MORGAN STANLEY CAPITAL GROUP (SINGAPORE) PTE.

Registered Number: 199002583D

Unaudited interim financial information

For the period ended 30 June 2026

Filed pursuant to the Regulation 23.105(i) under the Commodity Futures Trading Commission as a Public Document.

MORGAN STANLEY CAPITAL GROUP (SINGAPORE) PTE.

CONTENTS **PAGE**

Unaudited statement of financial position	1
Notes to unaudited statement of financial position	2
Regulatory capital and minimum regulatory capital requirements	36

MORGAN STANLEY CAPITAL GROUP (SINGAPORE) PTE.

UNAUDITED STATEMENT OF FINANCIAL POSITION
As at 30 June 2026

	Note	30 June 2026 US$'000
ASSETS		
Cash at bank		163,982
Trading financial assets	5	1,399,543
Secured financing		299,966
Trade and other receivables	6	1,197,548
Deferred tax assets		222
Prepayments		80
TOTAL ASSETS		3,061,341
LIABILITIES AND EQUITY		
LIABILITIES		
Trading financial liabilities	5	1,390,871
Secured borrowing		299,966
Trade and other payables	7	118,779
Subordinated debt	8	205,286
Current tax liabilities		16,889
Accruals		15
TOTAL LIABILITIES		2,031,806
EQUITY		
Share capital	9	763,634
Retained earnings		265,901
Equity attributable to owner of the Company		1,029,535
TOTAL EQUITY		1,029,535
TOTAL LIABILITIES AND EQUITY		3,061,341

The notes on pages 2 to 36 form an integral part of the unaudited statement of financial position.

MORGAN STANLEY CAPITAL GROUP (SINGAPORE) PTE.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

1. CORPORATE INFORMATION

The Company (Registration Number 199002583D) is incorporated and domiciled in the Republic of Singapore, with its principal place of business at 2 Central Boulevard, #22-01 West Tower, IOI Central Boulevard Towers, Singapore 018916 and registered office at One Marina Boulevard, #28-00, Singapore 018989.

The principal activities of the Company is the trading of commodities.

The Company is registered with the United States Commodity Futures Trading Commission ("CFTC") as a swap dealer and subject to the minimum capital requirements of the CFTC. Additionally, the Company is an International Member of the Shanghai Gold Exchange.

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

2. BASIS OF PREPARATION

The Directors present their unaudited interim financial information (which comprise the statement of financial position and the related notes, 1 to 20) of the Company for the period ended 30 June 2026. These unaudited interim financial information have been prepared for the CFTC in accordance with the recognition and measurement principles of Financial Reporting Standards in Singapore ("FRS") and the Interpretations of the Financial Reporting Standards ("INT FRS") issued by the Accounting Standards Council ("ASC") and are provided solely for the Company to meet the requirements under CFTC Rule 23.105(i)(1) with regards to public disclosure requirements.

Basis of measurement
The unaudited interim financial information of the Company are prepared under the historical cost basis except for certain financial instruments that have been measured at fair value as explained in the accounting policies below.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

The critical judgements in applying the Company's accounting policies are relating to the impairment of assets, For further details, see note 3(f) below and recognition of deferred tax, see note 3(i) below.

The key sources of estimation uncertainty are valuation of certain financial instruments. For further details on the assumptions and/or estimations uncertainties used in determining fair value of certain assets and liabilities, see note 3(d) and note 14 below.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

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

The going concern assumption

The notes to the unaudited statement of financial position include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

Retaining sufficient liquidity and capital to withstand market pressures remains central to the Morgan Stanley Group's and the Company's strategy.

Taking the above factors into consideration, the Company's management believe that the Company will have access to adequate resources to continue in operational existence for the foreseeable future being at least 12 months from the date of approval of these financial information. Accordingly, they continue to adopt the going concern basis in preparing the unaudited interim financial information.

3. SUMMARY OF MATERIAL ACCOUNTING POLICIES

a. Functional currency

Items included in the statement of financial position are measured and presented in US dollars, the currency of the primary economic environment in which the Company operates.

All currency amounts in the statement of financial position are rounded to the nearest thousand US dollars unless otherwise stated.

b. Foreign currencies

All monetary assets and liabilities denominated in currencies other than US dollars are translated into US dollars at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than US dollars are recorded at the rates prevailing at the dates of the transactions.

c. Financial instruments

i) Financial instruments mandatorily at fair value through profit and loss

Trading financial instruments

Trading financial instruments include all derivative contracts.

Trading financial instruments, are initially recorded on trade date at fair value, see note 3(d) below.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. For all trading financial instruments, transaction costs are excluded from the initial fair value measurement of the financial instrument.

Non-trading financial assets at fair value through profit or loss

Non-trading financial assets at fair value through profit or loss ("FVPL") include prepaid OTC contracts reported within 'Trade and other receivables' and commodities spot purchases and corresponding forward sale undertaken contemporaneously that are accounted for as financing transactions and presented as 'Secured Financing' on the statement of financial position.

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

Transaction costs are excluded from the initial fair value measurement of the financial assets.

ii) Financial instruments designated at fair value through profit or loss

Financial liabilities designated at FVPL include prepaid OTC contracts reported within 'Trade and other payables' and commodities spot sales and corresponding forward purchases undertaken contemporaneously that are accounted for as financing transactions and presented as 'Secured Borrowing' on the statement of financial position.

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

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

Transaction costs are excluded from the initial fair value measurement of the financial instrument.

See note 4 for an analysis of financial assets and financial liabilities designated at FVPL.

iii) Financial assets and financial liabilities at amortised cost

Financial assets at amortised cost include cash at bank and trade and other receivables.

Financial assets are recognised at amortised cost when the Company's business model objective is to collect the contractual cash flows of the assets and where these cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding until maturity. Such assets are recognised when the Company becomes a party to the contractual provisions of the instrument. The instruments are initially measured at fair value, see note 3(d) below and subsequently measured at amortised cost less expected credit loss ("ECL") allowance. Transaction costs that are directly attributable to the acquisition of the financial asset are added to the fair value on initial recognition.

Financial liabilities classified at amortised cost includes trade and other payables and subordinated debt.

Financial liabilities are classified as being subsequently measured at amortised cost, except where they are held for trading or are designated as measured at FVPL. They are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value, see note 3(d) below and subsequently measured at amortised cost. Transaction costs that are directly attributable to the issue of a financial liability are deducted from the fair value on initial recognition.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

d. Fair value

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

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

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

In determining fair value, the Company uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that requires the most observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability that were developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect assumptions the Company believes other market participants would use in pricing the asset or liability, that are developed based on the best information available in the circumstances.

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

- Level 1 - Quoted prices (unadjusted) in an active market for identical assets or liabilities
  Valuations based on quoted prices in active markets that the Morgan Stanley Group has the ability to access for identical assets or liabilities. Valuation adjustments, block discounts and discounts for equity-specific and contractual restrictions that would not transfer to market participants are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgement.

- Level 2 - Valuation techniques using observable inputs
  Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, significant market inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

- Level 3 - Valuation techniques with significant unobservable inputs
  Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

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

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

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

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

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

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

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

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

The Company applies credit-related valuation adjustments to its secured borrowings which are designated at FVPL and to OTC derivatives. The Company considers the impact of changes in own credit spreads based upon observations of the secondary bond market spreads when measuring the fair value for secured borrowings.

For OTC derivatives, the impact of changes in both the Company's and the counterparty's credit rating is considered when measuring fair value. In determining the expected exposure, the Company simulates the distribution of the future exposure to a counterparty, then applies market-based default probabilities to the future exposure, leveraging external third-party credit default swap ("CDS") spread data. Where CDS spread data are unavailable for a specific counterparty, bond market spreads, CDS spread data based on the counterparty's credit rating or CDS spread data that reference a comparable counterparty may be utilised. The Company also considers collateral held and legally enforceable master netting agreements that mitigate its exposure to each counterparty.

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

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

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

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

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

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

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

e. Derecognition of financial assets and liabilities

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset.

If the asset has been transferred, and the Company neither transfers nor retains substantially all of the risks and rewards of the asset, then the Company determines whether it has retained control of the asset.

If the Company has retained control of the asset, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset. If the Company has not retained control of the asset, it derecognises the asset and separately recognises any rights or obligations created or retained in the transfer.

The Company derecognises financial liabilities when the Company's obligations are discharged or cancelled or when they expire.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

f. Impairment of financial assets

The Company recognises loss allowances for ECL for financial assets measured at amortised cost.

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

- Stage 1: if the credit risk of the financial instrument at the reporting date has not increased significantly since initial recognition then the loss allowance is calculated as the lifetime cash shortfalls that will result if a default occurs in the next 12 months, weighted by the probability of that default occurring.

- Stage 2: if there has been a significant increase in credit risk ("SICR") since initial recognition, the loss allowance is calculated as the ECL over the remaining life of the financial instrument. If it is subsequently determined that there has no longer been a SICR since initial recognition, then the loss allowance reverts to reflecting 12 month expected losses.

- Stage 3: if there has been a SICR since initial recognition and the financial instrument is deemed credit-impaired (see below for definition of credit-impaired), the loss allowance is calculated as the ECL over the remaining life of the financial instrument. If it is subsequently determined that there has no longer been a SICR since initial recognition, then the loss allowance reverts to reflecting 12 month expected losses.

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

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

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

Calculation of ECL
ECL is calculated using three main components:

- PD: for accounting purposes, the 12 month and lifetime PD represent the expected point-in-time probability of a default over the next 12 months and over the remaining lifetime of the financial instrument respectively, based on conditions existing at the balance sheet date and future economic conditions.
- Loss given default ("LGD"): the LGD represents expected loss conditional on default, taking into account the mitigating effect of collateral, including the expected value of the collateral when realised and the time value of money.

- 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.

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

When measuring ECLs, the Company considers multiple scenarios, except where practical expedients are used to determine ECL. Practical expedients are used where they are consistent with the principles described above. ECL on certain trade receivables are calculated using a 'matrix' approach which reflects the previous history of credit losses on these financial assets, applying different provision levels based on the age of the receivable. Alternatively where there is a history of no credit losses, and where this is expected to persist into the future for structural or other reasons, such as collateral or other credit enhancement, it may be determined that the ECL for a financial instrument is de minimis (highly immaterial) and it may not be necessary to recognise the ECL.

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

More information on measurement of ECL is provided in note 11 Financial risk management.

Presentation of ECL
ECL on financial assets measured at amortised cost is presented as an ECL allowance. The allowance reduces the net carrying amount on the face of the statement of financial position.

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

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

Write-offs
Financial assets at amortised cost are written off (either partially or in full) when they are deemed uncollectible. Financial assets that are written off could still be subject to enforcement activities for recoveries of amounts due.

g. Impairment of non-financial assets

Non-financial assets are reviewed for impairment at the end of the reporting period or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

h. Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits with banks, net of outstanding bank overdrafts, with original maturities of three months or less, that are readily convertible to known amounts of cash and subject to insignificant risk of change in value.

i. Income tax

The tax currently payable is calculated based on taxable profit for the period. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date.

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

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

j. Provisions, contingent liabilities and commitments

Provisions are recognised when the Company has an identified present obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle that obligation and when a reliable estimate can be made of the amount of the obligation.

A contingent liability is a possible obligation, that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events but is not recognised because either an outflow of economic benefits is not probable or the amount of the obligation cannot be reliably measured.

A commitment is any legal obligation to potentially make or receive cash payments or transfer cash.

Commitments and contingent liabilities are not recognised in the statement of financial position. Disclosure is made unless the probability of settlement is remote.

k. Offsetting of financial assets and financial liabilities

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

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

l. Employee compensation plans

i) Equity-settled share-based compensation plans

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

Awards generally contain clawback and cancellation provisions.

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

m. Post-employment benefits

The Company participates in defined contribution plans.

Details of the plan are given in note 18 to this statement of financial position.

4. FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY

The following table analyses financial assets and financial liabilities as presented in the statement of financial position by the FRS 109 measurement classifications.

30 June 2026	FVPL (mandatorily) US$'000	FVPL (designated) US$'000	Amortised cost US$'000	Total US$'000
Cash at bank	—	—	163,982	163,982
Trading financial assets	1,399,543	—	—	1,399,543
Secured financing	299,966	—	—	299,966
Trade and other receivables	9,169	—	1,188,379	1,197,548
Total financial assets	1,708,678	—	1,352,361	3,061,039
Trading financial liabilities	1,390,871	—	—	1,390,871
Secured borrowings	—	299,966	—	299,966
Trade and other payables	—	9,169	109,610	118,779
Subordinated debt	—	—	205,286	205,286
Total financial liabilities	1,390,871	309,135	314,896	2,014,902

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

Financial liabilities designated at FVPL

A further breakdown of financial liabilities designated at FVPL is provided within the table below. The financial liabilities in the table below which are designated at FVPL consist primarily of the following financial liabilities:

Secured Borrowing: As part of its trading activities, the Company enters into transactions which involves commodities spot purchases and sales and corresponding forward sale or purchases undertaken contemporaneously that are accounted for as financing transactions.

Prepaid OTC contracts: Prepaid contract liabilities are designated at FVPL as they form part of a group of financial assets and liabilities which are managed, evaluated and reported internally on a fair value basis.

	30 June 2026 US$'000
Secured borrowing	299,966
Trade and other payables	
Prepaid OTC contracts	9,169
	309,135

The Company determines the amount of changes in fair value attributable to changes in counterparty credit risk or own credit risk, as relating to financial assets and financial liabilities designated at FVPL, by first determining the fair value including the impact of counterparty credit risk or own credit risk, and then deducting those changes in fair value representing managed market risk. The Company considers that this approach most faithfully represents the amount of change in fair value due to both counterparty credit risk and the Company's own credit risk.

5. TRADING FINANCIAL ASSETS AND LIABILITIES

Trading assets and trading liabilities are summarised as follows:

	30 June 2026	
	Assets US$'000	Liabilities US$'000
OTC Derivatives – Commodity contracts	1,399,543	1,390,871

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

6. TRADE AND OTHER RECEIVABLES

	30 June 2026 US$'000
Trade and other receivables (amortised cost)	
Trade receivables	
Amounts due from other Morgan Stanley Group undertakings	4
Customer receivable	69,106
Other	18,839
	87,949
Other receivables	
Amounts due from other Morgan Stanley Group undertakings	1,099,365
Amounts held at exchange	1,012
Other amounts receivable	111
Less: ECL	(58)
	1,100,430
Total trade and other receivables (amortised cost)	1,188,379
Trade and other receivables (non-trading at FVPL)	
Prepaid OTC contracts	9,169
Total	1,197,548

MORGAN STANLEY CAPITAL GROUP (SINGAPORE) PTE.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

7. TRADE AND OTHER PAYABLES

	30 June 2026 US$'000
Trade and other payables (amortised cost)	
Trade payables	
Amounts due to other Morgan Stanley Group undertakings	92,248
Customer payable	5,104
	97,352
Other payables	
Amounts due to other Morgan Stanley Group undertakings	5,717
Staff compensation and benefits accruals	6,098
Other amounts payable	443
	12,258
Total trade and other payables (amortised cost)	109,610
Trade and other payables (designated at FVPL)	
Prepaid OTC contracts	9,169
Total	118,779

8. SUBORDINATED DEBT

	30 June 2026 US$'000
Subordinated debt (amortised cost)	205,286

The amount subject to subordinated debt agreement is wholly repayable as shown below:

Counterparty	Repayment date	Interest rate	30 June 2026	
			Accrued interest US$'000	Balance US$'000
Morgan Stanley (Singapore) Holdings Pte. Ltd. ("MSSH")	16 December 2026	MS proxy rate[1]	5,286	205,286

[1] MS Proxy Rate means at any time, the interest rate at which Morgan Stanley is offering unsecured loans in the relevant currency to members of the Group at such time.

All amounts outstanding under subordinated debt agreements are repayable at any time at the Company's option with the prior written approval of the National Futures Association ("NFA").

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

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

9. EQUITY

Ordinary share capital

	Ordinary shares	Total ordinary shares
	Number	US$'000
Issued and fully paid		
At 1 January 2026 and 30 June 2026	779,843,002	763,634

Fully paid ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders of the Company.

10. EXPECTED MATURITY OF ASSETS AND LIABILITIES

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

At 30 June 2026	Less than or equal to twelve months	More than twelve months	Total
	US$'000	US$'000	US$'000
ASSETS			
Cash at bank	163,982	—	163,982
Trading financial assets	1,399,543	—	1,399,543
Secured financing	299,966	—	299,966
Trade and other receivables	1,188,379	9,169	1,197,548
Deferred tax assets	—	222	222
Prepayments	80	—	80
	3,051,950	9,391	3,061,341
LIABILITIES			
Trading financial liabilities	1,390,871	—	1,390,871
Secured borrowing	299,966	—	299,966
Trade and other payables	105,652	13,127	118,779
Subordinated Debt	205,286	—	205,286
Current tax liabilities	16,889	—	16,889
Accruals	15	—	15
	2,018,679	13,127	2,031,806

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

11. FINANCIAL RISK MANAGEMENT

Risk management procedures

Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities in accordance with defined policies and procedures. The Company has developed its own risk management policy framework, which is consistent with and leverages the risk management policies and procedures of the Morgan Stanley Group and which include escalation to the Company's Board of Directors and to appropriate senior management personnel of the Company.

Significant risks faced by the Company resulting from its trading and financing activities are set out below.

11.1 Credit risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to the Company. The Company is primarily exposed to credit risk from institutions and sophisticated investors through its Institutional Securities business segment.

11.1.1 Credit risk management

Credit risk exposure is managed on a global basis and in consideration of each significant legal entity within the Morgan Stanley Group. The credit risk management policies and procedures establish the framework for identifying, measuring, monitoring and controlling credit risk whilst ensuring transparency of material credit risks, compliance with established limits and escalating risk concentrations to appropriate senior management.

The Company may incur credit risk in its Institutional Securities business segment through a variety of activities, including, but not limited to, the following:

- entering into derivative contracts under which counterparties may have obligations to make payments to the Company;
- providing short or long-term funding that is secured by physical or financial collateral whose value may at times be insufficient to fully cover the repayment amount;
- posting margin and/ or collateral to clearing houses, clearing agencies, exchanges, banks, securities firms and other financial counterparties; and
- placing funds on deposit at other financial institutions to support the Company's clearing and settlement obligations.

Monitoring and Control

In order to help protect the Company from losses, the Credit Risk Management Department establishes firm-wide practices to evaluate, monitor and control credit risk at the transaction, obligor and portfolio levels. The Credit Risk Management Department approves extensions of credit, evaluates the creditworthiness of the Company's counterparties and borrowers on a regular basis, and helps ensure that credit exposure is actively monitored and managed. The evaluation of counterparties and borrowers includes an assessment of the probability that an obligor will default on its financial obligations and any subsequent losses that may occur when an obligor defaults. In addition, credit risk exposure is actively managed by credit professionals and committees within the Credit Risk Management Department and through various other risk committees, whose membership includes individuals from the Credit Risk Management Department.

A Credit Limits Framework is utilised to manage credit risk levels across the Company. The Credit Limits Framework is calibrated within the Morgan Stanley Group's risk appetite and includes single-name limits and portfolio concentration limits by country and industry and product type. The Credit Risk Management Department helps ensure timely and transparent communication of material credit risks, compliance with established limits and escalation of risk concentrations to appropriate senior management.

The Credit Risk Management Department also works closely with the Market Risk Department ("MRD") and applicable business units to monitor risk exposures and to perform stress tests to identify, analyse and control credit risk concentrations arising from the Company's lending and trading activities. The stress tests shock market factors (e.g. interest rates, commodity prices, credit spreads), risk parameters (e.g. probability of default and LGD), in order to assess the impact of stresses on exposures, profit and loss, and the Company's capital position. Stress tests are conducted in accordance with established Company policies and procedures.

Credit Evaluation

The evaluation of corporate and institutional counterparties and borrowers includes assigning obligor credit ratings, which reflect an assessment of an obligor's PD and LGD. An obligor credit rating can be categorised into Investment grade, Non-investment grade and Default. Credit evaluations typically involve the assessment of financial statements, leverage, liquidity, capital strength, asset composition and quality, market capitalisation, access to capital markets, the adequacy of collateral, if applicable, and in the case of certain loans, cash flow projections and debt service requirements. The Credit Risk Management Department also evaluates strategy, market position, industry dynamics, exposure to changes in international trade policies and supply chain constraints, management and other factors that could affect the obligor's risk profile. Additionally, the Credit Risk Management Department evaluates the relative position of the Company's exposure in the borrower's capital structure and relative recovery prospects, as well as adequacy of collateral (if applicable) and other structural elements of the particular transaction.

In addition to assessing and monitoring its credit exposure and risk at the individual obligor level, the Company also reviews its credit exposure and risk to geographic regions. As at 30 June 2026, credit exposure was concentrated in Asian countries. In addition, the Company pays particular attention to smaller exposures in emerging markets given the unique risk profile. Sovereign ceiling ratings i.e. the maximum credit rating that can be assigned to a counterparty with a designated country of risk, are derived using methodologies generally consistent with those employed by external rating agencies.

The Company also reviews its credit exposure and risk to certain types of customers. At 30 June 2026, the Company's material credit exposure was to corporate entities.

Risk Mitigation

The Credit Risk Management Department may seek to mitigate credit risk from its lending and trading activities in multiple ways, including collateral provisions, guarantees and hedges. At the transaction level, the Credit Risk Management Department seeks to mitigate risk through management of key risk elements such as size, tenor, financial covenants, seniority and collateral. The Morgan Stanley Group actively hedges its lending and derivatives exposure through various financial instruments that may include single-name, portfolio and structured credit derivatives. Additionally, the Morgan Stanley Group may sell, assign or syndicate funded loans and lending commitments to other financial institutions in the primary and secondary loan markets. In connection with its derivatives trading activities, the Morgan Stanley Group generally enters into master netting agreements and collateral arrangements with counterparties. These agreements provide the Morgan Stanley Group with the ability to demand collateral, as well as to liquidate collateral and offset receivables and payables covered under the same master agreement in the event of a counterparty default.

Derivatives

The Company may seek to mitigate credit risk from its derivatives transactions in multiple ways, including documentation, collateral provisions, guarantees and hedges. At the transaction level, the Company seeks to mitigate risk through management of key risk elements such as size, tenor, financial covenants, seniority and collateral. The Company actively hedges its derivatives exposure through various financial instruments that may include single-name, portfolio and structured credit derivatives. The Company may enter into master netting agreements and collateral arrangements with counterparties. These master netting agreements and collateral arrangements may provide the Company with the ability to demand collateral, as well as to liquidate collateral and offset receivables and payables covered under the same master netting agreement in the event of counterparty default. The Company monitors the creditworthiness of counterparties to these transactions on an ongoing basis and requests additional collateral in accordance with collateral arrangements when deemed necessary.

11.1.2 Exposure to credit risk

The maximum exposure to credit risk ('gross credit exposure') of the Company as at 30 June 2026 is disclosed below, based on the carrying amounts of the financial assets which the Company believes are subject to credit risk. The table includes financial instruments subject to ECL and not subject to ECL. Those financial instruments that bear credit risk but are not subject to ECL are subsequently measured at fair value.

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

The Company does not have any significant exposure arising from items not recognised on the statement of financial position.

Collateral and other credit enhancements

The Company employs a range of policies and practices to mitigate credit risk, the most common being acceptance of collateral for funds advanced. The main types of collateral held are cash or similar highly-liquid assets. The Company has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. There has been no change in the collateral policy of the Company during the period.

At 30 June 2026, the carrying amount of financial assets on which no ECL were recognised because of collateral held was US$nil.

The Company closely monitors collateral held for financial assets considered to be credit-impaired, as in such cases it is considered more likely that the Company will take possession of collateral to mitigate potential credit losses.

The Company does not hold financial assets considered to be credit-impaired.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

Exposure to credit risk by class

	30 June 2026		
Class	**Gross credit exposure[1]**	**Credit enhancements**	**Net credit exposure[2]**
	US$'000	**US$'000**	**US$'000**
Subject to ECL:			
Cash at bank	163,982	—	163,982
Trade and other receivables[3]	1,188,376	(26,460)	1,161,916
Not subject to ECL:			
Trading financial assets	1,399,543	(1,180,482)	219,061
Secured financing	299,966	(169,272)	130,694
Trade and other receivables[3]	9,169	—	9,169
	3,061,036	**(1,376,214)**	**1,684,822**

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

(2) Of the residual net credit exposure, intercompany cross product netting arrangements are in place which would allow for an additional US$9,169,000 of an available US$9,169,000 to be offset in the ordinary course of business and/ or in the event of default by certain Morgan Stanley counterparties.

(3) Trade and other receivables include cash collateral pledged against the payable on OTC derivative positions. These derivative liabilities are included within trading financial liabilities in the statement of financial position.

11.1.3 Credit quality

Exposure to credit risk by internal rating grades

Internal credit ratings, as below, are derived using methodologies generally consistent with those used by external agencies:

Investment grade: AAA - BBB
Non-investment grade: BB - CCC
Default: D

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

The table below shows gross carrying amount. All exposures subject to ECL are Stage 1, unless otherwise shown.

30 June 2026	AAA	A	BBB	Total Investment Grade	Total Non-Investment Grade	Unrated	Total Gross Carrying Amount	Loss allowance	Total Carrying Amount
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Subject to ECL:									
Cash at bank	—	163,982	—	163,982	—	—	163,982	—	163,982
Trade and other receivables	85	1,150,311	37,006	1,187,402	(8)	1,043	1,188,437	(58)	1,188,379
	85	1,314,293	37,006	1,351,384	(8)	1,043	1,352,419	(58)	1,352,361
Not Subject to ECL:									
Trading financial assets:									
Derivatives	—	788,796	500,255	1,289,051	110,492	—	1,399,543	—	1,399,543
Secured financing	—	299,966	—	299,966	—	—	299,966	—	299,966
Trade and other receivables	—	9,169	—	9,169	—	—	9,169		9,169
	—	1,097,931	500,255	1,598,186	110,492	—	1,708,678	—	1,708,678

11.2 Liquidity risk

Liquidity risk refers to the risk that the Company will be unable to finance its operations due to a loss of access to capital markets or difficulty in liquidating its assets. Liquidity risk encompasses the Company's ability (or perceived ability) to meet its financial obligations without experiencing significant business disruption or reputational damage that may threaten the Company's viability as a going concern. Liquidity risk also encompasses the associated funding risks triggered by the market or idiosyncratic stress events that may cause unexpected changes in funding needs or an inability to raise new funding or the cost of new funding. Generally, the Company incurs liquidity risk as a result of its trading, lending, investing and client facilitation activities.

The Morgan Stanley Group's Liquidity Risk Management Framework is critical to helping ensure that the Company maintains sufficient liquidity reserves and durable funding sources to meet its daily obligations and to withstand unanticipated stress events. The Liquidity Risk Department ("LRD") is a distinct area in Risk Management, which oversees and monitors liquidity risk. The Liquidity Risk Department ensures transparency of material liquidity risks, compliance with established risk limits and Key Risk Indications ("KRI") as well as escalation of risk concentrations to appropriate senior management. To execute these responsibilities, the Liquidity Risk Department:

- Establishes limits in line with the Morgan Stanley Group's risk appetite;
- Identifies and analyses emerging liquidity risks to ensure such risks are appropriately mitigated;
- Monitors and reports risk exposures against limits and KRIs; and
- Reviews the methodologies and assumptions underpinning the Morgan Stanley Group's Liquidity Stress Tests to ensure sufficient liquidity and funding under a range of adverse scenarios.

The liquidity risks identified by these processes are summarised in reports produced by the Liquidity Risk Department that are circulated to and discussed with senior management, as appropriate.

The Treasury Department and applicable business units have primary responsibility for evaluating, monitoring and controlling the liquidity risks arising from the Morgan Stanley Group's business activities and for maintaining processes and controls to manage the key risks inherent in their respective areas. The Liquidity Risk Department coordinates with the Treasury Department and these business units to help ensure a consistent and comprehensive framework for managing liquidity risk across the Morgan Stanley Group.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

The Company's liquidity risk management policies and procedures are consistent with those of the Morgan Stanley Group.

The primary goal of the Company's liquidity risk management framework is to ensure that the Company has access to sufficient liquid assets across a wide range of market conditions and time horizons. The framework is designed to enable the Company to fulfil its financial obligations and support the execution of its business strategies.

The following principles guide the Company's liquidity risk management framework:

- Sufficient liquid assets should be maintained to cover maturing liabilities and other planned and contingent outflows;
- Maturity profile of assets and liabilities should be aligned, with limited reliance on short-term funding;
- Source, counterparty, currency, region, and term of funding should be diversified; and
- Liquidity Stress Tests should account for stressed liquidity requirements and the amount of liquidity held should be greater than those stressed requirements.

The key components of the Company's liquidity risk management framework that support our target liquidity profile are the Required Liquidity Framework, Liquidity Stress Tests and Liquidity Reserves (as defined below).

Required Liquidity Framework

The Required Liquidity Framework establishes the amount of liquidity the Company must hold in both normal and stressed environments to ensure that its financial condition and overall soundness are not adversely affected by an inability (or perceived inability) to meet its financial obligations in a timely manner. The Required Liquidity Framework considers the most constraining liquidity requirement to satisfy all regulatory and internal limits at a Morgan Stanley Group and legal entity level.

Liquidity Stress Tests

The Company uses Liquidity Stress Tests to model external and intercompany liquidity flows across multiple scenarios and a range of time horizons. These scenarios contain various combinations of idiosyncratic and market stress events of different severity and duration. The methodology, implementation, production and analysis of the Morgan Stanley Group's Liquidity Stress Tests are important components of the Required Liquidity Framework.

Liquidity Stress Tests are produced for the Company, to capture specific cash requirements and cash availability. The Liquidity Stress Tests assume that a legal entity will use its own liquidity first to fund its obligations before drawing liquidity from its ultimate parent undertaking, Morgan Stanley. Morgan Stanley will support its subsidiaries and will not have access to subsidiaries' liquidity resources that are subject to any regulatory, legal or tax constraints.

At 30 June 2026, the Company maintained sufficient liquidity to meet current and contingent funding obligations as modelled in its Liquidity Stress Tests.

Liquidity Resources

The Company maintains sufficient liquidity resources which consists of unencumbered highly liquid securities and cash deposits with banks (including central banks) ("Liquidity Resources") to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. The Company actively manages the amount of its Liquidity Resources considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment inclusive of contingent cash outflows; and collateral requirements. The amount of liquidity resources the Company holds is based on the Company's risk appetite and is calibrated to meet various internal and regulatory

requirements and to fund prospective business activities. Unencumbered highly liquid securities consist netted trading assets, investment securities and securities received as collateral.

Liquidity Resources are held within Morgan Stanley and its major operating subsidiaries and is composed of diversified cash and cash equivalents and unencumbered highly liquid securities.

Eligible unencumbered highly liquid securities include non-US government securities in addition to US government securities and other highly liquid investment grade securities.

Funding management

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

The Company funds itself through diverse sources. These sources include the Company's equity capital and borrowings.

Balance sheet management

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

Maturity analysis

In the following maturity analysis of financial liabilities, derivative contracts and other financial liabilities held as part of the Company's trading activities are presented at fair value, consistent with how these financial liabilities are managed, and disclosed as on demand. All other amounts represent undiscounted cash flows payable by the Company arising from its financial liabilities to earliest contractual maturities as at 30 June 2026. Repayments of financial liabilities that are subject to immediate notice are treated as if notice were given immediately and are classified as on demand. This presentation is considered by the Company to appropriately reflect the liquidity risk arising from those financial liabilities, presented in a way that is consistent with how the liquidity risk on these financial liabilities is managed by the Company.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

30 June 2026	On demand US$'000	Less than or equal to 1 month US$'000	1 month but less than or equal to 3 months US$'000	3 months but less than or equal to 1 year US$'000	More than 1 year but less than or equal to 5 years US$'000	More than 5 years US$'000	Total US$'000
Financial liabilities							
Trading financial liabilities	1,390,871	—	—	—	—	—	1,390,871
Secured borrowing	—	—	—	299,966	—	—	299,966
Trade and other payables	103,424	48	130	2,050	12,173	954	118,779
Subordinated Debt	—	—	—	205,286	—	—	205,286
Total financial liabilities	**1,494,295**	**48**	**130**	**507,302**	**12,173**	**954**	**2,014,902**

11.3 Market risk

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

The Company manages the market risk associated with its trading activities at a legal entity, trading division and at an individual product level.

Sound market risk management is an integral part of the Company's culture. The Company is responsible for ensuring that market risk exposures are well-managed and monitored. The Company also ensures transparency of material market risks, monitors compliance with established limits, and escalates risk concentrations to appropriate senior management.

To execute these responsibilities, the Company monitors its market risk against limits on aggregate risk exposures, performs a variety of risk analyses including monitoring Value-at-risk ("VaR") and stress testing analyses, routinely reports risk summaries and maintains the VaR and scenario analysis methodologies. The material risks identified by these processes are summarised and reported to senior management.

The market risk management policies and procedures for the Company are consistent with those of the Morgan Stanley Group and include escalation to the Company's Board of Directors and appropriate management personnel.

Primary market risk exposures and market risk management

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

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

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

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

The Company has exposure to commodities. This exposure is due to price and implied volatility risk as a result of making markets in crude and refined oil products, natural gas, electricity and precious base metals and agriculture.

The Company manages its trading positions by employing a variety of risk mitigation strategies. These strategies include diversification of risk exposures and hedging. Hedging activities consist of the purchase, sale, or transfer of positions in related securities and financial instruments, including a variety of derivative products (e.g., futures, forwards, swaps and options). Hedging activities may not always provide effective mitigation against trading losses due to differences in the terms, specific characteristics or other basis risks that may exist between the hedge instrument and the risk exposure that is being hedged. The Company manages and monitors its market risk exposures, including outright and basis risks, in such a way as to maintain a portfolio that the Company believes is well diversified in the aggregate with respect to market risk factors and that reflects the Company's aggregate risk tolerance, as established by the Company's senior management. The effectiveness of hedges and mitigants is monitored using processes such as risk and limit reporting.

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

Trading Risks

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

VaR methodology, assumptions and limitations

The Company estimates VaR using a model based on historical simulation for general market risk factors and Monte Carlo simulation for name-specific risk in corporate bonds, loans and related derivatives. The model constructs a distribution of hypothetical daily changes in the value of trading portfolios based on the following: historical observation of daily changes in key market indices or other market risk factors; and information on the sensitivity of the portfolio values to these market risk factor changes.

The basic methodology for VaR at Morgan Stanley is historical simulation. A set of internal processes and controls ensure that all trading positions booked by the Company are being included in VaR. VaR for risk management purposes ("Management VaR") is computed at a 95% level of confidence over a one day time horizon, which is a useful indicator of possible trading losses resulting from adverse daily market moves. The 95%/one-day VaR corresponds to the unrealised loss in portfolio value that, based on historically observed market risk factor movements, could have been exceeded with a frequency of 5%, or five times in every 100 trading days, if the portfolio were held constant for one day.

The Company uses VaR as one of a range of risk management tools. Among their benefits, VaR models permit estimation of a portfolio's aggregate market risk exposure, incorporating a range of varied market risks and portfolio assets. One key element of the VaR model is that it reflects portfolio diversification or hedging activities. However, VaR has various limitations, which include but are not limited to: use of historical changes in market risk factors, which may not be accurate predictors of future market conditions, and may not fully incorporate the risk of extreme market events that are outsized relative to observed historical market behaviour or reflect the historical distribution of results beyond the 95% confidence interval; and reporting of losses in a

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

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

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

VaR statistics are not readily comparable across firms because of differences in the firms' portfolios, modelling assumptions and methodologies. These differences can result in materially different VaR estimates across firms for similar portfolios. The impact of such differences varies depending on the factor history assumptions, the frequency with which the factor history is updated and the confidence level. As a result, VaR statistics are more useful when interpreted as indicators of trends in a firm's risk profile rather than as an absolute measure of risk to be compared across firms.

Sensitivity analysis

VaR for the period ended 30 June 2026

The table below presents the Management VaR for the Company's Trading portfolio on a period-end, period average and high and low basis for period ended 30 June 2026.

The Credit Portfolio VaR is disclosed as a separate category from the Primary Risk Categories and includes counterparty CVA and related hedges.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION

Period ended 30 June 2026

95% VaR	**95%/ one-day VaR 30 June 2026**			
	Period end US$'000	**Average US$'000**	**High US$'000**	**Low US$'000**
Market risk category:				
Interest Rate / Credit Spread	4	2	5	—
Commodity price	5	2	49	—
Foreign exchange	1	4	5	1
Less diversification benefit[1][2]	(4)	(3)	N/A	N/A
Primary Risk Categories VaR	6	5	50	6
Credit Portfolio VaR[3]	237	963	1,473	237
Less diversification benefit[1][2]	(8)	(5)	N/A	N/A
Total Management VaR	235	963	1,474	235

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

(2) N/A - Not Applicable. The minimum and maximum VaR values for the total VaR and each of the component VaRs might have occurred on different days during the period and therefore the diversification benefit is not an applicable measure.

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

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

Interest rate risk

The Company's VaR excludes certain funding liabilities and money market transactions. The application of a parallel shift in market interest rates of 50 basis points increase or decrease to these positions, would result in net gain or loss of approximately US$13,000.

Currency risk

The Company has foreign currency exposure arising from its assets and liabilities in currencies other than US dollars. It actively manages this exposure by hedging with other Morgan Stanley Group undertakings. The residual currency risk for the Company from this activity is not material.

The analysis below details the foreign currency exposure for the Company, by foreign currency. The analysis calculates the impact on total comprehensive income of a reasonably possible parallel shift of the foreign currency in relation to the US dollar, with all other variables held constant. This analysis does not take into account the effect of the foreign currency hedges held by other members of the Morgan Stanley Group.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

	30 June 2026		
	Foreign currency exposure	Percentage change applied	Sensitivity to applied percentage change in currency (+/-)
			Profit or loss
	US$'000	%	US$'000
Singapore Dollar	(2,284)	1	26
Chinese Yuan	(1,421)	3	44
Japanese Yen	(6)	9	1
	(3,711)		71

The reasonably possible percentage change in the currency rate in relation to US dollars has been calculated based on the greatest semi-annual percentage change over the 1 year period from 30 June 2025 to 30 June 2026. Thus, the percentage change applied may not be the same percentage as the actual change in the currency rate for the 6 months period ended 30 June 2026 , or for the 6 months period ended 31 December 2025.

12. TRANSFERS OF FINANCIAL ASSETS, INCLUDING PLEDGES OF COLLATERAL

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

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

13. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

In order to manage credit exposure arising from its business activities, the Company applies various credit risk management policies and procedures, see note 11 for further details. Primarily in connection with derivative transactions, the Company enters into master netting arrangements and collateral arrangements with its counterparties. These agreements provide the Company with the right, in the ordinary course of business and/ or in the event of a counterparty default (such as bankruptcy or a counterparty's failure to pay or perform), to net a counterparty's rights and obligations under such agreement and, in the event of counterparty default, set off collateral held by the Company against the net amount owed by the counterparty.

However, in certain circumstances, the Company may not have such an agreement in place; the relevant insolvency regime (which is based on type of counterparty entity and the jurisdiction of organisation of the counterparty) may not support the enforceability of the agreement; or the Company may not have sought legal advice to support the enforceability of the agreement. In cases where the Company has not determined an agreement to be enforceable, the related amounts are not offset.

The Company's policy is generally to pay or receive cash collateral. The enforceability of the master netting agreement is taken into account in the Company's risk management practices and application of counterparty credit limits. The Company also monitors the amount of the cash paid or received as collateral as compared to

the fair value position of the related derivatives, and, as necessary, requests additional collateral as provided under the applicable agreement to ensure such transactions are adequately collateralised, or return of excess collateral.

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

The following table presents information about the offsetting of financial instruments and related collateral amounts. The table does not include information about financial instruments that are subject only to a collateral agreement. The effect of master netting arrangements, collateral agreements and other credit enhancements, on the Company's exposure to credit risk is disclosed in note 11.

				Amounts not offset[1]		
30 June 2026	**Gross amounts**	**Amounts offset**	**Net amounts**	**Financial instruments**	**Cash collateral[2]**	**Net exposure[3]**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Assets						
Trading financial assets:						
Derivatives	1,399,543	—	1,399,543	(1,133,650)	(46,832)	219,061
Secured financing	299,966	—	299,966	(169,272)	—	130,694
	1,699,509	—	1,699,509	(1,302,922)	(46,832)	349,755
Liabilities						
Trading financial liabilities:						
Derivatives	1,390,871	—	1,390,871	(1,133,650)	(26,460)	230,761
Secured borrowing	299,966	—	299,966	(169,272)	—	130,693
	1,690,837	—	1,690,837	(1,302,922)	(26,460)	361,454

(1) Amounts relate to master netting arrangements and collateral arrangements which have been determined by the Company to be legally enforceable, but do not meet all criteria required for net presentation within the statement of financial position.
(2) Cash collateral not offset is recognised within Trade and other receivables and Trade and other payables, respectively.
(3) Intercompany cross-product legally enforceable netting arrangements are in place which would allow for an additional US$9,169,000 of the total statement of financial position, to be offset in the ordinary course of business and/ or in the event of default.

14. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

a. Financial assets and liabilities recognised at fair value on a recurring basis

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

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION

Period ended 30 June 2026

30 June 2026	Quoted prices in active market (Level 1) US$'000	Valuation techniques using observable inputs (Level 2) US$'000	Valuation techniques with significant unobservable inputs (Level 3) US$'000	Total US$'000
Trading financial assets:				
Derivatives – commodities contracts	—	1,227,404	172,139	1,399,543
Secured financing	—	299,966	—	299,966
Trade and other receivables:				
Prepaid OTC contracts	—	9,169	—	9,169
Total financial assets measured at fair value	—	1,536,539	172,139	1,708,678
Trading financial liabilities:				
Derivatives – commodities contracts	—	1,247,826	143,045	1,390,871
Secured borrowing	—	299,966	—	299,966
Trade and other payables:				
Prepaid OTC contracts	—	9,169	—	9,169
Total financial liabilities measured at fair value	—	1,556,961	143,045	1,700,006

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

Asset and Liability / Valuation Techniques	Valuation Hierarchy Classification
Derivatives	
OTC Derivative Contracts • OTC derivative contracts include forward, swap and option contracts related to commodity prices and performance of various referenced investments. • Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be modeled using a series of techniques, including closed-form analytic formulas, such as the Black-Scholes option-pricing model, simulation models or a combination thereof. Many pricing models do not entail material subjectivity as the methodologies employed do not necessitate significant judgement, since model inputs may be observed from actively quoted markets, as is the case for generic interest rate swaps, many equity, commodity and foreign currency option contracts and certain credit default swaps. In the case of more established derivative products, the pricing models used by the Company are widely accepted by the financial services industry.	• Level 2 – when valued using observable inputs supported by market liquidity, or where the unobservable input is not deemed significant.

• More complex OTC derivative products are typically less liquid and require more judgement in the implementation of the valuation technique since direct trading activity or quotes are unobservable. This includes certain types of interest rate derivatives with both volatility and correlation exposure, commodity derivatives that are either longer-dated or include exposure to multiple underlyings and credit derivatives, including credit default swaps on certain mortgage or asset-back securities, basket CDS. Where these inputs are unobservable, relationships to observable data points, based on historic and/or implied observations, may be employed as a technique to estimate the model input values.	• Level 3 – when valued using observable inputs with limited market liquidity, or if an unobservable input is deemed significant.
Secured financing and secured borrowing	
• Secured financing and secured borrowings are related to outstanding commodities spot purchases and sales and corresponding forward sale or purchases undertaken contemporaneously that are accounted for as financing transactions.	• Level 2 – when the valuation inputs are observable and supported by market liquidity. • Level 3 – in instances where the valuation input is observable but not supported by market liquidity or if an unobservable input is deemed significant.
Prepaid OTC contracts	
• The Company carries prepaid OTC contracts which are primarily composed of instruments whose payments and redemption values are linked to the performance of a commodity, a credit exposure or basket of credit exposures	
• Fair value is determined using valuation models for the derivative portion of the instruments. These models incorporate observable inputs referencing identical or comparable securities, including prices to which the instruments are linked, interest rate yield curves, option volatility and currency rates, and commodity or equity prices.	• Level 2 – when valued using observable inputs or where the unobservable input is not deemed significant.
• Independent external and traded prices for the instruments are considered as well as the impact of the Company's own credit spreads which are based on observed secondary bond market	• Level 3 – in instances where the unobservable inputs are deemed significant.

b. Transfers between Level 1 and Level 2 of the fair value hierarchy for financial assets and liabilities recognised at fair value on a recurring basis

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the current period.

c. Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis

The following disclosures provide information on the sensitivity of fair value measurements to key inputs and assumptions.

1. Quantitative information about and qualitative sensitivity of significant unobservable inputs

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

The following table provides information on the valuation techniques, significant unobservable inputs and the ranges and averages for each material category of assets and liabilities measured at fair value on a recurring basis.

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory of financial instruments. Further, the range of unobservable inputs may differ across groups in the financial services industry because of diversity in the types of products included in each group's inventory.

The following disclosures also include qualitative information on the sensitivity of the fair value measurements to changes in the significant unobservable inputs. There are no predictable relationships between multiple significant unobservable inputs attributable to a given valuation technique.

Particulars	Fair Value 2026 $'000	Predominant valuation technique/ Significant unobservable inputs	Range (Average)[1] 2026
Trading Financial Assets: - Derivatives – commodities contracts	172,139	Volatility, correlation	0.2%
Trading Financial Liabilities: - Derivatives – commodities contracts	143,045	Volatility, correlation	0.2%

Points are a percentage of par.

[1] A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are provided when more relevant.

Significant Unobservable Inputs – Description and Sensitivity
During the period, there were no significant revisions made to the descriptions of the significant unobservable inputs.

An increase / (decrease) to the following significant unobservable inputs would generally result in an impact to the fair value, but the magnitude and direction of the impact would depend on whether the Company is long or short the exposure:

- Correlation: A pricing input where the payoff is driven by more than one underlying risk. Correlation is a measure of the relationship between the movements of two variables (i.e. how the change in one variable influences a change in the other variable).

- Volatility: The measure of the variability in possible returns for an instrument given how much that instrument changes in value over time. Volatility is a pricing input for options, and, generally, the lower the volatility, the less risky the option. The level of volatility used in the valuation of a particular option depends on a number of factors, including the nature of the risk underlying that option, the tenor and the strike price of the option.

2. Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

As detailed in note 2, the valuation of Level 3 financial instruments requires the application of critical accounting judgement, involving estimations and assumptions and it is recognised that there could be a range of reasonably possible alternative values.

The Company has reviewed the unobservable parameters to identify those which would change the fair value measurement significantly if replaced by a reasonably possible alternative assumption.

In estimating the potential variability, the unobservable parameters were varied individually using statistical techniques and historic data. The potential variability estimated is likely to be greater than the actual uncertainty relating to the financial instruments as any diversification effect has been excluded.

d. Assets and liabilities measured at fair value on a non-recurring basis

There were no liabilities measured at fair value on a non-recurring basis during the current period.

15. ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

The table below presents the carrying value, fair value and fair value hierarchy category of certain financial liabilities that are not measured at fair value in the statement of financial position.

Financial assets and financial liabilities not measured at fair value for which the carrying value is considered to be a reasonable approximation of fair value are excluded from the table below.

30 June 2026			**Fair value measurements using:**		
	Carrying value [1] US$'000	**Fair value US$'000**	**Quoted prices in active market (Level 1) US$'000**	**Valuation techniques using observable inputs (Level 2) US$'000**	**Valuation techniques with significant unobservable inputs (Level 3) US$'000**
Financial liabilities					
Debt and other borrowings:					
Subordinated debt	205,286	201,621	—	201,621	—

[1] The amounts include accrued interest expense on subordinated debt of US$5,286,000.

The fair value of the subordinated debt is determined based on current interest rates and credit spreads, with reference to Morgan Stanley Parent Company, for debt instruments with similar terms of maturity. The fair value of subordinated debt has been determined based on the assumption that all subordinated debt is held to the latest repayment date, although the amounts outstanding under the subordinated debt agreement can be repayable at any time prior to the repayment date, at the Company's option, with the prior written approval of the NFA.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

16. CAPITAL MANAGEMENT

The Morgan Stanley Group manages its capital on a global basis with consideration for its legal entities. The capital managed by the Morgan Stanley Group broadly includes ordinary share capital, preference share capital, subordinated debt and reserves.

The Morgan Stanley Group manages its consolidated capital position based upon, among other things, business opportunities, risks, capital availability and rates of return together with internal capital policies, regulatory requirements and rating agency guidelines. In the future, the Morgan Stanley Group may adjust its capital base in reaction to the changing needs of its businesses.

The Company views capital as an important source of financial strength. It manages and monitors its capital in line with established policies and procedures and in compliance with regulatory requirements.

The Morgan Stanley Group also aims to adequately capitalise at a legal entity level whilst safeguarding that entity's ability to continue as a going concern and ensuring that it meets all regulatory capital requirements, so that it can continue to provide returns for the Morgan Stanley Group.

In order to maintain or adjust the capital structure as described above, the Company may adjust the amount of dividends paid, return capital to shareholders, issue new shares, issue or repay subordinated debt or sell assets to reduce debt.

The Company is regulated by the CFTC and is subject to minimum capital requirements. The Company's capital is monitored on an ongoing basis to ensure compliance with these requirements. Refer to note 20 for details of the regulatory requirements that the Company is subject to.

The Company manages the following items as capital:

	30 June 2026
	US$'000
Share capital	763,634
Retained earnings	265,901
Subordinated debt	205,286
	1,234,821

17. EMPLOYEE COMPENSATION PLANS

Morgan Stanley maintains various equity-settled share-based and cash-based deferred compensation plans for the benefit of employees. Awards under these plans are generally granted in January following the performance year.

Equity-settled share-based compensation plans

Morgan Stanley has granted RSU awards pursuant to several equity-based compensation plans. The plans provide for the deferral of a portion of certain current and former employees' incentive compensation, with awards made in the form of restricted common stock. Awards under these plans are generally subject to vesting over time, generally six months to seven years, and are generally contingent upon continued employment and subject to restrictions on sale, transfer or assignment until conversion to common stock. All, or a portion of, an award may be forfeited if employment is terminated before the end of the relevant vesting period or cancelled after the vesting period in certain situations. Recipients of equity-based awards may have voting rights, at Morgan Stanley's discretion, and generally receive dividend equivalents if the awards vest, unless this is prohibited by regulation.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

The Company has entered into a chargeback arrangement with Morgan Stanley under which it is committed to pay to Morgan Stanley the grant date fair value of awards granted as well as subsequent movements in their fair value.

The related liability due to Morgan Stanley as at 30 June 2026, reported within 'Trade and other payables' in the statement of financial position, is US$4,087,000. US$3,133,000 is expected to be settled wholly within one year and US$954,000 thereafter.

18. POST EMPLOYMENT BENEFITS

Defined contribution plans

The employees of the Company are either members of a state-managed retirement benefit plan, the Central Provident Fund, operated by the Government of Singapore or members of the Morgan Stanley Asia Limited Retirement Plan ('Plan'). The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement plan is to make the specified contributions.

The defined contribution expense of US$26,000 was accrued at 30 June 2026.

19. RELATED PARTY DISCLOSURES

Parent and subsidiary relationships

Parent and ultimate controlling entity

The Company's immediate parent undertaking is MSSH, incorporated in the Republic of Singapore.

The ultimate parent undertaking and controlling entity and the largest group of which the Company is a member and for which group financial statements are prepared is Morgan Stanley. Morgan Stanley has its registered office c/o The Corporation Trust Company, the Corporation Trust Center, 1209 Orange Street, Wilmington, DE, 19801, United States of America and is incorporated in the state of Delaware, the United States of America.

Transactions with related parties

The Morgan Stanley Group conducts business for clients globally through a combination of both functional and legal entity organisational structures. Accordingly, the Company is closely integrated with the operations of the Morgan Stanley Group and enters into transactions with other Morgan Stanley Group undertakings on an arm's length basis for the purposes of utilising financing, trading and risk management, and infrastructure services. The nature of these relationships along with information about the transactions and outstanding balances is given below. Settlement of the outstanding balances will be made in cash.

Funding

The Company receives funding from and provides funding to other Morgan Stanley Group undertakings in the following forms:

- *General funding*

General funding is undated, unsecured, floating rate lending, other than certain funding which is dated on a rolling 395 day term. Funding may be received or provided for specific transaction related funding requirements, or for general operational purposes. The interest rates are established by the Morgan Stanley Group Treasury function for all entities within the Morgan Stanley Group and approximate the market rate of interest that the Morgan Stanley Group incurs in funding its business.

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

Details of the outstanding balances on these funding arrangements during the period are shown in the table below:

Rolling 395 day term

	30 June 2026 US$'000
Amounts due from other Morgan Stanley Group undertakings	1,099,264

The Company has made provision of US$58,000 for impairment relating to ECL on the above outstanding balances from related parties.

Subordinated debt

The Company receives subordinated debt from its direct parent MSSH. Details of the terms of the subordinated debt, including the contractual maturity and the interest rates are provided in Note 8. The interest rates are established by the Morgan Stanley Group Treasury function based on available market information at the time the loan is provided. As at 30 June 2026, US$5,286,000 of interest was payable on the subordinated debt of US$200,000,000.

Non-funding balances

The Company enters into numerous intercompany non-funding transactions with other Morgan Stanley group undertakings arising from intra-group policies which ensure revenues and related costs are matched, infrastructure services and fees and commissions. Non-funding balances are undated, unsecured and non-interest bearing. Amounts arising from these transactions outstanding at the reporting date are as follows:

	30 June 2026 US$'000
Amounts due from Company's direct and indirect parent undertakings	—
Amounts due from other Morgan Stanley Group undertakings	97
	97
Amounts due to other Morgan Stanley Group undertakings	5,717

Trading and risk management

The Company enters into purchases and sales of securities and derivative transactions with other Morgan Stanley Group undertakings to manage the market risks associated with its trading position.The total amounts receivable and payable on transactions not yet settled and the fair value of such derivatives contracts outstanding at the period-end were as follows:

NOTES TO UNAUDITED STATEMENT OF FINANCIAL POSITION
Period ended 30 June 2026

Trading and risk management	30 June 2026 US$'000
Amounts due from other Morgan Stanley Group undertakings on unsettled securities and derivatives transactions	729,679
Amounts due from other Morgan Stanley Group undertakings on secured financing transactions	84,636
Amounts due from other Morgan Stanley Group undertakings on prepaid OTC transactions	9,169
	823,484
Amounts due to other Morgan Stanley Group undertakings on unsettled securities and derivatives transactions	685,420
Amounts due to other Morgan Stanley Group undertakings on secured borrowing transactions	215,330
	900,750

As at 30 June 2026, the company has received collateral of $92,000,000 from other Morgan Stanley Group undertakings and has pledged collateral of $4,000 to other Morgan Stanley Group undertakings to mitigate credit risk on exposures arising under derivatives contracts between the Company and other Morgan Stanley Group undertakings.

20. REGULATORY REQUIREMENT

The Company is a registered swap dealer and, accordingly, is subject to the minimum capital requirements of the CFTC pursuant to 17 Code of Federal Regulations (“CFR”) § 23.101.

Under these rules, the Company is required to maintain minimum capital of:

(A) $20 million of common equity tier 1 ("CET1") capital, as defined under the Bank Holding Company (“BHC”) regulations in 12 CFR 217.20, as if the swap dealer itself were a BHC subject to 12 CFR part 217;

(B) An aggregate of CET1 capital, additional tier 1 capital, and tier 2 capital, all as defined under the BHC regulations in 12 CFR § 217.20, equal to or greater than 8.0% of the swap dealer's BHC equivalent risk-weighted assets; provided, however, that the swap dealer must maintain a minimum of CET1 capital equal to 6.5% of its BHC equivalent risk-weighted assets; provided further, that any capital that is subordinated debt under 12 CFR § 217.20 and that is included in the swap dealer's capital for purposes of this paragraph (a)(1)(i)(B) must qualify as subordinated debt under 17 CFR § 240.18a-1d;

(C) An aggregate of CET1 capital, additional tier 1 capital, and tier 2 capital, all as defined under the BHC regulations in 12 CFR § 217.20, equal to or greater than 8.0% of the amount of uncleared swap margin, as that term is defined in 17 CFR § 23.100; and

(D) The amount of capital required by a registered futures association of which the swap dealer is a member.

At 30 June 2026, the Company maintained CET1 Capital Ratio was 41% and Total Capital Ratio was 49%, which were greater than the minimum capital requirements of 6.5% and 8.0% respectively, based on BHC equivalent risk-weighted assets. The Company’s risk-weighted requirements were also greater than its uncleared swap margin requirements. The Company is compliant with the calculation of the applicable regulatory capital requirement under 17 CFR § 23.101 and no additional capital was required by the NFA.