Morgan Stanley Europe Holding SE

Group Annual Report 2024

Registered number: HRB 109678

Registered office:
Grosse Gallusstrasse 18
60312 Frankfurt am Main

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[1] Please note that the English version of the Consolidated Financial Statements and Group Management Report as at 31 December 2024 is a convenience translation. Deloitte GmbH Wirtschaftprüfungsgesellschaft, Frankfurt am Main, issued the Independent Auditors' Report only for the German version of the Consolidated Financial Statements and the Group Management Report as at 31 December 2024. Therefore, the German version prevails.

GROUP MANAGEMENT REPORT

Group Overview

Principal Activity

The Morgan Stanley Europe Holding SE Group (the "Group" or the "MSEHSE Group") is Morgan Stanley's primary hub to facilitate European Union clients' ("EU27 clients") business. The Group's business strategy is closely integrated into the global strategy of Morgan Stanley's Institutional Securities Group ("ISG"). The Group's principal business units within ISG are the Institutional Equities Division ("IED"), the Fixed Income Division ("FID"), the Investment Banking Division ("IBD") and Global Capital Markets ("GCM").

In executing Morgan Stanley's ISG strategy, the Group is a key contributor in the following areas:

- sales, trading, financing and market-making activities in equity and fixed income products, including foreign exchange and commodities;
- financial advisory services, including advice on mergers, acquisitions and restructurings;
- corporate lending; and
- capital raising.

The Group's business strategy remains in line with the Global and Europe, Middle East and Africa ("EMEA") strategies, supporting the Morgan Stanley Group's overarching objective to act as a trusted advisor to clients, helping them raise, manage and allocate capital they need to achieve their goals.

Corporate Structure

Morgan Stanley Europe Holding SE, Frankfurt am Main ("MSEHSE") is authorised by the European Central Bank ("ECB") as a financial holding company in accordance with Section 2f (1) and (3) of the German Banking Act (*Kreditwesengesetz* or "KWG"). MSEHSE is a superordinated undertaking in accordance with Section 10a (2) of the KWG. MSEHSE coordinates the strategy and the management of the financial resources of its subsidiaries.

MSEHSE directly holds 100% of the shares in Morgan Stanley Europe SE, Frankfurt am Main ("MSESE"), which in turn directly holds 100% of the shares in Morgan Stanley Bank AG, Frankfurt am Main ("MSBAG"). MSESE operates branches in France, Italy, the Netherlands, Poland, Spain, Sweden and Denmark.

There are control agreements (*Beherrschungs-verträge)* in place between MSEHSE and MSESE and between MSESE and MSBAG which include loss compensations in accordance with Section 302 of the German Stock Corporation Act (*Aktiengesetz* or "AktG"). Letters of Comfort are provided by MSEHSE to benefit MSESE and MSBAG as well as by MSESE to benefit MSBAG. A Profit and Loss Transfer Agreement exists between MSESE and MSBAG. As a result, MSESE and MSBAG form an income tax group (*Ertragsteuerliche Organschaft*) in accordance with the Corporation Tax Act (*Körperschaftsteuergesetz*).

In 2024, all French entities of the Group were merged into MSESE, their business operations were assumed by the MSESE Paris branch.

MSEHSE is a wholly owned subsidiary of Morgan Stanley International Limited, London, United Kingdom ("MSI"). The Group's ultimate parent undertaking and controlling entity is Morgan Stanley, Delaware, United States of America ("US"). Morgan Stanley is a global financial services firm authorised as a Financial Holding Company and regulated by the Board of Governors of the Federal Reserve System in the US. All companies of the MSEHSE Group are fully integrated into the global Morgan Stanley Group (the "Morgan Stanley Group").

Supervision and Authorisations

MSESE is a Capital Requirements Regulation ("CRR") credit institution (Class 1 Investment Firm).

MSBAG is also a CRR credit institution and has a full banking licence. MSBAG is an integral part of the Morgan Stanley Group's Euro liquidity management, operates MSEHSE Group`s lending business and acts as a securities settlement service provider for the Group.

MSEHSE is the financial holding company of MSEHSE Group and the Intermediate Parent Undertaking ("IPU"). MSEHSE Group is a financial holding group.

MSESE and MSBAG are subject to joint supervision by the ECB, the Federal Financial Supervisory Authority ("BaFin") and the Deutsche Bundesbank.

MSESE is conditionally registered with the Securities and Exchange Commission ("SEC") as a Securities Based Swap Dealer (“SBSD”). MSESE is also registered with the Commodity Futures Trading Commission (“CFTC”) as a Swap Dealer.

MSESE complies with the CRR and German specific capital requirements in lieu of SEC capital requirements pursuant to substituted compliance rules. MSESE also complies with the CFTC Non-U.S. Non-Bank substituted compliance requirements.

ESG Overview

Morgan Stanley’s sustainability strategy is focused on helping clients achieve their own sustainability-related ambitions by providing advice, products and solutions. For further information on its approach to, and performance on, environmental, social and governance (“ESG”) topics, refer to the Morgan Stanley Group’s ESG Report, available at https://www.morganstanley.com/about-us/sustainability-reports-research

The Group’s approach to ESG topics is provided in the ‘ESG Report’ section, and is consistent with that of the Morgan Stanley Group.

Economic Report

Business Environment

The Group Management Report contains certain forward-looking statements. These statements are made by the Management Board in good faith, based on the information available at the time of the approval of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The economic environment, client and investor confidence and overall market sentiment improved in 2024. While interest rates declined in the latter half of 2024, elevated inflation, geopolitical risks, uncertainties surrounding government and policy developments in the markets the Group operates in, and the timing and pace of further interest rate actions in the US present ongoing risks to the economic environment. In Europe, monetary policy embarked firmly on its easing cycle.

The performance of the Group remained strong in 2024, see section “Financial Performance and Condition”.

Global Markets and Economic Conditions

Growth in global Gross Domestic Product (“GDP”) has remained broadly stable in 2024. The euro area economy saw subdued growth, with considerable heterogeneity across countries. Weak global trade, consequences of energy supply shocks and a more challenging geopolitical situation, as well as restrictive monetary policy, affecting both consumption and investments, contributed to a drag on growth in the euro area.

Fiscal deficits remained elevated in 2024, however, they started to come down relative to previous years, providing a negative growth impulse. The monetary policy easing cycle began, with the ECB delivering the first rate cut in June 2024. The monetary policy easing continued throughout the year, as central banks began to balance subdued inflation concerns with concerns over the growth outlook. Still, central bank rates remained in restrictive territory throughout 2024.

In the euro area, the ECB ended reinvestments under its Pandemic Emergency Purchase Programme in December 2024. The ECB started the easing cycle gradually, until October when it began delivering back-to-back cuts and reached a deposit facility rate of 3.0% by year end. The Group estimates that fiscal deficits reach 3.2% of euro area GDP in 2024. Euro area inflation declined to 2.4% in 2024, driven by a fall in energy inflation with core inflation remaining at 2.8% due to a catch-up in wages.

Financial Performance and Condition

Consolidated Income Statement

Set out below is an overview of the financial results for the years 2024 and 2023.

in € millions	2024	2023	Increase/ (decrease)	Variance %
Sales and trading	913	750	163	22%
Investment banking	181	156	25	16%
Lending	138	94	44	47%
Other	46	48	(2)	(4%)
Net revenues	**1,278**	**1,048**	**230**	**22%**
Staff related expenses	445	413	32	8%
Non-staff related expenses	431	371	60	16%
Operating expenses	**876**	**784**	**92**	**12%**
Net impairment reversal / (loss)	1	1	–	–%
Profit before tax	**403**	**265**	**138**	**52%**
Income tax expense	131	78	53	68%
Profit after tax	**272**	**187**	**85**	**45%**

Net revenues

Sales and trading

Sales and trading revenues is comprised of commission and trading income. Commission income arises from arrangements in which the client is charged commission for executing and clearing transactions related to securities and other listed products. Trading income is derived from client activity and can be affected by a variety of interrelated factors, including market volumes, bid-offer spreads and the impact of market conditions on inventory held to facilitate client activity.

Sales and trading revenues in 2024 increased compared to 2023 from improved business performance across the Fixed Income and Equity businesses and increased market risk management.

Investment banking

Investment banking revenues are derived from client engagements in which the Group acts as an advisor in relation to mergers and acquisitions, divestitures and corporate restructurings, underwriter of equity and fixed income securities or distributor of capital.

Investment banking revenues increased in 2024 compared to 2023, reflecting an increase in advisory and debt underwriting revenues.

Lending

Lending income is generated by extending loans and credit commitments to clients as well as by loan trading. The Group's lending revenues increased compared to 2023 as the business benefited from higher core lending activities and increased risk management.

Other

Other revenues result primarily from net interest earned on deposits from other Morgan Stanley Group undertakings which are subsequently deposited at the Deutsche Bundesbank.

Operating expenses

Staff related expenses

Staff related expenses include base salaries and fixed allowances, discretionary incentive compensation, amortisation of deferred cash and equity awards, severance costs and other items including health and welfare benefits.

Staff related expenses increased in 2024 compared to 2023 due to headcount growth, particularly in the MSESE Paris branch, and higher discretionary bonuses, partially offset by lower severance expenses paid in 2024.

Non-staff related expenses

Non-staff related expenses include brokerage fees, administration and corporate services, professional services, transaction taxes and management charges from other Morgan Stanley Group undertakings.

Non-staff related expenses increased in 2024 compared to 2023, driven by increased transaction-related expenses.

Income tax expense

The effective tax rate in 2024 remained broadly unchanged compared to the prior year.

Consolidated Statement of Financial Position

Set out below is an overview of the consolidated statement of financial position for the years 2024 and 2023.

in € millions	2024	2023	Increase/ (decrease)	Vari-ance %
Cash and short term deposits	10,945	9,982	963	10%
Trading financial assets	51,124	43,192	7,932	18%
Secured financing	19,005	29,575	(10,570)	(36%)
Trade and other receivables	15,809	16,589	(780)	(5%)
Other assets	562	384	178	46%
TOTAL ASSETS	**97,445**	**99,722**	**(2,277)**	**(2%)**
Bank loans and overdrafts	4,641	3,892	749	19%
Trading financial liabilities	48,714	45,468	3,246	7%
Secured borrowing	12,419	22,797	(10,378)	(46%)
Trade and other payables	16,090	16,222	(132)	(1%)
Debt and other borrowings	3,930	275	3,655	>100%
Subordinated debt	3,800	3,501	299	9%
Other liabilities	128	75	53	71%
TOTAL LIABILITIES	**89,722**	**92,230**	**(2,508)**	**(3%)**
TOTAL EQUITY	**7,723**	**7,492**	**231**	**3%**
TOTAL LIABILITIES AND EQUITY	**97,445**	**99,722**	**(2,277)**	**(2%)**
Contingent liabilities and Commitments	121,372	71,379	49,993	70%

Cash and short-term deposits and Bank loans and overdrafts

Cash and short term deposits consist of the Group's own liquidity deposits and deposits received from other Morgan Stanley Group undertakings which are deposited at the Deutsche Bundesbank. The deposits received from other Morgan Stanley Group undertakings are reported within Bank loans and overdrafts.

Trading financial assets and liabilities

Trading financial assets and Trading financial liabilities primarily consist of derivatives and government bonds. The increase compared to the prior year is primarily driven by a movement in equity, foreign exchange and interest rate derivatives.

Secured financing and borrowing

The decrease in Secured financing and Secured borrowing is primarily driven by a decrease in securities sourcing for the Group's own use, and on behalf of other Morgan Stanley Group undertakings.

Trade and other receivables and payables

Trade and other receivables and Trade and other payables primarily consist of cash collateral pledged and received in relation to derivatives.

Debt and other borrowings

Debt and other borrowings consists of funding from other Morgan Stanley Group undertakings and structured notes issued by MSESE to external parties. The increase in debt and other borrowings is primarily driven by requirements to fund a higher Group liquidity and increased business unit funding usage.

Subordinated debt

The increase in subordinated debt in 2024 is driven by the issuance of €300 million to support the execution of the business strategy.

Total Equity

Total Equity increased from €7,492 million to €7,723 million during the financial year and primarily consists primarily of ordinary shares issued totalling €4,650 million, Additional Tier 1 ("AT1") instruments issued of €1,000 million, capital reserves of €1,471 million and retained earnings of €595 million.

Contingent liabilities and Commitments

The increase in Contingent liabilities and Commitments is mainly due to an increase in forward-starting repo and reverse repo transactions compared to the prior year.

Capital Management

The Group actively manages and monitors its capital in line with established policies and procedures and in compliance with current and future local regulatory requirements.

MSESE has been granted a Capital waiver in accordance with Article 9 of the CRR, allowing its capital requirements to be met on an individual consolidated basis (MSESE incorporating its subsidiary MSBAG, "MSESE Consol"). MSBAG has been granted a Capital waiver in accordance with Article 7 of the CRR and therefore its capital requirements are met at the MSESE Consol level. Consequently, capital requirements are managed at both the MSEHSE Group level and at the MSESE Consol level.

Consistent with the Morgan Stanley Group's capital management policies, the Group manages its 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.

Regulatory Capital

The Group is subject to minimum capital requirements as calculated in accordance with the CRR and the Capital Requirements Directive (Directive 2013/36/EU or "CRD") as transposed into German Law.

The Group conducts an Internal Capital Adequacy Assessment Process ("ICAAP") at least quarterly in order to meet its obligations under CRD and the requirements of the ECB. The ICAAP is a key management information tool for the Group`s Management Boards to approve capital adequacy targets and limits, establish ongoing monitoring processes and internal thresholds, and review identified risks in line with the business strategy. Refer to the section "Risk Report" for further information on the ICAAP.

The Joint Supervisory Team ("JST") with representatives of ECB, BaFin and Deutsche Bundesbank reviews the ICAAP through its Supervisory Review and Evaluation Process ("SREP") and sets a Total SREP Capital Requirement ("TSCR"), comprising of Pillar 1 and Pillar 2 Requirements ("P2R") and Pillar 2 Guidance ("P2G"), which establishes the minimum level of regulatory capital for the Group. As at 31 December 2024, the TSCR of the Group was 10.75% of Risk Weighted Assets ("RWAs") (2023: 10.75%) excluding capital buffers, with the individual P2R set at 2.75%.

With effect from 1 January 2025, the P2R of the Group reduced from 2.75% to 2.5%. As a result, the TSCR of the Group reduced to 10.5% of RWAs.

The Countercyclical Capital Buffer ("CCyB") was introduced to ensure that excessive growth in specific countries is accounted for by increasing minimum capital ratios by between 0% and 2.5% and must be met with Common Equity Tier 1 ("CET1") capital. As of 31 December 2024, the CCyB for the Group was 0.83%.

The Capital Conservation Buffer ("CCB") requires credit institutions to build up a capital buffer to absorb losses during periods of stress, whilst remaining compliant with minimum requirements, and must be met with CET1 capital. As at 31 December 2024, the CCB reflects 2.5% (2023: 2.5%).

MSEHSE is subject to an additional capital buffer of 0.25% (to be met with CET1 capital) as it is categorised by the BaFin in consultation with the Deutsche Bundesbank as an Other Systemically Important Institution ("O-SII").

Expected changes in the regulatory capital requirements are incorporated as part of the Group's capital planning and target setting processes.

Refer to the section "Risk Report" for further details of the Group's Capital Resources.

The Pillar 3 Regulatory Disclosure Report of the MSEHSE Group as of 31 December 2024 is available at: https://www.morganstanley.com/about-us-ir.

Liquidity and Funding Management

The primary goal of the Group's liquidity and funding management framework is to ensure that the Group has sufficient liquidity to cover its business operations and regulatory requirements, as well as access to adequate funding across a wide range of market conditions and time horizons. The Group manages resources mainly based on business opportunities, risks, availability and rates of return, which are driven by internal policies, regulatory requirements and rating agency guidelines.

MSESE and MSBAG have been granted a waiver in accordance with Article 8 of the CRR which permits liquidity requirements to be managed at the MSESE Consol level. In addition to the MSESE Consol level, liquidity requirements must also be managed at the MSEHSE Group level.

Liquidity Resources, Funding and Balance Sheet Management

The Group maintains sufficient Liquidity Resources to comply with internal liquidity stress tests and regulatory requirements. The total amount of Liquidity Resources is actively managed by the Group considering the following components:

- balance sheet size and composition;

- funding needs in a stressed environment inclusive of contingent cash outflows;
- collateral requirements; and
- regulatory requirements.

The amount of Liquidity Resources held is based on the Group's risk tolerance and is subject to change dependent on market and Group-specific events.

The Liquidity Resources consist of cash at central banks and high-quality unencumbered assets. Eligible unencumbered highly liquid securities include primarily Level 1 (as defined in the Commission Delegated Regulation (EU) 2015/61) government bonds and German sub-sovereign obligations.

Refer to the section "Risk Report" for further information on the Liquidity Risk framework, Liquidity framework and Liquidity Stress Tests.

Credit Ratings

The cost and availability of financing and cash collateral are impacted by the credit ratings of MSESE and MSBAG, among other variables. In addition, credit ratings can impact trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration, such as certain OTC derivative transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. The Group's senior unsecured ratings are provided in the section "Non-financial key performance indicators".

Recovery and Resolution Planning ("RRP")

The Group prepares a recovery plan which identifies mitigation tools available to the Group in times of severe stress. The recovery plan is updated on an annual basis and submitted to the ECB.

In terms of resolution planning, the Single Resolution Board ("SRB") as well as the BaFin as the national resolution authority are the responsible authorities for the Group. The Group produces resolution planning information for the aforementioned authorities in accordance with the relevant EU statutory and regulatory requirements. This includes, amongst others, deliverables for particular SRB Working Priorities as well as the annual provision of resolution reporting data.

The Morgan Stanley Group has developed a resolution plan in accordance with the requirements of Section 165(d) of Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act and its implementing regulations adopted by the Federal Reserve Board and the Federal Deposit Insurance Corporation. The resolution plan presents the Morgan Stanley Group's strategy for resolution of the Morgan Stanley Group upon material financial distress or failure. Both MSESE and MSBAG are considered Material Operating Entities of the Morgan Stanley Group and are within the scope of the resolution strategy adopted by the Morgan Stanley Group.

Minimum Requirement for own funds and Eligible Liabilities ("MREL") and Total Loss Absorbing Capacity ("TLAC")

MREL serves to ensure that the Group has sufficient eligible liabilities to absorb losses and safeguard existing capital requirements in a resolution scenario. The BaFin, as the Group's national regulator, shares the responsibility to determine MREL requirements with the SRB. The Group and MSESE Consol are both subject to MREL requirements.
As of 31 December 2024, the MREL requirement for the Group was 21.5% of RWAs. The SRB implemented a new MREL policy published in May 2024 and the Group became subject to the Market Confidence Charge adjustment effective 1 January 2025. Following the introduction of the Market Confidence Charge, the minimum requirement is expected to increase. This expected change is already incorporated in the Group's Capital, Funding Planning, target setting processes and forecasts.

In 2024, the Group has undertaken further actions to ensure compliance with MREL regulatory requirements. In February 2024, the Group drew down an additional €300 million from the existing multi currency Subordinated Loan Facility.

With a similar objective, TLAC requirements serve to ensure that the Group has sufficient resources to absorb losses. The Group is subject to TLAC requirements.

Financial and Non-financial Key Performance Indicators

The financial and non-financial key performance indicators ("KPIs") of the Group are aligned to its objective to be structurally profitable and capital accretive through the cycle as well as ensure sound and sustainable execution of the business strategy in compliance with regulatory requirements. To assess the effective execution of the Group's strategy, a broad range of KPIs were set by the Group's Management Boards which are assessed on a quarterly basis and include the following:

Financial Key Performance Indicators

The major financial KPIs used to assess the performance of the Group include Profit before Tax ("PBT"), Return on Equity ("ROE"), Efficiency Ratio, Tier 1 Capital Ratio, Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

ROE represents profit for the year in relation to year-to-date average equity.

Efficiency Ratio, defined as operating expenses as a percentage of net revenues, measures the Group's year-to-date operating performance. From 2025 onwards the Efficiency Ratio is no longer tracked as a major KPI.

Tier 1 Capital Ratio is the sum of CET1 and AT1 capital of the Group expressed as a percentage of the total RWAs.

LCR measures the extent to which liquidity outflows less liquidity inflows in stressed conditions are covered by high quality liquid assets.

NSFR is defined as the amount of available stable funding relative to the amount of required stable funding, both calculated using factors, which reflect the liquidity characteristics of each category of instruments according to the supervisory assumptions.

The Group's financial KPIs at the years ended 31 December 2024 and 31 December 2023 are as follows:

	2024	2023
PBT (€ millions)	403	265
ROE	3.6%	2.6%
Efficiency Ratio	69%	75%
Tier 1 Capital Ratio	24.7%	26.2%
LCR	161%	151%
NSFR	220%	213%

Forecast expectations for financial KPIs in 2024 were disclosed in the 2023 Management Report. Actual performance of the Group was broadly in line with those expectations. Refer to the section "Opportunities and Outlook" for the forecast expectations in 2025.

Non-financial Key Performance Indicators

Credit Ratings

The credit ratings of the Group's main operating entities, MSESE and MSBAG, were stable and have not changed in the financial year.

		2024	2023
Moody's Investor Service, Inc ("Moody's")	Short Term	P-1	P-1
	Long Term	Aa3	Aa3
	Outlook	Stable	Stable
Standard & Poor's Rating Service ("S&P")	Short Term	A-1	A-1
	Long Term	A+	A+
	Outlook	Stable	Stable
Fitch Ratings[1]	Short Term	F1+	n/a
	Long Term	AA-	n/a
	Outlook	Stable	n/a

[1] MSESE only, new credit ratings included for 2024

Risk Report

During 2024, the Group's Risk Division continued to enhance the Group's Risk Management Framework and focus on regulatory engagements. Key areas included:

- evolution of the Risk Management Framework to support business expansion;
- supporting regulatory reviews / inspections (e.g. European Banking Authority ("EBA") Fit-for-55 climate risk analysis) and continuing to deliver against regulatory expectations; and
- enhancements to internal capital models

Risk Management Framework

Risk taking is an inherent part of the Group's business activities and effective risk management is vital to the success of the Group.

Consistent with the waivers granted, and as described in the "Capital Management" and "Liquidity and Funding Management" sections, the MSEHSE Group's Risk Management Framework has been established at the MSEHSE Group and MSESE Consol level, encompassing the risk management culture, risk governance, approach and practices that support risk identification, measurement, monitoring, reporting, challenge and escalation. Given the group structure, the risk, capital and liquidity profile of MSESE Consol largely reflects the risk profile of the MSEHSE Group.

The Group's Risk Management culture is rooted in the following key principles: integrity, comprehensiveness, independence, accountability and transparency. The Group Management Boards are responsible for overseeing the adoption of the Morgan Stanley Group's risk culture.

The Group Management Boards have established a Risk Management Framework, including a Committee Structure and a "Three Lines of Defence" framework. The framework creates a clear delineation of responsibilities between risk owners and independent risk control functions with a view to addressing potential conflicts of interest. The structure applies to all legal entities and branches within the Group. The functions responsible for carrying out the activities across the Three Lines of Defence are summarised below:

- First Line of Defence: Business units are responsible for managing their strategy and business activities in accordance with the Group's Risk Strategy and Risk Appetite. This includes the consideration of risks arising from climate change and environmental degradation. Support functions are independent of the business units and support strategy execution of the Group's revenue-generating activities.
- Second Line of Defence: Responsible for independent identification, measurement, monitoring, reporting, challenge and escalation of risks arising from the Group's activities, including the risks from climate change and environmental degradation. It further sets policies and monitors adherence with these policies. This includes (but is not limited to) the below:
  - The Risk Division is responsible for the independent identification, measurement, monitoring, reporting, challenge and escalation of risks of credit, market, liquidity, operational and model risks arising from the Group's business activities. It reports to the Head of Risk and operates independently from the business units and support functions.
  - The Compliance Department maintains an enterprise-wide Compliance Risk Management Programme and is responsible for the design and development of an overall Group Conduct Risk Framework. The department operates independently from the business units and reports directly to the Group Management Boards.
  - The Global Financial Crimes Department is responsible for the Financial Crimes Risk Management Framework covering money laundering as well as fraud and other relevant criminal offences. The department operates independently from the business units and reports directly to the Group Management Boards.

- The Compliance Department, the Global Financial Crimes Department and the Operational Risk Department form the Non-Financial Risk ("NFR") organisation.
- The Group's Central Outsourcing Control Office ("COCO") is independent of individual business divisions and is responsible for ensuring the proper execution of outsourcing frameworks and guidelines, working closely with divisional management accountable for supervising any outsourcings by their division to ensure outsourcing regulatory requirements are maintained on a continuous basis.

- Third Line of Defence: The Internal Audit Department ("IAD") is independent of the First and Second Lines of Defence. The IAD provides an independent assessment of the Group's control environment and risk management processes and further reviews and tests the Group's compliance with internal guidelines set for risk management and risk monitoring, as well as external rules and regulations governing the Group.

The Morgan Stanley Group has several well-established policies and procedures which set out the standards that govern the identification, measurement, monitoring, reporting, challenge and escalation of the various types of risk involved in its business activities. The MSEHSE Group has implemented specific risk management policies to address local business and regulatory requirements, where appropriate. These policies are approved by the Group Management Boards, as required, and reviewed at least annually.

Committee Governance

The Group Management Boards have established a committee structure for the governance of material risks. This includes the cross-divisional MSEHSE Group Executive Risk Committee and MSESE Executive Risk Committee ("ERCs"), which are chaired by the Head of Risk and assist the Group Management Boards in the oversight of the Group's management of financial and non-financial risks. The Committees are responsible for overseeing:

(i) the development and implementation of the risk strategy, including the risk appetite statement;

(ii) risk identification and measurement;

(iii) risk framework and policies;

(iv) risk culture;

(v) financial resource management and capital; and

(vi) assessment of recovery and/or resolution limits.

The ERCs have established a series of sub-committees with dedicated responsibilities for particular risk matters directly reporting to the ERCs. The following provides an overview of these sub-committees:

- MSESE Credit Risk Committee: Reviews, approves and recommends actions on matters related to Credit Risk Management ("CRM") as well as provides oversight of policies, procedures and frameworks.
- MSESE Market Risk Committee: Provides oversight of the risk profile, control and governance framework on matters related to the Market Risk Department ("MRD") as well as provides oversight of policies, procedures and frameworks.
- MSEHSE Group Operational Risk Oversight Committee and MSESE Operational Risk Oversight Committee: Assist the ERCs to discharge their responsibilities in relation to Operational Risk.
- MSEHSE Group Stress Testing Committee and MSESE Stress Testing Committee: Review all aspects of the MSEHSE Group and MSESE Stress Testing Framework.
- MSEHSE Group Model Oversight Committee and MSESE Model Oversight Committee ("MOCs"): Provide MSEHSE Group and MSESE with oversight of the development, validation, performance and management of the Market, Credit, Operational, Liquidity Risk and Stress Testing models.
- MSEHSE Group Data Governance Forum: Reviews and monitors data quality issues impacting MSEHSE Group, reviews consolidated data quality reporting and data quality KPIs for the MSEHSE Group risk reports and assists in the oversight and management of MSEHSE Group impacting data initiatives.

In addition to the Committees directly reporting to the ERCs outlined above, the MSEHSE Group Risk Governance Committee ("RGC") provides the Head of Risk with oversight of the control framework within the Risk Division and the MSEHSE Group Risk Capital Committee ("RCC") provides the Head of Risk with oversight of the calculations under advanced capital models for the Normative Perspective and the capital assessment under the Economic Perspective.

Furthermore, the MSEHSE Group Asset and Liability Committee and MSESE Asset and Liability Committee assist the Group Management Boards in the oversight of the capital adequacy, funding and liquidity risk management.

Risk Identification, Risk Appetite and Risk Limits/Tolerances

Risk Identification

The Group has established a framework to identify and assess material risks and risk factors stemming from the Group's business activities. The materiality of risks is assessed quarterly on a quantitative and qualitative basis, using risk specific stress tests where possible. In addition, other risk management processes such as regular risk reviews, horizon scanning and ad-hoc stress tests are conducted to assess impacts of potential market events, regulations and to identify potential business model vulnerabilities, thereby supporting the continuous process of risk identification. Material risks identified through these processes inform the design of key risk, capital and liquidity management processes, including the Group's Risk Strategy and Risk Appetite Statement, individual risk management frameworks, macroeconomic and reverse stress testing scenarios, as well as the Group's Internal Capital and Liquidity Adequacy Assessment Processes ("ICAAP" / "ILAAP").

The following risk types involved in the Group's business activities were assessed as material as determined through the Group's Risk Identification Framework.

Financial Risks

- Credit Risk;
- Market Risk;
- Liquidity Risk;
- Model Risk;
- Valuation Risk;
- Leverage Risk;

Non-Financial Risks

- Operational Risk;
- Compliance Risk (incl. Conduct Risk);
- Financial Crimes Risk

Other Risks

- Strategic Risk (incl. Earnings at Risk);
- Reputational Risk.

For information on the incorporation of climate and environmental risks into the Risk Management Framework, refer to the "ESG Report".

The Group Management Boards have established frameworks to identify, measure, monitor, report, challenge and escalate these risks. Information on how these risks are managed is summarised in the respective sections of this Risk Report.

Risk Appetite

The Group Management Boards determine the Risk Strategy of the Group consistent with the business strategy and the risks stemming from it. The Risk Strategy sets the framework for how risks will be identified, measured, monitored, reported, challenged and escalated.

The centrepiece of the Risk Strategy are the Risk Appetite Statements ("RAS") for MSEHSE Group and MSESE Consol, which articulate the aggregate level and type of risk that the Group entities are willing to accept in executing the business strategy while protecting the capital and liquidity resources. The RAS consist of both qualitative and quantitative statements.

To remain adequate in a changing environment, the RAS and the underlying limits and tolerance frameworks are reviewed by the Group Management Boards when required (e.g., when the business strategy is amended by the Management Boards), but at least annually. This review takes into account changes in the Group's business strategy, financial resources and plans as well as any anticipated changes in risk appetite.

Risk Limits / Tolerances

The Risk Appetite of the MSEHSE Group and MSESE Consol is translated into a comprehensive set of risk limits and risk tolerances across credit risk, market risk, operational risk and liquidity risk, each at different granularity levels to manage risk taking in line with the MSEHSE Group's and MSESE Consol's Risk Appetite.

The Group's aggregate Risk Appetite for market and credit risk is expressed as a percentage of Total Capital Resources. It is operationalised through the Macroeconomic Stress Loss Limit ("MSLL") and monitored through a suite of severe, but plausible macroeconomic stress scenarios, designed to capture key portfolio vulnerabilities of the Group. The credit and market risk limits are calibrated to reflect the MSEHSE Group's and MSESE Consol's market and credit Risk Appetite. As at 31 December 2024, the stress loss in the Group's binding macroeconomic stress scenario was €316 million.

Stress Testing

Stress testing is a key risk management tool for the Group, informing risk and capital management processes and decisions, and is performed in line with internal and external regulatory requirements. It provides an understanding of the aggregate risk for the Group and an assessment of the Group's resilience to different scenarios over a range of severities. At a more granular level, stress tests provide detailed coverage of potential areas of weakness at the business area and individual risk level, respectively. The Group conducts both cross-risk stress tests and risk specific stress tests with the following objectives:

- Risk Identification: Identification of material risk concentrations and vulnerabilities in adverse scenarios;
- Risk Aggregation: Estimation of aggregate size of exposure and losses in adverse shocks;
- Risk Management: Management of tail risks or vulnerabilities against risk appetite;
- Capital and Liquidity Management: Informing capital and liquidity risk assessment processes and plans (ICAAP, ILAAP);
- Regulatory Requirements: Meeting relevant regulatory requirements for stress testing; and
- Recovery and Resolution Planning: As a key component of the Recovery and Resolution Planning exercises.

Stress testing results are communicated to the ERCs, the Group Management Boards and the Group's Supervisory Boards and the Supervisory Board Risk Committees on a regular basis.

Cross-risk Stress Tests

Cross-risk stress tests ensure that concentration risks are captured and measured across the material risk areas. Cross-risk stress tests can be classified into macroeconomic stress tests, Reverse Stress Tests ("RST") and topical stress tests.

Macroeconomic stress scenarios are the Group's primary stress testing tool to monitor, assess and manage the Group's portfolio-wide vulnerability to downside risk. The Group runs a suite of macroeconomic stress test scenarios on a regular basis to measure its market and credit risk loss potential and monitor those against the MSLL. Each scenario is supported by a macroeconomic narrative, a detailed set of macroeconomic projections and calibrated market shocks, downgrade assumptions and selected credit risk defaults as appropriate.

There are internal models in place to quantify stress losses for credit risk, market risk and risks from Derivative Valuation Adjustments ("xVA").

- Stress losses for credit risk are calculated as the sum of expected losses and unexpected losses (concentration add-on supplemented with idiosyncratic default losses).
- Stress losses for market risk (including xVA) are calculated by applying risk factor shocks across all asset classes, either using full revaluation or a combination of full revaluation and a sensitivities based approach.

The potential impact of climate-related risks on credit and market risk is assessed through a specific transition risk/carbon repricing scenario and is managed via the Climate Stress Loss Limit ("CSLL"). For more information refer to the "ESG Report: Climate and Environmental Risk Management" section.

Key vulnerabilities to the Group's business model are assessed through the Group's RST. The scenarios used in RST are extreme and are designed to test a pre-defined outcome (e.g., viability of the Group's business model). RST are used to inform capital and liquidity planning and are a key input for recovery planning.

Specific market events or portfolio vulnerabilities are assessed through Topical Stress Tests to evaluate the possible impact of "downside" scenarios on the Group's risk profile.

Risk-specific Stress Tests

Risk-specific stress tests identify, measure and monitor more granular vulnerabilities and concentrations in a particular risk area, country or industry, as appropriate. The Group conducts risk-specific stress tests for operational risk, market risk, credit risk and liquidity risk.

Risk Reporting

The Group has established a Risk Reporting Framework to monitor and report the Group's risk profile against set risk limits and tolerances, and to provide timely risk information and/or escalation to responsible limit owners, relevant Group governance forums and the Group Management Boards, as appropriate. The Group's Risk Reporting Framework covers all material risks, it identifies matters for escalation and decisions and highlights emerging risks, mitigating actions and other risk matters that are deemed significant to the Group's risk committees and/or the Group Management Boards.

The key purpose of risk reporting is to provide decision makers and risk managers with an accurate and timely representation of risk exposures, including risk concentrations, at the group level, across business lines and between legal entities. To provide this information, the Group generates various risk reports across individual risk functions at different frequencies (e.g., daily, weekly).

In addition, the Group has established a set of overarching principles for risk reports which are applied to risk reporting, such as the appropriate level of aggregation, balance between qualitative and quantitative information or implementation of controls to ensure reported information is complete and accurate. The Group's Data Quality ("DQ") monitoring and reporting processes are integrated into the Morgan Stanley Group's global DQ management processes. The DQ for risk-related data is reviewed through defined KPIs which are summarised in respective DQ Dashboards for certain risk areas. At the Group level, any material data limitations/issues on risk data goes through governance and is escalated to the ERCs and the Group Management Boards if necessary.

Detailed information about the reporting for each risk type is included in the respective risk sections on the following pages.

Internal Capital Adequacy Assessment Process

The ICAAP is a critical framework in the context of risk management and capital adequacy and serves as a fundamental tool for the Group Management Boards to plan the Group's capital actions, approve capital adequacy targets and limits, establish ongoing monitoring processes and internal thresholds and review identified risks in line with the business strategy. As such, the ICAAP is designed to ensure that all material risks, which the Group is exposed to, are appropriately capitalised. The ICAAP is updated at the beginning of each year in line with the annual strategic planning process as well as quarterly for material changes.

The ICAAP comprises of two capital assessment perspectives, the "Normative Perspective" and the "Economic Perspective". While methodologies differ in forecasting horizon and objectives, the two perspectives complement and inform each other.

Normative Perspective

The assessment under the Normative Perspective is conducted over a three-year planning horizon, assessing the Group's ability to fulfil all its capital-related supervisory requirements. It assesses the Group's capital adequacy under baseline and stressed operating environments. It uses stress testing to size capital buffers aimed at ensuring the Group will continue to operate above regulatory requirements under a range of severe but plausible stress scenarios. The Normative Perspective takes into account all material risks affecting the relevant regulatory ratios, over the planning horizon. It is also used as a basis to set and review internal capital targets and related risk appetite thresholds.

The Group's base scenario considers the main macroeconomic variables, including GDP growth, inflation rate changes, interest rates and currency market movements. These variables are applied on the business growth laid down in the Group's Business Strategy. In addition to the base forecast, the Group assesses its capital-related supervisory requirements in two macroeconomic stress scenarios. These scenarios comprehensively and conservatively stress the relevant risks for the Group.

To model stress capital impacts under the Normative Perspective, the Group uses internal models (refer to the "Stress Testing" section) that appropriately cover all material risk types.

Capital requirements are calculated in accordance with regulatory rules, taking into account the Group's permissions to use internal models. In addition to capital-related supervisory requirements, internal capital ratio minima are set to ensure the Group has sufficient capital to meet its regulatory requirements at all times.

The table below sets out details of the Group's Capital Resources.

in € millions	2024	2023
Normative Perspective		
CET1 Capital	6,105	6,355
AT1 Capital	1,000	1,000
Tier 1 Capital	7,105	7,355
Tier 2 Capital	1,008	1,000
Total Own Funds	**8,114**	**8,355**
Risk Weighted Assets ("RWAs")	28,720	27,283
CET1 Capital Ratio	21.3 %	23.3 %
Tier 1 Capital Ratio	24.7 %	27.0 %
Total Capital Ratio	**28.3 %**	**30.6 %**

The Group's Tier 1 Capital Ratio decreased from 27.0% as at 31 December 2023 to 24.7% as at 31 December 2024 due to an increase in RWAs over the year primarily due to business activity and market movements.

Additional information is presented in the "Capital Management" section.

Economic Perspective

In the Economic Perspective, the Group assesses its capital adequacy by ensuring that all material risks that could cause losses or have other material impacts on its capital position are quantified and adequately covered by its internal capital ("Risk Bearing Capacity" or "RBC"). In line with the ECB ICAAP guidelines, capital requirements are assessed using internal methodologies, which generally target a 99.9% loss severity over a time horizon of one year.

Credit Risk: For the calculation of credit risk capital requirements, the Group employs a multifactor credit concentration model, using internal credit risk parameters for Probability of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD"). The model simulates the asset returns of the individual counterparties in a correlated manner to capture the dependency between the defaults. The default triggers are derived from the PDs of the counterparties and internal downturn LGDs are used to quantify the default losses. Counterparty credit risk ("CCR") exposures are quantified using Morgan Stanley's global Internal Model Method ("IMM") model for the calculation of own funds requirements, which has a wider product scope than the Group's regulatory IMM model. Default events are simulated using a Monte-Carlo model, and capital requirement is determined as the tail loss at a 99.9% confidence level. Additional capital add-ons are used to capture risks not fully catered for within the credit concentration model.

Operational Risk: To calculate the capital requirements related to operational risk, the Group utilises an internal model. Under this model, operational risk capital is calculated for each of the Group's Risk Segments, some of which are designated as Priority Non-Financial Risks ("PNFRs"). Standalone capital is calculated for each of the Risk Segments by fitting parametric distributions to Scenario Analysis loss estimates. The aggregate loss distribution for the Group is derived from the marginal loss distributions of the Risk Segments. The 99.9% percentile of the final distribution is chosen as the loss estimate.

Market Risk: Market risk capital is primarily calculated using the Group's Economic Value-at-Risk ("EVaR") and Incremental Risk Charge ("IRC") models. The EVaR is calculated using historical simulation and includes xVA risk factors in its scope. The EVaR is derived as the 99.9% percentile of a loss distribution calculated using historical returns beginning in 2006. A six-month liquidity horizon is used for portfolios with low market depth or hedging ability (such as xVA), while a three-month liquidity horizon is applied to portfolios with higher market activity and ability to hedge, such as market making portfolios. The IRC is calculated at 99.9% confidence level over a one-year time horizon. Additional capital add-ons are used to capture risks not fully catered for within the market risk models. Refer to the "Market Risk" section for more information.

Other risks under the Economic Perspective include Interest Rate Risk in the Banking Book and Credit Spread Risk in the Banking Book ("IRRBB" and "CSRBB"), pension risk, valuation risk, strategic risk and taxation risk.

Capital requirements are conservatively aggregated without diversification benefits. Total internal capital requirements are then compared with available internal capital resources, i.e., the RBC. The RBC is based on Regulatory Own Funds (CET1 capital) with minor adjustments made to reflect other risks.

The Group aims to maintain an Economic Capital Adequacy Ratio (RBC divided by Economic Capital requirements) of at least 100%. Economic Capital Adequacy is assessed on a quarterly basis.

The table below presents a comparison of internal capital (RBC) and economic capital requirements for year-end 2023 and 2024.

€ in millions	2024	2023
Economic Perspective		
Risk Bearing Capacity	**6,260**	**6,184**
Capital Requirements	**3,541**	**3,211**
Credit risk	2,082	2,038
Market risk	454	352
Operational risk	657	609
Other	347	212
Economic Capital Adequacy Ratio	**177 %**	**193 %**

As at 31 December 2024, the Group was adequately capitalised. Under the Economic Perspective, the Group has performed stress testing to understand sensitivities of the capital assessment to severe, but plausible macroeconomic stress scenarios. At the time of assessment, the Group remains well capitalised under these stress scenarios.

Financial Risks

Credit Risk

Credit risk is an inherent part of the Group's business activities. Credit risk refers to the risk of loss arising when an obligor, i.e., a borrower, counterparty or issuer, does not meet its financial obligations. Credit risk includes country risk – i.e., the risk that economic, social and political conditions and events in a country will adversely affect an obligor's ability and/or willingness to fulfil its obligations. Credit concentration risk refers to the risk of loss due to an outsized exposure to a Counterparty, group of connected counterparties and/or counterparties in the same industry or geographic region. The assessment of credit risk also considers climate risk, in particular the credit exposure to obligors and counterparties highly vulnerable to transition and/or physical climate risks. Respective definitions and further information are disclosed in the "ESG Report: Climate and Environmental Risk Management" section.

The CRM Department reports to the Head of Risk and is independent from the business units. It is responsible for managing and overseeing the credit risk profile of the Group. CRM has put in place a Risk Management Framework to identify, measure, monitor and report credit risks. Key components of the Credit Risk Framework include:

(1) Risk Identification: To identify and assess credit risks, CRM monitors significant changes in the credit risk profile on an ongoing basis, including key portfolio sensitivities, limit usage, risk concentrations, stress testing results, exposure to climate risks as well as any new product initiatives.

(2) Risk Measurement: Single name and portfolio risks are measured by means of the Total Net Exposure, which is the sum of Counterparty Risk, Lending, Inventory, Treasury Placements, and Collateral-at-Risk exposure, and includes the benefit of hedges.

(3) Risk Appetite and Limits: In order to ensure that credit losses remain within the defined risk appetite, CRM has implemented a Credit Limits Framework at the MSESE Consol level to manage credit risk on a single name and portfolio level, including limits on country, industry (including sub-industries such as shadow banks and climate segments), and product concentrations. The Credit Limit Framework also includes a credit limit specific for Morgan Stanley Affiliates. The limits are subject to different levels of governance comprising the MSEHSE Group Management Boards, the MSESE ERC, the MSESE Credit Risk Committee and CRM.

(4) Risk Reporting: CRM uses a set of comprehensive reports of key credit risk exposures that are produced on a regular basis. The reports encompass all significant credit risk exposures and concentrations across the Group and provide visibility to senior management. Significant changes in

the credit risk exposures and utilisations are reported to the ERCs, the Group Management Boards and other management stakeholders.

The Group's credit risk results mainly from:

- **Treasury Placements:** Credit risk arising from Treasury activities primarily relates to deposit placements at the ECB via the Deutsche Bundesbank.
- **Counterparty Risk:** Counterparty risk arises from the Group's sales and trading business. The Group offers clients a wide spectrum of traded products, including listed and OTC derivatives, foreign exchange, secured financing transactions, all of which give rise to counterparty credit risk.
- **Lending:** Lending risk arises from extending loans in the form of relationship or event loans.
- **Morgan Stanley Affiliates:** Credit risk to Morgan Stanley Affiliates results from counterparty risk from market hedges, indirect activity with clearing houses via Affiliates, and loan sub-participations or guarantees.
- **Inventory:** Inventory risk arises from secondary trading activity and is primarily driven by European government bonds and bonds issued by investment grade corporates and financial institutions.

To reduce credit and counterparty risks, CRM relies on standard risk mitigants including netting provisions and the provision of collateral, including with Morgan Stanley Affiliates. Collateral for derivatives are mostly cash and liquid securities. Lending risk may be mitigated through the transfer of risk to Morgan Stanley Affiliates, for example to reduce concentrations.

The Group's issuer risk exposures are managed within the market risk limits framework and feed into aggregated credit risk exposure metrics.

Consistent with its business and risk strategy, the Group's credit risk portfolio is dominated by investment grade quality obligors in the EEA.

The Group has established processes to calculate the Expected Credit Loss ("ECL") for provisions in accordance with IFRS 9 "Financial Instruments". The Group's provisioning levels are not material which is a reflection of the high credit quality of the Group's loan book.

The below table shows RWAs and EADs for credit risk as at 31 December 2024 and 31 December 2023, including Credit Valuation Adjustment risk ("CVA risk"). The RWAs calculated via the advanced capital models (IMM and Foundation Internal Ratings Based or "F-IRB") and under the standardised approach are shown separately. Consistent with its regulatory approvals, the Group calculates its own fund requirements for credit risk with an IMM and F-IRB approach. For counterparty credit risk, the EADs, which serve as an input for the calculation of the own funds requirements, are calculated with the IMM approach.

	2024		2023	
in € millions	**RWA**	**EAD**	**RWA**	**EAD**[3]
Credit risk[1]	3,239	15,122	2,812	13,862
Of which, internal models (F-IRB)	*2,562*	*3,488*	*2,249*	*3,107*
Counterparty credit risk (excluding CVA risk)[2]	10,917	25,474	11,001	24,021
Of which, internal models (IMM)	*6,705*	*10,263*	*6,997*	*10,426*
Total (excluding CVA and Settlement risk)	**14,156**	**40,596**	**13,813**	**37,883**
Credit Valuation Adjustment (CVA risk)	4,700	8,399	4,246	9,915
Settlement risk	4	14	7	9
Total	**18,860**	**49,009**	**18,066**	**47,807**

(1) Credit risk from lending, treasury and other sources of credit risk.
(2) Exposures subject to Equity IRB approach are reported under Credit Risk. Exposures to central counterparties are reported under Counterparty credit risk.
(3) EAD figures for 2023 have been restated.

The Group has implemented a Credit Limits Framework to monitor credit concentration risk. Credit risks are primarily concentrated in treasury and counterparty exposures with regional focus on EU27-countries. From a counterparty perspective, the credit portfolio is primarily concentrated with Financials and from a country perspective in the US, Germany, France, and Italy whereas treasury exposures are mostly driven by cash balances placed at the ECB via the Deutsche Bundesbank. The country risk evaluation includes a determination of Country of Risk and Country of Jurisdiction. The Country of Risk is the country whose political, economic and commercial environment most affects an entity's ability to meet its obligations. The Country of Jurisdiction is defined as the country of registered incorporation or formation of the obligor. For calculation purposes, the breakdown in the following table is based on the Country of Risk whilst the Industry classifications are based on the Global Industry Classification Standards ("GICS"). The exposure metric used is consistent with internal credit risk management. This metric captures exposure from Treasury placements, lending commitments and trading activities, offset by credit risk mitigants such as collateral.

Breakdown per industry

Exposure in € millions	**2024**	**2023[1]**
Financials	9,025	8,029
Sovereigns	10,812	9,213
All others	7,079	5,339
Total	**26,916**	**22,581**

[1] Figures for 2023 have been restated.

Breakdown per country

Exposure in € millions	**2024**	**2023[1]**
Supranational	10,423	9,627
US	5,580	4,767
France	4,850	3,157
Italy	1,575	951
Germany	1,101	842
All others	3,387	3,237
Total	**26,916**	**22,581**

[1] Figures for 2023 have been restated.

The Group's credit risk remained within risk appetite for 2024. Geopolitical events were a key focus through 2024 and are expected to remain relevant into 2025.

Market Risk

Market risk is an inherent part of the Group's business activities. Market risk is the risk that a change in the level of one or more market prices, rates, indices, implied volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. This includes risks from xVA, which refers to the risk of changes in derivative valuation adjustments due to changes in credit spreads and other market factors. In addition, market risk includes the consideration of financial risk arising from climate change (transition and physical risk) as well as non-traded market risk such as Interest Rate and Credit Spread risk in the Banking Book (IRRBB and CSRBB).

Price risk may arise in derivatives and securities trading portfolios as well as lending portfolios measured at fair value together with their associated mark-to-market derivatives hedges.

MRD reports to the Head of Risk and is independent from the business units. It is responsible for managing and overseeing the market risk profile of the Group and has put in place a Risk Management Framework to identify, measure, monitor and report market risks. Key components of the Market Risk Framework include:

(1) Risk Identification: To identify and assess emerging and existing market risks, MRD monitors significant changes in the market risk profile on an ongoing basis, including key risk factor sensitivities, limit usage, risk concentrations, stress testing results, and exposure to climate risk as well as any new products initiatives.

(2) Risk Measurement: Market risks are measured by applying shocks to a selection of input market parameters from securities and derivatives valuation models, the result of which is used as standard risk sensitivities and stress testing measures. A proprietary Value-at-Risk ("VaR") Model is used to assess market risk against risk appetite limits as well as measure market risk regulatory capital requirements. VaR represents a maximum potential loss over a given time horizon (1 day usually) at a given confidence interval (95% or 99%). In addition, an IRC model is used to measure

potential loss from default and migration risk of non-securitised credit products in the trading book over a one-year time horizon and 99.9% level of confidence.

(3) Risk Appetite and Limits: To ensure that market risk losses remain within risk appetite, MRD has established a comprehensive market risk limit framework, which includes VaR limits, exposure limits and stress exposure limits at legal entity and business unit level. These limits are subject to different levels of approval comprising the Group Management Boards, the ERCs, the Head of Risk and MRD.

(4) Risk Reporting: All significant changes in market risk exposures, market risk concentrations and market risk limit utilisations are reported on a regular and ad-hoc basis to the ERCs, the Group Management Boards and other management stakeholders.

Interest Rate and Credit Spread risk in the Banking Book are defined as the risk of losses arising from adverse changes in these risk factors within the banking book scope either from a present value (Economic Value of Equity, “EVE”) or Net Interest Income (”NII”) perspective. Interest Rate and Credit spread risks arise from exposures derived from traditional treasury and banking activities such as customer lending as well as inter-affiliate borrowing and lending. The Group’s Treasury Department and MRD are responsible for the monitoring and control of these exposures through the calculation of relevant risk sensitivity measures (Delta EVE and Delta NII). As at 31 December 2024, IRRBB and CSRBB exposures are a small component of the Group’s market risk profile. Delta EVE and NII are monitored daily and monthly, respectively, and reported at least quarterly to senior management. Both, Delta EVE and NII are subject to risk limits to ensure they remain within the Group’s Risk Appetite.

The following table presents the results for the regulatory prescribed scenarios as at 31 December 2024:

in € millions	2024 Delta EVE
Parallel shock down	(1.6)
Parallel shock up	0.8
Flattener shock	1.1
Steepener shock	(2.0)
Short rates shock down	(2.7)
Short rates shock up	1.3

As at 31 December 2024, IRRBB was approximately 0.04% of CET1 capital under the Delta EVE perspective with “Short rates shock down” as the scenario resulting in the highest loss.

The following table presents the Delta NII results for the regulatory prescribed scenarios with a base NII of €153 million as at 31 December 2024:

in € millions	2024 Delta NII
200 bps up	164
200 bps down	(162)

Market risk from trading in EUR Interest Rate Swaps, EUR Inflation, European Government Bonds, Covered Bonds, Traded Loans and Credit Corporate Bonds, Cash Equities and Equity Derivative Index Trading including Equity Automated Market Making (“AMM”) is retained and managed by the Group.

Risk from xVA exposures is also hedged by a dedicated trading desk managing market risk coming from counterparties such as credit and funding spread risks.

The Group uses both Management and Regulatory VaR to assess and contain portfolio market risk. The Regulatory VaR is calibrated and scoped using approved model requirements to capitalise for market risk and is subject to daily backtesting controls helping to assess the model accuracy. In addition, the Management VaR is used for internal risk management purposes to ensure the Group’s risk appetite stays within approved limits. The average Management VaR of the Group for the year 2024 was €3.4 million (2023: €4.3 million), driven by credit, interest rate, basis and equity risk sensitivities from equity derivatives, fixed income trading activities and xVA.

The following table shows the market risk RWAs as at 31 December 2024 and 31 December 2023, calculated using the advanced capital model (Internal Model Approach, “IMA”) and the standardised approach, where applicable. Consistent with its regulatory approvals, the Group currently uses the advanced capital model for the calculation of own funds requirements for market risk.

RWAs in € millions	2024	2023
Standardised approach	99	88
Internal model approach[(1)]	8,051	7,728
Total	8,150	7,816

(1) Including RWAs for Risks not in VaR

Market risk RWAs increased over the course of 2024 by €0.3 billion due to changes in the risk profile, offset by a reduction resulting from changes to internal models and associated changes to regulatory permissions.

In 2024, equity markets registered a positive trend throughout most of the year pushed by lower interest rates and strong corporate results. Interest rate and credit markets, on the other hand, displayed increased volatility driven by geopolitical uncertainty, central bank policies, and weaker economic data.

The Group's market risk remained within risk appetite throughout 2024.

Liquidity Risk

Liquidity risk is an inherent part of the Group’s business activities. Liquidity risk is the risk that the Group’s financial condition or overall soundness is adversely affected by an inability or perceived inability to meet its financial obligations in a timely manner. Liquidity risk encompasses the associated funding risk triggered by stress events which may cause unexpected changes in funding needs or an inability to raise new funding.

Liquidity risks from the Group’s business activities primarily arise from listed and OTC derivatives as well as its lending and secured funding activities. Intraday risk continues to be a key driver of liquidity risk for the Group and remains a core focus area. Liquidity risk is mitigated through a comprehensive liquidity management and oversight framework.

The Treasury department is responsible for daily liquidity management activities in their capacity as the First Line of Defence, while the Liquidity Risk Department (“LRD”), as the Second Line of Defence, is responsible for the independent oversight of liquidity risk. LRD has put in place a Risk Management Framework to identify, measure, monitor and report liquidity risks. Key components of the Liquidity Risk Framework include:

(1) Risk Identification: The identification and assessment of liquidity risks forms an integral part of the Group’s liquidity risk management and is performed on an ongoing basis, considering risks to the financial condition or overall soundness in a business-as-usual environment and in stress conditions. To identify and assess liquidity risks, LRD uses ongoing monitoring of limit utilisations, regulatory as well as internal liquidity risk metrics, including the Internal Liquidity Stress Test (“ILST”) results. Additionally, the New Product Approval (“NPA”) process is leveraged to identify and assess liquidity risks arising from new activities.

(2) Risk Measurement: Liquidity risks are measured using established methods and processes for the assessment of current and projection of future cash and securities flows over various time horizons (including intraday) in base and stress scenarios. Key metrics include the LCR, the NSFR and the coverage of assumed cash outflows under internally developed liquidity stress scenarios as part of the ILST, which consider market wide idiosyncratic as well as combined stress scenarios.

(3) Risk Appetite and Limits: Risk Appetite for liquidity risk is expressed via Liquidity and Funding Limits, which are owned by the Group Management Boards and are in place at the MSEHSE Group and MSESE Consol levels. These limits consider the ILST scenarios for a period of one day up to 12 months, the LCR and NSFR. The Group maintains limits, Key Risk Indicators (“KRIs”), targets and thresholds at various levels of the governance structure to support links between the liquidity risk appetite and more granular risk-taking decisions and activities.

(4) Risk Reporting: LRD uses a set of comprehensive reports of key liquidity risk exposures that are produced on a regular basis. Significant changes in liquidity risk

exposures and liquidity risk limit utilisations are reported on a regular and ad-hoc basis to the ERCs and the Group Management Boards.

The LCR, per the Delegated Act (EU) 2015/61 as a supplement to the CRR, is a regulatory stress test with the objective of promoting short-term resilience of the Group's liquidity risk profile by ensuring that it has sufficient high-quality liquid assets ("HQLA") to withstand a significant stress scenario lasting 30 days. The Group's LCR exceeded the regulatory minimum requirement as at 31 December 2024. The details of the Group's LCR are presented in the following table:

in € millions	2024	2023
HQLA	16,047	11,783
Cash Outflows	15,976	14,477
Cash Inflows	6,040	6,696
Net Outflow	9,937	7,781
LCR Ratio	161%	151%

Net outflows increased during 2024, primarily due to an increase in cash outflows (mainly derivatives) and a decrease in cash inflows. As at 31 December 2024, the Group's HQLA comprises of cash balances as well as central bank and government bonds.

The NSFR is another regulatory metric which measures the stability of the Group's funding profile over a one-year time horizon, as determined by the prescribed factors assigned to on-balance sheet and specific off-balance sheet assets (Required Stable Funding or "RSF") and liabilities (Available Stable Funding or "ASF"). It complements the LCR by requiring the Group to maintain minimum amounts of stable funding to support the Group's assets, commitments and derivatives exposures over the one-year horizon. The Group's NSFR ratio exceeded the regulatory minimum requirement as at 31 December 2024.

The Group further uses Liquidity Stress Tests to model external and intercompany liquidity flows across multiple scenarios over a range of time horizons. The ILST is designed to simulate severe but plausible stress conditions with eligible liquidity resources having to exceed ILST requirements for a period of one day up to 12 months with limited reliance on parent support beyond month one.

As at 31 December 2024, the Group maintained sufficient liquidity to meet current and contingent funding obligations as modelled in its Liquidity Stress Tests.

Model Risk

Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs. Model risk can lead to financial loss, poor business and strategic decision-making, non-compliance with applicable laws and/or regulations or damage to the Group's reputation.

The independent Model Risk Management ("MRM") department performs the Second Line of Defence function with the objective that all models in use are fit for purpose. MRM establishes the standards, principles, practices, governance processes, definitions, and roles and responsibilities for sound model risk management. Key components of the Model Risk Framework include:

(1) Risk Identification: MRM employs model identification and tiering frameworks, aligning model risk management activities with the level of models' inherent risk.

(2) Risk Management and Monitoring: MRM conducts independent review and validation of models to verify that the models are performing as expected and in line with their designed objectives and intended use(s), and to ensure that the models meet both internal model standards and regulatory requirements. Ongoing monitoring ensures that models continue to perform consistently with their intended purpose and that the outputs of models remain reliable.

(3) Risk Appetite and Tolerances: To ensure that model risk does not pose a material risk to capital adequacy, reputation and regulatory standing, model governance and control processes have been established.

(4) Risk Reporting: MRM reports on model risk to the MOCs and provides a quarterly report on model risk to the ERCs and the Group Management Boards.

The Group uses internal models for valuation, risk management and capital calculations. Valuation models include models that are used to produce valuation and/or risk measures for end of day books and records related to a position and models that are used to adjust a portfolio's value. Risk models are used for the measurement and management of credit risk, market risk, counterparty risk, operational risk and liquidity risk, for stress testing, and for the calculation, planning and management of regulatory and internal capital requirements. Algorithmic trading models are in use for electronic trading activities.

Other Financial Risks

In addition to the above financial risks, the Group has put in place a framework to identify, measure, monitor and report on the following material financial risks:

- **Leverage Risk** is defined as the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets that might result in losses or in valuation adjustments to its remaining assets.
- **Valuation Risk** represents the possibility that a valuation estimate of a position would differ from the price in an actual close-out transaction due to uncertainty around the actual price that could be obtained.

Non-Financial Risks

Operational Risk

Operational risk is defined as the risk of loss, or of damage to the Group's reputation, resulting from inadequate or failed processes or systems, from human factors or from external events (e.g., fraud, theft, compliance risks, cyber-attacks or damage to physical assets). This includes legal risk and the risks arising from Environmental, Social and Governance risks (e.g., Climate), but excludes strategic risk.

Business units, support and control functions and the business managers therein are primarily responsible for the management of operational risk. The business managers maintain processes and controls designed to identify, assess, manage, mitigate and report operational risk. In the event of a new product or a business activity, operational risks are considered and any necessary changes in processes or controls are implemented.

The Operational Risk Department ("ORD"), which is independent from the business units, is responsible for the assessment and monitoring of operational risks. ORD leverages a comprehensive Non-Financial Risk Management Framework to identify, measure, monitor and report operational risks. Effective operational risk management is essential to reducing the negative impact of operational risk incidents and mitigating legal and regulatory risks. The Framework is continually evolving to account for changes in the Group and to respond to the changing regulatory and business environment. Key components of the Framework include:

(1) Risk Identification: As part of a broader Non-Financial Risk Identification Framework, ORD contributes to identifying, assessing and quantifying material operational risks inherent in the Group's business activities under normal and stressed conditions. Operational risk data and assessment systems are employed to identify operational risk, they include: internal and external operational risk events, which are captured in dedicated databases; internal control factors; and scenario analysis. Internal operational risk events are captured in the Morgan Stanley Group's internal loss database. Operational Risk and Control Self-Assessments ("RCSA") are a key instrument for operational risk identification. RCSAs are executed by the business units while the ORD oversees the process and challenges the results. Additionally, the NPA process is leveraged to identify and assess operational risks arising from new activities.

(2) Risk Measurement: ORD leverages the internal operational risk capital model for measuring operational risk within the internal capital adequacy assessment process. The model encompasses both quantitative and qualitative assessments. The quantitative part is based on scenario analysis results, which are direct inputs into the model, while the qualitative measures such as internal and external operational incidents, business environment and internal control factors are evaluated as part of the scenario analysis process.

(3) Risk Appetite and Tolerances: To ensure that potential losses remain within the defined Non-Financial Risk appetite the Group Management Boards have set risk tolerance levels for the Group in aggregate and for all PNFRs. ORD monitors that tolerance levels are not exceeded through a combination of loss projections from scenario analysis and realised operational

risk losses. As at 31 December 2024, the largest scenario loss was €52 million.

(4) Risk Reporting: All significant operational risk incidents and the operational risk profile relative to the tolerance level are reported on a regular and ad-hoc basis to the ERCs, the Group Management Boards and other management stakeholders.

Regulatory own funds requirements for operational risk are currently calculated under the Basic Indicator Approach ("BIA"). As at 31 December 2024, the Group's operational RWAs were €1,709 million (2023: €1,401 million). The Group recognises that the BIA is not a risk-based measure and therefore uses an operational risk modelling approach to calculate internal operational risk capital requirements (refer to the operational risk figure disclosed in the table in the "Internal Capital Adequacy Assessment Process" section, "Economic perspective" sub-section).

The Group holds sufficient capital to cover the incremental capital requirement over and above the Pillar 1 requirement for operational risk. The ORD scope also includes oversight of technology risk, cybersecurity risk and information security risk. ORD partners with the Group's Anti Money Laundering and Fraud Prevention Officer to oversee fraud risk. ORD, in conjunction with the COCO, oversees third party risk (supplier and affiliate risk).

Cybersecurity

The Group's Cybersecurity and Information Security Framework, which includes policies, procedures and technologies, is designed to protect the Group's technology environment from operational risk failures due to the actions of a malicious cyber actor. This includes protecting the Group's own data, client data and the Group's employee data against unauthorised disclosure, modification or misuse, and is also designed to address regulatory requirements. This Framework covers a broad range of areas including the following: identification of internal and external threats, access control, data security, protective controls, detection of malicious or unauthorised activity, incident response and recovery planning.

Business Continuity Management and Disaster Recovery

Morgan Stanley Group's Resilience organisation maintains global programmes for Business Continuity Management, Disaster Recovery and Third Party Resilience and Key Business Service Resilience that facilitates activities designed to protect the Morgan Stanley Group during a business continuity incident. A business continuity incident is an interruption with potential impact to normal business activity of the Morgan Stanley Group's personnel, technology, suppliers and/or facilities. These programmes require plans to be documented that identify and detail the options available to recover assets and services during an incident. Additionally, plans are required to be tested to provide a reasonable expectation that, during a business continuity incident, the Business Unit will be able to recover and perform its critical business processes and limit the impact of the incident to the Morgan Stanley Group, its clients and financial markets. Forming part of Morgan Stanley Group's Resilience organisation, the MSEHSE Group has staff dedicated to managing the aforementioned programmes, which are governed at a global level by the Morgan Stanley Business Resilience Governance Committee. In addition, the Group Management Boards oversee the programme implementation at the Group level.

Third Party Risk Management

In connection with its ongoing operations, the Group utilises the services of third party suppliers which include other Morgan Stanley Group undertakings as well as external third party vendors. The Group mostly utilises the services of other Morgan Stanley Group undertakings as they are subject to the same global standards and frameworks. These services include, for example, outsourced processing and support functions and other professional services. The Group's risk-based approach to managing exposure to these services includes the execution of due diligence, risk assessments, implementation of service level and other contractual agreements as well as consideration of operational risks and performance of ongoing monitoring and supervision of the third party suppliers' performance. In addition, a dedicated Second Line of Defence control function (COCO) reviews adherence to applicable regulatory requirements. The Group maintains a third and fourth party inventory and an Outsourcing and Sourcing Framework which includes governance through policies, procedures, templates and technology and is designed to meet applicable regulatory requirements and be in line with the Morgan Stanley Group's third party risk management programme.

Compliance Risk

Compliance risk is defined as the risk of legal or regulatory sanctions, material financial loss or damage to reputation resulting from the failure to comply with laws, rules, regulations, related self-regulatory organisation standards and codes of conduct applicable to the Group's activities.

Compliance risk includes conduct risk, which is defined as the risk arising from misconduct by individual employees or contingent workers (collectively, "Personnel") or groups of Personnel, or the risk arising from conduct by the Morgan Stanley Group where the outcome has an adverse impact on clients, markets or the Group's reputation. Conduct risk includes both intentional and unintentional behaviours.

The Group's independent Compliance Department is responsible for identifying applicable compliance and conduct risks and obligations relevant to the Group, as well as maintaining a Compliance Risk Management Programme. Key components of the Compliance Risk Management Programme and the Conduct Risk Framework include:

(1) Risk Identification: Business units as well as support and control functions are responsible for identifying, assessing, managing and reporting compliance risk, including conduct risks, which arise from their current or planned strategies and activities. As part of the broader Non-Financial Risk Identification Framework, the Group's Compliance Department completes an annual Compliance Risk Assessment for the Group to identify material compliance risk.

(2) Risk Management and Monitoring: The annual Compliance Risk Assessment for the Group evaluates compliance risks and is reported to the Group Management Boards. In addition, the Compliance Department subsequently develops an Annual Compliance Plan for the Group that prioritises department activities (including monitoring) based on the Compliance Risk Assessment and other inputs, as appropriate. Internal controls and processes have been established to manage conduct risks identified. Conduct risk incidents are identified and escalated through a range of processes within the Three Lines of Defence.

(3) Risk Appetite and Tolerances: The Group seeks to comply with applicable laws, rules and regulations. The Group has no appetite for transactions, business activities, or conduct by employees, contingents or counterparties that give rise to a significant breach of the Group's compliance obligations.

(4) Risk Reporting: The Group's Compliance Department reports to the ERCs and Group Management Boards on a quarterly basis on compliance risk, conduct matters, significant regulatory compliance- and conduct-related developments and the progress of the Annual Compliance Plan. The Group's Compliance Department also produces an annual Compliance Report which is reviewed by the Group Management Boards.

Other Non-Financial Risks

In addition to the above non-financial risks, the Group has put in place a framework to identify, measure, monitor and report on the following material non-financial risk:

- **Financial Crimes Risk** refers to the risk of regulatory sanctions and reputation damage posed to the Group in the event of failure to comply with applicable anti-money laundering, terrorist financing, economic sanctions, anti-tax evasion, anti-bribery and corruption, or other criminal offences laws and regulations.

Other Material Risks

In addition to the above Financial and Non-financial risks, the Group has put in place a framework to identify, measure, monitor and report on the following other material risks:

- **Strategic Risk (incl. Earnings at Risk)** is defined as risk to baseline earnings from misaligned design and implementation of the Group's overall strategic objectives and the associated business unit strategic initiatives required to enable them, and any threat to the effective and efficient execution of the Group's strategic business initiatives.
- **Reputational Risk** (also referred to as Franchise Risk) refers to potential risks associated with the way in which the Group conducts its business and the perception of the Group by external parties including its shareholders, clients, regulators and the public. Reputational risks may be triggered

by either the nature of the transaction (e.g., unusual complexity) or business practice (e.g., a transaction without appropriate economic substance or business purpose) or by the identity or reputation of the client or counterparty (e.g., a client linked to alleged corruption or other improper activities).

Risk Summary

The Group's Risk Strategy and Risk Appetite are aligned with the Group's business strategy as well as capital and liquidity resources and are embedded into risk management processes. The Group remained within the set Risk Appetite throughout 2024 and the Group's risk bearing capacity was sufficient at each quarter-end during 2024. Adequate capital and liquidity were maintained as at 31 December 2024, sufficiently exceeding regulatory minimums under normal and stressed market conditions. The Group's Risk Management Framework and the Group's Risk Governance structures are effective and commensurate with the size and complexity of the Group's risk profile and the Group's Risk Division is appropriately staffed with experienced risk managers.

Opportunities and Outlook

The outlook for global markets and economic environment, summarised in this section, represents the Group's internal projections and expectations based upon proprietary models and research as of March 2025. The assumptions underpinning particular forward-looking statements are disclosed where appropriate.

Global Markets and Economic Outlook

In 2025, the Group anticipates the global economy to exhibit steady growth at 2.9%. Monetary policy easing is expected to positively affect the broader economy gradually over time. Inflation is expected to decline to levels close to central banks' targets in most advanced economies. Meanwhile, central banks are expected to continue their cutting cycle towards, and in some regions below, their respective neutral rates in 2025. The tightness of labour markets should ease.

Looking further ahead, the international response to geopolitical dynamics, trade challenges and Europe's strategic recalibration of its energy strategy and addressing of demographics challenges will be pivotal in shaping the economic outlook.

In the Euro area, the Group forecasts modest annual growth of 1.0% for 2025, as activity picks up in the course of 2025. As 2025 progresses, monetary policy easing should support investment, and increasing real incomes should continue boosting consumer spending. At the same time, fiscal consolidation combined with subdued momentum and heightened uncertainty in global trade, are likely to be a drag on the economy.

Following the German snap parliamentary elections, the Group expects more expansionary fiscal policy as well as a strong investment cycle to take place. Therefore, the Group thinks that German economy will grow by 0.8% in 2025.

Business Priorities

The Group will align to the four key pillars of the global Morgan Stanley strategy by prioritising long-term revenue growth and wallet share expansion. Growth should be driven by local and regional collaboration and efficient resource deployment, leveraging the integrated investment bank. The Group aims to achieve durable revenues supported by a robust and effective risk and control framework that evolves in-line with the business strategy.

Financial Projections

The Group is currently forecasting a slight increase in PBT and ROE in 2025 in comparison to 2024, driven by higher client activity across all business lines.

Tier 1 Capital Ratio is expected to moderately decrease in 2025 primarily due to an increase in RWAs linked to business growth and the implementation of CRR3. The NSFR is expected to slightly decrease due to business growth, while the final impact is subject to potential regulatory changes in the CRR. The LCR is expected to increase slightly due to business growth which is expected to increase the target liquidity reserve to meet internal and external requirement.

MSEHSE Group is considering a downstream merger ("merger by absorption") of MSEHSE into MSESE. At the time of the approval of this Group Management Report, no final decisions have been taken. The proposed merger will have no material impact on the business activity, financial or regulatory positions of its subsidiaries MSESE and MSBAG.

Regulatory Developments

Finalising Basel III Reforms

There are a number of remaining standards of the Basel III reform package (referred to as "Finalisation of Basel III") that were not implemented as of 31 December 2024. These revisions cover RWA requirements for Credit, Market, Credit Valuation Adjustment ("CVA") and Operational Risk.

The standards also introduce an aggregate floor for RWA generated by internal models, which eventually will be set at 72.5% of total standardised RWA. The output floor will be phased-in over five years. Institutions will also need to disclose their RWA based upon the standardised approaches.

CRR III and CRD VI, which implement the final elements of the Basel III reform package with some EU specific adjustments, were finalised and approved via the European legislative process by the European Parliament and the Council of the EU. The rules became effective from 1 January 2025, with the exception of the Fundamental Review of the Trading Book ("FRTB") own funds requirements that have been postponed to 1 January 2026 (CRR III Market Risk Delegated Act). The European Commission is also considering whether to recommend a further 1-year delay for the FRTB requirements. The finalised rules also include an increased focus on Environmental, Social and Governance (“ESG”) risks.

CRD VI Article 21c

New rules amending the EU's CRD VI entered into force on 9 July 2024. CRD VI includes provisions which will restrict certain non-EU entities from providing core banking services, including lending, to EU borrowers. Whilst each EU Member State is required to transpose the Directive's minimum requirements into their national laws by 10 January 2026, these specific provisions will take effect from 11 January 2027. The Group is analysing and monitoring the impact of these changes.

The above developments have been considered in the capital planning, funding plan, ICAAP and ILAAP of the Group.

ESG Report

The sections 'Climate and Environmental Risk Management' and 'Climate Risk Metrics' are part of the risk reporting within the consolidated Management Report pursuant to section 315 (1) sentence 4 of the German Commercial Code (Handelsgesetzbuch, or "HGB") and have therefore been audited. All other sections of the ESG Report are unaudited.

General Information (unaudited)

About This ESG Report

This ESG Report provides an annual overview of the Group's approach to and performance on ESG topics.

The Group's ESG Report is prepared in accordance with the requirements of section 340i (5) and sections 315c and 289b - 289e HGB, collectively known as the Non-financial Reporting Directive ("NFRD"). It also includes disclosures as required by Article 8 of Regulation (EU) 2020/852 ("the EU Taxonomy Regulation").

Due to evolving regulation in this area, the Group has elected not to employ any of the existing ESG reporting frameworks as permitted by section 289d HGB.

MSESE, a subsidiary company within the Group, is exempted from the obligation under section 340a (1a) HGB to draw up a non-financial statement, including the disclosures required by Article 8 of the EU Taxonomy Regulation, as it meets the requirements under section 289b (2) HGB and these disclosures are included in this Group ESG Report.

The Group's approach to ESG is consistent with that of the Morgan Stanley Group. The Morgan Stanley Group is committed to transparent disclosure of information relating to ESG and the full list of available disclosures is in the Morgan Stanley Group's ESG Report. The Report's data, content and narrative are informed by the Sustainability Accounting Standards Board ("SASB") standards for Investment Banking, Asset Management and Commercial Banking and the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), both of which are now part of the International Sustainability Standards Board ("ISSB").

The Morgan Stanley Group's ESG Report is available at https://www.morganstanley.com/about-us/sustainability-reports-research.

As at publication date of this Group Management Report, the latest Morgan Stanley Group ESG Report is the 2023 Report. The 2024 Report will be available at this site when published.

Evolving Regulatory Developments

On 28 November 2022, the European Commission adopted the Corporate Sustainability Reporting Directive ("CSRD") which replaces the existing reporting requirements of the NFRD. The CSRD requirements apply to financial years commencing on or after 1 January 2024, subject to transposition into EU member state law.

CSRD has not been transposed into German law, therefore the Group is not subject to the CSRD requirements for the financial year ending 31 December 2024.

On 26 February 2025, the European Commission published the Omnibus Sustainability package which seeks to delay and limit sustainability reporting obligations to the largest companies and streamline disclosure requirements. The Group continues to monitor the proposals for impact on future sustainability reporting.

Approach to ESG

Business Model and Sustainability Matters

As set out under 'Group Overview', the Group is Morgan Stanley's primary hub to facilitate EU27 client business. The Group's business strategy is closely integrated into the global strategy of ISG. Revenue generation from these activities is set out in the section 'Financial Performance and Condition'.

The Morgan Stanley Group and the Group are both committed to helping clients achieve their various sustainability objectives, including the evolving considerations related to climate, by providing strategic advice, solutions and services. The Group takes an integrated approach to creating sustainable value for its clients, shareholders, communities, and employees. It does so by leveraging the expertise, networks and resources from the Morgan Stanley Group.

Sustainable Finance (unaudited)

Solutions and Services

As part of its focus on Sustainable Solutions and Services, the Morgan Stanley Group is responding to client demand with financial solutions and advisory services designed to help deliver both competitive financial returns as well as meet client sustainability preferences. For more information, refer to https://www.morganstanley.com/about-us/sustainability-at-morgan-stanley.

The Morgan Stanley Group is committed to mobilising $1 trillion in sustainable finance by 2030 which includes $750 billion to support low-carbon and green solutions. Progress toward this goal is guided by the Morgan Stanley Group's Sustainable Finance Framework (the "Framework") and tracked at the global Morgan Stanley Group level. Since 2018, more than $820 billion in capital has been mobilised toward the $1 trillion goal, including over $640 billion in low-carbon and green solutions. The Framework is maintained by the Global Sustainability Office ("GSO"), which considers the United Nations Sustainable Development Goals ("UN SDGs") and industry frameworks and standards, such as the International Capital Markets Association's ("ICMA") Green and Social Bond Principles, when evaluating the Framework on an annual basis to help ensure alignment with evolving industry best practices. The Framework is further informed by input from contributing business units and relevant committees across the Morgan Stanley Group in order to remain aligned with the Morgan Stanley Group ESG priorities as well as changes in its business activities and products. In addition, the underlying data is subject to internal review and verification.

Business segments, units and programs contributing to the target include the Institutional Securities Group, Investment Management, Wealth Management, Community Development Finance and the Morgan Stanley Inclusive and Sustainable Ventures ("MSISV"). Eligible themes and products under the Framework are reported in the 2023 Morgan Stanley Group ESG Report. For the Group, the relevant contributing business segments, units and programs include the Institutional Securities Group and the MSISV.

The Morgan Stanley Institute for Sustainable Investing

Established in 2013, the Morgan Stanley Institute for Sustainable Investing ("ISI") aims to accelerate sustainable finance by 1) driving innovation, 2) empowering investors with insights and 3) supporting the development of the next generation of sustainable investing leaders. The ISI is guided by an advisory board of prominent leaders from business, academia and non-governmental organisations. The ISI publishes regular thought leadership on sustainable finance trends and themes and also runs a number of initiatives including the Kellogg-Morgan Stanley Sustainable Investing Challenge, the Sustainable Investing Fellowship, and the MSISV.

Morgan Stanley Inclusive and Sustainable Ventures

MSISV, includes two in-house accelerator programs – a Lab designed for startup founders and a Collaborative to support emerging non-profits. MSISV, announced in February 2025, builds on the success of the Inclusive Ventures Lab and the Sustainable Solutions Collaborative, integrating the two complementary accelerators. MSISV provides founders who may have experienced systemic barriers to accessing capital and/or have a focus on sustainability with access to capital and resources to scale innovative solutions globally.

The Lab is an intensive, five-month, in-house accelerator designed to help further develop and scale startups, culminating in a showcase presentation and Demo Day to the investor community. Through the Lab, the Morgan Stanley Group makes direct investments in early-stage, technology and technology enabled companies, and supports each founder's growth and development through a rigorous program and a global ecosystem of internal and external partners. The Lab provides startups in the program with much-needed access to investors—along with the tools, resources and connections to grow and thrive. The EMEA Lab has invested in 25 high-potential companies to date, and has raised approximately €22 million during and after the accelerator program. This year also marked the Lab's first investment in Germany.

Double Materiality Assessment

For 2024, the Group performed a Double Materiality Assessment ("DMA") to identify the sustainability-related matters material to it and to its wider stakeholders. The assessment enabled the evaluation of sustainability-related financial materiality as well as impact materiality, assessing the impacts of the Group on people and the environment, that are linked to its activities and relationships through the value chain.

The DMA concluded that the most material sustainability matters to the Group are Climate Change, Governance and Workforce. The table below maps these material topics to each of the sustainability aspects as required by HGB 289c.

Sustainability Aspect according to HGB 289c	Material issue(s)	Section reference
Environmental matters	**Climate Change**	Environmental Information
Employee matters	**Workforce**	Social Information
Social matters	**Workforce**	Social Information
Respect for human rights	**Human rights in the supply chain**	Governance Information
Anti-corruption and bribery matters	**Prevention and detection of corruption and bribery**	Governance Information

ESG Governance

Board and Management's Roles and Responsibilities

An EMEA ESG governance framework is in place which establishes clear escalation and reporting channels from dedicated ESG working groups, to ESG specific committees, up to executive committees and then to the Group Management Boards and Supervisory Boards. Prior to information on sustainability-related topics being brought to the Management Boards and the Supervisory Boards, it is subject to a review and challenge process.

A dedicated EMEA ESG Committee supports the Group Management Boards and Supervisory Boards in their oversight of the relevant sustainability-related matters. The EMEA ESG Committee is in place to support the Group in the continued consideration, governance and oversight of the incorporation of ESG risks, impacts and opportunities into strategy, business processes and risk management. In particular, the EMEA ESG Committee advises on the integration of ESG considerations into the regional business strategy, oversees the embedding of ESG risks into the risk and control framework and oversees the tracking, analysis and implementation of key regulatory requirements related to ESG. The EMEA ESG Committee reports on at least an annual basis to the Morgan Stanley Group ESG Committee. The Group Chief Operating Officer ("COO") Co-Chairs the Committee with the EMEA Chief Risk Officer, and the EMEA Head of Climate Risk, Group Chief Finance Officer, and Group Head of Legal are members of the Committee.

At least annually, the EMEA ESG Committee will invite representatives from Human Capital Management ("HCM") and the EMEA Diversity Action Council to provide updates on regional diversity and inclusion matters to ensure the EMEA ESG Committee has transparency on how those activities impact on wider sustainability matters.

The EMEA ESG Committee has been presented with the results of the DMA and has reviewed and approved the material issues set out in section 'Double Materiality Assessment'.

The Boards are briefed regularly on sustainability topics, including on related risks and opportunities. The Group Management Boards are responsible for approving the risk appetite statement, risk tolerance statements and limits, regulatory public disclosures and for determining the EMEA strategy, in relation to the Company, which include sustainability-related considerations as applicable.

During 2024, the Group Management Boards and Supervisory Boards considered sustainability-related matters through regular Board reporting and focused updates. At the start of the year the Group Management Boards and Supervisory Boards considered the annual Group business strategy and priorities. This included sustainability products and supporting clients in their climate transition as well as a KPI to monitor alignment of lending exposure retained on the Group to align to Morgan Stanley Group's Net Zero target.

The Group Management Boards and Supervisory Boards considered and agreed performance priorities including in relation to Morgan Stanley's net zero strategy, Culture, Conduct, and Diversity and Inclusion and regularly considered performance against the priorities.

The Group Management Boards and Supervisory Boards received updates from the Group COO on activities and key findings within the Group Culture Action Plan, including in relation to Culture and Conduct, and Diversity and Inclusion. The Group Management Boards and Supervisory Boards received focused reports on the energy transition and related risks as well as new global decarbonisation targets, and the related opportunities. They also received focused reports on the Global Capital Markets core business strategy which includes ESG-related issuance and advisory work and related risks such as greenwashing.

The Group Management Boards are responsible for overseeing climate risk and strategy and as a result, climate-related risks are considered in the remuneration processes for the Group Management Board members.

The Group Management Boards reviewed and approved the Group Risk Strategy, including the Risk Appetite Statements which include climate change as a driver of existing risks.

Climate transition risk is incorporated into the Group Risk Appetite and Limits Framework via a specific Climate Stress Loss Limit, that was set by the Group Management Boards. On a monthly basis, the Group Management Boards review the utilisation of the Climate Stress Loss Limit and the credit risk limits that are established for industries highly exposed to climate risk. Refer to the section 'Climate and Environmental Risk Management - Risk Appetite and Limit Framework' for further details.

The Group Risk Committee assists and provides guidance to the Group Supervisory Boards on the overall strategy and risk tolerance of MSEHSE Group as well as the management of financial and non-financial risks, including ESG risks. The Group Risk Committee receives updates on the Group Risk Strategy, including the Climate Stress Loss Limit and Climate Credit Limit.

The Group Audit Committee assists and provides guidance to the Group Supervisory Boards in monitoring financial reporting, internal controls, and legal and regulatory compliance, including in relation to sustainability-related matters. The Group Audit Committee received regular updates on ESG disclosures and related governance processes in relation to the Group's Financial Statements.

The Group Nomination Committee assists and provides guidance to the Group Supervisory Boards on succession planning, the recruitment of board members and considers climate- and environmental-related skills in its annual assessment of the Management Board.

Environmental Information

Climate and Environmental Strategy (unaudited)

Morgan Stanley recognises that climate change is a complex issue, and considers climate change in its business, operational and risk management activities. The Group's strategy is to support the Morgan Stanley Group in achieving the overall goal of net-zero financed emissions across its global business by 2050. It will contribute to each component of a four-part climate strategy:

- Transition to a low-carbon economy – goal to reach net-zero financed emissions by 2050 and to mobilise $750 billion to support low-carbon and green solutions by 2030 (see 'General Information - Sustainable Finance' section);
- Climate risk – Morgan Stanley Group Firm Risk Management ("FRM"), in partnership with other areas of Morgan Stanley, focuses on identifying, measuring, managing and monitoring climate-related financial risks (see 'Environmental Information - Climate and Environmental Risk Management' section);
- Operations – Morgan Stanley achieved carbon neutrality across its global operations in 2022 and maintained it in 2023[1];
- Transparency – Climate-related disclosures are published in Morgan Stanley Group's annual ESG Report (see 'General Information - About This ESG Report' section).

The Morgan Stanley Group aims to realise its climate ambitions and contribute to real-economy decarbonisation by supporting clients in achieving their own climate-related objectives. Its approach to making progress towards its net-zero goal is described in the Morgan Stanley Group ESG Report and focuses on 1) mobilising capital toward low-carbon solutions, 2) striving toward net-zero targets, and 3) maintaining carbon neutrality.

To demonstrate progress toward its net-zero by 2050 target, the Morgan Stanley Group set interim 2030 financed emissions lending

[1] For further information on how carbon neutrality has been achieved, refer to page 47 of the 2023 Morgan Stanley Group ESG Report. Morgan Stanley Group's 2024 carbon neutrality status will be addressed in the 2024 Morgan Stanley Group ESG Report.

intensity ("FELI") targets in November 2021 for the three most emissions-intensive sectors: Auto Manufacturing, Energy, and Power. Progress against these targets is reported in the Morgan Stanley Group ESG Report. In October 2024, these targets were updated to refresh the existing sector-specific targets for Power, Energy and Auto Manufacturing and set new targets for the Aviation, Chemicals and Mining sectors. These targets cover corporate relationship lending exposure. More information can be found in the Net Zero Methodology: https://www.morganstanley.com/content/dam/msdotcom/en/assets/pdfs/MS_2024_Net-Zero_Methodology_Report_10.pdf

The Group maintains a KPI to monitor alignment of lending exposure retained on the Group to Morgan Stanley Group's Net Zero target and global targets in the six sectors. In 2024, the KPI was updated to reflect the updates to the Morgan Stanley Group targets explained above. Accountability for this KPI sits with the Group's Management Boards. No targets have been set at the legal entity level.

The Morgan Stanley Group Climate Strategy Assessment Framework ("CSAF") provides a data-driven assessment of clients' climate strategies, to help the Group better engage with its clients and inform business decisions. The CSAF will help the Morgan Stanley Group to assess company targets, climate governance, plans and actions taken toward meeting targets, and greenhouse gas ("GHG") emissions performance. The CSAF has been further embedded into business activities and risk management processes as set out in the Morgan Stanley Group ESG Report.

Resilience of Strategy and Business Model to Climate Change

In 2022, the Group conducted a qualitative assessment of the potential business outcomes of four long-term scenarios that considered both transition and physical risk. In 2024, this qualitative assessment was refreshed for two of the scenarios. A quantitative assessment was also conducted by FRM, refer to the 'Environmental Information - Climate and Environmental Risk Management' section for further details.

The impact on business activities was broadly assessed to be limited in most circumstances given the agility of the Group's business model to adapt to evolving market conditions. Insights were included as an input into business strategy and planning. For further detail on the Morgan Stanley Group's approach to scenario analysis, refer to the Morgan Stanley Group ESG Report.

To estimate the impact of climate risk on strategic risk, the impact on the Group's revenues as a result of adverse client impacts in the short-term transition carbon repricing scenario were modelled. This analysis concluded that strategic risk under this scenario is non-material for the Group.

Operational Resilience

The Group's critical processes and businesses could be disrupted by multiple events, including natural disasters and severe weather events. See 'Non-Financial Risks - Business Continuity Management and Disaster Recovery' for information on the Morgan Stanley Group's Firm Resilience programme that is designed to provide for operational resilience.

Climate and Environmental Risk Management (audited)

The Group's risk management framework, processes and policies cover climate and environmental risks.

Climate and environmental risks include negative potential impacts to biodiversity, pollution of land, water or air, climate change, deforestation and forest degradation, and other negative impacts on the environment as a result of human activities. Within climate and environmental risks, the risks arising from climate change are a particular area of focus.

The Group considers climate and environmental risks through two main categories: transition risks and physical risks.

- **Transition Risks:** Transitioning to a low-carbon and more environmentally sustainable economy will entail extensive regulatory, policy, legal, technology and market initiatives as society adapts to climate change, mitigates its causes and promotes a more sustainable environment. Depending on the nature, speed and focus of these changes, transition risks may pose varying types and levels of financial and reputational risk to businesses and other organisations.
- **Physical Risks:** These risks include both acute physical events such as flooding, and chronic physical risks related to longer-term shifts in climate patterns such

as more frequent and prolonged drought and progressive shifts like biodiversity loss, land use change, habitat destruction and resource scarcity. Financial implications for organisations can range from direct damage to assets to indirect impacts from supply chain disruption, driven by factors such as changes in water availability, food security and agricultural productivity. Extreme temperature changes may affect an organisation's physical locations, operations, supply chain, transport needs and employee safety.

The Group may also be exposed to litigation risk or reputational risk losses arising from compliance risks related to increasing and evolving ESG-focused regulation.

Managing Climate and Environmental Risks

The Central Climate Risk team within FRM is responsible for working with stakeholders in Risk and across the Morgan Stanley Group to identify, monitor, mitigate and report on the climate-related financial risks it may face. The EMEA team is led out of the Group with primary responsibilities consisting of partnering with stakeholders to manage and embed climate and environmental risks in the risk management framework including regional regulatory requirements and with consideration of the Group's portfolio.

Climate and environmental risks are incorporated into the Group risk management framework. The Group risk management framework continues to be enhanced to meet requirements set out in new and evolving regulations.

Risk Identification and Materiality Assessment

As part of its risk identification and materiality assessment process, the Group conducts granular risk assessments of short-term climate and environmental risks across risk types.

The risk inventory captures climate and environmental risks as drivers of existing risks. Risk events assessed for their impact on credit, market, liquidity and operational risks include:

- Transition risk driven by climate policy (carbon repricing and accelerated green technology) and other environmental policies (reduction of pollution);
- Physical risk driven by climate events (extreme temperature, wildfire, drought, riverine flood, coastal floods and storms) and other environmental events (biodiversity loss, water stress and marine resources).

In addition, the Group assessed ESG scenarios for litigation and reputational risks (see the 'Scenario Analysis and Stress Testing' section).

A quantitative assessment is performed on a quarterly basis across risk types to determine the materiality of the impact of short-term ESG risks. A risk is considered material if the estimated stress loss or liquidity outflow is above the existing risk identification materiality threshold.

The Group also performed a medium- and long-term assessment of climate risks based on 5 year and 30 year losses from long-term scenarios.

Materiality Assessment in the Short-Term

In 2024, climate transition risk was assessed as a material credit risk for the Group. Climate physical risks were assessed as non-material for credit risk. Operational risk (business disruption, litigation risk and reputational risk), market risk and liquidity risk were assessed as non-material given estimated losses fell below respective materiality thresholds. Other environmental risks are assessed as non-material across risk types.

Credit climate transition risk was assessed as the only material risk in the Group portfolio, in line with 2023 results.

Material identified risks inform risk measurement, monitoring, management, and the scenarios that support the Group's ICAAP. In addition, material risks guide the Group's risk appetite.

Materiality Assessment in the Medium- and Long-Term

The medium- and long-term assessments for credit and market risk consider results of the Net Zero by 2050 scenario and the Fragmented World scenario. In 2024, this materiality assessment concluded that transition risk is also material for credit risk in the long-term for the Group.

Risk Appetite and Limit Framework

Credit and Market Risk Limits: Climate Risk

The Group Management Boards set a Climate Stress Loss Limit ("CSLL") across credit and market risks.

The CSLL is integrated into the Group's Risk Appetite Statement in the Group Risk Strategy, which is approved by the Group Management Boards on an annual basis.

In addition to the CSLL, climate risk is incorporated into the credit risk management framework through industry sector limits as well as country and obligor ratings.

- **Climate Stress Loss Limit**: The Group Management Boards express risk appetite via the CSLL. To monitor potential credit and market risk losses against this limit, the Group runs a short-term transition risk carbon repricing scenario (refer to 'Scenario Analysis and Stress Testing' section). The results of this scenario are reported to the Group's Management Boards on a monthly basis.
- **Industry Sector Limits**: Credit risk limits are established for industries that are highly exposed to climate risk. This process includes a portfolio segmentation of industries into groups with common climate risk profiles. These limits enable the Group to monitor and manage credit risk arising from climate change.
- **Country Ratings**: ESG considerations are incorporated into the internal sovereign credit rating assessment. The sovereign rating is an important input in determining country limits, therefore ESG considerations influence risk appetite at the country level.
- **Obligor Ratings**: Climate risk is incorporated into the rating assessment for corporates. The corporate rating is an important input in determining single name limits, therefore climate risk influences risk appetite at a single name level.

In addition to the credit limits, the Group includes an assessment of ESG risks in the lending transaction approval documentation in line with the European Banking Authority's guidelines on loan origination and monitoring.

Liquidity and Operational Risk Limits: Climate Risk

In 2024, climate risks are assessed as non-material for liquidity and operational risk. Hence, the Group has not established specific climate risk limits for liquidity and operational risks.

Credit, Market, Liquidity and Operational Risk Limits: Other Environmental Risks

In 2024, other environmental risks were assessed as non-material for credit, market, liquidity and operational risk. Hence, the Group manages other environmental risks within the existing risk appetite and limit framework.

Scenario Analysis and Stress Testing

Scenario analysis is central to the Group's climate risk management framework and is used to identify and measure potential financial vulnerabilities from climate-related risks in the Group's business.

Both transition and physical risks can materialise over different time horizons. For example, extreme flooding events present near-term physical risks to vulnerable regions and populations, while certain climate policy measures, particularly those implemented over several years, present longer-term challenges as economies adjust to increased costs and market or technological changes stemming for new policies.

Therefore, scenarios may be developed to assess potential losses or financial impacts over the short-, medium-, or long-term. Morgan Stanley defines these time horizons as set out below.

Short-term: 0 - < 1 year

Medium-term: 1 - < 5 years

Long-term: > 5 years

The Group has implemented short-, medium- and long-term scenarios to assess the impact of climate risks. Short-term scenarios are considered in the capital planning process and prioritised to manage financial risk due to the short maturity of the business activities. Medium- and long-term scenarios are used to assess materiality and inform the business strategy.

Please refer to the table below that covers the ESG scenarios implemented by the Group.

ESG Scenarios Implemented by MSEHSE Group

Scenario	Risk Types	Narrative & Assumptions
Carbon Repricing: Transition Risk Short-term (1 year) Internal scenario	• Credit Risk - Lending and Counterparty • Market Risk	• Global effort to curb emissions leads to the implementation of climate policies • Sudden and sustained rise in carbon prices across countries
Net Zero by 2050: Transition Risk Medium- and Long-term (5 and 30 year) Based on NGFS(1), aligned to 1.5C	• Credit Risk - Lending and Counterparty • Market Risk	• Global ambitious plan to reach net zero by 2050 in an orderly fashion
Fragmented World: Transition and Physical Risk Medium- and Long-term (5 and 30 year) Based on NGFS(1)	• Credit Risk - Lending and Counterparty • Market Risk	• Governments suddenly enact global carbon policies in 2030; policies vary among nations • Net zero is not achieved, leading to extreme weather events and increased physical risk
Continental Europe Flooding: Physical Risk Short-term (1 year) Internal scenario	• Credit Risk - Lending and Counterparty • Market Risk	• Heavy flooding across the EU
Climate Physical Events Impacting MS Operations: Physical Risk Short-term (1 year) Range of scenarios specific to Physical events impacting operations in each of our geographic locations	• Operational Risk	• Heavy flooding across London impacting transport links • Severe flooding across Mumbai resulting in infrastructure damage and power outage • Severe heatwave impacting India resulting in a power outage
ESG Litigation Scenarios: Litigation Risk Medium-term (2 years) Range of ESG scenarios such as Greenwashing, Product Mis-selling and Reporting Errors	• Operational Risk	• Misstatements in ESG disclosures • Misstatement of ESG objectives linked to a product

(1) Network for Greening the Financial System ("NGFS") is a group of Central Banks and Supervisors willing, on a voluntary basis, to share best practices and contribute to the development of environment and climate risk management in the financial sector.

Climate Metrics and Targets (unaudited)

Morgan Stanley Group has set 2030 interim financed emissions targets in relation to certain emissions-intensive sectors. No targets have been set at the legal entity level. For further information, refer to 'Environmental Information - Climate and Environmental Strategy.'

Financed Emissions (unaudited)

The Morgan Stanley Group's absolute financed emissions are disclosed in the Morgan Stanley Group's voluntary ESG Report for corporate relationship lending activities in the sectors for which interim 2030 net zero targets have been established. These emissions calculations are informed by guidance from the Partnership for Carbon Accounting Financials ("PCAF") Global Greenhouse Gas Accounting and Reporting Standard.

The MSEHSE Group exposure and GHG Lending Intensity (in tCO_2e/€ in millions of 3-year average revenue) for its corporate relationship lending portfolio is shown in the table below. This is based on the ECB 2022 Climate Risk Stress Test methodology. This methodology is similar but distinct from the PCAF methodology that informed how the Morgan Stanley Group calculates and reports its financed emissions in the 2023 ESG Report. For further information on the ECB methodology, refer to https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.climateriskstresstest2021~a4de107198.en.pdf.

Carbon emissions information from clients is subject to a data lag, which can be 12-18+ months after the underlying emission-generating activities have taken place. To enhance data availability and support more consistent year-over-year analysis, the most recent full year of carbon data available as at the time of reporting is selected. This includes carbon data associated with client activities undertaken in financial year 2022.

This disclosure is subject to the data limitations noted in the 'Note' to the table below and the ‘Data Limitations and Challenges’ section.

As presented in the following table, the Group's credit exposure to in-scope emissions-intensive sectors has increased approximately 26% since 31 December 2023 to €4,217 million as at 31 December 2024. The weighted average GHG Lending Intensity of the portfolio decreased year-on-year by 24% to 1,304 tonnes CO_2e per 3-year average revenue.

The decrease in portfolio lending intensity is primarily driven by a decrease in the average sector emissions intensity across Utilities, Automobile and Components, Energy, and Other sectors (as defined per ECB Climate Stress Test). Additionally, while total lending increased year-on-year, our exposure to certain carbon intensive sectors (such as Utilities) decreased significantly as an overall percentage of total lending.

MSEHSE Group GHG Lending Intensity as per ECB Climate Risk Stress Test Methodology

Sector	2024			2023		
	Number of Counter-parties	Exposure (%)	GHG Lending Intensity (tCO_2e/ € in millions of 3-year average revenue)	Number of Counter-parties	Exposure (%)	GHG Lending Intensity (tCO_2e/ € in millions of 3-year average revenue)
Utilities	10	23 %	1,140	10	33 %	1,311
Transportation	12	19 %	749	5	12 %	808
Automobiles and Components	4	10 %	3,282	3	9 %	4,374
Energy	12	9 %	3,205	2	7 %	3,942
Pharma, Biotech & Life Sciences	3	9 %	101	2	11 %	109
Other as per ECB Climate Stress Test	52	30 %	926	21	28 %	1,755
Weighted average			**1,304**			**1,718**
Total (%)		**100%**			**100%**	
Total	93	€4,217		43	€3,357	

Note:

Exposure considers corporate exposures to non-SME ("non-small and medium-sized enterprises") and non-financial counterparties. Emissions intensive sectors according to Statistical Classification of Economic Activities in the European Community Codes ("NACE-Codes"), as defined in the ECB Climate Risk Stress Test methodology. Within each sector, a materiality threshold of 1% of total non-SME corporate credit exposures by sector (i.e., by group of NACE-codes) applies, the exposure below that threshold is not reported.

Where client financial data is not available a GHG lending intensity result is not able to be calculated for the client and they are therefore excluded from the portfolio-level weighted average intensity metric. In 2024, excluded clients represented 1.2% of total in-scope exposure.

GHG Lending Intensity metric is the counterparties' Scope 1, 2 & 3 GHG emissions in tonnes (tCO_2e) / counterparties' average revenues for the last 3 years (subject to revenue data availability). The sector intensity metric is the weighted average (based on exposure) of the GHG intensity of the counterparties in the sector. 2024 and 2023 results leverage the most recent GHG emissions data for the year 2022. Morgan Stanley Group performs a data coverage review and GHG vendor data analysis to enhance accuracy and support continuous improvement. For further detail on how the Morgan Stanley Group evaluates GHG data, refer to the Morgan Stanley Group ESG Reports for 2023 and 2022.

Climate Risk Metrics (audited)

The section 'Environmental Information - Risk Appetite and Limit Framework' describes the limits established to manage climate risk in MSEHSE Group and the exposures that are monitored against those limits.

Climate Stress Loss Limit

The Group remained within its portfolio CSLL throughout 2024.

Exposure to climate risk

Exposure to industries with high climate transition or physical risk comprises 17% and 15% of the Group's aggregate risk exposure, respectively. Higher exposure to industries with high transition risk in 2024 compared to the previous year relates to lending commitments in the Energy and Airlines sectors as MSEHSE Group continues to increase retention of European loans. Although the exposure to industries with high physical risk is 15% of the aggregate exposure, climate physical risk is assessed as non-material. The risk identification process is supported by a more granular assessment of physical risk, considering geographic locations (see 'Environmental Information - Risk Identification and Materiality Assessment'). Exposures to climate risk in the table below include treasury placements, lending commitments and trading activities, offset by credit risk mitigants such as collateral.

Exposures to High Climate Risk Industries

	2024	
	Exposure in €	% of Exposure
Group total net exposure	25,739	
of which transition risk	4,358	17 %
of which physical risk	3,872	15 %

	2023	
	Exposure in €	% of Exposure
Group total net exposure	22,028	
of which transition risk	3,213	15%
of which physical risk	3,352	15%

Note: The table includes the exposure to sectors highly vulnerable to climate transition and climate physical risks. The vulnerability of obligors is assessed based on a segmentation approach which differentiates between low, medium, high and very high (high and very high presented in the table). The segments are sub-industries with consistent climate risk profile. The assessment considers expert credit assessment, greenhouse gas emissions data and external physical risk scores.

IFRS 9 Expected Credit Loss ("ECL")

Corporate credit ratings include a climate risk adjustment, which assesses the impact of climate risk on the obligor's creditworthiness. Climate risk is therefore reflected in the obligor's PD, which is used to calculate the ECL in the IFRS 9 process.

As at 31 December 2024, the estimated impact of climate risk on the ECL charge was immaterial due to a low overall ECL (see Note 22.3 Financial Risk Management - Credit Risk). The result reflects the limited impact of climate risk on credit ratings and moderate exposure to low-rated clients.

Disclosures Pursuant to Article 8 of Regulation (EU) 2020/852 (" Taxonomy Regulation") (unaudited)

The Taxonomy Regulation provides a system for classification of economic activities deemed as environmentally sustainable underpinned by six environmental goals:

- climate change mitigation ("CCM");
- climate change adaptation ("CCA");
- the sustainable use and protection of water and marine resources;
- transition to a circular economy;
- pollution prevention and control; and
- protection and restoration of biodiversity and ecosystems.

Under Article 8 of the Taxonomy Regulation and the related Disclosures Delegated Act (Regulation (EU) 2021/2178) ("Disclosures Delegated Act"), the Group must disclose its Taxonomy-eligible assets and its Taxonomy-aligned assets, Taxonomy-aligned financial guarantees and its Green Asset Ratio ("GAR") KPIs.

Eligibility indicates whether the activities that the Group is financing are in scope of the Taxonomy Regulation, i.e., are potentially environmentally sustainable.

Alignment indicates whether the Taxonomy-eligible activities that the Group is financing are environmentally sustainable. A Taxonomy-eligible activity becomes Taxonomy-aligned when:

- It contributes substantially to one or more of the environmental objectives set out in the regulation;

- It does not significantly harm any of these environmental objectives; and
- It is carried out in compliance with the minimum safeguards set out in the Taxonomy Regulation.

GAR is the Group's Taxonomy-aligned assets as a percentage of its covered assets (see 'Definitions' section, 'Assets in scope of GAR denominator' in the 'Appendix to the ESG Report', for a definition of covered assets). GAR Stock reflects the position as at the end of the reporting period.

GAR KPIs

The following table shows the GAR KPIs in respect of the Group's taxonomy-aligned assets.

The Group's GAR KPIs are limited as the ratio excludes assets facing central banks, governments and supranationals. 40% (2023: 36%) of the Group's total assets per Template 1 are further mandatorily excluded from GAR as held for trading assets. 9% (2023: 7%) of the trading portfolio faces non-financial corporations and 91% (2023: 93%) faces financial corporations. The numerator is further mandatorily restricted to only include exposures facing undertakings subject to NFRD and CSRD reporting obligations.

For a further analysis of the KPIs below, please refer to the 'Appendix to the ESG Report' which includes the mandatory templates required under Article 8 of the Taxonomy Regulation in respect of credit institutions.

2024	Total environmentally sustainable assets		KPI		% coverage (over total assets)*	% of assets excluded from	
in € millions	Turnover	CapEx	Turnover*	CapEx*		numerator of the GAR	denominator of the GAR
GAR Stock	137	172	0.4%	0.5%	36.6%	31.6%	63.4%

2023	Total environmentally sustainable assets		KPI		% coverage (over total assets)*	% of assets excluded from	
in € millions	Turnover	CapEx	Turnover*	CapEx*		numerator of the GAR	denominator of the GAR
GAR Stock	37	100	0.1%	0.2%	42.8%	31.8%	57.2%

(*) for definitions, please refer to the Appendix to the Group Management Report Template.

Incorporating the Taxonomy into Business Strategy

The Morgan Stanley Group partners with clients and stakeholders to mobilise capital at scale to tackle sustainability challenges and embed ESG considerations in business processes, as set out in the sections 'General Information - Sustainable Finance' and 'Governance Information - Environmental and Social Risk Management'. The Group will continue to consider the incorporation of the Taxonomy into business strategy, internal processes and client engagement as reported data improves and client needs evolve.

Data Limitations and Exclusions (unaudited)

Climate data is subject to significant limitations and challenges. Given the data limitations and challenges noted below, overall reliability, accuracy and comparability of the climate disclosures may be impacted.

Financed Emissions

Data Lag: Emissions data from companies and third-party data providers is often unavailable until 12-18+ months after the reporting year end, far exceeding common financial reporting timeframes. This lag is due to a range of factors including company GHG data reporting cycles; the time it takes for vendors to source, aggregate and analyse data; vendors populating missing or incomplete information; and vendor data quality checks. This results in the Group making internal decisions to utilise data that is often not up to date and therefore not reflective of current practices from clients.

Limited Company Reporting: Another limitation is the lack of company reporting across GHG scopes, especially for scope 3 emissions. Scope 3 data is generally estimated by third-party providers because it is often underreported. Therefore, scope 3 emissions data is heavily dependent on estimation methodologies which can differ across data providers, and are subject to methodological updates, making year-over-year result comparisons more challenging. Furthermore, the GHG Protocol methodology directs companies to decide which underlying scope 3 emissions sub-categories are most relevant to their respective operations. Companies within the same sub-sector may determine different underlying categories as relevant in their emissions disclosures. In some cases, companies may determine categories relevant, but may opt to not report.

Data Provider-Specific Methodology Decisions: The Group's financed emissions calculations depend on GHG data from two primary sources - company-reported emissions data and third-party data provider estimations. For company reported emissions data, companies report different GHG emission figures across different disclosure channels. For example, a company might report different emissions figures in its Carbon Disclosure Project ("CDP") report, its annual report, and/or its sustainability report. Third-party data providers do not uniformly select one disclosure source over another source, resulting in data discrepancies across these data providers. In addition, third-party data providers can retroactively implement changes in their own estimation methodology year-on-year, which could lead to revision of prior years' data. On the other hand, some third-party data providers may choose not to revise or update their prior years' emissions data sets when companies revise their own data. These third-party data providers may also choose to estimate emissions data even where reported data is available if the company underwent a significant corporate action such as an initial public offering or a corporate merger, or if they believe the reported data was under-reported or incomplete. In other cases, third-party data providers may implement methodological changes to improve accuracy but may limit such changes to certain years or certain reporting boundaries. Any of these instances potentially create anomalous results when comparing these estimates to prior year reported emissions, complicating trend analysis.

EU Taxonomy GAR

GAR Structure and Constrained Coverage: Green lending included in the GAR numerator is restricted to certain exposures subject to NFRD and CSRD reporting obligations. Green lending towards Small and Medium-sized Entities or to companies not subject to NFRD and CSRD reporting obligations do not contribute to increasing the GAR as they are excluded from the GAR numerator, however, are included in the GAR denominator. In addition, trading assets and exposures to governments, central banks and supranationals are excluded entirely from GAR. Owing to these structural limitations and constrained coverage, the GAR does not provide a complete view of the Group's financing of the green transition and should be viewed alongside complementary information contained elsewhere in the Group Management Report and in the 2023 Morgan Stanley Group ESG Report.

Social Information (unaudited)

Workforce Strategy

The Group's workforce strategy is built on the core values of the Morgan Stanley Group - Put Clients First, Do the Right Thing, Lead with Exceptional Ideas, Commit to Diversity & Inclusion, and Give Back.

Leadership, including from the Boards, sets the tone for the Group, and the executive team drives a culture that is central to how the Group serves clients, advances and develops the workforce, and supports the communities around it. Maintaining a first-class workforce is paramount to the Group's ability to support its clients. The Group strives to be inclusive across backgrounds, identities, and perspectives, and to ensure all employees feel a sincere sense of belonging.

The results of the most recent biennial employee engagement survey demonstrate the strength of the Group's commitment to its culture and employees, with 93% of the Group's employees being proud to work at Morgan Stanley.

Building Our Workforce

The Group's recruitment efforts are marked by a commitment to attract top talent across a variety of disciplines.

With a global presence and a reputation for excellence in the financial services industry, the Group employs a multifaceted approach to recruitment, utilising campus outreach programmes, job fairs, internships and digital platforms to identify and cultivate prospective candidates. Individuals from all backgrounds and perspectives contribute to a diverse and dynamic work environment. Through rigorous selection processes and comprehensive training programmes, the Group aims to build a workforce equipped to tackle the challenges of the ever-evolving financial landscape.

Consequently, recruiting efforts reflect the Group's desire to attract and retain the best and brightest from all talent pools. The Group wants to be the first choice for prospective employees.

Investing In Our Workforce

Compensation Practices

The Group is committed to responsible and effective compensation programmes. Compensation philosophy is fundamental to the Group's goals of attracting, retaining and motivating its workforce in a competitive market. The compensation philosophy provides the guiding principles that drive compensation-related decisions:

- Deliver pay for performance;
- Align compensation with shareholders' interests;
- Mitigate excessive risk-taking; and
- Attract and retain top talent.

Benefits and Wellbeing

The Group offers employees access to a wide array of resources to support their personal and professional wellbeing. From comprehensive benefits to employee networks, the Group prioritises the needs of its people to ensure they thrive.

The Group's comprehensive benefits support the physical, mental and financial wellbeing of the Group's employees and their families, and provide the Group with a competitive advantage in attracting and retaining top talent from all backgrounds. A three-prong approach to employee wellbeing is taken:

- Awareness - educating employees on health and wellbeing matters and engaging them to take charge of their health and wellbeing;
- Prevention - a focus on mitigating health risk and promoting healthy lifestyles; and
- Access - providing best-in-class resources for employees.

The Morgan Stanley Group Wellbeing Board, composed of senior leaders globally, continues to help shape wellbeing strategy, contributing sponsorship, oversight and accountability. The EMEA Wellbeing Board has also been established to ensure a local lens, and has representation from the Group. A network of over 500 global Wellbeing Influencers amplify programming and connect colleagues with Morgan Stanley resources.

Developing Our Workforce

Promoting Training and Skills Development

Morgan Stanley provides employees with a robust suite of resources to succeed in their chosen career paths. From development and mobility opportunities to a modern performance management practice, the Morgan Stanley Group encourages employees to pursue excellence and drive their own growth. In addition to an enhanced performance evaluation process, leadership programmes and manager trainings, the Morgan Stanley Group offers specialised programmes for enrichment, internal and external educational resources, and development courses to learn and hone skills.

A Focus on Workforce Diversity

The Group continues to deliver against a comprehensive diversity and inclusion strategy focused on the workforce, societal issues, and the marketplace.

- Workforce - Continue to develop and invest in internal diversity and inclusion efforts to enable the Group to become a leader in attracting, developing, and retaining diverse talent, and to create a culture of inclusion;
- Society - Support underserved communities through employee engagement that addresses inequities in education, careers, economic prosperity and health, and also helps communities continue to grow and thrive; and
- Marketplace - Invest to advance economic outcomes in underserved communities through products, services, business practices, spending and thought leadership.

An inclusive workplace is critical to the Group's continued success and the ability to serve its clients. Diverse perspectives from all backgrounds help to drive innovation, and foster a sense of belonging where all employees feel empowered to contribute. Supporting the rich heritage and diverse perspectives that colleagues bring to their work every day is integral to the Group's culture.

The EMEA Diversity Action Council and the EU Diversity Action Council work in partnership to drive forward the EMEA diversity strategy. Accountability is underscored by at least annual updates to the EMEA ESG Committee, and regular discussion with senior management.

Supporting Communities

The Group is committed to giving back to the communities in which it operates through working in partnership with charitable organisations and engaging its employees to support a range of philanthropic programmes. The scope of these philanthropic initiatives includes:

Volunteering

In 2024, as part of Morgan Stanley's annual Global Volunteer Month, 92% of the Group's employees dedicated approximately 3,715 volunteer hours to support local community organisations where they live and work.

In Frankfurt 16 employees spent over 144 hours providing pro bono advice to two charities as part of the Make a Difference programme.

Giving

In 2024, the Morgan Stanley International Foundation increased its level of giving to a broader number of charities who will be supported for a longer period of up to five years, aiming to positively impact the health and education outcomes of 500,000 children and young people.

Compared to the previous 5 years, the new programme will see a 50% uplift in funding to charities totalling over €17.5 million, aiming to reach 345,000 more children and double the number of charity partners supported.

In the first year of this five-year commitment, through donations from employees and funding from the Morgan Stanley International Foundation, over €3.5 million was provided to ten partner charities in London, Budapest, Glasgow, Frankfurt and Paris.

In Frankfurt, the Group supports Die Arche and Kinderschutzbund. Through employee donations, and funding from the Morgan Stanley International Foundation, over €325,000 has been provided in 2024.

In Paris, the Group supports Alliance pour L'education and Restos du Coeur. Through employee donations, and funding from the Morgan Stanley International Foundation, over €285,000 has been provided in 2024.

Community Impact

Over the past few years, the pandemic and continuing cost of living crisis has deeply affected the life outcomes of children in local communities. To respond to this increasing need, the Morgan Stanley International Foundation has partnered with ten charities across EMEA to identify innovative ways to create better impact and build longer term sustainable change, supporting healthy starts and solid educations for the children in these communities.

The charities are Alliance pour l'education – United Way, Bagasz, Csadolampa, Kinderschutzbund, Die Arche, PEEK, Place2Be, Restos du Coeur, Save the Children UK and The Felix Project.

In 2024, Morgan Stanley' support across the partnerships positively impacted children and young people by addressing societal issues, including food insecurity, poverty alleviation, social mobility, physical and mental health support, and equal access to education.

In Frankfurt, the Group is partnering with Die Arche to provide wrap around holistic care and educational support to disadvantaged children in Frankfurt through targeted interventions. In 2024, this partnership has enabled the charity to reach children and young people through a multi-pronged approach of educational, extracurricular and career support, focusing on the needs of the whole individual.

In Paris, Morgan Stanley is partnering with Alliance pour l'education – United Way to combat educational inequity and re-engage students in continuing their studies by working directly with young people to reduce the school drop out rate. In 2024, this partnership has enabled the charity to increase their support across three new schools and pilot a new programme for parents seeking to increase their children's attendance and engagement in school.

Governance Information (unaudited)

Environmental and Social Risk Management

Morgan Stanley takes a Group-wide approach to the management of environmental and social risks that could impact the Morgan Stanley Group's reputation, which is set out in its Environmental and Social Policy Statement ("ESPS") and related policies and procedures where applicable. Due diligence and risk management processes are designed to identify, assess and address, as appropriate, potentially significant environmental and social issues that may impact the Morgan Stanley Group, clients and other stakeholders. As outlined in the ESPS, the Morgan Stanley Group has tailored approaches to certain sectors and cross-sector environmental and social issues.

Morgan Stanley's Environmental and Social Risk Management Group ("ESRM") provides internal subject matter expertise on environmental and social risks and manages development and implementation of the Morgan Stanley Group's ESPS and related policies and procedures. ESRM also conducts diligence on relevant transactions, engages with stakeholders and monitors emerging risks and developments in partnership with the business units, Global Sustainability Office and other relevant control functions.

Transactions that carry potential franchise risk associated with environmental and social issues may be escalated to the Group's Global Franchise Committee, or Regional Franchise Committees such as the EMEA Franchise Committee, as well as business unit senior management. The ESPS is reviewed annually and updated as necessary to reflect strategy and key developments. For further detail, refer to Morgan Stanley's Environmental and Social Policy Statement which can be found at https://www.morganstanley.com/content/dam/msdotcom/en/about-us-governance/pdf/Environmental_and_Social_Policy_Statement.pdf

Human Rights in the Supply Chain

The Morgan Stanley Group is committed to being a responsible corporate citizen and fulfilling the important role business can play in protecting and advancing global standards for human rights including equal opportunity, the freedom to associate and bargain collectively, and the elimination of modern slavery, human trafficking and harmful or exploitative forms of child labour. Human rights considerations are incorporated into the transaction due diligence process, engagement with companies, supplier expectations, and own operations. Morgan Stanley Group is committed to complying with the laws and regulations of the countries in which it operates while simultaneously conducting business and encouraging the promotion of human rights through its policies, standards, and practices. Its approach is guided by leading frameworks, including the Universal Declaration of Human Rights, adopted by the UN General Assembly and the UN Guiding Principles on Business and Human Rights.

Morgan Stanley Group's Supplier Code of Conduct outlines expectations with regard to human rights, employment and non-discrimination practices, health and safety, diversity and inclusion, and data protection, and is included in supplier agreements. As outlined in the Supplier Code of Conduct, suppliers must conduct their operations in full compliance with applicable laws including, but not limited to, those associated with child labour, human trafficking, Modern Slavery, forced or compulsory labour, working hours and compensation, freedom of association, collective bargaining and a harassment-free work environment. Morgan Stanley expects suppliers to adhere to ethical business practices, including environmental and social standards set by the Morgan Stanley Group.

In an effort to foster a culture of responsibility and transparency throughout its supply chain, Morgan Stanley will require certain suppliers to participate in an ESG due diligence exercise. As part of Morgan Stanley's ESG due diligence programme, suppliers will be expected to provide information regarding: 1) their sustainability practices; 2) labour conditions; and 3) overall corporate governance. The foregoing shall be expected during a competitive bid process, the supplier risk review, or periodically throughout the lifecycle of the contract.

Each year, the Morgan Stanley Group publishes its Modern Slavery and Human Trafficking Statement that outlines the steps taken by Morgan Stanley during the preceding financial year to address the risk of modern slavery in its own operations and supply chain, as well as future plans in that regard. The Modern Slavery and Human Trafficking Statement is incorporated in the contractual supplier agreements. If the Group identifies a modern slavery issue with a supplier, it may take various steps to remediate the issue, including: working with the supplier to change its practices; terminating the agreement with the supplier; or working with the affected parties to address the issue or provide other forms of support.

For further detail, refer to the Human Rights Statement, Modern Slavery and Human Trafficking Statement, Environmental and Social Policy Statement, and Supplier Code of

Conduct, which can be found at http://www.morganstanley.com/about-us-governance.

Prevention and Detection of Corruption and Bribery

The Group, principally through Morgan Stanley Group's Legal and Compliance Division, has established and implemented policies, procedures and internal controls reasonably designed to comply with applicable anti-corruption laws and regulations in the jurisdictions in which it operates, including Germany.

The Morgan Stanley Group's Global Anti-Corruption Policy, which is updated annually by the Morgan Stanley Group's Legal and Compliance Division and approved by the Morgan Stanley Audit Committee, address corruption risks and prohibit offering, promising, giving or authorising others to give anything of value, either directly or indirectly, to any party, to improperly obtain or retain business or gain an improper business advantage. The policies also prohibit receiving, or agreeing to receive, anything of value that results or may result in the improper performance of employees' duties at Morgan Stanley. These values are embedded within the Morgan Stanley Group's Code of Conduct and a local country supplement for Germany, which employees must attest their understanding of, and adherence to, on an annual basis. For details, refer to https://www.morganstanley.com/about-us-governance/code of-conduct.

An annual risk assessment is performed to consider key areas of potential corruption risk to the Group. Anti-corruption training is provided to all staff globally on an annual basis and targeted training is additionally conducted as necessary. In 2024 all eligible MSEHSE Group employees have completed corresponding annual training on financial crimes risk.

The Morgan Stanley Group maintains whistleblowing policies and procedures to ensure that individuals can confidentially report concerns when these arise. Management information regarding the anti-corruption programme is reported to appropriate senior management personnel through Legal and Compliance Division governance frameworks.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2024

in € millions	Note	2024	2023
Net gains from financial instruments at fair value through profit or loss	4	563	430
Fee and commission income	5	612	528
Other revenue		24	25
Total non-interest revenues		**1,199**	**983**
Interest income	6	3,617	2,018
Interest expense	6	(3,538)	(1,953)
Net interest income		**79**	**65**
Net revenues		**1,278**	**1,048**
Non-interest expense:			
Operating expense	7	(876)	(784)
Net impairment reversal on financial instruments		1	1
PROFIT BEFORE TAX		**403**	**265**
Income tax expense	8	(131)	(78)
PROFIT FOR THE YEAR		**272**	**187**

All operations were continuing in the current and prior year.

The notes on pages 53 to 101 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2024

in € millions	Note	2024	2023
PROFIT FOR THE YEAR		**272**	**187**
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of net defined benefit liability	8	7	(7)
Changes in fair value attributable to own credit risk on financial liabilities designated at fair value	9	–	(1)
OTHER COMPREHENSIVE INCOME/(LOSS) AFTER INCOME TAX		**7**	**(8)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**279**	**179**

The notes on pages 53 to 101 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2024

in € millions	Note	Equity instruments	Currency translation reserve	Pension reserve	Debt valuation adjustment reserve	Capital contribution reserve	Retained earnings	Total equity
Balance at 1 January 2023		**5,650**	**(1)**	**9**	**–**	**471**	**232**	**6,361**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**187**	**187**
Other comprehensive income for the year:								
Remeasurement of net defined benefit liability	8	–	–	(7)	–	–	–	(7)
Changes in fair value attributable to own credit risk on financial liabilities designated at fair value	9	–	–	–	(1)	–	–	(1)
Total comprehensive income for the year		**–**	**–**	**(7)**	**(1)**	**–**	**187**	**179**
Transactions with owners:								
Capital contribution	19	–	–	–	–	1,000	–	1,000
Coupons on Additional Tier 1 capital	19	–	–	–	–	–	(48)	(48)
Balance at 31 December 2023		**5,650**	**(1)**	**2**	**(1)**	**1,471**	**371**	**7,492**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**272**	**272**
Other comprehensive income for the year:								
Remeasurement of net defined benefit liability	8	–	–	7	–	–	–	7
Total comprehensive income for the year		**–**	**–**	**7**	**–**	**–**	**272**	**279**
Transactions with owners:								
Coupons on Additional Tier 1 capital	19	–	–	–	–	–	(48)	(48)
Balance at 31 December 2024		**5,650**	**(1)**	**9**	**(1)**	**1,471**	**595**	**7,723**

The notes on pages 53 to 101 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

in € millions	Note	31 December 2024	31 December 2023 (Restated)	1 January 2023 (Restated)
ASSETS				
Cash and short-term deposits	20	10,945	9,982	16,125
Trading financial assets (of which €8,233 million (2023: €7,939 million) were pledged to various parties)	10	51,124	43,192	50,763
Secured financing	9	19,005	29,575	18,267
Loans and advances	9	259	120	107
Trade and other receivables	12	15,809	16,589	25,421
Current tax assets		111	104	44
Deferred tax assets	18	30	30	40
Property, plant and equipment		158	125	98
Other assets		4	5	1
TOTAL ASSETS		**97,445**	**99,722**	**110,866**
LIABILITIES AND EQUITY				
LIABILITIES				
Bank loans and overdrafts	20	4,641	3,892	7,632
Trading financial liabilities	10	48,714	45,468	52,940
Secured borrowing	9	12,419	22,797	18,446
Trade and other payables	14	16,090	16,222	21,281
Debt and other borrowings	15	3,930	275	625
Subordinated debt	16	3,800	3,501	3,500
Provisions	17	24	13	9
Current tax liabilities		82	38	51
Deferred tax liabilities	18	3	1	1
Post-employment benefit obligations	29	19	23	20
TOTAL LIABILITIES		**89,722**	**92,230**	**104,505**
EQUITY				
Share capital	19	4,650	4,650	4,650
Additional Tier 1 capital	19	1,000	1,000	1,000
Currency translation reserve	19	(1)	(1)	(1)
Pension reserve	19	9	2	9
Debt valuation adjustment reserve	19	(1)	(1)	–
Capital contribution reserve	19	1,471	1,471	471
Retained earnings		595	371	232
TOTAL EQUITY		**7,723**	**7,492**	**6,361**
TOTAL LIABILITIES AND EQUITY		**97,445**	**99,722**	**110,866**
Contingencies and Commitments				
Contingent liabilities	17	6	5	7
Commitments	17	121,366	71,374	13,649

The notes on pages 53 to 101 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2024

in € millions	Note	2024	2023
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**20b**	**190**	**(3,168)**
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(22)	(19)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(22)**	**(19)**
FINANCING ACTIVITIES			
Capital contribution	19	–	1,000
Coupons on Additional Tier 1 capital	19	(48)	(48)
Payment of principal portion of lease liabilities	20c	(13)	(12)
Proceeds from issuance of senior subordinated loan liabilities		300	–
Interest on senior subordinated loan liabilities		(144)	(114)
Interest on subordinated loan liabilities		(56)	(44)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**39**	**782**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**207**	**(2,405)**
Foreign currency translation differences on cash and short-term deposits		7	2
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**20a**	**6,090**	**8,493**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**20a**	**6,304**	**6,090**

Comparative period has been adjusted (see note 2).

The notes on pages 53 to 101 form an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Morgan Stanley Europe Holding SE (the "Company" or "MSEHSE") is domiciled in Germany, at the following address: Grosse Gallusstrasse 18, 60312 Frankfurt am Main. The registered number of the Company in the Commercial Register of the Local Court in Frankfurt am Main is HRB 109678.

The Company together with its subsidiaries form the Morgan Stanley Europe Holding SE Group (the "Group" or the "MSEHSE Group").

The Group's immediate parent undertaking is Morgan Stanley International Limited ("MSI"), which is registered in England and Wales. Copies of its financial statements can be obtained from the Registrar of Companies for England and Wales, Companies House, Crown Way, Cardiff CF14 3UZ.

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

2. Basis of Preparation

Statement of Compliance

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("EU"), Interpretations issued by the IFRS Interpretations Committee ("IFRIC") and the additional requirements pursuant to section 315e (1) of the German Commercial Code (Handelsgesetzbuch, or "HGB").

Disclosures relating to management of capital as required by IAS 1, 'Presentation of Financial Statements' are included in the "Capital Management" section of the Group Management Report.

The following adjustment was made retrospectively in accordance with IAS 8.42 in the financial year:

In the consolidated statement of financial position as at 31 December 2023, contrary to IAS 32, positive fair values of derivatives (€6,651 million) were not offset against negative fair values of derivatives (€6,989 million) and the associated receivables from cash collateral (€338 million).

There was no impact on the consolidated income statement or the consolidated statement of comprehensive income. The information in the notes to the consolidated financial statements has been adjusted accordingly.

New Standards and Interpretations Adopted During the Year

The following amendment to standard relevant to the Group's operations was adopted during the year. This amendment to standard did not have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1 'Presentation of Financial Statements' ('IAS 1'): Classification of Liabilities as Current or Non-current were issued by the IASB in January 2020 and revised in July 2020 and October 2022, for retrospective application in accounting periods beginning on or after 1 January 2024. The amendments were endorsed by the EU in January 2024.

New Standards and Interpretations Not Yet Adopted

At the date of authorisation of these consolidated financial statements, the following amendments to standards relevant to the Group's operations were issued by the IASB but not mandatory for accounting periods beginning 1 January 2024. .

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates': Lack of Exchangeability were issued by the IASB in August 2023 for prospective application in accounting periods beginning on or after 1 January 2025. Earlier application is permitted. The Group does not expect the adoption will have a material impact on the Group's financial statements.

Amendments to IFRS 9 'Financial Instruments' ("IFRS 9") and IFRS 7 'Financial Instruments: Disclosures' ("IFRS 7") were issued by the IASB in May 2024 for retrospective application in annual periods beginning on or after 1 January 2026. Earlier application is permitted. The Group is currently assessing the impact of the amendments to IFRS 9 and IFRS 7 on its consolidated financial statements.

IFRS 18 'Presentation and Disclosure in Financial Statements' ("IFRS 18") was issued by the IASB in April 2024 for retrospective application in annual periods beginning on or after 1 January 2027. Earlier application is permitted. The Group is currently assessing the impact of IFRS 18 on its consolidated financial statements.

Basis of Measurement

The consolidated financial statements of the Group are prepared under the historical cost basis, except for certain financial instruments that have been measured at fair value as explained in note 3 'Summary of material accounting policies'.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In preparing the consolidated financial statements, the Group 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 Group's accounting policies, other than those involving estimations, which have the most significant effects on the amounts recognised in the consolidated financial statements.

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

No critical accounting judgements have been made in the process of applying the Group's accounting policies that have had a significant effect on the amounts recognised in the consolidated financial statements.

The Group's key sources of estimation uncertainty are as follows:

- Recognition and measurement of deferred tax balances: assumptions and estimations are used as to whether there will be sufficient taxable profits in future years to recognise deferred tax assets. See accounting policy note 3(j) and note 8.
- Valuation of Level 3 financial instruments: Valuation techniques used to measure the fair value of instruments categorised in Level 3 of the fair value hierarchy are dependent on unobservable parameters, and as such require the application of judgement, involving estimations and assumptions. The fair value for these financial instruments has been determined using parameters appropriate for the valuation methodology based on prevailing market evidence. It is recognised that the unobservable market parameters could have a range of reasonable possible alternate values. See accounting policy note 3(d) and note 26(d)(ii) 'Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives'.

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

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries as at 31 December 2024. Subsidiaries are all entities over which the Group has direct or indirect control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements for the subsidiaries are prepared for the same reporting year as the Group, using consistent accounting policies. Subsidiaries are consolidated from the date that the Group gains control until the date that control ceases.

Intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in preparing the consolidated financial statements.

Details of the Group's interests in subsidiaries are given in note 13 to these consolidated financial statements.

The Going Concern Assumption

The Group's business activities, together with the factors likely to affect its future development, performance and position, and the Group's objectives, policies and processes for managing its capital; its financial risk management; and its exposures to credit risk and liquidity risk, are reflected in the Group Management Report. As set out in the Group Management Report, retaining sufficient liquidity and capital remains central to the Morgan Stanley Group's and the Group's strategy.

Taking the above factors into consideration, the Management Board believes that the Group 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 statements. Accordingly, the Management Board continues to adopt the going concern basis in preparing the consolidated financial statements.

3. Summary of Material Accounting Policies

a. Functional Currency

Items included in the consolidated financial statements are measured and presented in Euros, the currency of the primary economic environment in which the Group operates.

All currency amounts in the consolidated financial statements are rounded to the nearest million Euros (unless otherwise stated).

b. Foreign Currencies

All monetary assets and liabilities denominated in currencies other than Euros are translated into Euros at the rates ruling at the reporting date. Transactions and non-monetary assets and liabilities denominated in currencies other than Euros are recorded at the rates prevailing at the dates of the transactions. Assets and liabilities of foreign operations outside of the Eurozone are translated into Euros using the closing rate. Translation differences arising from the net investments in foreign operations outside of the Eurozone are taken to the 'Currency translation reserve'. All other translation differences are taken through the consolidated income statement. Exchange differences recognised in the consolidated income statement are presented in 'Other revenue' or 'Operating expense', except where noted in note 3(c) below.

c. Financial Instruments

Financial Instruments Mandatorily at Fair Value through Profit or Loss

Trading Financial Instruments

Trading financial instruments include government debt securities, corporate and other debt as well as corporate equities where the Group acquires the financial asset or financial liability for the purpose of selling or repurchasing in the near term or is part of a portfolio for which there is evidence of a recent actual pattern of short-term profit taking, and all derivative contracts. Guarantees received or provided in respect of derivative contracts are accounted for also as derivative contracts.

Purchases and sales of non-derivative financial instruments classified as trading are initially recognised on settlement date at fair value, including regular way securities transactions. For purchases of non-derivative financial instruments classified as trading, from the date that the terms are agreed (trade date) until the settlement date, the Group recognises any unrealised fair value changes in the consolidated statement of financial position as 'Trading financial instruments' with corresponding profit or loss recognised within the consolidated income statement in 'Net gains from financial instruments at fair value through profit or loss'. Upon settlement date the sales of non-derivative financial instruments are recognised or derecognised from the consolidated statement of financial position.

All subsequent changes in fair value and foreign exchange differences are reflected in the consolidated income statement in 'Net gains from financial instruments at fair value through profit or loss'.

Derivatives are initially recorded on trade date at fair value (see note 3(d) below). All subsequent changes in fair value are reflected in the consolidated income statement in 'Net gains from financial instruments at fair value through profit or loss'.

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. These costs are recognised in the consolidated income statement in 'Operating expense'.

Non-trading Financial Assets at Fair Value through Profit or Loss

Non-trading financial assets at fair value through profit or loss ("FVPL") include secured financing transactions such as cash collateral on securities borrowed and securities purchased under agreements to resell, prepaid over-the-counter ("OTC") contracts and certain other financial assets.

Non-trading financial assets at FVPL are principally non-derivative financial assets where the Group makes decisions based upon the assets' fair values. These assets are generally recognised on settlement date at fair value (see note 3(d) below). From the date the terms are agreed (trade date), until the financial asset is settled (settlement date), the Group 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.

All subsequent changes in fair value and foreign exchange differences are reflected in the consolidated income statement in 'Net gains from financial instruments at fair value through profit or loss'. For these instruments, interest is included within 'Interest income' or 'Interest expense'.

Transaction costs are excluded from the initial fair value measurement of the financial assets and are recognised in the consolidated income statement in 'Operating expense'.

Financial Liabilities Designated at Fair Value through Profit or Loss

Financial liabilities designated at FVPL include prepaid OTC contracts, cash collateral on securities loaned, securities sold under agreements to repurchase and other financial liabilities.

The Group has designated certain financial liabilities at FVPL when the designation at fair value eliminates or significantly reduces an accounting mismatch which would otherwise arise. The Group has also 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; or
- the financial liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract.

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

All subsequent changes in fair value, foreign exchange differences and dividends are reflected in the consolidated income statement in 'Net gains from financial instruments at fair value through profit or loss' other than Debt Valuation Adjustment ("DVA") on financial liabilities designated at FVPL which is recognised in other comprehensive income after tax where those changes do not create or enlarge an accounting mismatch. For these instruments, interest is included within 'Interest income' or 'Interest expense'.

DVA presented within other comprehensive income is not subject to reclassification to the consolidated income statement, but is transferred to 'Retained earnings' when realised.

Transaction costs are excluded from the initial fair value measurement of the financial instrument. These costs are recognised as incurred in the consolidated income statement in 'Operating expense'.

See note 9 for an analysis of financial liabilities designated at FVPL.

Financial Assets and Financial Liabilities at Amortised Cost

Financial assets at amortised cost include cash and short-term deposits, certain trade and other receivables and certain loans and advances.

Financial assets are recognised at amortised cost when the Group'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 Group 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 losses ("ECL") allowance. Interest is recognised in the consolidated income statement in 'Interest income', using the effective interest rate ("EIR") method. Transaction costs that are directly attributable to the acquisition of the financial asset are added to the fair value on initial recognition. ECL, and reversals thereof, are recognised in the consolidated income statement in 'Net impairment reversal on financial instruments'.

Financial liabilities classified at amortised cost include bank loans and overdrafts, certain secured borrowings, certain trade and other payables, subordinated debt and certain debt and other borrowings.

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 Group becomes a party to the contractual provisions of the instrument, are initially measured at fair value (see note 3(d) below) and subsequently measured at amortised cost. Interest is recognised in the consolidated income statement in 'Interest expense' using the EIR method. Transaction costs that are directly attributable to the issue of a financial liability are deducted from the fair value on initial recognition.

Secured Financing and Secured Borrowings

In the course of financing its business, the Group enters into arrangements which involve the sale of securities with agreements to repurchase, the purchase of securities with resale agreements, the lending of securities with collateral received and the borrowing of securities with collateral given.

Securities received by the Group under resale arrangements and securities borrowing arrangements are generally not recognised on the consolidated statement of financial position. Where securities received are cash collateralised, the resulting cash collateral receivable and accrued interest arising under resale agreements and securities borrowing arrangements are classified as 'Non-trading at FVPL' as they are managed on a fair value basis.

Securities pledged or sold by the Group under sale and repurchase agreements and securities lending arrangements are generally not derecognised from the consolidated statement of financial position. Where securities pledged or sold are cash collateralised, the resulting cash collateral balances repayable and accrued interest are designated 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; or at amortised cost if not so designated.

Environmental and Social Linked Clauses in Loans and Loan Commitments

Lending arrangements may also contain various environmental and social features that impacts their interest rate margin. Cash flows linked to such features generally are not consistent with basic lending arrangements unless the terms are deemed to compensate for the credit risk of the counterparty over the terms of the loan, but not where the features are deemed to only impact the long-term creditworthiness of the counterparty over a longer time frame than the actual loan's term. Thus, these loans are measured at FVPL.

Loan commitments containing various environmental and social features do not contain embedded derivatives that require bifurcation so are not recognised in the consolidated financial statements.

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 Group believes market participants would use in pricing the asset or liability at the measurement date.

Where the Group manages a group of financial assets and financial liabilities on the basis of its net exposure to either market risk or credit risk, the Group 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 Group 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 Group. Unobservable inputs are inputs that reflect assumptions the Group 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 are based on quoted prices in active markets that the Morgan Stanley Group has the ability to access for identical assets or liabilities. Valuation adjustments and block discounts 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 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. Accordingly, the degree of judgement exercised by the Group in determining fair value is greatest for instruments categorised in Level 3 of the fair value hierarchy.

The Group 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.

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 cash instruments and 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 Group 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 cash instruments and 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 Group, 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 Group applies credit-related valuation adjustments to its Borrowings which are designated at FVPL and to OTC derivatives. The

Group considers the impact of changes in own credit spreads based upon observations of the secondary bond market spreads when measuring the fair value for Borrowings.

For OTC derivatives, the impact of changes in both the Group's and the counterparty's credit rating is considered when measuring fair value. In determining the expected exposure the Group 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 is unavailable for a specific counterparty, bond market spreads, CDS spread data based on the counterparty's credit rating or CDS spread data that references a comparable counterparty may be utilised. The Group also considers collateral held and legally enforceable master netting agreements that mitigate its exposure to each counterparty.

The Group incorporates Funding Valuation Adjustment ("FVA") into the fair value measurements of 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 Group's existing credit-related valuation adjustment calculation methodologies, which apply to both assets and liabilities.

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 Group 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's consolidated 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 Group, who has final authority over the valuation of the inventory. VC implements valuation control processes designed to validate the fair value of the Group's financial instruments measured at fair value including those derived from pricing models.

Model Control

VC, in conjunction with the Model Risk Management ("MRM") department, which reports to the Chief Risk Officer of the Group, 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 Group 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) and the Management Board of the Group 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.

Gains and Losses on Inception

In the normal course of business, the fair value of a financial instrument on initial recognition is the transaction price (i.e. the fair value of the consideration given or received). In certain circumstances, however, the fair value will be based on other observable current market transactions in the same instrument, without modification or repackaging, or on a valuation technique whose variables include only data from observable markets. When such evidence exists, the Group recognises a gain or loss on inception of the transaction.

When the use of unobservable market data has a significant impact on determining the fair value at the inception of the transaction, the entire initial gain or loss indicated by the valuation technique as at the transaction date is not recognised immediately in the consolidated income statement. Instead it is deferred and recognised over the life of the instrument or at the earlier of when the unobservable market data become observable, maturity or disposal of the instrument.

e. Derecognition of Financial Assets and Liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset or enters into certain pass through arrangements on the cash flows of the financial asset and substantially all the risk and rewards of ownership of the asset.

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

If the Group 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 Group has not retained control of the asset, it derecognises the asset and separately recognises any rights or obligation created or retained in the transfer.

Upon derecognition of a financial asset, the difference between the previous carrying amount and the sum of any consideration received, together with the transfer of any cumulative gain/(loss) previously recognised in equity, are recognised in the consolidated income statement within 'Net gains/(losses) on derecognition of financial assets measured at amortised cost' for financial assets which are measured at amortised cost, and within 'Net gains from financial instruments at fair value through profit or loss' for financial assets which are measured at FVPL.

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

f. Impairment of Financial Instruments

The Group recognises loss allowance for ECL for the following financial instruments that are not measured at FVPL:

- financial assets measured at amortised cost;
- loan commitments, except those that can be net settled in cash or with another financial instrument; and
- financial guarantees.

Measurement of ECL

The Group 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 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 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 SICR

When assessing SICR, the Group 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 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.

Presentation of ECL

ECL is recognised in the consolidated income statement within 'Net impairment reversal on financial instruments'.

Credit-impaired Financial Instruments

In assessing the impairment of financial instruments under the ECL model, the Group define credit-impaired financial instruments in accordance with the Credit Risk Management Department's policies and procedures. A financial instrument is credit-impaired when, based on current information and events, it is probable that the Group will be unable to collect all scheduled payments of principal or interest when due according to the contractual terms of the agreement.

Definition of Default

In assessing the impairment of financial instruments under the ECL model, the Group 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 Group 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

Loans and debt securities 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. Revenue Recognition

Revenues are recognised when the promised services are delivered to the Group's customers, in an amount that is based on the consideration the Group expects to receive in exchange for those services when such amounts are not probable of significant reversal.

Investment Banking

Revenue from investment banking activities consists of revenues earned from underwriting primarily equity and fixed income securities and advisory fees for mergers, acquisitions, restructuring and advisory assignments.

Underwriting revenues are generally recognised on trade date, if there is no uncertainty or contingency related to the amount to be paid. Underwriting costs are deferred and recognised when the related underwriting revenues are recorded.

Advisory fees are recognised over time based on estimated progress of work as advice is provided to the client and when the revenue is not probable of a significant reversal. Advisory expenses are recognised as incurred, including when reimbursed.

Fee and Commission Income

Fee and commission income results from transaction-based arrangements in which the client is charged a fee for the execution of transactions. Such revenues primarily arise from services related to sales and trading activities. Fee and commission income is recognised on trade date when the performance obligation is satisfied.

Fee and commission income in the consolidated income statement includes sales commissions, placement fees and advisory fees.

h. Impairment of Non-financial Assets

Non-financial assets that are subject to depreciation or amortisation are reviewed for impairment 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.

i. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, 'Cash and cash equivalents' comprise cash and demand deposits with banks, net of outstanding bank loans and overdrafts, along with highly liquid investments, 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. This may include segregated client funds that are not available for use by the Group.

j. Income Tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is calculated based on taxable profit for the year. Taxable profit may differ from profit before taxation as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Taxable profit is also adjusted if it is considered that it is not probable that a taxation authority will accept an uncertain tax treatment. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Current tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the current tax is also recorded within other comprehensive income or equity, respectively.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated 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 sufficient taxable profits will be available in the future against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to other comprehensive income or equity, in which case the deferred tax is reflected within other comprehensive income or equity, respectively.

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 Group 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 Group intends to settle its current tax assets and current tax liabilities on a net basis.

The income tax effect of distributions are recognised in the consolidated income statement, other comprehensive income or equity dependent on where those past transactions that generated the distributable profits were recognised. The income tax effect of coupons of AT1 capital instruments accounted for as distributions are recognised in the consolidated income statement.

The Group is subject to the OECD Pillar Two Model Rules legislation that is effective from 1 January 2024. The Group has applied the mandatory exception to deferred tax recognition and disclosure as provided in the amendments to IAS 12: International Tax Reform - Pillar Two Model Rules.

k. Provisions, Contingent Liabilities and Commitments

Provisions are recognised when the Group 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 Group 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.

Certain loan commitments are recognised in the financial statements in accordance with the accounting policies discussed in note 3(c) Trading financial instruments and 3(c) Non-trading financial assets at fair value through profit or loss. Otherwise commitments and contingent liabilities are not recognised in the financial statements. Disclosure is made unless the probability of settlement is remote.

l. 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 consolidated statement of financial position. In the absence of such conditions, financial assets and financial liabilities are presented on a gross basis.

m. Employee Compensation Plans

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 Group. 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. Certain awards also provide Morgan Stanley the discretion to clawback or cancel all or a portion of the award under specified circumstances. Where award terms are considered subjective, a grant date cannot be established, and compensation expense is adjusted for changes in the fair value of Morgan Stanley's common stock until conversion. Following amendments to clarify subjective award terms, in April 2023, a grant date for the awards was established such that compensation expense for those awards is no longer adjusted for changes in the fair value of Morgan Stanley common stock.

The Group recognises compensation cost over the relevant vesting period for each separately vesting portion of the award. An estimation of awards that will be forfeited prior to vesting due to the failure to satisfy service conditions is considered in calculating the total compensation cost to be amortised over the relevant vesting period.

Under Morgan Stanley Group chargeback agreements, the Group pays Morgan Stanley for the procurement of shares. Prior to December 2023, the Group paid 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. In December 2023, the Group's chargeback agreement was amended such that the Group no longer pays Morgan Stanley any subsequent movement in fair value up to the time of conversion. This change applied to all outstanding awards granted to current and former employees of the Group.

Share based compensation expense is recorded within 'Operating expense' in the consolidated income statement (see note 7).

n. Post-employment Benefits

The Group operates defined contribution and defined benefit post-employment plans.

Contributions due in relation to the Group's defined contribution post-employment plans are recognised in 'Operating expense' in the consolidated income statement when payable.

Obligations of the Group's defined benefit post-employment plans are measured on an actuarial basis in accordance with the advice of an independent qualified actuary using the projected unit credit method and discounted using a high quality corporate bond rate.

Insurance policies with third parties are held to fund defined benefit pension obligations. These policies are accounted for as plan assets as the proceeds of the policies are restricted such that they can only be used by the Group to pay employee benefits under the plan and are protected from the Group's other creditors in the event of bankruptcy. Plan assets consisting of insurance contracts are measured at their fair value at the reporting date. A surplus or deficit of plan assets over liabilities is recognised in the consolidated statement of financial position as an asset or a liability respectively. If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the asset ceiling. The asset ceiling is the present value of economic benefits that are unconditionally available to the Group in the form of refunds or reductions in future contributions, and the related adjustment is recognised in other comprehensive income.

The current service cost and any past service costs together with the net interest on the net defined benefit obligation/asset is charged to 'Direct staff costs' within 'Operating expense' in the consolidated income statement. Remeasurements that arise in calculating the Group's net obligation in respect of defined benefit plans are recognised in other comprehensive income, in the period in which they occur.

The Group also participates in a multi-employer defined benefit plan and accounts for this plan as a defined contribution plan in accordance with IAS 19 'Employee Benefits'.

Details of the plans are given in note 29 to these consolidated financial statements.

4. Net Gains from Financial Instruments at Fair Value through Profit or Loss

in € millions	2024	2023
Assets and liabilities held for trading	**550**	**392**
Non-trading financial assets at FVPL:		
Secured financing	36	52
Loans and advances		
Corporate loans	(2)	1
Trade and other receivables - prepaid OTC contracts	1	–
Total non-trading financial assets at FVPL	**35**	**53**
Financial liabilities designated at FVPL:		
Secured borrowing	(24)	(11)
Trade and other payables - prepaid OTC contracts	(1)	–
Total financial liabilities designated at FVPL	**(25)**	**(11)**
Debt and other borrowings	**3**	**(4)**
Net gains from financial instruments at fair value through profit or loss	**563**	**430**

Non-trading financial assets at FVPL and financial liabilities designated at FVPL are frequently economically hedged with trading financial instruments. Accordingly, gains or losses arising from Non-trading financial assets at FVPL and Financial liabilities designated at FVPL can be partially offset by gains or losses reported in 'Assets and liabilities held for trading'.

5. Fee and Commission Income

in € millions	2024	2023
Commission income	158	157
Investment banking[(1)]	266	192
Other fee and commission income	188	179
Total fee and commission income	**612**	**528**
Of which, revenue from contracts with customers	*494*	*427*

(1) Includes advisory and underwriting revenues

Total fee and commission income is stated after the transfer of revenues totaling €118 million (2023: €101 million) from other Morgan Stanley Group undertakings. These transfers are in accordance with the Morgan Stanley Group Global Transfer Pricing Policy, refer to note 30, and do not relate to revenue from contracts with customers.

6. Interest Income and Interest Expense

The table below presents interest income and expense by accounting classification. Interest income and expense is calculated using the effective interest rate method for financial assets and financial liabilities measured at amortised cost.

in € millions	2024	2023
Financial assets measured at amortised cost	1,056	1,104
Trading financial assets	124	9
Non-trading financial assets at FVPL	2,437	905
Total interest income	**3,617**	**2,018**
Financial liabilities measured at amortised cost	(1,411)	(1,383)
Financial liabilities designated at FVPL	(2,127)	(570)
Total interest expense	**(3,538)**	**(1,953)**

7. Operating Expense

in € millions	2024	2023
Direct staff costs	386	364
Management charges from other Morgan Stanley Group undertakings relating to staff costs	59	49
Staff-related expense	**445**	**413**
Management charges from other Morgan Stanley Group undertakings relating to other services	174	136
Brokerage fees	82	53
Administration and corporate services	38	32
Professional services	20	27
Other taxes	84	97
Auditor's remuneration:		
Fees payable to the Group's auditor and its associates for:		
Audit services	4	3
Other services to the Group	1	1
Other	28	22
Non-staff related expense	**431**	**371**
Total operating expense	**876**	**784**

The Group employs staff directly and also utilises the services of staff who are employed by other Morgan Stanley Group undertakings.

Further information regarding employee compensation plans is provided in note 28.

The average number of direct employees of the Group is analysed below:

	2024	2023
Institutional Securities	484	465
Infrastructure and Control	450	445
Total	**934**	**910**

8. Income Tax

in € millions	2024	2023
Current tax		
Current year	120	80
Adjustment in respect of prior years	7	(10)
Deferred tax		
Origination and reversal of temporary differences	4	16
Adjustment in respect of prior years	–	(8)
Income tax expense	**131**	**78**

Reconciliation of Effective Tax Rate

The Group's tax rate is sensitive to the geographic mix of profits and tax rates in jurisdictions outside Germany, as well as the non-deductibility of certain expenses for tax purposes. The current year income tax expense is higher (2023: lower) than that resulting from applying the average standard rate of corporation tax in Germany for the year of 31.92% (2023: 31.92%). The main differences are explained below:

in € millions	2024	2023
Profit before income tax	403	265
Income tax expense using the average standard rate of corporation tax for banking companies in Germany of 31.92%	129	85
Impact on tax of:		
Expenses not deductible for tax purposes	16	15
Tax deductible coupons on AT1 capital instruments	(9)	(9)
Effect of tax rates in foreign jurisdictions	(12)	(3)
Tax under/(over) provided in prior years	7	(10)
Total income tax expense in the consolidated income statement	**131**	**78**

In addition to the amount reflected in the consolidated income statement, the aggregate amount of current and deferred tax relating to each component of other comprehensive income was as follows:

2024

in € millions	Before tax	Tax expense	Net of tax
Pension reserve:			
Remeasurement of net defined benefit liability	5	2	7
Other comprehensive income	**5**	**2**	**7**

2023

in € millions	Before tax	Tax expense	Net of tax
Pension reserve:			
Remeasurement of net defined benefit liability	(5)	(2)	(7)
Debt valuation adjustment reserve:			
Changes in fair value attributable to own credit risk on financial liabilities designated at fair value	(1)	–	(1)
Other comprehensive income	**(6)**	**(2)**	**(8)**

The Group has no current tax exposure in relation to the OECD Pillar Two Model Rules.

9. Financial Assets and Financial Liabilities by Measurement Category

The following table analyses financial assets and financial liabilities as presented in the consolidated statement of financial position by IFRS 9 classifications as at 31 December 2024 and 31 December 2023.

2024

in € millions	FVPL (mandatorily)	FVPL (designated)	Amortised cost	Total
Cash and short-term deposits	–	–	10,945	10,945
Trading financial assets	51,124	–	–	51,124
Secured financing:				
Cash collateral on securities borrowed	2,830	–	–	2,830
Securities purchased under agreements to resell	15,436	–	–	15,436
Other secured financing	739	–	–	739
Loans and advances	161	–	98	259
Trade and other receivables	–	–	15,774	15,774
Total financial assets	**70,290**	**–**	**26,817**	**97,107**
Bank loans and overdrafts	–	–	4,641	4,641
Trading financial liabilities	48,714	–	–	48,714
Secured borrowings:				
Cash collateral on securities loaned	–	2,127	995	3,122
Securities sold under agreements to repurchase	–	5,012	3,546	8,558
Other financial liabilities	–	739	–	739
Trade and other payables	–	–	15,808	15,808
Debt and other borrowings	–	277	3,653	3,930
Subordinated debt	–	–	3,800	3,800
Total financial liabilities	**48,714**	**8,155**	**32,443**	**89,312**

2023

in € millions	FVPL (mandatorily)	FVPL (designated)	Amortised cost	Total
Cash and short-term deposits	–	–	9,982	9,982
Trading financial assets	43,192	–	–	43,192
Secured financing:				
Cash collateral on securities borrowed	1,457	–	–	1,457
Securities purchased under agreements to resell	27,224	–	–	27,224
Other secured financing	894	–	–	894
Loans and advances	37	–	83	120
Trade and other receivables	–	–	16,556	16,556
Total financial assets	**72,804**	**–**	**26,621**	**99,425**
Bank loans and overdrafts	–	–	3,892	3,892
Trading financial liabilities	45,468	–	–	45,468
Secured borrowings:				
Cash collateral on securities loaned	–	1,672	846	2,518
Securities sold under agreements to repurchase	–	16,078	4,112	20,190
Other financial liabilities	–	89	–	89
Trade and other payables	–	–	15,931	15,931
Debt and other borrowings	–	93	182	275
Subordinated debt	–	–	3,501	3,501
Total financial liabilities	**45,468**	**17,932**	**28,464**	**91,864**

Comparative period has been adjusted (see note 2).

Financial Liabilities Designated at FVPL

The financial liabilities designated at FVPL consist primarily of the following:

Cash collateral on securities loaned and securities sold under agreements to repurchase: These balances are designated 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; otherwise, they are classified as ‘Financial liabilities at amortised cost’.

Other financial liabilities: These include financial liabilities that arise as a result of continuing recognition of certain financial assets and the simultaneous recognition of an associated financial liability.

The financial liabilities arising from continuing recognition are designated at FVPL in order to eliminate or significantly reduce an accounting mismatch which would otherwise arise or, where the financial liabilities form a part of a group of financial assets and financial liabilities which are managed, evaluated and reported internally on a fair value basis.

Issued structured notes: These relate to financial liabilities which arise from selling structured products, generally in the form of notes or certificates. The structured notes, within Debt and other borrowings are designated at FVPL as the risks to which the Group is a contractual party are risk-managed on a fair value basis as part of the Group’s trading portfolio and the risk is reported to key management personnel on this basis. Refer to note 15 for more information.

The cumulative change in fair value recognised through other comprehensive income attributable to own credit risk for financial liabilities designated at FVPL at 31 December 2024 is less than a million (2023: loss of €1 million). There were no gains or losses realised as a result of the derecognition of such financial liabilities during the current and prior year.

The Group determines the amount of changes in fair value attributable to changes in counterparty credit risk or own credit risk, as relating to financial liabilities designated at FVPL, by first determining the fair value including the impact of counterparty credit or own credit risk, and then deducting those changes in fair value representing managed market risk. In determining fair value, the Group considers the impact of changes in own credit spreads based upon observations of the secondary bond market spreads when measuring the fair value for issued structured notes. The Group considers that this approach most faithfully represents the amount of change in fair value due to both counterparty credit risk and the Group’s own credit risk.

The carrying amount of financial liabilities designated at FVPL for which the effect of changes in those liabilities’ credit risk is presented within other comprehensive income was €24 million lower than the contractual amount due at maturity (2023: €3 million higher).

10. Trading Financial Assets and Liabilities

Trading assets and trading liabilities are summarised as follows:

2024

in € millions	Assets	Liabilities
Government debt securities	7,774	10,046
Corporate and other debt	1,757	1,299
Corporate equities	109	27
Derivatives (see note 11)	41,484	37,342
	51,124	**48,714**

2023

in € millions	Assets	Liabilities
Government debt securities	8,743	12,507
Corporate and other debt	571	340
Corporate equities	4	15
Derivatives (see note 11)	33,874	32,606
	43,192	**45,468**

Comparative period has been adjusted (see note 2).

11. Derivatives

Derivatives are summarised as follows:

	2024				2023			
in € millions	Bilateral OTC	Cleared OTC	Exchange -traded derivative contracts	Total	Bilateral OTC	Cleared OTC	Exchange -traded derivative contracts	Total
Derivative assets:								
Interest rate contracts	18,391	7	–	18,398	19,363	5	–	19,368
Credit contracts	1,204	6	–	1,210	694	20	–	714
Foreign exchange and gold contracts	16,092	–	–	16,092	11,368	–	–	11,368
Equity and other contracts	3,517	–	1,149	4,666	1,077	–	80	1,157
Commodity contracts	1,107	–	11	1,118	1,267	–	–	1,267
	40,311	**13**	**1,160**	**41,484**	**33,769**	**25**	**80**	**33,874**
Derivative liabilities:								
Interest rate contracts	15,605	1	–	15,606	16,006	26	–	16,032
Credit contracts	1,151	32	–	1,183	654	38	–	692
Foreign exchange and gold contracts	14,547	–	–	14,547	13,377	–	–	13,377
Equity and other contracts	3,666	–	1,273	4,939	1,152	–	83	1,235
Commodity contracts	1,067	–	–	1,067	1,270	–	–	1,270
	36,036	**33**	**1,273**	**37,342**	**32,459**	**64**	**83**	**32,606**

Comparative period has been adjusted (see note 2).

12. Trade and Other Receivables

The following table provides an analysis of trade and other receivables at amortised cost :

in € millions	2024	2023
Trade receivables		
Contracts with customers	53	52
Amounts due from other Morgan Stanley Group undertakings	5,863	5,055
Cash collateral paid	7,626	9,317
Less: ECL allowance	(1)	(2)
Total trade receivables	**13,541**	**14,422**
Other receivables		
Amounts held at exchanges	2,168	2,045
Amounts due from other Morgan Stanley Group undertakings	53	78
Other amounts receivable	47	44
Total other receivables	**2,268**	**2,167**
Total	**15,809**	**16,589**

Comparative period has been adjusted (see note 2).

13. Investments in Subsidiaries

Composition of the Group

Details of all investments in subsidiaries of the Group at 31 December 2024 and 31 December 2023 are as follows:

Name of Company	Country of incorporation/ Principal place of business	Type of shares held	Proportion of shares held by the Group 2024	Proportion of shares held by the Group 2023	Proportion of voting rights held by the Group 2024	Proportion of voting rights held by the Group 2023	Nature of business
Morgan Stanley Europe SE	Germany	Ordinary	100%	100%	100%	100%	Credit institution
Morgan Stanley Bank AG	Germany	Ordinary	100%	100%	100%	100%	Credit institution
Morgan Stanley France Holdings I S.A.S.	France	Ordinary	–%	100%	–%	100%	Investment holding company
Morgan Stanley France Holdings II S.A.S.	France	Ordinary	–%	100%	–%	100%	Holding company
Morgan Stanley France S.A.	France	Ordinary	–%	100%	–%	100%	Investment firm

All subsidiaries are included in the Group's consolidated financial statements.

In 2024, all French entities of the Group were merged into MSESE, their business operations were assumed by the MSESE Paris branch.

14. Trade and Other Payables

The following table provides an analysis of trade and other payables at amortised cost :

in € millions	2024	2023
Trade payables	15,558	15,720
Other payables		
Amounts due to other Morgan Stanley Group undertakings	157	155
Other amounts payable	188	188
Other taxation and social security	13	14
Accruals and deferred income	174	145
Total	**16,090**	**16,222**

15. Debt and Other Borrowings

Debt and other borrowings are summarised as follows:

in € millions	2024	2023
Debt and other borrowings (amortised cost)		
Other borrowings	3,653	182
Debt and other borrowings (designated at FVPL)		
Issued structured notes	277	93
Total	**3,930**	**275**

Issued Structured Notes

Refer to note 9 for details of issued structured notes included within debt and other borrowings designated at FVPL.

16. Subordinated Debt

in € millions	2024	2023
Subordinated Debt (amortised cost)		
Senior subordinated debt	2,800	2,501
Subordinated debt	1,000	1,000
Total	**3,800**	**3,501**

The amounts subject to senior subordinated debt instruments are wholly repayable as shown below:

Counterparty	Morgan Stanley
Maturity	13 months evergreen with final maturity date on 16 December 2036
Interest Rate	Morgan Stanley Proxy[(1)]

in € millions	2024	2023
Accrued Interest	–	1
Balance	2,800	2,500

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

The amounts subject to subordinated debt instruments are wholly repayable as shown below:

Counterparty	MSI
Repayment Date	27 October 2031
Interest Rate	EURIBOR[(1)] plus 1.6%

in € millions	2024	2023
Accrued Interest	8	10
Balance	1,000	1,000

[(1)] European Interbank Offered Rate ("EURIBOR")

The Group has not defaulted on principal, interest or breached any terms of its subordinated debt or senior subordinated debt during the year.

17. Provisions, Contingent Liabilities and Commitments

Provisions

Details of provisions of the Group at 31 December 2024 and 31 December 2023 are as follows:

in € millions	2024	2023
Provisions recognised under IAS 37	19	8
Loan commitments issued	5	5
Total	**24**	**13**

As at 31 December 2024, the Group had tax provisions of €12 million (2023: €nil million), property provisions under IAS 37 of €4 million (2023: €3 million) and litigation provisions of €3 million (2023: €5 million).

Property provisions represent the net present value of expected future costs of reinstating leasehold improvements at the end of the lease term. Lease reinstatement provisions are released when the reinstatement obligations have been fulfilled. The related asset for lease reinstatement provisions is included within ‘Property, plant and equipment’ in the consolidated statement of financial position.

The provisions recognised for litigation under IAS 37 result from employment related litigations.

ECL provisions in the amount of €5 million (2023: €5 million) were recognised in respect of loan commitments issued.

Contingent Liabilities Arising from Litigation Matters

In addition to the matter described below, in the normal course of business, the entities of the Group have been named, from time to time, as defendants in various legal actions, including arbitrations, class actions and other litigation, arising in connection with their activities as affiliates of a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the third-party entities that are, or would otherwise be, the primary defendants in such cases are bankrupt, in financial distress, or may not honour applicable indemnification obligations. These actions have included, but are not limited to, antitrust claims and matters arising from the Group’s sales and trading businesses and activities in the capital markets.

The entities of the Group are also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental and regulatory agencies regarding the Group’s business, and involving, among other matters, sales, trading, financing, prime brokerage, market-making activities, investment banking advisory services, capital markets activities, financial products or offerings sponsored, underwritten or sold by the Group, and accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on the Group’s ability to conduct certain business, or other relief.

The entities of the Group contest liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the financial statements and the Group can reliably estimate the amount of that loss or the range of loss, the Group accrues an estimated loss by a charge to income, including with respect to certain of the individual proceedings or investigations described below.

The Group’s legal expenses can, and may in the future, fluctuate from period to period, given the current environment regarding government or regulatory agency investigations and private litigation affecting global financial services firms, including the Group.

In many legal proceedings and investigations, it is inherently difficult to determine whether any loss is probable or more than remotely possible, or to estimate the amount of any loss. In addition, even where the Group has determined that a loss is probable or more than remotely possible, the Group may be unable to reliably estimate the amount of the loss or range of loss. It is particularly difficult to determine if a loss is probable or more than remotely possible, or to reliably estimate the amount of loss, where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, forfeiture, disgorgement or penalties. Numerous issues may need to be resolved in an investigation or proceeding before a determination can be made that a loss or additional loss (or range of loss or range of additional loss) is probable or more than remotely possible, or to reliably estimate the amount of loss, including through potentially lengthy discovery or determination of important factual matters, determination of issues related to class certification, the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

The Group has identified below any individual proceedings or investigations where the Group believes a material economic outflow to be more than remotely possible. In certain legal proceedings in which the Group has determined that a material economic outflow is more than remotely possible, the Group is unable to reliably estimate the loss or range of loss. There are other matters in which the Group has determined a loss or range of loss to be more than remotely possible, but the Group does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Group's financial statements as a whole, although the outcome of such proceedings or investigations may significantly impact the Group's business or results of operations for any particular reporting period, or cause significant reputational harm.

While the Group has identified below certain proceedings or investigations that the Group believes to be material, individually or collectively, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined to be probable or more than remotely possible.

Entities within the Group are responding to requests for information and documents from authorities in Germany related to the period 2006 to 2022, including from the Federal Tax Office, the Düsseldorf Tax Office and the Cologne Public Prosecutor, in relation to certain equities transactions over dividend record dates and related tax matters. The Group is cooperating with the relevant authorities.

Contingent Liabilities and Commitments from Other Matters

At 31 December, the Group had the following outstanding contingent liabilities arising from off-balance sheet financial instruments and commitments:

in € millions	2024	2023
Contingent liabilities		
Financial guarantees	6	5
	6	**5**
Commitments		
Loan commitments	11,648	10,746
Guarantees	38	–
Unsettled securities purchased under agreements to resell[1]	62,165	32,566
Unsettled securities sold under agreements to repurchase[1]	46,208	27,054
Loans pending settlement	1,307	1,008
	121,366	**71,374**

[1] Unsettled securities purchased under agreements to resell and sold under agreements to repurchase have a trade date at or prior to, and settle subsequent to, the year end.

18. Deferred Tax Assets and Liabilities

Deferred taxes are calculated on all temporary differences under the balance sheet liability method. The movement in the deferred tax account is as follows:

	2024		2023	
in € millions	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
At 1 January	30	(1)	40	(1)
Adjustments in respect of prior years	–	–	8	–
Amount recognised in the consolidated income statement	(2)	(2)	(16)	–
Amount recognised in other comprehensive income	2	–	(2)	–
At 31 December	**30**	**(3)**	**30**	**(1)**

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The deferred tax included in the consolidated statement of financial position are as follows:

	2024		2023	
in € millions	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Deferred compensation	22	–	17	–
Deductible temporary differences within interest expense	1	(1)	11	(1)
Other temporary differences	7	(2)	2	–
	30	**(3)**	**30**	**(1)**

19. Equity Instruments

Equity instruments of the Group are summarised as follows:

in € millions	Ordinary shares of €1 each	AT1 capital	Total equity instruments
Issued and fully paid			
At 1 January 2023	**4,650**	**1,000**	**5,650**
Issued in the year	–	–	–
At 31 December 2023	**4,650**	**1,000**	**5,650**
Issued in the year	–	–	–
At 31 December 2024	**4,650**	**1,000**	**5,650**
Voting rights at 31 December 2024	100%	Non-voting	

Equity Instruments

At 31 December 2024, the total equity instruments in issue of the Group amounted to €5,650 million (31 December 2023: €5,650 million) comprising 4,650,000,000 ordinary shares of €1 each (31 December 2023: 4,650,000,000 ordinary shares of €1 each), and AT1 capital instruments of €1,000 million (31 December 2023: €1,000 million). All equity instruments are fully paid.

Ordinary Shares

The subscribed capital amounts to €4,650 million and is entirely divided into 4,650,000,000 registered no par value shares of €1 each. Each registered no par value share has one voting right in the Annual General Meeting.

AT1 Capital

AT1 capital of the Group comprises two instruments in the total amount of €1,000 million. One instrument in the amount of €600 million (120 notes, each with a principal amount of €5 million) was issued to MSI in 2020 with a non-cumulative coupon payable at a fixed rate of 4.7% per annum. The other instrument in the amount of €400 million (80 notes each with a principal amount of €5 million) was issued to Morgan Stanley on 12 April 2022 with a non-cumulative coupon payable at a fixed rate of 5% per annum.

The coupons of €48 million (2023: €48 million) on the instruments were paid on 2 December 2024 to MSI and Morgan Stanley out of reserves available for distribution.

To qualify as AT1 capital under the EU CRR and EU CRD, instruments must have principal loss absorption through a conversion to common shares or a write-up/write-down mechanism allocating losses at a trigger point and must also meet further requirements (perpetual with no incentive to redeem; institution must have full dividend/coupon discretion at all times, etc.). The Group's AT1 capital instruments are structured in line with the CRR/CRD requirements and feature a temporary write-down mechanism. In the event of a local resolution action for the Group, the local resolution authority, BaFin, has the authority to trigger the write-down of the instruments upon the exercise of its statutory powers.

Reserves

Currency Translation Reserve

The 'Currency translation reserve' of €(1) million (2023: €(1) million) comprises all foreign exchange differences arising from the translation of the total assets less total liabilities of foreign operations, mainly in Sweden. The tax effect of these movements is also included in the 'Currency translation reserve'.

Capital Contribution Reserve

The 'Capital contribution reserve' of €1,471 million (2023: €1,471 million) comprises contributions of capital from the Group's parent company to subsidiaries of the Group.

Pension Reserve

The 'Pension reserve' of €9 million (2023: €2 million) comprises cumulative actuarial gains or losses on scheme assets and obligations net of current tax. Details of the plans are given in note 29 to these financial statements.

Debt Valuation Adjustment Reserve

The 'Debt valuation adjustment reserve' of €(1) million (2023: €(1) million) reflects the cumulative change in fair value of certain financial liabilities designated at fair value through profit or loss that is attributable to changes in the credit risk of those liabilities at the reporting date, together with the tax effect of these movements.

20. Additional Cash Flow Information

a. Cash and Cash Equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise the following balances, which have less than three months maturity from the date of acquisition:

in € millions	2024	2023
Cash and short-term deposits	10,945	9,982
Bank loans and overdrafts	(4,641)	(3,892)
	6,304	**6,090**

Included within 'Cash and short-term deposits' is €60 million (2023: €20 million) of segregated client funds that are not available for use by the Group. The corresponding payable is recognised and included in 'Trade and other payables'.

Bank loans and overdrafts are repayable on demand and carry positive interest rates of 3% (2023: 4%). They primarily represent deposits received from Morgan Stanley Group undertakings.

b. Reconciliation of Cash Flows from Operating Activities

in € millions	Note	2024	2023
Profit for the year		272	187
Adjustments for:			
Net impairment reversal on financial instruments		(1)	(1)
Depreciation on property, plant and equipment		21	18
Provisions		10	3
Difference between pension contributions paid and amount recognised in the consolidated income statement		1	(3)
Interest income		(3,617)	(2,018)
Interest expense		3,538	1,953
Income tax expense	8	131	78
Operating cash flows before changes in operating assets and liabilities		**355**	**217**
Changes in operating assets			
(Increase)/Decrease in trading financial assets		(7,932)	7,434
Decrease/(Increase) in secured financing		10,570	(11,308)
Increase in loans and advances		(139)	(12)
Decrease in trade and other receivables		812	8,922
(Increase)/Decrease in other operating assets		(47)	5
		3,264	**5,041**
Changes in operating liabilities			
Increase/(Decrease) in trading financial liabilities		3,246	(7,334)
(Decrease)/Increase in secured borrowing		(10,378)	4,351
Decrease in trade and other payables		(153)	(5,202)
Increase/(Decrease) in debt and other borrowings		3,655	(351)
Increase/(Decrease) in other operating liabilities		46	(1)
		(3,584)	**(8,537)**
Interest received		3,587	1,928
Interest paid		(3,337)	(1,677)
Income taxes paid		(88)	(138)
Effect of foreign exchange movements		(7)	(2)
Net cash from/ (used in) operating activities		**190**	**(3,168)**

Comparative period has been adjusted (see note 2).

c. Reconciliation of Liabilities Arising From Financing Activities

in € millions	Lease liabilities
Balance at 1 January 2023	**82**
Cash flows	(12)
Non-cash changes:	
New leases	18
Modifications[1]	7
Balance at 31 December 2023	**95**
Cash flows	(13)
Non-cash changes:	
Lease Modifications[1]	33
Balance at 31 December 2024	**115**

[1] Lease modifications primarily represent the renewals of the Group's existing leases.

21. 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.

	2024			2023		
in € millions	Less than or equal to twelve months	More than twelve months	Total	Less than or equal to twelve months	More than twelve months	Total
ASSETS						
Cash and short-term deposits	10,945	–	10,945	9,982	–	9,982
Trading financial assets	51,124	–	51,124	43,192	–	43,192
Secured financing	19,005	–	19,005	29,575	–	29,575
Loans and advances	161	98	259	2	118	120
Trade and other receivables	15,809	–	15,809	16,589	–	16,589
Current tax assets	111	–	111	104	–	104
Deferred tax assets	23	7	30	23	7	30
Property, plant and equipment	25	133	158	23	102	125
Other assets	4	–	4	5	–	5
	97,207	**238**	**97,445**	**99,495**	**227**	**99,722**
LIABILITIES						
Bank loans and overdrafts	4,641	–	4,641	3,892	–	3,892
Trading financial liabilities	48,714	–	48,714	45,468	–	45,468
Secured borrowing	12,419	–	12,419	22,797	–	22,797
Trade and other payables	15,931	159	16,090	16,106	116	16,222
Debt and other borrowings	2,885	1,045	3,930	182	93	275
Subordinated debt	–	3,800	3,800	1	3,500	3,501
Provisions	1	23	24	4	9	13
Current tax liabilities	82	–	82	15	23	38
Deferred tax liabilities	3	–	3	–	1	1
Post-employment benefit obligations	–	19	19	–	23	23
	84,676	**5,046**	**89,722**	**88,465**	**3,765**	**92,230**

Comparative period has been adjusted (see note 2).

22. Financial Risk Management

22.1. Risk Management Procedures

Risk taking is an inherent part of the Group's business activities and effective risk management is vital to the success of the Group. The Group seeks to identify, measure, monitor and report each of the types of risk involved in its business activities in accordance with defined policies and procedures.

The Group has developed risk management policies and procedures which are consistent with the risk management policies and procedures of the Morgan Stanley Group and include escalation to the Group's Management Board.

Significant risks resulting from the Group's business activities are set out in the following chapters. A comprehensive overview of Risk Management is presented in the "Risk Report" section of the Group Management Report.

22.2. Market Risk

Market Risk is the risk that a change in the level of one or more market prices, rates, indices, volatilities, implied volatilities, or other market factors, such as market liquidity, will result in losses for a position or portfolio. This includes risks from Derivative Valuation Adjustments ("xVA"), which refers to the risk of changes in derivative valuation adjustments due to changes in credit spreads and other market factors. Further, market risk includes the consideration of financial risk arising from climate change as well as non-traded market risk such as Interest Rate Risk and Credit Spread Risk in the Banking Book ("IRRBB" and "CSRBB").

Price risk arises, for example, in trading portfolios, lending portfolios measured at fair value, and associated mark-to-market hedges.

Additional information on market risk is presented in the Group Management Report and forms part of the consolidated financial statements.

VaR for the Year Ended 31 December 2024 and 31 December 2023

The table below presents the Management VaR on a year end, average and annual high and low basis for 31 December 2024 and 31 December 2023.

The VaR resulting from interest rate and credit sensitivity from xVA is disclosed as a separate category from the Primary Risk Categories and includes counterparty credit valuation adjustments and related hedges.

	95 %/ one-day VaR for the year ended 31 December 2024[1]				95 %/ one-day VaR for the year ended 31 December 2023[1]			
in € millions	Year end	Average	High	Low	Year end	Average	High	Low
Market risk category:								
Interest rate and credit spread	2.0	2.3	3.7	1.3	1.7	2.8	7.8	1.4
Equity price	1.0	0.9	2.1	0.1	0.1	0.1	0.5	0.1
Foreign exchange rate	0.3	0.2	0.6	0.0	0.1	0.1	0.5	0.0
Commodity price	0.2	0.1	0.7	0.0	0.0	0.0	0.0	0.0
Less diversification benefit[2][3]	(1.5)	(1.0)	N/A	N/A	(0.2)	(0.2)	N/A	N/A
Primary Risk Categories VaR	2.0	2.5	4.0	1.4	1.7	2.8	7.7	1.4
VaR resulting from "xVA"	1.9	2.0	2.6	1.7	2.5	3.1	3.7	2.5
Less diversification benefit[2][3]	(1.2)	(1.3)	N/A	N/A	(1.1)	(1.6)	N/A	N/A
Total Management VaR	**2.7**	**3.2**	**4.9**	**2.6**	**3.1**	**4.3**	**8.1**	**3.0**

(1) The VaR is originally calculated in U.S. dollars and converted to Euros with the exchange rate as at 31 December.
(2) Diversification benefit equals the difference between total trading VaR and the sum of the standalone VaRs for the four market risk categories. This benefit arises because the simulated one-day losses for each of the four primary market risk categories occur on different scenario dates in the simulation; similar diversification benefits also are taken into account within each category.
(3) 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 scenario dates in the simulation and therefore the diversification benefit is not an applicable measure.

Non-trading Risks for the Year Ended 31 December 2024 and 31 December 2023

The Group believes that sensitivity analysis is an appropriate representation of the Group's non-trading risks. The following sensitivity analysis covers all of the non-trading risk in the Group's portfolio.

Interest Rate Risk

The Group is exposed to funding liabilities, lending and deposit transactions related to non-trading risks. The application of a parallel shift in interest rates of 200 basis points decrease or increase to these positions would result in a net loss of €1.6 million and a net gain of €0.8 million respectively as at 31 December 2024. This compares to a net loss of €2.8 million and a net gain of €1.4 million respectively as at 31 December 2023.

Currency Risk

The Group has foreign currency revaluation risk arising from its trading activities and assets and liabilities in currencies other than Euros. It actively manages this exposure by hedging it back to Euros. Foreign exchange exposure in the banking book as at 31 December 2024 was €19 million (2023: €10 million) primarily arising from net long U.S. dollar position (2023: short Swedish Krona position). The Group has gold position arising from its trading activities as of 31 December 2024 of €17 million (2023: €nil).

The Group also has foreign currency exposures arising from foreign operations, primarily in Sweden. The majority of this foreign currency risk has been hedged by the Morgan Stanley Group, by putting in place forward foreign currency exchange contracts.

The tables below summarise the foreign currency exposure for the Group relating to the retranslation of its branches outside of the Eurozone. The tables summarise the impact on total comprehensive income of a reasonably possible parallel shift of the foreign currency in relation to Euro, 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.

	2024		
in € millions	**Swedish Krona**	**Polish Zloty**	**Danish Krona**
Foreign Currency exposure	(6)	1	0.3
Percentage change applied	8%	7%	–%
Other Comprehensive Income	(0.5)	0.1	–

	2023		
in € millions	**Swedish Krona**	**Polish Zloty**	**Danish Krona**
Foreign Currency exposure	(5)	1	0.2
Percentage change applied	8%	7%	–%
Other Comprehensive Income	(0.4)	0.1	–

The reasonably possible percentage change in the currency rate in relation to Euro has been calculated based on the greatest annual percentage change over the 5 year period from 1 January 2020 to 31 December 2024 (2023: 1 January 2019 to 31 December 2023).

22.3. Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations. Credit risk includes country risk – i.e. the risk that economic, social and political conditions and events in a country will adversely affect an obligor's ability and willingness to fulfil its obligations. As part of credit risk, credit concentration risk refers to the risk of loss due to an outsized exposure to a counterparty or a group of connected counterparties in the same industry or geographic region. This assessment also considers climate risk, in particular the credit exposure to obligors and counterparties highly vulnerable to transition and/or physical climate risks.

Additional information on credit risk management is presented in the Group Management Report and forms part of the consolidated financial statements.

Exposure to Credit Risk

The maximum exposure to credit risk ("gross credit exposure") of the Group as at 31 December 2024 is disclosed below, based on the carrying amounts of the financial assets and the maximum amount that the Group could have to pay in relation to unrecognised financial instruments, which the Group 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. Exposure arising from financial instruments not recognised on the consolidated statement of financial position is measured as the maximum amount that the Group could have to pay.

Where the Group enters into credit enhancements, including master netting agreements and receipt of cash and securities as collateral, in order 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.

Trading financial assets, excluding derivatives, are subject to traded credit risk through exposure to the issuer of the financial instrument; the Group manages this issuer credit risk through its market risk management infrastructure and this traded credit risk is incorporated within the VaR based risk measures included in the market risk disclosure.

Exposure to credit risk by class	2024			2023		
Class in € millions	Gross credit exposure[1]	Credit enhance-ments	Net credit exposure[2]	Gross credit exposure[1]	Credit enhance-ments	Net credit exposure[2]
Subject to ECL:						
Cash and short-term deposits	10,945	–	10,945	9,982	–	9,982
Loans and advances	98	–	98	83	–	83
Trade and other receivables[3]	15,774	–	15,774	16,556	–	16,556
Not subject to ECL:						
Trading financial assets						
Derivatives	41,484	(38,575)	2,909	33,874	(32,314)	1,560
Secured financing	19,005	(18,942)	63	29,575	(29,555)	20
Loans and advances	161	–	161	37	–	37
	87,467	**(57,517)**	**29,950**	**90,107**	**(61,869)**	**28,238**
Unrecognised financial instruments						
Subject to ECL:						
Loan commitments	10,200	–	10,200	9,271	(74)	9,197
Financial guarantees	5	–	5	4	–	4
Not subject to ECL:						
Loan commitments	1,448	(1,340)	108	1,475	(1,382)	93
Financial guarantees	1	(1)	–	1	(1)	–
Unsettled securities purchased under agreements to resell[4]	62,165	–	62,165	32,566	–	32,566
	73,819	**(1,341)**	**72,478**	**43,317**	**(1,457)**	**41,860**
	161,286	**(58,858)**	**102,428**	**133,424**	**(63,326)**	**70,098**

Comparative period has been adjusted (see note 2).

(1) The carrying amount recognised in the consolidated statement of financial position, and in case of unrecognised financial instruments, nominal amount, best represents the Group'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 €1,881 million (2023: €4 million) 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 primarily include cash collateral pledged against the payables on OTC derivative positions. These derivative liabilities are included within trading financial liabilities in the consolidated statement of financial position.

(4) For unsettled securities purchased under agreements to resell, collateral in the form of securities will be received at the point of settlement. Since the value of collateral is determined at a future date, it is currently unquantifiable and not included in the table.

The impact of master netting arrangements and similar agreements on the Group's ability to offset financial assets and financial liabilities is disclosed in note 25.

Exposure to Credit Risk by Internal Rating Grades

Internal credit ratings are derived using methodologies generally consistent with those used by external agencies.

Investment grade: AAA - BBB

Non-investment grade: BB - CCC

Default: D

The table below shows gross carrying amounts and, in the case of unrecognised financial instruments, nominal amounts by internal rating grade. All exposures subject to ECL are Stage 1, unless otherwise shown.

2024

in € millions	AAA	AA	A	BBB	Total Investment Grade	Non-Investment Grade	Unrated[(1)]	Total	Net of ECL
Subject to ECL:									
Cash and short-term deposits	10,549	199	109	79	10,936	–	9	10,945	10,945
Loans and advances									
Stage 1	–	–	–	74	74	25	–	99	98
Trade and other receivables:									
Stage 1	163	2,622	10,518	1,990	15,293	367	114	15,774	15,773
Stage 3	–	–	1	1	2	–	–	2	1
Total subject to ECL	**10,712**	**2,821**	**10,628**	**2,144**	**26,305**	**392**	**123**	**26,820**	**26,817**
Not subject to ECL:									
Trading financial assets - derivatives	2,141	5,058	25,655	6,591	39,445	2,027	12	41,484	41,484
Secured financing	59	3,280	12,334	3,290	18,963	42	–	19,005	19,005
Loans and advances	–	–	–	35	35	–	126	161	161
Total not subject to ECL	**2,200**	**8,338**	**37,989**	**9,916**	**58,443**	**2,069**	**138**	**60,650**	**60,650**
Unrecognised financial instruments subject to ECL:									
Loan commitments									
Stage 1	–	336	6,872	2,265	9,473	534	2	10,009	10,007
Stage 2	–	–	–	100	100	91	–	191	188
Financial guarantees	–	–	–	–	–	5	–	5	5
Total unrecognised financial instruments subject to ECL	**–**	**336**	**6,872**	**2,365**	**9,573**	**630**	**2**	**10,205**	**10,200**
Unrecognised financial instruments not subject to ECL:									
Loan commitments	–	–	165	453	618	784	46	1,448	1,448
Financial guarantees	–	–	–	–	–	1	–	1	1
Unsettled securities purchased under agreements to resell	–	19,245	18,190	24,730	62,165	–	–	62,165	62,165
Total unrecognised financial instruments not subject to ECL	**–**	**19,245**	**18,355**	**25,183**	**62,783**	**785**	**46**	**63,614**	**63,614**

(1) For the unrated trade receivables, a lifetime ECL is always calculated without considering whether SICR has occurred.

2023

in € millions	AAA	AA	A	BBB	Total Invest-ment Grade	Non-Invest-ment Grade	Unrated[1]	Total	Net of ECL
Subject to ECL:									
Cash and short-term deposits	9,819	43	87	21	9,970	–	12	9,982	9,982
Loans and advances									
Stage 1	–	–	–	47	47	37	–	84	83
Trade and other receivables:									
Stage 1	31	2,892	10,896	1,729	15,548	552	45	16,145	16,145
Stage 3	5	73	61	71	210	123	81	414	411
Total subject to ECL	**9,855**	**3,008**	**11,044**	**1,868**	**25,775**	**712**	**138**	**26,625**	**26,621**
Not subject to ECL:									
Trading financial assets - derivatives	2,138	3,934	20,947	5,396	32,415	1,457	2	33,874	33,874
Secured financing	821	8,597	14,867	4,696	28,981	592	2	29,575	29,575
Loans and advances	–	–	–	20	20	–	17	37	37
Total not subject to ECL	**2,959**	**12,531**	**35,814**	**10,112**	**61,416**	**2,049**	**21**	**63,486**	**63,486**
Unrecognised financial instruments subject to ECL:									
Loan commitments									
Stage 1	–	454	6,034	2,230	8,718	353	–	9,071	9,067
Stage 2	–	–	–	100	100	100	–	200	199
Financial guarantees	–	1	–	–	1	3	–	4	4
Total unrecognised financial instruments subject to ECL	**–**	**455**	**6,034**	**2,330**	**8,819**	**456**	**–**	**9,275**	**9,270**
Unrecognised financial instruments not subject to ECL:									
Loan commitments	–	–	355	432	787	688	–	1,475	1,475
Financial guarantees	–	–	–	–	–	1	–	1	1
Unsettled securities purchased under agreements to resell	–	16,780	10,775	5,006	32,561	5	–	32,566	32,566
Total unrecognised financial instruments not subject to ECL	**–**	**16,780**	**11,130**	**5,438**	**33,348**	**694**	**–**	**34,042**	**34,042**

Comparative period has been adjusted (see note 2).
(1) For the unrated trade receivables, a lifetime ECL is always calculated without considering whether a SICR has occurred.

Expected Credit Loss Allowance

As at 31 December 2024, ECL on trade receivables of €2 million, on loans of €1 million and on loan commitments of €5 million were recognised. (2023: €3 million, €1 million, €5 million, respectively).

ECL on cash and short-term deposits as of 31 December 2024 and 31 December 2023 is de minimis owing to either their short tenure and/or their low credit risk.

22.4. Liquidity Risk

Liquidity Risk is the risk that the Group's financial condition or overall soundness is adversely affected by an inability or perceived inability to meet its financial obligations in a timely manner. Liquidity Risk encompasses the associated funding risk triggered by stress events, which may cause unexpected changes in funding needs or an inability to raise new funding.

Additional information on liquidity risk management is presented in the Group Management Report and forms part of the consolidated financial statements.

Maturity Analysis

In the following maturity analysis of financial liabilities, derivative contracts and other financial liabilities held as part of the Group's trading activities are presented at fair value and disclosed as on demand. Financial liabilities designated at fair value through profit or loss are disclosed according to their earliest contractual maturity. All other amounts represent undiscounted cash flows payable by the Group arising from its financial liabilities to their earliest contractual maturities. 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 of the maturity analysis is considered by the Group 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 Group.

2024

in € millions	On demand	Less than 1 month	1 month – 3 months	3 months – 1 year	1 year – 5 years	Greater than 5 years	Total
Financial liabilities							
Bank loans and overdrafts	4,641	–	–	–	–	–	4,641
Trading financial liabilities:							
Derivatives	37,342	–	–	–	–	–	37,342
Other	11,372	–	–	–	–	–	11,372
Secured borrowing	8,098	1,008	2,191	1,156	–	–	12,453
Trade and other payables	15,839	11	1	16	84	48	15,999
Debt and other borrowings	–	1	2,885	–	798	247	3,931
Subordinated debt	–	11	17	105	2,956	1,074	4,163
Total financial liabilities	**77,292**	**1,031**	**5,094**	**1,277**	**3,838**	**1,369**	**89,901**
Unrecognised financial instruments							
Guarantees	38	–	–	–	–	–	38
Loan commitments	11,648	–	–	–	–	–	11,648
Unsettled securities purchased under agreements to resell[(1)]	58,237	–	–	2,476	1,452	–	62,165
Financial guarantees	–	–	–	–	6	–	6
Loans pending settlement	1,307	–	–	–	–	–	1,307
Total unrecognised financial instruments	**71,230**	**–**	**–**	**2,476**	**1,458**	**–**	**75,164**

(1) The Group enters into forward-starting reverse repurchase agreements (agreements which have a trade date at or prior to 31 December 2024 and settle subsequent to year end). These agreements are generally settled within three business days.

2023

in € millions	On demand	Less than 1 month	1 month – 3 months	3 months – 1 year	1 year – 5 years	Greater than 5 years	Total
Financial liabilities							
Bank loans and overdrafts	3,892	–	–	–	–	–	3,892
Trading financial liabilities:							
Derivatives	32,606	–	–	–	–	–	32,606
Other	12,862	–	–	–	–	–	12,862
Secured borrowing	15,831	4,594	813	1,559	–	–	22,797
Trade and other payables	15,827	12	1	12	62	24	15,938
Debt and other borrowings	–	14	196	–	30	63	303
Subordinated debt	–	15	22	133	2,656	1,111	3,937
Total financial liabilities	**81,018**	**4,635**	**1,032**	**1,704**	**2,748**	**1,198**	**92,335**
Unrecognised financial instruments							
Loan commitments	10,746	–	–	–	–	–	10,746
Unsettled securities purchased under agreements to resell[(1)]	32,566	–	–	–	–	–	32,566
Financial guarantees	–	–	–	–	5	–	5
Loans pending settlement	1,008	–	–	–	–	–	1,008
Total unrecognised financial instruments	**44,320**	**–**	**–**	**–**	**5**	**–**	**44,325**

Comparative period has been adjusted (see note 2).

(1) The Group enters into forward-starting reverse repurchase agreements (agreements which have a trade date at or prior to 31 December 2023 and settle subsequent to year end). These agreements are generally settled within three business days.

The Group does not expect that all of the potential cash flows associated with financial guarantees and loan commitments will be required.

23. Transfers of Financial Assets, including Pledges of Collateral

Transferred Financial Assets that are not Derecognised in their Entirety

In the ordinary course of business, the Group 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 Group's inventory positions.

The Group pledges certain financial instruments to collateralise repurchase agreements and other securities financings. Pledged financial instruments that can be sold or repledged by the secured party are identified as trading financial instruments (pledged to various parties) in the consolidated statement of financial position. The Group has determined that it retains substantially all the risks and rewards of these financial instruments including credit risk, settlement risk, country risk and market risk, and therefore has not derecognised them. In addition, it recognises a financial liability in respect of the consideration received.

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 Group 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.

All of these transactions are mostly conducted under standard agreements used by financial market participants and are undertaken with counterparties subject to the Group's normal credit risk control processes. The resulting credit exposures are controlled by daily monitoring and collateralisation of the positions. The carrying amount of the associated financial liabilities related to financial assets transferred that continue to be recognised is €7,063 million (2023: €7,182 million).

Trading financial assets of the Group include debt securities of €9,163 million (2023: €9,058 million) which have been sold or otherwise transferred, but which for accounting purposes remain recognised on the consolidated statement of financial position.

24. Financial Assets Accepted as Collateral

The Group's policy is generally to take possession of securities received as collateral, securities purchased under agreements to resell and securities borrowed. The Group monitors the fair value of the underlying securities as compared with the related receivable or payable, including accrued interest, and, as necessary, requests additional collateral to ensure such transactions are adequately collateralised. The Group's agreements with third parties specify its rights to request additional collateral. These transactions are generally conducted under standard documentation used by financial market participants.

The fair value of collateral accepted under these arrangements, where the Group is permitted to sell or repledge the collateral in the absence of default by the owner of the collateral, as at 31 December 2024 was €74,486 million (2023: €55,463 million). Of this amount €67,498 million (2023: €51,903 million) has been sold or repledged to third parties in connection with financing activities, or to comply with commitments under short sale transactions.

25. Financial Assets and Financial Liabilities Subject to Offsetting

In order to manage credit exposure arising from its business activities, the Group applies various credit risk management policies and procedures, see note 22 for further details. Primarily in connection with securities purchased under agreements to resell and securities sold under agreements to repurchase, securities borrowed and securities loaned transactions and derivative transactions, the Group enters into master netting arrangements and collateral arrangements with its counterparties. These agreements provide the Group 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 Group against the net amount owed by the counterparty.

However, in certain circumstances, the Group may not have such an agreement in place; the relevant insolvency regime (which is based on type of counterparty of the entity and the jurisdiction of organisation of the counterparty) may not support the enforceability of the agreement; or the Group may not have sought legal advice to support the enforceability of the agreement.

In the consolidated statement of financial position, financial assets and financial liabilities are only offset and presented on a net basis 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 assets and the liabilities simultaneously. In the absence of such conditions, financial assets and financial liabilities are presented on a gross basis.

The following tables present information about the offsetting of financial instruments and related collateral amounts. The tables do 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 Group's exposure to credit risk is disclosed in note 22.

		Amounts offset			Amounts not offset, collateralised by:			
in € millions	**Gross amounts**	**Counterparty netting**	**Derivative cash collateral netting[1]**	**Net amounts**	**Financial instruments**	**Cash collateral[1]**	**Net exposure[2]**	**Not Subject to legally enforceable master netting agreement**
2024								
Assets								
Secured financing:								
Cash collateral on securities borrowed	2,830	–	–	2,830	(2,811)	–	19	2
Securities purchased under agreement to resell	62,146	(46,710)	–	15,436	(15,392)	–	44	–
Trading financial assets:								
Derivatives	342,881	(296,105)	(5,292)	41,484	(30,012)	(8,563)	2,909	76
Total assets	**407,857**	**(342,815)**	**(5,292)**	**59,750**	**(48,215)**	**(8,563)**	**2,972**	**78**
Liabilities								
Secured borrowing:								
Cash collateral on securities	3,122	–	–	3,122	(3,122)	–	–	–
Securities sold under agreement to repurchase	55,268	(46,710)	–	8,558	(8,558)	–	–	–
Trading financial liabilities:								
Derivatives	339,320	(296,105)	(5,873)	37,342	(27,074)	(7,931)	2,337	135
Total liabilities	**397,710**	**(342,815)**	**(5,873)**	**49,022**	**(38,754)**	**(7,931)**	**2,337**	**135**
2023								
Assets								
Secured financing:								
Cash collateral on securities borrowed	1,457	–	–	1,457	(1,437)	–	20	2
Securities purchased under agreement to resell	46,272	(19,048)	–	27,224	(27,224)	–	–	–
Trading financial assets:								
Derivatives	366,236	(327,833)	(4,529)	33,874	(24,225)	(8,088)	1,561	54
Total assets	**413,965**	**(346,881)**	**(4,529)**	**62,555**	**(52,886)**	**(8,088)**	**1,581**	**56**
Liabilities								
Secured borrowing:								
Cash collateral on securities	2,518	–	–	2,518	(2,518)	–	–	–
Securities sold under agreement to repurchase	39,238	(19,048)	–	20,190	(20,190)	–	–	–
Trading financial liabilities:								
Derivatives	364,130	(327,833)	(3,691)	32,606	(21,072)	(10,028)	1,506	79
Total liabilities	**405,886**	**(346,881)**	**(3,691)**	**55,314**	**(43,780)**	**(10,028)**	**1,506**	**79**

Comparative period has been adjusted (see note 2).

[1] Derivatives cash collateral netting relates to the margin posted or received being offset against the derivatives balance where all offsetting criteria is met. All Cash Collateral are recognised within Trade and other receivables and Trade and other payables, whether it is offset or not and represents the total variation margin paid or received by counterparties.

[2] Intercompany cross-product legally enforceable netting arrangements are in place which would allow for an additional €1,881 million (2023: €4 million) of the consolidated statement of financial position, to be offset in the ordinary course of business and/or in the event of default.

26. Financial Instruments 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 Group's financial assets and financial liabilities recognised at fair value on a recurring basis, classified according to the fair value hierarchy:

2024 in € millions	Quoted prices in active market (Level 1)	Valuation techniques using observable inputs (Level 2)	Valuation techniques with significant unobservable inputs (Level 3)	Total
Trading financial assets:				
Government debt securities	5,832	1,942	–	7,774
Corporate and other debt	–	1,731	26	1,757
Corporate equities	109	–	–	109
Derivatives				
Interest rate contracts	1	18,028	369	18,398
Credit contracts	–	1,201	9	1,210
Foreign exchange and gold contracts	–	16,091	1	16,092
Equity and other contracts	420	4,010	236	4,666
Commodity contracts	–	1,078	40	1,118
Total trading financial assets	**6,362**	**44,081**	**681**	**51,124**
Secured financing:				
Cash collateral on securities borrowed	–	2,830	–	2,830
Securities purchased under agreements to resell	–	15,436	–	15,436
Other secured financing	–	739	–	739
Total secured financing	**–**	**19,005**	**–**	**19,005**
Loans and advances:				
Corporate loans	–	161	–	161
Total loans and advances	**–**	**161**	**–**	**161**
Total financial assets measured at fair value	**6,362**	**63,247**	**681**	**70,290**
Trading financial liabilities:				
Government debt securities	8,299	1,747	–	10,046
Corporate and other debt	–	1,297	2	1,299
Corporate equities	27	–	–	27
Derivatives				
Interest rate contracts	–	15,281	325	15,606
Credit contracts	–	1,174	9	1,183
Foreign exchange and gold contracts	–	14,546	1	14,547
Equity and other contracts	701	3,970	268	4,939
Commodity contracts	–	1,028	39	1,067
Total trading financial liabilities	**9,027**	**39,043**	**644**	**48,714**
Secured borrowing:				
Cash collateral on securities loaned	–	2,127	–	2,127
Securities sold under agreements to repurchase	–	5,012	–	5,012
Other financial liabilities	–	739	–	739
Total secured borrowing	**–**	**7,878**	**–**	**7,878**
Debt and other borrowings:				
Issued structured notes	–	277	–	277
Total debt and other borrowings	**–**	**277**	**–**	**277**
Total financial liabilities measured at fair value	**9,027**	**47,198**	**644**	**56,869**

2023 in € millions	Quoted prices in active market (Level 1)	Valuation techniques using observable inputs (Level 2)	Valuation techniques with significant unobservable inputs (Level 3)	Total
Trading financial assets:				
Government debt securities	8,742	–	1	8,743
Corporate and other debt	–	487	84	571
Corporate equities	4	–	–	4
Derivatives				
Interest rate contracts	1	19,005	362	19,368
Credit contracts	–	707	7	714
Foreign exchange and gold contracts	–	11,351	17	11,368
Equity and other contracts	9	982	166	1,157
Commodity contracts	15	1,239	13	1,267
Total trading financial assets	**8,771**	**33,771**	**650**	**43,192**
Secured financing:				
Cash collateral on securities borrowed	–	1,457	–	1,457
Securities purchased under agreements to resell	–	27,224	–	27,224
Other secured financing	–	894	–	894
Total secured financing	**–**	**29,575**	**–**	**29,575**
Loans and advances:				
Corporate loans	**–**	**37**	**–**	**37**
Total loans and advances	**–**	**37**	**–**	**37**
Total financial assets measured at fair value	**8,771**	**63,383**	**650**	**72,804**
Trading financial liabilities:				
Government debt securities	12,507	–	–	12,507
Corporate and other debt	–	340	–	340
Corporate equities	15	–	–	15
Derivatives				
Interest rate contracts	–	15,731	301	16,032
Credit contracts	–	685	7	692
Foreign exchange and gold contracts	–	13,360	17	13,377
Equity and other contracts	13	1,046	176	1,235
Commodity contracts	15	1,237	18	1,270
Total trading financial liabilities	**12,550**	**32,399**	**519**	**45,468**
Secured borrowing:				
Cash collateral on securities loaned	–	1,672	–	1,672
Securities sold under agreements to repurchase	–	16,078	–	16,078
Other financial liabilities	–	89	–	89
Total secured borrowing	**–**	**17,839**	**–**	**17,839**
Debt and other borrowings:				
Issued structured notes	–	93	–	93
Total debt and other borrowings	**–**	**93**	**–**	**93**
Total financial liabilities measured at fair value	**12,550**	**50,331**	**519**	**63,400**

Comparative period has been adjusted (see note 2).

The Group'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 Technique	Valuation Hierarchy Classification
Government debt securities	
Non-US Government Obligations • Fair value is determined using quoted prices in active markets when available. When not available, quoted prices in less-active markets are used. In the absence of position-specific quoted prices, fair value may be determined through benchmarking from comparable instruments.	• Level 1 – if actively traded and inputs are observable • Level 2 – if the market is less active or prices are dispersed • Level 3 – in instances where the prices are unobservable

Asset and Liability / Valuation Technique	Valuation Hierarchy Classification
Corporate and Other Debt and Corporate Loans	
Corporate Bonds • Fair value is determined using recently executed transactions, market price quotations, bond spreads and CDS spreads obtained from independent external parties, such as vendors and brokers, adjusted for any basis difference between cash and derivative instruments. • The spread data used are for the same maturity as the bond. If the spread data do not reference the issuer, then data that reference comparable issuers are used. When position-specific external price data are not observable, fair value is determined based on either benchmarking to comparable instruments or cash flow models with yield curves, bond or single-name CDS spreads and recovery rates or loss given default as significant inputs.	• Level 2 – if value based on observable market data for comparable instruments • Level 3 – in instances where prices or significant spread inputs are unobservable or if the comparability assessment involves significant sensitivity
Loans and Lending Commitments • Fair value of corporate loans is determined using recently executed transactions, market price quotations (where observable), implied yields from comparable debt, market observable CDS spread levels obtained from independent external parties adjusted for any basis difference between cash and derivative instruments, along with proprietary valuation models and default recovery analysis where such transactions and quotations are unobservable.	• Level 2 – if value based on observable market data supported by market liquidity for comparable instruments • Level 3 – in instances where significant spread inputs are unobservable or not supported by market liquidity or if the comparability assessment involves significant subjectivity
Corporate Equities and Equity investments	
• Exchange traded equity securities are generally valued based on quoted prices from the exchange. • Unlisted equity securities are generally valued based on an assessment of each security, considering rounds of financing and third-party transactions, discounted cash flow analyses and market-based information, including comparable transactions, trading multiples and changes in market outlook, among other factors. • Listed fund units are generally marked to the exchange-traded price if actively traded or Net Asset Value ("NAV") if not. Unlisted fund units are generally marked to NAV.	• Level 1 – actively traded exchange-traded securities and fund units • Level 2 – if not actively traded, inputs are observable, or if undergoing a recent mergers and acquisitions event or corporate action • Level 3 – if not actively traded, inputs are unobservable, or if undergoing an aged mergers and acquisitions event or corporate action
Derivatives	
Exchange-Traded Derivative Contracts • Exchange-traded derivatives that are actively traded are valued based on quoted prices from the exchange. • Exchange-traded derivatives that are not actively traded are valued using the same techniques as those applied to OTC derivatives.	• Level 1 – when actively traded • Level 2 – when not actively traded
OTC Derivative Contracts • OTC derivative contracts include forward, swap and option contracts related to interest rates, foreign currencies, credit standing of reference entities, equity prices or commodity prices. • Depending on the product and the terms of the transaction, the fair value of OTC derivative products can be modelled 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 Group are widely accepted by the financial services industry. • 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, equity, commodity or foreign currency derivatives that are either longer-dated or include exposure to multiple underlyings and credit derivatives, including credit default swaps on certain mortgage or asset-backed securities, basket CDS. Where required inputs are unobservable, relationships to observable data points, based on historical and/or implied observations, may be employed as a technique to estimate the model input values.	• Level 2 – when valued using observable inputs supported by market liquidity, or where the unobservable input is not deemed significant • Level 3 – when valued using observable inputs with limited market liquidity or if an unobservable input is deemed significant

Securities Purchased under Agreements to Resell, Securities Sold under Agreements to Repurchase, Cash collateral on Securities Borrowed and Securities Loaned and Other Secured Financings and Secured Borrowings	
• Fair value is computed using a standard cash flow discounting methodology. • The inputs to the valuation include contractual cash flows and collateral funding spreads, which are the incremental spread over the overnight indexed swap ("OIS") rate for a specific collateral rate (which refers to the rate applicable to a specific type of security pledged as collateral).	• 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
Issued structured notes	
• The Group carries structured notes which are primarily composed of instruments whose payments and redemption values are linked to the performance of a specific index, a basket of stocks, a specific security, a commodity, a credit exposure or basket of credit exposures, and instruments with various interest-rate-related features including step-ups, step-downs, and zero coupons. • Fair value is determined using valuation models for the derivative and debt portions 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. • Independent, external and traded prices for the instruments are considered as well as the impact of the Group's own credit spreads which are based on observed secondary bond market spreads.	• Level 2 – when valued using observable inputs, or where the unobservable input is not deemed significant • 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

During the year, the Group reclassified €1,729 million (2023: €nil) of government debt securities assets from Level 1 to Level 2. The Group also reclassified €1,615 million (2023: €nil) of government debt securities liabilities from Level 1 to Level 2. These reclassifications were due to decreased trading activity in these instruments. There were no material reclassifications from Level 2 to Level 1.

For assets and liabilities that were transferred from Level 1 to Level 2 during the year, fair values are ascribed as if the assets or liabilities had been transferred as of the beginning of the year.

c. Changes in Level 3 Financial Assets and Liabilities Recognised at Fair Value on a Recurring Basis

The following tables present the changes in the fair value of the Group's Level 3 financial assets and financial liabilities for the years ended 31 December 2024 and 31 December 2023. Level 3 instruments may be hedged with instruments classified in Level 1 and Level 2. The realised and unrealised gains/(losses) for assets and liabilities within the Level 3 category presented in the following tables do not reflect the related realised and unrealised gains/ (losses) on hedging instruments that have been classified by the Group within the Level 1 and/or Level 2 categories.

The unrealised gains/(losses) during the year for assets and liabilities within the Level 3 category presented in the following tables herein may include changes in fair value during the year that were attributable to both observable and unobservable inputs.

The Morgan Stanley Group operates a number of intra-group policies to ensure that, where possible, revenues and related costs are matched. Where the trading positions included in the below table are risk managed using financial instruments held by other Morgan Stanley Group undertakings, these policies potentially result in the recognition of offsetting gains or losses in the Group.

2024

in € millions	Balance at 1 January 2024	Total gains or (losses) recognised in consolidated income statement[1]	Purchases	Sales	Issuances/ Settlements	Transfers into Level 3[2]	Transfers out of Level 3[2]	Balance at 31 December 2024	Unrealised gains or (losses) for Level 3 assets/ liabilities outstanding as at 31 December 2024[3]
Trading financial assets									
Government debt securities	1	–	–	–	–	–	(1)	–	–
Corporate and other debt	84	1	41	(84)	–	–	(16)	26	–
Net derivative contracts[4]	46	7	99	–	(155)	5	11	13	7
Total trading financial assets	**131**	**8**	**140**	**(84)**	**(155)**	**5**	**(6)**	**39**	**7**
Total financial assets measured at fair value	**131**	**8**	**140**	**(84)**	**(155)**	**5**	**(6)**	**39**	**7**
Trading financial liabilities									
Corporate and other debt	–	–	–	2	–	–	–	2	–
Total trading financial liabilities	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**2**	**–**
Total financial liabilities measured at fair value	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**2**	**–**

[1] The total gains or (losses) are recognised in the consolidated income statement and the consolidated statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)).
[2] For financial assets and financial liabilities that were transferred into and out of Level 3 during the year, gains or (losses) are presented as if the assets or liabilities had been transferred into or out of Level 3 as at the beginning of the year.
[3] Amounts represent unrealised gains or (losses) for the year ended 31 December 2024 related to assets and liabilities still outstanding at 31 December 2024. The unrealised gains or (losses) are recognised in the consolidated income statement or consolidated statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)).
[4] Net derivative contracts represent trading financial assets – derivative contracts net of trading financial liabilities – derivative contracts.

2023

in € millions	Balance at 1 January 2023	Total gains or (losses) recognised in consolidated income statement(1)	Purchases	Sales	Issuances/ Settlements	Transfers into Level 3(2)	Transfers out of Level 3(2)	Balance at 31 December 2023	Unrealised gains or (losses) for Level 3 assets/ liabilities outstanding as at 31 December 2023(3)
Trading financial assets									
Government debt securities	1	–	–	–	–	–	0	1	–
Corporate and other debt	48	1	83	(10)	–	–	(38)	84	1
Net derivative contracts(4)	(27)	106	27	–	(87)	46	(19)	46	12
Total trading financial assets	**22**	**107**	**110**	**(10)**	**(87)**	**46**	**(57)**	**131**	**13**
Total financial assets measured at fair value	**22**	**107**	**110**	**(10)**	**(87)**	**46**	**(57)**	**131**	**13**
Trading financial liabilities									
Corporate and other debt	16	–	(1)	–	–	–	15	–	–
Total trading financial liabilities	**16**	**–**	**(1)**	**–**	**–**	**–**	**15**	**–**	**–**
Total financial liabilities measured at fair value	**16**	**–**	**(1)**	**–**	**–**	**–**	**15**	**–**	**–**

(1) The total gains or (losses) are recognised in the consolidated income statement and the consolidated statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)).
(2) For financial assets and financial liabilities that were transferred into and out of Level 3 during the year, gains or (losses) are presented as if the assets or liabilities had been transferred into or out of Level 3 as at the beginning of the year.
(3) Amounts represent unrealised gains or (losses) for the year ended 31 December 2023 related to assets and liabilities still outstanding at 31 December 2023. The unrealised gains or (losses) are recognised in the consolidated income statement or consolidated statement of comprehensive income as detailed in the financial instruments accounting policy (note 3(c)).
(4) Net derivative contracts represent trading financial assets – derivative contracts net of trading financial liabilities – derivative contracts.

d. 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.

i) Quantitative information about and qualitative sensitivity of significant unobservable inputs

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.

2024	Fair value in € millions	Predominant valuation technique/ Significant unobservable inputs		Range (Average[1])
ASSETS				
Trading financial assets				
Corporate and other debt	26	Comparable pricing		
			Comparable loan price	9 to 101 pts (65pts)
Net derivative contracts:[2]				
Interest rate	44	Option model		
			Interest Rate Curve Correlation	60% to 99% (88%/ 90%)
			Interest rate volatility skew	n/m
			Inflation Volatility	30% to 68% (44%/38%)
LIABILITIES				
Trading financial liabilities				
Net derivative contracts:[3]				
Equity[4]	32	Option model		
			Equity volatility	6% to 45%(18%)
			Equity Volatility skew	-2% to 0% (-1%)
			Equity – Equity correlation	21% to 99%(64%)
			Equity – Foreign exchange correlation	-55% to -17% (-20%)

(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.
(2) Net derivative contracts represent trading financial assets – derivative contracts net of trading financial liabilities – derivative contracts.
(3) Net derivative contracts represent trading financial liabilities – derivative contracts net of trading financial assets – derivative contracts.
(4) The market value of both equity derivative assets and liabilities as at 31 December 2024 is €236 million and €268 million respectively .

2023	Fair value in € millions	Predominant valuation technique/ Significant unobservable inputs		Range (Average[1])
ASSETS				
Trading financial assets				
Corporate and other debt	84	Comparable pricing		
			Comparable Bond price	99 to 99 pts (99 pts)
Net derivative contracts:[2]				
Interest rate	61	Option model		
			Interest Rate Curve Correlation	76% to 83% (79%/80%)
			Interest rate volatility skew	67% to 80% (71%/77%)
			Inflation Volatility	27% to 70% (43%/39%)
LIABILITIES				
Trading financial liabilities				
Net derivative contracts:[3]				
Equity[4]	10	Option model		
			Equity volatility	6% to 46% (16%)
			Equity Volatility skew	-1% to 0%
			Equity – Equity correlation	62% to 99% (82%)
			Equity – Foreign exchange correlation	'-55% to -10% (-17%)

(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.
(2) Net derivative contracts represent trading financial assets – derivative contracts net of trading financial liabilities – derivative contracts.
(3) Net derivative contracts represent trading financial liabilities – derivative contracts net of trading financial assets – derivative contracts.
(4) The market value of both equity derivative assets and liabilities as at 31 December 2023 is €166 million and €176 million respectively .

Significant Unobservable Inputs – Description and Sensitivity

During the year, 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 Group 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).
- Credit spread: The credit spread reflects the additional net yield an investor can earn from a security with more credit risk relative to one with less credit risk. The credit spread of a particular security is often quoted in relation to the yield on a credit risk-free benchmark security or reference rate.
- Interest rate curve: The term structure of interest rates (relationship between interest rates and the time to maturity) and a market's measure of future interest rates at the time of observation. An interest rate curve is used to set interest rate and foreign exchange derivative cash flows and is a pricing input used in the discounting of any OTC derivative cash flow.
- 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.
- Volatility skew: The measure of the difference in implied volatility for options with identical underliers and expiry dates but with different strikes.

ii) Sensitivity of fair values to changing significant assumptions to reasonably possible alternatives

As detailed in note 3, 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 Group 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.

The potential impact of favourable changes on net derivative contracts is a gain of €47 million (2023: €44 million) and the potential impact of unfavourable changes on net derivative contracts is a loss of €46 million (2023: €46 million), both of which would be reflected in the consolidated income statement.

e. Financial Instruments Valued Using Unobservable Market Data

The amounts not recognised in the consolidated income statement relating to the difference between the fair value at initial recognition (the transaction price) and the amounts determined at initial recognition using valuation techniques are as follows:

in € millions	2024	2023
At 1 January	4	7
New transactions	1	4
Amounts recognised in the consolidated income statement during the year	(3)	(7)
At 31 December	**2**	**4**

The balance above predominantly relates to derivatives.

In addition to the amounts in the table above, at 31 December 2024 a further €89 million (2023: €60 million) was not recognised in the consolidated income statement relating to the difference between the fair value at initial recognition (the transaction price) and the amounts determined at initial recognition using valuation techniques, in relation to derivative contracts which are fully hedged with derivative contracts with other Morgan Stanley Group undertakings. This resulted in no net impact in the consolidated income statement (2023: €0 million) as a result of the offsetting amounts not recognised in the consolidated income statement in relation to the hedges.

27. Assets and Liabilities not Measured at Fair Value

For all financial instruments not measured at fair value, the carrying amount is considered to be a reasonable approximation of fair value as at 31 December 2024, owing to their short-term nature.

28. Employee Compensation Plans

Morgan Stanley maintains various equity-settled share-based 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 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.

During the year, Morgan Stanley granted 589,337 RSUs (2023: 510,123 RSUs) to employees of the Group with a weighted average fair value per unit of $77.91 (2023: $90.68) based on the market value of Morgan Stanley common stock at grant date.

Equity-based compensation expense of €43 million (2023: €43 million) was recognised within 'Direct staff costs'. No further costs (2023: €1 million) were recognised in 'Management charges from other Morgan Stanley Group undertakings relating to staff costs' under the chargeback agreements described in note 3.

The related liability due to Morgan Stanley at the end of the year, reported within 'Trade and other payables' in the consolidated statement of financial position, is €66 million (2023: €61 million) of which €28 million (2023: €32 million) is expected to be settled wholly within one year and €38 million (2023: €29 million) thereafter.

The unrecognised compensation cost related to equity-based awards is shown in the table below:

	Unvested awards granted:		
in € millions	To 31 December 2024	In January 2025	Total
Expense expected to be recognised in:			
2025	12	50	62
2026	5	10	15
2027	1	5	6
Thereafter	–	2	2
	18	**67**	**85**

Amounts above do not reflect forfeitures, cancellations or accelerations.

Management Charges

As described in note 7, the Group utilises the services of staff who are employed by other Morgan Stanley Group undertakings. Management charges are incurred in respect of these employee services which may include the cost of equity-settled share-based and deferred cash-based compensation plans.

29. Post-Employment Benefits

Defined Contribution Plans

The Group operates several Morgan Stanley defined contribution plans, which require contributions to be made to funds held separately from the assets of the Group:

- Morgan Stanley Flexible Company Pension Plan (Amsterdam);
- Skandia Pension Plan (Stockholm);
- Fonditel Pension Plan (Madrid);
- Amundi Pension Plan (Milan);
- DC Pension Plan (Copenhagen);
- Poland DC PPK Pension Plan (Warsaw).

The Group pays fixed contributions to the plans, with no legal or constructive obligation to pay further contributions.

The defined contribution pension charge in relation to the above schemes recognised within ‘Direct staff costs’ in ‘Operating expense’ in the consolidated income statement was €3 million for the year (2023: €3 million).

Multi-employer Plans

MSESE and MSBAG are members of BVV Versicherungsverein des Bankgewerbes a.G. (“BVV”), the occupational pension fund organised for the German banking sector which provides retirement benefits to eligible employees in Germany. Contributions to BVV are paid by both the employer and the employee based on a fixed percentage of base salary. At retirement the BVV pays a fixed pension with a guaranteed return and the employer entity retains the obligation for the pension benefit to its own employees, however the plan is accounted for as defined contribution under IAS 19.34. The expense in relation to the BVV recognised within ‘Direct staff costs’ in ‘Operating expense’ in the consolidated income statement, for the year ended 31 December 2024, was €3 million (2023: €3 million).

Defined Benefit Plans

The Group operates defined benefit plans for which net liabilities were recognised in the consolidated statement of financial position:

in € millions	2024	2023
Morgan Stanley General Retirement plan	9	15
Morgan Stanley Deferred Compensation Plan	6	6
MSF and MSESE Paris Branch Indemnités de Fin de Carrière (“IFC”)	4	2
At 31 December	**19**	**23**

Defined Benefit Plans – Morgan Stanley General Retirement Plan

The Group operates the Morgan Stanley General Retirement plan (“the GP”) which provides post-employment benefits to members on retirement dependent on years of service and salary. The GP was open to all permanent employees of MSBAG and other Morgan Stanley Germany Group undertakings until 2013 when it was closed to new members but remains open to future accrual of benefit for existing members. The Group’s Management Board is briefed on the status of the GP which is subject to German Pension legislation. A third party agent administers the GP and a qualified actuary performs actuarial valuations.

The most recent actuarial valuation of the GP was carried out at 31 December 2024. The obligations under the GP are measured by discounting the best estimate of future cash flows to be paid out using the projected unit credit method. The net defined benefit obligation is presented within ‘Post employment benefit obligations’ in the consolidated statement of financial position.

The GP is funded by insurance contracts held with third party insurance providers within a Contractual Trust Arrangement (“CTA”) which is legally separate from the Group and managed by a third party trustee. Proceeds from the insurance policies, received in the CTA, can only be used to pay or fund employee benefits under the GP and are not available to Group entities or creditors. The fair value of the insurance policies is a technical valuation provided by the insurer which approximates the cash surrender value.

The GP exposes the Group to risks such as inflation risk, longevity risk and counterparty credit risk.

Movement in Net Defined Benefit Pension Obligation of the GP

2024 in € millions	Present value of obligation	Fair value of plan assets	Total
At 1 January 2024	(71)	56	(15)
Current Service Cost	(1)	–	(1)
Net interest (expense)/ income	(2)	2	–
Amounts recognised in the consolidated income statement	**(3)**	**2**	**(1)**
Remeasurements:			
Actuarial gain arising from changes in financial assumptions	5	–	5
Amounts recognised in the consolidated statement of comprehensive income	**5**	**–**	**5**
Employer Contributions	–	2	2
Benefit payments	1	(1)	–
At 31 December 2024	**(68)**	**59**	**(9)**

2023

in € millions	Present value of obligation	Fair value of plan assets	Total
At 1 January 2023	(65)	54	(11)
Current Service Cost	(1)	–	(1)
Net interest (expense)/ income	(2)	–	(2)
Amounts recognised in the consolidated income statement	**(3)**	**–**	**(3)**
Remeasurements:			
Actuarial loss arising from changes in financial assumptions[1]	(4)	–	(4)
Amounts recognised in the consolidated statement of comprehensive income	**(4)**	**–**	**(4)**
Employer Contributions	–	3	3
Benefit payments	1	(1)	–
At 31 December 2023	**(71)**	**56**	**(15)**

[1] Primarily reflects the impact of year-over-year discount rate fluctuations

The net obligation of €9 million (2023: €15 million) represents projected inflationary increases to pensions not contractually insured and the effect of differing valuation assumptions, principally discount rates, applied in the valuation of the assets and liabilities. Of the gross defined benefit obligation, €14 million (2023: €17 million) relates to active members, €46 million (2023: €46 million) relates to deferred members and €8 million (2023: €8 million) relates to retired members.

Details of the GP's impact on the Group's pension reserve are given in note 3(n) to these consolidated financial statements.

GP Assets

The insurance policies cover the starting pension benefit entitlement. Subsequent statutory inflationary increases to pensions in payment are not contractually insured, however, any surpluses generated by the insurance are paid to the Group as a non-guaranteed profit share. In the event that the profit share does not fully cover the pension entitlement, the Group is required to meet the residual obligation.

Employer contributions to the GP plan are in the form of annual insurance premiums and the Group expects to contribute €3 million (2023: €3 million) in the next financial year. Should a member leave the Group before normal retirement age, additional premiums may be payable in order to secure the final pension entitlement. The weighted average duration of the GP plan defined benefit obligations at 31 December 2024 is 20.44 years (2023: 20.72 years).

GP Liabilities

The following table presents the principal actuarial assumptions at the end of the reporting period:

	2024	2023
Inflation (CPI)	2.2%	2.5%
Discount rate	3.5%	3.3%

The mortality assumption follows the Heubeck AG 2018 table which is based on the latest data provided by the German Statutory Pension Insurance Scheme (Deutsche Rentenversicherung) and the German Federal Statistical Office.

The sensitivities regarding the principal assumptions used to measure the defined benefit obligation are as follows:

2024

Assumption	Change in assumption	Impact on plan liabilities
Discount rate	Increase/ decrease by 0.5%	Decrease by 9.23%/ increase by 10.59%
Inflation	Increase/ decrease by 0.5%	Increase by 6.72%/ decrease by 6.09%

2023

Assumption	Change in assumption	Impact on plan liabilities
Discount rate	Increase / decrease by 0.5%	Decrease by 9.39% / increase by 10.78%
Inflation	Increase / decrease by 0.5%	Increase by 6.61% / decrease by 6.00%

The sensitivity analysis presented above has been determined based on reasonably possible changes of the assumptions occurring at 31 December 2024 and 31 December 2023 assuming that all other assumptions are held constant. The fair value of plan assets is not considered to be materially impacted by fluctuations in the principal assumptions used to measure the obligation and is therefore excluded from the above table.

Other Defined Benefits Schemes – Morgan Stanley Deferred Compensation Plan

The Morgan Stanley Deferred Compensation plan was a voluntary compensation deferral plan available to certain employees of MSBAG and other Morgan Stanley Group undertakings which closed in 2005. Members have the option at retirement of taking a lump sum equal to the amount deferred plus a guaranteed interest rate or taking payments over 5 years.

The Deferred Compensation plan is partially funded by insurance contracts held with third party insurance companies. These policies are pledged by the Group to the employee, are protected from the Group's creditors in the event of insolvency and can only be used to pay or fund employee benefits under this defined benefit plan. The insurance policies are considered plan assets and are measured at fair value. Plan liabilities are measured by a qualified actuary at present value and the net defined benefit obligation is presented within 'Post employment benefit obligations' in the consolidated statement of financial position.

Movement in Net Defined Benefit Pension Obligation of the Deferred Compensation Plan

2024

in € millions	Present value of obligation	Fair value of plan assets	Total
At 1 January 2024	(13)	7	(6)
Benefits paid	1	(1)	–
At 31 December 2024	**(12)**	**6**	**(6)**

2023

in € millions	Present value of obligation	Fair value of plan assets	Total
At 1 January 2023	(14)	7	(7)
Benefits paid	1	–	1
At 31 December 2023	**(13)**	**7**	**(6)**

The weighted average duration of the obligations at 31 December 2024 is 4.2 years (2023: 4.7 years).

MSESE - Paris IFC and MSF IFC

Indemnité de Fin de. Carrière (IFC) is an unfunded defined benefit plan which pays a lump sum on retirement as required by French Labour law. The scheme exposes the Group to risks including inflation and interest rate risk.

MSESE - Milan Leaving Indemnity

This plan is an unfunded defined benefit plan which pays a lump sum upon termination of employment. It is closed to the accrual of future benefits and no further benefit has been attributed to service during the current or prior reporting period. The defined benefit obligation is therefore a measure of the present value of benefits for service already rendered and includes no assumption for future salary increases. The scheme exposes the Group to risks including inflation and interest rate risk.

30. Related Party Disclosures

Parent and Subsidiary Relationships

Parent and Ultimate Controlling Entity

For information on the Group's parent and ultimate controlling entity, refer to note 1.

Key Management Compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel include Management and Supervisory Board members of MSEHSE, MSESE and MSBAG.

Compensation paid to key management personnel, in respect of their services rendered to the Group, comprised the following:

in € millions	2024	2023
Short-term employee benefits	13	10
Share-based payments	5	3
	18	**13**

The share-based payment costs disclosed above reflect the amortisation of equity-based awards granted to key management personnel and are therefore not directly aligned with staff costs within 'Operating expense'.

Key management personnel compensation is borne by the Group and by other Morgan Stanley Group undertakings. Management recharges in respect of key management personnel compensation borne by other Morgan Stanley Group undertakings are included in 'Management charges from other Morgan Stanley Group undertakings relating to staff costs' within 'Operating expense', as disclosed in note 7.

The members of the Management Board of MSEHSE collectively received compensation totaling €11 million for the year ended 31 December 2024 (2023: €6 million).

The members of the Supervisory Board of MSEHSE collectively received a total remuneration of €3 million for the year ended 31 December 2024 (2023: €3 million) for services to the Group.

MSEHSE has not provided any loans or other credit advances to its Management and Supervisory Board members during the year.

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 Group 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. The provision the Group has made for impairment relating to the amount of outstanding balances from related parties is de minimis.

Cash

The Group receives cash and termed deposits from other Morgan Stanley Group undertakings. All such transactions are entered into on an arm's length basis. Details of these balances are as follows:

in € millions	Interest	Balance
2024		
Amounts due to the Group's direct and indirect parent undertakings	(134)	3,808
Amounts due to other Morgan Stanley Group undertakings	(28)	833
2023		
Amounts due to the Group's direct and indirect parent undertakings	(136)	2,837
Amounts due to other Morgan Stanley Group undertakings	(29)	1,055

Funding

The Group 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 60 or 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.

Details of the outstanding balances in the consolidated statement of financial position on these funding arrangements and the related interest income or expense recognised in the consolidated income statement during the year are shown in the table below:

	2024		2023	
in € millions	Interest	Balance	Interest	Balance
Undated				
Amounts due from other Morgan Stanley Group undertakings	–	53	1	78
	–	**53**	**1**	**78**
Rolling 395 day term				
Amounts due from the Group's direct and indirect parent undertakings	1	–	–	–
	1	**–**	**–**	**–**
Undated				
Amounts due to the Group's direct and indirect parent undertakings	–	68	–	61
Amounts due to other Morgan Stanley Group undertakings	–	81	(1)	83
	–	**149**	**(1)**	**144**
60 day termed				
Amounts due to the Group's direct and indirect parent undertakings	(77)	2	(85)	182
Amounts due to other Morgan Stanley Group undertakings	–	2,883	–	–
	(77)	**2,885**	**(85)**	**182**
Rolling 395 day term				
Amounts due to the Group's direct and indirect parent undertakings	(5)	–	–	–
Amounts due to other Morgan Stanley Group undertakings	(163)	768	–	–
	(168)	**768**	**–**	**–**

Subordinated Debt

The Group issued subordinated debt and senior subordinated debt instruments to its direct and indirect parent undertakings. Details of the terms of these instruments, including the contractual maturities and the interest rates are shown in note 15.

Details of the outstanding balances in the consolidated statement of financial position on these issuances and the related interest expense recognised in the consolidated income statement during the year are shown in the table below:

in € millions	Interest	Balance
2024		
Senior subordinated debt	(144)	2,800
Subordinated debt	(54)	1,000
2023		
Senior subordinated debt	(115)	2,501
Subordinated debt	(48)	1,000

AT1 Capital

The Group issued AT 1 capital instruments to its direct and indirect parent undertakings. The coupons on these instruments were paid on 2 December 2024. Details of the terms of the instruments and the coupons paid are shown in note 19.

Ordinary Shares

There have been no changes to equity instruments of the Group in 2024.

Trading and Risk Management

In the course of funding its business, the Group enters into collateralised financing transactions with other Morgan Stanley Group undertakings. All such transactions are entered into on an arm's length basis.

Details of the amount outstanding on such transactions and the related interest income/ expense recognised in the consolidated income statement during the year are shown in the table below:

in € millions	Interest	Balance
2024		
Amounts due from other Morgan Stanley Group undertakings	1,077	11,023
Amounts due to other Morgan Stanley Group undertakings	(1,362)	11,092
2023		
Amounts due from other Morgan Stanley Group undertakings	509	6,887
Amounts due to other Morgan Stanley Group undertakings	(643)	19,265

In the table above, prior year comparatives of the interest due to other Morgan Stanley Group undertakings were corrected from €(145) million to €(643) million.

The Group enters into purchases and sales of securities and derivative transactions with other Morgan Stanley Group undertakings to facilitate the provision of financial services to clients on a global basis and to manage the market risks associated with such business. The Group also enters into derivative transactions with other Morgan Stanley Group undertakings to manage the market risks associated with certain compensation plans. All such transactions are entered into on an arm's length basis.

The total amounts receivable and payable from such transactions not yet settled and the fair value of such derivatives contracts outstanding at the year end were as follows:

in € millions	2024	2023
Amounts due from other Morgan Stanley Group undertakings on unsettled securities and derivative transactions	17,217	10,760
Amounts due to other Morgan Stanley Group undertakings on unsettled securities and derivative transactions	16,956	12,941

The Group has received collateral of €673 million (2023: €968 million) from other Morgan Stanley Group undertakings and has pledged collateral of €2,796 million (2023: €3,295 million) to other Morgan Stanley Group undertakings. to mitigate credit risk on exposures arising under derivatives contracts between the Group and other Morgan Stanley Group undertakings.

In addition, the management and execution of business strategies on a global basis results in many Morgan Stanley transactions impacting a number of Morgan Stanley Group undertakings. The Morgan Stanley Group has Global Transfer Pricing Policies in place among the Morgan Stanley and its consolidated subsidiaries to ensure arm's length pricing. These policies are consistent with the 2022 OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. The Morgan Stanley Group has also engaged in negotiations of Advanced Pricing Agreements with selected tax authorities in respect of its key transfer pricing methodologies. Negotiations may result in changes to methodologies or inputs that could have an impact on the Group's revenues in the future.

For the year ended 31 December 2024, a net gain of €234 million (2023: €209 million) was transferred to the Group from other Morgan Stanley Group undertakings relating to such transfer pricing policies and recognised in the consolidated income statement.

Infrastructure Services

The Group receives and incurs management charges to and from other Morgan Stanley Group undertakings for infrastructure services, including the provision of staff and office facilities. Management recharges received during the year are as follows:

in € millions	Staff costs[(1)]	Other services[(1)]
2024		
Amounts recharged from other Morgan Stanley Group undertakings	59	174
2023		
Amounts recharged from other Morgan Stanley Group undertakings	49	136

(1) As at 31 December 2024 and 31 December 2023, the amounts recharged from the Group's direct and indirect parent undertakings were de minimis.

Other Related Party Transactions

The Group provided a fully-secured overdraft line of €5,000 million (2023: €5,000 million) to a Morgan Stanley Group undertaking.

The Group received guarantees of €293 million (2023: €233 million) from another Morgan Stanley Group undertaking related to loans and loan commitments to clients as at 31 December 2024. Furthermore, sub-participation agreements with other Morgan Stanley Group undertakings are in place in relation to loans and loan commitments to clients of €1,795 million (2023: €1,889 million).

31. Country by Country Reporting

Pursuant to Section 26a of the German Banking Act (Kreditwesengesetz, or "KWG"), the following table provides a list of all legal entities and branches of the Group, including details of the nature of business of each entity and geographical location.

Name of legal entities/ branches	Geographical location	Nature of business
Morgan Stanley Europe Holding SE	Germany	Financial holding company
Morgan Stanley Bank AG	Germany	Credit institution
Morgan Stanley Europe SE	Germany	Credit institution
Morgan Stanley Europe SE - Amsterdam Branch	Netherlands	Credit institution
Morgan Stanley Europe SE - Copenhagen Branch	Denmark	Credit institution
Morgan Stanley Europe SE - Madrid Branch	Spain	Credit institution
Morgan Stanley Europe SE - Milan Branch	Italy	Credit institution
Morgan Stanley Europe SE - Paris Branch	France	Credit institution
Morgan Stanley Europe SE - Stockholm Branch	Sweden	Credit institution
Morgan Stanley Europe SE - Warsaw Branch	Poland	Credit institution

The following table sets out information on turnover, profits before tax, corporate income tax and average number of employees of the Group for the year ended 31 December 2024 split by geographical location. Turnover, profits before tax and corporate income tax amounts are reported in accordance with the Group's 2024 consolidated income statement. Turnover is defined as net revenues before impairment and operating expenses net of intra-country eliminations.

Country	Turnover (in € millions)	Profit before tax (in € millions)	Corporate income tax (in € millions)	Average number of employees
Germany	634	202	76	387
Denmark	7	1	–	9
France	512	194	51	364
Italy	39	2	1	67
Netherlands	3	–	–	1
Poland	3	–	–	5
Spain	51	4	1	84
Sweden	29	–	2	17
Total	**1,278**	**403**	**131**	**934**

The Group has not received any public subsidies according to Section 26a (1) Sentence 2 No. 6 of the KWG.

Frankfurt am Main, 26 March 2025

Morgan Stanley Europe Holding SE

The Management Board

André Munkelt (Chair)

David Best

Dr. Jana Währisch

Appendix to the ESG Report (unaudited)

The following pages present the mandatory EU Taxonomy Regulation templates in accordance with the Disclosures Delegated Act, Annex VI, and Annex XII related to nuclear and fossil gas activities. Comparative information for 2023 is reported.

Basis of Preparation

As required by the Taxonomy Regulation, the Group's mandatory Article 8 Taxonomy Regulation disclosures are based on actual information provided by the financial or non-financial counterparty ("mandatory disclosures"). In the case where an underlying undertaking has not yet disclosed information as required by the Taxonomy Regulation, the Group may choose to report estimates on a voluntary basis, separate to the mandatory disclosures. The Group has elected to not provide additional voluntary disclosures.

Scope of Consolidation

The Group's Article 8 mandatory disclosures are calculated based on the MSEHSE Group's prudential scope of consolidation as at 31 December 2024.

Definitions

Assets in scope of GAR denominator: The denominator for the GAR is total on-balance sheet exposures less exposures to sovereigns, central banks and held for trading instruments. The denominator is referred to as "covered assets".

Assets in scope of GAR stock numerator: The numerator for the GAR is total Taxonomy-aligned (i.e., environmentally sustainable) on-balance sheet exposures covering loans and advances, debt securities and equity instruments, excluding held for trading. Other assets are excluded from the Taxonomy Regulation and therefore cannot be assessed for eligibility and are excluded from the numerator. In addition, the numerator is restricted to exposures to companies within the scope of the NFRD or CSRD, certain household exposures and specific local government financing. As at 31 December 2024, the majority of the Group's covered assets were excluded from the GAR numerator as they did not relate to entities within the scope of NFRD or CSRD. In addition, the Group had no household exposures or local government financing exposures as at 31 December 2024.

Assets in scope of GAR flow denominator: The denominator for GAR flow is total gross carrying amount of new covered assets relating to lending and CRR banking book reverse repos.

Assets in scope of GAR flow numerator: The numerator for GAR flow is total Taxonomy-aligned (i.e., environmentally sustainable) on-balance sheet exposures covering lending and CRR banking book reverse repos.

Financial guarantees in scope of the KPI: Only those financial guarantees backing loans and advances and other debt instruments towards undertakings are within the scope of the KPI. For the Group, in scope financial guarantees are €6 million, consistent with note 17 to the financial statements.

Reporting of assets excluded from the numerator which are EU financial counterparties not subject to NFRD or CSRD and which are non-SMEs: Template 1 does not provide a specific line for this category. The Group has €11,701 million of these assets which are presented in Template 1 row 34 alongside SME and NFCs not subject to NFRD or CSRD.

In the below table, "n/a" represents a field which is required on the template for the year ended 31 December 2024 but, according to the Taxonomy Regulation, is not reportable until 31 December 2025. A nil disclosure represents a field which is reportable for the year ended 31 December 2024 and for which the Group has nil to report.

0. Summary of KPIs to be disclosed by Credit Institutions under Article 8 Taxonomy Regulation

The “Summary of KPIs” template presents the main KPI GAR stock alongside additional KPIs, based on both counterparty Turnover and counterparty capital expenditure (“CapEx”).[1]

2024

	€ millions	Total environmentally sustainable assets Turnover	Total environmentally sustainable assets CapEx	KPI [Turnover] ****	KPI [CapEx] *****	% coverage (over total assets) ***	% of assets excluded from numerator of the GAR(1)	% of assets excluded from denominator of the GAR(2)
Main KPI	Green asset ratio (GAR) stock	137	172	0.4%	0.5%	36.6%	31.6%	63.4%

	€ millions	Total environmentally sustainable activities Turnover	Total environmentally sustainable activities CapEx	KPI [Turnover]	KPI [CapEx]	% coverage (over total assets)	% of assets excluded from numerator of the GAR******	% of assets excluded from denominator of the GAR******
Additional KPIs	GAR (flow)	286	313	–%	–%			
	Trading book*	n/a	n/a	n/a	n/a			
	Financial guarantees	–	–	–%	–%			
	Assets under management	–	–	–%	–%			
	Fees and commissions income**	n/a	n/a	n/a	n/a			

2023

	€ millions	Total environmentally sustainable assets Turnover	Total environmentally sustainable assets CapEx	KPI [Turnover] ****	KPI [CapEx] *****	% coverage (over total assets) ***	% of assets excluded from numerator of the GAR(1)	% of assets excluded from denominator of the GAR(2)
Main KPI	Green asset ratio (GAR) stock	37	100	0.1%	0.2%	42.8%	31.8%	57.2%

	€ millions	Total environmentally sustainable activities Turnover	Total environmentally sustainable activities CapEx	KPI [Turnover]	KPI [CapEx]	% coverage (over total assets)	% of assets excluded from numerator of the GAR	% of assets excluded from denominator of the GAR
Additional KPIs	Trading book*	n/a	n/a	n/a	n/a			
	Financial guarantees	–	–	–%	–%			
	Assets under management	–	–	–%	–%			
	Fees and commissions income**	n/a	n/a	n/a	n/a			

(*) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR

(**) Fees and commissions income from services other than lending and AuM

(***) % of assets covered by the KPI over banks´ total assets

(****) Based on the Turnover KPI of the counterparty

(*****) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used

(******) For GAR (flow), total new assets have not been calculated

(1) per Article 7(2) and (3) and Section 1.1.2. of Annex V of the "Disclosures Delegated Act"

(2) per Article 7(1) and Section 1.2.4 of Annex V of the "Disclosures Delegated Act"

1. Assets for the Calculation of GAR

Taxonomy eligible and aligned exposures of the Group are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group is required to disclose 4 new environmental objectives, Water and marine resources (WTR), Circular Economy (CE), Pollution (PPC), Biodiversity & Ecosystem (BIO).

[1] In 2023, when a counterparty has reported eligibility or alignment information but has not stated whether it is based on turnover or CapEx, the Group has made an assumption that it is based on turnover. No such assumption was required for 2024.

Assets for the Calculation of GAR - Turnover

2024

	€ in millions	Total gross carrying amount	Climate Change Mitigation (CCM) – Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM – Of which environmentally sustainable (Taxonomy-aligned)	CCM – Of which Use of Proceeds	CCM – Of which transitional	CCM – Of which enabling	Climate Change Adaptation (CCA) – Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA – Of which environmentally sustainable (Taxonomy-aligned)	CCA – Of which Use of Proceeds	CCA – Of which enabling	Water and marine resources (WTR)* – Of which towards taxonomy relevant sectors (Taxonomy-eligible)	WTR – Of which environmentally sustainable (Taxonomy-aligned)	WTR – Of which Use of Proceeds	WTR – Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,805	956	137	–	32	23	–	–	–	–	–	–	–	–
2	**Financial undertakings**	4,654	884	73	–	2	5	–	–	–	–	–	–	–	–
3	Credit institutions	2,994	703	38	–	1	1	–	–	–	–	–	–	–	–
4	Loans and advances	2,994	703	38	–	1	1	–	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	1,660	181	35	–	1	4	–	–	–	–	–	–	–	–
8	of which investment firms	9	1	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	9	1	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	14	3	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	14	3	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
16	of which insurance undertakings	1,634	177	35	–	1	4	–	–	–	–	–	–	–	–
17	Loans and advances	1,634	177	35	–	1	4	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
20	**Non-financial undertakings**	151	72	64	–	30	18	–	–	–	–	–	–	–	–
21	Loans and advances	151	72	64	–	30	18	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24	**Households**	–	–	–	–	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–				
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	30,356	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	29,612													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,701													
35	Loans and advances	11,701													
36	of which loans collateralised by commercial immovable property	–													
37	of which building renovation loans	–													
38	Debt securities	–													
39	Equity instruments	–													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	17,911													
41	Loans and advances	17,911													
42	Debt securities	–													
43	Equity instruments	–													
44	**Derivatives**	–													
45	**On demand interbank loans**	394													
46	**Cash and cash-related assets**	1													
47	**Other categories of assets (e.g., Goodwill, commodities etc.)**	349													
48	**Total GAR assets**	35,161	956	137	–	32	23	–	–	–	–	–	–	–	–
49	**Assets not covered for GAR calculation**	60,807													
50	**Central governments and Supranational issuers**	11,309													
51	**Central banks exposure**	10,668													
52	**Trading book**	38,830													
53	**Total assets**	95,968	956	137	–	32	23	–	–	–	–	–	–	–	–
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	6	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

*FY24 new environmental objectives

2024 (continued)

	€ in millions	Total gross carrying amount	Circular economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystem (BIO)*				Total				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,805	–	–	–	–	–	–	–	–	–	–	–	–	956	137	–	32	23
2	**Financial undertakings**	4,654	–	–	–	–	–	–	–	–	–	–	–	–	884	73	–	2	5
3	Credit institutions	2,994	–	–	–	–	–	–	–	–	–	–	–	–	703	38	–	1	1
4	Loans and advances	2,994	–	–	–	–	–	–	–	–	–	–	–	–	703	38	–	1	1
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	1,660	–	–	–	–	–	–	–	–	–	–	–	–	181	35	–	1	4
8	of which investment firms	9	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–
9	Loans and advances	9	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	14	–	–	–	–	–	–	–	–	–	–	–	–	3	–	–	–	–
13	Loans and advances	14	–	–	–	–	–	–	–	–	–	–	–	–	3	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
16	of which insurance undertakings	1,634	–	–	–	–	–	–	–	–	–	–	–	–	177	35	–	1	4
17	Loans and advances	1,634	–	–	–	–	–	–	–	–	–	–	–	–	177	35	–	1	4
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	151	–	–	–	–	–	–	–	–	–	–	–	–	72	64	–	30	18
21	Loans and advances	151	–	–	–	–	–	–	–	–	–	–	–	–	72	64	–	30	18
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
24	**Households**	–	–	–	–	–									–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–									–	–	–	–	–
26	of which building renovation loans	–	–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans	–													–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	30,356	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	29,612																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,701																	
35	Loans and advances	11,701																	
36	of which loans collateralised by commercial immovable property	–																	
37	of which building renovation loans	–																	
38	Debt securities	–																	
39	Equity instruments	–																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations	17,911																	
41	Loans and advances	17,911																	
42	Debt securities	–																	
43	Equity instruments	–																	
44	**Derivatives**	–																	
45	**On demand interbank loans**	394																	
46	**Cash and cash-related assets**	1																	
47	**Other categories of assets (e.g., Goodwill, commodities etc.)**	349																	
48	**Total GAR assets**	35,161	–	–	–	–	–	–	–	–	–	–	–	–	956	137	–	32	23
49	**Assets not covered for GAR calculation**	60,807																	
50	**Central governments and Supranational issuers**	11,309																	
51	**Central banks exposure**	10,668																	
52	**Trading book**	38,830																	
53	**Total assets**	95,968	–	–	–	–	–	–	–	–	–	–	–	–	956	137	–	32	23
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–		–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

*FY24 new environmental objectives

2023

	€ in millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Total				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)			Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	11,766	2,797	37	–	4	20	–	–	–	–	2,797	37	–	4	20
2	**Financial undertakings**	11,606	2,743	–	–	–	–	–	–	–	–	2,743	–	–	–	–
3	Credit institutions	4,540	1,367	–	–	–	–	–	–	–	–	1,367	–	–	–	–
4	Loans and advances	4,540	1,367	–	–	–	–	–	–	–	–	1,367	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
7	Other financial corporations	7,066	1,376	–	–	–	–					1,376	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
16	of which insurance undertakings	7,066	1,376	–	–	–	–	–	–	–	–	1,376	–	–	–	–
17	Loans and advances	7,066	1,376	–	–	–	–	–	–	–	–	1,376	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	160	54	37	–	4	20	–	–	–	–	54	37	–	4	20
21	Loans and advances	160	54	37	–	4	20	–	–	–	–	54	37	–	4	20
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
24	**Households**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–					–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	33,970	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	33,499														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	19,992														
35	Loans and advances	19,992														
36	of which loans collateralised by commercial immovable property	–														
37	of which building renovation loans	–														
38	Debt securities	–														
39	Equity instruments	–														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	13,507														
41	Loans and advances	13,507														
42	Debt securities	–														
43	Equity instruments	–														
44	**Derivatives**	–														
45	**On demand interbank loans**	161														
46	**Cash and cash-related assets**	2														
47	**Other categories of assets (e.g., Goodwill, commodities etc.)**	308														
48	**Total GAR assets**	45,736	2,797	37	–	4	20	–	–	–	–	2,797	37	–	4	20
49	**Assets not covered for GAR calculation**	61,179														
50	**Central governments and Supranational issuers**	12,007														
51	**Central banks exposure**	10,718														
52	**Trading book**	38,454														
53	**Total assets**	106,915	2,797	37	–	4	20	–	–	–	–	2,797	37	–	4	20
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

*FY24 new environmental objectives

Assets for the Calculation of GAR - CapEx

2024

	€ in millions	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator														
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,805	968	172	–	33	36	1	–	–	–	–	–	–	–
2	**Financial undertakings**	4,654	879	88	–	3	5	1	–	–	–	–	–	–	–
3	Credit institutions	2,994	698	45	–	1	4	1	–	–	–	–	–	–	–
4	Loans and advances	2,994	698	45	–	1	4	1	–	–	–	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
7	Other financial corporations	1,660	181	43	–	2	1	–	–	–	–	–	–	–	–
8	of which investment firms	9	1	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	9	1	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
12	of which management companies	14	3	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	14	3	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
16	of which insurance undertakings	1,634	177	43	–	2	1	–	–	–	–	–	–	–	–
17	Loans and advances	1,634	177	43	–	2	1	–	–	–	–	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
20	**Non-financial undertakings**	151	89	84	–	30	31	–	–	–	–	–	–	–	–
21	Loans and advances	151	89	84	–	30	31	–	–	–	–	–	–	–	–
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–
24	**Households**	–	–	–	–	–	–	–	–	–	–				
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–				
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–				
27	of which motor vehicle loans	–	–	–	–	–	–								
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	30,356	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	29,612													
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,701													
35	Loans and advances	11,701													
36	of which loans collateralised by commercial immovable property	–													
37	of which building renovation loans	–													
38	Debt securities	–													
39	Equity instruments	–													
40	Non-EU country counterparties not subject to NFRD disclosure obligations	17,911													
41	Loans and advances	17,911													
42	Debt securities	–													
43	Equity instruments	–													
44	**Derivatives**	–													
45	**On demand interbank loans**	394													
46	**Cash and cash-related assets**	1													
47	**Other categories of assets (e.g., Goodwill, commodities etc.)**	349													
48	**Total GAR assets**	35,161	968	172	–	33	36	1	–	–	–	–	–	–	–
49	**Assets not covered for GAR calculation**	60,807													
50	**Central governments and Supranational issuers**	11,309													
51	**Central banks exposure**	10,668													
52	**Trading book**	38,830													
53	**Total assets**	95,968	968	172	–	33	36	1	–	–	–	–	–	–	–
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations														
54	Financial guarantees	6	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–

*FY24 new environmental objectives

2024 (continued)

	€ in millions	Total gross carrying amount	Circular economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystem (BIO)*				Total				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Of which environmentally sustainable (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4,805	–	–	–	–	–	–	–	–	–	–	–	–	969	172	–	33	36
2	**Financial undertakings**	4,654	–	–	–	–	–	–	–	–	–	–	–	–	880	88	–	3	5
3	Credit institutions	2,994	–	–	–	–	–	–	–	–	–	–	–	–	698	45	–	1	4
4	Loans and advances	2,994	–	–	–	–	–	–	–	–	–	–	–	–	698	45	–	1	4
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
7	Other financial corporations	1,660	–	–	–	–	–	–	–	–	–	–	–	–	181	43	–	2	1
8	of which investment firms	9	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–
9	Loans and advances	9	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
12	of which management companies	14	–	–	–	–	–	–	–	–	–	–	–	–	3	–	–	–	–
13	Loans and advances	14	–	–	–	–	–	–	–	–	–	–	–	–	3	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
16	of which insurance undertakings	1,634	–	–	–	–	–	–	–	–	–	–	–	–	177	43	–	2	1
17	Loans and advances	1,634	–	–	–	–	–	–	–	–	–	–	–	–	177	43	–	2	1
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	151	–	–	–	–	–	–	–	–	–	–	–	–	89	84	–	30	31
21	Loans and advances	151	–	–	–	–	–	–	–	–	–	–	–	–	89	84	–	30	31
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–		–	–	–		–	–	–		–	–
24	**Households**	–	–	–	–	–									–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–									–	–	–	–	–
26	of which building renovation loans	–	–	–	–	–									–	–	–	–	–
27	of which motor vehicle loans	–													–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	30,356	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	29,612																	
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	11,701																	
35	Loans and advances	11,701																	
36	of which loans collateralised by commercial immovable property	–																	
37	of which building renovation loans	–																	
38	Debt securities	–																	
39	Equity instruments	–																	
40	Non-EU country counterparties not subject to NFRD disclosure obligations	17,911																	
41	Loans and advances	17,911																	
42	Debt securities	–																	
43	Equity instruments	–																	
44	**Derivatives**	–																	
45	**On demand interbank loans**	394																	
46	**Cash and cash-related assets**	1																	
47	**Other categories of assets (e.g., Goodwill, commodities etc.)**	349																	
48	**Total GAR assets**	35,161	–	–	–	–	–	–	–	–	–	–	–	–	969	172	–	33	36
49	**Assets not covered for GAR calculation**	60,807																	
50	**Central governments and Supranational issuers**	11,309																	
51	**Central banks exposure**	10,668																	
52	**Trading book**	38,830																	
53	**Total assets**	95,968	–	–	–	–	–	–	–	–	–	–	–	–	969	172	–	33	36
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations																		
54	Financial guarantees	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

*FY24 new environmental objectives

2023

	€ in millions	Total gross carrying amount	Climate Change Mitigation (CCM): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCM: Of which environmentally sustainable (Taxonomy-aligned)	CCM: Of which Use of Proceeds	CCM: Of which transitional	CCM: Of which enabling	Climate Change Adaptation (CCA): Of which towards taxonomy relevant sectors (Taxonomy-eligible)	CCA: Of which environmentally sustainable (Taxonomy-aligned)	CCA: Of which Use of Proceeds	CCA: Of which enabling	Total: Of which towards taxonomy relevant sectors (Taxonomy-eligible)	Total: Of which environmentally sustainable (Taxonomy-aligned)	Total: Of which Use of Proceeds	Total: Of which transitional	Total: Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	11,766	1,557	100	–	8	38	–	–	–	–	1,557	100	–	8	38
2	**Financial undertakings**	11,606	1,449	–	–	–	–	–	–	–	–	1,449	–	–	–	–
3	Credit institutions	4,540	791	–	–	–	–	–	–	–	–	791	–	–	–	–
4	Loans and advances	4,540	791	–	–	–	–	–	–	–	–	791	–	–	–	–
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
6	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
7	Other financial corporations	7,066	658	–	–	–	–	–	–	–	–	658	–	–	–	–
8	of which investment firms	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
9	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
16	of which insurance undertakings	7,066	658	–	–	–	–	–	–	–	–	658	–	–	–	–
17	Loans and advances	7,066	658	–	–	–	–	–	–	–	–	658	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	160	108	100	–	8	38	–	–	–	–	108	100	–	8	38
21	Loans and advances	160	108	100	–	8	38	–	–	–	–	108	100	–	8	38
22	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
23	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
24	**Households**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
25	of which loans collateralised by residential immovable property	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
26	of which building renovation loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
27	of which motor vehicle loans	–	–	–	–	–	–					–	–	–	–	–
28	**Local governments financing**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32	**Assets excluded from the numerator for GAR calculation (covered in the denominator)**	33,970	–	–	–	–	–	–	–	–	–	–	–	–	–	–
33	**Financial and Non-financial undertakings**	33,499														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	19,992														
35	Loans and advances	19,992														
36	of which loans collateralised by commercial immovable property	–														
37	of which building renovation loans	–														
38	Debt securities	–														
39	Equity instruments	–														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	13,507														
41	Loans and advances	13,507														
42	Debt securities	–														
43	Equity instruments	–														
44	**Derivatives**	–														
45	**On demand interbank loans**	161														
46	**Cash and cash-related assets**	2														
47	**Other categories of assets (e.g., Goodwill, commodities etc.)**	308														
48	**Total GAR assets**	45,736	1,557	100	–	8	38	–	–	–	–	1,557	100	–	8	38
49	**Assets not covered for GAR calculation**	61,179														
50	**Central governments and Supranational issuers**	12,007														
51	**Central banks exposure**	10,718														
52	**Trading book**	38,454														
53	**Total assets**	106,915	1,557	100	–	8	38	–	–	–	–	1,557	100	–	8	38
	Off-balance sheet exposures - Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	5	–	–	–	–	–	–	–	–	–	–	–	–	–	–
55	Assets under management	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
56	Of which debt securities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
57	Of which equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–

*FY24 new environmental objectives

2. GAR Sector Information

The "GAR sector information" template reflects information on exposures towards certain sectors as required by the Taxonomy regulation. Gross carrying amounts and Taxonomy-aligned exposures of the Group are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group is required to disclose 4 new environmental objectives, Water and marine resources (WTR), Circular Economy (CE), Pollution (PPC), Biodiversity & Ecosystem (BIO).

GAR Sector Information - Turnover

2024

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (WTR)	€ millions	Of which environ-mentally sustainable (WTR)
35.11 - Production of electricity	72	64			–	–			–	–		

2024 (continued)

Breakdown by sector - NACE 4 digits level (code and label)	Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystems (BIO)*				TOTAL			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	€ millions	Of which environ-mentally sustainable (CE)	€ millions	Of which environ-mentally sustainable (CE)	€ millions	Of which environ-mentally sustainable (PPC)	€ millions	Of which environ-mentally sustainable (PPC)	€ millions	Of which environ-mentally sustainable (BIO)	€ millions	Of which environ-mentally sustainable (BIO)	€ millions	Of which environ-mentally sustainable (Total)	€ millions	Of which environ-mentally sustainable (Total)
35.11 - Production of electricity	–	–			–	–			–	–			72	64		

2023

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount**		Gross carrying amount		Gross carrying amount**		Gross carrying amount		Gross carrying amount**		Gross carrying amount	
	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (Total)	€ millions	Of which environ-mentally sustainable (Total)
35.11 - Production of electricity	54	37			–	–			54	37		

*FY24 new environmental objectives
**2023 restated to reflect eligible amount within gross carrying amount

GAR Sector Information - CapEx

2024

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (WTR)	€ millions	Of which environ-mentally sustainable (WTR)
35.11 - Production of electricity	89	84			–	–			–	–		

2024 (continued)

Breakdown by sector - NACE 4 digits level (code and label)	Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystems (BIO)*				TOTAL			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount	
	€ millions	Of which environ-mentally sustainable (CE)	€ millions	Of which environ-mentally sustainable (CE)	€ millions	Of which environ-mentally sustainable (PPC)	€ millions	Of which environ-mentally sustainable (PPC)	€ millions	Of which environ-mentally sustainable (BIO)	€ millions	Of which environ-mentally sustainable (BIO)	€ millions	Of which environ-mentally sustainable (Total)	€ millions	Of which environ-mentally sustainable (Total)
35.11 - Production of electricity	–	–			–	–			–	–			89	84		

2023

Breakdown by sector - NACE 4 digits level (code and label)	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL			
	Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Gross carrying amount**		Gross carrying amount		Gross carrying amount**		Gross carrying amount		Gross carrying amount**		Gross carrying amount	
	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCM)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (CCA)	€ millions	Of which environ-mentally sustainable (Total)	€ millions	Of which environ-mentally sustainable (Total)
35.11 - Production of electricity	108	100			–	–			108	100		

*FY24 new environmental objectives
**2023 restated to reflect eligible amount within gross carrying amount

3. GAR KPI Stock

The “GAR KPI Stock” template reflects the Group’s Taxonomy-eligible and Taxonomy-aligned assets as a proportion of covered assets. Taxonomy-eligible and Taxonomy-aligned ratios are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group is required to disclose 4 new environmental objectives, Water and marine resources (WTR), Circular Economy (CE), Pollution (PPC), Biodiversity & Ecosystem (BIO).

GAR KPI Stock - Turnover

2024

	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.7%	0.4%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%
2	**Financial undertakings**	2.5%	0.2%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
3	Credit institutions	2.0%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
4	Loans and advances	2.0%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
5	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
7	Other financial corporations	0.5%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
8	of which investment firms	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
9	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
10	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
11	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
12	of which management companies	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
16	of which insurance undertakings	0.5%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
17	Loans and advances	0.5%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
18	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
20	**Non-financial undertakings**	0.2%	0.2%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%
21	Loans and advances	0.2%	0.2%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%
22	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
23	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
24	**Households**	–%	–%	–%	–%	–%	–%	–%	–%	–%				
25	of which loans collateralised by residential immovable property	–%	–%	–%	–%	–%	–%	–%	–%	–%				
26	of which building renovation loans	–%	–%	–%	–%	–%	–%	–%	–%	–%				
27	of which motor vehicle loans	–%	–%	–%	–%	–%								
28	**Local governments financing**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
29	Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
30	Other local government financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
32	**Total GAR assets**	2.7%	0.4%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%

*FY24 new environmental objectives

2024 (continued)

		Circular economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystems (BIO)*				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.7%	0.4%	–%	0.1%	0.1%	5.0%
2	**Financial undertakings**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.5%	0.2%	–%	–%	–%	4.9%
3	Credit institutions	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.0%	0.1%	–%	–%	–%	3.1%
4	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.0%	0.1%	–%	–%	–%	3.1%
5	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
7	Other financial corporations	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.5%	0.1%	–%	–%	–%	1.8%
8	of which investment firms	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
9	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
10	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
11	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
12	of which management companies	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
16	of which insurance undertakings	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.5%	0.1%	–%	–%	–%	1.7%
17	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.5%	0.1%	–%	–%	–%	1.7%
18	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
20	**Non-financial undertakings**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.2%	0.2%	–%	0.1%	0.1%	0.2%
21	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.2%	0.2%	–%	0.1%	0.1%	0.2%
22	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
23	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
24	**Households**	–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
25	of which loans collateralised by residential immovable property	–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
26	of which building renovation loans	–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
27	of which motor vehicle loans													–%	–%	–%	–%	–%	–%
28	**Local governments financing**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
29	Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
30	Other local government financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
32	**Total GAR assets**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.7%	0.4%	–%	0.1%	0.1%	36.6%

*FY24 new environmental objectives

2023

	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	6.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	6.1%	0.1%	–%	–%	–%	11.0%
2	**Financial undertakings**	6.0%	–%	–%	–%	–%	–%	–%	–%	–%	6.0%	–%	–%	–%	–%	10.9%
3	Credit institutions	3.0%	–%	–%	–%	–%	–%	–%	–%	–%	3.0%	–%	–%	–%	–%	4.2%
4	Loans and advances	3.0%	–%	–%	–%	–%	–%	–%	–%	–%	3.0%	–%	–%	–%	–%	4.2%
5	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		—%	–%	–%
7	Other financial corporations	3.0%	–%	–%	–%	–%	–%	–%	–%	–%	3.0%	–%	–%	–%	–%	6.6%
8	of which investment firms	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
9	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
10	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
11	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		—%	–%	–%
12	of which management companies	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		—%	–%	–%
16	of which insurance undertakings	3.0%	–%	–%	–%	–%	–%	–%	–%	–%	3.0%	–%	–%	–%	–%	6.6%
17	Loans and advances	3.0%	–%	–%	–%	–%	–%	–%	–%	–%	3.0%	–%	–%	–%	–%	6.6%
18	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		—%	–%	–%
20	**Non-financial undertakings**	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	0.1%	0.1%	–%	–%	–%	0.1%
21	Loans and advances	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	0.1%	0.1%	–%	–%	–%	0.1%
22	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
23	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		—%	–%	–%
24	**Households**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
25	of which loans collateralised by residential immovable property	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
26	of which building renovation loans	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
27	of which motor vehicle loans	–%	–%	–%	–%	–%					–%	–%	–%	–%	–%	–%
28	**Local governments financing**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
29	Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
30	Other local government financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
32	**Total GAR assets**	6.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	6.1%	0.1%	–%	–%	–%	42.8%

*FY24 new environmental objectives

GAR KPI Stock - CapEx

2024

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.8%	0.5%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%
2	**Financial undertakings**	2.5%	0.3%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
3	Credit institutions	2.0%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
4	Loans and advances	2.0%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
5	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
7	Other financial corporations	0.5%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
8	of which investment firms	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
9	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
10	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
11	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
12	of which management companies	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
16	of which insurance undertakings	0.5%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
17	Loans and advances	0.5%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
18	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
20	**Non-financial undertakings**	0.3%	0.2%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%
21	Loans and advances	0.3%	0.2%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%
22	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
23	Equity instruments	–%	–%		—%	–%	–%	–%		–%	–%	–%		–%
24	**Households**	–%	–%	–%	–%	–%	–%	–%	–%	–%				
25	of which loans collateralised by residential immovable property	–%	–%	–%	–%	–%	–%	–%	–%	–%				
26	of which building renovation loans	–%	–%	–%	–%	–%	–%	–%	–%	–%				
27	of which motor vehicle loans	–%	–%	–%	–%	–%								
28	**Local governments financing**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
29	Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
30	Other local government financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
32	**Total GAR assets**	2.8%	0.5%	–%	0.1%	0.1%	–%	–%	–%	–%	–%	–%	–%	–%

*FY24 new environmental objectives

2024 (continued)

		Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystems (BIO)*				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total assets covered
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.8%	0.5%	–%	0.1%	0.1%	5.0%
2	**Financial undertakings**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.5%	0.3%	–%	–%	–%	4.9%
3	Credit institutions	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.0%	0.1%	–%	–%	–%	3.1%
4	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.0%	0.1%	–%	–%	–%	3.1%
5	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
7	Other financial corporations	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.5%	0.1%	–%	–%	–%	1.8%
8	of which investment firms	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
9	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
10	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
11	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
12	of which management companies	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
16	of which insurance undertakings	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.5%	0.1%	–%	–%	–%	1.7%
17	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.5%	0.1%	–%	–%	–%	1.7%
18	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
20	**Non-financial undertakings**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.3%	0.2%	–%	0.1%	0.1%	0.2%
21	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.3%	0.2%	–%	0.1%	0.1%	0.2%
22	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
23	Equity instruments	–%	–%		–%	–%	–%		–%	–%	–%		–%	–%	–%		—%	–%	–%
24	**Households**	–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
25	of which loans collateralised by residential immovable property	–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
26	of which building renovation loans	–%	–%	–%	–%									–%	–%	–%	–%	–%	–%
27	of which motor vehicle loans													–%	–%	–%	–%	–%	–%
28	**Local governments financing**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
29	Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
30	Other local government financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
32	**Total GAR assets**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	2.8%	0.5%	–%	0.1%	0.1%	36.6%

*FY24 new environmental objectives

2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to total covered assets in the denominator)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	3.4%	0.2%	–%	–%	0.1%	–%	–%	–%	–%	3.4%	0.2%	–%	–%	0.1%	11.0%
2	**Financial undertakings**	3.2%	–%	–%	–%	–%	–%	–%	–%	–%	3.2%	–%	–%	–%	–%	10.9%
3	Credit institutions	1.7%	–%	–%	–%	–%	–%	–%	–%	–%	1.7%	–%	–%	–%	–%	4.2%
4	Loans and advances	1.7%	–%	–%	–%	–%	–%	–%	–%	–%	1.7%	–%	–%	–%	–%	4.2%
5	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
6	Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%
7	Other financial corporations	1.4%	–%	–%	–%	–%	–%	–%	–%	–%	1.4%	–%	–%	–%	–%	6.6%
8	of which investment firms	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
9	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
10	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
11	Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%
12	of which management companies	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
13	Loans and advances	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
14	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
15	Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%
16	of which insurance undertakings	1.4%	–%	–%	–%	–%	–%	–%	–%	–%	1.4%	–%	–%	–%	–%	6.6%
17	Loans and advances	1.4%	–%	–%	–%	–%	–%	–%	–%	–%	1.4%	–%	–%	–%	–%	6.6%
18	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
19	Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%
20	**Non-financial undertakings**	0.2%	0.2%	–%	–%	0.1%	–%	–%	–%	–%	0.2%	0.2%	–%	–%	0.1%	0.1%
21	Loans and advances	0.2%	0.2%	–%	–%	0.1%	–%	–%	–%	–%	0.2%	0.2%	–%	–%	0.1%	0.1%
22	Debt securities, including UoP	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
23	Equity instruments	–%	–%		–%	–%	–%	–%		–%	–%	–%		–%	–%	–%
24	**Households**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
25	of which loans collateralised by residential immovable property	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
26	of which building renovation loans	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
27	of which motor vehicle loans	–%	–%	–%	–%	–%					–%	–%	–%	–%	–%	–%
28	**Local governments financing**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
29	Housing financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
30	Other local government financing	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
32	**Total GAR assets**	3.4%	0.2%	–%	–%	0.1%	–%	–%	–%	–%	3.4%	0.2%	–%	–%	0.1%	42.8%

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4. GAR KPIs Flow

The “GAR KPI Flow” template reflects the Group’s Taxonomy-eligible and Taxonomy-aligned new assets as a proportion of total new covered assets. Taxonomy-eligible and Taxonomy-aligned ratios are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group is required to disclose 4 new environmental objectives, Water and marine resources (WTR), Circular Economy (CE), Pollution (PPC), Biodiversity & Ecosystem (BIO).

GAR KPIs Flow - Turnover

2024

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
2	**Financial undertakings**	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
3	Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
4	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
5	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
6	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
7	Other financial corporations	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
8	of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
9	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
10	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
11	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
12	of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
13	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
14	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
15	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
16	of which insurance undertakings	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
17	Loans and advances	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
18	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
19	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
20	**Non-financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
21	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
22	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
23	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
24	**Households**	– %	– %	– %	– %	– %	– %	– %	– %	– %				
25	of which loans collateralised by residential immovable property	– %	– %	– %	– %	– %	– %	– %	– %	– %				
26	of which building renovation loans	– %	– %	– %	– %	– %	– %	– %	– %	– %				
27	of which motor vehicle loans	– %	– %	– %	– %	– %								
28	**Local governments financing**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
29	Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
30	Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
32	**Total GAR assets**	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %

*FY24 new environmental objectives

2024 (continued)

	% (compared to flow of total eligible assets)	Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystems (BIO)*				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
2	**Financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
3	Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
4	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
5	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
6	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
7	Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
8	of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
9	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
10	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
11	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
12	of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
13	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
14	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
15	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
16	of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
17	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
18	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
19	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
20	**Non-financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
21	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
22	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
23	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
24	**Households**	– %	– %	– %	– %									– %	– %	– %	– %	– %	
25	of which loans collateralised by residential immovable property	– %	– %	– %	– %									– %	– %	– %	– %	– %	
26	of which building renovation loans	– %	– %	– %	– %									– %	– %	– %	– %	– %	
27	of which motor vehicle loans													– %	– %	– %	– %	– %	
28	**Local governments financing**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
29	Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
30	Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
32	**Total GAR assets**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	

*FY24 new environmental objectives

2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	4.0 %	– %	– %	– %	– %	– %	– %	– %	– %	4.0 %	– %	– %	– %	– %	
2	**Financial undertakings**	4.0 %	– %	– %	– %	– %	– %	– %	– %	– %	4.0 %	– %	– %	– %	– %	
3	Credit institutions	3.0 %	– %	– %	– %	– %	– %	– %	– %	– %	3.0 %	– %	– %	– %	– %	
4	Loans and advances	3.0 %	– %	– %	– %	– %	– %	– %	– %	– %	3.0 %	– %	– %	– %	– %	
5	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
6	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
7	Other financial corporations	1.0 %	– %	– %	– %	– %	– %	– %	– %	– %	1.0 %	– %	– %	– %	– %	
8	of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
9	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
10	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
11	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
12	of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
13	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
14	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
15	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
16	of which insurance undertakings	1.0 %	– %	– %	– %	– %	– %	– %	– %	– %	1.0 %	– %	– %	– %	– %	
17	Loans and advances	1.0 %	– %	– %	– %	– %	– %	– %	– %	– %	1.0 %	– %	– %	– %	– %	
18	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
19	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
20	**Non-financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
21	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
22	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
23	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
24	**Households**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
25	of which loans collateralised by residential immovable property	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
26	of which building renovation loans	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
27	of which motor vehicle loans	– %	– %	– %	– %	– %					– %	– %	– %	– %	– %	
28	**Local governments financing**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
29	Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
30	Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
32	**Total GAR assets**	4.0 %	– %	– %	– %	– %	– %	– %	– %	– %	4.0 %	– %	– %	– %	– %	

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GAR KPIs Flow - CapEx

2024

	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
	GAR - Covered assets in both numerator and denominator													
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
2	**Financial undertakings**	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
3	Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
4	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
5	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
6	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
7	Other financial corporations	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
8	of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
9	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
10	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
11	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
12	of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
13	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
14	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
15	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
16	of which insurance undertakings	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
17	Loans and advances	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
18	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
19	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
20	**Non-financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
21	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
22	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
23	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %
24	**Households**	– %	– %	– %	– %	– %	– %	– %	– %	– %				
25	of which loans collateralised by residential immovable property	– %	– %	– %	– %	– %	– %	– %	– %	– %				
26	of which building renovation loans	– %	– %	– %	– %	– %	– %	– %	– %	– %				
27	of which motor vehicle loans	– %	– %	– %	– %	– %								
28	**Local governments financing**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
29	Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
30	Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %
32	**Total GAR assets**	0.4 %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %

*FY24 new environmental objectives

2024 (continued)

		Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and Ecosystems (BIO)*				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total new assets covered
	GAR - Covered assets in both numerator and denominator																		
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
2	**Financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
3	Credit institutions	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
4	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
5	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
6	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
7	Other financial corporations	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
8	of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
9	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
10	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
11	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
12	of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
13	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
14	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
15	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
16	of which insurance undertakings	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
17	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	
18	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
19	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
20	**Non-financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
21	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
22	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
23	Equity instruments	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	– %		– %	– %	
24	**Households**	– %	– %	– %	– %									– %	– %	– %	– %	– %	
25	of which loans collateralised by residential immovable property	– %	– %	– %	– %									– %	– %	– %	– %	– %	
26	of which building renovation loans	– %	– %	– %	– %									– %	– %	– %	– %	– %	
27	of which motor vehicle loans													– %	– %	– %	– %	– %	
28	**Local governments financing**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
29	Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
30	Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
32	**Total GAR assets**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	0.4 %	– %	– %	– %	– %	

*FY24 new environmental objectives

2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
	% (compared to flow of total eligible assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	2.7 %	– %	– %	– %	– %	– %	– %	– %	– %	2.7 %	– %	– %	– %	– %	
2	**Financial undertakings**	2.7 %	– %	– %	– %	– %	– %	– %	– %	– %	2.7 %	– %	– %	– %	– %	
3	Credit institutions	1.5 %	– %	– %	– %	– %	– %	– %	– %	– %	1.5 %	– %	– %	– %	– %	
4	Loans and advances	1.5 %	– %	– %	– %	– %	– %	– %	– %	– %	1.5 %	– %	– %	– %	– %	
5	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
6	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
7	Other financial corporations	1.1 %	– %	– %	– %	– %	– %	– %	– %	– %	1.1 %	– %	– %	– %	– %	
8	of which investment firms	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
9	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
10	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
11	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
12	of which management companies	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
13	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
14	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
15	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
16	of which insurance undertakings	1.1 %	– %	– %	– %	– %	– %	– %	– %	– %	1.1 %	– %	– %	– %	– %	
17	Loans and advances	1.1 %	– %	– %	– %	– %	– %	– %	– %	– %	1.1 %	– %	– %	– %	– %	
18	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
19	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
20	**Non-financial undertakings**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
21	Loans and advances	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
22	Debt securities, including UoP	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
23	Equity instruments	– %	– %		– %	– %	– %	– %		– %	– %	– %		– %	– %	
24	**Households**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
25	of which loans collateralised by residential immovable property	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
26	of which building renovation loans	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
27	of which motor vehicle loans	– %	– %	– %	– %	– %					– %	– %	– %	– %	– %	
28	**Local governments financing**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
29	Housing financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
30	Other local government financing	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	– %	
32	**Total GAR assets**	2.7 %	– %	– %	– %	– %	– %	– %	– %	– %	2.7 %	– %	– %	– %	– %	

*FY24 new environmental objectives

5. KPI Off-balance Sheet Exposures - Stock

The “KPI off-balance sheet exposures - Stock” template reflects the Taxonomy-eligible and Taxonomy-aligned off-balance sheet exposures as a proportion of the Group’s total off-balance sheet exposures. Taxonomy-eligible and Taxonomy-aligned ratios are shown below based on counterparty turnover followed by counterparty CapEx in. From year end 2024, MSEHSE Group is required to disclose 4 new environmental objectives, Water and marine resources (WTR), Circular Economy (CE), Pollution (PPC), Biodiversity & Ecosystem (BIO).

KPI Off-balance Sheet Exposures - Stock - Turnover

	2024	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
	% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

	2024 (continued)	Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and ecosystems (BIO)*				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

	2023	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
	% (compared to total eligible off-balance sheet assets)			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

*FY24 new environmental objectives

KPI Off-balance Sheet Exposures - Stock - CapEx

2024

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1 Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2 Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

2024 (continued)

% (compared to total eligible off-balance sheet assets)	Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and ecosystems (BIO)*				TOTAL				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2 Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

2023

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2 Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

*FY24 new environmental objectives

5. KPI Off-balance Sheet Exposures - Flow

The “KPI off-balance sheet exposures - Flow” template reflects the Group’s Taxonomy-eligible and Taxonomy-aligned new off-balance sheet exposures as a proportion of total new off-balance sheet exposures. Taxonomy-eligible and Taxonomy-aligned ratios are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group is required to disclose 4 new environmental objectives, Water and marine resources (WTR), Circular Economy (CE), Pollution (PPC), Biodiversity & Ecosystem (BIO).

KPI Off-balance Sheet Exposures - Flow - Turnover

2024

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	0.2%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

2024 (continued)

		Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and ecosystems (BIO)*				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.2%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

*FY24 new environmental objectives

KPI Off-balance Sheet Exposures - Flow - CapEx

2024

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				Water and marine resources (WTR)*			
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)			
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)		
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	0.3%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

2024 (continued)

		Circular Economy (CE)*				Pollution (PPC)*				Biodiversity and ecosystems (BIO)*				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	0.3%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

2023

		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
% (compared to total eligible off-balance sheet assets)				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%
2	Assets under management (AuM KPI)	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%	–%

*FY24 new environmental objectives

Nuclear and Gas : Template 1 Nuclear and Fossil Gas related Activities

Nuclear and fossil gas template 1 provides answers to questions on whether the Group has nuclear energy and fossil gas related activities in its exposure based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group includes an expanded suite of templates for new disclosures on GAR – Flow, Financial Guarantees – Stock and Financial Guarantees – Flow.

Template 1 Nuclear and Fossil Gas related Activities

Row	Nuclear energy related activities	2024	2023
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES	YES
	Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/ cool using fossil gaseous fuels.	YES	YES

Nuclear and Gas : Template 2 Taxonomy-aligned Economic Activities (Denominator)

Nuclear and fossil gas template 2 reflects the Group's amount of Taxonomy-aligned economic activities in the GAR denominator which are related to nuclear energy and fossil gas activities, and the proportion of these as a % of covered assets. Amounts and percentages are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group includes an expanded suite of templates for new disclosures on GAR – Flow, Financial Guarantees – Stock and Financial Guarantees – Flow.

Template 2 Taxonomy-aligned Economic Activities (Denominator) – Turnover

GAR Stock

Row	Economic activities	2024						2023					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	31	23.0%	31	23.0%	–	– %	5	12.5%	5	12.5%	–	– %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**106**	**77.0%**	**106**	**77.0%**	**–**	**– %**	**32**	**87.5%**	**32**	**87.5%**	**–**	**– %**
8	**Total applicable KPI**	**137**	**100.0%**	**137**	**100.0%**	**–**	**– %**	**37**	**100.0%**	**37**	**100.0%**	**–**	**– %**

GAR Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**286**	**100.0%**	**286**	**100.0%**	**–**	**– %**
8	**Total applicable KPI**	**286**	**100.0%**	**286**	**100.0%**	**–**	**– %**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**– %**
8	**Total applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**– %**

Financial Guarantees - Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**1**	**100.0%**	**1**	**100.0%**	**–**	**– %**
8	**Total applicable KPI**	**1**	**100.0%**	**1**	**100.0%**	**–**	**– %**

*FY24 new nuclear and gas templates

Template 2 Taxonomy-aligned Economic Activities (Denominator) – CapEx

GAR Stock

Row	Economic activities	2024						2023					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	5	2.9%	5	2.9%	–	– %	1	0.9%	1	0.9%	–	– %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	26	15.1%	26	15.1%	–	– %	8	8.1%	8	8.1%	–	– %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	– %	–	–%	–	–%	–	– %
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**141**	**82.0%**	**141**	**82.0%**	**–**	**– %**	**91**	**91.0%**	**91**	**91.0%**	**–**	**– %**
8	**Total applicable KPI**	**172**	**100.0%**	**172**	**100.0%**	**–**	**– %**	**100**	**100.0%**	**100**	**100.0%**	**–**	**– %**

GAR Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**313**	**100.0 %**	**313**	**100.0%**	**–**	**–%**
8	**Total applicable KPI**	**313**	**100.0%**	**313**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**–**	**– %**	**–**	**–%**	**–**	**–%**
8	**Total applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**

Financial Guarantees - Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2**	**100.0 %**	**2**	**100.0%**	**–**	**–%**
8	**Total applicable KPI**	**2**	**100.0%**	**2**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Nuclear and Gas : Template 3 Taxonomy-aligned Economic Activities (Numerator)

Nuclear and fossil gas template 3 reflects the Group's amount of Taxonomy-aligned economic activities in the GAR numerator which are related to nuclear energy and fossil gas activities, and the proportion of these as a % of the GAR numerator. Amounts and percentages are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group includes an expanded suite of templates for new disclosures on GAR – Flow, Financial Guarantees – Stock and Financial Guarantees – Flow.

Template 3 Taxonomy-aligned Economic Activities (Numerator) - Turnover

GAR Stock

Row	Economic activities	2024						2023					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	31	23.0%	31	23.0%	–	–%	5	12.0%	5	12.0%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**106**	**77.0%**	**106**	**77.0%**	**–**	**–%**	**32**	**88.0%**	**32**	**88.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**137**	**100.0%**	**137**	**100.0%**	**–**	**–%**	**37**	**100.0%**	**37**	**100.0%**	**–**	**–%**

GAR Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**286**	**100.0%**	**286**	**100.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**286**	**100.0%**	**286**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**

Financial Guarantees - Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**1**	**100.0%**	**1**	**100.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**1**	**100.0%**	**1**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Template 3 Taxonomy-aligned Economic Activities (Numerator) - CapEx

GAR Stock

Row	Economic activities	2024						2023					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)						Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	5	2.9%	5	2.9%	–	–%	1	1.0%	1	1.0%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	26	15.1%	26	15.1%	–	–%	8	8.0%	8	8.0%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**141**	**82.0%**	**141**	**82.0%**	**–**	**–%**	**91**	**91.0%**	**91**	**91.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**172**	**100.0%**	**172**	**100.0%**	**–**	**–%**	**100**	**100.0%**	**100**	**100.0%**	**–**	**–%**

GAR Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**313**	**100.0%**	**313**	**100.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**313**	**100.0%**	**313**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**

Financial Guarantees - Flow*

Row	Economic activities	2024					
		Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**2**	**100.0%**	**2**	**100.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**2**	**100.0%**	**2**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Nuclear and Gas : Template 4 Taxonomy-eligible but not Taxonomy-aligned Economic Activities

Template 4 reflects the Group's amount of taxonomy-eligible but not taxonomy-aligned economic activities related to nuclear energy and fossil gas activities, and the proportion of these as a percentage of covered assets. Amounts and percentages are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group includes an expanded suite of templates for new disclosures on GAR – Flow, Financial Guarantees – Stock and Financial Guarantees – Flow.

Template 4 Taxonomy-eligible but not Taxonomy-aligned Economic Activities - Turnover

GAR Stock

Row	Economic activities	2024						2023					
		Proportion (the information is to be presented in monetary amounts and as percentages)						Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	6	–%	6	–%	–	–%	12	–%	12	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	1	–%	1	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**813**	**2.3%**	**813**	**2.3%**	**–**	**–%**	**2,747**	**6.0%**	**2,747**	**6.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**819**	**2.3%**	**819**	**2.3%**	**–**	**–%**	**2,760**	**6.0%**	**2,760**	**6.0%**	**–**	**–%**

GAR Flow*

Row	Economic activities	2024					
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,489**	**100.0%**	**2,489**	**100.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**2,489**	**100.0%**	**2,489**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

Row	Economic activities	2024					
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**

Financial Guarantees - Flow*

Row	Economic activities	2024					
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**

*FY24 new nuclear and gas templates

Template 4 Taxonomy-eligible but not Taxonomy-aligned Economic Activities - CapEx

GAR Stock

Row	Economic activities	2024						2023					
		Proportion (the information is to be presented in monetary amounts and as percentages)						Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	2	–%	2	–%	–	–%	5	–%	5	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**794**	**2.3%**	**794**	**2.3%**	**–**	**–%**	**1,452**	**3.2%**	**1,452**	**3.2%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**796**	**2.3%**	**796**	**2.3%**	**–**	**–%**	**1,457**	**3.2%**	**1,457**	**3.2%**	**–**	**–%**

GAR Flow*

Row	Economic activities	2024					
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**2,479**	**100.0%**	**2,479**	**100.0%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**2,479**	**100.0%**	**2,479**	**100.0%**	**–**	**–%**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

Row	Economic activities	2024					
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**

Financial Guarantees - Flow*

Row	Economic activities	2024					
		Proportion (the information is to be presented in monetary amounts and as percentages)					
		(CCM+CCA)		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		€ millions	%	€ millions	%	€ millions	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%	–	–%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**–**	**–%**	**–**	**–%**	**–**	**–%**

*FY24 new nuclear and gas templates

Nuclear and Gas : Template 5 Taxonomy Non-eligible Economic Activities

Nuclear and fossil gas template 5 reflects the Group's amount of Taxonomy non-eligible economic activities related to nuclear energy and fossil gas activities, and the proportion as a percentage of covered assets. Amounts and percentages are shown below based on counterparty turnover followed by counterparty CapEx. From year end 2024, MSEHSE Group includes an expanded suite of templates for new disclosures on GAR – Flow, Financial Guarantees – Stock and Financial Guarantees – Flow.

Template 5 Taxonomy Non-eligible Economic Activities - Turnover

GAR Stock

		2024		2023	
Row	Economic activities	€ millions	%	€ millions	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	–%	5	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**3,846**	**10.9%**	**8,964**	**19.6%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**3,849**	**10.9%**	**8,969**	**19.6%**

GAR Flow*

		2024	
Row	Economic activities	€ millions	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**677,202**	**100.0%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**677,202**	**100.0%**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

		2024	
Row	Economic activities	€ millions	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**6**	**100.0%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**6**	**100.0%**

Financial Guarantees - Flow*

		2024	
Row	Economic activities	€ millions	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**734**	**100.0%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**734**	**100.0%**

*FY24 new nuclear and gas templates

Template 5 Taxonomy Non-eligible Economic Activities - CapEx

GAR Stock

		2024		2023	
Row	**Economic activities**	**€ millions**	**%**	**€ millions**	**%**
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	7	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	3	–%	2	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**3,833**	**10.9%**	**10,201**	**22.3%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**3,836**	**10.9%**	**10,209**	**22.3%**

GAR Flow*

		2024	
Row	**Economic activities**	**€ millions**	**%**
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**677,217**	**100.0%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**677,217**	**100.0%**

*FY24 new nuclear and gas templates

Financial Guarantees - Stock*

Row	Economic activities	2024 € millions	2024 %
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**6**	**100.0%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**6**	**100.0%**

Financial Guarantees - Flow*

Row	Economic activities	2024 € millions	2024 %
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	–	–%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**734**	**100.0%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**734**	**100.0%**

*FY24 new nuclear and gas templates

AUDIT REPORT OF THE INDEPENDENT AUDITOR[1]

To Morgan Stanley Europe Holding SE, Frankfurt am Main

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

Audit opinions

We have audited the consolidated financial statements of Morgan Stanley Europe Holding SE, Frankfurt am Main, and its subsidiaries (the "Group"), consisting of the consolidated statement of financial position as of 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the financial year from 1 January 2024 to 31 December 2024, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the Group Management Report of Morgan Stanley Europe Holding SE, Frankfurt am Main, for the financial year from 1 January 2024 to 31 December 2024. In accordance with German legal requirements, we have not audited the content of those parts of the Group Management Report that are marked as unaudited in the ESG Report and in the Appendix to the ESG Report, with the exception of the sections "Climate and Environmental Risk Management" and "Climate Risk Metrics" which are part of the risk reporting, as well as the references made in the ESG Report of the Group Management Report to the Morgan Stanley Group's website.

According to our assessment based on the knowledge obtained during the audit

- the accompanying consolidated financial statements comply in all material aspects with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) (hereinafter referred to as "IFRS Accounting Standards") as they are applicable in the EU, and with the supplementary statutory provisions applicable pursuant to Section 315e (1) of the German Commercial Code ("HGB") and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024, and its financial performance for the financial year from 1 January 2024 to 31 December 2024; and
- the accompanying Group Management Report provides an accurate view of the Group's position overall. In all material respects, this Group Management Report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the Group Management Report does not extend to the contents of the references to the Morgan Stanley Group's website in the ESG Report section of the Group Management Report.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any objections relating to the legal compliance of the consolidated financial statements and the Group Management Report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and the Group Management Report in accordance with Section 317 HGB in compliance with German Principles of Proper Auditing of Financial Statements established by the Institut der Wirtschaftsprüfer [in Deutschland] (IDW). Our responsibilities under those requirements and principles are further described in the section "Auditor's Responsibility for the audit of the consolidated financial statements and the Group Management Report" of our auditor's report. We are independent of the Group's entities in accordance with the German commercial and professional regulations and we have fulfilled our other German professional obligations in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and the Group Management Report.

[1] Translation; the German version prevails

Other information

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

- the report of the Supervisory Board, which is not expected to be made available to us until after the date of this auditor's report;
- the parts of the Group Management Report marked as unaudited in the ESG Report and in the Appendix to the ESG Report, with the exception of the sections "Climate and Environmental Risk Management" and "Climate Risk Metrics", which are part of the risk reporting, as well as the references to the Morgan Stanley Group's website in the ESG Report of the Group Management Report;
- all other parts of the Annual Report;
- but not the consolidated financial statements, not the substantively audited disclosures in the Group Management Report and not our associated auditor's report.

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

Our audit opinions on the consolidated financial statements and the Group Management Report do not cover the other information and, accordingly, we do not issue an opinion or any other form of assurance thereon.

In connection with our audit of the consolidated financial statements, we have a responsibility to read the other information set out above and, to assess whether the other information:

- has material inconsistencies with the consolidated financial statements, the substantively audited disclosures in the Group Management Report or the knowledge gained during the audit, or
- otherwise appears to be materially misstated.

Responsibility of the Management Board and the Supervisory Board for the consolidated financial statements and the Group Management Report

The Management Board is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting standards as they are applicable in the EU and the supplementary German statutory provisions applicable pursuant to Section 315e (1) HGB, and for ensuring that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. Furthermore, the Management Board is responsible for internal controls that it has determined necessary to enable the preparation of consolidated financial statements that are free of material misstatements, whether due to fraud (i.e. manipulation of accounting and misappropriation of assets) or errors.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Groups's ability to continue as a going concern. It also has the responsibility to disclose matters related to the Group's going concern, where relevant. In addition, the Management Board is responsible for financial reporting based on the going concern accounting principle, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the Management Board is responsible for the preparation of the Group Management Report, which provides an overall appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the Management Board is responsible for the safeguards and measures (systems) that it has deemed necessary to enable the preparation of t Group Management Report in accordance with the applicable German legal requirements and to be able to provide sufficient and appropriate evidence for the statements in the Group Management Report.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the Group Management Report.

Auditor's responsibility for the audit of the consolidated financial statements and the Group Management Report

Our objective is to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or errors, and whether the Group Management Report provides an overall accurate view of the Group's position and is consistent, in all material respects, with the consolidated financial statements and the knowledge obtained during the audit, complies with the German legal requirements, and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report containing our audit opinions on the consolidated financial statements and the Group Management Report.

Reasonable assurance is a high degree of certainty but is not a guarantee that an audit conducted in accordance with Section 317 HGB in compliance with the German Principles of Proper Auditing of Financial Statement established by the IDW will always detect a material misstatement. Misstatements may result from fraud or errors and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and the Group Management Report.

During the audit, we exercise professional judgment and maintain critical attitude. In addition:

- We identify and assess the risks of material misstatements in the consolidated financial statements and the Group Management Report due to fraud or errors, plan and conduct audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinions. The risk that a material misstatement resulting from fraud will not be detected is higher than the risk that a material misstatement resulting from errors will not be detected, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or an override of internal controls.
- We gain an understanding of the internal controls relevant to the audit of the consolidated financial statements and the arrangements and measures relevant to the audit of the Group Management Report in order to plan audit procedures that are appropriate in the circumstances, but not with the aim of providing an opinion on the effectiveness of the Group's internal controls or such arrangements and measures.
- We assess the appropriateness of the accounting policies used by the Management Board and the reasonableness of estimates and related disclosures made by the Management Board.
- We draw conclusions on the adequacy of the going concern accounting principle applied by the Management Board and, on the basis of the audit evidence obtained, whether there is a material uncertainty related to events or circumstances that may cast significant doubts on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to the related disclosures in the consolidated financial statements and the Group Management Report in the auditor's report or, if such disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our auditor's opinion. However, future events or circumstances may result in the Group no longer being able to continue its business activities.
- We assess the overall presentation, structure and content of the consolidated financial statements, including the disclosures, as well as whether the consolidated financial statements present the underlying transactions and events in such a way that the consolidated financial statements give a true and fair view of the Group's assets, liabilities, financial position and financial performance in compliance with the IFRS Accounting Standards as they are applicable in the EU and the supplementary German statutory provisions applicable pursuant to Section 315e (1) HGB.
- We plan and conduct the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence for the accounting information of the entities or business activities within the Group as a basis for forming audit opinions on the consolidated financial statements and the Group Management Report. We are responsible for directing, supervising and performing the audit activities carried out for the purposes of auditing the consolidated financial statements. We are solely responsible for our audit opinions.
- We assess the consistency of the Group Management Report with the consolidated financial statements, its compliance with the law and the view of the Group's position that it provides.

- We perform audit procedures on the prospective information presented by the Management Board in the Group Management Report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the Management Board as a basis for the prospective information, and assess whether the prospective information was properly derived from these assumptions. We do not express a separate audit opinion on the prospective information or the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the prospective information.

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

Frankfurt am Main, 3 April 2025

Deloitte GmbH

Wirtschaftsprüfungsgesellschaft

Martin Kopatschek
Wirtschaftsprüfer (German Public Auditor)

Kevin Vogt
Wirtschaftsprüfer (German Public Auditor)

Report of the Supervisory Board in Accordance with Sec. 171 (2) and 314 (2) of the German Stock Corporation Act (AktG)

In 2024, the Supervisory Board of Morgan Stanley Europe Holding SE (the "Company") had a strong focus on the development and business activities of the Company and the Morgan Stanley Europe Holding SE Group. There were eight Supervisory Board meetings that took place during 2024. The Supervisory Board discussed fundamental aspects of the corporate planning, business policy, business development, risk situation and risk management with the Management Board. At the Supervisory Board meetings and whenever required, the Management Board regularly reported comprehensively and promptly on all incidents of significant importance and on the development of the financial figures.

The Management Board of Morgan Stanley Europe Holding SE provided the Supervisory Board for the financial year 2024 without delay after their preparation:

- the annual Financial Statements consisting of Balance Sheet, Income Statement and Notes;
- The Consolidated Management Report and Consolidated Financial Statements consisting of Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, Consolidated statement of financial position, Consolidated statement of cash flows and Notes to the consolidated financial statements;
- the Report of the Management Board on Relations with Affiliated Companies

The Management Board therefore carried out its obligations in accordance with section 170 (1) and 314 (1) AktG.

The Supervisory Board examined the documentation submitted in accordance with section 171 (1) and 314 (2) AktG. The Auditor's information was included into the examination. The examination has not led to any reservations.

The Supervisory Board subsequently approved the annual financial statement and the consolidated financial statements for the financial year 2024. As a result, the annual financial statements of Morgan Stanley Europe Holding SE were determined in accordance with section 172 AktG.

The statutory auditors, Deloitte GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, have issued unqualified audit opinions for the annual financial statements as well as for consolidated financial statements and the Group management report prepared in accordance with International Financial Reporting Standards (IFRS).

4 April 2025

Frank Mattern (Chairman)