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): July 16, 2024

Morgan Stanley

(Exact Name of Registrant
as Specified in Charter)

Delaware	**1-11758**	**36-3145972**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)
1585 Broadway, New York, New York		**10036**
(Address of Principal Executive Offices)		(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
Depositary Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, $0.01 par value	MS/PA	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, $0.01 par value	MS/PE	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, $0.01 par value	MS/PF	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, $0.01 par value	MS/PI	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, $0.01 par value	MS/PK	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, $0.01 par value	MS/PL	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series O, $0.01 par value	MS/PO	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series P, $0.01 par value	MS/PP	New York Stock Exchange
Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/26C	New York Stock Exchange
Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/29	New York Stock Exchange

Indicate by check mark whether the registrant 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 July 16, 2024, Morgan Stanley (the "Company") released financial information with respect to its quarter ended June 30, 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 June 30, 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
99.1	Press release of the Company, dated July 16, 2024, containing financial information for the quarter ended June 30, 2024.
99.2	Financial Data Supplement of the Company for the quarter ended .
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.

		MORGAN STANLEY (Registrant)		
Date:	July 16, 2024	By:	/s/ Raja Akram	
			Name:	Raja Akram
			Title:	Deputy Chief Financial Officer

End of Document

Morgan Stanley

Morgan Stanley Second Quarter 2024 Earnings Results

Morgan Stanley Reports Net Revenues of $15.0 Billion, EPS of $1.82 and ROTCE of 17.5%

NEW YORK, July 16, 2024 – Morgan Stanley (NYSE: MS) today reported net revenues of $15.0 billion for the second quarter ended June 30, 2024 compared with $13.5 billion a year ago. Net income applicable to Morgan Stanley was $3.1 billion, or $1.82 per diluted share,[1] compared with net income of $2.2 billion, or $1.24 per diluted share, [1] for the same period a year ago.

Ted Pick, Chief Executive Officer, said, *"The Firm delivered another strong quarter in an improving capital markets environment, resulting in first half 2024 revenues of $30.2 billion, EPS of $3.85 and an ROTCE of 18.6%. Total client assets grew to $7.2 trillion on our road to $10+ trillion. We announced an increase of our quarterly common stock dividend to $0.925 per share while maintaining robust capital levels with a CET1 ratio of 15.2%, reflecting the durability of our business model. We continue to execute on our strategy and remain well positioned to deliver growth and long-term value for our shareholders."*

Financial Summary[2,3]

Firm ($ millions, except per share data)	2Q 2024	2Q 2023
Net revenues	$15,019	$13,457
Provision for credit losses	$76	$161
Compensation expense	$6,460	$6,262
Non-compensation expenses	$4,409	$4,222
Pre-tax income[6]	$4,074	$2,812
Net income app. to MS	$3,076	$2,182
Expense efficiency ratio[8]	72 %	78 %
Earnings per diluted share[1]	$1.82	$1.24
Book value per share	$56.80	$55.24
Tangible book value per share[4]	$42.30	$40.79
Return on equity	13.0 %	8.9 %
Return on tangible common equity[4]	17.5 %	12.1 %
Institutional Securities		
Net revenues	$6,982	$5,654
Investment Banking	$1,619	$1,075
Equity	$3,018	$2,548
Fixed Income	$1,999	$1,716
Wealth Management		
Net revenues	$6,792	$6,660
Fee-based client assets ($ billions)[9]	$2,188	$1,856
Fee-based asset flows ($ billions)[10]	$26.0	$22.7
Net new assets ($ billions)[11]	$36.4	$89.5
Loans ($ billions)	$150.9	$144.7
Investment Management		
Net revenues	$1,386	$1,281
AUM ($ billions)[12]	$1,518	$1,412
Long-term net flows ($ billions)[13]	$(1.2)	$1.1

Highlights

- Net revenues for the second quarter were $15.0 billion, balanced across Wealth Management and Institutional Securities.
- The Firm delivered ROTCE of 17.5%.[2,4]
- The Firm expense efficiency ratio was 72% for both the second quarter and the first half of the year benefiting from our scale and intentional expense management.[3,8]
- During the quarter, the Firm accreted $1.5 billion of Common Equity Tier 1 capital while supporting our clients and executing capital actions, and ended the quarter with a Standardized Common Equity Tier 1 capital ratio of 15.2%.[16]
- Institutional Securities net revenues of $7.0 billion reflect strong performance across the franchise, with notable strength in Equity, driven by higher client activity, and in Investment Banking on robust debt underwriting results.
- Wealth Management delivered a pre-tax margin of 26.8% for the quarter.[7] Net revenues were $6.8 billion on record asset management revenues driven by cumulative fee-based asset flows and a positive market environment. Fee-based asset flows were $26 billion for the quarter and $52 billion for the first half of the year.[10] The business added net new assets of $36 billion in the quarter and $131 billion in the first half of the year.[11]
- Investment Management results reflect net revenues of $1.4 billion, primarily driven by increased asset management revenues on higher long-term average AUM.[12]

Media Relations: Wesley McDade 212-761-2430   Investor Relations: Leslie Bazos 212-761-5352

Morgan Stanley

Second Quarter Results

Institutional Securities

Institutional Securities reported net revenues for the current quarter of $7.0 billion compared with $5.7 billion a year ago. Pre-tax income was $2.0 billion compared with $1.0 billion a year ago.[6]

($ millions)	2Q 2024	2Q 2023
Net Revenues	**$6,982**	**$5,654**
Investment Banking	**$1,619**	**$1,075**
Advisory	$592	$455
Equity underwriting	$352	$225
Fixed income underwriting	$675	$395
Equity	**$3,018**	**$2,548**
Fixed Income	**$1,999**	**$1,716**
Other	**$346**	**$315**
Provision for credit losses	**$54**	**$97**
Total Expenses	**$4,882**	**$4,580**
Compensation	$2,291	$2,215
Non-compensation	$2,591	$2,365

Investment Banking revenues up 51% from a year ago:

- Advisory revenues increased from a year ago on higher completed M&A transactions.
- Equity underwriting revenues increased from a year ago driven by private placements and higher revenues in IPOs and convertible offerings.
- Fixed income underwriting revenues increased significantly from a year ago primarily driven by higher non-investment grade issuances.

Equity net revenues up 18% from a year ago:

- Equity net revenues increased from a year ago reflecting strong performance across business lines and regions, particularly in Asia, on stronger client engagement and a constructive market environment.

Fixed Income net revenues up 16% from a year ago:

- Fixed Income net revenues increased from a year ago driven by higher results in credit reflecting strong financing revenues and in foreign exchange on higher client engagement.

Other:

- Other revenues for the quarter increased from a year ago primarily driven by higher net interest income and fees and lower mark-to-market losses on corporate loans, inclusive of loan hedges.

Provision for credit losses:

- Provision for credit losses decreased on lower provisions on corporate loans compared to the prior year quarter.

Total Expenses:

- Compensation expense increased from a year ago on higher revenues, partially offset by lower severance costs.
- Non-compensation expenses increased from a year ago on higher execution-related expenses.

Wealth Management

Wealth Management reported net revenues of $6.8 billion in the current quarter compared with $6.7 billion a year ago. Pre-tax income of $1.8 billion[6] in the current quarter resulted in a pre-tax margin of 26.8%.[7]

Net revenues up 2% from a year ago:

- Record asset management revenues reflect higher asset levels from a year ago and the cumulative impact of positive fee-based flows.
- Transactional revenues increased 5% excluding the impact of mark-to-market on investments associated with DCP.[5,14] The increase was primarily driven by higher equity related transactions.
- Net interest income decreased from a year ago on lower average sweep deposits reflecting the cumulative effect of cash redeployments by clients in a higher interest rate environment.

Provision for credit losses:

- Provision for credit losses decreased on lower provisions in the commercial real estate sector compared to the prior year quarter.

Total Expenses:

- Compensation expense increased from a year ago on higher compensable revenues, partially offset by lower expenses related to DCP and lower severance costs.
- Non-compensation expenses decreased from a year ago on lower professional services and the absence of integration-related expenses in the current quarter.

($ millions)	2Q 2024	2Q 2023
Net Revenues	**$6,792**	**$6,660**
Asset management	$3,989	$3,452
Transactional[14]	$782	$869
Net interest	$1,798	$2,156
Other	$223	$183
Provision for credit losses	**$22**	**$64**
Total Expenses	**$4,949**	**$4,915**
Compensation	$3,601	$3,503
Non-compensation	$1,348	$1,412

Investment Management

Investment Management net revenues were $1.4 billion compared with $1.3 billion a year ago. Pre-tax income was $222 million compared with $170 million a year ago.[6]

Net revenues up 8% 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 increased from a year ago primarily due to higher accrued carried interest in our private funds, partially offset by mark-to-market losses on investments associated with DCP versus gains in the prior year.

Total Expenses:

- Compensation expense increased from a year ago on higher compensation associated with carried interest.
- Non-compensation expenses increased from a year ago, primarily driven by continued investments in technology and infrastructure to support business growth.

($ millions)	2Q 2024	2Q 2023
Net Revenues	**$1,386**	**$1,281**
Asset management and related fees	$1,342	$1,268
Performance-based income and other	$44	$13
Total Expenses	**$1,164**	**$1,111**
Compensation	$568	$544
Non-compensation	$596	$567

Other Matters

- The Firm repurchased $0.8 billion of its outstanding common stock during the quarter as part of its Share Repurchase Program.
- The Firm reauthorized a multi-year repurchase program of up to $20 billion of outstanding common stock without a set expiration date.
- The Board of Directors declared a $0.925 quarterly dividend per share, an increase of 7.5 cents, payable on August 15, 2024 to common shareholders of record on July 31, 2024.
- The effective tax rate for the current quarter was 23.5%.

	2Q 2024	2Q 2023
Common Stock Repurchases		
Repurchases ($MM)	$750	$1,000
Number of Shares (MM)	8	12
Average Price	$95.96	$83.86
Period End Shares (MM)	1,619	1,659
Tax Rate	23.5%	21.0%
Capital[15]		
Standardized Approach		
CET1 capital[16]	15.2%	15.5%
Tier 1 capital[16]	17.0%	17.4%
Advanced Approach		
CET1 capital[16]	15.3%	15.8%
Tier 1 capital[16]	17.1%	17.8%
Leverage-based capital		
Tier 1 leverage[17]	6.8%	6.7%
SLR[18]	5.5%	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 second quarter of 2024 and 2023 of approximately $134 million and $133 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] Transactional revenues include investment banking, trading, and commissions and fee revenues.

[15] Capital ratios are estimates as of the press release date, July 16, 2024.

[16] 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.

[17] 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.

[18] The Firm's supplementary leverage ratio (SLR) utilizes a Tier 1 capital numerator of approximately $80.5 billion and $78.4 billion, and supplementary leverage exposure denominator of approximately $1.47 trillion and $1.42 trillion, for the second quarter of 2024 and 2023, respectively.

Consolidated Income Statement Information

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Percentage Change
Revenues:								
Investment banking	$ 1,735	$ 1,589	$ 1,155	9 %	50 %	$ 3,324	$ 2,485	34 %
Trading	4,131	4,852	3,802	(15 %)	9 %	8,983	8,279	9 %
Investments	157	137	95	15 %	65 %	294	240	23 %
Commissions and fees	1,183	1,227	1,090	(4 %)	9 %	2,410	2,329	3 %
Asset management	5,424	5,269	4,817	3 %	13 %	10,693	9,545	12 %
Other	322	266	488	21 %	(34 %)	588	740	(21 %)
Total non-interest revenues	12,952	13,340	11,447	(3 %)	13 %	26,292	23,618	11 %
Interest income	13,529	12,930	10,913	5 %	24 %	26,459	20,893	27 %
Interest expense	11,462	11,134	8,903	3 %	29 %	22,596	16,537	37 %
Net interest	2,067	1,796	2,010	15 %	3 %	3,863	4,356	(11 %)
Net revenues	15,019	15,136	13,457	(1 %)	12 %	30,155	27,974	8 %
Provision for credit losses	76	(6)	161	*	(53 %)	70	395	(82 %)
Non-interest expenses:								
Compensation and benefits	6,460	6,696	6,262	(4 %)	3 %	13,156	12,672	4 %
Non-compensation expenses:								
Brokerage, clearing and exchange fees	995	921	875	8 %	14 %	1,916	1,756	9 %
Information processing and communications	1,011	976	926	4 %	9 %	1,987	1,841	8 %
Professional services	753	639	767	18 %	(2 %)	1,392	1,477	(6 %)
Occupancy and equipment	464	441	471	5 %	(1 %)	905	911	(1 %)
Marketing and business development	245	217	236	13 %	4 %	462	483	(4 %)
Other	941	857	947	10 %	(1 %)	1,798	1,867	(4 %)
Total non-compensation expenses	4,409	4,051	4,222	9 %	4 %	8,460	8,335	1 %
Total non-interest expenses	10,869	10,747	10,484	1 %	4 %	21,616	21,007	3 %
Income before provision for income taxes	4,074	4,395	2,812	(7 %)	45 %	8,469	6,572	29 %
Provision for income taxes	957	933	591	3 %	62 %	1,890	1,318	43 %
Net income	$ 3,117	$ 3,462	$ 2,221	(10 %)	40 %	$ 6,579	$ 5,254	25 %
Net income applicable to nonredeemable noncontrolling interests	41	50	39	(18 %)	5 %	91	92	(1 %)
Net income applicable to Morgan Stanley	3,076	3,412	2,182	(10 %)	41 %	6,488	5,162	26 %
Preferred stock dividend	134	146	133	(8 %)	1 %	280	277	1 %
Earnings applicable to Morgan Stanley common shareholders	$ 2,942	$ 3,266	$ 2,049	(10 %)	44 %	$ 6,208	$ 4,885	27 %

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: 2Q24: $15,073 million, 1Q24: $14,949 million, 2Q23: $13,343 million, 2Q24 YTD: $30,022 million, 2Q23 YTD: $27,707 million.
- Firm compensation expenses excluding DCP were: 2Q24: $6,405 million, 1Q24: $6,447 million, 2Q23: $6,084 million, 2Q24 YTD: $12,852 million, 2Q23 YTD: $12,301 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.

Morgan Stanley

Consolidated Financial Metrics, Ratios and Statistical Data

(unaudited)

	Quarter Ended			Percentage Change From:		Six Months Ended		
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Percentage Change
Financial Metrics:								
Earnings per basic share	$ 1.85	$ 2.04	$ 1.25	(9 %)	48 %	$ 3.89	$ 2.98	31 %
Earnings per diluted share	$ 1.82	$ 2.02	$ 1.24	(10 %)	47 %	$ 3.85	$ 2.95	31 %
Return on average common equity	13.0 %	14.5 %	8.9 %			13.8 %	10.7 %	
Return on average tangible common equity	17.5 %	19.7 %	12.1 %			18.6 %	14.5 %	
Book value per common share	$ 56.80	$ 55.60	$ 55.24			$ 56.80	$ 55.24	
Tangible book value per common share	$ 42.30	$ 41.07	$ 40.79			$ 42.30	$ 40.79	
Financial Ratios:								
Pre-tax margin	27 %	29 %	21 %			28 %	23 %	
Compensation and benefits as a % of net revenues	43 %	44 %	47 %			44 %	45 %	
Non-compensation expenses as a % of net revenues	29 %	27 %	31 %			28 %	30 %	
Firm expense efficiency ratio	72 %	71 %	78 %			72 %	75 %	
Effective tax rate	23.5 %	21.2 %	21.0 %			22.3 %	20.1 %	
Statistical Data:								
Period end common shares outstanding (millions)	1,619	1,627	1,659	— %	(2 %)			
Average common shares outstanding (millions)								
Basic	1,594	1,601	1,635	— %	(3 %)	1,597	1,640	(3 %)
Diluted	1,611	1,616	1,651	— %	(2 %)	1,614	1,657	(3 %)
Worldwide employees	79,066	79,610	82,006	(1 %)	(4 %)			

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Morgan Stanley

Second Quarter 2024 Earnings Results

Quarterly Financial Supplement

Consolidated Financial Summary

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Change
Net revenues								
Institutional Securities	$ 6,982	$ 7,016	$ 5,654	— %	23 %	$ 13,998	$ 12,451	12 %
Wealth Management	6,792	6,880	6,660	(1 %)	2 %	13,672	13,219	3 %
Investment Management	1,386	1,377	1,281	1 %	8 %	2,763	2,570	8 %
Intersegment Eliminations	(141)	(137)	(138)	(3 %)	(2 %)	(278)	(266)	(5 %)
Net revenues (1)	$ 15,019	$ 15,136	$ 13,457	(1 %)	12 %	$ 30,155	$ 27,974	8 %
Provision for credit losses	$ 76	$ (6)	$ 161	*	(53 %)	$ 70	$ 395	(82 %)
Non-interest expenses								
Institutional Securities	$ 4,882	$ 4,663	$ 4,580	5 %	7 %	$ 9,545	$ 9,296	3 %
Wealth Management	4,949	5,082	4,915	(3 %)	1 %	10,031	9,717	3 %
Investment Management	1,164	1,136	1,111	2 %	5 %	2,300	2,234	3 %
Intersegment Eliminations	(126)	(134)	(122)	6 %	(3 %)	(260)	(240)	(8 %)
Non-interest expenses (1)(2)	$ 10,869	$ 10,747	$ 10,484	1 %	4 %	$ 21,616	$ 21,007	3 %
Income before provision for income taxes								
Institutional Securities	$ 2,046	$ 2,351	$ 977	(13 %)	109 %	$ 4,397	$ 2,869	53 %
Wealth Management	1,821	1,806	1,681	1 %	8 %	3,627	3,393	7 %
Investment Management	222	241	170	(8 %)	31 %	463	336	38 %
Intersegment Eliminations	(15)	(3)	(16)	*	6 %	(18)	(26)	31 %
Income before provision for income taxes	$ 4,074	$ 4,395	$ 2,812	(7 %)	45 %	$ 8,469	$ 6,572	29 %
Net Income applicable to Morgan Stanley								
Institutional Securities	$ 1,520	$ 1,819	$ 759	(16 %)	100 %	$ 3,339	$ 2,237	49 %
Wealth Management	1,403	1,403	1,308	— %	7 %	2,806	2,684	5 %
Investment Management	165	192	127	(14 %)	30 %	357	261	37 %
Intersegment Eliminations	(12)	(2)	(12)	*	— %	(14)	(20)	30 %
Net Income applicable to Morgan Stanley	$ 3,076	$ 3,412	$ 2,182	(10 %)	41 %	$ 6,488	$ 5,162	26 %
Earnings applicable to Morgan Stanley common shareholders	$ 2,942	$ 3,266	$ 2,049	(10 %)	44 %	$ 6,208	$ 4,885	27 %

Notes:

- Firm net revenues excluding mark-to-market gains and losses on deferred cash-based compensation plans (DCP) were: 2Q24: $15,073 million, 1Q24: $14,949 million, 2Q23: $13,343 million, 2Q24 YTD: $30,022 million, 2Q23 YTD: $27,707 million.
- Firm compensation expenses excluding DCP were: 2Q24: $6,405 million, 1Q24: $6,447 million, 2Q23: $6,084 million, 2Q24 YTD: $12,852 million, 2Q23 YTD: $12,301 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:		Six Months Ended		Percentage Change
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	
Financial Metrics:								
Earnings per basic share	$ 1.85	$ 2.04	$ 1.25	(9 %)	48 %	$ 3.89	$ 2.98	31 %
Earnings per diluted share	$ 1.82	$ 2.02	$ 1.24	(10 %)	47 %	$ 3.85	$ 2.95	31 %
Return on average common equity	13.0 %	14.5 %	8.9 %			13.8 %	10.7 %	
Return on average tangible common equity	17.5 %	19.7 %	12.1 %			18.6 %	14.5 %	
Book value per common share	$ 56.80	$ 55.60	$ 55.24			$ 56.80	$ 55.24	
Tangible book value per common share	$ 42.30	$ 41.07	$ 40.79			$ 42.30	$ 40.79	
Financial Ratios:								
Pre-tax margin	27 %	29 %	21 %			28 %	23 %	
Compensation and benefits as a % of net revenues	43 %	44 %	47 %			44 %	45 %	
Non-compensation expenses as a % of net revenues	29 %	27 %	31 %			28 %	30 %	
Firm expense efficiency ratio	72 %	71 %	78 %			72 %	75 %	
Effective tax rate	23.5 %	21.2 %	21.0 %			22.3 %	20.1 %	
Statistical Data:								
Period end common shares outstanding (millions)	1,619	1,627	1,659	— %	(2 %)			
Average common shares outstanding (millions)								
Basic	1,594	1,601	1,635	— %	(3 %)	1,597	1,640	(3 %)
Diluted	1,611	1,616	1,651	— %	(2 %)	1,614	1,657	(3 %)
Worldwide employees	79,066	79,610	82,006	(1 %)	(4 %)			

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Consolidated and U.S. Bank Supplemental Financial Information

(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage Change
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	
Consolidated Balance sheet								
Total assets	$ 1,212,447	$ 1,228,503	$ 1,164,911	(1 %)	4 %			
Loans [1]	$ 237,696	$ 227,145	$ 224,276	5 %	6 %			
Deposits	$ 348,890	$ 352,494	$ 348,511	(1 %)	— %			
Long-term debt outstanding	$ 269,897	$ 266,150	$ 243,820	1 %	11 %			
Maturities of long-term debt outstanding (next 12 months)	$ 18,797	$ 19,701	$ 22,326	(5 %)	(16 %)			
Average liquidity resources	$ 319,580	$ 318,664	$ 310,724	— %	3 %			
Common equity	$ 91,964	$ 90,448	$ 91,636	2 %	— %			
Less: Goodwill and intangible assets	(23,480)	(23,635)	(23,973)	(1 %)	(2 %)			
Tangible common equity	$ 68,484	$ 66,813	$ 67,663	3 %	1 %			
Preferred equity	$ 8,750	$ 8,750	$ 8,750	— %	— %			
U.S. Bank Supplemental Financial Information								
Total assets	$ 400,140	$ 400,856	$ 385,596	— %	4 %			
Loans	$ 220,900	$ 211,290	$ 209,065	5 %	6 %			
Investment securities portfolio [2]	$ 119,197	$ 115,951	$ 119,289	3 %	— %			
Deposits	$ 342,900	$ 346,609	$ 342,522	(1 %)	— %			
Regional revenues								
Americas	$ 11,268	$ 11,567	$ 10,394	(3 %)	8 %	$ 22,835	$ 21,185	8 %
EMEA (Europe, Middle East, Africa)	1,871	1,826	1,500	2 %	25 %	3,697	3,237	14 %
Asia	1,880	1,743	1,563	8 %	20 %	3,623	3,552	2 %
Consolidated net revenues	$ 15,019	$ 15,136	$ 13,457	(1 %)	12 %	$ 30,155	$ 27,974	8 %

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Consolidated Average Common Equity and Regulatory Capital Information

(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Change
Average Common Equity								
Institutional Securities	$ 45.0	$ 45.0	$ 45.6	— %	(1 %)	$ 45.0	$ 45.6	(1 %)
Wealth Management	29.1	29.1	28.8	— %	1 %	29.1	28.8	1 %
Investment Management	10.8	10.8	10.4	— %	4 %	10.8	10.4	4 %
Parent Company	5.7	5.0	6.8	14 %	(16 %)	5.3	6.6	(20 %)
Firm	$ 90.6	$ 89.9	$ 91.6	1 %	(1 %)	$ 90.2	$ 91.4	(1 %)
Regulatory Capital								
Common Equity Tier 1 capital	$ 71.8	$ 70.3	$ 69.9	2 %	3 %			
Tier 1 capital	$ 80.5	$ 79.0	$ 78.4	2 %	3 %			
Standardized Approach								
Risk-weighted assets	$ 472.4	$ 467.8	$ 449.8	1 %	5 %			
Common Equity Tier 1 capital ratio	15.2 %	15.0 %	15.5 %					
Tier 1 capital ratio	17.0 %	16.9 %	17.4 %					
Advanced Approach								
Risk-weighted assets	$ 469.7	$ 456.5	$ 441.9	3 %	6 %			
Common Equity Tier 1 capital ratio	15.3 %	15.4 %	15.8 %					
Tier 1 capital ratio	17.1 %	17.3 %	17.8 %					
Leverage-based capital								
Tier 1 leverage ratio	6.8 %	6.7 %	6.7 %					
Supplementary Leverage Ratio	5.5 %	5.4 %	5.5 %					

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Change
Revenues:								
Advisory	$ 592	$ 461	$ 455	28 %	30 %	$ 1,053	$ 1,093	(4 %)
Equity	352	430	225	(18 %)	56 %	782	427	83 %
Fixed income	675	556	395	21 %	71 %	1,231	802	53 %
Underwriting	1,027	986	620	4 %	66 %	2,013	1,229	64 %
Investment banking	1,619	1,447	1,075	12 %	51 %	3,066	2,322	32 %
Equity	3,018	2,842	2,548	6 %	18 %	5,860	5,277	11 %
Fixed income	1,999	2,485	1,716	(20 %)	16 %	4,484	4,292	4 %
Other	346	242	315	43 %	10 %	588	560	5 %
Net revenues	6,982	7,016	5,654	— %	23 %	13,998	12,451	12 %
Provision for credit losses	54	2	97	*	(44 %)	56	286	(80 %)
Compensation and benefits	2,291	2,343	2,215	(2 %)	3 %	4,634	4,580	1 %
Non-compensation expenses	2,591	2,320	2,365	12 %	10 %	4,911	4,716	4 %
Total non-interest expenses	4,882	4,663	4,580	5 %	7 %	9,545	9,296	3 %
Income before provision for income taxes	2,046	2,351	977	(13 %)	109 %	4,397	2,869	53 %
Net income applicable to Morgan Stanley	$ 1,520	$ 1,819	$ 759	(16 %)	100 %	$ 3,339	$ 2,237	49 %
Pre-tax margin	29 %	34 %	17 %			31 %	23 %	
Compensation and benefits as a % of net revenues	33 %	33 %	39 %			33 %	37 %	
Non-compensation expenses as a % of net revenues	37 %	33 %	42 %			35 %	38 %	
Return on Average Common Equity	13 %	15 %	6 %			14 %	9 %	
Return on Average Tangible Common Equity [(1)]	13 %	15 %	6 %			14 %	9 %	
Trading VaR (Average Daily 95% / One-Day VaR)	$ 48	$ 54	$ 52					

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Change
Revenues:								
Asset management	$ 3,989	$ 3,829	$ 3,452	4 %	16 %	$ 7,818	$ 6,834	14 %
Transactional	782	1,033	869	(24 %)	(10 %)	1,815	1,790	1 %
Net interest income	1,798	1,856	2,156	(3 %)	(17 %)	3,654	4,314	(15 %)
Other	223	162	183	38 %	22 %	385	281	37 %
Net revenues (1)	6,792	6,880	6,660	(1 %)	2 %	13,672	13,219	3 %
Provision for credit losses	22	(8)	64	*	(66 %)	14	109	(87 %)
Compensation and benefits (1)	3,601	3,788	3,503	(5 %)	3 %	7,389	6,980	6 %
Non-compensation expenses	1,348	1,294	1,412	4 %	(5 %)	2,642	2,737	(3 %)
Total non-interest expenses	4,949	5,082	4,915	(3 %)	1 %	10,031	9,717	3 %
Income before provision for income taxes	1,821	1,806	1,681	1 %	8 %	3,627	3,393	7 %
Net income applicable to Morgan Stanley	$ 1,403	$ 1,403	$ 1,308	— %	7 %	$ 2,806	$ 2,684	5 %
Pre-tax margin	27 %	26 %	25 %			27 %	26 %	
Compensation and benefits as a % of net revenues	53 %	55 %	53 %			54 %	53 %	
Non-compensation expenses as a % of net revenues	20 %	19 %	21 %			19 %	21 %	
Return on Average Common Equity	19 %	19 %	18 %			19 %	18 %	
Return on Average Tangible Common Equity (2)	35 %	35 %	34 %			35 %	35 %	

Notes:
- Wealth Management net revenues excluding DCP were: 2Q24: $6,837 million, 1Q24: $6,740 million, 2Q23: $6,578 million, 2Q24 YTD: $13,577 million, 2Q23 YTD: $13,036 million.
- Wealth Management compensation expenses excluding DCP were: 2Q24: $3,568 million, 1Q24: $3,632 million, 2Q23: $3,396 million, 2Q24 YTD: $7,200 million, 2Q23 YTD: $6,754 million.
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Wealth Management
Financial Information and Statistical Data
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023
Wealth Management Metrics					
Total client assets	$ 5,690	$ 5,495	$ 4,885	4 %	16 %
Net new assets	$ 36.4	$ 94.9	$ 89.5	(62 %)	(59 %)
U.S. Bank loans	$ 150.9	$ 147.4	$ 144.7	2 %	4 %
Margin and other lending [(1)]	$ 25.5	$ 23.4	$ 21.7	9 %	18 %
Deposits [(2)]	$ 343	$ 347	$ 343	(1 %)	— %
Annualized weighted average cost of deposits					
Period end	3.11 %	2.96 %	2.53 %		
Period average	3.03 %	2.92 %	2.32 %		
Advisor-led channel					
Advisor-led client assets	$ 4,443	$ 4,302	$ 3,784	3 %	17 %
Fee-based client assets	$ 2,188	$ 2,124	$ 1,856	3 %	18 %
Fee-based asset flows	$ 26.0	$ 26.2	$ 22.7	(1 %)	15 %
Fee-based assets as a % of advisor-led client assets	49 %	49 %	49 %		
Self-directed channel					
Self-directed client assets	$ 1,247	$ 1,194	$ 1,101	4 %	13 %
Daily average revenue trades (000's)	781	841	765	(7 %)	2 %
Self-directed households (millions)	8.2	8.1	8.1	1 %	1 %
Workplace channel					
Stock plan unvested assets	$ 452	$ 457	$ 402	(1 %)	12 %
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:		Six Months Ended		Percentage
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Change
Revenues:								
Asset management and related fees	$ 1,342	$ 1,346	$ 1,268	— %	6 %	$ 2,688	$ 2,516	7 %
Performance-based income and other	44	31	13	42 %	*	75	54	39 %
Net revenues	1,386	1,377	1,281	1 %	8 %	2,763	2,570	8 %
Compensation and benefits	568	565	544	1 %	4 %	1,133	1,112	2 %
Non-compensation expenses	596	571	567	4 %	5 %	1,167	1,122	4 %
Total non-interest expenses	1,164	1,136	1,111	2 %	5 %	2,300	2,234	3 %
Income before provision for income taxes	222	241	170	(8 %)	31 %	463	336	38 %
Net income applicable to Morgan Stanley	$ 165	$ 192	$ 127	(14 %)	30 %	$ 357	$ 261	37 %
Pre-tax margin	16 %	18 %	13 %			17 %	13 %	
Compensation and benefits as a % of net revenues	41 %	41 %	42 %			41 %	43 %	
Non-compensation expenses as a % of net revenues	43 %	41 %	44 %			42 %	44 %	
Return on Average Common Equity	6 %	7 %	5 %			7 %	5 %	
Return on Average Tangible Common Equity [(1)]	58 %	68 %	70 %			63 %	72 %	

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Investment Management
Financial Information and Statistical Data

(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023	Jun 30, 2024	Jun 30, 2023	Change
Assets Under Management or Supervision (AUM)								
Net Flows by Asset Class								
Equity	$ (9.2)	$ (5.5)	$ (5.3)	(67 %)	(74 %)	$ (14.7)	$ (7.4)	(99 %)
Fixed Income	1.0	2.8	(5.0)	(64 %)	*	3.8	(7.0)	*
Alternatives and Solutions	7.0	10.3	11.4	(32 %)	(39 %)	17.3	13.1	32 %
Long-Term Net Flows	(1.2)	7.6	1.1	*	*	$ 6.4	$ (1.3)	*
Liquidity and Overlay Services	1.3	(12.9)	9.7	*	(87 %)	(11.6)	23.6	*
Total Net Flows	$ 0.1	$ (5.3)	$ 10.8	*	(99 %)	$ (5.2)	$ 22.3	*
Assets Under Management or Supervision by Asset Class								
Equity	$ 301	$ 310	$ 289	(3 %)	4 %			
Fixed Income	176	174	165	1 %	7 %			
Alternatives and Solutions	558	543	482	3 %	16 %			
Long-Term Assets Under Management or Supervision	1,035	1,027	936	1 %	11 %			
Liquidity and Overlay Services	483	478	476	1 %	1 %			
Total Assets Under Management or Supervision	$ 1,518	$ 1,505	$ 1,412	1 %	8 %			

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Consolidated Loans and Lending Commitments

(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Jun 30, 2024	Mar 31, 2024	Jun 30, 2023	Mar 31, 2024	Jun 30, 2023
Institutional Securities					
Loans:					
Corporate	$ 17.7	$ 16.6	$ 17.8	7 %	(1 %)
Secured lending facilities	48.3	42.1	41.2	15 %	17 %
Commercial and residential real estate	12.6	12.9	12.1	(2 %)	4 %
Securities-based lending and other	7.7	7.7	8.1	— %	(5 %)
Total Loans	86.3	79.3	79.2	9 %	9 %
Lending Commitments	141.1	138.8	127.1	2 %	11 %
Institutional Securities Loans and Lending Commitments	$ 227.4	$ 218.1	$ 206.3	4 %	10 %
Wealth Management					
Loans:					
Securities-based lending and other	$ 87.8	$ 86.1	$ 87.6	2 %	— %
Residential real estate	63.1	61.3	57.1	3 %	11 %
Total Loans	150.9	147.4	144.7	2 %	4 %
Lending Commitments	19.0	18.9	18.8	1 %	1 %
Wealth Management Loans and Lending Commitments	$ 169.9	$ 166.3	$ 163.5	2 %	4 %
Consolidated Loans and Lending Commitments (1)	$ 397.3	$ 384.4	$ 369.8	3 %	7 %

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Consolidated Loans and Lending Commitments
Allowance for Credit Losses (ACL) as of June 30, 2024
(unaudited, dollars in millions)

	Loans and Lending Commitments *(Gross)*	ACL [1]	ACL %	Q2 Provision
Loans:				
Held For Investment (HFI)				
Corporate	$ 6,764	$ 241	3.6 %	$ —
Secured lending facilities	44,869	143	0.3 %	19
Commercial and residential real estate	8,804	469	5.3 %	45
Other	2,483	12	0.5 %	(1)
Institutional Securities - HFI	$ 62,920	$ 865	1.4 %	$ 63
Wealth Management - HFI	151,215	310	0.2 %	22
Held For Investment	$ 214,135	$ 1,175	0.5 %	$ 85
Held For Sale	15,283			
Fair Value	8,972			
Total Loans	238,390	1,175		85
Lending Commitments	160,128	555	0.3 %	(9)
Consolidated Loans and Lending Commitments	$ 398,518	$ 1,730		$ 76

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) We prepare our financial statements using U.S. GAAP. From time to time, we may disclose certain “non-GAAP financial measures” in this document or in the course of our earnings releases, earnings and other conference calls, financial presentations, definitive proxy statements and other public disclosures. A “non-GAAP financial measure” excludes, or includes, amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. We consider the non-GAAP financial measures we disclose to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an alternate means of assessing or comparing our financial condition, operating results and capital adequacy. These measures are not in accordance with, or a substitute for, U.S. GAAP and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the U.S. GAAP financial measure and the non-GAAP financial measure. We present certain non-GAAP financial measures that exclude the impact of mark-to-market gains and losses on DCP investments from net revenues and compensation expenses. The impact of DCP is primarily reflected in our Wealth Management business segment results. These measures allow for better comparability of period-to-period underlying operating performance and revenue trends, especially in our Wealth Management business segment. By excluding the impact of these items, we are better able to describe the business drivers and resulting impact to net revenues and corresponding change to the associated compensation expenses. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Executive Summary” in the 2023 Form 10-K.

(b) The following are considered non-GAAP financial measures:

- Tangible common equity represents common shareholders’ equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction. In addition, we believe that certain ratios that utilize tangible common equity, such as return on average tangible common equity (“ROTCE”) and tangible book value per common share, also non-GAAP financial measures, are useful for evaluating the operating performance and capital adequacy of the business period-to-period, respectively.
- ROTCE represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity.
- Tangible book value per common share represents tangible common equity divided by common shares outstanding.
- Segment return on average common equity and return on average tangible common equity represent net income applicable to Morgan Stanley by segment less preferred dividends allocated to each segment, annualized as a percentage of average common equity and average tangible common equity, respectively, allocated to each segment. The amount of capital allocated to the business segments is generally set at the beginning of each year and remains fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition).
- Net revenues excluding DCP represents net revenues adjusted for the impact of mark-to-market gains and 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 employee 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 that we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

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) Return on average common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity.

(b) Return on average tangible common equity represents a non-GAAP financial measure.

(c) Book value per common share represents common equity divided by period end common shares outstanding.

(d) Tangible book value per common share represents a non-GAAP financial measure.

(e) Pre-tax margin represents income before provision for income taxes as a percentage of net revenues.

(f) 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. 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 June 30, 2024, March 31, 2024 and June 30, 2023.

(b) Our goodwill and intangible balances utilized in the calculation of tangible common equity are net of allowable mortgage servicing rights deduction.

(c) Tangible common equity represents a non-GAAP financial measure.

(d) U.S. Bank refer to our U.S. Bank Subsidiaries, Morgan Stanley Bank N.A. and Morgan Stanley Private Bank, National Association, and excludes transactions between the bank subsidiaries, as well as deposits from the Parent Company and affiliates.

(e) Firmwide regional revenues reflect our 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 2023 Form 10-K.

Page 4:

(a) Our 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 our regulatory capital to ensure that we maintain an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The amount of capital allocated to the business segments is generally set at the beginning of each year and remains fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). We define the difference between our total average common equity and the sum of the average common equity amounts allocated to our business segments as Parent Company common equity. The Required Capital framework is based on our regulatory capital requirements. We continue to evaluate our 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 2023 Form 10-K.

(b) Our risk-based capital ratios are computed under each of (i) the standardized approaches for calculating credit risk and market risk risk-weighted assets (RWAs) ("Standardized Approach") and (ii) the applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs ("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 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 margin represents income before provision for income taxes as a percentage of net revenues.

(c) VaR represents the unrealized loss in portfolio value that, based on historically observed market risk factor movements, would have been exceeded with a frequency of 5%, or five times in every 100 trading days, if the portfolio were held constant for one day. Further discussion of the calculation of VaR and the limitations of our VaR methodology, is disclosed in "Quantitative and Qualitative Disclosures about Risk" included in the 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 margin represents income before provision for income taxes 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 that we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results.

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 and investment advisory services; financial and wealth planning services; workplace services, including stock plan administration, and retirement plan services.

(b) 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.

(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 our U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other deposits, 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 June 30, 2024, March 31, 2024 and June 30, 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 active 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.

(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 our 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 our consolidated income statement.

(c) Pre-tax margin represents income before provision for income taxes as a percentage 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:

	2Q24	1Q24	2Q23	2Q24 YTD	2Q23 YTD
Net revenues	$ 15,019	$ 15,136	$ 13,457	30,155	27,974
Adjustment for mark-to-market on DCP	54	(187)	(114)	(133)	(267)
Adjusted Net revenues - non-GAAP	$ 15,073	$ 14,949	$ 13,343	$ 30,022	$ 27,707
Compensation expense	$ 6,460	$ 6,696	$ 6,262	$ 13,156	$ 12,672
Adjustment for mark-to-market on DCP	(55)	(249)	(178)	(304)	(371)
Adjusted Compensation expense - non-GAAP	$ 6,405	$ 6,447	$ 6,084	$ 12,852	$ 12,301

- Compensation expense for deferred cash-based compensation plans 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 table above presents non-GAAP adjusted Compensation expense which excludes amounts recognized in Compensation expense associated with certain cash-based deferred compensation plans.
- We invest directly, as principal, in financial instruments and other investments to economically hedge certain of our 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 our investments and the deferred recognition of the related compensation expense over the vesting period. While this timing difference may not be material to our Income before provision for income taxes 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. The table above presents non-GAAP adjusted Net revenues which excludes amounts recognized in Net revenues related to mark-to-market gains and losses, net of financing costs, on investments associated with certain cash-based deferred compensation plans.

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

	2Q24	1Q24	2Q23	2Q24 YTD	2Q23 YTD
Compensation and benefits	$ 6,460	$ 6,696	$ 6,262	$ 13,156	$ 12,672
Non-compensation expenses:					
Brokerage, clearing and exchange fees	995	921	875	1,916	1,756
Information processing and communications	1,011	976	926	1,987	1,841
Professional services	753	639	767	1,392	1,477
Occupancy and equipment	464	441	471	905	911
Marketing and business development	245	217	236	462	483
Other	941	857	947	1,798	1,867
Total non-compensation expenses	4,409	4,051	4,222	8,460	8,335
Total non-interest expenses	$ 10,869	$ 10,747	$ 10,484	$ 21,616	$ 21,007

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 June 30, 2024, March 31, 2024 and June 30, 2023, the U.S. Bank investment securities portfolio included held to maturity investment securities of $50.2 billion, $50.7 billion and $54.9 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: 2Q24: $482mm; 1Q24: $482mm; 2Q23: $471mm; 2Q24 YTD: $482mm; 2Q23 YTD: $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:

	2Q24	1Q24	2Q23	2Q24 YTD	2Q23 YTD
Net revenues	$ 6,792	$ 6,880	$ 6,660	$ 13,672	$ 13,219
Adjustment for mark-to-market on DCP	45	(140)	(82)	(95)	(183)
Adjusted Net revenues - non-GAAP	$ 6,837	$ 6,740	$ 6,578	$ 13,577	$ 13,036
Compensation expense	$ 3,601	$ 3,788	$ 3,503	$ 7,389	$ 6,980
Adjustment for mark-to-market on DCP	(33)	(156)	(107)	(189)	(226)
Adjusted Compensation expense - non-GAAP	$ 3,568	$ 3,632	$ 3,396	$ 7,200	$ 6,754

(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: 2Q24: $13,582mm; 1Q24: $13,582mm; 2Q23: $14,075mm; 2Q24 YTD: $13,582mm; 2Q23 YTD: $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 June 30, 2024, March 31, 2024 and June 30, 2023.

(2) For the quarters ended June 30, 2024, March 31, 2024 and June 30, 2023, Wealth Management deposits of $343 billion, $347 billion and $343 billion, respectively. Total deposits details are as follows:

	2Q24	1Q24	2Q23
Brokerage sweep deposits	$ 129	$ 139	$ 158
Other deposits	214	208	185
Total deposits	$ 343	$ 347	$ 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: 2Q24: $9,676mm; 1Q24: $9,676mm; 2Q23: $9,687mm; 2Q24 YTD: $9,676mm; 2Q23 YTD: $9,687mm.

Page 10:

(1) For the quarters ended June 30, 2024, March 31, 2024 and June 30, 2023, Investment Management reflected loan balances of $481 million, $465 million and $386 million, respectively.

Page 11:

(1) For the quarter ended June 30, 2024, the Allowance Rollforward for Loans and Lending Commitments is as follows:

	Institutional Securities	Wealth Management	Total
Loans			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2024	$ 852	$ 289	$ 1,141
Net Charge Offs	(48)	(2)	(50)
Provision	63	22	85
Other	(2)	1	(1)
Ending Balance - June 30, 2024	$ 865	$ 310	$ 1,175
Lending Commitments			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2024	$ 548	$ 17	$ 565
Net Charge Offs	—	—	—
Provision	(9)	—	(9)
Other	(1)	—	(1)
Ending Balance - June 30, 2024	$ 538	$ 17	$ 555
Loans and Lending Commitments			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2024	$ 1,400	$ 306	$ 1,706
Net Charge Offs	(48)	(2)	(50)
Provision	54	22	76
Other	(3)	1	(2)
Ending Balance - June 30, 2024	$ 1,403	$ 327	$ 1,730

Legal Notice

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

End of Document