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

FORM 8-K

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

Date of report (Date of earliest event reported): July 18, 2023

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

Delaware	**1-11758**	**36-3145972**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

1585 Broadway, New York, New York	**10036**
(Address of Principal Executive Offices)	(Zip Code)

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.01 par value	MS	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, $0.01 par value	MS/PA	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, $0.01 par value	MS/PE	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, $0.01 par value	MS/PF	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, $0.01 par value	MS/PI	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, $0.01 par value	MS/PK	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, $0.01 par value	MS/PL	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series O, $0.01 par value	MS/PO	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series P, $0.01 par value	MS/PP	New York Stock Exchange
Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/26C	New York Stock Exchange
Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/29	New York Stock Exchange

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

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

On July 18, 2023, Morgan Stanley (the "Company") released financial information with respect to its quarter ended June 30, 2023. A copy of the press release containing this information is annexed as Exhibit 99.1 to this Report and by this reference incorporated herein and made a part hereof. In addition, a copy of the Company's Financial Data Supplement for its quarter ended June 30, 2023 is annexed as Exhibit 99.2 to this Report and by this reference incorporated herein and made a part hereof.

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

Item 9.01 Financial Statements and Exhibits.

(d)

Exhibit Number	Description
99.1	Press release of the Company, dated July 18, 2023, containing financial information for the quarter ended June 30, 2023
99.2	Financial Data Supplement of the Company for the quarter ended June 30, 2023
101	Interactive Data Files pursuant to Rule 406 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL").
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

SIGNATURE

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

MORGAN STANLEY
(Registrant)

Date: July 18, 2023

By: /s/ Raja Akram
Name: Raja Akram
Title: Deputy Chief Financial Officer

End of Document

Morgan Stanley Second Quarter 2023 Earnings Results

Morgan Stanley Reports Net Revenues of $13.5 Billion, EPS of $1.24 and ROTCE of 12.1%

NEW YORK, July 18, 2023 – Morgan Stanley (NYSE: MS) today reported net revenues of $13.5 billion for the second quarter ended June 30, 2023 compared with $13.1 billion a year ago. Net income applicable to Morgan Stanley was $2.2 billion, or $1.24 per diluted share,[1] compared with net income of $2.5 billion, or $1.39 per diluted share,[1] for the same period a year ago. The second quarter of 2023 was impacted by severance costs of $308 million[2] associated with an employee action.

James P. Gorman, *Chairman and Chief Executive Officer, said, "The Firm delivered solid results in a challenging market environment. The quarter started with macroeconomic uncertainties and subdued client activity, but ended with a more constructive tone. Consistent with our strategy, we continued to attract client assets – Wealth and Investment Management added $100 billion in net new assets, bringing in over $200 billion year-to-date. Our Institutional businesses navigated the markets well through macro uncertainties. We finished the quarter in a strong capital position and raised our quarterly common dividend by 7.5 cents for the second year in a row. We remain confident in our ability to grow in various market environments while maintaining a strong capital position."*

Financial Summary[3,4]

Firm ($ millions, except per share data)	2Q 2023	2Q 2022
Net revenues	$ 13,457	$ 13,132
Provision for credit losses	$ 161	$ 101
Compensation expense	$ 6,262	$ 5,550
Non-compensation expenses	$ 4,222	$ 4,162
Pre-tax income[9]	$ 2,812	$ 3,319
Net income app. to MS	$ 2,182	$ 2,495
Expense efficiency ratio[6]	78%	74%
Earnings per diluted share[1]	$ 1.24	$ 1.39
Book value per share	$ 55.24	$ 54.46
Tangible book value per share	$ 40.79	$ 40.07
Return on equity	8.9%	10.1%
Return on tangible equity[5]	12.1%	13.8%
Institutional Securities		
Net revenues	$ 5,654	$ 6,119
Investment Banking	$ 1,075	$ 1,072
Equity	$ 2,548	$ 2,960
Fixed Income	$ 1,716	$ 2,500
Wealth Management		
Net revenues	$ 6,660	$ 5,736
Fee-based client assets ($ billions)[10]	$ 1,856	$ 1,717
Fee-based asset flows ($ billions)[11]	$ 22.7	$ 28.5
Net new assets ($ billions)[7]	$ 89.5	$ 52.9
Loans ($ billions)	$ 144.7	$ 143.6
Investment Management		
Net revenues	$ 1,281	$ 1,411
AUM ($ billions)[12]	$ 1,412	$ 1,351
Long-term net flows ($ billions)[13]	$ 1.1	$ (3.5)

Highlights

- The Firm reported net revenues of $13.5 billion and net income of $2.2 billion as our businesses navigated an environment that remains challenging.
- The Firm delivered ROTCE of 12.1%.[5]
- The Firm expense efficiency ratio for the first half of the year was 75%.[6] Expenses for the quarter include severance costs of $308 million[2] and integration-related expenses of $99 million.
- Standardized Common Equity Tier 1 capital ratio was 15.5%.[16]
- Institutional Securities net revenues of $5.7 billion reflect continued muted activity in Investment Banking and declines in Equity and Fixed Income driven by lower client activity in a less favorable market environment compared to a year ago.
- Wealth Management delivered strong net new client assets of $90 billion[7] and record net revenues of $6.7 billion, which reflect higher net interest income and the positive impact of DCP. Pre-tax margin was 25.2%,[8] reflecting higher compensation expenses driven by severance costs[2] associated with an employee action, integration-related expenses and higher provisions for credit losses.
- Investment Management results reflect net revenues of $1.3 billion on AUM of $1.4 trillion and positive net flows.

Media Relations: Wesley McDade 212-761-2430

Investor Relations: Leslie Bazos 212-761-5352

Institutional Securities

Institutional Securities reported net revenues for the current quarter of $5.7 billion compared with $6.1 billion a year ago. Pre-tax income was $1.0 billion compared with $1.6 billion a year ago.[9]

Investment Banking revenues were overall unchanged from a year ago:

- Advisory revenues decreased from a year ago driven by fewer completed M&A transactions.
- Equity underwriting revenues increased from a year ago primarily driven by higher follow-on and convertible offerings.
- Fixed income underwriting revenues increased from a year ago primarily driven by higher investment grade bond issuances.

Equity net revenues down 14% from a year ago:

- Equity net revenues decreased from a year ago, primarily driven by declines in cash and derivative products on lower client activity and lower volatility in the markets.

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

- Fixed Income net revenues decreased from a year ago driven by declines across most products, with the exception of rates, as a result of lower client activity and lower market volatility compared with elevated levels a year ago.

Other:

- Other revenues increased primarily driven by lower mark-to-market losses, net of loan hedges, and higher net interest income and fees on corporate loans, and mark-to-market gains on investments associated with certain employee deferred compensation plans (DCP) compared to losses in the prior year.

($ millions)	2Q 2023	2Q 2022
Net Revenues	**$ 5,654**	**$ 6,119**
Investment Banking	**$ 1,075**	**$ 1,072**
Advisory	$ 455	$ 598
Equity underwriting	$ 225	$ 148
Fixed income underwriting	$ 395	$ 326
Equity	**$ 2,548**	**$ 2,960**
Fixed Income	**$ 1,716**	**$ 2,500**
Other	**$ 315**	**$ (413)**
Provision for credit losses	**$ 97**	**$ 82**
Total Expenses	**$ 4,580**	**$ 4,483**
Compensation	$ 2,215	$ 2,050
Non-compensation	$ 2,365	$ 2,433

Provision for credit losses:

- Increases in provisions for credit losses were primarily driven by credit deteriorations in the commercial real estate sector as well as modest growth across the portfolio.

Total Expenses:

- Compensation expenses increased on severance costs[2] associated with an employee action and expenses related to certain deferred compensation plans linked to investment performance, partially offset by a decline in discretionary compensation on lower revenues.
- Non-compensation expenses decreased from a year ago primarily driven by lower litigation costs, partially offset by higher investments in technology and higher execution-related expenses.

Wealth Management

Wealth Management reported record net revenues for the current quarter of $6.7 billion compared with $5.7 billion from a year ago. Pre-tax income of $1.7 billion[9] in the current quarter resulted in a reported pre-tax margin of 25.2%.[8]

Net revenues increased 16% from a year ago:

- Asset management revenues decreased 2% from a year ago reflecting lower asset levels primarily due to declines in the markets.
- Transactional revenues[14] decreased 2% excluding the impact of mark-to-market gains on investments associated with certain employee deferred compensation plans compared to losses in the prior year quarter. The decrease was due to lower client activity compared to a year ago.
- Net interest income increased from a year ago on higher interest rates, partially offset by the impact of lower brokerage sweep deposits as clients continue to redeploy balances.

Provision for credit losses:

- Increases in provisions for credit losses were largely driven by credit deteriorations in the commercial real estate sector.

($ millions)	2Q 2023	2Q 2022
Net Revenues	**$ 6,660**	**$ 5,736**
Asset management	$ 3,452	$ 3,510
Transactional[14]	$ 869	$ 291
Net interest income	$ 2,156	$ 1,747
Other	$ 183	$ 188
Provision for credit losses	**$ 64**	**$ 19**
Total Expenses	**$ 4,915**	**$ 4,196**
Compensation	$ 3,503	$ 2,895
Non-compensation	$ 1,412	$ 1,301

Total Expenses:

- Compensation expenses increased from a year ago driven by severance costs[2] associated with an employee action and expenses related to certain deferred compensation plans linked to investment performance.
- Non-compensation expenses increased from a year ago primarily driven by higher investments in technology, litigation, occupancy costs, and professional services.

Investment Management

Investment Management reported net revenues of $1.3 billion, down 9% from a year ago. Pre-tax income was $170 million compared with $249 million a year ago.[9]

Net revenues decreased 9% from a year ago:

- Asset management and related fees decreased from a year ago driven primarily by lower average AUM due to the decline in asset values from the prior year quarter and the cumulative effect of outflows.
- Performance-based income and other revenues decreased from a year ago due to lower accrued carried interest across private funds, partially offset by mark-to-market gains on investments associated with certain employee deferred compensation compared to losses in the prior year quarter.

($ millions)	2Q 2023	2Q 2022
Net Revenues	**$ 1,281**	**$ 1,411**
Asset management and related fees	$ 1,268	$ 1,304
Performance-based income and other	$ 13	$ 107
Total Expenses	**$ 1,111**	**$ 1,162**
Compensation	$ 544	$ 605
Non-compensation	$ 567	$ 557

Total Expenses:

- Compensation expenses decreased from a year ago primarily driven by lower compensation associated with carried interest, partially offset by expenses related to certain deferred compensation plans linked to investment performance and severance costs[2] associated with an employee action.

Other Matters

- The Firm repurchased $1 billion of its outstanding common stock during the quarter as part of its Share Repurchase Program.
- The Firm reauthorized a multi-year repurchase program of up to $20 billion of outstanding common stock without a set expiration date.
- The Board of Directors declared a $0.85 quarterly dividend per share, representing an increase of 7.5 cents per share, payable on August 15, 2023 to common shareholders of record on July 31, 2023.
- Standardized Common Equity Tier 1 capital ratio was 15.5%, 220 basis points above the aggregate standardized approach CET1 requirement inclusive of buffers as of June 30 and 260 basis points above the estimated aggregate standardized approach CET1 requirement that will take effect as of October 1, 2023.

	2Q 2023	2Q 2022
Capital[15]		
Standardized Approach		
CET1 capital[16]	15.5%	15.2%
Tier 1 capital[16]	17.4%	16.9%
Advanced Approach		
CET1 capital[16]	15.9%	15.5%
Tier 1 capital[16]	17.8%	17.1%
Leverage-based capital		
Tier 1 leverage[17]	6.7%	6.6%
SLR[4]	5.5%	5.4%
Common Stock Repurchases		
Repurchases ($ millions)	$ 1,000	$ 2,738
Number of Shares (millions)	12	33
Average Price	$ 83.86	$ 82.05
Period End Shares (millions)	1,659	1,723
Effective Tax Rate	21.0%	23.6%

Morgan Stanley is a leading global financial services firm providing a wide range of investment banking, securities, wealth management and investment management services. With offices in 42 countries, the Firm's employees serve clients worldwide including corporations, governments, institutions and individuals. For further information about Morgan Stanley, please visit www.morganstanley.com.

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

NOTICE:

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

This earnings release may contain forward-looking statements, including the attainment of certain financial and other targets, objectives and goals. Readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management's current estimates, projections, expectations, assumptions, interpretations or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of risks and uncertainties that may affect the future results of the Firm, please see "Forward-Looking Statements" preceding Part I, Item 1, "Competition" and "Supervision and Regulation" in Part I, Item 1, "Risk Factors" in Part I, Item 1A, "Legal Proceedings" in Part I, Item 3, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 and "Quantitative and Qualitative Disclosures about Risk" in Part II, Item 7A in the Firm's Annual Report on Form 10-K for the year ended December 31, 2022 and other items throughout the Form 10-K, the Firm's Quarterly Reports on Form 10-Q and the Firm's Current Reports on Form 8-K, including any amendments thereto.

[1] Includes preferred dividends related to the calculation of earnings per share of $133 million and $104 million for the second quarter of 2023 and 2022, respectively.

[2] The Firm recorded severance costs of $308 million in the second quarter of 2023, associated with an employee action, which were reported in business segments' results as follows: Institutional Securities $207 million, Wealth Management $78 million and Investment Management $23 million.

[3] 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.

[4] 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.

[5] Return on average tangible common equity is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of period-to-period operating performance and capital adequacy. 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 expense efficiency ratio represents total non-interest expenses as a percentage of net revenues. For the quarter ended June 30, 2023, Firm results include pre-tax integration-related expenses of $99 million, of which $75 million is reported in the Wealth Management business segment and $24 million is reported in the Investment Management business segment.

[7] 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.

[8] Pre-tax margin represents income before provision for income taxes divided by net revenues.

[9] Pre-tax income represents income before provision for income 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] AUM is defined as assets under management.

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

[14] Transactional revenues include investment banking, trading, and commissions and fee revenues.

[15] Capital ratios are estimates as of the press release date, July 18, 2023.

[16]CET1 capital is defined as Common Equity Tier 1 capital. The Firm's risk-based capital ratios are computed under each of the (i) standardized approaches for calculating credit risk and market risk risk‐weighted assets (RWAs) (the "Standardized Approach") and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). For information on the calculation of regulatory capital and ratios, and associated regulatory requirements, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Form 10-K).

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

[18] The Firm's supplementary leverage ratio (SLR) utilizes a Tier 1 capital numerator of approximately $78.5 billion and $77.8 billion, and supplementary leverage exposure denominator of approximately $1.4 trillion and $1.5 trillion, for the second quarter of 2023 and 2022, respectively.

Morgan Stanley

Consolidated Income Statement Information
(unaudited, dollars in millions)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Revenues:								
Investment banking	$ 1,155	$ 1,330	$ 1,150	(13%)	--	$ 2,485	$ 2,908	(15%)
Trading	3,802	4,477	3,597	(15%)	6%	8,279	7,580	9%
Investments	95	145	23	(34%)	*	240	98	145%
Commissions and fees	1,090	1,239	1,220	(12%)	(11%)	2,329	2,636	(12%)
Asset management	4,817	4,728	4,912	2%	(2%)	9,545	10,031	(5%)
Other	488	252	(52)	94%	*	740	182	*
Total non-interest revenues	11,447	12,171	10,850	(6%)	6%	23,618	23,435	1%
Interest income	12,048	10,870	3,612	11%	*	22,918	6,262	*
Interest expense	10,038	8,524	1,330	18%	*	18,562	1,764	*
Net interest	2,010	2,346	2,282	(14%)	(12%)	4,356	4,498	(3%)
Net revenues	13,457	14,517	13,132	(7%)	2%	27,974	27,933	--
Provision for credit losses	161	234	101	(31%)	59%	395	158	150%
Non-interest expenses:								
Compensation and benefits	6,262	6,410	5,550	(2%)	13%	12,672	11,824	7%
Non-compensation expenses:								
Brokerage, clearing and exchange fees	875	881	878	(1%)	--	1,756	1,760	--
Information processing and communications	926	915	857	1%	8%	1,841	1,686	9%
Professional services	767	710	757	8%	1%	1,477	1,462	1%
Occupancy and equipment	471	440	430	7%	10%	911	857	6%
Marketing and business development	236	247	220	(4%)	7%	483	395	22%
Other	947	920	1,020	3%	(7%)	1,867	1,884	(1%)
Total non-compensation expenses	4,222	4,113	4,162	3%	1%	8,335	8,044	4%
Total non-interest expenses	10,484	10,523	9,712	--	8%	21,007	19,868	6%
Income before provision for income taxes	2,812	3,760	3,319	(25%)	(15%)	6,572	7,907	(17%)
Provision for income taxes	591	727	783	(19%)	(25%)	1,318	1,656	(20%)
Net income	$ 2,221	$ 3,033	$ 2,536	(27%)	(12%)	$ 5,254	$ 6,251	(16%)
Net income applicable to nonredeemable noncontrolling interests	39	53	41	(26%)	(5%)	92	90	2%
Net income applicable to Morgan Stanley	2,182	2,980	2,495	(27%)	(13%)	5,162	6,161	(16%)
Preferred stock dividend	133	144	104	(8%)	28%	277	228	21%
Earnings applicable to Morgan Stanley common shareholders	$ 2,049	$ 2,836	$ 2,391	(28%)	(14%)	$ 4,885	$ 5,933	(18%)

Notes:
- Firm net revenues excluding mark-to-market gains and losses on deferred cash-based compensation plans (DCP) were: 2Q23: $13,343 million, 1Q23: $14,364 million, 2Q22: $13,847 million, 2Q23 YTD: $27,707 million, 2Q22 YTD: $29,089 million.
- Firm compensation expenses excluding DCP were: 2Q23: $6,084 million, 1Q23: $6,217 million, 2Q22: $6,048 million, 2Q23 YTD: $12,301 million, 2Q22 YTD: $12,610 million.
- The End Notes are an integral part of this presentation. Refer to pages 12 - 17 of the Financial Supplement for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Morgan Stanley

Consolidated Financial Metrics, Ratios and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Financial Metrics:								
Earnings per basic share	$ 1.25	$ 1.72	$ 1.40	(27%)	(11%)	$ 2.98	$ 3.45	(14%)
Earnings per diluted share	$ 1.24	$ 1.70	$ 1.39	(27%)	(11%)	$ 2.95	$ 3.41	(13%)
Return on average common equity	8.9%	12.4%	10.1%			10.7%	12.4%	
Return on average tangible common equity	12.1%	16.9%	13.8%			14.5%	16.8%	
Book value per common share	$ 55.24	$ 55.13	$ 54.46			$ 55.24	$ 54.46	
Tangible book value per common share	$ 40.79	$ 40.68	$ 40.07			$ 40.79	$ 40.07	
Financial Ratios:								
Pre-tax profit margin	21%	26%	25%			23%	28%	
Compensation and benefits as a % of net revenues	47%	44%	42%			45%	42%	
Non-compensation expenses as a % of net revenues	31%	28%	32%			30%	29%	
Firm expense efficiency ratio	78%	72%	74%			75%	71%	
Effective tax rate	21.0%	19.3%	23.6%			20.1%	20.9%	
Statistical Data:								
Period end common shares outstanding (millions)	1,659	1,670	1,723	(1%)	(4%)			
Average common shares outstanding (millions)								
Basic	1,635	1,645	1,704	(1%)	(4%)	1,640	1,718	(5%)
Diluted	1,651	1,663	1,723	(1%)	(4%)	1,657	1,739	(5%)
Worldwide employees	82,006	82,266	78,386	--	5%			

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

End of Document

Exhibit 99.2

Morgan Stanley

Second Quarter 2023 Earnings Results

Quarterly Financial Supplement

Consolidated Financial Summary
(unaudited, dollars in millions)

	Quarter Ended Jun 30, 2023	Quarter Ended Mar 31, 2023	Quarter Ended Jun 30, 2022	Percentage Change From: Mar 31, 2023	Percentage Change From: Jun 30, 2022	Six Months Ended Jun 30, 2023	Six Months Ended Jun 30, 2022	Percentage Change
Net revenues								
Institutional Securities	$ 5,654	$ 6,797	$ 6,119	(17%)	(8%)	$ 12,451	$ 13,776	(10%)
Wealth Management	6,660	6,559	5,736	2%	16%	13,219	11,671	13%
Investment Management	1,281	1,289	1,411	(1%)	(9%)	2,570	2,746	(6%)
Intersegment Eliminations	(138)	(128)	(134)	(8%)	(3%)	(266)	(260)	(2%)
Net revenues (1)	$ 13,457	$ 14,517	$ 13,132	(7%)	2%	$ 27,974	$ 27,933	--
Provision for credit losses	$ 161	$ 234	$ 101	(31%)	59%	$ 395	$ 158	150%
Non-interest expenses								
Institutional Securities	$ 4,580	$ 4,716	$ 4,483	(3%)	2%	$ 9,296	$ 9,309	--
Wealth Management	4,915	4,802	4,196	2%	17%	9,717	8,545	14%
Investment Management	1,111	1,123	1,162	(1%)	(4%)	2,234	2,269	(2%)
Intersegment Eliminations	(122)	(118)	(129)	(3%)	5%	(240)	(255)	6%
Non-interest expenses (1)(2)	$ 10,484	$ 10,523	$ 9,712	--	8%	$ 21,007	$ 19,868	6%
Income before provision for income taxes								
Institutional Securities	$ 977	$ 1,892	$ 1,554	(48%)	(37%)	$ 2,869	$ 4,341	(34%)
Wealth Management	1,681	1,712	1,521	(2%)	11%	3,393	3,094	10%
Investment Management	170	166	249	2%	(32%)	336	477	(30%)
Intersegment Eliminations	(16)	(10)	(5)	(60%)	*	(26)	(5)	*
Income before provision for income taxes	$ 2,812	$ 3,760	$ 3,319	(25%)	(15%)	$ 6,572	$ 7,907	(17%)
Net Income applicable to Morgan Stanley								
Institutional Securities	$ 759	$ 1,478	$ 1,121	(49%)	(32%)	$ 2,237	$ 3,312	(32%)
Wealth Management	1,308	1,376	1,190	(5%)	10%	2,684	2,462	9%
Investment Management	127	134	188	(5%)	(32%)	261	391	(33%)
Intersegment Eliminations	(12)	(8)	(4)	(50%)	(200%)	(20)	(4)	*
Net Income applicable to Morgan Stanley	$ 2,182	$ 2,980	$ 2,495	(27%)	(13%)	$ 5,162	$ 6,161	(16%)
Earnings applicable to Morgan Stanley common shareholders	$ 2,049	$ 2,836	$ 2,391	(28%)	(14%)	$ 4,885	$ 5,933	(18%)

Notes:
- Firm net revenues excluding mark-to-market gains and losses on deferred cash-based compensation plans (DCP) were: 2Q23: $13,343 million, 1Q23: $14,364 million, 2Q22: $13,847 million, 2Q23 YTD: $27,707 million, 2Q22 YTD: $29,089 million.
- Firm compensation expenses excluding DCP were: 2Q23: $6,084 million, 1Q23: $6,217 million, 2Q22: $6,048 million, 2Q23 YTD: $12,301 million, 2Q22 YTD: $12,610 million.
- The End Notes are an integral part of this presentation. See pages 12 - 17 for Definition of U.S. GAAP to Non-GAAP Measures, Definition of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations, and Legal Notice.

Consolidated Financial Metrics, Ratios and Statistical Data
(unaudited)

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Financial Metrics:								
Earnings per basic share	$ 1.25	$ 1.72	$ 1.40	(27%)	(11%)	$ 2.98	$ 3.45	(14%)
Earnings per diluted share	$ 1.24	$ 1.70	$ 1.39	(27%)	(11%)	$ 2.95	$ 3.41	(13%)
Return on average common equity	8.9%	12.4%	10.1%			10.7%	12.4%	
Return on average tangible common equity	12.1%	16.9%	13.8%			14.5%	16.8%	
Book value per common share	$ 55.24	$ 55.13	$ 54.46			$ 55.24	$ 54.46	
Tangible book value per common share	$ 40.79	$ 40.68	$ 40.07			$ 40.79	$ 40.07	
Financial Ratios:								
Pre-tax profit margin	21%	26%	25%			23%	28%	
Compensation and benefits as a % of net revenues	47%	44%	42%			45%	42%	
Non-compensation expenses as a % of net revenues	31%	28%	32%			30%	29%	
Firm expense efficiency ratio[1]	78%	72%	74%			75%	71%	
Effective tax rate	21.0%	19.3%	23.6%			20.1%	20.9%	
Statistical Data:								
Period end common shares outstanding (millions)	1,659	1,670	1,723	(1%)	(4%)			
Average common shares outstanding (millions)								
Basic	1,635	1,645	1,704	(1%)	(4%)	1,640	1,718	(5%)
Diluted	1,651	1,663	1,723	(1%)	(4%)	1,657	1,739	(5%)
Worldwide employees	82,006	82,266	78,386	--	5%			

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Consolidated Balance sheet								
Total assets	$ 1,164,911	$ 1,199,904	$ 1,173,776	(3%)	(1%)			
Loans (1)	$ 224,276	$ 222,727	$ 214,573	1%	5%			
Deposits	$ 348,511	$ 347,523	$ 347,148	--	--			
Long-term debt outstanding	$ 243,820	$ 245,595	$ 221,979	(1%)	10%			
Maturities of long-term debt outstanding (next 12 months)	$ 22,326	$ 20,382	$ 19,737	10%	13%			
Average liquidity resources	$ 310,724	$ 321,195	$ 306,370	(3%)	1%			
Common equity	$ 91,636	$ 92,076	$ 93,846	--	(2%)			
Less: Goodwill and intangible assets	(23,973)	(24,125)	(24,803)	(1%)	(3%)			
Tangible common equity	$ 67,663	$ 67,951	$ 69,043	--	(2%)			
Preferred equity	$ 8,750	$ 8,750	$ 7,750	--	13%			
U.S. Bank Supplemental Financial Information								
Total assets	$ 385,596	$ 384,794	$ 377,724	--	2%			
Loans	$ 209,065	$ 206,785	$ 201,853	1%	4%			
Investment securities portfolio (2)	$ 119,289	$ 123,250	$ 125,785	(3%)	(5%)			
Deposits	$ 342,522	$ 340,926	$ 339,575	--	1%			
Regional revenues								
Americas	$ 10,394	$ 10,791	$ 9,662	(4%)	8%	$ 21,185	$ 20,126	5%
EMEA (Europe, Middle East, Africa)	1,500	1,737	1,678	(14%)	(11%)	3,237	3,989	(19 %)
Asia	1,563	1,989	1,792	(21%)	(13%)	3,552	3,818	(7%)
Consolidated net revenues	$ 13,457	$ 14,517	$ 13,132	(7%)	2%	$ 27,974	$ 27,933	--

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Average Common Equity								
Institutional Securities	$ 45.6	$ 45.6	$ 48.8	--	(7%)	$ 45.6	$ 48.8	(7%)
Wealth Management	28.8	28.8	31.0	--	(7%)	28.8	31.0	(7%)
Investment Management	10.4	10.4	10.6	--	(2%)	10.4	10.6	(2%)
Parent	6.8	6.6	3.9	3%	74%	6.6	5.1	29%
Firm	$ 91.6	$ 91.4	$ 94.3	--	(3%)	$ 91.4	$ 95.5	(4%)
Regulatory Capital								
Common Equity Tier 1 capital	$ 69.9	$ 69.5	$ 70.2	1%	--			
Tier 1 capital	$ 78.5	$ 77.9	$ 77.8	1%	1%			
Standardized Approach								
Risk-weighted assets	$ 450.4	$ 459.1	$ 461.0	(2%)	(2%)			
Common Equity Tier 1 capital ratio	15.5%	15.1%	15.2%					
Tier 1 capital ratio	17.4%	17.0%	16.9%					
Advanced Approach								
Risk-weighted assets	$ 440.3	$ 444.8	$ 454.1	(1%)	(3%)			
Common Equity Tier 1 capital ratio	15.9%	15.6%	15.5%					
Tier 1 capital ratio	17.8%	17.5%	17.1%					
Leverage-based capital								
Tier 1 leverage ratio	6.7%	6.7%	6.6%					
Supplementary Leverage Ratio	5.5%	5.5%	5.4%					

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Revenues:								
Advisory	$ 455	$ 638	$ 598	(29%)	(24%)	$ 1,093	$ 1,542	(29%)
Equity	225	202	148	11%	52%	427	406	5%
Fixed income	395	407	326	(3%)	21%	802	758	6%
Underwriting	620	609	474	2%	31%	1,229	1,164	6%
Investment banking	1,075	1,247	1,072	(14%)	--	2,322	2,706	(14%)
Equity	2,548	2,729	2,960	(7%)	(14%)	5,277	6,134	(14%)
Fixed income	1,716	2,576	2,500	(33%)	(31%)	4,292	5,423	(21%)
Other	315	245	(413)	29%	*	560	(487)	*
Net revenues	5,654	6,797	6,119	(17%)	(8%)	12,451	13,776	(10%)
Provision for credit losses	97	189	82	(49%)	18%	286	126	127%
Compensation and benefits	2,215	2,365	2,050	(6%)	8%	4,580	4,654	(2%)
Non-compensation expenses	2,365	2,351	2,433	1%	(3%)	4,716	4,655	1%
Total non-interest expenses	4,580	4,716	4,483	(3%)	2%	9,296	9,309	--
Income before provision for income taxes	977	1,892	1,554	(48%)	(37%)	2,869	4,341	(34%)
Net income applicable to Morgan Stanley	$ 759	$ 1,478	$ 1,121	(49%)	(32%)	$ 2,237	$ 3,312	(32%)
Pre-tax profit margin	17%	28%	25%			23%	32%	
Compensation and benefits as a % of net revenues	39%	35%	34%			37%	34%	
Non-compensation expenses as a % of net revenues	42%	35%	40%			38%	34%	
Return on Average Common Equity	6%	12%	9%			9%	13%	
Return on Average Tangible Common Equity[1]	6%	12%	9%			9%	13%	
Trading VaR (Average Daily 95% / One-Day VaR)	$ 52	$ 55	$ 46					

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Revenues:								
Asset management	$ 3,452	$ 3,382	$ 3,510	2%	(2%)	$ 6,834	$ 7,136	(4%)
Transactional	869	921	291	(6%)	199%	1,790	926	93%
Net interest income	2,156	2,158	1,747	--	23%	4,314	3,287	31%
Other	183	98	188	87%	(3%)	281	322	(13%)
Net revenues (1)	6,660	6,559	5,736	2%	16%	13,219	11,671	13%
Provision for credit losses	64	45	19	42%	*	109	32	*
Compensation and benefits (1)	3,503	3,477	2,895	1%	21%	6,980	6,020	16%
Non-compensation expenses	1,412	1,325	1,301	7%	9%	2,737	2,525	8%
Total non-interest expenses	4,915	4,802	4,196	2%	17%	9,717	8,545	14%
Income before provision for income taxes	1,681	1,712	1,521	(2%)	11%	3,393	3,094	10%
Net income applicable to Morgan Stanley	$ 1,308	$ 1,376	$ 1,190	(5%)	10%	$ 2,684	$ 2,462	9%
Pre-tax profit margin	25%	26%	27%			26%	27%	
Compensation and benefits as a % of net revenues	53%	53%	50%			53%	52%	
Non-compensation expenses as a % of net revenues	21%	20%	23%			21%	22%	
Return on Average Common Equity	18%	19%	15%			18%	15%	
Return on Average Tangible Common Equity (2)	34%	36%	29%			35%	29%	

Notes:

- Wealth Management net revenues excluding DCP were: 2Q23: $6,578 million, 1Q23: $6,458 million, 2Q22: $6,251 million, 2Q23 YTD: $13,036 million, 2Q22 YTD: $12,482 million.
- Wealth Management compensation expenses excluding DCP were: 2Q23: $3,396 million, 1Q23: $3,358 million, 2Q22: $3,254 million, 2Q23 YTD: $6,754 million, 2Q22 YTD: $6,579 million.
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Wealth Management
Financial Information and Statistical Data
(unaudited, dollars in billions)

	Quarter Ended			Percentage Change From:	
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022
Wealth Management Metrics					
Total client assets	$ 4,885	$ 4,558	$ 4,246	7%	15%
Net new assets	$ 89.5	$ 109.6	$ 52.9	(18%)	69%
U.S. Bank loans	$ 144.7	$ 143.7	$ 143.6	1%	1%
Margin and other lending[1]	$ 21.7	$ 21.1	$ 24.8	3%	(13%)
Deposits [2]	$ 343	$ 341	$ 340	1%	1%
Annualized weighted average cost of deposits					
Period end	2.53%	2.05%	0.28%		
Period average	2.32%	1.86%	0.16%		
Advisor-led channel					
Advisor-led client assets	$ 3,784	$ 3,582	$ 3,427	6%	10%
Fee-based client assets	$ 1,856	$ 1,769	$ 1,717	5%	8%
Fee-based asset flows	$ 22.7	$ 22.4	$ 28.5	1%	(20%)
Fee-based assets as a % of advisor-led client assets	49%	49%	50%		
Self-directed channel					
Self-directed assets	$ 1,101	$ 976	$ 819	13%	34%
Daily average revenue trades (000's)	765	831	880	(8%)	(13%)
Self-directed households (millions)	8.1	8.1	7.8	--	4%
Workplace channel					
Stock plan unvested assets	$ 402	$ 358	$ 323	12%	24%
Number of stock plan participants (millions)	6.5	6.5	6.1	--	7%

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Revenues:								
Asset management and related fees	$ 1,268	$ 1,248	$ 1,304	2%	(3%)	$ 2,516	$ 2,692	(7%)
Performance-based income and other	13	41	107	(68%)	(88%)	54	54	--
Net revenues	1,281	1,289	1,411	(1%)	(9%)	2,570	2,746	(6%)
Compensation and benefits	544	568	605	(4%)	(10%)	1,112	1,150	(3%)
Non-compensation expenses	567	555	557	2%	2%	1,122	1,119	--
Total non-interest expenses	1,111	1,123	1,162	(1%)	(4%)	2,234	2,269	(2%)
Income before provision for income taxes	170	166	249	2%	(32%)	336	477	(30%)
Net income applicable to Morgan Stanley	$ 127	$ 134	$ 188	(5%)	(32%)	$ 261	$ 391	(33%)
Pre-tax profit margin	13%	13%	18%			13%	17%	
Compensation and benefits as a % of net revenues	42%	44%	43%			43%	42%	
Non-compensation expenses as a % of net revenues	44%	43%	39%			44%	41%	
Return on Average Common Equity	5%	5%	7%			5%	7%	
Return on Average Tangible Common Equity[1]	70%	73%	99%			72%	102%	

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

	Quarter Ended			Percentage Change From:		Six Months Ended		Percentage
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022	Jun 30, 2023	Jun 30, 2022	Change
Assets under management or supervision (AUM)[1]								
Net flows by asset class								
Equity	$ (5.3)	$ (2.1)	$ (7.4)	(152%)	28%	$ (7.4)	$ (14.9)	50%
Fixed Income	(5.0)	(2.0)	(2.6)	(150%)	(92%)	(7.0)	(6.5)	(8%)
Alternatives and Solutions	11.4	1.7	6.5	*	75%	13.1	3.5	*
Long-Term Net Flows	1.1	(2.4)	(3.5)	*	*	(1.3)	(17.9)	93%
Liquidity and Overlay Services	9.7	13.9	31.3	(30%)	(69%)	23.6	3.2	*
Total Net Flows	$ 10.8	$ 11.5	$ 27.8	(6%)	(61%)	$ 22.3	$ (14.7)	*
Assets under management or supervision by asset class								
Equity	$ 289	$ 277	$ 265	4%	9%			
Fixed Income	165	175	181	(6%)	(9%)			
Alternatives and Solutions	482	448	415	8%	16%			
Long-Term Assets Under Management or Supervision	$ 936	$ 900	$ 861	4%	9%			
Liquidity and Overlay Services	476	462	490	3%	(3%)			
Total Assets Under Management or Supervision	$ 1,412	$ 1,362	$ 1,351	4%	5%			

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

	Quarter Ended			Percentage Change From:	
	Jun 30, 2023	Mar 31, 2023	Jun 30, 2022	Mar 31, 2023	Jun 30, 2022
Institutional Securities					
Loans:					
Corporate	$ 17.8	$ 18.3	$ 12.9	(3%)	38%
Secured lending facilities	41.2	40.0	36.8	3%	12%
Commercial and residential real estate	12.1	11.8	12.7	3%	(5%)
Securities-based lending and other	8.1	8.7	8.3	(7%)	(2%)
Total Loans	79.2	78.8	70.7	1%	12%
Lending Commitments	127.1	122.3	125.7	4%	1%
Institutional Securities Loans and Lending Commitments	$ 206.3	$ 201.1	$ 196.4	3%	5%
Wealth Management					
Loans:					
Securities-based lending and other	$ 87.6	$ 88.4	$ 93.3	(1%)	(6%)
Residential real estate	57.1	55.3	50.4	3%	13%
Total Loans	144.7	143.7	143.7	1%	1%
Lending Commitments	18.8	17.8	15.4	6%	22%
Wealth Management Loans and Lending Commitments	$ 163.5	$ 161.5	$ 159.1	1%	3%
Consolidated Loans and Lending Commitments (1)	$ 369.8	$ 362.6	$ 355.5	2%	4%

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Consolidated Loans and Lending Commitments
Allowance for Credit Losses (ACL) as of June 30, 2023
(unaudited, dollars in millions)

	Loans and Lending Commitments *(Gross)*	ACL(1)	ACL %	Q2 Provision
Loans:				
Held For Investment (HFI)				
Corporate	$ 6,835	$ 257	3.8%	$ 20
Secured lending facilities	37,795	156	0.4%	3
Commercial and residential real estate	8,674	385	4.4%	49
Other	3,346	14	0.4%	2
Institutional Securities - HFI	$ 56,650	$ 812	1.4%	$ 74
Wealth Management - HFI	144,955	269	0.2%	64
Held For Investment	$ 201,605	$ 1,081	0.5%	$ 138
Held For Sale	15,284			
Fair Value	8,082			
Total Loans	224,971	1,081		138
Lending Commitments	145,890	562	0.4%	23
Consolidated Loans and Lending Commitments	$ 370,861	$ 1,643		$ 161

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

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

(a) The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). From time to time, Morgan Stanley may disclose certain "non-GAAP financial measures" in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a "non-GAAP financial measure" as a numerical measure of historical or future financial performance, financial positions, or cash flows that is subject to adjustments that effectively exclude, or include amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by Morgan Stanley are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing, our financial condition, operating results, or prospective regulatory capital requirements. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable U.S. GAAP financial measure. In addition to the following notes, please also refer to the Firm's Annual Report on Form 10-K for the year ended December 31, 2022 (2022 Form 10-K).

(b) The following are considered non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of operating performance and capital adequacy. These measures are calculated as follows:

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

Definitions of Performance Metrics and Terms

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

Page 1:
(a) Provision for credit losses represents the provision for credit losses on loans held for investment and unfunded lending commitments.
(b) Net income applicable to Morgan Stanley represents net income, less net income applicable to nonredeemable noncontrolling interests.
(c) Earnings applicable to Morgan Stanley common shareholders represents net income applicable to Morgan Stanley, less preferred dividends.

Page 2:
(a) The return on average common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity.
(b) Book value per common share represents common equity divided by period end common shares outstanding.
(c) Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.
(d) Pre-tax profit margin percentages represent income before provision for income taxes as percentages of net revenues.
(e) The Firm expense efficiency ratio represents total non‑interest expenses as a percentage of net revenues.

Page 3:
(a) Liquidity Resources, which are primarily held within the Parent and its major operating subsidiaries, are comprised of high quality liquid assets (HQLA) and cash deposits with banks ("Liquidity Resources"). The total amount of Liquidity Resources is actively managed by us considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; legal entity, regional and segment liquidity requirements; regulatory requirements; and collateral requirements. Average Liquidity Resources represents the average daily balance for the three months ended June 30, 2023, March 31, 2023 and June 30, 2022.
(b) The Firm's goodwill and intangible balances utilized in the calculation of tangible common equity are net of certain mortgage servicing rights deduction.
(c) U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association, and excludes balances between Bank subsidiaries, as well as deposits from the Parent and affiliates.
(d) Firmwide regional revenues reflect the Firm's consolidated net revenues on a managed basis. Further discussion regarding the geographic methodology for net revenues is disclosed in Note 23 to the consolidated financial statements included in the Firm's 2022 Form 10-K.

Page 4:
(a) The Firm's attribution of average common equity to the business segments is based on the Required Capital framework, an internal capital adequacy measure. This framework is a risk-based and leverage-based capital measure, which is compared with the Firm's regulatory capital to ensure that the Firm maintains an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The Required Capital Framework is based on the Firm's regulatory capital requirements. The Firm defines the difference between its total average common equity and the sum of the average common equity amounts allocated to its business segments as Parent common equity. The amount of capital allocated to the business segments is generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). The Firm continues to evaluate its required capital framework with respect to the impact of evolving regulatory requirements, as appropriate. For further discussion of the framework, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's 2022 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 2022 Form 10‑K.
(c) Supplementary leverage ratio represents Tier 1 capital divided by the total supplementary leverage exposure.

Page 5:
(a) Institutional Securities Equity and Fixed income net revenues include trading, net interest income (interest income less interest expense), asset management, commissions and fees, investments and other revenues which are directly attributable to those businesses.
(b) Pre-tax profit margin percentages represent income before provision for income taxes as percentages of net revenues.
(c) VaR represents the unrealized loss in portfolio value that one would not expect to exceed, on average, more than five times every one hundred trading days in the Firm's trading positions if the portfolio were held constant for a one-day period. Further discussion of the calculation of VaR and the limitations of the Firm's VaR methodology, is disclosed in "Quantitative and Qualitative Disclosures about Risk" included in the Firm's 2022 Form 10-K.

Page 6:
(a) Transactional revenues for the Wealth Management segment includes investment banking, trading, and commissions and fee revenues.
(b) Net interest income represents interest income less interest expense.
(c) Other revenues for the Wealth Management segment includes investments and other revenues.
(d) Pre-tax profit margin percentages represent income before provision for income taxes as percentages of net revenues.

Definitions of Performance Metrics and Terms

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

Page 7:

(a) Client assets represent those for which Wealth Management is providing services including financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration, and retirement plan services.
(b) Net new assets represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions.
(c) Margin and other lending represents margin lending arrangements, which allow customers to borrow against the value of qualifying securities and other lending which includes non‑purpose securities-based lending on non‑bank entities.
(d) Deposits reflect liabilities sourced from Wealth Management clients and other sources of funding on the U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other, and time deposits.
(e) Annualized weighted average cost of deposits represents the total annualized weighted average cost of the various deposit products, excluding the effect of related hedging derivatives. The period end cost of deposits is based upon balances and rates as of June 30, 2023, March 31, 2023 and June 30, 2022. The period average is based on both daily average deposit balances and rates for the period.
(f) Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
(g) Fee‑based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.
(h) Fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-based asset flows, see Fee-based client assets in the 2022 Form 10-K.
(i) Self-directed assets represent active accounts which are not advisor led. Active accounts are defined as having at least $25 in assets.
(j) Daily average revenue trades (DARTs) represent the total self-directed trades in a period divided by the number of trading days during that period.
(k) Self-directed households represent the total number of households that include at least one account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels are included in each of the respective channel counts.
(l) The workplace channel assets includes equity compensation solutions for companies, their executives and employees. Stock plan unvested assets represent the market value of public company securities at the end of the period.
(m) Stock plan participants represent total accounts with vested and/or unvested stock plan assets in the workplace channel. Individuals with accounts in multiple plans are counted as participants in each plan.

Page 8:

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

Page 9:

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

Page 10 and 11:

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

Supplemental Quantitative Details and Calculations

Page 1:

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

	2Q23	1Q23	2Q22	2Q23 YTD	2Q22 YTD
Net revenues	$ 13,457	$ 14,517	$ 13,132	$ 27,974	$ 27,933
Adjustment for mark-to-market on DCP	(114)	(153)	715	(267)	1,156
Adjusted Net revenues - non-GAAP	$ 13,343	$ 14,364	$ 13,847	$ 27,707	$ 29,089
Compensation expense	$ 6,262	$ 6,410	$ 5,550	$ 12,672	$ 11,824
Adjustment for mark-to-market on DCP	(178)	(193)	498	(371)	786
Adjusted Compensation expense - non-GAAP	$ 6,084	$ 6,217	$ 6,048	$ 12,301	$ 12,610

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

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

	2Q23	1Q23	2Q22	2Q23 YTD	2Q22 YTD
Compensation and benefits (a)	$ 6,262	$ 6,410	$ 5,550	$ 12,672	$ 11,824
Non-compensation expenses:					
Brokerage, clearing and exchange fees	875	881	878	1,756	1,760
Information processing and communications	926	915	857	1,841	1,686
Professional services	767	710	757	1,477	1,462
Occupancy and equipment	471	440	430	911	857
Marketing and business development	236	247	220	483	395
Other	947	920	1,020	1,867	1,884
Total non-compensation expenses	4,222	4,113	4,162	8,335	8,044
Total non-interest expenses	$ 10,484	$ 10,523	$ 9,712	$ 21,007	$ 19,868

(a) The Firm recorded severance costs of $308 million in the second quarter of 2023, associated with an employee action, which were reported in business segments' results as follows: Institutional Securities $207 million, Wealth Management $78 million and Investment Management $23 million.

Page 2:

(1) For the quarter and six months ended June 30, 2023, Firm results include pre-tax integration-related expenses of $99 million and $176 million, respectively, of which $75 million and $128 million, respectively, are reported in the Wealth Management business segment, and $24 million and $48 million, respectively, are reported in the Investment Management business segment.

Page 3:

(1) Includes loans held for investment (net of allowance), loans held for sale and also includes loans at fair value which are included in Trading assets on the balance sheet.

(2) As of June 30, 2023, March 31, 2023 and June 30, 2022, the U.S. Bank investment securities portfolio included held to maturity investment securities of $54.9 billion, $55.7 billion and $58.7 billion, respectively.

Page 5:

(1) Institutional Securities average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 2Q23: $471mm; 1Q23: $471mm; 2Q22: $576mm; 2Q23 YTD: $471mm; 2Q22 YTD: $576mm

Page 6:

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

	2Q23	1Q23	2Q22	2Q23 YTD	2Q22 YTD
Net revenues	$ 6,660	$ 6,559	$ 5,736	$ 13,219	$ 11,671
Adjustment for mark-to-market on DCP	(82)	(101)	515	(183)	811
Adjusted Net revenues - non-GAAP	$ 6,578	$ 6,458	$ 6,251	$ 13,036	$ 12,482
Compensation expense	$ 3,503	$ 3,477	$ 2,895	$ 6,980	$ 6,020
Adjustment for mark-to-market on DCP	(107)	(119)	359	(226)	559
Adjusted Compensation expense - non-GAAP	$ 3,396	$ 3,358	$ 3,254	$ 6,754	$ 6,579

(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: 2Q23: $14,075mm; 1Q23: $14,075mm; 2Q22: $14,746mm; 2Q23 YTD: $14,075mm; 2Q22 YTD: $14,746mm

Supplemental Quantitative Details and Calculations

Page 7:

(1) Wealth Management other lending includes $2 billion, $2 billion and $3 billion, respectively, of non-purpose securities based lending on non-bank entities in the periods ended June 30, 2023, March 31, 2023 and June 30, 2022.

(2) For the quarters ended June 30, 2023, March 31, 2023 and June 30, 2022, Wealth Management deposits of $343 billion, $341 billion and $340 billion, respectively, exclude off-balance sheet deposits of $0, $2 billion and $8 billion, respectively, held by third parties outside of Morgan Stanley. Total deposits details are as follows:

	2Q23	1Q23	2Q22
Brokerage sweep deposits	$ 158	$ 172	$ 279
Other deposits	185	169	61
Total balance sheet deposits	343	341	340
Off-balance sheet deposits	-	2	8
Total deposits	$ 343	$ 343	$ 348

Page 8:

(1) Investment Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 2Q23: $9,687mm; 1Q23: $9,687mm; 2Q22: $9,815mm; 2Q23 YTD: $9,687mm; 2Q22 YTD: $9,815mm

Page 9:

(1) In the current quarter, our Retail Municipal and Corporate Fixed Income business (FIMS) was combined with our Parametric retail customized solutions business. The impact of the prospective change is a $6 billion movement of end of period AUM from Fixed Income to the Alternatives and Solutions asset class.

Page 10:

(1) For the quarters ended June 30, 2023, March 31, 2023 and June 30, 2022, Investment Management reflected loan balances of $386 million, $218 million and $220 million, respectively.

Page 11:

(1) For the quarter ended June 30, 2023, the Allowance Rollforward for Loans and Lending Commitments is as follows:

	Institutional Securities	Wealth Management	Total
Loans			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2023	$ 765	$ 205	$ 970
Net Charge Offs	(30)	-	(30)
Provision	74	64	138
Other	3	-	3
Ending Balance - June 30, 2023	$ 812	$ 269	$ 1,081
Lending Commitments			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2023	$ 515	$ 24	$ 539
Net Charge Offs	-	-	-
Provision	23	-	23
Other	-	-	-
Ending Balance - June 30, 2023	$ 538	$ 24	$ 562
Loans and Lending Commitments			
Allowance for Credit Losses (ACL)			
Beginning Balance - March 31, 2023	$ 1,280	$ 229	$ 1,509
Net Charge Offs	(30)	-	(30)
Provision	97	64	161
Other	3	-	3
Ending Balance - June 30, 2023	$ 1,350	$ 293	$ 1,643

Legal Notice

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends. The information should be read in conjunction with the Firm's second quarter earnings press release issued July 18, 2023.

End of Document