

Morgan Stanley Europe SE Group

Pillar 3 Regulatory Disclosure Report

As at 31 December 2025

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¹ Please note that the English version of the Pillar 3 Disclosure report as at 31 December 2025 is a translation; the German version prevails

1. Overview

The principal activities of Morgan Stanley Europe SE ("MSESE"), Frankfurt am Main, Germany, together with its subsidiary Morgan Stanley Bank AG, Frankfurt am Main, Germany ("MSBAG") (the "MSESE Group"), are the provision of financial services to clients based mainly in the European Economic Area consisting of corporations, governments, and financial institutions. On 23 September 2025, MSESE's merger by absorption with Morgan Stanley Europe Holding SE, Frankfurt am Main, Germany, was registered in the trade register. MSESE is the surviving entity. This merger had no material impact on the business activity, financial or regulatory positions of MSESE and its subsidiary MSBAG.

On 14 March 2026, the MSESE Group was acquired by Morgan Stanley Bank, N. A. ("MSBNA"), Salt Lake City, United States of America ("USA"). The change in control was approved by the Federal Reserve Board and the Office of the Comptroller of the Currency in the USA as well as by the European Central Bank ("ECB"). Morgan Stanley remains the ultimate parent undertaking of the MSESE Group.

As at 31 December 2025 these Pillar 3 disclosures are prepared at the consolidated level of the MSESE Group.

The Firm's approach to remuneration requirements according to Article 450 of the Capital Requirements Regulation ("CRR") and §16 of the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung* – "InstitutsVergV") are set out within this Pillar 3 report.

Directors Responsibility Statement

The Management Boards of the MSESE Group² certify that this Remuneration part of the Pillar 3 Disclosure Report of the MSESE Group as at 31 December 2025 is compliant with Part 8 of the CRR and has been prepared in accordance with formal governance and internal processes, systems and control procedures adopted at the management body level.

² The MSESE and MSBAG Management Boards are collectively referred to as 'MSESE Group Management Boards'.

Morgan Stanley Group

Until 14 March 2026, MSESE was a wholly owned subsidiary of Morgan Stanley International Limited ("MSI"), London, United Kingdom ("UK"). In line with Morgan Stanley's global strategy to strengthen its bank capabilities, effective from 14 March 2026, MSBNA has become the sole shareholder of MSESE.

The ultimate parent undertaking and controlling entity of MSESE Group, and MSI Group (MSI together with its subsidiaries), is Morgan Stanley, a Delaware corporation, which, together with its consolidated subsidiaries, form the Morgan Stanley Group. Morgan Stanley is a "Financial Holding Company" as defined by the Bank Holding Company Act of 1956, as amended, and is subject to regulation and oversight of the Board of Governors of the Federal Reserve System in the USA.

The information disclosed in this report is not indicative of the Morgan Stanley Group as a whole, nor is it comprehensively representative of the Morgan Stanley Group's activity in any particular region. Investors, stakeholders, creditors or other users seeking information on financial reporting and capital adequacy, liquidity, risk exposure and risk management policies should consult the public disclosures of Morgan Stanley Group.

Details of the latest Morgan Stanley Group Pillar 3 disclosure can be accessed at <https://www.morganstanley.com/about-us-ir/pillar-us>.

Morgan Stanley is listed on the New York Stock Exchange and is required, by the US Securities and Exchange Commission ("SEC"), to file public disclosures, including its Annual 10-K Report and Quarterly 10-Q Report. These can be accessed at <https://www.morganstanley.com/about-us-ir/sec-filings>.

MSESE Group

MSESE is the European Union ("EU") parent company and is authorised by the ECB as a credit institution. The MSESE Group is subject to joint supervision by the ECB, the Federal Financial Supervisory Authority ("BaFin") and the Deutsche Bundesbank.

MSESE directly holds 100% of the shares in MSBAG.

MSBAG is classified as a non-large subsidiary in accordance with Article 4 (1) No. 146 and 147 CRR and is exempted from the requirement to publish Pillar 3 disclosures. MSBAG has been granted a capital waiver in accordance with Article 7 CRR and section 2a (3) Kreditwesengesetz ("KWG"), that waives the requirement to comply with Part 8 CRR disclosure requirements on an individual basis.

Subsidiary waivers pursuant to Articles 7 and 8 of the CRR have been granted for MSESE and MSBAG. As a result, regulatory capital and liquidity requirements are only managed and met at the MSESE Group level.

2. Remuneration

2.1. Overview

This Report represents the annual Remuneration Disclosure for the MSESE Group, as required under the CRR and InstitutsVergV.

It sets out the principles relating to remuneration requirements (Article 450 of the CRR and Section 16 of InstitutsVergV) within the MSESE Group. Some of the policies, practices and procedures outlined in this disclosure apply globally to the Morgan Stanley Group. The disclosure has been prepared in line with the Capital Requirements Directive ("CRD"), the CRR, the InstitutsVergV, the KWG and any associated regulations and guidance (together the "German Remuneration Rules").

For the purpose of this disclosure, the terms "compensation" and "remuneration" should be read interchangeably.

2.2. MSESE Group Remuneration Objectives and Strategy

The MSESE Group is committed to a responsible and appropriate remuneration structure that is designed to align the performance and conduct of employees to its business and risk strategy. The MSESE Group business strategy is focused on delivering a sustainable business model in line with Morgan Stanley Group's global business strategy and local regulatory requirements. The MSESE Group's remuneration arrangements are therefore also aligned to the wider Morgan Stanley Group strategy and the interests of shareholders.

The Firm's remuneration structures are designed to be motivating, competitive, reflect the current best practices in corporate governance and risk management, and comply with applicable regulations.

The MSESE Group is committed to fostering and maintaining a culture based on Morgan Stanley Group's core values: Do the Right Thing, Put Clients First, Lead with Exceptional Ideas, Commit to Diversity and Inclusion and Give Back. Alignment with these values is considered a key part of the performance measurement process, which in turn is a key component of the MSESE Group's remuneration structure.

The global Compensation, Management Development and Succession Committee ("CMDS Committee") of the Morgan Stanley Board of Directors continually evaluates the Morgan Stanley Group's remuneration programs with a view toward balancing the following key principles, all of which support the Morgan Stanley Group's culture and values, and shareholders' interests:

- **Deliver Pay for Sustainable Performance**
 - Fixed remuneration that reflects the level of role and scope of responsibility
 - Variable remuneration that is designed to motivate appropriate individual behaviours, including performance-vested long-term incentives, tied to future performance against strategic objectives for certain senior executives
 - Consideration of returns for shareholders and appropriate rewards to motivate employees
- **Align Remuneration with Shareholders' Interests**
 - Significant portion of variable remuneration is deferred, subject to cancellation and clawback, and tied to the Morgan Stanley Group's stock with retention requirements
 - Ongoing shareholder engagement to understand shareholder views
- **Mitigate Excessive Risk-Taking**

- Risk management performance is factored into remuneration decisions
- Remuneration arrangements do not incentivise unnecessary or excessive risk-taking that could have a material adverse effect on the Morgan Stanley Group
- Robust governance around review and approval of remuneration programs, including from a risk perspective
- **Attract and Retain Top Talent**
 - Competitive pay levels to attract and retain the most qualified employees in a highly competitive talent environment
 - Variable remuneration awards include vesting and cancellation provisions that retain employees and protect the Morgan Stanley Group's interests

2.3. Remuneration Governance

The MSESE Group Management Boards, the MSESE Group Remuneration Committees, the MSESE Group Supervisory Boards

The MSESE Group Management Boards review and approve, at least annually, recommendations on the design and implementation of the remuneration policies and practices applicable to employees of the MSESE Group.

The MSESE Management Boards review the appropriateness of the remuneration system for all employees, and its implementation, especially in the case of material strategic and organisational changes. Consistency of the remuneration strategy with the MSESE Group business strategy is considered in co-ordination with the MSESE Group Remuneration Committee ("RemCo").

The MSESE RemCo has been appointed by the MSESE Group Supervisory Boards to assist in the oversight of remuneration related matters. In particular, the MSESE RemCo oversees the design and implementation of the remuneration systems applicable to the MSESE Management Board members and monitors compliance of the MSESE Group with applicable German Remuneration Rules. As a part of its remit, the MSESE RemCo reviews and provides updates or makes recommendations to the MSESE Group Supervisory Boards on:

- The MSESE Group Remuneration Policy, which forms an annex to the MSI Group Remuneration Policy and sets out specific regulatory requirements applicable to the MSESE Group. The MSESE Group Management Board Remuneration Policy is a further annex to the MSI Group Remuneration Policy which is applicable only to Management Board members of the MSESE Group;
- The appropriateness of MSESE Group remuneration practices against the applicable local regulations;
- The variable remuneration (variable remuneration pool) for relevant MSESE Group entities in light of performance against key financial and risk management strategic priorities, and;
- The remuneration outcomes for MSESE Group Management Board members and the heads of Control Functions against their performance at all measurement levels.

On 31 December 2025, the MSESE RemCo was comprised of three members of the MSESE Group Supervisory Boards, being Frank Mattern, David Cannon and Massimiliano Ruggieri and met eight times in 2025.

The MSESE Group Supervisory Boards are responsible for the appropriate design of the remuneration system for the members of the MSESE Management Boards and therefore approve the total remuneration for each MSESE Management Board member and head of each Control Function. They also provide annual formal approval of the MSESE Group Management Board Remuneration Policy, as well as reviewing the impact of the overall variable

remuneration pool for MSESE Group on capital, liquidity and other relevant metrics. The MSESE Group Supervisory Boards met seven times for remuneration related topics in 2025.

The MSESE Group has appointed a Remuneration Officer and a Deputy Remuneration Officer as required under the InstitutsVergV. The MSESE Group Remuneration Officer's responsibilities include monitoring the appropriateness of the remuneration systems for staff members who are not members of the MSESE Group Management Boards on an ongoing basis. To this end, the Remuneration Officer reviews the development and ongoing application of the MSESE Group's remuneration policies and practices, performs independent monitoring obligations and advises the MSESE Group Supervisory Boards and its RemCo.

As a subsidiary, the MSESE Group has an additional overlay of regional and global remuneration governance from the MSI Group and Morgan Stanley Group. Summaries of the composition and mandates of the relevant committees are provided below.

The EMEA Remuneration Oversight Committee and the MSI Group Remuneration Committee

The EMEA Remuneration Oversight Committee ("EROC") and the MSI Group RemCo provide formal oversight of EMEA remuneration matters to ensure that remuneration practices in EMEA are compliant with relevant German and UK Remuneration Rules and follow good standards of practice.

The EROC is comprised of the Head of EMEA, Latin America and Canada, and Chief Executive Officer of the MSI Group (Chair), the EMEA Head of Human Resources ("HR") (Deputy Chair), the EMEA Chief Operating Officer, and the EMEA Heads of Risk, Regulatory Relations, Finance, Legal and Compliance. Additional attendees include the EMEA Heads of Internal Audit, Employment Legal, MSESE Group Remuneration Officer (as a representative for the MSESE Group), EMEA Head of HR Products, and EMEA Head of Compensation. The EROC met six times and considered matters for approval by written circulation twice during 2025.

The MSI RemCo is appointed by the MSI Group's Board of Directors to oversee the design and implementation of the remuneration policies and practices applicable to the MSI Group, which includes contributing to the global policy development that is subject to oversight by the CMDS Committee, as well as overseeing compliance by the MSI Group with applicable EU and UK Remuneration Rules. On 31 December 2025, the MSI RemCo was comprised of five non-executive directors: David Cannon (Chair), Terri Duhon, Jane Pearce, Melanie Richards and Paul Taylor. The MSI RemCo met four times and considered matters for approval by written circulation twice during 2025.

The CMDS Committee

The CMDS Committee regularly reviews: (i) the Morgan Stanley Group's performance with respect to execution of strategic objectives and evaluates executive performance in light of such performance; (ii) executive remuneration strategy, including the competitive environment and the design and structure of the Morgan Stanley Group's remuneration programs to ensure that they are consistent with and support the Morgan Stanley Group's remuneration objectives; and (iii) market trends and legislative and regulatory developments affecting remuneration in the US and globally. In this respect, the Chairs of the MSI RemCo and the MSESE RemCo meet with the CMDS Committee Chair at least annually to discuss local regulatory priorities and the global remuneration processes.

On 31 December 2025, the CMDS Committee was comprised of four directors, including the independent Lead Director of the Board, all of whom are independent under the New York Stock Exchange listing standards and the independence requirements of Morgan Stanley Group. The members were Dennis M. Nally (Chair), Thomas H. Glocer, Erika H. James, and Rayford Wilkins Jr. In 2025, the CMDS Committee held seven meetings. The CMDS

Committee operates under a written charter adopted by the Board, which is available on Morgan Stanley's website at <https://www.morganstanley.com/about-us-governance/comchart>.

Role of External Consultants and Other Stakeholders

The MSESE RemCo, the MSI RemCo and the CMDS Committee have the power to appoint independent remuneration consultants, legal counsel, financial or other advisors as they may deem necessary to assist in the performance of their duties and responsibilities. In 2025, external counsels were engaged by the MSESE Group to provide advice to support implementing the requirements of the EU Pay Transparency Directive.

Together with the Global Chief Risk Officer ("CRO"), the CMDS Committee oversees the Morgan Stanley Group's variable remuneration practices and arrangements to help ensure that such practices and arrangements: (i) are designed in accordance with the Morgan Stanley Group's responsibility to appropriately balance risk and financial results in a manner that does not encourage employees to expose the Morgan Stanley Group to imprudent financial or non-financial risk; (ii) are consistent with the safety and soundness of the Firm; and (iii) are consistent with applicable related regulatory rules and guidance. The Global CRO attends CMDS Committee meetings at least annually, and on an as needed basis, to discuss the risk attributes of the Morgan Stanley Group's variable remuneration practices and arrangements. The Morgan Stanley Group concluded that the Firm's current remuneration programs do not incentivise employees to take unnecessary or excessive risk and that such programs do not create risks that are reasonably likely to have a material adverse effect on the Morgan Stanley Group. The Global CRO reviewed the Morgan Stanley Group's remuneration practices and arrangements from a risk perspective, and reviewed the risk assessment process and his findings and conclusions with the CMDS Committee. The CMDS Committee concurred with the risk assessment process and results.

The day-to-day compliance with the MSESE Group's obligations under the German Remuneration Rules is delegated to the MSESE Group HR function. In this respect, MSESE Group HR regularly reviews the MSESE Group's regulatory obligations with respect to remuneration in each of the EMEA jurisdictions in which it operates, and ensures that appropriate variations in policy relating to remuneration structures approved by the CMDS Committee are fully compliant with applicable local laws and regulations in the jurisdictions covered by MSESE Group HR. As appropriate, the MSESE Group's Control Functions are involved in the designing and monitoring of the remuneration systems and structures.

2.4. Identification of Material Risk Takers

The MSESE Group has established a formal identification framework to identify employees whose professional activities have a material impact on MSESE Group's risk profile, referred to as Material Risk Takers ("MRTs"). The MSESE Group MRT identification framework complies with the qualitative and quantitative criteria set out in Articles 5 and 6 of Commission Delegated Regulation (EU) No 2021/923. In line with the German Remuneration Rules, the identification framework is reviewed on an annual basis by the MSESE Group HR function in consultation with the Control Functions and the Remuneration Officer. This is further reviewed by the EROC and subject to approval by the MSESE Group Management Boards, and the MSESE Group Supervisory Boards on recommendation of the MSESE RemCo.

In accordance with the Commission Delegated Regulation (EU) No 2021/923, MRTs are subject to the German Remuneration Rules.

2.5. Link Between Pay and Performance

In conjunction with Morgan Stanley Group's Global Compensation Policy and Global Incentive Compensation Discretion Policy, the MSI Group Remuneration Policy and the MSESE Group Annexes also set forth certain standards regarding the remuneration parameters applied within the MSESE Group.

Incentivising Right Behaviours

The following key features of the MSESE Group remuneration arrangements ensure that the MSESE Group does not incentivise employees to take unnecessary or excessive risk, and provide a link between an employee's remuneration and the long-term interests of the MSESE Group:

- An appropriate balance of fixed and variable remuneration;
- An appropriate balance between short-term and long-term incentives;
- Mandatory deferrals into equity incentive programs, (or cash-based deferrals if needed for local regulatory or business reasons);
- Risk-mitigating features of awards such as cancellation/malus and clawback provisions; and
- Robust governance procedures followed in making remuneration decisions.

Delivering all or a portion of deferred variable remuneration in the form of equity links variable remuneration to the Morgan Stanley Group's performance through its stock price. Risk outcomes that result in a negative impact to the Morgan Stanley Group reduce the value of the equity award, and employees are subject to this decline in value through the deferral period.

The Morgan Stanley Group constantly reviews its policies and practices, including those applicable to specific legal entities, such as the MSESE Group, and is working towards further enhancing the linkage between positive risk behaviours and remuneration outcomes.

Variable Remuneration Pool Determination

The Morgan Stanley Group has a 'pay for performance' philosophy, which is reflected throughout the four key objectives of its remuneration programs (see 2.2) and applies across all lines of business.

The final year-end variable remuneration pool determination is subject to a multi-dimensional process that considers Morgan Stanley Group, business unit and individual performance, taking into account financial as well as non-financial performance metrics. This process includes a review of the adherence to risk limits, conduct, market and competitive factors, regulatory outcomes, and business or location specific factors.

The pool for the general MSESE employee population is reviewed by the MSESE Management Boards against financial and risk KPIs to ensure sufficient risk bearing capacity, as well as adequate liquidity and capital resources, and to recommend any necessary adjustments as required to maintain a sound capital base. Under the recommendation of the MSESE RemCo, the MSESE Group Supervisory Boards perform the same review for the final variable remuneration pool in respect of the entire MSESE Group, including the members of the MSESE Management Boards. This review takes into consideration:

1. the MSESE Group's internal capital adequacy, multi-year capital planning and profit situation, and
2. whether the respective legal entities and the overall MSESE Group are capable of permanently maintaining or restoring:
 - a) adequate capital and liquidity resources; and
 - b) the combined buffer requirements as defined in section 10i of the German Banking Act.

2.6. Individual Performance Measurement

The Performance Management Program is designed to provide employees with a clear set of expectations and goals, an opportunity to perform to the best of their abilities, and an annual assessment of individual performance.

All MSESE Group employees have a Performance Hub, which includes an aggregation of various performance inputs, as applicable, in the following areas:

- Employee's Self-Appraisal: Employee's goals and self-evaluation of annual performance;
- Others' Feedback: Employee's feedback collected from others such as colleagues and direct reports (if applicable); and
- Risk & Conduct Indicators: Documented incidents of employee's risk behaviours and information about an organisation's risk and control environment - includes Control Function Review findings and disciplinary incidents (if applicable).

Additionally, managers conduct a year-end review of employees' performance that involves consideration of employee's self-assessment, 360-365 feedback, 360 feedback, the manager's own observations and any other feedback received by the manager during the performance year.

The Morgan Stanley Group has a transparent assessment process to provide a clear link between performance expectations and assessment. Additionally, the Morgan Stanley Group has designated certain global employees as Covered Employees ("CE") in accordance with a global framework given their potential to expose the Firm to significant risk as an individual, or as part of a group, based on their role and/or responsibilities. Depending on the CE tier (there are three tiers based on the progressive risk profile of the role or group), CE employees are subject to additional performance management and remuneration processes, including:

- Requirement to select evaluators from Risk and Control related divisions;
- Organisational risk dashboards that aggregate risk and control metrics; and
- Compensation Manager pay rationale and pay narrative to rationalise their remuneration decisions.

2.7. Individual Remuneration Determination Process

The MSESE Group applies the Morgan Stanley Group's Global Incentive Compensation Discretion Policy, which lays out standards for managers on the use of discretion when making annual remuneration decisions and considerations for assessing risk management and outcomes. The policy specifically provides that all managers must consider whether their team members managed risk appropriately, and effectively managed and supervised the risk control practices of the employees reporting into them during the performance year. Managers are trained on these requirements annually and are required to certify compliance with the applicable requirements.

In determining the amount of discretionary variable remuneration to award an eligible employee, a compensation manager must consider only those factors that are legitimate, business-related and consistent with MSESE Group's legal and regulatory obligations and policies and practices. With this discretion comes the responsibility to make pay decisions consistent with the Morgan Stanley Group's equal pay philosophy, which means that compensation managers are accountable for making deliberate, thoughtful, and defensible remuneration decisions. These factors include but are not limited to:

- The employee's absolute and relative performance in an individual and, if relevant, supervisory capacity;
- The employee's conduct and adherence to the Morgan Stanley Group's core values and other policies and procedures;

- Performance feedback elicited through the Morgan Stanley Group's performance management processes, including risk management and Control Function personnel;
- Any discipline administered to the employee during the performance year;
- Any circumstances during the performance year that may result in the cancellation and/or clawback of the employee's previously awarded variable remuneration; and
- Market and competitive conditions.

Given the discretionary nature of annual variable compensation and consideration of multiple performance factors, each year there may be eligible employees who receive no annual variable compensation.

The allocation of variable remuneration to employees of MSESE Group is a discretionary process, in each instance determined in conjunction with input from an MSESE Group manager and informed by the performance evaluation process outlined above. The MSESE Group's 'pay for performance' philosophy means that where a variable remuneration award is not appropriate, none is paid; every year a portion of the eligible employee population could receive no variable remuneration.

Remuneration decisions for members of the MSESE Management Boards are reviewed and challenged as appropriate by the MSESE RemCos prior to approval by the MSESE Group Supervisory Boards. The assessment of the remuneration decision takes into consideration the performance of the MSESE Group, the Business Unit Scorecard and the individual management board member performance dashboard, including a multi-year view of performance results and ratings, as well as other location and market specific factors.

Control Functions

In order to ensure the independence of Control Function employees, individual remuneration decisions for employees working in those functions are determined by Control Function management and are not influenced by employees working in revenue-producing roles. In addition, benchmarking data is utilised to consider whether pay levels for key Control Function employees are commensurate with the market, and that the MSESE Group can attract and retain experienced personnel.

Remuneration decisions for MSESE Group Heads of Control Functions are reviewed by MSESE RemCos and approved by the MSESE Group Supervisory Boards.

Pay Equity

The Morgan Stanley Group's remuneration program, and its related policies and practices, reflect and promote the objective that all employees are rewarded equitably. A system of checks and balances is in place within the Morgan Stanley Group's processes that support fair and equitable pay. This includes an annual global pay equity review and an analysis of employee remuneration in consultation with external experts. Morgan Stanley Group's 2025 global review of pay equity did not identify areas of concern within the MSESE Group.

2.8. Remuneration Structure

The Morgan Stanley Group's remuneration philosophy is based on the concept of annualised total reward (or total remuneration) and accordingly remuneration for the majority of employees is comprised of two key elements:

- Fixed remuneration consisting of base salary and, for certain employees, a Role Based Allowance ("RBA"), which is determined based on an individual's role and responsibilities and is paid monthly via payroll; and
- Variable remuneration that is based on a number of factors, including, but not limited to, MSESE Group, business unit, and individual performance.

The structure of variable remuneration for MRTs complies with the German Remuneration Rules and is differentiated according to the MRT category and the amount of variable remuneration awarded. Variable remuneration is comprised of upfront cash, upfront equity, and deferred equity, and if needed for local legal or business reasons, deferred cash-based awards.

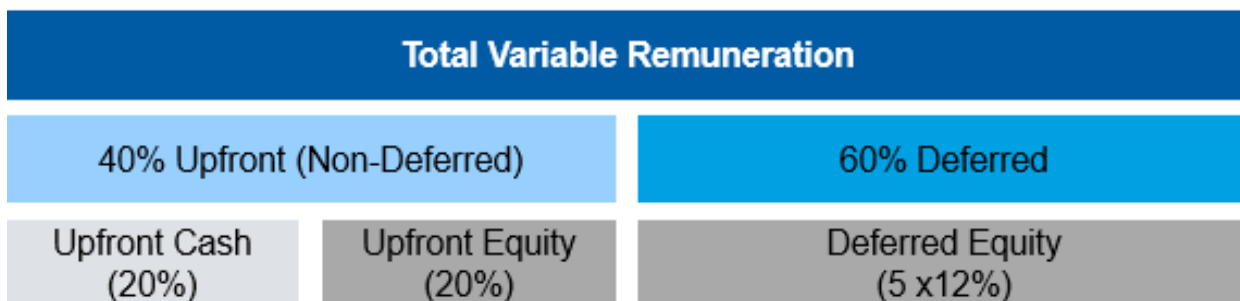
MRT non-deferred variable remuneration is awarded 50% in upfront cash and 50% in the form of an equity award. Deferred variable remuneration is generally awarded in equity. Subject to local law, annual variable remuneration is subject to cancellation and/or clawback for a period of up to seven years from the date on which it is awarded.

In accordance with InstitutsVergV, the MSESE Group may dis-apply the full scope of the German Remuneration Rules to MRTs whose variable remuneration is no more than: (i) one third of their total annual remuneration; and (ii) €50,000 (or the local currency equivalent). However, such MRTs continue to be subject to the Morgan Stanley Group deferral practices for the general employee population and remain subject to cancellation and clawback terms applicable to MRTs.

Members of the MSESE Group Management Boards and Senior Management

For members of the MSESE Management Boards and Senior Management, as defined in the MRT Identification Framework, the variable remuneration comprises the following components:

Figure 1: Variable Remuneration Composition for Members of the Management Boards and Senior Management



- 20% of total variable remuneration will be granted as upfront cash;
- 20% of total variable remuneration will be granted as equity (“Upfront Equity”) that vests in 6 months and is available to sell 12 months post-grant;
- 60% of total variable remuneration will be granted as equity and deferred over a period of five years (“Deferred Equity”) with pro-rata vesting.

Each tranche of Deferred Equity is subject to an additional 12-month post-vest sales restriction.

All Other MRTs

For all other MRTs, the variable remuneration comprises the following components, according to whether the value of awarded variable remuneration is up to or greater than € 500,000:

Figure 2: Structure for MRT variable remuneration up to a maximum of € 500,000

Figure 3: Structure for MRT variable remuneration higher than € 500,000

Total Variable Remuneration (\leq € 500,000)			Total Variable Remuneration ($>$ € 500,000)		
60% Upfront (Non-Deferred)		40% Deferred	40% Upfront (Non-Deferred)		60% Deferred
Upfront Cash (30%)	Upfront Equity (30%)	Deferred Equity (4 x10%)	Upfront Cash (20%)	Upfront Equity (20%)	Deferred Equity (4 x15%)

- 30% of total variable remuneration will be awarded in upfront cash,
- 30% of total variable remuneration will be granted in equity (“Upfront Equity”) that vests in 6 months and is available to sell 12 months post-grant,
- 40% of total variable remuneration will be awarded as restricted stocks and deferred over a period of four years (“Deferred Equity”) with pro-rata vesting.
- 20% of total variable remuneration will be awarded in upfront cash,
- 20% of total variable remuneration will be granted in equity (“Upfront Equity”) that vests in 6 months and is available to sell 12 months post-grant,
- 60% of total variable remuneration will be awarded as restricted stocks and deferred over a period of four years (“Deferred Equity”) with pro-rata vesting.

Each tranche of Deferred Equity is subject to a 12-month post-vest sales restriction.

The MSESE Group expects deferred remuneration awards to constitute a significant component of variable remuneration, as it is designed to promote Morgan Stanley Group’s long-term interests.

Guaranteed variable remuneration is only paid in exceptional circumstances in the context of hiring new employees and, in such instances, is limited to the first year of service. Such awards would only be made if the relevant legal entity has a sound and strong capital base. Awards of guaranteed variable remuneration are subject to an approval process, which includes receiving approval from the appropriate MSESE Management Board member, the EMEA Head of Compensation, and in certain circumstances, the EMEA Head of HR and the Morgan Stanley Group’s Co-Chief Human Resources Officer (“CHRO”).

No variable remuneration awards granted for the purpose of retaining employees in the MSESE Group (retention bonuses) were made in 2025.

Termination payments made to certain employees upon leaving the MSESE Group are considered in accordance with the MSESE Group’s severance policy, and are intended to avoid rewarding negative performance contributions or misconduct, in line with the requirements of the German Remuneration Rules and the European Banking Authority (“EBA”) Guidelines on Sound Remuneration Policies.

Ratios Between Fixed and Variable Remuneration

The MSESE Group’s policy on the ratio between fixed and variable remuneration is to allow for flexibility, whilst recognising the need to ensure that remuneration is appropriately balanced between the fixed and variable remuneration elements. A ratio of 1:2 of fixed-to-variable remuneration applicable to all staff of MSESE and its branches was approved by MSESE shareholders on 12 December 2018, and a fixed-to-variable remuneration ratio of 1:2 applicable to all staff of MSBAG was approved by MSBAG shareholders on 18 December 2013. The ratios approved align to the maximum permitted under CRD and section 25a (5) of the German Banking Act. Additionally, a ratio of 1:0.5 of fixed-to-variable remuneration applies to MSESE Group Control Function staff.

Deferred Remuneration

Employees who reach a certain remuneration threshold receive a portion of their variable remuneration in the form of deferred variable remuneration awards.

Each year, the CMDS Committee reviews the global variable remuneration pool and the design and structure of the annual remuneration program, including eligibility for deferred variable remuneration awards, the form of deferred variable remuneration awards, deferral formula applicable to variable remuneration, vesting and timing of payments and cancellation and clawback provisions of the deferred awards.

The form of deferred variable remuneration awards (i.e., equity, cash, or a combination thereof) is determined based on a variety of factors, including the number of shares available for grant under the Morgan Stanley Group's equity plans and, for MRTs, ensuring compliance with the requirements of the German Remuneration Rules.

There is a formal governance process to consider and determine ex-ante and ex-post adjustments to variable remuneration. The Morgan Stanley Group believes that its remuneration decisions for 2025 demonstrate its focus on long-term profitability and commitment to sustainable shareholder value with appropriate rewards to retain and motivate top talent throughout economic cycles.

2.9. Risk Adjustment

The Morgan Stanley Group and the MSESE Group continually monitor the effectiveness of its remuneration structures and utilises a thorough process of considering risk-adjusted performance, compliance with risk limits and the market and competitive environment when sizing and allocating annual variable remuneration pools.

Throughout the year, employee conduct matters that are escalated through the Morgan Stanley Group's Global Conduct Risk Program are reviewed to determine whether they present situations that could require clawback or cancellation of previously awarded remuneration, as well as downward adjustments to current-year remuneration. All variable remuneration for MRTs has provisions that allow for clawback of any awards or remuneration paid or delivered. Cancellations and clawbacks of previously awarded remuneration are reviewed with the Employee Discipline Oversight Committee (a committee of senior management currently composed of the Morgan Stanley Group's Chief Financial Officer, Chief Legal Officer, Global CRO, Global Co-CHROs, Chief Audit Officer, and the Head of Non-Financial Risk) and reported to the CMDS Committee quarterly. This process is enhanced by a formalised EMEA malus review and remuneration adjustment process overseen by the EROC. This process involves the EROC assessing situations which may warrant adjustment to current year variable remuneration and/or to apply cancellation and/or clawback to previously awarded remuneration, with reference to specific criteria that are contained in governing incentive remuneration award documents and applicable policies. Where appropriate, the relevant MSESE Group Boards and Committees receive updates on the EMEA malus review process.

In addition to the above governance processes, conduct driven adjustments to current-year variable remuneration proposed by managers as part of the remuneration decision-making process are reviewed by a MSESE Group panel composed of senior representatives from the Risk, Legal, Compliance and HR functions. This ensures that both the business and the relevant independent functions are included in the review, and that remuneration adjustments made are consistent across the MSESE Group. Remuneration adjustments are also reviewed globally to ensure consistent application.

Furthermore, the MSESE Group maintains an EMEA-wide Cancellation and Clawback Policy which is applicable to all MRTs within the EMEA region. Circumstances which trigger the application of this policy for the MSESE Group employees include but are not limited to:

- There is reasonable evidence of serious misconduct. Serious misconduct means a situation in which the Morgan Stanley Group and/or the relevant regulated entity and/or business unit have sufficient consideration to justify summary termination of employment;

- The Morgan Stanley Group and/or the relevant regulated entity and/or business unit in which the MRT is employed (or in relation to which they carry out some or all their duties) suffers a material failure of risk management;
- The Morgan Stanley Group and/or the relevant regulated entity and/or relevant business unit suffers a material downturn in its financial performance (subject to cancellation only);
- The MRT directly and/or materially, through their conduct, contributed to a regulatory sanction (or sanctions) being imposed;
- There is a serious breach of relevant external or internal rules relating to suitability and conduct with respect to the MSESE Group's Code of Conduct.

Cancellation may occur where there is a misconduct or material error of the MRT which may include:

- Where there has been a severe breach of duty by the MRT and/or serious deficiencies in performance of the MRT;
- Negative performance contributions in which the MRT does not achieve objectives set during the performance management process; and
- Negative performance contribution has resulted in a written warning or occurrence of a reason justifying a termination of employment relationship in accordance with Section 626 of the Civil Code.

The MSESE Group will also take into consideration an MRT's proximity to the failure of risk management in question and that individual MRT's level of responsibility. Any variable remuneration is subject to repayment, recovery and recapture pursuant to the EMEA MRT Cancellation and Clawback Policy, as amended from time to time, and any applicable clawback, repayment, recapture or recovery requirements imposed under applicable laws, rules and regulations.

2.10. Prohibition of Personal Hedging Strategies

Personal hedging and pledging strategies which may undermine the risk alignment effects of variable remuneration are not permissible.

Staff members receive training and make an annual attestation to desist from such activities. Morgan Stanley Group monitors compliance by requiring employees to report their private custodial accounts, and additionally applies trading restrictions and approval processes to any transactions involving Morgan Stanley Group stock.

2.11. Aggregate Quantitative Information on Remuneration

The following table sets out aggregate quantitative information on the remuneration of MSESE Group employees, broken down by business area in accordance with § 16 InstitutsVergV and Article 450 paragraph 1 g CRR. The MSESE Group paid a total remuneration of €321MM for the year 2025.³

Table 1: Remuneration awarded for the financial year (EU All employees)

(All values in €MM)	MB Supervisory Function	MB Management Function	Institutional Securities Group	Operations & Technology	Control Functions	Corporate Functions
Number of employees	7	8	636	212	102	174
Total fixed remuneration	0	6	133	19	11	18
Total variable remuneration	-	4	121	4	2	3
Number of beneficiaries of variable remuneration	-	8	438	176	91	142

The following tables set out aggregate quantitative information on the remuneration of MSESE Group MRTs who were employed by, or were seconded to, any entities of the MSESE Group during the course of 2025, and were subject to the German Remuneration Rules. The data is broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the MSESE Group in accordance with Article 450 paragraph 1 h CRR. In addition to the requirements of Article 450 CRR, Article 17 of the Implementing Regulation (EU) 2021/637 defines the regulatory requirements for disclosure in accordance with Annex XXXIII. The corresponding templates are shown below:

Table 2: Remuneration awarded for the financial year (EU REM1)

(All values in €MM)	Row referenc e	a	b	c	d
		MB Supervisor y Function	MB Management Function	Other Senior Management	Other Identified Staff
Number of identified staff ¹	1	7	8	23	91
Total fixed remuneration	2	0.4	5.6	20.6	46.9
Of which: cash-based	3	0.4	5.6	20.6	46.9
(Not applicable in the EU)	4				
Of which: shares or equivalent ownership interests	EU-4a	-	-	-	-
Of which: share-linked instruments or equivalent non-cash instruments	5	-	-	-	-
Of which: other instruments	EU-5x	-	-	-	-
(Not applicable in the EU)	6				
Of which: other forms	7	-	-	-	-
(Not applicable in the EU)	8				

³ Aggregate remuneration data is also reported in the MSESE Group's Financial Statements under International Financial Reporting Standards. However, inherent differences in their respective reporting requirements and methodologies preclude a direct comparison, including variations in the treatment of deferred awards, amortization, severance, benefits and taxes.

Variable remuneration	Number of identified staff ¹	9	-	8	22	81
	Total variable remuneration	10	-	3.9	27	53.3
	Of which: cash-based	11	-	0.8	5.4	11.7
	Of which: deferred	12	-	-	-	-
	Of which: shares or equivalent ownership interests	EU-13a	-	3.1	21.6	41.6
	Of which: deferred	EU-14a	-	2.3	16.2	30.5
	Of which: share-linked instruments or equivalent non-cash instruments	EU-13b	-	-	-	-
	Of which: deferred	EU-14b	-	-	-	-
	Of which: other instruments	EU-14x	-	-	-	-
	Of which: deferred	EU-14y	-	-	-	-
	Of which: other forms	15	-	-	-	-
Of which: deferred	16	-	-	-	-	
Total remuneration (2 + 10)	17	0.4	9.5	47.6	100.2	

1. Number of identified staff beneficiaries by full-time employment according to EBA guidelines

Table 3: Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM2)

	Row referenc e	a	b	c	d
		MB Supervisor y Function	MB Management Function	Other Senior Management	Other Identified Staff
(All values in €MM)					
Guaranteed variable remuneration awards					
Guaranteed variable remuneration awards - Number of identified staff ¹	1	-	-	-	-
Guaranteed variable remuneration awards - Total amount	2	-	-	-	-
Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	3	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year					
Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff ¹	4	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	5	-	-	-	-
Severance payments awarded during the financial year					
Severance payments awarded during the financial year - Number of identified staff ¹	6	-	-	-	3
Severance payments awarded during the financial year - Total amount	7	-	-	-	0.7
Of which paid during the financial year	8	-	-	-	-
Of which deferred	9	-	-	-	-
Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	10	-	-	-	-
Of which highest payment that has been awarded to a single person	11	-	-	-	0.5

1. Number of identified staff beneficiaries by full-time employment according to EBA guidelines.

Table 4: Deferred remuneration (EU REM3)

Deferred and retained remuneration (All values in €MM)	Row reference	a	b	c	d	e	f	EU - g	EU - h
		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future years	Total amount of adjustment of financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
MB Supervisory function1	1	-	-	-	-	-	-	-	-
Cash-based	2	-	-	-	-	-	-	-	-
Shares or Share-linked instruments or equivalent non-cash instruments	3	-	-	-	-	-	-	-	-
Other instruments	4	-	-	-	-	-	-	-	-
Other forms	5	-	-	-	-	-	-	-	-
Other forms	6	-	-	-	-	-	-	-	-
MB Management function	7	13.0	3.1	9.9	-	-	2.8	3.1	3.4
Cash-based	8	0.1	0.1	-	-	-	-	0.1	-
Shares or Share-linked instruments or equivalent non-cash instruments	9	12.9	3.0	9.9	-	-	2.8	3.0	3.4
Other instruments	10	-	-	-	-	-	-	-	-
Other forms	11	-	-	-	-	-	-	-	-
Other forms	12	-	-	-	-	-	-	-	-
Other senior management	13	90.5	27.4	63.1	-	-	17.6	27.4	17.1
Cash-based	14	6.3	6.3	-	-	-	-	6.3	-
Shares or Share-linked instruments or equivalent non-cash instruments	15	84.2	21.1	63.1	-	-	17.6	21.1	17.1
Other instruments	16	-	-	-	-	-	-	-	-
Other forms	17	-	-	-	-	-	-	-	-
Other forms	18	-	-	-	-	-	-	-	-
Other identified	19	110.9	29.2	81.7	-	-	23.2	29.3	29.4
Cash-based	20	-	-	-	-	-	-	-	-
Shares or Share-linked instruments or equivalent non-cash instruments	21	110.9	29.2	81.7	-	-	23.2	29.3	29.4
Other instruments	22	-	-	-	-	-	-	-	-
Other forms	23	-	-	-	-	-	-	-	-
Other forms	24	-	-	-	-	-	-	-	-
Total amount	25	214.4	59.7	154.6	-	-	43.6	59.8	49.9

1. MB Supervisory function is not entitled to variable remuneration and does not have values to be reported under EU REM3.

Table 5: Remuneration of 1 million EUR or more per year (EU REM4)

(All values in EUR)	Row reference	Identified staff that are high earners as set out in Article 450(i) CRR
1 000 000 to below 1 500 000	1	24
1 500 000 to below 2 000 000	2	18
2 000 000 to below 2 500 000	3	4
2 500 000 to below 3 000 000	4	1
3 000 000 to below 3 500 000	5	7
3 500 000 and above	6	7

Table 6: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM5)

(All values in €MM)	Row reference	Management body remuneration			Business areas					Independent internal control functions	All Other	Total
		Supervisory function	Management function	Total MB	Investment Banking	Retail Banking	Asset Management	Corporate functions				
Total number of identified staff¹	1											129
Of which: members of the MB	2	7	8	15								
Of which: other senior management	3				20	-	-	2	1	-		
Of which: other identified staff	4				76	-	-	5	10	-		
Total remuneration of identified staff	5	0.4	9.5	9.9	142.4	-	-	2.5	2.9	-		
Of which: variable remuneration	6	-	3.9	3.9	79.2	-	-	0.6	0.5	-		
Of which: fixed remuneration	7	0.4	5.6	6.0	63.2	-	-	1.9	2.4	-		

1. Number of identified staff beneficiaries by full-time employment according to EBA guidelines.

I. Appendix I: List of References

CRR reference	Table header	Table Code	Applicable ? Yes/No	Reason for non-applicability	Large Subsidiary Requirement Article 13 Yes / No
1. Overview					
§ 26a (1) sentence 1 KWG	Principle of Proper Management	§ 26a (1) sentence 1 KWG	Yes		N/A
2. Remuneration					
Section 16 of InstitutsVergV	Quantitative disclosure requirements	Remuneration awarded for the financial year (EU All Employees)	Yes		No
Article 450 (1) points (a) to (f), (j) and (k), and 450 (2) of CRR	Qualitative disclosure requirements	EU REMA	Yes		Yes
Article 450 (1) points (h) (i) and (h) (ii) of CRR	Quantitative disclosure requirements	EU REM1	Yes		No
Article 450 (1) points (h) (v) to (h) (vii) of CRR		EU REM2	Yes		No
Article 450 (1) points (h) (iii) and (h) (iv) of CRR		EU REM3	Yes		No
Article 450 (1) point (i) of CRR		EU REM4	Yes		No
Article 450 (1) point (g) of CRR		EU REM5	Yes		No

II. Appendix II: Abbreviations

Term	Definition
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHRO	Chief Human Resources Officer
CMDS Committee	Compensation, Management Development and Succession Committee
COO	Chief Operating Officer
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation
EBA	European Banking Authority
EROC	EMEA Remuneration Oversight Committee
EU	European Union
GC	General Counsel
IFRS	International Financial Reporting Standards
KWG	Kreditwesengesetz
MBs	Management Boards
MM	Millions
MRT	Material Risk Takers
MSBAG	Morgan Stanley Bank AG
MSBNA	Morgan Stanley Bank National Association
MSESE	Morgan Stanley Europe SE
MSI	Morgan Stanley International Limited
MSI Group	("MSI") which, together with its consolidated subsidiaries
RBA	Role Based Allowance
RemCo	Remuneration Committees
UK	United Kingdom
USA/US	United States of America