

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant To Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): April 14, 2022

Morgan Stanley
(Exact Name of Registrant
as Specified in Charter)

Delaware
(State or Other Jurisdiction of
Incorporation)

1-11758
(Commission File Number)

36-3145972
(IRS Employer Identification No.)

1585 Broadway, New York, New York
(Address of Principal Executive Offices)

10036
(Zip Code)

Registrant's telephone number, including area code: (212) 761-4000

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	MS	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, \$0.01 par value	MS/PA	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, \$0.01 par value	MS/PE	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, \$0.01 par value	MS/PF	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, \$0.01 par value	MS/PI	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, \$0.01 par value	MS/PK	New York Stock Exchange

Depository Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, \$0.01 par value	MS/PL	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series O, \$0.01 par value	MS/PO	New York Stock Exchange
Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/26C	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On April 14, 2022, Morgan Stanley (the "Company") released financial information with respect to its quarter ended March 31, 2022. A copy of the press release containing this information is annexed as Exhibit 99.1 to this Report and by this reference incorporated herein and made a part hereof. In addition, a copy of the Company's Financial Data Supplement for its quarter ended March 31, 2022 is annexed as Exhibit 99.2 to this Report and by this reference incorporated herein and made a part hereof.

The information furnished under Item 2.02 of this Report, including Exhibit 99.1 and Exhibit 99.2, shall be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit

Number Description

99.1	Press release of the Company, dated April 14, 2022, containing financial information for the quarter ended March 31, 2022.
99.2	Financial Data Supplement of the Company for the quarter ended March 31, 2022
101	Interactive Data Files pursuant to Rule 406 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL").
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Date: April 14, 2022

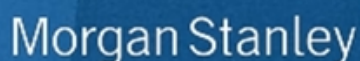
MORGAN STANLEY
(Registrant)

By: /s/ Raja Akram

Name: Raja Akram

Title: Deputy Chief Financial Officer

End of Document



Morgan Stanley First Quarter 2022 Earnings Results

Morgan Stanley Reports Net Revenues of \$14.8 Billion, EPS of \$2.02 and ROTCE of 19.8%

NEW YORK, April 14, 2022 – Morgan Stanley (NYSE: MS) today reported net revenues of \$14.8 billion for the first quarter ended March 31, 2022 compared with \$15.7 billion a year ago. Net income applicable to Morgan Stanley was \$3.7 billion, or \$2.02 per diluted share,¹ compared with net income of \$4.1 billion, or \$2.19 per diluted share,¹ for the same period a year ago.

James P. Gorman, Chairman and Chief Executive Officer, said, “The Firm delivered a strong ROTCE of 20% in the face of market volatility and economic uncertainty, demonstrating the resilience of our global diversified business. Institutional Securities navigated volatility on behalf of clients extraordinarily well, Wealth Management’s margin proved resilient and the business added \$142 billion net new assets in the quarter, and Investment Management benefited from its diversification. The quarter’s results affirm our sustainable business model is well positioned to drive growth over the long term.”

Financial Summary^{2,3}

Firm (\$ millions, except per share data)	1Q 2022	1Q 2021
Net revenues	\$14,801	\$15,719
Provision for credit losses	\$ 57	\$ (98)
Compensation expense	\$ 6,274	\$ 6,798
Non-compensation expenses	\$ 3,882	\$ 3,675
Pre-tax income ¹⁰	\$ 4,588	\$ 5,344
Net income app. to MS	\$ 3,666	\$ 4,120
Expense efficiency ratio ⁷	69%	67%
Earnings per diluted share	\$ 2.02	\$ 2.19
Book value per share	\$ 54.18	\$ 52.71
Tangible book value per share	\$ 39.91	\$ 38.97
Return on equity	14.7%	16.9%
Return on tangible equity ⁶	19.8%	21.1%
Institutional Securities		
Net revenues	\$ 7,657	\$ 8,577
Investment Banking	\$ 1,634	\$ 2,613
Equity	\$ 3,174	\$ 2,875
Fixed Income	\$ 2,923	\$ 2,966
Wealth Management		
Net revenues	\$ 5,935	\$ 5,959
Fee-based client assets (\$ billions) ¹¹	\$ 1,873	\$ 1,574
Fee-based asset flows (\$ billions) ¹²	\$ 97.2	\$ 37.2
Net new assets (\$ billions) ⁹	\$ 142.0	\$ 104.9
Loans (\$ billions)	\$ 136.7	\$ 104.9
Investment Management		
Net revenues	\$ 1,335	\$ 1,314
AUM (\$ billions) ¹³	\$ 1,447	\$ 1,419
Long-term net flows (\$ billions) ¹⁴	\$ (14.4)	\$ 16.3

Highlights

- The Firm delivered its second highest quarterly net revenues⁸ of \$14.8 billion on continued strong performance and contributions across our businesses.
- The Firm delivered ROTCE of 19.8%^{5,6} in a volatile and uncertain market environment.
- The Firm maintained expense discipline and delivered an efficiency ratio of 69%^{6,7} while continuing to invest in our businesses.
- Common Equity Tier 1 capital standardized ratio was 14.5%.
- Institutional Securities net revenues of \$7.7 billion reflect strong performance in Equity and Fixed Income on continued strong client engagement in volatile markets and in Advisory on higher completed M&A transactions.
- Wealth Management delivered a pre-tax margin of 26.5% or 27.8% excluding integration-related expenses.^{6,8} Results reflect higher asset management fees and continued growth in bank lending. The business added net new assets of \$142 billion, including an asset acquisition.⁹
- Investment Management results reflect incremental fee-based asset management revenues and higher average AUM as a result of the acquisition of Eaton Vance.

Institutional Securities

Institutional Securities reported net revenues for the current quarter of \$7.7 billion compared with \$8.6 billion a year ago. Pre-tax income was \$2.8 billion compared with \$3.4 billion a year ago.¹⁰

Investment Banking revenues down 37% from a year ago:

- Advisory revenues nearly doubled from a year ago driven by higher levels of completed M&A transactions.
- Equity underwriting revenues significantly decreased from a year ago on lower issuances in line with market volumes in an uncertain market environment.
- Fixed income underwriting revenues decreased from a year ago as macroeconomic conditions contributed to lower bond issuances.

Equity net revenues up 10% from a year ago:

- Equity net revenues increased from a year ago reflecting strong performance across businesses and geographies, particularly in EMEA, as a result of continued client engagement and the absence of a single client credit event a year ago.

Fixed Income net revenues essentially unchanged from a year ago:

- Fixed Income net revenues were in line with a strong quarter a year ago reflecting higher revenues in commodities and foreign exchange which benefitted from elevated levels of client activity and market volatility in the current quarter, offset by lower revenues in credit products.

Other:

- Other revenues decreased from a year ago driven by mark-to-market losses on investments associated with certain employee deferred compensation plans and corporate loans held for sale, net of related hedges.

Provision for credit losses:

- Provision for credit losses increased from a year ago due to portfolio growth and the prior year quarter reflecting a release in the allowance for credit losses.

Total Expenses:

- Compensation expense decreased from a year ago primarily driven by reduced discretionary compensation on lower revenues and a decline related to certain deferred compensation plans linked to investment performance.

(\$ millions)	1Q 2022	1Q 2021
Net Revenues	\$ 7,657	\$ 8,577
Investment Banking	\$ 1,634	\$ 2,613
Advisory	\$ 944	\$ 480
Equity underwriting	\$ 258	\$ 1,502
Fixed income underwriting	\$ 432	\$ 631
Equity	\$ 3,174	\$ 2,875
Fixed Income	\$ 2,923	\$ 2,966
Other	\$ (74)	\$ 123
Provision for credit losses	\$ 44	\$ (93)
Total Expenses	\$ 4,826	\$ 5,299
Compensation	\$ 2,604	\$ 3,114
Non-compensation	\$ 2,222	\$ 2,185

Wealth Management

Wealth Management reported net revenues of \$5.9 billion and pre-tax income of \$1.6 billion¹⁰ in the current quarter, in line with a year ago, resulting in a reported pre-tax margin of 26.5% or 27.8% excluding the impact of integration-related expenses.^{6,8}

Net revenues essentially unchanged from a year ago:

- Asset management revenues increased 14% reflecting higher asset levels driven by positive fee-based flows and market appreciation from a year ago.
- Transactional revenues¹⁵ decreased 20% excluding the impact of mark-to-market losses on investments associated with certain employee deferred compensation plans. Results reflect a decrease in client activity from significantly elevated levels a year ago.
- Net interest income increased from a year ago on continued bank lending growth.

(\$ millions)	1Q 2022	1Q 2021
Net Revenues	\$ 5,935	\$ 5,959
Asset management	\$ 3,626	\$ 3,191
Transactional ¹⁵	\$ 635	\$ 1,228
Net interest income	\$ 1,540	\$ 1,385
Other	\$ 134	\$ 155
Provision for credit losses	\$ 13	\$ (5)
Total Expenses	\$ 4,349	\$ 4,364
Compensation	\$ 3,125	\$ 3,170
Non-compensation	\$ 1,224	\$ 1,194

Total Expenses:

- Compensation expense decreased driven by a decline related to certain deferred compensation plans linked to investment performance, partially offset by higher compensable revenues.
- Non-compensation expenses increased from a year ago primarily driven by higher professional services expenses and investments in technology, partially offset by lower brokerage and clearing costs.

Investment Management

Investment Management reported net revenues of \$1.3 billion and pre-tax income was \$228 million compared with \$370 million a year ago.¹⁰ The comparisons of current year results to prior periods were impacted by the acquisition of Eaton Vance completed on March 1, 2021.

Net revenues essentially unchanged from a year ago:

- Asset management and related fees increased from a year ago driven by incremental revenues as a result of the timing of the Eaton Vance acquisition. AUM were impacted by market volatility and outflows in the current period.
- Performance-based income and other revenues decreased from a year ago reflecting lower revenues from carried interest and mark downs on investments due to a decline in global asset prices and mark-to-market losses on investments associated with certain employee deferred compensation plans.

(\$ millions)	1Q 2022	1Q 2021
Net Revenues	\$ 1,335	\$ 1,314
Asset management and related fees	\$ 1,388	\$ 1,103
Performance-based income and other	\$ (53)	\$ 211
Total Expenses	\$ 1,107	\$ 944
Compensation	\$ 545	\$ 514
Non-compensation	\$ 562	\$ 430

Total Expenses:

- Compensation expense increased from a year ago primarily driven by the Eaton Vance acquisition, partially offset by a decline related to certain deferred compensation plans linked to investment performance and lower compensation associated with carried interest.
- Non-compensation expenses increased from a year ago primarily driven by incremental expenses as a result of the Eaton Vance acquisition.⁶

Other Matters

- The Firm repurchased \$2.9 billion of its outstanding common stock during the quarter as part of its Share Repurchase Program.
- The Board of Directors declared a \$0.70 quarterly dividend per share, payable on May 13, 2022 to common shareholders of record on April 29, 2022.
- Common Equity Tier 1 capital standardized ratio was 14.5%, down from a year ago, largely reflecting higher RWAs, the change in Other comprehensive income (loss) and the Firm's capital actions.
- The effective tax rate for the quarter was 19.0%;²⁰ which reflected a higher benefit associated with employee share-based payments from a year ago.

	<u>1Q</u> <u>2022</u>	<u>1Q</u> <u>2021</u>
Capital¹⁶		
Standardized Approach		
CET1 capital ¹⁷	14.5%	16.7%
Tier 1 capital ¹⁷	16.0%	18.5%
Advanced Approach		
CET1 capital ¹⁷	15.9%	17.4%
Tier 1 capital ¹⁷	17.6%	19.2%
Leverage-based capital		
Tier 1 leverage ¹⁸	6.8%	7.5%
SLR ¹⁹	5.5%	6.7%
Common Stock Repurchases		
Repurchases (\$ millions)	\$ 2,872	\$ 2,135
Number of Shares (millions)	30	28
Average Price	\$ 95.20	\$ 77.47
Period End Shares (millions)	1,756	1,869
Tax Rate²⁰	19.0%	22.0%

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, wealth management and investment management services. With offices in 41 countries, the Firm's employees serve clients worldwide including corporations, governments, institutions and individuals. For further information about Morgan Stanley, please visit www.morganstanley.com.

A financial summary follows. Financial, statistical and business-related information, as well as information regarding business and segment trends, is included in the financial supplement. Both the earnings release and the financial supplement are available online in the Investor Relations section at www.morganstanley.com.

NOTICE:

The information provided herein and in the financial supplement, including information provided on the Firm's earnings conference calls, may include certain non-GAAP financial measures. The definition of such measures or reconciliation of such measures to the comparable U.S. GAAP figures are included in this earnings release and the financial supplement, both of which are available on www.morganstanley.com.

This earnings release may contain forward-looking statements, including the attainment of certain financial and other targets, objectives and goals. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management's current estimates, projections, expectations, assumptions, interpretations or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of risks and uncertainties that may affect the future results of the Firm, please see "Forward-Looking Statements" preceding Part I, Item 1, "Competition" and "Supervision and Regulation" in Part I, Item 1, "Risk Factors" in Part I, Item 1A, "Legal Proceedings" in Part I, Item 3, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 and "Quantitative and Qualitative Disclosures about Risk" in Part II, Item 7A in the Firm's Annual Report on Form 10-K for the year ended December 31, 2021 and other items throughout the Form 10-K, the Firm's Quarterly Reports on Form 10-Q and the Firm's Current Reports on Form 8-K, including any amendments thereto.

¹ Includes preferred dividends related to the calculation of earnings per share of \$124 million and \$138 million for the first quarter of 2022 and 2021, respectively.

² The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). From time to time, Morgan Stanley may disclose certain “non-GAAP financial measures” in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a “non-GAAP financial measure” as a numerical measure of historical or future financial performance, financial position, or cash flows that is subject to adjustments that effectively exclude, or include amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by Morgan Stanley are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing our financial condition, operating results, or capital adequacy. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable U.S. GAAP financial measure.

³ Our earnings releases, earnings conference calls, financial presentations and other communications may also include certain metrics which we believe to be useful to us, analysts, investors, and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

⁴ Firm net revenues represent the second highest record for a reported quarterly period after excluding the impact of debt valuation adjustments (DVA), which was previously reflected in net revenues in prior periods, and reflecting the current reporting structure of the Firm. Net revenues, excluding the impact of DVA, was a non-GAAP financial measure in those prior periods that was reconciled to the comparable GAAP financial measure in the respective quarterly reports filed on Form 10-Q.

⁵ Return on average tangible common equity is a non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance and capital adequacy. The calculation of return on average tangible common equity represents full year or annualized net income applicable to Morgan Stanley less preferred dividends as a percentage of average tangible common equity. Tangible common equity, also a non-GAAP financial measure, represents common equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction.

⁶ The Firm’s and business segment’s first quarter results for 2022 and 2021 include integration-related expenses as a result of the E*TRADE and Eaton Vance acquisitions reported in the Wealth Management segment and Investment Management segment, respectively. The amounts are presented as follows (in millions):

	<u>1Q 2022</u>	<u>1Q 2021</u>
<u>Firm</u>		
Compensation	\$ 10	\$ 33
Non-compensation	97	42
Total non-interest expenses	\$ 107	\$ 75
Total non-interest expenses (after-tax)	\$ 82	\$ 58
<u>Wealth Management</u>		
Compensation	\$ 1	\$ 30
Non-compensation	74	34
Total non-interest expenses	\$ 75	\$ 64
Total non-interest expenses (after-tax)	\$ 57	\$ 49
<u>Investment Management</u>		
Compensation	\$ 9	\$ 3
Non-compensation	23	8
Total non-interest expenses	\$ 32	\$ 11
Total non-interest expenses (after-tax)	\$ 25	\$ 9

⁷ The Firm expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.

⁸ Pre-tax margin represents income before taxes divided by net revenues. Wealth Management pre-tax margin excluding the integration-related expenses represents income before taxes less those expenses divided by net revenues. Wealth Management pre-tax margin excluding integration-related expenses is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance.

⁹ Wealth Management net new assets represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions. The current quarter ended March 31, 2022 includes \$75 billion of fee-based assets acquired in an asset acquisition.

¹⁰ Pre-tax income represents income before taxes.

¹¹ Wealth Management fee-based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.

¹² Wealth Management fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest, and client fees, and exclude institutional cash management related activity.

¹³ AUM is defined as assets under management.

¹⁴ Long-term net flows include the Equity, Fixed Income and Alternative and Solutions asset classes and excludes the Liquidity and Overlay Services asset class.

¹⁵ Transactional revenues include investment banking, trading, and commissions and fee revenues. Transactional revenues excluding the impact of mark-to-market gains/losses on investments associated with certain employee deferred compensation plans is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy.

¹⁶ Capital ratios are estimates as of the press release date, April 14, 2022.

¹⁷ CET1 capital is defined as Common Equity Tier 1 capital. The Firm's risk-based capital ratios are computed under each of the (i) standardized approaches for calculating credit risk and market risk risk - weighted assets (RWAs) (the "Standardized Approach") and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). For information on the calculation of regulatory capital and ratios, and associated regulatory requirements, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's Annual Report on Form 10-K for the year ended December 31, 2021 (2021 Form 10-K).

¹⁸ The Tier 1 leverage ratio is a leverage-based capital requirement that measures the Firm's leverage. Tier 1 leverage ratio utilizes Tier 1 capital as the numerator and average adjusted assets as the denominator.

¹⁹ The Firm's supplementary leverage ratio (SLR) utilizes a Tier 1 capital numerator of approximately \$80.2 billion and \$84.1 billion, and supplementary leverage exposure denominator of approximately \$1.47 trillion and \$1.26 trillion, for the first quarter of 2022 and 2021, respectively. Based on a Federal Reserve interim final rule that was in effect until March 31, 2021, our SLR and supplementary leverage exposure as of March 31, 2021 reflect the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of increasing our SLR by 0.7% as of March 31, 2021.

²⁰ The income tax consequences related to employee share-based payments are recognized in Provision for income taxes in the consolidated income statement, and may be either a benefit or a provision. The impacts of recognizing excess tax benefits upon conversion of awards are \$205 million and \$82 million for the first quarter of 2022 and 2021, respectively.

Consolidated Income Statement Information (unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Revenues:					
Investment banking	\$ 1,758	\$ 2,581	\$ 2,840	(32%)	(38%)
Trading	3,983	2,394	4,225	66%	(6%)
Investments	75	632	318	(88%)	(76%)
Commissions and fees	1,416	1,307	1,626	8%	(13%)
Asset management	5,119	5,395	4,398	(5%)	16%
Other	234	126	284	86%	(18%)
Total non-interest revenues	12,585	12,435	13,691	1%	(8%)
Interest income	2,650	2,411	2,437	10%	9%
Interest expense	434	322	409	35%	6%
Net interest	2,216	2,089	2,028	6%	9%
Net revenues	14,801	14,524	15,719	2%	(6%)
Provision for credit losses	57	5	(98)	*	*
Non-interest expenses:					
Compensation and benefits	6,274	5,487	6,798	14%	(8%)
Non-compensation expenses:					
Brokerage, clearing and exchange fees	882	811	910	9%	(3%)
Information processing and communications	829	833	733	--	13%
Professional services	705	829	624	(15%)	13%
Occupancy and equipment	427	479	405	(11%)	5%
Marketing and business development	175	205	146	(15%)	20%
Other	864	991	857	(13%)	1%
Total non-compensation expenses	3,882	4,148	3,675	(6%)	6%
Total non-interest expenses	10,156	9,635	10,473	5%	(3%)
Income before provision for income taxes	4,588	4,884	5,344	(6%)	(14%)
Provision for income taxes	873	1,168	1,176	(25%)	(26%)
Net income	\$ 3,715	\$ 3,716	\$ 4,168	--	(11%)
Net income applicable to nonredeemable noncontrolling interests	49	20	48	145%	2%
Net income applicable to Morgan Stanley	3,666	3,696	4,120	(1%)	(11%)
Preferred stock dividend	124	104	138	19%	(10%)
Earnings applicable to Morgan Stanley common shareholders	\$ 3,542	\$ 3,592	\$ 3,982	(1%)	(11%)

The End Notes are an integral part of this presentation. Refer to the Financial Supplement on pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice for additional information.

Consolidated Financial Metrics, Ratios and Statistical Data (unaudited)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Financial Metrics:					
Earnings per basic share	\$ 2.04	\$ 2.05	\$ 2.22	--	(8%)
Earnings per diluted share	\$ 2.02	\$ 2.01	\$ 2.19	--	(8%)
Return on average common equity	14.7%	14.7%	16.9%		
Return on average tangible common equity	19.8%	19.8%	21.1%		
Book value per common share	\$ 54.18	\$ 55.12	\$ 52.71		
Tangible book value per common share	\$ 39.91	\$ 40.91	\$ 38.97		
Excluding integration-related expenses					
Adjusted earnings per diluted share	\$ 2.06	\$ 2.08	\$ 2.22	(1%)	(7%)
Adjusted return on average common equity	15.0%	15.2%	17.1%		
Adjusted return on average tangible common equity	20.3%	20.4%	21.4%		
Financial Ratios:					
Pre-tax profit margin	31%	34%	34%		
Compensation and benefits as a % of net revenues	42%	38%	43%		
Non-compensation expenses as a % of net revenues	26%	29%	23%		
Firm expense efficiency ratio	69%	66%	67%		
Firm expense efficiency ratio excluding integration-related expenses	68%	65%	66%		
Effective tax rate	19.0%	23.9%	22.0%		
Statistical Data:					
Period end common shares outstanding (millions)	1,756	1,772	1,869	(1%)	(6%)
Average common shares outstanding (millions)					
Basic	1,733	1,751	1,795	(1%)	(3%)
Diluted	1,755	1,785	1,818	(2%)	(3%)
Worldwide employees	76,541	74,814	70,975	2%	8%

- Notes:
- For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, Firm results include pre-tax integration-related expenses of \$107 million, \$146 million and \$75 million (\$82 million, \$114 million and \$58 million after-tax) respectively, reported in the Wealth Management and Investment Management business segments.
 - The End Notes are an integral part of this presentation. Refer to the Financial Supplement on pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice for additional information.

First Quarter 2022 Earnings Results

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The Firm's earnings results reflect the effect of the acquisition of Eaton Vance Corp. ("Eaton Vance") prospectively from the March 1, 2021 acquisition date. The comparisons of current year results to certain prior periods are impacted by the acquisition of Eaton Vance reported in the Investment Management segment.

Consolidated Financial Summary (unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Net revenues					
Institutional Securities	\$ 7,657	\$ 6,669	\$ 8,577	15%	(11%)
Wealth Management	5,935	6,254	5,959	(5%)	--
Investment Management	1,335	1,751	1,314	(24%)	2%
Intersegment Eliminations	(126)	(150)	(131)	16%	4%
Net revenues	<u>\$ 14,801</u>	<u>\$ 14,524</u>	<u>\$ 15,719</u>	2%	(6%)
Provision for credit losses	\$ 57	\$ 5	\$ (98)	*	*
Non-interest expenses					
Institutional Securities	\$ 4,826	\$ 3,705	\$ 5,299	30%	(9%)
Wealth Management	4,349	4,826	4,364	(10%)	--
Investment Management	1,107	1,243	944	(11%)	17%
Intersegment Eliminations	(126)	(139)	(134)	9%	6%
Non-interest expenses (1)	<u>\$ 10,156</u>	<u>\$ 9,635</u>	<u>\$ 10,473</u>	5%	(3%)
Income before taxes					
Institutional Securities	\$ 2,787	\$ 2,972	\$ 3,371	(6%)	(17%)
Wealth Management	1,573	1,415	1,600	11%	(2%)
Investment Management	228	508	370	(55%)	(38%)
Intersegment Eliminations	-	(11)	3	*	*
Income before taxes	<u>\$ 4,588</u>	<u>\$ 4,884</u>	<u>\$ 5,344</u>	(6%)	(14%)
Net Income applicable to Morgan Stanley					
Institutional Securities	\$ 2,191	\$ 2,223	\$ 2,601	(1%)	(16%)
Wealth Management	1,272	1,071	1,242	19%	2%
Investment Management	203	411	275	(51%)	(26%)
Intersegment Eliminations	-	(9)	2	*	*
Net Income applicable to Morgan Stanley	<u>\$ 3,666</u>	<u>\$ 3,696</u>	<u>\$ 4,120</u>	(1%)	(11%)
Earnings applicable to Morgan Stanley common shareholders	<u>\$ 3,542</u>	<u>\$ 3,592</u>	<u>\$ 3,982</u>	(1%)	(11%)

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Financial Metrics, Ratios and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Financial Metrics:					
Earnings per basic share	\$ 2.04	\$ 2.05	\$ 2.22	--	(8%)
Earnings per diluted share	\$ 2.02	\$ 2.01	\$ 2.19	--	(8%)
Return on average common equity	14.7%	14.7%	16.9%		
Return on average tangible common equity	19.8%	19.8%	21.1%		
Book value per common share	\$ 54.18	\$ 55.12	\$ 52.71		
Tangible book value per common share	\$ 39.91	\$ 40.91	\$ 38.97		
Excluding integration-related expenses ⁽¹⁾					
Adjusted earnings per diluted share	\$ 2.06	\$ 2.08	\$ 2.22	(1%)	(7%)
Adjusted return on average common equity	15.0%	15.2%	17.1%		
Adjusted return on average tangible common equity	20.3%	20.4%	21.4%		
Financial Ratios:					
Pre-tax profit margin	31%	34%	34%		
Compensation and benefits as a % of net revenues	42%	38%	43%		
Non-compensation expenses as a % of net revenues	26%	29%	23%		
Firm expense efficiency ratio	69%	66%	67%		
Firm expense efficiency ratio excluding integration-related expenses ⁽¹⁾	68%	65%	66%		
Effective tax rate ⁽²⁾	19.0%	23.9%	22.0%		
Statistical Data:					
Period end common shares outstanding (millions)	1,756	1,772	1,869	(1%)	(6%)
Average common shares outstanding (millions)					
Basic	1,733	1,751	1,795	(1%)	(3%)
Diluted	1,755	1,785	1,818	(2%)	(3%)
Worldwide employees	76,541	74,814	70,975	2%	8%

Notes:

- For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, Firm results include pre-tax integration-related expenses of \$107 million, \$146 million and \$75 million (\$82 million, \$114 million and \$58 million after - tax) respectively, reported in the Wealth Management and Investment Management business segments.
- The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated and U.S. Bank Supplemental Financial Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Consolidated Balance sheet					
Total assets	\$ 1,222,233	\$ 1,188,140	\$ 1,158,772	3%	5%
Loans (1)	\$ 208,750	\$ 200,761	\$ 171,812	4%	21%
Deposits	\$ 360,840	\$ 347,574	\$ 323,138	4%	12%
Liquidity resources	\$ 323,227	\$ 356,003	\$ 353,304	(9%)	(9%)
Long-term debt outstanding	\$ 225,671	\$ 227,363	\$ 208,267	(1%)	8%
Maturities of long-term debt outstanding (next 12 months)	\$ 21,335	\$ 14,197	\$ 18,976	50%	12%
Common equity	\$ 95,151	\$ 97,691	\$ 98,509	(3%)	(3%)
Less: Goodwill and intangible assets	(25,068)	(25,192)	(25,681)	--	(2%)
Tangible common equity	<u>\$ 70,083</u>	<u>\$ 72,499</u>	<u>\$ 72,828</u>	(3%)	(4%)
Preferred equity	\$ 7,750	\$ 7,750	\$ 7,750	--	--
U.S. Bank Supplemental Financial Information					
Total assets	\$ 389,978	\$ 386,059	\$ 357,217	1%	9%
Loans	\$ 194,791	\$ 185,499	\$ 157,354	5%	24%
Investment securities portfolio (2)	\$ 129,886	\$ 143,292	\$ 149,423	(9%)	(13%)
Deposits	\$ 352,078	\$ 346,221	\$ 321,630	2%	9%
Regional revenues					
Americas	\$ 10,464	\$ 11,274	\$ 11,191	(7%)	(6%)
EMEA (Europe, Middle East, Africa)	2,311	1,695	2,159	36%	7%
Asia	2,026	1,555	2,369	30%	(14%)
Consolidated net revenues	<u>\$ 14,801</u>	<u>\$ 14,524</u>	<u>\$ 15,719</u>	2%	(6%)

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Average Common Equity and Regulatory Capital Information
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Average Common Equity					
Institutional Securities	\$ 48.8	\$ 43.5	\$ 43.5	12%	12%
Wealth Management	31.0	28.6	28.5	8%	9%
Investment Management	10.6	10.7	4.4	(1%)	141%
Parent	6.3	15.0	17.9	(58%)	(65%)
Firm	<u>\$ 96.7</u>	<u>\$ 97.8</u>	<u>\$ 94.3</u>	(1%)	3%
Regulatory Capital (1)					
Common Equity Tier 1 capital	\$ 72.5	\$ 75.7	\$ 76.2	(4%)	(5%)
Tier 1 capital	\$ 80.2	\$ 83.3	\$ 84.1	(4%)	(5%)
<u>Standardized Approach</u>					
Risk-weighted assets	\$ 500.3	\$ 471.9	\$ 455.1	6%	10%
Common Equity Tier 1 capital ratio	14.5%	16.0%	16.7%		
Tier 1 capital ratio	16.0%	17.7%	18.5%		
<u>Advanced Approach</u>					
Risk-weighted assets	\$ 455.4	\$ 435.7	\$ 438.8	5%	4%
Common Equity Tier 1 capital ratio	15.9%	17.4%	17.4%		
Tier 1 capital ratio	17.6%	19.1%	19.2%		
<u>Leverage-based capital</u>					
Tier 1 leverage ratio	6.8%	7.1%	7.5%		
Supplementary Leverage Ratio (2)	5.5%	5.6%	6.7%		

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Institutional Securities Income Statement Information, Financial Metrics and Ratios (unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Revenues:					
Advisory	\$ 944	\$ 1,071	\$ 480	(12%)	97%
Equity	258	853	1,502	(70%)	(83%)
Fixed income	432	510	631	(15%)	(32%)
Underwriting	690	1,363	2,133	(49%)	(68%)
Investment banking	1,634	2,434	2,613	(33%)	(37%)
Equity	3,174	2,857	2,875	11%	10%
Fixed income	2,923	1,228	2,966	138%	(1%)
Other	(74)	150	123	*	*
Net revenues	7,657	6,669	8,577	15%	(11%)
Provision for credit losses	44	(8)	(93)	*	*
Compensation and benefits	2,604	1,370	3,114	90%	(16%)
Non-compensation expenses	2,222	2,335	2,185	(5%)	2%
Total non-interest expenses	4,826	3,705	5,299	30%	(9%)
Income before taxes	2,787	2,972	3,371	(6%)	(17%)
Net income applicable to Morgan Stanley	\$ 2,191	\$ 2,223	\$ 2,601	(1%)	(16%)
Pre-tax profit margin	36%	45%	39%		
Compensation and benefits as a % of net revenues	34%	21%	36%		
Non-compensation expenses as a % of net revenues	29%	35%	25%		
Return on Average Common Equity	17%	20%	23%		
Return on Average Tangible Common Equity ⁽¹⁾	17%	20%	23%		
Trading VaR (Average Daily 95% / One-Day VaR)	\$ 39	\$ 40	\$ 69		

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Wealth Management Income Statement Information, Financial Metrics and Ratios (unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Revenues:					
Asset management	\$ 3,626	\$ 3,700	\$ 3,191	(2%)	14%
Transactional	635	1,027	1,228	(38%)	(48%)
Net interest income	1,540	1,405	1,385	10%	11%
Other	134	122	155	10%	(14%)
Net revenues	<u>5,935</u>	<u>6,254</u>	<u>5,959</u>	(5%)	--
Provision for credit losses	13	13	(5)	--	*
Compensation and benefits	3,125	3,486	3,170	(10%)	(1%)
Non-compensation expenses	<u>1,224</u>	<u>1,340</u>	<u>1,194</u>	(9%)	3%
Total non-interest expenses ⁽¹⁾	4,349	4,826	4,364	(10%)	--
Income before taxes	1,573	1,415	1,600	11%	(2%)
Net income applicable to Morgan Stanley	<u>\$ 1,272</u>	<u>\$ 1,071</u>	<u>\$ 1,242</u>	19%	2%
Pre-tax profit margin	27%	23%	27%		
Pre-tax profit margin excluding integration-related expenses	28%	24%	28%		
Compensation and benefits as a % of net revenues	53%	56%	53%		
Non-compensation expenses as a % of net revenues	21%	21%	20%		
Return on Average Common Equity	16%	15%	17%		
Return on Average Tangible Common Equity ⁽²⁾	30%	31%	36%		

Notes:

- For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, Wealth Management's results include pre-tax integration-related expenses of \$75 million, \$109 million and \$64 million (\$57 million, \$85 million and \$49 million after-tax), respectively.
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Wealth Management
Financial Information and Statistical Data
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021

Wealth Management Metrics

Total client assets	\$ 4,800	\$ 4,930	\$ 4,231	(3%)	13%
Net new assets ⁽¹⁾	\$ 142.0	\$ 127.1	\$ 104.9	12%	35%
U.S. Bank loans	\$ 136.7	\$ 129.2	\$ 104.9	6%	30%
Margin and other lending ⁽²⁾	\$ 29.2	\$ 31.0	\$ 26.6	(6%)	10%
Deposits ⁽³⁾	\$ 352	\$ 346	\$ 322	2%	9%
Annualized weighted average cost of deposits	0.09%	0.10%	0.18%		

Advisor-led channel

Advisor-led client assets	\$ 3,835	\$ 3,886	\$ 3,349	(1%)	15%
Fee-based client assets	\$ 1,873	\$ 1,839	\$ 1,574	2%	19%
Fee-based asset flows ⁽¹⁾	\$ 97.2	\$ 37.8	\$ 37.2	157%	161%
Fee-based assets as a % of advisor-led client assets	49%	47%	47%		

Self-directed channel

Self-directed assets	\$ 965	\$ 1,044	\$ 882	(8%)	9%
Daily average revenue trades (000's)	1,016	1,044	1,619	(3%)	(37%)
Self-directed households (millions)	7.6	7.4	7.2	3%	6%

Workplace channel

Stock plan unvested assets	\$ 454	\$ 509	\$ 461	(11%)	(2%)
Number of stock plan participants (millions)	5.8	5.6	5.1	4%	14%

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Investment Management
Income Statement Information, Financial Metrics and Ratios
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Revenues:					
Asset management and related fees	\$ 1,388	\$ 1,585	\$ 1,103	(12%)	26%
Performance-based income and other	(53)	166	211	*	*
Net revenues	1,335	1,751	1,314	(24%)	2%
Compensation and benefits	545	631	514	(14%)	6%
Non-compensation expenses	562	612	430	(8%)	31%
Total non-interest expenses ⁽¹⁾	1,107	1,243	944	(11%)	17%
Income before taxes	228	508	370	(55%)	(38%)
Net income applicable to Morgan Stanley	\$ 203	\$ 411	\$ 275	(51%)	(26%)
Pre-tax profit margin	17%	29%	28%		
Pre-tax profit margin excluding integration-related expenses	19%	31%	29%		
Compensation and benefits as a % of net revenues	41%	36%	39%		
Non-compensation expenses as a % of net revenues	42%	35%	33%		
Return on Average Common Equity	8%	15%	25%		
Return on Average Tangible Common Equity ⁽²⁾	106%	207%	88%		

Notes:

- For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, Investment Management's results include pre-tax integration-related expenses of \$32 million, \$37 million and \$11 million (\$25 million, \$29 million and \$9 million after-tax), respectively.
- The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Investment Management
Financial Information and Statistical Data
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Assets under management or supervision (AUM)					
Net flows by asset class ⁽¹⁾					
Equity	\$ (7.5)	\$ (5.7)	\$ 7.8	(32%)	*
Fixed Income	(3.9)	2.3	3.9	*	*
Alternatives and Solutions	(3.0)	2.3	4.6	*	*
Long-Term Net Flows	(14.4)	(1.1)	16.3	*	*
Liquidity and Overlay Services	(28.1)	12.6	25.9	*	*
Total Net Flows	\$ (42.5)	\$ 11.5	\$ 42.2	*	*
Assets under management or supervision by asset class ⁽²⁾					
Equity	\$ 337	\$ 395	\$ 371	(15%)	(9%)
Fixed Income	195	207	201	(6%)	(3%)
Alternatives and Solutions	449	466	418	(4%)	7%
Long-Term Assets Under Management or Supervision	\$ 981	\$ 1,068	\$ 990	(8%)	(1%)
Liquidity and Overlay Services	466	497	429	(6%)	9%
Total Assets Under Management or Supervision	\$ 1,447	\$ 1,565	\$ 1,419	(8%)	2%

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Consolidated Loans and Lending Commitments
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2022	Dec 31, 2021	Mar 31, 2021	Dec 31, 2021	Mar 31, 2021
Institutional Securities					
Loans:					
Corporate	\$ 13.0	\$ 13.5	\$ 16.8	(4%)	(23%)
Secured lending facilities	34.4	35.2	29.6	(2%)	16%
Commercial and residential real estate	14.6	13.6	10.5	7%	39%
Securities-based lending and other	9.7	9.0	8.8	8%	10%
Total Loans	71.7	71.3	65.7	1%	9%
Lending Commitments	128.0	120.3	118.8	6%	8%
Institutional Securities Loans and Lending Commitments	\$ 199.7	\$ 191.6	\$ 184.5	4%	8%
Wealth Management					
Loans:					
Securities-based lending and other	\$ 89.5	\$ 85.1	\$ 68.1	5%	31%
Residential real estate	47.2	44.2	36.8	7%	28%
Total Loans	136.7	129.3	104.9	6%	30%
Lending Commitments	14.5	14.7	14.0	(1%)	4%
Wealth Management Loans and Lending Commitments	\$ 151.2	\$ 144.0	\$ 118.9	5%	27%
Consolidated Loans and Lending Commitments (1)	\$ 350.9	\$ 335.6	\$ 303.4	5%	16%

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Loans and Lending Commitments
Allowance for Credit Losses (ACL) as of March 31, 2022
(unaudited, dollars in millions)

	Loans and Lending Commitments	ACL (1)	ACL %	Q1 Provision
	<i>(Gross)</i>			
Loans:				
Held For Investment (HFI)				
Corporate	\$ 6,105	\$ 170	2.8%	\$ 6
Secured lending facilities	29,896	172	0.6%	12
Commercial and residential real estate	8,276	203	2.5%	6
Other	1,972	9	0.5%	-
Institutional Securities - HFI	\$ 46,249	\$ 554	1.2%	\$ 24
Wealth Management - HFI	136,672	125	0.1%	15
Held For Investment	\$ 182,921	\$ 679	0.4%	\$ 39
Held For Sale	14,013			
Fair Value	12,133			
Total Loans	209,067	679		39
Lending Commitments	142,492	459	0.3%	18
Consolidated Loans and Lending Commitments	\$ 351,559	\$ 1,138		\$ 57

The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Definition of U.S. GAAP to Non-GAAP Measures

- (a) The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). From time to time, Morgan Stanley may disclose certain “non-GAAP financial measures” in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a “non-GAAP financial measure” as a numerical measure of historical or future financial performance, financial positions, or cash flows that is subject to adjustments that effectively exclude, or include amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by Morgan Stanley are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing, our financial condition, operating results, or prospective regulatory capital requirements. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable U.S. GAAP financial measure. In addition to the following notes, please also refer to the Firm's Annual Report on Form 10-K for the year ended December 31, 2021.
- (b) The following are considered non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of operating performance and capital adequacy. These measures are calculated as follows:
- Earnings per diluted share excluding integration-related expenses represents net income applicable to Morgan Stanley, adjusted for the impact of the integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance, less preferred dividends divided by the average number of diluted shares outstanding.
 - The return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity.
 - The return on average common equity and the return on average tangible common equity excluding integration-related expenses are adjusted in both the numerator and the denominator to exclude the integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance.
 - Segment return on average common equity and return on average tangible common equity represent full year net income or annualized net income for the quarter applicable to Morgan Stanley for each segment, less preferred dividend segment allocation, divided by average common equity and average tangible common equity for each respective segment. The segment adjustments to common equity to derive segment average tangible common equity are generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition).
 - Tangible common equity represents common equity less goodwill and intangible assets net of certain mortgage servicing rights deduction.
 - Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.
 - Pre-tax profit margin excluding integration-related expenses represents income before income taxes less integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance as percentages of net revenues.
 - The Firm expense efficiency ratio excluding integration-related expenses represents total non - interest expenses less integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance as a percentage of net revenues.

Definitions of Performance Metrics and Terms

Our earnings releases, earnings conference calls, financial presentations and other communications may also include certain metrics which we believe to be useful to us, analysts, investors and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

Page 1:

- (a) Provision for credit losses represents the provision for credit losses on loans held for investment and unfunded lending commitments.
- (b) Net income applicable to Morgan Stanley represents net income, less net income applicable to nonredeemable noncontrolling interests.
- (c) Earnings applicable to Morgan Stanley common shareholders represents net income applicable to Morgan Stanley, less preferred dividends.

Page 2:

- (a) The return on average common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity.
- (b) Book value per common share represents common equity divided by period end common shares outstanding.
- (c) Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.
- (d) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.
- (e) The Firm expense efficiency ratio represents total non - interest expenses as a percentage of net revenues.

Page 3:

- (a) Liquidity Resources, which are held within the bank and non-bank operating subsidiaries, are comprised of high quality liquid assets (HQLA) and cash deposits with banks ("Liquidity Resources"). The total amount of Liquidity Resources is actively managed by us considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; legal entity, regional and segment liquidity requirements; regulatory requirements; and collateral requirements.
- (b) The Firm's goodwill and intangible balances utilized in the calculation of tangible common equity are net of certain mortgage servicing rights deduction.
- (c) U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association, and excludes balances between Bank subsidiaries, as well as deposits from the Parent and affiliates.
- (d) Firmwide regional revenues reflect the Firm's consolidated net revenues on a managed basis. Further discussion regarding the geographic methodology for net revenues is disclosed in Note 23 to the consolidated financial statements included in the Firm's Annual Report on Form 10-K for the year ended December 31, 2021 (2021 Form 10-K).

Page 4:

- (a) The Firm's attribution of average common equity to the business segments is based on the Required Capital framework, an internal capital adequacy measure. This framework is a risk-based and leverage-based capital measure, which is compared with the Firm's regulatory capital to ensure that the Firm maintains an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The Required Capital Framework is based on the Firm's regulatory capital requirements. The Firm defines the difference between its total average common equity and the sum of the average common equity amounts allocated to its business segments as Parent common equity. The amount of capital allocated to the business segments is generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). The Firm continues to evaluate its required capital framework with respect to the impact of evolving regulatory requirements, as appropriate. For further discussion of the framework, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's 2021 Form 10 - K.
- (b) The Firm's risk - based capital ratios are computed under each of the (i) standardized approaches for calculating credit risk and market risk risk - weighted assets (RWAs) (the "Standardized Approach") and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). For information on the calculation of regulatory capital and ratios, and associated regulatory requirements, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's 2021 Form 10 - K.
- (c) Supplementary leverage ratio represents Tier 1 capital divided by the total supplementary leverage exposure.

Page 5:

- (a) Institutional Securities Equity and Fixed income net revenues include trading, net interest income (interest income less interest expense), asset management, commissions and fees, investments and other revenues which are directly attributable to those businesses.
- (b) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.
- (c) VaR represents the unrealized loss in portfolio value that one would not expect to exceed, on average, more than five times every one hundred trading days in the Firm's trading positions if the portfolio were held constant for a one-day period. Further discussion of the calculation of VaR and the limitations of the Firm's VaR methodology, is disclosed in "Quantitative and

Definitions of Performance Metrics and Terms

Our earnings releases, earnings conference calls, financial presentations and other communications may also include certain metrics which we believe to be useful to us, analysts, investors and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

Page 6:

- (a) Transactional revenues for the Wealth Management segment includes investment banking, trading, and commissions and fee revenues.
- (b) Net interest income represents interest income less interest expense.
- (c) Other revenues for the Wealth Management segment includes investments and other revenues.
- (d) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.

Page 7:

- (a) Net new assets represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions.
- (b) Margin and other lending represents margin lending arrangements, which allow customers to borrow against the value of qualifying securities and other lending which includes non - purpose securities-based lending on non - bank entities.
- (c) Deposits reflect liabilities sourced from Wealth Management clients and other sources of funding on the U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other, and time deposits.
- (d) Annualized weighted average cost of deposits reflects deposit balances and costs as of March 31, 2022, December 31, 2021 and March 31, 2021.
- (e) Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
- (f) Fee - based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.
- (g) Fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-based asset flows, see Fee-based client assets in the 2021 Form 10-K.
- (h) Self-directed assets represent active accounts which are not advisor led. Active accounts are defined as having at least \$25 in assets.
- (i) Daily average revenue trades (DARTs) represent the total self-directed trades in a period divided by the number of trading days during that period.
- (j) Self-directed households represent the total number of households that include at least one account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels will be included in each of the respective channel counts.
- (k) The workplace channel assets includes equity compensation solutions for companies, their executives and employees. Stock plan unvested assets represent the market value of public company securities at the end of the period.
- (l) Stock plan participants represent total accounts with vested and/or unvested stock plan assets in the workplace channel. Individuals with accounts in multiple plans are counted as participants in each plan.

Page 8:

- (a) Asset management and related fees represents management and administrative fees, distribution fees, and performance-based fees, not in the form of carried interest. Asset management and related fees represents Asset management as reported on the Firm's consolidated income statement.
- (b) Performance-based income and other includes performance-based fees in the form of carried interest, gains and losses from investments, gains and losses from hedges on seed capital and certain employee deferred compensation plans, net interest, and other revenues. Performance-based income and other represents investments, investment banking, trading, net interest and other revenues as reported on the Firm's consolidated income statement.
- (c) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.

Page 9:

- (a) Investment Management Alternatives and Solutions asset class includes products in Fund of Funds, Real Estate, Private Equity and Credit strategies, Multi - Asset portfolios, as well as Custom Separate Account portfolios.
- (b) Investment Management net flows include new commitments, investments or reinvestments, net of client redemptions, returns of capital post-fund investment period and dividends not reinvested and excludes the impact of the transition of funds from their commitment period to the invested capital period.
- (c) Overlay Services represents investment strategies that use passive exposure instruments to obtain, offset, or substitute specific portfolio exposures beyond those provided by the underlying holdings of the fund.
- (d) Total assets under management or supervision excludes shares of minority stake assets which represent the Investment Management business segment's proportional share of assets managed by third-party asset managers in which we hold investments accounted for under the equity method.

Page 10 and 11:

- (a) Corporate loans include relationship and event-driven loans and typically consist of revolving lines of credit, term loans and

bridge loans.

(b)Secured lending facilities include loans provided to clients, which are primarily secured by loans, which are, in turn, collateralized by various assets including residential real estate, commercial real estate, corporate and financial assets.

(c)Securities-based lending and other includes financing extended to sales and trading customers and corporate loans purchased in the secondary market.

(d)Institutional Securities Lending Commitments principally include Corporate lending activity.

Supplemental Quantitative Details and Calculations

Page 1:

(1)The Firm non-interest expenses by category are as follows:

	1Q22	4Q21	1Q21
Compensation and benefits	\$ 6,274	\$ 5,487	\$ 6,798
Non-compensation expenses:			
Brokerage, clearing and exchange fees	882	811	910
Information processing and communications	829	833	733
Professional services	705	829	624
Occupancy and equipment	427	479	405
Marketing and business development	175	205	146
Other	864	991	857
Total non-compensation expenses	3,882	4,148	3,675
Total non-interest expenses	\$ 10,156	\$ 9,635	\$ 10,473

Page 2:

(1)For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, Firm results include pre-tax integration-related expenses of \$107 million, \$146 million and \$75 million (\$82 million, \$114 million and \$58 million after - tax) respectively, reported in the Wealth Management and Investment Management business segments. The following sets forth the impact of the integration-related expenses to earnings per diluted share, return on average common equity and return on average tangible common equity (which are excluded):

	1Q22	4Q21	1Q21
Earnings per diluted share - GAAP	\$ 2.02	\$ 2.01	\$ 2.19
Impact of adjustments	0.04	0.07	0.03
Earnings per diluted share excluding integration-related expenses - Non-GAAP	\$ 2.06	\$ 2.08	\$ 2.22
Return on average common equity - GAAP	14.7%	14.7%	16.9%
Impact of adjustments	0.3%	0.5%	0.2%
Return on average common equity excluding integration-related expenses - Non-GAAP	15.0%	15.2%	17.1%
Return on average tangible common equity - GAAP	19.8%	19.8%	21.1%
Impact of adjustments	0.5%	0.6%	0.3%
Return on average tangible common equity excluding integration-related expenses - Non-GAAP	20.3%	20.4%	21.4%
Firm expense efficiency ratio - GAAP	68.6%	66.3%	66.6%
Impact of adjustments	(0.7)%	(1.0)%	(0.5)%
Firm expense efficiency ratio excluding integration-related expenses - Non-GAAP	67.9%	65.3%	66.1%

(2)The income tax consequences related to employee share-based payments are recognized in Provision for income taxes in the consolidated income statement, and may be either a benefit or a provision. The impacts of recognizing excess tax benefits upon conversion of awards are \$205 million and \$82 million for the first quarter of 2022 and 2021, respectively.

Page 3:

(1)Includes loans held for investment (net of allowance), loans held for sale and also includes loans at fair value which are included in Trading assets on the balance sheet.

(2)As of March 31, 2022, December 31, 2021 and March 31, 2021, the U.S. Bank investment securities portfolio included held to maturity investment securities of \$60.6 billion, \$61.7 billion and \$64.6 billion, respectively.

Page 4:

(1)The Firm early adopted the standardized approach for counterparty credit risk (SA-CCR) under Basel III on December 1, 2021. SA-CCR replaced the previous exposure method used to measure derivatives counterparty exposure within the Standardized Approach risk-weighted assets (RWAs) and Supplementary Leverage Ratio exposure calculations in the regulatory capital

framework.

(2)Based on a Federal Reserve interim final rule that was in effect until March 31, 2021, our SLR and supplementary leverage exposure as of March 31, 2021 reflects the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of increasing our SLR by 0.7% as of March 31, 2021.

Page 5:

(1)Institutional Securities average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 1Q22: \$576mm; 4Q21: \$603mm; 1Q21: \$603mm

Page 6:

(1)For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, integration-related compensation and non-compensation expenses associated with the acquisition of E*TRADE are as follows:

	<u>1Q22</u>	<u>4Q21</u>	<u>1Q21</u>
Compensation expenses	\$ 1	\$ 10	\$ 30
Non-compensation expenses	74	99	34
Total non-interest expenses	\$ 75	\$ 109	\$ 64
Income tax provision	18	24	15
Total non-interest expenses (after-tax)	\$ 57	\$ 85	\$ 49

(2)Wealth Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 1Q22: \$14,746mm; 4Q21: \$15,270mm; 1Q21: \$15,101mm

Supplemental Quantitative Details and Calculations

Page 7:

- (1)Includes \$75 billion of fee - based assets acquired in an asset acquisition in the current quarter ended March 31, 2022.
 (2)Wealth Management other lending includes \$3 billion of non-purpose securities based lending on non-bank entities in each period ended March 31, 2022, December 31, 2021 and March 31, 2021.
 (3)For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, Wealth Management deposits of \$352 billion, \$346 billion and \$322 billion, respectively, exclude off-balance sheet deposits of \$8 billion, \$9 billion and \$8 billion, respectively, held by third parties outside of Morgan Stanley. Total deposits details are as follows:

	1Q22	4Q21	1Q21
Brokerage sweep deposits	\$ 309	\$ 298	\$ 253
Other deposits	43	48	69
Total balance sheet deposits	352	346	322
Off-balance sheet deposits	8	9	8
Total deposits	\$ 360	\$ 355	\$ 330

Page 8:

- (1)For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, integration-related compensation and non-compensation expenses associated with the acquisition of Eaton Vance are as follows:

	1Q22	4Q21	1Q21
Compensation expenses	\$ 9	\$ 15	\$ 3
Non-compensation expenses	23	22	8
Total non-interest expenses	\$ 32	\$ 37	\$ 11
Income tax provision	7	8	2
Total non-interest expenses (after-tax)	\$ 25	\$ 29	\$ 9

- (2)Investment Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 1Q22: \$9,815mm; 4Q21: \$9,924mm; 1Q21: \$3,174mm

Page 9:

- (1)Net Flows by region for the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021 were:
 North America: \$(16.6) billion, \$10.2 billion and \$35.0 billion
 International: \$(25.9) billion, \$1.3 billion and \$7.2 billion
 (2)Assets under management or supervision by region for the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021 were:
 North America: \$1,123 billion, \$1,188 billion and \$1,058 billion
 International: \$324 billion, \$377 billion and \$361 billion

Page 10:

- (1)For the quarters ended March 31, 2022, December 31, 2021 and March 31, 2021, Investment Management reflected loan balances of \$362 million, \$140 million and \$1,132 million, respectively.

Page 11:

- (1)For the quarter ended March 31, 2022, the Allowance Rollforward for Loans and Lending Commitments is as follows:

	Institutional Securities	Wealth Management	Total
Loans			
Allowance for Credit Losses (ACL)			
Beginning Balance - December 31, 2021	\$ 543	\$ 111	\$ 654
Net Charge Offs	(10)	(1)	(11)
Provision	24	15	39
Other	(3)	-	(3)
Ending Balance - March 31, 2022	\$ 554	\$ 125	\$ 679

Lending Commitments

Allowance for Credit Losses (ACL)

Beginning Balance - December 31, 2021	\$	426	\$	18	\$	444
Net Charge Offs		-		-		-
Provision		20		(2)		18
Other		(3)		-		(3)
Ending Balance - March 31, 2022	\$	443	\$	16	\$	459

Loans and Lending Commitments

Allowance for Credit Losses (ACL)

Beginning Balance - December 31, 2021	\$	969	\$	129	\$	1,098
Net Charge Offs		(10)		(1)		(11)
Provision		44		13		57
Other		(6)		-		(6)
Ending Balance - March 31, 2022	\$	997	\$	141	\$	1,138

Legal Notice

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends.

The information should be read in conjunction with the Firm's first quarter earnings press release issued April 14, 2022.