Morgan Stanley

Morgan Stanley
Fixed Income Investor Presentation

November 13, 2019

Notice

The information provided in this presentation may include certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included 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.

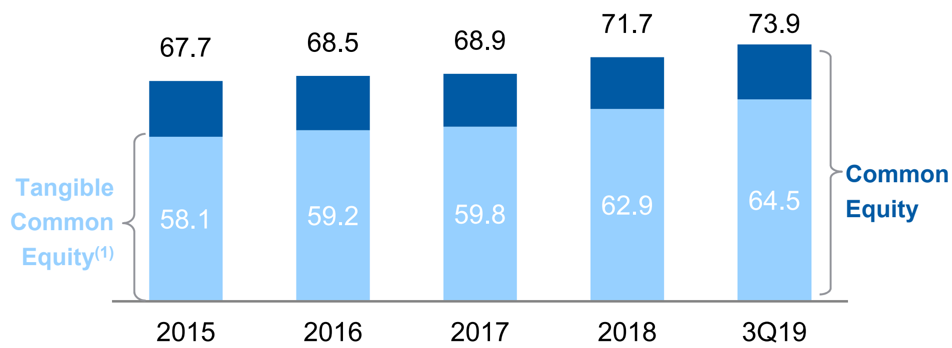
This presentation may contain forward-looking statements including the attainment of certain financial and other targets, and objectives and goals. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management's 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 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.

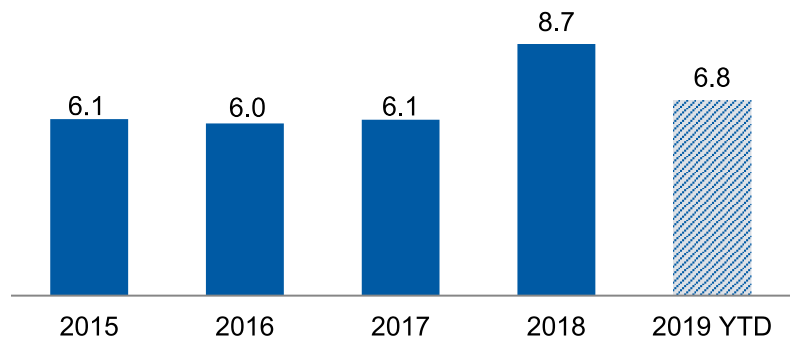
The End Notes are an integral part of this presentation. See slide 8 for information related to the financial metrics in this presentation.

Strong Capital Position

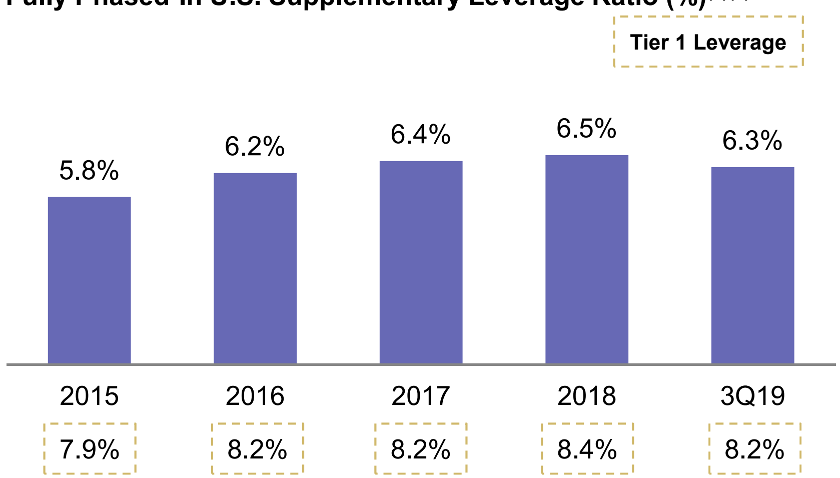
Common Equity ($Bn)



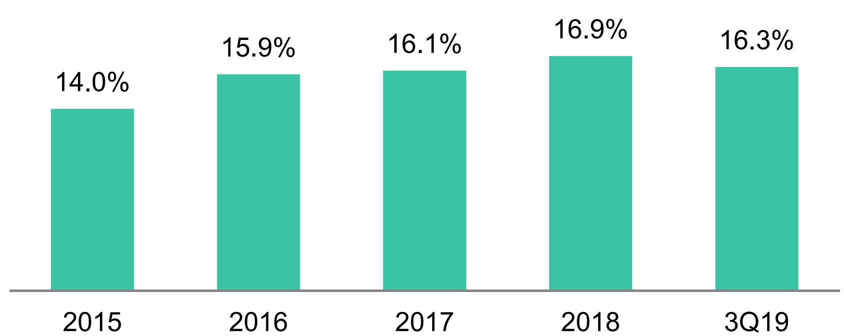
Net Income(2) ($Bn)



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



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



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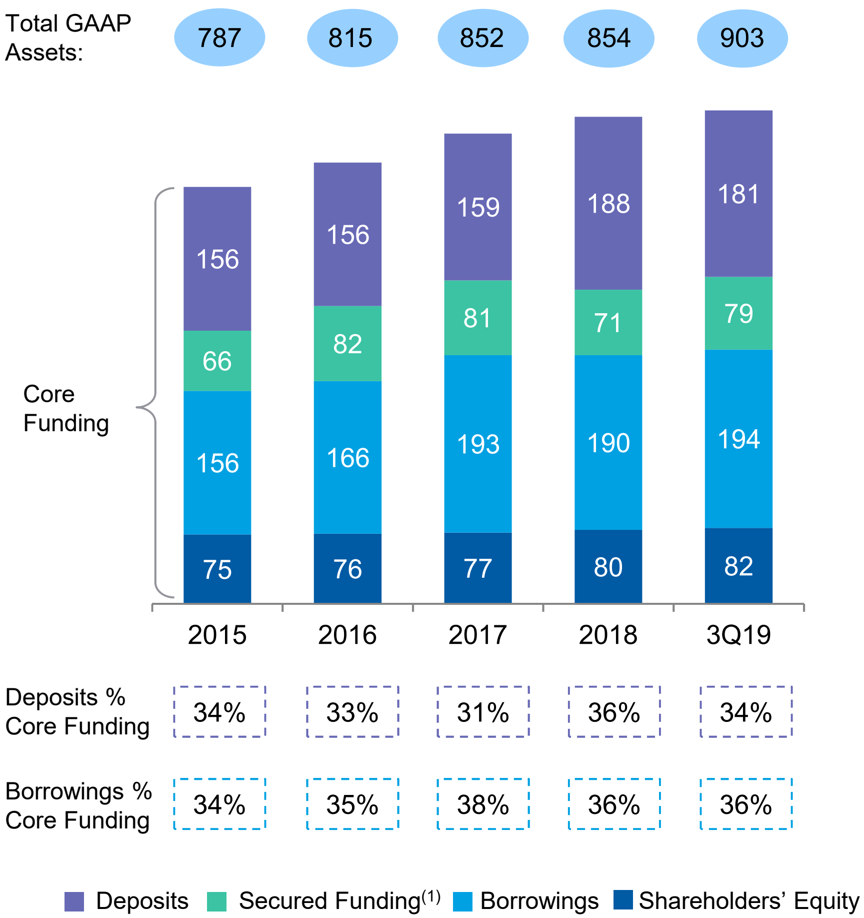
Diversified and Durable Funding Mix

Morgan Stanley Core Funding
($Bn)



Core Funding Overview

Shareholders' Equity

- Strong capital base
- Common stock supplemented by $8.5Bn of preferred stock

Deposits

- Primarily sourced from Wealth Management clients
- Further diversification provided by savings and time deposits and other third party sources

Borrowings

- Debt issuance diversified across tenors, currencies, distribution channels and structure
- Provides durability and flexibility to balance sheet
- Weighted average maturity: 6.9 years[2]

Secured Funding

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

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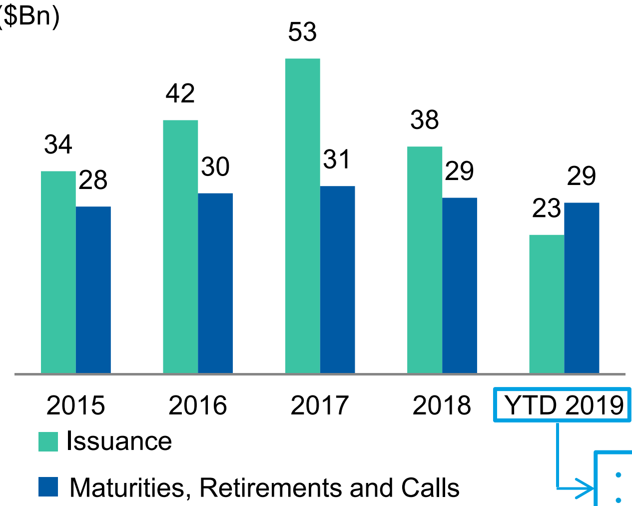
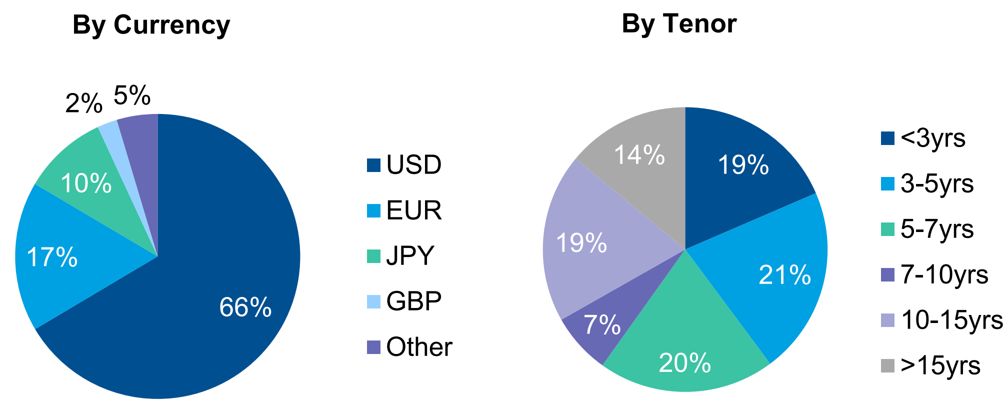
Unsecured Borrowings: Diversified Funding Structure

Unsecured Debt Issuance and Maturities[1]
($Bn)

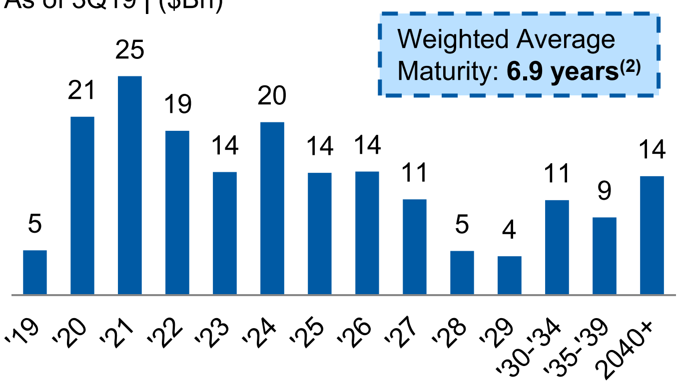


- $0.75Bn 3NC-2 SOFR FRN
- $2.0Bn 6NC-5 Fixed-to-Float (SOFR linked)

2015-2019 YTD Unsecured Debt Issuance



Unsecured Debt Maturity Profile
As of 3Q19 | ($Bn)



Total Loss-Absorbing Capacity (TLAC)
As of 9/30/19 | ($Bn)

	Required Ratio[3]	Actual Ratio
External TLAC as % of RWA[4]	21.5%	49.8%
External TLAC as a % of leverage exposure	9.5%	17.0%
Eligible LTD as a % of RWA[5]	9.0%	29.4%
Eligible LTD as a % of leverage exposure	4.5%	10.0%

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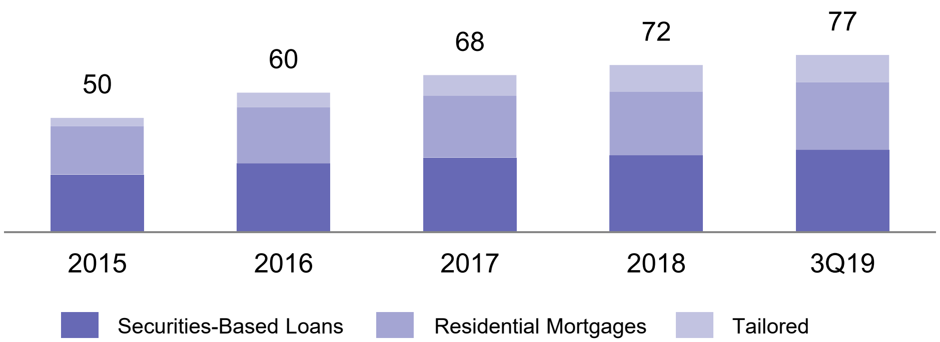
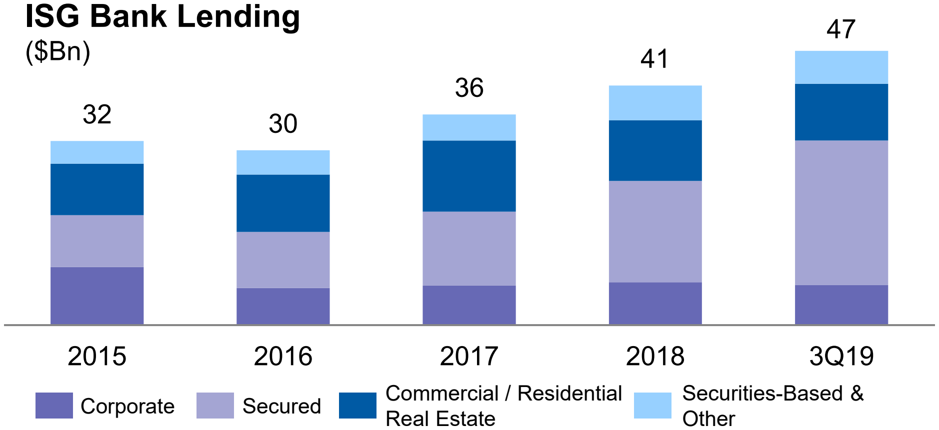
U.S. Banks: Continued Lending Growth with Diversified, Secured High Quality Loans[(1)]

WM Bank Lending
($Bn)



ISG Bank Lending
($Bn)



High Quality U.S. Bank Portfolio [(2)]

Secured Loan Portfolio — **~95%** *of total loans* [(3)]

- *Mortgage: 63% LTV, FICO >762*
- *Securities Based Lending: 42% LTV*

Net Charge-offs — **~0.00%** *of average loans* [(4)]

Non-Performing Loans — **~0.5%** *of total loans* [(5)]

Loan Loss Reserves — **~30x** *of LTM Net Charge-offs* [(6)]

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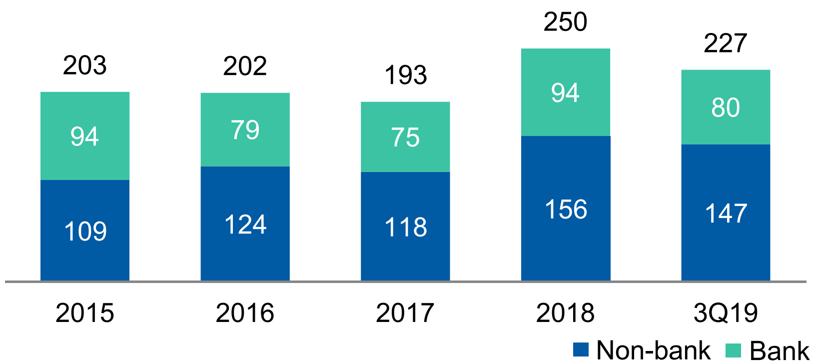
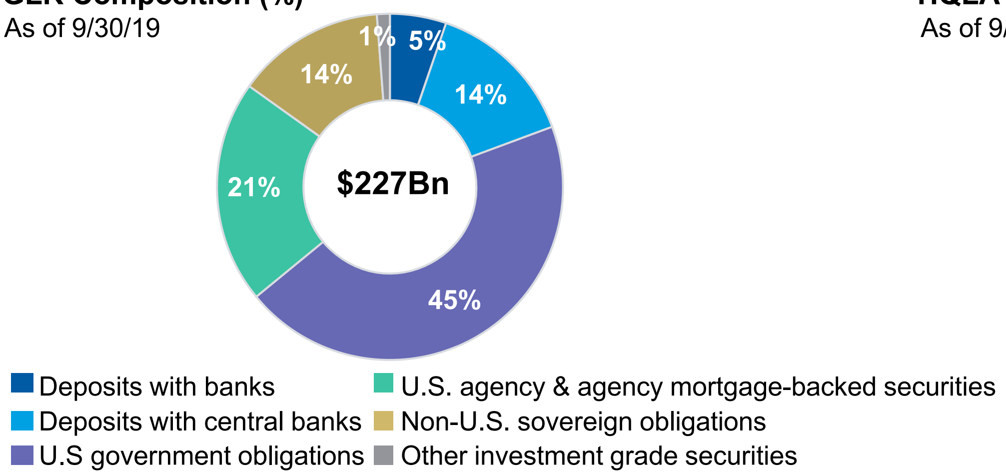
Strong Liquidity Position

Global Liquidity Reserve

Period End GLR ($Bn)

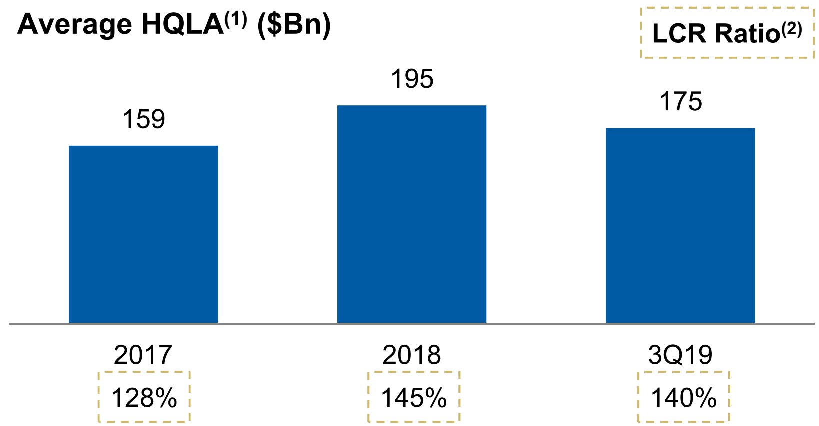


GLR Composition (%)
As of 9/30/19

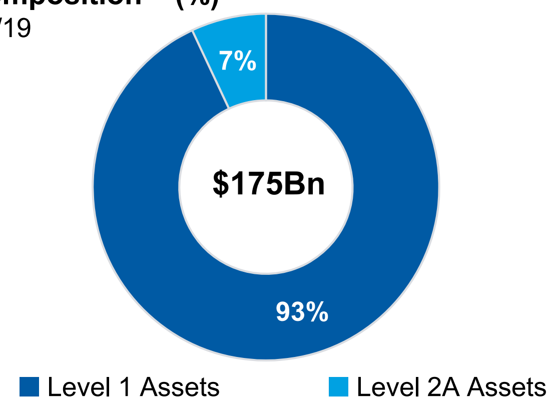


High Quality Liquid Assets

Average HQLA[1] ($Bn)



HQLA Composition[3] (%)
As of 9/30/19



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End Notes

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

1. 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.
2. Net Income Applicable to Morgan Stanley.
3. Prior to January 1, 2018, the Firm estimated its pro forma fully phased-in Supplementary Leverage ratio 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 24– 29 in the Firm's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.

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

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 5.

1. Unsecured Debt includes Plain Vanilla (Senior Unsecured Debt and Subordinated Debt) and Structured Notes.
2. Weighted average maturity only includes borrowings with original maturities greater than one year.
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 September 30, 2019.

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

1. U.S. Bank refers to the Firm's U.S. Bank operating subsidiaries Morgan Stanley Bank, N.A. and Morgan Stanley Private Bank, National Association and excludes balances between Bank subsidiaries, as well as deposits from the Parent and affiliates.
2. Credit metrics as of September 30, 2019.
3. Represents secured loans / total loans for the U.S. Bank; secured loans are predominantly secured by a senior secured 1st lien supported by collateral including receivables, inventory, equipment, real estate, securities, loans or other assets.
4. Represents annualized net charge-offs for the quarter ending September 30, 2019/ average total loans and leases for the quarter ending September 30, 2019 (including HFI & HFS) for the U.S. Bank.
5. Represents Nonperforming Loans / total loans and leases (including HFI & HFS) for the U.S. Bank.
6. Represents Total Reserves / Last Twelve Months Net Charge-off.

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

1. Represents average daily balance for three months ending the period. Average HQLA was disclosed beginning in the fourth quarter of 2017.
2. The Firm's calculations are based on our current understanding of the LCR and other factors, which may be subject to change as we receive additional clarification from regulators relating to the LCR, and as the interpretation of the LCR evolves over time.
3. Represents weighted average. The Firm's Level 1 assets primarily include cash on deposit with central banks, U.S. Treasury securities and other high quality non-U.S. sovereign securities. The Firm's Level 2A assets primarily include U.S. government-sponsored enterprise securities and certain non-U.S. sovereign securities, and the Level 2B assets primarily include publicly traded corporate debt and equity securities that are not issued by financial sector entities. The Firm's combined Level 2A and Level 2B assets are below the 40% cap for such assets under the LCR, and the Level 2B assets are below the rule's 15% cap.

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