UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2024

Commission File Number 1-11758

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(Exact name of Registrant as specified in its charter)

Delaware	**1585 Broadway** **New York, NY 10036**	**36-3145972**	**(212) 761-4000**
(State or other jurisdiction of incorporation or organization)	(Address of principal executive offices, including Zip Code)	(I.R.S. Employer Identification No.)	(Registrant’s telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of 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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	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. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 30, 2024, there were 1,625,162,676 shares of the Registrant’s Common Stock, par value $0.01 per share, outstanding.

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QUARTERLY REPORT ON FORM 10-Q

For the quarter ended March 31, 2024

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Available Information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (“SEC”). The SEC maintains a website, www.sec.gov, that contains annual, quarterly and current reports, proxy and information statements, and other information that issuers file electronically with the SEC. Our electronic SEC filings are available to the public at the SEC’s website.

Our website is www.morganstanley.com. You can access our Investor Relations webpage at www.morganstanley.com/about-us-ir. We make available free of charge, on or through our Investor Relations webpage, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended (“Exchange Act”), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. We also make available, through our Investor Relations webpage, via a link to the SEC’s website, statements of beneficial ownership of our equity securities filed by our directors, officers, 10% or greater shareholders and others under Section 16 of the Exchange Act.

You can access information about our corporate governance at www.morganstanley.com/about-us-governance, our sustainability initiatives at www.morganstanley.com/about-us/sustainability-at-morgan-stanley, and our commitment to diversity and inclusion at www.morganstanley.com/about-us/diversity. Our webpages include:

- Amended and Restated Certificate of Incorporation;
- Amended and Restated Bylaws;
- Charters for our Audit Committee, Compensation, Management Development and Succession Committee, Governance and Sustainability Committee, Operations and Technology Committee, and Risk Committee;
- Corporate Governance Policies;
- Policy Regarding Corporate Political Activities;
- Policy Regarding Shareholder Rights Plan;
- Equity Ownership Commitment;
- Code of Ethics and Business Conduct;
- Code of Conduct;
- Integrity Hotline Information;
- Environmental and Social Policies; and
- 2022 ESG Report: Diversity & Inclusion, Climate, and Sustainability.

Our Code of Ethics and Business Conduct applies to all directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Deputy Chief Financial Officer. We will post any amendments to the Code of Ethics and Business Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange LLC (“NYSE”) on our website. You can request a copy of these documents, excluding exhibits, at no cost, by contacting Investor Relations, 1585 Broadway, New York, NY 10036 (212-761-4000). The information on our website is not incorporated by reference into this report.

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Management’s Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms "Morgan Stanley," "Firm," "us," "we" or "our" mean Morgan Stanley (the "Parent Company") together with its consolidated subsidiaries. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Form 10-Q.

A description of the clients and principal products and services of each of our business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity securities and other products, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to customers. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering: 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; securities-based lending, residential real

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products, which are offered through a variety of investment vehicles, include equity, fixed income, alternatives and solutions, and liquidity and overlay services. Institutional clients include defined benefit/defined contribution plans, foundations, endowments, government entities, sovereign wealth funds, insurance companies, third-party fund sponsors and corporations. Individual clients are generally served through intermediaries, including affiliated and non-affiliated distributors.

Management's Discussion and Analysis includes certain metrics that we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results. Such metrics, when used, are defined and may be different from or inconsistent with metrics used by other companies.

The results of operations in the past have been, and in the future may continue to be, materially affected by: competition; risk factors; legislative, legal and regulatory developments; and other factors. These factors also may have an adverse impact on our ability to achieve our strategic objectives. Additionally, the discussion of our results of operations herein may contain forward-looking statements. These statements, which reflect management's beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect our future results, see "Forward-Looking Statements," "Business—Competition," "Business—Supervision and Regulation" and "Risk Factors" in the 2023 Form 10-K and "Liquidity and Capital Resources—Regulatory Requirements" herein.

Executive Summary

Overview of Financial Results

Consolidated Results—Three Months Ended March 31, 2024

- The Firm reported net revenues of $15.1 billion and net income of $3.4 billion with strong contributions across each of our businesses.
- The Firm delivered ROE of 14.5% and ROTCE of 19.7% (see “Selected Non-GAAP Financial Information” herein).
- The Firm’s expense efficiency ratio was 71% demonstrating operating leverage in an improving market environment.
- At March 31, 2024, the Firm’s Standardized Common Equity Tier 1 capital ratio was 15.0%.
- Institutional Securities net revenues of $7.0 billion reflect strong performance across the broad franchise, with particular strength in Equity as well as underwriting revenues, partially offset by lower results in Advisory.
- Wealth Management delivered a pre-tax margin of 26.3%. Net revenues were $6.9 billion on higher asset management revenues driven by the positive market environment. Net new assets for the quarter were $95 billion.
- Investment Management results reflect net revenues of $1.4 billion on higher average AUM of $1.5 trillion. The quarter included positive long-term net flows of $7.6 billion.

Net Revenues

($ in millions)

13743895419235

Net Income Applicable to Morgan Stanley

($ in millions)

14293651233132

Earnings per Diluted Common Share

8796093245585

We reported net revenues of $15.1 billion in the quarter ended March 31, 2024 (“current quarter,” or “1Q 2024”), which increased by 4% compared with $14.5 billion in the quarter ended March 31, 2023 (“prior year quarter,” or “1Q 2023”). For the current quarter, net income applicable to Morgan Stanley was $3.4 billion, or $2.02 per diluted common share, which increased by 14%, or 19% compared with $3.0 billion, or $1.70 per diluted common share in the prior year quarter.

Non-interest Expenses

($ in millions)

4398046950160

- Compensation and benefits expenses of $6,696 million in the current quarter increased 4% from the prior year quarter, primarily due to an increase in the formulaic payout to Wealth Management representatives driven by higher compensable revenues and higher discretionary incentive compensation, partially offset by lower stock-based compensation expense in the prior year quarter.

- Non-compensation expenses of $4,051 million in the current quarter decreased 2% from the prior year quarter, primarily driven by lower legal and professional services expenses and lower marketing and business development costs, partially offset by an increased technology spend, an incremental FDIC special assessment cost of $42 million and higher execution-related expenses.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments was a net release of $6 million, primarily as a result of improvements in the macroeconomic outlook. This was partially offset by provisions for certain specific commercial real estate and corporate loans and modest growth in certain other loan portfolios. The Provision for credit losses on loans and lending commitments in the prior year quarter was $234 million, primarily related to a deterioration in both the macroeconomic outlook and the commercial real estate portfolio.

For further information on the Provision for credit losses, see "Credit Risk" herein.

Business Segment Results

Net Revenues by Segment[1]

($ in millions)

4398046950171

Net Income Applicable to Morgan Stanley by Segment[1]

($ in millions)

4398046950186

1. The amounts in the charts represent the contribution of each business segment to the total of the applicable financial category and may not sum to the total presented on top of the bars due to intersegment eliminations. See Note 19 to the financial statements for details of intersegment eliminations.

- Institutional Securities net revenues of $7,016 million in the current quarter increased 3% from the prior year quarter, primarily reflecting higher underwriting revenues and higher Equity results, partially offset by lower Advisory and Fixed income results.

- Wealth Management net revenues of $6,880 million in the current quarter increased 5% from the prior year quarter, primarily reflecting higher Asset management revenues and Transactional revenues, partially offset by lower Net interest revenues.

- Investment Management net revenues of $1,377 million in the current quarter increased 7% from the prior year quarter, primarily reflecting an increase in Asset management and related fees.

Net Revenues by Region[1]

($ in millions)

10445360903041

1. For a discussion of how the geographic breakdown of net revenues is determined, see Note 22 to the financial statements in the 2023 Form 10-K.

- Americas net revenues in the current quarter increased 7% from the prior year quarter, driven by higher results across all business segments.

Management’s Discussion and Analysis

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- EMEA net revenues in the current quarter increased 5% from the prior year quarter, primarily driven by higher results from Investment Banking and Equity, partially offset by lower results from Fixed income within the Institutional Securities business segment.

- Asia net revenues in the current quarter decreased 12% from the prior year quarter, primarily driven by lower results from Fixed income and Equity within the Institutional Securities business segment.

Selected Financial Information and Other Statistical Data

	Three Months Ended March 31,	
$ in millions, except per share data	**2024**	2023
Consolidated results		
Net revenues	**$ 15,136**	$ 14,517
Earnings applicable to Morgan Stanley common shareholders	**$ 3,266**	$ 2,836
Earnings per diluted common share	**$ 2.02**	$ 1.70
Consolidated financial measures		
Expense efficiency ratio[1]	**71 %**	72 %
ROE[2]	**14.5 %**	12.4 %
ROTCE[2, 3]	**19.7 %**	16.9 %
Pre-tax margin[4]	**29 %**	26 %
Effective tax rate	**21.2 %**	19.3 %
Pre-tax margin by segment[4]		
Institutional Securities	**34 %**	28 %
Wealth Management	**26 %**	26 %
Investment Management	**18 %**	13 %

$ in millions, except per share data, worldwide employees and client assets	**At March 31, 2024**	At December 31, 2023
Average liquidity resources for three months ended[5]	**$ 318,664**	$ 314,504
Loans[6]	**$ 227,145**	$ 226,828
Total assets	**$ 1,228,503**	$ 1,193,693
Deposits	**$ 352,494**	$ 351,804
Borrowings	**$ 271,383**	$ 263,732
Common equity	**$ 90,448**	$ 90,288
Tangible common equity[3]	**$ 66,813**	$ 66,527
Common shares outstanding	**1,627**	1,627
Book value per common share[7]	**$ 55.60**	$ 55.50

6. Includes loans held for investment, net of ACL, loans held for sale and also includes loans at fair value, which are included in Trading assets in the balance sheet.
7. Book value per common share and tangible book value per common share equal common equity and tangible common equity, respectively, divided by common shares outstanding.
8. Client assets represents Wealth Management client assets and Investment Management AUM. Certain Wealth Management client assets are invested in Investment Management products and are also included in Investment Management's AUM.
9. For a discussion of our capital ratios, see "Liquidity and Capital Resources—Regulatory Requirements" herein.

Economic and Market Conditions

The market environment continued to improve in the first quarter of 2024, despite heightened geopolitical risks, continued inflationary concerns and uncertainty regarding the future path of interest rates, which have remained persistently high relative to recent years. The timing and pace of interest rate changes remain unknown and could impact capital markets in 2024. The market environment impacted our businesses, as discussed further in "Business Segments" herein, and, to the extent that it continues to remain uncertain, could adversely impact client confidence and related activity.

For more information on economic and market conditions, and the potential effects of geopolitical events and acts of war or aggression on our future results, refer to "Risk Factors" and "Forward-Looking Statements" in the 2023 Form 10-K.

Selected Non-GAAP Financial Information

We prepare our financial statements using U.S. GAAP. From time to time, we may disclose certain "non-GAAP financial measures" in this document or in the course of our earnings releases, earnings and other conference calls, financial presentations, definitive proxy statements and other public disclosures. A "non-GAAP financial measure" excludes, or includes, amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. We consider the non-GAAP financial measures we disclose to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an alternate means of assessing or comparing our financial

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especially in our Wealth Management business segment. By excluding the impact of these items, we are better able to describe the business drivers and resulting impact to net revenues and corresponding change to the associated compensation expenses. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Executive Summary" in the 2023 Form 10-K.

Tangible common equity is a non-GAAP financial measure that we believe analysts, investors and other stakeholders consider useful to allow for comparability to peers and of the period-to-period use of our equity. The calculation of tangible common equity represents common shareholders' equity less goodwill and intangible assets net of allowable mortgage servicing rights deduction. In addition, we believe that certain ratios that utilize tangible common equity, such as return on average tangible common equity ("ROTCE") and tangible book value per common share, also non-GAAP financial measures, are useful for evaluating the operating performance and capital adequacy of the business period-to-period, respectively. The calculation of ROTCE represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity. The calculation of tangible book value per common share represents tangible common equity divided by common shares outstanding.

The principal non-GAAP financial measures presented in this document are set forth in the following tables.

Reconciliations from U.S. GAAP to Non-GAAP Consolidated Financial Measures

	Three Months Ended March 31,	
$ in millions	**2024**	2023
Net revenues	**$ 15,136**	$ 14,517
Adjustment for mark-to-market losses (gains) on DCP[1]	**(187)**	(153)
Adjusted Net revenues—non-GAAP	**$ 14,949**	$ 14,364
Compensation expense	**$ 6,696**	$ 6,410
Adjustment for mark-to-market gains (losses) on DCP[1]	**(249)**	(193)

	Average Monthly Balance	
	Three Months Ended March 31,	
$ in millions	**2024**	2023
Tangible equity		
Common equity	**$ 89,913**	$ 91,382
Less: Goodwill and net intangible assets	**(23,705)**	(24,198)
Tangible common equity—non-GAAP	**$ 66,208**	$ 67,184

Non-GAAP Financial Measures by Business Segment

	Three Months Ended March 31,	
$ in billions	**2024**	2023
Average common equity[2]		
Institutional Securities	**$ 45.0**	$ 45.6
Wealth Management	**29.1**	28.8
Investment Management	**10.8**	10.4
ROE[3]		
Institutional Securities	**15 %**	12 %
Wealth Management	**19 %**	19 %
Investment Management	**7 %**	5 %
Average tangible common equity[2]		
Institutional Securities	**$ 44.6**	$ 45.2
Wealth Management	**15.5**	14.8
Investment Management	**1.1**	0.7
ROTCE[3]		
Institutional Securities	**15 %**	12 %
Wealth Management	**35 %**	36 %
Investment Management	**68 %**	73 %

1. Net revenues and compensation expense are adjusted for DCP for both Firm and Wealth Management business segment. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Matters" in the 2023 Form 10-K for more information.
2. Average common equity and average tangible common equity for each business segment is determined using our Required Capital framework (see "Liquidity and Capital Resources—Regulatory Requirements—Attribution of Average Common Equity According to the Required Capital Framework" herein). The sums of the segments' Average common equity and Average tangible common equity do not equal the Consolidated measures due to Parent Company equity.
3. The calculation of ROE and ROTCE by segment uses net income applicable to Morgan Stanley by segment less preferred dividends allocated to each segment, annualized as a

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Business Segments

Substantially all of our operating revenues and operating expenses are directly attributable to our business segments. Certain revenues and expenses have been allocated to each business segment, generally in proportion to its respective net revenues, non-interest expenses or other relevant measures. See Note 19 to the financial statements for segment net revenues by income statement line item and information on intersegment transactions.

For an overview of the components of our business segments, net revenues, compensation expense and income taxes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments" in the 2023 Form 10-K.

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Management's Discussion and Analysis

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Institutional Securities

Income Statement Information

$ in millions	Three Months Ended March 31, 2024	2023	% Change
Revenues			
Advisory	**$ 461**	$ 638	**(28)%**
Equity	**430**	202	**113 %**
Fixed income	**556**	407	**37 %**
Total Underwriting	**986**	609	**62 %**
Total Investment banking	**1,447**	1,247	**16 %**
Equity	**2,842**	2,729	**4 %**
Fixed income	**2,485**	2,576	**(4)%**
Other	**242**	245	**(1)%**
Net revenues	**$ 7,016**	$ 6,797	**3 %**
Provision for credit losses	**2**	189	**(99)%**
Compensation and benefits	**2,343**	2,365	**(1)%**
Non-compensation expenses	**2,320**	2,351	**(1)%**
Total non-interest expenses	**4,663**	4,716	**(1)%**
Income before provision for income taxes	**2,351**	1,892	**24 %**
Provision for income taxes	**482**	363	**33 %**
Net income	**1,869**	1,529	**22 %**
Net income applicable to noncontrolling interests	**50**	51	**(2)%**
Net income applicable to Morgan Stanley	**$ 1,819**	$ 1,478	**23 %**

Investment Banking

Investment Banking Volumes

$ in billions	Three Months Ended March 31, 2024	2023
Completed mergers and acquisitions[1]	**$ 115**	$ 128
Equity and equity-related offerings[2, 3]	**16**	11
Fixed income offerings[3, 4]	**95**	63

- Fixed income underwriting revenues increased primarily due to higher bond issuances, securitized products revenues and investment-grade loan issuances.

While Investment Banking results improved from recent quarters on higher underwriting revenues, we continue to operate in a market environment with lower completed M&A activity.

See "Investment Banking Volumes" herein.

Equity, Fixed Income and Other Net Revenues

Equity and Fixed Income Net Revenues

$ in millions	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Three Months Ended March 31, 2024					
Financing	**$2,022**	**$ 136**	**$ (891)**	**$ 1**	**$1,268**
Execution services	**972**	**609**	**(41)**	**34**	**1,574**
Total Equity	**$2,994**	**$ 745**	**$ (932)**	**$ 35**	**$2,842**
Total Fixed Income	**$2,594**	**$ 104**	**$ (292)**	**$ 79**	**$2,485**

$ in millions	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Three Months Ended March 31, 2023					
Financing	$ 1,696	$ 134	$ (541)	$ 32	$1,321
Execution services	848	619	(59)	—	1,408
Total Equity	$ 2,544	$ 753	$ (600)	$ 32	$2,729
Total Fixed Income	$ 2,478	$ 109	$ (89)	$ 78	$2,576

1. Includes Commissions and fees and Asset management revenues.
2. Includes funding costs, which are allocated to the businesses based on funding usage.
3. Includes Investments and Other revenues.

Equity

Net revenues of $2,842 million in the current quarter increased 4% compared with the prior year quarter, reflecting an increase in Execution services, partially offset by a decrease in Financing.

- Financing revenues decreased primarily

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Management’s Discussion and Analysis

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Fixed Income

Net revenues of $2,485 million in the current quarter decreased 4% from the prior year quarter, primarily reflecting a decrease in client activity, partially offset by an increase in certain commodities products.

- Global macro products revenues decreased primarily due to decreased client activity in foreign exchange and rates products.
- Credit products revenues decreased primarily due to lower client activity, partially offset by higher gains on inventory held to facilitate client activity.
- Commodities products and other fixed income revenues increased primarily due to higher gains on inventory held to facilitate client activity.

Other Net Revenues

Other net revenues of $242 million in the current quarter were relatively unchanged from the prior year quarter.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $2 million in the current quarter was primarily related to modest growth in certain loan portfolios and provisions for certain specific commercial real estate and corporate loans, partially offset by improvements in the macroeconomic outlook. The Provision for credit losses on loans and lending commitments was $189 million in the prior year quarter, primarily related to a deterioration in both the macroeconomic outlook and the commercial real estate portfolio.

For further information on the Provision for credit losses, see “Credit Risk” herein.

Non-interest Expenses

Non-interest expenses of $4,663 million in the current quarter decreased 1% compared with the prior year quarter, primarily due to lower Non-compensation expenses.

- Compensation and benefits expenses were relatively unchanged from the prior year

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Wealth Management

Income Statement Information

$ in millions	Three Months Ended March 31, 2024	2023	% Change
Revenues			
Asset management	**$ 3,829**	$ 3,382	**13 %**
Transactional[1]	**1,033**	921	**12 %**
Net interest	**1,856**	2,158	**(14)%**
Other[1]	**162**	98	**65 %**
Net revenues	**6,880**	6,559	**5 %**
Provision for credit losses	**(8)**	45	(118)%
Compensation and benefits	**3,788**	3,477	**9 %**
Non-compensation expenses	**1,294**	1,325	**(2)%**
Total non-interest expenses	**5,082**	4,802	**6 %**
Income before provision for income taxes	**$ 1,806**	$ 1,712	**5 %**
Provision for income taxes	**403**	336	**20 %**
Net income applicable to Morgan Stanley	**$ 1,403**	$ 1,376	**2 %**

1. Transactional includes Investment banking, Trading, and Commissions and fees revenues. Other includes Investments and Other revenues.

Wealth Management Metrics

$ in billions	At March 31, 2024	At December 31, 2023
Total client assets[1]	**$ 5,495**	$ 5,129
U.S. Bank Subsidiary loans	**$ 147**	$ 147
Margin and other lending[2]	**$ 23**	$ 21
Deposits[3]	**$ 347**	$ 346
Annualized weighted average cost of deposits[4]		
Period end	**2.96%**	2.92%
Period average for three months ended	**2.92%**	2.86%

Three Months Ended

advisors and clients, and timing of large idiosyncratic flows. Of the $95 billion of NNA during the current quarter, a little more than half related to our family office offering. Macroeconomic factors have had an impact on our NNA in recent periods. Should these factors continue, the growth rate of our NNA may be impacted.

Advisor-led Channel

$ in billions	At March 31, 2024	At December 31, 2023
Advisor-led client assets[1]	**$ 4,302**	$ 3,979
Fee-based client assets[2]	**$ 2,124**	$ 1,983
Fee-based client assets as a percentage of advisor-led client assets	**49%**	50%

	Three Months Ended March 31, 2024	2023
Fee-based asset flows[3]	**$ 26.2**	$ 22.4

1. Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
2. 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.
3. Fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-based asset flows, see Fee-based client assets in the 2023 Form 10-K.

Self-directed Channel

	At March 31, 2024	At December 31, 2023
Self-directed client assets[1] (in billions)	**$ 1,194**	$ 1,150
Self-directed households[2] (in millions)	**8.1**	8.1

	Three Months Ended March 31, 2024	2023
Daily average revenue trades ("DARTs")[3] (in thousands)	**841**	831

1. Self-directed client assets represent active accounts which are not advisor led. Active accounts are defined as having at least $25 in assets.

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current quarter due to higher market levels and the cumulative impact of positive fee-based flows.

See “Fee-Based Client Assets Rollforwards” herein.

Transactional Revenues

Transactional revenues of $1,033 million in the current quarter increased 12% compared with the prior year quarter, primarily due to higher revenues from the distribution of structured products commensurate with equity markets and higher gains on DCP investments.

For further information on the impact of DCP, see “Selected Non-GAAP Financial Information” herein.

Net Interest

Net interest revenues of $1,856 million in the current quarter decreased 14% when compared with the prior year quarter, primarily due to changes in deposit mix, partially offset by the net effect of higher interest rates.

The level and pace of interest rate changes and other macroeconomic factors continued to impact client preferences for cash allocation to higher-yielding products and the pace of reallocation of client balances, resulting in changes in the deposit mix and associated interest expense, as well as client demand for loans. If these trends persist, net interest income may be further impacted in future periods.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments was a net release of $8 million in the current quarter as a result of improvements in the macroeconomic outlook. This was partially offset by provisions for certain specific commercial real estate loans. The Provision for credit losses on loans and lending commitments was $45 million in the prior year quarter, primarily driven by deterioration in the macroeconomic outlook.

Non-interest Expenses

Non-interest expenses of $5,082 million in the current quarter increased 6% compared

Fee-Based Client Assets Rollforwards

$ in billions	At December 31, 2023	Inflows[1]	Outflows[2]	Market Impact[3]	**At March 31, 2024**
Separately managed[4]	$ 589	**$ 16**	**$ (13)**	**$ 39**	**$ 631**
Unified managed	501	**31**	**(14)**	**27**	**545**
Advisor	188	**9**	**(11)**	**12**	**198**
Portfolio manager	645	**32**	**(24)**	**35**	**688**
Subtotal	$ 1,923	**$ 88**	**$ (62)**	**$ 113**	**$ 2,062**
Cash management	60	**12**	**(10)**	**—**	**62**
Total fee-based client assets	$ 1,983	**$ 100**	**$ (72)**	**$ 113**	**$ 2,124**

$ in billions	At December 31, 2022	Inflows[1]	Outflows[2]	Market Impact[3]	At March 31, 2023
Separately managed[4]	$ 501	$ 16	$ (7)	$ 18	$ 528
Unified managed	408	21	(14)	17	432
Advisor	167	9	(9)	9	176
Portfolio manager	552	26	(20)	20	578
Subtotal	$ 1,628	$ 72	$ (50)	$ 64	$ 1,714
Cash management	50	20	(15)	—	55
Total fee-based client assets	$ 1,678	$ 92	$ (65)	$ 64	$ 1,769

1. Inflows include new accounts, account transfers, deposits, dividends and interest.
2. Outflows include closed or terminated accounts, account transfers, withdrawals and client fees.
3. Market impact includes realized and unrealized gains and losses on portfolio investments.
4. Includes non-custody account values based on asset values reported on a quarter lag by third-party custodians.

Average Fee Rates[1]

	Three Months Ended March 31,

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Investment Management

Income Statement Information

$ in millions	Three Months Ended March 31, 2024	2023	% Change
Revenues			
Asset management and related fees	**$ 1,346**	$ 1,248	**8 %**
Performance-based income and other[1]	**31**	41	**(24)%**
Net revenues	**1,377**	1,289	**7 %**
Compensation and benefits	**565**	568	**(1)%**
Non-compensation expenses	**571**	555	**3 %**
Total non-interest expenses	**1,136**	1,123	**1 %**
Income before provision for income taxes	**241**	166	**45 %**
Provision for income taxes	**49**	30	**63 %**
Net income	**192**	136	**41 %**
Net income (loss) applicable to noncontrolling interests	**—**	2	**(100)%**
Net income applicable to Morgan Stanley	**$ 192**	$ 134	**43 %**

1. Includes Investments, Trading, Commissions and fees, Net interest, and Other revenues.

Net Revenues

Asset Management and Related Fees

Asset management and related fees of $1,346 million in the current quarter increased 8% from the prior year quarter, primarily driven by higher average AUM on higher market levels. Additionally, there were positive long-term net flows during the current quarter.

Asset management revenues are influenced by the level, relative mix of AUM and related fee rates. While the market environment improved in the current quarter, client preferences in previous

- Non-compensation expenses increased in the current quarter primarily due to higher distribution expenses on higher AUM.

Assets under Management or Supervision Rollforwards

$ in billions	At Dec 31, 2023	Inflows[1]	Outflows[2]	Market Impact[3]	Other[4]	At Mar 31, 2024
Equity	$ 295	**$ 11**	**$ (16)**	**$ 24**	**$ (4)**	**$ 310**
Fixed Income	171	**17**	**(13)**	**1**	**(2)**	**174**
Alternatives and Solutions	508	**35**	**(24)**	**26**	**(2)**	**543**
Long-Term AUM	$ 974	**$ 63**	**$ (53)**	**$ 51**	**$ (8)**	**$1,027**
Liquidity and Overlay Services	485	**522**	**(531)**	**6**	**(4)**	**478**
Total	$ 1,459	**$ 585**	**$ (584)**	**$ 57**	**$ (12)**	**$1,505**

$ in billions	At Dec 31, 2022	Inflows[1]	Outflows[2]	Market Impact[3]	Other[4]	At Mar 31, 2023
Equity	$ 259	$ 10	$ (12)	$ 21	$ (1)	$ 277
Fixed Income	173	16	(17)	4	(1)	175
Alternatives and Solutions	431	18	(16)	15	—	448
Long-Term AUM	$ 863	$ 44	$ (45)	$ 40	$ (2)	$ 900
Liquidity and Overlay Services	442	585	(568)	6	(3)	462
Total	$ 1,305	$ 629	$ (613)	$ 46	$ (5)	$ 1,362

1. Inflows represent investments or commitments from new and existing clients in new or existing investment products, including reinvestments of client dividends and increases in invested capital. Inflows exclude the impact of exchanges, whereby a client changes positions within the same asset class.
2. Outflows represent redemptions from clients' funds, transition of funds from the committed capital period to the invested capital period and decreases in invested capital. Outflows exclude the impact of exchanges, whereby a client changes positions within the same asset class.
3. Market impact includes realized and unrealized gains and losses

Average Fee Rates[1]

Fee rate in bps	Three Months Ended March 31, 2024	2023
Equity	**71**	72
Fixed income	**36**	35
Alternatives and Solutions	**29**	33
Long-term AUM	**43**	45
Liquidity and Overlay Services	**13**	13
Total AUM	**33**	35

1. Based on Asset management revenues, net of waivers, excluding performance-based fees and other non-management fees. For certain non-U.S. funds, it includes the portion of advisory fees that the advisor collects on behalf of third-party distributors. The payment of those fees to the distributor is included in Non-compensation expenses in the income statement.

For a description of the asset classes in the previous tables, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments—Investment Management—Assets Under Management or Supervision" in the 2023 Form 10-K.

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Supplemental Financial Information

U.S. Bank Subsidiaries

Our U.S. Bank Subsidiaries, Morgan Stanley Bank N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA") (together, "U.S. Bank Subsidiaries"), accept deposits, provide loans to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals, and invest in securities. Lending activity in our U.S. Bank Subsidiaries from the Institutional Securities business segment primarily includes Secured lending facilities, Commercial and Residential real estate and Corporate loans. Lending activity in our U.S. Bank Subsidiaries from the Wealth Management business segment primarily includes Securities-based lending, which allows clients to borrow money against the value of qualifying securities, and Residential real estate loans.

For a further discussion of our credit risks, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" herein. For a further discussion about loans and lending commitments, see Notes 9 and 13 to the financial statements.

U.S. Bank Subsidiaries' Supplemental Financial Information[1]

$ in billions	At March 31, 2024	At December 31, 2023
Investment securities:		
Available-for-sale at fair value	$ 65.3	$ 66.6
Held-to-maturity	50.7	51.4
Total Investment securities	$ 116.0	$ 118.0
Wealth Management Loans[2]		
Residential real estate	$ 61.3	$ 60.3
Securities-based lending and Other[3]	86.1	86.2
Total, net of ACL	$ 147.4	$ 146.5
Institutional Securities Loans[2]		
Corporate	$ 7.9	$ 10.1
Secured lending facilities	40.5	40.8
Commercial and Residential real estate	11.1	10.7

We are currently evaluating the following accounting updates; however, we do not expect a material impact on our financial condition or results of operations upon adoption:

- Income Tax Disclosures. This accounting update requires disclosure of additional information in relation to income taxes, including additional disaggregation of the income tax rate reconciliation and income taxes paid. For the income tax rate reconciliation, this update requires (1) disclosure of specific categories of reconciling items; and (2) additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate). For income taxes paid, this update requires disclosure of information, including (1) the amount of income taxes paid (net of refunds received) disaggregated by federal, state, and foreign taxes; and (2) the amount of income taxes paid (net of refunds received), disaggregated by individual jurisdictions in which income taxes paid (net of refunds received) is equal to or greater than 5 percent of total income taxes paid (net of refunds received). Additionally, the update requires disclosure of (1) income (or loss) before income taxes, disaggregated between domestic and foreign; and (2) income taxes disaggregated by federal, state and foreign. The accounting update is effective for annual periods beginning January 1, 2025, with early adoption permitted.

- Segment Reporting. This accounting update requires additional reportable segment disclosures on an annual and interim basis, primarily about significant segment expenses and other segment items that are regularly provided to the chief operating decision maker and included within the reported measure of segment profit or loss. This update does not change how operating segments are identified or aggregated, or how quantitative thresholds are applied to

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Liquidity and Capital Resources

Our liquidity and capital policies are established and maintained by senior management, with oversight by the Asset/ Liability Management Committee and the Board. Through various risk and control committees, senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity, interest rate and currency sensitivity of our asset and liability position. Our Corporate Treasury department (“Treasury”), Firm Risk Committee, Asset/Liability Management Committee, and other committees and control groups assist in evaluating, monitoring and managing the impact that our business activities have on our balance sheet, liquidity and capital structure. Liquidity and capital matters are reported regularly to the Board and the Risk Committee of the Board.

Balance Sheet

We monitor and evaluate the composition and size of our balance sheet on a regular basis. Our balance sheet management process includes quarterly planning, business-specific thresholds, monitoring of business-specific usage versus key performance metrics and new business impact assessments.

We establish balance sheet thresholds at the consolidated and business segment levels. We monitor balance sheet utilization and review variances resulting from business activity and market fluctuations. On a regular basis, we review current performance versus established thresholds and assess the need to re-allocate our balance sheet based on business segment needs. We also monitor key metrics, including asset and liability size and capital usage.

Total Assets by Business Segment

	At March 31, 2024			
$ in millions	IS	WM	IM	Total
Assets				
Cash and cash equivalents	$ 73,593	$ 28,550	$ 162	$ 102,305

	At December 31, 2023			
$ in millions	IS	WM	IM	Total
Assets				
Cash and cash equivalents	$ 72,928	$ 16,172	$ 132	$ 89,232
Trading assets at fair value	353,841	7,962	5,271	367,074
Investment securities	39,212	115,595	—	154,807
Securities purchased under agreements to resell	90,701	20,039	—	110,740
Securities borrowed	119,823	1,268	—	121,091
Customer and other receivables	47,333	31,237	1,535	80,105
Loans[1]	72,110	146,526	4	218,640
Goodwill	424	10,199	6,084	16,707
Intangible assets	26	3,427	3,602	7,055
Other assets[2]	14,108	12,743	1,391	28,242
Total assets	$810,506	$365,168	$18,019	$1,193,693

1. Amounts include loans held for investment, net of ACL, and loans held for sale but exclude loans at fair value, which are included in Trading assets in the balance sheet (see Note 9 to the financial statements).
2. Other assets primarily includes premises, equipment and software, ROU assets related to leases, other investments, and deferred tax assets.

A substantial portion of total assets consists of cash and cash equivalents, liquid marketable securities and short-term receivables. In the Institutional Securities business segment, these arise from market-making, financing and prime brokerage activities, and in the Wealth Management business segment, these arise from banking activities, including management of the investment portfolio. Total assets of $1,229 billion at March 31, 2024 were relatively unchanged from $1,194 billion at December 31, 2023.

Liquidity Risk Management Framework

The core components of our Liquidity Risk Management Framework are the Required Liquidity Framework, Liquidity Stress Tests and Liquidity Resources, which support our target liquidity profile. For a further discussion about the Firm’s Required Liquidity Framework and Liquidity Stress

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The amount of Liquidity Resources we hold is based on our risk appetite and is calibrated to meet various internal and regulatory requirements and to fund prospective business activities. The Liquidity Resources are primarily held within the Parent Company and its major operating subsidiaries. The Total HQLA values in the tables immediately following are different from Eligible HQLA, which, in accordance with the LCR rule, also takes into account certain regulatory weightings and other operational considerations.

Liquidity Resources by Type of Investment

	Average Daily Balance Three Months Ended	
$ in millions	**March 31, 2024**	December 31, 2023
Cash deposits with central banks	**$ 63,913**	$ 64,205
Unencumbered HQLA Securities[1]:		
U.S. government obligations	**140,628**	137,635
U.S. agency and agency mortgage-backed securities	**86,507**	83,733
Non-U.S. sovereign obligations[2]	**19,397**	20,117
Other investment grade securities	**969**	678
Total HQLA[1]	**$ 311,414**	$ 306,368
Cash deposits with banks (non-HQLA)	**7,250**	8,136
Total Liquidity Resources	**$ 318,664**	$ 314,504

1. HQLA is presented prior to applying weightings and includes all HQLA held in subsidiaries.
2. Primarily composed of unencumbered French, U.K., Japanese, German, Italian and Spanish government obligations.

Liquidity Resources by Bank and Non-Bank Legal Entities

	Average Daily Balance Three Months Ended	
$ in millions	**March 31, 2024**	December 31, 2023
Bank legal entities		
U.S.	**$ 139,457**	$ 132,870
Non-U.S.	**5,661**	5,359
Total Bank legal entities	**145,118**	138,229
Non-Bank legal entities		

from significant stress over 30 calendar days, thus promoting the short-term resilience of the liquidity risk profile of banking organizations. In determining Eligible HQLA for LCR purposes, weightings (or asset haircuts) are applied to HQLA, and certain HQLA held in subsidiaries is excluded.

The NSFR rule requires large banking organizations to maintain an amount of available stable funding, which is their regulatory capital and liabilities subject to standardized weightings, equal to or greater than their required stable funding, which is their projected minimum funding needs, over a one-year time horizon.

As of March 31, 2024, we and our U.S. Bank Subsidiaries are compliant with the minimum LCR and NSFR requirements of 100%.

Liquidity Coverage Ratio

	Average Daily Balance Three Months Ended	
$ in millions	**March 31, 2024**	December 31, 2023
Eligible HQLA		
Cash deposits with central banks	**$ 58,096**	$ 58,047
Securities[1]	**192,944**	194,970
Total Eligible HQLA	**$ 251,040**	$ 253,017
Net cash outflows	**$ 200,358**	$ 196,488
LCR	**125 %**	129 %

1. Primarily includes U.S. Treasuries, U.S. agency mortgage-backed securities, sovereign bonds and investment grade corporate bonds.

Funding Management

We manage our funding in a manner that reduces the risk of disruption to our operations. We pursue a strategy of diversification of secured and unsecured funding sources (by product, investor and region) and attempt to ensure that the tenor of our liabilities equals or exceeds the expected holding period of the assets being financed. Our goal is to achieve an optimal mix of durable secured and unsecured financing.

We fund our balance sheet on a global basis

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Resources—Funding Management—Secured Financing" in the 2023 Form 10-K.

Collateralized Financing Transactions

$ in millions		At March 31, 2024		At December 31, 2023
Securities purchased under agreements to resell and Securities borrowed	$	**255,585**	$	231,831
Securities sold under agreements to repurchase and Securities loaned	$	**98,349**	$	77,708
Securities received as collateral[1]	$	**3,357**	$	6,219

	Average Daily Balance Three Months Ended			
$ in millions		March 31, 2024		December 31, 2023
Securities purchased under agreements to resell and Securities borrowed	$	**228,978**	$	235,928
Securities sold under agreements to repurchase and Securities loaned	$	**97,495**	$	87,285

1. Included within Trading assets in the balance sheet.

See "Total Assets by Business Segment" herein for additional information on the assets shown in the previous table and Note 2 to the financial statements in the 2023 Form 10-K and Note 8 to the financial statements for additional information on collateralized financing transactions.

In addition to the collateralized financing transactions shown in the previous table, we engage in financing transactions collateralized by customer-owned securities, which are segregated in accordance with regulatory requirements. Receivables under these financing transactions, primarily margin loans, are included in Customer and other receivables in the balance sheet, and payables under these financing transactions, primarily to prime brokerage customers, are included in Customer and other payables in the balance sheet. Our risk exposure on these transactions is mitigated by collateral

Deposits

$ in millions		At March 31, 2024		At December 31, 2023
Savings and demand deposits:				
Brokerage sweep deposits[1]	$	**141,996**	$	148,274
Savings and other		**146,457**		139,978
Total Savings and demand deposits		**288,453**		288,252
Time deposits[2]		**64,041**		63,552
Total[3]	$	**352,494**	$	351,804

1. Amounts represent balances swept from client brokerage accounts.
2. Our Time deposits are predominantly brokered certificates of deposit.
3. Our deposits are primarily held in U.S. offices.

Deposits are primarily sourced from our Wealth Management clients and are considered to have stable, low-cost funding characteristics relative to other sources of funding. Each category of deposits presented above has a different cost profile and clients may respond differently to changes in interest rates and other macroeconomic conditions. Total deposits in the current quarter were relatively unchanged as a result of an increase in Savings and Time Deposits offset by the continued reduction in Brokerage sweep deposits, largely due to net outflows to alternative cash equivalent and other investment products.

Borrowings by Maturity at March 31, 2024[1]

$ in millions	Parent Company	Subsidiaries	Total
Original maturities of one year or less	$ —	$ 5,233	$ 5,233
Original maturities greater than one year			
2024	$ **6,433**	$ **6,755**	$ **13,188**
2025	**20,183**	**14,023**	**34,206**
2026	**24,314**	**11,429**	**35,743**
2027	**20,603**	**7,506**	**28,109**
2028	**11,245**	**10,366**	**21,611**
Thereafter	**98,284**	**35,009**	**133,293**
Total greater than one year	**$181,062**	$ **85,088**	**$266,150**
Total	**$181,062**	$ **90,321**	**$271,383**

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availability of credit. We also engage in, and may continue to engage in, repurchases of our borrowings as part of our market-making activities.

For further information on Borrowings, see Note 12 to the financial statements.

Credit Ratings

We rely on external sources to finance a significant portion of our daily operations. Our credit ratings are one of the factors in the cost and availability of financing and can have an impact on certain trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration, such as certain OTC derivative transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. See also "Risk Factors—Liquidity Risk" in the 2023 Form 10-K.

Parent Company and U.S. Bank Subsidiaries Issuer Ratings at April 30, 2024

	Parent Company		
	Short-Term Debt	Long-Term Debt	Rating Outlook
DBRS, Inc.	**R-1 (middle)**	**A (high)**	**Stable**
Fitch Ratings, Inc.	**F1**	**A+**	**Stable**
Moody's Investors Service, Inc.	**P-1**	**A1**	**Stable**
Rating and Investment Information, Inc.	**a-1**	**A+**	**Stable**
S&P Global Ratings	**A-2**	**A-**	**Stable**

	MSBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Fitch Ratings, Inc.	**F1+**	**AA-**	**Stable**
Moody's Investors Service, Inc.	**P-1**	**Aa3**	**Stable**
S&P Global Ratings	**A-1**	**A+**	**Stable**

	MSPBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Moody's Investors Service, Inc.	**P-1**	**Aa3**	**Stable**

of interrelated factors, including, among other things, the magnitude of the downgrade, the rating relative to peers, the rating assigned by the relevant agency before the downgrade, individual client behavior and future mitigating actions we might take. The liquidity impact of additional collateral requirements is included in our Liquidity Stress Tests.

Capital Management

We view capital as an important source of financial strength and actively manage our consolidated capital position based upon, among other things, business opportunities, risks, capital availability and rates of return together with internal capital policies, regulatory requirements and rating agency guidelines. In the future, we may expand or contract our capital base to address the changing needs of our businesses.

Common Stock Repurchases

	Three Months Ended March 31,	
in millions, except for per share data	**2024**	2023
Number of shares	**12**	16
Average price per share	**$ 86.79**	$ 95.16
Total	**$ 1,000**	$ 1,500

For additional information on our common stock repurchases, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein and Note 16 to the financial statements.

For a description of our capital plan, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein.

Common Stock Dividend Announcement

Announcement date	April 16, 2024
Amount per share	$0.85
Date to be paid	May 15, 2024
Shareholders of record as of	April 30, 2024

For additional information on our common stock dividends, see "Liquidity and Capital Resources—Regulatory Requirements—

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For information on our commitments, obligations under certain guarantee arrangements and indemnities, see Note 13 to the financial statements. For a further discussion of our lending commitments, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk—Loans and Lending Commitments” herein.

Regulatory Requirements

Regulatory Capital Framework

We are a financial holding company (“FHC”) under the Bank Holding Company Act of 1956, as amended (“BHC Act”) and are subject to the regulation and oversight of the Federal Reserve. The Federal Reserve establishes capital requirements for us, including “well-capitalized” standards, and evaluates our compliance with such capital requirements. The OCC establishes similar capital requirements and standards for our U.S. Bank Subsidiaries. The regulatory capital requirements are largely based on the Basel III capital standards established by the Basel Committee and also implement certain provisions of the Dodd-Frank Act. For us to remain an FHC, we must remain well-capitalized in accordance with standards established by the Federal Reserve, and our U.S. Bank Subsidiaries must remain well-capitalized in accordance with standards established by the OCC. In addition, many of our regulated subsidiaries are subject to regulatory capital requirements, including regulated subsidiaries registered as swap dealers with the CFTC or conditionally registered as security-based swap dealers with the SEC or registered as broker-dealers or futures commission merchants. For additional information on regulatory capital requirements for our U.S. Bank Subsidiaries, as well as our subsidiaries that are swap entities, see Note 15 to the financial statements.

Regulatory Capital Requirements

We are required to maintain minimum risk-based and leverage-based capital and TLAC ratios. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Capital Requirements” in the

Risk-Based Regulatory Capital Ratio Requirements

	At March 31, 2024 and December 31, 2023	
	Standardized	Advanced
Capital buffers		
Capital conservation buffer	**—**	**2.5%**
SCB[1]	**5.4%**	**N/A**
G-SIB capital surcharge[2]	**3.0%**	**3.0%**
CCyB[3]	**0%**	**0%**
Capital buffer requirement	**8.4%**	**5.5%**

1. For additional information on the SCB, see “Capital Plans, Stress Tests and the Stress Capital Buffer” herein and in the 2023 Form 10-K.
2. For a further discussion of the G-SIB capital surcharge, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—G-SIB Capital Surcharge” in the 2023 Form 10-K.
3. The CCyB can be set up to 2.5%, but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of CET1 capital we must maintain above the minimum risk-based capital requirements in order to avoid restrictions on our ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. Our capital buffer requirement computed under the standardized approaches for calculating credit risk and market RWAs (“Standardized Approach”) is equal to the sum of our SCB, G-SIB capital surcharge and CCyB, and our capital buffer requirement computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (“Advanced Approach”) is equal to our 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

		At March 31, 2024 and December 31, 2023	
	Regulatory Minimum	Standardized	Advanced
Required ratios[1]			
CET1 capital ratio	**4.5 %**	**12.9%**	**10.0%**
Tier 1 capital ratio	**6.0 %**	**14.4%**	**11.5%**
Total capital ratio	**8.0 %**	**16.4%**	**13.5%**

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RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and are phased-in at 75% from January 1, 2024. The deferral impacts will become fully phased-in beginning on January 1, 2025.

Regulatory Capital Ratios

Risk-based capital

$ in millions	Standardized At March 31, 2024	Standardized At Dec 31, 2023	Advanced At March 31, 2024	Advanced At Dec 31, 2023
Risk-based capital				
CET1 capital	**$ 70,298**	$ 69,448	**$ 70,298**	$ 69,448
Tier 1 capital	**79,046**	78,183	**79,046**	78,183
Total capital	**91,007**	88,874	**90,239**	88,190
Total RWA	**467,763**	456,053	**456,511**	448,154
Risk-based capital ratios				
CET1 capital	**15.0 %**	15.2 %	**15.4 %**	15.5 %
Tier 1 capital	**16.9 %**	17.1 %	**17.3 %**	17.4 %
Total capital	**19.5 %**	19.5 %	**19.8 %**	19.7 %
Required ratios[1]				
CET1 capital	12.9 %	12.9 %	10.0 %	10.0 %
Tier 1 capital	14.4 %	14.4 %	11.5 %	11.5 %
Total capital	16.4 %	16.4 %	13.5 %	13.5 %

1. Required ratios are inclusive of any buffers applicable as of the date presented.

Leveraged-based capital

$ in millions	At March 31, 2024	At December 31, 2023
Leveraged-based capital		

Regulatory Capital

$ in millions	At March 31, 2024	At December 31, 2023	Change
CET1 capital			
Common shareholders' equity	**$ 90,448**	$ 90,288	**$ 160**
Regulatory adjustments and deductions			
Net goodwill	**(16,392)**	(16,394)	**2**
Net intangible assets	**(5,394)**	(5,509)	**115**
Impact of CECL transition	**62**	124	**(62)**
Other adjustments and deductions[1]	**1,574**	939	**635**
Total CET1 capital	**$ 70,298**	$ 69,448	**$ 850**
Additional Tier 1 capital			
Preferred stock	**$ 8,750**	$ 8,750	**$ —**
Noncontrolling interests	**756**	758	**(2)**
Additional Tier 1 capital	**$ 9,506**	$ 9,508	**$ (2)**
Deduction for investments in covered funds	**(758)**	(773)	**15**
Total Tier 1 capital	**$ 79,046**	$ 78,183	**$ 863**
Standardized Tier 2 capital			
Subordinated debt	**$ 10,032**	$ 8,760	**$ 1,272**
Eligible ACL	**2,090**	2,051	**39**
Other adjustments and deductions	**(161)**	(120)	**(41)**
Total Standardized Tier 2 capital	**$ 11,961**	$ 10,691	**$ 1,270**
Total Standardized capital	**$ 91,007**	$ 88,874	**$ 2,133**
Advanced Tier 2 capital			
Subordinated debt	**$ 10,032**	$ 8,760	**$ 1,272**
Eligible credit reserves	**1,322**	1,367	**(45)**
Other adjustments and deductions	**(161)**	(120)	**(41)**
Total Advanced Tier 2 capital	**$ 11,193**	$ 10,007	**$ 1,186**
Total Advanced capital	**$ 90,239**	$ 88,190	**$ 2,049**

1. Other adjustments and deductions used in the calculation of Common Equity Tier 1 capital primarily includes net after-tax DVA, the credit spread premium over risk-free rate for derivative

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RWA Rollforward

	Three Months Ended March 31, 2024	
$ in millions	Standardized	Advanced
Credit risk RWA		
Balance at December 31, 2023	$ 407,731	$ 297,858
Change related to the following items:		
Derivatives	**1,072**	**(4,757)**
Securities financing transactions	**4,273**	**288**
Investment securities	**(578)**	**(1,307)**
Commitments, guarantees and loans	**373**	**7,051**
Equity investments	**(22)**	**(241)**
Other credit risk	**3,205**	**3,508**
Total change in credit risk RWA	**$ 8,323**	**$ 4,542**
Balance at March 31, 2024	**$ 416,054**	**$ 302,400**
Market risk RWA		
Balance at December 31, 2023	$ 48,322	$ 48,201
Change related to the following items:		
Regulatory VaR	**1,336**	**1,336**
Regulatory stressed VaR	**(738)**	**(738)**
Incremental risk charge	**1,047**	**1,047**
Comprehensive risk measure	**81**	**202**
Specific risk	**1,661**	**1,661**
Total change in market risk RWA	**$ 3,387**	**$ 3,508**
Balance at March 31, 2024	**$ 51,709**	**$ 51,709**
Operational risk RWA		
Balance at December 31, 2023	N/A	$ 102,095
Change in operational risk RWA	**N/A**	**307**
Balance at March 31, 2024	**N/A**	**$ 102,402**
Total RWA	**$ 467,763**	**$ 456,511**

Regulatory VaR—VaR for regulatory capital requirements

In the current quarter, Credit risk RWA increased under both the Standardized and Advanced Approaches. Under the

through the conversion of eligible LTD to equity or otherwise by imposing losses on eligible LTD or other forms of TLAC where an SPOE resolution strategy is used.

Required and Actual TLAC and Eligible LTD Ratios

			Actual Amount/Ratio	
$ in millions	Regulatory Minimum	Required Ratio[1]	**At March 31, 2024**	At December 31, 2023
External TLAC[2]			**$257,108**	$250,914
External TLAC as a % of RWA	**18.0 %**	**21.5 %**	**55.0 %**	55.0 %
External TLAC as a % of leverage exposure	**7.5 %**	**9.5 %**	**17.6 %**	17.6 %
Eligible LTD[3]			**$167,788**	$162,547
Eligible LTD as a % of RWA	**9.0 %**	**9.0 %**	**35.9 %**	35.6 %
Eligible LTD as a % of leverage exposure	**4.5 %**	**4.5 %**	**11.5 %**	11.4 %

1. Required ratios are inclusive of applicable buffers.
2. External TLAC consists of Common Equity Tier 1 capital and Additional Tier 1 capital (each excluding any noncontrolling minority interests), as well as eligible LTD.
3. Consists of TLAC-eligible LTD reduced by 50% for amounts of unpaid principal due to be paid in more than one year but less than two years from each respective balance sheet date.

We are in compliance with all TLAC requirements as of March 31, 2024 and December 31, 2023.

For a further discussion of TLAC and related requirements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Total Loss-Absorbing Capacity, Long-Term Debt and Clean

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Management's Discussion and Analysis

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is expected to publish summary results of the CCAR and Dodd-Frank Act supervisory stress tests of each large BHC, including us, by June 30, 2024. We are required to disclose a summary of the results of our company-run stress tests within 15 days of the date the Federal Reserve discloses the results of the supervisory stress tests.

For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" in the 2023 Form 10-K.

Attribution of Average Common Equity According to the Required Capital Framework

Our required capital ("Required Capital") estimation is based on the Required Capital framework, an internal capital adequacy measure. Common equity attribution to the business segments is based on capital usage calculated under the Required Capital framework, as well as each business segment's relative contribution to our total Required Capital.

The Required Capital framework is a risk-based and leverage-based capital measure, which is compared with our regulatory capital to ensure that we maintain an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The amount of capital allocated to the business segments is generally set at the beginning of each year and remains fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). We define the difference between our total average common equity and the sum of the average common equity amounts allocated to our business segments as Parent Company common equity. We generally hold Parent Company common equity for prospective regulatory requirements, organic growth, potential future acquisitions and other capital needs.

Average Common Equity Attribution under the Required Capital Framework[1]

describes our strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of our material financial distress or failure. We submitted our 2023 full resolution plan on June 30, 2023.

As described in our most recent resolution plan, our preferred resolution strategy is an SPOE strategy. In line with our SPOE strategy, the Parent Company has transferred, and has agreed to transfer on an ongoing basis, certain assets to its wholly owned, direct subsidiary Morgan Stanley Holdings LLC (the "Funding IHC"). In addition, the Parent Company has entered into an amended and restated support agreement with its material entities (including the Funding IHC) and certain other subsidiaries. In the event of a resolution scenario, the Parent Company would be obligated to contribute all of its contributable assets to our supported entities and/or the Funding IHC. The Funding IHC would be obligated to provide capital and liquidity, as applicable, to our supported entities. The combined implication of the SPOE resolution strategy and the requirement to maintain certain levels of TLAC is that losses in resolution would be imposed on the holders of eligible LTD and other forms of eligible TLAC issued by the Parent Company before any losses are imposed on creditors of our supported entities and without requiring taxpayer or government financial support.

For more information about resolution and recovery planning requirements and our activities in these areas, including the implications of such activities in a resolution scenario, see "Business—Supervision and Regulation—Financial Holding Company—Resolution and Recovery Planning," "Risk Factors—Legal, Regulatory and Compliance Risk" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Resolution and Recovery Planning" in the 2023 Form 10-K.

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Regulatory Developments and Other Matters

FDIC Final Rulemaking on Special Assessment

Following the failures of certain banks and resulting losses to the FDIC's Deposit Insurance Fund in the first half of 2023, the FDIC adopted a final rule on November 16, 2023 to implement a special assessment to recover the cost associated with protecting uninsured depositors. Under the final rule, the assessment base for the special assessment is equal to an IDI's estimated uninsured deposits reported as of December 31, 2022, adjusted to exclude the first $5 billion of uninsured deposits. The $5 billion exclusion is applied once to the aggregate uninsured deposits of our U.S. Bank Subsidiaries. The final rule provides that, starting in 2024, the FDIC will collect the special assessment at a quarterly rate of 3.36 basis points over eight quarterly assessment periods, subject to change depending on any adjustments to the loss estimate, mergers, failures, or amendments to reported estimates of uninsured deposits. We recorded the cost of the special assessment of $286 million in Non-interest expenses when the final rule was published in the Federal Register, in the fourth quarter of 2023. We recorded the incremental estimated cost of $42 million during the first quarter based on the February notification received from the FDIC which contained the revised estimated losses as well as the estimated recoveries from its receivership residual interests from those bank failures.

Basel III Endgame and G-SIB Surcharge Proposals

On July 27, 2023, U.S. banking agencies proposed revisions to risk-based capital and related standards applicable to us and our U.S. Bank Subsidiaries ("Basel III Endgame Proposal"). For more information on the Basel III Endgame Proposal, as well as the proposed revisions to the G-SIB capital surcharge framework, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Developments and Other Matters" in the 2023 Form 10-K.

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Quantitative and Qualitative Disclosures about Risk

Management believes effective risk management is vital to the success of our business activities. For a discussion of our Enterprise Risk Management framework and risk management functions, see "Quantitative and Qualitative Disclosures about Risk—Risk Management" in the 2023 Form 10-K.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. Generally, we incur market risk as a result of trading, investing and client facilitation activities, principally within the Institutional Securities business segment where the substantial majority of our VaR for market risk exposures is generated. In addition, we incur non-trading market risk, principally within the Wealth Management and Investment Management business segments. The Wealth Management business segment primarily incurs non-trading market risk (including interest rate risk) from lending and deposit-taking activities. The Investment Management business segment primarily incurs non-trading market risk from capital investments in its funds. For a further discussion of market risk, see "Quantitative and Qualitative Disclosures about Risk—Market Risk" in the 2023 Form 10-K.

Trading Risks

We have exposures to a wide range of risks related to interest rates and credit spreads, equity prices, foreign exchange rates and commodity prices as well as the associated implied volatilities, correlations and spreads of the global markets in which we conduct our trading activities.

The statistical technique known as VaR is one of the tools we use to measure, monitor and review the market risk exposures of our trading portfolios.

For information regarding our primary risk exposures and market risk management, VaR methodology, assumptions and limitations, see "Quantitative and Qualitative Disclosures about Risk—Market Risk—Trading Risks" in the 2023 Form 10-K.

95%/One-Day Management VaR for the Trading Portfolio

	Three Months Ended March 31, 2024			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	**$ 40**	**$ 40**	**$ 52**	**$ 27**
Equity price	**23**	**21**	**24**	**17**
Foreign exchange rate	**8**	**9**	**15**	**6**
Commodity price	**18**	**13**	**18**	**10**
Less: Diversification benefit[2]	**(36)**	**(35)**	**N/A**	**N/A**
Primary Risk Categories	**$ 53**	**$ 48**	**$ 58**	**$ 38**
Credit Portfolio	**25**	**24**	**25**	**22**
Less: Diversification benefit[2]	**(18)**	**(18)**	**N/A**	**N/A**
Total Management VaR	**$ 60**	**$ 54**	**$ 62**	**$ 43**

	Three Months Ended December 31, 2023			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	$ 29	$ 31	$ 39	$ 27
Equity price	19	22	38	15
Foreign exchange rate	6	7	14	5
Commodity price	11	13	20	10
Less: Diversification benefit[2]	(27)	(35)	N/A	N/A
Primary Risk Categories	$ 38	$ 38	$ 45	$ 33
Credit Portfolio	25	22	25	19
Less: Diversification benefit[2]	(22)	(14)	N/A	N/A
Total Management VaR	$ 41	$ 46	$ 54	$ 41

1. The high and low VaR values for the Total Management VaR and each of the component VaRs might have occurred on different days during the quarter, and, therefore, the diversification benefit is not an applicable measure.
2. Diversification benefit equals the difference between the total VaR and the sum of the component VaRs. This benefit arises because the simulated one-day losses for each of the components occur on different days. Similar diversification benefits are also are taken into account within each component.

Average Total Management VaR and average Management VaR for the Primary Risk Categories increased from the three

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Daily 95%/One-Day Total Management VaR for the Current Quarter

($ in millions)

13743895359416

Daily Net Trading Revenues for the Current Quarter

($ in millions)

13743895359372

Daily net trading revenues include profits and losses from Interest rate and credit spread, Equity price, Foreign exchange rate, Commodity price, and Credit Portfolio positions and intraday trading activities for our trading businesses. Certain items such as fees, commissions, net interest income and counterparty default risk are excluded from daily net trading revenues and the VaR model. Revenues required for Regulatory VaR backtesting further exclude intraday trading.

Non-Trading Risks

We believe that sensitivity analysis is an appropriate representation of our non-trading risks. The following sensitivity analyses cover substantially all of the non-trading risk in our portfolio.

Credit Spread Risk Sensitivity[1]

$ in millions	**At March 31, 2024**	At December 31, 2023
Derivatives	**$ 5**	$ 6
Borrowings carried at fair value	**49**	48

1. Amounts represent the potential gain for each 1 bps widening of our credit spread.

The Wealth Management business segment reflects a substantial portion of our non-trading interest rate risk. Net interest income in the Wealth Management business segment primarily consists of interest income earned on non-trading assets held, including loans and investment securities, as well as margin and other lending on non-bank entities and interest expense incurred on non-trading liabilities, primarily deposits.

Wealth Management Net Interest Income Sensitivity Analysis

$ in millions	**At March 31, 2024**	At December 31, 2023
Basis point change		
+100	**$ 561**	$ 585
-100	**(590)**	(609)

The previous table presents an analysis of selected instantaneous upward and downward parallel interest rate shocks (subject to a floor of zero percent in the downward scenario) on net interest income over the next 12 months for our Wealth Management business segment. These shocks are applied to our 12-month forecast for our Wealth Management business segment, which incorporates market expectations of interest rates, our forecasted business activity and deposit forecasts, which include assumptions

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Net interest income sensitivity to interest rates at March 31, 2024 was relatively unchanged from December 31, 2023.

Investments Sensitivity, Including Related Carried Interest

	Loss from 10% Decline	
$ in millions	**At March 31, 2024**	At December 31, 2023
Investments related to Investment Management activities	**$ 528**	$ 481
Other investments:		
MUMSS	**129**	134
Other Firm investments	**408**	399

We have exposure to public and private companies through direct investments, as well as through funds that invest in these assets. These investments are predominantly equity positions with long investment horizons, a portion of which is for business facilitation purposes. The market risk related to these investments is measured by estimating the potential reduction in net revenues associated with a reasonably possible 10% decline in investment values and related impact on performance-based income, as applicable.

Investments sensitivity changed between March 31, 2024 and December 31. 2023. Investment sensitivity increased due to new investments in public funds within the Investment Management segment.

Asset Management Revenue Sensitivity

Certain asset management revenues in the Wealth Management and Investment Management business segments are derived from management fees, which are based on fee-based client assets in Wealth Management or AUM in Investment Management (together, "client holdings"). The assets underlying client holdings are primarily composed of equity, fixed income and alternative investments and are sensitive to changes in related markets. These revenues depend on multiple factors including, but not limited to, the level and

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us. We are primarily exposed to credit risk from institutions and individuals through our Institutional Securities and Wealth Management business segments. For a further discussion of our credit risks, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" in the 2023 Form 10-K.

Loans and Lending Commitments

	At March 31, 2024			
$ in millions	HFI	HFS	FVO[1]	Total
Institutional Securities:				
Corporate	**$ 7,171**	**$ 9,655**	**$ —**	**$ 16,826**
Secured lending facilities	**38,692**	**3,564**	**—**	**42,256**
Commercial and Residential real estate	**8,689**	**205**	**4,479**	**13,373**
Securities-based lending and Other	**2,687**	**—**	**4,985**	**7,672**
Total Institutional Securities	**57,239**	**13,424**	**9,464**	**80,127**
Wealth Management:				
Residential real estate	**61,339**	**2**	**—**	**61,341**
Securities-based lending and Other	**86,353**	**—**	**—**	**86,353**
Total Wealth Management	**147,692**	**2**	**—**	**147,694**
Total Investment Management[2]	**4**	**—**	**461**	**465**
Total loans	**204,935**	**13,426**	**9,925**	**228,286**
ACL	**(1,141)**			**(1,141)**
Total loans, net of ACL	**$203,794**	**$13,426**	**$ 9,925**	**$227,145**
Lending commitments[3]	**$134,938**	**$22,148**	**$ 600**	**$157,686**
Total exposure	**$338,732**	**$35,574**	**$10,525**	**$384,831**

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We provide loans and lending commitments to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals. In addition, we purchase loans in the secondary market. Loans and lending commitments are either held for investment, held for sale or carried at fair value. For more information on these loan classifications, see Note 2 to the financial statements in the 2023 Form 10-K.

Total loans and lending commitments increased by approximately $8 billion since December 31, 2023, primarily due to an increase in Secured lending facilities and Corporate lending within the Institutional Securities business segment.

See Notes 4, 5, 9 and 13 to the financial statements for further information.

Allowance for Credit Losses—Loans and Lending Commitments

$ in millions		Three Months Ended March 31, 2024
ACL—Loans		
Beginning balance	$	1,169
Provision for credit losses		**(22)**
Other		**(6)**
Ending balance	**$**	**1,141**
ACL—Lending commitments		
Beginning balance	$	551
Provision for credit losses		**16**
Other		**(2)**
Ending balance	**$**	**565**
Total ending balance	**$**	**1,706**

Provision for Credit Losses by Business Segment

	Three Months Ended March 31, 2024		
$ in millions	IS	WM	Total
Loans	$ (16)	$ (6)	$ (22)
Lending commitments	18	(2)	16
Total	**$ 2**	**$ (8)**	**$ (6)**

Credit exposure arising from our loans and lending commitments is measured in accordance with our internal risk

The base scenario used in our ACL models as of March 31, 2024 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. This scenario assumes slow economic growth in 2024, followed by a gradual improvement in 2025, as well as lower credit spreads and interest rates relative to the prior forecast. Given the nature of our lending portfolio, the most sensitive model input is U.S. gross domestic product ("GDP").

Forecasted U.S. Real GDP Growth Rates in Base Scenario

	4Q 2024	4Q 2025
Year-over-year growth rate	**1.0 %**	**2.0 %**

See Note 2 to the financial statements in the 2023 Form 10-K for a discussion of the Firm's ACL methodology under CECL.

Status of Loans Held for Investment

	At March 31, 2024		At December 31, 2023	
	IS	WM	IS	WM
Accrual	**99.0 %**	**99.7 %**	98.9 %	99.8 %
Nonaccrual[1]	**1.0 %**	**0.3 %**	1.1 %	0.2 %

1. Nonaccrual loans are loans where principal or interest is not expected when contractually due or are past due 90 days or more.

Institutional Securities Loans and Lending Commitments[1]

	At March 31, 2024				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Loans					
AA	**$ 1**	**$ 11**	**$ 68**	**$ —**	**$ 80**
A	**1,316**	**1,068**	**176**	**—**	**2,560**
BBB	**5,455**	**9,821**	**389**	**—**	**15,665**
BB	**10,925**	**18,090**	**2,525**	**315**	**31,855**
Other NIG	**9,356**	**11,661**	**2,851**	**171**	**24,039**
Unrated[2]	**271**	**1,509**	**94**	**3,202**	**5,076**
Total loans, net of ACL	**27,324**	**42,160**	**6,103**	**3,688**	**79,275**
Lending commitments					
AAA	**—**	**50**	**—**	**—**	**50**
AA	**2,531**	**3,164**	**586**		**6,281**

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	At December 31, 2023				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Loans					
AA	$ 3	$ 11	$ 216	$ —	$ 230
A	1,054	950	182	—	2,186
BBB	7,117	10,076	346	—	17,539
BB	11,723	16,367	1,775	277	30,142
Other NIG	9,586	12,961	2,924	156	25,627
Unrated[2]	111	1,036	62	2,910	4,119
Total loans, net of ACL	29,594	41,401	5,505	3,343	79,843
Lending commitments					
AAA	—	50	—	—	50
AA	2,610	3,064	154	—	5,828
A	7,704	21,256	593	—	29,553
BBB	9,161	46,304	106	—	55,571
BB	4,069	16,431	1,594	414	22,508
Other NIG	1,916	13,842	1,077	3	16,838
Unrated[2]	6	7	—	—	13
Total lending commitments	25,466	100,954	3,524	417	130,361
Total exposure	$55,060	$142,355	$9,029	$3,760	$210,204

NIG–Non-investment grade

1. Counterparty credit ratings are internally determined by the CRM.
2. Unrated loans and lending commitments are primarily trading positions that are measured at fair value and risk-managed as a component of market risk. For a further discussion of our market risk, see “Quantitative and Qualitative Disclosures about Risk—Market Risk” herein.

Institutional Securities Loans and Lending Commitments by Industry

$ in millions	**At March 31, 2024**	At December 31, 2023
Industry		
Financials	**$ 61,171**	$ 57,804
Real estate	**35,543**	35,342
Industrials	**17,780**	18,056
Communications services	**15,348**	15,301
Consumer discretionary	**14,653**	12,190
Information technology	**14,501**	12,430
Healthcare	**13,251**	14,274
Utilities	**11,102**	11,522
Consumer staples	**9,588**	9,305
Energy	**9,468**	9,156

Institutional Securities Event-Driven Loans and Lending Commitments

	At March 31, 2024			
	Contractual Years to Maturity			
$ in millions	<1	1-5	5-15	Total
Loans, net of ACL	**$ 2,096**	**$ 693**	**$ 2,562**	**$ 5,351**
Lending commitments	**1,537**	**1,069**	**1,552**	**4,158**
Total exposure	**$ 3,633**	**$ 1,762**	**$ 4,114**	**$ 9,509**

	At December 31, 2023			
	Contractual Years to Maturity			
$ in millions	<1	1-5	5-15	Total
Loans, net of ACL	$ 1,974	$ 2,564	$ 2,580	$ 7,118
Lending commitments	3,564	685	549	4,798
Total exposure	$ 5,538	$ 3,249	$ 3,129	$ 11,916

Event-driven loans and lending commitments are associated with certain underwritings and/or syndications to finance a specific transaction, such as merger, acquisition, recapitalization or project finance activities. Balances may fluctuate as such lending is related to transactions that vary in timing and size from period to period.

Institutional Securities Loans and Lending Commitments Held for Investment

	At March 31, 2024		
$ in millions	Loans	Lending Commitments	Total
Corporate	**$ 7,171**	**$ 96,771**	**$ 103,942**
Secured lending facilities	**38,692**	**18,045**	**56,737**
Commercial real estate	**8,689**	**351**	**9,040**
Securities-based lending and Other	**2,687**	**847**	**3,534**
Total, before ACL	**$ 57,239**	**$ 116,014**	**$ 173,253**
ACL	**$ (852)**	**$ (548)**	**$ (1,400)**

	At December 31, 2023		
$ in millions	Loans	Lending Commitments	Total
Corporate	$ 6,758	$ 91,752	$ 98,510
Secured lending facilities	39,498	15,589	55,087
Commercial real			

Risk Disclosures

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Institutional Securities Commercial Real Estate Loans and Lending Commitments

By Region

	At March 31, 2024			At December 31, 2023		
$ in millions	Loans[1]	LC[1]	Total	Loans[1]	LC[1]	Total
Americas	**$6,066**	**$286**	**$ 6,352**	$5,410	$289	$5,699
EMEA	**3,223**	**158**	**3,381**	3,127	56	3,183
Asia	**545**	**2**	**547**	485	—	485
Total	**$9,834**	**$446**	**$10,280**	$9,022	$345	$9,367

By Property Type

	At March 31, 2024			At December 31, 2023		
$ in millions	Loans[1]	LC[1]	Total	Loans[1]	LC[1]	Total
Office	**$3,143**	**$167**	**$ 3,310**	$3,310	$186	$3,496
Industrial	**2,898**	**111**	**3,009**	2,435	5	2,440
Multifamily	**1,802**	**93**	**1,895**	1,715	74	1,789
Hotel	**1,013**	**69**	**1,082**	718	73	791
Retail	**978**	**6**	**984**	842	7	849
Other	**—**	**—**	**—**	2	—	2
Total	**$9,834**	**$446**	**$10,280**	$9,022	$345	$9,367

LC–Lending Commitments

1. Amounts include HFI, HFS and FVO loans and lending commitments. HFI loans are presented net of ACL.

The current economic environment and changes in business and consumer behavior have adversely impacted commercial real estate borrowers due to pressure from higher interest rates, tenant lease renewals, and elevated refinancing risks for loans with near-term maturities, among other issues. While we continue to actively monitor all our loan portfolios, the commercial real estate sector remains under heightened focus given the sector's sensitivity to economic and secular factors, credit conditions, and difficulties specific to certain property types, most notably office.

As of March 31, 2024 and December 31, 2023, our lending against commercial real estate ("CRE") properties totaled $10.3 billion and $9.4 billion within the Institutional Securities business segment, which represents 4.7% and 4.5% of total exposure reflected in the Institutional Securities Loans and Lending Commitments table above. Those CRE loans are originated for experienced sponsors and are generally

Institutional Securities Allowance for Credit Losses—Loans and Lending Commitments

	Three Months Ended March 31, 2024				
$ in millions	Corporate	Secured Lending Facilities	CRE	Other	Total
ACL—Loans					
Beginning balance	$ 241	$ 153	$ 463	$ 17	$ 874
Provision (release)	**1**	**(17)**	**1**	**(1)**	**(16)**
Other	**(1)**	**(1)**	**(3)**	**(1)**	**(6)**
Ending balance	**$ 241**	**$ 135**	**$ 461**	**$ 15**	**$ 852**
ACL—Lending commitments					
Beginning balance	$ 431	$ 70	$ 26	$ 6	$ 533
Provision (release)	**(2)**	**25**	**(3)**	**(2)**	**18**
Other	**(3)**	**(1)**	**—**	**1**	**(3)**
Ending balance	**$ 426**	**$ 94**	**$ 23**	**$ 5**	**$ 548**
Total ending balance	**$ 667**	**$ 229**	**$ 484**	**$ 20**	**$ 1,400**

Institutional Securities HFI Loans—Ratios of Allowance for Credit Losses to Balance Before Allowance

	At March 31, 2024	At December 31, 2023
Corporate	**3.4 %**	3.6 %
Secured lending facilities	**0.3 %**	0.4 %
Commercial real estate	**5.3 %**	5.3 %
Securities-based lending and Other	**0.6 %**	0.6 %
Total Institutional Securities loans	**1.5 %**	1.5 %

Wealth Management Loans and Lending Commitments

	At March 31, 2024				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Securities-based lending and Other	$76,968	$ 7,751	$1,302	$ 132	$ 86,153

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Risk Disclosures

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marketable securities, private investments, commercial real estate and other financial assets. For more information about our Securities-based lending and Residential real estate loans, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” in the 2023 Form 10-K.

Wealth Management Commercial Real Estate Loans and Lending Commitments by Property Type

	At March 31, 2024			At December 31, 2023		
$ in millions	Loans[1]	LC[1]	Total	Loans[1]	LC[1]	Total
Retail	**$2,297**	**$ —**	**$2,297**	$ 2,180	$ 3	$ 2,183
Multifamily	**1,965**	**187**	**2,152**	1,891	159	2,050
Office	**1,734**	**16**	**1,750**	1,736	16	1,752
Industrial	**452**	**—**	**452**	454	—	454
Hotel	**387**	**—**	**387**	400	—	400
Other	**249**	**—**	**249**	253	—	253
Total	**$7,084**	**$203**	**$7,287**	$ 6,914	$ 178	$ 7,092

LC–Lending Commitments

1. Amounts include HFI loans and lending commitments. HFI loans are presented net of ACL.

As of March 31, 2024 and December 31, 2023, our direct lending against CRE totaled $7.3 billion and $7.1 billion within the Wealth Management business segment, which represents 4.4% and 4.3% of total exposure reflected in the Wealth Management Loans and Lending Commitments table above, primarily included within Securities-based lending and Other loans. Such loans are originated through our private banking platform, are both secured and generally benefiting from full or partial guarantees from high or ultra-high net worth clients, which partially reduce associated credit risk. At both March 31, 2024 and December 31, 2023, greater than 95% of the CRE loans balance in the Wealth Management business segment received guarantees. All of our lending against CRE properties within Wealth Management are in the Americas region.

Wealth Management Allowance for Credit Losses—Loans and Lending Commitments

	Three Months Ended March 31, 2024		
$ in millions	Residential Real Estate	SBL and Other	Total
ACL—Loans			

Customer and Other Receivables

Margin Loans and Other Lending

$ in millions		**At March 31, 2024**		At December 31, 2023
Institutional Securities	**$**	**24,071**	$	24,208
Wealth Management		**23,393**		21,436
Total	**$**	**47,464**	$	45,644

The Institutional Securities and Wealth Management business segments provide margin lending arrangements that allow customers to borrow against the value of qualifying securities, primarily for the purpose of purchasing additional securities, as well as to collateralize short positions. Institutional Securities primarily includes margin loans in the Equity Financing business. Wealth Management includes margin loans as well as non-purpose securities-based lending on non-bank entities. Amounts may fluctuate from period to period as overall client balances change as a result of market levels, client positioning and leverage.

Credit exposures arising from margin lending activities are generally mitigated by their short-term nature, the value of collateral held and our right to call for additional margin when collateral values decline. However, we could incur losses in the event that the customer fails to meet margin calls and collateral values decline below the loan amount. This risk is elevated in loans backed by collateral pools with significant concentrations in individual issuers or securities with similar risk characteristics. For a further discussion, see “Risk Factors—Credit Risk” in the 2023 Form 10-K.

Employee Loans

For information on employee loans and related ACL, see Note 9 to the financial statements.

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Derivatives

Fair Value of OTC Derivative Assets

	Counterparty Credit Rating[1]					
$ in millions	AAA	AA	A	BBB	NIG	Total
At March 31, 2024						
Less than 1 year	**$1,161**	**$10,878**	**$ 33,637**	**$19,901**	**$ 8,625**	**$ 74,202**
1-3 years	**1,124**	**6,575**	**17,723**	**10,978**	**6,582**	**42,982**
3-5 years	**1,107**	**7,777**	**8,493**	**5,249**	**3,914**	**26,540**
Over 5 years	**3,119**	**28,963**	**48,383**	**27,306**	**7,059**	**114,830**
Total, gross	**$6,511**	**$54,193**	**$108,236**	**$63,434**	**$26,180**	**$258,554**
Counterparty netting	**(3,099)**	**(41,773)**	**(80,599)**	**(44,702)**	**(14,299)**	**(184,472)**
Cash and securities collateral	**(2,475)**	**(10,237)**	**(24,557)**	**(13,362)**	**(6,101)**	**(56,732)**
Total, net	**$ 937**	**$ 2,183**	**$ 3,080**	**$ 5,370**	**$ 5,780**	**$ 17,350**

	Counterparty Credit Rating[1]					
$ in millions	AAA	AA	A	BBB	NIG	Total
At December 31, 2023						
Less than 1 year	$2,013	$16,885	$ 37,517	$25,529	$10,084	$ 92,028
1-3 years	1,013	7,274	18,451	12,757	7,360	46,855
3-5 years	504	8,897	8,814	5,989	3,825	28,029
Over 5 years	3,955	29,511	50,512	28,003	6,597	118,578
Total, gross	$7,485	$62,567	$115,294	$72,278	$27,866	$285,490
Counterparty netting	(3,691)	(48,821)	(86,826)	(53,178)	(15,888)	(208,404)
Cash and securities collateral	(2,709)	(10,704)	(25,921)	(13,025)	(5,554)	(57,913)
Total, net	$1,085	$ 3,042	$ 2,547	$ 6,075	$ 6,424	$ 19,173

$ in millions	**At March 31, 2024**	At December 31, 2023
Industry		
Financials	**$ 5,511**	$ 7,215
Utilities	**4,606**	4,267
Regional governments	**1,181**	1,319
Industrials	**940**	937
Communications services	**802**	841
Energy	**643**	533
Consumer discretionary	**590**	684
Information technology	**521**	677
Healthcare	**481**	468

Country Risk

Country risk exposure is the risk that events in, or that affect, a foreign country (any country other than the U.S.) might adversely affect us. We actively manage country risk exposure through a comprehensive risk management framework that combines credit and other market fundamentals and allows us to effectively identify, monitor and limit country risk. For a further discussion of our country risk exposure see “Quantitative and Qualitative Disclosures about Risk—Country and Other Risks” in the 2023 Form 10-K.

Top 10 Non-U.S. Country Exposures

	At March 31, 2024				
$ in millions	United Kingdom	France	Germany	Brazil	China
Sovereign					
Net inventory[1]	**$ 122**	**$2,407**	**$ (713)**	**$5,064**	**$2,161**
Net counterparty exposure[2]	**14**	**—**	**120**	**3**	**334**
Exposure before hedges	**136**	**2,407**	**(593)**	**5,067**	**2,495**
Hedges[3]	**(55)**	**(6)**	**(253)**	**(154)**	**—**
Net exposure	**$ 81**	**$2,401**	**$ (846)**	**$4,913**	**$2,495**
Non-sovereign					
Net inventory[1]	**$ 1,476**	**$1,113**	**$ 852**	**$ 129**	**$2,293**
Net counterparty exposure[2]	**6,737**	**2,977**	**2,920**	**329**	**171**
Loans	**7,192**	**721**	**1,404**	**381**	**344**
Lending commitments	**9,736**	**3,091**	**5,500**	**456**	**666**
Exposure before hedges	**25,141**	**7,902**	**10,676**	**1,295**	**3,474**
Hedges[3]	**(1,963)**	**(2,112)**	**(2,031)**	**(14)**	**(1)**
Net exposure	**$23,178**	**$5,790**	**$ 8,645**	**$1,281**	**$3,473**
Total net exposure	**$23,259**	**$8,191**	**$ 7,799**	**$6,194**	**$5,968**

$ in millions	Japan	India	Korea	Canada	Australia
Sovereign					

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Image17.jpg

Additional Information—Top 10 Non-U.S. Country Exposures

Collateral Held Against Net Counterparty Exposure[1]

$ in millions		At March 31, 2024
Country of Risk	**Collateral**[2]	
United Kingdom	U.K., U.S., and France	$ **8,039**
Japan	Japan and U.S.	**5,831**
Other	U.S., Italy and France	**15,119**

1. The benefit of collateral received is reflected in the Top 10 Non-U.S. Country Exposures at March 31, 2024.
2. Primarily consists of cash and government obligations of the countries listed.

Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, from human factors or from external events (e.g., cyberattacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal and compliance risks, or damage to physical assets. We may incur operational risk across the full scope of our business activities, including revenue-generating activities and support and control groups (e.g., information technology and trade processing). For a further discussion about our operational risk, see "Quantitative and Qualitative Disclosures about Risk—Operational Risk" in the 2023 Form 10-K.

Model Risk

Model risk refers to the potential for adverse consequences from decisions based on incorrect or misused model outputs. Model risk can lead to financial loss, poor business and strategic decision-making or damage to our reputation. The risk inherent in a model is a function of the materiality, complexity and uncertainty around inputs and assumptions. Model risk is generated from the use of models impacting financial statements, regulatory filings, capital adequacy assessments and the formulation of strategy. For a further discussion about our model risk, see "Quantitative and Qualitative Disclosures

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss, including fines, penalties, judgments, damages and/or settlements, limitations on our business, or loss to reputation that we may suffer as a result of failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with AML, terrorist financing, and anti-corruption rules and regulations. For a further discussion about our legal and compliance risk, see "Quantitative and Qualitative Disclosures about Risk—Legal, Regulatory and Compliance Risk" in the 2023 Form 10-K.

Climate Risk

Climate change manifests as physical and transition risks. The physical risks of climate change include harm to people and property arising from acute climate-related events, such as floods, hurricanes, heatwaves, droughts and wildfires, and chronic, longer-term shifts in climate patterns, such as higher global average temperatures, rising sea levels and long-term droughts. The transition risk of climate change include policy, legal, technology and market changes. Examples of these transition risks include changes in consumer behavior and business sentiment, related technologies, shareholder preferences and any additional regulatory and legislative requirements, including increased disclosure or carbon taxes. Climate risk, which is not expected to have a significant effect on our consolidated results of operations or financial condition in the near term, is an overarching risk that can impact other categories of risk. For a further discussion about our climate risk, see "Quantitative and Qualitative Disclosures about Risk—Climate Risk" in the 2023 Form 10-K.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Morgan Stanley:

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Morgan Stanley and subsidiaries (the “Firm”) as of March 31, 2024, and the related condensed consolidated income statements, comprehensive income statements, cash flow statements and statements of changes in total equity for the three-month periods ended March 31, 2024 and 2023, and the related notes (collectively referred to as the “interim financial information”). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Firm as of December 31, 2023, and the related consolidated income statement, comprehensive income statement, cash flow statement and statement of changes in total equity for the year then ended (not presented herein) included in the Firm’s Annual Report on Form 10-K; and in our report dated February 22, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Firm’s management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Firm in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP

New York, New York

May 3, 2024

Consolidated Income Statement (Unaudited)

Image20.jpg

in millions, except per share data	Three Months Ended March 31, 2024	2023
Revenues		
Investment banking	$ 1,589	$ 1,330
Trading	4,852	4,477
Investments	137	145
Commissions and fees	1,227	1,239
Asset management	5,269	4,728
Other	266	252
Total non-interest revenues	13,340	12,171
Interest income[1]	12,930	9,980
Interest expense[1]	11,134	7,634
Net interest	1,796	2,346
Net revenues	**15,136**	14,517
Provision for credit losses	**(6)**	234
Non-interest expenses		
Compensation and benefits	6,696	6,410
Brokerage, clearing and exchange fees	921	881
Information processing and communications	976	915
Professional services	639	710
Occupancy and equipment	441	440
Marketing and business development	217	247
Other	857	920
Total non-interest expenses	**10,747**	10,523
Income before provision for income taxes	4,395	3,760
Provision for income taxes	933	727
Net income	$ 3,462	$ 3,033
Net income applicable to noncontrolling interests	50	53
Net income applicable to Morgan Stanley	$ 3,412	$ 2,980
Preferred stock dividends	146	144
Earnings applicable to Morgan Stanley common shareholders	**$ 3,266**	$ 2,836
Earnings per common share		
Basic	$ 2.04	$ 1.72
Diluted	$ 2.02	$ 1.70
Average common shares outstanding		
Basic	1,601	1,645
Diluted	1,616	1,663

1. Prior period amounts have been adjusted to conform with the current period presentation. See Note 2 for additional information.

Consolidated Comprehensive Income Statement

(Unaudited)

$ in millions		Three Months Ended March 31, 2024		2023
Net income	**$**	**3,462**	$	3,033
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments		**(173)**		20
Change in net unrealized gains (losses) on available-for-sale securities		**68**		512
Pension and other		**4**		(1)
Change in net debt valuation adjustment		**(563)**		(15)
Net change in cash flow hedges		**(28)**		7
Total other comprehensive income (loss)	**$**	**(692)**	$	523
Comprehensive income	**$**	**2,770**	$	3,556
Net income applicable to noncontrolling interests		**50**		53
Other comprehensive income (loss) applicable to noncontrolling interests		**(56)**		(19)
Comprehensive income applicable to Morgan Stanley	**$**	**2,776**	$	3,522

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Consolidated Balance Sheet

Image23.jpg

$ in millions, except share data	**(Unaudited) At March 31, 2024**	At December 31, 2023
Assets		
Cash and cash equivalents	**$ 102,305**	$ 89,232
Trading assets at fair value (**$148,191** and $162,698 were pledged to various parties)	**367,633**	367,074
Investment securities:		
Available-for-sale at fair value (amortized cost of **$91,260** and $92,149)	**87,313**	88,113
Held-to-maturity (fair value of **$55,283** and $57,453)	**65,420**	66,694
Securities purchased under agreements to resell (includes **$—** and $7 at fair value)	**122,733**	110,740
Securities borrowed	**132,852**	121,091
Customer and other receivables	**81,639**	80,105
Loans:		
Held for investment (net of allowance for credit losses of **$1,141** and $1,169)	**203,794**	203,385
Held for sale	**13,426**	15,255
Goodwill	**16,722**	16,707
Intangible assets (net of accumulated amortization of **$4,997** and $4,847)	**6,914**	7,055
Other assets	**27,752**	28,242
Total assets	**$1,228,503**	$ 1,193,693
Liabilities		
Deposits (includes **$6,429** and $6,472 at fair value)	**$ 352,494**	$ 351,804
Trading liabilities at fair value	**152,843**	151,513
Securities sold under agreements to repurchase (includes **$827** and $1,020 at fair value)	**82,404**	62,651
Securities loaned	**15,945**	15,057
Other secured financings (includes **$11,077** and $9,899 at fair value)	**15,091**	12,655
Customer and other payables	**214,370**	208,148
Other liabilities and accrued expenses	**23,833**	28,151
Borrowings (includes **$95,104** and $93,900 at fair value)	**271,383**	263,732
Total liabilities	**1,128,363**	1,093,711
Commitments and contingent liabilities (see Note 13)		
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock	**8,750**	8,750
Common stock, $0.01 par value:		
Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,626,657,461** and 1,626,828,437	**20**	20
Additional paid-in capital	**29,046**	29,832
Retained earnings	**99,811**	97,996
Employee stock trusts	**5,250**	5,314
Accumulated other comprehensive income (loss)	**(7,057)**	(6,421)
Common stock held in treasury at cost, $0.01 par value (**412,236,518** and 412,065,542 shares)	**(31,372)**	(31,139)
Common stock issued to employee stock trusts	**(5,250)**	(5,314)
Total Morgan Stanley shareholders' equity	**99,198**	99,038

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Consolidated Statement of Changes in Total Equity (Unaudited)

Image25.jpg

$ in millions	Three Months Ended March 31, 2024	2023
Preferred Stock		
Beginning and ending balance	**8,750**	8,750
Common Stock		
Beginning and ending balance	**20**	20
Additional Paid-in Capital		
Beginning balance	**29,832**	29,339
Share-based award activity	**(786)**	(483)
Ending balance	**29,046**	28,856
Retained Earnings		
Beginning balance	**97,996**	94,862
Cumulative adjustment related to the adoption of an accounting standard update[1]	**(60)**	—
Net income applicable to Morgan Stanley	**3,412**	2,980
Preferred stock dividends[2]	**(146)**	(144)
Common stock dividends[2]	**(1,390)**	(1,305)
Other net increases (decreases)	**(1)**	(1)
Ending balance	**99,811**	96,392
Employee Stock Trusts		
Beginning balance	**5,314**	4,881
Share-based award activity	**(64)**	462
Ending balance	**5,250**	5,343
Accumulated Other Comprehensive Income (Loss)		
Beginning balance	**(6,421)**	(6,253)
Net change in Accumulated other comprehensive income (loss)	**(636)**	542
Ending balance	**(7,057)**	(5,711)
Common Stock Held in Treasury at Cost		
Beginning balance	**(31,139)**	(26,577)
Share-based award activity	**1,485**	1,304
Repurchases of common stock and employee tax withholdings	**(1,718)**	(2,208)
Ending balance	**(31,372)**	(27,481)
Common Stock Issued to Employee Stock Trusts		
Beginning balance	**(5,314)**	(4,881)
Share-based award activity	**64**	(462)
Ending balance	**(5,250)**	(5,343)
Noncontrolling Interests		
Beginning balance	**944**	1,090
Net income applicable to noncontrolling interests	**50**	53
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests	**(56)**	(19)
Other net increases (decreases)	**4**	4
Ending balance	**942**	1,128
Total Equity	**$ 100,140**	$ 101,954

1. The Firm adopted the Investments - Tax Credit Structures accounting standard update on January 1, 2024. Refer to Note 2 for further information.
2. See Note 16 for information regarding dividends per share for each class of stock.

Consolidated Cash Flow Statement (Unaudited)

Image26.jpg

$ in millions	Three Months Ended March 31, 2024	2023
Cash flows from operating activities		
Net income	**$ 3,462**	$ 3,033
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Stock-based compensation expense	**442**	558
Depreciation and amortization	**975**	940
Provision for credit losses	**(6)**	234
Other operating adjustments	**(12)**	66
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities	**(1,395)**	2,582
Securities borrowed	**(11,761)**	(12,842)
Securities loaned	**888**	(91)
Customer and other receivables and other assets	**272**	4,899
Customer and other payables and other liabilities	**3,735**	777
Securities purchased under agreements to resell	**(11,993)**	(7,978)
Securities sold under agreements to repurchase	**19,753**	(2,043)
Net cash provided by (used for) operating activities	**4,360**	(9,865)
Cash flows from investing activities		
Proceeds from (payments for):		
Other assets—Premises, equipment and software	**(816)**	(719)
Changes in loans, net	**(355)**	(822)
AFS securities:		
Purchases	**(9,019)**	(3,475)
Proceeds from sales	**4,548**	1,466
Proceeds from paydowns and maturities	**5,308**	3,460
HTM securities:		
Purchases	**(1,453)**	—
Proceeds from paydowns and maturities	**3,112**	1,617
Other investing activities	**(271)**	(2,568)
Net cash provided by (used for) investing activities	**1,054**	(1,041)
Cash flows from financing activities		
Net proceeds from (payments for):		
Other secured financings	**1,225**	356
Deposits	**534**	(9,084)
Proceeds from issuance of Borrowings	**28,079**	21,219
Payments for:		
Borrowings	**(17,721)**	(15,201)
Repurchases of common stock and employee tax withholdings	**(1,718)**	(2,205)
Cash dividends	**(1,496)**	(1,406)
Other financing activities	**(46)**	33
Net cash provided by (used for) financing activities	**8,857**	(6,288)
Effect of exchange rate changes on cash and cash equivalents	**(1,198)**	325
Net increase (decrease) in cash and cash equivalents	**13,073**	(16,869)

Notes to Consolidated Financial Statements
(Unaudited)

Image27.jpg

1. Introduction and Basis of Presentation

The Firm

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms "Morgan Stanley" or the "Firm" mean Morgan Stanley (the "Parent Company") together with its consolidated subsidiaries. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Form 10-Q.

A description of the clients and principal products and services of each of the Firm's business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity securities and other products, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to customers. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering: financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed

generally served through intermediaries, including affiliated and non-affiliated distributors.

Basis of Financial Information

The financial statements are prepared in accordance with U.S. GAAP, which requires the Firm to make estimates and assumptions regarding the valuations of certain financial instruments, the valuations of goodwill and intangible assets, the outcome of legal and tax matters, deferred tax assets, ACL, and other matters that affect its financial statements and related disclosures. The Firm believes that the estimates utilized in the preparation of its financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

The Notes are an integral part of the Firm's financial statements. The Firm has evaluated subsequent events for adjustment to or disclosure in these financial statements through the date of this report and has not identified any recordable or disclosable events not otherwise reported in these financial statements or the notes thereto.

The accompanying financial statements should be read in conjunction with the Firm's financial statements and notes thereto included in the 2023 Form 10-K. Certain footnote disclosures included in the 2023 Form 10-K have been condensed or omitted from these financial statements as they are not required for interim reporting under U.S. GAAP. The financial statements reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

Consolidation

The financial statements include the accounts of the Firm, its wholly owned subsidiaries and other entities in which the Firm has a controlling financial interest, including certain VIEs (see Note 14). Intercompany balances and transactions have been eliminated. For consolidated

Image27.jpg

2. Significant Accounting Policies

For a detailed discussion about the Firm's significant accounting policies and for further information on accounting updates adopted in the prior year, see Note 2 to the financial statements in the 2023 Form 10-K.

In the first quarter of 2024, the Firm implemented certain presentation changes that impacted interest income and interest expense but had no effect on net interest income. These changes were made to align the accounting treatment between the balance sheet and the related interest income or expense, primarily by offsetting interest income and expense for certain prime brokerage-related customer receivables and payables that are currently accounted for as a single unit of account on the balance sheet. The current and previous presentation of these interest income and interest expense amounts are acceptable and the change does not represent a change in accounting principle. These changes were applied retrospectively to the income statement in 2023 and accordingly, prior period amounts were adjusted to conform with the current presentation.

During the three months ended March 31, 2024 there were no significant updates to the Firm's significant accounting policies, other than for the accounting updates adopted.

Accounting Updates Adopted in 2024

Investments - Tax Credit Structures

The Firm adopted the Investments - Equity Method and Joint Ventures - Tax Credit Structures accounting update on January 1, 2024 using the modified retrospective method. This accounting update permits an election to account for tax equity investments using the proportional amortization method if certain conditions are met. Under the proportional amortization method, the initial cost of the investment is amortized in proportion to the income tax credits and other income tax benefits received and recognized net in the income statement as a component of provision for income taxes. The update

3. Cash and Cash Equivalents

$ in millions	At March 31, 2024	At December 31, 2023
Cash and due from banks	**$ 8,356**	$ 7,323
Interest bearing deposits with banks	**93,949**	81,909
Total Cash and cash equivalents	**$ 102,305**	$ 89,232
Restricted cash	**$ 32,492**	$ 30,571

For additional information on cash and cash equivalents, including restricted cash, see Note 2 to the financial statements in the 2023 Form 10-K.

4. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At March 31, 2024				
$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	**$ 64,272**	**$ 44,638**	**$ —**	**$ —**	**$108,910**
Other sovereign government obligations	**27,671**	**11,170**	**64**	**—**	**38,905**
State and municipal securities	**—**	**1,927**	**102**	**—**	**2,029**
MABS	**—**	**1,689**	**457**	**—**	**2,146**
Loans and lending commitments[2]	**—**	**8,030**	**1,895**	**—**	**9,925**
Corporate and other debt	**—**	**37,304**	**2,042**	**—**	**39,346**
Corporate equities[3,5]	**118,398**	**715**	**268**	**—**	**119,381**
Derivative and other contracts:					
Interest rate	**2,067**	**133,957**	**843**	**—**	**136,867**
Credit	**1**	**10,049**	**401**	**—**	**10,451**
Foreign exchange	**34**	**72,069**	**249**	**—**	**72,352**

Image27.jpg

$ in millions	At March 31, 2024 Level 1	Level 2	Level 3	Netting[1]	Total
Liabilities at fair value					
Deposits	**$ —**	**$ 6,378**	**$ 51**	**$ —**	**$ 6,429**
Trading liabilities:					
U.S. Treasury and agency securities	**24,479**	**25**	**—**	**—**	**24,504**
Other sovereign government obligations	**30,427**	**3,624**	**—**	**—**	**34,051**
Corporate and other debt	**—**	**12,654**	**39**	**—**	**12,693**
Corporate equities[3]	**49,284**	**267**	**34**	**—**	**49,585**
Derivative and other contracts:					
Interest rate	**1,823**	**124,827**	**795**	**—**	**127,445**
Credit	**—**	**10,623**	**274**	**—**	**10,897**
Foreign exchange	**151**	**66,542**	**229**	**—**	**66,922**
Equity	**1,975**	**87,270**	**1,584**	**—**	**90,829**
Commodity and other	**1,874**	**10,851**	**1,684**	**—**	**14,409**
Netting[1]	**(4,301)**	**(230,318)**	**(1,002)**	**(42,871)**	**(278,492)**
Total derivative and other contracts	**1,522**	**69,795**	**3,564**	**(42,871)**	**32,010**
Total trading liabilities	**105,712**	**86,365**	**3,637**	**(42,871)**	**152,843**
Securities sold under agreements to repurchase	**—**	**367**	**460**	**—**	**827**
Other secured financings	**—**	**11,003**	**74**	**—**	**11,077**
Borrowings	**—**	**93,077**	**2,027**	**—**	**95,104**
Total liabilities at fair value	**$105,712**	**$197,190**	**$6,249**	**$(42,871)**	**$266,280**

$ in millions	At December 31, 2023 Level 1	Level 2	Level 3	Netting[1]	Total
Liabilities at fair value					
Deposits	$ —	$ 6,439	$ 33	$ —	$ 6,472
Trading liabilities:					
U.S. Treasury and agency securities	27,708	16	—	—	27,724
Other sovereign government obligations	26,829	3,955	6	—	30,790
Corporate and other debt	—	10,560	9	—	10,569
Corporate equities[3]	46,809	300	45	—	47,154
Derivative and other contracts:					
Interest rate	8,000	129,983	857	—	138,840
Credit	—	10,795	297	—	11,092
Foreign exchange	96	89,880	385	—	90,361
Equity	2,411	64,794	1,689	—	68,894
Commodity and other	1,642	11,904	1,521	—	15,067
Netting[1]	(7,643)	(237,497)	(1,082)	(42,757)	(288,979)
Total derivative and other contracts	4,506	69,859	3,667	(42,757)	35,275
Total trading liabilities	105,852	84,690	3,727	(42,757)	151,512
Securities sold under agreements to repurchase	—	571	449	—	1,020
Other secured financings	—	9,807	92	—	9,899
Borrowings	—	92,022	1,878	—	93,900
Total liabilities at fair value	$105,852	$193,529	$6,179	$(42,757)	$262,803

MABS—Mortgage- and asset-backed securities

1. For positions with the same counterparty that cross over the

$ in millions	At December 31, 2023 Level 1	Level 2	Level 3	Netting[1]	Total

there were no significant revisions made to the Firm's valuation techniques.

Rollforward of Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Three Months Ended March 31,	
$ in millions	**2024**	2023
U.S. Treasury and agency securities		
Beginning balance	$ —	$ 17
Purchases	**—**	(9)
Sales	**—**	(7)
Ending balance	**$ —**	$ 1
Unrealized gains (losses)	**$ —**	$ —
Other sovereign government obligations		
Beginning balance	$ 94	$ 169
Realized and unrealized gains (losses)	**(2)**	4
Purchases	**3**	78
Sales	**(8)**	(54)
Net transfers	**(23)**	(1)
Ending balance	**$ 64**	$ 196
Unrealized gains (losses)	**$ 1**	$ 4
State and municipal securities		
Beginning balance	$ 34	$ 145
Purchases	**2**	—
Sales	**(32)**	(40)
Net transfers	**98**	(102)
Ending balance	**$ 102**	$ 3
Unrealized gains (losses)	**$ —**	$ —
MABS		
Beginning balance	$ 489	$ 416
Realized and unrealized gains (losses)	**6**	2
Purchases	**48**	57
Sales	**(84)**	(45)
Net transfers	**(2)**	24
Ending balance	**$ 457**	$ 454
Unrealized gains (losses)	**$ (8)**	$ 1
Loans and lending commitments		
Beginning balance	$ 2,066	$ 2,017
Realized and unrealized gains (losses)	**(10)**	(26)
Purchases and originations	**483**	535
Sales	**(410)**	(193)
Settlements	**(122)**	(235)
Net transfers	**(112)**	(41)
Ending balance	**$ 1,895**	$ 2,057
Unrealized gains (losses)	**$ (10)**	$ (25)

	Three Months Ended March 31,	
$ in millions	**2024**	2023
Corporate and other debt		
Beginning balance	$ 1,983	$ 2,096
Realized and unrealized gains (losses)	**50**	34
Purchases and originations	**196**	508
Sales	**(122)**	(446)
Settlements	**(2)**	—
Net transfers	**(63)**	51
Ending balance	**$ 2,042**	$ 2,243
Unrealized gains (losses)	**$ 108**	$ 64
Corporate equities		
Beginning balance	$ 199	$ 116
Realized and unrealized gains (losses)	**(64)**	(8)
Purchases	**10**	19
Sales	**(12)**	(25)
Net transfers	**135**	42
Ending balance	**$ 268**	$ 144
Unrealized gains (losses)	**$ (2)**	$ (2)
Investments		
Beginning balance	$ 949	$ 923
Realized and unrealized gains (losses)	**20**	14
Purchases	**3**	47
Sales	**(2)**	(24)
Net transfers	**—**	(5)
Ending balance	**$ 970**	$ 955
Unrealized gains (losses)	**$ (5)**	$ 10
Investment securities—AFS		
Beginning balance	$ —	$ 35
Realized and unrealized gains (losses)	**—**	1
Net transfers	**—**	(36)
Ending balance	**$ —**	$ —
Unrealized gains (losses)	**$ —**	$ 1
Net derivatives: Interest rate		
Beginning balance	$ (73)	$ (151)
Realized and unrealized gains (losses)	**113**	(149)
Purchases	**31**	10
Issuances	**(16)**	(8)
Settlements	**(112)**	189
Net transfers	**105**	(108)
Ending balance	**$ 48**	$ (217)
Unrealized gains (losses)	**$ 119**	$ 29

Image27.jpg

$ in millions	Three Months Ended March 31, 2024	2023
Net derivatives: Credit		
Beginning balance	$ 96	$ 110
Realized and unrealized gains (losses)	**(11)**	(27)
Settlements	**48**	(31)
Net transfers	**(6)**	(4)
Ending balance	**$ 127**	$ 48
Unrealized gains (losses)	**$ (9)**	$ (28)
Net derivatives: Foreign exchange		
Beginning balance	$ (365)	$ 66
Realized and unrealized gains (losses)	**301**	(11)
Purchases	**9**	—
Issuances	**—**	(3)
Settlements	**(28)**	40
Net transfers	**103**	(26)
Ending balance	**$ 20**	$ 66
Unrealized gains (losses)	**$ 348**	$ (10)
Net derivatives: Equity		
Beginning balance	$ (1,102)	$ (736)
Realized and unrealized gains (losses)	**171**	16
Purchases	**47**	39
Issuances	**(49)**	(161)
Settlements	**77**	(30)
Net transfers	**(133)**	95
Ending balance	**$ (989)**	$ (777)
Unrealized gains (losses)	**$ 192**	$ (30)
Net derivatives: Commodity and other		
Beginning balance	$ 1,290	$ 1,083
Realized and unrealized gains (losses)	**44**	446
Purchases	**87**	16
Issuances	**(44)**	(3)
Settlements	**(153)**	(103)
Net transfers	**(14)**	160
Ending balance	**$ 1,210**	$ 1,599
Unrealized gains (losses)	**$ (132)**	$ 211
Deposits		
Beginning balance	$ 33	$ 20
Realized and unrealized losses (gains)	**1**	—
Issuances	**2**	6
Settlements	**(1)**	—
Net transfers	**16**	3
Ending balance	**$ 51**	$ 29
Unrealized losses (gains)	**$ 1**	$ —

$ in millions	Three Months Ended March 31, 2024	2023
Securities sold under agreements to repurchase		
Beginning balance	$ 449	$ 512
Realized and unrealized losses (gains)	**11**	11
Settlements	**—**	(9)
Ending balance	**$ 460**	$ 514
Unrealized losses (gains)	**$ 11**	$ 11
Other secured financings		
Beginning balance	$ 92	$ 91
Realized and unrealized losses (gains)	**(4)**	2
Issuances	**7**	41
Settlements	**(21)**	(19)
Ending balance	**$ 74**	$ 115
Unrealized losses (gains)	**$ (4)**	$ 2
Borrowings		
Beginning balance	$ 1,878	$ 1,587
Realized and unrealized losses (gains)	**51**	48
Issuances	**217**	239
Settlements	**(109)**	(82)
Net transfers	**(10)**	(143)
Ending balance	**$ 2,027**	$ 1,649
Unrealized losses (gains)	**$ 50**	$ 45
Portion of Unrealized losses (gains) recorded in OCI—Change in net DVA	**22**	9

Level 3 instruments may be hedged with instruments classified in Level 1 and Level 2. The realized and unrealized gains or losses for assets and liabilities within the Level 3 category presented in the previous tables do not reflect the related realized and unrealized gains or losses on hedging instruments that have been classified by the Firm within the Level 1 and/or Level 2 categories.

The unrealized gains (losses) during the period for assets and liabilities within the Level 3 category may include changes in fair value during the period that were attributable to both observable and unobservable inputs. Total realized and unrealized gains (losses) are primarily included in Trading revenues in the income statement.

Additionally, in the previous tables, consolidations of VIEs are included in Purchases, and deconsolidations of VIEs are

Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements

Valuation Techniques and Unobservable Inputs

$ in millions, except inputs	Balance / Range (Average[1]) At March 31, 2024	At December 31, 2023
Assets at Fair Value on a Recurring Basis		
Other sovereign government obligations	**$ 64**	$ 94
Comparable pricing:		
Bond price	**62 to 116 points (87 points)**	61 to 110 points (87 points)
State and municipal securities	**$ 102**	$ 34
Comparable pricing:		
Bond price	**99 to 100 points (100 points)**	N/M
MABS	**$ 457**	$ 489
Comparable pricing:		
Bond price	**0 to 88 points (60 points)**	0 to 88 points (61 points)
Loans and lending commitments	**$ 1,895**	$ 2,066
Margin loan model:		
Margin loan rate	**2% to 4% (3%)**	2% to 4% (3%)
Comparable pricing:		
Loan price	**84 to 101 points (97 points)**	85 to 102 points (98 points)
Corporate and other debt	**$ 2,042**	$ 1,983
Comparable pricing:		
Bond price	**28 to 130 points (85 points)**	28 to 135 points (82 points)
Discounted cash flow:		
Loss given default	**54% to 84% (62% / 54%)**	54% to 84% (62% / 54%)
Corporate equities	**$ 268**	$ 199

$ in millions, except inputs	Balance / Range (Average[1]) At March 31, 2024	At December 31, 2023
Foreign exchange[2]	**$ 20**	$ (365)
Option model:		
IR curve	**-1% to 14% (5% / 4%)**	-4% to 26% (7% / 5%)
Foreign exchange volatility skew	**N/M**	-3% to 12% (2% / 0%)
Contingency probability	**70% to 95% (90% / 95%)**	95%
Equity[2]	**$ (989)**	$ (1,102)
Option model:		
Equity volatility	**6% to 92% (19%)**	6% to 97% (23%)
Equity volatility skew	**-1% to 0% (-1%)**	-1% to 0% (0%)
Equity correlation	**25% to 99% (59%)**	25% to 97% (49%)
FX correlation	**-74% to 50% (-19%)**	-79% to 40% (-28%)
IR correlation	**13% to 30% (14%)**	10% to 30% (15%)
Commodity and other	**$ 1,210**	$ 1,290
Option model:		
Forward power price	**$0 to $186 ($48) per MWh**	$0 to $220 ($49) per MWh
Commodity volatility	**10% to 115% (31%)**	8% to 123% (31%)
Cross-commodity correlation	**54% to 100% (94%)**	54% to 100% (94%)
Liabilities Measured at Fair Value on a Recurring Basis		
Deposits	**$ 51**	N/M
Option model:		
Equity volatility	**7% to 13% (7%)**	N/M
Securities sold under agreements to repurchase	**$ 460**	$ 449
Discounted cash flow:		
Funding spread	**6 to 134 bps (42 / 30 bps)**	28 to 135 bps (79 bps)
Other secured financings	**$ 74**	$ 92
Comparable		

FX—Foreign exchange

1. A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are more relevant.
2. Includes derivative contracts with multiple risks (i.e., hybrid products).

The previous table provides information on the valuation techniques, significant unobservable inputs, and the ranges and averages for each major category of assets and liabilities measured at fair value on a recurring and nonrecurring basis with a significant Level 3 balance. The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory of financial instruments. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. Generally, there are no predictable relationships between multiple significant unobservable inputs attributable to a given valuation technique.

For a description of the Firm's significant unobservable inputs and qualitative information about the effect of hypothetical changes in the values of those inputs, see Note 4 to the financial statements in the 2023 Form 10-K. During the current quarter, there were no significant revisions made to the descriptions of the Firm's significant unobservable inputs.

Net Asset Value Measurements

Fund Interests

	At March 31, 2024		At December 31, 2023	
$ in millions	Carrying Value	Commitment	Carrying Value	Commitment
Private equity	**$ 2,460**	**$ 693**	$ 2,685	$ 720
Real estate	**2,803**	**235**	2,765	240
Hedge	**77**	**3**	74	3
Total	**$ 5,340**	**$ 931**	$ 5,524	$ 963

Amounts in the previous table represent the Firm's carrying value of general and limited partnership interests in fund investments, as well as any related performance-based income in the form of carried interest. The carrying amounts are measured based on

Nonredeemable Funds by Contractual Maturity

	Carrying Value at March 31, 2024	
$ in millions	Private Equity	Real Estate
Less than 5 years	**$ 1,122**	**$ 947**
5-10 years	**1,242**	**1,816**
Over 10 years	**96**	**40**
Total	**$ 2,460**	**$ 2,803**

Nonrecurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

	At March 31, 2024		
	Fair Value		
$ in millions	Level 2	Level 3[1]	Total
Assets			
Loans	**2,460**	**5,119**	**7,579**
Total	**$ 2,460**	**$ 5,119**	**$ 7,579**
Liabilities			
Other liabilities and accrued expenses—Lending commitments	**$ 70**	**$ 58**	**$ 128**
Total	**$ 70**	**$ 58**	**$ 128**

	At December 31, 2023		
	Fair Value		
$ in millions	Level 2	Level 3[1]	Total
Assets			
Loans	$ 4,215	$ 4,532	$ 8,747
Other assets—Other investments	—	4	4
Other assets—ROU assets	23	—	23
Total	$ 4,238	$ 4,536	$ 8,774
Liabilities			
Other liabilities and accrued expenses—Lending commitments	$ 110	$ 60	$ 170
Total	$ 110	$ 60	$ 170

1. For significant Level 3 balances, refer to "Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements" section herein for details of the significant unobservable inputs used for nonrecurring fair value measurement.

Gains (Losses) from Nonrecurring Fair Value Remeasurements[1]

Three Months Ended

Image27.jpg

Financial Instruments Not Measured at Fair Value

	At March 31, 2024				
		Fair Value			
$ in millions	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	**$ 102,305**	**$102,305**	**$ —**	**$ —**	**$102,305**
Investment securities—HTM	**65,420**	**19,768**	**34,355**	**1,160**	**55,283**
Securities purchased under agreements to resell	**122,733**	**—**	**120,543**	**2,200**	**122,743**
Securities borrowed	**132,852**	**—**	**132,852**	**—**	**132,852**
Customer and other receivables	**75,427**	**—**	**71,198**	**4,010**	**75,208**
Loans[1,2]					
Held for investment	**203,794**	**—**	**15,513**	**181,932**	**197,445**
Held for sale	**13,426**	**—**	**6,002**	**7,511**	**13,513**
Other assets	**704**	**—**	**704**	**—**	**704**
Financial liabilities					
Deposits	**$ 346,065**	**$ —**	**$346,166**	**$ —**	**$346,166**
Securities sold under agreements to repurchase	**81,577**	**—**	**81,560**	**—**	**81,560**
Securities loaned	**15,945**	**—**	**15,945**	**—**	**15,945**
Other secured financings	**4,014**	**—**	**4,013**	**—**	**4,013**
Customer and other payables	**214,263**	**—**	**214,263**	**—**	**214,263**
Borrowings	**176,279**	**—**	**178,960**	**55**	**179,015**
	Commitment Amount				
Lending commitments[3]	**$ 157,086**	**$ —**	**$ 1,108**	**$ 833**	**$ 1,941**

	At December 31, 2023				
		Fair Value			
$ in millions	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 89,232	$89,232	$ —	$ —	$ 89,232
Investment securities—HTM	66,694	21,937	34,411	1,105	57,453
Securities purchased under agreements to resell	110,733	—	108,099	2,674	110,773
Securities borrowed	121,091	—	121,091	—	121,091
Customer and other receivables	74,337	—	70,110	4,031	74,141
Loans[1,2]					
Held for investment	203,385	—	20,125	176,291	196,416
Held for sale	15,255	—	8,652	6,672	15,324
Other assets	704	—	704	—	704
Financial liabilities					
Deposits	$ 345,332	$ —	$345,391	$ —	$345,391
Securities sold under agreements to repurchase	61,631	—	61,621	—	61,621
Securities loaned	15,057	—	15,055	—	15,055
Other secured financings	2,756	—	2,756	—	2,756
Customer and other payables	208,015	—	208,015	—	208,015
Borrowings	169,832	—	171,009	4	171,013
	Commitment Amount				
Lending commitments[3]	$ 149,464	$ —	$ 1,338	$ 749	$ 2,087

1. Amounts include loans measured at fair value on a nonrecurring basis.
2. Loans amounts have been disaggregated into HFI and HFS for the first time in the fourth quarter of 2023. Prior period amounts have been revised to match the current period presentation.
3. Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending

Net Revenues from Borrowings under the Fair Value Option

$ in millions	Three Months Ended March 31, 2024	2023
Trading revenues	**$ (114)**	$ (4,378)
Interest expense	**144**	108
Net revenues[1]	**$ (258)**	$ (4,486)

1. Amounts do not reflect any gains or losses from related economic hedges.

Gains (losses) from changes in fair value are recorded in Trading revenues and are mainly attributable to movements in the reference price or index, interest rates or foreign exchange rates.

Gains (Losses) Due to Changes in Instrument-Specific Credit Risk

	Three Months Ended March 31,			
	2024		2023	
$ in millions	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables[1]	**$ 26**	**$ —**	$ (43)	$ —
Lending commitments	**(3)**	**—**	11	—
Deposits	**—**	**(4)**	—	93
Borrowings	**(10)**	**(737)**	(6)	(117)

$ in millions	At March 31, 2024	At December 31, 2023
Cumulative pre-tax DVA gain (loss) recognized in AOCI	**$ (2,907)**	$ (2,166)

1. Loans and other receivables-specific credit gains (losses) were determined by excluding the non-credit components of gains and losses.

Difference Between Contractual Principal and Fair Value[1]

$ in millions	At March 31, 2024	At December 31, 2023
Loans and other receivables[2]	**$ 10,667**	$ 11,086
Nonaccrual loans[2]	**8,101**	8,566
Borrowings[3]	**3,085**	3,030

1. Amounts indicate contractual principal greater than or (less than)

6. Derivative Instruments and Hedging Activities

Fair Values of Derivative Contracts

	Assets at March 31, 2024			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 4**	**$ —**	**$ —**	**$ 4**
Foreign exchange	**83**	**20**	**—**	**103**
Total	**87**	**20**	**—**	**107**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**3**	**30**	**—**	**33**
Other derivatives				
Interest rate	**120,182**	**16,370**	**311**	**136,863**
Credit	**5,522**	**4,896**	**—**	**10,418**
Foreign exchange	**70,243**	**1,968**	**38**	**72,249**
Equity	**24,722**	**—**	**51,738**	**76,460**
Commodity and other	**14,511**	**—**	**2,254**	**16,765**
Total	**235,183**	**23,264**	**54,341**	**312,788**
Total gross derivatives	**$235,270**	**$23,284**	**$ 54,341**	**$312,895**
Amounts offset				
Counterparty netting	**(163,903)**	**(20,569)**	**(51,634)**	**(236,106)**
Cash collateral netting	**(37,516)**	**(1,841)**	**—**	**(39,357)**
Total in Trading assets	**$ 33,851**	**$ 874**	**$ 2,707**	**$ 37,432**
Amounts not offset[1]				
Financial instruments collateral	**(17,375)**	**—**	**—**	**(17,375)**
Net amounts	**$ 16,476**	**$ 874**	**$ 2,707**	**$ 20,057**
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				**$ 2,798**

Liabilities at March 31, 2024

Notes to Consolidated Financial Statements (Unaudited)

$ in millions	Assets at December 31, 2023			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 25	$ —	$ —	$ 25
Foreign exchange	5	5	—	10
Total	30	5	—	35
Not designated as accounting hedges				
Economic hedges of loans				
Credit	2	27	—	29
Other derivatives				
Interest rate	127,414	19,914	854	148,182
Credit	5,712	4,896	—	10,608
Foreign exchange	90,654	2,570	16	93,240
Equity	20,338	—	37,737	58,075
Commodity and other	13,928	—	2,353	16,281
Total	258,048	27,407	40,960	326,415
Total gross derivatives	$258,078	$27,412	$ 40,960	$326,450
Amounts offset				
Counterparty netting	(184,553)	(23,851)	(38,510)	(246,914)
Cash collateral netting	(39,493)	(2,730)	—	(42,223)
Total in Trading assets	$ 34,032	$ 831	$ 2,450	$ 37,313
Amounts not offset[1]				
Financial instruments collateral	(15,690)	—	—	(15,690)
Net amounts	$ 18,342	$ 831	$ 2,450	$ 21,623
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 2,641

$ in millions	Liabilities at December 31, 2023			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 467	$ —	$ —	$ 467
Foreign exchange	414	43	—	457
Total	881	43	—	924

Notionals of Derivative Contracts

$ in billions	Assets at March 31, 2024			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ —**	**$ 88**	**$ —**	**$ 88**
Foreign exchange	**14**	**2**	**—**	**16**
Total	**14**	**90**	**—**	**104**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**—**	**—**	**—**	**—**
Other derivatives				
Interest rate	**4,324**	**7,845**	**570**	**12,739**
Credit	**203**	**161**	**—**	**364**
Foreign exchange	**3,692**	**193**	**14**	**3,899**
Equity	**583**	**—**	**509**	**1,092**
Commodity and other	**137**	**—**	**70**	**207**
Total	**8,939**	**8,199**	**1,163**	**18,301**
Total gross derivatives	**$ 8,953**	**$8,289**	**$ 1,163**	**$18,405**

$ in billions	Liabilities at March 31, 2024			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 2**	**$ 195**	**$ —**	**$ 197**
Foreign exchange	**1**	**2**	**—**	**3**
Total	**3**	**197**	**—**	**200**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**2**	**21**	**—**	**23**
Other derivatives				
Interest rate	**4,639**	**7,457**	**427**	**12,523**
Credit	**217**	**143**	**—**	**360**
Foreign exchange	**3,742**	**196**	**43**	**3,981**
Equity	**666**	**—**	**788**	**1,454**
Commodity and other	**103**	**—**	**83**	**186**
Total	**9,369**	**7,817**	**1,341**	**18,527**
Total gross derivatives	**$ 9,372**	**$8,014**	**$ 1,341**	**$18,727**

$ in billions	Assets at December 31, 2023			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total

	Liabilities at December 31, 2023			
$ in billions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 3	$ 183	$ —	$ 186
Foreign exchange	14	3	—	17
Total	17	186	—	203
Not designated as accounting hedges				
Economic hedges of loans				
Credit	2	22	—	24
Other derivatives				
Interest rate	4,631	8,197	455	13,283
Credit	229	155	—	384
Foreign exchange	3,496	167	33	3,696
Equity	587	—	712	1,299
Commodity and other	101	—	79	180
Total	9,046	8,541	1,279	18,866
Total gross derivatives	$ 9,063	$ 8,727	$ 1,279	$ 19,069

The notional amounts of derivative contracts generally overstate the Firm's exposure. In most circumstances, notional amounts are used only as a reference point from which to calculate amounts owed between the parties to the contract. Furthermore, notional amounts do not reflect the benefit of legally enforceable netting arrangements or risk mitigating transactions.

For a discussion of the Firm's derivative instruments and hedging activities, see Note 6 to the financial statements in the 2023 Form 10-K.

Gains (Losses) on Accounting Hedges

	Three Months Ended March 31,	
$ in millions	**2024**	2023
Fair value hedges—Recognized in Interest income		
Interest rate contracts	**$ 572**	$ (372)
Investment Securities—AFS	**(552)**	381
Fair value hedges—Recognized in Interest expense		
Interest rate contracts	**$ (2,127)**	$ 2,284
Deposits	**10**	(54)
Borrowings	**2,109**	(2,240)
Net investment hedges—Foreign exchange contracts		

Fair Value Hedges—Hedged Items

$ in millions	**At March 31, 2024**	At December 31, 2023
Investment Securities—AFS		
Amortized cost basis currently or previously hedged	**$ 46,737**	$ 47,179
Basis adjustments included in amortized cost[1]	**$ (1,120)**	$ (732)
Deposits		
Carrying amount currently or previously hedged	**$ 12,216**	$ 10,569
Basis adjustments included in carrying amount[1]	**$ (41)**	$ (31)
Borrowings		
Carrying amount currently or previously hedged	**$ 163,127**	$ 158,659
Basis adjustments included in carrying amount—Outstanding hedges	**$ (11,305)**	$ (9,219)
Basis adjustments included in carrying amount—Terminated hedges	**$ (666)**	$ (671)

1. Hedge accounting basis adjustments are primarily related to outstanding hedges.

Gains (Losses) on Economic Hedges of Loans

	Three Months Ended March 31,	
$ in millions	**2024**	2023
Recognized in Other revenues		
Credit contracts[1]	**$ (123)**	$ (161)

1. Amounts related to hedges of certain held-for-investment and held-for-sale loans.

Net Derivative Liabilities and Collateral Posted

$ in millions	**At March 31, 2024**	At December 31, 2023
Net derivative liabilities with credit risk-related contingent features	**$ 18,862**	$ 21,957
Collateral posted	**12,746**	16,389

The previous table presents the aggregate fair value of certain derivative contracts

downgrade scenarios based on the relevant contractual downgrade triggers.

Maximum Potential Payout/Notional of Credit Protection Sold[1]

	Years to Maturity at March 31, 2024				
$ in billions	< 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	**$ 19**	**$ 29**	**$ 40**	**$ 14**	**$ 102**
Non-investment grade	**7**	**14**	**17**	**4**	**42**
Total	**$ 26**	**$ 43**	**$ 57**	**$ 18**	**$ 144**
Index and basket CDS					
Investment grade	**$ 8**	**$ 19**	**$ 46**	**$ 7**	**$ 80**
Non-investment grade	**9**	**14**	**77**	**34**	**134**
Total	**$ 17**	**$ 33**	**$ 123**	**$ 41**	**$ 214**
Total CDS sold	**$ 43**	**$ 76**	**$ 180**	**$ 59**	**$ 358**
Other credit contracts	**—**	**—**	**—**	**3**	**3**
Total credit protection sold	**$ 43**	**$ 76**	**$ 180**	**$ 62**	**$ 361**
CDS protection sold with identical protection purchased					**$ 306**

	Years to Maturity at December 31, 2023				
$ in billions	< 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	$ 19	$ 29	$ 39	$ 10	$ 97
Non-investment grade	7	14	17	1	39
Total	$ 26	$ 43	$ 56	$ 11	$ 136
Index and basket CDS					
Investment grade	$ 8	$ 19	$ 85	$ 4	$ 116
Non-investment grade	8	14	95	17	134
Total	$ 16	$ 33	$ 180	$ 21	$ 250
Total CDS sold	$ 42	$ 76	$ 236	$ 32	$ 386
Other credit contracts	—	—	—	3	3
Total credit protection sold	$ 42	$ 76	$ 236	$ 35	$ 389
CDS protection sold with identical protection purchased					$ 330

Fair Value Asset (Liability) of Credit Protection Sold[1]

	At March 31,	At December 31,

Protection Purchased with CDS

	Notional	
$ in billions	**At March 31, 2024**	At December 31, 2023
Single name	**$ 174**	$ 166
Index and basket	**182**	213
Tranched index and basket	**32**	30
Total	**$ 388**	$ 409

	Fair Value Asset (Liability)	
$ in millions	**At March 31, 2024**	At December 31, 2023
Single name	**$ (3,114)**	$ (2,799)
Index and basket	**(1,249)**	(1,208)
Tranched index and basket	**(1,256)**	(1,012)
Total	**$ (5,619)**	$ (5,019)

The Firm enters into credit derivatives, principally CDS, under which it receives or provides protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. A majority of the Firm's counterparties for these derivatives are banks, broker-dealers, and insurance and other financial institutions.

The fair value amounts as shown in the previous tables are prior to cash collateral or counterparty netting. For further information on credit derivatives and other credit contracts, see Note 6 to the financial statements in the 2023 Form 10-K.

7. Investment Securities

AFS and HTM Securities

	At March 31, 2024			
$ in millions	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	**$ 59,035**	**$ 49**	**$ 860**	**$ 58,224**
U.S. agency securities[2]	**25,232**	**4**	**2,726**	**22,510**
Agency CMBS	**5,762**	**—**	**420**	**5,342**

Notes to Consolidated Financial Statements
(Unaudited)

Image27.jpg

$ in millions	At December 31, 2023 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	$ 58,484	$ 24	$ 1,103	$ 57,405
U.S. agency securities[2]	25,852	4	2,528	23,328
Agency CMBS	5,871	—	456	5,415
State and municipal securities	1,132	46	5	1,173
FFELP student loan ABS[3]	810	—	18	792
Total AFS securities	92,149	74	4,110	88,113
HTM securities				
U.S. Treasury securities	23,222	—	1,285	21,937
U.S. agency securities[2]	40,894	—	7,699	33,195
Agency CMBS	1,337	—	121	1,216
Non-agency CMBS	1,241	2	138	1,105
Total HTM securities	66,694	2	9,243	57,453
Total investment securities	$158,843	$ 76	$ 13,353	$145,566

1. Amounts are net of any ACL.
2. U.S. agency securities consist mainly of agency mortgage pass-through pool securities, CMOs and agency-issued debt.
3. Underlying loans are backed by a guarantee, ultimately from the U.S. Department of Education, of at least 95% of the principal balance and interest outstanding.

AFS Securities in an Unrealized Loss Position

$ in millions	**At March 31, 2024** Fair Value	**At March 31, 2024** Gross Unrealized Losses	At December 31, 2023 Fair Value	At December 31, 2023 Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	**$ 4,377**	**$ 17**	$ 14,295	$ 22
12 months or longer	**30,024**	**843**	33,458	1,081
Total	**34,401**	**860**	47,753	1,103

As of March 31, 2024 and December 31, 2023, the securities in an unrealized loss position are predominantly investment grade.

The HTM securities net carrying amounts at March 31, 2024 and December 31, 2023 reflect an ACL of $41 million and $44 million, respectively, predominantly related to Non-agency CMBS. See Note 2 in the 2023 Form 10-K for a description of the ACL methodology used for HTM Securities. As of March 31, 2024 and December 31, 2023, Non-Agency CMBS HTM securities were predominantly on accrual status and investment grade.

See Note 14 for additional information on securities issued by VIEs, including U.S. agency mortgage-backed securities, non-agency CMBS, and FFELP student loan ABS.

Investment Securities by Contractual Maturity

$ in millions	**At March 31, 2024** Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]
AFS securities			
U.S. Treasury securities:			
Due within 1 year	**$ 16,765**	**$16,508**	**1.4 %**
After 1 year through 5 years	**37,649**	**37,087**	**2.9 %**
After 5 years through 10 years	**4,621**	**4,629**	**4.0 %**
Total	**59,035**	**58,224**	
U.S. agency securities:			
Due within 1 year	**10**	**9**	**(0.5)%**
After 1 year through 5 years	**349**	**327**	**1.6 %**
After 5 years through 10 years	**509**	**464**	**1.8 %**
After 10 years	**24,364**	**21,710**	**3.7 %**
Total	**25,232**	**22,510**	
Agency CMBS:			
Due within 1 year	**1**	**1**	**(2.2)%**
After 1 year through 5 years	**2,969**	**2,861**	**2.0 %**
After 5 years through 10 years	**1,615**	**1,531**	**1.9 %**
After 10 years	**1,177**	**949**	**1.4 %**
Total	**5,762**	**5,342**	

Image27.jpg

$ in millions	At March 31, 2024 Amortized Cost[1]	Fair Value	Annualized Average Yield[2]
HTM securities			
U.S. Treasury securities:			
Due within 1 year	**5,252**	**5,179**	**2.1 %**
After 1 year through 5 years	**13,826**	**13,063**	**2.0 %**
After 5 years through 10 years	**503**	**412**	**1.1 %**
After 10 years	**1,557**	**1,114**	**2.3 %**
Total	**21,138**	**19,768**	
U.S. agency securities:			
After 1 year through 5 years	**5**	**5**	**1.8 %**
After 5 years through 10 years	**277**	**258**	**2.1 %**
After 10 years	**41,416**	**32,917**	**1.9 %**
Total	**41,698**	**33,180**	
Agency CMBS:			
Due within 1 year	**113**	**110**	**1.9 %**
After 1 year through 5 years	**942**	**867**	**1.3 %**
After 5 years through 10 years	**116**	**97**	**1.4 %**
After 10 years	**126**	**101**	**1.6 %**
Total	**1,297**	**1,175**	
Non-agency CMBS:			
Due within 1 year	**194**	**175**	**4.1 %**
After 1 year through 5 years	**391**	**369**	**4.7 %**
After 5 years through 10 years	**621**	**538**	**3.7 %**
After 10 years	**81**	**78**	**6.4 %**
Total	**1,287**	**1,160**	
Total HTM securities	**65,420**	**55,283**	**2.0 %**
Total investment securities	**156,680**	**142,596**	**2.5 %**

1. Amounts are net of any ACL.
2. Annualized average yield is computed using the effective yield, weighted based on the amortized cost of each security. The effective yield is shown pre-tax and excludes the effect of related hedging derivatives.
3. At March 31, 2024, the annualized average yield, including the interest rate swap accrual of related hedges, was 2.1% for AFS securities contractually maturing within 1 year and 3.8% for all AFS securities.

8. Collateralized Transactions

Offsetting of Certain Collateralized Transactions

$ in millions	At March 31, 2024 Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	**$293,414**	**$(170,681)**	**$122,733**	**$(118,405)**	**$ 4,328**
Securities borrowed	**163,755**	**(30,903)**	**132,852**	**(128,658)**	**4,194**
Liabilities					
Securities sold under agreements to repurchase	**$253,085**	**$(170,681)**	**$ 82,404**	**$ (74,081)**	**$ 8,323**
Securities loaned	**46,848**	**(30,903)**	**15,945**	**(15,935)**	**10**
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					**$ 4,175**
Securities borrowed					**447**
Securities sold under agreements to repurchase					**6,312**
Securities loaned					**2**

$ in millions	At December 31, 2023 Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	$300,242	$(189,502)	$110,740	$(108,893)	$ 1,847
Securities borrowed	142,453	(21,362)	121,091	(115,969)	5,122
Liabilities					
Securities sold under agreements to repurchase	$252,153	$(189,502)	$ 62,651	$ (58,357)	$ 4,294

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

$ in millions	At December 31, 2023 Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	$ 80,376	$114,826	$25,510	$31,441	$252,153
Securities loaned	21,508	1,345	709	12,857	36,419
Total included in the offsetting disclosure	$101,884	$116,171	$26,219	$44,298	$288,572
Trading liabilities—Obligation to return securities received as collateral	13,528	—	—	—	13,528
Total	$115,412	$116,171	$26,219	$44,298	$302,100

Gross Secured Financing Balances by Class of Collateral Pledged

$ in millions	**At March 31, 2024**	At December 31, 2023
Securities sold under agreements to repurchase		
U.S. Treasury and agency securities	**$ 84,185**	$ 98,377
Other sovereign government obligations	**131,489**	122,342
Corporate equities	**23,791**	18,144
Other	**13,620**	13,290
Total	**$ 253,085**	$ 252,153
Securities loaned		
Other sovereign government obligations	**$ 1,793**	$ 1,379
Corporate equities	**44,245**	34,434
Other	**810**	606
Total	**$ 46,848**	$ 36,419
Total included in the offsetting disclosure	**$ 299,933**	$ 288,572
Trading liabilities—Obligation to return securities received as collateral		
Corporate equities	**$ 8,564**	$ 13,502
Other	**94**	26

The Firm receives collateral in the form of securities in connection with securities purchased under agreements to resell, securities borrowed, securities-for-securities transactions, derivative transactions, customer margin loans and securities-based lending. In many cases, the Firm is permitted to sell or repledge this collateral to secure securities sold under agreements to repurchase, to enter into securities lending and derivative transactions or to deliver to counterparties to cover short positions.

Securities Segregated for Regulatory Purposes

$ in millions	**At March 31, 2024**	At December 31, 2023
Segregated securities[1]	**$ 24,393**	$ 20,670

1. Securities segregated under federal regulations for the Firm's U.S. broker-dealers are sourced from Securities purchased under agreements to resell and Trading assets in the balance sheet.

Customer Margin and Other Lending

$ in millions	**At March 31, 2024**	At December 31, 2023
Margin and other lending	**$ 47,464**	$ 45,644

The Firm provides margin lending arrangements that allow customers to borrow against the value of qualifying securities. Receivables from these arrangements are included within Customer and other receivables in the balance sheet. Under these arrangements, the Firm receives collateral, which includes U.S. government and agency securities, other sovereign government obligations, corporate and other debt, and corporate equities. Margin loans are collateralized by customer-owned securities held by the Firm. The Firm monitors required margin levels and established credit terms daily and, pursuant to such guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

For a further discussion of the Firm's margin lending activities, see Note 8 to the financial statements in the 2023 Form 10-K.

9. Loans, Lending Commitments and Related Allowance for Credit Losses

Loans by Type

	At March 31, 2024		
$ in millions	HFI Loans	HFS Loans	Total Loans
Corporate	$ 7,171	$ 9,655	$ 16,826
Secured lending facilities	38,692	3,564	42,256
Commercial real estate	8,689	205	8,894
Residential real estate	61,339	2	61,341
Securities-based lending and Other	89,044	—	89,044
Total loans	204,935	13,426	218,361
ACL	(1,141)		(1,141)
Total loans, net	$ 203,794	$ 13,426	$ 217,220
Loans to non-U.S. borrowers, net	$ 21,591	$ 4,945	$ 26,536

	At December 31, 2023		
$ in millions	HFI Loans	HFS Loans	Total Loans
Corporate	$ 6,758	$ 11,862	$ 18,620
Secured lending facilities	39,498	3,161	42,659
Commercial real estate	8,678	209	8,887
Residential real estate	60,375	22	60,397
Securities-based lending and Other	89,245	1	89,246
Total loans	204,554	15,255	219,809
ACL	(1,169)		(1,169)
Total loans, net	$ 203,385	$ 15,255	$ 218,640
Loans to non-U.S. borrowers, net	$ 21,152	$ 5,043	$ 26,195

For additional information on the Firm's held-for-investment and held-for-sale loan portfolios, see Note 9 to the financial statements in the 2023 Form 10-K.

Loans by Interest Rate Type

	At March 31, 2024		At December 31, 2023	
$ in millions	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	$ —	$ 16,826	$ —	$ 18,620
Secured lending				

Loans Held for Investment before Allowance by Credit Quality and Origination Year

	At March 31, 2024			At December 31, 2023		
	Corporate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$2,319	$4,373	$6,692	$2,350	$3,863	$6,213
2024	—	—	—			
2023	—	50	50	—	88	88
2022	—	156	156	—	166	166
2021	15	75	90	15	89	104
2020	28	25	53	29	25	54
Prior	—	130	130	—	133	133
Total	$2,362	$4,809	$7,171	$2,394	$4,364	$6,758

	At March 31, 2024			At December 31, 2023		
	Secured Lending Facilities					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 8,867	$22,085	$30,952	$ 9,494	$22,240	$31,734
2024	—	374	374			
2023	1,512	1,392	2,904	1,535	1,459	2,994
2022	385	2,247	2,632	392	2,390	2,782
2021	—	359	359	—	365	365
2020	—	76	76	—	80	80
Prior	355	1,040	1,395	356	1,187	1,543
Total	$11,119	$27,573	$38,692	$11,777	$27,721	$39,498

	At March 31, 2024			At December 31, 2023		
	Commercial Real Estate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ —	$ 170	$ 170	$ —	$ 170	$ 170
2024	—	753	753			
2023	365	947	1,312	261	1,067	1,328
2022	282	1,883	2,165	284	1,900	2,184
2021	295	1,554	1,849	370	1,494	1,864
2020	—	755	755	—	756	756
Prior	57	1,628	1,685	195	2,181	2,376
Total	$ 999	$7,690	$8,689	$1,110	$7,568	$8,678

At March 31, 2024

	At March 31, 2024			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	**$ 70,959**	**$ 5,304**	**$ 1,486**	**$ 77,749**
2024	**231**	**17**	**184**	**432**
2023	**1,502**	**621**	**364**	**2,487**
2022	**1,056**	**526**	**1,091**	**2,673**
2021	**104**	**251**	**437**	**792**
2020	**39**	**285**	**507**	**831**
Prior	**222**	**1,617**	**2,241**	**4,080**
Total	**$ 74,113**	**$ 8,621**	**$ 6,310**	**$ 89,044**

	December 31, 2023			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	$ 71,474	$ 5,230	$ 1,362	$ 78,066
2023	1,612	627	346	2,585
2022	1,128	816	804	2,748
2021	165	330	377	872
2020	—	435	414	849
Prior	215	2,096	1,814	4,125
Total	$ 74,594	$ 9,534	$ 5,117	$ 89,245

IG—Investment Grade

NIG—Non-investment Grade

1. Securities-based loans are subject to collateral maintenance provisions, and at March 31, 2024 and December 31, 2023, these loans are predominantly over-collateralized. For more information on the ACL methodology related to securities-based loans, see Note 2 to the financial statements in the 2023 Form 10-K.
2. Other loans primarily include certain loans originated in the tailored lending business within the Wealth Management business segment, which typically consist of bespoke lending arrangements provided to ultra-high worth net clients. These facilities are generally secured by eligible collateral.

Past Due Loans Held for Investment before Allowance[1]

$ in millions	At March 31, 2024	At December 31, 2023
Corporate	**$ 46**	$ 47
Commercial real estate	**291**	185
Residential real estate	**138**	160

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Firm may modify the terms of certain loans for economic or legal reasons related to a borrower's financial difficulties, and these modifications include interest rate reductions, principal forgiveness, term extensions and other-than-insignificant payment delays or a combination of these aforementioned modifications. Modified loans are typically evaluated individually for allowance for credit losses. There were no loans held for investment that had been modified in the 12 months prior and subsequently defaulted during the three months ended March 31, 2024.

Modified Loans Held for Investment

Period-end loans held for investment modified during the following periods[1]:

	Three Months Ended March 31,			
	2024		2023	
$ in millions	Amortized Cost	% of Total Loans[2]	Amortized Cost	% of Total Loans[2]
Term Extension				
Corporate	**$ 52**	**0.7 %**	$ 17	0.2 %
Commercial real estate	**127**	**1.5 %**	62	0.7 %
Residential real estate	**—**	**— %**	1	— %
Securities-based lending and Other	**41**	**— %**	—	— %
Total	**$ 220**	**0.2 %**	$ 80	0.1 %
Other-than-insignificant Payment Delay				
Commercial real estate	**$ —**	**— %**	$ 67	0.8 %
Total	**$ —**	**— %**	$ 67	0.8 %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Commercial real estate	**$ 40**	**0.5 %**	$ —	— %
Total	**$ 40**	**0.5 %**	$ —	— %
Total Modifications	**$ 260**	**0.2 %**	$ 147	0.2 %

1. Lending commitments to borrowers for which the Firm has modified terms of the receivable are $301 million and $607 million as of March 31, 2024 and March 31, 2023, respectively.

Financial Effect of Modifications on Loans Held for Investment

	Three Months Ended March 31, 2024[1]			
	Term Extension (Months)	**Other-than-insignificant Payment Delay (Months)**	**Principal Forgiveness ($ millions)**	**Interest Rate Reduction (%)**
Single Modifications				
Corporate	**30**	**0**	**$ —**	**— %**
Commercial real estate	**5**	**0**	**—**	**— %**
Securities-based lending and Other	**36**	**0**	**—**	**— %**
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Commercial real estate	**16**	**16**	**$ —**	**— %**

	Three Months Ended March 31, 2023[1]			
	Term Extension (Months)	**Other-than-insignificant Payment Delay (Months)**	**Principal Forgiveness ($ millions)**	**Interest Rate Reduction (%)**
Single Modifications				
Corporate	8	0	$ —	— %
Commercial real estate	2	8	—	— %
Residential real estate	4	0	—	— %

1. In instances where more than one loan was modified, modification impact is presented on a weighted-average basis.

Past Due Status for Loans Held for Investment Modified in the Last 12 months

	At March 31, 2024		
$ in millions	30-89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	**$ —**	**$ 45**	**45**
Total	**$ —**	**$ 45**	**$ 45**

As of March 31, 2023, there were no past due loans held for investment modified during the 12 months prior.

	Three Months Ended March 31, 2023					
$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
ACL—Loans						
Beginning balance	$ 235	$ 153	$275	$ 87	$ 89	$ 839
Gross charge-offs	(1)	—	(69)	—	(1)	(71)
Provision (release)	31	—	129	26	15	201
Other	—	(1)	—	—	2	1
Ending balance	$ 265	$ 152	$335	$ 113	$105	$ 970
Percent of loans to total loans[1]	4 %	18 %	4 %	28 %	46 %	100 %
ACL—Lending commitments						
Beginning balance	$ 411	$ 51	$ 15	$ 4	$ 23	$ 504
Provision (release)	22	—	7	1	3	33
Other	2	—	—	—	—	2
Ending balance	$ 435	$ 51	$ 22	$ 5	$ 26	$ 539
Total ending balance	$ 700	$ 203	$357	$ 118	$131	$1,509

CRE—Commercial real estate

SBL—Securities-based lending

1. Percent of loans to total loans represents loans held for investment by loan type to total loans held for investment.

The allowance for credit losses for loans and lending commitments decreased for the three months ended March 31, 2024, reflecting improvements in the macroeconomic outlook. This was partially offset by provisions for certain specific commercial real estate and corporate loans and modest growth in certain other loan portfolios. There were no charge-offs during the three months ended March 31, 2024. During the three months ended March 31, 2023, charge-offs were $71 million, primarily related to commercial real estate loans. The base scenario used in our ACL models as of March 31, 2024 was generated using a combination of consensus economic

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Employee Loans

$ in millions		At March 31, 2024		At December 31, 2023
Currently employed by the Firm[1]	**$**	**4,263**	$	4,257
No longer employed by the Firm[2]		**90**		92
Employee loans	**$**	**4,353**	$	4,349
ACL		**(121)**		(121)
Employee loans, net of ACL	$	4,232	$	4,228
Remaining repayment term, weighted average in years		5.7		5.8

1. These loans are predominantly current.
2. These loans are predominantly past due for a period of 90 days or more.

Employee loans are granted in conjunction with a program established primarily to recruit certain Wealth Management financial advisors, are full recourse and generally require periodic repayments, and are due in full upon termination of employment with the Firm. These loans are recorded in Customer and other receivables in the balance sheet. See Note 2 to the financial statements in the 2023 Form 10-K for a description of the CECL allowance methodology, including credit quality indicators, for employee loans.

10. Other Assets

Equity Method Investments

$ in millions		At March 31, 2024		At December 31, 2023
Investments	**$**	**1,811**	$	1,915

	Three Months Ended March 31,			
$ in millions		2024		2023
Income (loss)	**$**	**56**	$	25

Equity method investments, other than investments in certain fund interests, are summarized above and are included in Other assets in the balance sheet with related income or loss included in Other revenues in the income statement. See "Net Asset Value Measurements—Fund Interests" in Note 4 for the carrying value of

Effective January 1, 2024, the Firm made an election to account for certain renewable energy and other tax equity investments programs using the proportional amortization method under newly adopted accounting guidance.

Tax Equity Investments under the Proportional Amortization Method

$ in millions		At March 31, 2024		At December 31, 2023
Low-income housing	**$**	**1,764**	$	1,699
Renewable energy and other[1]		**39**		—
Total[2]	**$**	**1,803**	**$**	**1,699**

1. Prior to adoption of the Investments - Tax Credit Structures accounting update on January 1, 2024, Renewable energy and other investments were accounted for under the equity method.
2. At March 31, 2024, this amount excludes $46 million of tax equity investments within programs for which the Firm elected the proportional amortization method that do not meet the conditions to apply the proportional amortization method, which are accounted for as equity method investments.

Income tax credits and other income tax benefits recognized as well as proportional amortization are included in the Provision for income taxes line in the consolidated income statement and in the Depreciation and amortization line in the consolidated cash flow statement.

Net Benefits Attributable to Tax Equity Investments under the Proportional Amortization Method

	Three Months Ended March 31,			
$ in millions		2024		2023
Income tax credits and other income tax benefits	**$**	**75**	$	71
Proportional amortization		**(60)**		(49)
Net benefits	**$**	**15**	$	22

11. Deposits

Deposits

$ in millions		At March 31, 2024		At December 31, 2023
Savings and demand deposits	**$**	**288,453**	$	288,252

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12. Borrowings and Other Secured Financings

Borrowings

$ in millions	At March 31, 2024	At December 31, 2023
Original maturities of one year or less	$ 5,233	$ 3,188
Original maturities greater than one year		
Senior	$ 252,547	$ 248,174
Subordinated	13,603	12,370
Total greater than one year	$ 266,150	$ 260,544
Total	$ 271,383	$ 263,732
Weighted average stated maturity, in years[1]	6.6	6.6

1. Only includes borrowings with original maturities greater than one year.

Other Secured Financings

$ in millions	At March 31, 2024	At December 31, 2023
Original maturities:		
One year or less	$ 8,914	$ 5,732
Greater than one year	6,177	6,923
Total	$ 15,091	$ 12,655
Transfers of assets accounted for as secured financings	$ 7,053	$ 5,848

Other secured financings include the liabilities related to collateralized notes, transfers of financial assets that are accounted for as financings rather than sales and consolidated VIEs where the Firm is deemed to be the primary beneficiary. These liabilities are generally payable from the cash flows of the related assets accounted for as Trading assets. See Note 14 for further information on other secured financings related to VIEs and securitization activities.

For transfers of assets that fail to meet accounting criteria for a sale, the Firm continues to record the assets and recognizes the associated liabilities in the balance sheet.

13. Commitments, Guarantees

1. Forward-starting secured financing receivables are generally settled within three business days.

Since commitments associated with these instruments may expire unused, the amounts shown do not necessarily reflect the actual future cash funding requirements.

For a further description of these commitments, refer to Note 14 to the financial statements in the 2023 Form 10-K.

Guarantees

	At March 31, 2024				
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				
$ in millions	Less than 1	1-3	3-5	Over 5	Carrying Amount Asset (Liability)
Non-credit derivatives[1]	$1,576,169	$748,245	$155,224	$458,033	$(33,732)
Standby letters of credit and other financial guarantees issued[2,3]	1,726	1,152	1,236	2,561	2
Liquidity facilities	2,193	—	—	—	(1)
Whole loan sales guarantees	2	85	—	23,074	—
Securitization representations and warranties[4]	—	—	—	82,349	(3)
General partner guarantees	412	32	133	28	(87)
Client clearing guarantees	208	—	—	—	—

1. The carrying amounts of derivative contracts that meet the accounting definition of a guarantee are shown on a gross basis. For further information on derivatives contracts, see Note 6.
2. These amounts include certain issued standby letters of credit participated to third parties, totaling $0.7 billion of notional and collateral/recourse, due to the nature of the Firm's obligations under these arrangements.
3. As of March 31, 2024, the carrying amount of standby letters of credit and other financial guarantees issued includes an allowance for credit losses of $72 million.
4. Related to commercial and residential mortgage securitizations.

The Firm has obligations under certain guarantee arrangements including

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In addition, in the ordinary course of business, the Firm guarantees the debt and/or certain trading obligations (including obligations associated with derivatives, foreign exchange contracts and the settlement of physical commodities) of certain subsidiaries. These guarantees generally are entity or product specific and are required by investors or trading counterparties. The activities of the Firm's subsidiaries covered by these guarantees (including any related debt or trading obligations) are included in the financial statements.

Finance Subsidiary

The Parent Company fully and unconditionally guarantees the securities issued by Morgan Stanley Finance LLC, a wholly owned finance subsidiary. No other subsidiary of the Parent Company guarantees these securities.

Contingencies

Legal

In addition to the matters described below, in the normal course of business, the Firm has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the third-party entities that are, or would otherwise be, the primary defendants in such cases are bankrupt, in financial distress, or may not honor applicable indemnification obligations. These actions have included, but are not limited to, antitrust claims, claims under various false claims act statutes, and matters arising from our sales and trading businesses and our activities in the capital markets.

The Firm is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental or other regulatory agencies regarding the Firm's business, and involving, among other matters, sales, income, including with respect to certain of the individual proceedings or investigations described below.

	Three Months Ended March 31,	
$ in millions	**2024**	2023
Legal expenses	**$ (26)**	$ 151

The Firm's legal expenses can, and may in the future, fluctuate from period to period, given the current environment regarding government or regulatory agency investigations and private litigation affecting global financial services firms, including the Firm.

In many legal proceedings and investigations, it is inherently difficult to determine whether any loss is probable or reasonably possible, or to estimate the amount of any loss. In addition, even where the Firm has determined that a loss is probable or reasonably possible or an exposure to loss or range of loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, the Firm may be unable to reasonably estimate the amount of the loss or range of loss. It is particularly difficult to determine if a loss is probable or reasonably possible, or to estimate the amount of loss, where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, forfeiture, disgorgement or penalties. Numerous issues may need to be resolved in an investigation or proceeding before a determination can be made that a loss or additional loss (or range of loss or range of additional loss) is probable or reasonably possible, or to estimate the amount of loss, including through potentially lengthy discovery or determination of important factual matters, determination of issues related to class certification, the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

The Firm has identified below any individual proceedings or investigations where the Firm believes a material loss to be reasonably possible. In certain legal

**Notes to Consolidated Financial Statements
(Unaudited)**

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yet been asserted or those where potential losses have not yet been determined to be probable or reasonably possible.

Antitrust Related Matters

The Firm and other financial institutions are responding to a number of governmental investigations and civil litigation matters related to allegations of anticompetitive conduct in various aspects of the financial services industry, including the matters described below.

Beginning in February of 2016, the Firm was named as a defendant in multiple purported antitrust class actions now consolidated into a single proceeding in the United States District Court for the Southern District of New York ("SDNY") styled In Re: Interest Rate Swaps Antitrust Litigation. Plaintiffs allege, inter alia, that the Firm, together with a number of other financial institution defendants, violated U.S. and New York state antitrust laws from 2008 through December of 2016 in connection with their alleged efforts to prevent the development of electronic exchange-based platforms for interest rate swaps trading. Complaints were filed both on behalf of a purported class of investors who purchased interest rate swaps from defendants, as well as on behalf of three operators of swap execution facilities that allegedly were thwarted by the defendants in their efforts to develop such platforms. The consolidated complaints seek, among other relief, certification of the investor class of plaintiffs and treble damages. On July 28, 2017, the court granted in part and denied in part the defendants' motion to dismiss the complaints. On December 15, 2023, the court denied the class plaintiffs' motion for class certification. On December 29, 2023, the class plaintiffs petitioned the United States Court of Appeals for the Second Circuit for leave to appeal that decision. On February 28, 2024, the parties reached an agreement in principle to settle the class claims.

In August of 2017, the Firm was named as a defendant in a purported antitrust class action in the United States District Court for the SDNY styled Iowa Public Employees' Retirement System et al. v. Bank of America September 1, 2023, the court granted preliminary approval of the settlement.

The Firm is a defendant in three antitrust class action complaints which have been consolidated into one proceeding in the United States District Court for the SDNY under the caption City of Philadelphia, et al. v. Bank of America Corporation, et al. Plaintiffs allege, inter alia, that the Firm, along with a number of other financial institution defendants, violated U.S. antitrust laws and relevant state laws in connection with alleged efforts to artificially inflate interest rates for Variable Rate Demand Obligations ("VRDO"). Plaintiffs seek, among other relief, treble damages. The class action complaint was filed on behalf of a class of municipal issuers of VRDO for which defendants served as remarketing agent. On November 2, 2020, the court granted in part and denied in part the defendants' motion to dismiss the consolidated complaint, dismissing state law claims, but denying dismissal of the U.S. antitrust claims. On September 21, 2023, the court granted plaintiffs' motion for class certification. On October 5, 2023, defendants petitioned the United States Court of Appeals for the Second Circuit for leave to appeal that decision, which was granted on February 5, 2024.

Qui Tam Matters

The Firm and other financial institutions are defending against qui tam litigations brought under various state false claims statutes, including the matter described below. Such matters may involve the same types of claims pursued in multiple jurisdictions and may include claims for treble damages.

On August 18, 2009, Relators Roger Hayes and C. Talbot Heppenstall, Jr., filed a qui tam action in New Jersey state court styled State of New Jersey ex. rel. Hayes v. Bank of America Corp., et al. The complaint, filed under seal pursuant to the New Jersey False Claims Act, alleged that the Firm and several other underwriters of municipal bonds had defrauded New Jersey issuers by misrepresenting that they would achieve the best price or lowest cost of capital in connection with certain municipal bond issuances. On March 17, 2016, the court

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European Matters

Tax

In matters styled Case number 15/3637 and Case number 15/4353, the Dutch Tax Authority ("Dutch Authority") is challenging in the Dutch courts the prior set-off by the Firm of approximately €124 million (approximately $134 million) plus accrued interest of withholding tax credits against the Firm's corporation tax liabilities for the tax years 2007 to 2012. The Dutch Authority alleges that the Firm was not entitled to receive the withholding tax credits on the basis, inter alia, that a Firm subsidiary did not hold legal title to certain securities subject to withholding tax on the relevant dates. The Dutch Authority has also alleged that the Firm failed to provide certain information to the Dutch Authority and to keep adequate books and records. On April 26, 2018, the District Court in Amsterdam issued a decision dismissing the Dutch Authority's claims with respect to certain of the tax years in dispute. On May 12, 2020, the Court of Appeal in Amsterdam granted the Dutch Authority's appeal in matters re-styled Case number 18/00318 and Case number 18/00319. On January 19, 2024, the Dutch High Court granted the Firm's appeal in matters re-styled Case number 20/01884 and referred the case to the Court of Appeal in The Hague.

On June 22, 2021, Dutch criminal authorities sought various documents in connection with an investigation of the Firm related to the civil claims asserted by the Dutch Authority concerning the accuracy of the Firm subsidiary's tax returns and the maintenance of its books and records for 2007 to 2012. The Dutch criminal authorities have requested additional information, and the Firm is continuing to respond to them in connection with their ongoing investigation.

Danish Underwriting Matter

On October 5, 2017, various institutional investors filed a claim against the Firm and another bank in a matter now styled Case number B-803-18 (previously BS 99-6998/2017), in the City Court of Copenhagen, Denmark concerning their alleges professional liability of banks acting as financial intermediaries. On June 8, 2018, the City Court of Copenhagen, Denmark ordered that the matters now styled Case number B-803-18, Case number B-2073-16, and Case number B-2564-17 be heard together before the High Court of Eastern Denmark. On June 29, 2018, the Firm filed its defense to the matter now styled Case number B-2564-17. On February 4, 2019, the Firm filed its defense to the matter now styled Case number B-803-18.

U.K. Government Bond Matter

The Firm is engaging with the UK Competition and Markets Authority in connection with its investigation of suspected anti-competitive arrangements in the financial services sector, specifically regarding the Firm's activities concerning certain liquid fixed income products between 2009 and 2012. On May 24, 2023, the U.K. Competition and Markets Authority issued a Statement of Objections setting out its provisional findings that the Firm had breached U.K. competition law by sharing competitively sensitive information in connection with gilts and gilt asset swaps between 2009 and 2012. The Firm is contesting the provisional findings. Separately, on June 16, 2023, the Firm was named as a defendant in a purported antitrust class action in the United States District Court for the SDNY styled Oklahoma Firefighters Pension and Retirement System v. Deutsche Bank Aktiengesellschaft, et al., alleging, inter alia, that the Firm, together with a number of other financial institution defendants, violated U.S. antitrust laws in connection with their alleged effort to fix prices of gilts traded in the United States between 2009 and 2013. On September 28, 2023, the defendants filed a joint motion to dismiss the complaint, which has been fully briefed.

Other

On August 13, 2021, the plaintiff in Camelot Event Driven Fund, a Series of Frank Funds Trust v. Morgan Stanley & Co. LLC, et al. filed in the Supreme Court of the State of New York, New York County ("Supreme Court of NY") a purported class action complaint alleging violations of the federal

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the various prime brokers, including that the unwind of those positions could have a deleterious impact on the stock price of Viacom. On November 5, 2021, the complaint was amended to add allegations that defendants failed to disclose that certain underwriters, including the Firm, had intended to unwind Archegos's Viacom positions while simultaneously distributing the Offerings. On February 6, 2023, the court issued a decision denying the motions to dismiss as to the Firm and the other underwriters, but granted the motion to dismiss as to Viacom and the Viacom individual defendants. On February 15, 2023, the underwriters, including the Firm, filed their notices of appeal of the denial of their motions to dismiss. On March 10, 2023, the plaintiff appealed the dismissal of Viacom and the individual Viacom defendants. On April 4, 2024, the Appellate Division upheld the lower court's decision as to the Firm and other underwriter defendants that had prime brokerage relationships and/or served as counterparties to certain derivative transactions with Archegos, dismissed the remaining underwriters, and upheld the dismissal of Viacom and its officers and directors. On January 4, 2024, the court granted the plaintiff's motion for class certification. On February 14, 2024, the defendants filed their notice of appeal of the court's grant of class certification.

On May 17, 2013, the plaintiff in IKB International S.A. in Liquidation, et al. v. Morgan Stanley, et al. filed a complaint against the Firm and certain affiliates in the Supreme Court of NY. The complaint alleges that defendants made material misrepresentations and omissions in the sale to plaintiff of certain mortgage pass-through certificates backed by securitization trusts containing residential mortgage loans. The total amount of certificates allegedly sponsored, underwritten and/or sold by the Firm to plaintiffs was approximately $133 million. The complaint alleges causes of action against the Firm for common law fraud, fraudulent concealment, aiding and abetting fraud, and negligent misrepresentation, and seeks, among other things, compensatory and punitive damages. On October 29, 2014, the court

14. Variable Interest Entities and Securitization Activities

Consolidated VIE Assets and Liabilities by Type of Activity

	At March 31, 2024		At December 31, 2023	
$ in millions	VIE Assets	VIE Liabilities	VIE Assets	VIE Liabilities
MABS[1]	**$ 741**	**$ 258**	$ 597	$ 256
Investment vehicles[2]	**807**	**508**	753	502
MTOB	**525**	**483**	582	520
Other	**442**	**124**	378	97
Total	**$ 2,515**	**$ 1,373**	$ 2,310	$ 1,375

MTOB—Municipal tender option bonds

1. Amounts include transactions backed by residential mortgage loans, commercial mortgage loans and other types of assets, including consumer or commercial assets and may be in loan or security form. The value of assets is determined based on the fair value of the liabilities and the interests owned by the Firm in such VIEs as the fair values for the liabilities and interests owned are more observable.
2. Amounts include investment funds and CLOs.

Consolidated VIE Assets and Liabilities by Balance Sheet Caption

$ in millions	**At March 31, 2024**	At December 31, 2023
Assets		
Cash and cash equivalents	**$ 181**	$ 164
Trading assets at fair value	**1,998**	1,557
Investment securities	**237**	492
Securities purchased under agreements to resell	**67**	67
Customer and other receivables	**29**	26
Other assets	**3**	4
Total	**$ 2,515**	$ 2,310
Liabilities		
Other secured financings	**$ 1,184**	$ 1,222
Other liabilities and accrued expenses	**131**	121
Borrowings	**58**	32
Total	**$ 1,373**	$ 1,375
Noncontrolling interests	**$ 60**	$ 54

Consolidated VIE assets and liabilities are presented in the previous tables after

Non-consolidated VIEs

	At March 31, 2024				
$ in millions	MABS[1]	CDO	MTOB	OSF	Other[2]
VIE assets (UPB)	**$151,575**	**$1,877**	**$3,311**	**$2,919**	**$56,401**
Maximum exposure to loss[3]					
Debt and equity interests	**$ 22,367**	**$ 104**	**$ —**	**$2,131**	**$ 9,192**
Derivative and other contracts	**—**	**—**	**2,193**	**—**	**4,076**
Commitments, guarantees and other	**3,887**	**—**	**—**	**—**	**160**
Total	**$ 26,254**	**$ 104**	**$2,193**	**$2,131**	**$13,428**
Carrying value of variable interests—Assets					
Debt and equity interests	**$ 22,368**	**$ 104**	**$ —**	**$1,713**	**$ 9,192**
Derivative and other contracts	**—**	**—**	**2**	**—**	**1,394**
Total	**$ 22,368**	**$ 104**	**$ 2**	**$1,713**	**$10,586**
Additional VIE assets owned[4]					**$14,797**
Carrying value of variable interests—Liabilities					
Derivative and other contracts	**$ —**	**$ —**	**$ 4**	**$ —**	**$ 367**
Total	**$ —**	**$ —**	**$ 4**	**$ —**	**$ 367**

	At December 31, 2023				
$ in millions	MABS[1]	CDO	MTOB	OSF	Other[2]
VIE assets (UPB)	$144,906	$1,526	$3,152	$3,102	$50,052
Maximum exposure to loss[3]					
Debt and equity interests	$ 21,203	$ 52	$ —	$2,049	$ 9,076
Derivative and other contracts	—	—	2,092	—	4,452
Commitments, guarantees and other	3,439	—	—	—	55
Total	$ 24,642	$ 52	$2,092	$2,049	$13,583

Carrying value of variable interests– Assets

reductions associated with the amount of collateral held as part of a transaction with the VIE or any party to the VIE directly against a specific exposure to loss.

Liabilities issued by VIEs generally are non-recourse to the Firm.

Detail of Mortgage- and Asset-Backed Securitization Assets

	At March 31, 2024		At December 31, 2023	
$ in millions	UPB	Debt and Equity Interests	UPB	Debt and Equity Interests
Residential mortgages	**$ 17,323**	**$ 3,067**	$ 17,346	$ 3,355
Commercial mortgages	**79,998**	**8,805**	74,590	8,342
U.S. agency collateralized mortgage obligations	**43,012**	**6,442**	42,917	6,675
Other consumer or commercial loans	**11,242**	**4,053**	10,053	2,831
Total	**$151,575**	**$ 22,367**	$144,906	$ 21,203

Transferred Assets with Continuing Involvement

	At March 31, 2024			
$ in millions	RML	CML	U.S. Agency CMO	CLN and Other[1]
SPE assets (UPB)[2,3]	**$4,887**	**$72,446**	**$ 14,659**	**$13,094**
Retained interests				
Investment grade	**$ 161**	**$ 652**	**$ 556**	**$ —**
Non-investment grade	**95**	**743**	**—**	**65**
Total	**$ 256**	**$ 1,395**	**$ 556**	**$ 65**
Interests purchased in the secondary market[3]				
Investment grade	**$ 18**	**$ 37**	**$ 48**	**$ —**
Non-investment grade	**—**	**13**	**—**	**—**
Total	**$ 18**	**$ 50**	**$ 48**	**$ —**
Derivative assets	**$ —**	**$ —**	**$ —**	**$ 1,159**
Derivative liabilities	**—**	**—**	**—**	**378**

At December 31, 2023

Image27.jpg

$ in millions	Fair Value At March 31, 2024 Level 2	Level 3	Total
Retained interests			
Investment grade	**$ 667**	**$ —**	**$ 667**
Non-investment grade	**15**	**67**	**82**
Total	**$ 682**	**$ 67**	**$ 749**
Interests purchased in the secondary market[3]			
Investment grade	**$ 103**	**$ —**	**$ 103**
Non-investment grade	**10**	**3**	**13**
Total	**$ 113**	**$ 3**	**$ 116**
Derivative assets	**$ 1,159**	**$ —**	**$ 1,159**
Derivative liabilities	**378**	**—**	**378**

$ in millions	Fair Value at December 31, 2023 Level 2	Level 3	Total
Retained interests			
Investment grade	$ 576	$ —	$ 576
Non-investment grade	10	56	66
Total	$ 586	$ 56	$ 642
Interests purchased in the secondary market[3]			
Investment grade	$ 77	$ 7	$ 84
Non-investment grade	12	4	16
Total	$ 89	$ 11	$ 100
Derivative assets	$ 1,073	$ —	$ 1,073
Derivative liabilities	426	—	426

RML—Residential mortgage loans

CML—Commercial mortgage loans

1. Amounts include CLO transactions managed by unrelated third parties.
2. Amounts include assets transferred by unrelated transferors.
3. Amounts include transactions where the Firm also holds retained interests as part of the transfer.

The previous tables include transactions with SPEs in which the Firm, acting as principal, transferred financial assets with continuing involvement and received sales treatment. The transferred assets are carried at fair value prior to securitization, and any changes in fair value are recognized in the income statement. The Firm may act as underwriter of the beneficial interests issued by these securitization vehicles, for which Investment banking revenues are recognized. The Firm may retain interests in the securitized financial assets as one or more tranches of the securitization. Certain retained interests are carried at fair value in the balance sheet with changes in fair value

The Firm has provided, or otherwise agreed to be responsible for, representations and warranties regarding certain assets transferred in securitization transactions sponsored by the Firm (see Note 13).

Assets Sold with Retained Exposure

$ in millions	At March 31, 2024	At December 31, 2023
Gross cash proceeds from sale of assets[1]	**$ 68,566**	$ 60,766
Fair value		
Assets sold	**$ 70,956**	$ 62,221
Derivative assets recognized in the balance sheet	**2,527**	1,546
Derivative liabilities recognized in the balance sheet	**140**	93

1. The carrying value of assets derecognized at the time of sale approximates gross cash proceeds.

The Firm enters into transactions in which it sells securities, primarily equities, and contemporaneously enters into bilateral OTC derivatives with the purchasers of the securities, through which it retains exposure to the sold securities.

For a discussion of the Firm's VIEs, the determination and structure of VIEs and securitization activities, see Note 15 to the financial statements in the 2023 Form 10-K.

15. Regulatory Requirements

Regulatory Capital Framework and Requirements

For a discussion of the Firm's regulatory capital framework, see Note 16 to the financial statements in the 2023 Form 10-K.

The Firm is required to maintain minimum risk-based and leverage-based capital ratios under regulatory capital requirements. A summary of the calculations of regulatory capital and RWA follows.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 ("CET1") capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and

Notes to Consolidated Financial Statements
(Unaudited)

Image27.jpg

2024. The deferral impacts will become fully phased-in beginning on January 1, 2025.

Capital Buffer Requirements

	At March 31, 2024 and December 31, 2023	
	Standardized	Advanced
Capital buffers		
Capital conservation buffer	—	**2.5%**
SCB	**5.4%**	**N/A**
G-SIB capital surcharge	**3.0%**	**3.0%**
CCyB[1]	**0%**	**0%**
Capital buffer requirement	**8.4%**	**5.5%**

1. The CCyB can be set up to 2.5%, but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of Common Equity Tier 1 capital the Firm must maintain above the minimum risk-based capital requirements in order to avoid restrictions on the Firm's ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. The Firm's capital buffer requirement computed under the standardized approaches for calculating credit risk and market risk RWA ("Standardized Approach") is equal to the sum of the SCB, G-SIB capital surcharge and CCyB, and the capital buffer requirement computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWA ("Advanced Approach") is equal to the sum of the 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

Risk-Based Regulatory Capital Ratio Requirements

		At March 31, 2024 and December 31, 2023	
	Regulatory Minimum	Standardized	Advanced
Required ratios[1]			
CET1 capital ratio	**4.5 %**	**12.9%**	**10.0%**
Tier 1 capital ratio	**6.0 %**	**14.4%**	**11.5%**
Total capital ratio	**8.0 %**	**16.4%**	**13.5%**

1. Required ratios represent the regulatory minimum plus the capital buffer requirement.

The Firm's Regulatory Capital and Capital Ratios

Risk-based capital

	Standardized	
$ in millions	**At March 31, 2024**	At December 31, 2023
Risk-based capital		
CET1 capital	**$ 70,298**	$ 69,448
Tier 1 capital	**79,046**	78,183
Total capital	**91,007**	88,874
Total RWA	**467,763**	456,053
Risk-based capital ratio		
CET1 capital	**15.0 %**	15.2 %
Tier 1 capital	**16.9 %**	17.1 %
Total capital	**19.5 %**	19.5 %
Required ratio[1]		
CET1 capital	**12.9 %**	12.9 %
Tier 1 capital	**14.4 %**	14.4 %
Total capital	**16.4 %**	16.4 %

1. Required ratios are inclusive of any buffers applicable as of the date presented.

Leveraged-based capital

$ in millions	**At March 31, 2024**	At December 31, 2023
Leveraged-based capital		
Adjusted average assets[1]	**$ 1,178,369**	$ 1,159,626
Supplementary leverage exposure[2]	1,464,030	1,429,552
Leveraged-based capital ratio		
Tier 1 leverage	**6.7 %**	6.7 %
SLR	**5.4 %**	5.5 %
Required ratio[3]		
Tier 1 leverage	**4.0 %**	4.0 %
SLR	**5.0 %**	5.0 %

1. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by disallowed goodwill, intangible assets, investments in covered funds, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments, certain deferred tax assets and other capital deductions.

Image27.jpg

failure by the U.S. Bank Subsidiaries to meet minimum capital requirements may result in certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on the U.S. Bank Subsidiaries' and the Firm's financial statements.

At March 31, 2024 and December 31, 2023, MSBNA and MSPBNA risk-based capital ratios are based on the Standardized Approach rules. Beginning on January 1, 2020, MSBNA and MSPBNA elected to defer the effect of the adoption of CECL on risk-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022 and are phased-in at 75% from January 1, 2024. The deferral impacts will become fully phased-in beginning on January 1, 2025.

MSBNA's Regulatory Capital

			At March 31, 2024		At December 31, 2023	
$ in millions	Well-Capitalized Requirement	Required Ratio[1]	Amount	Ratio	Amount	Ratio
Risk-based capital						
CET1 capital	**6.5 %**	**7.0 %**	**$23,127**	**22.5 %**	$21,925	21.7 %
Tier 1 capital	**8.0 %**	**8.5 %**	**23,127**	**22.5 %**	21,925	21.7 %
Total capital	**10.0 %**	**10.5 %**	**24,033**	**23.3 %**	22,833	22.6 %
Leverage-based capital						
Tier 1 leverage	**5.0 %**	**4.0 %**	**$23,127**	**10.9 %**	$21,925	10.6 %
SLR	**6.0 %**	**3.0 %**	**23,127**	**8.4 %**	21,925	8.2 %

MSPBNA's Regulatory Capital

			At March 31, 2024		At December 31, 2023	
$ in millions	Well-Capitalized Requirement	Required Ratio[1]	Amount	Ratio	Amount	Ratio
Risk-based capital						
CET1 capital	**6.5 %**	**7.0 %**	**$15,978**	**26.4 %**	$15,388	25.8 %

MS&Co. is registered as a broker-dealer and a futures commission merchant with the SEC and the CFTC, respectively, and is registered as a swap dealer with the CFTC.

As an Alternative Net Capital broker-dealer, and in accordance with Securities Exchange Act of 1934 ("Exchange Act") Rule 15c3-1, Appendix E, MS&Co. is subject to minimum net capital and tentative net capital requirements and operates with capital in excess of its regulatory capital requirements. As a futures commission merchant and registered swap dealer, MS&Co. is subject to CFTC capital requirements. In addition, MS&Co. must notify the SEC if its tentative net capital falls below certain levels. At March 31, 2024 and December 31, 2023, MS&Co. exceeded its net capital requirement and had tentative net capital in excess of the minimum and notification requirements.

Other Regulated Subsidiaries

Certain other subsidiaries are also subject to various regulatory capital requirements. Such subsidiaries include the following, each of which operated with capital in excess of their respective regulatory capital requirements as of March 31, 2024 and December 31, 2023, as applicable:

- MSSB,
- MSIP,
- MSESE,
- MSMS,
- MSCS, and
- MSCG

See Note 16 to the financial statements in the 2023 Form 10-K for further information.

16. Total Equity

Preferred Stock

	Shares Outstanding		Carrying Value	
$ in millions, except per share data	**At March 31, 2024**	Liquidation Preference per Share	**At March 31, 2024**	At December 31, 2023
Series				
A	**44,000**	**$ 25,000**	**$ 1,100**	$ 1,100
C[1]	**519,882**	**1,000**	**408**	408

Notes to Consolidated Financial Statements
(Unaudited)

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For a description of Series A through Series P preferred stock, see Note 17 to the financial statements in the 2023 Form 10-K. The Firm's preferred stock has a preference over its common stock upon liquidation. The Firm's preferred stock qualifies as and is included in Tier 1 capital in accordance with regulatory capital requirements (see Note 15).

Share Repurchases

$ in millions	Three Months Ended March 31, 2024	2023
Repurchases of common stock under the Firm's Share Repurchase Authorization	**$ 1,000**	$ 1,500

On June 30, 2023, the Firm announced that its Board of Directors reauthorized a multi-year repurchase program of up to $20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2023, which will be exercised from time to time as conditions warrant. For more information on share repurchases, see Note 17 to the financial statements in the 2023 Form 10-K.

Common Shares Outstanding for Basic and Diluted EPS

in millions	Three Months Ended March 31, 2024	2023
Weighted average common shares outstanding, basic	**1,601**	1,645
Effect of dilutive RSUs and PSUs	**15**	18
Weighted average common shares outstanding and common stock equivalents, diluted	**1,616**	1,663
Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)	**—**	4

Dividends

$ in millions, except per share data	**Three Months Ended March 31, 2024** Per Share[1]	Total	Three Months Ended March 31, 2023 Per Share[1]	Total

Accumulated Other Comprehensive Income (Loss)[1]

$ in millions	CTA	AFS Securities	Pension and Other	DVA	Cash Flow Hedges	Total
December 31, 2023	$ (1,153)	$ (3,094)	$ (595)	$ (1,595)	$ 16	$ (6,421)
OCI during the period	**(112)**	**68**	**4**	**(568)**	**(28)**	**(636)**
March 31, 2024	**$(1,265)**	**$(3,026)**	**$(591)**	**$(2,163)**	**$ (12)**	**$(7,057)**
December 31, 2022	$ (1,204)	$ (4,192)	$ (508)	$ (345)	$ (4)	$ (6,253)
OCI during the period	32	512	(1)	(8)	7	542
March 31, 2023	$ (1,172)	$ (3,680)	$ (509)	$ (353)	$ 3	$ (5,711)

1. Amounts are net of tax and noncontrolling interests.

Components of Period Changes in OCI

$ in millions	Three Months Ended March 31, 2024 Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	**$ (70)**	**$ (103)**	**$ (173)**	**$ (61)**	**$ (112)**
Reclassified to earnings	**—**	**—**	**—**	**—**	**—**
Net OCI	**$ (70)**	**$ (103)**	**$ (173)**	**$ (61)**	**$ (112)**
Change in net unrealized gains (losses) on AFS securities					
OCI activity	**$ 132**	**$ (32)**	**$ 100**	**$ —**	**$ 100**
Reclassified to earnings	**(43)**	**11**	**(32)**	**—**	**(32)**
Net OCI	**$ 89**	**$ (21)**	**$ 68**	**$ —**	**$ 68**
Pension and other					
OCI activity	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Reclassified to earnings	**5**	**(1)**	**4**	**—**	**4**
Net OCI	**$ 5**	**$ (1)**	**$ 4**	**$ —**	**$ 4**
Change in net DVA					
OCI activity	**$ (751)**	**$ 180**	**$ (571)**	**$ 5**	**$ (576)**
Reclassified to					

Image27.jpg

17. Interest Income and Interest Expense

$ in millions	Three Months Ended March 31, 2024	2023
Interest income		
Cash and cash equivalents[1]	**$ 903**	743
Investment securities	**1,197**	1,018
Loans	**3,305**	2,815
Securities purchased under agreements to resell[2]	**2,530**	1,477
Securities borrowed[3]	**1,376**	1,172
Trading assets, net of Trading liabilities	**1,382**	913
Customer receivables and Other[1, 4]	**2,237**	1,842
Total interest income	**$12,930**	$ 9,980
Interest expense		
Deposits	**$ 2,476**	$ 1,575
Borrowings	**3,223**	2,506
Securities sold under agreements to repurchase[5]	**2,402**	1,218
Securities loaned[6]	**224**	164
Customer payables and Other[4, 7]	**2,809**	2,171
Total interest expense	**$11,134**	$ 7,634
Net interest	**$ 1,796**	$ 2,346

1. In the fourth quarter of 2023, interest bearing Cash and cash equivalents and related interest were presented separately for the first time. The prior period amounts for Customer receivables and Other have been disaggregated to exclude Cash and cash equivalents to align with the current presentation.
2. Includes interest paid on Securities purchased under agreements to resell.
3. Includes fees paid on Securities borrowed.
4. Certain prior period amounts have been adjusted to conform with the current period presentation. This adjustment resulted in a decrease to both interest income and interest expense of $890 million and no change to net interest income for the first quarter of 2023 for the Institutional Securities segment. See Note 2 for additional information.
5. Includes interest received on Securities sold under agreements to repurchase.
6. Includes fees received on Securities loaned.
7. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.

Interest income and Interest expense are classified in the income statement based on the nature of the instrument and related market conventions. When included as a

It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, however, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits and the impact on the Firm's effective tax rate over the next 12 months.

19. Segment, Geographic and Revenue Information

Selected Financial Information by Business Segment

$ in millions	Three Months Ended March 31, 2024 IS	WM	IM	I/E	Total
Investment banking	**$1,447**	**$ 166**	**$ —**	**$ (24)**	**$ 1,589**
Trading	**4,583**	**262**	**(7)**	**14**	**4,852**
Investments	**49**	**19**	**69**	**—**	**137**
Commissions and fees[1]	**691**	**605**	**—**	**(69)**	**1,227**
Asset management[1,2]	**157**	**3,829**	**1,346**	**(63)**	**5,269**
Other	**124**	**143**	**3**	**(4)**	**266**
Total non-interest revenues	**7,051**	**5,024**	**1,411**	**(146)**	**13,340**
Interest income	**9,308**	**3,973**	**26**	**(377)**	**12,930**
Interest expense	**9,343**	**2,117**	**60**	**(386)**	**11,134**
Net interest	**(35)**	**1,856**	**(34)**	**9**	**1,796**
Net revenues	**$7,016**	**$6,880**	**$1,377**	**$(137)**	**$15,136**
Provision for credit losses	**$ 2**	**$ (8)**	**$ —**	**$ —**	**$ (6)**
Compensation and benefits	**2,343**	**3,788**	**565**	**—**	**6,696**
Non-compensation expenses	**2,320**	**1,294**	**571**	**(134)**	**4,051**
Total non-interest expenses	**$4,663**	**$5,082**	**$1,136**	**$(134)**	**$10,747**
Income before provision for income taxes	**$2,351**	**$1,806**	**$ 241**	**$ (3)**	**$ 4,395**

Notes to Consolidated Financial Statements
(Unaudited)

Image27.jpg

	Three Months Ended March 31, 2023				
$ in millions	IS	WM	IM	I/E	Total
Investment banking	$1,247	$ 104	$ —	$ (21)	$ 1,330
Trading	4,257	227	(16)	9	4,477
Investments	28	16	101	—	145
Commissions and fees[1]	714	590	—	(65)	1,239
Asset management[1,2]	148	3,382	1,248	(50)	4,728
Other	180	82	(6)	(4)	252
Total non-interest revenues	6,574	4,401	1,327	(131)	12,171
Interest income[3]	6,868	3,627	29	(544)	9,980
Interest expense[3]	6,645	1,469	67	(547)	7,634
Net interest	223	2,158	(38)	3	2,346
Net revenues	$6,797	$6,559	$1,289	$(128)	$14,517
Provision for credit losses	$ 189	$ 45	$ —	$ —	$ 234
Compensation and benefits	2,365	3,477	568	—	6,410
Non-compensation expenses	2,351	1,325	555	(118)	4,113
Total non-interest expenses	$4,716	$4,802	$1,123	$(118)	$10,523
Income before provision for income taxes	$1,892	$1,712	$ 166	$ (10)	$ 3,760
Provision for income taxes	363	336	30	(2)	727
Net income	1,529	1,376	136	(8)	3,033
Net income applicable to noncontrolling interests	51	—	2	—	53
Net income applicable to Morgan Stanley	$1,478	$1,376	$ 134	$ (8)	$ 2,980

1. Substantially all revenues are from contracts with customers.
2. Includes certain fees that may relate to services performed in prior periods.
3. Certain prior period amounts have been adjusted to conform with the current period presentation. This adjustment resulted in a decrease to both interest income and interest expense of $890

statement. The Firm generally utilizes financial instruments across a variety of product types in connection with its market-making and related risk management strategies. The trading revenues presented in the table are not representative of the manner in which the Firm manages its business activities and are prepared in a manner similar to the presentation of trading revenues for regulatory reporting purposes.

Investment Management Investments Revenues—Net Cumulative Unrealized Carried Interest

$ in millions	**At March 31, 2024**	At December 31, 2023
Net cumulative unrealized performance-based fees at risk of reversing	**$ 770**	$ 787

The Firm's portion of net cumulative performance-based fees in the form of unrealized carried interest, for which the Firm is not obligated to pay compensation, is at risk of reversing when the return in certain funds fall below specified performance targets. See Note 13 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received.

Investment Management Asset Management Revenues—Reduction of Fees Due to Fee Waivers

	Three Months Ended March 31,	
$ in millions	**2024**	2023
Fee waivers	**$ 24**	$ 18

The Firm waives a portion of its fees in the Investment Management business segment from certain registered money market funds that comply with the requirements of Rule 2a-7 of the Investment Company Act of 1940.

Certain Other Fee Waivers

Separately, the Firm's employees, including

Notes to Consolidated Financial Statements
(Unaudited)

Image27.jpg

Net Revenues by Region

$ in millions	Three Months Ended March 31, 2024	2023
Americas	**$11,567**	$ 10,791
EMEA	**1,826**	1,737
Asia	**1,743**	1,989
Total	**$15,136**	$ 14,517

For a discussion about the Firm's geographic net revenues, see Note 22 to the financial statements in the 2023 Form 10-K.

Revenues Recognized from Prior Services

$ in millions	Three Months Ended March 31, 2024	2023
Non-interest revenues	**$ 476**	$ 704

The previous table includes revenues from contracts with customers recognized where some or all services were performed in prior periods. These revenues primarily include investment banking advisory fees.

Receivables from Contracts with Customers

$ in millions	**At March 31, 2024**	At December 31, 2023
Customer and other receivables	**$ 2,570**	$ 2,339

Receivables from contracts with customers, which are included within Customer and other receivables in the balance sheet, arise when the Firm has both recorded revenues and the right per the contract to bill the customer.

Assets by Business Segment

$ in millions	**At March 31, 2024**	At December 31, 2023
Institutional Securities	**$ 832,693**	$ 810,506
Wealth Management	**377,924**	365,168
Investment Management	**17,886**	18,019

Financial Data Supplement (Unaudited)

Image28.jpg

Average Balances and Interest Rates and Net Interest Income

	Three Months Ended March 31,					
	2024			2023		
$ in millions	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
Interest earning assets						
Cash and Cash Equivalents[1]:						
U.S.	**$ 52,696**	**$ 633**	**4.8 %**	$ 61,795	$ 531	3.5 %
Non-U.S.	**43,661**	**270**	**2.5 %**	53,663	212	1.6 %
Investment securities[2]	**153,866**	**1,197**	**3.1 %**	159,061	1,018	2.6 %
Loans[2]	**217,921**	**3,305**	**6.1 %**	214,185	2,815	5.3 %
Securities purchased under agreements to resell[3]:						
U.S.	**52,260**	**1,496**	**11.5 %**	46,847	932	8.1 %
Non-U.S.	**49,595**	**1,034**	**8.4 %**	65,713	545	3.4 %
Securities borrowed[4]:						
U.S.	**108,288**	**1,257**	**4.7 %**	123,206	1,095	3.6 %
Non-U.S.	**18,835**	**119**	**2.5 %**	18,683	77	1.7 %
Trading assets, net of Trading liabilities:						
U.S.	**107,970**	**1,175**	**4.4 %**	87,631	786	3.6 %
Non-U.S.	**18,329**	**207**	**4.5 %**	7,264	127	7.1 %
Customer receivables and Other[1,10]:						
U.S.	**47,180**	**1,700**	**14.5 %**	45,260	1,252	11.2 %
Non-U.S.	**17,502**	**537**	**12.3 %**	15,625	590	15.3 %
Total	**$888,103**	**$12,930**	**5.9 %**	$898,933	$9,980	4.5 %
Interest bearing liabilities						
Deposits[2]	**$346,946**	**$ 2,476**	**2.9 %**	$346,973	$1,575	1.8 %
Borrowings[2,5]	**251,956**	**3,223**	**5.1 %**	245,600	2,506	4.1 %
Securities sold under agreements to repurchase[6,8]:						
U.S.	**24,410**	**1,221**	**20.1 %**	21,075	670	12.9 %
Non-U.S.	**58,316**	**1,181**	**8.1 %**	41,071	548	5.4 %
Securities loaned[7,8]:						
U.S.	**5,790**	**17**	**1.2 %**	4,992	13	1.1 %
Non-U.S.	**8,979**	**207**	**9.3 %**	10,016	151	6.1 %
Customer payables and Other[9,10]:						
U.S.	**124,018**	**1,891**	**6.1 %**	137,766	1,402	4.1 %
Non-U.S.	**64,756**	**918**	**5.7 %**	65,818	769	4.7 %
Total	**$885,171**	**$11,134**	**5.1 %**	$873,311	$7,634	3.5 %
Net interest income and net interest rate spread		**$ 1,796**	**0.8 %**		$2,346	1.0 %

1. In the fourth quarter of 2023, interest bearing Cash and cash equivalents and related interest were presented separately for

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Glossary of Common Terms and Acronyms

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2023 Form 10-K	Annual report on Form 10-K for year ended December 31, 2023 filed with the SEC
ABS	Asset-backed securities
ACL	Allowance for credit losses
AFS	Available-for-sale
AML	Anti-money laundering
AOCI	Accumulated other comprehensive income (loss)
AUM	Assets under management or supervision
Balance sheet	Consolidated balance sheet
BHC	Bank holding company
bps	Basis points; one basis point equals 1/100th of 1%
Cash flow statement	Consolidated cash flow statement
CCAR	Comprehensive Capital Analysis and Review
CCyB	Countercyclical capital buffer
CDO	Collateralized debt obligation(s), including Collateralized loan obligation(s)
CDS	Credit default swaps
CECL	Current Expected Credit Losses, as calculated under the Financial Instruments—Credit Losses accounting update
CET1	Common Equity Tier 1
CFTC	U.S. Commodity Futures Trading Commission
CLN	Credit-linked note(s)
CLO	Collateralized loan obligation(s)
CMBS	Commercial mortgage-backed securities
CMO	Collateralized mortgage obligation(s)
CRE	Commercial real estate
CRM	Credit Risk Management Department
CTA	Cumulative foreign currency translation adjustments
DCP	Employee deferred cash-based compensation plans linked to investment performance
DCP investments	Investments associated with certain DCP

IRS	Internal Revenue Service
IS	Institutional Securities
LCR	Liquidity coverage ratio, as adopted by the U.S. banking agencies
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value
M&A	Merger, acquisition and restructuring transaction
MSBNA	Morgan Stanley Bank, N.A.
MS&Co.	Morgan Stanley & Co. LLC
MSCG	Morgan Stanley Capital Group Inc.
MSCS	Morgan Stanley Capital Services LLC
MSEHSE	Morgan Stanley Europe Holdings SE
MSESE	Morgan Stanley Europe SE
MSIP	Morgan Stanley & Co. International plc
MSMS	Morgan Stanley MUFG Securities Co., Ltd.
MSPBNA	Morgan Stanley Private Bank, National Association
MSSB	Morgan Stanley Smith Barney LLC
MUFG	Mitsubishi UFJ Financial Group, Inc.
MUMSS	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
MWh	Megawatt hour
N/A	Not Applicable
N/M	Not Meaningful
NAV	Net asset value
Non-GAAP	Non-generally accepted accounting principles in the U.S.
NSFR	Net stable funding ratio, as adopted by the U.S. banking agencies
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income (loss)
OTC	Over-the-counter
PSU	Performance-based stock unit
ROE	Return on average common equity
ROTCE	Return on average tangible common equity

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Controls and Procedures

Under the supervision and with the participation of the Firm's management, including the Chief Executive Officer and Chief Financial Officer, the Firm conducted an evaluation of the effectiveness of the Firm's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Firm's disclosure controls and procedures were effective as of the end of the period covered by this report.

No change in the Firm's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) occurred during the period covered by this report that materially affected, or is reasonably likely to materially affect, the Firm's internal control over financial reporting.

Legal Proceedings

See "Contingencies—Legal" in Note 13 to the Financial
Statements for information about our material legal
proceedings.

Risk Factors

For a discussion of the risk factors affecting the Firm, see "Risk Factors" in Part I, Item 1A of the 2023 Form 10-K.

Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

$ in millions, except per share data	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Shares Purchased as Part of Share Repurchase Authorization[2,3]	Dollar Value of Remaining Authorized Repurchase
January	8,995,283	$ 86.00	1,878,800	$ 17,039
February	6,331,034	$ 86.05	5,213,800	$ 16,590
March	4,536,567	$ 88.02	4,429,444	$ 16,200
Three Months Ended March				

warrant. For further information, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer."

Other Information

None.

Exhibits

Exhibit No.	Description
15	Letter of awareness from Deloitte & Touche LLP, dated May 3, 2024, concerning unaudited interim financial information.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101	Interactive Data Files pursuant to Rule 405 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).

Signatures

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 thereunto duly authorized.

MORGAN STANLEY
(Registrant)

By: /s/ SHARON YESHAYA

Sharon Yeshaya
Executive Vice President and Chief Financial Officer

By: /s/ RAJA J. AKRAM

Raja J. Akram
Deputy Chief Financial Officer, Chief Accounting Officer and Controller