UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2023

Commission File Number 1-11758

Morgan Stanley

(Exact name of Registrant as specified in its charter)

Delaware	**1585 Broadway New York, NY 10036**	**36-3145972**	**(212) 761-4000**
(State or other jurisdiction of incorporation or organization)	(Address of principal executive offices, including zip code)	(I.R.S. Employer Identification No.)	(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.01 par value	MS	New York Stock Exchange
Depositary 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
Depositary 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
Depositary 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
Depositary 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
Depositary 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
Depositary 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
Depositary 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
Depositary Shares, each representing 1/1,000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series P, $0.01 par value	MS/PP	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
Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/29	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ 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. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 28, 2023, there were 1,670,113,691 shares of the Registrant's Common Stock, par value $0.01 per share, outstanding.

Morgan Stanley

QUARTERLY REPORT ON FORM 10-Q

For the quarter ended March 31, 2023

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website, *www.sec.gov*, that contains annual, quarterly and current reports, proxy and information statements, and other information that issuers file electronically with the SEC. Our electronic SEC filings are available to the public at the SEC's website.

Our website is *www.morganstanley.com*. You can access our Investor Relations webpage at *www.morganstanley.com/about-us-ir*. We make available free of charge, on or through our Investor Relations webpage, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. We also make available, through our Investor Relations webpage, via a link to the SEC's website, statements of beneficial ownership of our equity securities filed by our directors, officers, 10% or greater shareholders and others under Section 16 of the Exchange Act.

You can access information about our corporate governance at *www.morganstanley.com/about-us-governance*, our sustainability initiatives at *www.morganstanley.com/about-us/sustainability-at-morgan-stanley*, and our commitment to diversity and inclusion at *www.morganstanley.com/about-us/diversity*. Our webpages include:

- Amended and Restated Certificate of Incorporation;
- Amended and Restated Bylaws;
- Charters for our Audit Committee, Compensation, Management Development and Succession Committee, Governance and Sustainability Committee, Operations and Technology Committee, and Risk Committee;
- Corporate Governance Policies;
- Policy Regarding Corporate Political Activities;
- Policy Regarding Shareholder Rights Plan;
- Equity Ownership Commitment;
- Code of Ethics and Business Conduct;
- Code of Conduct;
- Integrity Hotline Information;
- Environmental and Social Policies;
- Sustainability Report;
- Climate Report; and
- Diversity and Inclusion Report.

Our Code of Ethics and Business Conduct applies to all directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Deputy Chief Financial Officer. We will post any amendments to the Code of Ethics and Business Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange LLC ("NYSE") on our website. You can request a copy of these documents, excluding exhibits, at no cost, by contacting Investor Relations, 1585 Broadway, New York, NY 10036 (212-761-4000). The information on our website is not incorporated by reference into this report.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms "Morgan Stanley," "Firm," "us," "we" or "our" mean Morgan Stanley (the "Parent Company") together with its consolidated subsidiaries. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Form 10-Q.

A description of the clients and principal products and services of each of our business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity and other securities, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to customers. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering: financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; securities-based lending, residential real estate loans and other lending products; banking; and retirement plan services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products, which are offered through a variety of investment vehicles, include equity, fixed income, alternatives and solutions, and liquidity and overlay services. Institutional clients include defined benefit/defined contribution plans, foundations, endowments, government entities, sovereign wealth funds, insurance companies, third-party fund sponsors and corporations. Individual clients are generally served through intermediaries, including affiliated and non-affiliated distributors.

Management's Discussion and Analysis includes certain metrics that we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results. Such metrics, when used, are defined and may be different from or inconsistent with metrics used by other companies.

The results of operations in the past have been, and in the future may continue to be, materially affected by: competition; risk factors; legislative, legal and regulatory developments; and other factors. These factors also may have an adverse impact on our ability to achieve our strategic objectives. Additionally, the discussion of our results of operations herein may contain forward-looking statements. These statements, which reflect management's beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect our future results, see "Forward-Looking Statements," "Business—Competition," "Business—Supervision and Regulation," "Risk Factors" in the 2022 Form 10-K and "Liquidity and Capital Resources—Regulatory Requirements" herein.

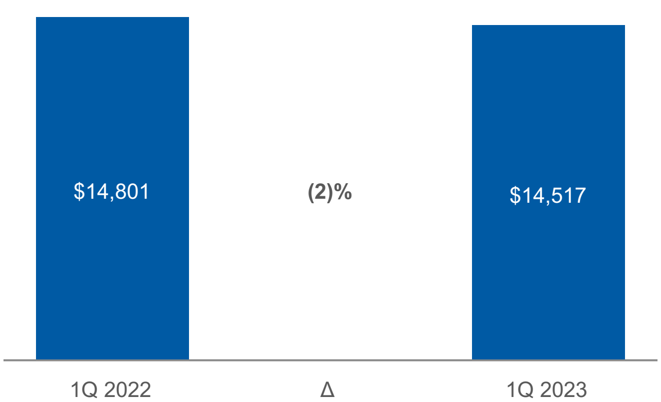
Executive Summary

Overview of Financial Results

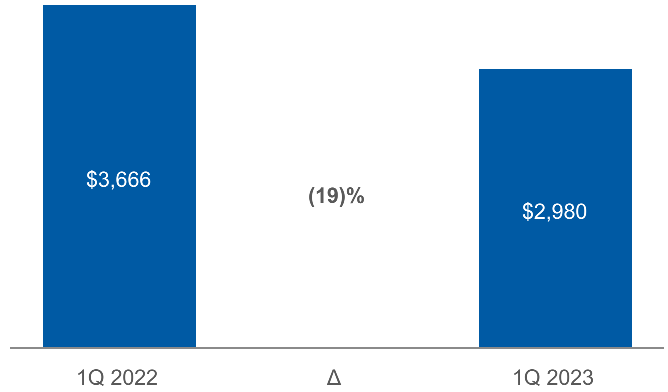
Consolidated Results—Three Months Ended March 31, 2023

- The Firm reported net revenues of $14.5 billion and net income of $3.0 billion as our businesses navigated a volatile market environment.
- The Firm delivered ROTCE of 16.9% (see "Selected Non-GAAP Financial Information" herein).
- The Firm's expense efficiency ratio was 72%. Expenses for the quarter include integration-related expenses of $77 million.
- At March 31, 2023, the Firm's Standardized Common Equity Tier 1 capital ratio was 15.1%.
- Institutional Securities net revenues of $6.8 billion reflect strong performance in Equity and Fixed Income despite a less favorable market environment compared to a year ago and lower results in Investment Banking.
- Wealth Management net revenues were $6.6 billion, positively impacted by mark-to-market gains on investments associated with certain employee deferred compensation plans compared to losses a year ago. The business delivered a pre-tax margin of 26.1%. Results reflect higher net interest income versus prior year, primarily driven by higher interest rates, even as clients continue to redeploy sweep deposits. These results were partially offset by an increase in expenses as well as higher provisions for credit losses.
- Wealth Management attracted significant net new assets of $110 billion during the quarter.
- Investment Management results reflect net revenues of $1.3 billion on AUM of $1.4 trillion amid declines in asset values from a year ago.

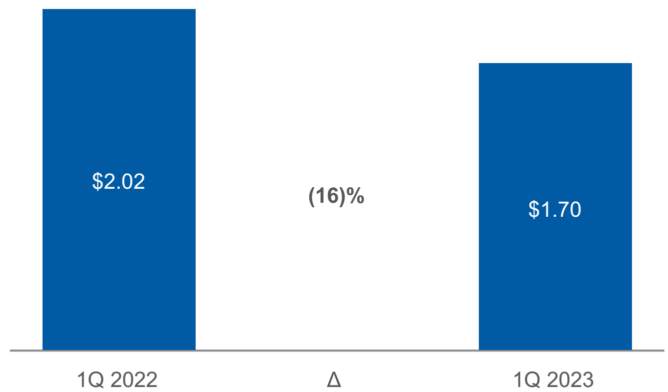
Net Revenues
($ in millions)



Net Income Applicable to Morgan Stanley
($ in millions)



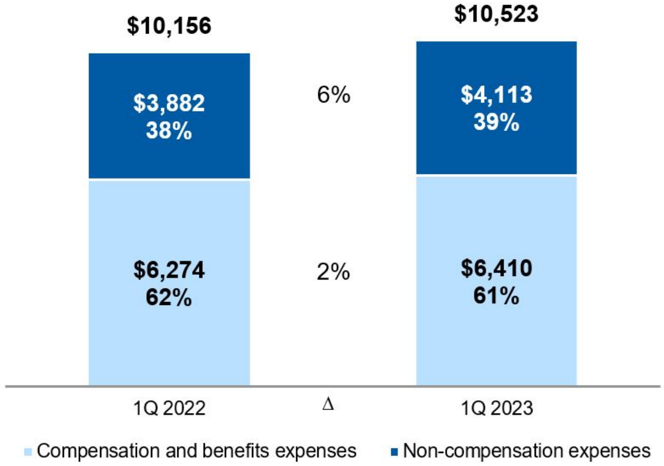
Earnings per Diluted Common Share



We reported net revenues of $14.5 billion in the quarter ended March 31, 2023 ("current quarter," or "1Q 2023") compared with $14.8 billion in the quarter ended March 31, 2022 ("prior year quarter," or "1Q 2022"). For the current quarter, net income applicable to Morgan Stanley was $3.0 billion, or $1.70 per diluted common share, compared with $3.7 billion, or $2.02 per diluted common share in the prior year quarter.

Non-interest Expenses[1]

($ in millions)



1. The percentages on the bars in the chart represent the contribution of compensation and benefits expenses and non-compensation expenses to the total.

- Compensation and benefits expenses of $6,410 million in the current quarter increased 2% from the prior year quarter, primarily due to higher expenses related to certain deferred cash-based compensation plans linked to investment performance, higher stock-based compensation expense driven by the Firm's share price, and higher salary expenses driven in part by the impact of higher headcount, partially offset by lower discretionary incentive compensation on lower revenues and a decrease in the formulaic payout to Wealth Management representatives driven by lower compensable revenues.
- Non-compensation expenses of $4,113 million in the current quarter increased 6% from the prior year quarter, primarily due to higher spend on technology, higher marketing and business development costs and higher legal expenses.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $234 million in the current quarter was primarily related to a deterioration in both the macroeconomic outlook and our expectations of commercial real estate borrowers. The Provision for credit losses on loans and lending commitments in the prior year quarter was $57 million, primarily driven by portfolio growth.

For further information on the Provision for credit losses, see "Credit Risk" herein.

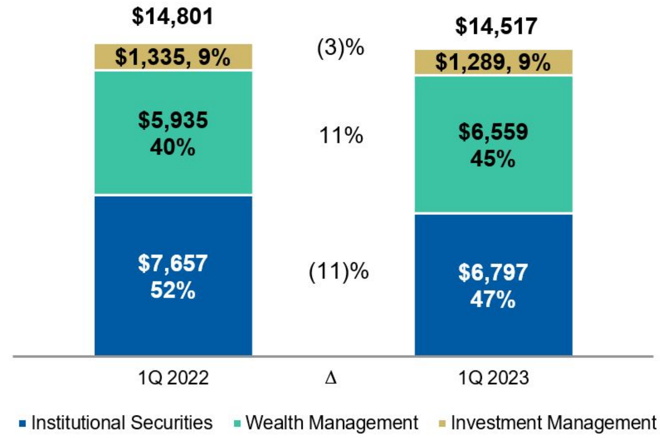
Income Taxes

The effective tax rate of 19.3% for the current quarter was substantially similar to the prior year quarter, both periods reflecting a benefit associated with employee share-based awards, which primarily settled in the first quarter of each year.

Business Segment Results

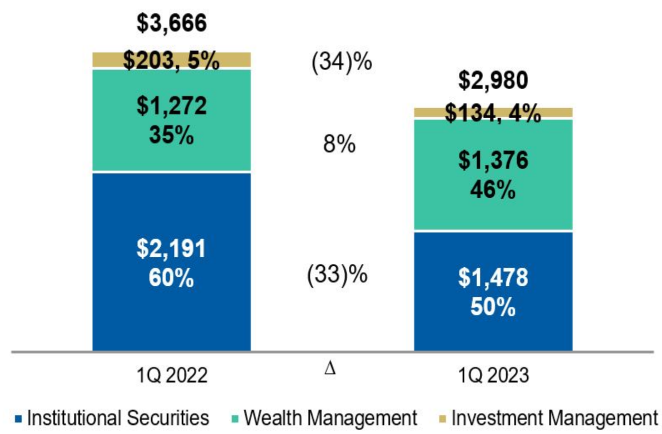
Net Revenues by Segment[1]

($ in millions)



Net Income Applicable to Morgan Stanley by Segment[1]

($ in millions)

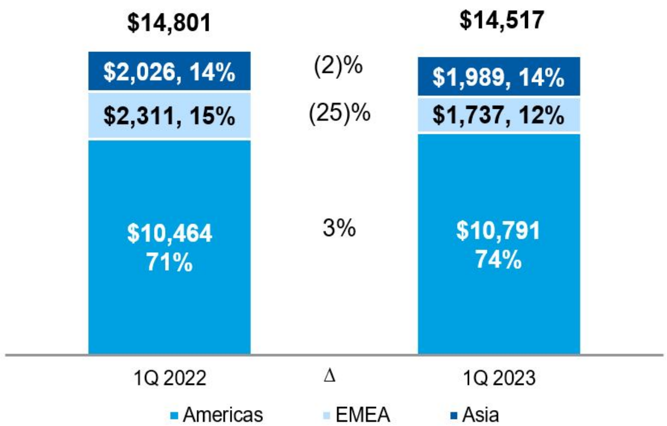


1. The percentages on the bars in the charts represent the contribution of each business segment to the total of the applicable financial category and may not sum to 100% due to intersegment eliminations. See Note 19 to the financial statements for details of intersegment eliminations.

- Institutional Securities net revenues of $6,797 million in the current quarter decreased 11% from the elevated levels in the prior year quarter, primarily reflecting lower results from Equity, Investment Banking and Fixed income, partially offset by higher other net revenues.
- Wealth Management net revenues of $6,559 million in the current quarter increased 11% from the prior year quarter, primarily reflecting gains on investments associated with certain employee deferred cash-based compensation plans compared with losses in the prior year quarter and higher Net interest revenues, partially offset by lower Asset management revenues driven by lower fee-based asset levels in the current quarter resulting from lower market levels, partially offset by the impact of positive fee-based flows.
- Investment Management net revenues of $1,289 million in the current quarter decreased 3% from the prior year quarter, reflecting lower AUM due to the decline in asset values and cumulative outflows over the prior year, partially offset by higher Performance-based income and other revenues.

Net Revenues by Region[1, 2]

($ in millions)



1. The percentages on the bars in the charts represent the contribution of each region to the total.
2. For a discussion of how the geographic breakdown of net revenues is determined, see Note 23 to the financial statements in the 2022 Form 10-K.

Americas net revenues in the current quarter increased 3% from the prior year quarter, primarily driven by results within the Wealth Management business segment, partially offset by Equity results within the Institutional Securities business segment. EMEA net revenues decreased 25% from the prior year quarter, primarily driven by Fixed income, Investment banking and Equity results within the Institutional Securities business segment. Asia net revenues in the current quarter continued to reflect the strong levels in the prior year quarter.

Selected Financial Information and Other Statistical Data

	Three Months Ended March 31,	
$ in millions	**2023**	2022
Consolidated results		
Net revenues	**$ 14,517**	$ 14,801
Earnings applicable to Morgan Stanley common shareholders	**$ 2,836**	$ 3,542
Earnings per diluted common share	**$ 1.70**	$ 2.02
Consolidated financial measures		
Expense efficiency ratio[1]	**72 %**	69 %
ROE[2]	**12.4 %**	14.7 %
ROTCE[2, 3]	**16.9 %**	19.8 %
Pre-tax margin[4]	**26 %**	31 %
Effective tax rate	**19.3 %**	19.0 %
Pre-tax margin by segment[4]		
Institutional Securities	**28 %**	36 %
Wealth Management	**26 %**	27 %
Investment Management	**13 %**	17 %

in millions, except per share and employee data	**At March 31, 2023**	At December 31, 2022
Average liquidity resources for three months ended[5]	**$ 321,195**	$ 312,250
Loans[6]	**$ 222,727**	$ 222,182
Total assets	**$ 1,199,904**	$ 1,180,231
Deposits	**$ 347,523**	$ 356,646
Borrowings	**$ 250,182**	$ 238,058
Common shareholders' equity	**$ 92,076**	$ 91,391
Tangible common shareholders' equity[3]	**$ 67,951**	$ 67,123
Common shares outstanding	**1,670**	1,675
Book value per common share[7]	**$ 55.13**	$ 54.55
Tangible book value per common share[3, 7]	**$ 40.68**	$ 40.06
Worldwide employees (in thousands)	**82**	82
Client assets[8] (in billions)	**$ 5,920**	$ 5,492
Capital Ratios[9]		
Common Equity Tier 1 capital—Standardized	**15.1 %**	15.3 %
Tier 1 capital—Standardized	**17.0 %**	17.2 %
Common Equity Tier 1 capital—Advanced	**15.6 %**	15.6 %
Tier 1 capital—Advanced	**17.5 %**	17.6 %
Tier 1 leverage	**6.7 %**	6.7 %
SLR	**5.5 %**	5.5 %

1. The expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.
2. ROE and ROTCE represent annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively.
3. Represents a non-GAAP financial measure. See "Selected Non-GAAP Financial Information" herein.
4. Pre-tax margin represents income before provision for income taxes as a percentage of net revenues.
5. For a discussion of Liquidity resources, see "Liquidity and Capital Resources—Balance Sheet—Liquidity Risk Management Framework—Liquidity Resources" herein.
6. Includes loans held for investment, net of ACL, loans held for sale and also includes loans at fair value, which are included in Trading assets in the balance sheet.
7. Book value per common share and tangible book value per common share equal common shareholders' equity and tangible common shareholders' equity, respectively, divided by common shares outstanding.
8. Client assets represents Wealth Management client assets and Investment Management AUM. Certain Wealth Management client assets are invested in Investment Management products and are also included in Investment Management's AUM.
9. For a discussion of our capital ratios, see "Liquidity and Capital Resources—Regulatory Requirements" herein.

Economic and Market Conditions

The global economic and geopolitical environment continues to be characterized by elevated inflation, rising interest rates and volatility in global financial markets and deterioration in the macroeconomic outlook. This environment has impacted our businesses, as discussed further in "Business Segments" herein, and, to the extent that it continues to deteriorate, could adversely impact client confidence and related activity. In addition to the aforementioned conditions, certain financial institutions have recently come under significant stress. While the full impact of these events in the U.S. or global banking sector remains uncertain, they have not significantly impacted our results or financial condition. For more information on economic and market conditions and their potential effects on our future results, refer to "Risk Factors" and "Forward-Looking Statements" in the 2022 Form 10-K.

Following the recent failure of several financial institutions and resulting losses to the FDIC's Deposit Insurance Fund ("DIF") it is likely that the FDIC will assess certain financial institutions, including the Firm, for additional amounts to be provided to the DIF. While such special assessments have not been determined, they may impact our future operating results.

Selected Non-GAAP Financial Information

We prepare our financial statements using U.S. GAAP. From time to time, we may disclose certain "non-GAAP financial measures" in this document or in the course of our earnings releases, earnings and other conference calls, financial presentations, definitive proxy statements and other public disclosures. A "non-GAAP financial measure" excludes, or includes, amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. We consider the non-GAAP financial measures we disclose to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an alternate means of assessing or comparing our financial condition, operating results and 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 U.S. GAAP financial measure and the non-GAAP financial measure.

In the fourth quarter of 2022, we introduced new non-GAAP financial measures and have presented comparable prior year quarter amounts for the first time in the following table. These measures exclude the impact of mark-to-market gains and losses on investments associated with certain employee deferred cash-based compensation plans from net revenues and compensation expenses. These employee deferred cash-based compensation plans are primarily reflected in our Wealth Management business segment. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Executive Summary" in the 2022 Form 10-K.

The principal non-GAAP financial measures presented in this document are set forth in the following tables.

Reconciliations from U.S. GAAP to Non-GAAP Consolidated Financial Measures

	Three Months Ended March 31,	
$ in millions, except per share data	**2023**	2022
Net revenues	**$ 14,517**	$ 14,801
Adjustment for mark-to-market losses (gains) on certain employee deferred cash-based compensation plans[1]	**(153)**	441
Adjusted Net revenues—non-GAAP	**$ 14,364**	$ 15,242
Compensation expense	**$ 6,410**	$ 6,274
Adjustment for mark-to-market gains (losses) on certain employee deferred cash-based compensation plans[1]	**(193)**	288
Adjusted Compensation expense—non-GAAP	**$ 6,217**	$ 6,562
Wealth Management Net revenues	**$ 6,559**	$ 5,935
Adjustment for mark-to-market losses (gains) on certain employee deferred cash-based compensation plans[1]	**(101)**	296
Adjusted Wealth Management Net revenues—non-GAAP	**$ 6,458**	$ 6,231
Wealth Management Compensation expense	**$ 3,477**	$ 3,125
Adjustment for mark-to-market gains (losses) on certain employee deferred cash-based compensation plans[1]	**(119)**	200
Adjusted Wealth Management Compensation expense—non-GAAP	**$ 3,358**	$ 3,325

$ in millions	**At March 31, 2023**	At December 31, 2022
Tangible equity		
Common shareholders' equity	**$ 92,076**	$ 91,391
Less: Goodwill and net intangible assets	**(24,125)**	(24,268)
Tangible common shareholders' equity—non-GAAP	**$ 67,951**	$ 67,123

	Average Monthly Balance	
	Three Months Ended March 31,	
$ in millions	**2023**	2022
Tangible equity		
Common shareholders' equity	**$ 91,382**	$ 96,667
Less: Goodwill and net intangible assets	**(24,198)**	(25,120)
Tangible common shareholders' equity—non-GAAP	**$ 67,184**	$ 71,547

Non-GAAP Financial Measures by Business Segment

$ in billions	Three Months Ended March 31, 2023	2022
Average common equity[2]		
Institutional Securities	**$ 45.6**	$ 48.8
Wealth Management	**28.8**	31.0
Investment Management	**10.4**	10.6
ROE[3]		
Institutional Securities	**12 %**	17 %
Wealth Management	**19 %**	16 %
Investment Management	**5 %**	8 %
Average tangible common equity[2]		
Institutional Securities	**$ 45.2**	$ 48.3
Wealth Management	**14.8**	16.3
Investment Management	**0.7**	0.8
ROTCE[3]		
Institutional Securities	**12 %**	17 %
Wealth Management	**36 %**	30 %
Investment Management	**73 %**	106 %

1. Net revenues and compensation expense are adjusted for certain employee deferred cash-based compensation plans for both Firm and Wealth Management business segment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters" in the 2022 Form 10-K for more information.
2. Average common equity and average tangible common equity for each business segment is determined using our Required Capital framework (see "Liquidity and Capital Resources—Regulatory Requirements—Attribution of Average Common Equity According to the Required Capital Framework" herein). The sums of the segments' Average common equity and Average tangible common equity do not equal the Consolidated measures due to Parent equity.
3. The calculation of ROE and ROTCE by segment uses net income applicable to Morgan Stanley by segment less preferred dividends allocated to each segment as a percentage of average common equity and average tangible common equity, respectively, allocated to each segment.

Return on Tangible Common Equity Goal

We have an ROTCE goal of over 20%. Our ROTCE goal is a forward-looking statement that is based on a normal market environment and may be materially affected by many factors. See "Risk Factors" and "Forward-Looking Statements" in the 2022 Form 10-K for further information on market and economic conditions and their potential effects on our future operating results. ROTCE represents a non-GAAP financial measure. For further information on non-GAAP measures, see "Selected Non-GAAP Financial Information" herein.

Business Segments

Substantially all of our operating revenues and operating expenses are directly attributable to our business segments. Certain revenues and expenses have been allocated to each business segment, generally in proportion to its respective net revenues, non-interest expenses or other relevant measures. See Note 19 to the financial statements for segment net revenues by income statement line item and information on intersegment transactions.

For an overview of the components of our business segments, net revenues, compensation expense and income taxes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments" in the 2022 Form 10-K.

Institutional Securities

Income Statement Information

$ in millions	Three Months Ended March 31, 2023	2022	% Change
Revenues			
Advisory	**$ 638**	$ 944	**(32)%**
Equity	**202**	258	**(22)%**
Fixed income	**407**	432	**(6)%**
Total Underwriting	**609**	690	**(12)%**
Total Investment banking	**1,247**	1,634	**(24)%**
Equity	**2,729**	3,174	**(14)%**
Fixed income	**2,576**	2,923	**(12)%**
Other	**245**	(74)	**N/M**
Net revenues	**$ 6,797**	$ 7,657	**(11)%**
Provision for credit losses	**189**	44	**N/M**
Compensation and benefits	**2,365**	2,604	**(9)%**
Non-compensation expenses	**2,351**	2,222	**6 %**
Total non-interest expenses	**4,716**	4,826	**(2)%**
Income before provision for income taxes	**1,892**	2,787	**(32)%**
Provision for income taxes	**363**	535	**(32)%**
Net income	**1,529**	2,252	**(32)%**
Net income applicable to noncontrolling interests	**51**	61	**(16)%**
Net income applicable to Morgan Stanley	**$ 1,478**	$ 2,191	**(33)%**

Investment Banking

Investment Banking Volumes

$ in billions	Three Months Ended March 31, 2023	2022
Completed mergers and acquisitions[1]	**$ 129**	$ 331
Equity and equity-related offerings[2, 3]	**10**	8
Fixed income offerings[2, 4]	**63**	81

Source: Refinitiv data as of April 3, 2023. Transaction volumes may not be indicative of net revenues in a given period. In addition, transaction volumes for prior periods may vary from amounts previously reported due to the subsequent withdrawal, change in value or change in timing of certain transactions.
1. Includes transactions of $100 million or more. Based on full credit to each of the advisors in a transaction.
2. Based on full credit for single book managers and equal credit for joint book managers.
3. Includes Rule 144A issuances and registered public offerings of common stock, convertible securities and rights offerings.
4. Includes Rule 144A and publicly registered issuances, non-convertible preferred stock, mortgage-backed and asset-backed securities, and taxable municipal debt. Excludes leveraged loans and self-led issuances.

Investment Banking Revenues

Revenues of $1,247 million in the current quarter decreased 24% compared with the prior year quarter, primarily reflecting lower advisory revenues.

- Advisory revenues decreased primarily due to fewer completed M&A transactions.
- Equity underwriting revenues decreased primarily due to lower initial public offerings.
- Fixed income underwriting revenues decreased primarily due to lower non-investment grade loan issuances.

Investment Banking continues to operate in a global economic and geopolitical environment characterized by significantly reduced M&A and underwriting activity amid elevated inflation, rising interest rates and volatility in global financial markets and deterioration in the macroeconomic outlook and client confidence. To the extent that the environment continues to deteriorate, it could adversely impact global announced M&A transactions and underwriting volumes, and as a result, continue to adversely impact our Investment Banking revenues.

See "Investment Banking Volumes" herein.

Equity, Fixed Income and Other Net Revenues

Equity and Fixed Income Net Revenues

$ in millions	Three Months Ended March 31, 2023 Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	**$ 1,696**	**$ 134**	**$ (541)**	**$ 32**	**$ 1,321**
Execution services	**848**	**619**	**(59)**	**—**	**1,408**
Total Equity	**$ 2,544**	**$ 753**	**$ (600)**	**$ 32**	**$ 2,729**
Total Fixed Income	**$ 2,478**	**$ 109**	**$ (89)**	**$ 78**	**$ 2,576**

$ in millions	Three Months Ended March 31, 2022 Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	$ 1,251	$ 132	$ 87	$ 4	$ 1,474
Execution services	924	693	(34)	117	1,700
Total Equity	$ 2,175	$ 825	$ 53	$ 121	$ 3,174
Total Fixed Income	$ 2,258	$ 97	$ 508	$ 60	$ 2,923

1. Includes Commissions and fees and Asset management revenues.
2. Includes funding costs, which are allocated to the businesses based on funding usage.
3. Includes Investments and Other revenues.

Equity

Net revenues of $2,729 million in the current quarter decreased 14% compared with the prior year quarter, reflecting a decrease in execution services and financing.

- Financing revenues decreased primarily due to lower average client balances reflective of market declines.
- Execution services revenues decreased primarily due to lower gains from the impact of market conditions on inventory held to facilitate client activity and lower client activity across products compared to the prior year quarter.

Fixed Income

Net revenues of $2,576 million in the current quarter decreased 12% compared with the prior year quarter, primarily reflecting a decrease in foreign exchange products and commodities, partially offset by increases in rates and credit products.

- Global macro products revenues decreased primarily due to a decline in foreign exchange products, partially offset by an increase from market conditions on inventory held to facilitate client activity in rates products reflective of interest rate volatility across regions.

- Credit products revenues increased, supported by client engagement, reflecting the impact of market conditions on inventory held to facilitate client activity in corporate credit products and municipal securities.
- Commodities products and other fixed income revenues decreased compared to elevated results in the prior year quarter, primarily due to lower gains from the impact of market conditions on inventory held to facilitate client activity and lower client activity in Commodities.

Other Net Revenues

Other net revenues reflected a gain of $245 million in the current quarter compared with a loss of $74 million in the prior year quarter, primarily due to gains compared with losses in the prior year quarter on investments associated with certain employee deferred cash-based compensation plans, higher net interest income on corporate loans, and lower mark-to-market losses on corporate loans inclusive of hedges.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $189 million in the current quarter was primarily related to a deterioration in both the macroeconomic outlook and our expectations of commercial real estate borrowers. The Provision for credit losses on loans and lending commitments was $44 million in the prior year quarter, primarily driven by portfolio growth.

For further information on the Provision for credit losses, see "Credit Risk" herein.

Non-interest Expenses

Non-interest expenses of $4,716 million in the current quarter decreased 2% compared with the prior year quarter, primarily due to lower Compensation and benefits expenses, partially offset by higher Non-compensation expenses.

- Compensation and benefits expenses decreased in the current quarter, primarily due to lower discretionary incentive compensation on lower revenues, partially offset by higher stock-based compensation expense driven by the Firm's share price and higher expenses related to certain deferred cash-based compensation plans linked to investment performance.
- Non-compensation expenses increased in the current quarter, primarily due to an increase in legal expenses and higher marketing and business development costs.

Wealth Management

Income Statement Information

$ in millions	Three Months Ended March 31, 2023	2022	% Change
Revenues			
Asset management	**$ 3,382**	$ 3,626	**(7)%**
Transactional[1]	**921**	635	**45 %**
Net interest	**2,158**	1,540	**40 %**
Other[1]	**98**	134	**(27)%**
Net revenues	**6,559**	5,935	**11 %**
Provision for credit losses	**45**	13	**N/M**
Compensation and benefits	**3,477**	3,125	**11 %**
Non-compensation expenses	**1,325**	1,224	**8 %**
Total non-interest expenses	**4,802**	4,349	**10 %**
Income before provision for income taxes	**$ 1,712**	$ 1,573	**9 %**
Provision for income taxes	**336**	301	**12 %**
Net income applicable to Morgan Stanley	**$ 1,376**	$ 1,272	**8 %**

1. Transactional includes Investment banking, Trading, and Commissions and fees revenues. Other includes Investments and Other revenues.

Wealth Management Metrics

$ in billions	At March 31, 2023	At December 31, 2022
Total client assets[1]	**$ 4,558**	$ 4,187
U.S. Bank Subsidiary loans	**$ 144**	$ 146
Margin and other lending[2]	**$ 21**	$ 22
Deposits[3]	**$ 341**	$ 351
Annualized weighted average cost of deposits[4]		
Period end	**2.05%**	1.59%
Period average for three months ended	**1.86%**	1.32%

	Three Months Ended March 31, 2023	2022
Net new assets[5]	**$ 109.6**	$ 142.0

1. Client assets represent those for which Wealth Management is providing services including financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage and investment advisory services; financial and wealth planning services; workplace services, including stock plan administration, and retirement plan services. See "Self-directed Channel" herein for additional information.
2. 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.
3. 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. Excludes approximately $2 billion and $6 billion of off-balance sheet deposits as of March 31, 2023 and December 31, 2022, respectively.
4. Annualized weighted average represents the total annualized weighted average cost of the various deposit products, excluding the effect of related hedging derivatives. The period end cost of deposits is based upon balances and rates as of March 31, 2023 and December 31, 2022. The period average is based on daily balances and rates for the period.
5. Net new assets represent client asset inflows, including dividends and interest, and asset acquisitions, less client asset outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions.

Advisor-led Channel

$ in billions	At March 31, 2023	At December 31, 2022
Advisor-led client assets[1]	**$ 3,582**	$ 3,392
Fee-based client assets[2]	**$ 1,769**	$ 1,678
Fee-based client assets as a percentage of advisor-led client assets	**49%**	49%

	Three Months Ended March 31, 2023	2022
Fee-based asset flows[3]	**$ 22.4**	$ 97.2

1. Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
2. 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.
3. 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 2022 Form 10-K.

Self-directed Channel

$ in billions	At March 31, 2023	At December 31, 2022
Self-directed assets[1]	**$ 976**	$ 795
Self-directed households (in millions)[2]	**8.1**	8.0

	Three Months Ended March 31, 2023	2022
Daily average revenue trades ("DARTs") (in thousands)[3]	**831**	1,016

1. Self-directed assets represent active accounts which are not advisor led. Active accounts are defined as having at least $25 in assets.
2. 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 are included in each of the respective channel counts.
3. DARTs represent the total self-directed trades in a period divided by the number of trading days during that period.

Workplace Channel[1]

$ in billions	At March 31, 2023	At December 31, 2022
Stock plan unvested assets[2]	**$ 358**	$ 302
Stock plan participants (in millions)[3]	**6.5**	6.3

1. The workplace channel includes equity compensation solutions for companies, their executives and employees.
2. Stock plan unvested assets represent the market value of public company securities at the end of the period.
3. 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.

Net Revenues

Asset Management

Asset management revenues of $3,382 million in the current quarter decreased 7% compared with the prior year quarter, primarily due to lower fee-based asset levels in the current quarter resulting from lower market levels, partially offset by the cumulative impact of positive fee-based flows.

See "Fee-Based Client Assets—Rollforwards" herein.

Transactional Revenues

Transactional revenues of $921 million in the current quarter increased 45% compared with the prior year quarter, primarily due to gains on investments associated with certain employee deferred cash-based compensation plans compared with losses in the prior year quarter, partially offset by fewer new issuances and reduced client activity.

For further information on the impact of investments associated with certain employee deferred cash-based compensation plans, see "Selected Non-GAAP Financial Information" herein.

Net Interest

Net interest revenues of $2,158 million in the current quarter increased 40% compared with the prior year quarter, primarily due to the net effect of higher interest rates, partially offset by the impact of a reduction in brokerage sweep deposits in excess of our expectations.

The level and pace of interest rate changes and other macroeconomic factors continue to impact client demand for loans, client preferences for cash allocation to other products and the pace of reallocation of client balances, resulting in changes in the deposit mix and associated interest expense. If these trends persist, net interest income may continue to be impacted in future periods.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $45 million in the current quarter was primarily driven by deterioration in the macroeconomic outlook. The Provision for credit losses on loans and lending commitments was $13 million in the prior year quarter, primarily driven by portfolio growth.

Non-interest Expenses

Non-interest expenses of $4,802 million in the current quarter increased 10% compared with the prior year quarter, as a result of higher Compensation and benefits expenses and higher Non-compensation expenses.

- Compensation and benefits expenses increased in the current quarter primarily due to higher expenses related to certain deferred cash-based compensation plans linked to investment performance and the impact of higher headcount, partially offset by a decrease in the formulaic payout to Wealth Management representatives driven by lower compensable revenues.

  For further information on the impact of expenses related to certain employee deferred cash-based compensation plans linked to investment performance, see "Selected Non-GAAP Financial Information" herein.

- Non-compensation expenses increased in the current quarter primarily driven by higher spend on technology and higher marketing and business development costs.

Fee-Based Client Assets Rollforwards

$ in billions	At December 31, 2022	Inflows	Outflows	Market Impact	**At March 31, 2023**
Separately managed[1]	$ 501	**$ 16**	**$ (7)**	**$ 18**	**$ 528**
Unified managed	408	**21**	**(14)**	**17**	**432**
Advisor	167	**9**	**(9)**	**9**	**176**
Portfolio manager	552	**26**	**(20)**	**20**	**578**
Subtotal	$ 1,628	**$ 72**	**$ (50)**	**$ 64**	**$ 1,714**
Cash management	50	**20**	**(15)**	**—**	**55**
Total fee-based client assets	$ 1,678	**$ 92**	**$ (65)**	**$ 64**	**$ 1,769**

$ in billions	At December 31, 2021	Inflows[2]	Outflows	Market Impact	At March 31, 2022
Separately managed[1]	$ 479	$ 87	$ (8)	$ 7	$ 565
Unified managed	467	25	(14)	(31)	447
Advisor	211	9	(11)	(10)	199
Portfolio manager	636	30	(21)	(30)	615
Subtotal	$ 1,793	$ 151	$ (54)	$ (64)	$ 1,826
Cash management	46	9	(8)	—	47
Total fee-based client assets	$ 1,839	$ 160	$ (62)	$ (64)	$ 1,873

1. Includes non-custody account values reflecting prior quarter-end balances due to a lag in the reporting of asset values by third-party custodians.
2. Includes $75 billion of fee-based assets acquired in an asset acquisition in the first quarter of 2022, reflected in Separately managed.

Average Fee Rates[1]

	Three Months Ended March 31,	
Fee rate in bps	**2023**	2022
Separately managed	**13**	13
Unified managed	**93**	94
Advisor	**80**	81
Portfolio manager	**91**	92
Subtotal	**66**	68
Cash management	**6**	6
Total fee-based client assets	**65**	67

1. Based on Asset management revenues related to advisory services associated with fee-based assets.

For a description of fee-based client assets and rollforward items in the previous tables, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments—Wealth Management Fee-Based Client Assets" in the 2022 Form 10-K.

Investment Management

Income Statement Information

$ in millions	Three Months Ended March 31, 2023	2022	% Change
Revenues			
Asset management and related fees	**$ 1,248**	$ 1,388	**(10)%**
Performance-based income and other[1]	**41**	(53)	**177 %**
Net revenues	**1,289**	1,335	**(3)%**
Compensation and benefits	**568**	545	**4 %**
Non-compensation expenses	**555**	562	**(1)%**
Total non-interest expenses	**1,123**	1,107	**1 %**
Income before provision for income taxes	**166**	228	**(27)%**
Provision for income taxes	**30**	37	**(19)%**
Net income	**136**	191	**(29)%**
Net income (loss) applicable to noncontrolling interests	**2**	(12)	**117 %**
Net income applicable to Morgan Stanley	**$ 134**	$ 203	**(34)%**

1. Includes Investments, Trading, Commissions and fees, Net interest, and Other revenues.

Net Revenues

Asset Management and Related Fees

Asset management and related fees of $1,248 million in the current quarter decreased 10% from the prior year quarter, primarily due to lower average AUM driven by the decline in asset values and the cumulative effect of net outflows in Long-Term AUM.

Asset management revenues are influenced by the level and relative mix of AUM and related fee rates. The market environment in recent quarters has led to a decline in asset prices, which in turn, negatively impacted our AUM level across asset classes. To the extent the market condition deteriorates further, or we continue to see net outflows of Long-Term AUM, we would expect our Asset management revenue to continue to be negatively impacted.

See "Assets under Management or Supervision" herein.

Performance-based Income and Other

Performance-based income and other revenues were a gain of $41 million in the current quarter, representing an increase from the prior year quarter, primarily due to gains on investments associated with certain employee deferred cash-based compensation plans and mark-to-market gains on public investments compared with losses in the prior year quarter, partially offset by lower accrued carried interest.

Non-interest Expenses

Non-interest expenses of $1,123 million in the current quarter increased 1% from the prior year quarter primarily due to higher Compensation and benefits.

- Compensation and benefits expenses increased in the current quarter primarily due to higher expenses related to certain deferred cash-based compensation plans linked to investment performance, partially offset by lower compensation associated with carried interest.
- Non-compensation expenses were relatively unchanged.

Assets under Management or Supervision Rollforwards

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
December 31, 2022	$ 259	$ 173	$ 431	$ 863	$ 442	$1,305
Inflows	**10**	**16**	**18**	**44**	**585**	**629**
Outflows	**(12)**	**(17)**	**(16)**	**(45)**	**(568)**	**(613)**
Market Impact	**21**	**4**	**15**	**40**	**6**	**46**
Other	**(1)**	**(1)**	**—**	**(2)**	**(3)**	**(5)**
March 31, 2023	**$ 277**	**$ 175**	**$ 448**	**$ 900**	**$ 462**	**$1,362**

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
December 31, 2021	$ 395	$ 207	$ 466	$ 1,068	$ 497	$1,565
Inflows	19	19	27	65	494	559
Outflows	(26)	(22)	(29)	(77)	(523)	(600)
Market Impact	(48)	(7)	(14)	(69)	(2)	(71)
Other	(3)	(2)	(1)	(6)	—	(6)
March 31, 2022	$ 337	$ 195	$ 449	$ 981	$ 466	$1,447

Average AUM

$ in billions	Three Months Ended March 31, 2023	2022
Equity	**$ 271**	$ 355
Fixed income	**175**	201
Alternatives and Solutions	**441**	454
Long-term AUM subtotal	**887**	1010
Liquidity and Overlay Services	**442**	476
Total AUM	**$ 1,329**	$ 1,486

Average Fee Rates[1]

Fee rate in bps	Three Months Ended March 31, 2023	2022
Equity	**72**	70
Fixed income	**35**	36
Alternatives and Solutions	**33**	35
Long-term AUM	**45**	48
Liquidity and Overlay Services	**13**	7
Total AUM	**35**	35

1. Based on Asset management revenues, net of waivers, excluding performance-based fees and other non-management fees. For certain non-U.S. funds, it includes the portion of advisory fees that the advisor collects on behalf of third-party distributors. The payment of those fees to the distributor is included in Non-compensation expenses in the income statement.

For a description of the asset classes and rollforward items in the previous tables, see "Management's Discussion and

Analysis of Financial Condition and Results of Operations—Business Segments—Investment Management—Assets Under Management or Supervision” in the 2022 Form 10-K.

Supplemental Financial Information

U.S. Bank Subsidiaries

Our U.S. bank subsidiaries, Morgan Stanley Bank N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA") (together, "U.S. Bank Subsidiaries"), accept deposits, provide loans to a variety of customers, including large corporate and institutional clients as well as high to ultra-high net worth individuals, and invest in securities. Lending activity in the U.S. Bank Subsidiaries from the Institutional Securities business segment primarily includes Secured lending facilities and Commercial real estate loans. Lending activity in the U.S. Bank Subsidiaries from the Wealth Management business segment primarily includes Securities-based lending, which allows clients to borrow money against the value of qualifying securities, and Residential real estate loans.

For a further discussion of our credit risks, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk." For a further discussion about loans and lending commitments, see Notes 9 and 13 to the financial statements.

U.S. Bank Subsidiaries' Supplemental Financial Information[1]

$ in billions	At March 31, 2023	At December 31, 2022
Investment securities portfolio:		
Investment securities—AFS	$ 67.6	$ 66.9
Investment securities—HTM	55.7	56.4
Total investment securities	**$ 123.3**	$ 123.3
Wealth Management Loans[2]		
Residential real estate	$ 55.3	$ 54.4
Securities-based lending and Other[3]	88.4	91.7
Total, net of ACL	**$ 143.7**	$ 146.1
Institutional Securities Loans[2]		
Corporate	$ 8.3	$ 6.9
Secured lending facilities	38.3	37.1
Commercial and Residential real estate	10.5	10.2
Securities-based lending and Other	6.0	6.0
Total, net of ACL	**$ 63.1**	$ 60.2
Total Assets	**$ 384.8**	$ 391.0
Deposits[4]	**$ 340.9**	$ 350.6

1. Amounts exclude transactions between the bank subsidiaries, as well as deposits from the Parent Company and affiliates.
2. For a further discussion of loans in the Wealth Management and Institutional Securities business segments, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" herein.
3. Other loans primarily include tailored lending.
4. For further information on deposits, see "Liquidity and Capital Resources—Funding Management—Balance Sheet—Unsecured Financing" herein.

Accounting Development Updates

The Financial Accounting Standards Board has issued certain accounting updates that apply to us. Accounting updates not listed below were assessed and determined to be either not applicable or to not have a material impact on our financial condition or results of operations upon adoption.

We are currently evaluating the following accounting update; However, we do not expect a material impact on our financial condition or results of operations upon adoption:

- *Investments—Tax Credit Structures*. This accounting update permits an election to account for tax equity investments using the proportional amortization method if certain conditions are met. Under the proportional amortization method, the initial cost of the investment is amortized in proportion to the income tax credits and other income tax benefits received. The net amortization and income tax credits and other income tax benefits are recognized in the income statement as a component of provision for income taxes. The update also requires disclosures of certain information that enable investors and other users of our financial statements to understand the nature of (i) the tax equity investments in projects that generate income tax credits and other income tax benefits from a program for which the proportional amortization method has been elected and (ii) the impact of the tax equity investments and related income tax credits on the financial condition and results of operations. The ASU will be effective January 1, 2024, with early adoption permitted.

Critical Accounting Estimates

Our financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions (see Note 1 to the financial statements). We believe that of our significant accounting policies (see Note 2 to the financial statements in the 2022 Form 10-K and Note 2 to the financial statements), the fair value of financial instruments, goodwill and intangible assets, legal and regulatory contingencies (see Note 15 to the financial statements in the 2022 Form 10-K and Note 13 to the financial statements) and income taxes policies involve a higher degree of judgment and complexity. For a further discussion about our critical accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" in the 2022 Form 10-K.

Liquidity and Capital Resources

Our liquidity and capital policies are established and maintained by senior management, with oversight by the Asset/Liability Management Committee and the Board of Directors ("Board"). Through various risk and control committees, senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity, interest rate and currency sensitivity of our asset and liability position. Our Treasury department, Firm Risk Committee, Asset/Liability Management Committee, and other committees and control groups assist in evaluating, monitoring and managing the impact that our business activities have on our balance sheet, liquidity and capital structure. Liquidity and capital matters are reported regularly to the Board and the Risk Committee of the Board.

Balance Sheet

We monitor and evaluate the composition and size of our balance sheet on a regular basis. Our balance sheet management process includes quarterly planning, business-specific thresholds, monitoring of business-specific usage versus key performance metrics and new business impact assessments.

We establish balance sheet thresholds at the consolidated and business segment levels. We monitor balance sheet utilization and review variances resulting from business activity and market fluctuations. On a regular basis, we review current performance versus established thresholds and assess the need to re-allocate our balance sheet based on business segment needs. We also monitor key metrics, including asset and liability size and capital usage.

Total Assets by Business Segment

	At March 31, 2023			
$ in millions	IS	WM	IM	Total
Assets				
Cash and cash equivalents	**$ 84,356**	**$ 26,747**	**$ 155**	**$ 111,258**
Trading assets at fair value	**310,842**	**4,560**	**4,899**	**320,301**
Investment securities	**37,386**	**120,558**	**—**	**157,944**
Securities purchased under agreements to resell	**108,722**	**13,163**	**—**	**121,885**
Securities borrowed	**145,289**	**927**	**—**	**146,216**
Customer and other receivables	**43,973**	**28,907**	**1,215**	**74,095**
Loans[1]	**71,008**	**143,684**	**4**	**214,696**
Other assets[2]	**17,619**	**24,859**	**11,031**	**53,509**
Total assets	**$ 819,195**	**$ 363,405**	**$17,304**	**$ 1,199,904**

	At December 31, 2022			
$ in millions	IS	WM	IM	Total
Assets				
Cash and cash equivalents	$ 88,362	$ 39,539	$ 226	$ 128,127
Trading assets at fair value	294,884	1,971	4,460	301,315
Investment securities	40,481	119,450	—	159,931
Securities purchased under agreements to resell	102,511	11,396	—	113,907
Securities borrowed	132,619	755	—	133,374
Customer and other receivables	47,515	29,620	1,405	78,540
Loans[1]	67,676	146,105	4	213,785
Other assets[2]	15,789	24,469	10,994	51,252
Total assets	$ 789,837	$ 373,305	$17,089	$ 1,180,231

1. Amounts include loans held for investment, net of ACL, and loans held for sale but exclude loans at fair value, which are included in Trading assets in the balance sheet (see Note 9 to the financial statements).
2. Other assets primarily includes Goodwill and Intangible assets, premises, equipment and software, ROU assets related to leases, other investments, and deferred tax assets.

A substantial portion of total assets consists of cash and cash equivalents, liquid marketable securities and short-term receivables. In the Institutional Securities business segment, these arise from market-making, financing and prime brokerage activities, and in the Wealth Management business segment, these arise from banking activities, including management of the investment portfolio. Total assets of $1,200 billion at March 31, 2023 were relatively unchanged from $1,180 billion at December 31, 2022.

Liquidity Risk Management Framework

The core components of our Liquidity Risk Management Framework are the Required Liquidity Framework, Liquidity Stress Tests and Liquidity Resources, which support our target liquidity profile. For a further discussion about the Firm's Required Liquidity Framework and Liquidity Stress Tests, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Liquidity Risk Management Framework" in the 2022 Form 10-K.

At March 31, 2023 and December 31, 2022, we maintained sufficient liquidity to meet current and contingent funding obligations as modeled in our Liquidity Stress Tests.

Liquidity Resources

We maintain sufficient liquidity resources, which consist of HQLA and cash deposits with banks ("Liquidity Resources") to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. We actively manage the amount of our Liquidity Resources 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.

The amount of Liquidity Resources we hold is based on our risk appetite and is calibrated to meet various internal and regulatory requirements and to fund prospective business activities. The Liquidity Resources are primarily held within the Parent Company and its major operating subsidiaries. The Total HQLA values in the tables immediately following are different from Eligible HQLA, which, in accordance with the LCR rule, also takes into account certain regulatory weightings and other operational considerations.

Liquidity Resources by Type of Investment

	Average Daily Balance Three Months Ended	
$ in millions	**March 31, 2023**	December 31, 2022
Cash deposits with central banks	**$ 65,677**	$ 58,818
Unencumbered HQLA Securities[1]:		
U.S. government obligations	**132,225**	136,020
U.S. agency and agency mortgage-backed securities	**92,219**	87,591
Non-U.S. sovereign obligations[2]	**21,113**	20,583
Other investment grade securities	**694**	694
Total HQLA[1]	**$ 311,928**	$ 303,706
Cash deposits with banks (non-HQLA)	**9,267**	8,544
Total Liquidity Resources	**$ 321,195**	$ 312,250

1. HQLA is presented prior to applying weightings and includes all HQLA held in subsidiaries.
2. Primarily composed of unencumbered Japanese, French, U.K., Italian and Spanish government obligations.

Liquidity Resources by Bank and Non-Bank Legal Entities

	Average Daily Balance Three Months Ended	
$ in millions	March 31, 2023	December 31, 2022
Bank legal entities		
U.S.	$ 140,029	$ 134,845
Non-U.S.	6,651	6,980
Total Bank legal entities	146,680	141,825
Non-Bank legal entities		
U.S.:		
Parent Company	52,315	56,111
Non-Parent Company	58,027	54,813
Total U.S.	110,342	110,924
Non-U.S.	64,173	59,501
Total Non-Bank legal entities	174,515	170,425
Total Liquidity Resources	$ 321,195	$ 312,250

Liquidity Resources may fluctuate from period to period based on the overall size and composition of our balance sheet, the maturity profile of our unsecured debt and estimates of funding needs in a stressed environment, among other factors.

Regulatory Liquidity Framework

Liquidity Coverage Ratio and Net Stable Funding Ratio

We and our U.S. Bank Subsidiaries are required to maintain a minimum LCR and NSFR of 100%. The LCR requires that large banking organizations have sufficient Eligible HQLA to cover net cash outflows arising from significant stress over 30 calendar days, thus promoting the short-term resilience of the liquidity risk profile of banking organizations. In determining Eligible HQLA for LCR purposes, weightings (or asset haircuts) are applied to HQLA, and certain HQLA held in subsidiaries is excluded. The NSFR requires large banking organizations to maintain sufficiently stable sources of funding over a one-year time horizon.

As of March 31, 2023, we and our U.S. Bank Subsidiaries are compliant with the minimum LCR and NSFR requirements of 100%.

Liquidity Coverage Ratio

	Average Daily Balance Three Months Ended	
$ in millions	March 31, 2023	December 31, 2022
Eligible HQLA[1]		
Cash deposits with central banks	$ 58,133	$ 52,765
Securities[2]	185,375	186,551
Total Eligible HQLA[1]	$ 243,508	$ 239,316
LCR	135 %	132 %

1. Under the LCR rule, Eligible HQLA is calculated using weightings and excluding certain HQLA held in subsidiaries.
2. Primarily includes U.S. Treasuries, U.S. agency mortgage-backed securities, sovereign bonds and investment grade corporate bonds.

Funding Management

We manage our funding in a manner that reduces the risk of disruption to our operations. We pursue a strategy of diversification of secured and unsecured funding sources (by product, investor and region) and attempt to ensure that the tenor of our liabilities equals or exceeds the expected holding period of the assets being financed. Our goal is to achieve an optimal mix of durable secured and unsecured financing.

We fund our balance sheet on a global basis through diverse sources. These sources include our equity capital, borrowings, bank notes, securities sold under agreements to repurchase, securities lending, deposits, letters of credit and lines of credit. We have active financing programs for both standard and structured products targeting global investors and currencies.

Secured Financing

For a discussion of our secured financing activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Management—Secured Financing" in the 2022 Form 10-K.

Collateralized Financing Transactions

$ in millions	At March 31, 2023	At December 31, 2022
Securities purchased under agreements to resell and Securities borrowed	$ 268,101	$ 247,281
Securities sold under agreements to repurchase and Securities loaned	$ 76,079	$ 78,213
Securities received as collateral[1]	$ 9,867	$ 9,954

	Average Daily Balance Three Months Ended	
$ in millions	March 31, 2023	December 31, 2022
Securities purchased under agreements to resell and Securities borrowed	$ 254,449	$ 261,627
Securities sold under agreements to repurchase and Securities loaned	$ 77,154	$ 77,268

1. Included within Trading assets in the balance sheet.

See "Total Assets by Business Segment" herein for additional information on the assets shown in the previous table and Note 2 to the financial statements in the 2022 Form 10-K and Note 8 to the financial statements for additional information on collateralized financing transactions.

In addition to the collateralized financing transactions shown in the previous table, we engage in financing transactions collateralized by customer-owned securities, which are segregated in accordance with regulatory requirements. Receivables under these financing transactions, primarily margin loans, are included in Customer and other receivables in the balance sheet, and payables under these financing transactions, primarily to prime brokerage customers, are included in Customer and other payables in the balance sheet. Our risk exposure on these transactions is mitigated by collateral maintenance policies and the elements of our Liquidity Risk Management Framework.

Unsecured Financing

For a discussion of our unsecured financing activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Management—Unsecured Financing" in the 2022 Form 10-K.

Deposits

$ in millions	At March 31, 2023	At December 31, 2022
Savings and demand deposits:		
Brokerage sweep deposits[1]	$ **175,448**	$ 202,592
Savings and other	**122,882**	117,356
Total Savings and demand deposits	**298,330**	319,948
Time deposits	**49,193**	36,698
Total[2]	$ **347,523**	$ 356,646

1. Amounts represent balances swept from client brokerage accounts.
2. Excludes approximately $2 billion and $6 billion of off-balance sheet deposits at unaffiliated financial institutions as of March 31, 2023 and December 31, 2022, respectively. This client cash held by third parties is not reflected in our balance sheet and is not immediately available for liquidity purposes.

Deposits are primarily sourced from our Wealth Management clients and are considered to have stable, low-cost funding characteristics relative to other sources of funding. Each category of deposits presented above has a different cost profile and clients may respond differently to changes in interest rates and other macroeconomic conditions. The decrease in total deposits in the current quarter was primarily driven by a continued reduction in Brokerage sweep deposits due to net outflows to alternative cash-equivalent and long-term products, partially offset by an increase in Time deposits and Savings.

Borrowings by Remaining Maturity at March 31, 2023[1]

$ in millions	Parent Company	Subsidiaries	Total
Original maturities of one year or less	$ —	$ 4,587	$ 4,587
Original maturities greater than one year			
2023	$ 4,504	$ 6,418	$ 10,922
2024	19,858	11,897	31,755
2025	21,666	9,428	31,094
2026	24,066	6,267	30,333
2027	18,855	6,876	25,731
Thereafter	85,715	30,045	115,760
Total	$ 174,664	$ 70,931	$ 245,595
Total Borrowings	$ 174,664	$ 75,518	$ 250,182
Maturities over next 12 months[2]			$ 20,382

1. Original maturity in the table is generally based on contractual final maturity. For borrowings with put options, remaining maturity represents the earliest put date.
2. Includes only borrowings with original maturities greater than one year.

Borrowings of $250 billion as of March 31, 2023 were relatively unchanged when compared with $238 billion at December 31, 2022.

We believe that accessing debt investors through multiple distribution channels helps provide consistent access to the unsecured markets. In addition, the issuance of borrowings with original maturities greater than one year allows us to reduce reliance on short-term credit sensitive instruments. Borrowings with original maturities greater than one year are generally managed to achieve staggered maturities, thereby mitigating refinancing risk, and to maximize investor diversification through sales to global institutional and retail clients across regions, currencies and product types.

The availability and cost of financing to us can vary depending on market conditions, the volume of certain trading and lending activities, our credit ratings and the overall availability of credit. We also engage in, and may continue to engage in, repurchases of our borrowings as part of our market-making activities.

For further information on Borrowings, see Note 12 to the financial statements.

Credit Ratings

We rely on external sources to finance a significant portion of our daily operations. Our credit ratings are one of the factors in the cost and availability of financing and can have an impact on certain trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration, such as certain OTC derivative transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. See also "Risk Factors—Liquidity Risk" in the 2022 Form 10-K.

Parent Company and U.S. Bank Subsidiaries Issuer Ratings at April 28, 2023

	Parent Company		
	Short-Term Debt	Long-Term Debt	Rating Outlook
DBRS, Inc.	**R-1 (middle)**	**A (high)**	**Stable**
Fitch Ratings, Inc.	**F1**	**A+**	**Stable**
Moody's Investors Service, Inc.	**P-1**	**A1**	**Stable**
Rating and Investment Information, Inc.	**a-1**	**A**	**Positive**
S&P Global Ratings	**A-2**	**A-**	**Stable**

	MSBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Fitch Ratings, Inc.	**F1+**	**AA-**	**Stable**
Moody's Investors Service, Inc.	**P-1**	**Aa3**	**Stable**
S&P Global Ratings	**A-1**	**A+**	**Stable**

	MSPBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Moody's Investors Service, Inc.	**P-1**	**Aa3**	**Stable**
S&P Global Ratings	**A-1**	**A+**	**Stable**

Incremental Collateral or Terminating Payments

In connection with certain OTC derivatives and certain other agreements where we are a liquidity provider to certain financing vehicles associated with the Institutional Securities business segment, we may be required to provide additional collateral, immediately settle any outstanding liability balances with certain counterparties or pledge additional collateral to certain clearing organizations in the event of a future credit rating downgrade irrespective of whether we are in a net asset or net liability position. See Note 6 to the financial statements for additional information on OTC derivatives that contain such contingent features.

While certain aspects of a credit rating downgrade are quantifiable pursuant to contractual provisions, the impact it would have on our business and results of operations in future periods is inherently uncertain and would depend on a number of interrelated factors, including, among other things, the magnitude of the downgrade, the rating relative to peers, the rating assigned by the relevant agency before the downgrade, individual client behavior and future mitigating actions we might take. The liquidity impact of additional collateral requirements is included in our Liquidity Stress Tests.

Capital Management

We view capital as an important source of financial strength and actively manage our consolidated capital position based upon, among other things, business opportunities, risks, capital availability and rates of return together with internal capital policies, regulatory requirements and rating agency guidelines. In the future, we may expand or contract our capital base to address the changing needs of our businesses.

Common Stock Repurchases

in millions, except for per share data	Three Months Ended March 31, 2023	2022
Number of shares	**16**	30
Average price per share	**$ 95.16**	$ 95.20
Total	**$ 1,500**	$ 2,872

For additional information on our common stock repurchases, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein and Note 16 to the financial statements.

For a description of our capital plan, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein.

Common Stock Dividend Announcement

Announcement date	April 19, 2023
Amount per share	$0.775
Date to be paid	May 15, 2023
Shareholders of record as of	May 1, 2023

For additional information on our common stock dividends, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein.

For additional information on our common stock and information on our preferred stock, see Note 16 to the financial statements.

Off-Balance Sheet Arrangements

We enter into various off-balance sheet arrangements, including through unconsolidated SPEs and lending-related financial instruments (*e.g.*, guarantees and commitments), primarily in connection with the Institutional Securities and Investment Management business segments.

We utilize SPEs primarily in connection with securitization activities. For information on our securitization activities, see Note 16 to the financial statements in the 2022 Form 10-K.

For information on our commitments, obligations under certain guarantee arrangements and indemnities, see Note 13 to the financial statements. For a further discussion of our lending commitments, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Loans and Lending Commitments" herein.

Regulatory Requirements

Regulatory Capital Framework

We are an FHC under the Bank Holding Company Act of 1956, as amended ("BHC Act") and are subject to the regulation and oversight of the Federal Reserve. The Federal Reserve establishes capital requirements for us, including "well-capitalized" standards, and evaluates our compliance with such capital requirements. The OCC establishes similar capital requirements and standards for our U.S. Bank Subsidiaries. The regulatory capital requirements are largely based on the Basel III capital standards established by the Basel Committee and also implement certain provisions of the Dodd-Frank Act. For us to remain an FHC, we must remain well-capitalized in accordance with standards established by the Federal Reserve, and our U.S. Bank Subsidiaries must remain well-capitalized in accordance with standards established by the OCC. In addition, many of our regulated subsidiaries are subject to regulatory capital requirements, including regulated subsidiaries provisionally registered as swap dealers with the CFTC or conditionally registered as security-based swap dealers with the SEC or registered as broker-dealers or futures commission merchants. For additional information on regulatory capital requirements for our U.S. Bank Subsidiaries, as well as our subsidiaries that are Swap Entities, see Note 15 to the financial statements.

Regulatory Capital Requirements

We are required to maintain minimum risk-based and leverage-based capital and TLAC ratios. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Capital Requirements" in the 2022 Form 10-K. For additional information on TLAC, see "Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements" herein.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and consist of regulatory minimum required ratios plus our capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

Risk-Based Regulatory Capital Ratio Requirements

	At March 31, 2023 and December 31, 2022	
	Standardized	Advanced
Capital buffers		
Capital conservation buffer	—	2.5%
SCB[1]	5.8%	N/A
G-SIB capital surcharge[2]	3.0%	3.0%
CCyB[3]	0	0
Capital buffer requirement	8.8%	5.5%

1. For additional information on the SCB, see "Capital Plans, Stress Tests and the Stress Capital Buffer" herein and in the 2022 Form 10-K.
2. For a further discussion of the G-SIB capital surcharge, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—G-SIB Capital Surcharge" in the 2022 Form 10-K.
3. The CCyB can be set up to 2.5%, but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of Common Equity Tier 1 capital we must maintain above the minimum risk-based capital requirements in order to avoid restrictions on our ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. Our capital buffer requirement computed under the standardized approaches for calculating credit risk and market RWAs ("Standardized Approach") is equal to the sum of our SCB, G-SIB capital surcharge and CCyB, and our capital buffer requirement computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs ("Advanced Approach") is equal to our 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

	Regulatory Minimum	At March 31, 2023 and December 31, 2022	
		Standardized	Advanced
Required ratios[1]			
Common Equity Tier 1 capital ratio	4.5%	13.3%	10.0%
Tier 1 capital ratio	6.0%	14.8%	11.5%
Total capital ratio	8.0%	16.8%	13.5%

1. Required ratios represent the regulatory minimum plus the capital buffer requirement.

Our risk-based capital ratios are computed under each of (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights and exposure methodologies, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At March 31, 2023 and December 31, 2022, the differences between the actual and required ratios were lower under the Standardized Approach.

Leverage-Based Regulatory Capital. Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4%, a minimum SLR of 3% and an enhanced SLR capital buffer of at least 2%.

CECL Deferral. Beginning on January 1, 2020, we elected to defer the effect of the adoption of CECL on our risk-based and leverage-based capital amounts and ratios, as well as our RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and are phased-in at 50% from January 1, 2023. The deferral impacts will become fully phased-in beginning on January 1, 2025.

Regulatory Capital Ratios

$ in millions	Required Ratio[1]	At March 31, 2023	At December 31, 2022
Risk-based capital—Standardized			
Common Equity Tier 1 capital		$ 69,454	$ 68,670
Tier 1 capital		77,947	77,191
Total capital		89,794	86,575
Total RWA		459,107	447,849
Common Equity Tier 1 capital ratio	13.3%	15.1%	15.3%
Tier 1 capital ratio	14.8%	17.0%	17.2%
Total capital ratio	16.8%	19.6%	19.3%

$ in millions	Required Ratio[1]	At March 31, 2023	At December 31, 2022
Risk-based capital—Advanced			
Common Equity Tier 1 capital		$ 69,454	$ 68,670
Tier 1 capital		77,947	77,191
Total capital		89,321	86,159
Total RWA		444,796	438,806
Common Equity Tier 1 capital ratio	10.0%	15.6%	15.6%
Tier 1 capital ratio	11.5%	17.5%	17.6%
Total capital ratio	13.5%	20.1%	19.6%

$ in millions	Required Ratio[1]	At March 31, 2023	At December 31, 2022
Leverage-based capital			
Adjusted average assets[2]		$ 1,168,328	$ 1,150,772
Tier 1 leverage ratio	4.0%	6.7%	6.7%
Supplementary leverage exposure[3]		$ 1,422,808	$ 1,399,403
SLR	5.0%	5.5%	5.5%

1. Required ratios are inclusive of any buffers applicable as of the date presented.
2. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by disallowed goodwill, intangible assets, investments in covered funds, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments, certain deferred tax assets and other capital deductions.
3. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the credit equivalent amount for off-balance sheet exposures.

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Regulatory Capital

$ in millions	At March 31, 2023	At December 31, 2022	Change
Common Equity Tier 1 capital			
Common stock and surplus	**$ 1,395**	$ 2,782	**$ (1,387)**
Retained earnings	**96,516**	95,047	**1,469**
AOCI	**(5,711)**	(6,253)	**542**
Regulatory adjustments and deductions:			
Net goodwill	**(16,388)**	(16,393)	**5**
Net intangible assets	**(5,914)**	(6,048)	**134**
Other adjustments and deductions[1]	**(444)**	(465)	**21**
Total Common Equity Tier 1 capital	**$ 69,454**	$ 68,670	**$ 784**
Additional Tier 1 capital			
Preferred stock	**$ 8,750**	$ 8,750	**$ —**
Noncontrolling interests	**571**	552	**19**
Additional Tier 1 capital	**$ 9,321**	$ 9,302	**$ 19**
Deduction for investments in covered funds	**(828)**	(781)	**(47)**
Total Tier 1 capital	**$ 77,947**	$ 77,191	**$ 756**
Standardized Tier 2 capital			
Subordinated debt	**$ 9,997**	$ 7,846	**$ 2,151**
Eligible ACL	**1,898**	1,613	**285**
Other adjustments and deductions	**(48)**	(75)	**27**
Total Standardized Tier 2 capital	**$ 11,847**	$ 9,384	**$ 2,463**
Total Standardized capital	**$ 89,794**	$ 86,575	**$ 3,219**
Advanced Tier 2 capital			
Subordinated debt	**$ 9,997**	$ 7,846	**$ 2,151**
Eligible credit reserves	**1,425**	1,197	**228**
Other adjustments and deductions	**(48)**	(75)	**27**
Total Advanced Tier 2 capital	**$ 11,374**	$ 8,968	**$ 2,406**
Total Advanced capital	**$ 89,321**	$ 86,159	**$ 3,162**

1. Other adjustments and deductions used in the calculation of Common Equity Tier 1 capital primarily includes net after-tax DVA, the credit spread premium over risk-free rate for derivative liabilities, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments and certain deferred tax assets.

RWA Rollforward

	Three Months Ended March 31, 2023	
$ in millions	Standardized	Advanced
Credit risk RWA		
Balance at December 31, 2022	$ 397,275	$ 285,638
Change related to the following items:		
Derivatives	**1,388**	**1,399**
Securities financing transactions	**4,672**	**1,842**
Investment securities	**(290)**	**77**
Commitments, guarantees and loans	**(1,968)**	**1,374**
Equity investments	**(370)**	**(380)**
Other credit risk	**5,258**	**4,714**
Total change in credit risk RWA	**$ 8,690**	**$ 9,026**
Balance at March 31, 2023	**$ 405,965**	**$ 294,664**
Market risk RWA		
Balance at December 31, 2022	$ 50,574	$ 50,563
Change related to the following items:		
Regulatory VaR	**242**	**242**
Regulatory stressed VaR	**(1,042)**	**(1,042)**
Incremental risk charge	**(405)**	**(405)**
Comprehensive risk measure	**24**	**(84)**
Specific risk	**3,749**	**3,749**
Total change in market risk RWA	**$ 2,568**	**$ 2,460**
Balance at March 31, 2023	**$ 53,142**	**$ 53,023**
Operational risk RWA		
Balance at December 31, 2022	N/A	$ 102,605
Change in operational risk RWA	**N/A**	**(5,496)**
Balance at March 31, 2023	**N/A**	**$ 97,109**
Total RWA	**$ 459,107**	**$ 444,796**

Regulatory VaR—VaR for regulatory capital requirements

In the current quarter, Credit risk RWA increased under both the Standardized and Advanced Approaches, primarily driven by higher deferred tax assets, higher Securities financing and increased exposure in interest rate Derivatives.

Market risk RWA increased in the current quarter under both the Standardized and Advanced Approaches primarily driven by higher Specific risk securitization and non-securitization standardized charges partially offset by lower Regulatory Stressed VaR.

The decrease in Operational risk RWA in the current year period reflects lower execution-related losses.

Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements

The Federal Reserve has established external TLAC, long-term debt ("LTD") and clean holding company requirements for top-tier BHCs of U.S. G-SIBs ("covered BHCs"), including the Parent Company. These requirements are designed to ensure that covered BHCs will have enough loss-absorbing resources at the point of failure to be recapitalized through the conversion of eligible LTD to equity or otherwise by imposing losses on eligible LTD or other forms of TLAC where an SPOE resolution strategy is used.

Required and Actual TLAC and Eligible LTD Ratios

$ in millions	Regulatory Minimum	Required Ratio[1]	Actual Amount/Ratio At March 31, 2023	Actual Amount/Ratio At December 31, 2022
External TLAC[2]			$ 250,191	$ 245,951
External TLAC as a % of RWA	18.0%	21.5%	54.5%	54.9%
External TLAC as a % of leverage exposure	7.5%	9.5%	17.6%	17.6%
Eligible LTD[3]			$ 162,775	$ 159,444
Eligible LTD as a % of RWA	9.0%	9.0%	35.5%	35.6%
Eligible LTD as a % of leverage exposure	4.5%	4.5%	11.4%	11.4%

1. Required ratios are inclusive of applicable buffers.
2. External TLAC consists of Common Equity Tier 1 capital and Additional Tier 1 capital (each excluding any noncontrolling minority interests), as well as eligible LTD.
3. Consists of TLAC-eligible LTD reduced by 50% for amounts of unpaid principal due to be paid in more than one year but less than two years from each respective balance sheet date.

We are in compliance with all TLAC requirements as of March 31, 2023 and December 31, 2022.

For a further discussion of TLAC and related requirements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements" in the 2022 Form 10-K.

Capital Plans, Stress Tests and the Stress Capital Buffer

The Federal Reserve has capital planning and stress test requirements for large BHCs, which form part of the Federal Reserve's annual CCAR framework.

We must submit, on at least an annual basis, a capital plan to the Federal Reserve, taking into account the results of separate annual stress tests designed by us and the Federal Reserve, so that the Federal Reserve may assess our systems and processes that incorporate forward-looking projections of revenues and losses to monitor and maintain our internal capital adequacy. As banks with less than $250 billion of total assets, our U.S. Bank Subsidiaries are not subject to company-run stress test regulatory requirements.

As part of its annual capital supervisory stress testing process, the Federal Reserve determines an SCB for each large BHC, including us.

Our SCB will remain at 5.8% through September 30, 2023. Together with other features of the regulatory capital framework, this SCB results in an aggregate Standardized Approach Common Equity Tier 1 required ratio of 13.3%.

Our Board of Directors approved a new multi-year repurchase authorization of up to $20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2022, which will be exercised from time to time as conditions warrant.

For the 2023 capital planning and stress test cycle, we submitted our capital plan and company-run stress test results to the Federal Reserve on April 5, 2023. The Federal Reserve is expected to publish summary results of the CCAR and Dodd-Frank Act supervisory stress tests of each large BHC, including us, by June 30, 2023. We are required to disclose a summary of the results of our company-run stress tests within 15 days of the date the Federal Reserve discloses the results of the supervisory stress tests.

For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" in the 2022 Form 10-K.

Attribution of Average Common Equity According to the Required Capital Framework

Our required capital ("Required Capital") estimation is based on the Required Capital framework, an internal capital adequacy measure. Common equity attribution to the business segments is based on capital usage calculated under the Required Capital framework, as well as each business segment's relative contribution to our total Required Capital.

The Required Capital framework is a risk-based and leverage-based capital measure, which is compared with our regulatory capital to ensure that we maintain an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The amount of capital allocated to the business segments is generally set at the beginning of each year and remains fixed throughout the year until the next annual reset unless a significant business change occurs (*e.g.*, acquisition or disposition). We define the difference between our total average common equity and the sum of the average common equity amounts allocated to our business segments as Parent common equity. We generally hold Parent common equity for prospective regulatory requirements, organic growth, potential future acquisitions and other capital needs.

Average Common Equity Attribution under the Required Capital Framework[1]

$ in billions	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Institutional Securities	$ 45.6	$ 48.8
Wealth Management	28.8	31.0
Investment Management	10.4	10.6
Parent	6.6	6.3
Total	$ 91.4	$ 96.7

1. The attribution of average common equity to the business segments is a non-GAAP financial measure. See "Selected Non-GAAP Financial Information" herein.

We continue to evaluate our Required Capital framework with respect to the impact of evolving regulatory requirements, as appropriate.

Resolution and Recovery Planning

We are required to submit once every two years to the Federal Reserve and the FDIC a resolution plan that describes our strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of our material financial distress or failure. We submitted our 2021 targeted resolution plan on June 30, 2021. In November 2022, we received joint feedback on our 2021 resolution plan from the Federal Reserve and the FDIC ("Agencies"). The feedback indicated that there are no shortcomings or deficiencies in our 2021 resolution plan and that we had successfully addressed a prior shortcoming identified by the Agencies in the review of our 2019 full resolution plan. Our next resolution plan submission will be a full resolution plan in July 2023.

As described in our most recent resolution plan, our preferred resolution strategy is an SPOE strategy. In line with our SPOE strategy, the Parent Company has transferred, and has agreed to transfer on an ongoing basis, certain assets to its wholly owned, direct subsidiary Morgan Stanley Holdings LLC (the "Funding IHC"). In addition, the Parent Company has entered into an amended and restated support agreement with its material entities (including the Funding IHC) and certain other subsidiaries. In the event of a resolution scenario, the Parent Company would be obligated to contribute all of its contributable assets to our supported entities and/or the Funding IHC. The Funding IHC would be obligated to provide capital and liquidity, as applicable, to our supported entities. The combined implication of the SPOE resolution strategy and the requirement to maintain certain levels of TLAC is that losses in resolution would be imposed on the holders of eligible long-term debt and other forms of eligible TLAC issued by the Parent Company before any losses are imposed on creditors of our supported entities and without requiring taxpayer or government financial support.

For more information about resolution and recovery planning requirements and our activities in these areas, including the implications of such activities in a resolution scenario, see "Business—Supervision and Regulation—Financial Holding Company—Resolution and Recovery Planning," "Risk Factors—Legal, Regulatory and Compliance Risk" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Resolution and Recovery Planning" in the 2022 Form 10-K.

Regulatory Developments and Other Matters

Covered Funds Restrictions under the Volcker Rule

The Volcker Rule prohibits certain investments and relationships by banking entities with covered funds, as defined in the Volcker Rule. During the current quarter, we determined and began implementing various conformance options permitted under the Volcker Rule with respect to interests in certain legacy illiquid funds for which we previously received a conformance extension until July 21, 2023. These conformance options include selling a portion or all of our interests, restructuring our investments, and relying on other applicable exemptions and exclusions under the Volcker Rule. As of March 31, 2023, the carrying value of our investments in those legacy illiquid funds approximated $210 million. For additional information on the Volcker Rule, see "Business—Supervision and Regulation—Financial Holding Company—Activities Restrictions Under the Volcker Rule" in the 2022 Form 10-K. For information on investments measured at NAV, see Note 4 to the financial statements.

Replacement of London Interbank Offered Rate and Replacement or Reform of Other Interest Rate Benchmarks

Central banks around the world, including the Federal Reserve, have sponsored initiatives in recent years to replace LIBOR and replace or reform certain other interest rate benchmarks (collectively, the "IBORs"). A transition away from use of the IBORs to alternative rates and other potential interest rate benchmark reforms is underway and is a multi-year initiative.

The publication of most non-U.S. dollar LIBOR rates ceased as of the end of December 2021, although certain Sterling and Yen LIBOR rates have been published for a limited period following this date on the basis of a "synthetic" methodology (known as "synthetic LIBOR"). The synthetic Yen LIBOR rates ceased as of the end of December 2022 and following the announcement of the U.K. Financial Conduct Authority ("UK FCA"), which regulates the publisher of LIBOR (ICE Benchmark Administration), publication of the one- and six-month tenors of synthetic Sterling LIBOR ceased at the end of March 2023 and publication of the three-month synthetic Sterling LIBOR will cease at the end of March 2024.

U.S. dollar LIBOR rates are expected to cease being published as of the end of June 2023. On March 15, 2022 the U.S. enacted federal legislation that is intended to minimize legal and economic uncertainty following U.S. dollar LIBOR's cessation by replacing LIBOR references in certain U.S. law-governed contracts under certain circumstances with a SOFR-based rate identified in a Federal Reserve rule plus a statutory spread adjustment. While some states have already adopted LIBOR legislation, the federal legislation expressly preempts any provision of any state or local law, statute, rule, regulation or standard. In addition, the UK FCA has announced that it will require ICE Benchmark Administration to continue the publication of the one-, three- and six-month tenors of U.S. dollar LIBOR on a synthetic basis until the end of September 2024. This may result in certain non-U.S. law-governed contracts and U.S. law-governed contracts not covered by the federal legislation to remain on synthetic U.S. dollar LIBOR until the end of this period.

As of March 31, 2023, our LIBOR-referenced contracts were primarily concentrated in derivative contracts and, to a lesser extent, loans, floating rate notes, preferred shares, securitizations and mortgages. A significant majority of our derivative contracts, and a majority of our non-derivative contracts, contain fallback provisions or otherwise have an expected path that will allow for the transition to an alternative reference rate upon the cessation of the applicable LIBOR rate.

While we have made substantial progress in the transition away from the IBORs, we nonetheless currently remain party to a significant number of U.S. dollar LIBOR-linked contracts. For the limited number of U.S. dollar LIBOR-linked contracts without a current market standard fallback, or to which the federal legislation does not apply, we are actively developing appropriate transition plans in light of the planned June 30, 2023 cessation date for the remaining U.S. dollar LIBOR tenors.

Our IBOR transition plan is overseen by a global steering committee, with senior management oversight, and we continue to execute against our Firm-wide IBOR transition plan to complete the transition to alternative reference rates.

See also “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Regulatory Developments and Other Matters” and “Risk Factors—Risk Management” in the 2022 Form 10-K for a further discussion of the replacement of the IBORs and/or reform of other interest rate benchmarks and related risks.

Quantitative and Qualitative Disclosures about Risk

Management believes effective risk management is vital to the success of our business activities. For a discussion of our Enterprise Risk Management framework and risk management functions, see "Quantitative and Qualitative Disclosures about Risk—Risk Management" in the 2022 Form 10-K.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. Generally, we incur market risk as a result of trading, investing and client facilitation activities, principally within the Institutional Securities business segment where the substantial majority of our VaR for market risk exposures is generated. In addition, we incur non-trading market risk, principally within the Wealth Management and Investment Management business segments. The Wealth Management business segment primarily incurs non-trading market risk (including interest rate risk) from lending and deposit-taking activities. The Investment Management business segment primarily incurs non-trading market risk from capital investments in its funds. For a further discussion of market risk, see "Quantitative and Qualitative Disclosures about Risk—Market Risk" in the 2022 Form 10-K.

Trading Risks

We have exposures to a wide range of risks related to interest rates and credit spreads, equity prices, foreign exchange rates and commodity prices as well as the associated implied volatilities, correlations and spreads of the global markets in which we conduct our trading activities.

The statistical technique known as VaR is one of the tools we use to measure, monitor and review the market risk exposures of our trading portfolios.

For information regarding our primary risk exposures and market risk management, VaR methodology, assumptions and limitations, see "Quantitative and Qualitative Disclosures about Risk—Market Risk—Trading Risks" in the 2022 Form 10-K.

95%/One-Day Management VaR for the Trading Portfolio

	Three Months Ended **March 31, 2023**			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	**$ 32**	**$ 36**	**$ 43**	**$ 31**
Equity price	**29**	**25**	**31**	**16**
Foreign exchange rate	**10**	**10**	**18**	**6**
Commodity price	**21**	**24**	**35**	**16**
Less: Diversification benefit[2]	**(44)**	**(47)**	**N/A**	**N/A**
Primary Risk Categories	**$ 48**	**$ 48**	**$ 60**	**$ 39**
Credit Portfolio	**21**	**19**	**21**	**18**
Less: Diversification benefit[2]	**(19)**	**(12)**	**N/A**	**N/A**
Total Management VaR	**$ 50**	**$ 55**	**$ 72**	**$ 45**

	Three Months Ended December 31, 2022			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	$ 37	$ 36	$ 43	$ 32
Equity price	16	20	28	16
Foreign exchange rate	10	9	12	7
Commodity price	26	30	41	20
Less: Diversification benefit[2]	(36)	(39)	N/A	N/A
Primary Risk Categories	$ 53	$ 56	$ 65	$ 47
Credit Portfolio	19	18	19	15
Less: Diversification benefit[2]	(9)	(10)	N/A	N/A
Total Management VaR	$ 63	$ 64	$ 71	$ 56

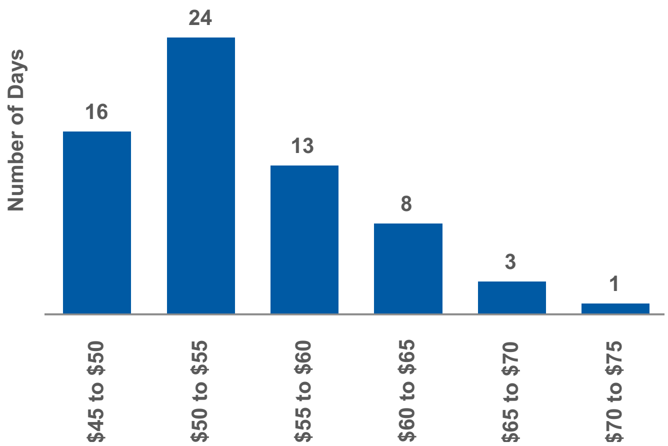
1. The high and low VaR values for the Total Management VaR and each of the component VaRs might have occurred on different days during the quarter, and, therefore, the diversification benefit is not an applicable measure.
2. Diversification benefit equals the difference between the total VaR and the sum of the component VaRs. This benefit arises because the simulated one-day losses for each of the components occur on different days; similar diversification benefits also are taken into account within each component.

Average Total Management VaR and average Management VaR for the Primary Risk Categories decreased from the three months ended December 31, 2022, primarily due to reduced exposures in the commodity price category and increased diversification benefits.

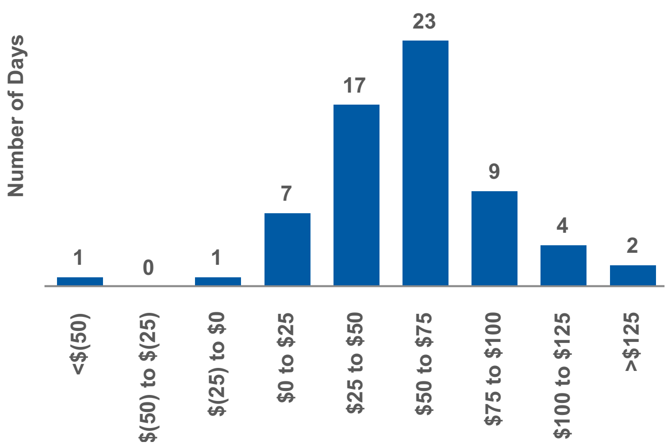
Distribution of VaR Statistics and Net Revenues

We evaluate the reasonableness of our VaR model by comparing the potential declines in portfolio values generated by the model with corresponding actual trading results for the Firm, as well as individual business units. For days where losses exceed the VaR statistic, we examine the drivers of trading losses to evaluate the VaR model's accuracy. There were 2 loss days in the current quarter, one of which exceeded 95% Total Management VaR.

Daily 95%/One-Day Total Management VaR for the Current Quarter
($ in millions)



Daily Net Trading Revenues for the Current Quarter
($ in millions)



The previous histogram shows the distribution of daily net trading revenues for the current quarter. Daily net trading revenues include profits and losses from Interest rate and credit spread, Equity price, Foreign exchange rate, Commodity price, and Credit Portfolio positions and intraday trading activities for our trading businesses. Certain items such as fees, commissions, net interest income and counterparty default risk are excluded from daily net trading revenues and the VaR model. Revenues required for Regulatory VaR backtesting further exclude intraday trading.

Non-Trading Risks

We believe that sensitivity analysis is an appropriate representation of our non-trading risks. The following sensitivity analyses cover substantially all of the non-trading risk in our portfolio.

Credit Spread Risk Sensitivity[1]

$ in millions	**At March 31, 2023**	At December 31, 2022
Derivatives	**$ 6**	$ 7
Borrowings carried at fair value	**42**	39

1. Amounts represent the potential gain for each 1 bps widening of our credit spread.

Credit spread risk sensitivity for borrowings carried at fair value at March 31, 2023 increased from December 31, 2022 primarily due to tightening credit spreads, in addition to new debt issuance.

The Wealth Management business segment reflects a substantial portion of our non-trading interest rate risk. Net interest income in the Wealth Management business segment primarily consists of interest income earned on non-trading assets held, including loans and investment securities, as well as margin and other lending on non-bank entities and interest expense incurred on non-trading liabilities, primarily deposits.

Wealth Management Net Interest Income Sensitivity Analysis

$ in millions	**At March 31, 2023**	At December 31, 2022
Basis point change		
+100	**$ 533**	$ 643
-100	**(637)**	(745)

The previous table presents an analysis of selected instantaneous upward and downward parallel interest rate shocks (subject to a floor of zero percent in the downward scenario) on net interest income over the next 12 months for our Wealth Management business segment. These shocks are applied to our 12-month forecast for our Wealth Management business segment, which incorporates market expectations of interest rates and our forecasted business activity, including deposit forecasts as a key assumption.

We do not manage to any single rate scenario but rather manage net interest income in our Wealth Management business segment to optimize across a range of possible outcomes, including non-parallel rate change scenarios. The sensitivity analysis assumes that we take no action in response to these scenarios, assumes there are no changes in other macroeconomic variables normally correlated with changes in interest rates and includes subjective assumptions regarding customer and market re-pricing behavior and other factors.

Our Wealth Management business segment balance sheet is asset sensitive, given assets reprice faster than liabilities, resulting in higher net interest income in increasing interest rate scenarios. The level of interest rates may impact the amount of deposits held at the Firm, given competition for deposits from other institutions and alternative cash-equivalent products available to depositors. Further, rising interest rates could also impact client demand for loans. Net interest income sensitivity to interest rates at March 31, 2023 decreased from December 31, 2022, primarily driven by the effects of changes in the mix of our assets and liabilities.

Investments Sensitivity, Including Related Carried Interest

	Loss from 10% Decline	
$ in millions	**At March 31, 2023**	At December 31, 2022
Investments related to Investment Management activities	**$ 449**	$ 431
Other investments:		
MUMSS	**144**	143
Other Firm investments	**375**	378

We have exposure to public and private companies through direct investments, as well as through funds that invest in these assets. These investments are predominantly equity positions with long investment horizons, a portion of which is for business facilitation purposes. The market risk related to these investments is measured by estimating the potential reduction in net revenues associated with a reasonably possible 10% decline in investment values and related impact on performance-based income, as applicable.

Investments sensitivity changed between March 31, 2023 and December 31, 2022 with an increase in sensitivity in Investments related to Investment Management activity primarily due to new investments in public funds.

Asset Management Revenue Sensitivity

Certain asset management revenues in the Wealth Management and Investment Management business segments are derived from management fees, which are based on fee-based client assets in Wealth Management or AUM in Investment Management (together, "client holdings"). The assets underlying client holdings are primarily composed of equity, fixed income and alternative investments and are sensitive to changes in related markets. These revenues depend on multiple factors including, but not limited to, the level and duration of a market increase or decline, price volatility, the geographic and industry mix of client assets, and client behavior such as the rate and magnitude of client investments and redemptions. Therefore, overall revenues may not correlate completely with changes in the related markets.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us. We are primarily exposed to credit risk from institutions and individuals through our Institutional Securities and Wealth Management business segments. For a further discussion of our credit risks, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" in the 2022 Form 10-K.

Loans and Lending Commitments

	At March 31, 2023			
$ in millions	HFI	HFS	FVO[2]	Total
Institutional Securities:				
Corporate	**$ 7,435**	**$ 11,150**	**$ —**	**$ 18,585**
Secured lending facilities	**37,187**	**3,006**	**6**	**40,199**
Commercial and Residential real estate	**8,601**	**948**	**2,535**	**12,084**
Securities-based lending and Other	**3,430**	**16**	**5,276**	**8,722**
Total Institutional Securities	**56,653**	**15,120**	**7,817**	**79,590**
Wealth Management:				
Residential real estate	**55,400**	**25**	**—**	**55,425**
Securities-based lending and Other	**88,463**	**1**	**—**	**88,464**
Total Wealth Management	**143,863**	**26**	**—**	**143,889**
Total Investment Management[1]	**4**	**—**	**214**	**218**
Total loans	**200,520**	**15,146**	**8,031**	**223,697**
ACL	**(970)**			**(970)**
Total loans, net of ACL	**$199,550**	**$ 15,146**	**$ 8,031**	**$ 222,727**
Lending commitments[3]				**$ 140,096**
Total exposure				**$ 362,823**

	At December 31, 2022			
$ in millions	HFI	HFS	FVO[2]	Total
Institutional Securities:				
Corporate	$ 6,589	$ 10,634	$ —	$ 17,223
Secured lending facilities	35,606	3,176	6	38,788
Commercial and Residential real estate	8,515	926	2,548	11,989
Securities-based lending and Other	2,865	39	5,625	8,529
Total Institutional Securities	53,575	14,775	8,179	76,529
Wealth Management:				
Residential real estate	54,460	4	—	54,464
Securities-based lending and Other	91,797	9	—	91,806
Total Wealth Management	146,257	13	—	146,270
Total Investment Management[1]	4	—	218	222
Total loans	199,836	14,788	8,397	223,021
ACL	(839)			(839)
Total loans, net of ACL	$198,997	$ 14,788	$ 8,397	$ 222,182
Lending commitments[3]				$ 136,960
Total exposure				$ 359,142

Total exposure—consists of Total loans, net of ACL, and Lending commitments

1. Investment Management business segment loans are related to certain of our activities as an investment advisor and manager. Loans held at fair value are the result of the consolidation of investment vehicles (including CLOs) managed by Investment Management, composed primarily of senior secured loans to corporations.
2. FVO also includes the fair value of certain unfunded lending commitments.
3. Lending commitments represent the notional amount of legally binding obligations to provide funding to clients for lending transactions. Since commitments associated with these business activities may expire unused or may not be utilized to full capacity, they do not necessarily reflect the actual future cash funding requirements.

We provide loans and lending commitments to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals. In addition, we purchase loans in the secondary market. Loans and lending commitments are either held for investment, held for sale or carried at fair value. For more information on these loan classifications, see Note 2 to the financial statements in the 2022 Form 10-K.

Total loans and lending commitments increased by approximately $4 billion since December 31, 2022, primarily due to an increase in Corporate lending within the Institutional Securities business segment.

See Notes 4, 5, 9 and 13 to the financial statements for further information.

Allowance for Credit Losses—Loans and Lending Commitments

$ in millions		
ACL—Loans	$	839
ACL—Lending Commitments		504
Total at December 31, 2022		1,343
Gross charge-offs		**(71)**
Provision for credit losses		**234**
Other		**3**
Total at March 31, 2023	**$**	**1,509**
ACL—Loans	**$**	**970**
ACL—Lending commitments		**539**

Provision for Credit Losses by Business Segment

	Three Months Ended March 31, 2023		
$ in millions	IS	WM	Total
Loans	**$ 160**	**$ 41**	**$ 201**
Lending commitments	**29**	**4**	**33**
Total	**$ 189**	**$ 45**	**$ 234**

Credit exposure arising from our loans and lending commitments is measured in accordance with our internal risk management standards. Risk factors considered in determining the allowance for credit losses for loans and lending commitments include the borrower's financial strength, industry, facility structure, LTV ratio, debt service ratio, collateral and covenants. Qualitative and environmental factors such as economic and business conditions, nature and volume of the portfolio and lending terms, and volume and severity of past due loans may also be considered.

The allowance for credit losses for loans and lending commitments increased since December 31, 2022, reflecting deterioration in both the macroeconomic outlook and our expectations of commercial real estate borrowers.

The base scenario used in our ACL models as of March 31, 2023 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and assumes an economic contraction in 2023, followed by a recovery in 2024. Given the nature of our lending portfolio, the most sensitive model input is U.S. gross domestic product ("GDP").

Forecasted U.S. Real GDP Growth Rates in Base Scenario

	4Q 2023	4Q 2024
Year-over-year growth rate	**(0.1)%**	**2.0 %**

See Note 9 to the financial statements for further information. See Note 2 to the financial statements in the 2022 Form 10-K for a discussion of the Firm's ACL methodology under CECL.

Status of Loans Held for Investment

	At March 31, 2023		At December 31, 2022	
	IS	WM	IS	WM
Accrual	**98.9%**	**99.9%**	99.3%	99.9%
Nonaccrual[1]	**1.1%**	**0.1%**	0.7%	0.1%

1. These loans are on nonaccrual status because the loans were past due for a period of 90 days or more or payment of principal or interest was in doubt.

Net Charge-off Ratios for Loans Held for Investment

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
For the Three Months Ended March 31, 2023						
Net charge-off (recovery) ratio[1]	**0.01 %**	**— %**	**0.81 %**	**— %**	**— %**	**0.04 %**
Average loans	**$ 6,953**	**$36,322**	**$8,568**	**$ 54,802**	**$93,021**	**$199,666**
For the Three Months Ended March 31, 2022						
Net charge-off ratio[1]	— %	0.01 %	0.09 %	— %	— %	0.01 %
Average loans	$ 5,802	$31,353	$7,805	$ 45,521	$87,900	$178,381

1. Net charge-off ratio represents gross charge-offs net of recoveries divided by total average loans held for investment before ACL.

Institutional Securities Loans and Lending Commitments[1]

	At March 31, 2023				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Loans					
AA	**$ 48**	**$ —**	**$ 105**	**$ —**	**$ 153**
A	**1,184**	**2,020**	**186**	**—**	**3,390**
BBB	**5,157**	**11,706**	**453**	**—**	**17,316**
BB	**13,020**	**17,732**	**623**	**377**	**31,752**
Other NIG	**7,942**	**11,081**	**3,440**	**181**	**22,644**
Unrated[2]	**72**	**956**	**586**	**1,956**	**3,570**
Total loans, net of ACL	**27,423**	**43,495**	**5,393**	**2,514**	**78,825**
Lending commitments					
AAA	**—**	**50**	**—**	**—**	**50**
AA	**2,273**	**2,775**	**289**	**—**	**5,337**
A	**5,336**	**19,947**	**407**	**—**	**25,690**
BBB	**11,852**	**41,144**	**747**	**—**	**53,743**
BB	**3,680**	**17,212**	**863**	**171**	**21,926**
Other NIG	**1,226**	**13,411**	**861**	**3**	**15,501**
Unrated[2]	**2**	**5**	**—**	**—**	**7**
Total lending commitments	**24,369**	**94,544**	**3,167**	**174**	**122,254**
Total exposure	**$51,792**	**$138,039**	**$ 8,560**	**$2,688**	**$201,079**

	At December 31, 2022				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Loans					
AA	$ 66	$ —	$ 139	$ —	$ 205
A	1,331	787	185	—	2,303
BBB	5,632	10,712	465	—	16,809
BB	11,045	19,219	796	162	31,222
Other NIG	7,274	10,249	3,945	139	21,607
Unrated[2]	95	924	624	2,066	3,709
Total loans, net of ACL	25,443	41,891	6,154	2,367	75,855
Lending commitments					
AAA	—	50	—	—	50
AA	2,515	2,935	11	—	5,461
A	5,030	19,717	202	330	25,279
BBB	10,263	39,615	566	—	50,444
BB	3,691	17,656	1,416	96	22,859
Other NIG	1,173	13,872	530	—	15,575
Unrated[2]	—	20	—	3	23
Total lending commitments	22,672	93,865	2,725	429	119,691
Total exposure	$48,115	$135,756	$ 8,879	$2,796	$195,546

NIG–Non-investment grade
1. Counterparty credit ratings are internally determined by the CRM.
2. Unrated loans and lending commitments are primarily trading positions that are measured at fair value and risk-managed as a component of market risk. For a further discussion of our market risk, see “Quantitative and Qualitative Disclosures about Risk—Market Risk” herein.

Institutional Securities Loans and Lending Commitments by Industry

$ in millions	At March 31, 2023	At December 31, 2022
Industry		
Financials	**$ 52,298**	$ 54,222
Real estate	**36,203**	32,358
Communications services	**14,857**	15,336
Industrials	**14,620**	14,557
Information technology	**14,379**	13,790
Healthcare	**12,506**	12,353
Utilities	**11,730**	10,542
Consumer discretionary	**11,540**	11,592
Consumer staples	**10,317**	7,823
Energy	**8,672**	9,115
Materials	**6,210**	6,102
Insurance	**5,979**	5,925
Other	**1,768**	1,831
Total exposure	**$ 201,079**	$ 195,546

Institutional Securities Lending Activities

The Institutional Securities business segment lending activities include Corporate, Secured lending facilities, Commercial real estate and Securities-based lending and Other. As of March 31, 2023, over 90% of our total lending exposure, which consists of loans and lending commitments, is investment grade and/or secured by collateral. For a description of Institutional Securities’ lending activities, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” in the 2022 Form 10-K.

Institutional Securities Event-Driven Loans and Lending Commitments

	At March 31, 2023			
	Contractual Years to Maturity			
$ in millions	<1	1-5	5-15	Total
Loans, net of ACL	**$ 2,361**	**$ 1,193**	**$ 2,401**	**$ 5,955**
Lending commitments	**4,507**	**481**	**459**	**5,447**
Total exposure	**$ 6,868**	**$ 1,674**	**$ 2,860**	**$ 11,402**

	At December 31, 2022			
	Contractual Years to Maturity			
$ in millions	<1	1-5	5-15	Total
Loans, net of ACL	$ 2,385	$ 1,441	$ 2,771	$ 6,597
Lending commitments	3,079	861	603	4,543
Total exposure	$ 5,464	$ 2,302	$ 3,374	$ 11,140

Event-driven loans and lending commitments are associated with an underwriting and/or syndication to finance a specific transaction, such as merger, acquisition, recapitalization or project finance activities. Balances may fluctuate as such lending is related to transactions that vary in timing and size from period to period.

Institutional Securities Loans and Lending Commitments Held for Investment

	At March 31, 2023		
$ in millions	Loans	Lending Commitments	Total
Corporate	**$ 7,435**	**$ 82,758**	**$ 90,193**
Secured lending facilities	**37,187**	**13,893**	**51,080**
Commercial real estate	**8,601**	**371**	**8,972**
Securities-based lending and Other	**3,430**	**955**	**4,385**
Total, before ACL	**$ 56,653**	**$ 97,977**	**$ 154,630**
ACL	**$ (765)**	**$ (515)**	**$ (1,280)**

	At December 31, 2022		
$ in millions	Loans	Lending Commitments	Total
Corporate	$ 6,589	$ 79,882	$ 86,471
Secured lending facilities	35,606	12,803	48,409
Commercial real estate	8,515	374	8,889
Securities-based lending and Other	2,865	985	3,850
Total, before ACL	$ 53,575	$ 94,044	$ 147,619
ACL	$ (674)	$ (484)	$ (1,158)

Institutional Securities Commercial Real Estate Loans and Lending Commitments

By Region

$ in millions	At March 31, 2023			At December 31, 2022		
	Loans[1]	LC[1]	Total	Loans[1]	LC[1]	Total
Americas	**$ 6,103**	**$ 367**	**$ 6,470**	$ 6,320	$ 378	$ 6,698
EMEA	**3,367**	**84**	**3,451**	3,040	79	3,119
Asia	**427**	**5**	**432**	445	5	450
Total	**$ 9,897**	**$ 456**	**$ 10,353**	$ 9,805	$ 462	$ 10,267

By Property Type

$ in millions	At March 31, 2023			At December 31, 2022		
	Loans[1]	LC[1]	Total	Loans[1]	LC[1]	Total
Office	**$ 3,869**	**$ 273**	**$ 4,142**	$ 3,861	$ 301	$ 4,162
Industrial	**2,689**	**18**	**2,707**	2,561	25	2,586
Multifamily	**1,647**	**82**	**1,729**	1,889	85	1,974
Retail	**846**	**6**	**852**	659	6	665
Hotel	**834**	**77**	**911**	780	45	825
Other	**12**	**—**	**12**	55	—	55
Total	**$ 9,897**	**$ 456**	**$ 10,353**	$ 9,805	$ 462	$ 10,267

LC–Lending Commitments
1. Amounts include HFI, HFS and FVO. HFI loans are presented net of ACL.

The current economic environment and changes in business and consumer behavior post-COVID have adversely impacted commercial real estate borrowers due to pressure from higher interest rates, tenant lease renewals, and elevated refinancing risks, among other issues. While we continue to actively monitor all our loan portfolios, the commercial real estate sector remains under heightened focus given the sector's sensitivity to economic and secular factors, credit conditions, and difficulties specific to certain property types, most notably office.

As of March 31, 2023, our lending against commercial real estate properties totaled $10.4 billion within the Institutional Securities business segment. Commercial real estate loans are originated for experienced sponsors and are generally secured by institutional commercial real estate properties. In many cases, loans are subsequently syndicated or securitized on a full or partial basis, reducing our ongoing exposure.

Institutional Securities Allowance for Credit Losses—Loans and Lending Commitments

$ in millions	Corporate	Secured Lending Facilities	Commercial Real Estate	Other	Total
ACL—Loans	$ 235	$ 153	$ 275	$ 11	$ 674
ACL—Lending commitments	411	51	15	7	484
Total at December 31, 2022	$ 646	$ 204	$ 290	$ 18	$1,158
Gross charge-offs	**(1)**	**—**	**(69)**	**—**	**(70)**
Provision for credit losses	**53**	**—**	**136**	**—**	**189**
Other	**2**	**(1)**	**—**	**2**	**3**
Total at March 31, 2023	**$ 700**	**$ 203**	**$ 357**	**$ 20**	**$1,280**
ACL—Loans	**$ 265**	**$ 152**	**$ 335**	**$ 13**	**$ 765**
ACL—Lending commitments	**435**	**51**	**22**	**7**	**515**

Institutional Securities HFI Loans—Ratios of Allowance for Credit Losses to Balance Before Allowance

	At March 31, 2023	At December 31, 2022
Corporate	**3.6%**	3.6%
Secured lending facilities	**0.4%**	0.4%
Commercial real estate	**3.9%**	3.2%
Securities-based lending and Other	**0.4%**	0.4%
Total Institutional Securities loans	**1.4%**	1.3%

Wealth Management Loans and Lending Commitments

$ in millions	At March 31, 2023 Contractual Years to Maturity <1	1-5	5-15	>15	Total
Securities-based lending and Other loans	**$ 76,801**	**$ 9,789**	**$1,647**	**$ 137**	**$ 88,374**
Residential real estate loans	**1**	**39**	**1,351**	**53,919**	**55,310**
Total loans, net of ACL	**$ 76,802**	**$ 9,828**	**$2,998**	**$ 54,056**	**$143,684**
Lending commitments	**12,985**	**4,492**	**32**	**333**	**17,842**
Total exposure	**$ 89,787**	**$14,320**	**$3,030**	**$ 54,389**	**$161,526**

$ in millions	At December 31, 2022 Contractual Years to Maturity <1	1-5	5-15	>15	Total
Securities-based lending and Other loans	$ 80,526	$ 9,371	$1,692	$ 140	$ 91,729
Residential real estate loans	1	32	1,375	52,968	54,376
Total loans, net of ACL	$ 80,527	$ 9,403	$3,067	$ 53,108	$146,105
Lending commitments	12,408	4,501	37	323	17,269
Total exposure	$ 92,935	$13,904	$3,104	$ 53,431	$163,374

The principal Wealth Management business segment lending activities include Securities-based lending and Residential real estate loans.

Securities-based lending allows clients to borrow money against the value of qualifying securities, generally for any purpose other than purchasing, trading or carrying securities or refinancing margin debt. Other loans include structured loans originated through the Firm's private banking platform to high and ultra-high net worth clients that are mostly secured by various types of collateral, including stock, private investments, commercial real estate and other financial assets. For more information about our Securities-based lending and

Residential real estate loans, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" in the 2022 Form 10-K.

Wealth Management Commercial Real Estate Loans and Lending Commitments by Property Type

	At March 31, 2023			At December 31, 2022		
$ in millions	Loans[1]	LC	Total	Loans[1]	LC	Total
Office	$ 1,669	$ 1	$ 1,670	$ 1,675	$ 1	$ 1,676
Industrial	330	—	330	330	—	330
Multifamily	1,848	140	1,988	1,661	142	1,803
Retail	2,125	9	2,134	2,135	6	2,141
Hotel	418	—	418	419	—	419
Other	185	10	195	183	10	193
Total	$ 6,575	$ 160	$ 6,735	$ 6,403	$ 159	$ 6,562

LC–Lending Commitments
1. Amounts include HFI Loans net of ACL.

As of March 31, 2023, our lending against commercial real estate properties totaled $6.7 billion within the Wealth Management business and are included within Securities-based lending and Other. Such loans are originated through our private banking platform, are both secured and generally benefiting from full or partial guarantees from high or ultra-high net worth clients. All of our lending against commercial real estate properties within Wealth Management are in the Americas region. At both March 31, 2023 and December 31, 2022, greater than 95% of the commercial real estate loans balance in the Wealth Management business segment benefited from full or partial guarantees from high or ultra-high net worth clients.

Wealth Management Allowance for Credit Losses—Loans and Lending Commitments

$ in millions	
ACL—Loans	$ 165
ACL—Lending commitments	20
Total at December 31, 2022	185
Gross charge-offs	**(1)**
Provision for credit losses	**45**
Total at March 31, 2023	**$ 229**
ACL—Loans	**$ 205**
ACL—Lending commitments	**24**

At March 31, 2023, more than 75% of Wealth Management residential real estate loans were to borrowers with "Exceptional" or "Very Good" FICO scores (*i.e.,* exceeding 740). Additionally, Wealth Management's securities-based lending portfolio remains well-collateralized and subject to daily client margining, which includes requiring customers to deposit additional collateral or reduce debt positions, when necessary.

Customer and Other Receivables

Margin Loans and Other Lending

$ in millions	At March 31, 2023	At December 31, 2022
Institutional Securities	$ 18,304	$ 16,591
Wealth Management	21,050	21,933
Total	**$ 39,354**	$ 38,524

The Institutional Securities and Wealth Management business segments provide margin lending arrangements that allow customers to borrow against the value of qualifying securities, primarily for the purpose of purchasing additional securities, as well as to collateralize short positions. Institutional Securities primarily includes margin loans in the Equity Financing business. Wealth Management includes margin loans as well as non-purpose securities-based lending on non-bank entities. Amounts may fluctuate from period to period as overall client balances change as a result of market levels, client positioning and leverage.

Credit exposures arising from margin lending activities are generally mitigated by their short-term nature, the value of collateral held and our right to call for additional margin when collateral values decline. However, we could incur losses in the event that the customer fails to meet margin calls and collateral values decline below the loan amount. This risk is elevated in loans backed by collateral pools with significant concentrations in individual issuers or securities with similar risk characteristics. For a further discussion, see "Risk Factors—Credit Risk" in the 2022 Form 10-K.

Employee Loans

For information on employee loans and related ACL, see Note 9 to the financial statements.

Risk Disclosures

Derivatives

Fair Value of OTC Derivative Assets

$ in millions	Counterparty Credit Rating[1] AAA	AA	A	BBB	NIG	Total
At March 31, 2023						
Less than 1 year	**$ 2,071**	**$ 15,151**	**$ 32,023**	**$ 29,160**	**$ 9,933**	**$ 88,338**
1-3 years	**1,520**	**7,243**	**14,507**	**16,267**	**7,213**	**46,750**
3-5 years	**633**	**6,542**	**7,117**	**8,750**	**3,196**	**26,238**
Over 5 years	**3,959**	**39,743**	**38,447**	**37,361**	**6,011**	**125,521**
Total, gross	**$ 8,183**	**$ 68,679**	**$ 92,094**	**$ 91,538**	**$ 26,353**	**$286,847**
Counterparty netting	**(3,599)**	**(55,095)**	**(66,179)**	**(71,713)**	**(14,946)**	**(211,532)**
Cash and securities collateral	**(2,929)**	**(11,078)**	**(22,797)**	**(13,729)**	**(5,456)**	**(55,989)**
Total, net	**$ 1,655**	**$ 2,506**	**$ 3,118**	**$ 6,096**	**$ 5,951**	**$ 19,326**

$ in millions	Counterparty Credit Rating[1] AAA	AA	A	BBB	NIG	Total
At December 31, 2022						
Less than 1 year	$ 2,903	$ 18,166	$ 40,825	$ 32,373	$ 10,730	$104,997
1-3 years	1,818	8,648	17,113	19,365	6,974	53,918
3-5 years	655	6,834	8,632	9,105	4,049	29,275
Over 5 years	4,206	42,613	45,488	46,660	8,244	147,211
Total, gross	$ 9,582	$ 76,261	$112,058	$107,503	$ 29,997	$335,401
Counterparty netting	(4,037)	(60,451)	(79,334)	(85,786)	(17,415)	(247,023)
Cash and securities collateral	(3,632)	(13,402)	(28,776)	(14,457)	(5,198)	(65,465)
Total, net	$ 1,913	$ 2,408	$ 3,948	$ 7,260	$ 7,384	$ 22,913

$ in millions	At March 31, 2023	At December 31, 2022
Industry		
Financials	**$ 5,677**	$ 6,294
Utilities	**4,562**	5,656
Regional governments	**1,839**	2,052
Energy	**1,480**	2,851
Industrials	**1,287**	1,433
Communications services	**1,036**	1,051
Consumer staples	**707**	687
Healthcare	**509**	565
Information technology	**468**	480
Consumer Discretionary	**453**	290
Materials	**310**	317
Not-for-profit organizations	**214**	204
Insurance	**174**	185
Sovereign governments	**162**	410
Real estate	**113**	95
Other	**335**	343
Total	**$ 19,326**	$ 22,913

1. Counterparty credit ratings are determined internally by the CRM.

We are exposed to credit risk as a dealer in OTC derivatives. Credit risk with respect to derivative instruments arises from the possibility that a counterparty may fail to perform according to the terms of the contract. For more information on derivatives, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Derivatives" in the 2022 Form 10-K and Note 6 to the financial statements.

Country Risk

Country risk exposure is the risk that events in, or that affect, a foreign country (any country other than the U.S.) might adversely affect us. We actively manage country risk exposure through a comprehensive risk management framework that combines credit and other market fundamentals and allows us to effectively identify, monitor and limit country risk. For a further discussion of our country risk exposure see "Quantitative and Qualitative Disclosures about Risk—Country and Other Risks" in the 2022 Form 10-K.

Top 10 Non-U.S. Country Exposures at March 31, 2023

$ in millions	United Kingdom	Germany	Japan	France	Australia
Sovereign					
Net inventory[1]	**$ (419)**	**$ (611)**	**$ 300**	**$ 75**	**$ 132**
Net counterparty exposure[2]	**10**	**118**	**196**	**12**	**88**
Exposure before hedges	**(409)**	**(493)**	**496**	**87**	**220**
Hedges[3]	**(56)**	**(273)**	**(187)**	**(6)**	**—**
Net exposure	**$ (465)**	**$ (766)**	**$ 309**	**$ 81**	**$ 220**
Non-sovereign					
Net inventory[1]	**$ 1,491**	**$ 190**	**$1,140**	**$ 17**	**$ 498**
Net counterparty exposure[2]	**9,992**	**3,819**	**4,572**	**3,487**	**881**
Loans	**5,481**	**990**	**329**	**1,001**	**1,494**
Lending commitments	**6,760**	**4,108**	**—**	**2,742**	**1,084**
Exposure before hedges	**23,724**	**9,107**	**6,041**	**7,247**	**3,957**
Hedges[3]	**(2,026)**	**(1,706)**	**(625)**	**(2,210)**	**(297)**
Net exposure	**$ 21,698**	**$ 7,401**	**$5,416**	**$ 5,037**	**$ 3,660**
Total net exposure	**$ 21,233**	**$ 6,635**	**$5,725**	**$ 5,118**	**$ 3,880**

$ in millions	Brazil	China	India	Canada	Spain
Sovereign					
Net inventory[1]	**$ 2,555**	**$ 290**	**$ 1,356**	**$ 242**	**$ 141**
Net counterparty exposure[2]	**5**	**197**	**—**	**67**	**51**
Exposure before hedges	**2,560**	**487**	**1,356**	**309**	**192**
Hedges[3]	**(195)**	**(65)**	**—**	**—**	**(8)**
Net exposure	**$ 2,365**	**$ 422**	**$ 1,356**	**$ 309**	**$ 184**
Non-sovereign					
Net inventory[1]	**$ 167**	**$ 2,048**	**$ 1,028**	**$ 510**	**$ 305**
Net counterparty exposure[2]	**574**	**188**	**1,006**	**1,094**	**375**
Loans	**308**	**568**	**135**	**382**	**2,171**
Lending commitments	**404**	**652**	**—**	**1,381**	**857**
Exposure before hedges	**1,453**	**3,456**	**2,169**	**3,367**	**3,708**
Hedges[3]	**(42)**	**(125)**	**—**	**(183)**	**(584)**
Net exposure	**$ 1,411**	**$ 3,331**	**$ 2,169**	**$ 3,184**	**$ 3,124**
Total net exposure	**$ 3,776**	**$ 3,753**	**$ 3,525**	**$ 3,493**	**$ 3,308**

1. Net inventory represents exposure to both long and short single-name and index positions (*i.e.*, bonds and equities at fair value and CDS based on a notional amount assuming zero recovery adjusted for the fair value of any receivable or payable).
2. Net counterparty exposure (*e.g.*, repurchase transactions, securities lending and OTC derivatives) is net of the benefit of collateral received and also is net by counterparty when legally enforceable master netting agreements are in place. For more information, see "Additional Information—Top 10 Non-U.S. Country Exposures" herein.
3. Amounts represent net CDS hedges (purchased and sold) on net counterparty exposure and lending executed by trading desks responsible for hedging counterparty and lending credit risk exposures. Amounts are based on the CDS notional amount assuming zero recovery adjusted for the fair value of any receivable or payable. For further description of the contractual terms for purchased credit protection and whether they may limit the effectiveness of our hedges, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Derivatives" in the 2022 Form 10-K.

Additional Information—Top 10 Non-U.S. Country Exposures

Collateral Held against Net Counterparty Exposure[1]

$ in millions		At March 31, 2023
Country of Risk	**Collateral[2]**	
United Kingdom	U.K., U.S. and France	$ 8,122
Germany	France, Spain, and Portugal	6,442
Other	Japan, France, and Spain	15,217

1. The benefit of collateral received is reflected in the Top 10 Non-U.S. Country Exposures at March 31, 2023.
2. Primarily consists of cash and government obligations of the countries listed.

Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, from human factors or from external events (*e.g.*, cyber attacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal and compliance risks, or damage to physical assets. We may incur operational risk across the full scope of our business activities, including revenue-generating activities and support and control groups (*e.g.*, information technology and trade processing). For a further discussion about our operational risk, see "Quantitative and Qualitative Disclosures about Risk—Operational Risk" in the 2022 Form 10-K.

Model Risk

Model risk refers to the potential for adverse consequences from decisions based on incorrect or misused model outputs. Model risk can lead to financial loss, poor business and strategic decision making or damage to our reputation. The risk inherent in a model is a function of the materiality, complexity and uncertainty around inputs and assumptions. Model risk is generated from the use of models impacting financial statements, regulatory filings, capital adequacy assessments and the formulation of strategy. For a further discussion about our model risk, see "Quantitative and Qualitative Disclosures about Risk—Model Risk" in the 2022 Form 10-K.

Liquidity Risk

Liquidity risk refers to the risk that we will be unable to finance our operations due to a loss of access to the capital markets or difficulty in liquidating our assets. Liquidity risk also encompasses our ability (or perceived ability) to meet our financial obligations without experiencing significant business disruption or reputational damage that may threaten our viability as a going concern. For a further discussion about our liquidity risk, see "Quantitative and Qualitative Disclosures about Risk—Liquidity Risk" in the 2022 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" herein.

Legal and Compliance Risk

Legal and compliance risk includes the risk of legal or regulatory sanctions, material financial loss, including fines, penalties, judgments, damages and/or settlements, limitations on our business, or loss to reputation that we may suffer as a result of failure to comply with laws, regulations, rules, related self-regulatory organization 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 AML, terrorist financing, and anti-corruption rules and regulations. For a further discussion about our legal and compliance risk, see "Quantitative and Qualitative Disclosures about Risk—Legal and Compliance Risk" in the 2022 Form 10-K.

Climate Risk

Climate change manifests as physical and transition risks. The physical risks of climate change include acute events, such as flooding, hurricanes, heatwaves and wildfires, and chronic, longer-term shifts in climate patterns, such as increasing global average temperatures, rising sea levels, and droughts. Transition risks are policy, legal, technological, and market changes to address climate risks and include changes in consumer behavior, shareholder preferences, and any additional regulatory and legislative requirements, such as carbon taxes. Climate risk, which is not expected to have a significant effect on our consolidated results of operations or financial condition in the near-term, is an overarching risk that can impact other categories of risk over the longer-term. For a further discussion about our climate risk, see "Quantitative and Qualitative Disclosures about Risk—Climate Risk" in the 2022 Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Morgan Stanley:

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Morgan Stanley and subsidiaries (the "Firm") as of March 31, 2023, and the related condensed consolidated income statements, comprehensive income statements, cash flow statements and statements of changes in total equity for the three-month periods ended March 31, 2023 and 2022, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Firm as of December 31, 2022, and the related consolidated income statement, comprehensive income statement, cash flow statement and statement of changes in total equity for the year then ended (not presented herein) included in the Firm's Annual Report on Form 10-K; and in our report dated February 24, 2023, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2022 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Firm's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Firm in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP

New York, New York

May 2, 2023

Consolidated Income Statement (Unaudited)

Morgan Stanley

in millions, except per share data	Three Months Ended March 31, 2023	2022
Revenues		
Investment banking	**$ 1,330**	$ 1,758
Trading	**4,477**	3,983
Investments	**145**	75
Commissions and fees	**1,239**	1,416
Asset management	**4,728**	5,119
Other	**252**	234
Total non-interest revenues	**12,171**	12,585
Interest income	**10,870**	2,650
Interest expense	**8,524**	434
Net interest	**2,346**	2,216
Net revenues	**14,517**	14,801
Provision for credit losses	**234**	57
Non-interest expenses		
Compensation and benefits	**6,410**	6,274
Brokerage, clearing and exchange fees	**881**	882
Information processing and communications	**915**	829
Professional services	**710**	705
Occupancy and equipment	**440**	427
Marketing and business development	**247**	175
Other	**920**	864
Total non-interest expenses	**10,523**	10,156
Income before provision for income taxes	**3,760**	4,588
Provision for income taxes	**727**	873
Net income	**$ 3,033**	$ 3,715
Net income applicable to noncontrolling interests	**53**	49
Net income applicable to Morgan Stanley	**$ 2,980**	$ 3,666
Preferred stock dividends	**144**	124
Earnings applicable to Morgan Stanley common shareholders	**$ 2,836**	$ 3,542
Earnings per common share		
Basic	**$ 1.72**	$ 2.04
Diluted	**$ 1.70**	$ 2.02
Average common shares outstanding		
Basic	**1,645**	1,733
Diluted	**1,663**	1,755

Consolidated Comprehensive Income Statement (Unaudited)

$ in millions	Three Months Ended March 31, 2023	2022
Net income	**$ 3,033**	$ 3,715
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	**20**	(105)
Change in net unrealized gains (losses) on available-for-sale securities	**512**	(2,395)
Pension and other	**(1)**	5
Change in net debt valuation adjustment	**(15)**	660
Net change in cash flow hedges	**7**	—
Total other comprehensive income (loss)	**$ 523**	$ (1,835)
Comprehensive income	**$ 3,556**	$ 1,880
Net income applicable to noncontrolling interests	**53**	49
Other comprehensive income (loss) applicable to noncontrolling interests	**(19)**	(35)
Comprehensive income applicable to Morgan Stanley	**$ 3,522**	$ 1,866

Consolidated Balance Sheet

Morgan Stanley

$ in millions, except share data		(Unaudited) At March 31, 2023		At December 31, 2022
Assets				
Cash and cash equivalents	$	**111,258**	$	128,127
Trading assets at fair value (**$127,205** and $124,411 were pledged to various parties)		**320,301**		301,315
Investment securities:				
Available-for-sale at fair value (amortized cost of **$88,738** and $89,772)		**83,932**		84,297
Held-to-maturity (fair value of **$64,419** and $65,006)		**74,012**		75,634
Securities purchased under agreements to resell (includes **$8** and $8 at fair value)		**121,885**		113,907
Securities borrowed		**146,216**		133,374
Customer and other receivables		**74,095**		78,540
Loans:				
Held for investment (net of allowance for credit losses of **$970** and $839)		**199,550**		198,997
Held for sale		**15,146**		14,788
Goodwill		**16,657**		16,652
Intangible assets (net of accumulated amortization of **$4,404** and $4,253)		**7,470**		7,618
Other assets		**29,382**		26,982
Total assets	$	**1,199,904**	$	1,180,231
Liabilities				
Deposits (includes **$5,042** and $4,796 at fair value)	$	**347,523**	$	356,646
Trading liabilities at fair value		**170,764**		154,438
Securities sold under agreements to repurchase (includes **$872** and $864 at fair value)		**60,491**		62,534
Securities loaned		**15,588**		15,679
Other secured financings (includes **$5,005** and $4,550 at fair value)		**8,670**		8,158
Customer and other payables		**220,700**		216,134
Other liabilities and accrued expenses		**24,032**		27,353
Borrowings (includes **$86,422** and $78,720 at fair value)		**250,182**		238,058
Total liabilities		**1,097,950**		1,079,000
Commitments and contingent liabilities (see Note 13)				
Equity				
Morgan Stanley shareholders' equity:				
Preferred stock		**8,750**		8,750
Common stock, $0.01 par value:				
Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,670,318,320** and 1,675,487,409		**20**		20
Additional paid-in capital		**28,856**		29,339
Retained earnings		**96,392**		94,862
Employee stock trusts		**5,343**		4,881
Accumulated other comprehensive income (loss)		**(5,711)**		(6,253)
Common stock held in treasury at cost, $0.01 par value (**368,575,659** and 363,406,570 shares)		**(27,481)**		(26,577)
Common stock issued to employee stock trusts		**(5,343)**		(4,881)
Total Morgan Stanley shareholders' equity		**100,826**		100,141
Noncontrolling interests		**1,128**		1,090
Total equity		**101,954**		101,231
Total liabilities and equity	$	**1,199,904**	$	1,180,231

Consolidated Statement of Changes in Total Equity (Unaudited)

Morgan Stanley

$ in millions	Three Months Ended March 31, 2023	2022
Preferred Stock		
Beginning and ending balance	**$ 8,750**	$ 7,750
Common Stock		
Beginning and ending balance	**20**	20
Additional Paid-in Capital		
Beginning balance	29,339	28,841
Share-based award activity	**(483)**	(834)
Ending balance	**28,856**	28,007
Retained Earnings		
Beginning balance	94,862	89,432
Net income applicable to Morgan Stanley	**2,980**	3,666
Preferred stock dividends[1]	**(144)**	(124)
Common stock dividends[1]	**(1,305)**	(1,252)
Other net increases (decreases)	**(1)**	—
Ending balance	**96,392**	91,722
Employee Stock Trusts		
Beginning balance	4,881	3,955
Share-based award activity	**462**	1,020
Ending balance	**5,343**	4,975
Accumulated Other Comprehensive Income (Loss)		
Beginning balance	(6,253)	(3,102)
Net change in Accumulated other comprehensive income (loss)	**542**	(1,800)
Ending balance	**(5,711)**	(4,902)
Common Stock Held in Treasury at Cost		
Beginning balance	(26,577)	(17,500)
Share-based award activity	**1,304**	1,485
Repurchases of common stock and employee tax withholdings	**(2,208)**	(3,681)
Ending balance	**(27,481)**	(19,696)
Common Stock Issued to Employee Stock Trusts		
Beginning balance	(4,881)	(3,955)
Share-based award activity	**(462)**	(1,020)
Ending balance	**(5,343)**	(4,975)
Noncontrolling Interests		
Beginning balance	1,090	1,157
Net income applicable to noncontrolling interests	**53**	49
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests	**(19)**	(35)
Other net increases (decreases)	**4**	3
Ending balance	**1,128**	1,174
Total Equity	**$ 101,954**	$ 104,075

1. See Note 16 for information regarding dividends per share for each class of stock.

Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley

$ in millions	Three Months Ended March 31, 2023	2022
Cash flows from operating activities		
Net income	**$ 3,033**	$ 3,715
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Stock-based compensation expense	**558**	431
Depreciation and amortization	**940**	942
Provision for credit losses	**234**	57
Other operating adjustments	**66**	51
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities	**2,582**	5,069
Securities borrowed	**(12,842)**	(21,282)
Securities loaned	**(91)**	1,923
Customer and other receivables and other assets	**4,899**	1,227
Customer and other payables and other liabilities	**777**	17,994
Securities purchased under agreements to resell	**(7,978)**	(7,768)
Securities sold under agreements to repurchase	**(2,043)**	(2,120)
Net cash provided by (used for) operating activities	**(9,865)**	239
Cash flows from investing activities		
Proceeds from (payments for):		
Other assets—Premises, equipment and software	**(719)**	(652)
Changes in loans, net	**(822)**	(7,479)
AFS securities[1]:		
Purchases	**(3,475)**	(14,125)
Proceeds from sales	**1,466**	18,469
Proceeds from paydowns and maturities	**3,460**	4,301
HTM securities[1]:		
Purchases	**—**	(3,334)
Proceeds from paydowns and maturities	**1,617**	3,102
Other investing activities	**(2,568)**	(124)
Net cash provided by (used for) investing activities	**(1,041)**	158
Cash flows from financing activities		
Net proceeds from (payments for):		
Other secured financings	**356**	(636)
Deposits	**(9,084)**	5,834
Proceeds from issuance of Borrowings	**21,219**	20,284
Payments for:		
Borrowings	**(15,201)**	(11,094)
Repurchases of common stock and employee tax withholdings	**(2,205)**	(3,681)
Cash dividends	**(1,406)**	(1,314)
Other financing activities	**33**	(102)
Net cash provided by (used for) financing activities	**(6,288)**	9,291
Effect of exchange rate changes on cash and cash equivalents	**325**	(1,327)
Net increase (decrease) in cash and cash equivalents	**(16,869)**	8,361
Cash and cash equivalents, at beginning of period	**128,127**	127,725
Cash and cash equivalents, at end of period	**$ 111,258**	$ 136,086
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	**$ 8,912**	$ 623
Income taxes, net of refunds	**307**	383

1. The prior period amounts have been revised to present Purchases, Proceeds from sales and Proceeds from paydowns and maturities separately between AFS securities and HTM securities.

1. Introduction and Basis of Presentation

The Firm

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms "Morgan Stanley" or the "Firm" mean Morgan Stanley (the "Parent Company") together with its consolidated subsidiaries. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Form 10-Q.

A description of the clients and principal products and services of each of the Firm's business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity and other securities, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to customers. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering: financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; securities-based lending, residential real estate loans and other lending products; banking; and retirement plan services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products, which are offered through a variety of investment vehicles, include equity, fixed income, alternatives and solutions, and liquidity and overlay services. Institutional clients include defined benefit/defined contribution plans, foundations, endowments, government entities, sovereign wealth funds, insurance companies, third-party fund sponsors and corporations. Individual clients are generally served through intermediaries, including affiliated and non-affiliated distributors.

Basis of Financial Information

The financial statements are prepared in accordance with U.S. GAAP, which requires the Firm to make estimates and assumptions regarding the valuations of certain financial instruments, the valuations of goodwill and intangible assets, the outcome of legal and tax matters, deferred tax assets, ACL, and other matters that affect its financial statements and related disclosures. The Firm believes that the estimates utilized in the preparation of its financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

The Notes are an integral part of the Firm's financial statements. The Firm has evaluated subsequent events for adjustment to or disclosure in these financial statements through the date of this report and has not identified any recordable or disclosable events not otherwise reported in these financial statements or the notes thereto.

The accompanying financial statements should be read in conjunction with the Firm's financial statements and notes thereto included in the 2022 Form 10-K. Certain footnote disclosures included in the 2022 Form 10-K have been condensed or omitted from these financial statements as they are not required for interim reporting under U.S. GAAP. The financial statements reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

Consolidation

The financial statements include the accounts of the Firm, its wholly owned subsidiaries and other entities in which the Firm has a controlling financial interest, including certain VIEs (see Note 14). Intercompany balances and transactions have been eliminated. For consolidated subsidiaries that are not wholly owned, the third-party holdings of equity interests are referred to as Noncontrolling interests. The net income attributable to Noncontrolling interests for such subsidiaries is presented as Net income applicable to noncontrolling interests in the income statement. The portion of shareholders' equity that is attributable to noncontrolling interests for such subsidiaries is presented as Noncontrolling interests, a component of Total equity, in the balance sheet.

For a discussion of the Firm's significant regulated U.S. and international subsidiaries and its involvement with VIEs, see Note 1 to the financial statements in the 2022 Form 10-K.

2. Significant Accounting Policies

For a detailed discussion about the Firm's significant accounting policies and for further information on accounting updates adopted in the prior year, see Note 2 to the financial statements in the 2022 Form 10-K.

During the three months ended March 31, 2023 there were no significant updates to the Firm's significant accounting policies, other than for the accounting update adopted.

Accounting Update Adopted in 2023

Financial Instruments - Credit Losses

The Firm adopted the *Financial Instruments-Credit Losses* accounting update on January 1, 2023, with no impact on the Firm's financial condition or results of operations upon adoption.

This accounting update eliminates the accounting guidance for troubled debt restructurings ("TDRs") and requires new disclosures regarding certain modifications of financing receivables (*i.e.*, principal forgiveness, interest rate reductions, other-than-insignificant payment delays and term extensions) to borrowers experiencing financial difficulty. The update also requires disclosure of current period gross charge-offs by year of origination for financing receivables measured at amortized cost. Refer to Note 9, Loans, Lending Commitments and Related Allowance for Credit Losses, for the new disclosures.

3. Cash and Cash Equivalents

$ in millions	At March 31, 2023	At December 31, 2022
Cash and due from banks	$ 5,336	$ 5,409
Interest bearing deposits with banks	105,922	122,718
Total Cash and cash equivalents	**$ 111,258**	$ 128,127
Restricted cash	$ 33,229	$ 35,380

For additional information on cash and cash equivalents, including restricted cash, see Note 2 to the financial statements in the 2022 Form 10-K.

4. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At March 31, 2023				
$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	$ 53,525	$ 40,345	$ 1	$ —	$ 93,871
Other sovereign government obligations	29,842	5,785	196	—	35,823
State and municipal securities	—	1,685	3	—	1,688
MABS	—	1,540	454	—	1,994
Loans and lending commitments[2]	—	5,974	2,057	—	8,031
Corporate and other debt	—	27,804	2,243	—	30,047
Corporate equities[3]	97,102	944	144	—	98,190
Derivative and other contracts:					
Interest rate	5,112	153,365	647	—	159,124
Credit	—	9,437	356	—	9,793
Foreign exchange	64	83,371	180	—	83,615
Equity	1,900	46,948	307	—	49,155
Commodity and other	4,184	14,300	3,546	—	22,030
Netting[1]	(10,169)	(233,264)	(1,103)	(38,758)	(283,294)
Total derivative and other contracts	1,091	74,157	3,933	(38,758)	40,423
Investments[4]	795	711	955	—	2,461
Physical commodities	—	2,349	—	—	2,349
Total trading assets[4]	182,355	161,294	9,986	(38,758)	314,877
Investment securities—AFS	53,047	30,885	—	—	83,932
Securities purchased under agreements to resell	—	8	—	—	8
Total assets at fair value	**$235,402**	**$192,187**	**$ 9,986**	**$(38,758)**	**$398,817**

	At March 31, 2023				
$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total
Liabilities at fair value					
Deposits	$ —	$ 5,013	$ 29	$ —	$ 5,042
Trading liabilities:					
U.S. Treasury and agency securities	23,790	32	—	—	23,822
Other sovereign government obligations	35,965	2,531	73	—	38,569
Corporate and other debt	—	11,007	46	—	11,053
Corporate equities[3]	67,878	371	41	—	68,290
Derivative and other contracts:					
Interest rate	5,094	145,101	864	—	151,059
Credit	—	9,703	308	—	10,011
Foreign exchange	55	81,981	114	—	82,150
Equity	2,194	52,453	1,084	—	55,731
Commodity and other	4,616	12,695	1,947	—	19,258
Netting[1]	(10,169)	(233,264)	(1,103)	(44,644)	(289,180)
Total derivative and other contracts	1,790	68,669	3,214	(44,644)	29,029
Total trading liabilities	129,423	82,610	3,374	(44,644)	170,763
Securities sold under agreements to repurchase	—	358	514	—	872
Other secured financings	—	4,890	115	—	5,005
Borrowings	—	84,773	1,649	—	86,422
Total liabilities at fair value	**$129,423**	**$177,644**	**$ 5,681**	**$(44,644)**	**$268,104**

$ in millions	At December 31, 2022 Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	$ 38,462	$ 42,263	$ 17	$ —	$ 80,742
Other sovereign government obligations	24,644	4,769	169	—	29,582
State and municipal securities	—	1,503	145	—	1,648
MABS	—	1,774	416	—	2,190
Loans and lending commitments[2]	—	6,380	2,017	—	8,397
Corporate and other debt	—	23,351	2,096	—	25,447
Corporate equities[3]	97,869	1,019	116	—	99,004
Derivative and other contracts:					
Interest rate	4,481	166,392	517	—	171,390
Credit	—	7,876	425	—	8,301
Foreign exchange	49	115,766	183	—	115,998
Equity	2,778	40,171	406	—	43,355
Commodity and other	5,609	21,152	3,701	—	30,462
Netting[1]	(9,618)	(258,821)	(1,078)	(55,777)	(325,294)
Total derivative and other contracts	3,299	92,536	4,154	(55,777)	44,212
Investments[4]	652	685	923	—	2,260
Physical commodities	—	2,379	—	—	2,379
Total trading assets[4]	164,926	176,659	10,053	(55,777)	295,861
Investment securities—AFS	53,866	30,396	35	—	84,297
Securities purchased under agreements to resell	—	8	—	—	8
Total assets at fair value	$218,792	$207,063	$10,088	$(55,777)	$380,166

$ in millions	At December 31, 2022 Level 1	Level 2	Level 3	Netting[1]	Total
Liabilities at fair value					
Deposits	$ —	$ 4,776	$ 20	$ —	$ 4,796
Trading liabilities:					
U.S. Treasury and agency securities	20,776	228	—	—	21,004
Other sovereign government obligations	23,235	2,688	3	—	25,926
Corporate and other debt	—	8,786	29	—	8,815
Corporate equities[3]	59,998	518	42	—	60,558
Derivative and other contracts:					
Interest rate	3,446	161,044	668	—	165,158
Credit	—	7,987	315	—	8,302
Foreign exchange	89	113,383	117	—	113,589
Equity	3,266	46,923	1,142	—	51,331
Commodity and other	6,187	17,574	2,618	—	26,379
Netting[1]	(9,618)	(258,821)	(1,078)	(57,107)	(326,624)
Total derivative and other contracts	3,370	88,090	3,782	(57,107)	38,135
Total trading liabilities	107,379	100,310	3,856	(57,107)	154,438
Securities sold under agreements to repurchase	—	352	512	—	864
Other secured financings	—	4,459	91	—	4,550
Borrowings	—	77,133	1,587	—	78,720
Total liabilities at fair value	$107,379	$187,030	$ 6,066	$(57,107)	$243,368

MABS—Mortgage- and asset-backed securities

1. For positions with the same counterparty that cross over the levels of the fair value hierarchy, both counterparty netting and cash collateral netting are included in the column titled "Netting." Positions classified within the same level that are with the same counterparty are netted within that level. For further information on derivative instruments and hedging activities, see Note 6.
2. For a further breakdown by type, see the following Detail of Loans and Lending Commitments at Fair Value table.
3. For trading purposes, the Firm holds or sells short equity securities issued by entities in diverse industries and of varying sizes.
4. Amounts exclude certain investments that are measured based on NAV per share, which are not classified in the fair value hierarchy. For additional disclosure about such investments, see "Net Asset Value Measurements" herein.

Detail of Loans and Lending Commitments at Fair Value

$ in millions	At March 31, 2023	At December 31, 2022
Secured lending facilities	**$ 6**	$ 6
Commercial Real Estate	**581**	528
Residential Real Estate	**1,954**	2,020
Securities-based lending and Other loans	**5,490**	5,843
Total	**$ 8,031**	$ 8,397

Unsettled Fair Value of Futures Contracts[1]

$ in millions	At March 31, 2023	At December 31, 2022
Customer and other receivables (payables), net	**$ 788**	$ 1,219

1. These contracts are primarily Level 1, actively traded, valued based on quoted prices from the exchange and are excluded from the previous recurring fair value tables.

For a description of the valuation techniques applied to the Firm's major categories of assets and liabilities measured at fair value on a recurring basis, see Note 5 to the financial statements in the 2022 Form 10-K. During the current quarter, there were no significant revisions made to the Firm's valuation techniques.

Rollforward of Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Three Months Ended March 31,	
$ in millions	**2023**	2022
U.S. Treasury and agency securities		
Beginning balance	$ 17	$ 2
Purchases	—	1
Sales	(9)	—
Net transfers	(7)	5
Ending balance	$ 1	$ 8
Unrealized gains (losses)	$ —	$ —
Other sovereign government obligations		
Beginning balance	$ 169	$ 211
Realized and unrealized gains (losses)	4	—
Purchases	78	6
Sales	(54)	(40)
Net transfers	(1)	11
Ending balance	$ 196	$ 188
Unrealized gains (losses)	$ 4	$ —
State and municipal securities		
Beginning balance	$ 145	$ 13
Sales	(40)	—
Net transfers	(102)	(13)
Ending balance	$ 3	$ —
Unrealized gains (losses)	$ —	$ —
MABS		
Beginning balance	$ 416	$ 344
Realized and unrealized gains (losses)	2	(1)
Purchases	57	56
Sales	(45)	(96)
Net transfers	24	48
Ending balance	$ 454	$ 351
Unrealized gains (losses)	$ 1	$ (3)
Loans and lending commitments		
Beginning balance	$ 2,017	$ 3,806
Realized and unrealized gains (losses)	(26)	26
Purchases and originations	535	369
Sales	(193)	(210)
Settlements	(235)	(409)
Net transfers	(41)	(441)
Ending balance	$ 2,057	$ 3,141
Unrealized gains (losses)	$ (25)	$ 22
Corporate and other debt		
Beginning balance	$ 2,096	$ 1,973
Realized and unrealized gains (losses)	34	12
Purchases and originations	508	71
Sales	(446)	(160)
Net transfers	51	(143)
Ending balance	$ 2,243	$ 1,753
Unrealized gains (losses)	$ 64	$ 7
Corporate equities		
Beginning balance	$ 116	$ 115
Realized and unrealized gains (losses)	(8)	—
Purchases	19	24
Sales	(25)	(82)
Net transfers	42	182
Ending balance	$ 144	$ 239
Unrealized gains (losses)	$ (2)	$ —

	Three Months Ended March 31,	
$ in millions	**2023**	2022
Investments		
Beginning balance	$ 923	$ 1,125
Realized and unrealized gains (losses)	14	(24)
Purchases	47	20
Sales	(24)	(4)
Net transfers	(5)	3
Ending balance	$ 955	$ 1,120
Unrealized gains (losses)	$ 10	$ (26)
Investment securities—AFS		
Beginning balance	$ 35	$ —
Realized and unrealized gains (losses)	1	—
Net transfers	(36)	—
Ending balance	$ —	$ —
Unrealized gains (losses)	$ 1	$ —
Net derivatives: Interest rate		
Beginning balance	$ (151)	$ 708
Realized and unrealized gains (losses)	(149)	39
Purchases	10	3
Issuances	(8)	(2)
Settlements	189	(21)
Net transfers	(108)	(93)
Ending balance	$ (217)	$ 634
Unrealized gains (losses)	$ 29	$ 147
Net derivatives: Credit		
Beginning balance	$ 110	$ 98
Realized and unrealized gains (losses)	(27)	43
Purchases	—	8
Issuances	—	(8)
Settlements	(31)	(68)
Net transfers	(4)	20
Ending balance	$ 48	$ 93
Unrealized gains (losses)	$ (28)	$ 28
Net derivatives: Foreign exchange		
Beginning balance	$ 66	$ 52
Realized and unrealized gains (losses)	(11)	(145)
Purchases	—	5
Issuances	(3)	—
Settlements	40	81
Net transfers	(26)	(26)
Ending balance	$ 66	$ (33)
Unrealized gains (losses)	$ (10)	$ (138)
Net derivatives: Equity		
Beginning balance	$ (736)	$ (945)
Realized and unrealized gains (losses)	16	98
Purchases	39	28
Issuances	(161)	(68)
Settlements	(30)	117
Net transfers	95	116
Ending balance	$ (777)	$ (654)
Unrealized gains (losses)	$ (30)	$ 88

$ in millions	Three Months Ended March 31, 2023	2022
Net derivatives: Commodity and other		
Beginning balance	$ 1,083	$ 1,529
Realized and unrealized gains (losses)	**446**	4
Purchases	**16**	9
Issuances	**(3)**	(11)
Settlements	**(103)**	(47)
Net transfers	**160**	(50)
Ending balance	**$ 1,599**	$ 1,434
Unrealized gains (losses)	**$ 211**	$ (216)
Deposits		
Beginning balance	$ 20	$ 67
Issuances	**6**	—
Settlements	**—**	(5)
Net transfers	**3**	(36)
Ending balance	**$ 29**	$ 26
Unrealized losses (gains)	**$ —**	$ —
Nonderivative trading liabilities		
Beginning balance	$ 74	$ 61
Realized and unrealized losses (gains)	**(7)**	(3)
Purchases	**(44)**	(33)
Sales	**113**	11
Net transfers	**24**	12
Ending balance	**$ 160**	$ 48
Unrealized losses (gains)	**$ (5)**	$ (3)
Securities sold under agreements to repurchase		
Beginning balance	$ 512	$ 651
Realized and unrealized losses (gains)	**11**	2
Settlements	**(9)**	(10)
Net transfers	**—**	(127)
Ending balance	**$ 514**	$ 516
Unrealized losses (gains)	**$ 11**	$ 2
Other secured financings		
Beginning balance	$ 91	$ 403
Realized and unrealized losses (gains)	**2**	(3)
Issuances	**41**	28
Settlements	**(19)**	(305)
Net transfers	**—**	(3)
Ending balance	**$ 115**	$ 120
Unrealized losses (gains)	**$ 2**	$ (3)
Borrowings		
Beginning balance	$ 1,587	$ 2,157
Realized and unrealized losses (gains)	**48**	(143)
Issuances	**239**	161
Settlements	**(82)**	(42)
Net transfers	**(143)**	266
Ending balance	**$ 1,649**	$ 2,399
Unrealized losses (gains)	**$ 45**	$ (143)
Portion of Unrealized losses (gains) recorded in OCI—Change in net DVA	**9**	(29)

Level 3 instruments may be hedged with instruments classified in Level 1 and Level 2. The realized and unrealized gains or losses for assets and liabilities within the Level 3 category presented in the previous tables do not reflect the related realized and unrealized gains or losses on hedging instruments that have been classified by the Firm within the Level 1 and/or Level 2 categories.

The unrealized gains (losses) during the period for assets and liabilities within the Level 3 category may include changes in fair value during the period that were attributable to both observable and unobservable inputs. Total realized and unrealized gains (losses) are primarily included in Trading revenues in the income statement.

Additionally, in the previous tables, consolidations of VIEs are included in Purchases, and deconsolidations of VIEs are included in Settlements.

Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements

Valuation Techniques and Unobservable Inputs

$ in millions, except inputs	Balance / Range (Average[1]) At March 31, 2023	At December 31, 2022
Assets at Fair Value on a Recurring Basis		
Other sovereign government obligations	**$ 196**	$ 169
Comparable pricing:		
Bond price	**61 to 119 points (92 points)**	57 to 124 points (89 points)
State and municipal securities	**$ 3**	$ 145
Comparable pricing:		
Bond price	**N/M**	86 to 100 points (97 points)
MABS	**$ 454**	$ 416
Comparable pricing:		
Bond price	**0 to 95 points (60 points)**	0 to 95 points (68 points)
Loans and lending commitments	**$ 2,057**	$ 2,017
Margin loan model:		
Margin loan rate	**2% to 4% (3%)**	2% to 4% (3%)
Comparable pricing:		
Loan price	**88 to 104 points (99 points)**	87 to 105 points (99 points)
Corporate and other debt	**$ 2,243**	$ 2,096
Comparable pricing:		
Bond price	**51 to 129 points (88 points)**	51 to 132 points (90 points)
Discounted cash flow:		
Loss given default	**54% to 84% (62% / 54%)**	54% to 84% (62% / 54%)
Corporate equities	**$ 144**	$ 116
Comparable pricing:		
Equity price	**100%**	100%
Investments	**$ 955**	$ 923
Discounted cash flow:		
WACC	**15% to 17% (16%)**	15% to 17% (16%)
Exit multiple	**7 to 17 times (14 times)**	7 to 17 times (14 times)
Market approach:		
EBITDA multiple	**6 to 21 times (11 times)**	7 to 21 times (11 times)
Comparable pricing:		
Equity price	**24% to 100% (89%)**	24% to 100% (89%)

	Balance / Range (Average[1])	
$ in millions, except inputs	**At March 31, 2023**	At December 31, 2022
Net derivative and other contracts:		
Interest rate	**$ (217)**	$ (151)
Option model:		
IR volatility skew	**36% to 138% (90% / 84%)**	105% to 130% (113% / 109%)
IR curve correlation	**53% to 99% (83% / 86%)**	47% to 100% (80% / 84%)
Bond volatility	**1% to 2% (1% / 1%)**	N/M
Inflation volatility	**22% to 70% (43% / 39%)**	22% to 65% (43% / 38%)
IR curve	**4% to 11% (6% / 5%)**	4% to 5% (5% / 5%)
Credit	**$ 48**	$ 110
Credit default swap model:		
Cash-synthetic basis	**7 points**	7 points
Bond price	**0 to 92 bps (49 points)**	0 to 83 points (43 points)
Credit spread	**10 to 449 bps (111 bps)**	10 to 528 bps (115 bps)
Funding spread	**18 to 590 bps (81 bps)**	18 to 590 bps (93 bps)
Foreign exchange[2]	**$ 66**	$ 66
Option model:		
IR curve	**-8% to 18% (5% / 4%)**	-2% to 38% (8% / 4%)
Foreign exchange volatility skew	**-18% to 30% (2% / 0%)**	10% to 10% (10% / 10%)
Contingency probability	**95% to 95% (95% / 95%)**	95% to 95% (95% / 95%)
Equity[2]	**$ (777)**	$ (736)
Option model:		
Equity volatility	**6% to 95% (22%)**	5% to 96% (25%)
Equity volatility skew	**-5% to 0% (-1%)**	-4% to 0% (-1%)
Equity correlation	**17% to 95% (83%)**	10% to 93% (71%)
FX correlation	**-79% to 65% (-25%)**	-79% to 65% (-26%)
IR correlation	**10% to 30% (13%)**	10% to 30% (-14%)
Commodity and other	**$ 1,599**	$ 1,083
Option model:		
Forward power price	**$0 to $282 ($45) per MWh**	$1 to $292 ($43) per MWh
Commodity volatility	**8% to 113% (35%)**	12% to 169% (34%)
Cross-commodity correlation	**54% to 100% (93%)**	70% to 100% (94%)
Liabilities Measured at Fair Value on a Recurring Basis		
Securities sold under agreements to repurchase	**$ 514**	$ 512
Discounted cash flow:		
Funding spread	**80 to 157 bps (118 bps)**	96 to 165 bps (131 bps)
Other secured financings	**$ 115**	$ 91
Comparable pricing:		
Loan price	**23 to 101 points (82 points)**	23 to 101 points (75 points)

	Balance / Range (Average[1])	
$ in millions, except inputs	**At March 31, 2023**	At December 31, 2022
Borrowings	**$ 1,649**	$ 1,587
Option model:		
Equity volatility	**6% to 66% (22%)**	7% to 86% (23%)
Equity volatility skew	**-1% to 0% (0%)**	-2% to 0% (0%)
Equity correlation	**41% to 95% (80%)**	39% to 98% (86%)
Equity - FX correlation	**-55% to 6% (-26%)**	-50% to 0% (-21%)
IR curve correlation	**49% to 98% (85% / 90%)**	N/M
IR volatility skew	**N/M**	47% to 136% (74% / 59%)
Discounted cash flow:		
Loss given default	**54% to 84% (62% / 54%)**	54% to 84% (62% / 54%)
Nonrecurring Fair Value Measurement		
Loans	**$ 5,812**	$ 6,610
Corporate loan model:		
Credit spread	**105 to 1286 bps (830 bps)**	91 to 1276 bps (776 bps)
Comparable pricing:		
Loan price	**17 to 97 points (66 points)**	36 to 80 points (65 points)
Warehouse model:		
Credit spread	**108 to 311 bps (246 bps)**	110 to 319 bps (245 bps)

Points—Percentage of par
IR—Interest rate
FX—Foreign exchange
1. A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are more relevant.
2. Includes derivative contracts with multiple risks (*i.e.*, hybrid products).

The previous table provides information on the valuation techniques, significant unobservable inputs, and the ranges and averages for each major category of assets and liabilities measured at fair value on a recurring and nonrecurring basis with a significant Level 3 balance. The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory of financial instruments. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. Generally, there are no predictable relationships between multiple significant unobservable inputs attributable to a given valuation technique.

For a description of the Firm's significant unobservable inputs and qualitative information about the effect of hypothetical changes in the values of those inputs, see Note 5 to the financial statements in the 2022 Form 10-K. During the current quarter, there were no significant revisions made to the descriptions of the Firm's significant unobservable inputs.

Net Asset Value Measurements

Fund Interests

	At March 31, 2023		At December 31, 2022	
$ in millions	Carrying Value	Commitment	Carrying Value	Commitment
Private equity	$ 2,664	$ 637	$ 2,622	$ 638
Real estate	2,566	256	2,642	239
Hedge[1]	194	3	190	3
Total	$ 5,424	$ 896	$ 5,454	$ 880

1. Investments in hedge funds may be subject to initial period lock-up or gate provisions, which restrict an investor from withdrawing from the fund during a certain initial period or restrict the redemption amount on any redemption date, respectively.

Amounts in the previous table represent the Firm's carrying value of general and limited partnership interests in fund investments, as well as any related performance-based income in the form of carried interest. The carrying amounts are measured based on the NAV of the fund taking into account the distribution terms applicable to the interest held. This same measurement applies whether the fund investments are accounted for under the equity method or fair value.

For a description of the Firm's investments in private equity funds, real estate funds and hedge funds, which are measured based on NAV, see Note 5 to the financial statements in the 2022 Form 10-K.

See Note 13 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received. See Note 19 for information regarding unrealized carried interest at risk of reversal.

Nonredeemable Funds by Contractual Maturity

	Carrying Value at March 31, 2023	
$ in millions	Private Equity	Real Estate
Less than 5 years	$ 1,085	$ 975
5-10 years	1,515	1,554
Over 10 years	64	37
Total	$ 2,664	$ 2,566

Nonrecurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

	At March 31, 2023		
	Fair Value		
$ in millions	Level 2	Level 3[1]	Total
Assets			
Loans	$ 5,083	$ 5,812	$ 10,895
Other assets—Other investments	—	—	—
Other assets—ROU assets	—	—	—
Total	$ 5,083	$ 5,812	$ 10,895
Liabilities			
Other liabilities and accrued expenses—Lending commitments	$ 195	$ 97	$ 292
Total	$ 195	$ 97	$ 292

	At December 31, 2022		
	Fair Value		
$ in millions	Level 2	Level 3[1]	Total
Assets			
Loans	$ 4,193	$ 6,610	$ 10,803
Other assets—Other investments	—	7	7
Other assets—ROU assets	4	—	4
Total	$ 4,197	$ 6,617	$ 10,814
Liabilities			
Other liabilities and accrued expenses—Lending commitments	$ 275	$ 153	$ 428
Total	$ 275	$ 153	$ 428

1. For significant Level 3 balances, refer to "Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements" section herein for details of the significant unobservable inputs used for nonrecurring fair value measurement.

Gains (Losses) from Nonrecurring Fair Value Remeasurements[1]

	Three Months Ended March 31,	
$ in millions	2023	2022
Assets		
Loans[2]	$ 19	$ (43)
Other assets—Other investments[3]	—	(2)
Other assets—Premises, equipment and software[4]	(3)	(1)
Other assets—ROU assets[5]	—	(2)
Total	$ 16	$ (48)
Liabilities		
Other liabilities and accrued expenses—Lending commitments[2]	$ 34	$ (49)
Total	$ 34	$ (49)

1. Gains and losses for Loans and Other assets—Other investments are classified in Other revenues. For other items, gains and losses are recorded in Other revenues if the item is held for sale; otherwise, they are recorded in Other expenses.
2. Nonrecurring changes in the fair value of loans and lending commitments, which exclude the impact of related economic hedges, are calculated as follows: for the held-for-investment category, based on the value of the underlying collateral; and for the held-for-sale category, based on recently executed transactions, market price quotations, valuation models that incorporate market observable inputs where possible, such as comparable loan or debt prices and CDS spread levels adjusted for any basis difference between cash and derivative instruments, or default recovery analysis where such transactions and quotations are unobservable.
3. Losses related to Other assets—Other investments were determined using techniques that included discounted cash flow models, methodologies that incorporate multiples of certain comparable companies and recently executed transactions.
4. Losses related to Other assets—Premises, equipment and software generally include impairments as well as write-offs related to the disposal of certain assets.
5. Losses related to Other Assets—ROU assets include impairments related to the discontinued leased properties.

Financial Instruments Not Measured at Fair Value

	At March 31, 2023				
	Carrying	Fair Value			
$ in millions	Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	**$ 111,258**	**$111,258**	**$ —**	**$ —**	**$111,258**
Investment securities—HTM	**74,012**	**26,253**	**37,090**	**1,076**	**64,419**
Securities purchased under agreements to resell	**121,877**	**—**	**119,067**	**2,826**	**121,893**
Securities borrowed	**146,216**	**—**	**146,216**	**—**	**146,216**
Customer and other receivables	**69,249**	**—**	**65,219**	**3,750**	**68,969**
Loans[1]	**214,696**	**—**	**24,842**	**183,035**	**207,877**
Other assets	**3,139**	**—**	**3,139**	**—**	**3,139**
Financial liabilities					
Deposits	**$ 342,481**	**$ —**	**$342,312**	**$ —**	**$342,312**
Securities sold under agreements to repurchase	**59,619**	**—**	**59,599**	**—**	**59,599**
Securities loaned	**15,588**	**—**	**15,583**	**—**	**15,583**
Other secured financings	**3,665**	**—**	**3,665**	**—**	**3,665**
Customer and other payables	**220,556**	**—**	**220,556**	**—**	**220,556**
Borrowings	**163,760**	**—**	**163,329**	**4**	**163,333**
	Commitment Amount				
Lending commitments[2]	**$ 139,447**	**$ —**	**$ 1,814**	**$ 914**	**$ 2,728**

	At December 31, 2022				
	Carrying	Fair Value			
$ in millions	Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 128,127	$128,127	$ —	$ —	$128,127
Investment securities—HTM	75,634	26,754	37,218	1,034	65,006
Securities purchased under agreements to resell	113,899	—	111,188	2,681	113,869
Securities borrowed	133,374	—	133,370	—	133,370
Customer and other receivables	73,248	—	69,268	3,664	72,932
Loans[1]	213,785	—	24,153	181,561	205,714
Other assets	704	—	704	—	704
Financial liabilities					
Deposits	$ 351,850	$ —	$351,721	$ —	$351,721
Securities sold under agreements to repurchase	61,670	—	61,620	—	61,620
Securities loaned	15,679	—	15,673	—	15,673
Other secured financings	3,608	—	3,608	—	3,608
Customer and other payables	216,018	—	216,018	—	216,018
Borrowings	159,338	—	157,780	4	157,784
	Commitment Amount				
Lending commitments[2]	$ 136,241	$ —	$ 1,789	$ 1,077	$ 2,866

1. Amounts include loans measured at fair value on a nonrecurring basis.
2. Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending commitments, see Note 13.

The previous tables exclude all non-financial assets and liabilities, such as Goodwill and Intangible assets, and certain financial instruments, such as equity method investments and certain receivables.

5. Fair Value Option

The Firm has elected the fair value option for certain eligible instruments that are risk managed on a fair value basis to mitigate income statement volatility caused by measurement basis differences between the elected instruments and their associated risk management transactions or to eliminate complexities of applying certain accounting models.

Borrowings Measured at Fair Value on a Recurring Basis

$ in millions	At March 31, 2023	At December 31, 2022
Business Unit Responsible for Risk Management		
Equity	**$ 43,705**	$ 38,945
Interest rates	**27,791**	26,077
Commodities	**11,187**	10,717
Credit	**1,954**	1,564
Foreign exchange	**1,785**	1,417
Total	**$ 86,422**	$ 78,720

Net Revenues from Borrowings under the Fair Value Option

	Three Months Ended March 31,	
$ in millions	**2023**	2022
Trading revenues	**$ (4,378)**	$ 4,655
Interest expense	**108**	72
Net revenues[1]	**$ (4,486)**	$ 4,583

1. Amounts do not reflect any gains or losses from related economic hedges.

Gains (losses) from changes in fair value are recorded in Trading revenues and are mainly attributable to movements in the reference price or index, interest rates or foreign exchange rates.

Gains (Losses) Due to Changes in Instrument-Specific Credit Risk

	Three Months Ended March 31,			
	2023		2022	
$ in millions	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables[1]	**$ (43)**	**$ —**	$ 24	$ —
Lending commitments	**11**	**—**	—	—
Deposits	**—**	**93**	—	(7)
Borrowings	**(6)**	**(117)**	—	878

$ in millions	At March 31, 2023	At December 31, 2022
Cumulative pre-tax DVA gain (loss) recognized in AOCI	**$ (481)**	$ (457)

1. Loans and other receivables-specific credit gains (losses) were determined by excluding the non-credit components of gains and losses.

Difference Between Contractual Principal and Fair Value[1]

$ in millions	At March 31, 2023	At December 31, 2022
Loans and other receivables[2]	$ 11,794	$ 11,916
Nonaccrual loans[2]	9,071	9,128
Borrowings[3]	4,282	5,203

1. Amounts indicate contractual principal greater than or (less than) fair value.
2. The majority of the difference between principal and fair value amounts for loans and other receivables relates to distressed debt positions purchased at amounts well below par.
3. Excludes borrowings where the repayment of the initial principal amount fluctuates based on changes in a reference price or index.

The previous tables exclude non-recourse debt from consolidated VIEs, liabilities related to transfers of financial assets treated as collateralized financings, pledged commodities and other liabilities that have specified assets attributable to them.

Fair Value Loans on Nonaccrual Status

$ in millions	At March 31, 2023	At December 31, 2022
Nonaccrual loans	$ 504	$ 585
Nonaccrual loans 90 or more days past due	55	116

6. Derivative Instruments and Hedging Activities

Fair Values of Derivative Contracts

	Assets at March 31, 2023			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 14	$ 4	$ —	$ 18
Foreign exchange	44	28	—	72
Total	58	32	—	90
Not designated as accounting hedges				
Economic hedges of loans				
Credit	1	58	—	59
Other derivatives				
Interest rate	130,291	27,241	1,574	159,106
Credit	6,952	2,782	—	9,734
Foreign exchange	81,249	2,222	72	83,543
Equity	18,623	—	30,532	49,155
Commodity and other	17,338	—	4,692	22,030
Total	254,454	32,303	36,870	323,627
Total gross derivatives	$ 254,512	$ 32,335	$ 36,870	$ 323,717
Amounts offset				
Counterparty netting	(181,978)	(29,554)	(33,832)	(245,364)
Cash collateral netting	(35,948)	(1,982)	—	(37,930)
Total in Trading assets	$ 36,586	$ 799	$ 3,038	$ 40,423
Amounts not offset[1]				
Financial instruments collateral	(18,059)	—	—	(18,059)
Net amounts	$ 18,527	$ 799	$ 3,038	$ 22,364
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 3,076

	Liabilities at March 31, 2023			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 363	$ —	$ —	$ 363
Foreign exchange	126	65	—	191
Total	489	65	—	554
Not designated as accounting hedges				
Economic hedges of loans				
Credit	10	489	—	499
Other derivatives				
Interest rate	124,206	25,480	1,010	150,696
Credit	6,659	2,853	—	9,512
Foreign exchange	79,661	2,229	69	81,959
Equity	26,072	—	29,659	55,731
Commodity and other	14,096	—	5,162	19,258
Total	250,704	31,051	35,900	317,655
Total gross derivatives	$251,193	$ 31,116	$ 35,900	$ 318,209
Amounts offset				
Counterparty netting	(181,978)	(29,554)	(33,832)	(245,364)
Cash collateral netting	(42,260)	(1,556)	—	(43,816)
Total in Trading liabilities	$ 26,955	$ 6	$ 2,068	$ 29,029
Amounts not offset[1]				
Financial instruments collateral	(2,008)	—	(202)	(2,210)
Net amounts	$ 24,947	$ 6	$ 1,866	$ 26,819
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				5,497

	Assets at December 31, 2022			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 62	$ 1	$ —	$ 63
Foreign exchange	15	44	—	59
Total	77	45	—	122
Not designated as accounting hedges				
Economic hedges of loans				
Credit	2	59	—	61
Other derivatives				
Interest rate	141,291	29,007	1,029	171,327
Credit	5,888	2,352	—	8,240
Foreign exchange	113,540	2,337	62	115,939
Equity	16,505	—	26,850	43,355
Commodity and other	24,298	—	6,164	30,462
Total	301,524	33,755	34,105	369,384
Total gross derivatives	$ 301,601	$33,800	$ 34,105	$ 369,506
Amounts offset				
Counterparty netting	(214,773)	(32,250)	(32,212)	(279,235)
Cash collateral netting	(44,711)	(1,348)	—	(46,059)
Total in Trading assets	$ 42,117	$ 202	$ 1,893	$ 44,212
Amounts not offset[1]				
Financial instruments collateral	(19,406)	—	—	(19,406)
Net amounts	$ 22,711	$ 202	$ 1,893	$ 24,806
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 4,318

$ in millions	Liabilities at December 31, 2022 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 457	$ 4	$ —	$ 461
Foreign exchange	550	101	—	651
Total	1,007	105	—	1,112
Not designated as accounting hedges				
Economic hedges of loans				
Credit	9	368	—	377
Other derivatives				
Interest rate	135,661	28,581	455	164,697
Credit	5,535	2,390	—	7,925
Foreign exchange	110,322	2,512	104	112,938
Equity	23,138	—	28,193	51,331
Commodity and other	19,631	—	6,748	26,379
Total	294,296	33,851	35,500	363,647
Total gross derivatives	$ 295,303	$ 33,956	$ 35,500	$ 364,759
Amounts offset				
Counterparty netting	(214,773)	(32,250)	(32,212)	(279,235)
Cash collateral netting	(45,884)	(1,505)	—	(47,389)
Total in Trading liabilities	$ 34,646	$ 201	$ 3,288	$ 38,135
Amounts not offset[1]				
Financial instruments collateral	(2,545)	—	(1,139)	(3,684)
Net amounts	$ 32,101	$ 201	$ 2,149	$ 34,451
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 6,430

1. Amounts relate to master netting agreements and collateral agreements that have been determined by the Firm to be legally enforceable in the event of default but where certain other criteria are not met in accordance with applicable offsetting accounting guidance.

See Note 4 for information related to the unsettled fair value of futures contracts not designated as accounting hedges, which are excluded from the previous tables.

Notionals of Derivative Contracts

$ in billions	Assets at March 31, 2023 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ —**	**$ 66**	**$ —**	**$ 66**
Foreign exchange	**4**	**1**	**—**	**5**
Total	**4**	**67**	**—**	**71**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**—**	**2**	**—**	**2**
Other derivatives				
Interest rate	**3,679**	**9,530**	**696**	**13,905**
Credit	**214**	**136**	**—**	**350**
Foreign exchange	**3,803**	**190**	**16**	**4,009**
Equity	**521**	**—**	**390**	**911**
Commodity and other	**141**	**—**	**66**	**207**
Total	**8,358**	**9,858**	**1,168**	**19,384**
Total gross derivatives	**$ 8,362**	**$ 9,925**	**$ 1,168**	**$ 19,455**

$ in billions	Liabilities at March 31, 2023 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 2**	**$ 183**	**$ —**	**$ 185**
Foreign exchange	**10**	**3**	**—**	**13**
Total	**12**	**186**	**—**	**198**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**—**	**18**	**—**	**18**
Other derivatives				
Interest rate	**3,975**	**8,944**	**432**	**13,351**
Credit	**205**	**136**	**—**	**341**
Foreign exchange	**3,910**	**147**	**34**	**4,091**
Equity	**542**	**—**	**582**	**1,124**
Commodity and other	**97**	**—**	**87**	**184**
Total	**8,729**	**9,245**	**1,135**	**19,109**
Total gross derivatives	**$ 8,741**	**$ 9,431**	**$ 1,135**	**$ 19,307**

$ in billions	Assets at December 31, 2022 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 2	$ 62	$ —	$ 64
Foreign exchange	2	2	—	4
Total	4	64	—	68
Not designated as accounting hedges				
Economic hedges of loans				
Credit	—	3	—	3
Other derivatives				
Interest rate	3,404	7,609	614	11,627
Credit	190	130	—	320
Foreign exchange	3,477	126	15	3,618
Equity	488	—	358	846
Commodity and other	141	—	59	200
Total	7,700	7,868	1,046	16,614
Total gross derivatives	$ 7,704	$ 7,932	$ 1,046	$ 16,682

$ in billions	Liabilities at December 31, 2022 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 3	$ 187	$ —	$ 190
Foreign exchange	12	2	—	14
Total	15	189	—	204
Not designated as accounting hedges				
Economic hedges of loans				
Credit	—	15	—	15
Other derivatives				
Interest rate	3,436	7,761	497	11,694
Credit	199	125	—	324
Foreign exchange	3,516	123	35	3,674
Equity	488	—	552	1,040
Commodity and other	101	—	79	180
Total	7,740	8,024	1,163	16,927
Total gross derivatives	$ 7,755	$ 8,213	$ 1,163	$ 17,131

The notional amounts of derivative contracts generally overstate the Firm's exposure. In most circumstances, notional amounts are used only as a reference point from which to calculate amounts owed between the parties to the contract. Furthermore, notional amounts do not reflect the

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benefit of legally enforceable netting arrangements or risk mitigating transactions.

For a discussion of the Firm's derivative instruments and hedging activities, see Note 7 to the financial statements in the 2022 Form 10-K.

Gains (Losses) on Accounting Hedges

$ in millions	Three Months Ended March 31, 2023	2022
Fair value hedges—Recognized in Interest income		
Interest rate contracts	**$ (372)**	$ 795
Investment Securities—AFS	**381**	(751)
Fair value hedges—Recognized in Interest expense		
Interest rate contracts	**$ 2,284**	$ (6,233)
Deposits	**(54)**	88
Borrowings	**(2,240)**	6,155
Net investment hedges—Foreign exchange contracts		
Recognized in OCI	**$ (89)**	$ 139
Forward points excluded from hedge effectiveness testing—Recognized in Interest income	**43**	(41)
Cash flow hedges—Interest rate contracts[1]		
Recognized in OCI	**$ 7**	$ —
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income	**(1)**	—
Net change in cash flow hedges included within AOCI	**8**	—

1. For the current quarter ended March 31, 2023, there were no forecasted transactions that failed to occur. The net gains (losses) associated with cash flow hedges expected to be reclassified from AOCI within 12 months as of March 31, 2023 is approximately $(7) million. The maximum length of time over which forecasted cash flows are hedged is 2 years.

Fair Value Hedges—Hedged Items

$ in millions	At March 31, 2023	At December 31, 2022
Investment Securities—AFS		
Amortized cost basis currently or previously hedged	**$ 34,559**	$ 34,073
Basis adjustments included in amortized cost[1]	**$ (1,152)**	$ (1,628)
Deposits		
Carrying amount currently or previously hedged	**$ 6,162**	$ 3,735
Basis adjustments included in carrying amount[1]	**$ (65)**	$ (119)
Borrowings		
Carrying amount currently or previously hedged	**$ 147,736**	$ 146,025
Basis adjustments included in carrying amount—Outstanding hedges	**$ (10,510)**	$ (12,748)
Basis adjustments included in carrying amount—Terminated hedges	**$ (692)**	$ (715)

1. Hedge accounting basis adjustments are primarily related to outstanding hedges.

Gains (Losses) on Economic Hedges of Loans

$ in millions	Three Months Ended March 31, 2023	2022
Recognized in Other revenues		
Credit contracts[1]	**$ (161)**	$ 51

1. Amounts related to hedges of certain held-for-investment and held-for-sale loans.

Net Derivative Liabilities and Collateral Posted

$ in millions	At March 31, 2023	At December 31, 2022
Net derivative liabilities with credit risk-related contingent features	**$ 18,180**	$ 20,287
Collateral posted	**13,064**	12,268

The previous table presents the aggregate fair value of certain derivative contracts that contain credit risk-related contingent features that are in a net liability position for which the Firm has posted collateral in the normal course of business.

Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

$ in millions	At March 31, 2023
One-notch downgrade	**$ 497**
Two-notch downgrade	**359**
Bilateral downgrade agreements included in the amounts above[1]	**$ 748**

1. Amount represents arrangements between the Firm and other parties where upon the downgrade of one party, the downgraded party must deliver collateral to the other party. These bilateral downgrade arrangements are used by the Firm to manage the risk of counterparty downgrades.

The additional collateral or termination payments that may be called in the event of a future credit rating downgrade vary by contract and can be based on ratings by either or both of Moody's Investors Service, Inc. and S&P Global Ratings. The previous table shows the future potential collateral amounts and termination payments that could be called or required by counterparties or exchange and clearing organizations in the event of one-notch or two-notch downgrade scenarios based on the relevant contractual downgrade triggers.

Maximum Potential Payout/Notional of Credit Protection Sold[1]

	Years to Maturity at March 31, 2023				
$ in billions	< 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	**$ 12**	**$ 30**	**$ 33**	**$ 15**	**$ 90**
Non-investment grade	**5**	**13**	**17**	**6**	**41**
Total	**$ 17**	**$ 43**	**$ 50**	**$ 21**	**$ 131**
Index and basket CDS					
Investment grade	**$ 3**	**$ 9**	**$ 14**	**$ 1**	**$ 27**
Non-investment grade	**8**	**21**	**104**	**49**	**182**
Total	**$ 11**	**$ 30**	**$ 118**	**$ 50**	**$ 209**
Total CDS sold	**$ 28**	**$ 73**	**$ 168**	**$ 71**	**$ 340**
Other credit contracts	**—**	**—**	**—**	**—**	**—**
Total credit protection sold	**$ 28**	**$ 73**	**$ 168**	**$ 71**	**$ 340**
CDS protection sold with identical protection purchased					**$ 282**

$ in billions	Years to Maturity at December 31, 2022 < 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	$ 12	$ 29	$ 29	$ 9	$ 79
Non-investment grade	5	13	16	2	36
Total	$ 17	$ 42	$ 45	$ 11	$ 115
Index and basket CDS					
Investment grade	$ 3	$ 13	$ 37	$ 3	$ 56
Non-investment grade	8	17	108	19	152
Total	$ 11	$ 30	$ 145	$ 22	$ 208
Total CDS sold	$ 28	$ 72	$ 190	$ 33	$ 323
Other credit contracts	—	—	—	—	—
Total credit protection sold	$ 28	$ 72	$ 190	$ 33	$ 323
CDS protection sold with identical protection purchased					$ 262

Fair Value Asset (Liability) of Credit Protection Sold[1]

$ in millions	At March 31, 2023	At December 31, 2022
Single-name CDS		
Investment grade	$ 1,168	$ 762
Non-investment grade	(722)	(808)
Total	$ 446	$ (46)
Index and basket CDS		
Investment grade	$ 924	$ 859
Non-investment grade	(2,110)	(1,812)
Total	$ (1,186)	$ (953)
Total CDS sold	$ (740)	$ (999)
Other credit contracts	6	(1)
Total credit protection sold	$ (734)	$ (1,000)

1. Investment grade/non-investment grade determination is based on the internal credit rating of the reference obligation. Internal credit ratings serve as the CRM's assessment of credit risk and the basis for a comprehensive credit limits framework used to control credit risk. The Firm uses quantitative models and judgment to estimate the various risk parameters related to each obligor.

Protection Purchased with CDS

$ in billions	Notional At March 31, 2023	At December 31, 2022
Single name	$ 159	$ 140
Index and basket	181	173
Tranched index and basket	31	26
Total	$ 371	$ 339

$ in millions	Fair Value Asset (Liability) At March 31, 2023	At December 31, 2022
Single name	$ (645)	$ (33)
Index and basket	1,595	1,248
Tranched index and basket	(428)	(217)
Total	$ 522	$ 998

The Firm enters into credit derivatives, principally CDS, under which it receives or provides protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. A majority of the Firm's counterparties for these derivatives are banks, broker-dealers, and insurance and other financial institutions.

The fair value amounts as shown in the previous tables are prior to cash collateral or counterparty netting. For further information on credit derivatives and other credit contracts, see Note 7 to the financial statements in the 2022 Form 10-K.

7. Investment Securities

AFS and HTM Securities

$ in millions	At March 31, 2023 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	$ 54,861	$ 31	$ 1,845	$ 53,047
U.S. agency securities[2]	25,272	2	2,508	22,766
Agency CMBS	6,020	—	465	5,555
State and municipal securities	1,492	32	22	1,502
FFELP student loan ABS[3]	1,093	—	31	1,062
Total AFS securities	88,738	65	4,871	83,932
HTM securities				
U.S. Treasury securities	27,709	—	1,456	26,253
U.S. agency securities[2]	43,343	—	7,885	35,458
Agency CMBS	1,770	—	138	1,632
Non-agency CMBS	1,190	2	116	1,076
Total HTM securities	74,012	2	9,595	64,419
Total investment securities	$ 162,750	$ 67	$ 14,466	$ 148,351

$ in millions	At December 31, 2022 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	$ 56,103	$ 17	$ 2,254	$ 53,866
U.S. agency securities[2]	23,926	1	2,753	21,174
Agency CMBS	5,998	—	470	5,528
Non-agency CMBS	—	—	—	—
Corporate bonds	—	—	—	—
State and municipal securities	2,598	71	42	2,627
FFELP student loan ABS[3]	1,147	—	45	1,102
Total AFS securities	89,772	89	5,564	84,297
HTM securities				
U.S. Treasury securities	28,599	—	1,845	26,754
U.S. agency securities[2]	44,038	—	8,487	35,551
Agency CMBS	1,819	—	152	1,667
Non-agency CMBS	1,178	—	144	1,034
Total HTM securities	75,634	—	10,628	65,006
Total investment securities	$ 165,406	$ 89	$ 16,192	$ 149,303

1. Amounts are net of any ACL.
2. U.S. agency securities consist mainly of agency mortgage pass-through pool securities, CMOs and agency-issued debt.
3. Underlying loans are backed by a guarantee, ultimately from the U.S. Department of Education, of at least 95% of the principal balance and interest outstanding.

AFS Securities in an Unrealized Loss Position

$ in millions	At March 31, 2023 Fair Value	At March 31, 2023 Gross Unrealized Losses	At December 31, 2022 Fair Value	At December 31, 2022 Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	$ 22,043	$ 1,078	$ 42,144	$ 1,711
12 months or longer	24,271	767	11,454	543
Total	46,314	1,845	53,598	2,254
U.S. agency securities				
Less than 12 months	8,293	485	13,662	1,271
12 months or longer	13,505	2,023	7,060	1,482
Total	21,798	2,508	20,722	2,753
Agency CMBS				
Less than 12 months	5,299	436	5,343	448
12 months or longer	256	29	185	22
Total	5,555	465	5,528	470
State and municipal securities				
Less than 12 months	231	1	2,106	40
12 months or longer	516	21	65	2
Total	747	22	2,171	42
FFELP student loan ABS				
Less than 12 months	475	11	627	23
12 months or longer	573	20	476	22
Total	1,048	31	1,103	45
Total AFS securities in an unrealized loss position				
Less than 12 months	36,341	2,011	63,882	3,493
12 months or longer	39,121	2,860	19,240	2,071
Total	$ 75,462	$ 4,871	$ 83,122	$ 5,564

For AFS securities, the Firm believes there are no securities in an unrealized loss position that have credit losses after performing the analysis described in Note 2 in the 2022 Form 10-K and the Firm expects to recover the amortized cost basis of these securities. Additionally, the Firm does not intend to sell these securities and is not likely to be required to sell these securities prior to recovery of the amortized cost basis. As of March 31, 2023 and December 31, 2022, the securities in an unrealized loss position are predominantly investment grade.

The HTM securities net carrying amounts at March 31, 2023 and December 31, 2022 reflect an ACL of $30 million and $34 million, respectively, predominantly related to Non-agency CMBS. See Note 2 in the 2022 Form 10-K for a description of the ACL methodology used for HTM Securities. As of March 31, 2023 and December 31, 2022, Non-Agency CMBS HTM securities were predominantly on accrual status and investment grade.

See Note 14 for additional information on securities issued by VIEs, including U.S. agency mortgage-backed securities, non-agency CMBS, and FFELP student loan ABS.

Investment Securities by Contractual Maturity

$ in millions	At March 31, 2023 Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]
AFS securities			
U.S. Treasury securities:			
Due within 1 year	$ 16,150	$ 15,862	1.0 %
After 1 year through 5 years	38,017	36,492	1.3 %
After 5 years through 10 years	694	693	3.6 %
Total	54,861	53,047	
U.S. agency securities:			
Due within 1 year	23	22	(0.2)%
After 1 year through 5 years	422	394	1.5 %
After 5 years through 10 years	716	659	1.8 %
After 10 years	24,111	21,691	3.1 %
Total	25,272	22,766	
Agency CMBS:			
After 1 year through 5 years	1,773	1,676	1.8 %
After 5 years through 10 years	2,992	2,823	2.0 %
After 10 years	1,255	1,056	1.3 %
Total	6,020	5,555	
State and municipal securities:			
Due within 1 year	12	12	3.8 %
After 1 year through 5 years	48	49	3.9 %
After 5 years through 10 years	88	90	3.8 %
After 10 Years	1,344	1,351	3.9 %
Total	1,492	1,502	
FFELP student loan ABS:			
After 1 year through 5 years	110	105	5.5 %
After 5 years through 10 years	114	109	5.4 %
After 10 years	869	848	5.6 %
Total	1,093	1,062	
Total AFS securities	88,738	83,932	1.9 %

$ in millions	At March 31, 2023 Amortized Cost[1]	Fair Value	Annualized Average Yield[2]
HTM securities			
U.S. Treasury securities:			
Due within 1 year	**6,634**	**6,515**	**1.8 %**
After 1 year through 5 years	**15,649**	**14,907**	**1.9 %**
After 5 years through 10 years	**3,866**	**3,614**	**2.4 %**
After 10 years	**1,560**	**1,217**	**2.3 %**
Total	**27,709**	**26,253**	
U.S. agency securities:			
After 1 year through 5 years	**8**	**7**	**1.8 %**
After 5 years through 10 years	**351**	**326**	**2.1 %**
After 10 years	**42,984**	**35,125**	**1.8 %**
Total	**43,343**	**35,458**	
Agency CMBS:			
Due within 1 year	**329**	**322**	**0.8 %**
After 1 year through 5 years	**1,136**	**1,053**	**1.4 %**
After 5 years through 10 years	**174**	**150**	**1.4 %**
After 10 years	**131**	**107**	**1.6 %**
Total	**1,770**	**1,632**	
Non-agency CMBS:			
Due within 1 year	**198**	**195**	**4.0 %**
After 1 year through 5 years	**251**	**233**	**4.1 %**
After 5 years through 10 years	**706**	**617**	**3.8 %**
After 10 years	**35**	**31**	**3.6 %**
Total	**1,190**	**1,076**	
Total HTM securities	**74,012**	**64,419**	**1.9 %**
Total investment securities	**162,750**	**148,351**	**1.9 %**

1. Amounts are net of any ACL.
2. Annualized average yield is computed using the effective yield, weighted based on the amortized cost of each security. The effective yield is shown pre-tax and excludes the effect of related hedging derivatives.
3. At March 31, 2023, the annualized average yield, including the interest rate swap accrual of related hedges, was 1.0% for AFS securities contractually maturing within 1 year and 2.6% for all AFS securities.

Gross Realized Gains (Losses) on Sales of AFS Securities

$ in millions	Three Months Ended March 31, 2023	2022
Gross realized gains	**$ 44**	$ 126
Gross realized (losses)	**(3)**	(82)
Total[1]	**$ 41**	$ 44

1. Realized gains and losses are recognized in Other revenues in the income statement.

8. Collateralized Transactions

Offsetting of Certain Collateralized Transactions

$ in millions	At March 31, 2023 Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	**$223,056**	**$(101,171)**	**$ 121,885**	**$(118,330)**	**$ 3,555**
Securities borrowed	**157,967**	**(11,751)**	**146,216**	**(142,775)**	**3,441**
Liabilities					
Securities sold under agreements to repurchase	**$161,662**	**$(101,171)**	**$ 60,491**	**$ (56,242)**	**$ 4,249**
Securities loaned	**27,339**	**(11,751)**	**15,588**	**(15,135)**	**453**
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					**$ 3,252**
Securities borrowed					**620**
Securities sold under agreements to repurchase					**3,368**
Securities loaned					**215**

$ in millions	At December 31, 2022 Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	$240,355	$(126,448)	$ 113,907	$(109,902)	$ 4,005
Securities borrowed	145,340	(11,966)	133,374	(128,073)	5,301
Liabilities					
Securities sold under agreements to repurchase	$188,982	$(126,448)	$ 62,534	$ (57,395)	$ 5,139
Securities loaned	27,645	(11,966)	15,679	(15,199)	480
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					$ 1,696
Securities borrowed					624
Securities sold under agreements to repurchase					3,861
Securities loaned					250

1. Amounts relate to master netting agreements that have been determined by the Firm to be legally enforceable in the event of default but where certain other criteria are not met in accordance with applicable offsetting accounting guidance.

For further discussion of the Firm's collateralized transactions, see Note 2 and Note 9 to the financial statements in the 2022 Form 10-K. For information related to offsetting of derivatives, see Note 6.

Gross Secured Financing Balances by Remaining Contractual Maturity

$ in millions	At March 31, 2023 Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	**$ 63,922**	**$ 41,521**	**$17,262**	**$38,957**	**$161,662**
Securities loaned	**14,786**	**1**	**987**	**11,565**	**27,339**
Total included in the offsetting disclosure	**$ 78,708**	**$ 41,522**	**$18,249**	**$50,522**	**$189,001**
Trading liabilities—Obligation to return securities received as collateral	**25,112**	**—**	**—**	**—**	**25,112**
Total	**$ 103,820**	**$ 41,522**	**$18,249**	**$50,522**	**$214,113**

$ in millions	At December 31, 2022 Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	$ 54,551	$ 77,359	$20,586	$36,486	$188,982
Securities loaned	15,150	882	1,984	9,629	27,645
Total included in the offsetting disclosure	$ 69,701	$ 78,241	$22,570	$46,115	$216,627
Trading liabilities—Obligation to return securities received as collateral	22,880	—	—	—	22,880
Total	$ 92,581	$ 78,241	$22,570	$46,115	$239,507

Gross Secured Financing Balances by Class of Collateral Pledged

$ in millions	At March 31, 2023	At December 31, 2022
Securities sold under agreements to repurchase		
U.S. Treasury and agency securities	$ **46,714**	$ 57,761
Other sovereign government obligations	**78,048**	98,839
Corporate equities	**20,250**	19,340
Other	**16,650**	13,042
Total	$ **161,662**	$ 188,982
Securities loaned		
Other sovereign government obligations	$ **913**	$ 862
Corporate equities	**25,312**	26,289
Other	**1,114**	494
Total	$ **27,339**	$ 27,645
Total included in the offsetting disclosure	$ **189,001**	$ 216,627
Trading liabilities—Obligation to return securities received as collateral		
Corporate equities	$ **25,025**	$ 22,833
Other	**87**	47
Total	$ **25,112**	$ 22,880
Total	$ **214,113**	$ 239,507

Carrying Value of Assets Loaned or Pledged without Counterparty Right to Sell or Repledge

$ in millions	At March 31, 2023	At December 31, 2022
	$ **34,669**	$ 34,524

The Firm pledges certain of its trading assets to collateralize securities sold under agreements to repurchase, securities loaned, other secured financings and derivatives and to cover customer short sales. Counterparties may or may not have the right to sell or repledge the collateral.

Pledged financial instruments that can be sold or repledged by the secured party are identified as Trading assets (pledged to various parties) in the balance sheet.

Fair Value of Collateral Received with Right to Sell or Repledge

$ in millions	At March 31, 2023	At December 31, 2022
Collateral received with right to sell or repledge	$ **681,133**	$ 637,941
Collateral that was sold or repledged[1]	**525,199**	486,820

1. Does not include securities used to meet federal regulations for the Firm's U.S. broker-dealers.

The Firm receives collateral in the form of securities in connection with securities purchased under agreements to resell, securities borrowed, securities-for-securities transactions, derivative transactions, customer margin loans and securities-based lending. In many cases, the Firm is permitted to sell or repledge this collateral to secure securities sold under agreements to repurchase, to enter into securities lending and derivative transactions or to deliver to counterparties to cover short positions.

Securities Segregated for Regulatory Purposes

$ in millions	At March 31, 2023	At December 31, 2022
Segregated securities[1]	$ **28,959**	$ 32,254

1. Securities segregated under federal regulations for the Firm's U.S. broker-dealers are sourced from Securities purchased under agreements to resell and Trading assets in the balance sheet.

Customer Margin and Other Lending

$ in millions	At March 31, 2023	At December 31, 2022
Margin and other lending	$ **39,354**	$ 38,524

The Firm provides margin lending arrangements that allow customers to borrow against the value of qualifying securities. Receivables from these arrangements are included within Customer and other receivables in the balance sheet. Under these arrangements, the Firm receives collateral, which includes U.S. government and agency securities, other sovereign government obligations, corporate and other debt, and corporate equities. Margin loans are collateralized by customer-owned securities held by the Firm. The Firm monitors required margin levels and established credit terms daily and, pursuant to such guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

For a further discussion of the Firm's margin lending activities, see Note 9 to the financial statements in the 2022 Form 10-K.

Also included in the amounts in the previous table is non-purpose securities-based lending on non-bank entities in the Wealth Management business segment.

Other Secured Financings

The Firm has additional secured liabilities. For a further discussion of other secured financings, see Note 12.

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9. Loans, Lending Commitments and Related Allowance for Credit Losses

Loans by Type

$ in millions	At March 31, 2023 HFI Loans	HFS Loans	Total Loans
Corporate	$ 7,435	$ 11,150	$ 18,585
Secured lending facilities	37,187	3,006	40,193
Commercial real estate	8,601	948	9,549
Residential real estate	55,400	25	55,425
Securities-based lending and Other loans	91,897	17	91,914
Total loans	200,520	15,146	215,666
ACL	(970)		(970)
Total loans, net	$ 199,550	$ 15,146	$ 214,696
Loans to non-U.S. borrowers, net			$ 24,395

$ in millions	At December 31, 2022 HFI Loans	HFS Loans	Total Loans
Corporate	$ 6,589	$ 10,634	$ 17,223
Secured lending facilities	35,606	3,176	38,782
Commercial real estate	8,515	926	9,441
Residential real estate	54,460	4	54,464
Securities-based lending and Other loans	94,666	48	94,714
Total loans	199,836	14,788	214,624
ACL	(839)		(839)
Total loans, net	$ 198,997	$ 14,788	$ 213,785
Loans to non-U.S. borrowers, net			$ 23,651

For additional information on the Firm's held-for-investment and held-for-sale loan portfolios, see Note 10 to the financial statements in the 2022 Form 10-K.

Loans by Interest Rate Type

	At March 31, 2023		At December 31, 2022	
$ in millions	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	$ —	$ 18,584	$ —	$ 17,223
Secured lending facilities	—	40,193	—	38,782
Commercial real estate	204	9,346	204	9,237
Residential real estate	25,515	29,909	24,903	29,561
Securities-based lending and Other loans	22,253	69,662	24,077	70,637
Total loans, before ACL	$ 47,972	$ 167,694	$ 49,184	$ 165,440

See Note 4 for further information regarding Loans and lending commitments held at fair value. See Note 13 for details of current commitments to lend in the future.

Loans Held for Investment before Allowance by Origination Year

	At March 31, 2023			At December 31, 2022		
	Corporate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 2,907	$ 4,004	$ 6,911	$ 2,554	$ 3,456	$ 6,010
2023	—	13	13			
2022	—	143	143	6	107	113
2021	—	137	137	—	139	139
2020	—	59	59	—	58	58
2019	—	153	153	—	154	154
Prior	—	19	19	115	—	115
Total	$ 2,907	$ 4,528	$ 7,435	$ 2,675	$ 3,914	$ 6,589

	At March 31, 2023			At December 31, 2022		
	Secured Lending Facilities					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 9,338	$ 21,713	$ 31,051	$ 9,445	$ 21,243	$ 30,688
2023	956	255	1,211			
2022	1,090	1,489	2,579	1,135	1,336	2,471
2021	257	211	468	254	208	462
2020	—	88	88	—	98	98
2019	60	418	478	60	486	546
Prior	212	1,100	1,312	215	1,126	1,341
Total	$ 11,913	$ 25,274	$ 37,187	$ 11,109	$ 24,497	$ 35,606

	At March 31, 2023			At December 31, 2022		
	Commercial Real Estate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ —	$ 175	$ 175	$ —	$ 204	$ 204
2023	—	297	297			
2022	388	2,067	2,455	379	2,201	2,580
2021	310	1,554	1,864	239	1,609	1,848
2020	—	739	739	—	728	728
2019	559	1,218	1,777	659	1,152	1,811
Prior	185	1,109	1,294	211	1,133	1,344
Total	$ 1,442	$ 7,159	$ 8,601	$ 1,488	$ 7,027	$ 8,515

	At March 31, 2023					
	Residential Real Estate					
	by FICO Scores			by LTV Ratio		
$ in millions	≥ 740	680-739	≤ 679	≤ 80%	> 80%	Total
Revolving	$ 85	$ 30	$ 5	$ 120	$ —	$ 120
2023	1,365	293	72	1,514	216	1,730
2022	11,347	2,503	407	13,123	1,134	14,257
2021	11,486	2,467	254	13,240	967	14,207
2020	7,198	1,489	112	8,349	450	8,799
2019	4,151	929	137	4,899	318	5,217
Prior	8,280	2,448	342	10,200	870	11,070
Total	$ 43,912	$ 10,159	$ 1,329	$ 51,445	$ 3,955	$ 55,400

	At December 31, 2022					
	Residential Real Estate					
	by FICO Scores			by LTV Ratio		
$ in millions	≥ 740	680-739	≤ 679	≤ 80%	> 80%	Total
Revolving	$ 90	$ 29	$ 5	$ 124	$ —	$ 124
2022	11,481	2,533	411	13,276	1,149	14,425
2021	11,604	2,492	257	13,378	975	14,353
2020	7,292	1,501	115	8,452	456	8,908
2019	4,208	946	137	4,968	323	5,291
2018	1,635	447	52	1,965	169	2,134
Prior	6,853	2,072	300	8,492	733	9,225
Total	$ 43,163	$ 10,020	$ 1,277	$ 50,655	$ 3,805	$ 54,460

	At March 31, 2023			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	$ 73,763	$ 5,988	$ 1,089	$ 80,840
2023	468	138	148	754
2022	1,514	1,115	729	3,358
2021	701	481	295	1,477
2020	—	579	376	955
2019	16	970	545	1,531
Prior	202	1,706	1,074	2,982
Total	$ 76,664	$ 10,977	$ 4,256	$ 91,897

	December 31, 2022			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	$ 77,115	$ 5,760	$ 1,480	$ 84,355
2022	1,425	1,572	269	3,266
2021	725	525	223	1,473
2020	—	580	418	998
2019	16	913	644	1,573
2018	202	268	304	774
Prior	—	1,581	646	2,227
Total	$ 79,483	$ 11,199	$ 3,984	$ 94,666

IG—Investment Grade
NIG—Non-investment Grade
1. Securities-based loans are subject to collateral maintenance provisions, and at March 31, 2023 and December 31, 2022, these loans are predominantly over-collateralized. For more information on the ACL methodology related to securities-based loans, see Note 2 to the financial statements in the 2022 Form 10-K.
2. Other loans primarily include certain loans originated in the tailored lending business within the Wealth Management business segment.

Past Due Loans Held for Investment before Allowance[1]

$ in millions	At March 31, 2023	At December 31, 2022
Corporate	$ 46	$ 112
Secured lending facilities	80	85
Residential real estate	126	158
Securities-based lending and Other loans	19	1
Total	$ 271	$ 356

1. The majority of the amounts are past due for a period of greater than 90 days.

Nonaccrual Loans Held for Investment before Allowance

$ in millions	At March 31, 2023	At December 31, 2022
Corporate	$ 177	$ 71
Secured lending facilities	89	94
Commercial real estate	353	209
Residential real estate	125	118
Securities-based lending and Other loans	66	10
Total[1]	$ 810	$ 502
Nonaccrual loans without an ACL	$ 140	$ 117

1. Includes all loans held for investment that are 90 days or more past due as of March 31, 2023 and December 31, 2022.

See Note 2 to the financial statements in the 2022 Form 10-K for a description of the ACL calculated under the CECL methodology, including credit quality indicators, used for HFI loans.

The Firm may modify the terms of certain loans for economic or legal reasons related to a borrower's financial difficulties, and these modifications include interest rate reductions, principal forgiveness, term extensions and other-than-insignificant payment delays or a combination of these aforementioned modifications. Modified loans are typically evaluated individually for allowance for credit losses. As of March 31, 2023, there were no loans held for investment modified in the current quarter with subsequent default or past due.

Modified Loans Held for Investment[1]

	At March 31, 2023[2]	
$ in millions	Amortized Cost	% of Total Loans[3]
	Term Extension	
Corporate	$ 17	0.2 %
Commercial real estate	62	0.7 %
Residential real estate	1	— %
Total	$ 80	
	Other-than-insignificant Payment Delay	
Commercial real estate	$ 67	0.8 %

1. Lending commitments to borrowers for which the Firm has modified terms of the receivable are $607 million as of March 31, 2023.
2. Loans held for investment that were modified during the current quarter.
3. Percentage of total loans represents the percentage of modified loans to total loans held for investment by loan type.

Financial Impact on Modified Loans Held for Investment

	At March 31, 2023
	Term Extension
Corporate	Added a weighted-average 8 months to the life of modified loans.
Commercial real estate	Added a weighted-average 2 months to the life of modified loans.
Residential real estate	Added 4 months to the life of the modified loan.
	Other-than-insignificant Payment Delay
Commercial real estate	Provided a forbearance period of 8 months to the borrower of the modified loan.

Troubled Debt Restructurings

$ in millions	At December 31, 2022
Loans, before ACL	$ 29
Allowance for credit losses	—

TDRs included modifications of interest rates, collateral requirements, other loan covenants and payment extensions. See Note 2 to the financial statements in the 2022 Form 10-K for further information on TDRs guidance. The accounting guidance for TDRs was eliminated for the Firm, beginning on January 1, 2023. See Note 2 for further information herein.

Gross Charge-offs by Origination Year

	Three Months Ended March 31, 2023					
$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
Revolving	$ (1)	$ —	$ —	$ —	$ —	$ (1)
2019	—	—	(29)	—	(1)	(30)
Prior	—	—	(40)	—	—	(40)
Total	$ (1)	$ —	$ (69)	$ —	$ (1)	$ (71)

Allowance for Credit Losses Rollforward and Allocation—Loans

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2022	$ 235	$ 153	$275	$ 87	$89	$839
Gross charge-offs	**(1)**	**—**	**(69)**	**—**	**(1)**	**(71)**
Provision (release)	**31**	**—**	**129**	**26**	**15**	**201**
Other	**—**	**(1)**	**—**	**—**	**2**	**1**
March 31, 2023	**$ 265**	**$ 152**	**$335**	**$ 113**	**$105**	**$970**
Percent of loans to total loans[1]	**4 %**	**18 %**	**4 %**	**28 %**	**46 %**	**100 %**

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2021	$ 165	$ 163	$206	$ 60	$60	$654
Gross charge-offs	—	(3)	(7)	—	(1)	(11)
Provision (release)	6	12	6	13	2	39
Other	(1)	—	(2)	—	—	(3)
March 31, 2022	$ 170	$ 172	$203	$ 73	$61	$679
Percent of loans to total loans[1]	3 %	16 %	5 %	26 %	50 %	100 %

CRE—Commercial real estate

SBL—Securities-based lending

1. Percent of loans to total loans represents loans held for investment by loan type to total loans held for investment.

Allowance for Credit Losses Rollforward—Lending Commitments

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2022	$ 411	$ 51	$ 15	$ 4	$ 23	$ 504
Provision (release)	**22**	**—**	**7**	**1**	**3**	**33**
Other	**2**	**—**	**—**	**—**	**—**	**2**
March 31, 2023	**$ 435**	**$ 51**	**$ 22**	**$ 5**	**$ 26**	**$ 539**

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2021	$ 356	$ 41	$ 20	$ 1	$ 26	$ 444
Provision (release)	20	8	(7)	—	(3)	18
Other	(3)	—	—	—	—	(3)
March 31, 2022	$ 373	$ 49	$ 13	$ 1	$ 23	$ 459

The allowance for credit losses for loans and lending commitments increased in the current quarter, reflecting deterioration in both the macroeconomic outlook and our expectations of commercial real estate borrowers. The base scenario used in our ACL models as of March 31, 2023 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and assumes an economic contraction in 2023, followed by a recovery in 2024. Given the nature of our lending portfolio, the most sensitive model input is U.S. gross domestic product ("GDP"). For a further discussion of the Firm's loans as well as the Firm's allowance methodology, refer to Notes 2 and 10 to the financial statements in the 2022 Form 10-K.

Selected Credit Ratios

	At March 31, 2023	At December 31, 2022
ACL for loans to total HFI loans	**0.5 %**	0.4 %
Nonaccrual HFI loans to total HFI loans[1]	**0.4 %**	0.3 %
ACL for loans to nonaccrual HFI loans	**119.8 %**	167.1 %

1. These loans are on nonaccrual status because the loans were past due for a period of 90 days or more or payment of principal or interest was in doubt.

Employee Loans

$ in millions	At March 31, 2023	At December 31, 2022
Currently employed by the Firm[1]	**$ 4,065**	$ 4,023
No longer employed by the Firm[2]	**105**	97
Employee loans	**$ 4,170**	$ 4,120
ACL	**(138)**	(139)
Employee loans, net of ACL	**$ 4,032**	$ 3,981
Remaining repayment term, weighted average in years	**5.8**	5.8

1. These loans are predominantly current.
2. These loans are predominantly past due for a period of 90 days or more.

Employee loans are granted in conjunction with a program established primarily to recruit certain Wealth Management financial advisors, are full recourse and generally require periodic repayments, and are due in full upon termination of employment with the Firm. These loans are recorded in Customer and other receivables in the balance sheet. See Note 2 to the financial statements in the 2022 Form 10-K for a description of the CECL allowance methodology, including credit quality indicators, for employee loans.

10. Other Assets—Equity Method Investments

Equity Method Investments

$ in millions	At March 31, 2023	At December 31, 2022
Investments	**$ 1,962**	$ 1,927

$ in millions	Three Months Ended March 31, 2023	2022
Income (loss)	**$ 25**	$ 6

Equity method investments, other than investments in certain fund interests, are summarized above and are included in Other assets in the balance sheet with related income or loss included in Other revenues in the income statement. See "Net Asset Value Measurements—Fund Interests" in Note 4 for the carrying value of certain of the Firm's fund interests, which are composed of general and limited partnership interests, as well as any related carried interest.

Japanese Securities Joint Venture

$ in millions	Three Months Ended March 31, 2023	2022
Income (loss) from investment in MUMSS	**$ 29**	$ 4

For more information on MUMSS and other relationships with MUFG, see Note 12 to the financial statements in the 2022 Form 10-K.

11. Deposits

Deposits

$ in millions	At March 31, 2023	At December 31, 2022
Savings and demand deposits	$ 298,330	$ 319,948
Time deposits	49,193	36,698
Total	$ 347,523	$ 356,646
Deposits subject to FDIC insurance	$ 263,420	$ 260,420
Deposits not subject to FDIC insurance	$ 84,103	$ 96,226

Time Deposit Maturities

$ in millions	At March 31, 2023
2023	$ 22,647
2024	15,815
2025	5,204
2026	1,982
2027	1,847
Thereafter	1,698
Total	$ 49,193

12. Borrowings and Other Secured Financings

Borrowings

$ in millions	At March 31, 2023	At December 31, 2022
Original maturities of one year or less	$ 4,587	$ 4,191
Original maturities greater than one year		
Senior	$ 231,205	$ 221,667
Subordinated	14,390	12,200
Total	$ 245,595	$ 233,867
Total borrowings	$ 250,182	$ 238,058
Weighted average stated maturity, in years[1]	6.7	6.7

1. Only includes borrowings with original maturities greater than one year.

Other Secured Financings

$ in millions	At March 31, 2023	At December 31, 2022
Original maturities:		
One year or less	$ 980	$ 944
Greater than one year	7,690	7,214
Total	$ 8,670	$ 8,158
Transfers of assets accounted for as secured financings	$ 1,138	$ 1,119

Other secured financings include the liabilities related to collateralized notes, transfers of financial assets that are accounted for as financings rather than sales and consolidated VIEs where the Firm is deemed to be the primary beneficiary. These liabilities are generally payable from the cash flows of the related assets accounted for as Trading assets. See Note 14 for further information on other secured financings related to VIEs and securitization activities.

For transfers of assets that fail to meet accounting criteria for a sale, the Firm continues to record the assets and recognizes the associated liabilities in the balance sheet.

13. Commitments, Guarantees and Contingencies

Commitments

	Years to Maturity at March 31, 2023				
$ in millions	Less than 1	1-3	3-5	Over 5	Total
Lending:					
Corporate	$ 16,630	$ 26,698	$ 57,883	$ 1,819	$ 103,030
Secured lending facilities	7,379	5,943	2,884	1,027	17,233
Commercial and Residential real estate	171	201	19	336	727
Securities-based lending and Other	13,175	4,995	414	522	19,106
Forward-starting secured financing receivables[1]	70,011	—	—	—	70,011
Central counterparty	300	—	—	7,255	7,555
Underwriting	300	—	—	—	300
Investment activities	1,313	290	118	356	2,077
Letters of credit and other financial guarantees	107	35	—	8	150
Total	$109,386	$ 38,162	$ 61,318	$ 11,323	$ 220,189
Lending commitments participated to third parties					$ 7,509

1. Forward-starting secured financing receivables are generally settled within three business days.

Since commitments associated with these instruments may expire unused, the amounts shown do not necessarily reflect the actual future cash funding requirements.

For a further description of these commitments, refer to Note 15 to the financial statements in the 2022 Form 10-K.

Guarantees

	At March 31, 2023				
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				Carrying Amount Asset (Liability)
$ in millions	Less than 1	1-3	3-5	Over 5	
Non-credit derivatives[1]	$1,418,449	$1,132,093	$347,086	$692,818	$ (60,437)
Standby letters of credit and other financial guarantees issued[2]	1,634	635	1,389	2,676	(6)
Market value guarantees	2	—	—	—	—
Liquidity facilities	2,593	—	—	—	(2)
Whole loan sales guarantees	—	52	34	23,079	—
Securitization representations and warranties[3]	—	—	—	78,695	(3)
General partner guarantees	364	30	143	37	(87)
Client clearing guarantees	45	—	—	—	—

1. The carrying amounts of derivative contracts that meet the accounting definition of a guarantee are shown on a gross basis. For further information on derivatives contracts, see Note 6.
2. These amounts include certain issued standby letters of credit participated to third parties, totaling $0.6 billion of notional and collateral/recourse, due to the nature of the Firm's obligations under these arrangements. As of March 31, 2023, the carrying amount of standby letters of credit and other financial guarantees issued includes an allowance for credit losses of $77 million.
3. Related to commercial and residential mortgage securitizations.

The Firm has obligations under certain guarantee arrangements, including contracts and indemnification agreements, that contingently require the Firm to make payments to the guaranteed party based on changes in an underlying measure (such as an interest or foreign exchange rate, security or commodity price, an index, or the occurrence or non-occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. Also included as guarantees are contracts that contingently require the Firm to make payments to the guaranteed party based on another entity's failure to perform under an agreement, as well as indirect guarantees of the indebtedness of others.

For more information on the nature of the obligations and related business activities for our guarantees, see Note 15 to the financial statements in the 2022 Form 10-K.

Other Guarantees and Indemnities

In the normal course of business, the Firm provides guarantees and indemnifications in a variety of transactions. These provisions generally are standard contractual terms. Certain of these guarantees and indemnifications related to indemnities, exchange and clearinghouse member guarantees and merger and acquisition guarantees are described in Note 15 to the financial statements in the 2022 Form 10-K.

In addition, in the ordinary course of business, the Firm guarantees the debt and/or certain trading obligations (including obligations associated with derivatives, foreign exchange contracts and the settlement of physical commodities) of certain subsidiaries. These guarantees generally are entity or product specific and are required by investors or trading counterparties. The activities of the Firm's subsidiaries covered by these guarantees (including any related debt or trading obligations) are included in the financial statements.

Finance Subsidiary

The Parent Company fully and unconditionally guarantees the securities issued by Morgan Stanley Finance LLC, a wholly owned finance subsidiary. No other subsidiary of the Parent Company guarantees these securities.

Contingencies

Legal

In addition to the matters described below, in the normal course of business, the Firm has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the entities that would otherwise be the primary defendants in such cases are bankrupt or are in financial distress. These actions have included, but are not limited to, antitrust claims, claims under various false claims act statutes, and matters arising from our sales and trading businesses, and our activities in the capital markets.

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

While the Firm has identified below any individual proceedings or investigations where the Firm believes a material loss to be reasonably possible and reasonably estimable, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined to be probable or possible and reasonably estimable.

The Firm contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the financial statements and the Firm can reasonably estimate the amount of that loss, the Firm accrues the estimated loss by a charge to income.

	Three Months Ended March 31,	
$ in millions	**2023**	2022
Legal expenses	**$ 151**	$ 84

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

In many proceedings and investigations, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where a loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is not always possible to reasonably estimate the size of the possible loss or range of loss, particularly for proceedings and investigations where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, disgorgement or penalties. Numerous issues may need to be resolved before a loss or additional loss, or range of loss or additional range of loss, can be reasonably estimated for a proceeding or investigation, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

For certain other legal proceedings and investigations, the Firm can estimate reasonably possible losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued but does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Firm's financial statements as a whole, other than the matter referred to in the following paragraph.

Tax

In matters styled *Case number 15/3637* and *Case number 15/4353*, the Dutch Tax Authority ("Dutch Authority") is challenging in the Dutch courts the prior set-off by the Firm of approximately €124 million (approximately $135 million) plus accrued interest of withholding tax credits against the Firm's corporation tax liabilities for the tax years 2007 to 2012. The Dutch Authority alleges that the Firm was not entitled to receive the withholding tax credits on the basis, inter alia, that a Firm subsidiary did not hold legal title to certain securities subject to withholding tax on the relevant dates. The Dutch Authority has also alleged that the Firm failed to provide certain information to the Dutch Authority and to keep adequate books and records. On April 26, 2018, the District Court in Amsterdam issued a decision dismissing the Dutch Authority's claims with respect to certain of the tax years in dispute. On May 12, 2020, the Court of Appeal in Amsterdam granted the Dutch Authority's appeal in matters re-styled *Case number 18/00318* and *Case number 18/00319*. On June 22, 2020, the Firm filed an appeal against the decision of the Court of Appeal in Amsterdam before the Dutch High Court. On January 29, 2021, the Advocate General of the Dutch High Court issued an advisory opinion on the Firm's appeal, which rejected the Firm's principal grounds of appeal. On February 11, 2021, the Firm and the Dutch Authority each responded to this opinion. On June 22, 2021, Dutch criminal authorities sought various documents in connection with an investigation of the Firm related to the civil claims asserted by the Dutch Authority concerning the accuracy of the Firm subsidiary's tax returns and the maintenance of its books and records for 2007 to 2012. The Dutch criminal authorities have requested additional information, and the Firm is continuing to respond to them in connection with their ongoing investigation.

For certain other legal proceedings and investigations including the following matter, the Firm can estimate probable losses but does not believe, based on current knowledge and after consultation with counsel, that additional loss in excess of amounts accrued could have a material adverse effect on the Firm's financial statements as a whole.

Antitrust Related Matter

In August of 2017, the Firm was named as a defendant in a purported antitrust class action in the United States District Court for the SDNY styled *Iowa Public Employees' Retirement System et al. v. Bank of America Corporation et al.* Plaintiffs allege, inter alia, that the Firm, together with a number of other financial institution defendants, violated U.S. antitrust laws and New York state law in connection with their alleged efforts to prevent the development of electronic exchange-based platforms for securities lending. The class action complaint was filed on behalf of a purported class of borrowers and lenders who entered into stock loan transactions with the defendants. The class action complaint seeks, among other relief, certification of the class of plaintiffs and treble damages. On September 27, 2018, the court denied the defendants' motion to dismiss the class action complaint. Plaintiffs' motion for class certification was referred by the District Court to a magistrate judge who, on June 30, 2022, issued a report and recommendation that the District Court certify a class. The motion for class certification and the parties' objections to the report and recommendation are pending before the District Court.

14. Variable Interest Entities and Securitization Activities

Consolidated VIE Assets and Liabilities by Type of Activity

	At March 31, 2023		At December 31, 2022	
$ in millions	VIE Assets	VIE Liabilities	VIE Assets	VIE Liabilities
MABS[1]	**$ 944**	**$ 659**	$ 1,153	$ 520
Investment vehicles[2]	**634**	**272**	638	272
MTOB	**664**	**614**	371	322
Other	**572**	**199**	519	199
Total	**$ 2,814**	**$ 1,744**	$ 2,681	$ 1,313

MTOB—Municipal tender option bonds
1. Amounts include transactions backed by residential mortgage loans, commercial mortgage loans and other types of assets, including consumer or commercial assets and may be in loan or security form. The value of assets is determined based on the fair value of the liabilities and the interests owned by the Firm in such VIEs as the fair values for the liabilities and interests owned are more observable.
2. Amounts include investment funds and CLOs.

Consolidated VIE Assets and Liabilities by Balance Sheet Caption

$ in millions	At March 31, 2023	At December 31, 2022
Assets		
Cash and cash equivalents	$ 141	$ 142
Trading assets at fair value	1,885	2,066
Investment securities	577	255
Securities purchased under agreements to resell	200	200
Customer and other receivables	9	16
Other assets	2	2
Total	$ 2,814	$ 2,681
Liabilities		
Other secured financings	$ 1,618	$ 1,185
Other liabilities and accrued expenses	122	124
Borrowings	4	4
Total	$ 1,744	$ 1,313
Noncontrolling interests	$ 75	$ 71

Consolidated VIE assets and liabilities are presented in the previous tables after intercompany eliminations. Generally, most assets owned by consolidated VIEs cannot be removed unilaterally by the Firm and are not available to the Firm while the related liabilities issued by consolidated VIEs are non-recourse to the Firm. However, in certain consolidated VIEs, the Firm either has the unilateral right to remove assets or provides additional recourse through derivatives such as total return swaps, guarantees or other forms of involvement.

In general, the Firm's exposure to loss in consolidated VIEs is limited to losses that would be absorbed on the VIE net assets recognized in its financial statements, net of amounts absorbed by third-party variable interest holders.

Non-consolidated VIEs

	At March 31, 2023				
$ in millions	MABS[1]	CDO	MTOB	OSF	Other[2]
VIE assets (UPB)	$132,049	$ 926	$3,688	$2,619	$52,661
Maximum exposure to loss[3]					
Debt and equity interests	$ 16,917	$ 74	$ —	$1,749	$11,751
Derivative and other contracts	—	—	2,593	—	5,615
Commitments, guarantees and other	1,290	—	—	—	892
Total	$ 18,207	$ 74	$2,593	$1,749	$18,258
Carrying value of variable interests—Assets					
Debt and equity interests	$ 16,917	$ 74	$ —	$1,558	$11,751
Derivative and other contracts	—	—	3	—	1,731
Total	$ 16,917	$ 74	$ 3	$1,558	$13,482
Additional VIE assets owned[4]					$14,419
Carrying value of variable interests—Liabilities					
Derivative and other contracts	$ —	$ —	$ 5	$ —	$ 306

	At December 31, 2022				
$ in millions	MABS[1]	CDO	MTOB	OSF	Other[2]
VIE assets (UPB)	$123,601	$3,162	$4,632	$2,403	$50,178
Maximum exposure to loss[3]					
Debt and equity interests	$ 13,104	$ 274	$ —	$1,694	$11,596
Derivative and other contracts	—	—	3,200	—	5,211
Commitments, guarantees and other	674	—	—	—	1,410
Total	$ 13,778	$ 274	$3,200	$1,694	$18,217
Carrying value of variable interests—Assets					
Debt and equity interests	$ 13,104	$ 274	$ —	$1,577	$11,596
Derivative and other contracts	—	—	3	—	1,564
Total	$ 13,104	$ 274	$ 3	$1,577	$13,160
Additional VIE assets owned[4]					$13,708
Carrying value of variable interests—Liabilities					
Derivative and other contracts	$ —	$ —	$ 3	$ —	$ 281

1. Amounts include transactions backed by residential mortgage loans, commercial mortgage loans and other types of assets, including consumer or commercial assets, and may be in loan or security form.
2. Other primarily includes exposures to commercial real estate property and investment funds.
3. Where notional amounts are utilized in quantifying the maximum exposure related to derivatives, such amounts do not reflect changes in fair value recorded by the Firm.
4. Additional VIE assets owned represents the carrying value of total exposure to non-consolidated VIEs for which the maximum exposure to loss is less than specific thresholds, primarily interests issued by securitization SPEs. The Firm's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in Trading assets and Investment securities and are measured at fair value (see Note 4). The Firm does not provide additional support in these transactions through contractual facilities, guarantees or similar derivatives.

The previous tables include VIEs sponsored by unrelated parties, as well as VIEs sponsored by the Firm; examples of the Firm's involvement with these VIEs include its secondary market-making activities and the securities held in its Investment securities portfolio (see Note 7).

The Firm's maximum exposure to loss is dependent on the nature of the Firm's variable interest in the VIE and is limited to the notional amounts of certain liquidity facilities and other credit support, total return swaps and written put options, as well as the fair value of certain other derivatives and investments the Firm has made in the VIE.

The Firm's maximum exposure to loss in the previous tables does not include the offsetting benefit of hedges or any reductions associated with the amount of collateral held as part of a transaction with the VIE or any party to the VIE directly against a specific exposure to loss.

Liabilities issued by VIEs generally are non-recourse to the Firm.

Detail of Mortgage- and Asset-Backed Securitization Assets

	At March 31, 2023		At December 31, 2022	
$ in millions	UPB	Debt and Equity Interests	UPB	Debt and Equity Interests
Residential mortgages	$ 16,999	$ 2,441	$ 20,428	$ 2,570
Commercial mortgages	69,821	4,594	67,540	4,236
U.S. agency collateralized mortgage obligations	39,959	5,959	32,567	4,729
Other consumer or commercial loans	5,270	3,923	3,066	1,569
Total	$ 132,049	$ 16,917	$ 123,601	$ 13,104

Transferred Assets with Continuing Involvement

	At March 31, 2023			
$ in millions	RML	CML	U.S. Agency CMO	CLN and Other[1]
SPE assets (UPB)[2,3]	**$ 4,095**	**$ 72,848**	**$ 7,061**	**$ 10,689**
Retained interests				
Investment grade	**$ 138**	**$ 888**	**$ 424**	**$ —**
Non-investment grade	**81**	**512**	**—**	**42**
Total	**$ 219**	**$ 1,400**	**$ 424**	**$ 42**
Interests purchased in the secondary market[3]				
Investment grade	**$ 17**	**$ 49**	**$ 10**	**$ —**
Non-investment grade	**6**	**16**	**—**	**—**
Total	**$ 23**	**$ 65**	**$ 10**	**$ —**
Derivative assets	**$ —**	**$ —**	**$ —**	**$ 1,151**
Derivative liabilities	**—**	**—**	**—**	**288**

	At December 31, 2022			
$ in millions	RML	CML	U.S. Agency CMO	CLN and Other[1]
SPE assets (UPB)[2,3]	$ 3,732	$ 73,069	$ 6,448	$ 10,928
Retained interests				
Investment grade	$ 137	$ 927	$ 367	$ —
Non-investment grade	26	465	11	44
Total	$ 163	$ 1,392	$ 378	$ 44
Interests purchased in the secondary market[3]				
Investment grade	$ 82	$ 51	$ 10	$ —
Non-investment grade	35	23	—	—
Total	$ 117	$ 74	$ 10	$ —
Derivative assets	$ —	$ —	$ —	$ 1,114
Derivative liabilities	—	—	—	201

	Fair Value At March 31, 2023		
$ in millions	Level 2	Level 3	Total
Retained interests			
Investment grade	**$ 561**	**$ —**	**$ 561**
Non-investment grade	**17**	**51**	**68**
Total	**$ 578**	**$ 51**	**$ 629**
Interests purchased in the secondary market[3]			
Investment grade	**$ 74**	**$ 2**	**$ 76**
Non-investment grade	**13**	**9**	**22**
Total	**$ 87**	**$ 11**	**$ 98**
Derivative assets	**$ 1,151**	**$ —**	**$ 1,151**
Derivative liabilities	**288**	**—**	**288**

	Fair Value at December 31, 2022		
$ in millions	Level 2	Level 3	Total
Retained interests			
Investment grade	$ 489	$ —	$ 489
Non-investment grade	25	16	41
Total	$ 514	$ 16	$ 530
Interests purchased in the secondary market[3]			
Investment grade	$ 140	$ 3	$ 143
Non-investment grade	42	16	58
Total	$ 182	$ 19	$ 201
Derivative assets	$ 1,114	$ —	$ 1,114
Derivative liabilities	153	48	201

RML—Residential mortgage loans
CML—Commercial mortgage loans
1. Amounts include CLO transactions managed by unrelated third parties.
2. Amounts include assets transferred by unrelated transferors.
3. Amounts are only included for transactions where the Firm also holds retained interests as part of the transfer.

The previous tables include transactions with SPEs in which the Firm, acting as principal, transferred financial assets with continuing involvement and received sales treatment. The transferred assets are carried at fair value prior to securitization, and any changes in fair value are recognized in the income statement. The Firm may act as underwriter of the beneficial interests issued by these securitization vehicles, for which Investment banking revenues are recognized. The Firm may retain interests in the securitized financial assets as one or more tranches of the securitization. Certain retained interests are carried at fair value in the balance sheet with changes in fair value recognized in the income statement. Fair value for these interests is measured using techniques that are consistent with the valuation techniques applied to the Firm's major categories of assets and liabilities as described in Note 2 in the 2022 Form 10-K and Note 4 herein. Further, as permitted by applicable guidance, certain transfers of assets where the Firm's only continuing involvement is a derivative are only reported in the following Assets Sold with Retained Exposure table.

Proceeds from New Securitization Transactions and Sales of Loans

	Three Months Ended March 31,	
$ in millions	**2023**	2022
New transactions[1]	**$ 2,521**	$ 8,260
Retained interests	**1,575**	1,622
Sales of corporate loans to CLO SPEs[1, 2]	**—**	4

1. Net gains on new transactions and sales of corporate loans to CLO entities at the time of the sale were not material for all periods presented.
2. Sponsored by non-affiliates.

The Firm has provided, or otherwise agreed to be responsible for, representations and warranties regarding certain assets transferred in securitization transactions sponsored by the Firm (see Note 13).

Assets Sold with Retained Exposure

$ in millions	**At March 31, 2023**	At December 31, 2022
Gross cash proceeds from sale of assets[1]	**$ 49,167**	$ 49,059
Fair value		
Assets sold	**$ 49,824**	$ 47,281
Derivative assets recognized in the balance sheet	**885**	116
Derivative liabilities recognized in the balance sheet	**228**	1,893

1. The carrying value of assets derecognized at the time of sale approximates gross cash proceeds.

The Firm enters into transactions in which it sells securities, primarily equities, and contemporaneously enters into bilateral OTC derivatives with the purchasers of the securities, through which it retains exposure to the sold securities.

For a discussion of the Firm's VIEs, the determination and structure of VIEs and securitization activities, see Note 16 to the financial statements in the 2022 Form 10-K.

15. Regulatory Requirements

Regulatory Capital Framework and Requirements

For a discussion of the Firm's regulatory capital framework, see Note 17 to the financial statements in the 2022 Form 10-K.

The Firm is required to maintain minimum risk-based and leverage-based capital ratios under regulatory capital requirements. A summary of the calculations of regulatory capital and RWA follows.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and consist of regulatory minimum required ratios plus the Firm's capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios. At March 31, 2023 and December 31, 2022, the differences between the actual and required ratios were lower under the Standardized Approach.

CECL Deferral. Beginning on January 1, 2020, the Firm elected to defer the effect of the adoption of CECL on its risk-based and leverage-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and are phased-in at 50% from January 1, 2023. The deferral impacts will become fully phased-in beginning on January 1, 2025.

Capital Buffer Requirements

	At March 31, 2023 and December 31, 2022	
	Standardized	Advanced
Capital buffers		
Capital conservation buffer	—	2.5%
SCB	5.8%	N/A
G-SIB capital surcharge	3.0%	3.0%
CCyB[1]	0%	0%
Capital buffer requirement	8.8%	5.5%

1. The CCyB can be set up to 2.5%, but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of Common Equity Tier 1 capital the Firm must maintain above the minimum risk-based capital requirements in order to avoid restrictions on the Firm's ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. The Firm's capital buffer requirement computed under the standardized approaches for calculating credit risk and market risk RWA ("Standardized Approach") is equal to the sum of the SCB, G-SIB capital surcharge and CCyB, and the capital buffer requirement computed under the applicable advanced approaches for calculating credit risk, market risk and opeational risk RWA ("Advanced Approach") is equal to the 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

Risk-Based Regulatory Capital Ratio Requirements

	Regulatory Minimum	At March 31, 2023 and December 31, 2022	
		Standardized	Advanced
Required ratios[1]			
Common Equity Tier 1 capital ratio	4.5%	13.3%	10.0%
Tier 1 capital ratio	6.0%	14.8%	11.5%
Total capital ratio	8.0%	16.8%	13.5%

1. Required ratios represent the regulatory minimum plus the capital buffer requirement.

The Firm's Regulatory Capital and Capital Ratios

$ in millions	Required Ratio[1]	At March 31, 2023	At December 31, 2022
Risk-based capital			
Common Equity Tier 1 capital		$ 69,454	$ 68,670
Tier 1 capital		77,947	77,191
Total capital		89,794	86,575
Total RWA		459,107	447,849
Common Equity Tier 1 capital ratio	13.3%	15.1%	15.3%
Tier 1 capital ratio	14.8%	17.0%	17.2%
Total capital ratio	16.8%	19.6%	19.3%

$ in millions	Required Ratio[1]	At March 31, 2023	At December 31, 2022
Leverage-based capital			
Adjusted average assets[2]		$ 1,168,328	$ 1,150,772
Tier 1 leverage ratio	4.0%	6.7%	6.7%
Supplementary leverage exposure[3]		$ 1,422,808	$ 1,399,403
SLR	5.0%	5.5%	5.5%

1. Required ratios are inclusive of any buffers applicable as of the date presented.
2. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by disallowed goodwill, intangible assets, investments in covered funds, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in the Firm's own capital instruments, certain defined tax assets and other capital deductions.
3. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection, offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the credit equivalent amount for off-balance sheet exposures.

U.S. Bank Subsidiaries' Regulatory Capital and Capital Ratios

The OCC establishes capital requirements for the U.S. Bank Subsidiaries, and evaluates their compliance with such capital requirements. Regulatory capital requirements for the U.S. Bank Subsidiaries are calculated in a similar manner to the Firm's regulatory capital requirements, although G-SIB capital surcharge and SCB requirements do not apply to the U.S. Bank Subsidiaries.

The OCC's regulatory capital framework includes Prompt Corrective Action ("PCA") standards, including "well-capitalized" PCA standards that are based on specified regulatory capital ratio minimums. For the Firm to remain an FHC, its U.S. Bank Subsidiaries must remain well-capitalized in accordance with the OCC's PCA standards. In addition, failure by the U.S. Bank Subsidiaries to meet minimum capital requirements may result in certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on the U.S. Bank Subsidiaries' and the Firm's financial statements.

At March 31, 2023 and December 31, 2022, MSBNA and MSPBNA risk-based capital ratios are based on the Standardized Approach rules. Beginning on January 1, 2020, MSBNA and MSPBNA elected to defer the effect of the adoption of CECL on risk-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and are phased-in at 50% from January 1, 2023. The deferral impacts will become fully phased-in beginning on January 1, 2025.

MSBNA's Regulatory Capital

$ in millions	Well-Capitalized Requirement	Required Ratio[1]	At March 31, 2023 Amount	At March 31, 2023 Ratio	At December 31, 2022 Amount	At December 31, 2022 Ratio
Risk-based capital						
Common Equity Tier 1 capital	6.5 %	7.0 %	$ 21,485	21.5 %	$ 20,043	20.5 %
Tier 1 capital	8.0 %	8.5 %	21,485	21.5 %	20,043	20.5 %
Total capital	10.0 %	10.5 %	22,221	22.3 %	20,694	21.1 %
Leverage-based capital						
Tier 1 leverage	5.0 %	4.0 %	$ 21,485	10.5 %	$ 20,043	10.1 %
SLR	6.0 %	3.0 %	21,485	8.3 %	20,043	8.1 %

MSPBNA's Regulatory Capital

$ in millions	Well-Capitalized Requirement	Required Ratio[1]	At March 31, 2023 Amount	At March 31, 2023 Ratio	At December 31, 2022 Amount	At December 31, 2022 Ratio
Risk-based capital						
Common Equity Tier 1 capital	6.5 %	7.0 %	$ 16,321	28.3 %	$ 15,546	27.5 %
Tier 1 capital	8.0 %	8.5 %	16,321	28.3 %	15,546	27.5 %
Total capital	10.0 %	10.5 %	16,521	28.6 %	15,695	27.8 %
Leverage-based capital						
Tier 1 leverage	5.0 %	4.0 %	$ 16,321	8.1 %	$ 15,546	7.6 %
SLR	6.0 %	3.0 %	16,321	7.8 %	15,546	7.4 %

1. Required ratios are inclusive of any buffers applicable as of the date presented. Failure to maintain the buffers would result in restrictions on the ability to make capital distributions, including the payment of dividends.

Additionally, MSBNA is conditionally registered with the SEC as a security-based swap dealer and is provisionally registered with the CFTC as a swap dealer. However, as MSBNA is prudentially regulated as a bank, its capital requirements continue to be determined by the OCC.

Other Regulatory Capital Requirements

MS&Co. Regulatory Capital

$ in millions	At March 31, 2023	At December 31, 2022
Net capital	$ 17,616	$ 17,224
Excess net capital	13,134	12,861

MS&Co. is registered as a broker-dealer and a futures commission merchant with the SEC and the CFTC, respectively, and provisionally registered as a swap dealer with the CFTC.

As an Alternative Net Capital broker-dealer, and in accordance with Securities Exchange Act of 1934 ("Exchange Act") Rule 15c3-1, Appendix E, MS&Co. is subject to minimum net capital and tentative net capital requirements and operates with capital in excess of its regulatory capital requirements. As a futures commission merchant and provisionally-registered swap dealer, MS&Co. is subject to CFTC capital requirements. In addition, MS&Co. must notify the SEC if its tentative net capital falls below certain levels. At March 31, 2023 and December 31, 2022, MS&Co. exceeded its net capital requirement and had tentative net capital in excess of the minimum and notification requirements.

Other Regulated Subsidiaries

Certain subsidiaries are also subject to various regulatory capital requirements. Such subsidiaries include the following, each of which operated with capital in excess of their respective regulatory capital requirements as of March 31, 2023 and December 31, 2022, as applicable:

- MSSB,
- MSIP,
- MSESE,
- MSMS,
- MSCS,
- MSCG, and
- E*TRADE Securities LLC.

MSESE is subject to stand-alone capital requirements beginning on January 1, 2023. Previously, requirements were met at the consolidated level of the MSEHSE Group.

See Note 17 to the financial statements in the 2022 Form 10-K for further information.

16. Total Equity

Preferred Stock

$ in millions, except per share data	Shares Outstanding At March 31, 2023	Liquidation Preference per Share	Carrying Value At March 31, 2023	Carrying Value At December 31, 2022
Series				
A	**44,000**	**$ 25,000**	**$ 1,100**	$ 1,100
C[1]	**519,882**	**1,000**	**408**	408
E	**34,500**	**25,000**	**862**	862
F	**34,000**	**25,000**	**850**	850
I	**40,000**	**25,000**	**1,000**	1,000
K	**40,000**	**25,000**	**1,000**	1,000
L	**20,000**	**25,000**	**500**	500
M	**400,000**	**1,000**	**430**	430
N	**3,000**	**100,000**	**300**	300
O	**52,000**	**25,000**	**1,300**	1,300
P	**40,000**	**25,000**	**1,000**	1,000
Total			**$ 8,750**	$ 8,750
Shares authorized				30,000,000

1. Series C preferred stock is held by MUFG.

For a description of Series A through Series P preferred stock, see Note 18 to the financial statements in the 2022 Form 10-K. The Firm's preferred stock has a preference over its common stock upon liquidation. The Firm's preferred stock qualifies as and is included in Tier 1 capital in accordance with regulatory capital requirements (see Note 15).

Share Repurchases

$ in millions	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Repurchases of common stock under the Firm's Share Repurchase Authorization	**$ 1,500**	$ 2,872

On June 27, 2022, the Firm announced that its Board of Directors approved a new multi-year repurchase authorization of up to $20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2022, which will be exercised from time to time as conditions warrant. For more information on share repurchases, see Note 18 to the financial statements in the 2022 Form 10-K.

Common Shares Outstanding for Basic and Diluted EPS

in millions	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022
Weighted average common shares outstanding, basic	**1,645**	1,733
Effect of dilutive RSUs and PSUs	**18**	22
Weighted average common shares outstanding and common stock equivalents, diluted	**1,663**	1,755
Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)	**4**	5

Dividends

$ in millions, except per share data	Three Months Ended March 31, 2023 Per Share[1]	Three Months Ended March 31, 2023 Total	Three Months Ended March 31, 2022 Per Share[1]	Three Months Ended March 31, 2022 Total
Preferred stock series				
A	**$ 343**	**$ 15**	$ 242	$ 11
C	**25**	**13**	25	13
E	**445**	**15**	445	15
F	**430**	**14**	430	14
I	**398**	**16**	398	16
K	**366**	**15**	366	15
L	**305**	**6**	305	6
M[2]	**29**	**12**	29	12
N[3]	**2,650**	**8**	2,650	8
O[4]	**266**	**14**	266	14
P	**406**	**16**	—	—
Total Preferred stock		**$ 144**		$ 124
Common stock	**$ 0.775**	**$ 1,305**	$ 0.700	$ 1,252

1. Common and Preferred Stock dividends are payable quarterly unless otherwise noted.
2. Series M is payable semiannually until September 15, 2026 and thereafter will be payable quarterly.
3. Series N was payable semiannually until March 15, 2023 and thereafter is payable quarterly.
4. Series O is payable semiannually until January 15, 2027 and thereafter will be payable quarterly.

Accumulated Other Comprehensive Income (Loss)[1]

$ in millions	CTA	AFS Securities	Pension and Other	DVA	Cash Flow Hedges	Total
December 31, 2022	$ (1,204)	$ (4,192)	$ (508)	$ (345)	$ (4)	$ (6,253)
OCI during the period	**32**	**512**	**(1)**	**(8)**	**7**	**542**
March 31, 2023	**$ (1,172)**	**$ (3,680)**	**$ (509)**	**$ (353)**	**$ 3**	**$ (5,711)**
December 31, 2021	$ (1,002)	$ 245	$ (551)	$ (1,794)	$ —	$ (3,102)
OCI during the period	(48)	(2,395)	5	638	—	(1,800)
March 31, 2022	$ (1,050)	$ (2,150)	$ (546)	$ (1,156)	$ —	$ (4,902)

1. Amounts are net of tax and noncontrolling interests.

Components of Period Changes in OCI

$ in millions	Three Months Ended March 31, 2023 Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	**$ (10)**	**$ 30**	**$ 20**	**$ (12)**	**$ 32**
Reclassified to earnings	**—**	**—**	**—**	**—**	**—**
Net OCI	**$ (10)**	**$ 30**	**$ 20**	**$ (12)**	**$ 32**
Change in net unrealized gains (losses) on AFS securities					
OCI activity	**$ 710**	**$ (167)**	**$ 543**	**$ —**	**$ 543**
Reclassified to earnings	**(41)**	**10**	**(31)**	**—**	**(31)**
Net OCI	**$ 669**	**$ (157)**	**$ 512**	**$ —**	**$ 512**
Pension and other					
OCI activity	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Reclassified to earnings	**(1)**	**—**	**(1)**	**—**	**(1)**
Net OCI	**$ (1)**	**$ —**	**$ (1)**	**$ —**	**$ (1)**
Change in net DVA					
OCI activity	**$ (30)**	**$ 10**	**$ (20)**	**$ (7)**	**$ (13)**
Reclassified to earnings	**6**	**(1)**	**5**	**—**	**5**
Net OCI	**$ (24)**	**$ 9**	**$ (15)**	**$ (7)**	**$ (8)**
Change in fair value of cash flow hedge derivatives					
OCI activity	**$ 7**	**$ (1)**	**$ 6**	**$ —**	**$ 6**
Reclassified to earnings	**1**	**—**	**1**	**—**	**1**
Net OCI	**$ 8**	**$ (1)**	**$ 7**	**$ —**	**$ 7**

$ in millions	Three Months Ended March 31, 2022 Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	$ (60)	$ (45)	$ (105)	$ (57)	$ (48)
Reclassified to earnings	—	—	—	—	—
Net OCI	$ (60)	$ (45)	$ (105)	$ (57)	$ (48)
Change in net unrealized gains (losses) on AFS securities					
OCI activity	$(3,084)	$ 723	$(2,361)	$ —	$ (2,361)
Reclassified to earnings	(44)	10	(34)	—	(34)
Net OCI	$(3,128)	$ 733	$(2,395)	$ —	$ (2,395)
Pension and other					
OCI activity	$ —	$ —	$ —	$ —	$ —
Reclassified to earnings	5	—	5	—	5
Net OCI	$ 5	$ —	$ 5	$ —	$ 5
Change in net DVA					
OCI activity	$ 871	$ (211)	$ 660	$ 22	$ 638
Reclassified to earnings	—	—	—	—	—
Net OCI	$ 871	$ (211)	$ 660	$ 22	$ 638

17. Interest Income and Interest Expense

$ in millions	Three Months Ended March 31, **2023**	2022
Interest income		
Investment securities	**$ 1,018**	$ 777
Loans	**2,815**	1,156
Securities purchased under agreements to resell[1]	**1,477**	13
Securities borrowed[2]	**1,172**	(217)
Trading assets, net of Trading liabilities	**913**	524
Customer receivables and Other[3]	**3,475**	397
Total interest income	**$ 10,870**	$ 2,650
Interest expense		
Deposits	**$ 1,575**	$ 73
Borrowings	**2,506**	685
Securities sold under agreements to repurchase[4]	**1,218**	49
Securities loaned[5]	**164**	93
Customer payables and Other[6]	**3,061**	(466)
Total interest expense	**$ 8,524**	$ 434
Net interest	**$ 2,346**	$ 2,216

1. Includes interest paid on Securities purchased under agreements to resell.
2. Includes fees paid on Securities borrowed.
3. Includes interest from Cash and cash equivalents.
4. Includes interest received on Securities sold under agreements to repurchase.
5. Includes fees received on Securities loaned.
6. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.

Interest income and Interest expense are classified in the income statement based on the nature of the instrument and related market conventions. When included as a component of the instrument's fair value, interest is included within Trading revenues or Investments revenues. Otherwise, it is included within Interest income or Interest expense.

Accrued Interest

$ in millions	At March 31, 2023	At December 31, 2022
Customer and other receivables	**$ 3,842**	$ 4,139
Customer and other payables	**3,957**	4,273

18. Income Taxes

The Firm is routinely under examination by the IRS and other tax authorities in certain countries, such as Japan and the U.K., and in states and localities in which it has significant business operations, such as New York.

The Firm believes that the resolution of these tax examinations will not have a material effect on the annual financial statements, although a resolution could have a material impact in the income statement and on the effective tax rate for any period in which such resolutions occur.

It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, however, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits and the impact on the Firm's effective tax rate over the next 12 months.

19. Segment, Geographic and Revenue Information

Selected Financial Information by Business Segment

	Three Months Ended March 31, 2023				
$ in millions	IS	WM	IM	I/E	Total
Investment banking	$ 1,247	$ 104	$ —	$ (21)	$ 1,330
Trading	4,257	227	(16)	9	4,477
Investments	28	16	101	—	145
Commissions and fees[1]	714	590	—	(65)	1,239
Asset management[1,2]	148	3,382	1,248	(50)	4,728
Other	180	82	(6)	(4)	252
Total non-interest revenues	6,574	4,401	1,327	(131)	12,171
Interest income	7,758	3,627	29	(544)	10,870
Interest expense	7,535	1,469	67	(547)	8,524
Net interest	223	2,158	(38)	3	2,346
Net revenues	$ 6,797	$ 6,559	$1,289	$ (128)	$14,517
Provision for credit losses	$ 189	$ 45	$ —	$ —	$ 234
Compensation and benefits	2,365	3,477	568	—	6,410
Non-compensation expenses	2,351	1,325	555	(118)	4,113
Total non-interest expenses	$ 4,716	$ 4,802	$1,123	$ (118)	$10,523
Income before provision for income taxes	$ 1,892	$ 1,712	$ 166	$ (10)	$ 3,760
Provision for income taxes	363	336	30	(2)	727
Net income	1,529	1,376	136	(8)	3,033
Net income applicable to noncontrolling interests	51	—	2	—	53
Net income applicable to Morgan Stanley	$ 1,478	$ 1,376	$ 134	$ (8)	$ 2,980

	Three Months Ended March 31, 2022				
$ in millions	IS	WM	IM	I/E	Total
Investment banking	$ 1,634	$ 143	$ —	$ (19)	$ 1,758
Trading	4,205	(231)	(9)	18	3,983
Investments	99	12	(36)	—	75
Commissions and fees[1]	774	723	—	(81)	1,416
Asset management[1,2]	147	3,626	1,388	(42)	5,119
Other	117	122	(2)	(3)	234
Total non-interest revenues	6,976	4,395	1,341	(127)	12,585
Interest income	1,062	1,637	7	(56)	2,650
Interest expense	381	97	13	(57)	434
Net interest	681	1,540	(6)	1	2,216
Net revenues	$ 7,657	$ 5,935	$1,335	$ (126)	$14,801
Provision for credit losses	$ 44	$ 13	$ —	$ —	$ 57
Compensation and benefits	2,604	3,125	545	—	6,274
Non-compensation expenses	2,222	1,224	562	(126)	3,882
Total non-interest expenses	$ 4,826	$ 4,349	$1,107	$ (126)	$10,156
Income before provision for income taxes	$ 2,787	$ 1,573	$ 228	$ —	$ 4,588
Provision for income taxes	535	301	37	—	873
Net income	2,252	1,272	191	—	3,715
Net income applicable to noncontrolling interests	61	—	(12)	—	49
Net income applicable to Morgan Stanley	$ 2,191	$ 1,272	$ 203	$ —	$ 3,666

1. Substantially all revenues are from contracts with customers.
2. Includes certain fees that may relate to services performed in prior periods.

For a discussion about the Firm's business segments, see Note 23 to the financial statements in the 2022 Form 10-K.

Detail of Investment Banking Revenues

	Three Months Ended March 31,	
$ in millions	2023	2022
Institutional Securities Advisory	$ 638	$ 944
Institutional Securities Underwriting	609	690
Firm Investment banking revenues from contracts with customers	89 %	90 %

Trading Revenues by Product Type

	Three Months Ended March 31,	
$ in millions	2023	2022
Interest rate	$ 1,368	$ 391
Foreign exchange	262	648
Equity[1]	2,212	2,007
Commodity and other	539	525
Credit	96	412
Total	$ 4,477	$ 3,983

1. Dividend income is included within equity contracts.

The previous table summarizes realized and unrealized gains and losses, from derivative and non-derivative financial instruments, included in Trading revenues in the income statement. The Firm generally utilizes financial instruments across a variety of product types in connection with its market-making and related risk management strategies. The trading revenues presented in the table are not representative of the manner in which the Firm manages its business activities and are prepared in a manner similar to the presentation of trading revenues for regulatory reporting purposes.

Investment Management Investments Revenues—Net Cumulative Unrealized Carried Interest

$ in millions	At March 31, 2023	At December 31, 2022
Net cumulative unrealized performance-based fees at risk of reversing	$ 815	$ 819

The Firm's portion of net cumulative performance-based fees in the form of unrealized carried interest, for which the Firm is not obligated to pay compensation, is at risk of reversing when the return in certain funds fall below specified performance targets. See Note 13 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received.

Investment Management Asset Management Revenues—Reduction of Fees Due to Fee Waivers

	Three Months Ended March 31,	
$ in millions	2023	2022
Fee waivers	$ 18	$ 124

The Firm waives a portion of its fees in the Investment Management business segment from certain registered money market funds that comply with the requirements of Rule 2a-7 of the Investment Company Act of 1940.

Certain Other Fee Waivers

Separately, the Firm's employees, including its senior officers, may participate on the same terms and conditions as other investors in certain funds that the Firm sponsors primarily for client investment, and the Firm may waive or lower applicable fees and charges for its employees.

Other Expenses—Transaction Taxes

	Three Months Ended March 31,	
$ in millions	**2023**	2022
Transaction taxes	**$ 214**	$ 258

Transaction taxes are composed of securities transaction taxes and stamp duties, which are levied on the sale or purchase of securities listed on recognized stock exchanges in certain markets. These taxes are imposed mainly on trades of equity securities in Asia and EMEA. Similar transaction taxes are levied on trades of listed derivative instruments in certain countries.

Net Revenues by Region

	Three Months Ended March 31,	
$ in millions	**2023**	2022
Americas	**$ 10,791**	$ 10,464
EMEA	**1,737**	2,311
Asia	**1,989**	2,026
Total	**$ 14,517**	$ 14,801

For a discussion about the Firm's geographic net revenues, see Note 23 to the financial statements in the 2022 Form 10-K.

Revenues Recognized from Prior Services

	Three Months Ended March 31,	
$ in millions	**2023**	2022
Non-interest revenues	**$ 704**	$ 1,005

The previous table includes revenues from contracts with customers recognized where some or all services were performed in prior periods. These revenues primarily include investment banking advisory fees.

Receivables from Contracts with Customers

$ in millions	**At March 31, 2023**	At December 31, 2022
Customer and other receivables	**$ 2,182**	$ 2,577

Receivables from contracts with customers, which are included within Customer and other receivables in the balance sheet, arise when the Firm has both recorded revenues and the right per the contract to bill the customer.

Assets by Business Segment

$ in millions	**At March 31, 2023**	At December 31, 2022
Institutional Securities	**$ 819,195**	$ 789,837
Wealth Management	**363,405**	373,305
Investment Management	**17,304**	17,089
Total[1]	**$ 1,199,904**	$ 1,180,231

1. Parent assets have been fully allocated to the business segments.

Financial Data Supplement (Unaudited)

Average Balances and Interest Rates and Net Interest Income

$ in millions	2023 Average Daily Balance	2023 Interest	2023 Annualized Average Rate	2022 Average Daily Balance	2022 Interest	2022 Annualized Average Rate
	Three Months Ended March 31,					
Interest earning assets						
Investment securities[1]	**$159,061**	**$ 1,018**	**2.6 %**	$177,572	$ 777	1.8 %
Loans[1]	**214,185**	**2,815**	**5.3 %**	191,551	1,156	2.4 %
Securities purchased under agreements to resell[2]:						
U.S.	**46,847**	**932**	**8.1 %**	52,389	36	0.3 %
Non-U.S.	**65,713**	**545**	**3.4 %**	64,150	(23)	(0.1)%
Securities borrowed[3]:						
U.S.	**123,206**	**1,095**	**3.6 %**	122,203	(176)	(0.6)%
Non-U.S.	**18,683**	**77**	**1.7 %**	21,229	(41)	(0.8)%
Trading assets, net of Trading liabilities[4]:						
U.S.	**87,631**	**786**	**3.6 %**	79,509	430	2.2 %
Non-U.S.	**7,264**	**127**	**7.1 %**	16,606	94	2.3 %
Customer receivables and Other[5]:						
U.S.	**107,055**	**2,428**	**9.2 %**	129,162	355	1.1 %
Non-U.S.	**69,288**	**1,047**	**6.1 %**	76,545	42	0.2 %
Total	**$898,933**	**$10,870**	**4.9 %**	$930,916	$ 2,650	1.2 %
Interest bearing liabilities						
Deposits[1]	**$346,973**	**$ 1,575**	**1.8 %**	$348,916	$ 73	0.1 %
Borrowings[1,6]	**245,600**	**2,506**	**4.1 %**	228,942	685	1.2 %
Securities sold under agreements to repurchase[7,9]:						
U.S.	**21,075**	**670**	**12.9 %**	22,979	40	0.7 %
Non-U.S.	**41,071**	**548**	**5.4 %**	36,148	9	0.1 %
Securities loaned[8,9]:						
U.S.	**4,992**	**13**	**1.1 %**	5,489	(1)	(0.1)%
Non-U.S.	**10,016**	**151**	**6.1 %**	7,771	94	4.9 %
Customer payables and Other[10]:						
U.S.	**137,766**	**2,045**	**6.0 %**	136,407	(368)	(1.1)%
Non-U.S.	**65,818**	**1,016**	**6.3 %**	74,919	(98)	(0.5)%
Total	**$873,311**	**$ 8,524**	**4.0 %**	$861,571	$ 434	0.2 %
Net interest income and net interest rate spread		**$ 2,346**	**0.9 %**		$ 2,216	1.0 %

1. Amounts include primarily U.S. balances.
2. Includes interest paid on Securities purchased under agreements to resell.
3. Includes fees paid on Securities borrowed.
4. Excludes non-interest earning assets and non-interest bearing liabilities, such as equity securities.
5. Includes Cash and cash equivalents.
6. Average daily balance includes borrowings carried at fair value, but for certain borrowings, interest expense is considered part of fair value and is recorded in Trading revenues.
7. Includes interest received on Securities sold under agreements to repurchase.
8. Includes fees received on Securities loaned.
9. The annualized average rate was calculated using (a) interest expense incurred on all securities sold under agreements to repurchase and securities loaned transactions, whether or not such transactions were reported in the balance sheet and (b) net average on-balance sheet balances, which exclude certain securities-for-securities transactions.
10. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.

Glossary of Common Terms and Acronyms

2022 Form 10-K	Annual report on Form 10-K for year ended December 31, 2022 filed with the SEC
ABS	Asset-backed securities
ACL	Allowance for credit losses
AFS	Available-for-sale
AML	Anti-money laundering
AOCI	Accumulated other comprehensive income (loss)
AUM	Assets under management or supervision
Balance sheet	Consolidated balance sheet
BHC	Bank holding company
bps	Basis points; one basis point equals 1/100th of 1%
Cash flow statement	Consolidated cash flow statement
CCAR	Comprehensive Capital Analysis and Review
CCyB	Countercyclical capital buffer
CDO	Collateralized debt obligation(s), including Collateralized loan obligation(s)
CDS	Credit default swaps
CECL	Current Expected Credit Losses, as calculated under the Financial Instruments—Credit Losses accounting update
CFTC	U.S. Commodity Futures Trading Commission
CLN	Credit-linked note(s)
CLO	Collateralized loan obligation(s)
CMBS	Commercial mortgage-backed securities
CMO	Collateralized mortgage obligation(s)
CRM	Credit Risk Management Department
CTA	Cumulative foreign currency translation adjustments
DVA	Debt valuation adjustment
EBITDA	Earnings before interest, taxes, depreciation and amortization
EMEA	Europe, Middle East and Africa
EPS	Earnings per common share
FDIC	Federal Deposit Insurance Corporation
FFELP	Federal Family Education Loan Program
FHC	Financial holding company
FICO	Fair Isaac Corporation
Financial statements	Consolidated financial statements
FVO	Fair value option
G-SIB	Global systemically important banks
HFI	Held-for-investment
HFS	Held-for-sale
HQLA	High-quality liquid assets
HTM	Held-to-maturity
I/E	Intersegment eliminations
IHC	Intermediate holding company
IM	Investment Management
Income statement	Consolidated income statement
IRS	Internal Revenue Service
IS	Institutional Securities
LCR	Liquidity coverage ratio, as adopted by the U.S. banking agencies
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value
M&A	Merger, acquisition and restructuring transaction
MSBNA	Morgan Stanley Bank, N.A.
MS&Co.	Morgan Stanley & Co. LLC
MSCG	Morgan Stanley Capital Group Inc.
MSCS	Morgan Stanley Capital Services LLC
MSEHSE	Morgan Stanley Europe Holdings SE
MSESE	Morgan Stanley Europe SE
MSIP	Morgan Stanley & Co. International plc
MSMS	Morgan Stanley MUFG Securities Co., Ltd.
MSPBNA	Morgan Stanley Private Bank, National Association
MSSB	Morgan Stanley Smith Barney LLC
MUFG	Mitsubishi UFJ Financial Group, Inc.
MUMSS	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
MWh	Megawatt hour
N/A	Not Applicable
N/M	Not Meaningful
NAV	Net asset value
Non-GAAP	Non-generally accepted accounting principles
NSFR	Net stable funding ratio, as adopted by the U.S. banking agencies
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income (loss)
OTC	Over-the-counter
PSU	Performance-based stock unit
ROE	Return on average common equity
ROTCE	Return on average tangible common equity
ROU	Right-of-use
RSU	Restricted stock unit
RWA	Risk-weighted assets
SCB	Stress capital buffer
SEC	U.S. Securities and Exchange Commission
SLR	Supplementary leverage ratio
SOFR	Secured Overnight Financing Rate
S&P	Standard & Poor's
SPE	Special purpose entity
SPOE	Single point of entry
TDR	Troubled debt restructuring
TLAC	Total loss-absorbing capacity
U.K.	United Kingdom
UPB	Unpaid principal balance
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America
VaR	Value-at-Risk
VIE	Variable interest entity
WACC	Implied weighted average cost of capital
WM	Wealth Management

Controls and Procedures

Under the supervision and with the participation of the Firm's management, including the Chief Executive Officer and Chief Financial Officer, the Firm conducted an evaluation of the effectiveness of the Firm's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Firm's disclosure controls and procedures were effective as of the end of the period covered by this report.

No change in the Firm's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) occurred during the period covered by this report that materially affected, or is reasonably likely to materially affect, the Firm's internal control over financial reporting.

Legal Proceedings

The following developments have occurred since previously reporting certain matters in the Firm's 2022 Form 10-K. See also the disclosures set forth under "Legal Proceedings" in the 2022 Form 10-K.

Block Trading Matter

The Firm is currently engaged in discussions regarding potential resolution of the investigations by the Enforcement Division of the U.S. Securities and Exchange Commission and the United States Attorney's Office for the Southern District of New York into various aspects of the Firm's blocks business, certain related sales and trading practices, and applicable controls. There can be no assurance that these discussions and continuing engagement will lead to resolution of either matter.

Residential Mortgage and Credit Crisis Matters

On March 1, 2023, the court in *IKB International S.A. in Liquidation, et al. v. Morgan Stanley, et al.* granted in part and denied in part the Firm's motion for summary judgment, narrowing the alleged misrepresentations at issue in the case. In March 2023, both parties appealed the decision.

On March 3, 2023, the parties in *Deutsche Bank National Trust Company, as Trustee for the Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC1 v. Morgan Stanley ABS Capital I, Inc.* executed an agreement to settle the litigation.

On March 3, 2023, the parties in *Deutsche Bank National Trust Company, solely in its capacity as Trustee for Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC3 v. Morgan Stanley Mortgage Capital Holdings LLC, as Successor-by-Merger to Morgan Stanley Mortgage Capital Inc*. executed an agreement to settle the litigation.

European Matter

In connection with the Dutch tax matters, the Dutch criminal authorities have requested additional information, and the Firm is continuing to respond to them in connection with their ongoing investigation.

Other

On March 10, 2023, the plaintiff in *Camelot Event Driven Fund, a Series of Frank Funds Trust v. Morgan Stanley & Co. LLC, et al.* filed a Notice of Appeal of the dismissal of Viacom and the individual Viacom defendants.

Risk Factors

For a discussion of the risk factors affecting the Firm, see "Risk Factors" in Part I, Item 1A of the 2022 Form 10-K.

Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

$ in millions, except per share data	Total Number of Shares Purchased[1]	Average Price Paid per Share[2]	Total Shares Purchased as Part of Share Repurchase Authorization[3,4]	Dollar Value of Remaining Authorized Repurchase
January	8,974,630	$ 96.61	2,725,102	$ 15,484
February	7,212,253	$ 98.48	6,284,841	$ 14,865
March	6,830,645	$ 92.29	6,752,720	$ 14,245
Three Months Ended March 31, 2023	**23,017,528**	**$ 95.91**	**15,762,663**	

1. Includes 7,254,865 shares acquired by the Firm in satisfaction of the tax withholding obligations on stock-based awards granted under the Firm's stock-based compensation plans during the three months ended March 31, 2023.
2. Includes excise tax levied on share repurchases, net of issuances, payable in April 2024.
3. Share purchases under publicly announced authorizations are made pursuant to open-market purchases, Rule 10b5-1 plans or privately negotiated transactions (including with employee benefit plans) as market conditions warrant and at prices the Firm deems appropriate and may be suspended at any time.
4. The Firm's Board of Directors has approved the repurchase of the Firm's outstanding common stock under a share repurchase authorization (the "Share Repurchase Authorization") from time to time as conditions warrant and subject to limitations on distributions from the Federal Reserve. The Share Repurchase Authorization is for capital management purposes and considers, among other things, business segment capital needs, as well as equity-based compensation and benefit plan requirements. The Share Repurchase Authorization has no set expiration or termination date.

On June 27, 2022, the Firm announced that its Board of Directors approved a new multi-year repurchase authorization of up to $20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2022, which will be exercised from time to time as conditions warrant. For further information, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer."

Other Information

On April 26, 2023, the Compensation, Management Development and Succession Committee of the Company's Board of Directors approved that Raja J. Akram, Deputy Chief Financial Officer, Chief Accounting Officer and Controller, be treated as retirement-eligible for purposes of any year-end deferred incentive compensation awards and, accordingly, any such awards will vest upon Mr. Akram's resignation of employment from the Company, subject to certain conditions, and remain subject to all other provisions of the awards, including specified cancellation and clawback provisions, until the applicable distribution date.

Exhibits

Exhibit No.	Description
15	Letter of awareness from Deloitte & Touche LLP, dated May 2, 2023, concerning unaudited interim financial information.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101	Interactive Data Files pursuant to Rule 405 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).

Signatures

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 thereunto duly authorized.

MORGAN STANLEY
(Registrant)

By: /s/ SHARON YESHAYA

Sharon Yeshaya
Executive Vice President and
Chief Financial Officer

By: /s/ RAJA J. AKRAM

Raja J. Akram
Deputy Chief Financial Officer,
Chief Accounting Officer and Controller

Date: May 2, 2023