Morgan Stanley

Morgan Stanley Europe SE

Interim Financial Statements as at 30 June 2025

Registered number: HRB 109880

Registered office:
Grosse Gallusstrasse 18
60312 Frankfurt am Main

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(1) Please note that the English version of the Interim Financial Statements as at 30 June 2025 is a convenience translation. Deloitte GmbH Wirtschaftprüfungsgesellschaft, Frankfurt am Main, issued the Independent Auditors’ Report only for the German version of the Interim Financial Statements as at 30 June 2025. Therefore, the German version prevails.

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Balance Sheet as at 30 June 2025

Assets in € millions	Note		30 Jun 2025	31 Dec 2024
Cash reserve				
a) Balances with central banks			**390**	373
thereof: with Deutsche Bundesbank €390 million (31 Dec 2024: €373 million)				
Receivables from credit institutions	4			
a) Due on demand		11,916		12,579
b) Other receivables		–		462
			11,916	**13,041**
Receivables from customers	4		**14,660**	**14,007**
thereof: loans granted to local authorities €52 million (31 Dec 2024: €8 million)				
Trading assets	7		**45,870**	**34,874**
Investments in affiliated companies	8		**603**	**603**
thereof: credit institutions €603 million (31 Dec 2024: €603 million)				
Intangible assets	8			
a) Goodwill			**29**	**32**
Property, plant and equipment	8		**52**	**54**
Other assets	9		**372**	**417**
Prepaid expenses and deferred charges			**4**	**3**
Deferred tax assets			**32**	**29**
Total assets			**73,928**	**63,433**

Liabilities and equity in € millions	Note		30 Jun 2025	31 Dec 2024
Liabilities to credit institutions	4			
a) Due on demand		5,577		5,311
b) With an agreed maturity or term		300		200
			5,877	**5,511**
Liabilities to customers	4			
a) Other liabilities				
aa) Due on demand		7,809		9,714
ab) With an agreed maturity or term		3,520		5,165
			11,329	**14,879**
Debt issuances	11			
a) Debt securities			**938**	**278**
Trading liabilities	7		**42,639**	**31,040**
Other liabilities	9		**232**	**170**
Deferred income			**4**	**6**
Provisions	12			
a) Provisions for pensions and similar obligations		14		14
b) Provisions for taxation		16		29
c) Other provisions		155		198
			185	**241**
Subordinated debt	13		**5,107**	**3,809**
Fund for general banking risks	7		**144**	**144**
thereof: special items according to Section 340e (4) HGB €144 million (31 Dec 2024: €144 million)				
Instruments for Additional Tier 1 Regulatory Capital	14		**1,000**	**1,000**
Equity capital	15			
a) Subscribed capital		3,901		3,901
b) Capital reserve		2,115		2,115
c) Earnings reserve		339		150
d) Retained earnings		118		189
			6,473	**6,355**
Total liabilities and equity			**73,928**	**63,433**

INTERIM FINANCIAL STATEMENTS 2025

Income Statement for the period from 1 January to 30 June 2025

in € millions	Note			6 months ended 30 Jun 2025	6 months ended 30 Jun 2024
Interest income from credit and money market transactions			491		765
Interest expenses			573		854
				(82)	**(89)**
Commission income			289		230
Commission expenses			76		65
				213	**165**
Net trading result				**421**	**362**
Other operating income	17			**4**	**11**
General administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		174			133
ab) Social security and other pension costs and benefits thereof: Pension scheme €5 million (30 Jun 2024: €6 million)		40			28
			214		161
b) Other administrative expenses			122		104
				336	**265**
Depreciation, amortisation and write-downs of intangible assets, and property, plant and equipment	8			**7**	**5**
Other operating expenses	17			**52**	**36**
Write-downs and valuation allowances on receivables and certain securities, as well as additions to provisions in the lending business				**2**	–
Income from ordinary activities				**159**	**143**
Income taxes				**41**	13
Net profit for the period				**118**	**130**
Net profit				**118**	**130**

INTERIM FINANCIAL STATEMENTS 2025

Cash Flow Statement for the period from 1 January to 30 June 2025

in € millions	Note	6 months ended 30 June 2025	6 months ended 30 June 2024
Net income		**118**	**130**
Non-cash items included in net income and reconciliation to cash flow from operating activities			
+ Depreciation on intangible assets and property, plant and equipment	8	7	5
- Reversal of provisions	12	(43)	(9)
+/- Increase in/(reversal of) risk discount value-at-risk	7	9	(4)
-/+ (Increase in)/reversal of deferred tax assets		(3)	–
+ Net interest expense		82	89
+ Income tax expense		41	13
+/- Other adjustments		–	(1)
= Subtotal		**211**	**223**
Changes in assets and liabilities from operating activities			
+/- Receivables from credit institutions		1,125	(3,616)
- Receivables from customers		(650)	(5,915)
- Trading assets		(10,958)	(5,917)
+ Other assets from operating activities		115	38
+/- Payables to credit institutions		366	(571)
-/+ Payables to customers		(3,557)	12,661
+ Debt issuances		660	53
+ Trading liabilities		11,591	2,846
+ Other liabilities from operating activities		35	196
+ Interest received		443	601
– Interest paid		(435)	(761)
– Income taxes paid		(125)	(98)
Cash flow from operating activities		**(1,179)**	**(260)**
– Payments for the acquisition of intangible assets and property, plant and equipment		(2)	(3)
Cash flow from investing activities		**(2)**	**(3)**
+ Proceeds from subordinated liabilities	13	1,300	300
– Interest paid for subordinated debt		(102)	(101)
Cash flow from financing activities		**1,198**	**199**
= Change in cash and cash equivalents		17	(64)
+ Cash and cash equivalents at the beginning of the period		373	327
Cash and cash equivalents at the end of the period		**390**	**263**

General Information

1. Corporate Information

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

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

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

2. Basis of Accounting

The interim financial statements as at 30 June 2025 are prepared in accordance with the regulations of the German Commercial Code (Handelsgesetzbuch or “HGB”), the German Ordinance on Accounting Policies for Banks and Financial Service Providers (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute or “RechKredV”) and the German Stock Corporation Act (Aktiengesetz or “AktG”). Unless otherwise stated, all amounts are rounded to the nearest million Euros.

The company which prepared the consolidated financial statements for the smallest consolidation scope is MSEHSE and the company which prepared the consolidated financial statements for the largest consolidation scope is Morgan Stanley.

3. Accounting Policies

Cash Reserve and Receivables

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

Loan Loss Provision

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

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

- Stage 1: if the credit risk of the financial instrument at the reporting date has not increased significantly since initial recognition, then the loss allowance is calculated weighted with the probability of default within the next 12 months.

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

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

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

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

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

ECL is calculated using three main components:

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

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

Trading Assets and Liabilities

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

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

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

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

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

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

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

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

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

Securities Lending and Repurchase Agreements

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

Investments in Affiliated Companies

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

Intangible Assets and Property, Plant and Equipment

Intangible assets and property, plant and equipment are reported at acquisition cost reduced by scheduled depreciation. The underlying useful lives are based on the economic useful life. Write-downs are made for any impairment that is likely to be permanent. Goodwill reported within intangible assets is amortised over its estimated useful life of 10 years in accordance with Section 253 (3) HGB. Low-value assets are fully depreciated in the year of acquisition.

Other Assets

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

Liabilities

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

Prepaid Expenses and Deferred Charges

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

Provisions

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

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

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

In accordance with Section 246 (2) HGB, the pension obligations are offset against the plan assets as well as the respective expenses and income. The Company has outsourced the reinsurance policies covering the general pension plan to a contractual trust arrangement (“CTA”).

A provision requirement for interest rate risks is examined as part of the loss-free valuation of interest bearing financial instruments in the banking book using the present/book value method. As at 30 June 2025, the valuation resulted in no need to recognise a provision.

Deferred Tax Assets and Liabilities

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

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

Valuation Units

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

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

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

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

Currency Conversion

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

Notes to the Balance Sheet

4. Residual Maturity of Receivables and Liabilities

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

in € millions	30 Jun 2025	31 Dec 2024
Receivables from credit institutions		
Due on demand	11,916	12,579
With a remaining maturity of:		
up to three months	–	462
Total	**11,916**	**13,041**

Receivables from credit institutions due on demand include overnight cash deposits placed with the Deutsche Bundesbank of €9,545 million (31 December 2024: €9,800 million).

in € millions	30 Jun 2025	31 Dec 2024
Receivables from customers		
Due on demand	13,217	12,531
With a remaining maturity of:		
up to three months	1,433	997
three months to one year	–	469
one year to five years	10	10
Total	**14,660**	**14,007**

in € millions	30 Jun 2025	31 Dec 2024
Liabilities to credit institutions		
Due on demand	5,577	5,311
With a remaining maturity of:		
up to three months	200	200
three months to one year	100	–
Total	**5,877**	**5,511**

in € millions	30 Jun 2025	31 Dec 2024
Liabilities to customers		
Due on demand	7,809	9,714
With a remaining maturity of:		
up to three months	3,221	3,928
three months to one year	–	469
one year to five years	299	768
Total	**11,329**	**14,879**

5. Receivables and Liabilities with Affiliated Companies

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

in € millions	30 Jun 2025	31 Dec 2024
Receivables from credit institutions	76	213
Receivables from customers	11,496	10,805
Liabilities to credit institutions	4,541	4,629
Liabilities to customers	6,574	10,502
Subordinated debt	5,107	3,809
Instruments for Additional Tier 1 Regulatory Capital	1,000	1,000

6. Repurchase Agreements

Trading assets include €16,845 million of securities (31 December 2024: €9,163 million) which were transferred under repurchase agreements but remain recognised on the balance sheet.

7. Trading Assets and Liabilities

The criteria used to classify financial instruments to trading assets and trading liabilities remained unchanged as at 30 June 2025.

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

	Trading assets		Trading liabilities	
in € millions	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
Derivative financial instruments	15,395	15,244	13,177	11,444
Receivables/ liabilities	13,330	10,325	29,462	19,596
Bonds and other fixed-income securities	16,893	9,212		
Shares and other non-fixed-income securities	277	109		
Risk discount	(25)	(16)		
Total	**45,870**	**34,874**	**42,639**	**31,040**

Bonds and other fixed-income securities contain €266 million of subordinated instruments (31 December 2024: €173 million).

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

	Nominal amount	
in € millions	30 Jun 2025	31 Dec 2024
Interest-related transactions	15,301,846	12,577,305
Exchange-rate-related transactions	1,014,018	712,566
Equity-related transactions	564,082	464,371
Credit derivatives	97,180	81,288
Other transactions	34,310	33,219
Total	**17,011,436**	**13,868,749**

8. Non-current Assets

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

Intangible assets consist of goodwill of €29 million (31 December 2024: €32 million).

Property, plant and equipment of €52 million primarily includes leasehold improvements of €44 million (31 December 2024: €41 million) and office equipment of €7 million (31 December 2024: €7 million).

Investments in affiliated companies of €603 million (31 December 2024: €603 million) relates to non-listed shares in MSBAG. The equity of MSBAG as at 31 December 2024 amounted to €660 million.

The following table shows changes in non-current assets:

in € millions	Intangible assets	Property, plant and equipment
Acquisition / production cost 01 Jan 2025	**59**	**103**
Additions	–	2
Acquisition / production cost 30 Jun 2025	**59**	**105**
Accumulated depreciation 01 Jan 2025	**27**	**49**
Depreciation	3	4
Accumulated depreciation 30 Jun 2025	**30**	**53**
Carrying amount as at 31 Dec 2024	**32**	**54**
Carrying amount as at 30 Jun 2025	**29**	**52**

9. Other Assets and Liabilities

Other assets of €372 million (31 December 2024: €417 million) and other liabilities of €232 million (31 December 2024: €170 million) primarily consist of collateral paid and received in relation to listed and cleared derivatives.

10. Foreign Currencies

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

€ in millions	30 Jun 2025	31 Dec 2024
Assets	10,730	16,952
Liabilities	11,556	19,049

The foreign currency primarily relates to USD.

11. Debt Issuances

The Company has issued structured notes to non-affiliated companies. As at 30 June 2025, the carrying amount of issued structured notes was €938 million (31 December 2024: €278 million).

12. Provisions

Provisions for Pensions and Similar Obligations

Provisions of €14 million (31 December 2024: €14 million) were made for pensions and similar obligations. Pensions and similar obligations recorded at the reporting date relate primarily to residual risks on unfunded inflation adjustments.

The main actuarial assumptions applied are as follows:

Actuarial assumptions	30 Jun 2025	31 Dec 2024
Discount rate	2.0%	1.9%
Income dynamics	2.5%	2.5%
Pension dynamics	2.2%	2.2%

In accordance with Section 246 (2) HGB, plan assets of €22 million are offset against pension obligations. The carrying amount of €14 million represents remaining net obligations.

Other Provisions

Other provisions of €155 million (31 December 2024: €198 million) primarily relate to variable, deferred and share-based compensation measured at the grant date fair value of Morgan Stanley shares .

13. Subordinated Debt

As at 30 June 2025, the Company had issued subordinated debt of €1,007 million (31 December 2024: €1,009 million) and senior subordinated debt of €4,100 million (31 December 2024: €2,800 million).

The subordinated debt of €1,000 million was issued to the immediate parent MSEHSE. It has a variable interest rate of EURIBOR plus 1.6%, matures on 27 October 2031 and has optional quarterly call dates starting from 27 October 2025.

The senior subordinated debt of €4,100 million was issued to the immediate parent MSEHSE has a maturity of 13 months evergreen with final maturity date on 16 December 2036. It does not include an early call option. The agreed interest rate is Morgan Stanley Proxy[1],

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

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

Interest expense on subordinated and senior subordinated debt as at 30 June 2025 includes interest not yet due of €7 million (31 December 2024: €9 million).

14. Instruments for Additional Tier 1 Regulatory Capital

As at 30 June 2025, liabilities include €1,000 million (31 December 2024: €1,000 million) of Additional Tier 1 Regulatory Capital ("AT1 Notes") issued in accordance with CRR. The AT1 Notes, issued in 2020 and 2022, represent the Company's perpetual, unsecured and subordinated debt and bear fixed annual interest rate of 4.7% and 5.0%, respectively. Interest expenses on these instruments as at 30 June 2025 include interest not yet due of €28 million (31 December 2024: €4 million) which is disclosed within other liabilities.

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

15. Equity Capital

Equity as at 30 June 2025 is comprised as follows:

in € millions	30 Jun 2025	31 Dec 2024
Subscribed capital	3,901	3,901
Capital reserve	2,115	2,115
Earnings reserve	339	150
Retained earnings	118	189
Total	**6,473**	**6,355**

Subscribed Capital

The subscribed capital is unchanged and is comprised of 3,901 million no-par-value registered shares of €1 each.

Capital Reserve

The Capital reserve is unchanged at €2,115 million.

Earnings Reserve

Net income of €189 million for the financial year ending 31 December 2024 was transferred to the earnings reserve by resolution of the Supervisory Board on 4 April 2025.

Notes to the Income Statement

16. Income Breakdown by Geographical Markets

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

in € millions	30 Jun 2025	30 Jun 2024
Germany	800	1,070
Other EU Countries	405	298
Total income	**1,205**	**1,368**

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

17. Other Operating Income and Expenses

Other operating income of €4 million (30 June 2024: €11 million) primarily consists of payments for securities settlement in accordance with Central Securities Depositories Regulation ("CSDR").

Other operating expenses of €52 million (30 June 2024: €36 million) consist primarily of French and Spanish financial transaction taxes and expenses related to the settlement of securities.

Additional Information

18. Valuation Units

In the first half of 2025, the Company continued to trade derivatives on CO_2 certificates which were hedged with offsetting derivatives with affiliated companies. These valuation units have an average residual maturity of less than a year and are not reported on the balance sheet. Nominal and fair value amounts as at 30 June 2025 are as follows:

€ in millions	Nominal amount	Fair value positive	Fair value negative
Underlying transaction	1,092	38	28
Hedging Instrument	1,092	28	38

Market risks embedded within issued structured notes were hedged with offsetting derivatives with affiliated companies. Nominal and fair value amounts as at 30 June 2025 are as follows:

€ in millions	Nominal amount	Fair value change positive	Fair value change negative
Structured Note	1,001	4	73
Hedging Instrument	1,001	73	4

19. Contingent Liabilities

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

20. Employees

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

Business Units	30 Jun 2025	31 Dec 2024
Institutional Securities Group	471	402
Infrastructure and Control	409	379
Total	**880**	**781**

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

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

21. Cash Flow Statement

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

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

22. Management Board and Supervisory Board

The Management Board is comprised as follows:

- André Munkelt,
  Chair of the Management Board
- David Best,
  Member of the Management Board
- Martin Borghetto,
  Member of the Management Board
- Sophia Herrmann,
  appointed as Member of the Management Board with effect from 1 June 2025
- Philipp Lingnau,
  Member of the Management Board
- Dr. Jana Währisch,
  resigned as Member of the Management Board with effect from 30 June 2025

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

The Supervisory Board is comprised as follows:

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

23. Events after the Reporting Period

On 19 August 2025, the Company’s merger by absorption with MSEHSE was approved. The Company will be the surviving entity. At the time of the approval of these interim financial statements, the registration of the merger in the trade register has been applied for. This merger will have no material impact on the business activity, financial or regulatory positions of the Company and its subsidiary MSBAG.

Frankfurt am Main, 9 September 2025

Morgan Stanley Europe SE

The Management Board

André Munkelt (Chair)

David Best

Martin Borghetto

Sophia Herrmann

Philipp Lingnau