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): January 19, 2022

Morgan Stanley

	(Exact Name of Registrant as Specified in Charter)	
Delaware (State or Other Jurisdiction of Incorporation)	1-11758 (Commission File Number)	36-3145972 (IRS Employer Identification No.)
1585 Broadway, New York, New York (Address of Principal Executive Offices)		10036 (Zip Code)
Registrant's	s telephone number, including area code: (212)	761-4000
(Former N	Not Applicable Name or Former Address, if Changed Since Las	st Report)
Check the appropriate box below if the Form 8-K following provisions:	filing is intended to simultaneously satisfy the	filing obligation of the registrant under any of the
☐ Written communications pursuant to Rule 425	under the Securities Act (17 CFR 230.425)	
☐ Soliciting material pursuant to Rule 14a-12 und	der 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
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
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

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 the	his
chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).	

Emerging	growth	compony	
Emerging	growth	company	ш

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition

period for complying Exchange Act. □			

Item 2.02 Results of Operations and Financial Condition.

On January 19, 2022, Morgan Stanley (the "Company") released financial information with respect to its quarter and year ended December 31, 2021. 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 and year ended December 31, 2021 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 7.01 Regulation FD Disclosure.

On January 19, 2022, Morgan Stanley (the "Company") released financial information with respect to its quarter and year ended December 31, 2021 and will hold an investor conference call. Exhibit 99.3 is a copy of a presentation (the "Presentation") to be presented on the conference call, furnished for, and posted on the Company's website.

The Presentation is being furnished pursuant to Item 7.01, and the information contained therein shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities under that Section. Furthermore, the information contained in Exhibit 99.3 shall not be deemed to be incorporated by reference into the filings of the Registrant under the Securities Act of 1933, as amended.

Item 7.01 of this Current Report on Form 8-K (including Exhibit 99.3 hereto) contains 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. Morgan Stanley does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of the forward-looking statements. For a discussion of risks and uncertainties that may affect the future results of Morgan Stanley, please see "Forward-Looking Statements" immediately 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, each of Morgan Stanley's Annual Report on Form 10-K for the year ended December 31, 2020 and other items throughout the Form 10-K, Morgan Stanley's Quarterly Reports on Form 10-Q, Morgan Stanley's Current Reports on Form 8-K, including any amendments thereto, which have been filed with the Securities and Exchange Commission and are available on Morgan Stanley's website at www.sec.gov.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	<u>Description</u>
99.1	Press release of the Company, dated January 19, 2022, containing financial information for the quarter and year ended December 31, 2021.
99.2	Financial Data Supplement of the Company for the quarter and year ended December 31, 2021.
99.3	Morgan Stanley Presentation, dated January 19, 2022.
101	Interactive Data Files pursuant to Rule 406 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL").
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

SIGNATURE

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

MORGAN STANLEY (Registrant)

/s/ Raja Akram

Name: Title: Raja Akram Deputy Chief Financial Officer

End of Document

January 19, 2022

Date:

Morgan Stanley Fourth Quarter and Full Year 2021 Earnings Results

Morgan Stanley Reports Fourth Quarter Net Revenues of \$14.5 Billion, EPS of \$2.01 and ROTCE of 19.8%; Record Full Year Net Revenues of \$59.8 Billion, EPS of \$8.03 and ROTCE of 19.8%

NEW YORK, January 19, 2022 – Morgan Stanley (NYSE: MS) today reported net revenues of \$14.5 billion for the fourth quarter ended December 31, 2021 compared with \$13.6 billion a year ago. Net income applicable to Morgan Stanley was \$3.7 billion, or \$2.01 per diluted share, 1 compared with \$3.4 billion, or \$1.81 per diluted share, 1 for the same period a year ago.

Full year net revenues were \$59.8 billion compared with \$48.8 billion a year ago. Net income applicable to Morgan Stanley for the current year was \$15.0 billion, or \$8.03 per diluted share, compared with \$11.0 billion, or \$6.46 per diluted share, a year ago. The comparisons of current year results to prior periods were impacted by the acquisitions of E*TRADE Financial Corporation ("E*TRADE") and Eaton Vance Corp. ("Eaton Vance").

James P. Gorman, Chairman and Chief Executive Officer, said, "2021 was an outstanding year for our Firm. We delivered record net revenues of \$60 billion and a ROTCE of 20%, with stand-out results in each of our business segments. Wealth Management grew client assets by nearly \$1 trillion to \$4.9 trillion this year, with \$438 billion in net new assets. Combined with Investment Management, we now have \$6.5 trillion in client assets. Our integrated investment bank has continued to gain wallet share. We have a sustainable business model with scale, capital flexibility, momentum and growth."

AUM (\$Bn)¹³ \$ 1,565 \$ 781 \$ 1,565 \$ 781 Long-term net flows (\$Bn)¹⁴ \$ (1.1) \$ 8.5 \$ 26.4 \$ 41.0

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Firm (\$MM, except per share	<u>4Q</u>		<u>4Q</u>		<u>FY</u>		<u>FY</u>
data)	<u>2021</u>		<u>2020</u>		<u>2021</u>		<u>2020</u>
Net revenues	14,524		13,597		59,755		18,757
Provision for credit losses	\$ 5	\$	4	\$	4	\$	
Compensation expense	\$ 5,487		5,450		24,628		20,854
Non-compensation expenses	\$ 4,148	\$	3,713		15,455		12,724
Pre-tax income ⁹	\$ 4,884	\$	4,430		19,668	\$	14,418
Net income app. to MS	\$ 3,696	\$	3,385		15,034		10,996
Expense efficiency ratio ⁷	66%)	67%		67%		69%
Earnings per diluted share	\$ 2.01	\$	1.81	\$	8.03	\$	6.46
Book value per share	\$ 55.12	\$	51.13	\$	55.12	\$	51.13
Tangible book value per share	\$ 40.91	\$	41.95	\$	40.91	\$	41.95
Return on equity	14.7%)	14.7%		15.0%		13.1%
Return on tangible equity ⁵	19.8%)	17.7%		19.8%		15.2%
Institutional Securities							
Net revenues	\$ 6,669	\$	6,970	\$2	29,833	\$2	26,476
Investment Banking	\$ 2,434	\$	2,302	\$	10,272	\$	7,204
Equity	\$ 2,857	\$	2,534	\$	11,435	\$	9,921
Fixed Income	\$ 1,228	\$	1,790	\$	7,516	\$	8,847
Wealth Management							
Net revenues	\$ 6,254	\$	5,672	\$2	24,243	\$	19,086
Fee-based client assets							
(\$Bn) ¹⁰	\$ 1,839	\$	1,472	\$	1,839	\$	1,472
Fee-based asset flows (\$Bn)11	\$ 37.8	\$	24.1	\$	179.3	\$	77.4
Net new assets (\$Bn)12	\$ 127.1	\$	73.4	\$	437.7	\$	175.4
Loans (\$Bn)	\$ 129.2	\$	98.1	\$	129.2	\$	98.1
Investment Management	_		_				
Net revenues	\$ 1,751	\$	1,100	\$	6,220	\$	3,734

Full Year Highlights

- The Firm's full year results reflect both record net revenues of \$59.8 billion up 23% year over year and net income of \$15.0 billion up 37%.
- The Firm delivered full year ROTCE of 19.8%,5,6
- The full year Firm expense efficiency ratio was 67%.6,7
- Common Equity Tier 1 capital standardized ratio was 16.0%.
- Institutional Securities reported record full year net revenues of \$29.8 billion up 13% with strong revenues across Advisory, Underwriting, and Equity.
- Wealth Management delivered a full year pre-tax margin of 25.5% or 26.9% excluding integration-related expenses.^{6,8} The business added net new assets of \$438 billion and total client assets under management
- were \$4.9 trillion, up 23% from a year ago.

Investment Management reported full year net revenues above \$6 billion driven by strong fee-based asset management revenues on record AUM of \$1.6 trillion.

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

Fourth Quarter Results

Institutional Securities

Institutional Securities reported net revenues for the current quarter of \$6.7 billion compared with \$7.0 billion a year ago. Pre-tax income was \$3.0 billion compared with \$3.2 billion a year ago. 9

Investment Banking revenues up 6% from a year ago:

- Advisory revenues increased from a year ago driven by higher completed M&A transactions.
- Equity underwriting revenues decreased from a year ago due to declines in follow-on offerings and blocks, partially offset by higher revenues from private placements.
- Fixed income underwriting revenues increased from a year ago driven by higher securitized products and non-investment grade issuances.

Equity net revenues up 13% from a year ago:

 Equity net revenues increased from a year ago driven by higher prime brokerage revenues as a result of higher client balances, and also included a significant mark-to-market gain of \$225 million on a strategic investment, partially offset by declines in cash equities and derivatives.

Fixed Income net revenues down 31% from a year ago:

 Fixed Income net revenues decreased from a year ago driven by a challenging trading environment in rates and lower volumes and tighter bid-offer spreads in credit.

Other:

 Other revenues decreased from a year ago due to lower gains on investments associated with certain employee deferred compensation plans and lower mark-to-market gains on corporate loans held for sale, net of related hedges.

- Compensation expense decreased from a year ago reflecting lower expenses related to certain deferred compensation plans linked to investment performance.
- Non-compensation expenses increased from a year ago primarily driven by higher volume related expenses.

(\$ millions)	<u>4Q</u>	<u>4Q</u>
(4)	<u>2021</u>	<u>2020</u>
Net Revenues	\$ 6,669	\$ 6,970
Investment Banking	\$ 2,434	\$ 2,302
Advisory	\$ 1,071	\$ 827
Equity underwriting	\$ 853	\$ 1,000
Fixed income underwriting	\$ 510	\$ 475
Equity	\$ 2,857	\$ 2,534
Fixed Income	\$ 1,228	8 \$ 1,790
Other	\$ 150	\$ 344
Provision for credit losses	\$ (8	3) \$ 13
Total Expenses	\$ 3,705	\$ 3,797
Compensation	\$ 1,370	\$ 1,575
Non-compensation	\$ 2,335	\$ 2,222

Wealth Management

Wealth Management reported net revenues for the current quarter of \$6.3 billion compared with \$5.7 billion a year ago. Pre-tax income of \$1.4 billion? in the current quarter resulted in a pre-tax margin of 22.6% or 24.4% excluding the impact of integration-related expenses.^{6,8}

Net revenues up 10% from a year ago:

- Asset management revenues increased from a year ago reflecting higher asset levels driven by market appreciation and strong positive fee-based flows.
- Transactional revenues¹⁵ were essentially unchanged excluding the impact of mark-to-market gains on investments associated with certain employee deferred compensation plans.
- Net interest income increased from a year ago primarily driven by strong growth in bank lending and higher brokerage sweep deposits.

Total	77		~~~
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- Compensation expense increased from a year ago driven by higher compensable revenues and higher benefits cost, partially offset by lower expenses related to certain deferred compensation plans linked to investment performance.
- Non-compensation expenses increased from a year ago driven by higher professional services and integration-related expenses.⁶

(\$ millions)	<u>4Q</u>	40	Q
(\$ minons)	<u>202</u>	1 20	<u>020</u>
Net Revenues	\$ 6	,254 \$	5,672
Asset management	\$ 3	,700 \$	2,975
Transactional ¹⁵	\$ 1	,027 \$	1,340
Net interest	\$ 1	,405 \$	1,207
Other	\$	122 \$	150
Provision for credit losses	\$	13 \$	(9)
Total Expenses	\$ 4	,826 \$	4,611
Compensation	\$ 3	,486 \$	3,345
Non-compensation	\$ 1	,340 \$	1,266

Investment Management

Investment Management reported net revenues of \$1.8 billion compared with \$1.1 billion a year ago. Pre-tax income was \$508 million compared with \$196 million a year ago. The comparisons of current year results to prior periods were impacted by the acquisition of Eaton Vance completed on March 1, 2021.

Net revenues up 59% from a year ago:

- Asset management and related fees increased from a year ago driven by the Eaton Vance acquisition, higher performance fees, and higher average AUM.
- Performance-based income and other revenues decreased from a year ago reflecting losses on investments associated with certain employee deferred compensation plans.

- Compensation expense increased from a year ago primarily driven by the Eaton Vance acquisition,⁶ partially offset by lower expenses related to certain deferred compensation plans linked to investment performance.
- Non-compensation expenses increased from a year ago primarily driven by the Eaton Vance acquisition.⁶

4Q 2020
\$ 1,100
\$ 869
\$ 231
\$ 904
\$ 530
\$ 374
′

Full Year Results

Institutional Securities

Institutional Securities reported record net revenues of \$29.8 billion compared with \$26.5 billion a year ago. Pre-tax income was \$11.8 billion compared with \$9.2 billion in the prior year.⁹

Investment Banking revenues up 43% from a year ago:

- Record Advisory revenues increased from a year ago driven by higher completed M&A transactions.
- Record Equity underwriting revenues increased from a year ago primarily on higher volumes in IPOs, private placements and blocks.
- Record Fixed income underwriting revenues increased from a year ago on higher non-investment grade loan and bond issuances driven by increased event driven financing.

Equity net revenues up 15% from a year ago:

 Record Equity net revenues increased from a year ago reflecting strong performance across products and geographies, with notable strength in Asia, driven by higher client engagement.

Fixed Income net revenues down 15% from a year ago:

 Fixed Income net revenues decreased versus a strong prior year with declines across businesses driven by tighter bid-offer spreads in macro and credit corporates, partially offset by securitized products.

Other:

 Other revenues increased from a year ago driven by higher contributions from our Mitsubishi UFJ securities joint venture and mark-to-market gains on corporate loans held for sale, net of related hedges.

Provision for credit losses:

 Provision for credit losses decreased from a year ago as a result of an improved macroeconomic environment versus the prior year.

- Compensation expense increased from a year ago driven by higher discretionary compensation on higher revenues as well as increases in salaries and benefits.
- Non-compensation expenses increased from a year ago primarily driven by higher volume related expenses.

(\$ millions)	<u>FY</u>	<u>FY</u>
(5 minions)	<u>2021</u>	<u>2020</u>
Net Revenues	\$29,833	\$26,476
Investment Banking	\$10,272	\$ 7,204
Advisory	\$ 3,487	\$ 2,008
Equity underwriting	\$ 4,437	\$ 3,092
Fixed income underwriting	\$ 2,348	\$ 2,104
Equity	\$11,435	\$ 9,921
Fixed Income	\$ 7,516	\$ 8,847
Other	\$ 610	\$ 504
Provision for credit losses	\$ (7) \$ 731
Total Expenses	\$18,026	\$16,594
Compensation	\$ 9,165	\$ 8,342
Non-compensation	\$ 8,861	\$ 8,252

Wealth Management

Wealth Management reported net revenues of \$24.2 billion compared with \$19.1 billion a year ago. Pre-tax income of \$6.2 billion⁹ in the current year resulted in a reported pre-tax margin of 25.5% or 26.9% excluding the impact of integration-related expenses.^{6,8} The comparisons of current year results to prior periods were impacted by the acquisition of E*TRADE in the fourth quarter of 2020.

Net revenues up 27% from a year ago:

- Asset management revenues increased from a year ago on higher asset levels driven by market appreciation and record fee-based flows.
- Transactional revenues¹⁵ increased 29% excluding the impact of markto-market gains on investments associated with certain employee deferred compensations plans. Results reflect incremental revenues due to the E*TRADE acquisition and strong client activity.
- Net interest income increased from a year ago primarily driven by the E*TRADE acquisition, strong growth in bank lending, improved mortgage securities prepayment impact, and higher brokerage sweep deposits, partially offset by the impact of lower average rates.

Total	Ex	nen	Ses:
1 Otal	LLA	pen	ses.

- Compensation expense increased from a year ago primarily driven by higher compensable revenues and higher compensation driven by the E*TRADE acquisition.⁶
- Non-compensation expenses increased from a year ago primarily driven by the E*TRADE acquisition.⁶

(\$ millions)	<u>FY</u>	<u>FY</u>
(\$ millions)	<u>2021</u>	2020
Net Revenues	\$24,243	\$19,08
Asset management	\$13,966	\$10,95
Transactional ¹⁵	\$ 4,259	\$ 3,69
Net interest	\$ 5,393	\$ 4,02
Other	\$ 625	\$ 41
Provision for credit losses	\$ 11	\$:
Total Expenses	\$18,051	\$14,60
Compensation	\$13,090	\$10,9
Non-compensation	\$ 4,961	\$ 3.69

Investment Management

Investment Management reported net revenues of \$6.2 billion compared with \$3.7 billion a year ago. Pre-tax income was \$1.7 billion compared with \$870 million in the prior year. The comparisons of current year results to prior periods were impacted by the acquisition of Eaton Vance completed on March 1, 2021.

Net revenues up 67% from a year ago:

- Asset management and related fees increased due to the Eaton Vance acquisition, record AUM on strong performance and positive flows across all asset classes.
- Performance-based income and other revenues decreased from a year ago reflecting lower results in our Asia private equity business, primarily driven by an underlying public investment and lower gains on investments associated with certain employee deferred compensation plans. The decrease was partially offset by higher accrued carried interest across our private funds.

- Compensation expense increased from a year ago driven by the Eaton Vance acquisition⁶ and higher compensation associated with carried interest, partially offset by lower expenses related to certain deferred compensation plans linked to investment performance.
- Non-compensation expenses increased from a year ago primarily driven by the Eaton Vance acquisition.⁶

(\$ millions)	$\underline{\mathbf{FY}}$ $\underline{\mathbf{FY}}$
(\$ mmons)	<u>2021</u> <u>2020</u>
Net Revenues	\$ 6,220 \$ 3,734
Asset management and related fees	\$ 5,576 \$ 3,013
Performance-based income and other	\$ 644 \$ 721
Total Expenses	\$ 4,542 \$ 2,864
Compensation	\$ 2,373 \$ 1,542
e empensuren	Ψ 2,575 Ψ 1,512
Non-compensation	\$ 2,169 \$ 1,322

Other Matters

- The Firm repurchased \$2.8 billion of its outstanding common stock during the quarter as part of its Share Repurchase Program.
- The Board of Directors declared a \$0.70 quarterly dividend per share, payable on February 15, 2022 to common shareholders of record on January 31, 2022.
- The Firm early adopted the Standardized Approach for Counterparty Credit Risk (SA-CCR) under Basel III on December 1, 2021. As a result of the adoption, as of December 31, 2021 our risk-weighted assets under the Standardized Approach increased by \$23 billion and our Standardized CET1 capital ratio decreased by 82 basis points.²⁰

	Q 2021	<u>4Q</u> <u>2020</u>	<u>F</u>	FY 2021	<u>F</u>	Y 2
Common Stock Repurchase		37.4	Φ.		Φ.	
Repurchases (\$MM)	\$ 2,833	NA	\$	11,464	\$	l
Number of Shares (MM)	28	NA		126		
Average Price	\$ 99.80	NA	\$	91.13	\$	4
Period End Shares (MM)	1,772	1,810		1,772		1
Tax Rate	23.9%	23.0%	ó	23.1%	6	
Capital ¹⁶						
Standardized Approach						
CET1 capital 17,20	16.0%	17.4%	ó			
Tier 1 capital ¹⁷	17.6%	19.4%	ó			
Advanced Approach						
CET1 capital ¹⁷	17.5%	17.7%	ó			
Tier 1 capital ¹⁷	19.3%	19.8%	ó			
Leveraged-based capital						
Tier 1 leverage ¹⁸	7.1%	8.4%	ó			
SLR ¹⁹	5.6%	7.4%	ń			

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

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

NOTICE:

The information provided herein and in the financial supplement, 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, 2020 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 fourth quarter of 2021 and 2020 of approximately \$104 million and \$119 million, respectively. Includes preferred dividends related to the calculation of earnings per share for the years ended 2021 and 2020 of approximately \$468 million and \$496 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 The provision for credit losses for loans and lending commitments is now presented as a separate line in the consolidated income statements.
- ⁵ Return on average tangible common equity is a non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance and capital adequacy. The calculation of return on average tangible common equity represents full year or annualized net income applicable to Morgan Stanley less preferred dividends as a percentage of average tangible common equity. Tangible common equity, also a non-GAAP financial measure, represents common equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction.
- ⁶ The Firm's and business segment's fourth quarter and full year results for 2021 and 2020 include integration-related expenses as a result of the E*TRADE and Eaton Vance acquisitions reported in the Wealth Management segment and Investment Management segment, respectively. The amounts are presented as follows (in millions):

	4	4Q 2021	<u>4Q 2020</u>	FY 2021	FY 2020
<u>Firm</u>					
Compensation	\$	25	\$ 151	\$ 102	\$ 151
Non-compensation		121	80	354	80
Total non-interest expenses	\$	146	\$ 231	\$ 456	\$ 231
Total non-interest expenses (after-tax)	\$	114	\$ 189	\$ 352	\$ 189
Wealth Management					
Compensation	\$	10	\$ 151	\$ 58	\$ 151
Non-compensation		99	80	288	80
Total non-interest expenses	\$	109	\$ 231	\$ 346	\$ 231
Total non-interest expenses (after-tax)	\$	85	\$ 189	\$ 267	\$ 189
Investment Management					
Compensation	\$	15	-	\$ 44	-
Non-compensation		22	-	66	
Total non-interest expenses	\$	37	-	\$ 110	-
Total non-interest expenses (after-tax)	\$	29	-	\$ 85	-

⁷ The Firm expense efficiency ratio of 67.1% represents total non-interest expenses as a percentage of net revenues. The Firm expense efficiency ratio excluding integration-related expenses of 66.3% represents total non-interest expenses adjusted for integration-related expenses as a percentage of net revenues. The Firm expense efficiency ratio excluding integration-related expenses is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance.

⁸ Pre-tax margin represents income before taxes divided by net revenues. Wealth Management pre-tax margin excluding the integration-related expenses represents income before taxes less those expenses divided by net revenues. Wealth Management pre-tax margin excluding integration-related expenses is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance.

- ⁹ Pre-tax income represents income before taxes.
- ¹⁰ 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.
- ¹¹ 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.
- ¹² Wealth Management 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.
- 13 AUM is defined as assets under management or supervision.
- 14 Long-term net flows include the Equity, Fixed Income and Alternative and Solutions asset classes and excludes the Liquidity and Overlay Services asset class.
- ¹⁵ Transactional revenues include investment banking, trading, and commissions and fee revenues. Transactional revenues excluding the impact of mark-to-market gains on investments associated with employee deferred cash-based compensation plans is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period-to-period operating performance and capital adequacy.
- ¹⁶ Capital ratios are estimates as of the press release date, January 19, 2022.
- 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, 2020 (2020 Form 10-K).
- 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 \$83.4 billion and \$88.1 billion, and supplementary leverage exposure denominator of approximately \$1.48 trillion and \$1.19 trillion, for the fourth quarter of 2021 and 2020, respectively. Based on a Federal Reserve interim final rule that was in effect until March 31, 2021, our SLR and supplementary leverage exposure as of December 31, 2020 reflect the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of increasing our SLR by 0.8% as of December 31, 2020.
- ²⁰ The Firm early adopted the standardized approach for counterparty credit risk (SA-CCR) under Basel III on December 1, 2021. SA-CCR replaced the current exposure method used to measure derivatives counterparty exposure within the Standardized Approach risk-weighted assets (RWAs) and Supplementary Leverage Ratio exposure calculations in the regulatory capital framework. As a result of the adoption, as of December 31, 2021 our risk-weighted assets under the Standardized Approach increased by \$23 billion and our Standardized CET1 capital ratio decreased by \$2 basis points.

Consolidated Income Statement Information (unaudited, dollars in millions)

		Quarter Ended		Percentage Chai	nge From:	Twelve Mor	Percentage	
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Change
Revenues:								
Investment banking	\$ 2,581	\$ 3,013	\$ 2,435	(14%)	6%		\$ 7,674	43%
Trading	2,394	2,861	3,229	(16%)	(26%)	12,810	13,983	(8%)
Investments	632	45	327		93%	1,376	986	40%
Commissions and fees	1,307	1,280	1,352	2%	(3%)	5,521	4,851	14%
Asset management	5,395	5,201	3,926	4%	37%	19,967	14,272	40%
Other	126	290	457	(57%)	(72%)	1,042	678	54%
Total non-interest revenues	12,435	12,690	11,726	(2%)	6%	51,710	42,444	22%
Interest income	2,411	2,351	2,245	3%	7%	9,411	10,162	(7%)
Interest expense	322	288	374	12%	(14%)	1,366	3,849	(65%)
Net interest	2,089	2,063	1,871	1%	12%	8,045	6,313	27%
Net revenues	14,524	14,753	13,597	(2%)	7%	59,755	48,757	23%
Provision for credit losses	5	24	4	(79%)	25%	4	761	(99%)
Non-interest expenses:								
Compensation and benefits	5,487	5,920	5,450	(7%)	1%	24,628	20,854	18%
Non-compensation expenses:								
Brokerage, clearing and exchange fees	811	825	776	(2%)	5%	3,341	2,929	14%
Information processing and communications	833	788	697	6%	20%	3,119	2,465	27%
Professional services	829	734	679	13%	22%	2,933	2,205	33%
Occupancy and equipment	479	427	456	12%	5%	1,725	1,559	11%
Marketing and business development	205	146	161	40%	27%	643	434	48%
Other	991	1,015	944	(2%)	5%	3,694	3,132	18%
Total non-compensation expenses	4,148	3,935	3,713	5%	12%	15,455	12,724	21%
Total non-interest expenses	9,635	9,855	9,163	(2%)	5%	40,083	33,578	19%
Income before provision for income taxes	4,884	4,874	4,430		10%	19,668	14,418	36%
Provision for income taxes	1,168	1,150	1,018	2%	15%	4,548	3,239	40%
Net income	\$ 3,716	\$ 3,724	\$ 3,412		9%	\$ 15,120	\$ 11,179	35%
Net income applicable to nonredeemable noncontrolling interests	20	17	27	18%	(26%)	86	183	(53%)
Net income applicable to Morgan Stanley	3,696	3,707	3,385		9%	15,034	10,996	37%
Preferred stock dividend	104	123	119	(15%)	(13%)	468	496	(6%)
	104	123	119	(13/0)	(13/0)	700	770	(070)
Earnings applicable to Morgan Stanley common shareholders	\$ 3,592	\$ 3,584	\$ 3,266		10%	\$ 14,566	\$ 10,500	39%

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

(unaudited)										_			
			•	rter Ended			Percentage Ch			Twelve Mon			Percentage
	Dec 31, 2021			Sep 30, 2021		Dec 31, 2020	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021		Dec 31, 2020		Change
Financial Metrics:													
Earnings per basic share	\$	2.05	\$	2.01	\$	1.84	2%	11%	\$	8.16	\$	6.55	25%
Earnings per diluted share	\$	2.01	\$	1.98	\$	1.81	2%	11%	\$	8.03	\$	6.46	24%
Return on average common equity		14.7%		14.5%		14.7%				15.0%		13.1%	
Return on average tangible common equity		19.8%		19.6%		17.7%				19.8%		15.2%	
Book value per common share	\$	55.12	\$	54.56	\$	51.13			\$	55.12	\$	51.13	
Tangible book value per common share	\$	40.91	\$	40.47	\$	41.95			\$	40.91	\$	41.95	
Excluding integration-related expenses													
Adjusted earnings per diluted share	\$	2.08	\$	2.04	\$	1.92	2%	8%	\$	8.22	\$	6.58	25%
Adjusted return on average common equity		15.2%		15.0%		15.6%				15.3%		13.3%	
Adjusted return on average tangible common equity		20.4%		20.2%		18.7%				20.2%		15.4%	
Financial Ratios: Pre-tax profit margin		34%		33%		33%				33%		30%	
Compensation and benefits as a % of net revenues		38%		40%		40%				41%		43%	
Non-compensation expenses as a % of net revenues		29%		27%		27%				26%		26%	
Firm expense efficiency ratio		66%		67%		67%				67%		69%	
Firm expense efficiency ratio excluding integration-related expenses		65%		66%		66%				66%		68%	
Effective tax rate		23.9%		23.6%		23.0%				23.1%		22.5%	
Statistical Data:													
Period end common shares outstanding (millions)		1,772		1,799		1,810	(2%)	(2%)					
Average common shares outstanding (millions)						,							
Basic		1,751		1,781		1,774	(2%)	(1%)		1,785		1,603	11%
Diluted		1,785		1,812		1,802	(1%)	(1%)		1,814		1,624	12%
Worldwide employees		74.814		73,620		68,097	2%	10%					

Notes:

⁻ For the quarters ended December 31, 2021 and September 30, 2021 and the full year ended December 31, 2021, Firm results include pre-tax integration-related expenses of \$146 million, \$145 million and \$456 million (\$114 million, \$111 million and \$352 million after-tax) respectively, reported in the Wealth Management and Investment Management business segments. For the quarter and full year ended December 31, 2020, Firm results include pre-tax integration-related expenses of \$231 million (\$189 million after-tax) reported in the Wealth Management segment.

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

Fourth Quarter 2021 Earnings Results

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The Firm's 2021 earnings results reflect the completed acquisitions of E*TRADE Financial Corporation ("E*TRADE") and Eaton Vance Corp. ("Eaton Vance") prospectively from the dates, October 2, 2020 and March 1, 2021, respectively. Comparisons between current year periods and prior year periods are impacted by the financial results of E*TRADE and Eaton Vance reported in the Wealth Management segment and Investment Management segment, respectively.

Consolidated Financial Summary (unaudited, dollars in millions)

		C)uar	ter Ended	I		Percentage Change From:			welve Mo	Percentage		
		ec 31, 2021		Sep 30, 2021]	Dec 31, 2020	Sep 30, 2021	Dec 31, 2020		Dec 31, 2021]	Dec 31, 2020	Change
Net revenues							_						
Institutional Securities	\$	6,669	\$	7,495	\$	6,970	(11%)	(4%)	\$	29,833	\$	26,476	13%
Wealth Management		6,254		5,935		5,672	5%	10%		24,243		19,086	27%
Investment Management		1,751		1,453		1,100	21%	59%		6,220		3,734	67%
Intersegment Eliminations		(150)		(130)		(145)	(15%)	(3%)		(541)		(539)	
Net revenues	\$	14,524	\$	14,753	\$	13,597	(2%)	7%	\$	59,755	\$	48,757	23%
Provision for credit losses	\$	5	\$	24	\$	4	(79%)	25%	\$	4	\$	761	(99%)
Non-interest expenses													
Institutional Securities	\$	3,705	\$	4,498	\$	3,797	(18%)	(2%)	\$	18,026	\$	16,594	9%
Wealth Management		4,826		4,405		4,611	10%	5%		18,051		14,669	23%
Investment Management		1,243		1,083		904	15%	38%		4,542		2,864	59%
Intersegment Eliminations	_	(139))	(131))	(149)	(6%)	7%	_	(536)	(549)	2%
Non-interest expenses (1)	\$	9,635	\$	9,855	_ :	\$ 9,163	(2%)	5%	\$	40,083		\$ 33,578	19%
Income before taxes													
Institutional Securities	\$	2,972	9	2,973		\$ 3,160		(6%) \$	11,814		\$ 9,151	29%
Wealth Management		1,415		1,530		1,070	(8%)	32%		6,181		4,387	41%
Investment Management		508		370		196	37%	159%		1,678		870	93%
Intersegment Eliminations		(11))	1		4	*	*		(5)	10	*
Income before taxes	\$	4,884	\$	4,874	_ :	\$ 4,430		10%	\$	19,668	_ :	\$ 14,418	36%
Net Income applicable to Morgan Stanley													
Institutional Securities	\$	2,223	9	2,229	:	\$ 2,422		(8%) §	8,957		\$ 7,012	28%
Wealth Management		1,071		1,157		802	(7%)	34%		4,734		3,361	41%
Investment Management		41	1	32	0	158			ó	1,347		615	119%
Intersegment Eliminations		(9)		1	3	*	*		(4)	8	*
Net Income applicable to Morgan Stanley		\$ 3,69	6	\$ 3,70	7	\$ 3,385		9%	6 \$	15,034		\$ 10,996	37%
Earnings applicable to Morgan Stanley common shareholders		\$ 3,59	2	\$ 3,58	4	\$ 3,266		10%	6 \$	14,566	_ :	\$ 10,500	39%

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.

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Consolidated Financial Metrics, Ratios and Statistical Data (unaudited)

		Q	Quarter Ended				Percentage Change From:			velve Mon	Ended	Percentage		
	Dec 31, 2021		Sep 30, 2021		Dec 31, 2020		Sep 30, 2021	Dec 31, 2020		ec 31, 2021	Dec 31, 2020		Change	
Financial Metrics:														
Earnings per basic share	\$	2.05	\$	2.01	\$	1.84	2%	11%	\$	8.16	\$	6.55	25%	
Earnings per diluted share	\$	2.01	\$	1.98	\$	1.81	2%	11%	\$	8.03	\$	6.46	24%	
Return on average common equity		14.7%		14.5%		14.7%				15.0%		13.1%		
Return on average tangible common equity		19.8%		19.6%		17.7%				19.8%		15.2%		
Book value per common share	\$	55.12	\$	54.56	\$	51.13			\$	55.12	\$	51.13		
Tangible book value per common share	\$	40.91	\$	40.47	\$	41.95			\$	40.91	\$	41.95		
Excluding integration-related expenses (1)														
Adjusted earnings per diluted share	\$	2.08	\$	2.04	\$	1.92	2%	8%	\$	8.22	\$	6.58	25%	
Adjusted return on average common equity		15.2%		15.0%		15.6%				15.3%	,	13.3%		
Adjusted return on average tangible common equity		20.4%		20.2%		18.7%				20.2%	,	15.4%		
Financial Ratios: Pre-tax profit margin		34%		33%		33%				33%		30%		
Compensation and benefits as a % of net revenues		38%		40%		40%				41%		43%		
Non-compensation expenses as a % of net revenues		29%		27%		27%				26%		26%		
Firm expense efficiency ratio		66%		67%		67%				67%		69%		
Firm expense efficiency ratio excluding integration-		0070		0770		0770				0770	,	0970		
elated expenses (1)		65%		66%		66%				66%	,	68%		
Effective tax rate		23.9%		23.6%		23.0%				23.1%)	22.5%		
Statistical Data:														
Period end common shares outstanding (millions)		1,772		1,799		1,810	(2%)	(2%)						
Average common shares outstanding (millions)				,			(. •)	(1,4)						
Basic		1,751		1,781		1,774	(2%)	(1%)		1,785		1.602		
												1,603	11%	
Diluted		1,785		1,812		1,802	(1%)	(1%)		1,814		1,624	11% 12%	

Notes:

For the quarters ended December 31, 2021 and September 30, 2021 and the full year ended December 31, 2021, Firm results include pre-tax integration-related expenses of \$146 million, \$145 million and \$456 million (\$114 million, \$111 million and \$352 million after - tax) respectively, reported in the Wealth Management and Investment Management business segments. For the quarter and full year ended December 31, 2020, Firm results include pre-tax integration-related expenses of \$231 million (\$189 million after-tax)

reported in the Wealth Management segment.

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

		Quarter Ended		Percentage Cha From:	nge Twelve M	Twelve Months Ended			
	Dec 31, 2021	Sep 30, 2021	Dec 31, 2020	. /	c 31, Dec 31, 2021	Dec 31, 2020	Change		
Consolidated Balance sheet									
Total assets	\$ 1,188,140	\$ 1,190,476	\$ 1,115,862		6%				
Loans (1)	\$ 200,761	\$ 188,274	\$ 161,745	7%	24%				
Deposits	\$ 347,574	\$ 329,041	\$ 310,782	6%	12%				
Liquidity resources	\$ 356,003	\$ 346,289	\$ 338,623	3%	5%				
Long-term debt outstanding	\$ 227,363	\$ 224,937	\$ 213,388	1%	7%				
Maturities of long-term debt outstanding (next 12 months)	\$ 14,074	\$ 13,899	\$ 24,241	1%	(42%)				
Common equity	\$ 97,691	\$ 98,153	\$ 92,531		6%				
Less: Goodwill and intangible assets	(25,192)	(25,345)	(16,615)	(1%)	52%				
Tangible common equity	\$ 72,499	\$ 72,808	\$ 75,916		(5%)				
Preferred equity	\$ 7,750	\$ 7,750	\$ 9,250		(16%)				
U.S. Bank Supplemental Financial Information									
Total assets	\$ 386,059	\$ 367,111	\$ 346,515	5%	11%				
Loans	\$ 185,499	\$ 174,552	\$ 148,885	6%	25%				
Investment securities portfolio (2)	\$ 143,292	\$ 144,056	\$ 142,929	(1%)					
Deposits	\$ 346,221	\$ 326,941 \$	309,712	6%	12%				
Regional revenues									
Americas	\$ 11,274	\$ 11,255 \$	10,166		11% \$ 44,60	5 \$ 35,459	26%		
EMEA (Europe, Middle East, Africa)	1,695	1,752	1,771	(3%)	(4%) 7,69	9 6,549	18%		
Asia	1,555	1,746	1,660	(11%)	(6%) 7,45	1 6,749	10%		
Consolidated net revenues	\$ 14,524	\$ 14,753 \$	13,597	(2%)	7% \$ 59,75	5 \$ 48,757	23%		

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

	Quarter Ended Dec 31, Sep 30, Dec 31,			Percentage Fror		Tv	welve Mo	nths I	Ended	Percentage			
		Dec 31, 2021		Sep 30, 2021		Dec 31, 2020	Sep 30, 2021	Dec 31, 2020		Dec 31, 2021		ec 31, 2020	Change
Average Common Equity													
Institutional Securities	\$	43.5	\$	43.5	\$	42.8		2%	\$	43.5	\$	42.8	2%
Wealth Management		28.6		28.6		26.5		8%		28.6		20.8	38%
Investment Management		10.7		10.7		2.6		*		8.8		2.6	*
Parent		15.0		15.8		16.7	(5%)	(10%)		16.2		14.0	16%
Firm	\$	97.8	\$	98.6	\$	88.6	(1%)	10%	\$	97.1	\$	80.2	21%
Regulatory Capital (1)	•		•			-0-		(10.0)					
Common Equity Tier 1 capital	\$	75.8	\$	75.8	\$	78.7		(4%))				
Tier 1 capital	\$	83.4	\$	83.4	\$	88.1		(5%)	1				
Standardized Approach													
Risk-weighted assets	\$	472.3	\$	473.0	\$	453.1		4%					
Common Equity Tier 1 capital ratio		16.0%		16.0%		17.4%							
Tier 1 capital ratio		17.6%		17.6%		19.4%							
Advanced Approach													
Risk-weighted assets	\$	432.4	\$	441.2	\$	445.2	(2%)	(3%)	1				
Common Equity Tier 1 capital ratio		17.5%		17.2%		17.7%							
Tier 1 capital ratio		19.39	%	18.9	%	19.8%							
Leverage-based capital													
Tier 1 leverage ratio		7.19	%	7.3	%	8.4%							
Supplementary Leverage Ratio (2)		5.69	%	5.7	%	7.4%							

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

	Q	uar	ter Ended			Percentage From		T	welve Moi	ıths	s Ended	Percentage
	ec 31, 2021		ep 30, 2021		ec 31, 2020	Sep 30, 2021	Dec 31, 2020	1	Dec 31, 2021	1	Dec 31, 2020	Change
Revenues:												
Advisory	\$ 1,071	\$	1,272	\$	827	(16%)	30%	\$	3,487	\$	2,008	74%
Equity	853		1,010		1,000	(16%)	(15%)		4,437		3,092	43%
Fixed income	510		567		475	(10%)	7%		2,348	_	2,104	12%
Underwriting	1,363		1,577		1,475	(14%)	(8%)		6,785		5,196	31%
Investment banking	2,434		2,849		2,302	(15%)	6%		10,272		7,204	43%
Equity	2,857		2,876		2,534	(1%)	13%		11,435		9,921	15%
Fixed income	1,228		1,640		1,790	(25%)	(31%)		7,516		8,847	(15%)
Other	150		130		344	15%	(56%)		610		504	21%
Net revenues	6,669		7,495		6,970	(11%)	(4%)		29,833		26,476	13%
Provision for credit losses	(8)		24		13	*	*		(7)		731	*
Compensation and benefits	1,370		2,248		1,575	(39%)	(13%)		9,165		8,342	10%
Non-compensation expenses	2,335		2,250		2,222	4%	5%		8,861	_	8,252	7%
Total non-interest expenses	3,705		4,498		3,797	(18%)	(2%)		18,026		16,594	9%
Income before taxes	2,972		2,973		3,160		(6%)		11,814		9,151	29%
Net income applicable to Morgan Stanley	\$ 2,223	\$	2,229	\$	2,422		(8%)	\$	8,957	\$	7,012	28%
Pre-tax profit margin	45%		40%		45%				40%		35%	
Compensation and benefits as a % of net revenues	21%		30%		23%				31%		32%	
Non-compensation expenses as a % of net revenues	35%		30%		32%				30%		31%	
Return on Average Common Equity	20%		20%)	22%				20%)	15%	
Return on Average Tangible Common Equity (1)	20%)	20%)	22%				20%)	16%	
Trading VaR (Average Daily 95% / One-Day VaR)	\$ 40	\$	45	\$	55							

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

	Quarte	r Er	ıded	P	ercentage C	hange From:	Twelve I	/Ioi	nths Ended	l	Perce	entage
	Dec 31, 2021	5	Sep 30, 2021		Dec 31, 2020	Sep 30, 2021	Dec 31, 2020]	Dec 31, 2021		Dec 31, 2020	Change
Revenues:												
Asset management	\$ 3,700	\$	3,628	\$	2,975	2%	24%	\$	13,966	\$	10,955	27%
Transactional	1,027		832		1,340	23%	(23%)		4,259		3,694	15%
Net interest income	1,405		1,348		1,207	4%	16%		5,393		4,022	34%
Other	 122		127		150	(4%)	(19%)		625		415	51%
Net revenues	6,254	_	5,935	_	5,672	5%	10%		24,243		19,086	27%
Provision for credit losses	13		-		(9)	*	*		11		30	(63%)
Compensation and benefits	3,486		3,159		3,345	10%	4%		13,090		10,970	19%
Non-compensation expenses	1,340		1,246		1,266	8%	6%		4,961		3,699	34%
Total non-interest expenses (1)	4,826		4,405		4,611	10%	5%		18,051		14,669	23%
Income before taxes	1,415		1,530		1,070	(8%)	32%		6,181		4,387	41%
Net income applicable to Morgan Stanley	\$ 1,071	\$	1,157	\$	802	(7%)	34%	\$	4,734	\$	3,361	41%
Pre-tax profit margin	23	3%	20	6%	19%	6			25%	,	23%	
Pre-tax profit margin excluding integration-related expenses	24	1%	28	8%	23%	6			27%	,	24%	
Compensation and benefits as a % of net revenues	56	5%	53	3%	59%	6			54%		57%	
Non-compensation expenses as a % of net revenues	21	۱%	2	1%	22%	ν _ο			20%		19%	
Return on Average Common Equity	15	5%	10	6%	12%	6			16%		16%	
Return on Average Tangible Common Equity (2)	31	۱%	34	4%	23%	6			34%		29%	

Notes:

Notes:

- For the quarters ended December 31, 2021 and September 30, 2021 and the full year ended December 31, 2021, Wealth Management's results include pre-tax integration-related expenses of \$109 million, \$113 million and \$346 million (\$85 million, \$87 million and \$267 million after-tax), respectively. For the quarter and full year ended December 31, 2020, Wealth Management's results include pre-tax integration-related expenses of \$231 million (\$189 million after-tax).

- 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 Calculations, and Legal Notice.

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

	Dec 31, 2021 Sep 30, 2021 Dec 31, 2020					Percentage Ch	ange From:	
	De	c 31, 2021	Se	p 30, 2021	De	ec 31, 2020	Sep 30, 2021	Dec 31, 2020
Wealth Management Metrics								
Total client assets	\$	4,930	\$	4,629	\$	3,999	7%	23%
Net new assets (1)	\$	127.1	\$	134.5	\$	73.4	(6%)	73%
U.S. Bank loans	\$	129.2	\$	121.2	\$	98.1	7%	32%
Margin and other lending (2)	\$	31.0	\$	28.6	\$	23.1	8%	34%
Deposits (3)	\$	346	\$	327	\$	306	6%	13%
Annualized weighted average cost of deposits		0.10%		0.13%		0.24%		
Advisor-led channel								
Advisor-led client assets	\$	3,886	\$	3,647	\$	3,167	7%	23%
Fee-based client assets	\$	1,839	\$	1,752	\$	1,472	5%	25%
Fee-based asset flows (1)	\$	37.8	\$	70.6	\$	24.1	(46%)	57%
Fee-based assets as a % of advisor-led client assets		47%		48%		46%		
Self-directed channel								
Self-directed assets	\$	1,044	\$	982	\$	832	6%	25%
Daily average revenue trades (000's)		1,044		959		1,106	9%	(6%)
Self-directed households (millions)		7.4		7.4		6.7		10%
Workplace channel								
Workplace unvested assets	\$	509	\$	495	\$	435	3%	17%
Number of participants (millions)		5.6		5.3		4.9	6%	14%

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

	, . ,			l		Percentage Fron	0	T	welve Mo	nths I	Ended	Percentage
	ec 31, 2021		ep 30, 2021	Ι	Dec 31, 2020	Sep 30, 2021	Dec 31, 2020		Dec 31, 2021		ec 31, 2020	Change
Revenues:		. —										
Asset management and related fees	\$ 1,585	\$	1,470	\$	869	8%	82%	\$	5,576	\$	3,013	85%
Performance-based income and other	166		(17)		231	*	(28%)		644		721	(11%)
Net revenues	1,751		1,453		1,100	21%	59%		6,220		3,734	67%
Compensation and benefits	631		513		530	23%	19%		2,373		1,542	54%
Non-compensation expenses	612		570		374	7%	64%		2,169		1,322	64%
Total non-interest expenses (1)	1,243		1,083		904	15%	38%		4,542		2,864	59%
Income before taxes	508		370		196	37%	159%		1,678		870	93%
Net income applicable to Morgan Stanley	\$ 411	\$	320	\$	158	28%	160%	\$	1,347	\$	615	119%
Pre-tax profit margin	29%		25%		18%				27%)	23%	
Pre-tax profit margin excluding integration-related expenses	3	31%	2	8%	189	%			29	9%	23%	6
Compensation and benefits as a % of net revenues	3	86%	3	5%	489	%			38	3%	41%	6
Non-compensation expenses as a % of net revenues	3	35%	3	9%	349	%			35	5%	35%	6
Return on Average Common Equity	1	15%	1	2%	249	%			15	5%	23%	6
Return on Average Tangible Common Equity (2)	20	07%	16	1%	379	V ₀			144	1%	36%	6

Notes

⁻ For the quarters ended December 31, 2021 and September 30, 2021, Investment Management's results include pre-tax integration-related expenses of \$37 million and \$32 million (\$29 million and \$24 million after-tax), respectively. The full year ended December 31, 2021 results include pre-tax integration-related expenses of \$110 million (\$85 million after-tax).

⁻ 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.

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

	Quarter End Dec 31, Sep 30,		rter Ende	d		Percentage Fron		Twelve Mo			Ended	Percentage	
	_	Dec 31, 2021		Sep 30, 2021		ec 31, 2020	Sep 30, 2021	Dec 31, 2020	Dec 31, 2021		Dec 31, 2020		Change
Assets under management or supervision (AUM)													
Net flows by asset class (1)													
Equity	\$	(5.7)	\$	(0.9)	\$	12.2	*	*	\$	3.9	\$	32.8	(88%)
Fixed Income		2.3		(0.3)		(1.3)	*	*		8.9		7.5	19%
Alternatives and Solutions		2.3		(1.1)		(2.4)	*	*		13.6	_	0.7	*
Long-Term Net Flows		(1.1)		(2.3)		8.5	52%	*		26.4		41.0	(36%)
Liquidity and Overlay Services		12.6		14.6		16.5	(14%)	(24%)		88.1		89.9	(2%)
Total Net Flows	\$	11.5	\$	12.3	\$	25.0	(7%)	(54%)	\$	114.5	\$	130.9	(13%)
Assets under management or supervision by asset class (2)													
Equity	\$	395	\$	391	\$	242	1%	63%					
Fixed Income		207		206		98		111%					
Alternatives and Solutions		466		443		153	5%	*					
Long-Term Assets Under Management or Supervision	\$	1,068	\$	1,040	\$	493	3%	117%					
Liquidity and Overlay Services		497		482		288	3%	73%					
Total Assets Under Management or Supervision	9	1,565		1,522	\$	781	3%	100%	6				

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

			Quar	ter Ended			Percentage Ch	ange From:
	Dec	31, 2021	Sep	30, 2021	Dec	31, 2020	Sep 30, 2021	Dec 31, 2020
Institutional Securities								
Loans:								
Corporate	\$	13.5	\$	13.6	\$	14.3	(1%)	(6%)
Secured lending facilities		35.2		31.2		29.5	13%	19%
Commercial and residential real estate		13.6		12.7		11.1	7%	23%
Securities-based lending and other		9.0		9.4		8.3	(4%)	8%
Total Loans		71.3		66.9		63.2	7%	13%
Lending Commitments		120.3		122.2		113.5	(2%)	6%
Institutional Securities Loans and Lending Commitments	\$	191.6	\$	189.1	\$	176.7	1%	8%
Wealth Management								
Loans:								
Securities-based lending and other	\$	85.1	\$	79.8	\$	62.9	7%	35%
Residential real estate		44.2		41.4		35.2	7%	26%
Total Loans		129.3		121.2		98.1	7%	32%
Lending Commitments		14.7		15.0		14.4	(2%)	2%
Wealth Management Loans and Lending Commitments	<u>\$</u>	144.0	\$	136.2	\$	112.5	6%	28%
Consolidated Loans and Lending Commitments (1)	\$	335.6	\$	325.3	\$	289.2	3%	16%

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Consolidated Loans and Lending Commitments Allowance for Credit Losses (ACL) as of December 31, 2021 (unaudited, dollars in millions)

	I. Con	Loans and Lending Commitments (Gross)		ACL (1)	ACL %	Q4 Provision
Loans: Held For Investment (HFI)	,	Grossy				
Corporate	\$	5,567	\$	165	3.0%	\$ (28)
Secured lending facilities		31,471		163	0.5%	(12)
Commercial and residential real estate		7,227		206	2.9%	19
Other		1,292		9	0.7%	2
Institutional Securities - HFI	\$	45,557	\$	543	1.2%	\$ (19)
Wealth Management - HFI		129,394		111	0.1%	8
Held For Investment	\$	174,951	\$	654	0.4%	\$ (11)
Held For Sale		13,832				
Fair Value		12,492				
Total Loans		201,275		654		(11)
Lending Commitments		134,934		444	0.3%	16
Consolidated Loans and Lending Commitments	\$	336,209	\$	1,098		\$ 5

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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, 2020.
- (b) The following are considered non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of operating performance and capital adequacy. These measures are calculated as follows:
 - Earnings per diluted share excluding integration-related expenses represents net income applicable to Morgan Stanley, adjusted for the impact of the integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance, less preferred dividends divided by the average number of diluted shares outstanding.
 - The return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity.
 - The return on average common equity and the return on average tangible common equity excluding integration-related expenses are adjusted in both the numerator and the denominator to exclude the integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance
 - Segment return on average common equity and return on average tangible common equity represent full year net income or annualized net income for the quarter applicable to Morgan Stanley for each segment, less preferred dividend segment allocation, divided by average common equity and average tangible common equity for each respective segment. The segment adjustments to common equity to derive segment average tangible common equity are generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition).
 - Tangible common equity represents common equity less goodwill and intangible assets net of certain mortgage servicing rights deduction.
 - Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.
 - Pre-tax profit margin excluding integration-related expenses represents income before income taxes less integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance as percentages of net revenues.
 - The Firm expense efficiency ratio excluding integration-related expenses represents total non interest expenses less integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance as a percentage of net revenues.

Definitions of Performance Metrics and Terms

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

Page 1:

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

Page 2:

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

Page 3:

- (a) Liquidity Resources, which are held within the bank and non-bank operating subsidiaries, are comprised of high quality liquid assets (HQLA) and cash deposits with banks ("Liquidity Resources"). The total amount of Liquidity Resources is actively managed by us considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; legal entity, regional and segment liquidity requirements; regulatory requirements; and collateral requirements.
- (b) The Firm's goodwill and intangible balances utilized in the calculation of tangible common equity are net of certain mortgage servicing rights deduction.
- (c) U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association, E*TRADE Bank, and E*TRADE Savings Bank, and excludes balances between Bank subsidiaries, as well as deposits from the Parent and affiliates.
- (d) Firmwide regional revenues reflect the Firm's consolidated net revenues on a managed basis. Further discussion regarding the geographic methodology for net revenues is disclosed in Note 23 to the consolidated financial statements included in the Firm's Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K).

Page 4:

- (a) The Firm's attribution of average common equity to the business segments is based on the Required Capital framework, an internal capital adequacy measure. This framework is a risk-based and leverage-based capital measure, which is compared with the Firm's regulatory capital to ensure that the Firm maintains an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The Required Capital Framework is based on the Firm's regulatory capital requirements. The Firm defines the difference between its total average common equity and the sum of the average common equity amounts allocated to its business segments as Parent common equity. The amount of capital allocated to the business segments is generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). The Firm has made updates to its required capital framework for 2021 and continues to evaluate 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 2020 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 2020 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 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 2020 Form 10-K.

Definitions of Performance Metrics and Terms

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

Page 6:

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

Page 7:

- (a) Net new assets represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions.
- (b) Margin and other lending represents margin lending arrangements, which allow customers to borrow against the value of qualifying securities and other lending which includes non purpose securities-based lending on non bank entities.
- (c) Deposits reflect liabilities sourced from Wealth Management clients and other sources of funding on the U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other, and time deposits.
- (d) Annualized weighted average cost of deposits reflects deposit balances and costs as of December 31, 2021, September 30, 2021 and December 31, 2020.
- (e) Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
- (f) Fee based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.
- (g) Fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-based asset flows, see Fee-based client assets in the 2020 Form 10-K.
- (h) Self-directed assets represent active accounts which are not advisor led. Active accounts are defined as having at least \$25 in assets.
- (i) Daily average revenue trades (DARTs) represent the total self-directed trades in a period divided by the number of trading days during that period.
- (j) Self-directed households represent the total number of households that include at least one account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels will be included in each of the respective channel counts.
- (k) The workplace channel assets includes equity compensation solutions for companies, their executives and employees. Workplace unvested assets represent the market value of public company securities at the end of the period.
- Workplace participants represent total accounts with vested and/or unvested 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 income taxes as percentages of net revenues.

<u> Page 9:</u>

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

	 4Q21	 3Q21	 4Q20	4Q21 YTD	4Q20 YTD
Compensation and benefits	\$ 5,487	\$ 5,920	\$ 5,450	\$ 24,628	\$ 20,854
Non-compensation expenses:					
Brokerage, clearing and exchange fees	811	825	776	3,341	2,929
Information processing and communications	833	788	697	3,119	2,465
Professional services	829	734	679	2,933	2,205
Occupancy and equipment	479	427	456	1,725	1,559
Marketing and business development	205	146	161	643	434
Other	991	1,015	944	3,694	3,132
Total non-compensation expenses	4,148	3,935	3,713	15,455	12,724
Total non-interest expenses	\$ 9,635	\$ 9,855	\$ 9,163	\$ 40,083	\$ 33,578

Page 2:

(1) For the quarters ended December 31, 2021 and September 30, 2021 and the full year ended December 31, 2021, Firm results include pre-tax integration-related expenses of \$146 million, \$145 million and \$456 million (\$114 million, \$111 million and \$352 million after - tax) respectively, reported in the Wealth Management and Investment Management business segments. For the quarter and full year ended December 31, 2020, Firm results include pre-tax integration-related expenses of \$231 million (\$189 million after-tax) reported in the Wealth Management segment. The following sets forth the impact of the integration-related expenses to earnings per diluted share, return on average common equity and return on average tangible common equity (which are excluded):

	4Q21	3Q21	4Q20	40	Q21 YTD	40)20 YTD
Earnings per diluted share - GAAP	\$ 2.01	\$ 1.98	\$ 1.81	\$	8.03	\$	6.46
Impact of adjustments	0.07	0.06	0.11		0.19		0.12
Earnings per diluted share excluding integration-related							
expenses - Non-GAAP	\$ 2.08	\$ 2.04	\$ 1.92	\$	8.22	\$	6.58
Return on average common equity - GAAP	14.7%	14.5%	14.7%		15.0%		13.1%
Impact of adjustments	 0.5%	 0.5%	 0.9%		0.3%		0.2%
Return on average common equity excluding	_	_					
integration-related expenses - Non-GAAP	15.2%	 15.0%	 15.6%		15.3%		13.3%
			_				
Return on average tangible common equity - GAAP	19.8%	19.6%	17.7%		19.8%		15.2%
Impact of adjustments	0.6%	0.6%	1.0%		0.4%		0.2%
Return on average tangible common equity excluding							
integration-related expenses - Non-GAAP	20.4%	20.2%	18.7%		20.2%		15.4%
Firm expense efficiency ratio - GAAP	66.3%	66.8%	67.4%		67.1%		68.9%
Impact of adjustments	(1.0)%	(1.0)%	(1.7)%		(0.8)%		(0.5)%
Firm expense efficiency ratio excluding integration-							
related expenses - Non-GAAP	65.3%	65.8%	65.7%		66.3%		68.4%

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 December 31, 2021, September 30, 2021 and December 31, 2020, the U.S. Bank investment securities portfolio included held to maturity investment securities of \$61.7 billion, \$63.0 billion and \$52.6 billion, respectively.

Page 4:

- (1) The Firm early adopted the standardized approach for counterparty credit risk (SA-CCR) under Basel III on December 1, 2021. SA-CCR replaced the current exposure method used to measure derivatives counterparty exposure within the Standardized Approach risk-weighted assets (RWAs) and Supplementary Leverage Ratio exposure calculations in the regulatory capital framework. As a result of the adoption, as of December 31, 2021 our risk-weighted assets under the Standardized Approach increased by \$23 billion and our Standardized CET1 capital ratio decreased by 82 basis points.
- (2) Based on a Federal Reserve interim final rule that was in effect until March 31, 2021, our SLR and supplementary leverage exposure as of December 31, 2020 reflects the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of increasing our SLR by 0.8% as of December 31, 2020.

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: 4Q21: \$603mm; 3Q21: \$603mm; 4Q20: \$484mm; 4Q21 YTD: \$603mm; 4Q20 YTD: \$484mm

Page 6:

(1) For the quarters ended December 31, 2021, September 30, 2021 and December 31, 2020 and the full year ended December 31, 2021 and 2020, integration-related compensation and non-compensation expenses associated with the acquisition of E*TRADE are as follows:

	Q21	3Q21	4Q20	40	Q21 YTD	4Q	20 YTD
Compensation expenses	\$ 10	\$ 9	\$ 151	\$	58	\$	151

Non-compensation expenses	 99	104	 80	 288	80
Total non-interest expenses	\$ 109	\$ 113	\$ 231	\$ 346	\$ 231
Income tax provision	 24	26	42	79	42
Total non-interest expenses (after-tax)	\$ 85	\$ 87	\$ 189	\$ 267	\$ 189

(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: 4Q21: \$15,270mm; 3Q21: \$15,270mm; 4Q20: \$13,440mm; 4Q21 YTD: \$15,218mm; 4Q20 YTD: \$9,536mm

Supplemental Quantitative Details and Calculations

Page 7:

- (1) The quarter ended September 30, 2021 includes \$43 billion of fee based assets acquired in an asset acquisition.
- (2) Wealth Management other lending includes \$3 billion of non-purpose securities based lending on non-bank entities in each period ended December 31, 2021, September 30, 2021 and December 31, 2020.
- (3) For the quarters ended December 31, 2021, September 30, 2021 and December 31, 2020, Wealth Management deposits of \$346 billion, \$327 billion and \$306 billion, respectively, exclude off-balance sheet deposits of \$9 billion, \$9 billion and \$25 billion, respectively, held by third parties outside of Morgan Stanley. Total deposits details are as follows:

	4Q	21	3Q21		4Q20	
Brokerage sweep deposits	\$	298	\$	273	\$	232
Other deposits		48		54		74
Total balance sheet deposits		346		327		306
Off-balance sheet deposits		9		9		25
Total deposits	\$	355	\$	336	\$	331

Page 8:

(1) For the quarters ended December 31, 2021 and September 30, 2021 and the full year ended December 31, 2021, integration-related compensation and non-compensation expenses associated with the acquisition of Eaton Vance are as follows:

	40	4Q21		3Q21		4Q21 YTD	
Compensation expenses	\$	15	\$	10	\$	44	
Non-compensation expenses		22		22		66	
Total non-interest expenses	\$	37	\$	32	\$	110	
Income tax provision		8		8		25	
Total non-interest expenses (after-tax)	\$	29	\$	24	\$	85	

(2) Investment Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 4Q21: \$9,924mm; 3Q21: \$9,924mm; 4Q20: \$932mm; 4Q21 YTD: \$7,848mm; 4Q20 YTD: \$932mm

Page 9:

- (1) Net Flows by region for the quarters ended December 31, 2021, September 30, 2021 and December 31, 2020 were:
 - North America: \$10.2 billion, \$12.6 billion and \$21.4 billion
 - International: \$1.3 billion, \$(0.3) billion and \$3.6 billion
- (2) Assets under management or supervision by region for the quarters ended December 31, 2021, September 30, 2021, and December 31, 2020 were: North America: \$1,188 billion, \$1,148 billion and \$449 billion

International: \$377 billion, \$374 billion and \$332 billion

Page 10:

(1) For the quarters ended December 31, 2021, September 30, 2021 and December 31, 2020, Investment Management reflected loan balances of \$140 million, \$132 million and \$443 million, respectively.

<u>Page 11:</u>

(1) For the quarter ended December 31, 2021, the Allowance Rollforward for Loans and Lending Commitments is as follows:

	 utional ırities		/ealth agement	-	Γotal
Loans					
Allowance for Credit Losses (ACL)					
Beginning Balance - September 30, 2021	\$ 575	\$	109	\$	684
Net Charge Offs	(13)		(6)		(19
Provision	(19)		8		(11)
Other	-		-		-
Ending Balance - December 31, 2021	\$ 543	\$	111	\$	654
Allowance for Credit Losses (ACL) Beginning Balance - September 30, 2021 Net Charge Offs	\$ 416	\$	13	\$	429
Provision	11		5		16
Other	(1)		-		(1)
Ending Balance - December 31, 2021	\$ 426	\$	18	\$	444
Loans and Lending Commitments					
Allowance for Credit Losses (ACL)	 	_		_	
Beginning Balance - September 30, 2021	\$ 991	\$	122	\$	1,113

Net Charge Offs	(13)	(6)	(19)
Provision	(8)	13	5
Other	(1)		(1)
Ending Balance - December 31, 2021	\$ 969	\$ 129	\$ 1,098

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 fourth quarter earnings press release issued January 19, 2022.

17

End of Document

Strategic Update

James P. Gorman, Chairman and Chief Executive Officer January 19, 2022

Notice

The information provided herein includes certain non-GAAP financial measures. The definition of such measures and/or the reconciliation of such measures to the comparable U.S. GAAP figures are included in this presentation, or in Morgan Stanley's (the "Company") Annual Report on Form 10-K, Definitive Proxy Statement, Quarterly Reports on Form 10-Q and the Company's Current Reports on Form 8-K, as applicable, including any amendments thereto, which are available on www.morganstanley.com.

This presentation may contain forward-looking statements including the attainment of certain financial and other targets, and objectives and goals. You 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, interpretation or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. The Company does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of forward-looking statements. For a discussion of risks and uncertainties that may affect the future results of the Company, please see the Company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, which are available on www.morganstanley.com. This presentation is not an offer to buy or sell any security.

The End Notes are an integral part of this presentation. See slides 18 - 21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation.

Please note this presentation is available at www.morganstanley.com.

Strong Results in 2021 Against Two-Year Objectives

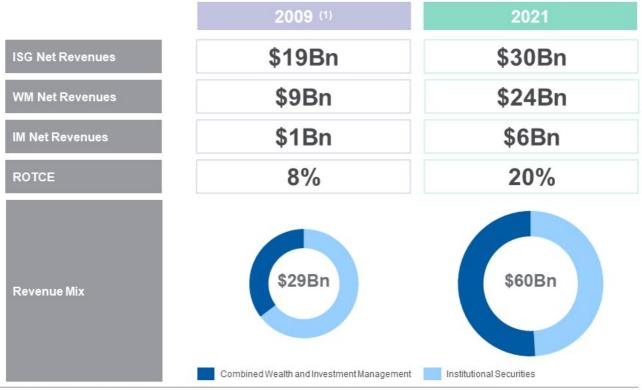
	2021 – 2022 Objectives	2021 Results (Ex-Integration)	
ROTCE (1)	14 – 16%	20%	✓
Efficiency Ratio (2)	69 – 72%	66%	✓
WM Pre-Tax Margin (3)	26 – 30%	27%	✓

The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

Executing on Growth Objectives

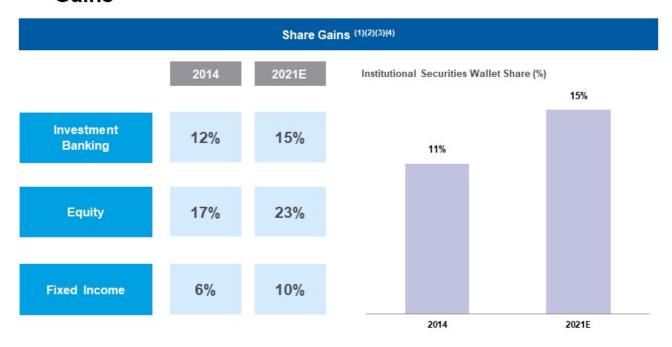
- Balanced Business Mix and Achieved Performance Goals
- Defensible and Sustainable Business Model with Growth Momentum
- Reset Dividend While Maintaining Excess Capital
- Multiple Expansion

1 Transformed Business Mix and Profitability



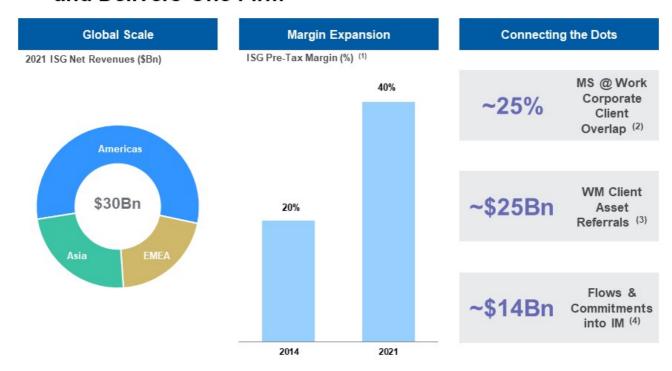
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

2 Institutional Securities: Durable and Broad-Based Share Gains



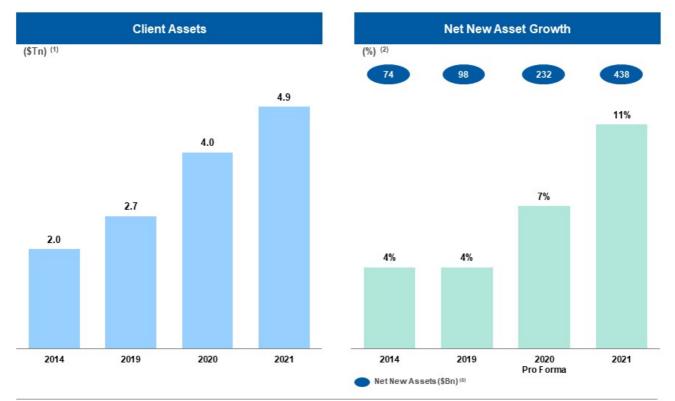
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

2 Integrated Investment Bank Drives Operating Leverage and Delivers One Firm



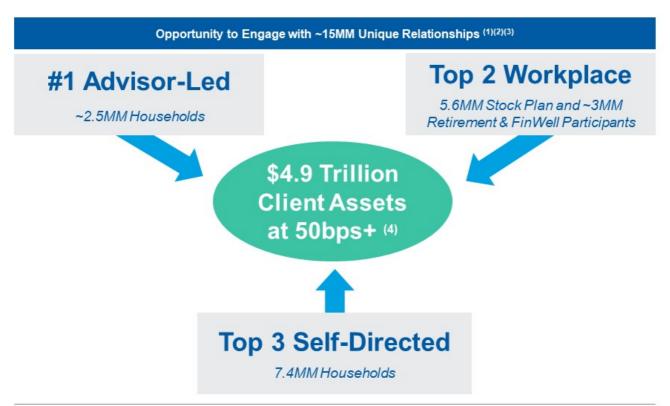
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

2 Wealth Management: Scale and Momentum



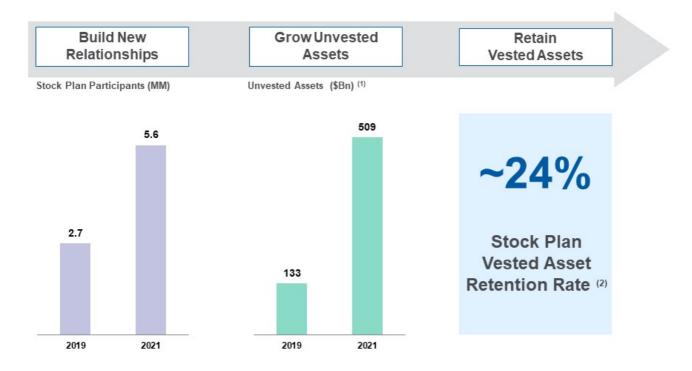
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

2 Leader in All Channels



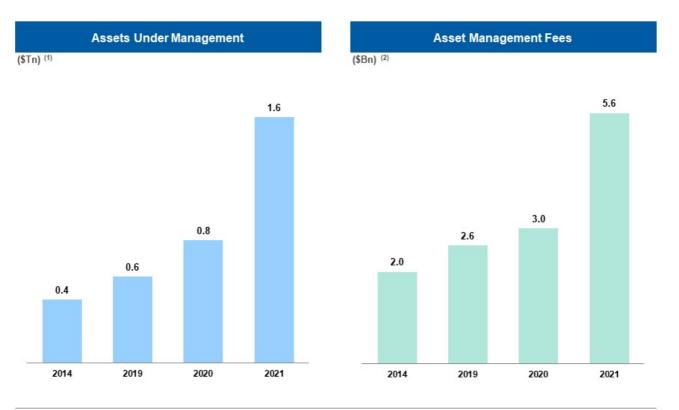
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

2 Significant Growth Opportunity in Workplace



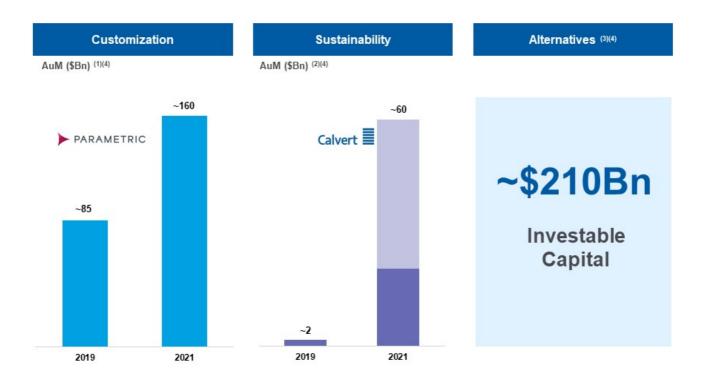
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

2 Investment Management: Premier and Growing Platform



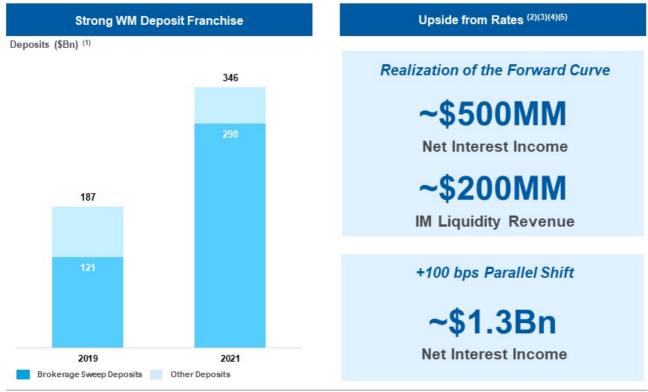
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

2 Leader in Key Growth Areas



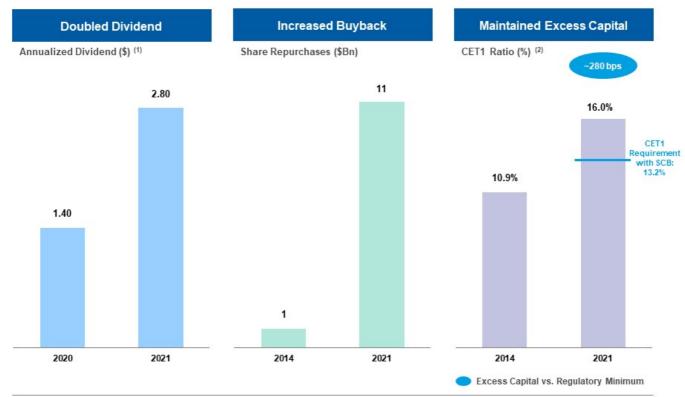
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

Wealth and Investment Management Earnings Enhanced by a Rising Rate Environment



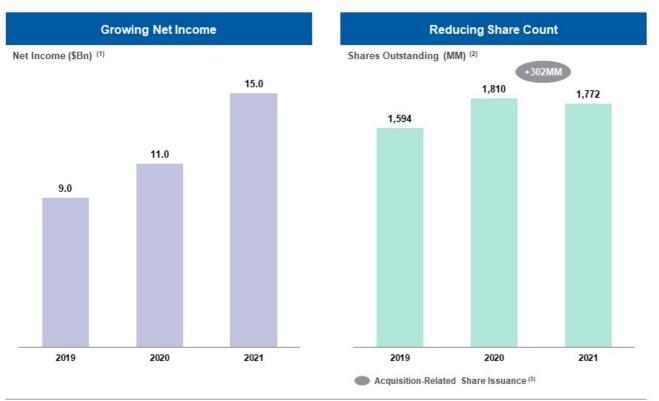
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

3 Reset Dividend While Maintaining Excess Capital



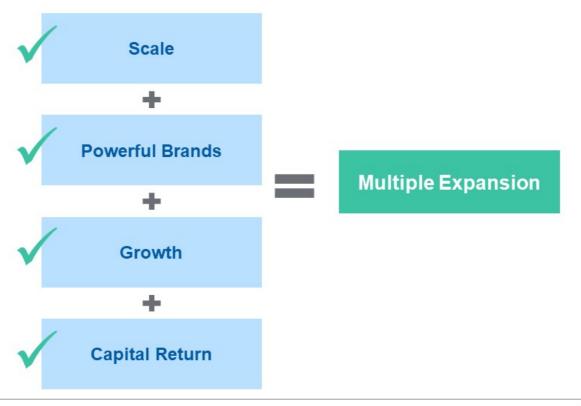
The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

3 Expanded Earnings Power Creates Capital Flexibility



The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

4 Necessary Fundamentals in Place



4 Executing on Long-Term Value

	Goals (1)
ROTCE	20%+
Efficiency Ratio	<70%
WM Pre-Tax Margin	30%+
	Longer-Term Goal (2)
Client Assets	\$10 Trillion

The End Notes are an integral part of this Presentation. See slides 18-21 at the back of this presentation for information related to the financial metrics and defined terms in this presentation

The Firm's financial presentations, earnings releases, earnings conference calls, and other communications may include certain metrics, including non-GAAP financial measures, which we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results. The End Notes are an integral part of our presentations and other communications.

For additional information refer to the Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations (includes reconciliation of GAAP to non-GAAP), and Legal Notice in the Morgan Stanley Fourth Quarter 2021 Financial Supplement included in the Current Report on Form 8-K dated January 19, 2022 ('Morgan Stanley Fourth Quarter 2021 Financial Supplement').

Morgan Stanley closed its acquisition of E*TRADE on October 2, 2020, impacting annual comparisons for the Firm and Wealth Management, and closed its acquisition of Eaton Vance on March 1, 2021, impacting period over period comparisons for the Firm and Investment Management.

These notes refer to the financial metrics and/or defined term presented on Slide 3

- nest refer to the financial metrics and/or defined term presented on Side 3
 Return on average tangible common equity (ROTCE') utilizes net income applicable to Morgan Stanley less preferred dividends as a percentage of average tangible common equity. Average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The calculation is adjusted to exclude the impact of integration-related expenses, which were \$456 million on a pre-tax basis or \$352 million on an after-tax basis in 2021. The adjusted ROTCE is a non-GAAP financial measure. The reported 2021 ROTCE is 19.8%.

 Efficiency Ratio represents total non-interest expenses as a percentage of net revenues. The calculation is adjusted to exclude the impact of integration-related expenses. The adjusted Efficiency Ratio is a non-GAAP financial measure. The reported 2021 Efficiency Ratio is 67%.
- Pre-Tax Margin represents income (loss) from continuing operations before taxes divided by net revenues. The calculation is adjusted to exclude the impact of integration-related expenses. The adjusted Pre-Tax Margin is a non-GAAP financial measure. The reported 2021 WM Pre-Tax Margin is 25%.

These notes refer to the financial metrics and/or defined term presented on Slide 5

2009 net revenues are adjusted to exclude the negative impact of Debt Valuation Adjustment ('DVA') of approximately \$5.5 billion across the following segments: Institutional Securities ('ISG') (\$5.4Bn), Wealth Management ('WM') (\$41MM) and Investment Management ('IM') (\$48MM). 2009 ROTCE adjusted to exclude the aggregate net after-tax impacts of negative DVA adjustment (\$3.4 billion) and positive Discrete Tax Benefit adjustment (\$336 million). The adjusted ROTCE is a non-GAAP financial

These notes refer to the financial metrics and/or defined term presented on Slide 6

- Wallet represents aggregated reported net revenues of Morgan Stanley and the following peers: Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, JP Morgan, and UBS. Morgan Stanley's ISG wallet share represents total ISG segment net revenues. Peer wallet includes revenues that represent Investment Banking, Equity Sales & Trading and Fixed Income Sales & Trading, where applicable. For firms that disclose results between multiple segments, assumptions have been made based on company disclosures. Morgan Stanley's 2014 Wallet Share is calculated as the percentage of Morgan Stanley's net revenues, excluding positive DVA (\$651 million) to the Wallet and has been restated to conform with current reporting methodology. Peer data for 2014 has been adjusted for DVA, where it is reported and where applicable. and where applicable.

 Credit Suisse Equity Sales & Trading and Institutional Securities-equivalent revenues for nine months 2021 were adjusted to include net provisions of \$4,582MM related to

- expected losses related to a U.S.-based hedge fund matter.
 European peer results were translated to USD using average exchange rates for the appropriate period; sourced from Bloomberg.
 The 2021 Wallet estimates utilize results for peers that have reported full-year 2021 results as of January 18, 2022. For the peers that have not yet reported, a full-year 2021 results estimate is based on Morgan Stanley Research as of January 6, 2022.

- These notes refer to the financial metrics and/or defined term presented on Slide 7

 1. Pre-Tax Margin for 2014 is adjusted to exclude the aggregation of the positive DVA adjustment (\$651 million), negative impact of litigation costs of approximately \$3.1 billion related to residential mortgage backed securities and other credit crisis-related matters, and the negative impact of compensation expense of approximately \$904 million related to changes in the approach for awards of discretionary incentive compensation (i.e., reducing the average deferral of such awards to an approximate baseline of 50%) and the acceleration of vesting for certain outstanding deferred cash based incentive compensation awards. The adjusted Pre-Tax Margin is a non-GAAP financial
 - Client Overlap represents North American companies for which Morgan Stanley provides equity administration services and actively covers within Investment Banking as of December 31, 2021.

 Client Asset Referrals represents WM client assets sourced through ISG referrals for the year ended December 31, 2021.

 Flows and Commitments represents initial flows and commitments to IM sourced through ISG referrals for the year ended December 31, 2021.

These notes refer to the financial metrics and/or defined term presented on Slide 8

- tes refer to the financial metrics and/or defined term presented on Side 8

 Represents total client assets for Morgan Stanley Wealth Management ("MSWM") as of period end.

 Annualized Net New Assetsas % of beginning client assets represents Morgan Stanley's Net New Assets divided by beginning client assets for each period. 2020 Net New Assets are Pro Forma and represent the addition of Net New Assets for Morgan Stanley and E*TRADE Financial Corporation ("E*TRADE"; acquired on October 2, 2020) for the full year; these Net New Assets are divided by the beginning client assets for Morgan Stanley and E*TRADE. E*TRADE's beginning client assets represents total customer assets, excluding corporate services unvested holdings based on E*TRADE's Annual Report on Form 10-K for the year ended December 31, 2019. The comparisons of current and prior periods are impacted by an asset acquisition in 30, 2021.
- Net New Assets represents 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. The comparisons of current and prior periods are impacted by an asset acquisition in 3Q 2021.

These notes refer to the financial metrics and/or defined term presented on Slide 9

- ntes refer to the financial metrics and/or defined term presented on Side 9

 Position in Advisor-Led represents client assets based on internal analysis aggregated for Bank of America Merrill Lynch Global Wealth Management, UBS Wealth Management Americas and Wells Fargo Wealth and Investment Management per company filings as of most recently reported results. For Morgan Stanley, Advisor-Led Client Assets represents client assets in accounts that have a WM representative assigned.

 Workplace Rank Positionderived from Morgan Stanley internal analysis based on number of stock plan participants informed by latest available data for Bank of America, Carta, Certent, Charles Schwab, Computershare, Fidelity, and UBS.

 Position in Self-Directed derived from Aite Group "The Future of Online Brokerage: The Strong Get Stronger" report (August 2021). Peers include Fidelity, Charles Schwab / TD Ameritrade, Merrill Edge and others.

 Individual households or participants that are engaged in one or more of our Wealth Management channels (Advisor-Led, Self-Directed, Workplace) will be included in each of the respective channel counts.

 Advisor-Led Households represents the total number of households that include at least one account with Advisor-Led Clients Assets and is based on Morgan Stanley internal data as of 40, 2021.
- - internal data as of 4Q 2021.
 - Stock Plan Participants represents reported participants in the Workplace channel as of 4Q 2021 with total accounts with vested or unvested assets. Individuals with accounts in multiple plans are counted as participants in each plan.
 - Retirement and Financial Wellness Participants represents participants of corporate clients with financial wellness and retirement plans serviced by Morgan Stanley at Work as of 4Q 2021
- Work as of 40, 2021.

 Self-Directed Households represents the total number of households that include at least one account with Self-Directed Assets. Self-Directed Assets represents active accounts which are not advisor-led. Active accounts are defined as having \$25 or more in assets.

 Unique Relationships represents Advisor-Led Households, Self-Directed Households, Stock Plan Participants and Retirement and Financial Wellness Participants excluding overlap as of 40, 2021.

 Represents full-year 2021 net revenues divided by average of ending client assets for five most recent quarters.

- These notes refer to the financial metrics and/or defined term presented on Slide 10

 1. Unvested Assets includes equity compensation solutions for companies, their executives and employees; unvested assets are as of 4Q 2021 and represents the market value of public company securities at the end of the period.
 - Retention Rate for any given period is derived using the net of stock plan inflows for one year less outflows for a two-year period post the initial inflow and dividing it by total

These notes refer to the financial metrics and/or defined term presented on Slide 11

- Represents reported assets under management ("AuM") of Morgan Stanley Investment Management ("MSIM") as of period end. Represents reported full-year asset management and related-fees revenue of MSIM.

These notes refer to the financial metrics and/or defined term presented on Slide 12

- tes refer to the financial metrics and/or defined term presented on Silde 12

 Customization represents Parametric custom portfolios in retail separately managed accounts reported under the "Alternatives and Solutions" category in the Morgan

 Stanley Fourth Quarter 2021 Financial Supplement. AuM is as of period end.

 Sustainability represents assets under management from Calvert and MSIM core ESG strategies reported under the "Alternatives and Solutions", "Equities" and "Fixed Income" categories in the Morgan Stanley Fourth Quarter 2021 Financial Supplement. AuM is as of period end.

 Alternatives represents investable capital which includes assets under management, unfunded commitments, co-investments and leverage across private alternative and liquid alternative strategies as of December 31, 2021. The assets under management portion of investable capital is reported under the "Alternatives and Solutions", "Equities" and "Fixed Income" categories in the Morgan Stanley Fourth Quarter 2021 Financial Supplement. Private Alternatives is ~\$110Bn of the total Alternatives
- Strategies that represent one or more of the categories (Customization, Alternatives, Sustainability) will be included in each of the respective categories

- These notes refer to the financial metrics and/or defined term presented on Slide 13
 1. Deposits are sourced from Wealth Management clients and other sources of funding on the U.S. bank subsidiaries. Deposits include sweep deposit programs, savings and other, and time deposits. Excludes approximately \$9 billion of off-balance sheet deposits as of 4Q 2021.
 2. Net Interest Income from Realization of the Forward Curve represents an estimate of our incremental Net Interest Income for our WM segment (WM NII') in 2022,

 - Net Interest Income from Realization of the Forward Curve represents an estimate of our incremental Net Interest Income for our WM segment (WM NII') in 2022, relative to the annualized 4Q 2021 WM NII, from the realization of market expectations for rates as of December 31, 2021.

 Investment Management Liquidity Revenue from Realization of Forward Curve represents an estimate of our incremental asset management and related-fees revenue for our IM segment in 2022 from the realization of the first rate hike based on liquidity AuM and market expectations as of December 31, 2021.

 Net Interest Income from +100 bps Parallel Shift represents our estimate of incremental Net Interest Income over the next 12 months for our U.S. bank subsidiaries based upon an instantaneous upward parallel interest rate shock of 100 bps to our forecast which incorporates market expectations of interest rates as of December 31, 2021 and forecasted business activity.

 The attainment of revenues in the future reflects management's estimates and may be impacted by external factors that cannot be predicted at this time, including macroneous and market conditions and future regulations.
 - macroeconomic and market conditions and future regulations

- These notes refer to the financial metrics and/or defined term presented on Slide 14

 1. Annualized Dividend based on fourth quarter of each respective year. The quarterly dividend was increased from \$0.35 to \$0.70 in 2Q 2021 and the annual dividend for full-year 2021 was \$2.10.

 2. CommonEquity Tier 1 capital ratio is based on the Basel III Standardized Approach Fully Phased-in rules. The Firm early adopted the Standardized Approach for Counterparty Credit Risk ('SA-CCR') under Basel III on December 1, 2021. As a result of the adoption, as of December 31, 2021 our risk-weighted assets under the Standardized Approach increased by \$23 billion and our Standardized CET1 capital ratio decreased by 82 basis points.

These notes refer to the financial metrics and/or defined term presented on Slide 15

- Net Income represents net income applicable to Morgan Stanley.

 Shares Outstanding represents end of period common shares outstanding.

 Acquisition-Related Share Issuance represents common shares issued in relation to the acquisitions of E*TRADE and Eaton Vance in 2020 and 2021, respectively.

- These notes refer to the financial metrics and/or defined term presented on Slide 17
 1. The calculation of financial measures is adjusted to exclude the impact of integration-related expenses. The attainment of these objectives may be impacted by external factors that cannot be predicted at this time, including macroeconomic and market conditions and future regulations.

 2. Client Assets represents WM client assets and IM assets under management. The attainment of these objectives may be impacted by external factors that cannot be
 - predicted at this time, including macroeconomic and market conditions and future regulations