Registered number: 34161590

Registered office:
Luna Arena
Herikerbergweg 238
1101 CM
Amsterdam
The Netherlands

MORGAN STANLEY B.V.

Interim financial report

30 June 2021

MORGAN STANLEY B.V.

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MORGAN STANLEY B.V.

INTERIM MANAGEMENT REPORT

The Directors present their interim management report, Directors' responsibility statement and the condensed financial statements for Morgan Stanley B.V. (the "Company") for the six months ended 30 June 2021.

RESULTS AND DIVIDENDS

The profit for the six months ended 30 June 2021, after tax, was €874,000 (30 June 2020: €1,282,000).

During the six months ended 30 June 2021, no dividends were paid or proposed (30 June 2020: €nil).

PRINCIPAL ACTIVITY

The principal activity of the Company is the issuance of financial instruments including notes, certificates and warrants ("Structured Notes") and the hedging of the obligations arising pursuant to such issuances.

The Company was incorporated under Dutch law on 6 September 2001 and has its statutory seat in Amsterdam, The Netherlands. The business office of the Company is at Luna Arena, Herikerbergweg 238, 1101 CM, Amsterdam, The Netherlands.

The Company's ultimate parent undertaking and controlling entity is Morgan Stanley, which, together with the Company and Morgan Stanley's other subsidiary undertakings, form the "Morgan Stanley Group".

FUTURE OUTLOOK

There have not been any significant changes in the Company's principal activity in the period under review and no significant change in the Company's principal activity is expected.

BUSINESS REVIEW

Exposure to risk factors and the current business environment in which it operates may impact business results of the Company's operations.

Risk factors

Risk is an inherent part of the Company's business activity. The Company seeks to identify, assess, monitor and manage each of the various types of risk involved in its business activities, in accordance with defined policies and procedures.

The Morgan Stanley Group Risk Appetite Statement articulates the aggregate level and type of risk that the Company is willing to accept in order to execute its business strategy.

The Morgan Stanley Group has an established Risk Management Framework, to support the identification, monitoring and management of risk.

The primary risk areas for the Company include Market, Credit, Liquidity and Operational risks. A description of the principal risks and how these risks are managed within the Company is outlined in detail within the relevant risk's section of 'Risk management'.

The key risk factors impacting the Company are consistent with those outlined in the 2020 Annual Report and Financial Statements, with the exception of the updates below.

Business environment

During the course of 2021, the Company has been impacted by factors in the global environment in which it operates, each of which introduces risks and uncertainties that may adversely affect the results of operations of the Company. In particular:

COVID-19

Since its onset, the COVID-19 pandemic has had a significant impact on global economic conditions and the environment in which the businesses operate, and it may continue to do so in the future. Though many employees have been working from home for some time, the Morgan Stanley Group is preparing for employees to return to work in their offices in certain locations. The Morgan Stanley Group continues to be fully operational, with the majority of employees working from home. Recognising that local conditions vary for offices around the world and that the trajectory of the virus continues to be uncertain, the Morgan Stanley Group may adjust its plans for employees returning to offices as deemed necessary.

INTERIM MANAGEMENT REPORT

BUSINESS REVIEW (CONTINUED)

Business environment (continued)

Planned Replacement of London Interbank Offered Rate ("LIBOR") and Replacement or Reform of Other Interest Rates

Central banks around the world, including the Bank of England, have commissioned committees and working groups of market participants and official sector representatives to replace LIBOR and replace or reform other interest rate benchmarks (collectively, the "IBORs"). On 5 March 2021, Index Cessation Event ("ICE") Benchmark Administration, which administers LIBOR publication, announced that it will cease the publication of most LIBOR rates as of the end of December 2021, except for the publication until 30 June 2023 of the most widely used U.S. dollar LIBOR tenors, and the U.K. Financial Conduct Authority ("FCA"), which regulates LIBOR publication, announced that it would not compel panel banks to submit to LIBOR beyond those dates.

Subsequently, the International Swaps and Derivatives Association ("ISDA") confirmed that the FCA announcement constituted an ICE as defined in the ISDA IBOR Fallbacks Supplement, which amended ISDA's interest rate definitions to include robust fallbacks for derivatives linked to the IBORs, by automatically incorporating the fallbacks into legacy non-cleared derivatives entered into between adherents with matching transactions under the ISDA IBOR Fallbacks Protocol (the "ISDA Protocol").

The FCA has stated that LIBOR in all its currencies (USD, GBP, EUR, JPY and CHF) will either cease or become non-representative and that that new transactions linked to LIBOR should cease as soon as possible (other than for hedging or risk management purposes). The European regulators have issued a joint public statement re-iterating that all LIBOR use must cease by no later than 31 December 2021 and that any synthetic LIBOR use must be limited to true tough legacy positions.

To support the phase-out of LIBOR, the FCA may, under powers introduced to the Financial Services Act 2021 which supplements existing powers under the UK Benchmarks Regulation ("BMR"), take action to procure the continued publication of certain LIBOR currencies and/or tenors deemed critical benchmarks after the end of 2021 with a substantially revised methodology (sometimes referred to as "synthetic LIBOR"). In cases where the Company's local regulators have cautioned use of any synthetic LIBOR to be limited to true tough legacy contracts (i.e., contracts that cannot realistically be amended before the end of 2021), the impact of a synthetic LIBOR on contracts, particularly those not governed by English law and/or where one or more parties are not regulated entities in the U.K., may require an analysis of the governing law and applicable regulatory obligations of the parties.

The Morgan Stanley Group transition plan, which is overseen by a global steering committee, with senior management oversight, is designed to identify, assess and monitor risks associated with the expected discontinuation or unavailability of one or more of the IBORs, and includes continued engagement with central bank and industry working groups and regulators (including participation and leadership on key committees), active client engagement, internal operational readiness, and risk management, among other things.

INTERIM MANAGEMENT REPORT

BUSINESS REVIEW (CONTINUED)

Business environment (continued)

Planned Replacement of London Interbank Offered Rate ("LIBOR") and Replacement or Reform of Other Interest Rates (continued)

The market transition away from IBORs to alternative reference rates is complex and could have a range of adverse impacts on the Morgan Stanley Group's business, financial condition and results of operations. In particular, such transition or reform could:

- Adversely impact the pricing, liquidity, value of, return on and trading for a broad array of financial products, including any IBOR-linked structured notes that are included in our financial assets and liabilities;
- Require extensive changes to documentation that governs or references IBOR or IBOR-based products, including, for example, pursuant to time-consuming renegotiations of existing documentation to modify the terms of outstanding securities and related hedging transactions;
- Result in a population of products with documentation that governs or references IBOR or IBOR-based products but that cannot be amended due to an inability to obtain sufficient consent from counterparties or product owners;
- Result in inquiries or other actions from regulators in respect of our (or the market's) preparation and readiness for the replacement of an IBOR with one or more alternative reference rates;
- Result in disputes, litigation or other actions with clients, counterparties and investors, in various scenarios, such as regarding the interpretation and enforceability of provisions in IBOR-based products such as fallback language or other related provisions, including in the case of fallbacks to the alternative reference rates, any economic, legal, operational or other impact resulting from the fundamental differences between the IBORs and the various alternative reference rates;
- Require the transition and/or development of appropriate systems and analytics to effectively transition our risk management processes from IBORs to those based on one or more alternative reference rates in a timely manner, including by quantifying value and risk for various alternative reference rates, which may prove challenging given the limited history of the proposed alternative reference rates; and
- Cause us to incur additional costs in relation to any of the above factors.

Other factors include the pace of the transition to the alternative reference rates, timing mismatches between cash and derivative markets, the specific terms and parameters for and market acceptance of any alternative reference rate, market conventions for the use of any alternative reference rate in connection with a particular product (including the timing and market adoption of any conventions proposed or recommended by any industry or other group), prices of and the liquidity of trading markets for products based on alternative reference rates, and our ability to transition and develop appropriate systems and analytics for one or more alternative reference rates.

The Company remains party to several externally issued GBP, EUR and JPY LIBOR-linked structured notes which extend beyond 2021. At the reporting date, the total nominal of such IBOR-referencing structured notes was €6,981,000. Transition for these structured notes is being actively addressed with noteholders; where appropriate, transition of these issuances consists of consent solicitations and obtaining noteholder consents to convert ceasing IBOR referencing issuances to the appropriate risk free rates or alternatively, to implement contractually agreed fallbacks or to facilitate buybacks. Structured notes which reference IBORs are not significant to the Company.

INTERIM MANAGEMENT REPORT

BUSINESS REVIEW (CONTINUED)

Overview of 2021 financial results

The issued Structured Notes expose the Company to the risk of changes in market prices of the underlying securities, interest rate risk and, where denominated in currencies other than Euros, the risk of changes in rates of exchange between the Euro and the other relevant currencies. The Company uses the contracts that it purchases from other Morgan Stanley Group undertakings to hedge the market price, interest rate and foreign currency risks associated with the issuance of the Structured Notes.

The condensed statement of comprehensive income for the six months ended 30 June 2021 is set out on page 9. The profit before income tax for the six months ended 30 June 2021 of €1,167,000 primarily comprises management charges recognised in 'Other revenue' compared to €1,710,000 recognised for the six months ended 30 June 2020. The decrease in profit before income tax is driven by a decrease in the Company's share of business revenues.

The Company has recognised a gain in 'Net trading income' of €498,256,000 (30 June 2020: Expense of €703,589,000), with a corresponding net expense of €498,256,000 recognised in 'Net expense on other financial instruments held at fair value' (30 June 2020: Income of €703,589,000). This is due to fair value changes attributable to market movements on the equities underlying Structured Notes hedged by derivatives.

The condensed statement of financial position for the Company is set out on page 11. The Company's total assets at 30 June 2021 are €9,353,433,000, an increase of €925,271,000 or 11% when compared to 31 December 2020. Total liabilities of €9,323,096,000 represent an increase of €924,397,000 or 11% when compared to total liabilities at 31 December 2020. These movements are primarily attributable to the value of issued Structured Notes and the related hedging instruments held at 30 June 2021. Structured Notes reflected in 'Debt and other borrowings' have increased since 31 December 2020 as a result of new issuances in the period and fair value movements offset by maturities.

The performance of the Company is included in the results of the Morgan Stanley Group. The Company's Directors believe that providing further performance indicators for the Company itself would not enhance an understanding of the development, performance or position of the business of the Company.

The risk management section below sets out the Company's and the Morgan Stanley Group's policies for the management of liquidity and cash flow risk and other significant business risks.

Risk management

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

Note 20 to the Company's annual financial statements for the year ended 31 December 2020 ("2020 annual financial statements") provides more detailed qualitative disclosures on the Company's exposure to financial risks. Note 14 to the condensed financial statements provides more detailed quantitative disclosures.

Set out below is an overview of the Company's policies for the management of financial risk and other significant business risks.

Market risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, implied volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio.

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

INTERIM MANAGEMENT REPORT

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Market risk (continued)

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

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

It is the policy and objective of the Company not to be exposed to net market risk.

Credit risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to the Company.

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

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

Country risk exposure

Country risk exposure is the risk that events in, or affecting, a foreign country might adversely affect the Company. "Foreign country" means any country other than The Netherlands. Sovereign risk, by contrast, is the risk that a government will be unwilling or unable to meet its debt obligations, or renege on the debt it guarantees. Sovereign risk is single-name risk for a sovereign government, its agencies and guaranteed entities.

The Company enters into the majority of its financial asset transactions with other Morgan Stanley Group undertakings, primarily in Luxembourg and the US. Both the Company and the other Morgan Stanley Group undertakings are wholly-owned subsidiaries of the same ultimate parent entity, Morgan Stanley. As a result of the implicit support that would be provided by Morgan Stanley, the Company's country risk is considered a component of the Morgan Stanley Group's credit risk.

For further information on how the Company identifies, monitors and manages country risk exposure refer to pages 4 and 5 of the Directors' report of the Company's 2020 annual financial statements.

Liquidity risk

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

For further discussion on the Company's liquidity risk refer to page 5 of the Directors' report in the Company's 2020 annual financial statements.

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Operational risk

Operational risk refers to the risk of loss, or of damage to the Company's reputation, resulting from inadequate or failed processes or systems, from human factors or from external events (e.g. fraud, theft, legal and compliance risks, cyber-attacks or damage to physical assets). Operational risk relates to the following risk event categories as defined by Basel Capital Standards: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; business disruption and system failure; damage to physical assets; and execution, delivery and process management. Legal and compliance risk is included in the scope of operational risk.

The Company may incur operational risk across the full scope of its business activities.

For further discussion on the Company's operational risk refer to pages 5, 6 and 7 of the Directors' report in the Company's 2020 annual financial statements.

Legal, regulatory and compliance risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss; including fines, penalties, judgements, damages and/ or settlements or loss to reputation which the Company may suffer as a result of a failure to comply with laws, regulations, rules, related self-regulatory organisation standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with Anti-Money Laundering, anti-corruption and terrorist financing rules and regulations. The Company is generally subject to extensive regulation in the different jurisdictions in which it conducts its business.

For further discussion on the Company's legal, regulatory and compliance risk, refer to pages 7 and 8 of the Directors' report in the Company's 2020 annual financial statements.

Cyber and information security risk management

The Company maintains a program that oversees its cyber and information security risks. Cybersecurity and information security policies, procedures and technologies are designed to protect the Company's information assets against unauthorised disclosure, modification or misuse and are also designed to address regulatory requirements. These policies and procedures cover a broad range of areas, including: identification of internal and external threats, access control, data security, protective controls, detection of malicious or unauthorised activity, incident response and recovery planning.

For further discussion on the Company's cyber and information security risk management, refer to pages 8 and 9 of the Directors' report in the Company's 2020 annual financial statements.

Culture, values and conduct of employees

All employees of the Morgan Stanley Group are accountable for conducting themselves in accordance with the Morgan Stanley Group's core values Put Clients First, Do the Right Thing, Lead with Exceptional Ideas, Commit to Diversity and Inclusion and Give Back. The Morgan Stanley Group's core values drive a shared set of behaviours and attributes that help employees make decisions consistent with the expectations of our clients, shareholders, regulators, Board of Directors and the public. The Morgan Stanley Group is committed to reinforcing and confirming adherence to the core values through our governance framework, tone from the top, management oversight, risk management and controls, and a three lines of defence structure (business, control functions such as Risk Management and Compliance, and Internal Audit). The Morgan Stanley Group's Board is responsible for overseeing the Morgan Stanley Group's practices and procedures relating to culture, values and conduct, as set forth in the Morgan Stanley Group's Corporate Governance Policies. The Morgan Stanley Group's Culture, Values and Conduct Committee, along with the Complaince and Conduct Committee, are the senior management committees that oversee the Firmwide culture, values and conduct program, report regularly to the Morgan Stanley Group Board; and complement ongoing business and region-specific culture initiatives.

INTERIM MANAGEMENT REPORT

BUSINESS REVIEW (CONTINUED)

Risk management (continued)

Culture, values and conduct of employees (continued)

A fundamental building block of this program is the Morgan Stanley Group's Code of Conduct (the "Code"), which establishes standards for employee conduct that further reinforce the Morgan Stanley Group's commitment to integrity and ethical conduct. Every new hire and every employee annually must attest to their understanding of and adherence to the Code of Conduct.

For further discussion on the Company's cyber and information security risk management, refer to pages 9 and 10 of the Directors' report in the Company's 2020 annual financial statements.

Going concern

Business risks associated with the uncertain market and economic conditions are being actively monitored and managed by the Company. Retaining sufficient capital and liquidity to withstand these market pressures remains central to the Company's strategy. The existing and potential effects of COVID-19 on the business of the Company have been considered as part of the going concern analysis, including impact on operational capacity, access to liquidity and capital, contractual obligations, asset valuations and other critical accounting judgements and key sources of estimation uncertainty.

Taking all of these factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim financial statements.

DIRECTORS

The following Directors held office throughout the year and to the date of approval of this report:

A. Doppenberg
H. Herrmann
S. Ibanez
P.J.G. de Reus
TMF Management B.V.

EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date.

AUDIT COMMITTEE

The Company qualifies as an organisation of public interest pursuant to Dutch and EU law and has established its own audit committee which complies with the applicable corporate governance rules and composition requirements as detailed in the Articles of Association of the Company.

Approved by the Board and signed on its behalf by:

Date: 23 September 2021

A. Doppenberg	H. Herrmann	S. Ibanez
P.J.G. de Reus	TMF Management B.V.	

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, the names of whom are set out below, confirm to the best of their knowledge:

- the condensed financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *'Interim Financial Reporting'* ("IAS 34") as adopted by the EU on the basis of the Company's international connections and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the interim management report includes a fair review of the important events that have occurred during the six months ended 30 June 2021 and the impact on the condensed financial statements and provides a description of the principal risks and uncertainties that the Company faces for the remaining six months of the financial year.

Approved by the Board and signed on its behalf by:

Date: 23 September 2021

A. Doppenberg	H. Herrmann	S. Ibanez
P.J.G. de Reus	TMF Management B.V.	

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
Six months ended 30 June 2021

	Note	Six months ended 30 June 2021 €'000 (unaudited)	Six months ended 30 June 2020 €'000 (unaudited)
Net trading income / (expense) on financial assets		41,256	(462,085)
Net trading income / (expense) on financial liabilities		457,000	(241,504)
Net trading income / (expense)		498,256	(703,589)
Net expense on other financial assets held at fair value		(3,265)	(43,708)
Net (expense) / income on other financial liabilities held at fair value		(494,991)	747,297
Net (expense) / income on other financial instruments held at fair value	2	(498,256)	703,589
Other revenue	3	1,167	2,898
Total non-interest revenues		1,167	2,898
Interest income		5,823	5,276
Interest expense		(5,012)	(5,919)
Net interest income / (expense)	4	811	(643)
Net revenues		1,978	2,255
Non-interest expense:			
Other expense	5	(1,427)	(545)
Net reversal of impairment on financial instruments	6	616	-
PROFIT BEFORE INCOME TAX		1,167	1,710
Income tax expense	7	(293)	(428)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		874	1,282

All operations were continuing in the current and prior period.

The notes on pages 13 to 34 form an integral part of the condensed financial statements.

MORGAN STANLEY B.V.

CONDENSED STATEMENT OF CHANGES IN EQUITY
Six months ended 30 June 2021

	Share capital €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2020 (audited)	15,018	26,422	41,440
Profit and total comprehensive income for the period	-	1,282	1,282
Balance at 30 June 2020 (unaudited)	15,018	27,704	42,722
Balance at 1 January 2021 (audited)	15,018	14,445	29,463
Profit and total comprehensive income for the period	-	874	874
Balance at 30 June 2021 (unaudited)	15,018	15,319	30,337

The notes on pages 13 to 34 form an integral part of the condensed financial statements.

MORGAN STANLEY B.V.
Registered number: 34161590

CONDENSED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021
(Including Proposed Appropriation of Results)

	Note	30 June 2021 €'000 (unaudited)	31 December 2020 €'000 (audited)
ASSETS			
Cash and short-term deposits		2,096	7,050
Trading financial assets	8	446,640	350,624
Loans and advances	8	7,413,387	6,763,892
Trade and other receivables	10	1,491,189	1,306,596
Current tax assets		121	-
TOTAL ASSETS		9,353,433	8,428,162
LIABILITIES			
Trading financial liabilities	8	214,268	317,233
Convertible preferred equity certificates	9	1,125,281	1,125,281
Trade and other payables	11	322,167	123,016
Debt and other borrowings	12	7,661,380	6,832,657
Current tax liability		-	512
TOTAL LIABILITIES		9,323,096	8,398,699
EQUITY			
Share capital		15,018	15,018
Retained earnings		15,319	14,445
Equity attributable to owners of the Company		30,337	29,463
TOTAL EQUITY		30,337	29,463
TOTAL LIABILITIES AND EQUITY		9,353,433	8,428,162

These condensed financial statements were approved by the Board and authorised for issue on 23 September 2021.

Signed on behalf of the Board

A. Doppenberg H. Herrmann S. Ibanez

P.J.G. de Reus TMF Management B.V.

The notes on pages 13 to 34 form an integral part of the condensed financial statements.

CONDENSED STATEMENT OF CASH FLOWS
Six months ended 30 June 2021

	Six months ended 30 June 2021 €'000 (unaudited)	Six months ended 30 June 2020 €'000 (unaudited)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(4,954)	(172)
INVESTING ACTIVITIES		
Repayment of interest from another Morgan Stanley Group undertaking	11,172	10,382
NET CASH FLOWS FROM INVESTING ACTIVITIES	11,172	10,382
FINANCING ACTIVITIES		
Yield paid on convertible preferred equity certificates	(10,237)	(11,494)
Financing paid (to) / from another Morgan Stanley Group undertaking	(935)	1,112
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(11,172)	(10,382)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,954)	(172)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	7,050	4,543
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,096	4,371

The notes on pages 13 to 34 form an integral part of the condensed financial statements.

1. BASIS OF PREPARATION

a. Accounting policies

The Company prepares its annual financial statements in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the EU, Interpretations issued by the IFRS Interpretations Committee and Dutch Law. The condensed financial statements have been prepared in accordance with IAS 34 as adopted by the EU.

In preparing these condensed financial statements, the Company has applied consistently the accounting policies and methods of computation used in the Company's 2020 annual financial statements.

New standards and interpretations adopted during the period

The following amendments to standards relevant to the Company's operations were adopted during the period. These standards, amendments to standards and interpretations did not have a material impact on the Company's condensed financial statements.

Interest Rate Benchmark Reform Phase 2 amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' were issued by the IASB in August 2020. The amendments outline the accounting and disclosure requirements for the financial instruments which are transitioned to alternative benchmark rates. The amendments are applicable retrospectively and are effective from and will be applied for periods beginning on or after 1 January 2021. The amendments were adopted and endorsed by the EU in January 2021.

There were no other standards or interpretations relevant to the Company's operations which were adopted during the period.

New standards and interpretations not yet adopted during the period

At the date of authorisation of these condensed financial statements, the following amendments to standards relevant to the Company's operations were issued by the IASB but not mandatory for accounting periods beginning 1 January 2021. The Company does not expect that the adoption of the following standards, amendments to standards and interpretations will have a material impact on the Company's condensed financial statements.

Amendments to IAS 37 '*Provisions, Contingent Liabilities and Contingent Assets*': Onerous Contracts – Cost of Fulfilling a Contract were issued by the IASB in May 2020, for modified retrospective application in accounting periods beginning on or after 1 January 2022. Early application is permitted.

As part of the 2018-2020 Annual Improvements Cycle published in May 2020, the IASB made an amendment to IFRS 9 *'Financial Instruments'*, relating to the treatment of fees in the assessment of whether financial liabilities are modified or exchanged, where such transactions occur on or after 1 January 2022. Early application is permitted.

Amendments to IAS 8 '*Accounting Policies, Changes in Accounting Estimates and Errors*': Definition of Accounting Estimates were issued by the IASB in February 2021, for prospective application in accounting periods beginning on or after 1 January 2023. Early application is permitted.

Amendments to IAS 1 '*Presentation of Financial Statements*': Disclosure of Accounting Policies were issued by the IASB in February 2021, for prospective application in accounting periods beginning on or after 1 January 2023. Early application is permitted.

b. Critical accounting judgements and key sources of estimation uncertainty

In preparing the condensed financial statements, the Company makes judgements and estimates that affect the application of accounting policies and reported amounts.

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

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

1. BASIS OF PREPARATION

b. Critical accounting judgements and key sources of estimation uncertainty (continued)

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

The key source of estimation uncertainty relate to the valuation of Level 3 financial instruments. For further detail refer to note 15 and accounting policy note 3(d) of the Company's 2020 annual financial statements.

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

c. The going concern assumption

The Company's business activities, together with the factors likely to affect its future development, performance and position, are reflected in the Future Outlook and Business Review section of the Directors' report on pages 1 to 6. In addition, the notes to the financial statements include the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The existing and potential effects of COVID-19 on the operational capacity of the business, access to liquidity and capital, contractual obligations have been considered on page 1.

Taking the above factors into consideration, the Directors believe it is reasonable to assume that the Company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the interim management report and condensed financial statements.

2. NET (EXPENSE) / INCOME ON OTHER FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000
Net (expense) / income on:		
Non-trading financial assets at fair value through profit or loss ("FVPL"):		
Trade and other receivables:		
Prepaid equity securities contracts	8,043	(10,738)
Financial assets designated at FVPL:		
Loans and advances:		
Loans	(11,308)	(32,970)
Financial liabilities designated at FVPL:		
Debt and other borrowings:		
Issued Structured Notes	(494,991)	747,297
	(498,256)	703,589

3. OTHER REVENUE

	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000
Management charges to other Morgan Stanley Group undertakings	1,167	2,898

4. INTEREST INCOME AND INTEREST EXPENSE

'Interest income' represents total interest generated from financial assets at amortised cost, while 'interest expense' represents total interest arising on financial liabilities at amortised cost, recognised using the effective interest rate ("EIR") method.

No other gains or losses have been recognised in respect of financial assets measured at amortised cost other than as disclosed as 'Interest income', foreign exchange differences disclosed in 'Other expense' (note 5) and 'Net reversal of impairment on financial instruments' (note 6).

No other gains or losses have been recognised in respect of financial liabilities at amortised cost other than as disclosed as 'Interest expense' and foreign exchange differences disclosed in 'Other expense' (note 5).

'Interest expense' includes the yield payable on Convertible Preferred Equity Certificates ("CPECs") (see note 9).

5. OTHER EXPENSE

	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000
Net foreign exchange losses	12	13
Management charges from other Morgan Stanley Group undertakings	1,396	392
Other	19	140
	1,427	545

The Company actively manages its foreign currency exposure risk arising on its assets and liabilities in currencies other than Euro. Net foreign exchange losses include translation differences that have arisen due to foreign exchange exposure created as a result of hedging assets and liabilities recognised for Morgan Stanley Group reporting purposes.

6. NET REVERSAL OF IMPAIRMENT ON FINANCIAL INSTRUMENTS

The following table shows the net Expected Credit Loss ("ECL") reversal for the half year.

	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000
Trade and other receivables	616	-
	616	-

There were no write-offs during the current or prior period.

All of the above impairment reversals were calculated on an individual basis. No collective impairment assessments were made during the current or prior period.

7. INCOME TAX EXPENSE

	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000
Current tax expense	293	428

Reconciliation of effective tax rate

The current period income tax expense is the same as (30 June 2020: same as) that resulting from applying the average standard rate of corporation tax in The Netherlands of 25.0% (30 June 2020: 25.0%) as shown below:

	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000
Profit before income tax	1,167	1,710
Income tax using the average standard rate of corporation tax in The Netherlands of 25.0% (30 June 2020: 25.0%)	293	428
Total income tax expense in the condensed statement of comprehensive income	293	428

The Company is included in a fiscal unity with Archimedes Investments Coöperatieve U.A. and is not a stand-alone taxpayer for Dutch corporate income tax purposes. If, and to the extent that, the Company would benefit from losses of other members of the fiscal unity, these may be settled via inter-company mechanisms.

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY

The following table analysis financial assets and financial liabilities as at 30 June 2021 presented in the condensed statement of financial position by classification.

30 June 2021 €'000	FVPL (mandatorily)	FVPL (designated)	Amortised cost	Total
Cash and short-term deposits	-	-	2,096	2,096
Trading financial assets:				
Derivatives	446,640	-	-	446,640
Loans and advances:				
Loans	-	7,413,387	-	7,413,387
Trade and other receivables:				
Trade receivables	-	-	5,877	5,877
Other receivables	-	-	1,462,747	1,462,747
Prepaid equity securities contracts	22,565	-	-	22,565
Total financial assets	469,205	7,413,387	1,470,720	9,353,312
Trading financial liabilities:				
Derivatives	214,268	-	-	214,268
Convertible preferred equity certificates	-	-	1,125,281	1,125,281
Trade and other payables:				
Trade payables	-	-	289,220	289,220
Other payables	-	-	32,947	32,947
Debt and other borrowings:				
Issued Structured Notes	-	7,661,380	-	7,661,380
Total financial liabilities	214,268	7,661,380	1,447,448	9,323,096

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY (CONTINUED)

31 December 2020 €'000	FVPL (mandatorily)	FVPL (designated)	Amortised cost	Total
Cash and short-term deposits	-	-	7,050	7,050
Trading financial assets:				
Derivatives	350,624	-	-	350,624
Loans and advances:				
Loans	-	6,763,892	-	6,763,892
Trade and other receivables:				
Trade receivables	-	-	33,452	33,452
Other receivables	-	-	1,257,308	1,257,308
Prepaid equity securities contracts	15,836	-	-	15,836
Total financial assets	366,460	6,763,892	1,297,810	8,428,162
Trading financial liabilities:				
Derivatives	317,233	-	-	317,233
Convertible preferred equity certificates	-	-	1,125,281	1,125,281
Trade and other payables:				
Trade payables	-	-	116,440	116,440
Other payables	-	-	6,576	6,576
Debt and other borrowings:				
Issued Structured Notes	-	6,832,657	-	6,832,657
Total financial liabilities	317,233	6,832,657	1,248,297	8,398,187

Financial assets and financial liabilities designated at FVPL

The financial assets and financial liabilities shown in the tables above which are designated at FVPL consist primarily of the following financial assets and financial liabilities:

Structured Notes: These relate to financial liabilities which arise from selling structured products generally in the form of notes, certificates and warrants. These instruments contain an embedded derivative which significantly modifies the cash flows of the issuance. The return on the instrument is linked to an underlying that is not clearly and closely related to the debt host including, but not limited to, equity-linked notes. These Structured Notes are designated at FVPL as the risks to which the Company is a contractual party are risk managed on a fair value basis as part of the Company's trading portfolio and the risk is reported to key management personnel on this basis.

Loans: These are loans to other Morgan Stanley Group undertakings that, along with the prepaid equity securities contracts and the derivative contracts classified as mandatorily at FVPL, are part of the hedging strategy for the obligations arising pursuant to the issuance of the Structured Notes.

The Company determines the amount of changes in fair value attributable to changes in counterparty credit risk or own credit risk, as relating to loans and issued Structured Notes, by first determining the fair value including the impact of counterparty credit risk or own credit risk, and then deducting those changes in fair value representing managed market risk. In determining fair value, the Company considers the impact of changes in own credit spreads based upon observations of the secondary bond market spreads when measuring the fair value for issued Structured Notes. The Company considers that this approach most faithfully represents the amount of change in fair value due to both counterparty credit risk and the Company's own credit risk.

The carrying amount of financial liabilities designated at fair value was €840,000 lower than the contractual amount due at maturity (31 December 2020: €3,706,000 lower).

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY (CONTINUED)

Financial assets and financial liabilities designated at FVPL (continued)

At initial recognition of a specific Structured Note issuance program, the Company's issuance process, and any planned hedging structure relating to the issuance of those Structured Notes, has been considered, to determine whether the presentation of fair value changes attributable to credit risk of those Structured Notes through other comprehensive income would create or enlarge an accounting mismatch in the income statement. If financial instruments, such as prepaid equity securities contracts, derivatives and loans held at FVPL, for which changes in fair value incorporating counterparty credit risk are reflected within the income statement, are traded to economically hedge the Structured Note issuances in full, the fair value incorporating any counterparty credit risk arising on the hedging instruments may materially offset any changes in the credit risk of these liabilities ("DVA") applied to Structured Notes, where the counterparties of the hedging instruments are part of the Morgan Stanley Group. In such cases, the DVA of those structured notes is not reflected within other comprehensive income, and instead is presented in the income statement.

The following table presents the change in fair value and the cumulative change recognised in the statement of comprehensive income attributable to own credit risk for issued Structured Notes and counterparty credit risk for loans.

	Gain or (loss) recognised in the condensed statement of comprehensive income		Cumulative gain or (loss) recognised in the condensed statement of comprehensive income	
	Six months ended 30 June 2021 €'000	Six months ended 30 June 2020 €'000	30 June 2021 €'000	31 December 2020 €'000
Issued Structured Notes	30,639	65,082	(83,180)	(113,819)
Loans	(30,639)	(65,082)	83,180	113,819
	-	-	-	-

The following tables present the carrying value of the Company's financial liabilities designated at FVPL, classified according to underlying security type, including single name equities, equity indices and equity portfolio.

30 June 2021	Single name equities €'000	Equity indices €'000	Equity portfolio €'000	Other[(1)] €'000	Total €'000
Certificates and warrants	274,072	2,340	27,728	-	304,140
Notes	1,410,182	2,090,136	3,110,521	746,401	7,357,240
Total debt and other borrowings	1,684,254	2,092,476	3,138,249	746,401	7,661,380

31 December 2020	Single name equities €'000	Equity indices €'000	Equity portfolio €'000	Other[(1)] €'000	Total €'000
Certificates and warrants	156,903	5,861	61,544	-	224,308
Notes	1,898,605	2,237,929	1,582,724	889,091	6,608,349
Total debt and other borrowings	2,055,508	2,243,790	1,644,268	889,091	6,832,657

[(1)] Other includes Structured Notes that have coupon or repayment terms linked to the performance of funds, debt securities, currencies or commodities.

8. FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY MEASUREMENT CATEGORY (CONTINUED)

Financial assets and financial liabilities designated at FVPL (continued)

The majority of the Company's financial liabilities designated at FVPL provide exposure to an underlying single name equity, an equity index or portfolio of equities. The prepaid equity securities contracts, derivative contracts and loans held at FVPL that the Company enters into in order to hedge the Structured Notes are valued as detailed in note 3(d) and note 22(a) of the Company's 2020 annual financial statements, and have similar valuation inputs to the liabilities they hedge.

9. CONVERTIBLE PREFERRED EQUITY CERTIFICATES

On 30 March 2012, the Company issued 11,252,813 of CPECs of €100 each, classified as financial liabilities at amortised cost. The CPECs were issued to one of the Company's shareholders, Archimedes Investments Coöperatieve U.A. (a Morgan Stanley Group undertaking), in exchange for cash consideration of €1,125,281,000.

The CPECs carry no voting rights. The Company and the holder have the right to convert each issued CPEC into one ordinary share with a nominal value of €100.

On 27 February 2018, the maturity date of the CPECs was amended from 150 years to 49 years from the date of issuance. The CPECs may be redeemed earlier at the option of the Company or on liquidation of the Company.

The CPECs rank ahead of the ordinary shares in the event of liquidation.

The holder of the CPECs is entitled to receive an annual yield on a date agreed by the Company and the holder. The yield for each CPEC is calculated as income deriving from the Company's activities less the necessary amounts to cover the costs of the Company divided by the number of CPECs then in issue. Other income relating to management charges received from other Morgan Stanley Group undertakings and gains or losses from financial instruments designated or mandatorily at fair value through profit or loss are excluded from the calculation.

On 29 March 2021, the Company paid the accrued yield of €10,237,000 to the holders of the CPECs. An accrued yield for the period ended 30 June 2021 of €5,435,000 has been recognised in the condensed statement of comprehensive income in 'Interest expense' (30 June 2020: €6,126,000). The liability to the holders of the CPECs at 30 June 2021, recognised within 'Trade and other payables,' is €3,173,000 (31 December 2020: €6,330,000).

10. TRADE AND OTHER RECEIVABLES

	30 June 2021 €'000	31 December 2020 €'000
Trade and other receivables (amortised cost)		
Trade receivables:		
Amounts due from other Morgan Stanley Group undertakings	5,877	33,452
Other receivables:		
Amounts due from other Morgan Stanley Group undertakings	1,462,755	1,257,932
Less: ECL allowance	(8)	(624)
	1,462,747	1,257,308
Total trade and other receivables (amortised cost)	1,468,624	1,290,760
Trade and other receivables (non-trading at FVPL)		
Prepaid equity securities contracts	22,565	15,836
Trade and other receivables	1,491,189	1,306,596

11. TRADE AND OTHER PAYABLES

	30 June 2021 €'000	31 December 2020 €'000
Trade and other payables (amortised cost)		
Trade payables:		
Amounts due to other Morgan Stanley Group undertakings	289,220	116,440
Other payables:		
Amounts due to other Morgan Stanley Group undertakings	32,947	6,576
	322,167	123,016

12. DEBT AND OTHER BORROWINGS

	30 June 2021 €'000	31 December 2020 €'000
Issued Structured Notes	7,661,380	6,832,657
Debt and other borrowings (designated at FVPL)	7,661,380	6,832,657

Refer to note 8 for details of issued Structured Notes included within debt and other borrowings designated at FVPL.

13. SEGMENT REPORTING

Segment information is presented in respect of the Company's business and geographical segments. The business segments and geographical segments are based on the Company's management and internal reporting structure.

Business segments

Morgan Stanley structures its business segments primarily based upon the nature of the financial products and services provided to customers and Morgan Stanley's internal management structure. The Company's own business segments are consistent with those of Morgan Stanley.

The Company has one reportable business segment, Institutional Securities, which provides financial services to financial institutions. Its business includes the issuance of financial instruments and the hedging of the obligations arising pursuant to such issuances.

Geographical segments

The Company operates in three geographic regions as listed below:

- Europe, Middle East and Africa ("EMEA")
- Americas
- Asia

The following table presents selected condensed statement of comprehensive income and condensed statement of financial position information of the Company's operations by geographic area. The external revenues (net of interest expense) and total assets disclosed in the following table reflect the regional view of the Company's operations, on a managed basis. The basis for attributing external revenues (net of interest expense) and total assets is determined by trading desk location.

13. SEGMENT REPORTING (CONTINUED)

	EMEA		Americas		Asia		Total	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
External revenues net of interest	1,339	1,353	453	619	186	283	1,978	2,255
Profit before income tax	528	808	453	619	186	283	1,167	1,710

	EMEA		Americas		Asia		Total	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Total assets	3,807,574	3,883,590	3,920,087	3,254,311	1,625,772	1,290,261	9,353,433	8,428,162

Of the Company's external revenue, 100% (30 June 2020: 100%) arises from transactions with other Morgan Stanley Group undertakings.

14. FINANCIAL RISK MANAGEMENT

Risk management procedures

The Company's risk management procedures are consistent with those disclosed in the Company's 2020 annual financial statements. This disclosure is limited to quantitative data for each risk category and should be read in conjunction with the risk management procedures detailed in note 20 of the Company's 2020 annual financial statements.

Credit risk

Exposure to credit risk

The maximum exposure to credit risk ("gross credit exposure") of the Company as at 30 June 2021 is the carrying amount of the financial assets held in the statement of financial position. The table below 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. This table does not include receivables arising from pending securities transactions with market counterparties as credit risk is considered insignificant. Where the Company enters into credit enhancements, including receiving cash as collateral and master netting agreements, to manage the credit exposure on these financial instruments, the financial effect of the credit enhancements is also disclosed below. The net credit exposure represents the credit exposure remaining after the effect of the credit enhancements.

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

Collateral and other credit enhancements

The Company has entered into collateral arrangements with other Morgan Stanley Group undertakings to mitigate credit risk. Collateral held is managed in accordance with the Morgan Stanley Group's guidelines and the relevant underlying agreements.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Exposure to credit risk by class

Class	**30 June 2021**			**31 December 2020**		
	Gross credit exposure *(1)*	**Credit enhancements**	**Net credit exposure** *(2)*	**Gross credit exposure** *(1)*	**Credit enhancements**	**Net credit exposure** *(2)*
€'000						
Subject to ECL:						
Cash and short-term deposits	2,096	-	2,096	7,050	-	7,050
Trade and other receivables[(3)]	1,468,624	-	1,468,624	1,290,760	-	1,290,760
Not subject to ECL:						
Trading financial assets[(3)]	446,640	(379,927)	66,713	350,624	(281,714)	68,910
Loans and advances	7,413,387	-	7,413,387	6,763,892	-	6,763,892
Trade and other receivables[(3)]:						
Prepaid equity securities contracts	22,565	(22,565)	-	15,836	(15,836)	-
	9,353,312	(402,492)	8,950,820	8,428,162	(297,550)	8,130,612

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

(2) Of the residual net credit exposure, intercompany cross product netting arrangements are in place which would allow for an additional €nil (2020: €nil) to be offset in the event of default by certain Morgan Stanley counterparties.

(3) At 30 June 2021, net cash collateral pledged of €5,297,000 was recognised in trade and other receivables in the condensed statement of financial position against derivatives classified as trading financial assets/liabilities and prepaid equity securities contract. At 31 December 2020, trade and other receivables included net cash collateral pledged of €6,217,000. Cash collateral is determined and settled on a net basis.

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: internal grades AAA - BBB
Non-investment grade: internal grades BB - CCC
Default: internal grades D

The tables below shows gross carrying amount 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.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (continued)

Exposure to credit risk by internal rating grades (continued)

At 30 June 2021	AA	A	BBB	Total Investment Grade / Gross Carrying Amount	Loss Allowance	Carrying Amount
€'000						
Subject to ECL:						
Cash and short term deposits	701	1,054	341	2,096	-	2,096
Trade and other receivables(1)	-	1,466,823	1,809	1,468,632	(8)	1,468,624
Total subject to ECL	701	1,467,877	2,150	1,470,728	(8)	1,470,720
Not subject to ECL:						
Trading financial assets - derivatives	-	329,771	116,869	446,640	-	446,640
Loans and advances	-	7,413,387	-	7,413,387	-	7,413,387
Trade and other receivables:						
Prepaid equity securities contracts	-	22,565	-	22,565	-	22,565
Total not subject to ECL	-	7,765,723	116,869	7,882,592	-	7,882,592
At 31 December 2020						
€'000						
Subject to ECL:						
Cash and short term deposits	151	6,899	-	7,050	-	7,050
Trade and other receivables(1)	-	1,159,893	131,491	1,291,384	(624)	1,290,760
Total subject to ECL	151	1,166,792	131,491	1,298,434	(624)	1,297,810
Not subject to ECL:						
Trading financial assets - derivatives	-	265,388	85,236	350,624	-	350,624
Loans and advances	-	-	6,763,892	6,763,892	-	6,763,892
Trade and other receivables:						
Prepaid equity securities contracts	-	15,836	-	15,836	-	15,836
Total not subject to ECL	-	281,224	6,849,128	7,130,352	-	7,130,352

(1) The Company has no financial assets at stage 3. At 30 June 2021 there were no financial assets past due but not impaired or individually impaired (31 December 2020: nil).

Liquidity risk

Maturity analysis

In the following maturity analysis of financial assets and financial liabilities, derivative contracts and other financial instruments held at FVPL are disclosed according to their earliest contractual maturity; all such amounts are presented at their fair value, consistent with how these financial instruments are managed. All other amounts represent undiscounted cash flows receivable and payable by the Company arising from its financial assets and financial liabilities to earliest contractual maturities as at 30 June 2021 and 31 December 2020. Receipts of financial assets and repayments of financial liabilities that are subject to immediate notice are treated as if notice were given immediately and are classified as on demand. This presentation is considered by the Company to appropriately reflect the liquidity risk arising from these financial assets and financial liabilities, presented in a way that is consistent with how the liquidity risk on these financial assets and financial liabilities is managed by the Company.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity analysis (continued)

30 June 2021 €'000	On demand	Less than 1 year	1 year - 2 years	2 years - 5 years	Greater than 5 years	Total
Financial assets						
Cash and short term deposits	2,096	-	-	-	-	2,096
Trading financial assets:						
Derivatives	51,315	112,138	67,904	142,758	72,525	446,640
Loans and advances:						
Loans	231,141	2,845,270	1,037,537	2,084,092	1,215,347	7,413,387
Trade and other receivables:						
Trade receivables	5,877	-	-	-	-	5,877
Other receivables	1,462,747	-	-	-	-	1,462,747
Prepaid equity securities contracts	22,565	-	-	-	-	22,565
Total financial assets	1,775,741	2,957,408	1,105,441	2,226,850	1,287,872	9,353,312
Financial liabilities						
Trading financial liabilities:						
Derivatives	21,454	102,053	30,669	36,519	23,573	214,268
Convertible preferred equity certificates	1,125,281	-	-	-	-	1,125,281
Trade and other payables:						
Trade payables	289,220	-	-	-	-	289,220
Other payables	32,947	-	-	-	-	32,947
Debt and other borrowings:						
Issued Structured Notes	276,623	2,855,355	1,074,772	2,190,331	1,264,299	7,661,380
Total financial liabilities	1,745,525	2,957,408	1,105,441	2,226,850	1,287,872	9,323,096

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturity analysis (continued)

31 December 2020 €'000	On demand	Less than 1 year	1 year - 2 years	2 years - 5 five years	Greater than 5 years	Total
Financial assets						
Cash and short term deposits	7,050	-	-	-	-	7,050
Trading financial assets:						
Derivatives	17,701	109,313	27,584	127,361	68,665	350,624
Loans and advances:						
Loans	171,826	2,139,203	861,619	2,017,239	1,574,005	6,763,892
Trade and other receivables:						
Trade receivables	33,452	-	-	-	-	33,452
Other receivables	1,257,308	-	-	-	-	1,257,308
Prepaid equity securities contracts	15,836	-	-	-	-	15,836
Total financial assets	1,503,173	2,248,516	889,203	2,144,600	1,642,670	8,428,162
Financial liabilities						
Trading financial liabilities:						
Derivatives	22,794	116,655	54,763	75,746	47,275	317,233
Convertible preferred equity certificates	1,125,281	-	-	-	-	1,125,281
Trade payables and other payables:						
Trade receivables	116,440	-	-	-	-	116,440
Other receivables	6,576	-	-	-	-	6,576
Debt and other borrowings:						
Issued Structured Notes	202,107	2,131,861	834,440	2,068,854	1,595,395	6,832,657
Total financial liabilities	1,473,198	2,248,516	889,203	2,144,600	1,642,670	8,398,187

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

Market risk

Equity price sensitivity analysis

The sensitivity analysis below is determined based on the exposure to equity price risk at 30 June 2021 and 31 December 2020 respectively.

The market risk related to such equity price risk is measured by estimating the potential reduction in total comprehensive income associated with a 10% decline in the underlying equity price as shown in the table below.

	Impact on total comprehensive income gains / (losses)	
	30 June 2021 €'000	**31 December 2020 €'000**
Trading financial instruments	(763,882)	(681,682)
Trade and other receivables – at FVPL	(2,256)	(1,584)
Debt and other borrowings	766,138	683,266
	-	-

The Company's equity risk price risk is mainly concentrated on equity securities in EMEA and Americas.

The Company enters into the majority of its financial asset transactions with other Morgan Stanley Group undertakings, where both the Company and the other Morgan Stanley Group undertakings are wholly-owned subsidiaries of the same group parent entity, Morgan Stanley.

The issued Structured Notes expose the Company to the risk of changes in market prices of the underlying securities, interest rate risk and, where denominated in currencies other than Euros, the risk of changes in rates of exchange between the Euro and the other relevant currencies. The Company uses the contracts that it purchases from other Morgan Stanley Group undertakings to hedge the market price, interest rate and foreign currency risks associated with the issuance of the Structured Notes, consistent with the Company's risk management strategy. As such, the Company is not exposed to any net market risk on these financial instruments.

The net foreign exchange losses and gains recognised in 'Other expense' have arisen as a result of exposure to hedging on assets and liabilities recognised for Morgan Stanley Group purposes, under the Morgan Stanley Group's local reporting requirements.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

In the following table:

- 'Gross amounts' include transactions which are not subject to master netting agreements or collateral agreements or are subject to such agreements but the Company has not determined the agreements to be legally enforceable.
- 'Amounts not offset in the condensed statement of financial position' are transactions where master netting arrangements and collateral arrangements have been determined by the Company to be legally enforceable, but do not meet all criteria required for net presentation.

15. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING (CONTINUED)

30 June 2021	Gross and net amounts presented in the condensed statement of financial position (1)	Amounts not offset in the condensed statement of financial position (2) (4)		Net exposure
		Financial instruments	Cash collateral (3)	
€'000				
Assets				
Trading financial assets:				
Derivatives	446,640	-	(379,927)	66,713
Trade and other receivables:				
Prepaid equity securities contracts	22,565	-	(22,565)	-
TOTAL ASSETS	469,205	-	(402,492)	66,713
Liabilities				
Trading financial liabilities:				
Derivatives	214,268	-	(158,703)	55,565
Debt and other borrowings:				
Issued Structured Notes	7,661,380	-	-	7,661,380
TOTAL LIABILITIES	7,875,648	-	(158,703)	7,716,945
31 December 2020				
€'000				
Assets				
Trading financial assets:				
Derivatives	350,624	-	(281,714)	68,910
Trade and other receivables:				
Prepaid equity securities contracts	15,836	-	(15,836)	-
TOTAL ASSETS	366,460	-	(297,550)	68,910
Liabilities				
Trading financial liabilities:				
Derivatives	317,233	-	(241,139)	76,094
Debt and other borrowings:				
Issued Structured Notes	6,832,657	-	-	6,832,657
TOTAL LIABILITIES	7,149,890	-	(241,139)	6,908,751

(1) Amounts include €66,713,000 (31 December 2020: €68,910,000) of trading financial assets – derivatives, €55,565,000 (31 December 2020: €75,797,000) of trading financial liabilities – derivatives and €7,599,691,000 (31 December 2020: €6,720,483,000) of debt and other borrowings – issued Structured Notes which are either not subject to master netting agreements or collateral agreements or are subject to such agreements but the Company has not determined the agreements to be legally enforceable.

(2) Amounts relate to master netting arrangements and collateral arrangements which have been determined by the Company to be legally enforceable, but do not meet all criteria required for net presentation within the condensed statement of financial position.

(3) Cash collateral used to mitigate credit risk on exposures arising under derivatives contracts and prepaid equity securities contracts is determined and settled on a net basis and has been recognised in the condensed statement of financial position within 'Trade and other receivables' and 'Trade and other payables' in 2021 (2020 – 'Trade and other receivables' and 'Trade and other payables').

(4) In addition to the balances disclosed in the table above, certain 'Trade and other receivables' and 'Trade and other payables' of €29,316,000 (31 December 2020: €27,285,000) not presented net within the condensed statement of financial position have legally enforceable master netting agreements in place and can be offset in the ordinary course of business and/or in the event of default.

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

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

The following tables present the carrying value of the Company's financial assets and financial liabilities recognised at fair value on a recurring basis, classified according to the fair value hierarchy. The information below is limited to quantitative information and should be read in conjunction with note 22 of the Company's 2020 annual financial statements.

30 June 2021	**Quoted prices in active market (Level 1) €'000**	**Valuation techniques using observable inputs (Level 2) €'000**	**Valuation techniques with significant unobservable inputs (Level 3) €'000**	**Total €'000**
Trading financial assets:				
Derivatives				
Interest rate contracts	-	19,235	15,269	34,504
Equity contracts	-	383,929	28,169	412,098
Commodity contracts	-	38	-	38
Total trading financial assets	-	403,202	43,438	446,640
Trade and other receivables:				
Prepaid equity securities contracts	-	22,565	-	22,565
Loans and advances:				
Loans	-	7,413,387	-	7,413,387
Total financial assets measured at fair value	-	7,839,154	43,438	7,882,592
Trading financial liabilities:				
Derivatives				
Interest rate contracts	-	3,968	10,666	14,634
Equity contracts	-	176,555	23,024	199,579
Foreign exchange contracts	-	55	-	55
Total trading financial liabilities	-	180,578	33,690	214,268
Debt and other borrowings:				
Certificates and warrants	-	304,140	-	304,140
Notes	-	7,227,319	129,921	7,357,240
Total debt and other borrowings	-	7,531,459	129,921	7,661,380
Total financial liabilities measured at fair value	-	7,712,037	163,611	7,875,648

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

31 December 2020	Quoted prices in active market (Level 1) €'000	Valuation techniques using observable inputs (Level 2) €'000	Valuation techniques with significant unobservable inputs (Level 3) €'000	Total €'000
Trading financial assets:				
Derivatives				
Interest rate contracts	-	16,282	16,512	32,794
Equity contracts	-	277,381	39,998	317,379
Foreign exchange contracts	-	319	-	319
Commodity contracts	-	132	-	132
	-	294,114	56,510	350,624
Trade and other receivables:				
Prepaid equity securities contracts	-	15,836	-	15,836
Loans and advances:				
Loans	-	6,763,892	-	6,763,892
Total financial assets measured at fair value	-	7,073,842	56,510	7,130,352
Trading financial liabilities:				
Derivatives				
Interest rate contracts	-	7,302	21,052	28,354
Equity contracts	-	212,075	76,792	288,867
Foreign exchange contracts	-	10	-	10
Commodity contracts	-	2	-	2
	-	219,389	97,844	317,233
Debt and other borrowings:				
Certificates and warrants	-	215,580	8,728	224,308
Notes	-	6,203,699	404,650	6,608,349
Total debt and other borrowings	-	6,419,279	413,378	6,832,657
Total financial liabilities measured at fair value	-	6,638,668	511,222	7,149,890

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

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

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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 Company's Level 3 financial assets and financial liabilities for the period ended 30 June 2021 and year ended 31 December 2020. Level 3 instruments may be hedged with instruments classified in Level 2. As a result, 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 Company within the Level 2 category.

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

30 June 2021

€'000	Balance at 1 January 2021	Total gains or (losses) recognised in condensed statement of comprehensive income (1)	Purchases	Issuances	Settlements	Net transfers in and/ or out of Level 3(2)	Balance at 30 June 2021	Unrealised gains or (losses) for Level 3 assets /(liabilities) outstanding as at 30 June 2021(3)
Trading financial liabilities:								
Net derivative contracts (4)	(41,334)	29,537	3,654	16,793	(23,929)	25,027	9,748	5,650
Debt and other borrowings:								
Issued Structured Notes	(413,378)	(15,789)	-	(30,182)	97,292	232,136	(129,921)	(15,803)
Total financial liabilities measured at fair value	(454,712)	13,748	3,654	(13,389)	73,363	257,163	(120,173)	(10,153)

(1) The total gains or (losses) are recognised in the condensed statement of comprehensive income as detailed in the financial instruments accounting policy in the Company's 2020 annual financial statements.

(2) For financial assets and financial liabilities that were transferred into and out of Level 3 during the period, 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 period.

(3) Amounts represent unrealised gains or (losses) for the period ended 30 June 2021 related to assets and liabilities still outstanding at 30 June 2021. The unrealised gains or (losses) are recognised in the condensed statement of comprehensive income as detailed in the financial instruments accounting policy in the Company's 2020 annual financial statements.

(4) Net derivative contracts represent trading financial assets – derivative contracts net of trading financial liabilities – derivative contracts.

During the period, the Company reclassified approximately €1,626,000 of net derivative contracts (31 December 2020: €nil) and €20,829,000 of issued Structured Notes (31 December 2020: €179,321,000) from Level 2 to Level 3. The reclassifications were due to a reduction in the volume of recently executed transactions or a lack of available broker quotes for these instruments, such that certain significant inputs became unobservable.

During the period, the Company reclassified approximately €26,653,000 of net derivative contracts (31 December 2020: €3,953,000) and €252,965,000 of issued Structured Notes (31 December 2020: €151,798,000) from Level 3 to Level 2. The reclassifications were due to the availability of market data for these or comparable instruments, or available broker quotes, or consensus data such that certain significant inputs become observable. There were no other material transfers from Level 3 to Level 2 of the fair value hierarchy (31 December 2020: nil).

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

c. Changes in Level 3 financial assets and liabilities recognised at fair value on a recurring basis (continued)

31 December 2020

	Balance at 1 January 2020 €'000	Total gains or (losses) recognised in statement of comprehensive income (1) €'000	Purchases €'000	Issuances €'000	Settlements €'000	Net transfers in and/ or out of Level 3(2) €'000	Balance at 31 December 2020 €'000	Unrealised gains or (losses) for Level 3 assets /(liabilities) outstanding as at 31 December 2020(3) €'000
Trading financial liabilities:								
Net derivative contracts (4)	(6,408)	(30,845)	13,397	(3,574)	(17,857)	3,953	(41,334)	(23,302)
Debt and other borrowings:								
Issued Structured Notes	(404,109)	31,060	-	(74,526)	61,720	(27,523)	(413,378)	30,787
Total financial liabilities measured at fair value	**(404,517)**	**215**	**13,397**	**(78,100)**	**43,863**	**(23,570)**	**(454,712)**	**7,485**

(1) The total gains or (losses) are recognised in the 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 period, 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 period.

(3) Amounts represent unrealised gains or (losses) for the period ended 31 December related to assets and liabilities still outstanding at 31 December. The unrealised gains or (losses) are recognised in the 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.

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

   The following table provides information on the valuation techniques, significant unobservable inputs and their ranges and averages for each major 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. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm'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. A single amount is disclosed when there is no significant difference between the minimum, maximum and average (weighted average or similar average / median).

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

d. Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis (continued)

30 June 2021	Fair value €'000	Predominant valuation techniques/ Significant unobservable inputs	Range [(2)] (Averages)[(3)]
LIABILITIES			
- Net derivative contracts: [(1)]			
- Interest rate	4,604	Option model	
		Interest rate - Foreign exchange correlation	56% to 59% (mean 56%, mediun 56%)
		Interest rate - Interest rate curve correlation	46% to 97% (mean 77%, mediun 79%)
- Equity	5,145	Option model	
		At the money volatility	17% to 59% (29%)
		Volatility skew	-1% to 0% (0%)
		Equity – Equity correlation	41% to 95% (75%)
		Equity – Foreign exchange correlation	-72% to 37% (-24%)
Debt and other borrowings:			
- Issued Structured Notes	(129,921)	Option model	
		At the money volatility	17% to 61% (29%)
		Volatility skew	-1% to 0% (-1%)
		Equity – Equity correlation	40% to 87% (76%)
		Equity – Foreign exchange correlation	-45% to 37% (-29%)
		Interest rate - Foreign exchange correlation	53% to 57% (mean 55%, mediun 55%)
		Interest rate - Interest rate correlation	63% to 83% (mean 74%, mediun 77%)

(1) Net derivative contracts represent trading financial assets – derivative contracts net of trading financial liabilities – derivative contracts.

(2) The ranges of significant unobservable inputs are represented in percentages.

(3) Amounts represent weighted averages except where simple averages and the median of the inputs are provided when more relevant.

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

d. Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis (continued)

31 December 2020	Fair value €'000	Predominant valuation techniques/ Significant unobservable inputs	Range [(2)] (Averages)[(3)]
LIABILITIES			
- Net derivative contracts: [(1)]			
- Interest rate	(4,540)	Option model	
		Interest rate - Foreign exchange correlation	55% to 59% (mean 56%, median 56%)
		Interest rate - Interest rate curve correlation	46% to 97% (mean 75%, median 75%)
- Equity	(36,794)	Option model	
		At the money volatility	9% to 67% (26%)
		Volatility skew	-2% to 0% (-1%)
		Equity – Equity correlation	37% to 95% (71%)
		Equity – Foreign exchange correlation	-72% to 10% (-29%)
Debt and other borrowings:			
- Issued Structured Notes	(413,378)	Option model	
		At the money volatility	14% to 67% (25%)
		Volatility skew	-2% to 0% (-1%)
		Equity – Equity correlation	37% to 93% (64%)
		Equity – Foreign exchange correlation	-72% to 10% (-32%)

(1) Net derivative contracts represent trading financial liabilities – derivative contracts net of trading financial assets – derivative contracts.

(2) The ranges of significant unobservable inputs are represented in percentages.

(3) Amounts represent weighted averages except where simple averages and the median of the inputs are provided when more relevant.

A description of significant unobservable inputs included in the tables above for all major categories of assets and liabilities is included within note 22 of the Company's 2020 annual financial statements.

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

The following table presents the potential impact of both favourable and unfavourable changes, both of which would be reflected in condensed statement of comprehensive income.

	30 June 2021		31 December 2020[(2)]	
	Favourable changes	**Unfavourable changes**	**Favourable changes**	**Unfavourable changes**
	€'000	**€'000**	**€'000**	**€'000**
Trading financial liabilities:				
Net derivatives contracts[(1)]	4,138	(3,782)	941	(3,523)
Debt and other borrowings:				
Issued Structured Notes	1,266	(5,032)	4,052	(2,182)
	5,404	(8,814)	4,993	(5,705)

(1) Net derivative contracts represent trading financial assets – derivative contracts net of trading financial liabilities – derivative contracts. The reasonably possible alternative assumptions are applied to derivative assets and derivative liabilities separately when assessing potential variability of the fair value measurement.

(2) The difference between the total favourable and total unfavourable changes is primarily a result of net derivative contracts classified as Level 3 in the fair value hierarchy hedging issued Structured Notes which can be classified as either Level 2 or Level 3 in the fair value hierarchy.

16. ASSETS AND LIABILITIES MEASURED AT FAIR VALUE (CONTINUED)

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

Non-recurring fair value measurements of assets and liabilities are those which are required or permitted in the condensed statement of financial position in particular circumstances. There were no assets or liabilities measured at fair value on a non-recurring basis during the current period or prior year.

17. 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 due to the short term nature of these assets and liabilities.

Regarding the CPECs, their carrying value including the accrued yield in ‘Trade and other payables’, as detailed in note 9, is considered in aggregate as an approximation of their fair value.

18. EVENTS AFTER THE REPORTING DATE

There have been no significant events since the reporting date

REVIEW REPORT TO THE SHAREHOLDERS OF MORGAN STANLEY B.V.

INDEPENDENT AUDITOR'S REVIEW REPORT

To: Shareholder of Morgan Stanley B.V.

Our conclusion

We have reviewed the interim financial information for the half year ended 30 June 2021 of Morgan Stanley B.V, based in Amsterdam.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information for the period from 1 January 2021 to 30 June 2021 of Morgan Stanley is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

The interim financial information comprises:

- the condensed balance sheet as at 30 June 2021;
- the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half year ended 30 June 2021; and
- the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of Morgan Stanley B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of management for the interim financial information

Management is responsible for the preparation and presentation of the interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the interim financial information that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

REVIEW REPORT TO THE SHAREHOLDERS OF MORGAN STANLEY B.V.

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion.
- Making inquiries of management and others within the entity.
- Applying analytical procedures with respect to information included in the interim financial information.
- Obtaining assurance evidence that the interim financial information agrees with or reconciles to the entity's underlying accounting records.
- Evaluating the assurance evidence obtained.
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle.
- Considering whether management has identified all events that may require adjustment to or disclosure in the interim financial information.
- Considering whether the interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amsterdam, September 23, 2021

Deloitte Accountants B.V.

Initials for identification purposes: