

Fourth Quarter 2021 Earnings Results

Quarterly Financial Supplement

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

Morgan Stanley

Consolidated Financial Summary

(unaudited, dollars in millions)

| | Quarter Ended | | | Percentage Change From: | | Twelve Months Ended | | Percentage Change |
|--|------------------|------------------|------------------|-------------------------|--------------|---------------------|------------------|-------------------|
| | Dec 31, 2021 | Sep 30, 2021 | Dec 31, 2020 | Sep 30, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 | |
| Net revenues | | | | | | | | |
| Institutional Securities | \$ 6,669 | \$ 7,495 | \$ 6,970 | (11%) | (4%) | \$ 29,833 | \$ 26,476 | 13% |
| Wealth Management | 6,254 | 5,935 | 5,672 | 5% | 10% | 24,243 | 19,086 | 27% |
| Investment Management | 1,751 | 1,453 | 1,100 | 21% | 59% | 6,220 | 3,734 | 67% |
| Intersegment Eliminations | (150) | (130) | (145) | (15%) | (3%) | (541) | (539) | -- |
| Net revenues | \$ 14,524 | \$ 14,753 | \$ 13,597 | (2%) | 7% | \$ 59,755 | \$ 48,757 | 23% |
| Provision for credit losses | \$ 5 | \$ 24 | \$ 4 | (79%) | 25% | \$ 4 | \$ 761 | (99%) |
| Non-interest expenses | | | | | | | | |
| Institutional Securities | \$ 3,705 | \$ 4,498 | \$ 3,797 | (18%) | (2%) | \$ 18,026 | \$ 16,594 | 9% |
| Wealth Management | 4,826 | 4,405 | 4,611 | 10% | 5% | 18,051 | 14,669 | 23% |
| Investment Management | 1,243 | 1,083 | 904 | 15% | 38% | 4,542 | 2,864 | 59% |
| Intersegment Eliminations | (139) | (131) | (149) | (6%) | 7% | (536) | (549) | 2% |
| Non-interest expenses⁽¹⁾ | \$ 9,635 | \$ 9,855 | \$ 9,163 | (2%) | 5% | \$ 40,083 | \$ 33,578 | 19% |
| Income before taxes | | | | | | | | |
| Institutional Securities | \$ 2,972 | \$ 2,973 | \$ 3,160 | -- | (6%) | \$ 11,814 | \$ 9,151 | 29% |
| Wealth Management | 1,415 | 1,530 | 1,070 | (8%) | 32% | 6,181 | 4,387 | 41% |
| Investment Management | 508 | 370 | 196 | 37% | 159% | 1,678 | 870 | 93% |
| Intersegment Eliminations | (11) | 1 | 4 | * | * | (5) | 10 | * |
| Income before taxes | \$ 4,884 | \$ 4,874 | \$ 4,430 | -- | 10% | \$ 19,668 | \$ 14,418 | 36% |
| Net Income applicable to Morgan Stanley | | | | | | | | |
| Institutional Securities | \$ 2,223 | \$ 2,229 | \$ 2,422 | -- | (8%) | \$ 8,957 | \$ 7,012 | 28% |
| Wealth Management | 1,071 | 1,157 | 802 | (7%) | 34% | 4,734 | 3,361 | 41% |
| Investment Management | 411 | 320 | 158 | 28% | 160% | 1,347 | 615 | 119% |
| Intersegment Eliminations | (9) | 1 | 3 | * | * | (4) | 8 | * |
| Net Income applicable to Morgan Stanley | \$ 3,696 | \$ 3,707 | \$ 3,385 | -- | 9% | \$ 15,034 | \$ 10,996 | 37% |
| Earnings applicable to Morgan Stanley common shareholders | \$ 3,592 | \$ 3,584 | \$ 3,266 | -- | 10% | \$ 14,566 | \$ 10,500 | 39% |

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

Consolidated Financial Metrics, Ratios and Statistical Data

(unaudited)

| | Quarter Ended | | | Percentage Change From: | | Twelve Months Ended | | Percentage Change | |
|---|---------------|--------------|--------------|-------------------------|--------------|---------------------|--------------|-------------------|--|
| | Dec 31, 2021 | Sep 30, 2021 | Dec 31, 2020 | Sep 30, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 | | |
| Financial Metrics: | | | | | | | | | |
| Earnings per basic share | \$ 2.05 | \$ 2.01 | \$ 1.84 | 2% | 11% | \$ 8.16 | \$ 6.55 | 25% | |
| Earnings per diluted share | \$ 2.01 | \$ 1.98 | \$ 1.81 | 2% | 11% | \$ 8.03 | \$ 6.46 | 24% | |
| Return on average common equity | 14.7% | 14.5% | 14.7% | | | 15.0% | 13.1% | | |
| Return on average tangible common equity | 19.8% | 19.6% | 17.7% | | | 19.8% | 15.2% | | |
| Book value per common share | \$ 55.12 | \$ 54.56 | \$ 51.13 | | | \$ 55.12 | \$ 51.13 | | |
| Tangible book value per common share | \$ 40.91 | \$ 40.47 | \$ 41.95 | | | \$ 40.91 | \$ 41.95 | | |
| Excluding integration-related expenses ⁽¹⁾ | | | | | | | | | |
| Adjusted earnings per diluted share | \$ 2.08 | \$ 2.04 | \$ 1.92 | 2% | 8% | \$ 8.22 | \$ 6.58 | 25% | |
| Adjusted return on average common equity | 15.2% | 15.0% | 15.6% | | | 15.3% | 13.3% | | |
| Adjusted return on average tangible common equity | 20.4% | 20.2% | 18.7% | | | 20.2% | 15.4% | | |

Financial Ratios:

| | | | | | | | |
|---|-------|-------|-------|--|--|-------|-------|
| Pre-tax profit margin | 34% | 33% | 33% | | | 33% | 30% |
| Compensation and benefits as a % of net revenues | 38% | 40% | 40% | | | 41% | 43% |
| Non-compensation expenses as a % of net revenues | 29% | 27% | 27% | | | 26% | 26% |
| Firm expense efficiency ratio | 66% | 67% | 67% | | | 67% | 69% |
| Firm expense efficiency ratio excluding integration-related expenses ⁽¹⁾ | 65% | 66% | 66% | | | 66% | 68% |
| Effective tax rate | 23.9% | 23.6% | 23.0% | | | 23.1% | 22.5% |

Statistical Data:

| | | | | | | | |
|---|--------|--------|--------|------|------|-------|-------|
| Period end common shares outstanding (millions) | 1,772 | 1,799 | 1,810 | (2%) | (2%) | | |
| Average common shares outstanding (millions) | | | | | | | |
| Basic | 1,751 | 1,781 | 1,774 | (2%) | (1%) | 1,785 | 1,603 |
| Diluted | 1,785 | 1,812 | 1,802 | (1%) | (1%) | 1,814 | 1,624 |
| Worldwide employees | 74,814 | 73,620 | 68,097 | 2% | 10% | | |

Notes:

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

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

Consolidated and U.S. Bank Supplemental Financial Information

(unaudited, dollars in millions)

| | Quarter Ended | | | Percentage Change From: | | Twelve Months Ended | | Percentage Change |
|---|---------------|--------------|--------------|-------------------------|--------------|---------------------|--------------|-------------------|
| | Dec 31, 2021 | Sep 30, 2021 | Dec 31, 2020 | Sep 30, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 | |
| Consolidated Balance sheet | | | | | | | | |
| Total assets | \$ 1,188,140 | \$ 1,190,476 | \$ 1,115,862 | -- | 6% | | | |
| Loans ⁽¹⁾ | \$ 200,761 | \$ 188,274 | \$ 161,745 | 7% | 24% | | | |
| Deposits | \$ 347,574 | \$ 329,041 | \$ 310,782 | 6% | 12% | | | |
| Liquidity resources | \$ 356,003 | \$ 346,289 | \$ 338,623 | 3% | 5% | | | |
| Long-term debt outstanding | \$ 227,363 | \$ 224,937 | \$ 213,388 | 1% | 7% | | | |
| Maturities of long-term debt outstanding (next 12 months) | \$ 14,074 | \$ 13,899 | \$ 24,241 | 1% | (42%) | | | |
| Common equity | \$ 97,691 | \$ 98,153 | \$ 92,531 | -- | 6% | | | |
| Less: Goodwill and intangible assets | (25,192) | (25,345) | (16,615) | (1%) | 52% | | | |
| Tangible common equity | \$ 72,499 | \$ 72,808 | \$ 75,916 | -- | (5%) | | | |
| Preferred equity | \$ 7,750 | \$ 7,750 | \$ 9,250 | -- | (16%) | | | |
| U.S. Bank Supplemental Financial Information | | | | | | | | |
| Total assets | \$ 386,059 | \$ 367,111 | \$ 346,515 | 5% | 11% | | | |
| Loans | \$ 185,499 | \$ 174,552 | \$ 148,885 | 6% | 25% | | | |
| Investment securities portfolio ⁽²⁾ | \$ 143,292 | \$ 144,056 | \$ 142,929 | (1%) | -- | | | |
| Deposits | \$ 346,221 | \$ 326,941 | \$ 309,712 | 6% | 12% | | | |
| Regional revenues | | | | | | | | |
| Americas | \$ 11,274 | \$ 11,255 | \$ 10,166 | -- | 11% | \$ 44,605 | \$ 35,459 | 26% |
| EMEA (Europe, Middle East, Africa) | 1,695 | 1,752 | 1,771 | (3%) | (4%) | 7,699 | 6,549 | 18% |
| Asia | 1,555 | 1,746 | 1,660 | (11%) | (6%) | 7,451 | 6,749 | 10% |
| Consolidated net revenues | \$ 14,524 | \$ 14,753 | \$ 13,597 | (2%) | 7% | \$ 59,755 | \$ 48,757 | 23% |

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Consolidated Average Common Equity and Regulatory Capital Information

(unaudited, dollars in billions)

| | Quarter Ended | | | Percentage Change From: | | Twelve Months Ended | | Percentage Change |
|------------------------------|----------------|----------------|----------------|-------------------------|--------------|---------------------|----------------|-------------------|
| | Dec 31, 2021 | Sep 30, 2021 | Dec 31, 2020 | Sep 30, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 | |
| Average Common Equity | | | | | | | | |
| Institutional Securities | \$ 43.5 | \$ 43.5 | \$ 42.8 | -- | 2% | \$ 43.5 | \$ 42.8 | 2% |
| Wealth Management | 28.6 | 28.6 | 26.5 | -- | 8% | 28.6 | 20.8 | 38% |
| Investment Management | 10.7 | 10.7 | 2.6 | -- | * | 8.8 | 2.6 | * |
| Parent | 15.0 | 15.8 | 16.7 | (5%) | (10%) | 16.2 | 14.0 | 16% |
| Firm | \$ 97.8 | \$ 98.6 | \$ 88.6 | (1%) | 10% | \$ 97.1 | \$ 80.2 | 21% |

Regulatory Capital ⁽¹⁾

| | | | | | |
|------------------------------|---------|---------|---------|----|------|
| Common Equity Tier 1 capital | \$ 75.8 | \$ 75.8 | \$ 78.7 | -- | (4%) |
| Tier 1 capital | \$ 83.4 | \$ 83.4 | \$ 88.1 | -- | (5%) |

Standardized Approach

| | | | | | |
|------------------------------------|----------|----------|----------|----|----|
| Risk-weighted assets | \$ 472.3 | \$ 473.0 | \$ 453.1 | -- | 4% |
| Common Equity Tier 1 capital ratio | 16.0% | 16.0% | 17.4% | | |
| Tier 1 capital ratio | 17.6% | 17.6% | 19.4% | | |

Advanced Approach

| | | | | | |
|------------------------------------|----------|----------|----------|------|------|
| Risk-weighted assets | \$ 432.4 | \$ 441.2 | \$ 445.2 | (2%) | (3%) |
| Common Equity Tier 1 capital ratio | 17.5% | 17.2% | 17.7% | | |
| Tier 1 capital ratio | 19.3% | 18.9% | 19.8% | | |

Leverage-based capital

| | | | | | |
|---|------|------|------|--|--|
| Tier 1 leverage ratio | 7.1% | 7.3% | 8.4% | | |
| Supplementary Leverage Ratio ⁽²⁾ | 5.6% | 5.7% | 7.4% | | |

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Institutional Securities

Income Statement Information, Financial Metrics and Ratios

(unaudited, dollars in millions)

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

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Wealth Management

Income Statement Information, Financial Metrics and Ratios

(unaudited, dollars in millions)

| | Quarter Ended | | | Percentage Change From: | | Twelve Months Ended | | Percentage Change |
|--|-----------------|-----------------|---------------|-------------------------|--------------|---------------------|-----------------|-------------------|
| | Dec 31, 2021 | Sep 30, 2021 | Dec 31, 2020 | Sep 30, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 | |
| Revenues: | | | | | | | | |
| Asset management | \$ 3,700 | \$ 3,628 | \$ 2,975 | 2% | 24% | \$ 13,966 | \$ 10,955 | 27% |
| Transactional | 1,027 | 832 | 1,340 | 23% | (23%) | 4,259 | 3,694 | 15% |
| Net interest income | 1,405 | 1,348 | 1,207 | 4% | 16% | 5,393 | 4,022 | 34% |
| Other | 122 | 127 | 150 | (4%) | (19%) | 625 | 415 | 51% |
| Net revenues | 6,254 | 5,935 | 5,672 | 5% | 10% | 24,243 | 19,086 | 27% |
| Provision for credit losses | 13 | - | (9) | * | * | 11 | 30 | (63%) |
| Compensation and benefits | 3,486 | 3,159 | 3,345 | 10% | 4% | 13,090 | 10,970 | 19% |
| Non-compensation expenses | 1,340 | 1,246 | 1,266 | 8% | 6% | 4,961 | 3,699 | 34% |
| Total non-interest expenses ⁽¹⁾ | 4,826 | 4,405 | 4,611 | 10% | 5% | 18,051 | 14,669 | 23% |
| Income before taxes | 1,415 | 1,530 | 1,070 | (8%) | 32% | 6,181 | 4,387 | 41% |
| Net income applicable to Morgan Stanley | \$ 1,071 | \$ 1,157 | \$ 802 | (7%) | 34% | \$ 4,734 | \$ 3,361 | 41% |
| Pre-tax profit margin | 23% | 26% | 19% | | | 25% | 23% | |
| Pre-tax profit margin excluding integration-related expenses | 24% | 28% | 23% | | | 27% | 24% | |
| Compensation and benefits as a % of net revenues | 56% | 53% | 59% | | | 54% | 57% | |
| Non-compensation expenses as a % of net revenues | 21% | 21% | 22% | | | 20% | 19% | |
| Return on Average Common Equity | 15% | 16% | 12% | | | 16% | 16% | |
| Return on Average Tangible Common Equity ⁽²⁾ | 31% | 34% | 23% | | | 34% | 29% | |

Notes:

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

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Wealth Management

Financial Information and Statistical Data

(unaudited, dollars in billions)

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

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Investment Management

Income Statement Information, Financial Metrics and Ratios

(unaudited, dollars in millions)

| | Quarter Ended | | | Percentage Change From: | | Twelve Months Ended | | Percentage Change |
|--|---------------|---------------|---------------|-------------------------|--------------|---------------------|---------------|-------------------|
| | Dec 31, 2021 | Sep 30, 2021 | Dec 31, 2020 | Sep 30, 2021 | Dec 31, 2020 | Dec 31, 2021 | Dec 31, 2020 | |
| Revenues: | | | | | | | | |
| Asset management and related fees | \$ 1,585 | \$ 1,470 | \$ 869 | 8% | 82% | \$ 5,576 | \$ 3,013 | 85% |
| Performance-based income and other | 166 | (17) | 231 | * | (28%) | 644 | 721 | (11%) |
| Net revenues | <u>1,751</u> | <u>1,453</u> | <u>1,100</u> | 21% | 59% | <u>6,220</u> | <u>3,734</u> | 67% |
| Compensation and benefits | 631 | 513 | 530 | 23% | 19% | 2,373 | 1,542 | 54% |
| Non-compensation expenses | 612 | 570 | 374 | 7% | 64% | 2,169 | 1,322 | 64% |
| Total non-interest expenses ⁽¹⁾ | 1,243 | 1,083 | 904 | 15% | 38% | 4,542 | 2,864 | 59% |
| Income before taxes | 508 | 370 | 196 | 37% | 159% | 1,678 | 870 | 93% |
| Net income applicable to Morgan Stanley | <u>\$ 411</u> | <u>\$ 320</u> | <u>\$ 158</u> | 28% | 160% | <u>\$ 1,347</u> | <u>\$ 615</u> | 119% |
| Pre-tax profit margin | 29% | 25% | 18% | | | 27% | 23% | |
| Pre-tax profit margin excluding integration-related expenses | 31% | 28% | 18% | | | 29% | 23% | |
| Compensation and benefits as a % of net revenues | 36% | 35% | 48% | | | 38% | 41% | |
| Non-compensation expenses as a % of net revenues | 35% | 39% | 34% | | | 35% | 35% | |
| Return on Average Common Equity | 15% | 12% | 24% | | | 15% | 23% | |
| Return on Average Tangible Common Equity ⁽²⁾ | 207% | 161% | 37% | | | 144% | 36% | |

Notes:

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

Financial Information and Statistical Data

(unaudited, dollars in billions)

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

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Consolidated Loans and Lending Commitments

(unaudited, dollars in billions)

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

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

Consolidated Loans and Lending Commitments

Allowance for Credit Losses (ACL) as of December 31, 2021

(unaudited, dollars in millions)

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

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

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

- (a) The Firm prepares its Consolidated Financial Statements using accounting principles generally accepted in the United States (U.S. GAAP). From time to time, Morgan Stanley may disclose certain “non-GAAP financial measures” in the course of its earnings releases, earnings conference calls, financial presentations and otherwise. The Securities and Exchange Commission defines a “non-GAAP financial measure” as a numerical measure of historical or future financial performance, financial positions, or cash flows that is subject to adjustments that effectively exclude, or include amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. Non-GAAP financial measures disclosed by Morgan Stanley are provided as additional information to analysts, investors and other stakeholders in order to provide them with greater transparency about, or an alternative method for assessing, our financial condition, operating results, or prospective regulatory capital requirements. These measures are not in accordance with, or a substitute for U.S. GAAP, and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the non-GAAP financial measure we reference and such comparable U.S. GAAP financial measure. In addition to the following notes, please also refer to the Firm's Annual Report on Form 10-K for the year ended December 31, 2020.
- (b) The following are considered non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to allow comparability of operating performance and capital adequacy. These measures are calculated as follows:
- Earnings per diluted share excluding integration-related expenses represents net income applicable to Morgan Stanley, adjusted for the impact of the integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance, less preferred dividends divided by the average number of diluted shares outstanding.
 - The return on average tangible common equity represents annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average tangible common equity.
 - The return on average common equity and the return on average tangible common equity excluding integration-related expenses are adjusted in both the numerator and the denominator to exclude the integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance.
 - Segment return on average common equity and return on average tangible common equity represent full year net income or annualized net income for the quarter applicable to Morgan Stanley for each segment, less preferred dividend segment allocation, divided by average common equity and average tangible common equity for each respective segment. The segment adjustments to common equity to derive segment average tangible common equity are generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition).
 - Tangible common equity represents common equity less goodwill and intangible assets net of certain mortgage servicing rights deduction.
 - Tangible book value per common share represents tangible common equity divided by period end common shares outstanding.
 - Pre-tax profit margin excluding integration-related expenses represents income before income taxes less integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance as percentages of net revenues.
 - The Firm expense efficiency ratio excluding integration-related expenses represents total non-interest expenses less integration-related expenses associated with the acquisitions of E*TRADE and Eaton Vance as a percentage of net revenues.

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

Page 1:

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

Page 2:

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

Page 3:

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

Page 4:

- (a) The Firm's attribution of average common equity to the business segments is based on the Required Capital framework, an internal capital adequacy measure. This framework is a risk-based and leverage-based capital measure, which is compared with the Firm's regulatory capital to ensure that the Firm maintains an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The Required Capital Framework is based on the Firm's regulatory capital requirements. The Firm defines the difference between its total average common equity and the sum of the average common equity amounts allocated to its business segments as Parent common equity. The amount of capital allocated to the business segments is generally set at the beginning of the year, and will remain fixed throughout the year until the next annual reset unless a significant business change occurs (e.g., acquisition or disposition). The Firm has made updates to its required capital framework for 2021 and continues to evaluate with respect to the impact of evolving regulatory requirements, as appropriate. For further discussion of the framework, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's 2020 Form 10-K.
- (b) The Firm's risk-based capital ratios are computed under each of the (i) standardized approaches for calculating credit risk and market risk risk-weighted assets (RWAs) (the "Standardized Approach") and (ii) applicable advanced approaches for calculating credit risk, market risk and operational risk RWAs (the "Advanced Approach"). For information on the calculation of regulatory capital and ratios, and associated regulatory requirements, please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Regulatory Requirements" in the Firm's 2020 Form 10-K.
- (c) Supplementary leverage ratio represents Tier 1 capital divided by the total supplementary leverage exposure.

Page 5:

- (a) Institutional Securities Equity and Fixed income net revenues include trading, net interest income (interest income less interest expense), asset management, commissions and fees, investments and other revenues which are directly attributable to those businesses.
- (b) Pre-tax profit margin percentages represent income before income taxes as percentages of net revenues.
- (c) VaR represents the unrealized loss in portfolio value that one would not expect to exceed, on average, more than five times every one hundred trading days in the Firm's trading positions if the portfolio were held constant for a one-day period. Further discussion of the calculation of VaR and the limitations of the Firm's VaR methodology, is disclosed in "Quantitative and Qualitative Disclosures about Risk" included in the Firm's 2020 Form 10-K.

Definitions of Performance Metrics and Terms

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

Page 6:

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

Page 7:

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

Page 8:

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

Page 9:

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

Page 10 and 11:

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

Page 1:

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

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

Page 2:

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

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

Page 3:

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

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

Page 4:

(1) The Firm early adopted the standardized approach for counterparty credit risk (SA-CCR) under Basel III on December 1, 2021. SA-CCR replaced the current exposure method used to measure derivatives counterparty exposure within the Standardized Approach risk-weighted assets (RWAs) and Supplementary Leverage Ratio exposure calculations in the regulatory capital framework. As a result of the adoption, as of December 31, 2021 our risk-weighted assets under the Standardized Approach increased by \$23 billion and our Standardized CET1 capital ratio decreased by 82 basis points.

(2) Based on a Federal Reserve interim final rule that was in effect until March 31, 2021, our SLR and supplementary leverage exposure as of December 31, 2020 reflects the exclusion of U.S. Treasury securities and deposits at Federal Reserve Banks. The exclusion of these assets had the effect of increasing our SLR by 0.8% as of December 31, 2020.

Page 5:

(1) Institutional Securities average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 4Q21: \$603mm; 3Q21: \$603mm; 4Q20: \$484mm; 4Q21 YTD: \$603mm; 4Q20 YTD: \$484mm

Page 6:

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

| | <u>4Q21</u> | <u>3Q21</u> | <u>4Q20</u> | <u>4Q21 YTD</u> | <u>4Q20 YTD</u> |
|---|-------------|-------------|-------------|-----------------|-----------------|
| Compensation expenses | \$ 10 | \$ 9 | \$ 151 | \$ 58 | \$ 151 |
| Non-compensation expenses | 99 | 104 | 80 | 288 | 80 |
| Total non-interest expenses | \$ 109 | \$ 113 | \$ 231 | \$ 346 | \$ 231 |
| Income tax provision | 24 | 26 | 42 | 79 | 42 |
| Total non-interest expenses (after-tax) | \$ 85 | \$ 87 | \$ 189 | \$ 267 | \$ 189 |

(2) Wealth Management average tangible common equity represents average common equity adjusted to exclude goodwill and intangible assets net of allowable mortgage servicing rights deduction. The adjustments are as follows: 4Q21: \$15,270mm; 3Q21: \$15,270mm; 4Q20: \$13,440mm; 4Q21 YTD: \$15,218mm; 4Q20 YTD: \$9,536mm

Page 7:

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

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

Page 8:

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

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

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

Page 9:

- (1) Net Flows by region for the quarters ended December 31, 2021, September 30, 2021 and December 31, 2020 were:

North America: \$10.2 billion, \$12.6 billion and \$21.4 billion

International: \$1.3 billion, \$(0.3) billion and \$3.6 billion

- (2) Assets under management or supervision by region for the quarters ended December 31, 2021, September 30, 2021, and December 31, 2020 were:

North America: \$1,188 billion, \$1,148 billion and \$449 billion

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

Page 10:

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

Page 11:

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

| | Institutional Securities | Wealth Management | Total |
|---|-----------------------------|----------------------|-----------------|
| Loans | | | |
| Allowance for Credit Losses (ACL) | | | |
| Beginning Balance - September 30, 2021 | \$ 575 | \$ 109 | \$ 684 |
| Net Charge Offs | (13) | (6) | (19) |
| Provision | (19) | 8 | (11) |
| Other | - | - | - |
| Ending Balance - December 31, 2021 | \$ 543 | \$ 111 | \$ 654 |
| Lending Commitments | | | |
| Allowance for Credit Losses (ACL) | | | |
| Beginning Balance - September 30, 2021 | \$ 416 | \$ 13 | \$ 429 |
| Net Charge Offs | - | - | - |
| Provision | 11 | 5 | 16 |
| Other | (1) | - | (1) |
| Ending Balance - December 31, 2021 | \$ 426 | \$ 18 | \$ 444 |
| Loans and Lending Commitments | | | |
| Allowance for Credit Losses (ACL) | | | |
| Beginning Balance - September 30, 2021 | \$ 991 | \$ 122 | \$ 1,113 |
| Net Charge Offs | (13) | (6) | (19) |
| Provision | (8) | 13 | 5 |
| Other | (1) | - | (1) |
| Ending Balance - December 31, 2021 | \$ 969 | \$ 129 | \$ 1,098 |

This Financial Supplement contains financial, statistical and business-related information, as well as business and segment trends. The information should be read in conjunction with the Firm's fourth quarter earnings press release issued January 19, 2022.