. Employee Compensation Plans

i) Equity-Settled Share-Based Compensation Plans

Morgan Stanley issues awards in the form of restricted stock units ("RSUs") to employees of the Morgan Stanley Group for services rendered to the Company. Awards are equity-settled and the cost of the equity-based transactions with employees is measured based on the fair value of the equity instruments at grant date. The fair value of RSUs is based on the market price of Morgan Stanley common stock, measured as the volume-weighted average price on the grant date ("VWAP"). The fair value of RSUs not entitled to dividends until conversion is measured at VWAP reduced by the present value of dividends expected to be paid on the underlying shares prior to the scheduled conversion date.

Awards generally contain clawback and cancellation provisions.

The Company recognises compensation cost over the relevant vesting period for each separately vesting portion of the award. An estimation of awards that will be forfeited prior to vesting due to the failure to satisfy service conditions is considered in calculating the total

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

compensation cost to be amortised over the relevant vesting period.

Under the Morgan Stanley Group chargeback agreements, the Company pays Morgan Stanley for the procurement of shares. The Company pays Morgan Stanley the grant date fair value and any subsequent movement in fair value up to the time of conversion of the award and delivery of shares to the employees.

Share based compensation expense is recorded within 'Administrative expenses' in the income statement.

i. Post-Employment Benefits

The Company operates defined contribution plans and defined benefit post-employment plans.

Contributions due in relation to the Company's defined contribution post-employment plan are recognised in 'Administrative expenses' in the income statement when payable.

Defined benefit plan obligations are measured on an actuarial basis in accordance with the advice of an independent qualified actuary using the projected unit credit method and discounted at a rate that reflects the current rate of return on a high quality corporate bond of equivalent term and currency to the plan liabilities.

Insurance policies with third parties are held to fund defined benefit pension obligations arising from schemes relating to former German branches. Polices which meet the definition of a qualifying insurance policy they are treated as plan assets, policies which are not qualifying insurance policies are presented within 'Other assets'. All insurance contracts are measured at their fair value at the reporting date. A surplus or deficit of plan assets over liabilities is recognised in the statement of financial position as an asset or a liability respectively. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Past service costs together with the net interest on the defined benefit obligation / asset are charged to 'Direct staff costs' in 'Administrative expenses' in the income statement. Remeasurements that arise in calculating the Company's obligation in respect of a plan are recognised in other comprehensive income in the period in which they occur.

Details of the plans are given in note 37 to these financial statements.

j. Offsetting of Financial Assets and Financial Liabilities

Where there is a currently legally enforceable right to set off the recognised amounts and an intention to either settle on a net basis or to realise the asset and the liability simultaneously, financial assets and financial liabilities are offset and the net amount is presented on the statement of financial position. In the absence of such conditions, financial assets and financial liabilities are presented on a gross basis.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

4. INTEREST RECEIVABLE AND SIMILAR INCOME

The table below presents interest receivable and similar income by accounting classification. Interest receivable and similar income is calculated using the EIR method for financial assets measured at amortised cost.

in £'000	2025	2024
Financial assets measured at amortised cost		
Interest income on loans and advances to customers	880	2,601
Interest income on loans and advances to banks	3,106	4,643
Interest income on other loans to Morgan Stanley Group undertakings	19,156	34,409
Other interest income	868	661
Financial assets measured at amortised cost	**24,010**	**42,314**
Net interest from trading financial instruments	38,247	49,262
Non-trading financial assets at FVPL		
Interest income on secured financing with Morgan Stanley Group undertakings	48,954	56,958
Financial assets measured at FVPL	**87,201**	**106,220**
Foreign exchange income	—	1,649
Total interest income	**111,211**	**150,183**

5. INTEREST PAYABLE AND SIMILAR CHARGES

The table below presents interest payable and similar charges by accounting classification. Interest payable and similar charges are calculated using the EIR method for financial liabilities measured at amortised cost.

in £'000	2025	2024
Financial liabilities measured at amortised cost		
Deposit interest	12,898	21,973
Interest expense on repurchase agreements and other secured borrowing with external counterparties	2,476	1,804
Interest expense on repurchase agreements and other secured borrowing with Morgan Stanley Group undertakings	2,912	3,996
Interest expense on other loans from Morgan Stanley Group undertakings	48,794	65,309
Interest expense on lease liabilities	32	39
Financial liabilities measured at amortised cost	**67,112**	**93,121**
Foreign exchange loss	484	—
Total interest expense	**67,596**	**93,121**

Included in 'Interest expense on other loans from Morgan Stanley Group undertakings' is £28,347 thousand (2024: £28,886 thousand) in respect of subordinated debt.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

6. FEE AND COMMISSION INCOME AND EXPENSE

Fee and commission income relates to arrangement fees and the related management charges from/to other Morgan Stanley Group undertakings. These net transfers are in accordance with the Morgan Stanley Group Global Transfer Pricing Policy.

Fee and commission expense relates to transaction and service fees and the related management charges from other Morgan Stanley Group undertakings.

7. NET GAINS FROM FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

in £'000	2025	2024
Assets and liabilities held for trading	**23,908**	**30,579**
Net gains on:		
Non-trading financial assets at FVPL		
Secured financing	1	139
Investment securities	73	—
Total non-trading financial assets at FVPL	**74**	**139**
Net gains from financial instruments at fair value through profit or loss	**23,982**	**30,718**

8. ADMINISTRATIVE EXPENSES

in £'000	2025	2024
Direct staff costs	3,557	2,885
Management recharges from other Morgan Stanley Group undertakings relating to staff costs	5,036	6,511
Management recharges from other Morgan Stanley Group undertakings relating to other services	8,896	15,154
Auditor's remuneration:		
Fees payable for the audit of the Company's annual financial statements	1,940	998
Fees payable for other services to the Company	25	395
Other expenses	1,616	1,779
Total administrative expenses	**21,070**	**27,722**

In the prior period, the fees payable for other services are in respect of the transition from the previous auditor.

The average number of employees of the Company is analysed in the following table:

	2025	2024
Support services	18	16
Institutional securities and investment management	4	4
	22	**20**

The costs of the direct staff are analysed below:

in £'000	2025	2024
Wages and salaries	3,167	2,496
Social security costs	96	87
Pension costs	294	302
	3,557	**2,885**

In addition to the direct staff costs above, the Company incurred recharges in respect of staff costs from other Morgan Stanley Group undertakings.

The amount of remuneration received by Directors in respect of their services to the Company is disclosed in Note 38, 'Related Party Disclosures'.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

9. INCOME TAX EXPENSE

Analysis of expense in the year:

in £'000	2025	2024
Current tax expense		
UK corporation tax at 28% (2024: 28%)		
Current year	9,790	10,087
Adjustment in respect of prior years	—	(289)
Foreign tax		
Current year	—	3,486
Adjustment in respect of prior years	—	108
Total current tax	**9,790**	**13,392**
Deferred tax expense / (benefit)		
Origination and reversal of temporary differences	3,020	4,959
Effect of changes in tax rates	—	(19)
Total deferred tax	**3,020**	**4,940**
Income tax expense	**12,810**	**18,332**

Reconciliation of effective tax rate

The Company's tax rate is sensitive to the geographic mix of profits and tax rates.

The main differences between the Company's tax charge and the tax charge that would have been calculated from applying the average standard rate of corporation tax for banking companies in the UK for the year of 28% (2024: 28%) are explained below:

in £'000	2025	2024
Profit before income tax	50,389	64,113
Income tax expense using the average standard rate of corporation tax in the UK of 28% (2024: 28%)	14,109	17,952
Impact on tax of:		
Expenses not deductible for tax purposes	(233)	2,334
Foreign tax prior year adjustments	—	108
Higher rate taxes on overseas earnings	—	(1,458)
Effect of tax rates different to the consolidation rate	(1,066)	—
Adjustment to the tax expense in respect of prior years	—	(289)
Effect of tax rate change	—	(19)
Other	—	(296)
Total income tax expense in the income statement	**12,810**	**18,332**

Morgan Stanley has a policy in place of surrendering tax-deductible losses ("group relief") to other members of the Morgan Stanley UK tax group. The surrenders are for no cash consideration except for certain entities surrendering to the Company, where the cash consideration is equal to the amount of tax relief received.

In addition to the amount charged to the income statement, the aggregate amount of current and deferred tax relating to each component of other comprehensive income was as follows:

	2025		
in £'000	Before tax	Tax expense	Net of tax
Profit and loss account:			
Remeasurement of net defined benefit liability	40	—	40
Foreign currency revaluation reserve:			
Foreign currency translation differences arising on foreign operations	(8,951)	—	(8,951)
Gain/ (loss) arising on hedging instruments designated as net investment hedges	8,748	—	8,748
Other comprehensive (loss)/income	**(163)**	**—**	**(163)**

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

	2024		
in £'000	Before tax	Tax expense	Net of tax
Profit and loss account:			
Remeasurement of net defined benefit liability	21	—	21
Foreign currency revaluation reserve:			
Foreign currency translation differences arising on foreign operations	(19,706)	—	(19,706)
Gain/ (loss) arising on hedging instruments designated as net investment hedges	18,406	—	18,406
Other comprehensive (loss)/income	**(1,279)**	**—**	**(1,279)**

The Company has no current tax exposure in relation to the OECD Pillar Two Model Rules.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

10. FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

The following table analyses financial assets and financial liabilities as presented in the statement of financial position by IFRS 9 measurement classifications.

31 December 2025 in £'000	FVPL (mandatorily)	FVPL (designated)	Amortised cost	Total
Cash and balances at central banks	–	–	24,687	24,687
Secured financing	836,854	–	–	836,854
Loans and advances to banks	–	–	140,542	140,542
Loans and advances to customers	–	–	422,190	422,190
Trading financial assets	3,022,186	–	–	3,022,186
Investment securities	23	–	–	23
Other receivables	–	–	16,304	16,304
Total financial assets	**3,859,063**	**–**	**603,723**	**4,462,786**
Deposit by banks	–	–	279,651	279,651
Customer accounts	–	–	632,759	632,759
Secured borrowing	–	–	103,105	103,105
Trading financial liabilities	2,409,008	–	–	2,409,008
Other payables	–	25	8,848	8,873
Subordinated debt	–	–	258,220	258,220
Total financial liabilities	**2,409,008**	**25**	**1,282,583**	**3,691,616**

31 December 2024 in £'000	FVPL (mandatorily)	FVPL (designated)	Amortised cost	Total
Cash and balances at central banks	–	–	17,404	17,404
Secured financing	1,163,336	–	–	1,163,336
Loans and advances to banks	–	–	212,774	212,774
Loans and advances to customers	–	–	775,727	775,727
Trading financial assets	3,746,151	–	–	3,746,151
Investment securities	472	–	–	472
Other receivables	–	–	20,082	20,082
Total financial assets	**4,909,959**	**–**	**1,025,987**	**5,935,946**
Deposit by banks	–	–	462,429	462,429
Customer accounts	–	–	783,693	783,693
Secured borrowing	–	–	123,656	123,656
Trading financial liabilities	3,311,515	–	–	3,311,515
Other payables	–	48	11,017	11,065
Subordinated debt	–	–	408,727	408,727
Total financial liabilities	**3,311,515**	**48**	**1,789,522**	**5,101,085**

Financial liabilities designated at FVPL

The financial liabilities shown in the tables above which are designated at FVPL relate to unfunded loan commitments which are mandatorily at FVPL once funded as they are part of a group of financial assets which are managed and evaluated on a fair value basis.

There are no terms and conditions of any financial liability designated at FVPL that may individually significantly affect the amount, timing and certainty of future cash flows for the Company.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

11. SECURED FINANCING AND SECURED BORROWING

in £'000	2025	2024
Assets		
Non-trading FVPL		
Reverse repurchase agreements		
Due from Morgan Stanley Group undertakings	836,854	1,163,336
Total Assets	**836,854**	**1,163,336**
Liabilities		
Financial liabilities at amortised cost		
Repurchase agreements and other secured borrowing		
Due to Morgan Stanley Group undertakings	51,645	96,625
Due to external counterparties - banks	51,460	27,031
Total Liabilities	**103,105**	**123,656**

There were no assets or liabilities falling due after more than five years in both the current and prior year.

12. LOANS AND ADVANCES TO BANKS

in £'000	2025	2024
Financial assets at amortised cost		
Due from Morgan Stanley Group undertakings	7,079	7,535
Other	133,463	205,239
Total	**140,542**	**212,774**

There were no impairment loss allowances for loans and advances to banks at 31 December 2025 (2024: £nil).

13. LOANS AND ADVANCES TO CUSTOMERS

in £'000	2025	2024
Financial assets at amortised cost		
Due from Morgan Stanley Group undertakings	422,034	734,980
Other	156	40,747
Total	**422,190**	**775,727**

There were no impairment loss allowances for loans and advances to customers at 31 December 2025 (2024: £nil).

14. TRADING FINANCIAL ASSETS AND LIABILITIES

Trading assets and trading liabilities are summarised as below:

	2025		2024	
in £'000	Assets	Liabilities	Assets	Liabilities
Government debt securities	242,055	–	171,390	–
Corporate and other debt	290,965	–	194,361	–
Derivatives (see note 15)	2,489,166	2,409,008	3,380,400	3,311,515
Total trading financial instruments	**3,022,186**	**2,409,008**	**3,746,151**	**3,311,515**

There are no terms and conditions of any trading financial asset or liability that may individually significantly affect the amount, timing and certainty of future cash flows for the Company.

Details of above assets pledged as collateral are disclosed in 'Transfers of financial assets, including pledges of collateral' (note 29).

15. DERIVATIVES

The derivatives comprise bilateral OTC and are summarised below:

	2025		2024	
in £'000	Assets	Liabilities	Assets	Liabilities
Fixed income securities contracts (1)	2,482,364	2,403,447	3,376,366	3,307,416
Fair value of loans pending settlement	5,106	3,865	2,343	2,408
Commodity forwards, options and swaps	1,696	1,696	1,691	1,691
Total	**2,489,166**	**2,409,008**	**3,380,400**	**3,311,515**

(1) Includes interest rate, currency swaps, options, forwards and credit derivatives

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

16. OTHER RECEIVABLES

in £'000	2025	2024
Financial assets classified at amortised cost		
Interest and fee income receivable	3,347	4,689
Customer receivables	5,593	8,943
Trading receivables	6,689	6,450
Held at exchanges	558	—
	16,187	**20,082**
Other	9,932	3,810
	9,932	**3,810**
Total other receivables	**26,119**	**23,892**

17. DEFERRED TAX

Deferred taxes are calculated on all temporary differences under the liability method. The movement in the deferred tax account is as follows:

	2025	
in £'000	Deferred tax asset	Deferred tax liability
At 1 January	1,961	—
Amount recognised in the income statement	(1,941)	(1,079)
Foreign exchange revaluation	55	—
At 31 December	**75**	**(1,079)**

	2024	
in £'000	Deferred tax asset	Deferred tax liability
At 1 January	7,415	—
Amount recognised in the income statement	(4,959)	—
Impact of changes in tax rates recognised in the income statement	19	—
Foreign exchange revaluation	(514)	—
At 31 December	**1,961**	**—**

For the purpose of presentation in the statement of financial position, certain deferred tax assets and liabilities have been offset. The deferred tax included in the statement of financial position and changes recorded in 'Income tax expense' in the income statement are as follows:

	2025		
in £'000	Deferred tax asset	Deferred tax liability	Income statement
Deferred compensation	—	236	12
Unrealised gains/ (losses)	—	(1,757)	3,176
Other timing differences	75	442	(168)
	75	**(1,079)**	**3,020**

	2024		
in £'000	Deferred tax asset	Deferred tax liability	Income statement
Deferred compensation	248	—	(135)
Unrealised gains/ (losses)	1,419	—	4,841
Other timing differences	294	—	234
	1,961	**—**	**4,940**

The deferred tax assets recognised are based on management assessment that it is probable that the Company will have taxable profits against which the temporary differences can be utilised.

The UK statutory rate is 28% for the period, including a 3% corporation tax surcharge on the profits of banking companies.

The majority of deferred tax assets are in respect of the Company's Korea branch and therefore recognised at the local applicable tax rate of 22.96% and not the UK rates disclosed above.

18. CUSTOMER ACCOUNTS

in £'000	2025	2024
Financial liabilities at amortised cost		
Due to Morgan Stanley Group undertakings	627,408	762,314
Other	5,351	21,379
Total	**632,759**	**783,693**

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

19. OTHER PAYABLES

in £'000	2025	2024
Financial liabilities at amortised cost		
Customer payables	8,078	10,036
Lease liabilities	477	654
Other payables	293	327
	8,848	**11,017**
Financial liabilities designated at FVPL		
Other payables	25	48
	25	**48**
Other	9,600	9,841
	9,600	**9,841**
Total other payables	**18,473**	**20,906**

20. ACCRUALS AND DEFERRED INCOME

in £'000	2025	2024
Other taxation and social security	95	88
Other accruals and deferred income	3,985	9,303
Total accruals and deferred income	**4,080**	**9,391**

21. SUBORDINATED DEBT

in £'000	2025	2024
Subordinated Debt (amortised cost)		
Subordinated debt	250,560	400,921
Accrued interest on subordinated debt	7,660	7,806
Total	**258,220**	**408,727**

The amounts subject to subordinated debt agreements are wholly repayable as shown below:

in £'000				2025	2024
Counter party	Repayment date	Interest rate	Currency	Balance	Balance
MSIUK	21 December 2025	SONIA plus 2.121%	GBP	—	250,000
MSIUK	21 July 2033	SONIA plus 2.43%	GBP	150,000	150,000
MSIUK	12 June 2036	SONIA plus 1.99%	GBP	100,000	100,000

With effect from 11 October 2023, MSIUK and the Company agreed that the interest rate be amended to SONIA (Sterling Overnight Index Average) plus 2.43% from SONIA plus 2.34% for the subordinated debt maturing on 21 July 2033.

In addition to the balances in the above table, the subordinated debt as at 31 December 2025 included £560 thousand (2024: £921 thousand) unamortised losses on inception. Refer to accounting policy note 3(d) for more detail on the gains and losses on inception.

All amounts outstanding under subordinated debt agreements are repayable on the repayment date. Any repayment of subordinated debt prior to contractual maturity would require mutual agreement between the Company and the lender and prior regulatory consent.

The Company has not defaulted on principal, interest or made any other breaches with respect to its subordinated debt during the year.

22. EQUITY

	2025	2024
Authorised, Allotted and fully paid:		
Ordinary shares of £1 each - Number	340,000,000	340,000,000
Ordinary shares of £1 each - (£'000)	340,000	340,000
Total equity instruments at 31 December	**340,000**	**340,000**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled, on a show of hands, to one vote and, on a poll, one vote per share at meetings of the shareholders of the Company. All shares rank equally with regard to the Company's residual assets.

Reserves

Foreign Currency Revaluation Reserve

The 'Foreign currency revaluation reserve' of £35,165 thousand (2024: £35,368 thousand) comprises all foreign exchange differences arising from the translation of the total assets less total liabilities of the foreign operation denominated in currencies other than sterling.

The Company hedges foreign exchange exposure arising from its South Korean branch operations by utilising forward foreign currency exchange contracts with another Morgan Stanley

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Group undertaking. See note 24 for further information.

Capital Contribution Reserve

The 'Capital contribution reserve' of £89,654 thousand (2024: £89,654 thousand) represents amounts received from the Company's former parent undertaking.

23. DIVIDENDS

The following amounts represent the dividends paid in the current year.

		2025	
in £'000	Date	Per share £	Total
Dividends paid on ordinary shares	12 June 2025	0.29	100,000
		0.29	**100,000**

No dividends were paid in the prior year.

24. NET INVESTMENT HEDGING

As at 31 December 2025, the notional amount of the foreign exchange forward contracts designated as hedging instruments in net investment hedges of foreign exchange GBP/KRW rate risk is £174,332 thousand (2024: £169,349 thousand). These designated instruments are presented within trading financial assets and liabilities in the statement of financial position. The carrying amount of these designated hedging instruments as at 31 December 2025 is a net asset of £2,648 thousand (2024: £4,820 thousand net asset), which comprises £3,433 thousand of financial assets (2024: £6,995 thousand) and £785 thousand of financial liabilities (2024: £2,175 thousand).

The change in the value of the spot elements of foreign exchange forward contracts which were designated in net investment hedging relationships during the period was a £8,748 thousand gain (2024: £18,406 thousand loss), which has been recognised in the foreign currency revaluation reserve.

The change in the value of the hedged items which were designated in net investment hedging relationships during the period was a £8,748 thousand loss (2024: £18,406 thousand loss). No hedge ineffectiveness arose in the period. The effects of exchange rate timing differences are recognised in the foreign currency revaluation reserve.

As at 31 December 2025, a balance of £44,079 thousand loss (2024: £35,330 thousand loss) in the currency revaluation reserve relates to hedged items which were designated in continuing hedging relationships as at the balance sheet date. There are no amounts in the currency revaluation reserve relating to hedged items for which hedge accounting is no longer applied.

No amounts were reclassified from the foreign currency revaluation reserve to the income statement in the year.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

25. EXPECTED MATURITY OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered, realised or settled.

	At 31 December 2025			At 31 December 2024		
in £'000	Less than or equal to twelve months	More than twelve months	Total	Less than or equal to twelve months	More than twelve months	Total
ASSETS						
Cash and balances at central banks	24,687	—	24,687	17,404	—	17,404
Secured financing	836,854	—	836,854	1,163,336	—	1,163,336
Loans and advances to banks	140,542	—	140,542	212,774	—	212,774
Loans and advances to customers	422,190	—	422,190	775,727	—	775,727
Trading financial assets	3,022,186	—	3,022,186	3,746,151	—	3,746,151
Investment securities	—	23	23	—	472	472
Tangible fixed assets	—	681	681	—	926	926
Other receivables	25,781	338	26,119	23,892	—	23,892
Current tax assets	1,218	—	1,218	282	—	282
Deferred tax assets	37	38	75	1,625	336	1,961
Prepayments and accrued income	126	—	126	157	—	157
	4,473,621	**1,080**	**4,474,701**	**5,941,348**	**1,734**	**5,943,082**
LIABILITIES						
Deposit by banks	279,651	—	279,651	462,429	—	462,429
Customer accounts	223,131	409,628	632,759	141,742	641,951	783,693
Secured borrowing	103,105	—	103,105	123,656	—	123,656
Trading financial liabilities	2,409,008	—	2,409,008	3,311,515	—	3,311,515
Other payables	18,179	294	18,473	20,405	501	20,906
Accruals and deferred income	4,080	—	4,080	9,391	—	9,391
Current tax liabilities	10,140	9,713	19,853	11,677	—	11,677
Deferred tax liabilities	216	863	1,079	—	—	—
Retirement benefit liability	—	394	394	—	424	424
Provisions for liabilities and charges	178	—	178	179	—	179
Subordinated debt	7,660	250,560	258,220	257,806	150,921	408,727
	3,055,348	**671,452**	**3,726,800**	**4,338,800**	**793,797**	**5,132,597**

Total financial liabilities of £250,560 thousand (2024: £150,921 thousand), included in the above, fall due for payment after more than five years from the reporting date.

Included within 'Customer accounts' are amounts of £165,060 thousand (2024: £97,315 thousand) representing cash collateral received as security for open trading positions held with other Morgan Stanley Group undertakings.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

As required by Schedule 2 Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 the table below provides further maturity analysis of certain financial assets and financial liabilities as at 31 December 2025 and 31 December 2024.

31 December 2025 **in £'000**	On demand or at short notice	3 months or less	More than 3 months but not more than one year	More than one year but not more than five years	More than five years	Total
Financial assets at amortised cost						
Loans by banks	140,542	—	—	—	—	140,542
Loans to customers	422,190	—	—	—	—	422,190
Total financial assets	**562,732**	**—**	**—**	**—**	**—**	**562,732**
Financial liabilities at amortised cost						
Deposits by banks	279,651	—	—	—	—	279,651
Customer accounts	205,233	17,898	—	409,628	—	632,759
Total financial liabilities	**484,884**	**17,898**	**—**	**409,628**	**—**	**912,410**

31 December 2024 **in £'000**	On demand or at short notice	3 months or less	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
Financial assets at amortised cost						
Loans by banks	212,774	—	—	—	—	212,774
Loans to customers	775,727	—	—	—	—	775,727
Total financial assets	**988,501**	**—**	**—**	**—**	**—**	**988,501**
Financial liabilities at amortised cost						
Deposits by banks	462,429	—	—	—	—	462,429
Customer accounts	141,742	—	—	641,951	—	783,693
Total financial liabilities	**604,171**	**—**	**—**	**641,951**	**—**	**1,246,122**

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

26. SEGMENT REPORTING

Segment information is presented in respect of the Company's operating segments and geographical information on a voluntary basis.

Reportable Operating Segments

Morgan Stanley structures its operating segments primarily based upon the nature of the financial products and services provided to customers and Morgan Stanley's internal management structure. The Company's own operating segments are consistent with those of Morgan Stanley.

The Company has one reportable operating segment, Institutional Securities, which provides sales and trading and other services to corporations, governments and financial institutions. Sales and trading services include sales, financing and market-making activities in fixed income products, including foreign exchange, credit and commodities. Other services include corporate lending activities.

Geographical Information

The Company operates in two geographic regions as listed below:

- EMEA
- Asia

The following table presents selected income statement information by geographic area. The revenues net of loan losses presented below is based on the origin of the income, which is not materially different to the revenues based on the destination of income.

External revenues net of loan losses

in £'000	2025	2024
EMEA	50,332	58,142
Asia	21,366	33,922
Total	**71,698**	**92,064**

27. COMMITMENTS

At 31 December, the Company had the following outstanding commitments:

in £'000	2025	2024
Commitments[1]		
Undrawn loan commitments due to expire:		
On demand or at short notice	970	19
More than three months but not more than one year	—	2,561
More than one year but not more than five years	1,828	12,216
More than five years	12,143	4,546
	14,941	**19,342**
Loans purchased pending settlement	295,450	310,828
	310,391	**330,170**

(1) Commitments include undrawn loan commitments designated at fair value and loans purchased pending settlement.

Loan Commitments

The above amounts represent the value of the gross outflow that the Company could have to pay. The Company does not expect that all of the cash flows associated with loan commitments will be required. The fair value of the undrawn loan commitments designated at FVPL has been recognised within 'Corporate and other debt'. Refer to note 14.

At 31 December 2025, the Company had £14,941 thousand (2024: £19,342 thousand) of undrawn loan commitments of which £10,157 thousand (2024: £10,988 thousand) was sub-participated. £20 thousand (2024: £19 thousand) is sub-participated to other Morgan Stanley Group undertakings.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Loans Purchased Pending Settlement

The above amount represents the value of the gross outflow for loan purchases which have been entered into before year end (trade date) and will be settled after year end. The fair value of the loans pending settlement has been recognised as a derivative on the statement of financial position. Refer to note 15. The Company has Loans sold pending settlement of £475,585 thousand (2024: £361,868 thousand) which more than offset the £295,450 thousand (2024: £310,828 thousand) committed in Loans purchased pending settlement.

28. RISK MANAGEMENT

28.1. Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio.

Additional information on primary market risk exposures, market risk management as well as VaR methodology, assumptions and limitations is presented in the 'Market risk' sub-section of the 'Risk Management' section of the Strategic Report.

28.1.1 Primary Market Risk Exposures

During the year, the Company had exposures to a range of market risk factors related to the global markets in which it conducts its trading activities. These market risk factors include interest rate, credit spread risk, foreign exchange rates and the associated implied volatilities.

The Company is exposed to interest rate and credit spread risk, as well as associated implied volatility risks, as a result of market making activities in interest rate or credit sensitive financial instruments (e.g. risk arising from changes in the level of interest rates, the shape of the yield curve and credit spreads). The activities from which those exposures arise and the markets in which the Company is active include, but are not limited to: interest rate and credit derivatives, corporate and government debt across both developed and emerging markets.

The Company is exposed to foreign exchange rate and implied volatility risk as a result of making markets in foreign currencies and foreign currency derivatives, from maintaining foreign exchange positions and from holding non-sterling denominated financial instruments.

28.1.2 Risk Management

The Company manages its trading positions by employing a variety of risk mitigation strategies. These strategies include diversification of risk exposures and hedging. Hedging activities consist of the purchase or sale of positions in related securities and financial instruments, including a variety of derivative products (e.g. futures, forwards, swaps and options). Hedging activities may not always provide effective mitigation against trading losses due to differences in the terms, specific characteristics or other basis risks that may exist between the hedge instrument and the risk exposure that is being hedged. Risk models are designed to ensure that these differences are captured and appropriately capitalised.

The Company manages and monitors its market risk exposures, including outright and basis risks, in such a way as to maintain a portfolio that the Company believes is well-diversified in the aggregate with respect to market risk factors and that reflects the Company's aggregate risk tolerance, as established by the Company's Board. The effectiveness of hedges and risk mitigation is monitored using processes such as risk and limit reporting.

Aggregate market risk limits have been approved for the Company in line with the risk appetite set by the Company's Board. Additional market risk limits are assigned, as appropriate, to trading desks, products and/or regions and are commensurate with the aggregate limits. MRD monitors market risk measures against limits in accordance with policies set by the MSI Board and senior management.

28.1.3 Value at Risk

The Company uses the statistical technique known as VaR as one of the tools used to measure, monitor and review the market risk exposures of its trading portfolios. The MRD calculates and distributes daily VaR-based risk measures to various levels of management.

The Company calculates VaR using a model based on historical simulation for general market risk factors and Monte Carlo simulation for name-specific risk in corporate, bonds, loans and

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

related derivatives. Market risk factors daily moves are modelled either as difference changes or relative changes, dependent on the most suitable stochastic process (normal or lognormal diffusion process) to describe the daily risk factor changes. The model constructs a distribution of hypothetical daily changes in the value of trading portfolios based on: historical observation of daily changes in key market indices or other market risk factors; and information on the sensitivity of the portfolio values to these market risk factor changes.

28.1.4 VaR Methodology, Assumptions and Limitations

The methodology for VaR at Morgan Stanley is historical simulation. The risk exposures used for the daily VaR calculation are based on Greeks and full-revaluation grids, and simulations cover both systematic and specific risk components. The time series data is updated on a weekly basis, with the exception of idiosyncratic risk factors which are updated quarterly.

A set of internal processes and controls ensure that all trading positions booked by the Company are included in VaR. Management VaR is computed at a 95% level of confidence over a one day time horizon, which is a useful indicator of possible trading losses resulting from adverse daily market moves. The 95% / one-day VaR corresponds to the unrealised loss in portfolio value that, based on historically observed market risk factor movements, could have been exceeded with a frequency of five times in every 100 trading days, if the portfolio were held constant for one day.

The Company uses VaR as one of a range of risk management tools. Among their benefits, VaR models permit estimation of a portfolio's aggregate market risk exposure, incorporating a range of market risks and portfolio assets. One key element of the VaR model is that it reflects portfolio diversification or hedging activities.

However, VaR has various limitations, which include but are not limited to: use of historical changes in market risk factors, which may not be accurate predictors of future market conditions, and may not fully incorporate the risk of extreme market events that are outsized relative to observed historical market behaviour or reflect the historical distribution of results beyond the 95% confidence interval; and reporting of losses in a single day, which does not reflect the risk of positions that cannot be liquidated or hedged in one day. A small proportion of market risk generated by trading positions is not included in VaR.

The modelling of the risk characteristics of some positions relies on approximations that, under certain circumstances, could produce significantly different results from those produced using more precise measures. VaR is most appropriate as a risk measure for trading positions in liquid financial markets and will understate the risk associated with severe events, such as periods of extreme illiquidity. The Company is aware of these and other limitations and, therefore, uses VaR as only one component in its risk management oversight process. This process also incorporates stress testing and scenario analyses and extensive risk monitoring, analysis, quantification of risk not captured in VaR, and control at the trading desk, division, entity and Company levels.

The Company is committed to continuous review and enhancement of VaR methodologies and assumptions to capture evolving risks associated with changes in market structure and dynamics. As part of regular process improvement, additional systematic and name-specific risk factors may be added to improve the VaR model's ability to more accurately estimate risks to specific asset classes or industry sectors.

Since the reported VaR statistics are estimates based on historical data, VaR should not be viewed as predictive of the Company's future revenues or financial performance or of its ability to manage risk. There can be no assurance that the Company's actual losses on a particular day will not exceed the VaR amounts indicated in the following paragraphs or that such losses will not occur more than five times in 100 trading days for a 95% / one-day VaR. VaR does not predict the magnitude of losses which, should they occur, may be significantly greater than the VaR amount.

VaR statistics are not readily comparable across firms because of differences in the firms' portfolios, modelling assumptions and methodologies. These differences can result in materially different VaR estimates across firms for similar portfolios. The impact of such differences varies depending on the factor history assumptions, the frequency with which the factor history is updated and the confidence level. As a result, VaR statistics are more useful when

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

interpreted as indicators of trends in a firm's risk profile rather than as an absolute measure of risk to be compared across firms.

28.1.5 VaR for the Year Ended 31 December 2025 (Unaudited)

The table below presents the Management VaR for the Company's trading portfolio on a year-end, annual average and annual high and low basis for 31 December 2025 and 31 December 2024. See 'Risk Management - Market Risk – Year end VaR' in the Strategic Report for further details on movements.

	95% / one-day VaR for the year ended 31 December 2025[1]				95% / one-day VaR for the year ended 31 December 2024[1]			
in £'000	Period end	Average	High	Low	Period end	Average	High	Low
Market risk category:								
Interest rate and credit spread	803	489	1,009	176	374	418	1,031	219
Foreign exchange rate	429	365	795	25	54	213	512	14
Less diversification benefit[2][3]	(441)	(222)	N/A	N/A	(54)	(135)	N/A	N/A
Primary Market Risk Categories	**791**	**632**	**1,197**	**212**	**374**	**496**	**1,269**	**266**
Credit Portfolio[4]	288	474	673	288	587	616	1,121	449
Less diversification benefit[2][3]	(365)	(280)	N/A	N/A	(272)	(240)	N/A	N/A
Total Management VaR	**714**	**826**	**1,186**	**378**	**689**	**872**	**1,578**	**568**

(1) 95% VaR is calculated over a one day time horizon in USD which is converted to GBP using daily spot GBP/USD foreign exchange rates
(2) Diversification benefit equals the difference between total Management VaR and the sum of the VaRs for the two risk categories. This benefit arises because the simulated one-day losses for each of the primary market risk categories occur on different days; similar diversification benefits also are taken into account within each category.
(3) N/A - Not Applicable. The minimum and maximum VaR values for the total VaR and each of the component VaRs might have occurred on different days during the year and therefore the diversification benefit is not an applicable measure.
(4) The Credit Portfolio VaR is disclosed as a separate category from the Primary Risk Categories and includes counterparty credit valuation adjustments and related hedges.

28.1.6 Non-Trading Risks

The Company believes that sensitivity analysis is an appropriate representation of the Company's non-trading risks. The following sensitivity analyses cover substantially all of the non-trading risk in the Company's portfolio with the exception of counterparty credit valuation adjustments, covered in the previous section.

28.1.7 Interest Rate Risk

The Company's VaR excludes certain funding liabilities and money market transactions that are in the Banking Book. The application of a parallel shift in market interest rates of 200 basis point increase or decrease to these positions would result in a net gain or loss of approximately £415 thousand (2024: £1,826 thousand) in the income statement.

28.1.8 Currency Risk

The Company has foreign currency exposure arising from its branch where that branch operates in currencies other than sterling. During 2025, the movement in the foreign currency revaluation reserve was a £203 thousand loss (2024: £1,300 thousand loss). The Company elects to manage some of its currency exposure via a net investment hedging program. Under this program, net gains or losses on the effective portions of the spot elements of the designated forward foreign exchange contracts are deferred to the foreign currency revaluation reserve until the disposal of the branch. See note 2 and 24 for details.

The Company also has foreign currency exposure arising from its trading activities and assets and liabilities in currencies other than sterling, which it actively manages by hedging with other Morgan Stanley Group undertakings. The residual currency risk for the Company from this activity is not material.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

28.2 Credit Risk

Credit risk refers to the risk of loss arising when a counterparty does not meet its financial obligations to the MSI Group. Credit risk includes country risk, which is further described below. Additional information on credit risk monitoring, control and mitigation is presented in the 'Credit risk' sub-section of the 'Risk Management' section of the Strategic Report. The 'Country and Sovereign Risk Exposure' sub-section does not form part of the audited financial statements.

28.2.1 Risk Management and Measurement

28.2.1.1 Monitoring and Control

In order to help protect the Company from losses resulting from its business activities, the Credit Risk Management Department identifies, measures, monitors, reports, challenges and escalates credit risk at the transaction, obligor and portfolio levels. The Credit Risk Management Department also helps to ensure that the creditworthiness of the Company's counterparties is reviewed on a regular basis. The evaluation of counterparties includes an assessment of the probability that an obligor will default on its financial obligations and any subsequent losses that may occur when an obligor defaults. Credit risk exposure is also actively managed through various risk committees, whose membership includes individuals from the Credit Risk Management Department.

The MSI Group Credit Limits Framework is one of the primary tools used to identify, measure, monitor, report, challenge and escalate credit risk exposures and the Credit Risk Management Department ensures compliance with established limits. The MSI Board approves limits that reflect the credit risk tolerance of the MSI Group and serve as a basis from which more detailed limits are established. The Credit Limits Framework includes single-name limits and portfolio concentration limits by country, industry and product type. Limits are assigned based on multiple factors including the size of counterparty and the counterparty's Probability of Default.

The Credit Risk Management Department also works closely with the MRD and applicable Business Units to monitor risk exposures and to perform stress tests to identify, analyse and control credit risk concentrations. The stress tests shock market factors (e.g. interest rates, commodity prices, credit spreads), risk parameters (e.g. Probability of Default and Loss Given Default), in order to assess the impact of stresses on exposures, profit or loss, and the Company's capital position. Stress tests are conducted in accordance with established MSI Group policies and procedures.

28.2.1.2 Credit Evaluation

The evaluation of counterparties includes assigning obligor credit ratings, which reflect an assessment of an obligor's probability of default and loss given default. Credit evaluations typically involve the assessment of financial statements, leverage, liquidity, capital strength, asset composition and quality, market capitalisation, access to capital markets, and in the case of certain loans, cash flow projections and debt service requirements. The Credit Risk Management Department also evaluates strategy, market position, industry dynamics, management and other factors that could affect the obligor's risk profile. Additionally, the Credit Risk Management Department evaluates the relative position of the Company's exposure in the borrower's capital structure and relative recovery prospects, as well as adequacy of collateral (if applicable) and other structural elements of the particular transaction.

In addition to assessing and monitoring its credit exposure and risk at the individual obligor level, the Company also reviews its credit exposure and risk to geographic regions. As at 31 December 2025, the Company had geographical concentration to Korea. Exposures remain within established limits and adequate relative to the company's capitalisation. In addition, the Company pays particular attention to smaller exposures in emerging markets given their unique risk profile. Sovereign ceiling ratings i.e. the maximum credit rating that can be assigned to a counterparty with a designated country of risk, are derived using methodologies generally consistent with those employed by external rating agencies.

At 31 December 2025, the Company's material credit exposure was to Corporates, Financial Institutions, Central Governments, and Central Banks through its Institutional Securities business segment. The risk may be incurred through a variety of activities, including, but not limited to, the following:

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

- entering into derivative contracts under which counterparties may have obligations to make payments to the Company;
- extending credit to clients through lending commitments;
- providing short- or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the repayment amount;
- posting margin and/ or collateral to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties;
- placing funds on deposit at other financial institutions to support the Company's clearing and settlement obligations; and
- investing or trading in securities and loan pools, whereby the value of these assets may fluctuate based on realised or expected defaults on the underlying obligations or loans.

At 31 December 2025, the Group's risk to industries identified as having high climate transition and physical risk was not material.

28.2.2 Risk Mitigation

The Credit Risk Management Department may seek to mitigate credit risk from its lending and trading activities in multiple ways. At the transaction level, the Credit Risk Management Department seeks to mitigate risk through management of key risk elements such as size, tenor, financial covenants, seniority, netting and collateral. At the obligor level, the Company may reduce credit risk to a direct obligor by means of third party guarantees. Additionally, the Company may actively hedge its credit exposure through various financial instruments that may include single-name, portfolio, and structured credit derivatives. The Company may also sell, assign or syndicate funded loans and lending commitments in the primary and secondary loan markets.

28.2.2.1 Netting

The MSI Group has policies in place for assessing the validity, enforceability and treatment of netting agreements with clients in connection with its derivative trading activities and repo-style transactions. In order to net a group of similar exposures with a counterparty, a valid and legally enforceable master netting agreement must be in place between the Company and the counterparty.

28.2.2.2 Collateral

The amount and type of collateral required by the Company depends on an assessment of the creditworthiness of the counterparty, and any relevant regulation.The main types of collateral held are cash or similarly highly-liquid assets. The MSI Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The Company closely monitors collateral held for financial assets considered to be credit-impaired, as in such cases it is considered more likely that the Company will take possession of collateral to mitigate potential credit losses.

28.2.2.3 Guarantees

A guarantee may reduce the Company's credit risk to a direct obligor through a documented arrangement in which a third party agrees to be responsible for some portion, or all, of the debt or obligation of a counterparty. The MSI Group maintains policies and procedures which set out the process for determining the eligibility of the guarantee. Only eligible guarantees can be used for risk mitigation purposes.

28.2.2.4 Participations

The Company may also use participation as risk mitigation technique. A participation is a documented agreement through which a lender transfers to a third party (which may include an affiliate) certain rights and obligations of the lender under the applicable credit agreements, or a portion thereof, without transferring record ownership.

28.2.2.5 Loans and Advances – External Counterparties

In connection with certain of its Institutional Securities business segment activities, the Company may provide short- and long-term funding to a diverse group of corporate and other institutional clients through loans or lending commitments (including bridge financing). Such loans and lending commitments can generally be classified as either "relationship-driven" or "event-driven".

These loans and lending commitments may have varying terms; may be senior or subordinated; may be secured or unsecured; are generally contingent upon representations, warranties and

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

contractual conditions applicable to the borrower; and may be syndicated, traded or pledged by the Company.

Any corporate lending credit exposure that the Company may have is primarily from loans and lending commitments used for general corporate purposes, working capital and liquidity purposes and typically consists of revolving lines of credit, letter of credit facilities and term loans. Event-driven loans and lending commitments refer to activities associated with a particular event or transaction, such as to support client merger, acquisition or recapitalisation activities. These loans are typically syndicated or sold to third party institutional investors, and consist of term loans and bridge loans.

Typically, relationship-driven loans and commitments are made to borrowers considered to be of high credit quality, and as such, are generally unsecured. Event-driven loans are typically secured by the assets of the borrower, ordinarily in the form of unquoted equity securities, or non-current or non-financial assets in the funded entity. Such security provides the Company with the ability to liquidate the security in the event of borrower default.

To manage credit risk of lending exposures, the Company uses judgement and statistical tools and models to derive counterparty ratings and internal credit risk measures. The rating process typically includes analysis of the borrower's financial statements, evaluation of its market position, strategy, management, legal and environmental issues, and consideration of industry dynamics affecting its performance. Other internal credit risk measures used and monitored by the Company include:

- *PD:* from assessing the credit quality of the borrower;
- *EAD:* an estimate of what the outstanding balance will be if the borrower does default; and
- *LGD*: an estimate of the value of the unrecovered portion of the loan, including expected recovery costs, should the borrower default.

28.2.2.6 Loans and Advances – Morgan Stanley Group Undertakings

The Company also provides funding to other Morgan Stanley Group subsidiaries. In connection with the master loan agreement between the Company and Morgan Stanley, Morgan Stanley provides a guarantee over any funding provided by the Company to other Morgan Stanley Group subsidiaries up to a limit of USD 5,000,000,000.

28.2.2.7 Securities Purchased Under Agreements to Resell and Securities Borrowed

The Company manages credit exposure arising from securities purchased under agreements to resell and securities borrowed transactions by, in appropriate circumstances, entering into master netting agreements and collateral agreements with counterparties that provide the Company, in the event of a counterparty default, with the right to net a counterparty's rights and obligations under such agreements and to liquidate and set off collateral held by the Company against the net amount owed by the counterparty. In transactions involving purchases of securities under agreements to resell and borrows of securities, the Company receives collateral, including United States government and agency securities, other sovereign government obligations, corporate and other debt and corporate equities. The Company also monitors the fair value of the underlying securities as compared with the related receivable or payable, including accrued interest, and, as necessary, requests additional collateral to ensure such transactions are adequately collateralised.

28.2.2.8 Derivatives

In connection with its derivatives trading activities, The Company may enter into master netting agreements and collateral arrangements with counterparties. These master netting agreements and collateral arrangements may provide the Company with the ability to demand collateral, as well as to liquidate collateral and offset receivables and payables covered under the same master netting agreement in the event of counterparty default. The Company monitors the creditworthiness of counterparties to these transactions on an ongoing basis and requests additional collateral in accordance with collateral arrangements when deemed necessary.

28.2.3 Exposure to Credit Risk

The maximum exposure to credit risk ("gross credit exposure") of the Company as at 31 December 2025 is disclosed below, based on the carrying amounts of the financial assets and the maximum amount that the Company could have to pay in relation to unrecognised financial

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

instruments, which the Company believes are subject to credit risk. The table includes financial instruments subject to ECL and not subject to ECL. Those financial instruments that bear credit risk but are not subject to ECL are subsequently measured at fair value. Exposure arising from financial instruments not recognised on the statement of financial position is measured as the maximum amount that the Company could have to pay, which may be significantly greater than the amount that would be recognised as a liability.

Where the Company enters into credit enhancements, including receiving cash and security as collateral and master netting agreements, to manage the credit exposure on these financial instruments the financial effect of the credit enhancements is also disclosed below. The net credit exposure represents the credit exposure remaining after the effect of the credit enhancements.

Trading financial assets, excluding derivatives, are subject to traded credit risk through exposure to the issuer of the financial asset; the Company manages this issuer credit risk through its market risk management infrastructure and this traded credit risk is incorporated within the VaR based risk measures included in the market risk disclosure.

Exposure to credit risk by class

	31 December 2025			31 December 2024		
in £'000	Gross credit exposure[1]	Credit enhance-ments	Net credit exposure [2]	Gross credit exposure[1]	Credit enhance-ments	Net credit exposure [2]
Subject to ECL:						
Cash and balances at central banks	24,687	—	24,687	17,404	—	17,404
Loans and advances to banks						
External counterparties	133,463	—	133,463	205,239	—	205,239
Morgan Stanley Group undertakings	7,079	(7,079)	—	7,535	(7,535)	—
Loans and advances to customers						
External counterparties[4]	156	—	156	40,747	—	40,747
Morgan Stanley Group undertakings	422,034	(422,034)	—	734,980	(734,980)	—
Other receivables [3]	16,304	—	16,304	20,082	—	20,082
Not subject to ECL:						
Secured financing						
Morgan Stanley Group undertakings	836,854	(835,362)	1,492	1,163,336	(1,161,843)	1,493
Trading financial assets						
Derivatives	2,489,166	(2,426,708)	62,458	3,380,400	(3,147,100)	233,300
	3,929,743	**(3,691,183)**	**238,560**	**5,569,723**	**(5,051,458)**	**518,265**
Unrecognised financial instruments						
Not subject to ECL:						
Loan commitments[5]	14,941	(11,104)	3,837	19,342	(10,969)	8,373
Total unrecognised financial instruments	**3,944,684**	**(3,702,287)**	**242,397**	**5,589,065**	**(5,062,427)**	**526,638**

(1) The carrying amount presented in the statement of financial position best represents the Company's maximum exposure to credit risk

(2) Intercompany cross-product legally enforceable netting arrangements are in place which would allow for an additional £3,874 thousand (2024: £100,191 thousand) of the statement of financial position related to Other Receivables and Other Payables, to be offset in the ordinary course of business and/or in the event of default.

(3) Other receivables primarily include cash collateral pledged against the payables on OTC derivative positions £412,127 thousand (2024 £792,131 thousand). These derivative liabilities are included within trading financial liabilities in the consolidated statement of financial position.

(4) Includes gross credit exposure of £nil (2024: £nil) on secured loans. The value of security has not been included as a credit enhancement.

(5) Includes gross credit exposure of £nil (2024: £nil) on secured loan commitments. The value of security has not been included as a credit enhancement.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

28.2.4 Exposure to Credit Risk by Internal Rating Grades

Internal credit ratings are derived using methodologies generally consistent with those used by external agencies.

Investment grade: AAA - BBB

Non-investment grade: BB - CCC

Default: D

The table below shows the gross carrying amount and, in the case of unrecognised financial instruments, nominal amounts by internal rating grade. All exposures subject to ECL are Stage 1, unless otherwise shown.

	Investment Grade							
31 December 2025	AAA	AA	A	BBB	Non-Invest-ment Grade	Unrated / Default [1]	Total	Net of ECL
in £'000								
Subject to ECL:								
Cash and balances at central banks	—	24,687	—	—	—	—	24,687	24,687
Loans and advances to banks	—	14,603	119,927	6,011	1	—	140,542	140,542
Loans and advances to customers	—	—	422,188	—	2	—	422,190	422,190
Other receivables	—	727	2,171	4,885	8,521	—	16,304	16,304
	—	**40,017**	**544,286**	**10,896**	**8,524**	**—**	**603,723**	**603,723**
Not subject to ECL:								
Trading financial assets - derivatives	132,878	274,125	1,850,892	229,282	1,989	—	2,489,166	2,489,166
Secured financing	—	—	836,854	—	—	—	836,854	836,854
	132,878	**274,125**	**2,687,746**	**229,282**	**1,989**	**—**	**3,326,020**	**3,326,020**
Unrecognised financial instruments not subject to ECL:								
Loan commitments	—	—	—	—	14,941	—	14,941	14,941
	—	**—**	**—**	**—**	**14,941**	**—**	**14,941**	**14,941**

(1) At 31 December 2025 there were £nil of Stage 3 in default.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

	Investment Grade							
31 December 2024	AAA	AA	A	BBB	Non-Invest-ment Grade	Unrated / Default [1]	Total	Net of ECL
in £'000								
Subject to ECL:								
Cash and balances at central banks	–	17,404	–	–	–	–	17,404	17,404
Loans and advances to banks	–	38,834	169,563	4,359	18	–	212,774	212,774
Loans and advances to customers	–	–	734,985	40,740	2	–	775,727	775,727
Other receivables	–	1,084	1,224	6,378	11,396	–	20,082	20,082
	–	**57,322**	**905,772**	**51,477**	**11,416**	**–**	**1,025,987**	**1,025,987**
Not subject to ECL:								
Trading financial assets - derivatives	269,976	454,251	2,368,314	286,582	1,277	–	3,380,400	3,380,400
Secured financing	–	–	1,163,336	–	–	–	1,163,336	1,163,336
	269,976	**454,251**	**3,531,650**	**286,582**	**1,277**	**–**	**4,543,736**	**4,543,736**
Unrecognised financial instruments not subject to ECL:								
Loan commitments	–	–	–	–	13,447	5,895	19,342	19,342
	–	**–**	**–**	**–**	**13,447**	**5,895**	**19,342**	**19,342**

(1) At 31 December 2024 there were nil of Stage 3 in default.

.

28.3 Liquidity Risk

Liquidity risk is the risk that the MSI Group's financial condition or overall soundness is adversely affected by an inability or perceived inability to meet its financial obligations in a timely manner. Liquidity risk encompasses the associated funding risks triggered by stress events, which may cause unexpected changes in funding needs or an inability to raise new funding. Additional information on liquidity risk monitoring, control and mitigation is presented in the 'Liquidity risk' sub-section of the 'Risk Management' section of the Strategic Report.

28.3.1 Required Liquidity Framework

The MSI Group's Liquidity Risk Limit Framework is critical to helping ensure that the Company maintains sufficient liquidity reserves and durable funding sources to meet its daily obligations and to withstand unanticipated stress events. The core component of the Liquidity Risk Management Framework is the Required Liquidity Framework, which considers Liquidity Stress Tests and Liquidity Resources. Liquidity Risk Department ("LRD"), as second line of defence, has a comprehensive limit and KRI framework in place.

The Required Liquidity Framework establishes the amount of liquidity the Company must hold in both normal and stressed environments to ensure that the entity's financial condition and overall soundness are not adversely affected by an inability (or perceived inability) to meet financial obligations in a timely manner.

The Required Liquidity Framework ensures the Company holds sufficient liquidity to meet both the regulatory and internal stress test requirements at the legal entity level. In order to measure liquidity risk the MSI Group uses a range of approaches (point-in-time, forward-looking and backward-looking) at product and Business Unit levels.

The Company maintains sufficient liquidity resources to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. The total amount of Liquidity

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Resources is actively managed considering the following components: maturity profile, balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; funding currency, collateral requirements and regulatory requirements.

28.3.2 Liquidity Limits

The Company has a comprehensive set of limits, KRIs and targets to manage liquidity risk within the defined liquidity risk appetite. The Liquidity risk limit and KRI framework is owned by the LRD, who then recommend and set the Company's liquidity risk limits and KRIs taking into consideration the risk profile, complexity, activities and size. LRD maintains limits at various levels of governance structure to support linkages between overall risk appetite, which is determined by the MSI Board, and more granular risk-taking decisions and activities. Liquidity limits are set to manage various risk drivers, e.g. Minimum Liquidity requirements, Minimum Cash requirements, Secured Funding, Unsecured funding, Prime Brokerage, Derivatives and Currency risk.

LRD ensures transparency of material liquidity risks, compliance with established risk limits and KRIs as well as escalation of risk concentrations to appropriate senior management. The liquidity risk metrics and limits are summarised in reports produced by LRD that are circulated to and discussed with the EMEA ALCO, EMEA Risk Committee and the MSI Risk Committee as appropriate.

28.3.3 Maturity Analysis

In the following maturity analysis of financial liabilities, derivative contracts are presented at fair value, consistent with how these financial liabilities are managed, and disclosed as on demand. All other amounts represent undiscounted cash flows payable by the Company arising from its financial liabilities to earliest contractual maturities as at 31 December 2025 and 31 December 2024. Repayments of financial liabilities that are subject to immediate notice are treated as if notice were given immediately and are classified as on demand. This presentation is considered by the Company to appropriately reflect the liquidity risk arising from those financial liabilities, presented in a way that is consistent with how the liquidity risk on these financial liabilities is managed by the Company.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

31 December 2025 in £'000	On demand	Less than 1 month	1 month - 3 months	3 months - 1 year	1 year - 5 years	Greater than 5 years	Total
Financial liabilities							
Deposits by banks							
External counterparties	279,643	—	—	—	—	—	**279,643**
Morgan Stanley Group undertakings	8	—	—	—	—	—	**8**
Customer accounts							
External counterparties	5,351	—	—	—	—	—	**5,351**
Morgan Stanley Group undertakings	199,882	—	17,898	—	409,628	—	**627,408**
Secured borrowing							
External counterparties	—	51,460	—	—	—	—	**51,460**
Morgan Stanley Group undertakings	49,602	2,043	—	—	—	—	**51,645**
Other financial liabilities	8,396	18	37	150	315	—	**8,916**
Subordinated liabilities	—	—	—	14,950	59,837	312,052	**386,839**
Trading financial liabilities							
Derivatives	2,409,008	—	—	—	—	—	**2,409,008**
Total financial liabilities	**2,951,890**	**53,521**	**17,935**	**15,100**	**469,780**	**312,052**	**3,820,278**
Unrecognised financial instruments							
Loan commitments	310,391	—	—	—	—	—	**310,391**
Total unrecognised financial instruments	**310,391**	**—**	**—**	**—**	**—**	**—**	**310,391**

31 December 2024 in £'000	On demand	Less than 1 month	1 month - 3 months	3 months - 1 year	1 year - 5 years	Greater than 5 years	Total
Financial liabilities							
Deposits by banks							
External counterparties	462,429	—	—	—	—	—	**462,429**
Customer accounts							
External counterparties	21,379	—	—	—	—	—	**21,379**
Morgan Stanley Group undertakings	120,363	—	—	—	641,951		**762,314**
Secured borrowing							
External counterparties	—	27,031	—	—	—	—	**27,031**
Morgan Stanley Group undertakings	—	96,625	—	—	—	—	**96,625**
Other financial liabilities	10,412	19	38	129	546	—	**11,144**
Subordinated liabilities	—	—	—	287,923	42,809	192,809	**523,541**
Trading financial liabilities							
Derivatives	3,311,515	—	—	—	—	—	**3,311,515**
Total financial liabilities	**3,926,098**	**123,675**	**38**	**288,052**	**685,306**	**192,809**	**5,215,978**
Unrecognised financial instruments							
Loan commitments	330,170	—	—	—	—	—	**330,170**
Total unrecognised financial instruments	**330,170**	**—**	**—**	**—**	**—**	**—**	**330,170**

The Company does not expect that all of the cash flows associated with loan commitments will be required.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

28.4 Operational Risk

28.4.1 Priority Non Financial Risks ("NFRs") Pathways and End Risks

The MSI Group has an annual structured process in place to determine its Priority Non-Financial Risks (“PNFR”) End Risks which are risks of particular significance to the Group (based on a number of factors, including the level of inherent risk and the output of the risk identification process). Pathways are defined as a means or threat by which a detrimental impact to the firm, markets or clients is generated. End Risks are defined as the final manifestation of risks and/or an event with a frequency or magnitude that has definitive business impact.

The MSI Group’s Second Line Non-Financial Risk Organisation reviews PNFR data elements and form an understanding of the risk issues within the business units and infrastructure areas. 2Lod NFR Department propose additions, edits, and deletions of the MSI Group's PNFRs End Risk and Pathways, supported by the assessment of information and analytics. These proposals are presented to the governance committees (refer to note 28.4.4) to review, challenge and ultimately to recommend for adoption by the MSI Board.

As of 31 December 2025, the MSI Group Board approved PNFRs Pathways and End Risks are as follows:

Pathways:

- Cyber
- Third Party
- Conduct
- Technology

End Risks:

- Business Disruption and Resilience
- Financial Crimes
- Information Security
- Market Abuse and Trading Practices
- Reporting Errors
- Sales Practice, Product and Investment Advisory Risk
- Transaction Processing and Execution
- Unauthorised Trading, Theft and Fraud

28.4.2 Risk Management and Measurement

A variety of risk processes and mitigants are used to manage operational risk exposures. These include a strong governance framework, a comprehensive risk management programme and insurance.

Operational risks and associated risk exposures are assessed relative to the risk tolerance established by the Board and are prioritised accordingly.

28.4.3 Risk Mitigation

The breadth and variety of operational risks are such that the types of mitigating activities are wide-ranging. Examples of such activities include continuous enhancement of defences against cyber-attacks; maintaining global programmes for Business Continuity Management and Disaster Recovery; use of legal agreements and contracts to transfer and/or limit operational risk exposures; due diligence; implementation of enhanced policies and procedures; exception management processing controls; and segregation of duties.

The Operational Risk Department (“ORD”) provides second line oversight of operational risk management as part of the Non-Financial Financial Risk department and independently identifying, measuring, monitoring, reporting, challenging and escalating non-financial risks across the MSI Group. The ORD works with the Business Units and control groups to help ensure a transparent, consistent and comprehensive framework for managing operational risk within each area and across the MSI Group. The ORD scope includes oversight of the technology and data risk management programmes (e.g. cybersecurity), fraud risk management and prevention programme and a third-party risk management programme.

28.4.4 Operational Risk Governance

The responsibilities of key individuals and committees for the governance of Operational Risk, up to and including the MSI Board, are clearly understood and followed throughout the MSI Group. The implementation and operation of the Operational Risk Framework is overseen by forums at different levels in the MSI Group’s governance structure. Key forums are:

- The EMEA Operational Risk Oversight Committee

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

- The EMEA Non-Financial Risk Management Committee
- The EMEA Risk Committee
- The MSI Risk and Audit Committees

Committees and governance forums that provide oversight of particular Priority NFR End Risks, Pathways, Risk Themes and the effectiveness of their respective management frameworks including the:

- EMEA Third Party Governance Committee
- EMEA Electronic Trading Governance Committee

28.4.5 Operational Risk Framework

The Morgan Stanley Group's Operational Risk Policy and MSI Group's Operational Risk Policy Supplement and Procedures are renewed at least annually to articulate clearly the current design and implementation of the Operational Risk Management Framework. In particular:

- Key elements of the framework covered by the Morgan Stanley Group's Operational Risk Management Policy include: Risk Appetite and Tolerance; Risk Assessment and Remediation; Scenario Analysis; Operational Risk Incident Management; Industry Incident Data; Operational Risk Metrics; Risk Measurement and Operational Risk Modelling; and Reporting and Escalation; and
- Key elements of the Framework covered by the MSI Group's Operational Risk Policy Supplement include: Horizon Scanning; Remote Booking; Governance; and Roles and Responsibilities; and
- Underlying Procedures set out in detail the key processes which underpin the framework. In particular: the EMEA Escalation & Notification procedures; the Non-Financial Risk Assessment ("NFRA"); identification of Horizon Risks and the Scenario Analysis workshops for Priority NFRs.

28.4.6 Operational Risk Reporting, Management Information and Escalation

Reporting and management information provide awareness and escalation of Operational Risk levels up through the governance chain, ensuring appropriate budget to address control environment concerns, and enabling the MSI Group's and the Company's senior management and the Board to take action if Operational Risk becomes elevated within risk tolerance levels. Key management information reports include:

- Escalated incidents on a weekly basis;
- Lessons learned for selected incidents including the actions planned or taken to mitigate the Operational Risk going forward;
- Overall incident trends, emerging risks and outsourcing;
- Operational Risk capital updates;
- Operational Risk levels versus tolerance and key remedial actions and timelines.

28.4.7 Business Continuity Management and Disaster Recovery

MSI Group's critical processes and businesses could be disrupted by events including cyberattacks, failure or loss of access to technology and/or associated data, military conflicts, acts of terror, natural disasters, severe weather events and infectious disease. Morgan Stanley maintains a firmwide resilience programme that is designed to provide for operational resilience and enable it to respond to disruptions impacting our people, technology, facilities and third parties and recover critical processes and supporting assets. The key elements of MSI Group's resilience programme include business continuity management, technology disaster recovery, third party resilience and key business service resilience. Resilience testing is performed both internally and with critical third parties to validate recovery capability in accordance with business requirements. MSI Group is subject to the operational resilience requirements of the FCA and the PRA. The UK regulatory requirements are incorporated within the broader firmwide resilience programme.

Morgan Stanley's Firm Resilience organisation is responsible for maintaining global programs for Business Continuity Management and Disaster Recovery. The programs are designed to identify key risks and threats to the MSI Group's operational resiliency to ensure that recovery strategies and required resources are in place for the resumption of critical business functions following a disaster or other business interruption. Disaster recovery plans are in place for critical technology assets and resources on a

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MSI Group-wide basis, and redundancies are built into the systems as deemed appropriate.

28.4.8 Third-party risk management

Exposures to services provided by third parties including external vendors are managed through a variety of means, such as the performance of due diligence, consideration of operational risk, implementation of service level and other contractual agreements, and ongoing monitoring of third parties' performance. The MSI Group maintains a third-party risk management programme with policies, organisation, governance and supporting technology that aligns with our risk tolerance and is designed to meet regulatory requirements.

The MSI Group, principally through the Morgan Stanley Group's Legal and Compliance Division, has established procedures based on legal and regulatory requirements on a worldwide basis that are designed to facilitate compliance with applicable statutory and regulatory requirements and to require that the MSI Group's policies relating to business conduct, ethics and practices are followed globally.

In addition, the MSI Group has established procedures to mitigate the risk that a counterparty's performance obligations will be unenforceable, including consideration of counterparty legal authority and capacity, adequacy of legal documentation, the permissibility of a transaction under applicable law and whether applicable bankruptcy or insolvency laws limit or alter contractual remedies.

29. TRANSFERS OF FINANCIAL ASSETS, INCLUDING PLEDGES OF COLLATERAL

Transferred financial assets that are not derecognised in their entirety

In the ordinary course of business, the Company enters into various arrangements including selling securities under agreements to repurchase, purchasing securities under agreements to resell to, amongst other things, settle other securities obligations, accommodate customers' needs and finance the Company's inventory positions.

The Company pledges certain financial instruments to collateralise repurchase agreements and other securities financing. Pledged financial instruments that can be sold or repledged by the secured party are identified as trading financial instruments (pledged to various parties) in the statement of financial position. The Company has determined that it retains substantially all the risks and rewards of these financial instruments including credit risk, settlement risk, country risk and market risk, and therefore has not derecognised them. In addition, it recognises a financial liability in respect of the consideration received.

Other financial assets transferred that continue to be recognised for accounting purposes include pledges of securities as collateral for derivative transactions or otherwise, as well as certain sales of securities with related transactions, such as derivatives, that result in the Company retaining substantially all the risks and rewards of the financial assets transferred. In addition, it recognises a financial liability in respect of the consideration received.

All of these transactions are mostly conducted under standard agreements used by financial market participants and are undertaken with counterparties subject to the Company's normal credit risk control processes. The resulting credit exposures are controlled by daily monitoring and collateralisation of the positions. The carrying amount of the associated financial liabilities related to financial assets transferred that continue to be recognised is £50,175 thousand (2024: £59,881 thousand).

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

The following table presents those financial assets which have been sold or otherwise transferred, but which for accounting purposes remain recognised on the statement of financial position.

in £'000	2025	2024
Trading financial assets		
Government debt securities	151,025	110,225

30. FINANCIAL ASSETS ACCEPTED AS COLLATERAL

The Company's policy is generally to take possession of securities received as collateral and securities purchased under agreements to resell. The Company monitors the fair value of the underlying securities as compared with the related receivable or payable, including accrued interest, and, as necessary, requests additional collateral to ensure such transactions are adequately collateralised. Where deemed appropriate, the Company's agreements with third parties specify its rights to request additional collateral. These transactions are mostly conducted under standard documentation used by financial market participants.

The fair value of collateral accepted under these arrangements as at 31 December 2025 was £989,143 thousand (2024: £1,557,059). Of this £109,794 thousand (2024: £82,487 thousand) has been sold or repledged to third parties in connection with financing activities.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

31. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

In order to manage credit exposure arising from its business activities, the Company applies various credit risk management policies and procedures, see note 28 for further information. Primarily in connection with securities purchased under agreements to resell and securities sold under agreements to repurchase and derivative transactions, the Company enters into master netting arrangements and collateral arrangements with its counterparties. These agreements provide the Company with the legally enforceable right, in the ordinary course of business and in the event of a counterparty's default (such as bankruptcy or a counterparty's failure to pay or perform), to net a counterparty's rights and obligations under such agreement and, in the event of counterparty default, set off collateral held by the Company against the net amount owed by the counterparty.

However, in certain circumstances, the Company may not have such an agreement in place; the relevant insolvency regime (which is based on type of counterparty entity and the jurisdiction of organisation of the counterparty) may not support the enforceability of the agreement; or the Company may not have sought legal advice to support the enforceability of the agreement.

In the statement of financial position, financial assets and financial liabilities are only offset and presented on a net basis where there is a current legally enforceable right to set off the recognised amounts and an intention to either settle on a net basis or to realise the assets and the liabilities simultaneously. In the absence of such conditions, financial assets and financial liabilities are presented on a gross basis.

The following tables present information about the offsetting of financial instruments and related collateral amounts. The tables do not include information about financial instruments that are subject only to a collateral agreement. The effect of master netting arrangements, collateral agreements and other credit enhancements, on the Company's exposure to credit risk is disclosed in note 28.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Table of contents

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

		Amounts offset[1]			Amounts not offset:			
in £'000	Gross amounts	Counterparty netting	Derivatives Cash collateral netting [2]	Net amounts	Financial instruments	Cash collateral[2]	Net exposure [3]	Not subject to legally enforceable master netting agreement
31 December 2025								
Assets								
Secured Financing:								
Reverse repurchase agreements	836,854	—	—	836,854	(835,362)	—	1,492	—
Trading financial assets:								
Derivatives	2,891,764	(397,509)	(5,089)	2,489,166	(2,068,571)	(358,137)	62,458	—
TOTAL ASSETS	3,728,618	(397,509)	(5,089)	3,326,020	(2,903,933)	(358,137)	63,950	—
Liabilities								
Secured borrowing:								
Repurchase agreements and other secured borrowing	103,105	—	—	103,105	(102,321)	—	784	—
Trading financial liabilities:								
Derivatives	2,833,508	(397,509)	(26,991)	2,409,008	(1,945,181)	(412,127)	51,700	—
TOTAL LIABILITIES	2,936,613	(397,509)	(26,991)	2,512,113	(2,047,502)	(412,127)	52,484	—
31 December 2024								
Assets								
Secured Financing:								
Reverse repurchase agreements	1,163,336	—	—	1,163,336	(1,161,843)	—	1,493	—
Trading financial assets:								
Derivatives	3,722,239	(341,839)	—	3,380,400	(2,655,708)	(491,392)	233,300	—
TOTAL ASSETS	4,885,575	(341,839)		4,543,736	(3,817,551)	(491,392)	234,793	—
Liabilities								
Secured borrowing:								
Repurchase agreements and other secured borrowing	123,656	—	—	123,656	(118,071)	—	5,585	—
Trading financial liabilities:								
Derivatives	3,692,159	(341,839)	(38,805)	3,311,515	(2,462,736)	(792,131)	56,648	—
TOTAL LIABILITIES	3,815,815	(341,839)	(38,805)	3,435,171	(2,580,807)	(792,131)	62,233	—

(1) In addition to the balances disclosed in the table above, legally enforceable master netting agreements are in place for £nil (31 December 2024: £nil) of certain other receivables and other payables which are not presented net.

(2) Derivatives cash collateral netting relates to the margin posted or received being offset against the derivative balance where all offsetting criteria is met. All Cash Collateral are recognised within Trade and other receivables and Trade and other payables whether it is offset or not and represents the total variation margin paid or received by counterparties.

(3) Of the residual net credit exposure, Intercompany cross-product legally enforceable netting arrangements are in place which would allow for an additional £3,874 thousand (2024: £100,191 thousand) of the statement of financial position related to other receivables and other payables, to be offset in the ordinary course of business and/or in the event of default by certain Morgan Stanley counterparties.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

32. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

As disclosed in the 'Statement of Compliance' in note 2, the Company is exempt from certain disclosure requirements of IFRS 13 'Fair value measurement' to the extent that they apply to assets and liabilities other than financial instruments. As such the disclosure included in this note relates only to financial instruments.

32.1 Financial Assets and Liabilities Recognised at Fair Value on a Recurring Basis

The following tables present the carrying value of the Company's financial assets and financial liabilities recognised at fair value on a recurring basis, classified according to the fair value hierarchy.

2025 in £'000	Quoted prices in active market (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Trading financial assets:				
Government debt securities	242,055	—	—	242,055
Corporate and other debt	—	206,714	84,251	290,965
Derivatives	193	2,425,057	63,916	2,489,166
Total trading financial assets	242,248	2,631,771	148,167	3,022,186
Secured financing:				
Securities purchased under agreements to resell	—	836,854	—	836,854
Investment securities:				
Corporate equities	—	—	23	23
Total financial assets measured at fair value	**242,248**	**3,468,625**	**148,190**	**3,859,063**
Trading financial liabilities:				
Derivatives:	—	2,337,818	71,190	2,409,008
Total trading financial liabilities		2,337,818	71,190	2,409,008
Other payables:				
Unfunded loan commitments	—	—	25	25
Total financial liabilities measured at fair value	**—**	**2,337,818**	**71,215**	**2,409,033**

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

2024

in £'000	Quoted prices in active market (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Trading financial assets:				
Government debt securities	—	171,390	—	171,390
Corporate and other debt	—	104,228	90,133	194,361
Derivatives	—	3,314,570	65,830	3,380,400
Total trading financial assets	—	3,590,188	155,963	3,746,151
Secured financing:				
Securities purchased under agreements to resell	—	1,163,336	—	1,163,336
Investment securities:				
Corporate and other debt	—	—	—	—
Corporate equities	—	—	472	472
Total financial assets measured at fair value	**—**	**4,753,524**	**156,435**	**4,909,959**
Trading financial liabilities:				
Derivatives:	—	3,249,875	61,640	3,311,515
Total trading financial liabilities	—	3,249,875	61,640	3,311,515
Other payables:				
Unfunded loan commitments	—	24	24	48
Total financial liabilities measured at fair value	**—**	**3,249,899**	**61,664**	**3,311,563**

The Company's valuation approach and fair value hierarchy categorisation for certain significant classes of financial instruments recognised at fair value on a recurring basis are as follows:

32.1.1 Government Debt Securities

US Treasury Securities

Valuation Technique:

- Fair value is determined using quoted market prices.

Valuation Hierarchy Classification:

- Level 1 – as actively traded and prices are observable

Non-US Government Obligations

Valuation Technique:

- Fair value is determined using quoted prices in active markets when available. When not available, quoted prices in less-active markets are used. In the absence of position-specific quoted prices, fair value may be determined through benchmarking from comparable instruments.

Valuation Hierarchy Classification:

- Level 1 – if actively traded and prices are observable

.

- Level 2 - if the market is less active or prices are dispersed.
- Level 3 - in instances where the trading activity is limited or prices are unobservable.

32.1.2 Corporate and Other Debt and Corporate Loans

Loans and Lending Commitments

Valuation Techniques:

- Fair value of corporate loans is determined using recently executed transactions, market price quotations (where observable), implied yields from comparable debt, market observable CDS spread levels obtained from independent external parties adjusted for any basis difference between cash and derivative instruments, along with proprietary valuation models and default recovery analysis where such transactions and quotations are unobservable.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Valuation Hierarchy Classification:

- Level 2 - if value based on observable market data for comparable instruments.
- Level 3 - in instances where significant spread inputs are unobservable or if the comparability assessment involves significant subjectivity.

Supranational and Government Regional Bonds

Valuation Technique:

- Fair value is determined using quoted prices in active markets when available. When not available, quoted prices in less-active markets are used. In the absence of position-specific quoted prices, fair value may be determined through benchmarking from comparable instruments.

Valuation Hierarchy Classification:

- Level 1 – if actively traded and prices are observable.
- Level 2 - if the market is less active or prices are dispersed.
- Level 3 - in instances where the trading activity is limited or prices are unobservable.

32.1.3 Corporate Equities and Equity investments

Valuation Techniques:

- Other equity investments (including direct investments in equity securities as well as various investment management funds, which include investments made in connection with certain employee deferred compensation plans) – initially, the transaction price is generally considered by the Company as the exit price and is its best estimate of fair value. After initial recognition, in determining the fair value of non-exchange-traded, internally and externally managed funds, the Company generally considers the NAV of the fund provided by the fund manager to be the best estimate of fair value. For non-exchange-traded investments either held directly or held within internally managed funds, fair value after initial recognition is based on an assessment of each underlying investment, considering rounds of financing and third-party transactions, discounted cash flow analyses and market-based information, including comparable Company transactions, trading multiples and changes in market outlook, among other factors. Exchange-traded direct equity investments are generally valued based on quoted prices from the exchange.

Valuation Hierarchy Classification:

- Level 1 – actively traded exchange-traded securities and fund units.
- Level 2 – if not actively traded, inputs are observable, or if undergoing a recent mergers and acquisitions event or corporate action.
- Level 3 – if not actively traded, inputs are unobservable, or if undergoing an aged mergers and acquisitions event or corporate action.

32.1.4 Derivatives

OTC Derivative Contracts

Valuation Techniques:

- OTC derivative contracts include forward, swap and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices or commodity prices.
- Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be modelled using a series of techniques, including closed-form analytic formulas, such as the Black-Scholes option-pricing model, simulation models or a combination thereof. Many pricing models do not entail material subjectivity as the methodologies employed do not necessitate significant judgement, since model inputs may be observed from actively quoted markets, as is the case for generic interest rate swaps, many equity, commodity and foreign currency option contracts and certain credit default swaps. In the case of more established derivative products, the pricing models used by the Company are widely accepted by the financial services industry.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

- More complex OTC derivative products are typically less liquid and require more judgement in the implementation of the valuation technique since direct trading activity or quotes are unobservable. This includes certain types of interest rate derivatives with both volatility and correlation exposure, equity, commodity or foreign currency derivatives that are either longer-dated or include exposure to multiple underlyings and credit derivatives, including credit default swaps on certain mortgage or asset-backed securities and basket CDS. Where required inputs are unobservable, relationships to observable data points, based on historical and/or implied observations, may be employed as a technique to estimate the model input values.

Valuation Hierarchy Classification:

- Level 2 - when valued using observable inputs, or where the unobservable input is not deemed significant.
- Level 3 – if an unobservable input is deemed significant.

32.1.5 Securities Purchased under Agreements to Resell and Securities Sold under Agreements to Repurchase

Valuation Techniques:

- Fair value is computed using a standard cash flow discounting methodology.
- The inputs to the valuation include contractual cash flows and collateral funding spreads, which are the incremental spread over the overnight indexed swap (“OIS”) rate for a specific collateral rate (which refers to the rate applicable to a specific type of security pledged as collateral).

Valuation Hierarchy Classification:

- Level 2 – when the valuation inputs are observable and supported by market liquidity.
- Level 3 – in instances where the valuation input is observable but not supported by market liquidity or if an unobservable input is deemed significant.

32.2 Transfers Between Level 1 and Level 2 of the Fair Value Hierarchy for Financial Assets and Liabilities Recognised at Fair Value on a Recurring Basis

During the year, the increase in the Group’s Level 1 balances on Government debt securities includes both increased trading balances and the reclassification of £116,054 thousand (2024: £nil) assets from Level 2 to Level 1 due to an increased level of observable transactions.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

32.3 Changes in Level 3 Financial Assets and Liabilities Recognised at Fair Value on a Recurring Basis

The following tables present the changes in the fair value of the Company's Level 3 financial assets and financial liabilities for the years ended 31 December 2025 and 31 December 2024. Level 3 instruments may be hedged with instruments classified in Level 1 and Level 2. As a result, the realised and unrealised gains/(losses) for assets and liabilities within the Level 3 category presented in the tables below do not reflect the related realised and unrealised gains/(losses) on hedging instruments that have been classified by the Company within the Level 1 and /or Level 2 categories.

The unrealised gains/(losses) during the year for assets and liabilities within the Level 3 category presented in the following tables may include changes in fair value during the period that were attributable to both observable and unobservable inputs.

The Morgan Stanley Group operates a number of intra-group policies to ensure that, where possible, revenues and related costs are matched. Where the trading positions included in the below table are risk managed using financial instruments held by other Morgan Stanley Group undertakings, these policies potentially result in the recognition of offsetting gains or losses in the Company.

in £'000	2025	2024
TRADING FINANCIAL ASSETS		
Corporate and other debt		
Beginning balance	90,133	192,316
Total gains/(losses) recognised in the income statement[1]	(16,870)	(10,474)
Purchases	23,133	40,329
Sales[2]	(20,719)	(86,305)
Settlements	—	1,644
Gross transfers in[3]	13,876	—
Gross transfers out[3]	(5,302)	(47,377)
Ending balance	**84,251**	**90,133**
Unrealised gains/(losses)[4]	(2,091)	(3,655)
Corporate equities		
Beginning balance	472	463
Total gains/(losses) recognised in the income statement[1]	2	—
Purchases	2	—
Sales and Issuances	(428)	—
Settlements	(25)	9
Ending balance	**23**	**472**
Unrealised gains/(losses)[4]	2	—
TRADING FINANCIAL LIABILITIES		
Net derivative contracts[4][5]		
Beginning balance	4,190	(28,791)
Total gains/(losses) recognised in the income statement[1]	609	31,820
Settlements	(93)	(19,199)
Gross transfers in[3]	(9,603)	8,421
Gross transfers out [3]	(2,377)	11,939
Ending balance	**(7,274)**	**4,190**
Unrealised gains/(losses)[4]	7,029	20,853
OTHER PAYABLES		
Unfunded loan commitments		
Beginning balance	24	25
Purchases	—	22
Sales and Issuances	2	(23)
Settlements	(1)	—
Ending balance	**25**	**24**

(1) The total gains or losses are recognised in the income statement as detailed in the financial instruments accounting policy (note 3c).

(2) Amounts related to corporate and other debt represents sales.

(3) For financial assets and financial liabilities that were transferred into or out of Level 3 during the year, gains or (losses) are presented as if the assets or liabilities had been transferred into or out of Level 3 as at the beginning of the year.

(4) Amounts represent unrealised gains or (losses) for the year ended 31 December 2025 related to assets and liabilities still outstanding at 31 December 2024. The unrealised gains or (losses) are recognised in the income statement or statement of comprehensive income as detailed in the financial instruments accounting policy (note 3c)

(5) Net derivative contracts represent trading financial liabilities derivative contracts net of trading financial assets - derivative contracts.

There were no material transfers between Level 2 and Level 3 of the fair value hierarchy during the year and prior year.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

32.4 Valuation of Level 3 Financial Assets and Liabilities Recognised at Fair Value on a Recurring Basis

The following disclosures below provide information on the sensitivity of fair value measurements to key inputs and assumptions.

32.4.1 Quantitative information about and qualitative sensitivity of signficant unobservable inputs

The following table provides information on the valuation techniques, significant unobservable inputs and the ranges and averages for each material category of assets and liabilities measured at fair value on a recurring basis.

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory of financial instruments. Further, the range of unobservable inputs may differ across groups in the financial services industry because of diversity in the types of products included in each group's inventory.

The following disclosures also include qualitative information on the sensitivity of the fair value measurements to changes in the significant unobservable inputs. There are no predictable relationships between multiple significant unobservable inputs attributable to a given valuation technique.

31 December 2025	Fair value £'000	Predominant valuation techniques/ Significant unobservable inputs	Range (Average)[1]
ASSETS			
Trading financial assets:			
Corporate and other debt	5,429	Comparable pricing	
		Comparable loan price	76 to 76 pts (76pts)
Corporate loans	78,822	Comparable pricing	
		Comparable loan price	3 to 94 pts (45pts)
Investment securities:			
Corporate equities	23	Comparable pricing	
		Comparable equity price	N/M
LIABILITIES			
Trading financial liabilities			
Net derivatives contracts:[2]			
Credit	(5)	Credit default swap model	
		Credit spread	N/M
Interest rate	(7,250)	Option model	
		Interest rate curve correlation	-17% to 30% (mean 1%, median -1%)
		Interest rate volatility skew	55% to 81% (mean 65%, median 63%)
Foreign exchange and gold			
	(19)	Option model	
		Interest rate curve correlation	N/M

N/M - Not Material

(1) A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are provided when more relevant.

(2) Net derivative contracts represent 'trading financial assets – derivative contracts' net of 'trading financial liabilities – derivative contracts'.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

MORGAN STANLEY BANK INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2025

31 December 2024	Fair value £'000	Predominant valuation techniques/ Significant unobservable inputs	Range (Average)[1]
ASSETS			
Trading financial assets:			
Corporate and other debt	12,298	Comparable pricing	
		Comparable loan price	3.3 to 100 pts (32pts)
Corporate loans	77,835	Comparable pricing	
		Comparable loan price	4 to 101 pts (53pts)
Net derivatives contracts:[2]			
Credit	6	Credit default swap model	
		Credit spread	N/M
Interest rate	4,184	Option model	
		Interest rate curve correlation	N/M
		Interest rate volatility skew	60% to 88% (mean 70%, median 66%)
Investment securities:			
Corporate equities	472	Comparable pricing	
		Comparable equity price	100% (100%)

N/M - Not Material

(1) A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are provided when more relevant.

(2) Net derivative contracts represent 'trading financial assets – derivative contracts' net of 'trading financial liabilities – derivative contracts'.

32.4.2 Significant Unobservable Inputs – Description and Sensitivity

During 2025, there were no significant revisions made to the descriptions of the significant unobservable inputs.

An increase/(decrease) to the following significant unobservable inputs would generally result in a higher/(lower) fair value:

- *Comparable loan price:* A pricing input used when prices for the identical instrument are not available. Significant subjectivity may be involved when fair value is determined using pricing data available for comparable instruments. Valuation using comparable instruments can be done by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable loan, then adjusting that yield (or spread) to derive a value for the loan. The adjustment to yield (or spread) should account for relevant differences in the loans such as maturity or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable instrument and loan being valued in order to establish the value of the loan.
- *Comparable equity price:* A price derived from equity raises, share buybacks and external bid levels, etc. A discount or premium may be included in the fair value estimate.

An increase/(decrease) to the following significant unobservable inputs would generally result in an impact to the fair value. But the magnitude and direction of the impact would depend on whether the Company is long or short exposure:

- *Credit Spread*: The credit spread reflects the additional net yield an investor can earn from a security with more credit risk relative to one with less credit risk. The credit spread of a particular security is often quoted in relation to the yield on a credit risk-free benchmark security or reference rate.
- *Volatility skew*: The measure of the difference in implied volatility for options with identical underliers and expiry dates but with different strikes.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

32.4.3 Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

As detailed in note 2, the valuation of Level 3 financial instruments requires the application of critical judgement, involving estimations and assumptions and it is recognised that there could be a range of reasonably possible alternative values.

The Company has reviewed the unobservable parameters to identify those which would change the fair value measurement significantly if replaced by a reasonably possible alternative assumption.

In estimating the potential variability, the unobservable parameters were varied individually using statistical techniques and historic data. The potential variability estimated is likely to be greater than the actual uncertainty relating to the financial instruments as any diversification effect has been excluded.

The following table presents the potential impact of both favourable and unfavourable changes, both of which would be reflected in the income statement.

	31 December 2025		31 December 2024	
in £'000	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Trading financial assets:				
Corporate and other debt	5,226	(5,226)	8,577	(8,577)
Net derivative contracts[1][2]	2,121	(3,373)	1,675	(1,819)
	7,347	**(8,599)**	**10,252**	**(10,396)**

(1) Net derivative contracts represent 'trading financial assets – derivative contracts' net of 'trading financial liabilities – derivative contracts'.

(2) CVA is deemed to be a Level 3 input when the underlying counterparty credit curve is unobservable. FVA is deemed to be Level 3 input in its entirety given the lack of observability of funding spreads in the principle market.

32.5 Financial Instruments Valued Using Unobservable Market Data

The amounts not recognised in the income statement relating to the difference between the fair value at initial recognition (the transaction price) and the amounts determined at initial recognition using valuation techniques are as follows:

£'000	2025	2024
At 1 January	1,392	1,058
New transactions	(378)	429
Amounts recognised in the income statement during the year	238	(95)
At 31 December	**1,252**	**1,392**

The balance above relates to derivatives and loans.

32.6 Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis.

Non-recurring fair value measurements of assets or liabilities are those which are required or permitted in the statement of financial position in particular circumstances. There were no assets or liabilities measured at fair value on a non-recurring basis during the year or prior year.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

33. ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

As disclosed in 'Statement of compliance' in note 2, the Company is exempt from certain disclosure requirements of IFRS 13 to the extent that they apply to assets and liabilities other than financial instruments. As such the disclosure included in this note relates only to financial instruments.

The tables below present the carrying value, fair value and fair value hierarchy category of certain financial assets and financial liabilities that are not measured at fair value in the statement of financial position.

Financial assets and financial liabilities not measured at fair value for which the carrying value is considered a reasonable approximation of fair value are excluded from the following table.

			Fair value measurement using:
in £'000			
31 December 2025	Carrying value	Fair value	Observable inputs (Level 2)
Customer accounts	409,630	413,955	413,955
31 December 2024	Carrying value	Fair Value	Observable inputs (Level 2)
Customer accounts	641,954	648,641	648,641
Subordinated debt	400,921	418,658	418,658

34. PROVISIONS FOR LIABILITIES AND CHARGES

Property provisions

Property provisions represent the net present value of expected future costs of excess office space (net of expected sublease income) and the net present value of expected future costs of reinstating leasehold improvements at the end of the lease term. Lease reinstatement provisions are released when the reinstatement obligations have been fulfilled. As at 31 December 2025, property provisions were £178 thousand (2024: £179 thousand).

Litigation Matters

In the normal course of business, the Company has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the third-party entities that are, or would otherwise be, the primary defendants in such cases are bankrupt, in financial distress, or may not honour applicable indemnification obligations.

The Company is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental or other regulatory agencies regarding the Company's business, and tax, accounting, and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on the Company's ability to conduct certain business, or other relief.

The Company contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the financial statements and the Company can reliably estimate the amount of that loss or the range of loss, the Company accrues an estimated loss by a charge to income. The Company's legal expenses can, and may in the future, fluctuate from period to period, given the current environment regarding government or regulatory agency investigations and private litigation affecting global financial services firms, including the Company.

In many legal proceedings and investigations, it is inherently difficult to determine whether any loss is probable or more than remotely possible, or to estimate the amount of any loss. In addition, even where the Company has determined that a loss is probable or more than remotely possible, the Company may be unable to reliably estimate the amount of the loss or range of loss. It is particularly difficult to determine if a loss is probable or more than remotely possible, or to reliably estimate the amount of loss, where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution,

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

forfeiture, disgorgement or penalties. Numerous issues may need to be resolved in an investigation or proceeding before a determination can be made that a loss or additional loss (or range of loss or range of additional loss) is probable or more than remotely possible, or to reliably estimate the amount of loss, including through potentially lengthy discovery or determination of important factual matters, determination of issues related to class certification, the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

The Company identifies any individual proceedings or investigations where the Company believes a material economic outflow to be more than remotely possible. In certain legal proceedings in which the Company has determined that a material economic outflow is more than remotely possible, the Company is unable to reliably estimate the loss or range of loss. There are other matters in which the Company has determined a loss or range of loss to be more than remotely possible, but the Company does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Company's financial statements as a whole, although the outcome of such proceedings or investigations may significantly impact the Company's business or results of operations for any particular reporting period, or cause significant reputational harm. Notwithstanding the foregoing, the Bank has not identified any proceedings or investigations this reporting period for which it believes a material loss is more than remotely possible.

While the Company identifies certain proceedings or investigations that the Company believes to be material, individually or collectively, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined to be probable or more than remotely possible.

35. ASSETS AND LIABILITIES DENOMINATED IN STERLING AND FOREIGN CURRENCIES

in £'000	2025	2024
Denominated in:		
Sterling	10,182	412,597
Currencies other than Sterling	4,464,519	5,530,485
Total Assets	**4,474,701**	**5,943,082**
Denominated in:		
Sterling	182,614	586,909
Currencies other than Sterling	4,292,087	5,356,173
Total equity and liabilities	**4,474,701**	**5,943,082**

36. EMPLOYEE COMPENSATION PLANS

Morgan Stanley maintains various equity-settled share-based and cash-based deferred compensation plans for the benefit of employees. Awards under these plans are generally granted in January following the performance year.

Equity-Settled Share-Based Compensation Plans

Morgan Stanley has granted RSU awards pursuant to several equity-based compensation plans. The plans provide for the deferral of a portion of certain current and former employees' incentive compensation, with awards made in the form of restricted common stock. Awards under these plans are subject to vesting over time, generally six months to seven years, and are generally contingent upon continued employment and subject to restrictions on sale, transfer or assignment until conversion to common stock. All, or a portion of, an award may be forfeited if employment is terminated before the end of the relevant vesting period or cancelled after the vesting period in certain situations. Recipients of equity-based awards may have voting rights, at Morgan Stanley's discretion, and generally receive dividend equivalents if the awards vest, unless this is prohibited by regulation.

During the year, Morgan Stanley granted 2,115 RSUs (2024: 3,097 RSUs) to employees of the Company with a weighted average fair value per unit of $131.85 (2024: $79.24), based on the market value of Morgan Stanley common stock at grant date.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

Management Charges

As explained in note 8, the Company utilises the services of staff who are employed by other Morgan Stanley Group entities. Management charges are incurred in respect of these employee services which include the cost of equity-settled share-based compensation plans and deferred cash-based compensation plans.

37. POST-EMPLOYMENT BENEFITS

Defined Contribution Plans

The South Korean Branch of the Company participates in a defined contribution scheme, which requires contributions to be made to funds held in trust, separate from the assets of the Company.

The Company pays fixed contributions to the funds, with no legal or constructive obligation to pay further contributions.

The defined contribution pension charge recognised within 'Direct staff costs' in 'Administrative expenses' in the income statement was £279 thousand for the year (2024: £287 thousand) of which £nil was accrued at 31 December 2025 (2024: £nil).

Defined Benefit Plans

The Company continues to operate two Morgan Stanley defined benefit plans, which were previously operated by the Company's German branch prior to its closure.

- Morgan Stanley Bank International Limited – General Retirement plan ("GP")
- Morgan Stanley Bank International Limited – Deferred Compensation plan ("DC plan")

The GP provides post-employment benefits to members on retirement dependent on years of service and salary. The GP was open to all permanent employees of Morgan Stanley German subsidiaries until 2013 when it was closed to new members but remained open to future accrual of benefit for existing members. The GP defined benefit obligation is an actuarial measure of the present value of benefits for service rendered and includes assumptions for salary and inflation increases. The GP is funded by insurance contracts held with third party insurance providers. A reimbursement right asset of £338 thousand (2024: £315 thousand) is recognised within 'Other assets', reflecting the expectation that the Company will be reimbursed under insurance policies for some of the expenditure required to settle the obligations of the GP.

The DC plan is a voluntary compensation deferral plan available to certain German employees which closed in 2005. The plan pays a lump sum upon retirement equal to the amount deferred plus a guaranteed interest rate. The DC plan is partially funded by qualifying insurance policies held with third party insurance companies. These policies are pledged by the Company to the employee, are protected from MS creditors in the event of insolvency, and can only be used to pay or fund employee benefits under this defined benefit plan and are measured at fair value. At 31 December 2025, plan assets of £32 thousand are recognised (2024: £36 thousand).

The most recent full actuarial valuations of the Plans' defined benefit obligations were carried out at 31 December 2025. The obligations of the Plans are measured by discounting the best estimate of future cash flows to be paid out by the Plans using the projected unit method. At 31 December 2025, the net benefit obligation across both Plans was £394 thousand (2024: £424 thousand).

Plans Operated by Fellow Morgan Stanley Undertakings

In addition to the above, along with a number of other Morgan Stanley Group companies, the Company incurs management charges from fellow Morgan Stanley undertakings in respect of post-employment benefits provided to staff utilised by the Company but employed by other Morgan Stanley entities. These management recharges include post-employment benefit costs related to the Morgan Stanley UK Group Pension Plan ('the Plan') operated by Morgan Stanley UK Limited. The Plan is a defined contribution scheme with a closed defined benefit section.

Docusign Envelope ID: EEA5504B-62FD-4A06-8834-AC9CCDBAAC36

38. RELATED PARTY DISCLOSURES

Directors' Remuneration

The Company paid no remuneration to its Directors during the current or prior year. The charges in respect of Directors' qualifying services to the Company have been borne by other Morgan Stanley Group undertakings.

The amount of remuneration received by Directors in respect of their qualifying services to the Company is disclosed below:

in £'000	2025	2024
Total remuneration of all Directors:		
Aggregate remuneration	4,582	4,512
Long term incentive schemes	388	492
Company contributions to pension schemes	25	21
	4,995	**5,025**
Disclosures in respect of the highest paid Director:		
Aggregate remuneration	3,009	3,636
Long term incentive schemes	261	421
Company contributions to pension schemes	12	12
	3,282	**4,069**

Directors' remuneration has been calculated as the sum of cash, bonuses, and benefits in kind.

All Directors who are employees of the Morgan Stanley Group are eligible for shares of the parent company, Morgan Stanley, awarded under the Morgan Stanley Group's equity-based long term incentive schemes. In accordance with Schedule 5 paragraph 1(3)(a) of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, the above disclosures do not include the value of shares awarded under long term incentive schemes. During the year, seven Directors received awards under the Morgan Stanley Group's equity-based long term incentive scheme in respect of qualifying services (2024: six), including the highest paid Director in both 2025 and 2024.

The value of assets (other than shares) awarded under other long term incentive schemes has been included in the above disclosures when the awards vest, which is generally within one to seven years from the date of the award.

Two Directors are members of non-UK Morgan Stanley defined benefit schemes, which are closed to new entrants and no longer accruing benefits (2024: two).

The Morgan Stanley Group operates a defined contribution pension scheme, the Morgan Stanley UK Group Pension Plan. There are five Directors to whom retirement benefits are accruing under this UK defined contribution scheme (2024: five). Two Directors have benefits accruing under non-UK defined contribution schemes (2024: one).

The Company has not provided any loans or other credit advances to its Directors during the year (2024: £nil).