

Morgan Stanley

Morgan Stanley

Fixed Income Investor Presentation

May 13, 2022

Notice

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

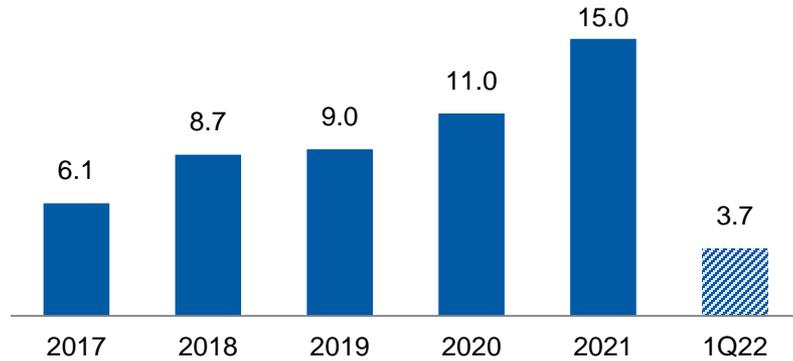
This presentation may contain forward-looking statements including the attainment of certain financial and other targets, and objectives and goals. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management's current estimates, projections, expectations, assumptions, interpretation or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. The Company does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of forward-looking statements.

For a discussion of risks and uncertainties that may affect the future results of the Company, please see the Company's most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, which are available on www.morganstanley.com. This document is not an offer to buy or sell any security.

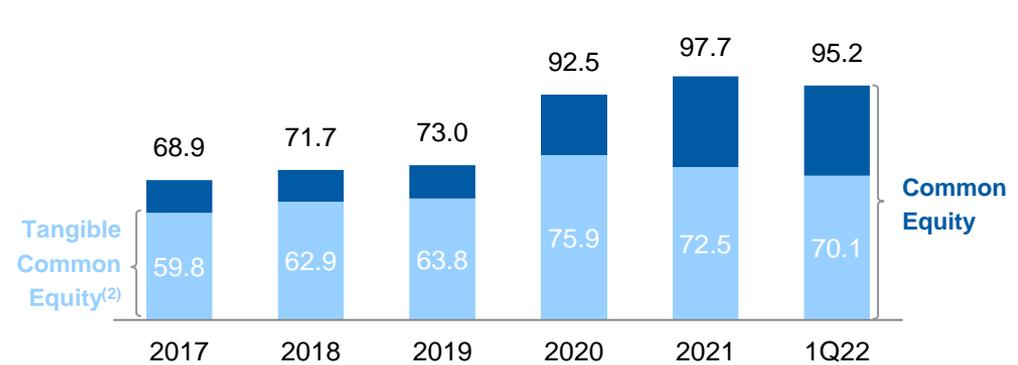
The End Notes are an integral part of this presentation. See slide 10 for information related to the financial metrics and defined terms in this presentation.

Strong Capital Position

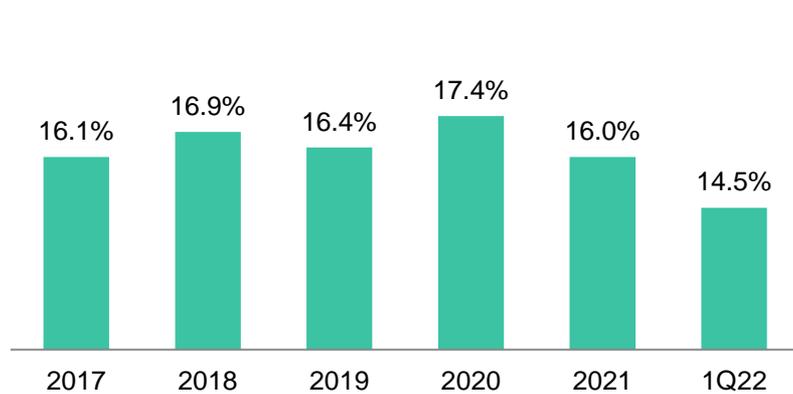
Net Income⁽¹⁾ (\$Bn)



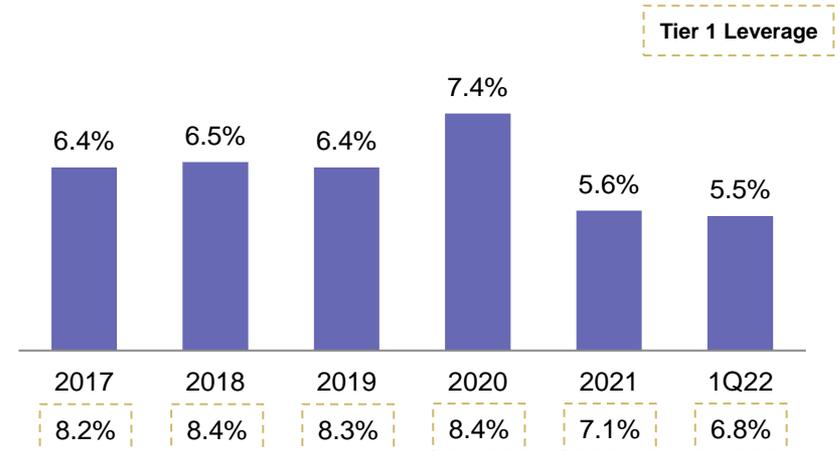
Common Equity (\$Bn)



Fully Phased-In Common Equity Tier 1 Ratio (%)⁽³⁾⁽⁴⁾



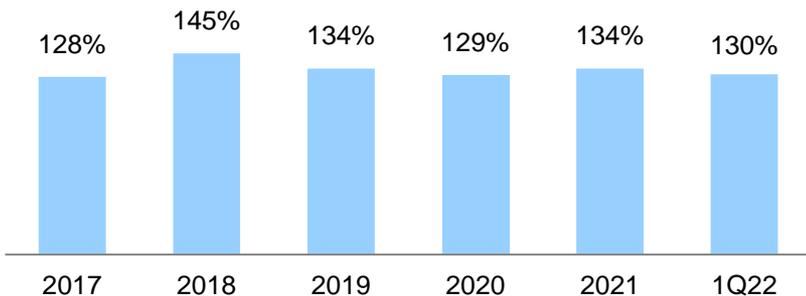
Fully Phased-In U.S. Supplementary Leverage Ratio (%)⁽³⁾⁽⁴⁾⁽⁵⁾



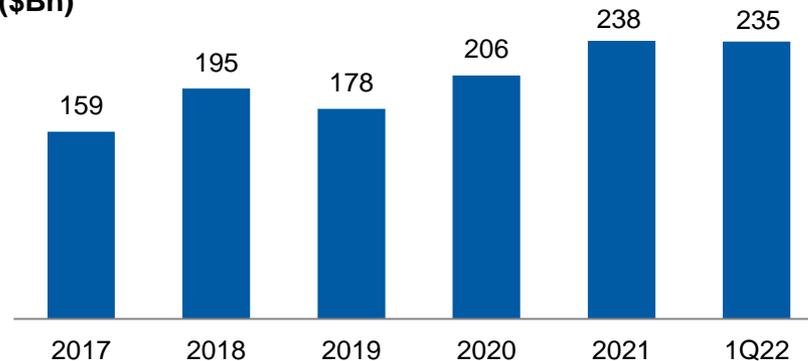
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Strong Liquidity Position

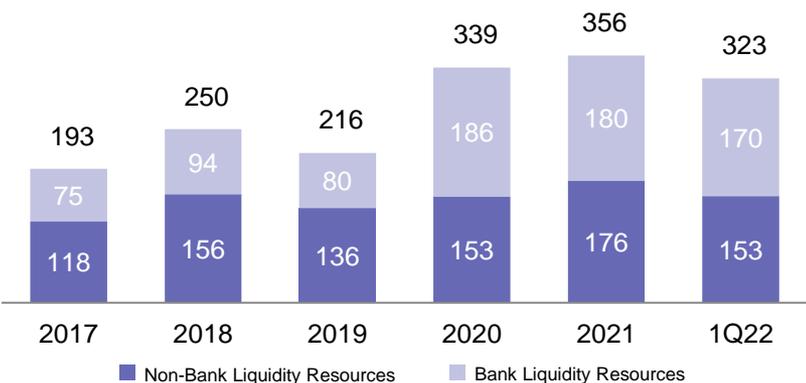
Liquidity Coverage Ratio⁽¹⁾ (%)



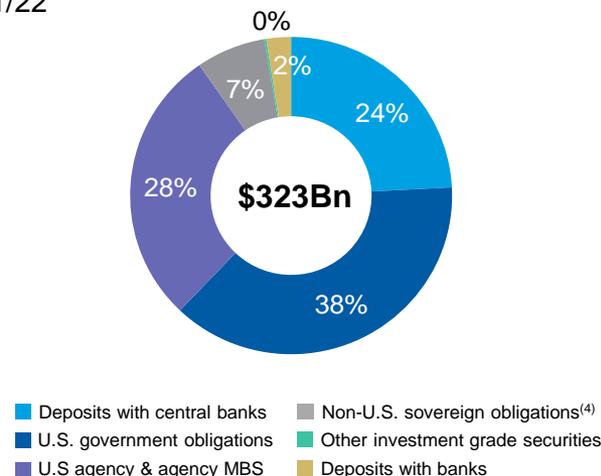
Average Eligible High Quality Liquid Assets⁽²⁾ (\$Bn)



Liquidity Resources⁽³⁾ (\$Bn)



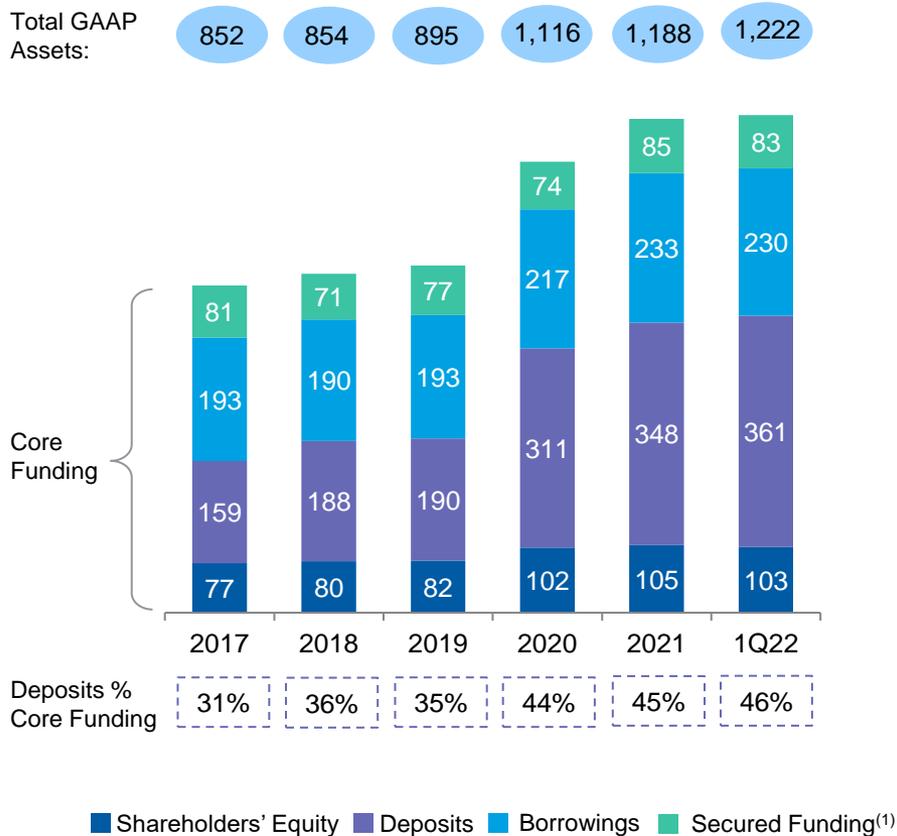
Liquidity Resources Composition⁽³⁾ (%)
As of 3/31/22



The End Notes are an integral part of this presentation. See slide 10 for information related to the financial metrics in this presentation.

Diversified and Durable Funding Mix

Morgan Stanley Core Funding (\$Bn)



Core Funding Overview

Shareholders' Equity

- Strong capital base
- Common stock supplemented by \$7.8Bn of preferred stock

Deposits

- Primarily sourced from Wealth Management clients
- Continue to optimize mix of deposits between retail and wholesale sources

Borrowings

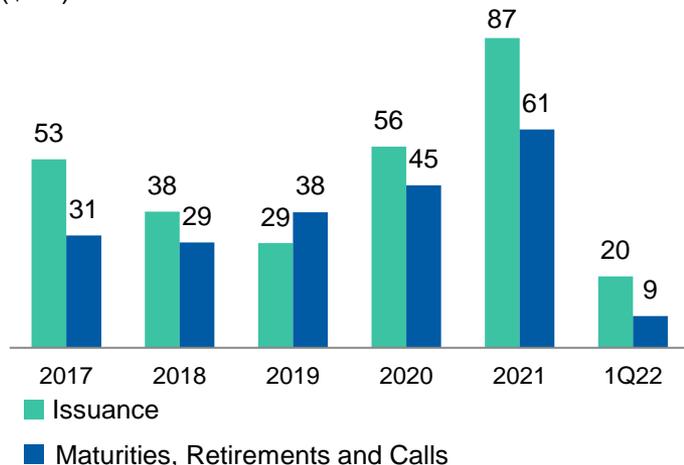
- Debt issuance diversified across tenors, currencies, distribution channels and structure
- Provides durability and flexibility to balance sheet
- Weighted average maturity: 7.3 years⁽²⁾

Secured Funding

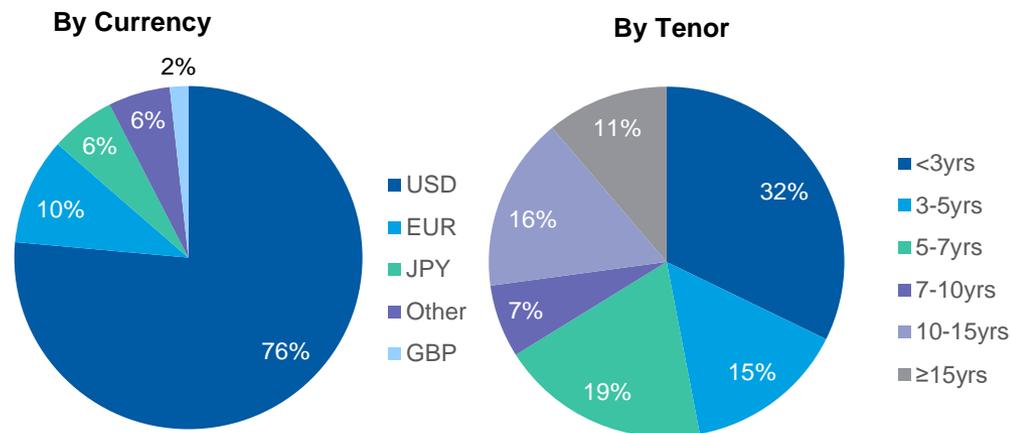
- Well established governance framework promotes funding parameters consistent with asset profile
- Weighted average maturity against less liquid assets >120 days

Unsecured Borrowings: Diversified and Durable Funding Structure

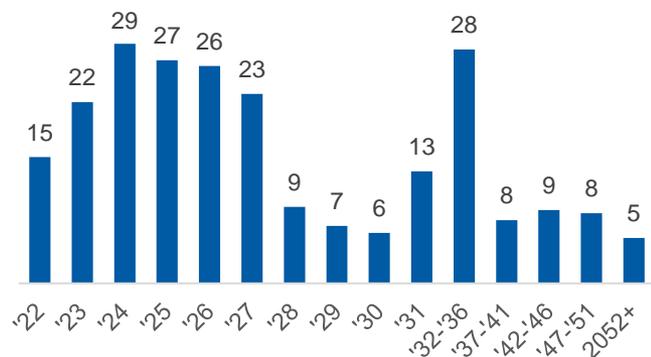
Unsecured Debt Issuance and Maturities⁽¹⁾
(\$Bn)



2017- Q1 2022 Unsecured Debt Issuance (%)



Unsecured Debt Maturity Profile⁽²⁾
As of 1Q22 | (\$Bn)



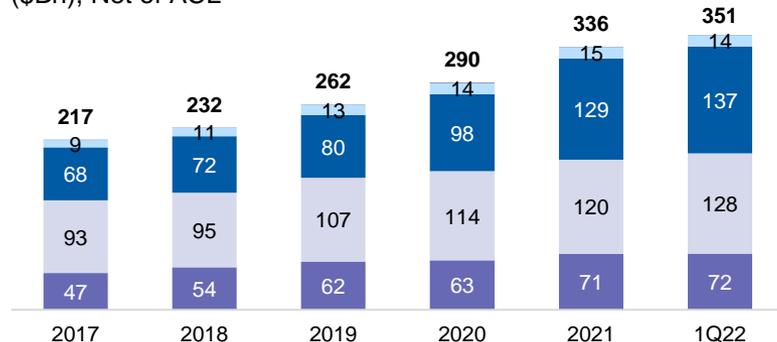
Total Loss-Absorbing Capacity (TLAC)
As of 1Q22 | (\$Bn)

	Required Ratio ⁽³⁾	Actual Ratio
External TLAC as % of RWA ⁽⁴⁾	21.5%	46.0%
External TLAC as a % of leverage exposure ⁽⁴⁾	9.5%	15.7%
Eligible LTD as a % of RWA ⁽⁵⁾	9.0%	28.9%
Eligible LTD as a % of leverage exposure ⁽⁵⁾	4.5%	9.9%

The End Notes are an integral part of this presentation. See slide 10 for information related to the financial metrics in this presentation.

High Quality Lending Portfolio with Disciplined Growth

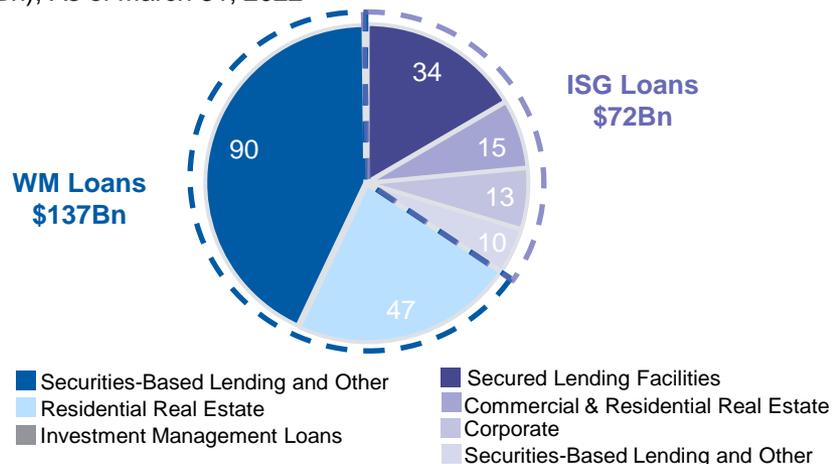
Total Loans and Lending Commitments⁽¹⁾
(\$Bn), Net of ACL



■ ISG Loans ■ ISG Commitments ■ WM Loans ■ WM Commitments ■ IM Loans⁽²⁾

Total Loans, net of ACL⁽¹⁾

(\$Bn), As of March 31, 2022 IM Loans \$0.4Bn



High Quality Portfolio

ISG

Investment Grade and/or Secured

>90%

of ISG exposure

WM

Secured Portfolio

>99%

of WM exposure

- Securities Based Lending LTV <40%⁽³⁾
- Residential Real Estate LTV <65%⁽³⁾

	<u>1Q22</u>
<i>LTM Net Charge-offs⁽⁴⁾</i>	0.08%
<i>Nonaccrual Loans⁽⁵⁾</i>	0.4%
<i>Allowance for Credit Losses⁽⁶⁾</i>	0.4%

Credit Ratings

As of March 31, 2022

	Moody's	S&P	Fitch
Morgan Stanley			
Outlook	Stable	Positive	Positive
Long-Term	A1	BBB+	A
Short-Term	P-1	A-2	F1
Subordinated Debt	Baa1	BBB	BBB+
Preferred Stock	Baa3	BB+	BBB-
Morgan Stanley Bank, N.A.			
Outlook	Stable	Stable	Positive
Long-Term	Aa3	A+	A+
Morgan Stanley Private Bank, N.A.			
Outlook	Stable	Stable	Not Rated
Long-Term	Aa3	A+	

End Notes

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

For additional information refer to the Definition of U.S. GAAP to Non-GAAP Measures, Definitions of Performance Metrics and Terms, Supplemental Quantitative Details and Calculations (includes reconciliation of GAAP to non-GAAP), and Legal Notice in the Morgan Stanley First Quarter 2022 Financial Supplement included in the Current Report on Form 8-K dated April 14, 2022.

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

End Notes

These notes refer to the financial metrics presented on Slide 3.

1. Net Income Applicable to Morgan Stanley.
2. Tangible Common Equity ("TCE") equals common equity less goodwill and intangible assets net of allowable mortgage servicing rights. TCE is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to assess capital adequacy.
3. Prior to January 1, 2018, the Firm estimated its pro forma fully phased-in Supplementary Leverage ratio (SLR) and pro forma fully phased-in Common Equity Tier 1 ratio based on the Firm's assessment of the Basel III final rules and other factors, including the Firm's expectations and interpretations of the requirements at the time. These pro-forma estimates represent non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to evaluate compliance with new regulatory capital requirements that had not yet become effective.
4. For purposes of determining regulatory compliance, and as reflected in the charts, the capital ratios are the lower of the Standardized or Advanced approaches. For further information, refer to 'Regulatory Requirements' on pages 57-58 in the Firm's Quarterly Report on Form 10-Q for the period ended March 31, 2022.
5. At December 31, 2020, our SLR reflects the impact of a Federal Reserve interim final rule that was in effect until March 31, 2021. For further information, see "Liquidity and Capital Resources—Regulatory Requirements" on Form 10-Q for the period ended March 31, 2021.

These notes refer to the financial metrics presented on Slide 4.

1. The Firm's U.S. LCR calculations are based on our current understanding of the U.S. LCR and other factors, which may be subject to change as the Firm receives additional clarification and implementation guidance from regulators relating to the U.S. LCR, and as the interpretation of the U.S. LCR evolves over time.
2. Represents average daily balance for three months ending the period. Under the LCR rule, Eligible HQLA is calculated using weightings and excluding certain HQLA held in subsidiaries.
3. In the first quarter of 2020, the Firm changed its internal measure of liquidity from the Global Liquidity Reserve to Liquidity Resources, which is more closely aligned with the regulatory definition of HQLA. Period end balances for 2017-2018 represent the Firm's prior Global Liquidity reserve measure. Period end balances for 2019-2022 represent the Firm's new internal Liquidity Resources measure.
4. Primarily composed of unencumbered Japanese, U.K., French and German government obligations.

These notes refer to the financial metrics presented on Slide 5.

1. Secured funding equals securities sold under agreements to repurchase, securities loaned and other secured financings.
2. Weighted average maturity only includes borrowings with original maturities greater than one year.

These notes refer to the financial metrics presented on Slide 6.

1. Unsecured Debt includes senior unsecured debt, subordinated debt and structured notes.
2. Unsecured Debt balances represent current notional values.
3. Required ratios are inclusive of applicable buffers.
4. 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.
5. 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 the balance sheet date.

These notes refer to the financial metrics presented on Slide 7.

1. Includes loans held for investment net of ACL, loans held for sale and fair value loans.
2. IM Loans for years ending 2017, 2018, 2019, 2020, 2021, and Q1 2022 were \$0.03Bn, \$0.03Bn, \$0.28Bn, \$0.44Bn, \$0.14Bn, and \$0.36Bn, respectively.
3. Represents the weighted average LTV weighted by funded balances as of March 31, 2022.
4. Represents last twelve months net charge-offs divided by last twelve months total average loans held for investment before allowance for the period ending March 31, 2022.
5. Represents total nonaccrual loans held for investment, which are loans that are 90 days or more past due, as a percentage of total held for investment loans as of March 31, 2022.
6. Allowance for credit losses for loans to total loans held for investment for the period ending March 31, 2022.

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