

Morgan Stanley

# Morgan Stanley Europe SE

Annual Report 2025

**Registered number: HRB 109880**

Registered office:  
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(1) Please note that the English version of the Annual Financial Statements as at 31 December 2025 is a convenience translation. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, issued the Independent Auditors' Report only for the German version of the Annual Financial Statements as at 31 December 2025. Therefore, the German version prevails.

## Combined Management Report

The Management Report of Morgan Stanley Europe SE (“the Company”) is integrated with that of the Group, in accordance with the provisions of Section 315 (5) of the German Commercial Code (*Handelsgesetzbuch* or “HGB”) and Section 298 (2) HGB.

# ANNUAL FINANCIAL STATEMENTS

**Balance Sheet as at 31 December 2025**

**Income Statement for the period from  
1 January to 31 December 2025**

**Cash Flow Statement for the period from  
1 January to 31 December 2025**

**Notes**

**ANNUAL FINANCIAL STATEMENTS 2025**  
**Balance Sheet as at 31 December 2025**

<b>Assets in € millions</b>	<b>Note</b>	<b>2025</b>	<b>2024</b>
Cash reserve			
a) Balances with central banks		<b>379</b>	<b>373</b>
thereof: with Deutsche Bundesbank €379 million (2024: €373 million)			
Receivables from credit institutions	4		
a) Due on demand		12,756	12,579
b) Other receivables		405	462
		<b>13,161</b>	<b>13,041</b>
Receivables from customers	4	<b>14,336</b>	<b>14,007</b>
thereof: loans granted to local authorities €187 million (2024: €8 million)			
Trading assets	7	<b>43,339</b>	<b>34,874</b>
Investments in affiliated companies	8	<b>603</b>	<b>603</b>
thereof: credit institutions €603 million (2024: €603 million)			
Intangible assets	8		
a) Goodwill		<b>26</b>	<b>32</b>
Property, plant and equipment	8	<b>57</b>	<b>54</b>
Other assets	9	<b>625</b>	<b>417</b>
Prepaid expenses and deferred charges		<b>5</b>	<b>3</b>
Deferred tax assets		<b>32</b>	<b>29</b>
<b>Total assets</b>		<b>72,563</b>	<b>63,433</b>
<b>Liabilities and equity in € millions</b>			
Liabilities to credit institutions	4		
a) Due on demand		7,682	5,311
b) With an agreed maturity or term		500	200
		<b>8,182</b>	<b>5,511</b>
Liabilities to customers	4		
a) Other liabilities			
aa) Due on demand		7,468	9,714
ab) With an agreed maturity or term		1,400	5,165
		<b>8,868</b>	<b>14,879</b>
Debt issuances	11		
a) Debt securities		<b>2,082</b>	<b>278</b>
Trading liabilities	7	<b>39,197</b>	<b>31,040</b>
Other liabilities	9	<b>447</b>	<b>170</b>
Deferred income		<b>3</b>	<b>6</b>
Provisions	12		
a) Provisions for pensions and similar obligations		16	14
b) Provisions for taxation		12	29
c) Other provisions		191	198
		<b>219</b>	<b>241</b>
Subordinated debt	13	<b>5,609</b>	<b>3,809</b>
Fund for general banking risks	7	<b>203</b>	<b>144</b>
thereof: special items according to Section 340e (4) HGB €203 million (2024: €144 million)			
Instruments for Additional Tier 1 Regulatory Capital	14	<b>1,000</b>	<b>1,000</b>
Equity capital	15		
a) Subscribed capital		3,901	3,901
b) Capital reserve		2,280	2,115
c) Earnings reserve		339	150
d) Retained earnings		233	189
		<b>6,753</b>	<b>6,355</b>
<b>Total liabilities and equity</b>		<b>72,563</b>	<b>63,433</b>

## ANNUAL FINANCIAL STATEMENTS 2025

Income Statement for the period from 1 January to 31 December 2025

in € millions	Note	2025	2024
Interest income from credit and money market transactions		932	1,478
Interest expenses		1,097	1,668
		<b>(165)</b>	<b>(190)</b>
Income from profit sharing, profit transfer or partial profit transfer agreements	17	<b>184</b>	<b>122</b>
Commission income		592	460
Commission expenses		153	143
		<b>439</b>	<b>317</b>
Net trading result		<b>673</b>	<b>602</b>
thereof: special items according to Section 340e (4) HGB €59 million (2024: €67 million)			
Other operating income	18	<b>16</b>	<b>17</b>
General administrative expenses			
a) Personnel expenses			
aa) Wages and salaries		322	259
ab) Social security and other pension costs and benefits			
thereof: Pension scheme €11 million (2024: €11 million)		84	59
		406	318
b) Other administrative expenses		245	210
		<b>651</b>	<b>528</b>
Depreciation, amortisation and write-downs of intangible assets, and property, plant and equipment	8	<b>14</b>	<b>11</b>
Other operating expenses	18	<b>97</b>	<b>77</b>
Write-downs and valuation allowances on receivables and certain securities, as well as additions to provisions in the lending business		<b>2</b>	<b>–</b>
<b>Income from ordinary activities</b>		<b>383</b>	<b>252</b>
Income taxes		<b>150</b>	<b>63</b>
<b>Net profit for the year</b>		<b>233</b>	<b>189</b>
<b>Net profit</b>		<b>233</b>	<b>189</b>

in € millions	Note	2025	2024
<b>Net income</b>		<b>233</b>	<b>189</b>
<b>Non-cash items included in net income and reconciliation to cash flow from operating activities</b>			
+ Depreciation on intangible assets and property, plant and equipment	8	14	11
-/+ (Reversal of)/increase in provisions	12	(57)	35
+ Increase in fund for general banking risks		59	67
+/- Increase/(decrease) in risk discount value-at-risk	7	11	(6)
- Increase in deferred tax assets		(3)	(24)
+ Net interest expense		165	190
+ Income tax expense		150	63
+/- Other adjustments		–	(2)
<b>= Subtotal</b>		<b>572</b>	<b>523</b>
<b>Changes in assets and liabilities from operating activities</b>			
- Receivables from credit institutions		(119)	(2,390)
- Receivables from customers		(331)	(6,960)
-/+ Trading assets		(8,446)	6,613
-/+ Other assets from operating activities		(242)	56
+ Liabilities to credit institutions		2,672	620
-/+ Liabilities to customers		(5,790)	4,909
+ Debt issuances		1,804	186
+/- Trading liabilities		8,144	(3,541)
+ Other liabilities from operating activities		269	39
+ Interest received		904	1,455
- Interest paid		(846)	(1,420)
- Income taxes paid		(134)	(88)
<b>Cash flow from operating activities</b>		<b>(1,543)</b>	<b>2</b>
- Payments for the acquisition of intangible assets and property, plant and equipment	8	(11)	(8)
<b>Cash flow from investing activities</b>		<b>(11)</b>	<b>(8)</b>
+ Proceeds from subordinated debt	13	1,800	300
- Interest paid for Instruments for Additional Tier 1 Regulatory Capital		(48)	(48)
- Interest paid for subordinated debt		(192)	(200)
<b>Cash flow from financing activities</b>		<b>1,560</b>	<b>52</b>
= Change in cash and cash equivalents		6	46
+ Cash and cash equivalents at the beginning of the period		373	327
<b>Cash and cash equivalents at the end of the period</b>		<b>379</b>	<b>373</b>

## General Information

### 1. Corporate Information

Morgan Stanley Europe SE (the “Company” or “MSESE”) is based in Frankfurt am Main. The Company is registered in the Commercial Register of the Local Court in Frankfurt am Main under number HRB 109880.

As at 31 December 2025, Morgan Stanley International Limited, London, United Kingdom (“MSI”) was the sole shareholder of the Company. On 14 March 2026, the Company was acquired by Morgan Stanley Bank, N.A. (“MSBNA”). MSBNA is a United States of America (“U.S.”) national bank with its headquarters and main office in Salt Lake City, Utah.

The Company is the sole shareholder of Morgan Stanley Bank AG, Frankfurt am Main (“MSBAG”). The Company, together with its subsidiary MSBAG, form the MSESE Group.

In 2025, the Company merged with its parent entity, Morgan Stanley Europe Holding SE (“MSEHSE”), with the Company as surviving entity.

The Company’s ultimate parent undertaking is Morgan Stanley, Delaware, United States of America (“U.S.”). Morgan Stanley together with its subsidiary undertakings form the Morgan Stanley Group.

### 2. Basis of Accounting

The annual financial statements as at 31 December 2025 are prepared in accordance with the regulations of the German Commercial Code (*Handelsgesetzbuch* or “HGB”), the German Ordinance on Accounting Policies for Banks and Financial Service Providers (*Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* or “RechKredV”) and the German Stock Corporation Act (*Aktiengesetz* or “AktG”). Unless otherwise stated, all amounts are rounded to the nearest million Euros. MSESE prepares consolidated financial statements in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union (“EU”) for the smallest consolidation scope. The company which prepares consolidated financial statements for the largest consolidation scope is Morgan Stanley.

Financial statements of Morgan Stanley and IFRS consolidated financial statements and the management report of the MSESE Group can be obtained from <https://www.morganstanley.com/about-us-ir>.

### 3. Accounting Policies

#### Cash Reserve and Receivables

Cash reserve is accounted for at nominal value. Receivables from credit institutions and customers are accounted for at acquisition cost, including pro-rata interest and are net of loan loss provisions. Cash placed overnight under the deposit facility with the Deutsche Bundesbank is reported within “Receivables from credit institutions”.

#### Loan Loss Provision

The Company recognises loan loss provisions for receivables from credit institutions and customers.

In accordance with the requirements of the Institute of German Auditors (*Institut der Wirtschaftsprüfer in Deutschland* or “IDW”) RS BFA 7, the Expected Credit Loss (“ECL”) model is based on the change in credit risk since initial recognition of a financial instrument:

- 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 weighted with the probability of default within the next 12 months.
- 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, the loss allowance is calculated as 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.

Notwithstanding the above, for specific receivables, a lifetime ECL is always calculated without considering whether a SICR has occurred.

When assessing SICR, the Company considers both quantitative and qualitative information and analysis. These are based on historical information and conditions expected in the future, which are assessed by credit risk experts.

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

ECL is calculated using three main components:

- PD: 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.
- 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 date of 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.

### Trading Assets and Liabilities

Financial instruments classified as trading assets and liabilities are initially recognised at purchase price and subsequently measured at fair value less a risk discount in accordance with Section 340e (3) HGB. In accordance with Section 255 (4) HGB, the fair value corresponds to the market price. If an active market does not exist, fair value is determined using valuation techniques. Guarantees received or provided in

respect of trading derivative contracts are accounted for as trading derivative contracts.

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 are 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.

Where necessary, valuation adjustments will be made. Factors taken into account include liquidity risk (price range between bid and ask price), counterparty default risk, model uncertainty and concentration risks.

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 a valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement.

In order to capture any remaining realisation risks, the result of the valuation at fair value is reduced by a risk discount, which is deducted from trading assets. The risk discount is calculated using the regulatory value-at-risk based on a 99% confidence level over a holding period of 10 days.

In addition to the risk discount, at each year end 10% of the net trading result after risk discount is allocated to the fund for general banking risks in accordance with Section 340e (4) HGB. The allocation is made until this fund reaches an amount of 50% of the 5-years average of the positive net trading result after risk discount. The fund for general banking risks may only be reversed to offset a net trading loss for the year, a net loss for the year, accumulated losses carried forward from the previous year, or if it exceeds the 50% limit.

The Company pledges and receives cash collateral and securities in respect of its derivative portfolio in the form of initial and variation margin. Cash initial and variation margin pledged to and received from central clearing counterparties (“CCP”) are recognised in Other assets and Other liabilities. For Over-the-Counter (“OTC”) derivatives, this margin is shown under Receivables from credit institutions or customers and Liabilities to credit institutions or customers, respectively.

OTC derivatives reported within trading assets and liabilities are offset against the associated cash variation margin if, supported by a legally enforceable agreement containing a credit support annex (“CSA”), the exchange of cash collateral takes place on a daily basis taking into account the fair value of the derivative financial instruments. For each counterparty, the amount offset includes the positive and negative market values of derivatives as well as the cash variation margin paid or received.

### **Securities Lending and Repurchase Agreements**

Securities lending and repurchase agreements are accounted for in accordance with the applicable principles of Section 340b HGB. Securities lent and securities sold under repurchase agreements continue to be recognised by the Company in accordance with their economic ownership, whilst securities borrowed and securities bought under repurchase agreements are not recognised on the balance sheet. Receivables and liabilities arising from repurchase agreements and securities lending transactions that meet the requirements to offset under Section 10 RechKredV are reported net.

### **Investments in Affiliated Companies**

Investments in affiliated companies are carried at cost. If an impairment of an investment is expected to be permanent, the carrying amount is written down to the lower fair value.

### **Intangible Assets and Property, Plant and Equipment**

Intangible assets and property, plant and equipment are reported at acquisition cost reduced by scheduled depreciation. The underlying useful lives are based on the economic useful life. Write-downs are made for any impairment that is likely to be permanent. Goodwill reported within intangible assets is amortised over its estimated useful life of 10

years in accordance with Section 253 (3) sentence 4 HGB. Low-value assets are fully depreciated in the year of acquisition.

### **Other Assets**

Other assets are measured at acquisition cost (nominal value) considering the strict lower-of-cost-or-market principle.

### **Liabilities**

Liabilities to credit institutions and to customers, subordinated debt and Instruments for Additional Tier 1 Regulatory Capital (“AT1 Notes”) are recognised at their settlement amount, including accrued interest, in accordance with Section 253 (1) HGB.

### **Prepaid Expenses and Deferred Charges**

Prepaid expenses and deferred charges are released to the income statement on a straight-line basis over their term.

### **Provisions**

Provisions for contingent liabilities are recognised at the expected settlement amount using reasonable judgement. If the remaining term is longer than one year, the provision is discounted. The Company applies the discount rate published by the Deutsche Bundesbank in accordance with the Regulation on the Discounting of Provisions.

The Company is applying accounting note IDW RH FAB 1.021 in relation to the valuation of provisions for pension and similar obligations funded by insurance contracts. This accounting note requires for matching cash flows and application of the same valuation methodology assumptions for the plan assets and the pension obligations.

For pensions and similar obligations where the cash flows do not match the plan assets and are not accounted for under IDW RH FAB 1.021, the Company continues to use the projected-unit-credit method. The valuation includes actuarial assumptions on demographic developments, increases in salaries and pensions as well as inflation rates. Demographic assumptions are based upon the “Heubeck-Richttafeln 2018G” tables. The discount rate is based upon the average market interest rate of the last 10 years with an assumed remaining term of 15 years as published by the Deutsche Bundesbank according to Section 253 (2) HGB.

In accordance with Section 246 (2) HGB, the pension obligations are offset against the plan

assets as well as the respective expenses and income. The Company has outsourced the reinsurance policies covering the general pension plan to a contractual trust arrangement ("CTA").

A provision requirement for interest rate risks is examined as part of the loss-free valuation of interest bearing financial instruments in the banking book using the present/book value method. As at 31 December 2025, the valuation resulted in no need to recognise a provision.

### Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognised for temporary differences between the accounting and tax values for assets, liabilities and interest carry forwards. Deferred tax liabilities are netted against deferred tax assets.

Company-specific tax rates at the time of recognition of temporary differences are used for the estimation of deferred taxes. Deferred taxes related to the head office are measured using the relevant combined German income tax rate of 32% which includes corporate tax, trade tax and solidarity surcharge. Deferred taxes related to the foreign branches are measured using the applicable statutory tax rates respectively, which range from 19% to 32%.

### Valuation Units

The Company has set up micro-valuation units in accordance with Section 254 HGB for physically settling commodity derivatives and issued structured notes. The amount and maturity between the underlying and hedging transactions is matched. In order to assess the prospective effectiveness of a valuation unit, the method of matching of critical terms is used.

In the subsequent measurement of commodity derivatives, the Company applies the freezing method, whereby the effective part of the changes in value of the hedged item and hedging instrument resulting from the hedged risk are not reported on the balance sheet.

In the subsequent measurement of issued structured notes, the Company uses the ongoing booking method, whereby the offsetting changes in the value of the hedged risk are recognised on the balance sheet.

Provisions for impending losses are recognised for an unrealised net loss of the hedged risk (retrospective negative ineffectiveness). Any unrealised gains are not recognised.

### Currency Conversion

Currency conversion is carried out in accordance with the principles of Section 256a and Section 340h HGB. Assets and liabilities denominated in a foreign currency are translated into Euros at the rates ruling at the reporting date. Foreign exchange rate fluctuations from trading assets and liabilities are reported in the net trading result. Due to the special coverage in the same currency, gains and losses resulting from currency translation in the banking book are presented net in either other operating income or expenses.

## Notes to the Balance Sheet

### 4. Residual Maturity of Receivables and Liabilities

The following tables presents the maturity structure of receivables from credit institutions and customers as well as liabilities to credit institutions and customers:

in € millions	2025	2024
<b>Receivables from credit institutions</b>		
Due on demand	12,756	12,579
With a remaining maturity of:		
up to three months	306	462
three months to one year	99	–
<b>Total</b>	<b>13,161</b>	<b>13,041</b>

Receivables from credit institutions due on demand include overnight cash deposits placed with the Deutsche Bundesbank of €11,447 million (31 December 2024: €9,800 million).

in € millions	2025	2024
<b>Receivables from customers</b>		
Due on demand	13,781	12,531
With a remaining maturity of:		
up to three months	545	997
three months to one year	–	469
one year to five years	10	10
<b>Total</b>	<b>14,336</b>	<b>14,007</b>

in € millions	2025	2024
<b>Liabilities to credit institutions</b>		
Due on demand	7,682	5,311
With a remaining maturity of:		
up to three months	200	200
three months to one year	200	–
one year to five years	100	–
<b>Total</b>	<b>8,182</b>	<b>5,511</b>

in € millions	2025	2024
<b>Liabilities to customers</b>		
Due on demand	7,468	9,714
With a remaining maturity of:		
up to three months	1,399	3,928
three months to one year	–	469
one year to five years	1	768
<b>Total</b>	<b>8,868</b>	<b>14,879</b>

## 5. Receivables and Liabilities with Affiliated Companies

The following table presents the receivables from and liabilities to affiliated companies:

in € millions	2025	2024
Receivables from credit institutions	376	213
Receivables from customers	12,152	10,805
Liabilities to credit institutions	6,818	4,629
Liabilities to customers	4,492	10,502
Subordinated debt	5,609	3,809
Instruments for Additional Tier 1 Regulatory Capital	1,000	1,000

## 6. Repurchase Agreements

Trading assets include €14,134 million of securities (2024: €9,163 million) which were transferred under repurchase agreements but remain recognised on the balance sheet.

## 7. Trading Assets and Liabilities

The criteria used to classify financial instruments to trading assets and trading liabilities remained unchanged as at 31 December 2025.

The Company allocated an amount of €59 million (2024: €67 million), in accordance with Section 340e (4) HGB, to the fund for general banking risks in the financial year 2025.

The following table provides a breakdown of the trading assets and liabilities:

in € millions	Trading assets		Trading liabilities	
	2025	2024	2025	2024
Derivative financial instruments	13,487	15,244	12,135	11,444
Receivables/liabilities	13,844	10,325	27,062	19,596
Bonds and other fixed-income securities	14,934	9,212		
Shares and other non-fixed-income securities	1,101	109		
Risk discount	(27)	(16)		
<b>Total</b>	<b>43,339</b>	<b>34,874</b>	<b>39,197</b>	<b>31,040</b>

Bonds and other fixed-income securities contain €381 million of subordinated instruments (2024: €173 million).

The following table presents the nominal value of derivative financial instruments by type:

in € millions	Nominal amount	
	2025	2024
Interest-related transactions	13,303,880	12,577,305
Exchange-rate-related transactions	945,164	712,566
Equity-related transactions	1,175,028	464,371
Credit derivatives	86,762	81,288
Other transactions	31,645	33,219
<b>Total</b>	<b>15,542,479</b>	<b>13,868,749</b>

## 8. Non-current Assets

Non-current assets of the Company consist of “Intangible assets”, “Property, plant and equipment” as well as “Investments in affiliated companies”.

Intangible assets consist of goodwill of €26 million (2024: €32 million).

Property, plant and equipment of €57 million primarily includes leasehold improvements of €47 million (2024: €41 million) and office equipment of €8 million (2024: €7 million).

Investments in affiliated companies of €603 million (2024: €603 million) relates to non-listed shares in MSBAG. The net profit of MSBAG as at 31 December 2025 transferred to the Company due to the Profit and Loss Transfer Agreement (“PLTA”) amounts to €184 million.

The equity of MSBAG as at 31 December 2025 amounted to €660 million.

The following table shows the changes in non-current assets:

in € millions	Intangible assets	Property, plant and equipment
<b>Acquisition / production cost 01 January 2025</b>	<b>59</b>	<b>103</b>
Additions	–	11
<b>Acquisition / production cost 31 December 2025</b>	<b>59</b>	<b>114</b>
<b>Accumulated depreciation 01 January 2025</b>	<b>27</b>	<b>49</b>
Depreciation	6	8
<b>Accumulated depreciation 31 December 2025</b>	<b>33</b>	<b>57</b>
<b>Carrying amount as at 31 December 2024</b>	<b>32</b>	<b>54</b>
<b>Carrying amount as at 31 December 2025</b>	<b>26</b>	<b>57</b>

## 9. Other Assets and Liabilities

Other assets of €625 million (2024: €417 million) and other liabilities of €447 million (2024: €170 million) primarily consist of collateral paid and received in relation to listed and cleared derivatives of €379 million (2024: €156 million) and €374 million (2024: €102 million) respectively. Other assets also include a receivable of €184 million in relation to the PLTA with MSBAG as well as tax receivables of €45 million.

## 10. Foreign Currencies

The following table presents the Company's assets and liabilities denominated in foreign currencies:

in € millions	2025	2024
Assets	12,246	16,952
Liabilities	11,802	19,049

The foreign currency primarily relates USD.

## 11. Debt Issuances

The Company has issued structured notes to non-affiliated companies. As at 31 December 2025, the carrying amount of issued structured notes was €2,082 million (2024: €278 million).

## 12. Provisions

### Provisions for Pensions and Similar Obligations

Provisions of €16 million (2024: €14 million) were made for pensions and similar obligations. Pensions and similar obligations recorded at the reporting date relate primarily to residual risks on unfunded inflation adjustments.

The main actuarial assumptions applied are as follows:

Actuarial assumptions	2025	2024
Discount rate	2.06%	1.90%
Income dynamics	2.50%	2.50%
Pension dynamics	2.20%	2.20%

The valuation difference, in accordance with Section 253 (6) HGB, between the 10-year average interest rate of 2.06% which has been applied at the end of the financial year 2025 and the 7-year average interest rate of 2.22% amounts to less than €1 million as at 31 December 2025 (2024: less than €1 million).

In accordance with Section 246 (2) HGB, plan assets of €38 million are offset against pension obligations. The carrying amount of €16 million represents remaining net obligations.

### Other Provisions

Other provisions of €191 million (2024: €198 million) primarily relate to variable, deferred and share-based compensation measured at the grant date fair value of Morgan Stanley shares.

### Contingent Liabilities Arising from Litigation Matters

In addition to the matters described below, in the normal course of business, the Company has been named, from time to time, as defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as affiliate of 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. These actions have included, but are not limited to, antitrust claims and matters

arising from the Company's sales and trading businesses and activities in the capital markets.

The Company is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and regulatory agencies regarding the Company's business, and involving, among other matters, sales, trading, financing, prime brokerage, market-making activities, investment banking advisory services, capital markets activities, financial products or offerings sponsored, underwritten or sold by the Company, 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, including with respect to certain of the individual proceedings or investigations described below.

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, 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 has identified below 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.

While the Company has identified below 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.

The Company is responding to inquiries from authorities in relation to tax matters in various jurisdictions, including requests for information and documents.

### 13. Subordinated Debt

As at 31 December 2025, the Company had issued subordinated debt of €1,509 million (2024: €1,009 million) and senior subordinated debt of €4,100 million (2024: €2,800 million).

As at 31 December 2024, the subordinated debt of €1,000 million was issued to MSEHSE. As a result of the merger, this subordinated debt is now issued to MSI. It has a variable interest rate of 3-month EURIBOR plus 1.6%, matures on 27 October 2031 and has optional quarterly call dates starting from 27 October 2025.

During the year, subordinated debt of €500 million was issued to Morgan Stanley. It has a variable interest rate of Overnight European Short Term Rate (“ESTR”) plus 1.6%, matures on 19 November 2036 and has optional quarterly call dates starting from 19 November 2030.

As at 31 December 2024, the senior subordinated debt of €4,100 million was issued to MSEHSE. As a result of the merger, this senior subordinated debt is now issued to Morgan Stanley. It has Morgan Stanley Proxy rate<sup>1</sup>, has a maturity of 13 month evergreen with final maturity date on 16 December 2036 and does not include an early call option.

The Federal Financial Supervisory Authority (“BaFin”) has the authority to write down or convert into shares the above mentioned instruments prior to any insolvency or liquidation of the Company, under the applicable Resolution Legislation.

In the event of a liquidation or insolvency of the Company, the principal and interest claims of the subordinated creditors will only be repaid after the claims of all non-subordinated creditors have been satisfied.

Interest expense on subordinated and senior subordinated debt as at 31 December 2025 includes interest not yet due of €9 million (2024: €9 million).

#### 14. Instruments for Additional Tier 1 Regulatory Capital

As at 31 December 2025, liabilities include €1,000 million (2024: €1,000 million) of AT1 Notes issued in accordance with the CRR. The AT1 Notes, issued in 2020 and 2022, represent the Company's perpetual, unsecured and subordinated debt and bear fixed annual interest rates of 4.7% and 5.0%, respectively. Interest expense on these instruments as at 31 December 2025 include interest not yet due of €4 million (2024: €4 million) which is disclosed within other liabilities.

## 15. Equity Capital

Equity as at 31 December 2025 is comprised as follows:

in € millions	2025	2024
Subscribed capital	3,901	3,901
Capital reserve	2,280	2,115
Earnings reserve	339	150
Retained earnings	233	189
<b>Total</b>	<b>6,753</b>	<b>6,355</b>

### Subscribed Capital

The subscribed capital is unchanged and is comprised of 3,901 million no-par-value registered shares of €1 each. Following the merger of MSEHSE with MSESE, the subscribed capital is issued to MSI.

### Capital Reserve

The capital reserve increased by €165 million following the merger of MSEHSE with MSESE in September 2025.

### Earnings Reserve

Net profit of €189 million for the financial year ending 31 December 2024 was transferred to the earnings reserve at the Annual General Meeting on 7 April 2025.

### Retained Earnings

It will be proposed to include the net profit for the financial year ending 31 December 2025 of €233 million in the earnings reserve.

## Notes to the Income Statement

### 16. Income Breakdown by Geographical Markets

The total amount of interest income, commission income, net trading result and other operating income, grouped by geographical markets pursuant to Section 34 (2) RechKredV, is as follows:

in € millions	2025	2024
Germany	1,568	2,110
Other EU Countries	645	447
<b>Total income</b>	<b>2,213</b>	<b>2,557</b>

The information presented in the table above reflects the booking location of income in line with applicable Morgan Stanley Group transfer pricing policies.

<sup>1</sup> Interest rate at which Morgan Stanley is offering loans, in the relevant currency, to members of the Morgan Stanley Group on such day, which counterparties have acknowledged and agreed to apply to any loan, acting on an arm's length basis

## 17. Income from Profit Sharing, Profit Transfer or Partial Profit Transfer Agreement-related Profits

As a result of the PLTA, MSBAG's net profit for the financial year ending 31 December 2025 of €184 million was transferred to the Company.

## 18. Other Operating Income and Expenses

Other operating income of €16 million (2024: €17 million) primarily consists of payments for securities settlement in accordance with Central Securities Depositories Regulation ("CSDR").

Other operating expenses of €97 million (2024: €77 million) consist primarily of French and Spanish financial transaction taxes and expenses related to the settlement of securities.

## Additional Information

### 19. Valuation Units

In the financial year, the Company continued to trade derivatives on CO<sub>2</sub> certificates which were hedged with offsetting derivatives with affiliated companies. These valuation units have an average residual maturity of less than one year and are not reported on the balance sheet. Nominal and fair value amounts as at year-end are as follows:

in € millions	Nominal amount	Fair value	
		positive	negative
Underlying transaction	545	1	108
Hedging Instrument	545	108	1

Market risks embedded within issued structured notes were hedged with offsetting interest rate and equity derivatives with affiliated companies. Nominal and fair value amounts as at 31 December 2025 are as follows:

in € millions	Nominal amount	Fair value change	
		positive	negative
Structured Note	2,189	16	127
Hedging Instrument	2,189	127	16

### 20. Contingent Liabilities

The Company has provided a Letter of Comfort (*Patronatserklärung*) to benefit MSBAG.

### 21. Amounts Blocked from Profit Distribution according to Section 268 (8) HGB

The amount blocked from profit distribution pursuant to Section 268 (8) HGB is €56 million as at 31 December 2025 (2024: €63 million). This represents gross deferred tax assets, which has not been offset against deferred tax liabilities.

### 22. Auditor's Fee

Refer to the consolidated financial statements of the MSESE Group.

### 23. Employees

The average number of employees by business units was as follows:

Business Units	2025	2024
Institutional Securities Group	464	402
Infrastructure and Control	408	379
<b>Total</b>	<b>872</b>	<b>781</b>

Institutional Securities Group includes the Fixed Income Division, Global Capital Markets, Institutional Equities Division, and Investment Banking Division.

Infrastructure and Control primarily consists of Finance, Human Resources, Corporate Services, Legal and Compliance, Operations, Risk Management and Technology.

### 24. Cash Flow Statement

The cash flow statement is prepared using the indirect method and shows the net increase/decrease in cash and cash equivalents during the year.

Cash and cash equivalents represents the Company's cash balance held with central banks due on demand and are not subject to any restrictions on disposal. Due to its narrow definition, cash and cash equivalents does not include overnight deposits placed with the Deutsche Bundesbank, which are reported within "Receivables from credit institutions".

The merger of MSEHSE with the Company did not have any impact on the cash and cash equivalents as MSEHSE did not hold cash balances with central banks.

## 25. Management Board and Supervisory Board

The Management Board is comprised as follows:

- André Munkelt,  
Chair of the Management Board
- David Best,  
resigned as Member of the Management Board with effect from 31 December 2025
- Martin Borghetto,  
Member of the Management Board
- Sophia Herrmann,  
Member of the Management Board appointed with effect from 1 June 2025
- Michele Jones,  
Member of the Management Board appointed with effect from 1 January 2026
- Philipp Lingnau,  
Member of the Management Board
- Kate Mozzicarelli,  
Member of the Management Board appointed with effect from 1 October 2025
- Dr. Jana Währisch,  
resigned as Member of the Management Board with effect from 30 June 2025

The total remuneration of the Management Board paid by the Company for the financial year amounted to €7 million (2024: €10 million). Pension provisions for members of the Management Board amounted to €4 million (2024: €6 million). Compensation was paid to members of the Supervisory Board of less than €1 million (2024: less than €1 million).

The Company has not granted or received any loans from the members of the Management Board or the Supervisory Board.

The Supervisory Board is comprised as follows:

- Frank Mattern,  
Independent advisor  
Chair of the Supervisory Board
- Christopher Beatty,  
Managing Director, Morgan Stanley  
Deputy Chair of the Supervisory Board
- Raja Akram,  
Managing Director, Morgan Stanley  
term expired with effect from 7 April 2025
- David Cannon,  
Independent advisor

- Anna Khazen,  
Independent advisor  
appointed with effect from 15 January 2026
- Kim Lazaroo,  
Managing Director, Morgan Stanley
- Massimiliano Ruggieri,  
Managing Director, Morgan Stanley
- John Ryan,  
Managing Director, Morgan Stanley  
appointed with effect from 15 January 2026
- Paula Smith,  
Independent advisor

## 26. Events after the Reporting Period

On 14 March 2026, the Company was acquired by MSBNA, which is a U.S. national bank with its headquarters and main office in Salt Lake City, Utah. MSBNA is an indirect, wholly owned subsidiary of Morgan Stanley. The change in control was approved by the European Central Bank ("ECB"). Required regulatory approvals in the U.S. were provided by the Federal Reserve Board ("FRB") and the Office of the Comptroller of the Currency ("OCC"). Morgan Stanley remains the ultimate parent undertaking of the Company.

**MORGAN STANLEY EUROPE SE**  
**ANNUAL FINANCIAL STATEMENTS 2025**

Frankfurt am Main, 20 March 2026

Morgan Stanley Europe SE  
The Management Board

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André Munkelt (Chair)

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Martin Borghetto

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Sophia Herrmann

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Michele Jones

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Philipp Lingnau

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Kate Mozzicarelli

## Independent Auditor's Report<sup>1</sup>

To Morgan Stanley Europe SE, Frankfurt am Main

### REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE COMBINED MANAGEMENT REPORT

#### Audit opinions

We have audited the annual financial statements of Morgan Stanley Europe SE, Frankfurt am Main, which comprise the balance sheet as at 31 December 2025, the income statement, the cash flow statement for the financial year from 01 January 2025 to 31 December 2025, and the notes to the annual financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the combined management report of Morgan Stanley Europe SE, Frankfurt am Main, for the financial year from 01 January 2025 to 31 December 2025. The combined non-financial statement contained in the 'Sustainability Report' section of the combined management report pursuant to Sections 340a(1a) and 340i(5) in conjunction with Sections 289b to 289e of the German Commercial Code (HGB), Sections 315b and 315c of the German Commercial Code (HGB), the components marked as unaudited in the "Sustainability Report" section of the combined management report, with the exception of the sections marked as audited, namely "Management of Climate and Environmental Risks" and "Measurement of Climate Risks", which form part of the risk reporting, as well as the references made in the combined management report to the Morgan Stanley Group's website, have not been audited by us in accordance with German statutory requirements.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2025 and of its financial performance for the financial year from 01 January 2025 to 31 December 2025

in compliance with German Legally Required Accounting Principles.

- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the combined management report does not extend to the combined non-financial statement contained in the 'Sustainability Report' section of the combined management report; the components of the 'Sustainability Report' section of the combined management report designated as unaudited, with the exception of the sections designated as audited, namely 'Management of Climate and Environmental Risks' and "Measurement of Climate Risks", which form part of the risk reporting as well as the references made in the combined management report to the Morgan Stanley Group's website.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

#### Basis for the audit opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Annual Financial Statements and of the Combined Management Report" section of our auditor's report.

We are independent of the Company in accordance with the requirements of European law and German commercial and professional

<sup>1</sup> Translation; the German version prevails

law and the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other German professional responsibilities in accordance with these requirements and the IESBA Code. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the annual financial statements and on the combined management report.

### Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual financial statements for the financial year from 01 January 2025 to 31 December 2025. These matters were addressed in the context of our audit of the annual financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following, we present "Determination of the fair value of trading assets and liabilities classified as Level 3" the key audit matters we have determined in the course of our audit.

Our presentation of these key audit matters has been structured as follows:

- a. description (including reference to corresponding information in the annual financial statements)
- b. auditor's response.

### Determination of the fair value of trading assets and liabilities classified as Level 3

- a. The core business activities of Morgan Stanley Europe SE include client-driven proprietary trading in financial instruments. The assets (EUR 43,339 million) and liabilities (EUR 39,197 million) arising from this business activity amount to EUR 82,536 million after netting as at 31 December 2025. A not insignificant portion of this relates to assets and liabilities in the trading book for which significant valuation parameters

cannot be measured using observable data (category 'Level 3'). These are reported by the Company in the trading book on the assets and liabilities sides of the balance sheet and measured at fair value less a risk adjustment. Due to the provisions of Section 340c of the German Commercial Code (HGB) and the associated recognition of unrealised gains and losses, fair value measurement has a direct impact not only on the Company's financial position but also on its results of operations. For financial instruments for which there is no active market and therefore no observable price-determining parameters, fair value must be determined using model prices with the aid of unobservable parameters ("Level 3"). The values used for the unobservable parameters represent assumptions or estimates made by the Company's legal representatives regarding the valuation assumptions used by market participants to determine prices for these assets and liabilities.

In our view, the determination of fair values for financial instruments classified as "Level 3" is of particular significance, as the assumptions or estimates are based on the discretion of the Company's legal representatives and are associated with inherent and significant estimation uncertainty for financial reporting purposes.

The disclosures by the Company's legal representatives regarding the accounting policies for the trading assets and trading liabilities are included in Note 3 to the annual financial statements.

- b. As part of the audit of the annual financial statements, we have gained an understanding of the valuation models to determine the fair value of financial instruments classified as 'Level 3'. Furthermore, we have assessed whether and to what extent the approach was influenced by subjectivity, complexity or other inherent risk factors.

We identified the controls implemented for determining fair value and assessed the adequacy and effectiveness of the controls relevant to the audit. To this end, we assessed, amongst other things, the appropriateness of the models and valuation parameters used, as well as their rigorous and proper application. Furthermore, we also took into account the relevant business organisation and IT systems. Processes and

controls that apply uniformly across the entire Morgan Stanley Group are carried out by a shared service centre and audited by the Morgan Stanley Group's auditors. We utilised their findings as part of the audit of the annual financial statements.

In addition, we utilised the following substantive audit procedures performed by the Group auditors in relation to the determination of the fair value of individual financial instruments in the 'Level 3' category:

- Conducting backtesting of the fair values estimated by the management for selected Level 3 instruments where events or transactions occurred after the valuation date.
- Independent estimates of fair values for selected structured Level 3 transactions. For these transactions, we reviewed whether the assumptions made by the management and the input parameters used were consistent with the Company's valuation guidelines.
- Review of the income arising from the fair value measurement for selected Level 3 financial instruments. For individual transactions, we performed independent estimates of fair value to verify whether the assumptions made by the management and the underlying input parameters were consistent with the Company's valuation policies.
- Review of the consistent application of the significant and unobservable valuation assumptions made by management for the purpose of determining fair values.

Furthermore, we have reviewed the disclosures in the notes to the annual financial statements for accuracy and completeness.

### Other information

The Management Board and the Supervisory Board are responsible for the other information. The other information comprises:

- the report of the Supervisory Board, which is expected to be made available to us only after the date of this auditor's report;
- the combined non-financial statement in accordance with Sections 340a(1a) and 340i(5) in conjunction with Section 289b to

Section 289e, Section 315b and Section 315c HGB;

- the sections of the combined management report designated as unaudited in the 'Sustainability Report' section, with the exception of the sections designated as audited, namely 'Management of Climate and Environmental Risks' and 'Measurement of Climate Risks', which form part of the risk reporting, as well as the references made in the combined management report to the Morgan Stanley Group's website, and
- all other parts of the Annual Report;
- but not the annual financial statements, not the audited content of the disclosures in the combined management report and not our auditor's report thereon.

The Supervisory Board is responsible for the Report of the Supervisory Board. Otherwise, the Management Board is responsible for the other information.

Our audit opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information:

- is materially inconsistent with the annual financial statements, with the audited content of the disclosures in the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

### Responsibility of the Management Board and the Supervisory Board for the annual financial statements and the combined management report

The Management Board is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, the Management Board is responsible for such

internal controls as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or errors.

In preparing the annual financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the Management Board is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

### **Auditor's responsibilities for the audit of the annual financial statements and of the combined management report**

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that

includes our audit opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this combined management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of internal control or these arrangements and measures of the Company.
- evaluate the appropriateness of accounting policies used by the management board and the reasonableness of estimates made by the Management Board and related disclosures.
- conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on

the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.
- plan and perform the audit of the annual financial statements in order to obtain sufficient appropriate audit evidence regarding the financial information of the Company or of its business activities which serves as a basis for forming audit opinions on the annual financial statements and on the combined management report. We are responsible for the direction, supervision and review of the audit procedures performed for the purposes of the audit of the annual financial statements. We remain solely responsible for our audit opinions.
- evaluate the consistency of the combined management report with the annual financial statements, its conformity with German law, and the view of the Company's position it provides.
- perform audit procedures on the prospective information presented by the Management Board in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and evaluate the proper derivation of the prospective

information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

## OTHER LEGAL AND REGULATORY REQUIREMENTS

### Further information pursuant to Article 10 of the EU Audit Regulation

We were elected as auditor by the annual general meeting on 07 April 2025. We were engaged by the Supervisory Board on 28 July/11 November 2025. We have been the auditor of Morgan Stanley Europe SE, Frankfurt am Main, without interruption since the financial year 2018.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the audited Company or its controlled entities the following services that are not disclosed in the annual financial statements or in the combined management report:

- Morgan Stanley Europe SE: Audit in accordance with Section 316a in conjunction

**MORGAN STANLEY EUROPE SE**

**INDEPENDENT AUDITOR'S REPORT**

Year ended 31 December 2025

with Section 316(2) of the German Commercial Code (HGB),

- Morgan Stanley Europe SE: Audit in accordance with Section 89(1) of the German Securities Trading Act (WpHG),
- Morgan Stanley Europe SE: Audit to obtain limited assurance regarding the statements of the legal representatives in accordance with 17 C.F.R. § 240.18a-7 of the Securities Exchange Act of 1934 in accordance with AICPA standards,
- Morgan Stanley Europe SE: Review of the interim financial statements for the period from 1 January to 30 June 2025 in accordance with IDW PS 900, and
- Morgan Stanley Bank AG: Audit in accordance with Section 89(1) of the German Securities Trading Act (WpHG).

**GERMAN PUBLIC AUDITOR  
RESPONSIBLE FOR THE  
ENGAGEMENT**

The German Public Auditor responsible for the engagement is Kevin Vogt.

Frankfurt am Main, 25 March 2026

**Deloitte GmbH**

Wirtschaftsprüfungsgesellschaft

Christian Schweitzer  
Wirtschaftsprüfer  
(German Public Auditor)

Kevin Vogt  
Wirtschaftsprüfer  
(German Public Auditor)