

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 14, 2022

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

Delaware
(State or Other Jurisdiction of Incorporation)

1-11758
(Commission File Number)

36-3145972
(IRS Employer Identification No.)

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

10036
(Zip Code)

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

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

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

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Common Stock, \$0.01 par value | MS | New York Stock Exchange |
| Depository Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, \$0.01 par value | MS/PA | New York Stock Exchange |
| Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, \$0.01 par value | MS/PE | New York Stock Exchange |
| Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, \$0.01 par value | MS/PF | New York Stock Exchange |
| Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, \$0.01 par value | MS/PI | New York Stock Exchange |
| Depository Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, \$0.01 par value | MS/PK | New York Stock Exchange |
| Depository Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, \$0.01 par value | MS/PL | New York Stock Exchange |
| Depository Shares, each representing 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series O, \$0.01 par value | MS/PO | New York Stock Exchange |
| Depository 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 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 14, 2022, Morgan Stanley (the "Company") released financial information with respect to its quarter ended September 30, 2022. A copy of the press release containing this information is annexed as Exhibit 99.1 to this Report and by this reference incorporated herein and made a part hereof. In addition, a copy of the Company's Financial Data Supplement for its quarter ended September 30, 2022 is annexed as Exhibit 99.2 to this Report and by this reference incorporated herein and made a part hereof.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|---|
| 99.1 | Press release of the Company, dated October 14, 2022, containing financial information for the quarter ended September 30, 2022. |
| 99.2 | Financial Data Supplement of the Company for the quarter ended September 30, 2022. |
| 101 | Interactive Data Files pursuant to Rule 406 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL"). |
| 104 | Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101). |

SIGNATURE

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

Date: October 14, 2022

MORGAN STANLEY
(Registrant)

By: /s/ Raja Akram

Name: Raja Akram

Title: Deputy Chief Financial Officer

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Morgan Stanley

Morgan Stanley Third Quarter 2022 Earnings Results

Morgan Stanley Reports Net Revenues of \$13.0 Billion, EPS of \$1.47 and ROTCE of 14.6%

NEW YORK, October 14, 2022 – Morgan Stanley (NYSE: MS) today reported net revenues of \$13.0 billion for the third quarter ended September 30, 2022 compared with \$14.8 billion a year ago. Net income applicable to Morgan Stanley was \$2.6 billion, or \$1.47 per diluted share,¹ compared with net income of \$3.7 billion, or \$1.98 per diluted share,¹ for the same period a year ago.

James P. Gorman, Chairman and Chief Executive Officer, said, “Firm performance was resilient and balanced in an uncertain and difficult environment, delivering a 15% return on tangible common equity. Wealth Management added an additional \$65 billion in net new assets and produced a pre-tax margin of 28%, excluding integration-related expenses, demonstrating scale and stability despite declining asset values. While Investment Banking and Investment Management were impacted by the market environment, Fixed Income and Equity navigated challenging markets well. We continue to maintain our strong capital position while repurchasing \$2.6 billion of shares and distributing a healthy dividend.”

Financial Summary^{2,3}

| Firm (\$ millions, except per share data) | 3Q 2022 | 3Q 2021 |
|--|-----------|-----------|
| Net revenues | \$ 12,986 | \$ 14,753 |
| Provision for credit losses | \$ 35 | \$ 24 |
| Compensation expense | \$ 5,614 | \$ 5,920 |
| Non-compensation expenses | \$ 3,949 | \$ 3,935 |
| Pre-tax income ⁸ | \$ 3,388 | \$ 4,874 |
| Net income app. to MS | \$ 2,632 | \$ 3,707 |
| Expense efficiency ratio ⁶ | 74% | 67% |
| Earnings per diluted share | \$ 1.47 | \$ 1.98 |
| Book value per share | \$ 54.46 | \$ 54.56 |
| Tangible book value per share | \$ 39.93 | \$ 40.47 |
| Return on equity | 10.7% | 14.5% |
| Return on tangible equity ⁴ | 14.6% | 19.6% |
| Institutional Securities | | |
| Net revenues | \$ 5,817 | \$ 7,495 |
| Investment Banking | \$ 1,277 | \$ 2,849 |
| Equity | \$ 2,459 | \$ 2,876 |
| Fixed Income | \$ 2,181 | \$ 1,640 |
| Wealth Management | | |
| Net revenues | \$ 6,120 | \$ 5,935 |
| Fee-based client assets (\$ billions) ⁹ | \$ 1,628 | \$ 1,752 |
| Fee-based asset flows (\$ billions) ¹⁰ | \$ 16.7 | \$ 70.6 |
| Net new assets (\$ billions) | \$ 64.8 | \$ 134.5 |
| Loans (\$ billions) | \$ 145.7 | \$ 121.2 |
| Investment Management | | |
| Net revenues | \$ 1,168 | \$ 1,453 |
| AUM (\$ billions) ¹¹ | \$ 1,279 | \$ 1,522 |
| Long-term net flows (\$ billions) ¹² | \$ (1.9) | \$ (2.3) |

Highlights

- The Firm reported net revenues of \$13.0 billion, demonstrating our resilient business model against a volatile market backdrop.
- The Firm delivered ROTCE of 14.6%, or 15.2% excluding the impact of integration-related expenses.^{4,5}
- The Firm's expense efficiency ratio year-to-date was 72%, or 71% excluding the impact of integration-related expenses.^{5,6}
- Standardized Common Equity Tier 1 was 14.8%.
- Institutional Securities net revenues of \$5.8 billion reflect strong performance in Fixed Income and solid results in Equity, while the uncertain macroeconomic environment continued to drive limited activity in Investment Banking.
- Wealth Management delivered a pre-tax margin of 26.9% or 28.4% excluding integration-related expenses.^{5,7} Results reflect higher net interest income on higher interest rates. The business added \$65 billion in net new assets, bringing total net new assets year-to-date to \$260 billion.
- Investment Management delivered net revenues of \$1.2 billion on AUM of \$1.3 trillion in a challenging market environment.

Institutional Securities

Institutional Securities reported net revenues for the current quarter of \$5.8 billion compared with \$7.5 billion a year ago. Pre-tax income was \$1.6 billion compared with \$3.0 billion a year ago.⁸

Investment Banking revenues down 55% from a year ago:

- Advisory revenues decreased from a year ago driven by lower levels of completed M&A transactions.
- Equity underwriting revenues decreased significantly from a year ago reflecting the substantial decline in global equity volumes.
- Fixed income underwriting revenues decreased from a year ago as macroeconomic conditions contributed to lower issuances.

Equity net revenues down 14% from a year ago:

- Equity net revenues decreased across businesses from a year ago, driven by declines in equity markets and lower client activity compared with elevated levels in the prior year quarter.

Fixed Income net revenues up 33% from a year ago:

- Fixed Income net revenues increased from a year ago reflecting strength in macro products on high client engagement and volatility in the markets.

Other:

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

Total Expenses:

- Compensation expense decreased from a year ago primarily due to lower revenues.

| (\$ millions) | 3Q 2022 | 3Q 2021 |
|------------------------------------|-----------------|-----------------|
| Net Revenues | \$ 5,817 | \$ 7,495 |
| Investment Banking | \$ 1,277 | \$ 2,849 |
| Advisory | \$ 693 | \$ 1,272 |
| Equity underwriting | \$ 218 | \$ 1,010 |
| Fixed income underwriting | \$ 366 | \$ 567 |
| Equity | \$ 2,459 | \$ 2,876 |
| Fixed Income | \$ 2,181 | \$ 1,640 |
| Other | \$ (100) | \$ 130 |
| Provision for credit losses | \$ 24 | \$ 24 |
| Total Expenses | \$ 4,167 | \$ 4,498 |
| Compensation | \$ 1,948 | \$ 2,248 |
| Non-compensation | \$ 2,219 | \$ 2,250 |

Wealth Management

Wealth Management reported net revenues of \$6.1 billion compared with \$5.9 billion a year ago. Pre-tax income was \$1.6 billion compared with \$1.5 billion a year ago.⁸ Pre-tax margin was 26.9% in the current quarter, or 28.4% excluding the impact of integration-related expenses.^{5,7}

Net revenues increased 3% from a year ago:

- Asset management revenues decreased 7% reflecting lower asset levels due to declines in the markets, partially offset by positive fee-based flows.
- Transactional revenues¹³ decreased 18% excluding the impact of mark-to-market losses on investments associated with certain employee deferred compensation plans. The decrease was driven by lower client activity amid uncertainty in the markets.
- Net interest income increased 49% from a year ago on higher interest rates.

| (\$ millions) | 3Q 2022 | 3Q 2021 |
|------------------------------------|-----------------|-----------------|
| Net Revenues | \$ 6,120 | \$ 5,935 |
| Asset management | \$ 3,389 | \$ 3,628 |
| Transactional ¹³ | \$ 616 | \$ 832 |
| Net interest income | \$ 2,004 | \$ 1,348 |
| Other | \$ 111 | \$ 127 |
| Provision for credit losses | \$ 11 | \$ 0 |
| Total Expenses | \$ 4,460 | \$ 4,405 |
| Compensation | \$ 3,171 | \$ 3,159 |
| Non-compensation | \$ 1,289 | \$ 1,246 |

Total Expenses:

- Compensation expense was relatively unchanged, as the impact of higher headcount was offset by lower compensable revenues and a decline related to certain deferred compensation plans linked to investment performance.
- Non-compensation expenses increased from a year ago primarily driven by investments in technology, as well as higher marketing and business development costs.

Investment Management

Investment Management reported net revenues of \$1.2 billion compared with \$1.5 billion a year ago. Pre-tax income was \$116 million compared with \$370 million a year ago.⁸

Net revenues down 20% from a year ago:

- Asset management and related fees decreased from a year ago primarily on lower asset levels due to the decline in the equity markets.
- Performance-based income and other revenues decreased from a year ago, primarily due to the reversal of accrued carried interest in certain of our private funds.

| (\$ millions) | 3Q 2022 | 3Q 2021 |
|------------------------------------|-----------------|-----------------|
| Net Revenues | \$ 1,168 | \$ 1,453 |
| Asset management and related fees | \$ 1,269 | \$ 1,470 |
| Performance-based income and other | \$ (101) | \$ (17) |
| Total Expenses | \$ 1,052 | \$ 1,083 |
| Compensation | \$ 495 | \$ 513 |
| Non-compensation | \$ 557 | \$ 570 |

Total Expenses:

- Compensation expense decreased from a year ago on lower asset management revenues.

Other Matters

- The Firm repurchased \$2.6 billion of its outstanding common stock during the quarter as part of its Share Repurchase Program.
- The Board of Directors declared a \$0.775 quarterly dividend per share payable on November 15, 2022 to common shareholders of record on October 31, 2022.
- The Standardized Common Equity Tier 1 capital ratio was 14.8%, 150 basis points above the updated standardized approach CET1 requirement that began on October 1, 2022.
- The effective tax rate for the quarter was 21.4%, down from the prior year quarter primarily driven by the realization of certain tax benefits.

| | 3Q 2022 | 3Q 2021 |
|---------------------------------|----------|----------|
| Capital | | |
| Standardized Approach | | |
| CET1 capital ¹⁵ | 14.8% | 16.0% |
| Tier 1 capital ¹⁵ | 16.6% | 17.6% |
| Advanced Approach | | |
| CET1 capital ¹⁵ | 15.2% | 17.2% |
| Tier 1 capital ¹⁵ | 17.1% | 18.9% |
| Leverage-based capital | | |
| Tier 1 leverage ¹⁶ | 6.6% | 7.3% |
| SLR ¹⁷ | 5.4% | 5.7% |
| Common Stock Repurchases | | |
| Repurchases (\$ millions) | \$ 2,555 | \$ 3,557 |
| Number of Shares (millions) | 30 | 36 |
| Average Price | \$ 85.79 | \$ 99.44 |
| Period End Shares (millions) | 1,694 | 1,799 |
| Tax Rate | 21.4% | 23.6% |

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

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

NOTICE:

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

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

¹ Includes preferred dividends related to the calculation of earnings per share of \$138 million and \$123 million for the third quarter of 2022 and 2021, respectively.

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

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

⁴ Return on average tangible common equity and return on average tangible common equity excluding integration-related expenses are non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance and capital adequacy. The calculation of return on average tangible common equity represents full year or annualized net income applicable to Morgan Stanley less preferred dividends as a percentage of average tangible common equity. Tangible common equity, also a non-GAAP financial measure, represents common equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction. The calculation of return on average tangible common equity excluding integration-related expenses is adjusted in both the numerator and the denominator to exclude the integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance.

⁵ The Firm’s and business segment’s third quarter results for 2022 and 2021 include integration-related expenses as a result of the E*TRADE and Eaton Vance acquisitions reported in the Wealth Management segment and Investment Management segment, respectively. The amounts are presented as follows (in millions):

| | <u>3Q 2022</u> | <u>3Q 2021</u> |
|---|----------------|----------------|
| <u>Firm</u> | | |
| Compensation | \$ 10 | \$ 19 |
| Non-compensation | 113 | 126 |
| Total non-interest expenses | \$ 123 | \$ 145 |
| Total non-interest expenses (after-tax) | \$ 94 | \$ 111 |
| <u>Wealth Management</u> | | |
| Compensation | \$ 3 | \$ 9 |
| Non-compensation | 89 | 104 |
| Total non-interest expenses | \$ 92 | \$ 113 |
| Total non-interest expenses (after-tax) | \$ 70 | \$ 87 |
| <u>Investment Management</u> | | |
| Compensation | \$ 7 | \$ 10 |
| Non-compensation | 24 | 22 |
| Total non-interest expenses | \$ 31 | \$ 32 |
| Total non-interest expenses (after-tax) | \$ 24 | \$ 24 |

⁶ The Firm expense efficiency ratio represents total non-interest expenses as a percentage of net revenues. The Firm expense efficiency ratio excluding integration-related expenses is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance.

⁷ Pre-tax margin represents income before taxes divided by net revenues. Wealth Management pre-tax margin excluding the integration-related expenses represents income before taxes less those expenses divided by net revenues. Wealth Management pre-tax margin excluding integration-related expenses is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance.

⁸ Pre-tax income represents income before provision for income taxes.

⁹ 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.

¹⁰ Wealth Management fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest, and client fees, and exclude institutional cash management related activity.

¹¹ AUM is defined as assets under management or supervision.

¹² Long-term net flows include the Equity, Fixed Income and Alternative and Solutions asset classes and excludes the Liquidity and Overlay Services asset class.

¹³ Transactional revenues include investment banking, trading, and commissions and fee revenues. Transactional revenues excluding the impact of mark-to-market gains/losses on investments associated with certain employee deferred compensation plans is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy.

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

¹⁵ CET1 capital is defined as Common Equity Tier 1 capital. The Firm's risk-based capital ratios are computed under each of the (i) standardized approaches for calculating credit risk and market risk risk - weighted assets (RWAs) (the "Standardized Approach") and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). For information on the calculation of regulatory capital and ratios, and associated regulatory requirements, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's Annual Report on Form 10-K for the year ended December 31, 2021 (2021 Form 10-K).

¹⁶ The Tier 1 leverage ratio is a leverage-based capital requirement that measures the Firm's leverage. Tier 1 leverage ratio utilizes Tier 1 capital as the numerator and average adjusted assets as the denominator.

¹⁷ The Firm's supplementary leverage ratio (SLR) utilizes a Tier 1 capital numerator of approximately \$76.4 billion and \$83.4 billion, and supplementary leverage exposure denominator of approximately \$1.41 trillion and \$1.46 trillion, for the third quarter of 2022 and 2021, respectively.

Morgan Stanley

Consolidated Income Statement Information
(unaudited, dollars in millions)

| | Quarter Ended | | | Percentage Change From: | | Nine Months Ended | | Percentage Change |
|---|---------------|--------------|--------------|-------------------------|--------------|-------------------|--------------|-------------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | |
| Revenues: | | | | | | | | |
| Investment banking | \$ 1,373 | \$ 1,150 | \$ 3,013 | 19% | (54%) | \$ 4,281 | \$ 8,413 | (49%) |
| Trading | 3,331 | 3,597 | 2,861 | (7%) | 16% | 10,911 | 10,416 | 5% |
| Investments | (168) | 23 | 45 | * | * | (70) | 744 | * |
| Commissions and fees | 1,133 | 1,220 | 1,280 | (7%) | (11%) | 3,769 | 4,214 | (11%) |
| Asset management | 4,744 | 4,912 | 5,201 | (3%) | (9%) | 14,775 | 14,572 | 1% |
| Other | 63 | (52) | 290 | * | (78%) | 245 | 916 | (73%) |
| Total non-interest revenues | 10,476 | 10,850 | 12,690 | (3%) | (17%) | 33,911 | 39,275 | (14%) |
| Interest income | 6,101 | 3,612 | 2,351 | 69% | 160% | 12,363 | 7,000 | 77% |
| Interest expense | 3,591 | 1,330 | 288 | 170% | * | 5,355 | 1,044 | * |
| Net interest | 2,510 | 2,282 | 2,063 | 10% | 22% | 7,008 | 5,956 | 18% |
| Net revenues | 12,986 | 13,132 | 14,753 | (1%) | (12%) | 40,919 | 45,231 | (10%) |
| Provision for credit losses | 35 | 101 | 24 | (65%) | 46% | 193 | (1) | * |
| Non-interest expenses: | | | | | | | | |
| Compensation and benefits | 5,614 | 5,550 | 5,920 | 1% | (5%) | 17,438 | 19,141 | (9%) |
| Non-compensation expenses: | | | | | | | | |
| Brokerage, clearing and exchange fees | 847 | 878 | 825 | (4%) | 3% | 2,607 | 2,530 | 3% |
| Information processing and communications | 874 | 857 | 788 | 2% | 11% | 2,560 | 2,286 | 12% |
| Professional services | 755 | 757 | 734 | -- | 3% | 2,217 | 2,104 | 5% |
| Occupancy and equipment | 429 | 430 | 427 | -- | -- | 1,286 | 1,246 | 3% |
| Marketing and business development | 215 | 220 | 146 | (2%) | 47% | 610 | 438 | 39% |
| Other | 829 | 1,020 | 1,015 | (19%) | (18%) | 2,713 | 2,703 | -- |
| Total non-compensation expenses | 3,949 | 4,162 | 3,935 | (5%) | -- | 11,993 | 11,307 | 6% |
| Total non-interest expenses | 9,563 | 9,712 | 9,855 | (2%) | (3%) | 29,431 | 30,448 | (3%) |
| Income before provision for income taxes | 3,388 | 3,319 | 4,874 | 2% | (30%) | 11,295 | 14,784 | (24%) |
| Provision for income taxes | 726 | 783 | 1,150 | (7%) | (37%) | 2,382 | 3,380 | (30%) |
| Net income | \$ 2,662 | \$ 2,536 | \$ 3,724 | 5% | (29%) | \$ 8,913 | \$ 11,404 | (22%) |
| Net income applicable to nonredeemable noncontrolling interests | 30 | 41 | 17 | (27%) | 76% | 120 | 66 | 82% |
| Net income applicable to Morgan Stanley | 2,632 | 2,495 | 3,707 | 5% | (29%) | 8,793 | 11,338 | (22%) |
| Preferred stock dividend | 138 | 104 | 123 | 33% | 12% | 366 | 364 | 1% |
| Earnings applicable to Morgan Stanley common shareholders | \$ 2,494 | \$ 2,391 | \$ 3,584 | 4% | (30%) | \$ 8,427 | \$ 10,974 | (23%) |

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.

| | Quarter Ended | | | Percentage Change From: | | Nine Months Ended | | Percentage Change |
|--|---------------|--------------|--------------|-------------------------|--------------|-------------------|--------------|-------------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | |
| Financial Metrics: | | | | | | | | |
| Earnings per basic share | \$ 1.49 | \$ 1.40 | \$ 2.01 | 6% | (26%) | \$ 4.95 | \$ 6.11 | (19%) |
| Earnings per diluted share | \$ 1.47 | \$ 1.39 | \$ 1.98 | 6% | (26%) | \$ 4.88 | \$ 6.02 | (19%) |
| Return on average common equity | 10.7% | 10.1% | 14.5% | | | 11.9% | 15.1% | |
| Return on average tangible common equity | 14.6% | 13.8% | 19.6% | | | 16.1% | 19.7% | |
| Book value per common share | \$ 54.46 | \$ 54.46 | \$ 54.56 | | | \$ 54.46 | \$ 54.56 | |
| Tangible book value per common share | \$ 39.93 | \$ 40.07 | \$ 40.47 | | | \$ 39.93 | \$ 40.47 | |
| Excluding integration-related expenses | | | | | | | | |
| Adjusted earnings per diluted share | \$ 1.53 | \$ 1.44 | \$ 2.04 | 6% | (25%) | \$ 5.04 | \$ 6.15 | (18%) |
| Adjusted return on average common equity | 11.1% | 10.5% | 15.0% | | | 12.2% | 15.4% | |
| Adjusted return on average tangible common equity | 15.2% | 14.3% | 20.2% | | | 16.6% | 20.2% | |
| Financial Ratios: | | | | | | | | |
| Pre-tax profit margin | 26% | 25% | 33% | | | 28% | 33% | |
| Compensation and benefits as a % of net revenues | 43% | 42% | 40% | | | 43% | 42% | |
| Non-compensation expenses as a % of net revenues | 30% | 32% | 27% | | | 29% | 25% | |
| Firm expense efficiency ratio | 74% | 74% | 67% | | | 72% | 67% | |
| Firm expense efficiency ratio excluding integration-related expenses | 73% | 73% | 66% | | | 71% | 67% | |
| Effective tax rate | 21.4% | 23.6% | 23.6% | | | 21.1% | 22.9% | |
| Statistical Data: | | | | | | | | |
| Period end common shares outstanding (millions) | 1,694 | 1,723 | 1,799 | (2%) | (6%) | | | |
| Average common shares outstanding (millions) | | | | | | | | |
| Basic | 1,674 | 1,704 | 1,781 | (2%) | (6%) | 1,704 | 1,797 | (5%) |
| Diluted | 1,697 | 1,723 | 1,812 | (2%) | (6%) | 1,725 | 1,824 | (5%) |
| Worldwide employees | 81,567 | 78,386 | 73,620 | 4% | 11% | | | |

Notes:

- For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021, Firm results include pre-tax integration-related expenses of \$123 million, \$120 million and \$145 million (\$94 million, \$92 million and \$111 million after-tax) respectively, reported in the Wealth Management and Investment Management business segments. The nine months ended September 30, 2022 and 2021 results include pre-tax integration-related expenses of \$350 million and \$310 million (\$268 million and \$238 million after-tax), respectively.
- 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.

Third Quarter 2022 Earnings Results

Quarterly Financial Supplement

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

Morgan Stanley
Consolidated Financial Summary
(unaudited, dollars in millions)

| | Quarter Ended | | | Percentage Change | | Nine Months Ended | | Percentage Change |
|---|------------------|------------------|------------------|-------------------|--------------|-------------------|------------------|-------------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | From: | | Sep 30, 2022 | Sep 30, 2021 | |
| | | | | Jun 30, 2022 | Sep 30, 2021 | | | |
| Net revenues | | | | | | | | |
| Institutional Securities | \$ 5,817 | \$ 6,119 | \$ 7,495 | (5%) | (22%) | \$ 19,593 | \$ 23,164 | (15%) |
| Wealth Management | 6,120 | 5,736 | 5,935 | 7% | 3% | 17,791 | 17,989 | (1%) |
| Investment Management | 1,168 | 1,411 | 1,453 | (17%) | (20%) | 3,914 | 4,469 | (12%) |
| Intersegment Eliminations | (119) | (134) | (130) | 11% | 8% | (379) | (391) | 3% |
| Net revenues | <u>\$ 12,986</u> | <u>\$ 13,132</u> | <u>\$ 14,753</u> | (1%) | (12%) | <u>\$ 40,919</u> | <u>\$ 45,231</u> | (10%) |
| Provision for credit losses | \$ 35 | \$ 101 | \$ 24 | (65%) | 46% | \$ 193 | \$ (1) | * |
| Non-interest expenses | | | | | | | | |
| Institutional Securities | \$ 4,167 | \$ 4,483 | \$ 4,498 | (7%) | (7%) | \$ 13,476 | \$ 14,321 | (6%) |
| Wealth Management | 4,460 | 4,196 | 4,405 | 6% | 1% | 13,005 | 13,225 | (2%) |
| Investment Management | 1,052 | 1,162 | 1,083 | (9%) | (3%) | 3,321 | 3,299 | 1% |
| Intersegment Eliminations | (116) | (129) | (131) | 10% | 11% | (371) | (397) | 7% |
| Non-interest expenses ⁽¹⁾ | <u>\$ 9,563</u> | <u>\$ 9,712</u> | <u>\$ 9,855</u> | (2%) | (3%) | <u>\$ 29,431</u> | <u>\$ 30,448</u> | (3%) |
| Income before provision for income taxes | | | | | | | | |
| Institutional Securities | \$ 1,626 | \$ 1,554 | \$ 2,973 | 5% | (45%) | \$ 5,967 | \$ 8,842 | (33%) |
| Wealth Management | 1,649 | 1,521 | 1,530 | 8% | 8% | 4,743 | 4,766 | -- |
| Investment Management | 116 | 249 | 370 | (53%) | (69%) | 593 | 1,170 | (49%) |
| Intersegment Eliminations | (3) | (5) | 1 | 40% | * | (8) | 6 | * |
| Income before provision for income taxes | <u>\$ 3,388</u> | <u>\$ 3,319</u> | <u>\$ 4,874</u> | 2% | (30%) | <u>\$ 11,295</u> | <u>\$ 14,784</u> | (24%) |
| Net Income applicable to Morgan Stanley | | | | | | | | |
| Institutional Securities | \$ 1,274 | \$ 1,121 | \$ 2,229 | 14% | (43%) | \$ 4,586 | \$ 6,734 | (32%) |
| Wealth Management | 1,253 | 1,190 | 1,157 | 5% | 8% | 3,715 | 3,663 | 1% |
| Investment Management | 107 | 188 | 320 | (43%) | (67%) | 498 | 936 | (47%) |
| Intersegment Eliminations | (2) | (4) | 1 | 50% | * | (6) | 5 | * |
| Net Income applicable to Morgan Stanley | <u>\$ 2,632</u> | <u>\$ 2,495</u> | <u>\$ 3,707</u> | 5% | (29%) | <u>\$ 8,793</u> | <u>\$ 11,338</u> | (22%) |
| Earnings applicable to Morgan Stanley common shareholders | <u>\$ 2,494</u> | <u>\$ 2,391</u> | <u>\$ 3,584</u> | 4% | (30%) | <u>\$ 8,427</u> | <u>\$ 10,974</u> | (23%) |

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.

Morgan Stanley

Consolidated Financial Metrics, Ratios and Statistical Data (unaudited)

| | Quarter Ended | | | Percentage Change | | Nine Months Ended | | Percentage Change |
|--|---------------|--------------|--------------|--------------------|--------------|-------------------|--------------|-------------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | From: Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | |

Financial Metrics:

| | | | | | | | | |
|---|----------|----------|----------|----|-------|----------|----------|-------|
| Earnings per basic share | \$ 1.49 | \$ 1.40 | \$ 2.01 | 6% | (26%) | \$ 4.95 | \$ 6.11 | (19%) |
| Earnings per diluted share | \$ 1.47 | \$ 1.39 | \$ 1.98 | 6% | (26%) | \$ 4.88 | \$ 6.02 | (19%) |
| Return on average common equity | 10.7% | 10.1% | 14.5% | | | 11.9% | 15.1% | |
| Return on average tangible common equity | 14.6% | 13.8% | 19.6% | | | 16.1% | 19.7% | |
| Book value per common share | \$ 54.46 | \$ 54.46 | \$ 54.56 | | | \$ 54.46 | \$ 54.56 | |
| Tangible book value per common share | \$ 39.93 | \$ 40.07 | \$ 40.47 | | | \$ 39.93 | \$ 40.47 | |
| Excluding integration-related expenses ⁽¹⁾ | | | | | | | | |
| Adjusted earnings per diluted share | \$ 1.53 | \$ 1.44 | \$ 2.04 | 6% | (25%) | \$ 5.04 | \$ 6.15 | (18%) |
| Adjusted return on average common equity | 11.1% | 10.5% | 15.0% | | | 12.2% | 15.4% | |
| Adjusted return on average tangible common equity | 15.2% | 14.3% | 20.2% | | | 16.6% | 20.2% | |

Financial Ratios:

| | | | | | | | | |
|---|-------|-------|-------|--|--|-------|-------|--|
| Pre-tax profit margin | 26% | 25% | 33% | | | 28% | 33% | |
| Compensation and benefits as a % of net revenues | 43% | 42% | 40% | | | 43% | 42% | |
| Non-compensation expenses as a % of net revenues | 30% | 32% | 27% | | | 29% | 25% | |
| Firm expense efficiency ratio | 74% | 74% | 67% | | | 72% | 67% | |
| Firm expense efficiency ratio excluding integration-related expenses ⁽¹⁾ | 73% | 73% | 66% | | | 71% | 67% | |
| Effective tax rate | 21.4% | 23.6% | 23.6% | | | 21.1% | 22.9% | |

Statistical Data:

| | | | | | | | | |
|---|--------|--------|--------|------|------|-------|-------|------|
| Period end common shares outstanding (millions) | 1,694 | 1,723 | 1,799 | (2%) | (6%) | | | |
| Average common shares outstanding (millions) | | | | | | | | |
| Basic | 1,674 | 1,704 | 1,781 | (2%) | (6%) | 1,704 | 1,797 | (5%) |
| Diluted | 1,697 | 1,723 | 1,812 | (2%) | (6%) | 1,725 | 1,824 | (5%) |
| Worldwide employees | 81,567 | 78,386 | 73,620 | 4% | 11% | | | |

Notes:

- For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021, Firm results include pre-tax integration-related expenses of \$123 million, \$120 million and \$145 million (\$94 million, \$92 million and \$111 million after-tax) respectively, reported in the Wealth Management and Investment Management business segments. The nine months ended September 30, 2022 and 2021 results include pre-tax integration-related expenses of \$350 million and \$310 million (\$268 million and \$238 million after-tax), respectively.
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Morgan Stanley

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

| | Quarter Ended | | | Percentage Change From: | | Nine Months Ended | | Percentage Change |
|--|-----------------|-----------------|-----------------|----------------------------|-----------------|-------------------|-----------------|----------------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | |
| Consolidated Balance sheet | | | | | | | | |
| Total assets | \$ 1,160,029 | \$ 1,173,776 | \$ 1,190,476 | (1%) | (3%) | | | |
| Loans ⁽¹⁾ | \$ 218,448 | \$ 214,573 | \$ 188,274 | 2% | 16% | | | |
| Deposits | \$ 338,123 | \$ 347,148 | \$ 329,041 | (3%) | 3% | | | |
| Long-term debt outstanding | \$ 216,361 | \$ 221,979 | \$ 224,937 | (3%) | (4%) | | | |
| Maturities of long-term debt outstanding (next 12 months) | \$ 18,755 | \$ 19,737 | \$ 13,899 | (5%) | 35% | | | |
| Average liquidity resources | \$ 308,001 | \$ 306,370 | \$ 358,310 | 1% | (14%) | | | |
| Common equity | \$ 92,261 | \$ 93,846 | \$ 98,153 | (2%) | (6%) | | | |
| Less: Goodwill and intangible assets | (24,613) | (24,803) | (25,345) | (1%) | (3%) | | | |
| Tangible common equity | \$ 67,648 | \$ 69,043 | \$ 72,808 | (2%) | (7%) | | | |
| Preferred equity | \$ 8,750 | \$ 7,750 | \$ 7,750 | 13% | 13% | | | |
| U.S. Bank Supplemental Financial Information | | | | | | | | |
| Total assets | \$ 371,165 | \$ 377,724 | \$ 367,111 | (2%) | 1% | | | |
| Loans | \$ 204,889 | \$ 201,853 | \$ 174,552 | 2% | 17% | | | |
| Investment securities portfolio ⁽²⁾ | \$ 123,007 | \$ 125,785 | \$ 144,056 | (2%) | (15%) | | | |
| Deposits | \$ 331,943 | \$ 339,575 | \$ 326,941 | (2%) | 2% | | | |
| Regional revenues | | | | | | | | |
| Americas | \$ 10,094 | \$ 9,662 | \$ 11,255 | 4% | (10%) | \$ 30,220 | \$ 33,331 | (9%) |
| EMEA (Europe, Middle East, Africa) | 1,392 | 1,678 | 1,752 | (17%) | (21%) | 5,381 | 6,004 | (10%) |
| Asia | 1,500 | 1,792 | 1,746 | (16%) | (14%) | 5,318 | 5,896 | (10%) |
| Consolidated net revenues | \$ 12,986 | \$ 13,132 | \$ 14,753 | (1%) | (12%) | \$ 40,919 | \$ 45,231 | (10%) |

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.

Morgan Stanley

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

| | Quarter Ended | | | Percentage Change | | Nine Months Ended | | Percentage Change |
|--|----------------|----------------|----------------|-----------------------|--------------|-------------------|----------------|-------------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | From: Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | |
| Average Common Equity | | | | | | | | |
| Institutional Securities | \$ 48.8 | \$ 48.8 | \$ 43.5 | -- | 12% | \$ 48.8 | \$ 43.5 | 12% |
| Wealth Management | 31.0 | 31.0 | 28.6 | -- | 8% | 31.0 | 28.6 | 8% |
| Investment Management | 10.6 | 10.6 | 10.7 | -- | (1%) | 10.6 | 8.2 | 29% |
| Parent | 2.5 | 3.9 | 15.8 | (36%) | (84%) | 4.3 | 16.6 | (74%) |
| Firm | <u>\$ 92.9</u> | <u>\$ 94.3</u> | <u>\$ 98.6</u> | (1%) | (6%) | <u>\$ 94.7</u> | <u>\$ 96.9</u> | (2%) |
| Regulatory Capital ⁽¹⁾ | | | | | | | | |
| Common Equity Tier 1 capital | \$ 67.9 | \$ 70.2 | \$ 75.8 | (3%) | (10%) | | | |
| Tier 1 capital | \$ 76.4 | \$ 77.8 | \$ 83.4 | (2%) | (8%) | | | |
| <u>Standardized Approach</u> | | | | | | | | |
| Risk-weighted assets | \$ 459.7 | \$ 461.0 | \$ 473.0 | -- | (3%) | | | |
| Common Equity Tier 1 capital ratio | 14.8% | 15.2% | 16.0% | | | | | |
| Tier 1 capital ratio | 16.6% | 16.9% | 17.6% | | | | | |
| <u>Advanced Approach</u> | | | | | | | | |
| Risk-weighted assets | \$ 447.1 | \$ 454.1 | \$ 441.2 | (2%) | 1% | | | |
| Common Equity Tier 1 capital ratio | 15.2% | 15.5% | 17.2% | | | | | |
| Tier 1 capital ratio | 17.1% | 17.1% | 18.9% | | | | | |
| <u>Leverage-based capital</u> | | | | | | | | |
| Tier 1 leverage ratio | 6.6% | 6.6% | 7.3% | | | | | |
| Supplementary Leverage Ratio | 5.4% | 5.4% | 5.7% | | | | | |

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.

Morgan Stanley

Institutional Securities

Income Statement Information, Financial Metrics and Ratios

(unaudited, dollars in millions)

| | Quarter Ended | | | Percentage Change From: | | Nine Months Ended | | Percentage |
|---|-----------------|-----------------|-----------------|----------------------------|-----------------|-------------------|-----------------|------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | Change |
| Revenues: | | | | | | | | |
| Advisory | \$ 693 | \$ 598 | \$ 1,272 | 16% | (46%) | \$ 2,235 | \$ 2,416 | (7%) |
| Equity | 218 | 148 | 1,010 | 47% | (78%) | 624 | 3,584 | (83%) |
| Fixed income | 366 | 326 | 567 | 12% | (35%) | 1,124 | 1,838 | (39%) |
| Underwriting | 584 | 474 | 1,577 | 23% | (63%) | 1,748 | 5,422 | (68%) |
| Investment banking | 1,277 | 1,072 | 2,849 | 19% | (55%) | 3,983 | 7,838 | (49%) |
| Equity | 2,459 | 2,960 | 2,876 | (17%) | (14%) | 8,593 | 8,578 | -- |
| Fixed income | 2,181 | 2,500 | 1,640 | (13%) | 33% | 7,604 | 6,288 | 21% |
| Other | (100) | (413) | 130 | 76% | * | (587) | 460 | * |
| Net revenues | 5,817 | 6,119 | 7,495 | (5%) | (22%) | 19,593 | 23,164 | (15%) |
| Provision for credit losses | 24 | 82 | 24 | (71%) | -- | 150 | 1 | * |
| Compensation and benefits | 1,948 | 2,050 | 2,248 | (5%) | (13%) | 6,602 | 7,795 | (15%) |
| Non-compensation expenses | 2,219 | 2,433 | 2,250 | (9%) | (1%) | 6,874 | 6,526 | 5% |
| Total non-interest expenses | 4,167 | 4,483 | 4,498 | (7%) | (7%) | 13,476 | 14,321 | (6%) |
| Income before provision for income taxes | 1,626 | 1,554 | 2,973 | 5% | (45%) | 5,967 | 8,842 | (33%) |
| Net income applicable to Morgan Stanley | \$ 1,274 | \$ 1,121 | \$ 2,229 | 14% | (43%) | \$ 4,586 | \$ 6,734 | (32%) |
| Pre-tax profit margin | 28% | 25% | 40% | | | 30% | 38% | |
| Compensation and benefits as a % of net revenues | 34% | 34% | 30% | | | 34% | 34% | |
| Non-compensation expenses as a % of net revenues | 38% | 40% | 30% | | | 35% | 28% | |
| Return on Average Common Equity | 10% | 9% | 20% | | | 12% | 20% | |
| Return on Average Tangible Common Equity ⁽¹⁾ | 10% | 9% | 20% | | | 12% | 20% | |
| Trading VaR (Average Daily 95% / One-Day VaR) | \$ 61 | \$ 46 | \$ 45 | | | | | |

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.

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, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | |
| Revenues: | | | | | | | | |
| Asset management | \$ 3,389 | \$ 3,510 | \$ 3,628 | (3%) | (7%) | \$ 10,525 | \$ 10,266 | 3% |
| Transactional | 616 | 291 | 832 | 112% | (26%) | 1,542 | 3,232 | (52%) |
| Net interest income | 2,004 | 1,747 | 1,348 | 15% | 49% | 5,291 | 3,988 | 33% |
| Other | 111 | 188 | 127 | (41%) | (13%) | 433 | 503 | (14%) |
| Net revenues | <u>6,120</u> | <u>5,736</u> | <u>5,935</u> | 7% | 3% | <u>17,791</u> | <u>17,989</u> | (1%) |
| Provision for credit losses | 11 | 19 | - | (42%) | * | 43 | (2) | * |
| Compensation and benefits | 3,171 | 2,895 | 3,159 | 10% | -- | 9,191 | 9,604 | (4%) |
| Non-compensation expenses | 1,289 | 1,301 | 1,246 | (1%) | 3% | 3,814 | 3,621 | 5% |
| Total non-interest expenses ⁽¹⁾ | <u>4,460</u> | <u>4,196</u> | <u>4,405</u> | 6% | 1% | <u>13,005</u> | <u>13,225</u> | (2%) |
| Income before provision for income taxes | 1,649 | 1,521 | 1,530 | 8% | 8% | 4,743 | 4,766 | -- |
| Net income applicable to Morgan Stanley | <u>\$ 1,253</u> | <u>\$ 1,190</u> | <u>\$ 1,157</u> | 5% | 8% | <u>\$ 3,715</u> | <u>\$ 3,663</u> | 1% |
| Pre-tax profit margin | 27% | 27% | 26% | | | 27% | 26% | |
| Pre-tax profit margin excluding integration-related expenses | 28% | 28% | 28% | | | 28% | 28% | |
| Compensation and benefits as a % of net revenues | 52% | 50% | 53% | | | 52% | 53% | |
| Non-compensation expenses as a % of net revenues | 21% | 23% | 21% | | | 21% | 20% | |
| Return on Average Common Equity | 16% | 15% | 16% | | | 16% | 17% | |
| Return on Average Tangible Common Equity ⁽²⁾ | 30% | 29% | 34% | | | 30% | 35% | |

Notes:

- For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021, Wealth Management's results include pre-tax integration-related expenses of \$92 million, \$96 million and \$113 million (\$70 million, \$74 million and \$87 million after-tax), respectively. The nine months ended September 30, 2022 and 2021 results include pre - tax integration - related expenses of \$263 million and \$237 million (\$201 million and \$182 million after - tax), respectively.
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Morgan Stanley

Wealth Management

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

| | Quarter Ended | | | Percentage Change From: | |
|--|-----------------|-----------------|-----------------|-------------------------|-----------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 |

Wealth Management Metrics

| | | | | | |
|--|----------|----------|----------|------|-------|
| Total client assets ⁽¹⁾ | \$ 4,134 | \$ 4,246 | \$ 4,666 | (3%) | (11%) |
| Net new assets ⁽²⁾ | \$ 64.8 | \$ 52.9 | \$ 134.5 | 22% | (52%) |
| U.S. Bank loans | \$ 145.7 | \$ 143.6 | \$ 121.2 | 1% | 20% |
| Margin and other lending ⁽³⁾ | \$ 24.3 | \$ 24.8 | \$ 28.6 | (2%) | (15%) |
| Deposits ⁽⁴⁾ | \$ 332 | \$ 340 | \$ 327 | (2%) | 2% |
| Annualized weighted average cost of deposits | 0.93% | 0.28% | 0.13% | | |

Advisor-led channel

| | | | | | |
|--|----------|----------|----------|-------|-------|
| Advisor-led client assets | \$ 3,305 | \$ 3,427 | \$ 3,647 | (4%) | (9%) |
| Fee-based client assets | \$ 1,628 | \$ 1,717 | \$ 1,752 | (5%) | (7%) |
| Fee-based asset flows ⁽²⁾ | \$ 16.7 | \$ 28.5 | \$ 70.6 | (41%) | (76%) |
| Fee-based assets as a % of advisor-led client assets | 49% | 50% | 48% | | |

Self-directed channel

| | | | | | |
|--------------------------------------|--------|--------|----------|------|-------|
| Self-directed assets ⁽¹⁾ | \$ 829 | \$ 819 | \$ 1,019 | 1% | (19%) |
| Daily average revenue trades (000's) | 805 | 880 | 959 | (9%) | (16%) |
| Self-directed households (millions) | 7.8 | 7.8 | 7.4 | -- | 5% |

Workplace channel

| | | | | | |
|--|--------|--------|--------|------|-------|
| Stock plan unvested assets | \$ 312 | \$ 323 | \$ 495 | (3%) | (37%) |
| Number of stock plan participants (millions) | 6.2 | 6.1 | 5.3 | 2% | 17% |

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.

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

| | Quarter Ended | | | Percentage Change From: | | Nine Months Ended | | Percentage |
|--|-----------------|-----------------|-----------------|----------------------------|-----------------|-------------------|-----------------|------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | Change |
| Revenues: | | | | | | | | |
| Asset management and related fees | \$ 1,269 | \$ 1,304 | \$ 1,470 | (3%) | (14%) | \$ 3,961 | \$ 3,991 | (1%) |
| Performance-based income and other | (101) | 107 | (17) | * | * | (47) | 478 | * |
| Net revenues | <u>1,168</u> | <u>1,411</u> | <u>1,453</u> | (17%) | (20%) | <u>3,914</u> | <u>4,469</u> | (12%) |
| Compensation and benefits | 495 | 605 | 513 | (18%) | (4%) | 1,645 | 1,742 | (6%) |
| Non-compensation expenses | 557 | 557 | 570 | -- | (2%) | 1,676 | 1,557 | 8% |
| Total non-interest expenses ⁽¹⁾ | <u>1,052</u> | <u>1,162</u> | <u>1,083</u> | (9%) | (3%) | <u>3,321</u> | <u>3,299</u> | 1% |
| Income before provision for income taxes | 116 | 249 | 370 | (53%) | (69%) | 593 | 1,170 | (49%) |
| Net income applicable to Morgan Stanley | <u>\$ 107</u> | <u>\$ 188</u> | <u>\$ 320</u> | (43%) | (67%) | <u>\$ 498</u> | <u>\$ 936</u> | (47%) |
| Pre-tax profit margin | 10% | 18% | 25% | | | 15% | 26% | |
| Pre-tax profit margin excluding integration-related expenses | 13% | 19% | 28% | | | 17% | 28% | |
| Compensation and benefits as a % of net revenues | 42% | 43% | 35% | | | 42% | 39% | |
| Non-compensation expenses as a % of net revenues | 48% | 39% | 39% | | | 43% | 35% | |
| Return on Average Common Equity | 4% | 7% | 12% | | | 6% | 15% | |
| Return on Average Tangible Common Equity ⁽²⁾ | 56% | 99% | 161% | | | 87% | 128% | |

Notes:

- Investment Management results reflect the effect of the acquisition of Eaton Vance Corp. ("Eaton Vance") prospectively from the March 1, 2021 acquisition date. The comparison of current year-to-date results to the prior period is impacted by the acquisition.
- For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021, Investment Management's results include pre-tax integration-related expenses of \$31 million, \$24 million and \$32 million (\$24 million, \$18 million and \$24 million after-tax), respectively. The nine months ended September 30, 2022 and 2021 results include pre-tax integration-related expenses of \$87 million and \$73 million (\$67 million and \$56 million after-tax), respectively.
- The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

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

| | Quarter Ended | | | Percentage Change | | Nine Months Ended | | Percentage Change |
|--|------------------|-----------------|-----------------|-------------------|--------------|-------------------|-----------------|-------------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 | Sep 30, 2022 | Sep 30, 2021 | |
| Assets under management or supervision (AUM) | | | | | | | | |
| Net flows by asset class ⁽¹⁾ | | | | | | | | |
| Equity | \$ (3.9) | \$ (7.4) | \$ (0.9) | 47% | * | \$ (18.8) | \$ 9.6 | * |
| Fixed Income | (5.0) | (2.6) | (0.3) | (92%) | * | (11.5) | 6.6 | * |
| Alternatives and Solutions | 7.0 | 6.5 | (1.1) | 8% | * | 10.5 | 11.3 | (7%) |
| Long-Term Net Flows | (1.9) | (3.5) | (2.3) | 46% | 17% | (19.8) | 27.5 | * |
| Liquidity and Overlay Services | (32.5) | 31.3 | 14.6 | * | * | (29.3) | 75.5 | * |
| Total Net Flows | <u>\$ (34.4)</u> | <u>\$ 27.8</u> | <u>\$ 12.3</u> | * | * | <u>\$ (49.1)</u> | <u>\$ 103.0</u> | * |
| Assets under management or supervision by asset class ⁽²⁾ | | | | | | | | |
| Equity | \$ 249 | \$ 265 | \$ 391 | (6%) | (36%) | | | |
| Fixed Income | 171 | 181 | 206 | (6%) | (17%) | | | |
| Alternatives and Solutions | 405 | 415 | 443 | (2%) | (9%) | | | |
| Long-Term Assets Under Management or Supervision | \$ 825 | \$ 861 | \$ 1,040 | (4%) | (21%) | | | |
| Liquidity and Overlay Services | 454 | 490 | 482 | (7%) | (6%) | | | |
| Total Assets Under Management or Supervision | <u>\$ 1,279</u> | <u>\$ 1,351</u> | <u>\$ 1,522</u> | (5%) | (16%) | | | |

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

Morgan Stanley

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

| | Quarter Ended | | | Percentage Change From: | |
|--|-----------------|-----------------|-----------------|-------------------------|-----------------|
| | Sep 30, 2022 | Jun 30, 2022 | Sep 30, 2021 | Jun 30, 2022 | Sep 30, 2021 |
| Institutional Securities | | | | | |
| Loans: | | | | | |
| Corporate | \$ 14.3 | \$ 12.9 | \$ 13.6 | 11% | 5% |
| Secured lending facilities | 38.3 | 36.8 | 31.2 | 4% | 23% |
| Commercial and residential real estate | 11.8 | 12.7 | 12.7 | (7%) | (7%) |
| Securities-based lending and other | 7.8 | 8.3 | 9.4 | (6%) | (17%) |
| Total Loans | 72.2 | 70.7 | 66.9 | 2% | 8% |
| Lending Commitments | 119.7 | 125.7 | 122.2 | (5%) | (2%) |
| Institutional Securities Loans and Lending Commitments | \$ 191.9 | \$ 196.4 | \$ 189.1 | (2%) | 1% |
| Wealth Management | | | | | |
| Loans: | | | | | |
| Securities-based lending and other | \$ 93.0 | \$ 93.3 | \$ 79.8 | -- | 17% |
| Residential real estate | 52.8 | 50.4 | 41.4 | 5% | 28% |
| Total Loans | 145.8 | 143.7 | 121.2 | 1% | 20% |
| Lending Commitments | 16.9 | 15.4 | 15.0 | 10% | 13% |
| Wealth Management Loans and Lending Commitments | \$ 162.7 | \$ 159.1 | \$ 136.2 | 2% | 19% |
| Consolidated Loans and Lending Commitments ⁽¹⁾ | \$ 354.6 | \$ 355.5 | \$ 325.3 | -- | 9% |

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.

Morgan Stanley

Consolidated Loans and Lending Commitments

Allowance for Credit Losses (ACL) as of September 30, 2022

(unaudited, dollars in millions)

| | Loans and Lending Commitments | ACL (1) | ACL % | Q3 Provision |
|---|--|-----------------|--------------|---------------------|
| | <i>(Gross)</i> | | | |
| Loans: | | | | |
| Held For Investment (HFI) | | | | |
| Corporate | \$ 6,858 | \$ 211 | 3.1% | \$ (1) |
| Secured lending facilities | 34,788 | 156 | 0.4% | (11) |
| Commercial and residential real estate | 8,191 | 224 | 2.7% | (1) |
| Other | 2,728 | 11 | 0.4% | 4 |
| Institutional Securities - HFI | \$ 52,565 | \$ 602 | 1.1% | \$ (9) |
| Wealth Management - HFI | 145,763 | 147 | 0.1% | 15 |
| Held For Investment | \$ 198,328 | \$ 749 | 0.4% | \$ 6 |
| Held For Sale | 13,353 | | | |
| Fair Value | 7,064 | | | |
| Total Loans | 218,745 | 749 | | 6 |
| Lending Commitments | 136,605 | 487 | 0.4% | 29 |
| Consolidated Loans and Lending Commitments | \$ 355,350 | \$ 1,236 | | \$ 35 |

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.

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

Definitions of Performance Metrics and Terms

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

Page 1:

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

Page 2:

- (a) The return on average common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity.
- (b) Book value per common share represents common equity divided by period end common shares outstanding.
- (c) Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.
- (d) Pre-tax profit margin percentages represent income before provision for 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 primarily held within the Parent and its major 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. Average Liquidity Resources represents the average daily balance for the three months ended September 30, 2022, June 30, 2022 and September 30, 2021.
- (b) The Firm's goodwill and intangible balances utilized in the calculation of tangible common equity are net of certain mortgage servicing rights deduction.
- (c) U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association, and excludes balances between Bank subsidiaries, as well as deposits from the Parent and affiliates.
- (d) Firmwide regional revenues reflect the Firm's consolidated net revenues on a managed basis. Further discussion regarding the geographic methodology for net revenues is disclosed in Note 23 to the consolidated financial statements included in the Firm's Annual Report on Form 10-K for the year ended December 31, 2021 (2021 Form 10-K).

Page 4:

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

Page 5:

- (a) Institutional Securities Equity and Fixed income net revenues include trading, net interest income (interest income less interest expense), asset management, commissions and fees, investments and other revenues which are directly attributable to those businesses.
- (b) Pre-tax profit margin percentages represent income before provision for 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 2021 Form 10-K.

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 provision for income taxes as percentages of net revenues.

Definitions of Performance Metrics and Terms

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

Page 7:

- (a) Net new assets represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions.
- (b) Margin and other lending represents margin lending arrangements, which allow customers to borrow against the value of qualifying securities and other lending which includes non - purpose securities-based lending on non - bank entities.
- (c) Deposits reflect liabilities sourced from Wealth Management clients and other sources of funding on the U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other, and time deposits.
- (d) Annualized weighted average cost of deposits reflects deposit balances and costs as of September 30, 2022, June 30, 2022 and September 30, 2021.
- (e) Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
- (f) Fee - based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.
- (g) Fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-based asset flows, see Fee-based client assets in the 2021 Form 10-K.
- (h) Self-directed assets represent active accounts which are not advisor led. Active accounts are defined as having at least \$25 in assets.
- (i) Daily average revenue trades (DARTs) represent the total self-directed trades in a period divided by the number of trading days during that period.
- (j) Self-directed households represent the total number of households that include at least one account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels are included in each of the respective channel counts.
- (k) The workplace channel assets includes equity compensation solutions for companies, their executives and employees. Stock plan unvested assets represent the market value of public company securities at the end of the period.
- (l) Stock plan participants represent total accounts with vested and/or unvested stock plan assets in the workplace channel. Individuals with accounts in multiple plans are counted as participants in each plan.

Page 8:

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

Page 9:

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

Page 10 and 11:

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

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

Morgan Stanley

Supplemental Quantitative Details and Calculations

Page 1:

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

| | 3Q22 | 2Q22 | 3Q21 | 3Q22 YTD | 3Q21 YTD |
|---|----------|----------|----------|-----------|-----------|
| Compensation and benefits | \$ 5,614 | \$ 5,550 | \$ 5,920 | \$ 17,438 | \$ 19,141 |
| Non-compensation expenses: | | | | | |
| Brokerage, clearing and exchange fees | 847 | 878 | 825 | 2,607 | 2,530 |
| Information processing and communications | 874 | 857 | 788 | 2,560 | 2,286 |
| Professional services | 755 | 757 | 734 | 2,217 | 2,104 |
| Occupancy and equipment | 429 | 430 | 427 | 1,286 | 1,246 |
| Marketing and business development | 215 | 220 | 146 | 610 | 438 |
| Other | 829 | 1,020 | 1,015 | 2,713 | 2,703 |
| Total non-compensation expenses | 3,949 | 4,162 | 3,935 | 11,993 | 11,307 |
| Total non-interest expenses | \$ 9,563 | \$ 9,712 | \$ 9,855 | \$ 29,431 | \$ 30,448 |

Page 2:

(1) For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021, Firm results include pre-tax integration-related expenses of \$123 million, \$120 million and \$145 million (\$94 million, \$92 million and \$111 million after - tax) respectively, reported in the Wealth Management and Investment Management business segments. The nine months ended September 30, 2022 and 2021 results include pre - tax integration - related expenses of \$350 million and \$310 million (\$268 million and \$238 million after - tax), respectively. The following sets forth the impact of the integration-related expenses to earnings per diluted share, return on average common equity and return on average tangible common equity (which are excluded):

| | 3Q22 | 2Q22 | 3Q21 | 3Q22 YTD | 3Q21 YTD |
|--|---------|---------|---------|----------|----------|
| Earnings per diluted share - GAAP | \$ 1.47 | \$ 1.39 | \$ 1.98 | \$ 4.88 | \$ 6.02 |
| Impact of adjustments | 0.06 | 0.05 | 0.06 | 0.16 | 0.13 |
| Earnings per diluted share excluding integration-related expenses - Non-GAAP | \$ 1.53 | \$ 1.44 | \$ 2.04 | \$ 5.04 | \$ 6.15 |
| Return on average common equity - GAAP | 10.7% | 10.1% | 14.5% | 11.9% | 15.1% |
| Impact of adjustments | 0.4% | 0.4% | 0.5% | 0.3% | 0.3% |
| Return on average common equity excluding integration-related expenses - Non-GAAP | 11.1% | 10.5% | 15.0% | 12.2% | 15.4% |
| Return on average tangible common equity - GAAP | 14.6% | 13.8% | 19.6% | 16.1% | 19.7% |
| Impact of adjustments | 0.6% | 0.5% | 0.6% | 0.5% | 0.5% |
| Return on average tangible common equity excluding integration-related expenses - Non-GAAP | 15.2% | 14.3% | 20.2% | 16.6% | 20.2% |
| Firm expense efficiency ratio - GAAP | 73.6% | 74.0% | 66.8% | 71.9% | 67.3% |
| Impact of adjustments | (0.9)% | (1.0)% | (1.0)% | (0.8)% | (0.7)% |
| Firm expense efficiency ratio excluding integration-related expenses - Non-GAAP | 72.7% | 73.0% | 65.8% | 71.1% | 66.6% |

Page 3:

- (1) Includes loans held for investment (net of allowance), loans held for sale and also includes loans at fair value which are included in Trading assets on the balance sheet.
- (2) As of September 30, 2022, June 30, 2022 and September 30, 2021, the U.S. Bank investment securities portfolio included held to maturity investment securities of \$57.4 billion, \$58.7 billion and \$63.0 billion, respectively.

Page 4:

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

Page 5:

(1) Institutional Securities average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 3Q22: \$576mm; 2Q22: \$576mm; 3Q21: \$603mm; 3Q22 YTD: \$576mm; 3Q21 YTD: \$603mm

Page 6:

(1) For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021 and nine months ended September 30, 2022 and 2021, integration-related compensation and non-compensation expenses associated with the acquisition of E*TRADE are as follows:

| | <u>3Q22</u> | | <u>2Q22</u> | | <u>3Q21</u> | | <u>3Q22 YTD</u> | | <u>3Q21 YTD</u> |
|---|-------------|----|-------------|----|-------------|----|-----------------|----|-----------------|
| Compensation expenses | \$ 3 | \$ | 4 | \$ | 9 | \$ | 8 | \$ | 48 |
| Non-compensation expenses | 89 | | 92 | | 104 | | 255 | | 189 |
| Total non-interest expenses | \$ 92 | \$ | 96 | \$ | 113 | \$ | 263 | \$ | 237 |
| Income tax provision | 22 | | 22 | | 26 | | 62 | | 55 |
| Total non-interest expenses (after-tax) | \$ 70 | \$ | 74 | \$ | 87 | \$ | 201 | \$ | 182 |

(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: 3Q22: \$14,746mm; 2Q22: \$14,746mm; 3Q21: \$15,270mm; 3Q22 YTD: \$14,746mm; 3Q21 YTD: \$15,202mm

Morgan Stanley

Supplemental Quantitative Details and Calculations

Page 7:

- (1) The quarter ended September 30, 2021 has been revised to include certain vested client employee stock options on the E*TRADE platform to align the timing of recognition with other existing Morgan Stanley client assets.
- (2) The quarter ended September 30, 2021 includes \$43 billion of fee-based assets acquired in an asset acquisition.
- (3) Wealth Management other lending includes \$3 billion of non-purpose securities based lending on non-bank entities in each period ended September 30, 2022, June 30, 2022 and September 30, 2021.
- (4) For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021, Wealth Management deposits of \$332 billion, \$340 billion and \$327 billion, respectively, exclude off-balance sheet deposits of \$8 billion, \$8 billion and \$9 billion, respectively, held by third parties outside of Morgan Stanley. Total deposits details are as follows:

| | <u>3Q22</u> | <u>2Q22</u> | <u>3Q21</u> |
|------------------------------|---------------|---------------|---------------|
| Brokerage sweep deposits | \$ 228 | \$ 279 | \$ 273 |
| Other deposits | 104 | 61 | 54 |
| Total balance sheet deposits | <u>332</u> | <u>340</u> | <u>327</u> |
| Off-balance sheet deposits | 8 | 8 | 9 |
| Total deposits | <u>\$ 340</u> | <u>\$ 348</u> | <u>\$ 336</u> |

Page 8:

- (1) For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021 and nine months ended September 30, 2022 and 2021, integration-related compensation and non-compensation expenses associated with the acquisition of Eaton Vance are as follows:

| | <u>3Q22</u> | <u>2Q22</u> | <u>3Q21</u> | <u>3Q22 YTD</u> | <u>3Q21 YTD</u> |
|---|--------------|--------------|--------------|-----------------|-----------------|
| Compensation expenses | \$ 7 | \$ 7 | \$ 10 | \$ 23 | \$ 29 |
| Non-compensation expenses | 24 | 17 | 22 | 64 | 44 |
| Total non-interest expenses | <u>\$ 31</u> | <u>\$ 24</u> | <u>\$ 32</u> | <u>\$ 87</u> | <u>\$ 73</u> |
| Income tax provision | 7 | 6 | 8 | 20 | 17 |
| Total non-interest expenses (after-tax) | <u>\$ 24</u> | <u>\$ 18</u> | <u>\$ 24</u> | <u>\$ 67</u> | <u>\$ 56</u> |

- (2) Investment Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 3Q22: \$9,815mm; 2Q22: \$9,815mm; 3Q21: \$9,924mm; 3Q22 YTD: \$9,815mm; 3Q21 YTD: \$7,224mm

Page 9:

- (1) Net Flows by region for the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021 were:
 North America: \$(35.7) billion, \$22.7 billion and \$12.6 billion
 International: \$1.3 billion, \$5.1 billion and \$(0.3) billion
- (2) Assets under management or supervision by region for the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021 were:
 North America: \$998 billion, \$1,059 billion and \$1,148 billion
 International: \$281 billion, \$292 billion and \$374 billion

Page 10:

- (1) For the quarters ended September 30, 2022, June 30, 2022 and September 30, 2021, Investment Management reflected loan balances of \$452 million, \$220 million and \$132 million, respectively.

Page 11:

- (1) For the quarter ended September 30, 2022, the Allowance Rollforward for Loans and Lending Commitments is as follows:

| | <u>Institutional Securities</u> | <u>Wealth Management</u> | <u>Total</u> |
|--|---------------------------------|--------------------------|--------------|
| <i>Loans</i> | | | |
| Allowance for Credit Losses (ACL) | | | |
| Beginning Balance - June 30, 2022 | \$ 621 | \$ 141 | \$ 762 |
| Net Charge Offs | (3) | (8) | (11) |
| Provision | (9) | 15 | 6 |

| | | | |
|--|---------------|---------------|---------------|
| Other | (7) | (1) | (8) |
| Ending Balance - September 30, 2022 | \$ 602 | \$ 147 | \$ 749 |

Lending Commitments

Allowance for Credit Losses (ACL)

| | | | |
|--|---------------|--------------|---------------|
| Beginning Balance - June 30, 2022 | \$ 449 | \$ 15 | \$ 464 |
| Net Charge Offs | - | - | - |
| Provision | 33 | (4) | 29 |
| Other | (7) | 1 | (6) |
| Ending Balance - September 30, 2022 | \$ 475 | \$ 12 | \$ 487 |

Loans and Lending Commitments

Allowance for Credit Losses (ACL)

| | | | |
|--|-----------------|---------------|-----------------|
| Beginning Balance - June 30, 2022 | \$ 1,070 | \$ 156 | \$ 1,226 |
| Net Charge Offs | (3) | (8) | (11) |
| Provision | 24 | 11 | 35 |
| Other | (14) | - | (14) |
| Ending Balance - September 30, 2022 | \$ 1,077 | \$ 159 | \$ 1,236 |

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 14, 2022.