

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

FORM 8-K

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

Date of report (Date of earliest event reported): April 16, 2024
Date of report (Date of earliest event reported):

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 April 16, 2024, Morgan Stanley (the "Company") released financial information with respect to its quarter ended March 31, 2024. A copy of the press release containing this information is annexed as Exhibit 99.1 to this Report and by this reference incorporated herein and made a part hereof. In addition, a copy of the Company's Financial Data Supplement for its quarter ended March 31, 2024 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
<u>99.1</u>	<u>Press release of the Company, dated April 16, 2024, containing financial information for the quarter ended March 31, 2024.</u>
<u>99.2</u>	<u>Financial Data Supplement of the Company for the quarter ended March 31, 2024.</u>
101	Interactive Data Files pursuant to Rule 406 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL").
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

SIGNATURE

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

Date: April 16, 2024

MORGAN STANLEY
(Registrant)

By: /s/ Raja Akram

Name: Raja Akram

Title: Deputy Chief Financial Officer

Morgan Stanley First Quarter 2024 Earnings Results

Morgan Stanley Reports Net Revenues of \$15.1 Billion, EPS of \$2.02 and ROTCE of 19.7%

NEW YORK, April 16, 2024 – Morgan Stanley (NYSE: MS) today reported net revenues of \$15.1 billion for the first quarter ended March 31, 2024 compared with \$14.5 billion a year ago. Net income applicable to Morgan Stanley was \$3.4 billion, or \$2.02 per diluted share,¹ compared with net income of \$3.0 billion, or \$1.70 per diluted share,¹ for the same period a year ago.

Ted Pick, Chief Executive Officer, said, “In the first quarter of 2024 Morgan Stanley generated net revenues of \$15 billion and earnings of \$2.02 per share for a 20% return on tangible equity. As a result of strong net new asset growth, the Firm has reached \$7 trillion of client assets across Wealth and Investment Management. Institutional Securities also saw strength across the markets and underwriting businesses. The Morgan Stanley Integrated Firm model is delivering durable results.”

Financial Summary^{2,3}

Firm (\$ millions, except per share data)	1Q 2024	1Q 2023
Net revenues	\$15,136	\$14,517
Provision for credit losses	\$(6)	\$234
Compensation expense	\$6,696	\$6,410
Non-compensation expenses	\$4,051	\$4,113
Pre-tax income ⁶	\$4,395	\$3,760
Net income app. to MS	\$3,412	\$2,980
Expense efficiency ratio ⁸	71%	72%
Earnings per diluted share ¹	\$2.02	\$1.70
Book value per share	\$55.60	\$55.13
Tangible book value per share ⁴	\$41.07	\$40.68
Return on equity	14.5%	12.4%
Return on tangible common equity ⁴	19.7%	16.9%
Institutional Securities		
Net revenues	\$7,016	\$6,797
Investment Banking	\$1,447	\$1,247
Equity	\$2,842	\$2,729
Fixed Income	\$2,485	\$2,576
Wealth Management		
Net revenues	\$6,880	\$6,559
Fee-based client assets (\$ billions) ⁹	\$2,124	\$1,769
Fee-based asset flows (\$ billions) ¹⁰	\$26.2	\$22.4
Net new assets (\$ billions) ¹¹	\$94.9	\$109.6
Loans (\$ billions)	\$147.4	\$143.7
Investment Management		
Net revenues	\$1,377	\$1,289
AUM (\$ billions) ¹²	\$1,505	\$1,362
Long-term net flows (\$ billions) ¹³	\$7.6	\$(2.4)

Highlights

- The Firm reported net revenues of \$15.1 billion and net income of \$3.4 billion with contributions across each of our businesses.
- The Firm delivered strong ROTCE of 19.7%.^{2,4}
- The Firm expense efficiency ratio was 71% demonstrating operating leverage in an improving market environment.^{3,8}
- Standardized Common Equity Tier 1 capital ratio was 15.1%.¹⁷
- Institutional Securities net revenues of \$7.0 billion reflect strong performance across the broad franchise, with particular strength in Equity as well as underwriting revenues, partially offset by lower results in Advisory.
- Wealth Management delivered a pre-tax margin of 26.3% for the quarter.⁷ Net revenues were \$6.9 billion, on record asset management revenues driven by the positive market environment. Net new assets for the quarter were \$95 billion.¹¹
- Investment Management results reflect net revenues of \$1.4 billion on higher average AUM of \$1.5 trillion.¹² The quarter included positive long-term net flows of \$7.6 billion.¹³

First Quarter Results

Institutional Securities

Institutional Securities reported net revenues for the current quarter of \$7.0 billion compared with \$6.8 billion a year ago. Pre-tax income was \$2.4 billion compared with \$1.9 billion a year ago.⁶

Investment Banking revenues up 16% from a year ago:

- Advisory revenues decreased from a year ago on lower completed M&A transactions.
- Equity underwriting revenues increased significantly from a year ago reflecting higher revenues from IPOs and follow-ons.
- Fixed income underwriting revenues increased from a year ago primarily driven by higher bond issuances.

Equity net revenues up 4% from a year ago:

- Equity net revenues increased from a year ago reflecting solid results across business lines and regions, with notable strength in derivatives against a constructive market backdrop.

Fixed Income net revenues down 4% from a year ago:

- Fixed Income net revenues decreased from a year ago on lower client activity in macro and credit, partially offset by higher revenues in commodities.

Other:

- Other revenues for the quarter were relatively unchanged from a year ago. Results were primarily driven by revenues from corporate loans net of the impact of hedges and our Japanese securities joint venture.

Provision for credit losses:

- Provision for credit losses decreased on improvements in the macroeconomic outlook from a year ago.

Total Expenses:

- Compensation expense was relatively unchanged from a year ago on lower expenses related to stock-based compensation and reduced headcount, offset by increased discretionary compensation on higher revenues.
- Non-compensation expenses were relatively unchanged from a year ago primarily driven by lower legal expenses, partially offset by higher transaction-related expenses and technology costs.

(\$ millions)	1Q 2024	1Q 2023
Net Revenues	\$7,016	\$6,797
Investment Banking	\$1,447	\$1,247
Advisory	\$461	\$638
Equity underwriting	\$430	\$202
Fixed income underwriting	\$556	\$407
Equity	\$2,842	\$2,729
Fixed Income	\$2,485	\$2,576
Other	\$242	\$245
Provision for credit losses	\$2	\$189
Total Expenses	\$4,663	\$4,716
Compensation	\$2,343	\$2,365
Non-compensation	\$2,320	\$2,351

Wealth Management

Wealth Management reported net revenues of \$6.9 billion in the current quarter compared with \$6.6 billion a year ago. Pre-tax income of \$1.8 billion⁶ in the current quarter resulted in a pre-tax margin of 26.3%.⁷ Net new assets for the quarter were \$95 billion of which a little more than half represented inflows from our family office offering.¹¹

Net revenues up 5% from a year ago:

- Asset management revenues increased from a year ago reflecting higher asset levels and the cumulative impact of positive fee-based flows.
- Transactional revenues increased 9% excluding the impact of mark-to-market on investments associated with DCP.^{5,15} The increase was driven by increased volumes in structured products commensurate with equity markets.
- Net interest income decreased from a year ago driven by changes in deposit mix, partially offset by the impact of interest rates.

Provision for credit losses:

- Provision for credit losses decreased on improvements in the macroeconomic outlook from a year ago.

Total Expenses:

- Compensation expense increased from a year ago on higher compensable revenues and higher expenses related to outstanding deferred compensation.
- Non-compensation expenses decreased from a year ago on lower legal, marketing and business development costs, partially offset by the incremental FDIC special assessment.¹⁴

(\$ millions)	1Q 2024	1Q 2023
Net Revenues	\$6,880	\$6,559
Asset management	\$3,829	\$3,382
Transactional ¹⁵	\$1,033	\$921
Net interest	\$1,856	\$2,158
Other	\$162	\$98
Provision for credit losses	\$(8)	\$45
Total Expenses	\$5,082	\$4,802
Compensation	\$3,788	\$3,477
Non-compensation	\$1,294	\$1,325

Investment Management

Investment Management net revenues were \$1.4 billion compared with \$1.3 billion a year ago. Pre-tax income was \$241 million compared with \$166 million a year ago.⁶

Net revenues up 7% from a year ago:

- Asset management and related fees increased from a year ago on higher average AUM driven by higher market levels.
- Performance-based income and other revenues decreased from a year ago primarily due to reductions in accrued carried interest in our private funds, primarily in Asia.

Total Expenses:

- Non-compensation expenses increased from a year ago, primarily driven by higher distribution expenses on higher average AUM.

(\$ millions)	1Q 2024	1Q 2023
Net Revenues	\$1,377	\$1,289
Asset management and related fees	\$1,346	\$1,248
Performance-based income and other	\$31	\$41
Total Expenses	\$1,136	\$1,123
Compensation	\$565	\$568
Non-compensation	\$571	\$555

Other Matters

- The Firm repurchased \$1.0 billion of its outstanding common stock during the quarter as part of its Share Repurchase Program.
- The Board of Directors declared a \$0.85 quarterly dividend per share, payable on May 15, 2024 to common shareholders of record on April 30, 2024.
- The effective tax rate for the current quarter was 21.2%, reflecting a lower benefit associated with employee share-based payments compared to a year ago.

	1Q 2024	1Q 2023
Common Stock Repurchases		
Repurchases (\$MM)	\$1,000	\$1,500
Number of Shares (MM)	12	16
Average Price	\$86.79	\$95.16
Period End Shares (MM)	1,627	1,670
Tax Rate	21.2%	19.3%
Capital¹⁶		
Standardized Approach		
CET1 capital ¹⁷	15.1%	15.1%
Tier 1 capital ¹⁷	17.0%	17.0%
Advanced Approach		
CET1 capital ¹⁷	15.3%	15.6%
Tier 1 capital ¹⁷	17.2%	17.5%
Leverage-based capital		
Tier 1 leverage ¹⁸	6.7%	6.7%
SLR ¹⁹	5.4%	5.5%

Morgan Stanley (NYSE: MS) is a leading global financial services firm providing a wide range of investment banking, securities, wealth management and investment management services. With offices in 42 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, 2023 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 for the first quarter of 2024 and 2023 of approximately \$146 million and \$144 million, 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 Tangible common equity 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 and capital adequacy. Tangible common equity represents common equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction. The calculation of return on average tangible common equity, also a non-GAAP financial measure, represents full year or annualized net income applicable to Morgan Stanley less preferred dividends as a percentage of average tangible common equity. The calculation of tangible book value per common share, also a non-GAAP financial measure, represents tangible common shareholder's equity divided by common shares outstanding.

⁵ “DCP” refers to certain employee deferred cash-based compensation programs. Please refer to “Management's Discussion and Analysis of Financial Condition and Results of Operations – Other Matters – Deferred Cash-Based Compensation” in the Firm's Annual Report on Form 10-K for the year ended December 31, 2023.

⁶ Pre-tax income represents income before provision for income taxes.

⁷ Pre-tax margin represents income before provision for income taxes divided by net revenues.

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

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 Wealth Management net new assets represent client asset inflows, inclusive of interest, dividends and asset acquisitions, less client asset outflows, and exclude the impact of business combinations/divestitures and the impact of fees and commissions.

¹² AUM is defined as assets under management or supervision.

¹³ Long-term net flows include the Equity, Fixed Income and Alternative and Solutions asset classes and excludes the Liquidity and Overlay Services asset class.

¹⁴ Following the failures of certain banks and resulting losses to the FDIC's Deposit Insurance Fund in the first half of 2023, the FDIC adopted a final rule on November, 16 2023 to implement a special assessment to recover the cost associated with protecting uninsured depositors. We recorded the cost of the special assessment of \$286 million in the fourth quarter of 2023. We recorded an additional estimated cost of \$42 million during the current quarter based on the February notification received from the FDIC which contained revised estimated losses as well as the estimated recoveries from its receivership residual interest from those bank failures.

¹⁵ Transactional revenues include investment banking, trading, and commissions and fee revenues.

¹⁶ Capital ratios are estimates as of the press release date, April 16, 2024.

¹⁷ CET1 capital is defined as Common Equity Tier 1 capital. The Firm's risk-based capital ratios are computed under each of the (i) standardized approaches for calculating credit risk and market risk risk-weighted assets (RWAs) (the "Standardized Approach") and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). For information on the calculation of regulatory capital and ratios, and associated regulatory requirements, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's Annual Report on Form 10-K for the year ended December 31, 2023.

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

¹⁹ The Firm's supplementary leverage ratio (SLR) utilizes a Tier 1 capital numerator of approximately \$79.1 billion and \$77.9 billion, and supplementary leverage exposure denominator of approximately \$1.46 trillion and \$1.42 trillion, for the first quarter of 2024 and 2023, respectively.

Consolidated Income Statement Information

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Revenues:					
Investment banking	\$ 1,589	\$ 1,415	\$ 1,330	12%	19%
Trading	4,852	3,305	4,477	47%	8%
Investments	137	189	145	(28%)	(6%)
Commissions and fees	1,227	1,110	1,239	11%	(1%)
Asset management	5,269	5,041	4,728	5%	11%
Other	266	(61)	252	*	6%
Total non-interest revenues	13,340	10,999	12,171	21%	10%
Interest income	12,930	12,830	9,980	1%	30%
Interest expense	11,134	10,933	7,634	2%	46%
Net interest	1,796	1,897	2,346	(5%)	(23%)
Net revenues	15,136	12,896	14,517	17%	4%
Provision for credit losses	(6)	3	234	*	*
Non-interest expenses:					
Compensation and benefits	6,696	5,951	6,410	13%	4%
Non-compensation expenses:					
Brokerage, clearing and exchange fees	921	865	881	6%	5%
Information processing and communications	976	987	915	(1%)	7%
Professional services	639	822	710	(22%)	(10%)
Occupancy and equipment	441	528	440	(16%)	—%
Marketing and business development	217	224	247	(3%)	(12%)
Other	857	1,420	920	(40%)	(7%)
Total non-compensation expenses	4,051	4,846	4,113	(16%)	(2%)
Total non-interest expenses	10,747	10,797	10,523	—%	2%
Income before provision for income taxes	4,395	2,096	3,760	110%	17%
Provision for income taxes	933	555	727	68%	28%
Net income	\$ 3,462	\$ 1,541	\$ 3,033	125%	14%
Net income applicable to nonredeemable noncontrolling interests	50	24	53	108%	(6%)
Net income applicable to Morgan Stanley	3,412	1,517	2,980	125%	14%
Preferred stock dividend	146	134	144	9%	1%
Earnings applicable to Morgan Stanley common shareholders	\$ 3,266	\$ 1,383	\$ 2,836	136%	15%

Notes:

- In the first quarter of 2024, the Firm implemented certain presentation changes that impacted interest income and interest expense but had no effect on net interest income. These changes were made to align the accounting treatment between the balance sheet and the related interest income or expense, primarily by offsetting interest income and expense for certain prime brokerage-related customer receivables and payables that are currently accounted for as a single unit of account on the balance sheet. The current and previous presentation of these interest income and interest expense amounts are acceptable and the change does not represent a change in accounting principle. These changes were applied retrospectively to the income statement in 2023 and accordingly, prior period amounts were adjusted to conform with the current presentation.
- Firm net revenues excluding mark-to-market gains and losses on deferred cash-based compensation plans (DCP) were: 1Q24: \$14,949 million, 4Q23: \$12,527 million, 1Q23: \$14,364 million.
- Firm compensation expenses excluding DCP were: 1Q24: \$6,447 million, 4Q23: \$5,597 million, 1Q23: \$6,217 million.
- The End Notes are an integral part of this presentation. Refer to pages 12 - 17 of the Financial Supplement for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Financial Metrics, Ratios and Statistical Data

(unaudited)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Financial Metrics:					
Earnings per basic share	\$ 2.04	\$ 0.86	\$ 1.72	137%	19%
Earnings per diluted share	\$ 2.02	\$ 0.85	\$ 1.70	138%	19%
Return on average common equity	14.5%	6.2%	12.4%		
Return on average tangible common equity	19.7%	8.4%	16.9%		
Book value per common share	\$ 55.60	\$ 55.50	\$ 55.13		
Tangible book value per common share	\$ 41.07	\$ 40.89	\$ 40.68		
Financial Ratios:					
Pre-tax profit margin	29%	16%	26%		
Compensation and benefits as a % of net revenues	44%	46%	44%		
Non-compensation expenses as a % of net revenues	27%	38%	28%		
Firm expense efficiency ratio	71%	84%	72%		
Effective tax rate	21.2%	26.5%	19.3%		
Statistical Data:					
Period end common shares outstanding (millions)	1,627	1,627	1,670	—%	(3%)
Average common shares outstanding (millions)					
Basic	1,601	1,606	1,645	—%	(3%)
Diluted	1,616	1,627	1,663	(1%)	(3%)
Worldwide employees	79,610	80,006	82,266	—%	(3%)

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

First Quarter 2024 Earnings Results

Quarterly Financial Supplement

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Consolidated Financial Summary

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Net revenues					
Institutional Securities	\$ 7,016	\$ 4,940	\$ 6,797	42%	3%
Wealth Management	6,880	6,645	6,559	4%	5%
Investment Management	1,377	1,464	1,289	(6%)	7%
Intersegment Eliminations	(137)	(153)	(128)	10%	(7%)
Net revenues ⁽¹⁾	<u>\$ 15,136</u>	<u>\$ 12,896</u>	<u>\$ 14,517</u>	17%	4%
Provision for credit losses	\$ (6)	\$ 3	\$ 234	*	*
Non-interest expenses					
Institutional Securities	\$ 4,663	\$ 4,510	\$ 4,716	3%	(1%)
Wealth Management	5,082	5,236	4,802	(3%)	6%
Investment Management	1,136	1,199	1,123	(5%)	1%
Intersegment Eliminations	(134)	(148)	(118)	9%	(14%)
Non-interest expenses ⁽¹⁾⁽²⁾	<u>\$ 10,747</u>	<u>\$ 10,797</u>	<u>\$ 10,523</u>	—%	2%
Income before provision for income taxes					
Institutional Securities	\$ 2,351	\$ 408	\$ 1,892	*	24%
Wealth Management	1,806	1,428	1,712	26%	5%
Investment Management	241	265	166	(9%)	45%
Intersegment Eliminations	(3)	(5)	(10)	40%	70%
Income before provision for income taxes	<u>\$ 4,395</u>	<u>\$ 2,096</u>	<u>\$ 3,760</u>	110%	17%
Net Income applicable to Morgan Stanley					
Institutional Securities	\$ 1,819	\$ 304	\$ 1,478	*	23%
Wealth Management	1,403	1,018	1,376	38%	2%
Investment Management	192	199	134	(4%)	43%
Intersegment Eliminations	(2)	(4)	(8)	50%	75%
Net Income applicable to Morgan Stanley	<u>\$ 3,412</u>	<u>\$ 1,517</u>	<u>\$ 2,980</u>	125%	14%
Earnings applicable to Morgan Stanley common shareholders	<u>\$ 3,266</u>	<u>\$ 1,383</u>	<u>\$ 2,836</u>	136%	15%

Notes:

- Firm net revenues excluding mark-to-market gains and losses on deferred cash-based compensation plans (DCP) were: 1Q24: \$14,949 million, 4Q23: \$12,527 million, 1Q23: \$14,364 million.
- Firm compensation expenses excluding DCP were: 1Q24: \$6,447 million, 4Q23: \$5,597 million, 1Q23: \$6,217 million.
- The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Financial Metrics, Ratios and Statistical Data

(unaudited)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Financial Metrics:					
Earnings per basic share	\$ 2.04	\$ 0.86	\$ 1.72	137%	19%
Earnings per diluted share	\$ 2.02	\$ 0.85	\$ 1.70	138%	19%
Return on average common equity	14.5%	6.2%	12.4%		
Return on average tangible common equity	19.7%	8.4%	16.9%		
Book value per common share	\$ 55.60	\$ 55.50	\$ 55.13		
Tangible book value per common share	\$ 41.07	\$ 40.89	\$ 40.68		
Financial Ratios:					
Pre-tax profit margin	29%	16%	26%		
Compensation and benefits as a % of net revenues	44%	46%	44%		
Non-compensation expenses as a % of net revenues	27%	38%	28%		
Firm expense efficiency ratio	71%	84%	72%		
Effective tax rate ⁽¹⁾	21.2%	26.5%	19.3%		
Statistical Data:					
Period end common shares outstanding (millions)	1,627	1,627	1,670	—%	(3%)
Average common shares outstanding (millions)					
Basic	1,601	1,606	1,645	—%	(3%)
Diluted	1,616	1,627	1,663	(1%)	(3%)
Worldwide employees	79,610	80,006	82,266	—%	(3%)

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

Consolidated and U.S. Bank Supplemental Financial Information

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Consolidated Balance sheet					
Total assets	\$ 1,228,503	\$ 1,193,693	\$ 1,199,904	3%	2%
Loans ⁽¹⁾	\$ 227,145	\$ 226,828	\$ 222,727	—%	2%
Deposits	\$ 352,494	\$ 351,804	\$ 347,523	—%	1%
Long-term debt outstanding	\$ 266,150	\$ 260,544	\$ 245,595	2%	8%
Maturities of long-term debt outstanding (next 12 months)	\$ 19,701	\$ 20,151	\$ 20,382	(2%)	(3%)
Average liquidity resources	\$ 318,664	\$ 314,504	\$ 321,195	1%	(1%)
Common equity	\$ 90,448	\$ 90,288	\$ 92,076	—%	(2%)
Less: Goodwill and intangible assets	(23,635)	(23,761)	(24,125)	(1%)	(2%)
Tangible common equity	<u>\$ 66,813</u>	<u>\$ 66,527</u>	<u>\$ 67,951</u>	—%	(2%)
Preferred equity	\$ 8,750	\$ 8,750	\$ 8,750	—%	—%
U.S. Bank Supplemental Financial Information					
Total assets	\$ 400,856	\$ 396,111	\$ 384,794	1%	4%
Loans	\$ 211,290	\$ 212,207	\$ 206,785	—%	2%
Investment securities portfolio ⁽²⁾	\$ 115,951	\$ 118,008	\$ 123,250	(2%)	(6%)
Deposits	\$ 346,609	\$ 346,103	\$ 340,926	—%	2%
Regional revenues					
Americas	\$ 11,567	\$ 10,198	\$ 10,791	13%	7%
EMEA (Europe, Middle East, Africa)	1,826	1,342	1,737	36%	5%
Asia	<u>1,743</u>	<u>1,356</u>	<u>1,989</u>	29%	(12%)
Consolidated net revenues	<u>\$ 15,136</u>	<u>\$ 12,896</u>	<u>\$ 14,517</u>	17%	4%

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

Consolidated Average Common Equity and Regulatory Capital Information

(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Average Common Equity					
Institutional Securities	\$ 45.0	\$ 45.6	\$ 45.6	(1%)	(1%)
Wealth Management	29.1	28.8	28.8	1%	1%
Investment Management	10.8	10.4	10.4	4%	4%
Parent Company	5.0	5.1	6.6	(2%)	(24%)
Firm	\$ 89.9	\$ 89.9	\$ 91.4	—%	(2%)

Regulatory Capital

Common Equity Tier 1 capital	\$ 70.3	\$ 69.4	\$ 69.5	1%	1%
Tier 1 capital	\$ 79.1	\$ 78.2	\$ 77.9	1%	2%

Standardized Approach

Risk-weighted assets	\$ 465.8	\$ 456.1	\$ 459.1	2%	1%
Common Equity Tier 1 capital ratio	15.1%	15.2%	15.1%		
Tier 1 capital ratio	17.0%	17.1%	17.0%		

Advanced Approach

Risk-weighted assets	\$ 459.2	\$ 448.2	\$ 444.8	2%	3%
Common Equity Tier 1 capital ratio	15.3%	15.5%	15.6%		
Tier 1 capital ratio	17.2%	17.4%	17.5%		

Leverage-based capital

Tier 1 leverage ratio	6.7%	6.7%	6.7%		
Supplementary Leverage Ratio	5.4%	5.5%	5.5%		

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.

Institutional Securities

Income Statement Information, Financial Metrics and Ratios

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Revenues:					
Advisory	\$ 461	\$ 702	\$ 638	(34%)	(28%)
Equity	430	225	202	91%	113%
Fixed income	556	391	407	42%	37%
Underwriting	986	616	609	60%	62%
Investment banking	1,447	1,318	1,247	10%	16%
Equity	2,842	2,202	2,729	29%	4%
Fixed income	2,485	1,434	2,576	73%	(4%)
Other	242	(14)	245	*	(1%)
Net revenues	7,016	4,940	6,797	42%	3%
Provision for credit losses	2	22	189	(91%)	(99%)
Compensation and benefits	2,343	1,732	2,365	35%	(1%)
Non-compensation expenses	2,320	2,778	2,351	(16%)	(1%)
Total non-interest expenses	4,663	4,510	4,716	3%	(1%)
Income before provision for income taxes	2,351	408	1,892	*	24%
Net income applicable to Morgan Stanley	\$ 1,819	\$ 304	\$ 1,478	*	23%
Pre-tax profit margin	34%	8%	28%		
Compensation and benefits as a % of net revenues	33%	35%	35%		
Non-compensation expenses as a % of net revenues	33%	56%	35%		
Return on Average Common Equity	15%	2%	12%		
Return on Average Tangible Common Equity ⁽¹⁾	15%	2%	12%		
Trading VaR (Average Daily 95% / One-Day VaR)	\$ 54	\$ 46	\$ 55		

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.

Wealth Management

Income Statement Information, Financial Metrics and Ratios

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Revenues:					
Asset management	\$ 3,829	\$ 3,556	\$ 3,382	8%	13%
Transactional	1,033	1,088	921	(5%)	12%
Net interest income	1,856	1,852	2,158	—%	(14%)
Other	162	149	98	9%	65%
Net revenues ⁽¹⁾	6,880	6,645	6,559	4%	5%
Provision for credit losses	(8)	(19)	45	58%	*
Compensation and benefits ⁽¹⁾	3,788	3,640	3,477	4%	9%
Non-compensation expenses	1,294	1,596	1,325	(19%)	(2%)
Total non-interest expenses	5,082	5,236	4,802	(3%)	6%
Income before provision for income taxes	1,806	1,428	1,712	26%	5%
Net income applicable to Morgan Stanley	\$ 1,403	\$ 1,018	\$ 1,376	38%	2%
Pre-tax profit margin	26%	21%	26%		
Compensation and benefits as a % of net revenues	55%	55%	53%		
Non-compensation expenses as a % of net revenues	19%	24%	20%		
Return on Average Common Equity	19%	14%	19%		
Return on Average Tangible Common Equity ⁽²⁾	35%	27%	36%		

Notes:

- Wealth Management net revenues excluding DCP were: 1Q24: \$6,740 million, 4Q23: \$6,403 million, 1Q23: \$6,458 million.
- Wealth Management compensation expenses excluding DCP were: 1Q24: \$3,632 million, 4Q23: \$3,406 million, 1Q23: \$3,358 million.
- 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.

Wealth Management Financial Information and Statistical Data

(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Wealth Management Metrics					
Total client assets	\$ 5,495	\$ 5,129	\$ 4,558	7%	21%
Net new assets	\$ 94.9	\$ 47.5	\$ 109.6	100%	(13%)
U.S. Bank loans	\$ 147.4	\$ 146.5	\$ 143.7	1%	3%
Margin and other lending ⁽¹⁾	\$ 23.4	\$ 21.4	\$ 21.1	9%	11%
Deposits ⁽²⁾	\$ 347	\$ 346	\$ 341	—%	2%
Annualized weighted average cost of deposits					
Period end	2.96%	2.92%	2.05%		
Period average	2.92%	2.86%	1.86%		
Advisor-led channel					
Advisor-led client assets	\$ 4,302	\$ 3,979	\$ 3,582	8%	20%
Fee-based client assets	\$ 2,124	\$ 1,983	\$ 1,769	7%	20%
Fee-based asset flows	\$ 26.2	\$ 41.6	\$ 22.4	(37%)	17%
Fee-based assets as a % of advisor-led client assets	49%	50%	49%		
Self-directed channel					
Self-directed client assets	\$ 1,194	\$ 1,150	\$ 976	4%	22%
Daily average revenue trades (000's)	841	705	831	19%	1%
Self-directed households (millions)	8.1	8.1	8.1	—%	—%
Workplace channel					
Stock plan unvested assets	\$ 457	\$ 416	\$ 358	10%	28%
Number of stock plan participants (millions)	6.6	6.6	6.5	—%	2%

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Investment Management

Income Statement Information, Financial Metrics and Ratios

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Revenues:					
Asset management and related fees	\$ 1,346	\$ 1,403	\$ 1,248	(4%)	8%
Performance-based income and other	31	61	41	(49%)	(24%)
Net revenues	1,377	1,464	1,289	(6%)	7%
Compensation and benefits	565	579	568	(2%)	(1%)
Non-compensation expenses	571	620	555	(8%)	3%
Total non-interest expenses	1,136	1,199	1,123	(5%)	1%
Income before provision for income taxes	241	265	166	(9%)	45%
Net income applicable to Morgan Stanley	\$ 192	\$ 199	\$ 134	(4%)	43%
Pre-tax profit margin	18%	18%	13%		
Compensation and benefits as a % of net revenues	41%	40%	44%		
Non-compensation expenses as a % of net revenues	41%	42%	43%		
Return on Average Common Equity	7%	8%	5%		
Return on Average Tangible Common Equity ⁽¹⁾	68%	110%	73%		

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Investment Management Financial Information and Statistical Data

(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Assets Under Management or Supervision (AUM)					
Net Flows by Asset Class					
Equity	\$ (5.5)	\$ (6.5)	\$ (2.1)	15%	(162%)
Fixed Income	2.8	(0.2)	(2.0)	*	*
Alternatives and Solutions	10.3	(0.4)	1.7	*	*
Long-Term Net Flows	7.6	(7.1)	(2.4)	*	*
Liquidity and Overlay Services	(12.9)	(6.6)	13.9	(95%)	*
Total Net Flows	<u>\$ (5.3)</u>	<u>\$ (13.7)</u>	<u>\$ 11.5</u>	61%	*
Assets Under Management or Supervision by Asset Class					
Equity	\$ 310	\$ 295	\$ 277	5%	12%
Fixed Income	174	171	175	2%	(1%)
Alternatives and Solutions	543	508	448	7%	21%
Long-Term Assets Under Management or Supervision	1,027	974	900	5%	14%
Liquidity and Overlay Services	478	485	462	(1%)	3%
Total Assets Under Management or Supervision	<u>\$ 1,505</u>	<u>\$ 1,459</u>	<u>\$ 1,362</u>	3%	10%

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Consolidated Loans and Lending Commitments

(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Mar 31, 2024	Dec 31, 2023	Mar 31, 2023	Dec 31, 2023	Mar 31, 2023
Institutional Securities					
Loans:					
Corporate	\$ 16.6	\$ 18.4	\$ 18.3	(10%)	(9%)
Secured lending facilities	42.1	42.5	40.0	(1%)	5%
Commercial and residential real estate	12.9	11.7	11.8	10%	9%
Securities-based lending and other	7.7	7.2	8.7	7%	(11%)
Total Loans	79.3	79.8	78.8	(1%)	1%
Lending Commitments	138.8	130.4	122.3	6%	13%
Institutional Securities Loans and Lending Commitments	\$ 218.1	\$ 210.2	\$ 201.1	4%	8%
Wealth Management					
Loans:					
Securities-based lending and other	\$ 86.1	\$ 86.2	\$ 88.4	—%	(3%)
Residential real estate	61.3	60.3	55.3	2%	11%
Total Loans	147.4	146.5	143.7	1%	3%
Lending Commitments	18.9	19.6	17.8	(4%)	6%
Wealth Management Loans and Lending Commitments	\$ 166.3	\$ 166.1	\$ 161.5	—%	3%
Consolidated Loans and Lending Commitments ⁽¹⁾	\$ 384.4	\$ 376.3	\$ 362.6	2%	6%

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

Consolidated Loans and Lending Commitments Allowance for Credit Losses (ACL) as of March 31, 2024

(unaudited, dollars in millions)

	Loans and Lending Commitments (Gross)	ACL ⁽¹⁾	ACL %	Q1 Provision
Loans:				
Held For Investment (HFI)				
Corporate	\$ 7,171	\$ 241	3.4%	\$ 1
Secured lending facilities	38,692	135	0.3%	(17)
Commercial and residential real estate	8,689	461	5.3%	1
Other	2,687	15	0.6%	(1)
Institutional Securities - HFI	\$ 57,239	\$ 852	1.5%	\$ (16)
Wealth Management - HFI	147,692	289	0.2%	(6)
Held For Investment	\$ 204,931	\$ 1,141	0.6%	\$ (22)
Held For Sale	13,426			
Fair Value	9,464			
Total Loans	227,821	1,141		(22)
Lending Commitments	157,686	565	0.4%	16
Consolidated Loans and Lending Commitments	\$ 385,507	\$ 1,706		\$ (6)

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

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, 2023 (2023 Form 10-K).
- (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:
- The return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity.
 - Segment return on average common equity and return on average tangible common equity represent 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.
 - Net revenues excluding DCP represents net revenues adjusted for the impact of mark-to-market gains/losses on economic hedges associated with certain employee deferred cash-based compensation plans.
 - Compensation expense excluding DCP represents compensation adjusted for the impact related to certain deferred cash-based compensation plans linked to investment performance.

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 Company 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 March 31, 2024, December 31, 2023 and March 31, 2023.
- (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 Company 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 22 to the consolidated financial statements included in the Firm's 2023 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 Company 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 2023 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 2023 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 2023 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) Client assets represent those for which Wealth Management is providing services including financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration, and retirement plan services.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) Annualized weighted average cost of deposits represents the total annualized weighted average cost of the various deposit products, excluding the effect of related hedging derivatives. The period end cost of deposits is based upon balances and rates as of March 31, 2024, December 31, 2023 and March 31, 2023. The period average is based on daily balances and rates for the period.
- (f) Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
- (g) 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.
- (h) 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 2023 Form 10-K.
- (i) Self-directed client assets represent active accounts which are not advisor led. Active accounts are defined as having at least \$25 in assets.
- (j) Daily average revenue trades (DARTs) represent the total self-directed trades in a period divided by the number of trading days during that period.
- (k) Self-directed households represent the total number of households that include at least one account with self-directed client 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.
- (l) 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.
- (m) 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.

Supplemental Quantitative Details and Calculations

Page 1:

- (1) The following sets forth the net revenue impact of mark-to-market gains and losses on investments associated with DCP and compensation expense impact related to DCP:

	1Q24	4Q23	1Q23
Net revenues	\$ 15,136	\$ 12,896	\$ 14,517
Adjustment for mark-to-market on DCP	(187)	(369)	(153)
Adjusted Net revenues - non-GAAP	\$ 14,949	\$ 12,527	\$ 14,364
Compensation expense	\$ 6,696	\$ 5,951	\$ 6,410
Adjustment for mark-to-market on DCP	(249)	(354)	(193)
Adjusted Compensation expense - non-GAAP	\$ 6,447	\$ 5,597	\$ 6,217

- Compensation expense for deferred cash-based compensation awards is calculated based on the notional value of the award granted, adjusted for changes in the fair value of the referenced investments that employees select. Compensation expense is recognized over the vesting period relevant to each separately vesting portion of deferred awards.
- The Firm invests directly, as a principal, in financial instruments and other investments to economically hedge certain of its obligations under these deferred cash-based compensation plans. Changes in the fair value of such investments, net of financing costs, are recorded in Net revenues, and included in Transactional revenues in the Wealth Management business segment. Although changes in compensation expense resulting from changes in the fair value of the referenced investments will generally be offset by changes in the fair value of investments recognized in net revenues, there is typically a timing difference between the immediate recognition of gains and losses on the Firm's investments and the deferred recognition of the related compensation expense over the vesting period. While this timing difference may not be material to income before provision for income taxes for the Firm in any individual period, it may impact the Wealth Management business segment reported ratios and operating metrics in certain periods due to potentially significant impacts to net revenues and compensation expenses.

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

	1Q24	4Q23	1Q23
Compensation and benefits	\$ 6,696	\$ 5,951	\$ 6,410
Non-compensation expenses:			
Brokerage, clearing and exchange fees	921	865	881
Information processing and communications	976	987	915
Professional services	639	822	710
Occupancy and equipment	441	528	440
Marketing and business development	217	224	247
Other	857	1,420	920
Total non-compensation expenses	4,051	4,846	4,113
Total non-interest expenses	\$ 10,747	\$ 10,797	\$ 10,523

Page 2:

- (1) The income tax consequences related to employee share-based payments are recognized in Provision for income taxes in the consolidated income statement, and may be either a benefit or a provision. The impacts of recognizing excess tax benefits upon conversion of awards are \$77 million and \$149 million for the first quarter of 2024 and 2023, respectively.

Page 3:

- (1) Includes loans held for investment (net of allowance), loans held for sale and also includes loans at fair value which are included in Trading assets on the balance sheet.
- (2) As of March 31, 2024, December 31, 2023 and March 31, 2023, the U.S. Bank investment securities portfolio included held to maturity investment securities of \$50.7 billion, \$51.4 billion and \$55.7 billion, respectively.

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: 1Q24: \$482mm; 4Q23: \$471mm; 1Q23: \$471mm

Page 6:

- (1) The following sets forth the net revenue impact of mark-to-market gains and losses on investments associated with DCP and compensation expense impact related to DCP:

	1Q24	4Q23	1Q23
Net revenues	\$ 6,880	\$ 6,645	\$ 6,559
Adjustment for mark-to-market on DCP	(140)	(242)	(101)
Adjusted Net revenues - non-GAAP	\$ 6,740	\$ 6,403	\$ 6,458
Compensation expense	\$ 3,788	\$ 3,640	\$ 3,477
Adjustment for mark-to-market on DCP	(156)	(234)	(119)
Adjusted Compensation expense - non-GAAP	\$ 3,632	\$ 3,406	\$ 3,358

- (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: 1Q24: \$13,582mm; 4Q23: \$14,075mm; 1Q23: \$14,075mm

Supplemental Quantitative Details and Calculations

Page 7:

- (1) Wealth Management other lending included \$2 billion of non-purpose securities based lending on non-bank entities in each period ended March 31, 2024, December 31, 2023 and March 31, 2023.
- (2) For the quarters ended March 31, 2024, December 31, 2023 and March 31, 2023, Wealth Management deposits of \$347 billion, \$346 billion and \$341 billion, respectively, exclude off-balance sheet deposits of \$2 billion held by third parties outside of Morgan Stanley as of March 31, 2023 and none as of March 31, 2024 and December 31, 2023. Total deposits details are as follows:

	<u>1Q24</u>	<u>4Q23</u>	<u>1Q23</u>
Brokerage sweep deposits	\$ 139	\$ 145	\$ 172
Other deposits	208	201	169
Total balance sheet deposits	347	346	341
Off-balance sheet deposits	—	—	2
Total deposits	\$ 347	\$ 346	\$ 343

Page 8:

- (1) 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: 1Q24: \$9,676mm; 4Q23: \$9,687mm; 1Q23: \$9,687mm

Page 10:

- (1) For the quarters ended March 31, 2024, December 31, 2023 and March 31, 2023, Investment Management reflected loan balances of \$465 million, \$459 million and \$218 million, respectively.

Page 11:

- (1) For the quarter ended March 31, 2024, the Allowance Rollforward for Loans and Lending Commitments is as follows:

	<u>Institutional Securities</u>	<u>Wealth Management</u>	<u>Total</u>
Loans			
Allowance for Credit Losses (ACL)			
Beginning Balance - December 31, 2023	\$ 874	\$ 295	\$ 1,169
Net Charge Offs	—	—	—
Provision	(16)	(6)	(22)
Other	(6)	—	(6)
Ending Balance - March 31, 2024	\$ 852	\$ 289	\$ 1,141

Lending Commitments

Allowance for Credit Losses (ACL)			
Beginning Balance - December 31, 2023	\$ 533	\$ 18	\$ 551
Net Charge Offs	—	—	—
Provision	18	(2)	16
Other	(3)	1	(2)
Ending Balance - March 31, 2024	\$ 548	\$ 17	\$ 565

Loans and Lending Commitments

Allowance for Credit Losses (ACL)			
Beginning Balance - December 31, 2023	\$ 1,407	\$ 313	\$ 1,720
Net Charge Offs	—	—	—
Provision	2	(8)	(6)
Other	(9)	1	(8)
Ending Balance - March 31, 2024	\$ 1,400	\$ 306	\$ 1,706

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends.
The information should be read in conjunction with the Firm's first quarter earnings press release issued April 16, 2024.