

Morgan Stanley

# **Bernstein Strategic Decisions Conference**

**Ted Pick, Head of Institutional Securities**

**May 30, 2019**

## Notice

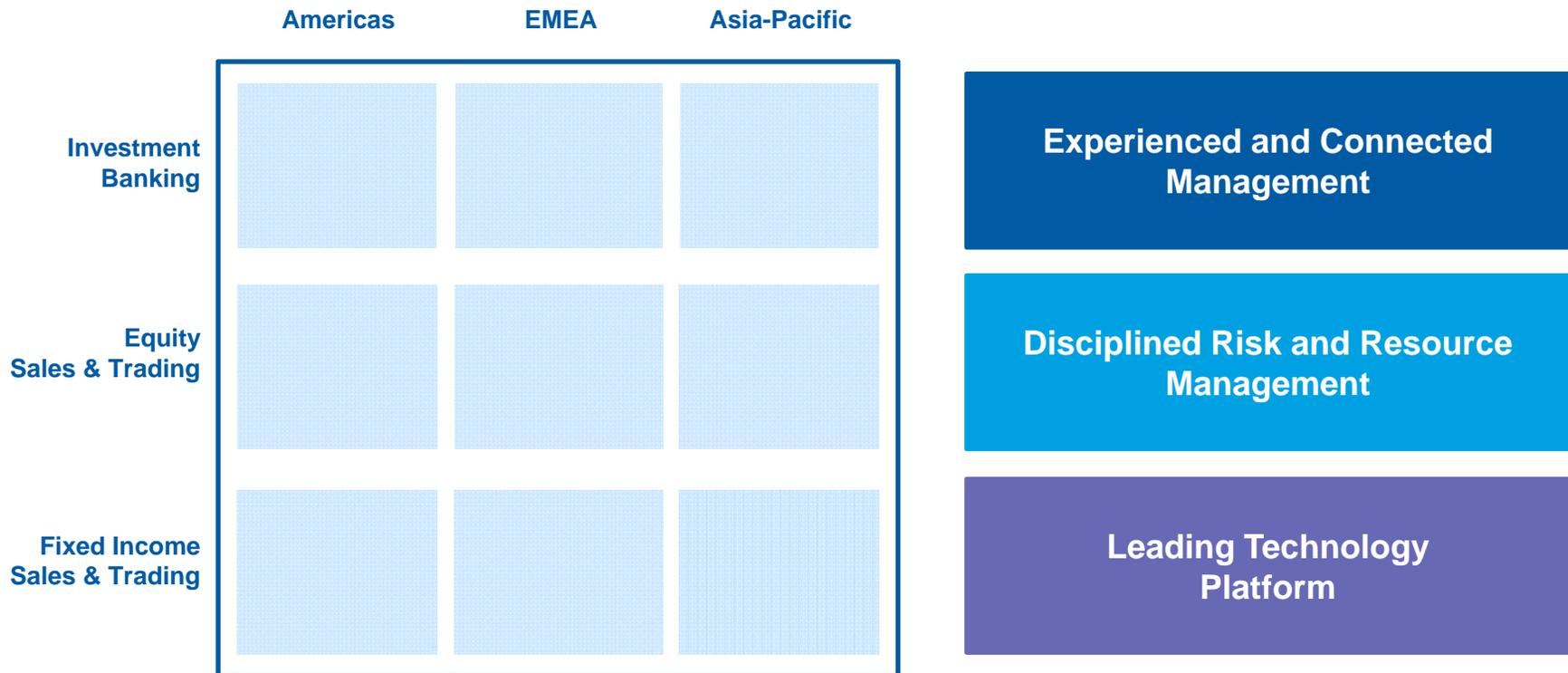
The information provided herein includes certain non-GAAP financial measures. The definition of such measures and/or the reconciliation of such measures to the comparable U.S. GAAP figures are included in this presentation, or in the Company's Annual Report on Form 10-K, Definitive Proxy Statement, Quarterly 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](http://www.morganstanley.com).

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The End Notes are an integral part of this Presentation. See slide 10.

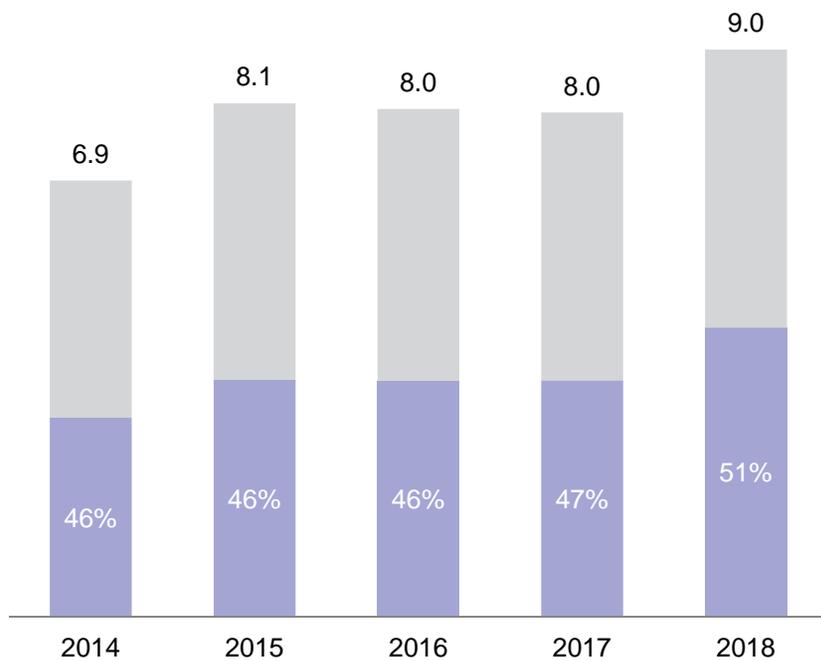
Please note this presentation is available at [www.morganstanley.com](http://www.morganstanley.com).

## Institutional Securities: Managing to the Bigger Box

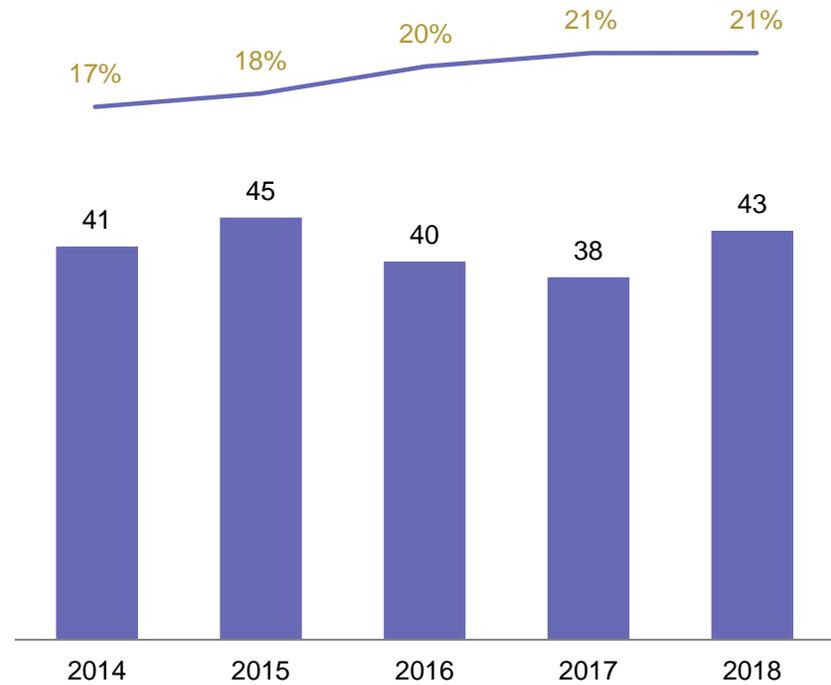


## Focus on Clients Drove Increased Wallet Share and More Stable Equity Sales & Trading Revenue...

Equity Sales & Trading Revenues ex. DVA<sup>(1)</sup> (\$Bn)



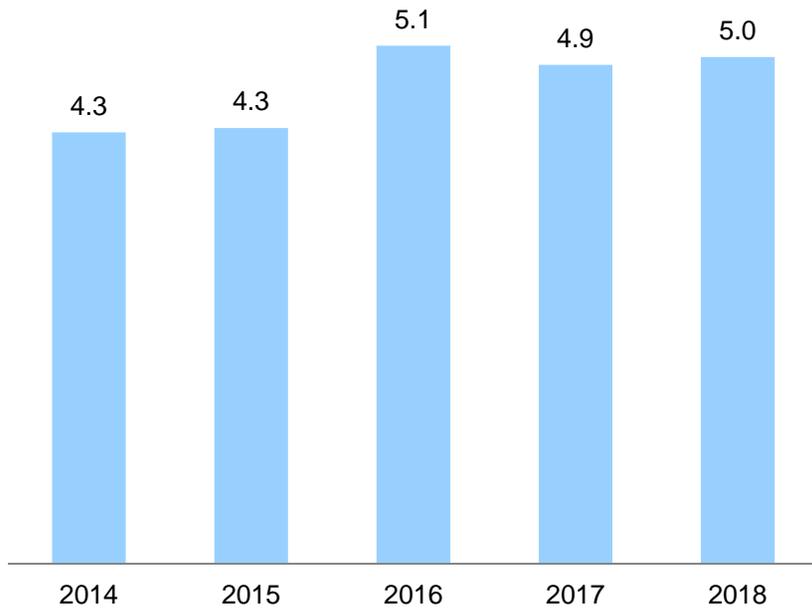
Industry Wallet ex. DVA<sup>(2)</sup> (\$Bn)



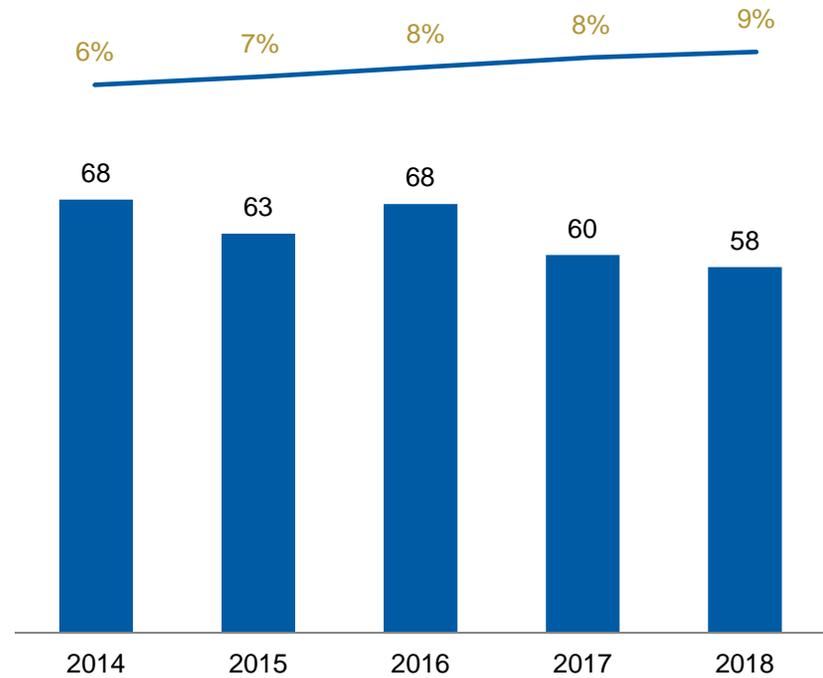
■ Financing Revenues

## ...Approach Grew Fixed Income Share in a Shrinking Wallet

Fixed Income Sales & Trading Revenues ex. DVA<sup>(1)</sup> (\$Bn)

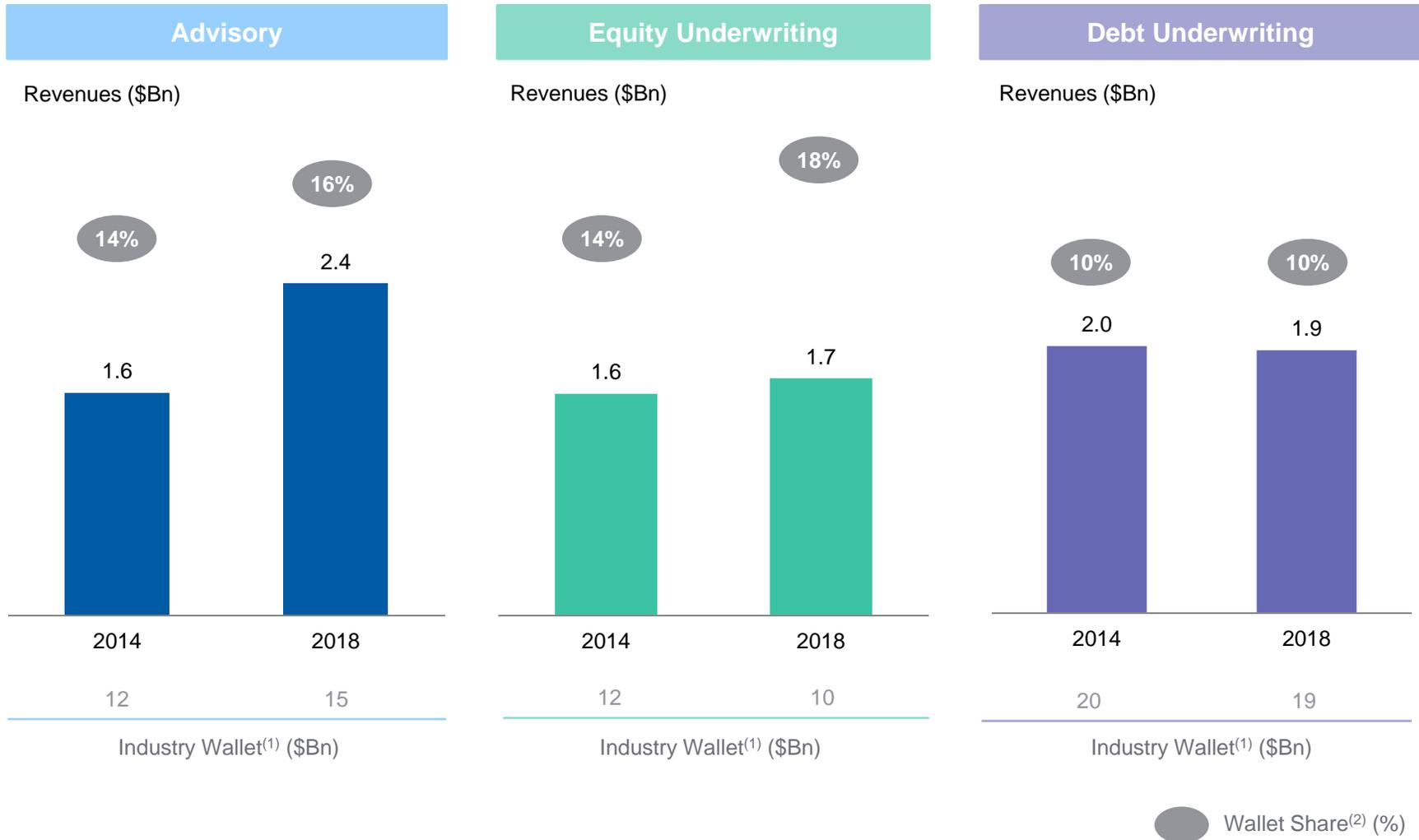


Industry Wallet ex. DVA<sup>(2)</sup> (\$Bn)



Refer to the End Notes for definitional terms and the explanation of metrics on this page. See slide 10.

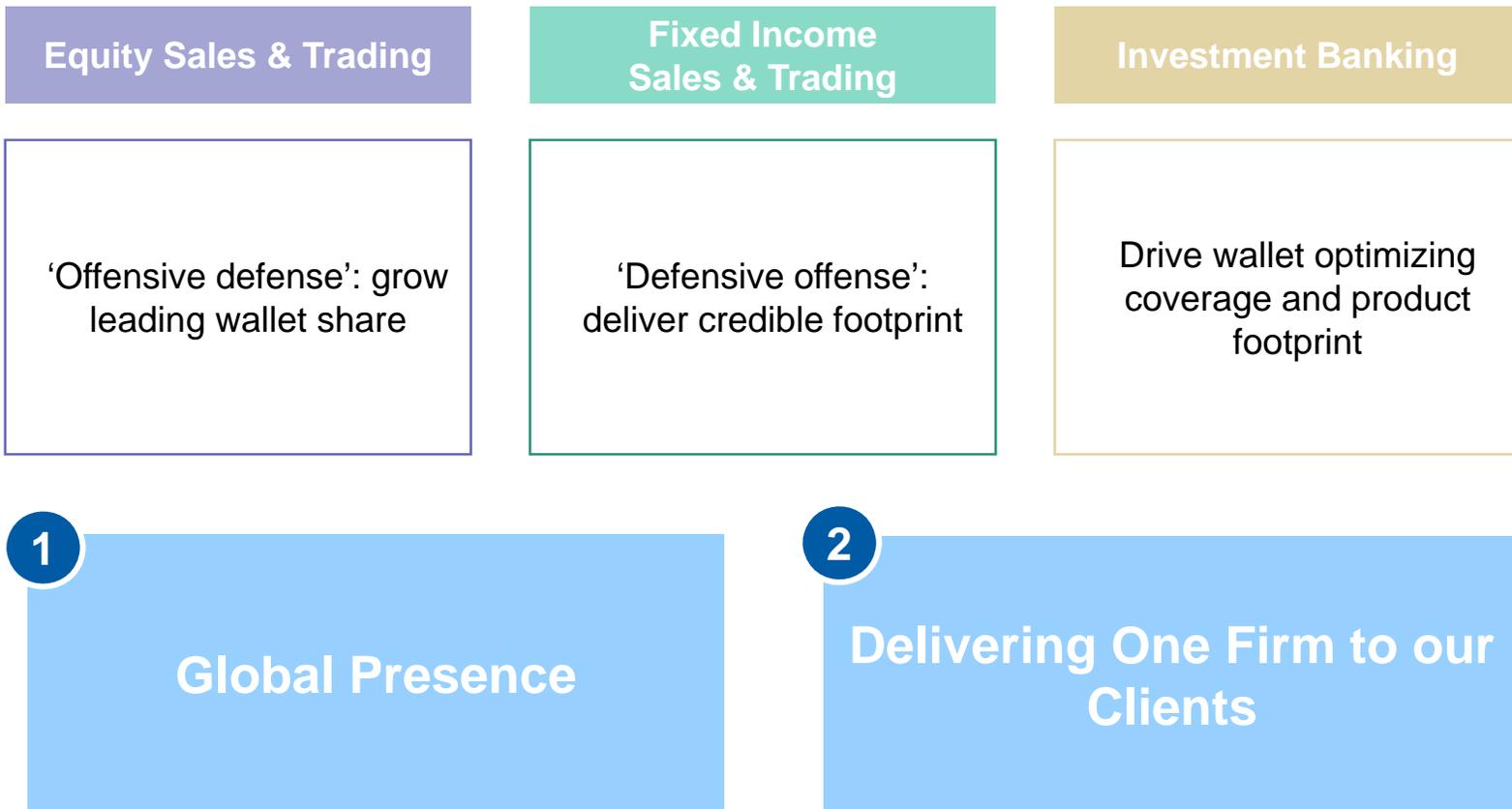
## Investment Banking Franchise on Solid Footing



Refer to the End Notes for definitional terms and the explanation of metrics on this page. See slide 10.

## Institutional Securities Going Forward

### Integrated Investment Bank

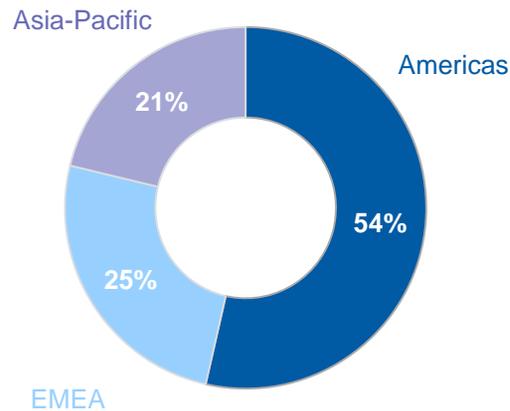


# 1 Global Presence: Asia Snapshot

## Global Opportunities Remain to Drive the Next Phase of Growth with Asia in Focus

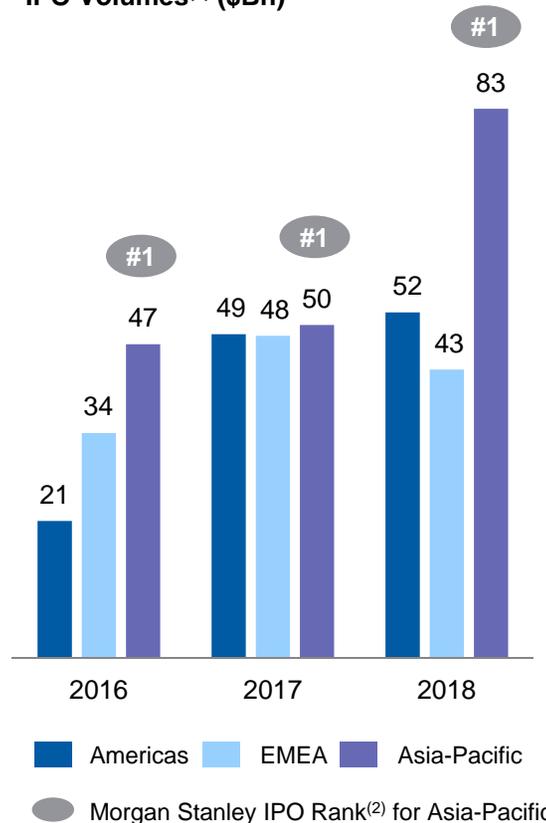
We Have Been Globally Diversified...

2018 Institutional Securities Net Revenues<sup>(1)</sup>



... While Witnessing Strong Growth in Asia...

IPO Volumes<sup>(2)</sup> (\$Bn)

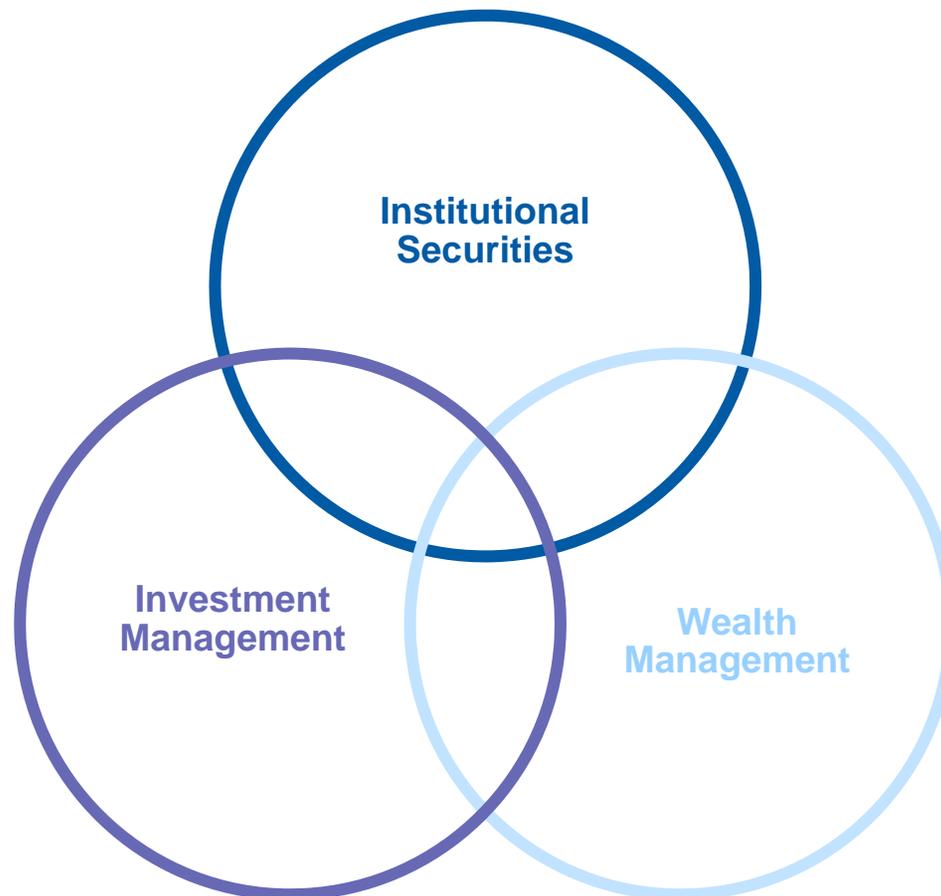


...And Enhancing Our Presence in Japan

Improvement in League Table Performance

	MS JFY2009 <sup>(3)</sup> Rank	MS / MUFG JV JFY2018 <sup>(3)</sup> Rank
M&A	10	1
M&A (Cross-Border)	7	1
Jumbo Equity <sup>(4)</sup>	7	3
Debt <sup>(5)</sup>	9	2

## 2 Delivering One Firm to Our Clients



## End Notes

These notes refer to Slide 4.

1. Equity Sales & Trading net revenues exclude for 2014, the positive impact from Debt Valuation Adjustment (“DVA”) of \$232 million; for 2015, the positive impact from DVA of \$163 million. DVA represents the change in fair value resulting from fluctuations in our credit spreads and other credit factors related to liabilities carried under the fair value option. Equity Sales & Trading Net Revenues, excluding DVA is a non-GAAP financial measure the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period to period operating performance.
2. Wallet represents the aggregated reported net revenues of Morgan Stanley and the following peers (as restated): Goldman Sachs, JP Morgan, Bank of America, Citigroup, UBS, Deutsche Bank, Credit Suisse, and Barclays. European peer results were translated to USD using average exchange rates for the appropriate period; sourced from Bloomberg.
3. Morgan Stanley’s Wallet Share is calculated as the percentage of Morgan Stanley’s net revenues, excluding DVA (where applicable) to the Wallet.

These notes refer to Slide 5.

1. Fixed Income Sales & Trading net revenues exclude for 2014, the positive impact from DVA of \$419 million and a negative impact from the initial implementation of Funding Valuation Adjustments (“FVA”) of \$466 million; for 2015, the positive impact from DVA of \$455 million. DVA represents the change in fair value resulting from fluctuations in our credit spreads and other credit factors related to liabilities carried under the fair value option. During 2014, the Company incorporated funding valuation adjustments (“FVA”) into the fair value measurements of OTC uncollateralized or partially collateralized derivatives, and in collateralized derivatives where the terms of the agreement do not permit the reuse of the collateral received. Fixed Income Sales & Trading Net Revenues, excluding DVA and FVA are non-GAAP financial measures the Firm considers useful for analysts, investors and other stakeholders to allow better comparability of period to period operating performance.
2. Wallet represents aggregated reported net revenues of Morgan Stanley and the following peers (as restated): Goldman Sachs, JP Morgan, Bank of America, Citigroup, UBS, Deutsche Bank, Credit Suisse, and Barclays. European peer results were translated to USD using average exchange rates for the appropriate period; sourced from Bloomberg.
3. Morgan Stanley’s Wallet Share is calculated as the percentage of Morgan Stanley’s net revenues, excluding DVA (where applicable) to the Wallet.

These notes refer to Slide 6.

1. Wallet represents aggregated reported net revenues of Morgan Stanley and the following peers (as restated): Goldman Sachs, JP Morgan, Bank of America, Citigroup, UBS, Deutsche Bank, Credit Suisse, and Barclays. European peer results were translated to USD using average exchange rates for the appropriate period; sourced from Bloomberg. For firms that do not disclose separate results for Advisory, Equity Underwriting and Debt Underwriting, assumptions have been made based on industry volumes sourced from Dealogic or based on company disclosures if the company provides the product splits within some of its segments but not others.
2. Morgan Stanley’s Wallet Share is calculated as the percentage of Morgan Stanley’s net revenues to the Wallet.

These notes refer to Slide 8.

1. Institutional Securities (“ISG”) operates in both U.S. and non-U.S. markets, with non-U.S. business activities principally conducted and managed through EMEA and Asia locations. The net revenues presented reflect the regional view of ISG’s net revenues on a managed basis, based on the following methodology: advisory and equity underwriting—client location; debt underwriting—revenue recording location; sales and trading—trading desk location.
2. For IPO Volumes and Rank, source is Dealogic. Includes deals greater than \$50MM where the issuer is from the respective regions. Volumes exclude A-share issuances and secondary IPOs.
3. Denotes Japanese Fiscal Year, which starts on April 1.
4. Includes IPOs and Follow On transactions over Yen 100 billion. Source is Thomson Reuters.
5. Includes Yen domestic bond issuances and non-Yen issuances by Japanese issuers. Domestic debt is defined as JPY issuances of straight corporate bonds, zaito institution bonds and municipal bonds from Japanese issuers. Non-Yen issuances are USD/EUR deals of US\$250MM / EUR250MM and above. Excludes deals with sole bookrunners and excludes issuances by non-Japanese subsidiaries of Japanese companies for which issuance decisions are made outside Japan. Source is Morgan Stanley’s analysis of Thomson Reuters, IFR and Bloomberg data.

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