

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

FORM 8-K

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

Date of report (Date of earliest event reported): October 15, 2020

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

Delaware
(State or Other Jurisdiction of Incorporation)

1-11758
(Commission File Number)

36-3145972
(IRS Employer Identification No.)

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

10036
(Zip Code)

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

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

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	MS	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, \$0.01 par value	MS/PA	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, \$0.01 par value	MS/PE	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, \$0.01 par value	MS/PF	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, \$0.01 par value	MS/PI	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, \$0.01 par value	MS/PK	New York Stock Exchange
Depository Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, \$0.01 par value	MS/PL	New York Stock Exchange
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
Morgan Stanley Cushing® MLP High Income Index ETNs due March 21, 2031	MLPY	NYSE Arca, Inc.

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

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On October 15, 2020, Morgan Stanley (the "Company") released financial information with respect to its quarter ended September 30, 2020. A copy of the press release containing this information is annexed as Exhibit 99.1 to this Report and by this reference incorporated herein and made a part hereof. In addition, a copy of the Company's Financial Data Supplement for its quarter ended September 30, 2020 is annexed as Exhibit 99.2 to this Report and by this reference incorporated herein and made a part hereof.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit

Number Description

- | | |
|------|---|
| 99.1 | Press release of the Company, dated October 15, 2020, containing financial information for the quarter ended September 30, 2020. |
| 99.2 | Financial Data Supplement of the Company for the quarter ended September 30, 2020. |
| 101 | Interactive Data Files pursuant to Rule 406 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL"). |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101). |

SIGNATURE

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

Date: October 15, 2020

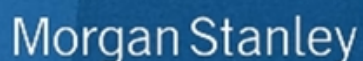
MORGAN STANLEY
(Registrant)

By: /s/ Raja Akram

Name: Raja Akram

Title: Deputy Chief Financial Officer

End of Document



Morgan Stanley Third Quarter 2020 Earnings Results

Morgan Stanley Reports Net Revenues of \$11.7 Billion, EPS of \$1.66 and ROTCE of 15.0%

NEW YORK, October 15, 2020 – Morgan Stanley (NYSE: MS) today reported net revenues of \$11.7 billion for the third quarter ended September 30, 2020 compared with \$10.0 billion a year ago. Net income applicable to Morgan Stanley was \$2.7 billion, or \$1.66 per diluted share,¹ compared with net income of \$2.2 billion, or \$1.27 per diluted share,¹ for the same period a year ago. The current quarter included intermittent net discrete tax benefits of \$113 million which had an impact of \$0.07 per diluted share.

James P. Gorman, Chairman and Chief Executive Officer, said, “We delivered strong quarterly earnings as markets remained active through the summer months, and our balanced business model continued to deliver consistent, high returns. The completion of the E*TRADE acquisition, the subsequent ratings upgrade from Moody’s, and the recently announced acquisition of Eaton Vance significantly strengthen our Firm and position us well for future growth.”

Financial Summary^{2,3}

(\$ millions, except per share data)

Firm	3Q 2020	3Q 2019
Net revenues	\$11,657	\$10,032
Compensation expense	\$5,086	\$4,427
Non-compensation expenses	\$3,084	\$2,895
Pre-tax income ⁶	\$3,487	\$2,710
Net income app. to MS	\$2,717	\$2,173
Expense efficiency ratio ⁸	70%	73%
Earnings per diluted share	\$1.66	\$1.27
Book value per share ⁹	\$50.67	\$45.49
Tangible book value per share ¹⁰	\$44.81	\$39.73
Return on equity ⁴	13.2%	11.2%
Return on tangible equity ⁴	15.0%	12.9%

Institutional Securities

Net revenues	\$6,062	\$5,023
Investment Banking	\$1,707	\$1,535
Sales and Trading	\$4,154	\$3,455

Wealth Management

Net revenues	\$4,657	\$4,358
Fee-based client assets (\$ billions) ¹¹	\$1,333	\$1,186
Fee-based asset flows (\$ billions) ¹²	\$23.8	\$15.5
Loans (\$ billions)	\$91.3	\$76.6

Investment Management

Net revenues	\$1,056	\$764
AUM (\$ billions) ¹³	\$715	\$507
Long-term net flows (\$ billions) ¹⁴	\$10.4	\$4.2

Highlights

- Firm net revenues up 16% and net income up 25%, reflecting strength across all business segments.
- The Firm delivered ROTCE of 15.0%.⁴
- Our balance sheet, capital and liquidity remain strong and the Firm is well positioned to continue to invest in our businesses and serve our clients.
- Common Equity Tier 1 capital standardized ratio of 17.3%.⁵
- Institutional Securities net revenues reflect strong performance across all businesses with higher results in sales and trading and strength in equity underwriting.
- Wealth Management delivered pre-tax income of \$1.1 billion⁶ with a reported pre-tax margin of 24.0%⁷ (or 25.3%⁷ excluding the impact of a regulatory charge in the third quarter). Results reflect strong fee-based flows and significant increases in bank lending and deposits.
- Investment Management net revenues increased by 38% driven by record asset management fees and AUM.

Institutional Securities

Institutional Securities reported net revenues for the current quarter of \$6.1 billion compared with \$5.0 billion a year ago. Pre-tax income was \$2.0 billion compared with \$1.3 billion a year ago.⁶

Investment Banking revenues up 11% from a year ago:

- Advisory revenues decreased from a year ago due to lower completed M&A activity and fewer large transactions.
- Equity underwriting revenues increased significantly from a year ago on higher revenues from IPOs, follow-on offerings and blocks as clients continued to access capital markets.
- Fixed income underwriting revenues decreased from a year ago due to declines in loan issuances as large event-driven and M&A financings were muted.

Sales and Trading net revenues up 20% from a year ago:

- Equity sales and trading net revenues increased from a year ago reflecting strong performance across products on continued client engagement, with notable strength in Asia.
- Fixed Income sales and trading net revenues increased from a year ago driven by strong performance across businesses and geographies with particular strength in credit products benefitting from an active primary market.
- Other sales and trading net revenues decreased from a year ago due to losses on economic hedges associated with certain of the Firm's borrowings and corporate lending activity, partially offset by gains on investments associated with certain employee deferred compensation plans (DCP).

Investments and Other:

- Investments revenues in the current quarter include gains on certain business-related investments compared with losses in the prior year quarter.
- Other revenues increased from a year ago primarily due to gains on loans held for sale related to corporate lending activity as credit spreads tightened in the quarter, partially offset by an increase in the provision for credit losses for loans held for investment.

Total Expenses:

- Compensation expenses increased from a year ago on higher revenues.
- Non-compensation expenses increased from a year ago driven by higher volume related expenses and an increase in the provision for credit losses for unfunded lending commitments, partially offset by lower spending on business travel and entertainment.

(\$ millions)	3Q 2020	3Q 2019
Net Revenues	\$6,062	\$5,023
Investment Banking	\$1,707	\$1,535
Advisory	\$357	\$550
Equity underwriting	\$874	\$401
Fixed income underwriting	\$476	\$584
Sales and Trading	\$4,154	\$3,455
Equity	\$2,262	\$1,991
Fixed Income	\$1,924	\$1,430
Other	\$(32)	\$34
Investments and Other	\$201	\$33
Investments	\$87	\$(18)
Other	\$114	\$51
Total Expenses	\$4,014	\$3,716
Compensation	\$2,001	\$1,768
Non-compensation	\$2,013	\$1,948

Wealth Management

Wealth Management reported net revenues for the current quarter of \$4.7 billion compared with \$4.4 billion from a year ago. Excluding the impact of DCP, net revenues increased slightly from a year ago. Pre-tax income of \$1.1 billion⁶ in the current quarter resulted in a reported pre-tax margin of 24.0%⁷ or 25.3%⁷ excluding the impact of a regulatory charge.

Net revenues:

- Asset management revenues increased from a year ago reflecting higher asset levels and strong fee-based flows.
- Transactional revenues¹⁵ increased 5% excluding the impact of mark-to-market gains on investments associated with employee deferred cash-based compensation plans, on seasonally strong third quarter results.
- Net interest income decreased from a year ago reflecting the impact of lower average rates and higher mortgage securities prepayment amortization expense, partially offset by growth in bank lending and increases in bank deposits.

(\$ millions)	3Q 2020	3Q 2019
Net Revenues	\$4,657	\$4,358
Asset management	\$2,793	\$2,639
Transactional ¹⁵	\$880	\$595
Net interest	\$889	\$1,043
Other	\$95	\$81
Total Expenses	\$3,537	\$3,120
Compensation	\$2,684	\$2,340
Non-compensation	\$853	\$780

Total Expenses:

- Compensation expense increased from a year ago primarily driven by increases in the fair value of deferred cash-based compensation plan referenced investments and increases in compensable revenues.
- Non-compensation expenses increased from a year ago primarily due to a \$60 million regulatory charge in the third quarter and expenses associated with the acquisition of E*TRADE, partially offset by lower spending on business travel and entertainment.

Investment Management

Investment Management reported net revenues of \$1.1 billion compared with \$764 million a year ago. Pre-tax income was \$315 million compared with \$165 million a year ago.⁶

Net revenues increased 38% from a year ago:

- Asset management revenues increased 20% from a year ago driven by record AUM on strong investment performance and positive long-term net flows.
- Investments revenues increased significantly from a year ago on higher accrued carried interest and investment gains primarily in Asia private equity.

Total Expenses:

- Compensation expense increased from a year ago on higher asset management revenues and an increase in carried interest.
- Non-compensation expenses increased from a year ago driven by higher brokerage and clearing costs.

(\$ millions)	3Q 2020	3Q 2019
Net Revenues	\$1,056	\$764
Asset management	\$795	\$664
Investments	\$258	\$105
Other	\$3	\$(5)
Total Expenses	\$741	\$599
Compensation	\$401	\$319
Non-compensation	\$340	\$280

Other Matters

- The Board of Directors declared a \$0.35 quarterly dividend per share, payable on November 13, 2020 to common shareholders of record on October 30, 2020.
- On September 30, 2020, the Federal Reserve extended its requirement to suspend share repurchases through the end of the fourth quarter of 2020.
- The effective tax rate for the quarter was 21.1%. The current quarter includes intermittent net discrete tax benefits of \$113 million, primarily associated with the remeasurement of reserves and related interest in connection with closures of audits in certain tax jurisdictions.
- The Firm's provision for credit losses on loans and lending commitments was \$111 million for the third quarter of 2020, compared with \$51 million for the third quarter of 2019 and \$239 million for the second quarter of 2020. The allowance for credit losses on loans and lending commitments was \$1.3 billion as of September 30, 2020, an increase of approximately 8% over the previous quarter.

	3Q 2020	3Q 2019
Capital¹⁶		
Standardized Approach		
Common Equity Tier 1 capital ⁵	17.3%	16.3%
Tier 1 capital ⁵	19.4%	18.5%
Advanced Approach		
Common Equity Tier 1 capital ⁵	16.9%	16.6%
Tier 1 capital ⁵	19.0%	18.8%
Leverage-based capital		
Tier 1 leverage ¹⁷	8.3%	8.2%
Supplementary leverage ratio ¹⁸	7.4%	6.3%
Common Stock Repurchases		
Repurchases (\$ millions)	NA	\$1,500
Number of Shares (millions)	NA	36
Average Price	NA	\$41.92
Period End Shares (millions)	1,576	1,624
Tax Rate	21.1%	18.2%

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

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

NOTICE:

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

This earnings release contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," "see," "will," "would," "target," similar expressions, and variations or negatives of these words. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, such as statements about the consummation of the proposed transaction and the anticipated benefits thereof. All such forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed in such forward-looking statements. Important risk factors that may cause such a difference include, but are not limited to, (i) the completion of the proposed transaction on anticipated terms and timing, including obtaining required regulatory approvals, anticipated tax treatment, unforeseen liabilities, future capital expenditures, revenues, expenses, earnings, synergies, economic performance, indebtedness, financial condition, losses, future prospects, business and management strategies for the management, expansion and growth of the combined company's operations and other conditions to the completion of the acquisition, including the possibility that any of the anticipated benefits of the proposed transaction with Eaton Vance will not be realized or will not be realized within the expected time period, (ii) the ability of Morgan Stanley and Eaton Vance to integrate the business successfully and to achieve anticipated synergies, risks and costs, (iii) potential litigation relating to the proposed transaction that could be instituted against Morgan Stanley, Eaton Vance or their respective directors, (iv) the risk that disruptions from the proposed transaction will harm Morgan Stanley's and Eaton Vance's business, including current plans and operations, (v) the ability of Morgan Stanley or Eaton Vance to retain and hire key personnel, (vi) potential adverse reactions or changes to business relationships resulting from the announcement or completion of the acquisition, (vii) continued availability of capital and financing and rating agency actions, (viii) legislative, regulatory and economic developments, (ix) potential business uncertainty, including changes to existing business relationships, during the pendency of the acquisition that could affect Morgan Stanley's and/or Eaton Vance's financial performance, (x) certain restrictions during the pendency of the acquisition that may impact Morgan Stanley's or Eaton Vance's ability to pursue certain business opportunities or strategic transactions, (xi) unpredictability and severity of catastrophic events, including, but not limited to, acts of terrorism or outbreak of war or hostilities, as well as Morgan Stanley's or Eaton Vance's management's response to any of the aforementioned factors, (xii) dilution caused by Morgan Stanley's issuance of additional shares of its common stock in connection with the proposed transaction, (xiii) the possibility that the transaction may be more expensive to complete than anticipated, including as a result of unexpected factors or events, (xiv) those risks described in Item 1A of Morgan Stanley's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K, (xv) those risks described in Item 1A of Eaton Vance's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q and 8-K and (xvi) those risks that will be described in the registration statement on Form S-4 available from the sources indicated above. These risks, as well as other risks associated with the proposed acquisition, will be more fully discussed in the registration statement on Form S-4 that will be filed with the SEC in connection with the proposed acquisition. While the list of factors presented here is, and the list of factors to be presented in the registration statement on Form S-4 will be, considered representative, No such list should be considered to be a complete statement of all potential risks and uncertainties. Unlisted factors may present significant additional obstacles to the realization of forward-looking statements. Consequences of material differences in results as compared with those anticipated in the forward-looking statements could include, among other things, business disruption, operational problems, financial loss, legal liability to third parties and similar risks, any of which could have a material adverse effect on Morgan Stanley's or Eaton Vance's consolidated financial condition, results of operations, credit rating or liquidity. Neither Morgan Stanley nor Eaton Vance assumes any obligation to publicly provide revisions or updates to any forward-looking statements, whether as a result of new information, future developments or otherwise, should circumstances change, except as otherwise required by securities and other applicable laws.

¹ Includes preferred dividends related to the calculation of earnings per share of \$120 million and \$113 million for the third quarter of 2020 and 2019, respectively.

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

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

⁴ The return on average tangible common equity and tangible common equity are non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy. The calculation of return on average common equity and return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively. Tangible common equity represents common equity less goodwill and intangible assets net of certain allowable servicing rights deduction.

⁵ The Firm’s risk-based capital ratios for purposes of determining regulatory compliance are the lower of the capital ratios computed under the (i) standardized approaches for calculating credit risk and market risk risk-weighted assets (“RWAs”) (the “Standardized Approach”); and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the “Advanced Approach”). At September 30, 2020 the Firm’s ratios are based on the Advanced Approach, while at September 30, 2019, they were based on the Standardized Approach. For information on the calculation of regulatory capital and ratios for prior periods, please refer to “Liquidity and Capital Resources – Regulatory Requirements” in the Firm’s 2019 Form 10-K.

⁶ Pre-tax income represents income before taxes.

⁷ Pre-tax margin represents income before taxes divided by net revenues. Pre-tax margin excluding the regulatory charge is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy. Pre-tax margin excluding the regulatory charge represents income before taxes less the charge divided by net revenues.

⁸ The Firm expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.

⁹ Book value per common share represents common equity divided by period end common shares outstanding.

¹⁰ Tangible book value per common share is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy. The calculation of tangible book value per common share represents tangible common equity divided by period end common shares outstanding. Tangible common equity, also a non-GAAP financial measure, represents common equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction.

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

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

¹³ AUM is defined as assets under management.

¹⁴ Long-term net flows include the Equity, Fixed Income and Alternative/Other asset classes and exclude the Liquidity asset class.

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

¹⁶ Capital ratios are estimates as of the press release date, October 15, 2020.

¹⁷ The Tier 1 leverage ratio is a non-risk based capital requirement that measures the Firm's leverage. Tier 1 leverage ratio utilizes Tier 1 capital as the numerator and average adjusted assets as the denominator.

¹⁸ The Firm must maintain a Tier 1 supplementary leverage ratio (SLR) of 5% inclusive of a capital buffer of at least 2% in order to avoid limitations on capital distributions, including dividends and stock repurchases, and discretionary bonus payments to executive officers. The Firm's SLR utilizes a Tier 1 capital numerator of approximately \$79.8 billion and \$72.9 billion, and supplementary leverage exposure denominator of approximately \$1.08 trillion and \$1.16 trillion, for the third quarter of 2020 and 2019, respectively. Based on a Federal Reserve interim final rule in effect until March 31, 2021, our SLR and supplementary leverage exposure as of September 30, 2020 reflect the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of improving our SLR by 0.9% as of September 30, 2020.

Consolidated Income Statement Information (unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Revenues:								
Investment banking	\$ 1,826	\$ 2,142	\$ 1,635	(15%)	12%	\$ 5,239	\$ 4,467	17%
Trading	3,092	4,683	2,608	(34%)	19%	10,831	8,781	23%
Investments	346	275	87	26%	*	659	801	(18%)
Commissions and fees	1,037	1,102	990	(6%)	5%	3,499	2,935	19%
Asset management	3,664	3,265	3,363	12%	9%	10,346	9,632	7%
Other	206	347	131	(41%)	57%	(458)	685	*
Total non-interest revenues	10,171	11,814	8,814	(14%)	15%	30,116	27,301	10%
Interest income	2,056	2,358	4,350	(13%)	(53%)	7,917	13,146	(40%)
Interest expense	570	758	3,132	(25%)	(82%)	3,475	9,885	(65%)
Net interest	1,486	1,600	1,218	(7%)	22%	4,442	3,261	36%
Net revenues	11,657	13,414	10,032	(13%)	16%	34,558	30,562	13%
Non-interest expenses:								
Compensation and benefits	5,086	6,035	4,427	(16%)	15%	15,404	13,609	13%
Non-compensation expenses:								
Brokerage, clearing and exchange fees	697	716	637	(3%)	9%	2,153	1,860	16%
Information processing and communications	616	589	557	5%	11%	1,768	1,627	9%
Professional services	542	535	531	1%	2%	1,526	1,582	(4%)
Occupancy and equipment	373	365	353	2%	6%	1,103	1,053	5%
Marketing and business development	78	63	157	24%	(50%)	273	460	(41%)
Other	778	756	660	3%	18%	2,343	1,803	30%
Total non-compensation expenses	3,084	3,024	2,895	2%	7%	9,166	8,385	9%
Total non-interest expenses	8,170	9,059	7,322	(10%)	12%	24,570	21,994	12%
Income before provision for income taxes	3,487	4,355	2,710	(20%)	29%	9,988	8,568	17%
Provision for income taxes	736	1,119	492	(34%)	50%	2,221	1,636	36%
Net income	\$ 2,751	\$ 3,236	\$ 2,218	(15%)	24%	\$ 7,767	\$ 6,932	12%
Net income applicable to nonredeemable noncontrolling interests	34	40	45	(15%)	(24%)	156	129	21%
Net income applicable to Morgan Stanley	2,717	3,196	2,173	(15%)	25%	7,611	6,803	12%
Preferred stock dividend	120	149	113	(19%)	6%	377	376	--
Earnings applicable to Morgan Stanley common shareholders	\$ 2,597	\$ 3,047	\$ 2,060	(15%)	26%	\$ 7,234	\$ 6,427	13%

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

Consolidated Financial Metrics, Ratios and Statistical Data (unaudited)

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Financial Metrics:								
Earnings per basic share	\$ 1.68	\$ 1.98	\$ 1.28	(15%)	31%	\$ 4.68	\$ 3.94	19%
Earnings per diluted share	\$ 1.66	\$ 1.96	\$ 1.27	(15%)	31%	\$ 4.62	\$ 3.89	19%
Return on average common equity	13.2%	15.7%	11.2%			12.6%	11.8%	
Return on average tangible common equity	15.0%	17.8%	12.9%			14.3%	13.5%	
Book value per common share	\$ 50.67	\$ 49.57	\$ 45.49			\$ 50.67	\$ 45.49	
Tangible book value per common share	\$ 44.81	\$ 43.68	\$ 39.73			\$ 44.81	\$ 39.73	
Excluding intermittent net discrete tax provision / benefit								
Adjusted earnings per diluted share	\$ 1.59	\$ 2.04	\$ 1.21	(22%)	31%	\$ 4.62	\$ 3.77	23%
Adjusted return on average common equity	12.6%	16.4%	10.7%			12.5%	11.5%	
Adjusted return on average tangible common equity	14.3%	18.6%	12.3%			14.2%	13.1%	

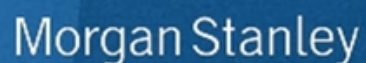
Financial Ratios:

Pre-tax profit margin	30%	32%	27%			29%	28%	
Compensation and benefits as a % of net revenues	44%	45%	44%			45%	45%	
Non-compensation expenses as a % of net revenues	26%	23%	29%			27%	27%	
Firm expense efficiency ratio	70%	68%	73%			71%	72%	
Effective tax rate	21.1%	25.7%	18.2%			22.2%	19.1%	

Statistical Data:

Period end common shares outstanding (millions)	1,576	1,576	1,624	--	(3%)			
Average common shares outstanding (millions)								
Basic	1,542	1,541	1,604	--	(4%)	1,546	1,632	(5%)
Diluted	1,566	1,557	1,627	1%	(4%)	1,565	1,653	(5%)
Worldwide employees	63,051	61,596	60,532	2%	4%			

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

The Morgan Stanley logo is displayed in white text on a dark blue background. The background features a pattern of diagonal lines and overlapping rectangular shapes in various shades of blue.**Third Quarter 2020 Earnings Results****Quarterly Financial Supplement****Page**

Consolidated Financial Summary	1
Consolidated Financial Metrics, Ratios and Statistical Data	2
Consolidated and U.S. Bank Supplemental Financial Information	3
Consolidated Average Common Equity and Regulatory Capital Information	4
Institutional Securities Income Statement Information, Financial Metrics and Ratios	5
Wealth Management Income Statement Information, Financial Metrics and Ratios	6
Wealth Management Financial Information and Statistical Data	7
Investment Management Income Statement Information, Financial Metrics and Ratios	8
Investment Management Financial Information and Statistical Data	9
Consolidated Loans and Lending Commitments	10
Consolidated Loans and Lending Commitments Allowance for Credit Losses	11
Definition of U.S. GAAP to Non-GAAP Measures	12
Definitions of Performance Metrics and Terms	13 - 14
Supplemental Quantitative Details and Calculations	15 - 16
Legal Notice	17

Consolidated Financial Summary (unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Net revenues								
Institutional Securities	\$ 6,062	\$ 7,977	\$ 5,023	(24%)	21%	\$ 18,944	\$ 15,332	24%
Wealth Management	4,657	4,680	4,358	--	7%	13,374	13,155	2%
Investment Management	1,056	886	764	19%	38%	2,634	2,407	9%
Intersegment Eliminations	(118)	(129)	(113)	9%	(4%)	(394)	(332)	(19%)
Net revenues	<u>\$ 11,657</u>	<u>\$ 13,414</u>	<u>\$ 10,032</u>	(13%)	16%	<u>\$ 34,558</u>	<u>\$ 30,562</u>	13%
Non-interest expenses								
Institutional Securities	\$ 4,014	\$ 4,984	\$ 3,716	(19%)	8%	\$ 12,953	\$ 10,967	18%
Wealth Management	3,537	3,538	3,120	--	13%	10,057	9,486	6%
Investment Management	741	670	599	11%	24%	1,960	1,869	5%
Intersegment Eliminations	(122)	(133)	(113)	8%	(8%)	(400)	(328)	(22%)
Non-interest expenses ⁽¹⁾	<u>\$ 8,170</u>	<u>\$ 9,059</u>	<u>\$ 7,322</u>	(10%)	12%	<u>\$ 24,570</u>	<u>\$ 21,994</u>	12%
Income before taxes								
Institutional Securities	\$ 2,048	\$ 2,993	\$ 1,307	(32%)	57%	\$ 5,991	\$ 4,365	37%
Wealth Management	1,120	1,142	1,238	(2%)	(10%)	3,317	3,669	(10%)
Investment Management	315	216	165	46%	91%	674	538	25%
Intersegment Eliminations	4	4	0	--	*	6	(4)	*
Income before taxes	<u>\$ 3,487</u>	<u>\$ 4,355</u>	<u>\$ 2,710</u>	(20%)	29%	<u>\$ 9,988</u>	<u>\$ 8,568</u>	17%
Net Income applicable to Morgan Stanley								
Institutional Securities	\$ 1,647	\$ 2,186	\$ 1,073	(25%)	53%	\$ 4,590	\$ 3,565	29%
Wealth Management	842	853	962	(1%)	(12%)	2,559	2,839	(10%)
Investment Management	225	154	138	46%	63%	457	402	14%
Intersegment Eliminations	3	3	0	--	*	5	(3)	*
Net Income applicable to Morgan Stanley	<u>\$ 2,717</u>	<u>\$ 3,196</u>	<u>\$ 2,173</u>	(15%)	25%	<u>\$ 7,611</u>	<u>\$ 6,803</u>	12%
Earnings applicable to Morgan Stanley common shareholders	<u>\$ 2,597</u>	<u>\$ 3,047</u>	<u>\$ 2,060</u>	(15%)	26%	<u>\$ 7,234</u>	<u>\$ 6,427</u>	13%

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Consolidated Financial Metrics, Ratios and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Financial Metrics:								
Earnings per basic share	\$ 1.68	\$ 1.98	\$ 1.28	(15%)	31%	\$ 4.68	\$ 3.94	19%
Earnings per diluted share	\$ 1.66	\$ 1.96	\$ 1.27	(15%)	31%	\$ 4.62	\$ 3.89	19%
Return on average common equity	13.2%	15.7%	11.2%			12.6%	11.8%	
Return on average tangible common equity	15.0%	17.8%	12.9%			14.3%	13.5%	
Book value per common share	\$ 50.67	\$ 49.57	\$ 45.49			\$ 50.67	\$ 45.49	
Tangible book value per common share	\$ 44.81	\$ 43.68	\$ 39.73			\$ 44.81	\$ 39.73	
Excluding intermittent net discrete tax provision / benefit ⁽¹⁾⁽²⁾								
Adjusted earnings per diluted share	\$ 1.59	\$ 2.04	\$ 1.21	(22%)	31%	\$ 4.62	\$ 3.77	23%
Adjusted return on average common equity	12.6%	16.4%	10.7%			12.5%	11.5%	
Adjusted return on average tangible common equity	14.3%	18.6%	12.3%			14.2%	13.1%	
Financial Ratios:								
Pre-tax profit margin	30%	32%	27%			29%	28%	
Compensation and benefits as a % of net revenues	44%	45%	44%			45%	45%	
Non-compensation expenses as a % of net revenues	26%	23%	29%			27%	27%	
Firm expense efficiency ratio	70%	68%	73%			71%	72%	
Effective tax rate ⁽¹⁾⁽²⁾	21.1%	25.7%	18.2%			22.2%	19.1%	
Statistical Data:								
Period end common shares outstanding (millions)	1,576	1,576	1,624	--	(3%)			
Average common shares outstanding (millions)								
Basic	1,542	1,541	1,604	--	(4%)	1,546	1,632	(5%)
Diluted	1,566	1,557	1,627	1%	(4%)	1,565	1,653	(5%)
Worldwide employees	63,051	61,596	60,532	2%	4%			

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

	Quarter Ended			Percentage Change		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30,	Sep 30,	Jun 30,	Sep 30,	Sep 30,	Sep 30,	
		2020	2020	2019	2020	2019	2020	
Consolidated Balance sheet								
Total assets	\$ 955,940	\$ 975,363	\$ 902,604	(2%)	6%			
Loans ⁽¹⁾	\$ 154,570	\$ 150,723	\$ 135,546	3%	14%			
Deposits	\$ 239,253	\$ 236,849	\$ 180,738	1%	32%			
Liquidity Resources ⁽²⁾	\$ 267,292	\$ 301,407	\$ 223,827	(11%)	19%			
Long-term debt outstanding	\$ 198,891	\$ 202,238	\$ 192,362	(2%)	3%			
Maturities of long-term debt outstanding (next 12 months)	\$ 20,247	\$ 20,076	\$ 23,498	1%	(14%)			
Common equity	\$ 79,874	\$ 78,125	\$ 73,862	2%	8%			
Less: Goodwill and intangible assets	(9,228)	(9,286)	(9,350)	(1%)	(1%)			
Tangible common equity	\$ 70,646	\$ 68,839	\$ 64,512	3%	10%			
Preferred equity	\$ 8,520	\$ 8,520	\$ 8,520	--	--			
U.S. Bank Supplemental Financial Information								
Total Assets	\$ 266,221	\$ 263,934	\$ 210,968	1%	26%			
Loans	\$ 140,639	\$ 136,613	\$ 123,948	3%	13%			
Investment securities portfolio ⁽³⁾	\$ 91,096	\$ 92,270	\$ 70,668	(1%)	29%			
Deposits	\$ 238,025	\$ 235,959	\$ 179,610	1%	33%			
Regional revenues								
Americas	\$ 8,387	\$ 9,765	\$ 7,489	(14%)	12%	\$ 24,798	\$ 22,336	11%
EMEA (Europe, Middle East, Africa)	1,473	2,049	1,409	(28%)	5%	4,670	4,687	--
Asia	1,797	1,600	1,134	12%	58%	5,090	3,539	44%
Consolidated net revenues	\$ 11,657	\$ 13,414	\$ 10,032	(13%)	16%	\$ 34,558	\$ 30,562	13%

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

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
	Average Common Equity							
Institutional Securities	\$ 42.8	\$ 42.8	\$ 40.4	--	6%	\$ 42.8	\$ 40.4	6%
Wealth Management	18.2	18.2	18.2	--	--	18.2	18.2	--
Investment Management	2.6	2.6	2.5	--	4%	2.6	2.5	4%
Parent	15.1	14.0	12.3	8%	23%	13.3	11.4	17%
Firm	<u>\$ 78.7</u>	<u>\$ 77.6</u>	<u>\$ 73.4</u>	1%	7%	<u>\$ 76.9</u>	<u>\$ 72.5</u>	6%

Regulatory Capital

Common Equity Tier 1 capital	\$ 71.2	\$ 68.7	\$ 64.3	4%	11%			
Tier 1 capital	\$ 79.8	\$ 77.4	\$ 72.9	3%	9%			
<u>Standardized Approach</u>								
Risk-weighted assets	\$ 410.7	\$ 415.5	\$ 394.9	(1%)	4%			
Common Equity Tier 1 capital ratio	17.3%	16.5%	16.3%					
Tier 1 capital ratio	19.4%	18.6%	18.5%					
<u>Advanced Approach</u>								
Risk-weighted assets	\$ 421.0	\$ 427.0	\$ 387.4	(1%)	9%			
Common Equity Tier 1 capital ratio	16.9%	16.1%	16.6%					
Tier 1 capital ratio	19.0%	18.1%	18.8%					
<u>Leverage-based capital</u>								
Tier 1 leverage ratio	8.3%	8.1%	8.2%					
Supplementary Leverage Ratio ⁽¹⁾	7.4%	7.3%	6.3%					

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Morgan Stanley

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

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Revenues:								
Advisory	\$ 357	\$ 462	\$ 550	(23%)	(35%)	\$ 1,181	\$ 1,462	(19%)
Equity	874	882	401	(1%)	118%	2,092	1,286	63%
Fixed income	476	707	584	(33%)	(18%)	1,629	1,410	16%
Underwriting	1,350	1,589	985	(15%)	37%	3,721	2,696	38%
Investment Banking	1,707	2,051	1,535	(17%)	11%	4,902	4,158	18%
Equity	2,262	2,619	1,991	(14%)	14%	7,303	6,136	19%
Fixed Income	1,924	3,033	1,430	(37%)	35%	7,160	4,273	68%
Other	(32)	(99)	34	68%	*	109	92	18%
Sales and Trading	4,154	5,553	3,455	(25%)	20%	14,572	10,501	39%
Investments	87	36	(18)	142%	*	98	257	(62%)
Other	114	337	51	(66%)	124%	(628)	416	*
Net revenues	6,062	7,977	5,023	(24%)	21%	18,944	15,332	24%
Compensation and benefits	2,001	2,952	1,768	(32%)	13%	6,767	5,376	26%
Non-compensation expenses	2,013	2,032	1,948	(1%)	3%	6,186	5,591	11%
Total non-interest expenses	4,014	4,984	3,716	(19%)	8%	12,953	10,967	18%
Income before taxes	2,048	2,993	1,307	(32%)	57%	5,991	4,365	37%
Net income applicable to Morgan Stanley (1)	\$ 1,647	\$ 2,186	\$ 1,073	(25%)	53%	\$ 4,590	\$ 3,565	29%
Pre-tax profit margin	34%	38%	26%			32%	28%	
Compensation and benefits as a % of net revenues	33%	37%	35%			36%	35%	
Non-compensation expenses as a % of net revenues	33%	25%	39%			33%	36%	
Return on Average Common Equity	15%	19%	10%			13%	11%	
Return on Average Tangible Common Equity (2)	15%	20%	10%			14%	11%	
Trading VaR (Average Daily 95% / One-Day VaR)	\$ 58	\$ 60	\$ 42					

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Morgan Stanley

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

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Revenues:								
Asset management	\$ 2,793	\$ 2,507	\$ 2,639	11%	6%	\$ 7,980	\$ 7,544	6%
Transactional	880	1,075	595	(18%)	48%	2,354	2,140	10%
Net interest income	889	1,030	1,043	(14%)	(15%)	2,815	3,189	(12%)
Other	95	68	81	40%	17%	225	282	(20%)
Net revenues	<u>4,657</u>	<u>4,680</u>	<u>4,358</u>	--	7%	<u>13,374</u>	<u>13,155</u>	2%
Compensation and benefits								
Compensation and benefits	2,684	2,729	2,340	(2%)	15%	7,625	7,184	6%
Non-compensation expenses	853	809	780	5%	9%	2,432	2,302	6%
Total non-interest expenses	<u>3,537</u>	<u>3,538</u>	<u>3,120</u>	--	13%	<u>10,057</u>	<u>9,486</u>	6%
Income before taxes	1,120	1,142	1,238	(2%)	(10%)	3,317	3,669	(10%)
Net income applicable to Morgan Stanley ⁽¹⁾	<u>\$ 842</u>	<u>\$ 853</u>	<u>\$ 962</u>	(1%)	(12%)	<u>\$ 2,559</u>	<u>\$ 2,839</u>	(10%)
Pre-tax profit margin	24%	24%	28%			25%	28%	
Compensation and benefits as a % of net revenues	58%	58%	54%			57%	55%	
Non-compensation expenses as a % of net revenues	18%	17%	18%			18%	17%	
Return on Average Common Equity	18%	18%	21%			18%	20%	
Return on Average Tangible Common Equity ⁽²⁾	31%	32%	37%			32%	36%	

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Wealth Management
Financial Information and Statistical Data
(unaudited)

	Quarter Ended		Percentage Change From:		
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019
Wealth Management Metrics					
Wealth Management representatives	15,469	15,399	15,553	--	(1%)
Annualized revenue per representative (000's)	\$ 1,207	\$ 1,214	\$ 1,118	(1%)	8%
Client assets (billions)	\$ 2,852	\$ 2,661	\$ 2,565	7%	11%
Client assets per representative (millions)	\$ 184	\$ 173	\$ 165	6%	12%
Client liabilities (billions)	\$ 100	\$ 94	\$ 86	6%	16%
Fee-based client assets (billions)	\$ 1,333	\$ 1,236	\$ 1,186	8%	12%
Fee-based asset flows (billions)	\$ 23.8	\$ 11.1	\$ 15.5	114%	54%
Fee-based assets as a % of client assets	47%	46%	46%		
Retail locations	584	584	590	--	(1%)

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Morgan Stanley

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

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Revenues:								
Asset management	\$ 795	\$ 684	\$ 664	16%	20%	\$ 2,144	\$ 1,893	13%
Investments ⁽¹⁾	258	231	105	12%	146%	552	543	2%
Other	3	(29)	(5)	*	*	(62)	(29)	(114%)
Net revenues	<u>1,056</u>	<u>886</u>	<u>764</u>	19%	38%	<u>2,634</u>	<u>2,407</u>	9%
Compensation and benefits	401	354	319	13%	26%	1,012	1,049	(4%)
Non-compensation expenses	340	316	280	8%	21%	948	820	16%
Total non-interest expenses	741	670	599	11%	24%	1,960	1,869	5%
Income before taxes	315	216	165	46%	91%	674	538	25%
Net income applicable to Morgan Stanley ⁽²⁾	<u>\$ 225</u>	<u>\$ 154</u>	<u>\$ 138</u>	46%	63%	<u>\$ 457</u>	<u>\$ 402</u>	14%
Pre-tax profit margin	30%	24%	22%			26%	22%	
Compensation and benefits as a % of net revenues	38%	40%	42%			38%	44%	
Non-compensation expenses as a % of net revenues	32%	36%	37%			36%	34%	
Return on Average Common Equity	34%	23%	22%			23%	22%	
Return on Average Tangible Common Equity ⁽³⁾	53%	36%	36%			36%	35%	

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

	Quarter Ended			Percentage Change From:		Nine Months Ended		Percentage Change
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019	Sep 30, 2020	Sep 30, 2019	
Assets under management or supervision (AUM)								
Net flows by asset class ⁽¹⁾								
Equity	\$ 10.0	\$ 9.0	\$ 2.1	11%	*	\$ 20.6	\$ 4.9	*
Fixed Income	3.1	4.4	2.3	(30%)	35%	8.8	2.4	*
Alternative / Other	(2.7)	2.0	(0.2)	*	*	3.1	1.4	121%
Long-Term Net Flows	10.4	15.4	4.2	(32%)	148%	32.5	8.7	*
Liquidity	2.1	20.7	9.1	(90%)	(77%)	73.4	6.3	*
Total net flows	\$ 12.5	\$ 36.1	\$ 13.3	(65%)	(6%)	\$ 105.9	\$ 15.0	*

Assets under management or supervision by asset class ⁽²⁾

Equity	\$ 202	\$ 168	\$ 126	20%	60%
Fixed Income	92	84	74	10%	24%
Alternative / Other	150	145	135	3%	11%
Long - Term Assets Under Management or Supervision	444	397	335	12%	33%
Liquidity	271	268	172	1%	58%
Total Assets Under Management or Supervision	\$ 715	\$ 665	\$ 507	8%	41%

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

	Quarter Ended			Percentage Change From:	
	Sep 30, 2020	Jun 30, 2020	Sep 30, 2019	Jun 30, 2020	Sep 30, 2019
Institutional Securities					
Loans:					
Corporate	\$ 15.8	\$ 19.0	\$ 13.3	(17%)	19%
Secured lending facilities	30.3	28.9	27.7	5%	9%
Commercial and residential real estate	9.6	10.2	10.5	(6%)	(9%)
Securities-based lending and other	7.0	6.9	7.4	1%	(5%)
Total Loans	62.7	65.0	58.9	(4%)	6%
Lending Commitments	105.5	98.5	108.6	7%	(3%)
Institutional Securities Loans and Lending Commitments	\$ 168.2	\$ 163.5	\$ 167.5	3%	--
Wealth Management					
Loans:					
Securities-based lending and other	\$ 57.7	\$ 53.1	\$ 47.4	9%	22%
Residential real estate	33.6	32.1	29.2	5%	15%
Total Loans	91.3	85.2	76.6	7%	19%
Lending Commitments	14.6	14.4	11.7	1%	25%
Wealth Management Loans and Lending Commitments	\$ 105.9	\$ 99.6	\$ 88.3	6%	20%
Consolidated Loans and Lending Commitments ⁽¹⁾	\$ 274.1	\$ 263.1	\$ 255.8	4%	7%

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Consolidated Loans and Lending Commitments
 Allowance for Credit Losses (ACL) as of September 30, 2020
 (unaudited, dollars in millions)

	Loans and Lending Commitments	ACL ⁽¹⁾	ACL %	Q3 Provision ⁽²⁾
	<i>(Gross)</i>			
Loans:				
Held For Investment (HFI)				
Corporate	\$ 7,628	\$ 367	4.8%	\$ (17)
Secured lending facilities	26,496	191	0.7%	68
Commercial and residential real estate	7,265	222	3.1%	18
Other	1,277	26	2.0%	(3)
Institutional Securities - HFI	\$ 42,666	\$ 806	1.9%	\$ 66
Wealth Management - HFI	91,397	107	0.1%	(3)
Held For Investment	\$ 134,063	\$ 913	0.7%	\$ 63
Held For Sale	13,070			
Fair Value	7,781			
Total Loans	154,914	913		63
Lending Commitments	120,098	347	0.3%	48
Consolidated Loans and Lending Commitments	\$ 275,012	\$ 1,260		\$ 111

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

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

- (a) The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). From time to time, Morgan Stanley may disclose certain “non-GAAP financial measures” in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a “non-GAAP financial measure” as a numerical measure of historical or future financial performance, financial positions, or cash flows that is subject to adjustments that effectively exclude, or include amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by Morgan Stanley are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing, our financial condition, operating results, or prospective regulatory capital requirements. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable U.S. GAAP financial measure. In addition to the following notes, please also refer to the Firm’s Annual Report on Form 10-K for the year ended December 31, 2019.
- (b) The following are considered non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of operating performance and capital adequacy. These measures are calculated as follows:
- Earnings per diluted share, excluding intermittent net discrete tax provision / benefit represents net income applicable to Morgan Stanley, adjusted for the impact of the intermittent net discrete tax provision / benefit, less preferred dividends divided by the average number of diluted shares outstanding.
 - The return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity.
 - The return on average common equity and the return on average tangible common equity excluding intermittent net discrete tax provision / benefit are adjusted in both the numerator and the denominator to exclude the intermittent net discrete tax provision / benefit.
 - Segment return on average common equity and return on average tangible common equity represents full year net income or annualized net income for the quarter applicable to Morgan Stanley for each segment, less preferred dividend segment allocation, divided by average common equity and average tangible common equity for each respective segment. The segment adjustments to common equity to derive segment average tangible common equity are generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition).
 - Tangible common equity represents common equity less goodwill and intangible assets net of certain mortgage servicing rights deduction.
 - Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.

Definitions of Performance Metrics and Terms

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

Page 1:

- (a) Net income applicable to Morgan Stanley represents net income, less net income applicable to nonredeemable noncontrolling interests.
- (b) Earnings applicable to Morgan Stanley common shareholders represents net income applicable to Morgan Stanley, less preferred dividends.

Page 2:

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

Page 3:

- (a) Liquidity Resources, which are held within the bank and non-bank operating subsidiaries, are comprised of high quality liquid assets (HQLA) and cash deposits with banks ("Liquidity Resources"). The total amount of Liquidity Resources is actively managed by us considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; legal entity, regional and segment liquidity requirements; regulatory requirements; and collateral requirements.
- (b) The Firm's goodwill and intangible balances utilized in the calculation of tangible common equity are net of certain mortgage servicing rights deduction.
- (c) U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association and excludes balances between Bank subsidiaries, as well as deposits from the Parent and affiliates.
- (d) Firmwide regional revenues reflect the Firm's consolidated net revenues on a managed basis. Further discussion regarding the geographic methodology for net revenues is disclosed in Note 21 to the consolidated financial statements included in the Firm's Annual Report on Form 10-K for the year ended December 31, 2019 (2019 Form 10-K).

Page 4:

- (a) The Firm's attribution of average common equity to the business segments is based on the Required Capital framework, an internal capital adequacy measure. This framework is a risk-based and leverage-based capital measure, which is compared with the Firm's regulatory capital to ensure that the Firm maintains an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The Required Capital Framework is based on the Firm's regulatory capital requirements. The Firm defines the difference between its total average common equity and the sum of the average common equity amounts allocated to its business segments as Parent common equity. The amount of capital allocated to the business segments is generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). We are currently evaluating potential updates to our Required Capital framework to take into account changes to our risk-based capital requirements resulting from the stress capital buffer and we will continue to evaluate the framework with respect to the impact of other future regulatory requirements as appropriate. For further discussion of the framework, refer to "Quantitative and Qualitative Disclosures about Risk" in the Firm's Annual Report on Form 10-K for the year ended December 31, 2019.
- (b) The Firm's risk-based capital ratios for purposes of determining regulatory compliance are the lower of the capital ratios computed under the (i) standardized approaches for calculating credit risk and market risk risk-weighted assets (RWAs) (the "Standardized Approach"); and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). At September 30, 2020 and June 30, 2020, the Firm's ratios were based on the Advanced Approach, while at September 30, 2019 were based on the Standardized Approach. For information on the calculation of regulatory capital and ratios for prior periods, please refer to "Quantitative and Qualitative Disclosures about Risk" in the Firm's 2019 Form 10-K.
- (c) Supplementary leverage ratio represents Tier 1 capital divided by the total supplementary leverage exposure.

Page 5:

- (a) Institutional Securities Sales and Trading net revenues includes trading, net interest income (interest income less interest expense), asset management and commissions and fees revenues.
- (b) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.
- (c) VaR represents the unrealized loss in portfolio value that one would not expect to exceed, on average, more than five times every one hundred trading days in the Firm's trading positions if the portfolio were held constant for a one-day period. Further discussion of the calculation of VaR and the limitations of the Firm's VaR methodology, is disclosed in "Quantitative and Qualitative Disclosures about Risk" included in the Firm's 2019 Form 10-K.

Definitions of Performance Metrics and Terms

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

Page 6:

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

Page 7:

- (a) The average annualized revenue per representative metric represents annualized net revenues divided by average representative headcount.
- (b) Client assets per representative represents total client assets divided by period end representative headcount.
- (c) Client liabilities reflect securities-based and other loans (including tailored lending), residential real estate loans and margin lending.
- (d) 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.
- (e) Fee-based asset flows include net new fee-based assets, net account transfers, dividends, interest, and client fees and exclude institutional cash management related activity.

Page 8:

- (a) Other revenues for the Investment Management segment includes investment banking, trading, net interest and other revenues.
- (b) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.

Page 9:

- (a) Investment Management Alternative/Other asset class includes products in Fund of Funds, Real Estate, Private Equity and Credit strategies, as well as Multi-Asset portfolios.
- (b) Investment Management net flows include new commitments, investments or reinvestments, net of client redemptions, returns of capital post-fund investment period and dividends not reinvested and excludes the impact of the transition of funds from their commitment period to the invested capital period.
- (c) Total assets under management or supervision excludes shares of minority stake assets which represent the Investment Management business segment's proportional share of assets managed by third-party asset managers in which we hold investments accounted for under the equity method.

Page 10 and 11:

- (a) Corporate loans include relationship and event-driven loans and typically consist of revolving lines of credit, term loans and bridge loans.
- (b) Secured lending facilities include loans provided to clients, which are primarily secured by loans, which are, in turn, collateralized by various assets including residential real estate, commercial real estate, corporate and financial assets.
- (c) Securities-based lending and Other includes financing extended to sales and trading customers and corporate loans purchased in the secondary market.
- (d) Institutional Securities Lending Commitments principally include Corporate lending activity.

Supplemental Quantitative Details and Calculations

Page 1:

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

	3Q20	2Q20	3Q19	3Q20 YTD	3Q19 YTD
Compensation and benefits	\$ 5,086	\$ 6,035	\$ 4,427	\$ 15,404	\$ 13,609
Non-compensation expenses:					
Brokerage, clearing and exchange fees	697	716	637	2,153	1,860
Information processing and communications	616	589	557	1,768	1,627
Professional services	542	535	531	1,526	1,582
Occupancy and equipment	373	365	353	1,103	1,053
Marketing and business development	78	63	157	273	460
Other	778	756	660	2,343	1,803
Total non-compensation expenses	3,084	3,024	2,895	9,166	8,385
Total non-interest expenses	\$ 8,170	\$ 9,059	\$ 7,322	\$ 24,570	\$ 21,994

Page 2:

(1) The third quarter ended September 30, 2020 included intermittent net discrete tax benefits of \$113 million, primarily associated with the remeasurement of reserves and related interest in connection with closures of audits in certain tax jurisdictions. The second quarter ended June 30, 2020 included intermittent net discrete tax expenses of \$134 million, principally associated with the remeasurement of reserves related to a foreign tax matter. The quarter ended September 30, 2019 included intermittent net discrete tax benefits of \$89 million primarily associated with the filing of the 2018 federal tax return and the remeasurement of reserves and related interest. The nine months ended September 30, 2019 included intermittent net discrete tax benefits of \$190 million primarily associated with the remeasurement of reserves and related interest.

The following sets forth the impact of the intermittent net discrete tax items to earnings per diluted share, return on average common equity and return on average tangible common equity (which are excluded):

	3Q20	2Q20	3Q19	3Q20 YTD	3Q19 YTD
Earnings per diluted share impact	\$ 0.07	\$ (0.08)	\$ 0.06	\$ 0.00	\$ 0.12
Return on average common equity impact	0.6%	(0.7)%	0.5%	0.1%	0.3%
Return on average tangible common equity impact	0.7%	(0.8)%	0.6%	0.1%	0.4%

(2) The income tax consequences related to employee share-based payments, which are recurring-type discrete tax items, are recognized in Provision for income taxes in the consolidated income statement, and may be either a benefit or a provision. Conversion of employee share-based awards to Firm shares will primarily occur in the first quarter of each year. The impacts of recognizing excess tax benefits upon conversion of awards, are as follows: 3Q20 YTD \$94 million and 3Q19 YTD \$127 million. The impact of intermittent net discrete tax provisions and benefits reflected above do not include the recurring-type discrete tax benefits related to employee share - based payments as we anticipate conversion activity each year.

Page 3:

- (1) Includes loans held for investment (net of allowance), loans held for sale and also includes loans at fair value which are included in Trading assets on the balance sheet.
- (2) Beginning in the quarter ended March 31, 2020, the internal measure of liquidity was changed from Global Liquidity Reserve to Liquidity Resources to be more aligned with the current regulatory definition HQLA. September 30, 2019 has been recast.
- (3) As of September 30, 2020, June 30, 2020 and September 30, 2019, the U.S. Bank investment securities portfolio included held to maturity investment securities of \$28.2 billion, \$28.5 billion and \$26.7 billion, respectively.

Page 4:

(1) Based on a Federal Reserve interim final rule in effect until March 31, 2021, our supplementary leverage ratio (SLR) and supplementary leverage exposure, effective June 30, 2020, reflect the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of improving our SLR by 0.9% as of September 30, 2020.

Page 5:

- (1) For the third quarter ended September 30, 2020, the Institutional Securities segment net income applicable to Morgan Stanley included intermittent net discrete tax benefits of \$115 million, primarily associated with the remeasurement of reserves and related interest in connection with closures of audits in certain tax jurisdictions. The second quarter ended June 30, 2020 included intermittent net discrete tax expenses of \$125 million, principally associated with the remeasurement of reserves related to a foreign tax matter. The quarter ended September 30, 2019 included intermittent net discrete tax benefits of \$67 million primarily associated with the filing of the 2018 federal tax return and the remeasurement of reserves and related interest. The nine months ended September 30, 2019 included intermittent net discrete tax benefits of \$168 million primarily associated with the remeasurement of reserves and related interest.
- (2) Institutional Securities average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 3Q20: \$484mm; 2Q20: \$484mm; 3Q19: \$536mm; 3Q20 YTD: \$484mm; 3Q19 YTD: \$536mm

Page 6:

- (1) For the quarter and nine months ended September 30, 2019, the Wealth Management segment net income applicable to Morgan Stanley included intermittent net discrete tax benefits of \$13 million primarily associated with the filing of the 2018 federal tax return.
- (2) Wealth Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 3Q20: \$7,802mm; 2Q20: \$7,802mm; 3Q19: \$8,088mm; 3Q20 YTD: \$7,802mm; 3Q19 YTD: \$8,088mm

Supplemental Quantitative Details and Calculations

Page 8:

- (1) Includes investment gains or losses for certain funds included in the Firm's consolidated financial statements for which the limited partnership interests in these gains or losses were reported in net income applicable to nonredeemable noncontrolling interests.
- (2) For the quarter and nine months ended September 30, 2019, the Investment Management segment net income applicable to Morgan Stanley included intermittent net discrete tax benefits of \$9 million primarily associated with the filing of the 2018 federal tax return.
- (3) Investment Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 3Q20: \$932mm; 2Q20: \$932mm; 3Q19: \$940mm; 3Q20 YTD: \$932mm; 3Q19 YTD: \$940mm

Page 9:

- (1) Net Flows by region for the quarters ended September 30, 2020, June 30, 2020 and September 30, 2019 were:
North America: \$(3.5) billion, \$17.7 billion and \$6.4 billion
International: \$16.0 billion, \$18.4 billion and \$6.9 billion
- (2) Assets under management or supervision by region for the quarters ended September 30, 2020, June 30, 2020 and September 30, 2019 were:
North America: \$409 billion, \$397 billion and \$282 billion
International: \$306 billion, \$268 billion and \$225 billion

Page 10:

- (1) For the quarters ended September 30, 2020, June 30, 2020 and September 30, 2019, Investment Management reflected loan balances of \$568 million, \$522 million and \$43 million, respectively. No material lending commitments were recorded by Investment Management for the quarters ended September 30, 2020, June 30, 2020 and September 30, 2019, which was not included in the Consolidated Loans and Lending Commitments balance.

Page 11:

- (1) For the quarter ended September 30, 2020 the Allowance Rollforward for Loans and Lending Commitments is as follows:

	Institutional Securities	Wealth Management	Total
Loans			
Allowance for Credit Losses (ACL)			
Beginning Balance - June 30, 2020	\$ 756	\$ 110	\$ 866
Net Charge Offs	(23)	(0)	(23)
Provision	66	(3)	63
Other	7	0	7
Ending Balance - September 30, 2020	\$ 806	\$ 107	\$ 913

Lending Commitments

Allowance for Credit Losses (ACL)			
Beginning Balance - June 30, 2020	\$ 293	\$ 4	\$ 297
Net Charge Offs	0	0	0
Provision	47	1	48
Other	2	0	2
Ending Balance - September 30, 2020	\$ 342	\$ 5	\$ 347

Loans and Lending Commitments

Allowance for Credit Losses (ACL)			
Beginning Balance - June 30, 2020	\$ 1,049	\$ 114	\$ 1,163
Net Charge Offs	(23)	(0)	(23)
Provision	113	(2)	111
Other	9	0	9
Ending Balance - September 30, 2020	\$ 1,148	\$ 112	\$ 1,260

- (2) The provision for credit losses associated with loans held for investment is reported in other revenues while the provision for credit losses related to lending commitments is reported in other expenses.

Legal Notice

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends. The information should be read in conjunction with the Firm's third quarter earnings press release issued October 15, 2020.

End of Document