

Morgan Stanley

Morgan Stanley Europe SE

Interim Financial Statements as at 30 June 2026

Registered number: HRB 109880

Registered office:
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(1) Please note that the English version of the Interim Financial Statements as at 30 June 2026 is a convenience translation. Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, issued the Independent Auditors' Report only for the German version of the Interim Financial Statements as at 30 June 2026. Therefore, the German version prevails.

INTERIM FINANCIAL STATEMENTS

Balance Sheet as at 30 June 2026

Income Statement for the period from
1 January to 30 June 2026

Cash Flow Statement for the period from
1 January to 30 June 2026

Notes

INTERIM FINANCIAL STATEMENTS 2026
Balance Sheet as at 30 June 2026

Assets in € millions	Note	30 Jun 2026	31 Dec 2025
Cash reserve			
a) Balances with central banks		356	379
thereof: with Deutsche Bundesbank €356 million (31 Dec 2025: €379 million)			
Receivables from credit institutions	4		
a) Due on demand		21,423	12,756
b) Other receivables		315	405
		21,738	13,161
Receivables from customers	4	12,390	14,336
thereof: loans granted to local authorities €136 million (31 Dec 2025: €187 million)			
Trading assets	7	57,440	43,339
Investments in affiliated companies	8	603	603
thereof: credit institutions €603 million (31 Dec 2025: €603 million)			
Intangible assets	8		
a) Goodwill		24	26
Property, plant and equipment	8	63	57
Other assets	9	208	625
Prepaid expenses and deferred charges		23	5
Deferred tax assets		23	32
Total assets		92,868	72,563
Liabilities and equity in € millions			
Liabilities to credit institutions	4		
a) Due on demand		9,167	7,682
b) With an agreed maturity or term		6,145	500
		15,312	8,182
Liabilities to customers	4		
a) Other liabilities			
aa) Due on demand		7,148	7,468
ab) With an agreed maturity or term		1,618	1,400
		8,766	8,868
Debt issuances	11		
a) Debt securities		2,176	2,082
Trading liabilities	7	52,268	39,197
Other liabilities	9	283	447
Deferred income		3	3
Provisions	12		
a) Provisions for pensions and similar obligations		16	16
b) Provisions for taxation		104	12
c) Other provisions		165	191
		285	219
Subordinated debt	13	5,609	5,609
Fund for general banking risks		203	203
thereof: special items according to Section 340e (4) HGB €203 million (31 Dec 2025: €203 million)			
Instruments for Additional Tier 1 Regulatory Capital	14	1,000	1,000
Equity capital	15		
a) Subscribed capital		3,901	3,901
b) Capital reserve		2,280	2,280
c) Earnings reserve		572	339
d) Retained earnings		210	233
		6,963	6,753
Total liabilities and equity		92,868	72,563

INTERIM FINANCIAL STATEMENTS 2026

Income Statement for the period from 1 January to 30 June 2026

in € millions	Note	6 months ended 30 Jun 2026	6 months ended 30 Jun 2025
Interest income from credit and money market transactions		442	491
Interest expenses		505	573
		(63)	(82)
Commission income		392	289
Commission expenses		96	76
		296	213
Net trading result		480	421
Other operating income	17	32	4
General administrative expenses			
a) Personnel expenses			
aa) Wages and salaries	190		174
ab) Social security and other pension costs and benefits			
thereof: Pension scheme €5 million (30 Jun 2025: €5 million)	46		40
		236	214
b) Other administrative expenses		130	122
		366	336
Depreciation, amortisation and write-downs of intangible assets, and property, plant and equipment	8	7	7
Other operating expenses	17	56	52
Write-downs and valuation allowances on receivables and certain securities, as well as additions to provisions in the lending business		–	2
Income from ordinary activities		316	159
Income taxes		106	41
Net profit for the period		210	118
Net profit		210	118

INTERIM FINANCIAL STATEMENTS 2026

Cash Flow Statement for the period from 1 January to 30 June 2026

in € millions	Note	6 months ended 30 June 2026	6 months ended 30 June 2025
Net income		210	118
Non-cash items included in net income and reconciliation to cash flow from operating activities			
+ Depreciation on intangible assets and property, plant and equipment	8	7	7
- Reversal of provisions	12	(26)	(43)
+ Increase in risk discount value-at-risk	7	4	9
+/- Reversal/(increase in) of deferred tax assets		9	(3)
+ Net interest expense		63	82
+ Income tax expense		106	41
= Subtotal		373	211
Changes in assets and liabilities from operating activities			
-/+ Receivables from credit institutions		(8,577)	1,125
+/- Receivables from customers		1,943	(650)
- Trading assets		(13,987)	(10,958)
+ Other assets from operating activities		366	115
+ Payables to credit institutions		7,130	366
- Payables to customers		(102)	(3,557)
+ Debt issuances		94	660
+ Trading liabilities		13,040	11,591
-/+ Other liabilities from operating activities		(164)	35
+ Interest received		327	443
- Interest paid		(376)	(435)
+/- Income taxes refund/ (paid)		18	(125)
Cash flow from operating activities		85	(1,179)
- Payments for the acquisition of intangible assets and property, plant and equipment	8	(11)	(2)
Cash flow from investing activities		(11)	(2)
+ Proceeds from subordinated liabilities	13	-	1,300
- Interest paid for subordinated debt		(97)	(102)
Cash flow from financing activities		(97)	1,198
= Change in cash and cash equivalents		(23)	17
+ Cash and cash equivalents at the beginning of the period		379	373
Cash and cash equivalents at the end of the period		356	390

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.

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.

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 interim financial statements as at 30 June 2026 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.

MSBNA prepares the consolidated financial statements for the smallest consolidation scope. The company which prepares the consolidated financial statements for the largest consolidation scope is Morgan Stanley.

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 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. Financial guarantees hedging the credit risk 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 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 30 June 2026, 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.

Country-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 33%.

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 present the maturity structure of receivables from credit institutions and customers as well as liabilities to credit institutions and customers:

in € millions	30 Jun 2026	31 Dec 2025
Receivables from credit institutions		
Due on demand	21,423	12,756
With a remaining maturity of:		
up to three months	315	306
three months to one year	–	99
Total	21,738	13,161

Receivables from credit institutions due on demand include overnight cash deposits placed with the Deutsche Bundesbank of €19,780 million (31 December 2025: €11,447 million).

in € millions	30 Jun 2026	31 Dec 2025
Receivables from customers		
Due on demand	11,734	13,781
With a remaining maturity of:		
up to three months	646	545
one year to five years	10	10
Total	12,390	14,336

in € millions	30 Jun 2026	31 Dec 2025
Liabilities to credit institutions		
Due on demand	9,167	7,682
With a remaining maturity of:		
up to three months	4,328	200
three months to one year	100	200
one year to five years	1,717	100
Total	15,312	8,182

in € millions	30 Jun 2026	31 Dec 2025
Liabilities to customers		
Due on demand	7,148	7,468
With a remaining maturity of:		
up to three months	1,528	1,399
three months to one year	74	–
one year to five years	16	1
Total	8,766	8,868

5. Receivables and Liabilities with Affiliated Companies

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

in € millions	30 Jun 2026	31 Dec 2025
Receivables from credit institutions	403	376
Receivables from customers	9,706	12,152
Liabilities to credit institutions	13,541	6,818
Liabilities to customers	3,013	4,492
Subordinated debt	5,609	5,609
Instruments for Additional Tier 1 Regulatory Capital	1,000	1,000

6. Repurchase Agreements

Trading assets include €23,177 million of securities (31 December 2025: €14,134 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 30 June 2026.

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

	Trading assets		Trading liabilities	
in € millions	30 Jun 2026	31 Dec 2025	30 Jun 2026	31 Dec 2025
Derivative financial instruments	16,053	13,487	13,827	12,135
Receivables/liabilities	15,087	13,844	38,441	27,062
Bonds and other fixed-income securities	25,116	14,934		
Shares and other non-fixed-income securities	1,215	1,101		
Risk discount	(31)	(27)		
Total	57,440	43,339	52,268	39,197

Bonds and other fixed-income securities contain €543 million of subordinated instruments (31 December 2025: €381 million).

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

	Nominal amount	
in € millions	30 Jun 2026	31 Dec 2025
Interest-related transactions	17,784,155	13,303,880
Exchange-rate-related transactions	1,064,325	945,164
Equity-related transactions	843,731	1,175,028
Credit derivatives	115,569	86,762
Other transactions	34,751	31,645
Total	19,842,531	15,542,479

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 €24 million (31 December 2025: €26 million).

Property, plant and equipment of €63 million primarily includes leasehold improvements of €51 million (31 December 2025: €47 million) and office equipment of €8 million (31 December 2025: €8 million).

The following table shows changes in intangible assets and property, plant and equipment:

in € millions	Intangible assets	Property, plant and equipment
Acquisition / production cost 01 Jan 2026	59	114
Additions	–	11
Acquisition / production cost 30 Jun 2026	59	125
Accumulated depreciation 01 Jan 2026	33	57
Depreciation	2	5
Accumulated depreciation 30 Jun 2026	35	62
Carrying amount as at 31 Dec 2025	26	57
Carrying amount as at 30 Jun 2026	24	63

Investments in affiliated companies of €603 million (31 December 2025: €603 million) relates to non-listed shares in MSBAG. The equity of MSBAG as at 31 December 2025 amounted to €660 million.

9. Other Assets and Liabilities

Other assets of €208 million (31 December 2025: €625 million) and other liabilities of €283 million (31 December 2025: €447 million) primarily consist of collateral paid and received in relation to listed and cleared derivatives.

10. Foreign Currencies

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

in € millions	30 Jun 2026	31 Dec 2025
Assets	12,044	12,246
Liabilities	13,574	11,802

The foreign currency primarily relates to USD.

11. Debt Issuances

The Company has issued structured notes to non-affiliated counterparties. As at 30 June 2026, the carrying amount of issued structured notes was €2,176 million (31 December 2025: €2,082 million).

12. Provisions

Provisions for Pensions and Similar Obligations

Provisions of €16 million (31 December 2025: €16 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	30 Jun 2026	31 Dec 2025
Discount rate	2.2%	2.1%
Income dynamics	2.5%	2.5%
Pension dynamics	2.2%	2.2%

In accordance with Section 246 (2) HGB, plan assets of €24 million are offset against pension obligations. The carrying amount of €16 million represents remaining net obligations.

Other Provisions

Other provisions of €165 million (31 December 2025: €191 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 may 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 30 June 2026, the Company had issued subordinated debt of €1,509 million (31 December 2025: €1,509 million) and senior subordinated debt of €4,100 million (31 December 2025: €4,100 million).

Following the acquisition of the Company by MSBNA on 14 March 2026, ownership of the €1,000 million subordinated debt transferred to Morgan Stanley. 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.

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.

Following the acquisition of the Company by MSBNA on 14 March 2026, ownership of the €4,100 million senior subordinated debt transferred to Morgan Stanley. It has a Morgan Stanley Proxy¹ rate, a maturity of 13 months 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 30 June 2026 includes interest not yet due of €9 million (31 December 2025: €9 million).

14. Instruments for Additional Tier 1 Regulatory Capital

As at 30 June 2026, liabilities include €1,000 million (31 December 2025: €1,000 million) of Additional Tier 1 Regulatory Capital ("AT1 Notes") issued in accordance with 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 30 June 2026 include interest not yet due of €28 million (31 December 2025: €4 million) which is disclosed within other liabilities.

15. Equity Capital

Equity as at 30 June 2026 is comprised as follows:

in € millions	30 Jun 2026	31 Dec 2025
Subscribed capital	3,901	3,901
Capital reserve	2,280	2,280
Earnings reserve	572	339
Retained earnings	210	233
Total	6,963	6,753

Subscribed Capital

The subscribed capital is unchanged and is comprised of 3,901 million no-par-value registered shares of €1 each. Following the acquisition of the Company on 14 March 2026, all subscribed capital is held by MSBNA.

Capital Reserve

The capital reserve is unchanged at €2,280 million.

Earnings Reserve

Net profit of €233 million for the financial year ending 31 December 2025 was transferred to the earnings reserve at the Annual General Meeting on 31 March 2026.

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	30 Jun 2026	30 Jun 2025
Germany	776	800
Other EU Countries	570	405
Total income	1,346	1,205

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

17. Other Operating Income and Expenses

Other operating income of €32 million (30 June 2025: €4 million) primarily consists of a €28 million reimbursement of funding-related expenses incurred in prior periods.

Other operating expenses of €56 million (30 June 2025: €52 million) consist primarily of French and Spanish financial transaction taxes and expenses related to the settlement of securities.

¹ 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.

Additional Information

18. Valuation Units

In the first half of 2026, the Company continued to trade derivatives on CO₂ certificates which were hedged with offsetting derivatives with affiliated companies. These valuation units have an average residual maturity of less than a year and are not reported on the balance sheet. Nominal and fair value amounts as at 30 June 2026 are as follows:

in € millions	Nominal amount	Fair value	
		positive	negative
Underlying transaction	637	14	58
Hedging Instrument	637	58	14

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 30 June 2026 are as follows:

in € millions	Nominal amount	Fair value change	
		positive	negative
Structured Note	2,284	35	144
Hedging Instrument	2,284	144	35

19. Contingent Liabilities

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

20. Employees

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

Business Units	30 Jun 2026	31 Dec 2025
Institutional Securities Group	453	464
Infrastructure and Control	410	408
Total	863	872

Institutional Securities Group includes 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.

21. 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 first half of 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".

22. Management Board and Supervisory Board

The Management Board is comprised as follows:

- André Munkelt,
Chair of the Management Board
- Martin Borghetto,
resigned as Member of the Management Board with effect from 31 May 2026
- Dorothee Fuhrmann,
Member of the Management Board
appointed with effect from 1 May 2026
- Sophia Herrmann,
Member of the Management Board
- 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
- Susan O'Flynn,
Member of the Management Board
appointed with effect from 1 July 2026

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

- David Cannon,
Independent advisor
- Anna Khazen,
Independent advisor
appointed with effect from 15 January 2026
- Kim Lazaroo,
Managing Director, Morgan Stanley
resigned with effect from 13 April 2026
- Massimiliano Ruggieri,
Managing Director, Morgan Stanley
- John Ryan
Managing Director, Morgan Stanley
appointed with effect from 15 January 2026
- Paula Smith,
Independent advisor

MORGAN STANLEY EUROPE SE

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Notes

Frankfurt am Main, 8 September 2026

Morgan Stanley Europe SE

The Management Board

André Munkelt (Chair)

Dorothee Fuhrmann

Sophia Herrmann

Michele Jones

Philipp Lingnau

Kate Mozzicarelli

Susan O'Flynn