REFINITIV

DELTA REPORT

10-Q

MS PR L - MORGAN STANLEY

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2088
CHANGES	301
DELETIONS	955
ADDITIONS	832

REFINITIV

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 September 30, 2023March 31, 2024

Commission File Number 1-11758

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(Exact name of Registrant as specified in its charter)

Delaware	**1585 Broadway**	**36-3145972**	**(212) 761-4000**
(State or other jurisdiction of incorporation or organization)	**New York, NY 10036** (Address of principal executive offices, including zip code)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 October 31, 2023 April 30, 2024, there were 1,641,311,580 1,625,162,676 shares of the Registrant's Common Stock, par value $0.01 per share, outstanding.

Image3.jpg

QUARTERLY REPORT ON FORM 10-Q

For the quarter ended September 30, 2023 March 31, 2024

Image3.jpg

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. 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.

Image3.jpg

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 estate loans and other lending products; banking; and retirement plan services.

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,” Regulation” and “Risk Factors” in the 2022 2023 Form 10-K and “Liquidity and Capital Resources—Regulatory Requirements” herein.

Executive Summary

Overview of Financial Results

Consolidated Results—Three Months Ended September 30, 2023 March 31, 2024

- The Firm reported net revenues of $13.3 billion $15.1 billion and net income of $2.4 billion. $3.4 billion with strong contributions across each of our businesses.
- The Firm delivered ROE of 10.0% 14.5% and ROTCE of 13.5% 19.7% (see “Selected Non-GAAP Financial Information” herein).
- The Firm’s expense efficiency ratio for the quarter-to-date and year-to-date periods was 75%. 71% demonstrating operating leverage in an improving market environment.
- At September 30, 2023 March 31, 2024, the Firm’s Standardized Common Equity Tier 1 capital ratio was 15.6% 15.0%.

- Institutional Securities net revenues of $5.7 billion $7.0 billion reflect solid strong performance across the broad franchise, with particular strength in Equity as well as underwriting revenues, partially offset by lower results in Equity and Fixed Income and muted completed activity in Investment Banking. Advisory.
- Wealth Management delivered a pre-tax margin of 26.7% 26.3%. Net revenues were $6.4 $6.9 billion reflecting increased on higher asset management revenues on higher average asset levels compared to a year ago. The driven by the positive market environment. Net new assets for the quarter included continued positive fee-based flows of $22.5 billion. were $95 billion.
- Investment Management results reflect net revenues of $1.3 billion increased compared to a year ago $1.4 billion on higher asset management revenues and average AUM of $1.4 trillion $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 $13.3 billion $15.1 billion in the quarter ended September 30, 2023 March 31, 2024 (“current quarter,” or “3Q 2023” “1Q 2024”), which increased by 4% compared with $13.0 billion $14.5 billion in the quarter ended September 30, 2022 March 31, 2023 (“prior year quarter,” or “3Q 2022” “1Q 2023”). For the current quarter, net income applicable to Morgan Stanley was $2.4 billion $3.4 billion, or $1.38 $2.02 per diluted common share, which increased by 14%, or 19% compared with $2.6 billion $3.0 billion, or $1.47 $1.70 per diluted common share in the prior year quarter.

We reported net revenues of $41.2 billion Non-interest Expenses

($ in the nine months ended September 30, 2023 (“current year period,” or “YTD 2023”) compared with $40.9 billion in the nine months ended September 30, 2022 (“prior year period,” or “YTD 2022”). For the current year period, net income applicable to Morgan Stanley was $7.6 billion, or $4.33 per diluted common share, compared with $8.8 billion, or $4.88 per diluted common share in the prior year period. millions)

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Management’s Discussion and Analysis

Image4.jpg

Non-interest Expenses

($ in millions)

4398046950160

4398046950162

- Compensation and benefits expenses of $5,935 million $6,696 million in the current quarter increased 6% 4% from the prior year quarter, primarily due to higher discretionary incentive compensation and higher an increase in the formulaic payout to Wealth Management representatives driven by higher compensable revenues.

  Compensation and benefits expenses of $18,607 million in the current year period increased 7% from the prior year period, primarily due to higher expenses related to certain deferred cash-based compensation plans linked to investment performance ("DCP") revenues and higher salary expenses, discretionary incentive compensation, partially offset by lower discretionary incentive compensation.

stock-based compensation expense in the prior year quarter.

- Non-compensation expenses of $4,059 million $4,051 million in the current quarter increased 3% decreased 2% from the prior year quarter, primarily driven by increased spend on technology lower legal and higher occupancy expenses.

  Non-compensation expenses of $12,394 million in the current year period increased 3% from the prior year period, primarily driven by increased spend on technology, higher occupancy professional services expenses and higher lower marketing and business development costs, partially offset by a decrease in legal 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 of $134 million in the current quarter primarily reflects deteriorating conditions in the commercial real estate sector, including provisions for certain specific loans, mainly in the office portfolio. The Provision for credit losses on loans and lending commitments in the prior year quarter was $35 million, primarily driven by deterioration in the macroeconomic outlook.

The Provision for credit losses on loans and lending commitments was a net release of $529 million $6 million, primarily as a result of improvements in the current year period macroeconomic outlook. This was primarily related to deteriorating conditions in the commercial real estate sector, including partially offset by provisions for certain specific commercial real estate and corporate loans mainly in the office portfolio, and modest growth in certain other loan portfolios. The Provision for credit losses on loans and lending commitments in the prior year period quarter was $193 million $234 million, primarily due related to portfolio growth and a deterioration in both the macroeconomic outlook. 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 Segment1

($ in millions)

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4398046950173

Net Income Applicable to Morgan Stanley by Segment1

($ in millions)

4398046950186

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 $5,669 million $7,016 million in the current quarter decreased increased 3% from the prior year quarter, primarily due to reflecting higher underwriting revenues and higher Equity results, partially offset by lower results from Investment banking Advisory and Fixed income partially offset by higher Other net revenues. Institutional Securities net revenues of $18,120 million in the current year period decreased 8% from the prior year period, primarily reflecting lower results across businesses, partially offset by higher Other net revenues. results.

- Wealth Management net revenues of $6,404 million $6,880 million in the current quarter increased 5% from the prior year quarter, primarily reflecting higher Asset management revenues. Wealth Management net revenues of $19,623 million in the current year period increased 10% from the prior year period, primarily reflecting higher and Transactional revenues, partially offset by lower Net interest revenues and gains on investments associated with certain employee deferred cash-based compensation plans (“DCP investments”) compared with losses in the prior year period. revenues.

- Investment Management net revenues of $1,336 million $1,377 million in the current quarter increased 14% 7% from the prior year quarter, primarily reflecting higher an increase in Asset management and related fees. Investment Management net revenues of $3,906 million in the current year period were relatively unchanged from the prior year period.

Net Revenues by Region[1]

($ in millions)

10445360903041

10445360903041

1. For a discussion of how the geographic breakdown of net revenues is determined, see Note 23 22 to the financial statements in the 2022 2023 Form 10-K.

- Americas net revenues in the current quarter increased 2% 7% from the prior year quarter, primarily driven by results within the Wealth Management business segment and Other net revenues within the Institutional Securities business segment, partially offset by lower Investment banking and Fixed income results. Americas net revenues in the current year period increased 4% from the prior year period, primarily driven by results within the Wealth Management business segment and Other net revenues within the Institutional Securities business segment, partially offset by lower higher results across businesses within the Institutional Securities all business segment. segments.

Management's Discussion and Analysis

Image4.jpg

- EMEA net revenues in the current quarter increased 6% 5% from the prior year quarter, primarily driven by higher results from Investment Banking and Equity, partially offset by lower results from Fixed income. EMEA net revenues in the current year period decreased 12% from the prior year period, primarily driven by lower results across businesses income within the Institutional Securities business segment.

- Asia net revenues in the current quarter increased 2% decreased 12% from the prior year quarter, primarily driven by results within the Investment Management business segment, partially offset by lower results from Fixed income. Asia net revenues in the current year period decreased 5% from the prior year period, primarily driven by lower results across businesses within the Institutional Securities business segment, partially offset by higher results within the Investment Management business segment income and higher Other net revenues Equity within the Institutional Securities business segment.

Management's Discussion and Analysis

Image4.jpg

Selected Financial Information and Other Statistical Data

$ in millions	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Consolidated results				
Net revenues	**$ 13,273**	$ 12,986	**$ 41,247**	$ 40,919
Earnings applicable to Morgan Stanley common shareholders	**$ 2,262**	$ 2,494	**$ 7,147**	$ 8,427
Earnings per diluted common share	**$ 1.38**	$ 1.47	**$ 4.33**	$ 4.88
Consolidated financial measures				
Expense efficiency ratio[1]	**75 %**	74 %	**75 %**	72 %
ROE[2]	**10.0 %**	10.7 %	**10.5 %**	11.9 %
ROTCE[2, 3]	**13.5 %**	14.6 %	**14.2 %**	16.1 %
Pre-tax margin[4]	**24 %**	26 %	**24 %**	28 %
Effective tax rate	**22.6 %**	21.4 %	**20.9 %**	21.1 %
Pre-tax margin by segment[4]				
Institutional Securities	**21 %**	28 %	**22 %**	30 %
Wealth Management	**27 %**	27 %	**26 %**	27 %
Investment Management	**18 %**	10 %	**15 %**	15 %

$ in millions, except per share data	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Consolidated results		
Net revenues		
Earnings applicable to Morgan Stanley common shareholders		
Earnings per diluted common share		
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 and employee data	**At September 30, 2023**	At December 31, 2022

$ in millions, except per share data, worldwide employees and client assets				*$ 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]	Average liquidity resources for three months ended[5]	**$ 307,367**	$ 312,250			
Loans[6]	Loans[6]	**$ 224,957**	$ 222,182			
Total assets	Total assets	**$ 1,169,013**	$ 1,180,231			
Deposits	Deposits	**$ 345,458**	$ 356,646			
Borrowings	Borrowings	**$ 247,193**	$ 238,058			
Common shareholders' equity		**$ 90,461**	$ 91,391			
Tangible common shareholders' equity[3]		**$ 66,561**	$ 67,123			
Common equity						
Tangible common equity[3]						
Common shares outstanding	Common shares outstanding	**1,642**	1,675			
Book value per common share[7]	Book value per common share[7]	**$ 55.08**	$ 54.55			
Tangible book value per common share[3, 7]	Tangible book value per common share[3, 7]	**$ 40.53**	$ 40.06			
Worldwide employees (in thousands)	Worldwide employees (in thousands)	**81**	82			
Client assets[8] (in billions)	Client assets[8] (in billions)	**$ 6,186**	$ 5,492			
Capital Ratios[9]	**Capital Ratios[9]**					
Common Equity Tier 1 capital—Standardized	Common Equity Tier 1 capital—Standardized	**15.6 %**	15.3 %			
Common Equity Tier 1 capital—Standardized						
Common Equity Tier 1 capital—Standardized					**15.0 %**	15.2 %
Tier 1 capital—Standardized	Tier 1 capital—Standardized	**17.6 %**	17.2 %	Tier 1 capital—Standardized	**16.9 %**	17.1 %

Common Equity Tier 1 capital—Advanced	Common Equity Tier 1 capital—Advanced	**16.1 %**	15.6 %	Common Equity Tier 1 capital—Advanced	**15.4**	**%**	15.5	%
Tier 1 capital—Advanced	Tier 1 capital—Advanced	**18.2 %**	17.6 %	Tier 1 capital—Advanced	**17.3**	**%**	17.4	%
Tier 1 leverage	Tier 1 leverage	**6.8 %**	6.7 %	Tier 1 leverage	**6.7**	**%**	6.7	%
SLR	SLR	**5.5 %**	5.5 %	SLR	**5.4**	**%**	5.5	%

1. The expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.
2. ROE and ROTCE represent annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively.
3. Represents a non-GAAP financial measure. See “Selected Non-GAAP Financial Information” herein.
4. Pre-tax margin represents income before provision for income taxes as a percentage of net revenues.
5. For a discussion of Liquidity resources, see “Liquidity and Capital Resources—Balance Sheet—Liquidity Risk Management Framework—Liquidity Resources” herein.

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 shareholders' equity and tangible common shareholders' 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 aggregate remained mixed, characterized by the first quarter of 2024, despite heightened geopolitical risks, continued inflationary pressures concerns and uncertainty regarding the future path of interest rates, which have remained persistently high. This 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 has 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.

We are monitoring the war and increased tensions in the Middle East and its impact on the regional economy, as well as on other world economies and the financial markets. Our direct exposure to Israel is limited. Morgan Stanley has a small number of employees in Israel and we continue to support them.

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 2022 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 condition, operating results and capital adequacy.

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 U.S. GAAP financial measure and the non-GAAP financial measure.

We present certain non-GAAP financial measures that exclude the impact of mark-to-market gains and losses on DCP investments from net revenues and compensation expenses. The impact of DCP is primarily reflected in our Wealth Management business segment results. These measures allow for better comparability of period-to-period underlying operating performance and revenue trends, 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.

Management’s Discussion and Analysis

![Image4.jpg]

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

		Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022
Net revenues	**Net revenues**	**$13,273**	$12,986	**$41,247**	$40,919
Adjustment for mark-to-market losses (gains) on DCP[1]	Adjustment for mark-to-market losses (gains) on DCP[1]	**202**	236	**(65)**	1,392
Adjusted Net revenues—non-GAAP	Adjusted Net revenues—non-GAAP	**$13,475**	$13,222	**$41,182**	$42,311
Compensation expense	**Compensation expense**	**$ 5,935**	$ 5,614	**$18,607**	$17,438
Adjustment for mark-to-market gains (losses) on DCP[1]	Adjustment for mark-to-market gains (losses) on DCP[1]	**57**	119	**(314)**	905
Adjusted Compensation expense—non-GAAP	Adjusted Compensation expense—non-GAAP	**$ 5,992**	$ 5,733	**$18,293**	$18,343
Wealth Management Net revenues	**Wealth Management Net revenues**	**$ 6,404**	$ 6,120	**$19,623**	$17,791
Adjustment for mark-to-market losses (gains) on DCP[1]	Adjustment for mark-to-market losses (gains) on DCP[1]	**143**	153	**(40)**	964
Adjusted Wealth Management Net revenues—non-GAAP	Adjusted Wealth Management Net revenues—non-GAAP	**$ 6,547**	$ 6,273	**$19,583**	$18,755
Wealth Management Compensation expense	**Wealth Management Compensation expense**	**$ 3,352**	$ 3,171	**$10,332**	$ 9,191
Adjustment for mark-to-market gains (losses) on DCP[1]	Adjustment for mark-to-market gains (losses) on DCP[1]	**48**	86	**(178)**	645
Adjusted Wealth Management Compensation expense—non-GAAP	Adjusted Wealth Management Compensation expense—non-GAAP	**$ 3,400**	$ 3,257	**$10,154**	$ 9,836

	Three Months Ended March 31,	
$ in millions	**2024**	2023

$ in millions	**At September 30, 2023**	At December 31, 2022
Tangible equity		
Common shareholders' equity	**$ 90,461**	$ 91,391
Less: Goodwill and net intangible assets	**(23,900)**	(24,268)

Tangible common shareholders' equity—non-GAAP	**$**	**66,561**	$	67,123

$ in millions		Average Monthly Balance			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2023	2022	2023	2022
Tangible equity					
Common shareholders' equity		**$ 90,788**	$ 92,905	**$ 91,142**	$ 94,654
Less: Goodwill and net intangible assets		**(23,965)**	(24,715)	**(24,074)**	(24,921)
Tangible common shareholders' equity—non-GAAP		**$ 66,823**	$ 68,190	**$ 67,068**	$ 69,733

$ in millions	At March 31, 2024	At December 31, 2023
Common equity		
Common equity		
Common equity		
Tangible common equity—non-GAAP		

$ in millions	Average Monthly Balance Three Months Ended March 31, 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

$ in billions	Three Months Ended September 30, 2023	2022	Nine Months Ended September 30, 2023	2022
Average common equity2				
Institutional Securities	**$45.6**	$48.8	**$45.6**	$48.8
Wealth Management	**28.8**	31.0	**28.8**	31.0
Investment Management	**10.4**	10.6	**10.4**	10.6
ROE3				

$ in billions	Three Months Ended March 31, 2024	2023
Institutional Securities		
Institutional Securities		
Institutional Securities		

Institutional Securities								
Institutional Securities	Institutional Securities	**7 %**	10 %	**8 %**	12 %		**15 %**	12 %
Wealth Management	Wealth Management	**18 %**	16 %	**18 %**	16 %	Wealth Management	**19 %**	19 %
Investment Management	Investment Management	**7 %**	4 %	**6 %**	6 %	Investment Management	**7 %**	5 %
Average tangible common equity[2]	**Average tangible common equity**[2]							
Institutional Securities	Institutional Securities	**$45.2**	$48.3	**$45.2**	$48.3			
Institutional Securities								
Institutional Securities								
Wealth Management	Wealth Management	**14.8**	16.3	**14.8**	16.3			
Investment Management	Investment Management	**0.7**	0.8	**0.7**	0.8			
ROTCE[3]	**ROTCE**[3]							
Institutional Securities	Institutional Securities	**7 %**	10 %	**8 %**	12 %			
Institutional Securities								
Institutional Securities							**15 %**	12 %
Wealth Management	Wealth Management	**35 %**	30 %	**35 %**	30 %	Wealth Management	**35 %**	36 %
Investment Management	Investment Management	**98 %**	56 %	**80 %**	87 %	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 2022 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 percentage of average common equity and average tangible common equity, respectively, allocated to each segment.

Return on Tangible Common Equity Goal

We have an ROTCE goal of over 20%. Our ROTCE goal is a forward-looking statement that is based on a normal market environment and may be materially affected by many factors.

See “Risk Factors” and “Forward-Looking Statements” in the 2022 2023 Form 10-K for further information on market and economic conditions and their potential effects on our future operating results.

ROTCE represents a non-GAAP financial measure. For further information on non-GAAP measures, see “Selected Non-GAAP Financial Information” herein.

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 2022 2023 Form 10-K.

Institutional Securities

Income Statement Information

		Three Months Ended September 30,								
	Three Months Ended March 31,			% Change			Three Months Ended March 31,			% Change
$ in millions	*$ in millions*	**2023**	2022	% Change	*$ in millions*	**2024**	2023			
Revenues	**Revenues**									
Advisory										
Advisory										
Advisory	Advisory	**$ 449**	$ 693	**(35) %**		**$ 461**	$ 638		**(28)**	**(28) %**
Equity	Equity	**237**	218	**9 %**	Equity	**430**	202	202	**113**	**113 %**
Fixed income	Fixed income	**252**	366	**(31) %**	Fixed income	**556**	407	407	**37**	**37 %**
Total Underwriting	Total Underwriting	**489**	584	**(16) %**	Total Underwriting	**986**	609	609	**62**	**62 %**
Total Investment banking	Total Investment banking	**938**	1,277	**(27) %**	Total Investment banking	**1,447**	1,247	1,247	**16**	**16 %**
Equity	Equity	**2,507**	2,459	**2 %**	Equity	**2,842**	2,729	2,729	**4**	**4 %**
Fixed income	Fixed income	**1,947**	2,181	**(11) %**	Fixed income	**2,485**	2,576	2,576	**(4)**	**(4)%**
Other	Other	**277**	(100)	**N/M**	Other	**242**	245	245	**(1)**	**(1)%**
Net revenues	**Net revenues**	**$5,669**	$5,817	**(3) %**	**Net revenues**	**$7,016**	$	6,797	**3**	**3 %**
Provision for credit losses	**Provision for credit losses**	**93**	24	**N/M**	**Provision for credit losses**	**2**	189	189	**(99)**	**(99)%**
Compensation and benefits	Compensation and benefits	**2,057**	1,948	**6 %**	Compensation and benefits	**2,343**	2,365	2,365	**(1)**	**(1)%**
Non-compensation expenses	Non-compensation expenses	**2,320**	2,219	**5 %**	Non-compensation expenses	**2,320**	2,351	2,351	**(1)**	**(1)%**
Total non-interest expenses	**Total non-interest expenses**	**4,377**	4,167	**5 %**	**Total non-interest expenses**	**4,663**	4,716	4,716	**(1)**	**(1)%**
Income before provision for income taxes	Income before provision for income taxes	**1,199**	1,626	**(26) %**	Income before provision for income taxes	**2,351**	1,892	1,892	**24**	**24 %**
Provision for income taxes	Provision for income taxes	**263**	305	**(14) %**	Provision for income taxes	**482**	363	363	**33**	**33 %**
Net income	Net income	**936**	1,321	**(29) %**	Net income	**1,869**	1,529	1,529	**22**	**22 %**
Net income applicable to noncontrolling interests	Net income applicable to noncontrolling interests	**24**	47	**(49) %**	Net income applicable to noncontrolling interests	**50**	51	51	**(2)**	**(2)%**
Net income applicable to Morgan Stanley	**Net income applicable to Morgan Stanley**	**$ 912**	$1,274	**(28) %**	**Net income applicable to Morgan Stanley**	**$1,819**	$	1,478	**23**	**23 %**

	Nine Months Ended September 30,	% Change

$ in millions		2023		2022	
Revenues					
Advisory	$	1,542	$	2,235	(31)%
Equity		664		624	6 %
Fixed income		1,054		1,124	(6)%
Total Underwriting		1,718		1,748	(2)%
Total Investment banking		3,260		3,983	(18)%
Equity		7,784		8,593	(9)%
Fixed income		6,239		7,604	(18)%
Other		837		(587)	N/M
Net revenues	$	18,120	$	19,593	(8)%
Provision for credit losses		379		150	153 %
Compensation and benefits		6,637		6,602	1 %
Non-compensation expenses		7,036		6,874	2 %
Total non-interest expenses		13,673		13,476	1 %
Income before provision for income taxes		4,068		5,967	(32)%
Provision for income taxes		802		1,235	(35)%
Net income		3,266		4,732	(31)%
Net income applicable to noncontrolling interests		117		146	(20)%
Net income applicable to Morgan Stanley	$	3,149	$	4,586	(31)%

Investment Banking

Investment Banking Volumes

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31,						
		Three Months Ended March 31,						
		Three Months Ended March 31,						
$ in billions	*$ in billions*	**2023**	2022	**2023**	2022	*$ in billions*	**2024**	2023
Completed mergers and acquisitions[1]	Completed mergers and acquisitions[1]	**$157**	$149	**$367**	$631			
Equity and equity-related offerings[2, 3]	Equity and equity-related offerings[2, 3]	**6**	5	**26**	16			
Fixed income offerings[2, 4]	Fixed income offerings[2, 4]	**47**	53	**184**	187			

Source: Refinitiv data as of October 2, 2023 April 1, 2024. Transaction volumes may not be indicative of net revenues in a given period. In addition, transaction volumes for prior periods may vary from amounts previously reported due to the subsequent withdrawal, change in value or change in timing of certain transactions.

1. Includes transactions of $100 million or more. Based on full credit to each of the advisors in a transaction.
2. Based on full credit for single book managers and equal credit for joint book managers.
3. Includes Rule 144A issuances and registered public offerings of common stock, convertible securities and rights offerings.
4. Includes Rule 144A and publicly registered issuances, non-convertible preferred stock, mortgage-backed and asset-backed securities, and taxable municipal debt. Excludes leveraged loans and self-led issuances.

Investment Banking Revenues

Revenues of $938 million $1,447 million in the current quarter decreased 27% increased 16% from the prior year quarter, primarily reflecting an increase in underwriting revenues, partially offset by lower advisory and fixed income underwriting Advisory revenues.

- Advisory revenues decreased primarily due to fewer completed M&A transactions.
- Equity underwriting revenues increased on higher volumes, primarily in secondary offerings, partially offset by lower revenues from initial public and follow-on offerings.
  - Fixed income underwriting revenues decreased increased primarily due to lower event-driven non-investment grade higher bond issuances, securitized products revenues and investment-grade loan issuances.

Revenues of $3,260 million in the current year period decreased 18% compared with the prior year period, primarily reflecting lower advisory revenues.

- Advisory revenues decreased primarily due to fewer completed M&A transactions.
- Equity While Investment Banking results improved from recent quarters on higher underwriting revenues, increased on higher volumes, primarily in secondary offerings and convertible issuances, partially offset by lower revenues from initial public offerings.
- Fixed income underwriting revenues decreased primarily due to lower non-investment grade loan issuances, partially offset by higher investment-grade bond and loan issuances.

Investment Banking continues we continue to operate in a market environment characterized by reduced with lower completed M&A activity and underwriting activity amid inflationary pressures and uncertainty regarding the future path of interest rates, which have remained persistently high. activity.

See “Investment Banking Volumes” herein.

Image4.jpg

Equity, Fixed Income and Other Net Revenues

Equity and Fixed Income Net Revenues

	Three Months Ended September 30, 2023											
	Three Months Ended March 31, 2024						Three Months Ended March 31, 2024					
$ in millions	*$ in millions*	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total	*$ in millions*	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	Financing	**$1,861**	**$130**	**$ (857)**	**$ 26**	**$1,160**						
Execution services	Execution services	**803**	**534**	**(71)**	**81**	**1,347**						
Total Equity	**Total Equity**	**$2,664**	**$664**	**$ (928)**	**$ 107**	**$2,507**						
Total Fixed Income	**Total Fixed Income**	**$2,013**	**$ 90**	**$ (258)**	**$ 102**	**$1,947**						

	Three Months Ended September 30, 2022				
$ in millions	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	$ 1,308	$ 132	$ (74)	$ 2	$ 1,368
Execution services	578	573	21	(81)	1,091
Total Equity	$ 1,886	$ 705	$ (53)	$ (79)	$ 2,459
Total Fixed Income	$ 1,928	$ 85	$ 133	$ 35	$ 2,181

	Nine Months Ended September 30, 2023				
$ in millions	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	**$ 5,426**	**$ 394**	**$ (2,016)**	**$ 64**	**$ 3,868**
Execution services	**2,308**	**1,695**	**(175)**	**88**	**3,916**
Total Equity	**$ 7,734**	**$ 2,089**	**$ (2,191)**	**$ 152**	**$ 7,784**
Total Fixed Income	**$ 6,428**	**$ 283**	**$ (821)**	**$ 349**	**$ 6,239**

	Nine Months Ended September 30, 2022											
	Three Months Ended March 31, 2023						Three Months Ended March 31, 2023					
$ in millions	*$ in millions*	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total	*$ in millions*	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	Financing	$3,914	$ 404	$ 46	$ 7	$4,371						
Execution services	Execution services	2,371	1,887	(22)	(14)	4,222						
Total Equity	**Total Equity**	$6,285	$2,291	$ 24	$ (7)	$8,593						
Total Fixed Income	**Total Fixed Income**	$6,263	$ 264	$ 1,046	$ 31	$7,604						

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 $2,507 million $2,842 million in the current quarter increased 2% 4% compared with the prior year quarter, primarily reflecting an increase in execution Execution services, partially offset by a decrease in financing. Financing.

- Financing revenues decreased primarily due to lower spreads driven by changes lower gains on inventory held to facilitate client activity in Asia compared to elevated results in the prior year quarter, partially offset by the impact of higher average client balance mix and higher funding costs. balances.
- Execution services revenues increased primarily due to higher gains on inventory held to facilitate client activity in derivatives and cash equities and mark-to-market gains on business-related investments compared with losses in the prior year quarter and higher gains on inventory held to facilitate client activity in derivatives. quarter.

Net revenues of $7,784 million in the current year period decreased 9% compared with the prior year period, primarily reflecting decreases in financing and execution services.

- Financing revenues decreased primarily due to lower spreads driven by changes in the client balance mix and higher funding costs.

- Execution services revenues decreased primarily due to lower gains on inventory held to facilitate client activity and lower client activity in derivatives and cash equities, partially offset by mark-to-market gains on business-related investments compared with losses in the prior year period.

Fixed Income

Net revenues of $1,947 million $2,485 million in the current quarter decreased 11% 4% from the prior year quarter, primarily reflecting a decrease in rates and foreign exchange products, client activity, partially offset by increases an increase in certain commodities and securitized products.

- Global macro products revenues decreased primarily due to a decline decreased client activity in rates foreign exchange and foreign exchange rates products.
- Credit products revenues increased decreased primarily due to an increase in agency and non-agency trading within securitized products, lower client activity, partially offset by municipal securities products. 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 $6,239 million $242 million in the current year period decreased 18% compared with the prior year period, reflecting a decrease in foreign exchange products and commodities.

- Global macro products revenues decreased primarily due to a decline in foreign exchange products.
- Credit products revenues quarter were relatively unchanged from the prior year period.
- Commodities products and other fixed income revenues decreased compared to elevated results in the prior year period, primarily due to lower gains on inventory and lower client activity.

Other Net Revenues

Other net revenues were $277 million in the current quarter, compared with losses of $100 million in the prior year quarter, primarily due to lower mark-to-market losses, inclusive of hedges and higher net interest income and fees on corporate loans.

Management’s Discussion and Analysis

Image4.jpg

Other net revenues were $837 million in the current year period, compared with losses of $587 million in the prior year period, primarily due to lower mark-to-market losses, inclusive of hedges and higher net interest income on corporate loans as well as mark-to-market gains compared with losses in the prior year period on DCP investments. quarter.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $93 million $2 million in the current quarter was primarily driven by deteriorating conditions related to modest growth in the commercial real estate sector, including certain loan portfolios and provisions for certain specific commercial real estate and corporate loans, mainly partially offset by improvements in the office portfolio. macroeconomic outlook. The Provision for credit losses on loans and lending commitments was $24 million $189 million in the prior year quarter, primarily driven by related to a deterioration in both the macroeconomic outlook.

The Provision for credit losses on loans outlook and lending commitments of $379 million in the current year period was primarily related to deteriorating conditions in the commercial real estate sector, including provisions for certain specific loans, mainly in the office portfolio, and modest growth in certain other loan portfolios. The Provision for credit losses on loans and lending commitments was $150 million in the prior year period driven by portfolio growth and deterioration in the macroeconomic outlook. portfolio.

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

Non-interest Expenses

Non-interest expenses of $4,377 million $4,663 million in the current quarter increased 5% decreased 1% compared with the prior year quarter, due to higher Compensation and benefits and Non-compensation expenses.

- Compensation and benefits expenses increased primarily due to higher discretionary incentive compensation, partially offset by lower expenses related to outstanding deferred compensation.
- Non-compensation expenses increased primarily due to increased spend on technology, higher execution-related expenses and higher professional services expenses.

Non-interest expenses of $13,673 million in the current year period increased 1% compared with the prior year period, primarily due to higher Non-compensation expenses.

- Compensation and benefits expenses were relatively unchanged from the prior year period. quarter, reflecting lower stock-based compensation expense in the prior year quarter and the impact of lower headcount, offset by higher discretionary incentive compensation.
- Non-compensation expenses increased decreased primarily due to lower legal and professional services expenses, partially offset by higher execution-related expenses and an increased spend on technology marketing and business development and professional services, partially offset by a decrease in legal expenses. spend.

Management's Discussion and Analysis

Image4.jpg

Wealth Management

Income Statement Information

$ in millions	Three Months Ended September 30, 2023	2022	% Change
Revenues			
Asset management	**$ 3,629**	$ 3,389	**7 %**
Transactional[1]	**678**	616	**10 %**
Net interest	**1,952**	2,004	**(3)%**
Other[1]	**145**	111	**31 %**
Net revenues	**6,404**	6,120	**5 %**
Provision for credit losses	**41**	11	**N/M**
Compensation and benefits	**3,352**	3,171	**6 %**
Non-compensation expenses	**1,302**	1,289	**1 %**
Total non-interest expenses	**4,654**	4,460	**4 %**
Income before provision for income taxes	**$ 1,709**	$ 1,649	**4 %**
Provision for income taxes	**389**	396	**(2)%**
Net income applicable to Morgan Stanley	**$ 1,320**	$ 1,253	**5 %**

		Nine Months Ended September 30,				Three Months Ended March 31,				
$ in millions	$ in millions	2023	2022	% Change	$ in millions	2024	2023		% Change	
Revenues	**Revenues**									
Asset management										
Asset management										
Asset management	Asset management	**$ 10,463**	$ 10,525	**(1)** %	**$ 3,829**	$ 3,382			**13**	**13 %**
Transactional[1]	Transactional[1]	**2,468**	1,542	**60** %	Transactional[1]	**1,033**	921	921	**12**	**12 %**
Net interest	Net interest	**6,266**	5,291	**18** %	Net interest	**1,856**	2,158	2,158	**(14)**	**(14)%**
Other[1]	Other[1]	**426**	433	**(2)** %	Other[1]	**162**	98	98	**65**	**65 %**
Net revenues	**Net revenues**	**19,623**	17,791	**10** %	**Net revenues**	**6,880**	6,559	6,559	**5**	**5 %**
Provision for credit losses	**Provision for credit losses**	**150**	43	**N/M**	**Provision for credit losses**	**(8)**	45	45	(118)	(118)%
Compensation and benefits	Compensation and benefits	**10,332**	9,191	**12** %	Compensation and benefits	**3,788**	3,477	3,477	**9**	**9 %**
Non-compensation expenses	Non-compensation expenses	**4,039**	3,814	**6** %	Non-compensation expenses	**1,294**	1,325	1,325	**(2)**	**(2)%**
Total non-interest expenses	**Total non-interest expenses**	**14,371**	13,005	**11** %	**Total non-interest expenses**	**5,082**	4,802	4,802	**6**	**6 %**

Income before provision for income taxes	Income before provision for income taxes	$ 5,102	$ 4,743	8 %	Income before provision for income taxes	$1,806	$	1,712	5	5 %
Provision for income taxes	Provision for income taxes	1,098	1,028	7 %	Provision for income taxes	403	336	336	20	20 %
Net income applicable to Morgan Stanley	**Net income applicable to Morgan Stanley**	**$ 4,004**	$ 3,715	**8 %**	**Net income applicable to Morgan Stanley**	**$1,403**	$	1,376	**2**	**2 %**

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

Wealth Management Metrics

$ in billions	*$ in billions*	**At September 30, 2023**	At December 31, 2022	*$ in billions*	**At March 31, 2024**	At December 31, 2023
Total client assets[1]	Total client assets[1]	**$ 4,798**	$ 4,187	Total client assets[1]	**$ 5,495**	$ 5,129
U.S. Bank Subsidiary loans	U.S. Bank Subsidiary loans	**$ 146**	$ 146	U.S. Bank Subsidiary loans	**$ 147**	$ 147
Margin and other lending[2]	Margin and other lending[2]	**$ 23**	$ 22	Margin and other lending[2]	**$ 23**	$ 21
Deposits[3]	Deposits[3]	**$ 340**	$ 351	Deposits[3]	**$ 347**	$ 346
Annualized weighted average cost of deposits[4]	Annualized weighted average cost of deposits[4]					
Period end	Period end	**2.86%**	1.59%			
Period end						
Period end					**2.96%**	2.92%
Period average for three months ended	Period average for three months ended	**2.69%**	1.32%	Period average for three months ended	**2.92%**	2.86%

	Three Months Ended September 30, **2023**	Three Months Ended September 30, 2022	Nine Months Ended September 30, **2023**	Nine Months Ended September 30, 2022
Net new assets[5]	**$ 35.7**	$ 64.8	**$ 234.8**	$ 259.7

	Three Months Ended March 31, **2024**	Three Months Ended March 31, 2023
Net new assets	**$ 94.9**	$ 109.6

1. Client assets represent those for which Wealth Management is providing services including financial advisor-led brokerage, custody, administrative and investment advisory services; self-directed brokerage and investment advisory services; financial and wealth planning services; workplace services, including stock plan administration, and retirement plan services. See "Advisor-led "Advisor-Led Channel" and "Self-directed "Self-Directed Channel" herein for additional information.
2. 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.
3. Deposits reflect liabilities sourced from Wealth Management clients and other sources of funding on the our U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other deposits, and time deposits. Excludes approximately $6 billion of off-balance sheet deposits as of December 31, 2022 and none as of September 30, 2023.
4. Annualized weighted average represents the total annualized weighted average cost of the various deposit products, excluding the effect of related hedging derivatives. The period end cost of deposits is based upon balances and rates as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. The period average is based on daily balances and rates for the period. year.

5. *Net new assets New Assets*

NNA represent client asset inflows, including inclusive of interest, dividends and interest, and asset acquisitions, less client asset outflows, and exclude activity from the impact of business combinations/divestitures and the impact of fees and commissions. The level of NNA in a given period is influenced by a variety of factors, including macroeconomic factors that impact client investment and spending behaviors, our ability to attract and retain financial 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	*$ in billions*	**At September 30, 2023**	At December 31, 2022
$ in billions			
$ in billions			
Advisor-led client assets1			
Advisor-led client assets1			
Advisor-led client assets1	Advisor-led client assets1	**$ 3,755**	$ 3,392
Fee-based client assets2	Fee-based client assets2	**$ 1,857**	$ 1,678
Fee-based client assets2			
Fee-based client assets2			
Fee-based client assets as a percentage of advisor-led client assets	Fee-based client assets as a percentage of advisor-led client assets	**49%**	49%
Fee-based client assets as a percentage of advisor-led client assets			
Fee-based client assets as a percentage of advisor-led client assets			

		Three Months Ended September 30, **2023**	Three Months Ended September 30, 2022	Nine Months Ended September 30, **2023**	Nine Months Ended September 30, 2022		Three Months Ended March 31, **2024**	Three Months Ended March 31, 2023
		Three Months Ended March 31,						
		Three Months Ended March 31,						
Fee-based asset flows3	Fee-based asset flows3	**$22.5**	$16.7	**$67.6**	$142.4	Fee-based asset flows3	**$ 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 2022 2023 Form 10-K.

Self-directed Channel

$ in billions		At September 30, 2023		At December 31, 2022
Self-directed client assets[1]	**$**	**1,043**	$	795
Self-directed households (in millions)[2]		**8.1**		8.0

		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 September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
Daily average revenue trades ("DARTs") (in thousands)[3]	**735**	805	**777**	900

	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.
2. Self-directed households represent the total number of households that include at least one active account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels are included in each of the respective channel counts.
3. DARTs represent the total self-directed trades in a period divided by the number of trading days during that period.

Workplace Channel[1]

$ in billions		At September 30, 2023		At December 31, 2022
Stock plan unvested assets[2]	**$**	**377**	$	302
Stock plan participants (in millions)[3]		**6.6**		6.3

		At March 31, 2024		At December 31, 2023
Stock plan unvested assets[2] (in billions)	**$**	**457**	$	416
Stock plan participants[3] (in millions)		**6.6**		6.6

1. The workplace channel includes equity compensation solutions for companies, their executives and employees.
2. Stock plan unvested assets represent the market value of public company securities at the end of the period.
3. Stock plan participants represent total accounts with vested and/or unvested stock plan assets in the workplace channel. Individuals with accounts in multiple plans are counted as participants in each plan.

Net Revenues

Asset Management

Asset management revenues of $3,629 million $3,829 million in the current quarter increased 7% when 13% compared with the prior year quarter, primarily reflecting higher average fee-based asset levels in the

Management’s Discussion and Analysis

Image4.jpg

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

Asset management revenues of $10,463 million in the current year period decreased 1% when compared with the prior year period, primarily reflecting lower average fee-based asset levels due to declines in the markets, partially offset by the cumulative impact of positive fee-based flows.

See “Fee-Based Client Assets Rollforwards” herein.

Transactional Revenues

Transactional revenues of $678 million$1,033 million in the current quarter increased by $62 million from 12% compared with the prior year quarter, primarily due to increased client activity in alternative products.

In the current year period, transactional higher revenues of $2,468 million increased by $926 million from the prior year period, primarily driven by distribution of structured products commensurate with equity markets and higher gains on DCP investments compared with losses in the prior year period, partially offset by lower client activity. .

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

Net Interest

Net interest revenues of $1,952 million$1,856 million in the current quarter decreased 3% 14% when compared with the prior year quarter, primarily due to the net effect of lower brokerage sweep deposits as client preferences continue to evolve, changes in deposit mix, partially offset by the impact of higher interest rates.

Net interest revenues of $6,266 million in the current year period increased 18% when compared with the prior year period, primarily due to the net effect of higher interest rates, partially offset by the impact of lower brokerage sweep deposits. 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 continue to 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 $41 million$8 million in the current quarter primarily reflects deteriorating conditions as a result of improvements in the commercial real estate sector, including macroeconomic outlook. This was partially offset by provisions for certain specific loans, mainly in the office portfolio. commercial real estate loans. The Provision for credit losses on loans and lending commitments was $11 million $45 million in the prior year quarter, primarily driven by the commercial real estate portfolio.

In the current year period, the Provision for credit losses on loans and lending commitments of $150 million was primarily related to deteriorating conditions in the commercial real estate sector, including provisions for certain specific loans, mainly in the office portfolio. The Provision for credit losses on loans and lending commitments was $43 million in the prior year period, primarily driven by deterioration in the macroeconomic outlook and portfolio growth in Residential real estate loans. outlook.

Non-interest Expenses

Non-interest expenses of $4,654 $5,082 million in the current quarter increased 4% 6% compared with the prior year quarter, as a result of higher Compensation compensation and benefits expenses.

- Compensation and benefits expenses increased in the current quarter primarily due to higher expenses an increase in the formulaic payout to Wealth Management representatives driven by higher compensable revenues higher salaries and higher expenses related to DCP. amortization of deferred compensation.
- Non-compensation expenses were relatively unchanged compared with from the prior year quarter.

Management’s Discussion and Analysis

Image4.jpg

In the current year period, Non-interest expenses increased 11% to $14,371 million compared with the prior year period, as a result of higher Compensation and benefits expenses and higher Non-compensation expenses.

- Compensation and benefits expenses increased in the current year period primarily due to higher expenses related to DCP, higher salaries and severance costs associated with the employee action in the second quarter.
- Non-compensation expenses increased in the current year period primarily driven by increased spend on technology, quarter, reflecting lower professional services and occupancy. legal expenses, and lower marketing and business development costs offset by the incremental FDIC special assessment cost.

For further inform on the impac of expen relatec to DCP, see “Selec Non-GAAP Financial Inform herein

Fee-Based Client Assets Rollforwards

$ in billions		At June 30, 2023		Inflows		Outflows		Market Impact		At September 30, 2023
Separately managed1	$	556	$	**15**	$	**(7)**	$	**14**	$	**578**
Unified managed		456		**29**		**(19)**		**(17)**		**449**
Advisor		182		**7**		**(9)**		**(5)**		**175**
Portfolio manager		607		**27**		**(21)**		**(16)**		**597**
Subtotal	$	1,801	$	**78**	$	**(56)**	$	**(24)**	$	**1,799**
Cash management		55		**16**		**(13)**		**—**		**58**
Total fee-based client assets	$	1,856	$	**94**	$	**(69)**	$	**(24)**	$	**1,857**

$ in billions		At June 30, 2022		Inflows		Outflows		Market Impact		At September 30, 2022
Separately managed1	$	556	$	14	$	(6)	$	(53)	$	511
Unified managed		396		18		(12)		(23)		379
Advisor		172		7		(9)		(7)		163
Portfolio manager		546		22		(18)		(24)		526
Subtotal	$	1,670	$	61	$	(45)	$	(107)	$	1,579
Cash management		47		10		(8)		—		49
Total fee-based client assets	$	1,717	$	71	$	(53)	$	(107)	$	1,628

$ in billions	*$ in billions*	At December 31, 2022	Inflows	Outflows	Market Impact	**At September 30, 2023**	*$ in billions*	At December 31, 2023	Inflows1	Outflows2	Market Impact3	**At March 31, 2024**
Separately managed1		$ 501	**$ 40**	**$ (18)**	**$ 55**	**$ 578**						
Separately managed4												
Unified managed	Unified managed	408	**70**	**(43)**	**14**	**449**						
Advisor	Advisor	167	**22**	**(25)**	**11**	**175**						
Portfolio manager	Portfolio manager	552	**74**	**(53)**	**24**	**597**						
Subtotal	Subtotal	$ 1,628	**$ 206**	**$ (139)**	**$ 104**	**$ 1,799**						
Cash management	Cash management	50	**48**	**(40)**	**—**	**58**						
Total fee-based client assets	**Total fee-based client assets**	$ 1,678	**$ 254**	**$ (179)**	**$ 104**	**$ 1,857**						

$ in billions	*$ in billions*	At December 31, 2021	Inflows[2]	Outflows	Market Impact	At September 30, 2022	*$ in billions*	At December 31, 2022	Inflows[1]	Outflows[2]	Market Impact[3]	At March 31, 2023
Separately managed[1]		$ 479	$ 126	$ (19)	$ (75)	$ 511						
Separately managed[4]												
Unified managed	Unified managed	467	58	(37)	(109)	379						
Advisor	Advisor	211	22	(27)	(43)	163						
Portfolio manager	Portfolio manager	636	71	(52)	(129)	526						
Subtotal	Subtotal	$ 1,793	$ 277	$ (135)	$ (356)	$ 1,579						
Cash management	Cash management	46	28	(25)	—	49						
Total fee-based client assets	**Total fee-based client assets**	$ 1,839	$ 305	$ (160)	$ (356)	$ 1,628						

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.

2. Includes $75 billion of fee-based assets acquired in an asset acquisition in the first quarter of 2022, reflected in Separately managed.

Average Fee Rates[1]

Fee rate in bps	*Fee rate in bps*	Three Months Ended September 30, **2023**	Three Months Ended September 30, 2022	Nine Months Ended September 30, **2023**	Nine Months Ended September 30, 2022	*Fee rate in bps*	Three Months Ended March 31, **2024**	Three Months Ended March 31, 2023
Separately managed	Separately managed	**12**	11	**13**	12			
Unified managed	Unified managed	**92**	94	**92**	94			
Advisor	Advisor	**79**	80	**80**	81			
Portfolio manager	Portfolio manager	**90**	91	**91**	92			
Subtotal	Subtotal	**65**	65	**66**	66			
Cash management	Cash management	**6**	6	**6**	6			
Total fee-based client assets	**Total fee-based client assets**	**64**	63	**64**	65			

1. Based on Asset management revenues related to advisory services associated with fee-based assets.

For a description of fee-based client assets and rollforward items in the previous tables, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments—Wealth Management Fee-Based Client Assets" in the 2022 2023 Form 10-K.

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Investment Management

Income Statement Information

		Three Months Ended September 30,			
$ in millions		**2023**		2022	% Change
Revenues					
Asset management and related fees	**$**	**1,312**	$	1,269	**3 %**
Performance-based income and other[1]		**24**		(101)	**124 %**
Net revenues		**1,336**		1,168	**14 %**
Compensation and benefits		**526**		495	**6 %**
Non-compensation expenses		**569**		557	**2 %**
Total non-interest expenses		**1,095**		1,052	**4 %**
Income before provision for income taxes		**241**		116	**108 %**
Provision for income taxes		**59**		26	**127 %**
Net income		**182**		90	**102 %**
Net income (loss) applicable to noncontrolling interests		**3**		(17)	**118 %**
Net income applicable to Morgan Stanley	**$**	**179**	$	107	**67 %**

		Nine Months Ended September 30,				Three Months Ended March 31,				
$ in millions	*$ in millions*	**2023**	2022	% Change	*$ in millions*	**2024**	2023			% Change
Revenues	**Revenues**				**Revenues**					
Asset management and related fees	Asset management and related fees	**$3,828**	$3,961	**(3) %**	Asset management and related fees	**$1,346**	$	1,248	**8**	**8 %**
Performance-based income and other[1]	Performance-based income and other[1]	**78**	(47)	**N/M**	Performance-based income and other[1]	**31**	41	41	**(24)**	**(24)%**
Net revenues	**Net revenues**	**3,906**	3,914	**— %**	**Net revenues**	**1,377**	1,289	1,289	**7**	**7 %**
Compensation and benefits	Compensation and benefits	**1,638**	1,645	**— %**	Compensation and benefits	**565**	568	568	**(1)**	**(1)%**
Non-compensation expenses	Non-compensation expenses	**1,691**	1,676	**1 %**	Non-compensation expenses	**571**	555	555	**3**	**3 %**
Total non-interest expenses	**Total non-interest expenses**	**3,329**	3,321	**— %**	**Total non-interest expenses**	**1,136**	1,123	1,123	**1**	**1 %**
Income before provision for income taxes	Income before provision for income taxes	**577**	593	**(3) %**	Income before provision for income taxes	**241**	166	166	**45**	**45 %**
Provision for income taxes	Provision for income taxes	**135**	121	**12 %**	Provision for income taxes	**49**	30	30	**63**	**63 %**
Net income	Net income	**442**	472	**(6) %**	Net income	**192**	136	136	**41**	**41 %**
Net income	Net income				Net income					

Net income (loss) applicable to noncontrolling interests	Net income (loss) applicable to noncontrolling interests	2	(26)	108 %	Net income (loss) applicable to noncontrolling interests	—	2	2	(100)	(100)%
Net income applicable to Morgan Stanley	**Net income applicable to Morgan Stanley**	**$ 440**	$ 498	**(12) %**	**Net income applicable to Morgan Stanley**	**$ 192**	$	134	**43**	**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 $1,312 $1,346 million in the current quarter increased 3% 8% from the prior year quarter, primarily driven by higher average AUM due to the increase in asset values from the prior year quarter.

Asset management and related fees of $3,828 million in on higher market levels. Additionally, there were positive long-term net flows during the current year period decreased 3% from the prior year period primarily due to lower average AUM driven by the decline in asset values and the cumulative effect of net outflows in Long-Term AUM. quarter.

Asset management revenues are influenced by the level, relative mix of AUM and related fee rates. The While the market environment improved in recent the current quarter, client preferences in previous quarters has led to a decline have resulted in net outflows in the Equity asset prices, which in turn, negatively impacted our average Long-Term AUM level across asset classes. class. To the extent the market condition deteriorates further, or we these conditions continue, to see net outflows of Long-Term AUM, we would expect our Asset management revenue to continue to be negatively impacted.

See “Assets under Management or Supervision” herein.

Performance-based Income and Other

Performance-based income and other revenues were $24 of $31 million in the current quarter compared with losses of $101 million in decreased from the prior year quarter, primarily due to higher lower accrued carried interest and investment gains in certain private equity funds.

Performance-based income and other revenues of $78 million in the current year period increased, primarily due to DCP investments and public investments, partially offset by reduced carried interest in infrastructure funds.

Non-interest Expenses

Non-interest expenses of $1,095 $1,136 million in the current quarter increased 4% 1% from the prior year quarter, primarily due to higher Compensation and benefits Non-compensation expenses.

- Compensation and benefits expenses were relatively unchanged from the prior year quarter.
- Non-compensation expenses increased in the current quarter primarily due to higher distribution expenses related to compensation associated with carried interest. 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. Non-compensation expenses increased primarily as a result Outflows represent redemptions from clients' funds, transition of higher fee sharing paid to intermediaries on higher average AUM.

Non-interest expenses of $3,329 million in the current year period, remained relatively unchanged funds from the prior year period.

• Compensation committed capital period to the invested capital period and benefits expenses were relatively unchanged for decreases in invested capital. Outflows exclude the current year period as impact of exchanges, whereby a result of lower expenses related to compensation associated with carried interest, offset by higher expenses related to DCP. client changes positions within the same asset class.

• 3. Non-compensation expenses were relatively unchanged for the current year period. Market impact includes realized and unrealized gains and losses on portfolio investments. This excludes any funds where market impact does not impact management fees.

4. Other contains both distributions and foreign currency impact for all periods. Distributions represent decreases in invested capital due to returns of capital after the investment period of a fund. It also includes fund dividends that the client has not reinvested. Foreign currency impact reflects foreign currency changes for non-U.S. dollar dominated funds.

Average AUM

	Three Months Ended March 31,	
$ in billions	**2024**	2023
Equity	$ **302**	$ 271
Fixed income	**172**	175
Alternatives and Solutions	**523**	441
Long-term AUM subtotal	**997**	887
Liquidity and Overlay Services	**482**	442
Total AUM	$ **1,479**	$ 1,329

Assets under Management or Supervision Rollforwards

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
June 30, 2023	$ 289	$ 165	$ 482	$ 936	$ 476	$ 1,412
Inflows	**9**	**14**	**31**	**54**	**553**	**607**
Outflows	**(15)**	**(15)**	**(29)**	**(59)**	**(543)**	**(602)**
Market Impact	**(11)**	**(1)**	**(10)**	**(22)**	**—**	**(22)**
Other	**—**	**—**	**(2)**	**(2)**	**(5)**	**(7)**
September 30, 2023	**$ 272**	**$ 163**	**$ 472**	**$ 907**	**$ 481**	**$ 1,388**

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
June 30, 2022	$ 265	$ 181	$ 415	$ 861	$ 490	$ 1,351
Inflows	10	13	24	47	572	619
Outflows	(14)	(17)	(15)	(46)	(602)	(648)
Market Impact	(9)	(3)	(15)	(27)	(2)	(29)
Other	(3)	(3)	(4)	(10)	(4)	(14)
September 30, 2022	$ 249	$ 171	$ 405	$ 825	$ 454	$ 1,279

$ in billions	Equity	Fixed Income[1]	Alternatives and Solutions[1]	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
December 31, 2022	$ 259	$ 173	$ 431	$ 863	$ 442	$ 1,305
Inflows	**29**	**42**	**79**	**150**	**1,713**	**1,863**
Outflows	**(42)**	**(48)**	**(63)**	**(153)**	**(1,673)**	**(1,826)**
Market Impact	**30**	**4**	**22**	**56**	**10**	**66**
Other[1]	**(4)**	**(8)**	**3**	**(9)**	**(11)**	**(20)**
September 30, 2023	**$ 272**	**$ 163**	**$ 472**	**$ 907**	**$ 481**	**$ 1,388**

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
December 31, 2021	$ 395	$ 207	$ 466	$ 1,068	$ 497	$ 1,565
Inflows	42	50	74	166	1,675	1,841
Outflows	(60)	(59)	(60)	(179)	(1,702)	(1,881)
Market Impact	(117)	(19)	(67)	(203)	(11)	(214)
Other	(11)	(8)	(8)	(27)	(5)	(32)
September 30, 2022	$ 249	$ 171	$ 405	$ 825	$ 454	$ 1,279

1. In the second quarter of the current year, our Retail Municipal and Corporate Fixed Income business ("FIMS") was combined with our Parametric retail customized solutions business. The impact of the change was a $6 billion movement in AUM from Fixed Income to the Alternatives and Solutions asset class included in Other.

Average AUM

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in billions	**2023**	2022	**2023**	2022
Equity	**$ 287**	$ 269	**$ 278**	$ 308
Fixed income	**166**	179	**171**	190
Alternatives and Solutions	**482**	420	**460**	436
Long-term AUM subtotal	**935**	868	**909**	934
Liquidity and Overlay Services	**478**	466	**461**	469
Total AUM	**$ 1,413**	$ 1,334	**$ 1,370**	$ 1,403

Average Fee Rates[1]

		Three Months Ended September 30,		Nine Months Ended September 30,	
Fee rate in bps	*Fee rate in bps*	**2023**	2022	**2023**	2022
Fee rate in bps					
Fee rate in bps					
Equity					
Equity					
Equity	Equity	**72**	71	**72**	70
Fixed income	Fixed income	**36**	34	**35**	36
Fixed income					
Fixed income					
Alternatives and Solutions					
Alternatives and Solutions					
Alternatives and Solutions	Alternatives and Solutions	**30**	34	**32**	34
Long-term AUM	Long-term AUM	**44**	46	**45**	46
Long-term AUM					
Long-term AUM					
Liquidity and Overlay Services					
Liquidity and Overlay Services					
Liquidity and Overlay Services	Liquidity and Overlay Services	**12**	13	**13**	11
Total AUM	Total AUM	**33**	34	**34**	35
Total AUM					
Total AUM					

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 and rollforward items 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 2022 2023 Form 10-K.

Management's Discussion and Analysis

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Supplemental Financial Information

U.S. Bank Subsidiaries

Our U.S. bank subsidiaries, 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 the 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 the 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	*$ in billions*	**At September 30, 2023**	At December 31, 2022	*$ in billions*	**At March 31, 2024**	At December 31, 2023
Investment securities portfolio:						
Investment securities—AFS		**$ 60.8**	$ 66.9			
Investment securities—HTM		**54.0**	56.4			
Total investment securities		**$ 114.8**	$ 123.3			
Investment securities:						
Available-for-sale at fair value						
Available-for-sale at fair value						
Available-for-sale at fair value						
Held-to-maturity						
Total Investment securities						
Wealth Management Loans[2]	**Wealth Management Loans**[2]					
Residential real estate						

Residential real estate					
Residential real estate	Residential real estate	$	**58.9**	$	54.4
Securities-based lending and Other[3]	Securities-based lending and Other[3]		**86.9**		91.7
Total, net of ACL	**Total, net of ACL**	**$**	**145.8**	$	146.1
Institutional Securities Loans[2]	**Institutional Securities Loans[2]**				
Corporate					
Corporate					
Corporate	Corporate	**$**	**8.8**	$	6.9
Secured lending facilities	Secured lending facilities		**39.6**		37.1
Commercial and Residential real estate	Commercial and Residential real estate		**10.8**		10.2
Securities-based lending and Other	Securities-based lending and Other		**4.1**		6.0
Total, net of ACL	**Total, net of ACL**	**$**	**63.3**	$	60.2
Total Assets	**Total Assets**	**$**	**388.1**	$	391.0
Deposits[4]	Deposits[4]	**$**	**339.9**	$	350.6

1. Amounts exclude transactions between the bank subsidiaries, as well as deposits from the Parent Company and affiliates.
2. For a further discussion of loans in the Wealth Management and Institutional Securities business segments, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” herein.
3. Other loans primarily include tailored lending, which typically consist lending. For a further discussion of bespoke lending arrangements provided to ultra-high net worth clients. These facilities are generally secured by eligible collateral. Other loans, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” herein.
4. For further information on deposits, see “Liquidity and Capital Resources—Funding Management—Balance Sheet—Unsecured Financing” herein.

Accounting Development Updates

The Financial Accounting Standards Board has issued certain accounting updates that apply to us. Accounting updates not listed below were assessed and determined to be either not applicable or to not have a material impact on our financial condition or results of operations upon adoption.

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

- *Investments—Income Tax Credit Structures Disclosures.* . This accounting update permits an election requires disclosure of additional information in relation to account for tax equity investments using the proportional amortization method if certain conditions are met. The update requires a separate accounting policy election to be made for each tax credit program. Under the proportional amortization method, the initial cost income taxes, including additional disaggregation of the investment is amortized in proportion to the income tax credits rate reconciliation and other income tax benefits received. The amortization of the investment and taxes paid. For the income tax credits rate reconciliation, this update requires (1) disclosure of specific categories of reconciling items; and other (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 benefits are recognized net 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 statement as a component of provision for (or loss) before income taxes. The update also requires disclosures of certain information that enable investors taxes, disaggregated between domestic and other users of our financial statements to understand the nature of (i) the tax equity investments in projects that generate foreign; and (2) income tax credits taxes disaggregated by federal, state and other income tax benefits from a program for which the proportional amortization method has been elected and (ii) the impact of the tax equity investments and related income tax credits on the financial condition and results of operations. foreign. The accounting update will be 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 determine the reportable segments. The accounting update is effective for fiscal years beginning January 1, 2024, and interim periods within fiscal years beginning January 1, 2025, with early adoption permitted.

Critical Accounting Estimates

Our financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions (see Note 1 to the financial statements). We believe that of our significant accounting policies (see Note 2 to the financial statements in the 2022 2023 Form 10-K and Note 2 to the financial statements), the fair value of financial instruments, goodwill and intangible assets, legal and regulatory contingencies (see Note 15 14 to the financial statements in the 2022 2023 Form 10-K and Note 13 to the financial statements) and income taxes policies involve a higher degree of judgment and complexity. For a further discussion about our critical accounting policies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” in the 2022 2023 Form 10-K.

Management’s Discussion and Analysis

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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 of Directors (“Board”). 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

Management’s Discussion and Analysis

Image4.jpg

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 September 30, 2023								
		At March 31, 2024								At March 31, 2024
$ in millions	*$ in millions*	IS	WM	IM	Total	*$ in millions*	IS	WM	IM	Total
Assets	**Assets**									
Cash and cash equivalents										
Cash and cash equivalents										
Cash and cash equivalents	Cash and cash equivalents	**$ 75,646**	**$ 32,573**	**$ 182**	**$ 108,401**					
Trading assets at fair value	Trading assets at fair value	**335,146**	**6,691**	**4,848**	**346,685**					
Investment securities	Investment securities	**34,242**	**112,724**	**—**	**146,966**					
Securities purchased under agreements to resell	Securities purchased under agreements to resell	**96,979**	**4,590**	**—**	**101,569**					
Securities borrowed	Securities borrowed	**119,887**	**1,029**	**—**	**120,916**					
Customer and other receivables	Customer and other receivables	**43,317**	**31,916**	**1,262**	**76,495**					
Loans[1]	Loans[1]	**71,089**	**145,879**	**4**	**216,972**					
Goodwill										
Intangible assets										
Other assets[2]	Other assets[2]	**13,874**	**26,088**	**11,047**	**51,009**					
Total assets	**Total assets**	**$ 790,180**	**$ 361,490**	**$ 17,343**	**$ 1,169,013**					

$ in millions	At December 31, 2023 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

$ in millions				
Assets				
Cash and cash equivalents				
Trading assets at value				
Investment securities				
Securities purchased under agreements to resell				
Securities borrowed	132,619	755	—	133,374
Customer and other receivables	47,515	29,620	1,405	78,540
Loans[1]	67,676	146,105	4	213,785
Other assets[2]	15,789	24,469	10,994	50,252
Total assets	$ 789,837	$ 373,305	$ 17,089	$ 1,180,231

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 Goodwill and Intangible assets, 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

$1,169 billion $1,229 billion at September 30, 2023 March 31, 2024 were relatively unchanged from $1,180 billion $1,194 billion at December 31, 2022 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 Tests, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Liquidity Risk Management Framework" in the 2022 2023 Form 10-K.

At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, we maintained sufficient liquidity to meet current and contingent funding obligations as modeled in our Liquidity Stress Tests.

Liquidity Resources

We maintain sufficient liquidity resources, which consist of HQLA and cash deposits with banks ("Liquidity Resources"), to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. We actively manage the amount of our Liquidity Resources 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.

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				
	Average Daily Balance Three Months Ended				Average Daily Balance Three Months Ended	
$ in millions	*$ in millions*	**September 30, 2023**	June 30, 2023	*$ in millions*	**March 31, 2024**	December 31, 2023
Cash deposits with central banks	Cash deposits with central banks	**$ 66,330**	$ 60,876			
Unencumbered HQLA Securities[1]:	Unencumbered HQLA Securities[1]:					
U.S. government obligations						
U.S. government obligations						
U.S. government obligations	U.S. government obligations	**122,110**	124,357			
U.S. agency and agency mortgage-backed securities	U.S. agency and agency mortgage-backed securities	**86,628**	94,367			
Non-U.S. sovereign obligations[2]	Non-U.S. sovereign obligations[2]	**23,416**	21,393			
Other investment grade securities	Other investment grade securities	**693**	715			
Total HQLA[1]	Total HQLA[1]	**$ 299,177**	$ 301,708			
Cash deposits with banks (non-HQLA)	Cash deposits with banks (non-HQLA)	**8,190**	9,016			
Total Liquidity Resources	**Total Liquidity Resources**	**$ 307,367**	$ 310,724			

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

Management’s Discussion and Analysis

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Liquidity Resources by Bank and Non-Bank Legal Entities

		Average Daily Balance Three Months Ended			Average Daily Balance Three Months Ended	
	Average Daily Balance Three Months Ended					
$ in millions	*$ in millions*	**September 30, 2023**	June 30, 2023	*$ in millions*	**March 31, 2024**	December 31, 2023
Bank legal entities	**Bank legal entities**					
U.S.						
U.S.						
U.S.	U.S.	**$ 132,663**	$ 131,584			
Non-U.S.	Non-U.S.	**6,101**	7,384			
Total Bank legal entities	Total Bank legal entities	**138,764**	138,968			
Non-Bank legal entities	**Non-Bank legal entities**					
U.S.:	U.S.:					
U.S.:						
U.S.:						
Parent Company						
Parent Company						
Parent Company	Parent Company	**53,681**	49,988			
Non-Parent Company	Non-Parent Company	**58,839**	58,402			
Total U.S.	Total U.S.	**112,520**	108,390			
Non-U.S.	Non-U.S.	**56,083**	63,366			
Total Non-Bank legal entities	Total Non-Bank legal entities	**168,603**	171,756			
Total Liquidity Resources	**Total Liquidity Resources**	**$ 307,367**	$ 310,724			

Liquidity Resources may fluctuate from period to period based on the overall size and composition of our balance sheet, the maturity profile of our unsecured debt, and estimates of funding needs in a stressed environment, among other factors.

Regulatory Liquidity Framework

Liquidity Coverage Ratio and Net Stable Funding Ratio

We and our U.S. Bank Subsidiaries are required to maintain a minimum LCR and NSFR of 100%.

The LCR rule requires large banking organizations to have sufficient Eligible HQLA to cover net cash outflows arising 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. The NSFR rule is designed to strengthen the ability of such organizations to withstand disruptions to their regular sources of funding without compromising their liquidity position or contributing to instability in the financial system.

As of September 30, 2023 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			Average Daily Balance Three Months Ended	
	Average Daily Balance Three Months Ended					
$ in millions	*$ in millions*	**September 30, 2023**	June 30, 2023	*$ in millions*	**March 31, 2024**	December 31, 2023
Eligible HQLA[1]						
Eligible HQLA						
Cash deposits with central banks	Cash deposits with central banks	**$ 60,163**	$ 53,387			
Securities[2]		**181,010**	186,913			
Total Eligible HQLA[1]		**$ 241,173**	$ 240,300			
Cash deposits with central banks						
Cash deposits with central banks						
Securities[1]						
Total Eligible HQLA						
Net cash outflows	Net cash outflows	**$ 190,336**	$ 181,772			
LCR	**LCR**	**127 %**	132 %	**LCR**	**125 %**	129 %

1. Under the LCR rule, Eligible HQLA is calculated using weightings and excluding certain HQLA held in subsidiaries.

2. Primarily includes U.S. Treasuries, U.S. agency mortgage-backed securities, sovereign bonds and sovereign 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 through diverse sources. These sources include our equity capital, borrowings, bank notes, securities sold under agreements to repurchase, securities lending, deposits, letters of credit and lines of credit. We have active financing programs for both standard and structured products targeting global investors and currencies.

Treasury allocates interest expense to our businesses based on the tenor and interest rate profile of the assets being funded. Treasury similarly allocates interest income to businesses carrying deposit products and other liabilities across the businesses based on the characteristics of those deposits and other liabilities.

Secured Financing

For a discussion of our secured financing activities, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Management—Secured Financing” in the 2022 Form 10-K.

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

Collateralized Financing Transactions

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Securities purchased under agreements to resell and Securities borrowed	Securities purchased under agreements to resell and Securities borrowed	**$ 222,485**	$ 247,281			
Securities sold under agreements to repurchase and Securities loaned	Securities sold under agreements to repurchase and Securities loaned	**$ 89,725**	$ 78,213			
Securities received as collateral[1]	Securities received as collateral[1]	**$ 7,904**	$ 9,954			

		Average Daily Balance Three Months Ended			Average Daily Balance Three Months Ended	
$ in millions	*$ in millions*	**September 30, 2023**	December 31, 2022	*$ in millions*	**March 31, 2024**	December 31, 2023
Securities purchased under agreements to resell and Securities borrowed	Securities purchased under agreements to resell and Securities borrowed	**$ 222,503**	$ 261,627			

Securities sold under agreements to repurchase and Securities loaned	Securities sold under agreements to repurchase and Securities loaned	**$ 88,115**	$ 77,268

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 2022 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 maintenance policies and the elements of our Liquidity Risk Management Framework.

Unsecured Financing

For a discussion of our unsecured financing activities, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Management—Unsecured Financing” in the 2022 2023 Form 10-K.

Deposits

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Savings and demand deposits:	Savings and demand deposits:					
Brokerage sweep deposits1	Brokerage sweep deposits1	**$ 145,532**	$ 202,592			
Brokerage sweep deposits1						
Brokerage sweep deposits1						
Savings and other	Savings and other	**134,476**	117,356			
Total Savings and demand deposits	Total Savings and demand deposits	**280,008**	319,948			
Time deposits		**65,450**	36,698			
Total2		**$ 345,458**	$ 356,646			
Time deposits2						
Total3						

1. Amounts represent balances swept from client brokerage accounts.
2. Excludes approximately $6 billion Our Time deposits are predominantly brokered certificates of off-balance sheet deposit.
3. Our deposits at unaffiliated financial institutions as of December 31, 2022 and none as of September 30, 2023. This client cash are primarily held by third parties is not reflected in our balance sheet and is not immediately available for liquidity purposes. 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. The decrease in total Total deposits in the current year period was primarily driven quarter were relatively unchanged as a result of an increase in Savings and Time Deposits offset by a the continued reduction in Brokerage sweep deposits, largely due to net outflows to alternative cash-equivalent cash equivalent and other products, partially offset by an increase in Time deposits and Savings. investment products.

Borrowings by Remaining Maturity at September 30, 2023 March 31, 2024[1]

$ in millions	*$ in millions*	Parent Company	Subsidiaries	Total	*$ in millions*	Parent Company	Subsidiaries	Total
Original maturities of one year or less	Original maturities of one year or less	$ —	$ 4,350	$ 4,350				
Original maturities greater than one year								
2023		$ 1,823	$ 2,123	$ 3,946				
2024	2024	11,750	11,611	23,361				
2025	2025	21,660	11,996	33,656				
2026	2026	23,760	7,874	31,634				
2027	2027	18,426	5,872	24,298				
2028								
Thereafter	Thereafter	91,085	34,863	125,948				
Total greater than one year	Total greater than one year	$ 168,504	$ 74,339	$ 242,843				
Total	Total	$ 168,504	$ 78,689	$ 247,193				
Maturities over next 12 months[2]	Maturities over next 12 months[2]			$ 21,514				

1. Original maturity in the table is generally based on contractual final maturity. For borrowings with put options, remaining maturity represents the earliest put date.
2. Includes only borrowings with original maturities greater than one year.

Borrowings of $247 billion $271 billion as of September 30, 2023 were largely unchanged March 31, 2024 increased when compared with $238 billion $264 billion at December 31, 2022. December 31, 2023 primarily due to issuances net of maturities and redemptions.

We believe that accessing debt investors through multiple distribution channels helps provide consistent access to the unsecured markets. In addition, the issuance of borrowings with original maturities greater than one year allows us to reduce reliance on short-term credit sensitive credit-sensitive instruments. Borrowings with original maturities greater than one year are generally managed to achieve staggered maturities, thereby mitigating refinancing risk, and to maximize investor diversification through sales to global institutional and retail clients across regions, currencies and product types.

The availability and cost of financing to us can vary depending on market conditions, the volume of certain trading and lending activities, our credit ratings and the overall 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

Image4.jpg

transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. See also “Risk Factors—Liquidity Risk” in the 2022 2023 Form 10-K.

Parent Company and U.S. Bank Subsidiaries Issuer Ratings at October 31, 2023 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 A+**	**Positive 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**
S&P Global Ratings	**A-1**	**A+**	**Stable**

Incremental Collateral or Terminating Payments

In connection with certain OTC derivatives and certain other agreements where we are a liquidity provider to certain financing vehicles associated with the Institutional Securities business segment, we may be required to provide additional collateral, immediately settle any outstanding liability balances with certain counterparties or pledge additional collateral to certain clearing organizations in the event of a future credit rating downgrade irrespective of whether we are in a net asset or net liability position. See Note 6 to the financial statements for additional information on OTC derivatives that contain such contingent features.

While certain aspects of a credit rating downgrade are quantifiable pursuant to contractual provisions, the impact it would have on our business and results of operations in future periods is inherently uncertain and would depend on a number 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 September 30,		Nine Months Ended September 30,		Three Months Ended March 31,		
in millions, except for per share data	*in millions, except for per share data*	**2023**	2022	**2023**	2022	*in millions, except for per share data*	**2024**	2023
Number of shares	Number of shares	**17**	30	**45**	93			
Average	Average							

price	price				
per	per				
share	share	**$87.59**	$85.79	**$89.26**	$87.50
Total	Total	**$1,500**	$2,555	**$4,000**	$8,165

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	October 18, 2023 April 16, 2024
Amount per share	$0.850 0.85
Date to be paid	November May 15, 2023 2024
Shareholders of record as of	October 31, 2023 April 30, 2024

For additional information on our common stock dividends, see “Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer” herein.

For additional information on our common stock and information on our preferred stock, see Note 16 to the financial statements.

Off-Balance Sheet Arrangements

We enter into various off-balance sheet arrangements, including through unconsolidated SPEs and lending-related financial instruments (e.g., guarantees and commitments), primarily in connection with the Institutional Securities and Investment Management business segments.

We utilize SPEs primarily in connection with securitization activities. For information on our securitization activities, see Note 16 15 to the financial statements in the 2022 2023 Form 10-K.

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 an FHC 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 2022 2023 Form 10-K. For additional information on TLAC, see “Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements” herein.

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 consist of regulatory minimum required ratios plus our capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

Risk-Based Regulatory Capital Ratio Requirements

		At September 30, 2023 and December 31, 2022 Standardized	Advanced		At March 31, 2024 and December 31, 2023 Standardized	Advanced
Capital buffers	**Capital buffers**					
Capital conservation buffer						
Capital conservation buffer						
Capital conservation buffer	Capital conservation buffer	—	2.5%		—	2.5%
SCB1	SCB1	5.8%	N/A	SCB1	5.4%	N/A
G-SIB capital surcharge2	G-SIB capital surcharge2	3.0%		G-SIB capital surcharge2	3.0%	
CCyB3	CCyB3	0%		CCyB3	0%	
Capital buffer requirement	Capital buffer requirement	8.8%	5.5%	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 2022 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 2022 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 Common Equity Tier 1 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.

		Regulatory Minimum	At September 30, 2023 and December 31, 2022 Standardized	Advanced		Regulatory Minimum	At March 31, 2024 and December 31, 2023 Standardized	Advanced
Required ratios1	**Required ratios1**							
Common Equity Tier 1 capital ratio		4.5 %	13.3%	10.0%				
CET1 capital ratio								
CET1 capital ratio								
CET1 capital ratio						4.5 %	12.9%	10.0%
Tier 1 capital ratio	Tier 1 capital ratio	6.0 %	14.8%	11.5%	Tier 1 capital ratio	6.0 %	14.4%	11.5%

Total capital ratio	Total capital ratio	8.0 %	16.8%	13.5%	Total capital ratio	8.0 %	16.4%	13.5%

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

Our risk-based capital ratios are computed under each of (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights and exposure methodologies, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At September 30, 2023March 31, 2024 and December 31, 2022December 31, 2023, the differences between the actual and required ratios were lower under the Standardized Approach.

Leverage-Based Regulatory Capital. Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4%, a minimum SLR of 3% and an enhanced SLR capital buffer of at least 2%.

CECL Deferral. Beginning on January 1, 2020, we elected to defer the effect of the adoption of CECL on our risk-based and leverage-based capital amounts and ratios, as well as our

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 50%75% from January 1, 2023January 1, 2024. The deferral impacts will become fully phased-in beginning on January 1, 2025.

Regulatory Capital Ratios

$ in millions	Required Ratio[1]	At September 30, 2023	At December 31, 2022
Risk-based capital—Standardized			
Common Equity Tier 1 capital		**$ 69,148**	$ 68,670
Tier 1 capital		**77,891**	77,191
Total capital		**88,573**	86,575
Total RWA		**443,816**	447,849
Common Equity Tier 1 capital ratio	**13.3 %**	**15.6 %**	15.3 %
Tier 1 capital ratio	**14.8 %**	**17.6 %**	17.2 %
Total capital ratio	**16.8 %**	**20.0 %**	19.3 %

Risk-based capital

$ in millions	Required Ratio[1]	At September 30, 2023	At December 31, 2022
Risk-based capital—Advanced			
Common Equity Tier 1 capital		**$ 69,148**	$ 68,670
Tier 1 capital		**77,891**	77,191

Regulatory Capital

$ in millions	*$ in millions*	At September 30, 2023	At December 31, 2022	Change	*$ in millions*	At March 31, 2024	At December 31, 2023	Change
Common Equity Tier 1 capital								
Common stock and surplus	$	**(344)**	$ 2,782	**$(3,126)**				
Retained earnings		**98,132**	95,047	**3,085**				
AOCI		**(7,202)**	(6,253)	**(949)**				
Regulatory adjustments and deductions:								
CET1 capital								
Common shareholders' equity								
Common shareholders' equity								
Common shareholders' equity								
Regulatory adjustments and deductions								
Net goodwill								

Total capital		87,949	86,159
Total RWA		429,125	438,806
Common Equity Tier 1 capital ratio	10.0 %	16.1 %	15.6 %
Tier 1 capital ratio	11.5 %	18.2 %	17.6 %
Total capital ratio	13.5 %	20.5 %	19.6 %

$ in millions	Required Ratio[1]	At September 30, 2023	At December 31, 2022
Leverage-based capital			
Adjusted average assets[2]		$ 1,152,379	$ 1,150,772
Tier 1 leverage ratio	4.0 %	6.8 %	6.7 %
Supplementary leverage exposure[3]		$ 1,416,310	$ 1,399,403
SLR	5.0 %	5.5 %	5.5 %

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

2. 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.

3. 2. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit

Net goodwill				
Net goodwill	Net goodwill	(16,388)	(16,393)	5
Net intangible assets	Net intangible assets	(5,665)	(6,048)	383
Impact of CECL transition				
Other adjustments and deductions[1]	Other adjustments and deductions[1]	615	(465)	1,080
Total Common Equity Tier 1 capital		$ 69,148	$ 68,670	$ 478
Total CET1 capital				
Additional Tier 1 capital	**Additional Tier 1 capital**			
Preferred stock				
Preferred stock				
Preferred stock	Preferred stock	$ 8,750	$ 8,750	$ —
Noncontrolling interests	Noncontrolling interests	752	552	200
Additional Tier 1 capital	Additional Tier 1 capital	$ 9,502	$ 9,302	$ 200
Deduction for investments in covered funds	Deduction for investments in covered funds	(759)	(781)	22
Total Tier 1 capital	**Total Tier 1 capital**	$ 77,891	$ 77,191	$ 700
Standardized Tier 2 capital	**Standardized Tier 2 capital**			
Subordinated debt	Subordinated debt	$ 8,665	$ 7,846	$ 819
Subordinated debt				
Subordinated debt				
Eligible ACL				
Eligible ACL				
Eligible ACL	Eligible ACL	2,040	1,613	427
Other adjustments and deductions	Other adjustments and deductions	(23)	(75)	52
Total Standardized Tier 2 capital	**Total Standardized Tier 2 capital**	$ 10,682	$ 9,384	$ 1,298
Total Standardized capital	**Total Standardized capital**	$ 88,573	$ 86,575	$ 1,998
Advanced Tier 2 capital	**Advanced Tier 2 capital**			
Subordinated debt	Subordinated debt	$ 8,665	$ 7,846	$ 819
Subordinated debt				
Subordinated debt				

protection offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the credit equivalent amount for off-balance sheet exposures.

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

Eligible credit reserves

Eligible credit reserves

Eligible credit reserves	Eligible credit reserves	1,416	1,197	219
Other adjustments and deductions	Other adjustments and deductions	(23)	(75)	52
Total Advanced Tier 2 capital	**Total Advanced Tier 2 capital**	**$ 10,058**	$ 8,968	**$ 1,090**
Total Advanced capital	**Total Advanced capital**	**$ 87,949**	$ 86,159	**$ 1,790**

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 liabilities, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments and certain deferred tax assets.

RWA Rollforward

		Nine Months Ended September 30, 2023			Three Months Ended March 31, 2024	
$ in millions	*$ in millions*	Standardized	Advanced	*$ in millions*	Standardized	Advanced
Credit risk RWA	**Credit risk RWA**					
Balance at December 31, 2022		$ 397,275	$285,638			
Balance at December 31, 2023						
Balance at December 31, 2023						
Balance at December 31, 2023						
Change related to the following items:	Change related to the following items:					
Derivatives						
Derivatives						
Derivatives	Derivatives	(969)	(5,361)			
Securities financing transactions	Securities financing transactions	(462)	238			
Investment securities	Investment securities	(1,364)	(1,296)			
Commitments, guarantees and loans	Commitments, guarantees and loans	(88)	5,977			
Equity investments	Equity investments	(416)	(409)			

absorbing loss-absorbing resources at the point of failure to be recapitalized

Investments	Investments	[illegible]	[illegible]
Other credit risk	Other credit risk	**2,253**	**551**
Total change in credit risk RWA	Total change in credit risk RWA	**$ (1,046)**	**$ (300)**
Balance at September 30, 2023		**$ 396,229**	**$ 285,338**
Balance at March 31, 2024			
Market risk RWA	**Market risk RWA**		
Balance at December 31, 2022		$ 50,574	$ 50,563
Balance at December 31, 2023			
Balance at December 31, 2023			
Balance at December 31, 2023			
Change related to the following items:	Change related to the following items:		
Regulatory VaR			
Regulatory VaR			
Regulatory VaR	Regulatory VaR	**(2,210)**	**(2,210)**
Regulatory stressed VaR	Regulatory stressed VaR	**(5,517)**	**(5,517)**
Incremental risk charge	Incremental risk charge	**(216)**	**(216)**
Comprehensive risk measure	Comprehensive risk measure	**355**	**366**
Specific risk	Specific risk	**4,601**	**4,601**
Total change in market risk RWA	Total change in market risk RWA	**$ (2,987)**	**$ (2,976)**
Balance at September 30, 2023		**$ 47,587**	**$ 47,587**
Balance at March 31, 2024			
Operational risk RWA	**Operational risk RWA**		
Balance at December 31, 2022		N/A	$ 102,605
Balance at December 31, 2023			
Balance at December 31, 2023			
Balance at December 31, 2023			
Change in operational risk RWA	Change in operational risk RWA	**N/A**	**(6,405)**
Balance at September 30, 2023		**N/A**	**$ 96,200**
Balance at March 31, 2024			
Total RWA	**Total RWA**	**$ 443,816**	**$ 429,125**

Regulatory VaR—VaR for regulatory capital requirements

In the current year period, quarter, Credit risk RWA remained relatively unchanged increased under both the Standardized and Advanced Approaches. Under the Standardized Approach, slight decreases in investment securities, derivatives, and the increase was primarily due to higher securities financing transactions, were offset by a slight increase in Other credit risk driven by higher deferred tax assets securitizations, and securitizations. increased exposure in equity derivatives. Under the Advanced Approach, decreases in derivatives and investment securities were offset by the increase was primarily due to growth in

Corporate lending. lending and increase in Other credit risk driven by securitizations, partially offset by decreased exposure in foreign exchange derivatives.

Market risk RWA decreased increased in the current year period quarter under both the Standardized and Advanced Approaches, primarily due to lower Regulatory stressed VaR and Regulatory VaR driven by reductions in macro and commodities businesses, partially offset by higher Specific risk charges on securitization non-securitization standardized charges, higher Regulatory VaR, and higher non-securitization standardized increase in Incremental risk charges.

The decrease in Operational risk RWA in the current year period reflects lower execution-related losses. quarter remained relatively unchanged.

Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements

The Federal Reserve has established external TLAC, long-term debt ("LTD") and clean holding company requirements for top-tier BHCs of U.S. G-SIBs ("covered BHCs"), including the Parent Company. These requirements are designed to ensure that covered BHCs will have enough loss-

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					Actual Amount/Ratio	
$ in millions	*$ in millions*	Regulatory Minimum	Required Ratio1	**At September 30, 2023**	At December 31, 2022	*$ in millions*	Regulatory Minimum	Required Ratio1	**At March 31, 2024**	At December 31, 2023
External TLAC2	External TLAC2			**$ 248,739**	$ 245,951					
External TLAC as a % of RWA	External TLAC as a % of RWA	**18.0 %**	**21.5 %**	**56.0 %**	54.9 %	External TLAC as a % of RWA	**18.0 %**	**21.5 %**	**55.0 %**	55.0 %
External TLAC as a % of leverage exposure	External TLAC as a % of leverage exposure	**7.5 %**	**9.5 %**	**17.6 %**	17.6 %	External TLAC as a % of leverage exposure	**7.5 %**	**9.5 %**	**17.6 %**	17.6 %
Eligible LTD3	Eligible LTD3			**$ 161,898**	$ 159,444					
Eligible LTD as a % of RWA	Eligible LTD as a % of RWA	**9.0 %**	**9.0 %**	**36.5 %**	35.6 %	Eligible LTD as a % of RWA	**9.0 %**	**9.0 %**	**35.9 %**	35.6 %
Eligible LTD as a % of leverage exposure	Eligible LTD as a % of leverage exposure	**4.5 %**	**4.5 %**	**11.4 %**	11.4 %	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 September 30, 2023 March 31, 2024 and December 31, 2022 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 Holding Company Requirements” in the 2022 2023 Form 10-K.

Capital Plans, Stress Tests and the Stress Capital Buffer

The Federal Reserve has capital planning and stress test requirements for large BHCs, which form part of the Federal Reserve’s annual CCAR framework.

We must submit, on at least an annual basis, a capital plan to the Federal Reserve, taking into account the results of separate annual stress tests designed by us and the Federal Reserve, so that the Federal Reserve may assess our systems and processes that incorporate forward-looking projections of revenues and losses to monitor and maintain our internal capital adequacy. As banks with less than $250 billion of total assets, our U.S. Bank Subsidiaries are not subject to company-run stress test regulatory requirements.

As part of its annual capital supervisory stress testing process, the Federal Reserve determines an SCB for each large BHC, including us.

For the 2023 capital planning and stress test cycle, we submitted our capital plan and company-run stress test results to the Federal Reserve on April 5, 2023. On June 28, 2023, the Federal Reserve published summary results of its supervisory stress tests of each large BHC, in which the projected decline in our Common Equity Tier 1 ratio in the

severely adverse scenario improved from the prior annual supervisory stress test by 50 basis points, from 4.6% to 4.1%. Following the publication of the supervisory stress test results, and as a result of the increase in our common stock dividend and the resulting dividend add-on, we announced that our Our SCB will be remain at 5.4% from October 1, 2023 through September 30, 2024. Together with other features of the regulatory capital framework, this SCB results in an aggregate Standardized Approach Common Equity Tier 1 required ratio of 12.9%. Generally,

For the 2024 capital planning and stress test cycle, we submitted our SCB capital plan and company-run stress test results to the Federal Reserve on April 5, 2024. The Federal Reserve

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Image4.jpg

is determined annually based on the expected to publish summary results of the CCAR and Dodd-Frank Act supervisory stress test.

tests of each large BHC, including us, by June 30, 2024. We also disclosed are required to disclose a summary of the results of our company-run stress tests on our Investor Relations website and increased our quarterly common stock dividend to $0.85 per share from $0.775, beginning with within 15 days of the common stock dividend announced on July 18, 2023. Additionally, our Board date the Federal Reserve discloses the results of Directors reauthorized a multi-year common stock repurchase program of up to $20 billion, without a set expiration date, beginning in the third quarter of 2023, which will be exercised from time to time as conditions warrant. 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 2022 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]

		Three Months Ended September 30,		Nine Months Ended September 30,	
		Three Months Ended March 31,			
		Three Months Ended March 31,			
		Three Months Ended March 31,			
$ in billions					
$ in billions					
$ in billions	*$ in billions*	**2023**	2022	**2023**	2022
Institutional Securities	Institutional Securities	**$ 45.6**	$ 48.8	**$ 45.6**	$ 48.8
Institutional Securities					
Institutional Securities					
Wealth Management					
Wealth Management					
Wealth Management	Wealth Management	**28.8**	31.0	**28.8**	31.0
Investment Management	Investment Management	**10.4**	10.6	**10.4**	10.6
Investment Management					
Investment Management					
Parent Company					
Parent Company					
Parent Company	Parent Company	**6.0**	2.5	**6.3**	4.3
Total	**Total**	**$ 90.8**	$ 92.9	**$ 91.1**	$ 94.7
Total					
Total					

1. The attribution of average common equity to the business segments is a non-GAAP financial measure. See “Selected Non-GAAP Financial Information” herein.

We continue to evaluate our Required Capital framework with respect to the impact of evolving regulatory requirements, as appropriate.

Resolution and Recovery Planning

We are required to submit once every two years to the Federal Reserve and the FDIC (“Agencies”) a resolution plan that 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 2021 targeted resolution plan on June 30, 2021. In November 2022, we received joint feedback on our 2021 resolution plan from the Federal Reserve and the FDIC ("Agencies"). The feedback indicated that there are no shortcomings or deficiencies in our 2021 resolution plan and that we had successfully addressed a prior shortcoming identified by the Agencies in the review of our 2019 full resolution plan. 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 long-term debt 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 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Resolution and Recovery Planning" in the 2022 2023 Form 10-K.

Regulatory Developments and Other Matters

Covered Funds Restrictions under the Volcker Rule

The Volcker Rule prohibits certain investments and relationships by banking entities with covered funds, as defined in the Volcker Rule. We previously received a one-year extension of the conformance date to July 21, 2023 for certain legacy illiquid funds. All of our legacy illiquid funds were fully conformed to the Volcker Rule's requirements prior to the end of the extension period. For additional information on the Volcker Rule, see "Business—Supervision and Regulation—Financial Holding Company—Activities Restrictions Under the Volcker Rule" in the 2022 Form 10-K.

Replacement of London Interbank Offered Rate and Replacement or Reform of Other Interest Rate Benchmarks

Central banks around the world, including the Federal Reserve, have sponsored initiatives in recent years to replace LIBOR and replace or reform certain other interest rate benchmarks (collectively, the "IBORs"). A transition away from use of the IBORs to alternative rates and other potential interest rate benchmark reforms has been underway for a number of years.

With the cessation of publication of U.S. dollar LIBOR rates on a representative basis as of June 30, 2023, all LIBOR publications have ceased on a representative basis. However, the one, three and six-month U.S. dollar LIBOR and three-month Sterling LIBOR rates are being published for a limited period for use in legacy transactions on the basis of a synthetic methodology (known as "synthetic LIBOR"). Publication of the three-month synthetic Sterling LIBOR will cease at the end of March 2024 and publication of the one, three and six-month synthetic U.S. dollar LIBOR will cease at the end of September 2024.

As of September 30, 2023, a significant majority of our U.S. dollar LIBOR-referenced contracts contained fallback provisions or otherwise had a path that allowed for the transition to an alternative reference rate following the cessation of the applicable U.S. dollar LIBOR rate. We continue to execute against our Firm-wide IBOR transition plan to complete the transition in all relevant markets to alternative reference rates.

See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Regulatory Developments and Other Matters" and "Risk Factors—Risk Management" in the 2022 Form 10-K for a further discussion of the replacement of the IBORs and/or reform of other interest rate benchmarks and related risks.

FDIC Proposed Final Rulemaking on Special Assessment

Following the recent failures of certain banks and resulting losses to the FDIC's Deposit Insurance Fund in the first half of 2023, the FDIC approved adopted a notice of proposed rulemaking final rule on May 11, 2023 that would November 16, 2023 to implement a special assessment to recover the cost associated with protecting uninsured depositors. Under the proposed final rule, the assessment base for the special assessment would be is equal to an insured depository institution's 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 would be is applied once to the aggregate uninsured deposits of our U.S. Bank Subsidiaries. The final rule provides that, starting in 2024, the FDIC is proposing to will collect the special assessment at an annual a quarterly rate of approximately 12.5 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. While we continue to assess We recorded the impact to our future operating results, we expect to record the impact cost of the proposed special assessment estimated to be approximately $270 million under the current proposal, after of $286 million in Non-interest expenses when the final rule is was published in the Federal Register. 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 Proposal 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"). The proposal would introduce a new measure of RWAs known as "Expanded Total RWAs" (the "Expanded Approach"), reflecting new RWA methodologies that generally align with changes to the global Basel Accord adopted by the Basel Committee. The proposal would eliminate the current capital rule's Advanced Approach and effectively replace it with the Expanded Approach, which For more heavily relies information on standardized methodologies. As compared with the Standardized Approach, the Expanded Approach includes more granular risk weights for credit risk and introduces a new market risk framework. In addition, unlike the Standardized Approach, the Expanded Approach includes operational risk and credit valuation adjustment RWA components.

The Basel III Endgame Proposal, if adopted as a final rule, would maintain the current capital rule's dual-requirement structure, whereby we and our U.S. Bank Subsidiaries would be required to calculate our risk-based capital ratios under both the Expanded Approach and the Standardized Approach. In addition, the proposal would modify the Standardized Approach by requiring that the new market risk standards from the proposal also be applied in the Standardized Approach.

The Basel III Endgame Proposal would apply the SCB and G-SIB surcharge to risk-based capital requirements calculated under both the Expanded Approach and the Standardized Approach. The proposal includes a proposed effective date of

July 1, 2025, with three-year transition arrangements until revised standards are fully phased in on July 1, 2028.

Based on our current understanding of the Basel III Endgame Proposal, we estimate that, if as well as the Expanded Approach had applied on a fully phased-in basis as of June 30, 2023, and in the absence of taking any actions to mitigate its impact, our Expanded Approach RWAs as of that date would have been approximately 40% higher than our actual Standardized Approach RWAs as of that date.

The increase in RWAs resulting from the Expanded Approach would result, assuming all other surcharge elements remained unchanged, in a lower SCB and lower G-SIB Method 2 surcharge as compared with current surcharges, as RWAs are included in the denominators of the relevant calculations for each buffer. Lower surcharges would, therefore, partially decrease the otherwise higher regulatory capital requirements under the Expanded Approach. The proposal would phase in the higher Expanded Approach RWAs on July 1 of each year during the transition, thereby increasing our regulatory capital requirements, with delayed incorporation of the potentially lower SCB and G-SIB Method 2 capital surcharge calculations.

Any estimate of how the Expanded Approach may impact us is a forward-looking statement and subject to uncertainty, as actual results may differ from the anticipated results and may be materially affected by and dependent on a range of factors, including business performance, future capital actions, the results of future supervisory stress tests, and potential modifications to the proposal by the U.S. banking agencies in a final rulemaking. The Firm does not undertake to update any forward-looking statement.

G-SIB Surcharge Proposal

On July 27, 2023, the Federal Reserve proposed revisions to the G-SIB capital surcharge framework, applicable to us ("G-SIB Surcharge Proposal"). The G-SIB Surcharge Proposal includes various technical revisions to see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Developments and Other Matters" in the G-SIB capital surcharge methodology and would revise the resulting Method 2 G-SIB capital surcharge from 0.5-percentage point increments to 0.1-percentage point increments. The G-SIB Surcharge Proposal includes a proposed effective date two calendar quarters after the date of adoption of a final rule by the Federal Reserve. We continue to evaluate the G-SIB Surcharge Proposal and the potential impacts, if adopted, on our capital requirements and our Required Capital framework. 2023 Form 10-K.

Image16.jpg

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 2022 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 2022 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 2022 2023 Form 10-K.

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

	Three Months Ended September 30, 2023					Three Months Ended March 31, 2024					
	March 31, 2024										
$ in millions	*$ in millions*	Period End	Average	High[1]	Low[1]	*$ in millions*	Period End	Average	High[1]	Low[1]	
Interest rate and credit spread	Interest rate and credit spread	**$ 35**	**$ 36**	**$ 43**	**$ 29**						
Equity price	Equity price	**26**	**23**	**27**	**18**						
Foreign exchange rate	Foreign exchange rate	**7**	**8**	**10**	**7**						
Commodity price	Commodity price	**20**	**16**	**21**	**12**						
Less: Diversification benefit[2]	Less: Diversification benefit[2]	**(50)**	**(41)**		**N/A**	Less: Diversification benefit[2]	**(36)**	**(35)**	**(35)**	**N/A**	**N/A**
Primary Risk Categories	Primary Risk Categories	**$ 38**	**$ 42**	**$ 48**	**$ 35**						
Credit Portfolio	Credit Portfolio	**22**	**22**	**23**	**21**						
Less: Diversification benefit[2]	Less: Diversification benefit[2]	**(19)**	**(16)**		**N/A**	Less: Diversification benefit[2]	**(18)**	**(18)**	**(18)**	**N/A**	**N/A**
Total Management VaR	Total Management VaR	**$ 41**	**$ 48**	**$ 57**	**$ 41**						

	Three Months Ended June 30, 2023					Three Months Ended December 31, 2023					
	December 31, 2023										
$ in millions	*$ in millions*	Period End	Average	High[1]	Low[1]	*$ in millions*	Period End	Average	High[1]	Low[1]	
Interest rate and credit spread	Interest rate and credit spread	$ 36	$ 36	$ 42	$ 31						
Equity price	Equity price	25	25	34	20						
Foreign exchange rate	Foreign exchange rate	8	10	12	8						
Commodity price	Commodity price	12	17	25	12						
Less: Diversification benefit[2]	Less: Diversification benefit[2]	(33)	(40)		N/A	Less: Diversification benefit[2]	(27)	(35)	(35)	N/A	N/A
Primary Risk Categories	Primary Risk Categories	$ 48	$ 48	$ 56	$ 39						
Credit Portfolio	Credit Portfolio	23	22	23	20						

Less: Diversification benefit2	Less: Diversification benefit2	(20)	(18)	N/A	Less: Diversification benefit2	(22)	(14)	(14)	N/A	N/A
Total Management VaR	Total Management VaR	$ 51	$ 52	$ 57	$46					

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 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 decreased increased from the three months ended June 30, 2023 December 31, 2023, primarily driven by reduced increased exposure in the Foreign exchange interest rate category and lower market volatility. credit spread risk category.

Distribution of VaR Statistics and Net Revenues

We evaluate the reasonableness of our VaR model by comparing the potential declines in portfolio values generated by the model with corresponding actual trading results for the Firm, as well as individual business units. For days where losses exceed the VaR statistic, we examine the drivers of trading losses to evaluate the VaR model's accuracy. There was one were 2 trading loss day days in the current quarter, none of which did not exceed exceeded 95% Total Management VaR.

Risk Disclosures

Image17.jpg

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

The previous histogram shows the distribution of daily net trading revenues for the current quarter. 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 Sensitivity1

$ in millions	*$ in millions*	**At September 30, 2023**	At June 30, 2023	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Derivatives	Derivatives	**$ 6**	$ 6			
Borrowings carried at fair value	Borrowings carried at fair value	**40**	43			

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	*$ in millions*	**At September 30, 2023**	At June 30, 2023	*$ in millions*	**At March 31, 2024**	At December 31, 2023

Basis point change	Basis point change			
+100	+100	$	506	$532
+100				
+100				
-100	-100		(535)	(596)

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, and our forecasted business activity including and deposit forecasts, as a key assumption. which include assumptions around client behavior.

We do not manage to any single rate scenario but rather manage net interest income in our Wealth Management business segment to optimize across a range of possible outcomes, including non-parallel rate change scenarios. The sensitivity analysis assumes that we take no action in response to these scenarios, assumes there are no changes in other macroeconomic variables normally correlated with changes in interest rates and includes subjective assumptions regarding customer and market re-pricing behavior and other factors.

Our Wealth Management business segment balance sheet is asset sensitive, given assets reprice faster than liabilities, resulting in higher net interest income in increasing interest rate scenarios. The level of interest rates may impact the amount of deposits held at the Firm, given competition for deposits from other institutions and alternative cash-equivalent products available to depositors. Further, rising the level of interest rates could also impact client demand for loans. Net

Risk Disclosures

Image17.jpg

Net interest income sensitivity to interest rates at September 30, 2023 March 31, 2024 was relatively unchanged from June 30, 2023 December 31, 2023.

Investments Sensitivity, Including Related Carried Interest

		Loss from 10% Decline			Loss from 10% Decline	
$ in millions	*$ in millions*	**At September 30, 2023**	**At June 30, 2023**	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Investments related to Investment Management activities	Investments related to Investment Management activities	**$ 472**	$458			
Other investments:	Other investments:					
MUMSS	MUMSS	**129**	132			
MUMSS						
MUMSS						
Other Firm investments	Other Firm investments	**395**	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 duration of a market increase or decline, price volatility, the geographic and industry mix of client assets, and client behavior such as the rate and magnitude of client investments and redemptions. Therefore, overall revenues may not correlate completely with changes in the related markets.

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 2022 2023 Form 10-K.

Loans and Lending Commitments

		At September 30, 2023					At March 31, 2024			
$ in millions	*$ in millions*	HFI	HFS	FVO[1]	Total	*$ in millions*	HFI	HFS	FVO[1]	Total
Institutional Securities:	Institutional Securities:									
Corporate										
Corporate										
Corporate	Corporate	$ 7,181	$ 11,086	$ —	$ 18,267					
Secured lending facilities	Secured lending facilities	39,119	2,861	—	41,980					
Commercial and Residential real estate	Commercial and Residential real estate	8,389	259	3,139	11,787					
Securities-based lending and Other	Securities-based lending and Other	3,039	—	4,419	7,458					
Total Institutional Securities	**Total Institutional Securities**	**57,728**	**14,206**	**7,558**	**79,492**					
Wealth Management:	Wealth Management:									
Residential real estate										
Residential real estate										
Residential real estate	Residential real estate	59,002	23	—	59,025					
Securities-based lending and Other	Securities-based lending and Other	87,165	1	—	87,166					
Total Wealth Management	**Total Wealth Management**	**146,167**	**24**	**—**	**146,191**					
Total Investment Management[2]	**Total Investment Management[2]**	**4**	**—**	**427**	**431**					
Total loans	**Total loans**	**203,899**	**14,230**	**7,985**	**226,114**					
ACL	**ACL**	**(1,157)**			**(1,157)**					
Total loans, net of ACL	**Total loans, net of ACL**	**$ 202,742**	**$ 14,230**	**$ 7,985**	**$ 224,957**					
Lending commitments[3]	**Lending commitments[3]**				**$ 147,800**					
Total exposure	**Total exposure**				**$ 372,757**					

		At December 31, 2022					At December 31, 2023			
$ in millions	*$ in millions*	HFI	HFS	FVO[1]	Total	*$ in millions*	HFI	HFS	FVO[1]	Total

Institutional Securities:	Institutional Securities:				
Corporate					
Corporate					
Corporate	Corporate	$ 6,589	$ 10,634	$ —	$ 17,223
Secured lending facilities	Secured lending facilities	35,606	3,176	6	38,788
Commercial and Residential real estate	Commercial and Residential real estate	8,515	926	2,548	11,989
Securities-based lending and Other	Securities-based lending and Other	2,865	39	5,625	8,529
Total Institutional Securities	**Total Institutional Securities**	53,575	14,775	8,179	76,529
Wealth Management:	Wealth Management:				
Residential real estate					
Residential real estate					
Residential real estate	Residential real estate	54,460	4	—	54,464
Securities-based lending and Other	Securities-based lending and Other	91,797	9	—	91,806
Total Wealth Management	**Total Wealth Management**	146,257	13	—	146,270
Total Investment Management[2]	**Total Investment Management**[2]	4	—	218	222
Total loans	**Total loans**	199,836	14,788	8,397	223,021
ACL	**ACL**	(839)			(839)
Total loans, net of ACL	**Total loans, net of ACL**	$ 198,997	$ 14,788	$ 8,397	$ 222,182
Lending commitments[3]	**Lending commitments**[3]				$ 136,960
Total exposure	**Total exposure**				$ 359,142

Total exposure—consists of Total loans, net of ACL, and Lending commitments

1. FVO includes the fair value of certain unfunded lending commitments.
2. Investment Management business segment loans are related to certain of our activities as an investment advisor adviser and manager. Loans held at fair value are the result of the consolidation of investment vehicles (including CLOs) managed by Investment Management, composed primarily of senior secured loans to corporations.
3. Lending commitments represent the notional amount of legally binding obligations to provide funding to clients for lending transactions. Since commitments associated with these business activities may expire unused or may not be utilized to full capacity, they do not necessarily reflect the actual future cash funding requirements.

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 2022 2023 Form 10-K.

Total loans and lending commitments increased by approximately $14 billion $8 billion since December 31, 2022 December 31, 2023, primarily due to an increase in Corporate lending and 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	$	839
ACL—Lending Commitments Beginning balance		504
Total at December 31, 2022	$	1,343 1,169
-		
Provision for credit losses		**529**(22)
Other		**(6)**
Ending balance	**$**	**1,141**
ACL—Lending commitments		
Total at September 30, 2023 Beginning balance	$	1,726 551
Provision for credit losses		**16**
ACL—Loans Other		**(2)**
Ending balance	**$**	**1,157 565**
Total ending balance	**ACL—Lending commitments $**	**569 1,706**

Provision for Credit Losses by Business Segment

		Three Months Ended September 30, 2023			Nine Months Ended September 30, 2023						
		Three Months Ended March 31, 2024 Three Months Ended March 31, 2024 Three Months Ended March 31, 2024									
$ in millions	*$ in millions*	IS	WM	Total	IS	WM	Total	*$ in millions*	IS	WM	Total
Loans	Loans	**$80**	**$43**	**$123**	**$314**	**$148**	**$462**				
Lending commitments	Lending commitments	**13**	**(2)**	**11**	**65**	**2**	**67**				
Total	**Total**	**$93**	**$41**	**$134**	**$379**	**$150**	**$529**				

Credit exposure arising from our loans and lending commitments is measured in accordance with our internal risk management standards. Risk factors considered in determining the allowance for credit losses for loans and lending commitments include the borrower's financial strength, industry, facility structure, LTV ratio, debt service ratio, collateral and covenants. Qualitative and environmental factors such as economic and business conditions, nature and volume of the portfolio and lending terms, and volume and severity of past due loans may also be considered.

The allowance for credit losses for loans and lending commitments increased decreased in the current year period, quarter, primarily due related to deteriorating conditions improvements in the commercial real estate sector, including macroeconomic outlook. This was partially offset by provisions for certain specific commercial real estate and corporate loans mainly in the office portfolio, and modest growth in certain other loan portfolios. Charge-offs in There were no material charge-offs during the current year period were primarily related to commercial real estate and corporate loans. three months ended March 31, 2024. During the three months ended March 31, 2023, our net charge-off ratio was 0.04%.

The base scenario used in our ACL models as of September 30, 2023 March 31, 2024 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and models. This scenario assumes weak slow economic growth in 2023 2024, followed by a gradual improvement in 2025, as well as lower credit spreads and 2024. 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 2023	4Q 2024
Year-over-year growth rate	0.9 %	1.2 %

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

See Note 9 to the financial statements for further information. See Note 2 to the financial statements in the 2022 2023 Form 10-K for a discussion of the Firm's ACL methodology under CECL.

Status of Loans Held for Investment

	At September 30, 2023 IS	At September 30, 2023 WM	At December 31, 2022 IS	At December 31, 2022 WM
Accrual	99.4 %	99.8 %	99.3 %	99.9 %
Nonaccrual[1]	0.6 %	0.2 %	0.7 %	0.1 %

	At March 31, 2024 IS	At March 31, 2024 WM	At December 31, 2023 IS	At December 31, 2023 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. For further information on our nonaccrual policy, see Note 2 to the financial statements in the 2022 Form 10-K.

Net Charge-off Ratios for Institutional Securities Loans Held for Investment and Lending Commitments[1]

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
For the Nine Months Ended September 30, 2023						
Net charge-off (recovery) ratio[1]	**0.43 %**	**— %**	**1.25 %**	**— %**	**— %**	**0.07 %**
Average loans	**$ 7,057**	**$ 37,346**	**$ 8,612**	**$ 56,330**	**$ 91,583**	**$ 200,928**
For the Nine Months Ended September 30, 2022						
Net charge-off (recovery) ratio[1]	(0.09)%	0.01 %	0.09 %	— %	0.02 %	0.01 %
Average loans	$ 6,441	$ 32,367	$ 8,196	$ 48,675	$ 92,681	$ 188,360

1. Net charge-off ratio represents gross charge-offs net of recoveries divided by total average loans held for investment before ACL.

	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
A	6,627	21,372	970	—	28,969
BBB	9,623	47,594	890	—	58,107
BB	3,238	18,980	3,809	465	26,492
Other NIG	1,497	14,817	2,296	3	18,613
Unrated[2]	4	24	222	—	250
Total lending commitments	23,520	106,001	8,773	468	138,762
Total exposure	$ 50,844	$ 148,161	$ 14,876	$ 4,156	$ 218,037

Risk Disclosures

Image17.jpg

Institutional Securities Loans and Lending Commitments[1]

	At September 30, 2023				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Loans					
AA	$ 2	$ 10	$ 421	$ —	$ 433
A	953	1,390	184	—	2,527
BBB	8,702	11,301	407	—	20,410
BB	10,124	15,569	1,807	229	27,729
Other NIG	8,725	11,720	3,387	132	23,964
Unrated[2]	58	781	271	2,474	3,584
Total loans, net of ACL	28,564	40,771	6,477	2,835	78,647
Lending commitments					
AAA	—	50	—	—	50
AA	1,821	3,941	53	—	5,815
A	5,186	19,315	687	—	25,188
BBB	12,805	45,677	959	—	59,441
BB	3,589	16,221	1,571	468	21,849
Other NIG	1,076	14,135	1,126	3	16,340
Unrated[2]	2	2	2	—	6
Total lending commitments	24,479	99,341	4,398	471	128,689
Total exposure	$ 53,043	$ 140,112	$ 10,875	$ 3,306	$ 207,336

At December 31, 2022	At December 31, 2023
	Contractual Years to

		Contractual Years to Maturity				
$ in millions	*$ in millions*	<1	1-5	5-15	>15	Total
Loans	**Loans**					
AA						
AA						
AA	AA	$ 66	$ —	$ 139	$ —	$ 205
A	A	1,331	787	185	—	2,303
BBB	BBB	5,632	10,712	465	—	16,809
BB	BB	11,045	19,219	796	162	31,222
Other NIG	Other NIG	7,274	10,249	3,945	139	21,607
Unrated2	Unrated2	95	924	624	2,066	3,709
Total loans, net of ACL	**Total loans, net of ACL**	25,443	41,891	6,154	2,367	75,855
Lending commitments	**Lending commitments**					
AAA	AAA	—	50	—	—	50
AAA						
AAA						
AA	AA	2,515	2,935	11	—	5,461
A	A	5,030	19,717	202	330	25,279
BBB	BBB	10,263	39,615	566	—	50,444
BB	BB	3,691	17,656	1,416	96	22,859
Other NIG	Other NIG	1,173	13,872	530	—	15,575
Unrated2	Unrated2	—	20	—	3	23
Total lending commitments	**Total lending commitments**	22,672	93,865	2,725	429	119,691
Total exposure	**Total exposure**	$48,115	$135,756	$8,879	$2,796	$195,546

	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total

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	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023
Industry	**Industry**					
Financials						
Financials						
Financials	Financials	**$ 55,932**	$ 54,222			
Real estate	Real estate	**35,538**	32,358			
Industrials	Industrials	**18,911**	14,557			
Communications services	Communications services	**15,182**	15,336			
Consumer discretionary	Consumer discretionary	**14,263**	11,592			
Information technology	Information technology	**11,987**	13,790			
Healthcare						
Utilities	Utilities	**11,785**	10,542			
Healthcare		**11,580**	12,353			
Consumer staples	Consumer staples	**9,350**	7,823			
Energy	Energy	**9,170**	9,115			
Materials						
Insurance	Insurance	**6,155**	5,925			
Materials		**6,008**	6,102			
Other	Other	**1,475**	1,831			
Total exposure	**Total exposure**	**$ 207,336**	$ 195,546			

Institutional Securities Lending Activities

The Institutional Securities business segment lending activities include Corporate, Secured lending facilities, Commercial and Residential real estate, and Securities-based lending and Other. As of September 30, 2023 March 31, 2024 and December 31, 2023, over 90% of our total lending exposure, which consists of loans and lending commitments, is investment grade and/or secured by collateral. For a description of Institutional Securities' lending activities, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" in the 2022 2023 Form 10-K.

Institutional Securities Event-Driven Loans and Lending Commitments

	At September 30, 2023			
	Contractual Years to Maturity			
$ in millions	<1	1-5	5-15	Total
Loans, net of ACL	**$ 2,168**	**$ 1,018**	**$ 2,793**	**$ 5,979**
Lending commitments	**4,361**	**1,710**	**622**	**6,693**
Total exposure	**$ 6,529**	**$ 2,728**	**$ 3,415**	**$ 12,672**

	At December 31, 2022			
	Contractual Years to Maturity			
$ in millions	<1	1-5	5-15	Total
Loans, net of ACL	$ 2,385	$ 1,441	$ 2,771	$ 6,597
Lending commitments	3,079	861	603	4,543
Total exposure	$ 5,464	$ 2,302	$ 3,374	$ 11,140

	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 an underwriting certain underwritings and/or syndication 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 September 30, 2023								
	At March 31, 2024								At March 31, 2024
$ in millions	$ in millions	Loans	Lending Commitments	Total	$ in millions	Loans	Lending Commitments	Total	
Corporate	Corporate	**$ 7,181**	**$ 88,333**	**$ 95,514**					
Secured lending facilities	Secured lending facilities	**39,119**	**15,055**	**54,174**					
Commercial real estate	Commercial real estate	**8,389**	**389**	**8,778**					
Securities-based lending and Other	Securities-based lending and Other	**3,039**	**1,017**	**4,056**					
Total, before ACL	**Total, before ACL**	**$ 57,728**	**$ 104,794**	**$ 162,522**					
ACL	ACL	**$ (845)**	**$ (547)**	**$ (1,392)**					

	At December 31, 2022							
	At December 31, 2023							
	At December 31, 2023							
	At December 31, 2023							
$ in millions	$ in millions	Loans	Lending Commitments	Total	$ in millions	Loans	Lending Commitments	Total
Corporate	Corporate	$ 6,589	$ 79,882	$ 86,471				
Secured lending facilities	Secured lending facilities	35,606	12,803	48,409				
Commercial real estate	Commercial real estate	8,515	374	8,889				
Securities-based lending and Other	Securities-based lending and Other	2,865	985	3,850				
Total, before ACL	**Total, before ACL**	$ 53,575	$ 94,044	$ 147,619				
ACL	ACL	$ (674)	$ (484)	$ (1,158)				

Risk Disclosures

Image17.jpg

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Institutional Securities Commercial Real Estate Loans and Lending Commitments

By Region

		At September 30, 2023			At December 31, 2022								
		At March 31, 2024							At March 31, 2024			At December 31, 2023	
$ in millions	*$ in millions*	Loans1	LC1	Total	Loans1	LC1	Total	*$ in millions*	Loans1	LC1	Total	Loans1	LC1 Total
Americas	Americas	**$5,752**	**$ 334**	**$6,086**	$6,320	$ 378	$ 6,698						
EMEA	EMEA	**2,939**	**59**	**2,998**	3,040	79	3,119						
Asia	Asia	**376**	**121**	**497**	445	5	450						
Total	**Total**	**$9,067**	**$ 514**	**$9,581**	$9,805	$ 462	$ 10,267						

By Property Type

		At September 30, 2023			At December 31, 2022									
		At March 31, 2024							At March 31, 2024			At December 31, 2023		
$ in millions	*$ in millions*	Loans1	LC1	Total	Loans1	LC1	Total	*$ in millions*	Loans1	LC1	Total	Loans1	LC1	Total
Office	Office	**$3,529**	**$ 217**	**$3,746**	$3,861	$ 301	$ 4,162							
Industrial	Industrial	**2,085**	**26**	**2,111**	2,561	25	2,586							
Multifamily	Multifamily	**1,622**	**188**	**1,810**	1,889	85	1,974							
Hotel	Hotel	**797**	**77**	**874**	780	45	825							
Retail	Retail	**785**	**6**	**791**	659	6	665							
Other	Other	**249**	**—**	**249**	55	—	55							
Total	**Total**	**$9,067**	**$ 514**	**$9,581**	$9,805	$ 462	$ 10,267							

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 September 30, 2023 March 31, 2024 and December 31, 2023, our lending against commercial real estate ("CRE") properties totaled $9.6 billion $10.3 billion and $9.4 billion within the Institutional Securities business segment, which represents

4.6% 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 secured by specific institutional CRE properties. In many cases, loans are subsequently syndicated or securitized on a full or partial basis, reducing our ongoing exposure.

In addition to the amounts included in the table above, we provide certain secured lending facilities which are typically collateralized by pooled CRE mortgage loans and are included in Secured lending facilities in the Institutional Securities Loans and Lending Commitments Held for Investment table above. These secured lending facilities benefit from structural protections including cross-collateralization and diversification across property types.

Institutional Securities Allowance for Credit Losses—Loans and Lending Commitments

	Three Months Ended March 31, 2024					Three Months Ended March 31, 2024				
$ in millions	Corporate	Secured Lending Facilities	Commercial Real Estate	Other	Total	Corporate	Secured Lending Facilities	CRE	Other	Total
ACL—Loans	$ 235	$ 153	$ 275	$ 11	$ 674					
ACL—Lending commitments	411	51	15	7	484					
Total at December 31, 2022	$ 646	$ 204	$ 290	$ 18	$1,158					
Gross charge-offs	(30)	—	(108)	(1)	(139)					
Beginning balance										
Beginning balance										
Beginning balance										
Provision for credit losses	73	26	273	7	379					
Provision (release)										
Provision (release)										
Provision (release)										
Other	(2)	(1)	(3)	—	(6)					
Total at September 30, 2023	**$ 687**	**$ 229**	**$ 452**	**$ 24**	**$1,392**					
ACL—Loans	**$ 248**	**$ 154**	**$ 426**	**$ 17**	**$ 845**					
Ending balance										
ACL—Lending commitments	**439**	**75**	**26**	**7**	**547**	**ACL—Lending commitments**				
Beginning balance										
Provision (release)										
Other										
Ending balance										
Total ending balance										

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

	At September 30, 2023	At December 31, 2022	At March 31, 2024	At March 31, 2024	At December 31, 2023
Corporate	**3.5 %**	3.6 %		**3.4 %**	3.6 %

Secured lending facilities	Secured lending facilities	**0.4 %**	0.4 %	Secured lending facilities	**0.3 %**	0.4 %
Commercial real estate	Commercial real estate	**5.1 %**	3.2 %	Commercial real estate	**5.3 %**	5.3 %
Securities-based lending and Other	Securities-based lending and Other	**0.6 %**	0.4 %	Securities-based lending and Other	**0.6 %**	0.6 %
Total Institutional Securities loans	Total Institutional Securities loans	**1.5 %**	1.3 %	Total Institutional Securities loans	**1.5 %**	1.5 %

Wealth Management Loans and Lending Commitments

	At September 30, 2023						**At March 31, 2024**					
		Contractual Years to Maturity						Contractual Years to Maturity				
$ in millions	*$ in millions*	<1	1-5	5-15	>15	Total	*$ in millions*	<1	1-5	5-15	>15	Total
Securities-based lending and Other loans		**$ 76,816**	**$ 8,488**	**$ 1,522**	**$ 137**	**$ 86,963**						
Residential real estate loans		**1**	**80**	**1,292**	**57,543**	**58,916**						
Securities-based lending and Other												
Residential real estate												
Total loans, net of ACL	Total loans, net of ACL	**$ 76,817**	**$ 8,568**	**$ 2,814**	**$ 57,680**	**$ 145,879**						
Lending commitments	Lending commitments	**16,079**	**2,659**	**27**	**346**	**19,111**						
Total exposure	**Total exposure**	**$ 92,896**	**$ 11,227**	**$ 2,841**	**$ 58,026**	**$ 164,990**						

	At December 31, 2022						At December 31, 2023					
		Contractual Years to Maturity						Contractual Years to Maturity				
$ in millions	*$ in millions*	<1	1-5	5-15	>15	Total	*$ in millions*	<1	1-5	5-15	>15	Total
Securities-based lending and Other loans		$ 80,526	$ 9,371	$ 1,692	$ 140	$ 91,729						
Residential real estate loans		1	32	1,375	52,968	54,376						
Securities-based lending and Other												
Residential real estate												
Total loans, net of ACL	Total loans, net of ACL	$ 80,527	$ 9,403	$ 3,067	$ 53,108	$ 146,105						
Lending commitments	Lending commitments	12,408	4,501	37	323	17,269						
Total exposure	**Total exposure**	$ 92,935	$ 13,904	$ 3,104	$ 53,431	$ 163,374						

The principal Wealth Management business segment lending activities include Securities-based lending and Residential real estate loans.

Securities-based lending allows clients to borrow money against the value of qualifying securities, generally for any purpose other than purchasing, trading or carrying securities or refinancing margin debt. Other loans primarily include structured loans originated through the Firm's private banking platform tailored lending, which typically consist of bespoke lending arrangements provided to high and ultra-high net worth clients that clients. Securities-based lending and Other loans are mostly generally secured by various types of eligible collateral, including stock,

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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 2022 2023 Form 10-K.

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

			At September 30, 2023			At December 31, 2022								
		At March 31, 2024										**At March 31, 2024**		At December 31, 2023
$ in millions	*$ in millions*	Loans1	LC1	Total	Loans1	LC1	Total	*$ in millions*	Loans1	LC1	Total	Loans1	LC1	Total
Retail														
Multifamily	Multifamily	**$1,925**	**$155**	**$2,080**	$1,661	$142	$1,803							
Retail		**2,045**	**12**	**2,057**	2,135	6	2,141							
Office	Office	**1,670**	**1**	**1,671**	1,675	1	1,676							
Industrial	Industrial	**415**	**—**	**415**	330	—	330							
Hotel	Hotel	**411**	**—**	**411**	419	—	419							
Other	Other	**438**	**10**	**448**	183	10	193							
Total	**Total**	**$6,904**	**$178**	**$7,082**	$6,403	$159	$6,562							

LC–Lending Commitments

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

As of September 30, 2023 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. 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 September 30, 2023 March 31, 2024 and December 31, 2022 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

$ in millions		
ACL—Loans	$	165
ACL—Lending commitments		20
Total at December 31, 2022	$	185
Gross charge-offs		**(2)**
Recoveries		**1**
Net (charge-offs) recoveries		**(1)**
Provision for credit losses		**150**
Total at September 30, 2023	**$**	**334**
ACL—Loans	**$**	**312**
ACL—Lending commitments		**22**

	Three Months Ended March 31, 2024		
$ in millions	Residential Real Estate	SBL and Other	Total
ACL—Loans			
Beginning balance	$ 100	$ 195	$ 295
Provision (release)	**(11)**	**5**	**(6)**
Ending balance	**$ 89**	**$ 200**	**$ 289**
ACL—Lending commitments			
Beginning balance	$ 4	$ 14	$ 18
Provision (release)	**—**	**(2)**	**(2)**
Other	**—**	**1**	**1**
Ending balance	**$ 4**	**$ 13**	**$ 17**
Total ending balance	**$ 93**	**$ 213**	**$ 306**

At September 30, 2023 As of March 31, 2024 and December 31, 2023, more than 75% of Wealth Management residential real estate loans were to borrowers with "Exceptional" or "Very Good" FICO scores (*i.e.,* exceeding 740). Additionally, Wealth Management's securities-based lending portfolio remains well-collateralized and subject to daily client margining, which includes requiring customers to deposit additional collateral or reduce debt positions, when necessary.

Customer and Other Receivables

Margin Loans and Other Lending

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Institutional Securities	Institutional Securities	**$ 19,670**	$ 16,591			
Wealth Management	Wealth Management	**23,029**	21,933			
Total	**Total**	**$ 42,699**	$ 38,524			

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 2022 2023 Form 10-K.

Employee Loans

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

Derivatives

Fair Value of OTC Derivative Assets

		Counterparty Credit Rating[1]						Counterparty Credit Rating[1]						
$ in millions	*$ in millions*	AAA	AA	A	BBB	NIG	Total	*$ in millions*	AAA	AA	A	BBB	NIG	Total
At September 30, 2023														
At March 31, 2024														
Less than 1 year														
Less than 1 year														
Less than 1 year	Less than 1 year	**$2,018**	**$ 18,524**	**$ 40,635**	**$27,488**	**$ 8,951**	**$ 97,616**							
1-3 years	1-3 years	**1,359**	**11,520**	**19,873**	**14,941**	**8,006**	**55,699**							
3-5 years	3-5 years	**864**	**11,450**	**9,207**	**7,126**	**3,423**	**32,070**							
Over 5 years	Over 5 years	**4,006**	**62,666**	**52,066**	**31,760**	**6,103**	**156,601**							
Total, gross	Total, gross	**$8,247**	**$104,160**	**$121,781**	**$81,315**	**$26,483**	**$341,986**							
Counterparty netting	Counterparty netting	**(3,884)**	**(87,437)**	**(89,407)**	**(60,211)**	**(15,375)**	**(256,314)**							
Cash and securities collateral	Cash and securities collateral	**(2,234)**	**(14,725)**	**(28,196)**	**(14,445)**	**(6,368)**	**(65,968)**							
Total, net	**Total, net**	**$2,129**	**$ 1,998**	**$ 4,178**	**$ 6,659**	**$ 4,740**	**$ 19,704**							

		Counterparty Credit Rating[1]						Counterparty Credit Rating[1]						
$ in millions	*$ in millions*	AAA	AA	A	BBB	NIG	Total	*$ in millions*	AAA	AA	A	BBB	NIG	Total
At December 31, 2022														
At December 31, 2023														
Less than 1 year														
Less than 1 year														
Less than 1 year	Less than 1 year	$2,903	$18,166	$ 40,825	$ 32,373	$10,730	$104,997							
1-3 years	1-3 years	1,818	8,648	17,113	19,365	6,974	53,918							
3-5 years	3-5 years	655	6,834	8,632	9,105	4,049	29,275							
Over 5 years	Over 5 years	4,206	42,613	45,488	46,660	8,244	147,211							
Total, gross	Total, gross	$9,582	$76,261	$112,058	$107,503	$29,997	$335,401							
Counterparty netting	Counterparty netting	(4,037)	(60,451)	(79,334)	(85,786)	(17,415)	(247,023)							
Cash and securities collateral	Cash and securities collateral	(3,632)	(13,402)	(28,776)	(14,457)	(5,198)	(65,465)							
Total, net	**Total, net**	$1,913	$ 2,408	$ 3,948	$ 7,260	$ 7,384	$ 22,913							

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Industry	**Industry**					

Financials	Financials	$ **6,225**	$ 6,294
Financials			
Financials			
Financials			
Financials			
Financials			
Utilities	Utilities	**4,155**	5,656
Regional governments	Regional governments	**2,256**	2,052
Energy		**1,222**	2,851
Industrials	Industrials	**1,186**	1,433
Communications services	Communications services	**1,013**	1,051
Energy			
Consumer discretionary	Consumer discretionary	**630**	290
Information technology	Information technology	**585**	480
Healthcare			
Consumer staples	Consumer staples	**553**	687
Materials			
Sovereign governments	Sovereign governments	**453**	410
Healthcare		**352**	565
Materials		**291**	317
Insurance	Insurance	**191**	185
Real estate			
Not-for-profit organizations	Not-for-profit organizations	**118**	204
Real estate		**83**	95
Other	Other	**391**	343
Total	**Total**	$ **19,704**	$ 22,913

1. Counterparty credit ratings are determined internally by the CRM.

We are exposed to credit risk as a dealer in OTC derivatives. Credit risk with respect to derivative instruments arises from the possibility that a counterparty may fail to perform according to the terms of the contract. For more information on derivatives, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk—Derivatives” in the 2022 2023 Form 10-K and Note 6 to the financial statements.

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 2022 2023 Form 10-K.

Top 10 Non-U.S. Country Exposures at September 30, 2023

		At March 31, 2024										At March 31, 2024
$ in millions	*$ in millions*	United Kingdom	France	Germany	Brazil	Japan	*$ in millions*	United Kingdom	France	Germany	Brazil	China
Sovereign	**Sovereign**											
Net inventory[1]	Net inventory[1]	**$ (555)**	**$ 959**	**$ (470)**	**$3,449**	**$ (123)**						
Net inventory[1]												
Net inventory[1]												
Net counterparty exposure[2]	Net counterparty exposure[2]	**31**	**1**	**130**	**—**	**35**						
Exposure before hedges												
Exposure before hedges												
Exposure before hedges	Exposure before hedges	**(524)**	**960**	**(340)**	**3,449**	**(88)**						
Hedges[3]	Hedges[3]	**(55)**	**(6)**	**(262)**	**(161)**	**(182)**						
Net exposure	Net exposure	**$ (579)**	**$ 954**	**$ (602)**	**$3,288**	**$ (270)**						
Non-sovereign	**Non-sovereign**											
Non-sovereign												
Non-sovereign												
Net inventory[1]												
Net inventory[1]												
Net inventory[1]	Net inventory[1]	**$ 1,635**	**$ 818**	**$ 983**	**$ 125**	**$ 910**						
Net counterparty exposure[2]	Net counterparty exposure[2]	**7,597**	**3,016**	**2,201**	**403**	**3,919**						
Loans	Loans	**7,972**	**819**	**1,014**	**386**	**40**						
Lending commitments	Lending commitments	**7,107**	**2,954**	**4,456**	**306**	**—**						
Exposure before hedges	Exposure before hedges	**24,311**	**7,607**	**8,654**	**1,220**	**4,869**						
Hedges[3]	Hedges[3]	**(1,791)**	**(1,998)**	**(1,743)**	**(36)**	**(524)**						
Net exposure	Net exposure	**$ 22,520**	**$5,609**	**$ 6,911**	**$1,184**	**$4,345**						
Total net exposure	**Total net exposure**	**$ 21,941**	**$6,563**	**$ 6,309**	**$4,472**	**$4,075**						

$ in millions	$ in millions	China	Australia	Canada	Ireland	Spain	$ in millions	Japan	India	Korea	Canada	Australia
Sovereign	**Sovereign**											
Net inventory[1]	Net inventory[1]	**$1,171**	**$ (1)**	**$ 335**	**$ 153**	**$ (619)**						
Net inventory[1]												
Net inventory[1]												
Net counterparty exposure[2]	Net counterparty exposure[2]	**114**	**153**	**66**	**—**	**1**						
Exposure before hedges												
Exposure before hedges												
Exposure before hedges	Exposure before hedges	**1,285**	**152**	**401**	**153**	**(618)**						
Hedges[3]	Hedges[3]	**(65)**	**—**	**—**	**—**	**(8)**						
Net exposure	Net exposure	**$1,220**	**$ 152**	**$ 401**	**$ 153**	**$ (626)**						
Non-sovereign	**Non-sovereign**											
Non-sovereign												
Non-sovereign												
Net inventory[1]												
Net inventory[1]												
Net inventory[1]	Net inventory[1]	**$1,545**	**$ 509**	**$ 456**	**$ 665**	**$ 296**						
Net counterparty exposure[2]	Net counterparty exposure[2]	**158**	**747**	**937**	**385**	**401**						
Loans	Loans	**470**	**1,623**	**368**	**1,577**	**1,935**						
Lending commitments	Lending commitments	**664**	**1,009**	**1,384**	**457**	**1,147**						
Exposure before hedges	Exposure before hedges	**2,837**	**3,888**	**3,145**	**3,084**	**3,779**						
Hedges[3]	Hedges[3]	**(86)**	**(411)**	**(57)**	**(4)**	**(334)**						
Net exposure	Net exposure	**$2,751**	**$ 3,477**	**$3,088**	**$3,080**	**$3,445**						
Total net exposure	**Total net exposure**	**$3,971**	**$ 3,629**	**$3,489**	**$3,233**	**$2,819**						

1. Net inventory represents exposure to both long and short single-name and index positions (*i.e.*, bonds and equities at fair value and CDS based on a notional amount assuming zero recovery adjusted for the fair value of any receivable or payable).
2. Net counterparty exposure (*e.g.*, repurchase transactions, securities lending and OTC derivatives) is net of the benefit of collateral received and also is net by counterparty when legally enforceable master netting agreements are in place. For more information, see "Additional Information—Top 10 Non-U.S. Country Exposures" herein.
3. Amounts represent net CDS hedges (purchased and sold) on net counterparty exposure and lending executed by trading desks responsible for hedging counterparty and lending credit risk exposures. Amounts are based on the CDS notional amount assuming zero recovery adjusted for the fair value of any receivable or payable. For further description of the contractual terms for purchased credit protection and whether they may limit the effectiveness of our hedges, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Derivatives" in the 2022 2023 Form 10-K.

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

Collateral Held against Against Net Counterparty Exposure[1]

$ in millions			At September 30, March 31, 2023 2024
Country of Risk	**Collateral[2]**		
United Kingdom	U.K., U.S., and Japan France	$	8,914 8,039
Japan	Japan and U.S.		7,150 5,831
Other	U.S., France Italy and Italy France		16,453 15,119

1. The benefit of collateral received is reflected in the Top 10 Non-U.S. Country Exposures at September 30, 2023 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.*, cyber attacks 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 2022 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 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 about Risk—Model Risk" in the 2022 2023 Form 10-K.

Liquidity Risk

Liquidity risk refers to the risk that we will be unable to finance our operations due to a loss of access to the capital markets or difficulty in liquidating our assets. Liquidity risk also encompasses our ability (or perceived ability) to meet our financial obligations without experiencing significant business disruption or reputational damage that may threaten our viability as a going concern. For a further discussion about our liquidity risk, see "Quantitative and Qualitative Disclosures about Risk—Liquidity Risk" in the 2022 2023 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" herein.

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 2022 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 flooding, floods, hurricanes, heatwaves, droughts and wildfires, and chronic, longer-term shifts in climate patterns, such as increasing higher global average temperatures, rising sea levels and long-term droughts. Transition risks are The transition risk of climate change include policy, legal, technological, technology and market changes to address climate changes. Examples of these transition risks and include changes in consumer behavior and business sentiment, related technologies, shareholder preferences and any additional regulatory and legislative requirements, such as 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, near term, is an overarching risk that can impact other categories of risk over the longer-term. risk. For a further discussion about our climate risk, see "Quantitative and Qualitative Disclosures about Risk—Climate Risk" in the 2022 2023 Form 10-K.

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 September 30, 2023March 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 and nine-month periods ended September 30, 2023March 31, 2024 and 2022, and the cash flow statements for the nine-month periods ended September 30, 2023 and 2022,2023, 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, 2022December 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 24, 2023February 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, 2022December 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

NovemberMay 3, 20232024

Consolidated Income Statement (Unaudited)

Image20.jpg

in millions, except per share data	in millions, except per share data	Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
		2023	2022	**2023**	2022	*in millions, except per share data*	**2024**	2023

Revenues	**Revenues**				
Investment banking					
Investment banking					
Investment banking	Investment banking	**$1,048**	$1,373	**$3,533**	$4,281
Trading	Trading	**3,679**	3,331	**11,958**	10,911
Investments	Investments	**144**	(168)	**384**	(70)
Commissions and fees	Commissions and fees	**1,098**	1,133	**3,427**	3,769
Asset management	Asset management	**5,031**	4,744	**14,576**	14,775
Other	Other	**296**	63	**1,036**	245
Total non-interest revenues	Total non-interest revenues	**11,296**	10,476	**34,914**	33,911
Interest income		**13,305**	6,101	**36,223**	12,363
Interest expense		**11,328**	3,591	**29,890**	5,355
Interest income[1]					
Interest expense[1]					
Net interest	Net interest	**1,977**	2,510	**6,333**	7,008
Net revenues	**Net revenues**	**13,273**	12,986	**41,247**	40,919
Provision for credit losses	**Provision for credit losses**	**134**	35	**529**	193
Non-interest expenses	**Non-interest expenses**				
Compensation and benefits					
Compensation and benefits					
Compensation and benefits	Compensation and benefits	**5,935**	5,614	**18,607**	17,438
Brokerage, clearing and exchange fees	Brokerage, clearing and exchange fees	**855**	847	**2,611**	2,607
Information processing and communications	Information processing and communications	**947**	874	**2,788**	2,560
Professional services	Professional services	**759**	755	**2,236**	2,217
Occupancy and equipment	Occupancy and equipment	**456**	429	**1,367**	1,286
Marketing and business development	Marketing and business development	**191**	215	**674**	610
Other	Other	**851**	829	**2,718**	2,713
Total non-interest expenses	**Total non-interest expenses**	**9,994**	9,563	**31,001**	29,431
Income before provision for income taxes	Income before provision for income taxes	**3,145**	3,388	**9,717**	11,295
Provision for income taxes	Provision for income taxes	**710**	726	**2,028**	2,382

Net income	Net income	**$2,435**	$2,662	**$7,689**	$8,913
Net income applicable to noncontrolling interests	Net income applicable to noncontrolling interests	**27**	30	**119**	120
Net income applicable to Morgan Stanley	Net income applicable to Morgan Stanley	**$2,408**	$2,632	**$7,570**	$8,793
Preferred stock dividends	Preferred stock dividends	**146**	138	**423**	366
Earnings applicable to Morgan Stanley common shareholders	**Earnings applicable to Morgan Stanley common shareholders**	**$2,262**	$2,494	**$7,147**	$8,427
Earnings per common share	**Earnings per common share**				
Basic	Basic	**$ 1.39**	$ 1.49	**$ 4.37**	$ 4.95
Basic					
Basic					
Diluted	Diluted	**$ 1.38**	$ 1.47	**$ 4.33**	$ 4.88
Average common shares outstanding	**Average common shares outstanding**				
Basic	Basic	**1,624**	1,674	**1,635**	1,704
Basic					
Basic					
Diluted	Diluted	**1,643**	1,697	**1,653**	1,725

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)

		Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022
$ in millions					
$ in millions					
Net income					
Net income					
Net income	Net income	**$ 2,435**	$ 2,662	**$ 7,689**	$ 8,913
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:					
Other comprehensive income (loss), net of tax:					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Foreign currency translation adjustments	Foreign currency translation adjustments	**(149)**	(268)	**(240)**	(661)

Change in net unrealized gains (losses) on available-for-sale securities	Change in net unrealized gains (losses) on available-for-sale securities	**(366)**	(1,307)	**125**	(4,778)
Change in net unrealized gains (losses) on available-for-sale securities					
Change in net unrealized gains (losses) on available-for-sale securities					
Pension and other					
Pension and other					
Pension and other	Pension and other	**(1)**	5	**(3)**	13
Change in net debt valuation adjustment	Change in net debt valuation adjustment	**(414)**	816	**(960)**	2,628
Change in net debt valuation adjustment					
Change in net debt valuation adjustment					
Net change in cash flow hedges					
Net change in cash flow hedges					
Net change in cash flow hedges	Net change in cash flow hedges	**(3)**	—	**(16)**	—
Total other comprehensive income (loss)	Total other comprehensive income (loss)	**$ (933)**	$ (754)	**$ (1,094)**	$ (2,798)
Total other comprehensive income (loss)					
Total other comprehensive income (loss)					
Comprehensive income					
Comprehensive income					
Comprehensive income	Comprehensive income	**$ 1,502**	$ 1,908	**$ 6,595**	$ 6,115
Net income applicable to noncontrolling interests	Net income applicable to noncontrolling interests	**27**	30	**119**	120
Net income applicable to noncontrolling interests					
Net income applicable to noncontrolling interests					
Other comprehensive income (loss) applicable to noncontrolling interests					
Other comprehensive income (loss) applicable to noncontrolling interests					
Other comprehensive income (loss) applicable to noncontrolling interests	Other comprehensive income (loss) applicable to noncontrolling interests	**(31)**	(17)	**(145)**	(142)
Comprehensive income applicable to Morgan Stanley	**Comprehensive income applicable to Morgan Stanley**	**$ 1,506**	$ 1,895	**$ 6,621**	$ 6,137
Comprehensive income applicable to Morgan Stanley					
Comprehensive income applicable to Morgan Stanley					

Consolidated Balance Sheet

Image23.jpg

$ in millions, except share data	$ in millions, except share data	(Unaudited) At September 30, 2023	At December 31, 2022	$ in millions, except share data	(Unaudited) At March 31, 2024	At December 31, 2023
Assets	**Assets**					
Cash and cash equivalents	Cash and cash equivalents	**$ 108,401**	$ 128,127			
Trading assets at fair value (**$137,504** and $124,411 were pledged to various parties)		**346,685**	301,315			
Cash and cash equivalents						
Cash and cash equivalents						
Trading assets at fair value (**$148,191** and $162,698 were pledged to various parties)						
Investment securities:	Investment securities:					
Available-for-sale at fair value (amortized cost of **$81,573** and $89,772)		**76,261**	84,297			
Held-to-maturity (fair value of **$58,324** and $65,006)		**70,705**	75,634			
Securities purchased under agreements to resell (includes **$ —** and $8 at fair value)		**101,569**	113,907			
Available-for-sale at fair value (amortized cost of **$91,260** and $92,149)						
Available-for-sale at fair value (amortized cost of **$91,260** and $92,149)						
Available-for-sale at fair value (amortized cost of **$91,260** and $92,149)						
Held-to-maturity (fair value of **$55,283** and $57,453)						
Securities purchased under agreements to resell (includes **$—** and $7 at fair value)						

Securities borrowed	Securities borrowed	**120,916**	133,374
Customer and other receivables	Customer and other receivables	**76,495**	78,540
Loans:	Loans:		
Held for investment (net of allowance for credit losses of **$1,157** and $839)		**202,742**	198,997
Held for investment (net of allowance for credit losses of **$1,141** and $1,169)			
Held for investment (net of allowance for credit losses of **$1,141** and $1,169)			
Held for investment (net of allowance for credit losses of **$1,141** and $1,169)			
Held for sale	Held for sale	**14,230**	14,788
Goodwill	Goodwill	**16,699**	16,652
Intangible assets (net of accumulated amortization of **$4,704** and $4,253)		**7,204**	7,618
Intangible assets (net of accumulated amortization of **$4,997** and $4,847)			
Other assets	Other assets	**27,106**	26,982
Total assets	**Total assets**	**$ 1,169,013**	$ 1,180,231
Liabilities	**Liabilities**		
Deposits (includes **$6,318** and $4,796 at fair value)		**$ 345,458**	$ 356,646
Deposits (includes **$6,429** and $6,472 at fair value)			
Deposits (includes **$6,429** and $6,472 at fair value)			
Deposits (includes **$6,429** and $6,472 at fair value)			
Trading liabilities at fair value	Trading liabilities at fair value	**150,298**	154,438
Securities sold under agreements to repurchase (includes **$1,002** and $864 at fair value)		**76,661**	62,534
Securities sold under agreements to repurchase (includes **$827** and $1,020 at fair value)			

Securities loaned	Securities loaned	**13,064**	15,679	
Other secured financings (includes **$7,012** and $4,550 at fair value)		**9,668**	8,158	
Other secured financings (includes **$11,077** and $9,899 at fair value)				
Customer and other payables	Customer and other payables	**200,479**	216,134	
Other liabilities and accrued expenses	Other liabilities and accrued expenses	**26,034**	27,353	
Borrowings (includes **$86,556** and $78,720 at fair value)		**247,193**	238,058	
Borrowings (includes **$95,104** and $93,900 at fair value)				
Total liabilities	**Total liabilities**	**1,068,855**	1,079,000	
Commitments and contingent liabilities (see Note 13)	**Commitments and contingent liabilities (see Note 13)**			**Commitments and contingent liabilities (see Note 13)**
Equity	**Equity**			
Morgan Stanley shareholders' equity:	Morgan Stanley shareholders' equity:			
Morgan Stanley shareholders' equity:				
Morgan Stanley shareholders' equity:				
Preferred stock				
Preferred stock				
Preferred stock	Preferred stock	**8,750**	8,750	
Common stock, $0.01 par value:	Common stock, $0.01 par value:			
Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,642,250,165** and 1,675,487,409		**20**	20	
Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,626,657,461** and 1,626,828,437				

Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,626,657,461** and 1,626,828,437

Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,626,657,461** and 1,626,828,437

Additional paid-in capital	Additional paid-in capital	**29,595**	29,339
Retained earnings	Retained earnings	**98,007**	94,862
Employee stock trusts	Employee stock trusts	**5,244**	4,881
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss)	**(7,202)**	(6,253)
Common stock held in treasury at cost, $0.01 par value (**396,643,814** and 363,406,570 shares)		**(29,959)**	(26,577)
Common stock held in treasury at cost, $0.01 par value (**412,236,518** and 412,065,542 shares)			
Common stock issued to employee stock trusts	Common stock issued to employee stock trusts	**(5,244)**	(4,881)
Total Morgan Stanley shareholders' equity	**Total Morgan Stanley shareholders' equity**	**99,211**	100,141
Noncontrolling interests	Noncontrolling interests	**947**	1,090
Total equity	**Total equity**	**100,158**	101,231
Total liabilities and equity	**Total liabilities and equity**	**$ 1,169,013**	$ 1,180,231

Consolidated Statement of Changes in Total Equity (Unaudited)

Image25.jpg

Three Months Ended

March 31,

Three Months Ended

March 31,

Three Months Ended

March 31,

$ in millions

$ in millions

$ in millions

Preferred Stock

Preferred Stock

Preferred Stock

Beginning and ending balance

Beginning and ending balance

Beginning and ending balance

		Three Months Ended September 30, 2023		Nine Months Ended September 30,	
$ in millions		**2023**	2022	**2023**	2022
Preferred Stock					
Common Stock					
Common Stock					
Common Stock					
Beginning and ending balance					
Beginning and ending balance					
Beginning and ending balance					
Additional Paid-in Capital					
Additional Paid-in Capital					
Additional Paid-in Capital					
Beginning balance	Beginning balance	**$ 8,750**	$ 7,750	**$ 8,750**	$ 7,750
Issuance of preferred stock		**—**	1,000	**—**	1,000
Beginning balance					
Beginning balance					
Share-based award activity					
Share-based award activity					
Share-based award activity					
Ending balance	Ending balance	**8,750**	8,750	**8,750**	8,750
Common Stock					
Beginning and ending balance		**20**	20	**20**	20
Additional Paid-in Capital					
Ending balance					
Ending balance					
Retained Earnings					
Retained Earnings					
Retained Earnings					

Beginning balance					
Beginning balance					
Beginning balance					
Cumulative adjustment related to the adoption of an accounting standard update[1]					
Cumulative adjustment related to the adoption of an accounting standard update[1]					
Cumulative adjustment related to the adoption of an accounting standard update[1]					
Net income applicable to Morgan Stanley					
Net income applicable to Morgan Stanley					
Net income applicable to Morgan Stanley					
Preferred stock dividends[2]					
Preferred stock dividends[2]					
Preferred stock dividends[2]					
Common stock dividends[2]					
Common stock dividends[2]					
Common stock dividends[2]					
Other net increases (decreases)					
Other net increases (decreases)					
Other net increases (decreases)					
Ending balance					
Ending balance					
Ending balance					
Employee Stock Trusts					
Employee Stock Trusts					
Employee Stock Trusts					
Beginning balance					
Beginning balance					
Beginning balance	Beginning balance	29,245	28,394	29,339	28,841
Share-based award activity	Share-based award activity	**350**	505	**256**	57
Issuance of preferred stock		—	(6)	—	(6)
Share-based award activity					
Share-based award activity					
Ending balance					
Ending balance					
Ending balance					
Accumulated Other Comprehensive Income (Loss)					
Accumulated Other Comprehensive Income (Loss)					
Accumulated Other Comprehensive Income (Loss)					
Beginning balance					
Beginning balance					
Beginning balance					
Net change in Accumulated other comprehensive income (loss)					

Net change in Accumulated other comprehensive income (loss)
Net change in Accumulated other comprehensive income (loss)
Ending balance
Ending balance
Ending balance
Common Stock Held in Treasury at Cost
Common Stock Held in Treasury at Cost
Common Stock Held in Treasury at Cost
Beginning balance
Beginning balance
Beginning balance
Share-based award activity
Share-based award activity
Share-based award activity
Repurchases of common stock and employee tax withholdings
Repurchases of common stock and employee tax withholdings
Repurchases of common stock and employee tax withholdings
Ending balance
Ending balance
Ending balance
Common Stock Issued to Employee Stock Trusts
Common Stock Issued to Employee Stock Trusts
Common Stock Issued to Employee Stock Trusts
Beginning balance
Beginning balance
Beginning balance
Share-based award activity
Share-based award activity
Share-based award activity
Ending balance
Ending balance
Ending balance
Noncontrolling Interests
Noncontrolling Interests
Noncontrolling Interests
Beginning balance
Beginning balance
Beginning balance
Net income applicable to noncontrolling interests

Net income applicable to noncontrolling interests				
Net income applicable to noncontrolling interests				
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests				
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests				
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests				
Other net increases (decreases)				
Other net increases (decreases)				
Other net increases (decreases) Other net increases (decreases)	**—**	—	**—**	1
Ending balance Ending balance	**29,595**	28,893	**29,595**	28,893
Retained Earnings				
Beginning balance	97,151	92,889	94,862	89,432
Net income applicable to Morgan Stanley	**2,408**	2,632	**7,570**	8,793
Preferred stock dividends[1]	**(146)**	(138)	**(423)**	(366)
Common stock dividends[1]	**(1,404)**	(1,329)	**(4,001)**	(3,802)
Other net increases (decreases)	**(2)**	1	**(1)**	(2)
Ending balance Ending balance	**98,007**	94,055	**98,007**	94,055
Employee Stock Trusts				
Beginning balance	5,258	4,900	4,881	3,955
Share-based award activity	**(14)**	(40)	**363**	905
Ending balance	**5,244**	4,860	**5,244**	4,860
Accumulated Other Comprehensive Income (Loss)				
Beginning balance	(6,300)	(5,021)	(6,253)	(3,102)
Net change in Accumulated other comprehensive income (loss)	**(902)**	(737)	**(949)**	(2,656)
Ending balance	**(7,202)**	(5,758)	**(7,202)**	(5,758)
Common Stock Held in Treasury at Cost				
Beginning balance	(28,480)	(22,436)	(26,577)	(17,500)
Share-based award activity	**77**	95	**1,479**	1,677
Repurchases of common stock and employee tax withholdings	**(1,556)**	(2,608)	**(4,861)**	(9,126)
Ending balance	**(29,959)**	(24,949)	**(29,959)**	(24,949)
Common Stock Issued to Employee Stock Trusts				
Beginning balance	(5,258)	(4,900)	(4,881)	(3,955)
Share-based award activity	**14**	40	**(363)**	(905)
Ending balance	**(5,244)**	(4,860)	**(5,244)**	(4,860)
Noncontrolling Interests				
Beginning balance	975	1,066	1,090	1,157
Net income applicable to noncontrolling interests	**27**	30	**119**	120

Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests			**(31)**		(17)		**(145)**		(142)
Other net increases (decreases)			**(24)**		(1)		**(117)**		(57)
Ending balance	Ending balance		**947**		1,078		**947**		1,078
Total Equity	**Total Equity**	**$**	**100,158**	$	102,089	**$**	**100,158**	$	102,089
Total Equity									
Total Equity									

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

		Nine Months Ended September 30,			
$ in millions	*$ in millions*		**2023**		2022
$ in millions					
$ in millions					
Cash flows from operating activities					
Cash flows from operating activities					
Cash flows from operating activities	**Cash flows from operating activities**				
Net income	Net income	**$**	**7,689**	$	8,913
Net income					
Net income					
Adjustments to reconcile net income to net cash provided by (used for) operating activities:					
Adjustments to reconcile net income to net cash provided by (used for) operating activities:					
Adjustments to reconcile net income to net cash provided by (used for) operating activities:	Adjustments to reconcile net income to net cash provided by (used for) operating activities:				
Stock-based compensation expense	Stock-based compensation expense		**1,348**		1,377
Stock-based compensation expense					
Stock-based compensation expense					
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization		**2,850**		2,791
Provision for credit losses	Provision for credit losses		**529**		193
Provision for credit losses					

Provision for credit losses			
Other operating adjustments			
Other operating adjustments			
Other operating adjustments	Other operating adjustments	**44**	508
Changes in assets and liabilities:	Changes in assets and liabilities:		
Changes in assets and liabilities:			
Changes in assets and liabilities:			
Trading assets, net of Trading liabilities			
Trading assets, net of Trading liabilities			
Trading assets, net of Trading liabilities	Trading assets, net of Trading liabilities	**(53,171)**	(23,285)
Securities borrowed	Securities borrowed	**12,458**	(6,765)
Securities borrowed			
Securities borrowed			
Securities loaned			
Securities loaned			
Securities loaned	Securities loaned	**(2,615)**	798
Customer and other receivables and other assets	Customer and other receivables and other assets	**3,884**	7,966
Customer and other receivables and other assets			
Customer and other receivables and other assets			
Customer and other payables and other liabilities			
Customer and other payables and other liabilities			
Customer and other payables and other liabilities	Customer and other payables and other liabilities	**(15,265)**	8,283
Securities purchased under agreements to resell	Securities purchased under agreements to resell	**12,338**	8,875
Securities purchased under agreements to resell			
Securities purchased under agreements to resell			
Securities sold under agreements to repurchase			
Securities sold under agreements to repurchase			
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	**14,127**	(2,055)
Net cash provided by (used for) operating activities	**Net cash provided by (used for) operating activities**	**(15,784)**	7,599
Net cash provided by (used for) operating activities			
Net cash provided by (used for) operating activities			
Cash flows from investing activities			
Cash flows from investing activities			
Cash flows from investing activities	**Cash flows from investing activities**		
Proceeds from (payments for):	Proceeds from (payments for):		
Proceeds from (payments for):			
Proceeds from (payments for):			
Other assets—Premises, equipment and software			
Other assets—Premises, equipment and software			
Other assets—Premises, equipment and software	Other assets—Premises, equipment and software	**(2,483)**	(2,308)
Changes in loans, net	Changes in loans, net	**(4,186)**	(23,280)

Changes in loans, net			
Changes in loans, net			
AFS securities:			
AFS securities:			
AFS securities:	AFS securities:		
Purchases	Purchases	**(9,522)**	(22,636)
Purchases			
Purchases			
Proceeds from sales			
Proceeds from sales			
Proceeds from sales	Proceeds from sales	**5,315**	21,922
Proceeds from paydowns and maturities	Proceeds from paydowns and maturities	**12,017**	11,682
Proceeds from paydowns and maturities			
Proceeds from paydowns and maturities			
HTM securities:			
HTM securities:			
HTM securities:	HTM securities:		
Purchases	Purchases	**—**	(5,231)
Purchases			
Purchases			
Proceeds from paydowns and maturities			
Proceeds from paydowns and maturities			
Proceeds from paydowns and maturities	Proceeds from paydowns and maturities	**4,922**	7,837
Other investing activities	Other investing activities	**(346)**	(516)
Other investing activities			
Other investing activities			
Net cash provided by (used for) investing activities			
Net cash provided by (used for) investing activities			
Net cash provided by (used for) investing activities	**Net cash provided by (used for) investing activities**	**5,717**	(12,530)
Cash flows from financing activities	**Cash flows from financing activities**		
Cash flows from financing activities			
Cash flows from financing activities			
Net proceeds from (payments for):			
Net proceeds from (payments for):			
Net proceeds from (payments for):	Net proceeds from (payments for):		
Other secured financings	Other secured financings	**146**	(1,352)
Other secured financings			
Other secured financings			
Deposits	Deposits	**(11,188)**	(16,816)
Issuance of preferred stock, net of issuance costs		**—**	994
Deposits			
Deposits			
Proceeds from issuance of Borrowings			
Proceeds from issuance of Borrowings			

Proceeds from issuance of Borrowings	Proceeds from issuance of Borrowings		**60,916**		54,283
Payments for:	Payments for:				
Payments for:					
Payments for:					
Borrowings					
Borrowings					
Borrowings	Borrowings		**(48,847)**		(27,019)
Repurchases of common stock and employee tax withholdings	Repurchases of common stock and employee tax withholdings		**(4,836)**		(9,126)
Repurchases of common stock and employee tax withholdings					
Repurchases of common stock and employee tax withholdings					
Cash dividends					
Cash dividends					
Cash dividends	Cash dividends		**(4,286)**		(4,023)
Other financing activities	Other financing activities		**(325)**		(202)
Other financing activities					
Other financing activities					
Net cash provided by (used for) financing activities					
Net cash provided by (used for) financing activities					
Net cash provided by (used for) financing activities	**Net cash provided by (used for) financing activities**		**(8,420)**		(3,261)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents		**(1,239)**		(7,837)
Effect of exchange rate changes on cash and cash equivalents					
Effect of exchange rate changes on cash and cash equivalents					
Net increase (decrease) in cash and cash equivalents					
Net increase (decrease) in cash and cash equivalents					
Net increase (decrease) in cash and cash equivalents	Net increase (decrease) in cash and cash equivalents		**(19,726)**		(16,029)
Cash and cash equivalents, at beginning of period	Cash and cash equivalents, at beginning of period		**128,127**		127,725
Cash and cash equivalents, at beginning of period					
Cash and cash equivalents, at beginning of period					
Cash and cash equivalents, at end of period					
Cash and cash equivalents, at end of period					
Cash and cash equivalents, at end of period	**Cash and cash equivalents, at end of period**	**$**	**108,401**	$	111,696
Supplemental Disclosure of Cash Flow Information	**Supplemental Disclosure of Cash Flow Information**				
Supplemental Disclosure of Cash Flow Information					
Supplemental Disclosure of Cash Flow Information					
Cash payments for:					
Cash payments for:					
Cash payments for:	Cash payments for:				
Interest	Interest	**$**	**30,299**	$	4,339
Interest					
Interest					
Income taxes, net of refunds	Income taxes, net of refunds		**1,248**		2,805

Income taxes, net of refunds	
Income taxes, net of refunds	

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 brokerage services; financial and wealth planning services; workplace services, including stock plan administration; securities-based lending, residential real estate loans and other lending products; banking; and retirement plan services.

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.

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 2022 2023 Form 10-K. Certain footnote disclosures included in the 2022 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 subsidiaries that are not wholly owned, the third-party holdings of equity interests are referred to as Noncontrolling interests. The net income attributable to Noncontrolling interests for such subsidiaries is presented as Net income applicable to noncontrolling interests in the income statement. The portion of shareholders’ equity that is attributable to noncontrolling Noncontrolling interests for such subsidiaries is presented as Noncontrolling interests, a component of Total equity, in the balance sheet.

For a discussion of the Firm’s significant regulated U.S. and international subsidiaries and its involvement with VIEs, see Note 1 to the financial statements in the 2022 2023 Form 10-K.

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Notes to Consolidated Financial Statements
(Unaudited)

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2. Significant Accounting Policies

For a detailed discussion about the Firm’s significant accounting policies and for further information on accounting

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Notes to Consolidated Financial Statements
(Unaudited)

Image27.jpg

updates adopted in the prior year, see Note 2 to the financial statements in the 2022 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 nine three months ended September 30, 2023 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 2023 2024

Fair Value Measurement Investments - Equity Securities Subject to Contractual Sale Restrictions Tax Credit Structures

The Firm early adopted the *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions* accounting update on July 1, 2023, with no material impact on the Firm's financial condition or results of operations upon adoption. The update clarifies that a contractual sale restriction is not considered part of the unit of account of an equity security and, therefore, is not considered in measuring fair value.

Financial Instruments - Credit Losses

The Firm adopted the *Financial Instruments-Credit Losses Investments - Equity Method and Joint Ventures - Tax Credit Structures* accounting update on January 1, 2023, with no impact 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 requires a separate accounting policy election to be made for each tax credit program. Additional disclosures are required regarding (i) the nature of our tax equity investments and (ii) the effect of our tax equity investments and related income tax credits on the Firm's financial condition or and results of operations upon adoption. (see Note 10).

This accounting update eliminates the accounting guidance for troubled debt restructurings ("TDRs") The adoption resulted in a decrease to Retained earnings of $60 million as of January 1, 2024, net of tax, and requires new disclosures regarding certain modifications of financing receivables (*i.e.*, principal forgiveness, interest rate reductions, other-than-insignificant payment delays and term extensions) a corresponding reduction to borrowers experiencing financial difficulty. The update also requires disclosure of current period gross charge-offs by year of origination for financing receivables measured at amortized cost. Refer to Note 9, Loans, Lending Commitments and Related Allowance for Credit Losses, for the new disclosures. Other assets.

3. Cash and Cash Equivalents

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Cash and due from banks	Cash and due from banks	**$ 7,029**	$ 5,409			
Interest bearing deposits with banks	Interest bearing deposits with banks	**101,372**	122,718			
Total Cash and cash equivalents	**Total Cash and cash equivalents**	**$ 108,401**	$ 128,127			
Restricted cash	Restricted cash	**$ 28,638**	$ 35,380			

For additional information on cash and cash equivalents, including restricted cash, see Note 2 to the financial statements in the 2022 2023 Form 10-K.

4. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At September 30, 2023				
$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total

$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	$ 63,418	$ 36,553	$ —	$ —	$ 99,971
Other sovereign government obligations	36,432	6,050	94	—	42,576
State and municipal securities	—	1,153	112	—	1,265
MABS	—	1,499	536	—	2,035
Loans and lending commitments[2]	—	5,946	2,039	—	7,985
Corporate and other debt	—	29,292	2,463	—	31,755
Corporate equities[3,5]	104,786	676	195	—	105,657
Derivative and other contracts:					
Interest rate	7,172	197,954	524	—	205,650
Credit	—	9,471	448	—	9,919
Foreign exchange	23	95,172	83	—	95,278
Equity	1,807	46,557	607	—	48,971
Commodity and other	2,075	12,334	2,910	—	17,319
Netting[1]	(7,953)	(280,170)	(1,023)	(42,600)	(331,746)
Total derivative and other contracts	3,124	81,318	3,549	(42,600)	45,391
Investments[4,5]	624	646	934	—	2,204
Physical commodities	—	2,381	—	—	2,381
Total trading assets[4]	208,384	165,514	9,922	(42,600)	341,220
Investment securities—AFS	46,572	29,654	35	—	76,261
Total assets at fair value	$ 254,956	$ 195,168	$ 9,957	$ (42,600)	$ 417,481

At September 30, 2023

At March 31, 2024

At March 31, 2024

$ in millions	$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total
Liabilities at fair value						
Deposits		$ —	$ 6,302	$ 16	$ —	$ 6,318
Trading liabilities:						

$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total

Assets at fair value

Trading assets:

Trading assets:

Trading assets:

U.S. Treasury and agency securities

U.S. Treasury and agency securities

U.S. Treasury and agency securities	U.S. Treasury and agency securities	22,819	106	—	—	22,925
Other sovereign government obligations	Other sovereign government obligations	30,965	2,435	3	—	33,403

State and municipal securities						
MABS						
Loans and lending commitments[2]						
Corporate and other debt	Corporate and other debt	—	9,979	50	—	10,029
Corporate equities[3]		51,164	125	41	—	51,330
Corporate equities[3,5]						
Derivative and other contracts:	Derivative and other contracts:					
Interest rate						
Interest rate						
Interest rate	Interest rate	6,183	192,109	773	—	199,065
Credit	Credit	—	9,735	358	—	10,093
Foreign exchange	Foreign exchange	208	86,626	212	—	87,046
Equity	Equity	1,667	55,795	1,389	—	58,851
Commodity and other	Commodity and other	2,561	11,626	1,629	—	15,816
Netting[1]	Netting[1]	(7,953)	(280,170)	(1,023)	(49,114)	(338,260)
Total derivative and other contracts	Total derivative and other contracts	2,666	75,721	3,338	(49,114)	32,611
Total trading liabilities		107,614	88,366	3,432	(49,114)	150,298
Securities sold under agreements to repurchase		—	544	458	—	1,002
Other secured financings		—	6,914	98	—	7,012
Borrowings		—	85,028	1,528	—	86,556
Total liabilities at fair value		$107,614	$187,154	$5,532	$(49,114)	$251,186
Investments[4,5]						
Physical commodities						
Total trading assets[4]						
Investment securities—AFS						
Total assets at fair value						
Total assets at fair value						
Total assets at fair value						

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

At December 31, 2022

At March 31, 2024

At March 31, 2024

$ in millions	$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value						
Trading assets:						
Liabilities at fair value						
Deposits						
Deposits						
Deposits						
Trading liabilities:						
U.S. Treasury and agency securities						
U.S. Treasury and agency securities						
U.S. Treasury and agency securities	U.S. Treasury and agency securities	$ 38,462	$ 42,263	$ 17	$ —	$ 80,742
Other sovereign government obligations	Other sovereign government obligations	24,644	4,769	169	—	29,582
State and municipal securities		—	1,503	145	—	1,648
MABS		—	1,774	416	—	2,190
Loans and lending commitments[2]		—	6,380	2,017	—	8,397
Corporate and other debt	Corporate and other debt	—	23,351	2,096	—	25,447
Corporate equities[3]	Corporate equities[3]	97,869	1,019	116	—	99,004
Derivative and other contracts:	Derivative and other contracts:					
Interest rate						
Interest rate						
Interest rate	Interest rate	4,481	166,392	517	—	171,390
Credit	Credit	—	7,876	425	—	8,301

Foreign exchange	Foreign exchange	49	115,766	183	—	115,998
Equity	Equity	2,778	40,171	406	—	43,355
Commodity and other	Commodity and other	5,609	21,152	3,701	—	30,462
Netting[1]	Netting[1]	(9,618)	(258,821)	(1,078)	(55,777)	(325,294)
Total derivative and other contracts	Total derivative and other contracts	3,299	92,536	4,154	(55,777)	44,212
Investments[4]		652	685	923	—	2,260
Physical commodities		—	2,379	—	—	2,379
Total trading assets[4]		164,926	176,659	10,053	(55,777)	295,861
Investment securities—AFS		53,866	30,396	35	—	84,297
Securities purchased under agreements to resell		—	8	—	—	8
Total assets at fair value		$ 218,792	$ 207,063	$ 10,088	$ (55,777)	$ 380,166
Total trading liabilities						
Securities sold under agreements to repurchase						
Other secured financings						
Borrowings						
Total liabilities at fair value						

	At December 31, 2023				
$ in millions	Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	$ 56,459	$ 53,741	$ —	$ —	$ 110,200
Other sovereign government obligations	22,580	9,946	94	—	32,620
State and municipal securities	—	2,148	34	—	2,182
MABS	—	1,540	489	—	2,029
Loans and lending commitments[2]	—	6,122	2,066	—	8,188
Corporate and other debt	—	35,833	1,983	—	37,816
Corporate equities[3]	126,772	929	199	—	127,900
Derivative and other contracts:					
Interest rate	7,284	140,139	784	—	148,207
Credit	—	10,244	393	—	10,637
Foreign exchange	12	93,218	20	—	93,250
Equity	2,169	55,319	587	—	58,075
Commodity and other	1,608	11,862	2,811	—	16,281
Netting[1]	(7,643)	(237,497)	(1,082)	(42,915)	(289,137)
Total derivative and other contracts	3,430	73,285	3,513	(42,915)	37,313
Investments[4]	781	836	949	—	2,566

	Level 1	Level 2	Level 3	Netting	Total
Physical commodities	—	736	—	—	736
Total trading assets4	210,022	185,116	9,327	(42,915)	361,550
Investment securities—AFS	57,405	30,708	—	—	88,113
Securities purchased under agreements to resell	—	7	—	—	7
Total assets at fair value	$ 267,427	$ 215,831	$ 9,327	$ (42,915)	$ 449,670

At December 31, 2022

At December 31, 2023

At December 31, 2023

$ in millions	*$ in millions*	Level 1	Level 2	Level 3	Netting1	Total	*$ in millions*	Level 1	Level 2	Level 3	Netting1	Total
Liabilities at fair value	**Liabilities at fair value**											
Deposits	Deposits	$ —	$ 4,776	$ 20	$ —	$ 4,796						
Deposits												
Deposits												
Trading liabilities:	Trading liabilities:											
U.S. Treasury and agency securities												
U.S. Treasury and agency securities												
U.S. Treasury and agency securities	U.S. Treasury and agency securities	20,776	228	—	—	21,004						
Other sovereign government obligations	Other sovereign government obligations	23,235	2,688	3	—	25,926						
Corporate and other debt	Corporate and other debt	—	8,786	29	—	8,815						
Corporate equities3	Corporate equities3	59,998	518	42	—	60,558						
Derivative and other contracts:	Derivative and other contracts:											
Interest rate												
Interest rate												
Interest rate	Interest rate	3,446	161,044	668	—	165,158						
Credit	Credit	—	7,987	315	—	8,302						
Foreign exchange	Foreign exchange	89	113,383	117	—	113,589						
Equity	Equity	3,266	46,923	1,142	—	51,331						
Commodity and other	Commodity and other	6,187	17,574	2,618	—	26,379						
Netting1	Netting1	(9,618)	(258,821)	(1,078)	(57,107)	(326,624)						
Total derivative and other	Total derivative and other											

contracts	contracts	3,370	88,090	3,782	(57,107)	38,135
Total trading liabilities	Total trading liabilities	107,379	100,310	3,856	(57,107)	154,438
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	—	352	512	—	864
Other secured financings	Other secured financings	—	4,459	91	—	4,550
Borrowings	Borrowings	—	77,133	1,587	—	78,720
Total liabilities at fair value	**Total liabilities at fair value**	$107,379	$187,030	$6,066	$(57,107)	$243,368

MABS—Mortgage- and asset-backed securities

1. For positions with the same counterparty that cross over the levels of the fair value hierarchy, both counterparty netting and cash collateral netting are included in the column titled "Netting." Positions classified within the same level that are with the same counterparty are netted within that level. For further information on derivative instruments and hedging activities, see Note 6.
2. For a further breakdown by type, see the following Detail of Loans and Lending Commitments at Fair Value table.
3. For trading purposes, the Firm holds or sells short equity securities issued by entities in diverse industries and of varying sizes.
4. Amounts exclude certain investments that are measured based on NAV per share, which are not classified in the fair value hierarchy. For additional disclosure about such investments, see "Net Asset Value Measurements" herein.
5. At September 30, 2023 March 31, 2024 and December 31, 2023, the Firm's Trading assets included an insignificant amount of equity securities subject to contractual sale restrictions that generally prohibit the Firm from selling the security for a period of time as of the measurement date.

Detail of Loans and Lending Commitments at Fair Value

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Secured lending facilities		$ —	$ 6			
Commercial Real Estate						
Commercial Real Estate						
Commercial Real Estate	Commercial Real Estate	**584**	528			
Residential Real Estate	Residential Real Estate	**2,555**	2,020			
Securities-based lending and Other loans	Securities-based lending and Other loans	**4,846**	5,843			
Total	**Total**	**$ 7,985**	$ 8,397			

Unsettled Fair Value of Futures Contracts[1]

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Customer and other receivables (payables), net	Customer and other receivables (payables), net	**$ 1,062**	$ 1,219			

1. These contracts are primarily Level 1, actively traded, valued based on quoted prices from the exchange and are excluded from the previous recurring fair value tables.

For a description of the valuation techniques applied to the Firm's major categories of assets and liabilities measured at fair value on a recurring basis, see Note 5 4 to the financial statements in the 2022 2023 Form 10-K. During the current quarter,

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

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 September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31,						
		Three Months Ended March 31,						
		Three Months Ended March 31,						
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
U.S. Treasury and agency securities								
Beginning balance	Beginning balance	$ —	$ 9	$ 17	$ 2			
Realized and unrealized gains (losses)		**—**	—	**—**	(1)			
Purchases								
Purchases								
Purchases	Purchases	**—**	1	**—**	2			
Sales	Sales	**—**	(4)	**(10)**	(7)			
Net transfers		**—**	(5)	**(7)**	5			
Ending balance								
Ending balance								
Ending balance	Ending balance	**$ —**	$ 1	**$ —**	$ 1			
Unrealized gains (losses)	Unrealized gains (losses)	**$ —**	$ —	**$ —**	$ (1)			
Other sovereign government obligations								
Beginning balance	Beginning balance	$ 128	$ 161	$ 169	$ 211			
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	**—**	23	**6**	(24)			
Purchases	Purchases	**17**	43	**18**	69			
Sales	Sales	**(30)**	(57)	**(112)**	(60)			

Net transfers	Net transfers	**(21)**	(33)	**13**	(59)
Net transfers					
Net transfers					
Ending balance	Ending balance	**$ 94**	$ 137	**$ 94**	$ 137
Unrealized gains (losses)	Unrealized gains (losses)	**$ 1**	$ 23	**$ 1**	$ (22)
State and municipal securities					
Beginning balance	Beginning balance	$ 40	$ 29	$ 145	$ 13
Realized and unrealized gains (losses)		**(3)**	(1)	**(2)**	(2)
Purchases					
Purchases					
Purchases	Purchases	**147**	4	**255**	54
Sales	Sales	**(20)**	—	**(218)**	—
Net transfers					
Net transfers					
Net transfers	Net transfers	**(52)**	20	**(68)**	(13)
Ending balance	Ending balance	**$ 112**	$ 52	**$ 112**	$ 52
Unrealized gains (losses)	Unrealized gains (losses)	**$ (3)**	$ (3)	**$ (3)**	$ (2)
MABS					
Beginning balance	Beginning balance	$ 486	$ 339	$ 416	$ 344
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	**(1)**	8	**13**	(366)
Purchases	Purchases	**88**	3	**149**	448
Sales	Sales	**(33)**	(33)	**(79)**	(116)
Settlements		**—**	—	**50**	—
Net transfers					
Net transfers					
Net transfers	Net transfers	**(4)**	27	**(13)**	34
Ending balance	Ending balance	**$ 536**	$ 344	**$ 536**	$ 344
Unrealized gains (losses)	Unrealized gains (losses)	**$ 4**	$ 9	**$ 5**	$ (12)
Loans and lending commitments					
Beginning balance	Beginning balance	$2,400	$2,507	$2,017	$3,806
Realized	Realized				

and unrealized gains (losses)	and unrealized gains (losses)	**(6)**	(26)	**(91)**	8
Purchases and originations	Purchases and originations	**997**	541	**1,569**	800
Sales	Sales	**(539)**	(353)	**(686)**	(801)
Settlements	Settlements	**(666)**	(144)	**(717)**	(618)
Net transfers	Net transfers	**(147)**	58	**(53)**	(612)
Ending balance	Ending balance	**$2,039**	$2,583	**$2,039**	$2,583
Unrealized gains (losses)	Unrealized gains (losses)	**$ (6)**	$ (27)	**$ (91)**	$ —

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,						
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Corporate and other debt								
Beginning balance	Beginning balance	$2,223	$2,113	$2,096	$1,973			
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	**108**	(43)	**231**	446			
Purchases and originations	Purchases and originations	**346**	132	**561**	752			
Sales	Sales	**(465)**	(528)	**(618)**	(1,400)			
Settlements	Settlements	**(6)**	(30)	**(6)**	(26)			
Net transfers	Net transfers	**257**	254	**199**	153			
Ending balance	Ending balance	**$2,463**	$1,898	**$2,463**	$1,898			
Unrealized gains (losses)	Unrealized gains (losses)	**$ 113**	$ (42)	**$ 239**	$ 454			
Corporate equities								
Beginning balance	Beginning balance	$ 166	$ 246	$ 116	$ 115			
Realized	Realized							

and unrealized gains (losses)	and unrealized gains (losses)	**(29)**	(60)	**(64)**	(71)
Purchases	Purchases	**32**	15	**101**	79
Sales	Sales	**(34)**	(37)	**(38)**	(67)
Net transfers	Net transfers	**60**	(19)	**80**	89
Net transfers					
Net transfers					
Ending balance	Ending balance	**$ 195**	$ 145	**$ 195**	$ 145
Unrealized gains (losses)	Unrealized gains (losses)	**$ (25)**	$ (60)	**$ (36)**	$ (65)
Investments					
Beginning balance	Beginning balance	$ 968	$1,027	$ 923	$1,125
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	**17**	(140)	**24**	(275)
Purchases	Purchases	**6**	6	**153**	52
Sales	Sales	**(76)**	(18)	**(183)**	(33)
Net transfers	Net transfers	**19**	(2)	**17**	4
Net transfers					
Net transfers					
Ending balance	Ending balance	**$ 934**	$ 873	**$ 934**	$ 873
Unrealized gains (losses)	Unrealized gains (losses)	**$ 19**	$ (136)	**$ 17**	$ (267)
Investment securities—AFS	**Investment securities—AFS**				
Beginning balance					
Beginning balance					
Beginning balance	Beginning balance	$ —	$ 38	$ 35	$ —
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	**(5)**	(2)	**(4)**	(2)
Net transfers	Net transfers	**40**	—	**4**	38
Net transfers					
Net transfers					
Ending balance	Ending balance	**$ 35**	$ 36	**$ 35**	$ 36
Unrealized	Unrealized				

gains (losses)	gains (losses)	**$ (5)**	$ (2)	**$ (4)**	$ (2)

Net derivatives: Interest rate

Net derivatives: Interest rate

Net derivatives: Interest rate

Beginning balance	Beginning balance	**$ 49**	$ (102)	**$ (151)**	$ 708
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	**49**	(200)	**(318)**	(482)
Purchases	Purchases	**26**	—	**57**	—
Issuances	Issuances	**(7)**	—	**(63)**	—
Settlements	Settlements	**(110)**	122	**329**	(38)
Net transfers	Net transfers	**(256)**	3	**(103)**	(365)
Ending balance	Ending balance	**$ (249)**	$ (177)	**$ (249)**	$ (177)
Unrealized gains (losses)	Unrealized gains (losses)	**$ 7**	$ (120)	**$ (94)**	$ (201)

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31,						
		Three Months Ended March 31,						
		Three Months Ended March 31,						
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023

Net derivatives: Credit

Beginning balance	Beginning balance	$ 96	$ 190	$ 110	$ 98
Realized and unrealized gains	Realized and unrealized gains				

(losses)	(losses)	9	3	(12)	91
Purchases		—	—	—	3
Issuances		—	—	—	(1)
Settlements					
Settlements					
Settlements	Settlements	(7)	(78)	(7)	(59)
Net transfers	Net transfers	(8)	7	(1)	(10)
Ending balance	Ending balance	$ 90	$ 122	$ 90	$ 122
Unrealized gains (losses)	Unrealized gains (losses)	$ 8	$ 7	$ 4	$ 83
Net derivatives: Foreign exchange					
Beginning balance	Beginning balance	$ 28	$ (331)	$ 66	$ 52
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	(13)	38	(53)	(18)
Purchases					
Issuances					
Settlements	Settlements	16	73	(68)	47
Net transfers	Net transfers	(160)	395	(74)	94
Ending balance	Ending balance	$ (129)	$ 175	$ (129)	$ 175
Unrealized gains (losses)	Unrealized gains (losses)	$ (16)	$ 44	$ (51)	$ 18
Net derivatives: Equity					
Beginning balance	Beginning balance	$ (775)	$ (530)	$ (736)	$ (945)
Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	195	1	192	275
Purchases	Purchases	38	48	157	167
Issuances	Issuances	(166)	(92)	(492)	(253)
Settlements	Settlements	252	68	229	379
Net transfers	Net transfers	(326)	49	(132)	(79)
Ending balance	Ending balance	$ (782)	$ (456)	$ (782)	$ (456)
Unrealized gains (losses)	Unrealized gains (losses)	$ 160	$ (3)	$ 93	$ 399
Net derivatives: Commodity and other					
Beginning balance	Beginning balance	$1,416	$1,344	$1,083	$1,529

Realized and unrealized gains (losses)	Realized and unrealized gains (losses)	**(7)**	238	**549**	546
Purchases	Purchases	**7**	2	**70**	107
Issuances	Issuances	**(9)**	(7)	**(80)**	(97)
Settlements	Settlements	**(92)**	69	**(313)**	(247)
Net transfers	Net transfers	**(34)**	155	**(28)**	(37)
Ending balance	Ending balance	**$1,281**	$1,801	**$1,281**	$1,801
Unrealized gains (losses)	Unrealized gains (losses)	**$ (142)**	$ 72	**$ 216**	$ 25
Deposits					
Beginning balance	Beginning balance	$ 36	$ 19	$ 20	$ 67
Realized and unrealized losses (gains)	Realized and unrealized losses (gains)	**(1)**	—	**(1)**	—
Issuances	Issuances	**6**	2	**26**	2
Issuances					
Issuances					
Settlements	Settlements	**—**	(1)	**—**	(3)
Net transfers	Net transfers	**(25)**	(13)	**(29)**	(59)
Ending balance	Ending balance	**$ 16**	$ 7	**$ 16**	$ 7
Unrealized losses (gains)	Unrealized losses (gains)	**$ (1)**	$ —	**$ (1)**	$ —
Nonderivative trading liabilities					
Beginning balance	Beginning balance	$ 89	$ 104	$ 74	$ 61
Realized and unrealized losses (gains)	Realized and unrealized losses (gains)	**(4)**	(8)	**(12)**	(41)
Purchases	Purchases	**(29)**	(20)	**(49)**	(39)
Sales	Sales	**23**	16	**77**	88
Net transfers	Net transfers	**15**	(2)	**4**	21
Net transfers					
Net transfers					
Ending balance	Ending balance	**$ 94**	$ 90	**$ 94**	$ 90
Unrealized losses	Unrealized losses				

(gains)	(gains)	$ **(2)**	$ (8)	$ **(11)**	$ (41)

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31,						
		Three Months Ended March 31,						
		Three Months Ended March 31,						
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Securities sold under agreements to repurchase								
Beginning balance	Beginning balance	$ 454	$ 514	$ 512	$ 651			
Realized and unrealized losses (gains)	Realized and unrealized losses (gains)	**4**	5	**11**	(3)			
Issuances		**—**	—	**1**	9			
Settlements	Settlements	**—**	(11)	**(9)**	(22)			
Net transfers		**—**	—	**(57)**	(127)			
Settlements								
Settlements								
Ending balance								
Ending balance								
Ending balance	Ending balance	**$ 458**	$ 508	**$ 458**	$ 508			
Unrealized losses (gains)	Unrealized losses (gains)	**$ 4**	$ 5	**$ 11**	$ —			
Other secured financings	**Other secured financings**							
Beginning balance	Beginning balance	$ 90	$ 112	$ 91	$ 403			
Beginning balance								
Beginning balance								
Realized and unrealized losses (gains)	Realized and unrealized losses (gains)	**(1)**	(5)	**2**	(11)			
Issuances	Issuances	**15**	13	**59**	44			
Issuances								
Issuances								
Settlements	Settlements	**(6)**	(7)	**(54)**	(320)			
Net transfers		**—**	—	**—**	(3)			
Ending balance								

Ending balance					
Ending balance	Ending balance	**$ 98**	$ 113	**$ 98**	$ 113
Unrealized losses (gains)	Unrealized losses (gains)	**$ (1)**	$ (5)	**$ 2**	$ (11)
Borrowings					
Beginning balance	Beginning balance	$1,787	$2,325	$1,587	$2,157
Realized and unrealized losses (gains)	Realized and unrealized losses (gains)	**18**	(185)	**83**	(625)
Issuances	Issuances	**342**	65	**626**	230
Issuances					
Issuances					
Settlements	Settlements	**(182)**	(65)	**(355)**	(263)
Net transfers	Net transfers	**(437)**	(203)	**(413)**	438
Ending balance	Ending balance	**$1,528**	$1,937	**$1,528**	$1,937
Unrealized losses (gains)	Unrealized losses (gains)	**$ 18**	$ (185)	**$ 48**	$ (629)
Portion of Unrealized losses (gains) recorded in OCI—Change in net DVA	Portion of Unrealized losses (gains) recorded in OCI—Change in net DVA	**(4)**	(36)	**10**	(126)

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 included in Settlements.

Significant Unobservable Inputs Used in Recurring and Nonrecurring Level

3 Fair Value Measurements

Valuation Techniques and Unobservable Inputs

		Balance / Range (Average1)			Balance / Range (Average1)		Balance / Range (Average1)
$ in millions, except inputs	*$ in millions, except inputs*	**At September 30, 2023**	At December 31, 2022	*$ in millions, except inputs*	**At March 31, 2024**	At December 31, 2023	
Assets at Fair Value on a Recurring Basis							
Other sovereign government obligations	**Other sovereign government obligations**	**$ 94**	$ 169				
Other sovereign government obligations							
Other sovereign government obligations							
Comparable pricing:	Comparable pricing:						
Bond price							
Bond price							
Bond price	Bond price	**61 to 111 points (86 points)**	57 to 124 points (89 points)		**62 to 116 points (87 points)**	61 to 110 points (87 points)	
State and municipal securities	**State and municipal securities**	**$ 112**	$ 145				
Comparable pricing:	Comparable pricing:						
Bond price	Bond price	**90 to 104 points (100 points)**	86 to 100 points (97 points)				
Bond price							
Bond price					**99 to 100 points (100 points)**	N/M	
MABS	**MABS**	**$ 536**	$ 416				
Comparable pricing:	Comparable pricing:						
Bond price							
Bond price							
Bond price	Bond price	**0 to 90 points (65 points)**	0 to 95 points (68 points)		**0 to 88 points (60 points)**	0 to 88 points (61 points)	
Loans and lending commitments	**Loans and lending commitments**	**$ 2,039**	$ 2,017				
Margin loan model:	Margin loan model:						
Margin loan rate	Margin loan rate	**2% to 4% (3%)**	2% to 4% (3%)				
Margin loan rate							
Margin loan rate					**2% to 4% (3%)**	2% to 4% (3%)	
Comparable	Comparable						

pricing:	pricing:							
Loan price								
Loan price								
Loan price	Loan price	**91 to 102 points (99 points)**	87 to 105 points (99 points)		**84 to 101 points (97 points)**		85 to 102 points (98 points)	
Corporate and other debt	**Corporate and other debt**	**$ 2,463**	$ 2,096					
Comparable pricing:	Comparable pricing:							
Bond price	Bond price	**30 to 136 points (82 points)**	51 to 132 points (90 points)					
Bond price								
Bond price						**28 to 130 points (85 points)**		28 to 135 points (82 points)
Discounted cash flow:	Discounted cash flow:							
Loss given default								
Loss given default								
Loss given default	Loss given default	**54% to 84% (62% / 54%)**	54% to 84% (62% / 54%)		**54% to 84% (62% / 54%)**		54% to 84% (62% / 54%)	
Corporate equities	**Corporate equities**	**$ 195**	$ 116					
Corporate equities								
Corporate equities								
Comparable pricing:	Comparable pricing:							
Equity price								
Equity price								
Equity price	Equity price	**100%**	100%		**100%**		100%	
Investments	**Investments**	**$ 934**	$ 923					
Discounted cash flow:	Discounted cash flow:							
WACC	WACC	**15% to 18% (16%)**	15% to 17% (16%)					
WACC								
WACC						**9% to 17% (12%)**		16% to 18% (17%)
Exit multiple	Exit multiple	**9 to 17 times (14 times)**	7 to 17 times (14 times)	Exit multiple		**9 to 10 times (10 times)**		9 to 17 times (15 times)
Market approach:	Market approach:							
EBITDA multiple	EBITDA multiple	**21 times**	7 to 21 times (11 times)					
EBITDA multiple								
EBITDA multiple						**21 times**		22 times
Comparable pricing:	Comparable pricing:							
Equity price	Equity price	**24% to 100% (87%)**	24% to 100% (89%)					
Equity price								
Equity price						**24% to 100% (85%)**		24% to 100% (86%)
Net derivative and other	**Net derivative and other**							

contracts:	**contracts:**					
Interest rate	**Interest rate**	**$ (249)**	$ (151)			
Interest rate						
Interest rate						
Option model:	Option model:					
IR volatility skew						
IR volatility skew						
IR volatility skew	IR volatility skew	**62% to 118% (75% / 77%)**	105% to 130% (113% / 109%)		**69% to 87% (75% / 70%)**	70% to 100% (81% / 93%)
IR curve correlation	IR curve correlation	**51% to 97% (82% / 86%)**	47% to 100% (80% / 84%)	IR curve correlation	**70% to 87% (83% / 85%)**	49% to 99% (77% / 79%)
Bond volatility	Bond volatility	**1% to 1% (1% / 1%)**	N/M	Bond volatility	**100% to 110% (106% / 110%)**	79% to 85% (82% / 85%)
Inflation volatility	Inflation volatility	**22% to 70% (44% / 38%)**	22% to 65% (43% / 38%)	Inflation volatility	**29% to 70% (43% / 39%)**	27% to 70% (43% / 39%)
IR curve		**N/M**	4% to 5% (5% / 5%)			
Credit						
Credit						
Credit	**Credit**	**$ 90**	$ 110			
Credit default swap model:	Credit default swap model:					
Cash-synthetic basis						
Cash-synthetic basis						
Cash-synthetic basis	Cash-synthetic basis	**7 points**	7 points		**7 points**	7 points
Bond price	Bond price	**0 to 90 bps (48 points)**	0 to 83 points (43 points)	Bond price	**0 to 92 points (47 points)**	0 to 92 points (46 points)
Credit spread	Credit spread	**10 to 464 bps (108 bps)**	10 to 528 bps (115 bps)	Credit spread	**10 to 365 bps (96 bps)**	10 to 404 bps (94 bps)
Funding spread	Funding spread	**18 to 590 bps (57 bps)**	18 to 590 bps (93 bps)	Funding spread	**18 to 590 bps (71 bps)**	18 to 590 bps (67 bps)

		Balance / Range (Average1)				
	Balance / Range (Average1)					Balance / Range (Average1)
$ in millions, except inputs	*$ in millions, except inputs*	**At September 30, 2023**	At December 31, 2022	*$ in millions, except inputs*	**At March 31, 2024**	At December 31, 2023
Foreign exchange2	**Foreign exchange2**	**$ (129)**	$ 66			
Option model:	Option model:					
IR curve						
IR curve						
IR curve	IR curve	**-3% to 10% (3% / 1%)**	-2% to 38% (8% / 4%)		**-1% to 14% (5% / 4%)**	-4% to 26% (7% / 5%)
Foreign exchange volatility skew	Foreign exchange volatility skew	**-2% to 8% (2% / 0%)**	10% to 10% (10% / 10%)	Foreign exchange volatility skew	**N/M**	-3% to 12% (2% / 0%)
Contingency	Contingency	**95% to**	95% to	Contingency		

probability	probability	**95% (95% / 95%)**	95% (95% / 95%)	probability	**70% to 95% (90% / 95%)**	95%
Equity[2]	**Equity[2]**	**$ (782)**	$ (736)			
Option model:	Option model:					
Equity volatility	Equity volatility	**6% to 97% (21%)**	5% to 96% (25%)			
Equity volatility						
Equity volatility					**6% to 92% (19%)**	6% to 97% (23%)
Equity volatility skew	Equity volatility skew	**-2% to 0% (0%)**	-4% to 0% (-1%)	Equity volatility skew	**-1% to 0% (-1%)**	-1% to 0% (0%)
Equity correlation	Equity correlation	**9% to 97% (58%)**	10% to 93% (71%)	Equity correlation	**25% to 99% (59%)**	25% to 97% (49%)
FX correlation	FX correlation	**-79% to 40% (-27%)**	-79% to 65% (-26%)	FX correlation	**-74% to 50% (-19%)**	-79% to 40% (-28%)
IR correlation	IR correlation	**13% to 30% (15%)**	10% to 30% (14%)	IR correlation	**13% to 30% (14%)**	10% to 30% (15%)
Commodity and other	**Commodity and other**	**$ 1,281**	$ 1,083			
Option model:	Option model:					
Forward power price	Forward power price	$0 to $208 ($49) per MwH	$1 to $292 ($43) per MWh			
Forward power price						
Forward power price					**$0 to $186 ($48) per MWh**	$0 to $220 ($49) per MWh
Commodity volatility	Commodity volatility	12% to 145% (33%)	12% to 169% (34%)	Commodity volatility	**10% to 115% (31%)**	8% to 123% (31%)
Cross-commodity correlation	Cross-commodity correlation	57% to 100% (94%)	70% to 100% (94%)	Cross-commodity correlation	**54% to 100% (94%)**	54% to 100% (94%)
Liabilities Measured at Fair Value on a Recurring Basis						
Deposits				**Deposits**	**$ 51**	N/M
Option model:						
Equity volatility						
Equity volatility						
Equity volatility					**7% to 13% (7%)**	N/M
Securities sold under agreements to repurchase						
Securities sold under agreements to repurchase						
Securities sold under agreements to repurchase	**Securities sold under agreements to repurchase**	**$ 458**	$ 512			
Discounted cash flow:	Discounted cash flow:					
Funding spread	Funding spread	**22 to 141 bps (77 bps)**	96 to 165 bps (131 bps)			
Funding spread						
Funding spread					**6 to 134 bps (42 / 30 bps)**	28 to 135 bps (79 bps)
Other secured financings	**Other secured financings**	**$ 98**	$ 91			

Comparable pricing:	Comparable pricing:					
Comparable pricing:						
Comparable pricing:						
Loan price						
Loan price						
Loan price	Loan price	**23 to 100 points (81 points)**	23 to 101 points (75 points)	**22 to 101 points (73 points)**	22 to 101 points (76 points)	
Borrowings	**Borrowings**	**$ 1,528**	$ 1,587			
Borrowings						
Borrowings						
Option model:	Option model:					
Equity volatility						
Equity volatility						
Equity volatility	Equity volatility	**6% to 71% (18%)**	7% to 86% (23%)	**4% to 70% (14%)**	6% to 69% (13%)	
Equity volatility skew	Equity volatility skew	**-3% to 0% (0%)**	-2% to 0% (0%)	Equity volatility skew	**-1% to 0% (0%)**	-2% to 0% (0%)
Equity correlation	Equity correlation	**50% to 95% (77%)**	39% to 98% (86%)	Equity correlation	**25% to 98% (61%)**	41% to 97% (79%)
Equity - FX correlation	Equity - FX correlation	**-52% to 35% (-29%)**	-50% to 0% (-21%)	Equity - FX correlation	**-60% to 40% (-33%)**	-65% to 40% (-30%)
IR curve correlation	IR curve correlation	**51% to 88% (71% / 71%)**	N/M			
IR volatility skew		**N/M**	47% to 136% (74% / 59%)			
IR curve correlation						
IR curve correlation					**60% to 99% (88% / 92%)**	50% to 89% (71% / 70%)
Credit default swap model:						
Credit spread						
Credit spread						
Credit spread					**328 to 480 bps (404 bps)**	N/M
Discounted cash flow:	Discounted cash flow:					
Loss given default						
Loss given default						
Loss given default	Loss given default	**54% to 84% (62% / 5%)**	54% to 84% (62% / 54%)	**54% to 84% (62% / 54%)**	54% to 84% (62% / 54%)	
Nonrecurring Fair Value Measurement	**Nonrecurring Fair Value Measurement**					
Loans	**Loans**	**$ 5,224**	$ 6,610			
Loans						
Loans						
Corporate loan model:	Corporate loan model:					
Credit spread						
Credit spread						
Credit spread	Credit spread	**120 to 1215 bps**	91 to 1276 bps	**110 to 1890 bps**	99 to 1467 bps	

		(794 bps)	(776 bps)	**(1053 bps)**	(1015 bps)
Comparable pricing:	Comparable pricing:				
Loan price	Loan price	**15 to 98 points (70 points)**	36 to 80 points (65 points)		
Loan price					
Loan price				**42 to 100 points (86 points)**	25 to 93 points (70 points)
Warehouse model:	Warehouse model:				
Credit spread					
Credit spread					
Credit spread	Credit spread	**120 to 298 bps (237 bps)**	110 to 319 bps (245 bps)	**110 to 275 bps (162 bps)**	115 to 268 bps (185 bps)

Points—Percentage of par
IR—Interest rate

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

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

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 5 4 to the financial statements in the 2022 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 September 30, 2023		At December 31, 2022	
$ in millions	Carrying Value	Commitment	Carrying Value	Commitment
Private equity	**$ 2,587**	**$ 747**	$ 2,622	$ 638
Real estate	**2,804**	**244**	2,642	239
Hedge[1]	**74**	**3**	190	3
Total	**$ 5,465**	**$ 994**	$ 5,454	$ 880

1. Investments in hedge funds may be subject to initial period lock-up or gate provisions, which restrict an investor from withdrawing from the fund during a certain initial period or restrict the redemption amount on any redemption date, respectively.

	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 the NAV of the fund taking into account the distribution terms applicable to the interest held. This same measurement applies whether the fund investments are accounted for under the equity method or fair value.

For a description of the Firm's investments in private equity funds, real estate funds and hedge funds, which are measured based on NAV, see Note 5 4 to the financial statements in the 2022 2023 Form 10-K.

See Note 13 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received. See Note 19 for information regarding unrealized carried interest at risk of reversal.

Nonredeemable Funds by Contractual Maturity

		Carrying Value at September 30, 2023			Carrying Value at March 31, 2024	
$ in millions	*$ in millions*	Private Equity	Real Estate	*$ in millions*	Private Equity	Real Estate
Less than 5 years	Less than 5 years	**$1,338**	**$ 979**			
5-10 years	5-10 years	**1,172**	**1,771**			
Over 10 years	Over 10 years	**77**	**54**			
Total	**Total**	**$2,587**	**$2,804**			

Nonrecurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

		At September 30, 2023				At March 31, 2024		
		Fair Value Level				Fair Value		
$ in millions	*$ in millions*	Level 2	3[1]	Total	*$ in millions*	Level 2	Level 3[1]	Total
Assets	**Assets**							
Loans								
Loans								
Loans	Loans	**$3,711**	**$5,224**	**$8,935**				
Total	Total	$3,711	$5,224	$8,935				
Total								
Total								
Liabilities	**Liabilities**							
Other liabilities and accrued expenses—Lending commitments	Other liabilities and accrued expenses—Lending commitments	**$ 156**	**$ 78**	**$ 234**				
Other liabilities and accrued expenses—Lending commitments								
Other liabilities and accrued expenses—Lending commitments								
Total	**Total**	**$ 156**	**$ 78**	**$ 234**				

		At December 31, 2022				At December 31, 2023		
		Fair Value Level				Fair Value		
$ in millions	*$ in millions*	Level 2	3[1]	Total	*$ in millions*	Level 2	Level 3[1]	Total
Assets	**Assets**							
Loans	Loans	$4,193	$6,610	$10,803				
Loans								
Loans								
Other assets—Other investments	Other assets—Other investments	—	7	7				
Other assets—ROU assets	Other assets—ROU assets	4	—	4				
Total	Total	$4,197	$6,617	$10,814				
Liabilities	**Liabilities**							
Other liabilities and accrued expenses—Lending commitments	Other liabilities and accrued expenses—Lending commitments	$ 275	$ 153	$ 428				
Other liabilities and accrued expenses—Lending commitments								

Other liabilities and accrued expenses—Lending commitments				
Total	Total	$ 275	$ 153	$ 428

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 September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Assets	**Assets**							
Loans[2]	Loans[2]	**$(35)**	$(118)	**$(117)**	$(365)			
Loans[2]								
Loans[2]								
Other assets—Other investments[3]		**5**	(2)	**4**	(8)			
Other assets—Premises, equipment and software[4]		**(2)**	(1)	**(6)**	(3)			
Other assets—ROU assets[5]		**—**	(1)	**(10)**	(7)			
Other assets—Premises, equipment and software[3]								
Other assets—Premises, equipment and software[3]								
Other assets—Premises, equipment and software[3]								
Total								
Total								
Total	**Total**	**$(32)**	$(122)	**$(129)**	$(383)			
Liabilities	**Liabilities**							
Other liabilities and accrued expenses—Lending commitments[2]	Other liabilities and accrued expenses—Lending commitments[2]	**$ 7**	$ (13)	**$ 38**	$(172)			
Other liabilities and accrued expenses—Lending commitments[2]								
Other liabilities and accrued expenses—Lending commitments[2]								
Total	**Total**	**$ 7**	$ (13)	**$ 38**	$(172)			

1. Gains and losses for Loans and Other assets—Other investments are classified in Other revenues. For other items, gains and losses are recorded in Other revenues if the item is held for sale; otherwise, they are recorded in Other expenses.
2. Nonrecurring changes in the fair value of loans and lending commitments, which exclude the impact of related economic hedges, are calculated as follows: for the held-for-investment category, based on the value of the underlying collateral; and for the held-for-sale category, based on recently executed transactions, market price quotations, valuation models that incorporate market observable inputs where possible, such as comparable loan or debt prices and CDS spread levels adjusted for any basis difference between cash and derivative instruments, or default recovery analysis where such transactions and quotations are unobservable.
3. Losses related to Other assets—Other investments were determined using techniques that included discounted cash flow models, methodologies that incorporate multiples of certain comparable companies and recently executed transactions.
4. Losses related to Other assets—Premises, equipment and software generally include impairments as well as write-offs related to the disposal of certain assets.
5. Losses related to Other Assets—ROU assets include impairments related to the discontinued leased properties.

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

Financial Instruments Not Measured at Fair Value

		At September 30, 2023				
		Carrying	Fair Value			
$ in millions	*$ in millions*	Value	Level 1	Level 2	Level 3	Total
$ in millions						
$ in millions						
Financial assets						
Financial assets						
Financial assets	**Financial assets**					
Cash and cash equivalents	Cash and cash equivalents	$ 108,401	$ 108,401	$ —	$ —	$ 108,401
Cash and cash equivalents						
Cash and cash equivalents						
Investment securities—HTM						
Investment securities—HTM						
Investment securities—HTM	Investment securities—HTM	70,705	24,323	32,964	1,037	58,324
Securities purchased under agreements to resell	Securities purchased under agreements to resell	101,569	—	99,208	2,355	101,563
Securities purchased under agreements to resell						
Securities purchased under agreements to resell						
Securities borrowed						
Securities borrowed						
Securities borrowed	Securities borrowed	120,916	—	120,916	—	120,916
Customer and other receivables	Customer and other receivables	71,146	—	66,917	3,899	70,816
Loans[1]		216,972	—	27,399	180,698	208,097
Customer and other receivables						
Customer and other receivables						
Loans[1,2]						
Loans[1,2]						

Loans[1,2]						
Held for investment						
Held for investment						
Held for investment						
Held for sale						
Held for sale						
Held for sale						
Other assets						
Other assets						
Other assets	Other assets	**704**	**—**	**704**	**—**	**704**
Financial liabilities	**Financial liabilities**					
Financial liabilities						
Financial liabilities						
Deposits						
Deposits						
Deposits	Deposits	**$ 339,140**	**$ —**	**$ 338,677**	**$ —**	**$ 338,677**
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	**75,659**	**—**	**75,638**	**—**	**75,638**
Securities sold under agreements to repurchase						
Securities sold under agreements to repurchase						
Securities loaned						
Securities loaned						
Securities loaned	Securities loaned	**13,064**	**—**	**13,059**	**—**	**13,059**
Other secured financings	Other secured financings	**2,656**	**—**	**2,656**	**—**	**2,656**
Other secured financings						
Other secured financings						
Customer and other payables						
Customer and other payables						
Customer and other payables	Customer and other payables	**200,415**	**—**	**200,415**	**—**	**200,415**
Borrowings	Borrowings	**160,637**	**—**	**160,139**	**4**	**160,143**
Borrowings						
Borrowings						
		Commitment Amount				
Lending commitments[2]		**$ 147,201**	**$ —**	**$ 1,509**	**$ 749**	**$ 2,258**
Lending commitments[3]						
Lending commitments[3]						
Lending commitments[3]						

	At December 31, 2023				
	Carrying	Fair Value			
$ in millions	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 commitments, see Note 13.

$ in millions					
Securities loaned	[illegible]		[illegible]		[illegible]
Other secured financings	3,608	—	3,608	—	3,608
Customer and other payables	216,018	—	216,018	—	216,018
Borrowings	159,338	—	157,780	4	157,784
	Commitment Amount				
Lending commitments[2]	$ 136,241	$ —	$ 1,789	$ 1,077	$ 2,866

The previous tables exclude all non-financial assets and liabilities, such as Goodwill and Intangible assets, and certain financial instruments, such as equity method investments and certain receivables.

5. Fair Value Option

The Firm has elected the fair value option for certain eligible instruments that are risk managed on a fair value basis to mitigate income statement volatility caused by measurement basis differences between the elected instruments and their associated risk management transactions or to eliminate complexities of applying certain accounting models.

Borrowings Measured at Fair Value on a Recurring Basis

At September 30,	At December 31,	**At March 31,**	At December 31,

$ in millions	$ in millions	2023	2022	$ in millions	2024	2023
Business Unit Responsible for Risk Management						
Equity	Equity	$ **43,951**	$ 38,945			
Interest rates	Interest rates	**27,180**	26,077			
Commodities	Commodities	**11,952**	10,717			
Credit	Credit	**2,093**	1,564			
Foreign exchange	Foreign exchange	**1,380**	1,417			
Total	**Total**	$ **86,556**	$ 78,720			

Net Revenues from Borrowings under the Fair Value Option

		Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
$ in millions	$ in millions	**2023**	2022	**2023**	2022	$ in millions	**2024**	2023
Trading revenues	Trading revenues	**$3,479**	$4,034	**$(1,412)**	$16,361			
Interest expense	Interest expense	**124**	67	**351**	203			
Net revenues[1]	**revenues[1]**	**$3,355**	$3,967	**$(1,763)**	$16,158			

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 September 30,			
	2023		2022	
$ in millions	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables[1]	$ **(8)**	$ **—**	$ (68)	$ —
Lending commitments	**—**	**—**	(2)	—
Deposits	**—**	**4**	—	(9)
Borrowings	**(6)**	**(547)**	—	1,091

		Nine Months Ended September 30,					Three Months Ended March 31,			
		2023		2022			**2024**		2023	
$ in millions	*$ in millions*	Trading Revenues	OCI	Trading Revenues	OCI	*$ in millions*	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables[1]	Loans and other receivables[1]	$ **(112)**	$ **—**	$ (59)	$ —					

Lending commitments	Lending commitments	**11**	**—**	(3)	—
Deposits	Deposits	**—**	**21**	—	5
Borrowings	Borrowings	**(15)**	**(1,289)**	1	3,468

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Cumulative pre-tax DVA gain (loss) recognized in AOCI	Cumulative pre-tax DVA gain (loss) recognized in AOCI	**$ (1,725)**	$ (457)			

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	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Loans and other receivables[2]	Loans and other receivables[2]	**$ 10,707**	$ 11,916			
Nonaccrual loans[2]	Nonaccrual loans[2]	**8,162**	9,128			
Borrowings[3]	Borrowings[3]	**5,564**	5,203			

1. Amounts indicate contractual principal greater than or (less than) fair value.
2. The majority of the difference between principal and fair value amounts for loans and other receivables relates to distressed debt positions purchased at amounts well below par.
3. Excludes borrowings where the repayment of the initial principal amount fluctuates based on changes in a reference price or index.

The previous tables exclude non-recourse debt from consolidated VIEs, liabilities related to transfers of financial assets treated as collateralized financings, pledged commodities and other liabilities that have specified assets attributable to them.

Fair Value Loans on Nonaccrual Status

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Nonaccrual loans	Nonaccrual loans	**$ 410**	$ 585			

Nonaccrual loans 90 or more days past due	Nonaccrual loans 90 or more days past due	49	116

6. Derivative Instruments and Hedging Activities

Fair Values of Derivative Contracts

		Assets at September 30, 2023					Assets at March 31, 2024			
$ in millions	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges	**Designated as accounting hedges**									
Interest rate	Interest rate	$ 43	$ —	$ —	$ 43					
Interest rate										
Interest rate										
Foreign exchange	Foreign exchange	243	65	—	308					
Total	Total	286	65	—	351					
Not designated as accounting hedges	**Not designated as accounting hedges**									
Economic hedges of loans	***Economic hedges of loans***									
Economic hedges of loans										
Economic hedges of loans										
Credit										
Credit										
Credit	Credit	2	47	—	49					
Other derivatives	***Other derivatives***									
Interest rate										
Interest rate										
Interest rate	Interest rate	146,995	57,701	911	205,607					
Credit	Credit	6,409	3,461	—	9,870					
Foreign exchange	Foreign exchange	92,515	2,419	36	94,970					
Equity	Equity	17,550	—	31,421	48,971					
Commodity and other	Commodity and other	14,536	—	2,783	17,319					
Total	Total	278,007	63,628	35,151	376,786					
Total gross derivatives	**Total gross derivatives**	$ 278,293	$ 63,693	$ 35,151	$ 377,137					
Amounts offset	**Amounts offset**									
Counterparty netting	Counterparty netting	(194,644)	(61,670)	(33,407)	(289,721)					

netting	netting	(194,644)	(61,670)	(33,407)	(289,721)
Counterparty netting					
Counterparty netting					
Cash collateral netting	Cash collateral netting	(40,734)	(1,291)	—	(42,025)
Total in Trading assets	**Total in Trading assets**	**$ 42,915**	**$ 732**	**$ 1,744**	**$ 45,391**
Amounts not offset1	**Amounts not offset1**				
Financial instruments collateral	Financial instruments collateral	(23,943)	—	—	(23,943)
Financial instruments collateral					
Financial instruments collateral					
Net amounts	**Net amounts**	**$ 18,972**	**$ 732**	**$ 1,744**	**$ 21,448**
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable	Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				**$ 3,487**

		Liabilities at September 30, 2023					Liabilities at March 31, 2024			
$ in millions	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges	**Designated as accounting hedges**									
Interest rate	Interest rate	**$ 564**	**$ 1**	**$ —**	**$ 565**					
Interest rate										
Interest rate										
Foreign exchange	Foreign exchange	**16**	**7**	**—**	**23**					
Total	Total	**580**	**8**	**—**	**588**					
Not designated as accounting hedges	**Not designated as accounting hedges**									
Economic hedges of loans	***Economic hedges of loans***									
Economic hedges of loans										

Economic hedges of loans					
Credit					
Credit					
Credit	Credit	**24**	**581**	**—**	**605**
Other derivatives	***Other derivatives***				
Interest rate					
Interest rate					
Interest rate	Interest rate	**137,420**	**60,141**	**939**	**198,500**
Credit	Credit	**6,187**	**3,301**	**—**	**9,488**
Foreign exchange	Foreign exchange	**84,080**	**2,725**	**218**	**87,023**
Equity	Equity	**26,669**	**—**	**32,182**	**58,851**
Commodity and other	Commodity and other	**12,418**	**—**	**3,398**	**15,816**
Total	Total	**266,798**	**66,748**	**36,737**	**370,283**
Total gross derivatives	**Total gross derivatives**	**$ 267,378**	**$ 66,756**	**$ 36,737**	**$ 370,871**
Amounts offset	**Amounts offset**				
Counterparty netting	Counterparty netting	**(194,644)**	**(61,670)**	**(33,407)**	**(289,721)**
Counterparty netting					
Counterparty netting					
Cash collateral netting	Cash collateral netting	**(43,675)**	**(4,864)**	**—**	**(48,539)**
Total in Trading liabilities	**Total in Trading liabilities**	**$ 29,059**	**$ 222**	**$ 3,330**	**$ 32,611**
Amounts not offset[1]	**Amounts not offset**[1]				
Financial instruments collateral	Financial instruments collateral	**(4,049)**	**—**	**(562)**	**(4,611)**
Financial instruments collateral					
Financial instruments collateral					
Net amounts	**Net amounts**	**$ 25,010**	**$ 222**	**$ 2,768**	**$ 28,000**
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable	Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				**4,581**

Notes to Consolidated Financial Statements (Unaudited)

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		Assets at December 31, 2022					Assets at December 31, 2023			
$ in millions	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges	**Designated as accounting hedges**									
Interest rate	Interest rate	$ 62	$ 1	$ —	$ 63					
Interest rate										
Interest rate										
Foreign exchange	Foreign exchange	15	44	—	59					
Total	Total	77	45	—	122					
Not designated as accounting hedges	**Not designated as accounting hedges**									
Economic hedges of loans	***Economic hedges of loans***									
Economic hedges of loans										
Economic hedges of loans										
Credit										
Credit										
Credit	Credit	2	59	—	61					
Other derivatives	***Other derivatives***									
Interest rate										
Interest rate										
Interest rate	Interest rate	141,291	29,007	1,029	171,327					
Credit	Credit	5,888	2,352	—	8,240					
Foreign exchange	Foreign exchange	113,540	2,337	62	115,939					
Equity	Equity	16,505	—	26,850	43,355					
Commodity and other	Commodity and other	24,298	—	6,164	30,462					
Total	Total	301,524	33,755	34,105	369,384					
Total gross derivatives	**Total gross derivatives**	$ 301,601	$ 33,800	$ 34,105	$ 369,506					

derivatives	**derivatives**	$301,601	$33,800	$ 34,105	$369,506
Amounts offset	**Amounts offset**				
Counterparty netting	Counterparty netting	(214,773)	(32,250)	(32,212)	(279,235)
Counterparty netting					
Counterparty netting					
Cash collateral netting	Cash collateral netting	(44,711)	(1,348)	—	(46,059)
Total in Trading assets	**Total in Trading assets**	$ 42,117	$ 202	$ 1,893	$ 44,212
Amounts not offset1	**Amounts not offset1**				
Financial instruments collateral	Financial instruments collateral	(19,406)	—	—	(19,406)
Financial instruments collateral					
Financial instruments collateral					
Net amounts	**Net amounts**	$ 22,711	$ 202	$ 1,893	$ 24,806
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable	Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 4,318

		Liabilities at December 31, 2022					Liabilities at December 31, 2023			
$ in millions	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total	*$ in millions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges	**Designated as accounting hedges**									
Interest rate	Interest rate	$ 457	$ 4	$ —	$ 461					
Interest rate										
Interest rate										
Foreign exchange	Foreign exchange	550	101	—	651					
Total	Total	1,007	105	—	1,112					
Not designated as accounting hedges	**Not designated as accounting hedges**									

Economic hedges of loans	***Economic hedges of loans***				
Economic hedges of loans					
Economic hedges of loans					
Credit					
Credit					
Credit	Credit	9	368	—	377
Other derivatives	***Other derivatives***				
Interest rate					
Interest rate					
Interest rate	Interest rate	135,661	28,581	455	164,697
Credit	Credit	5,535	2,390	—	7,925
Foreign exchange	Foreign exchange	110,322	2,512	104	112,938
Equity	Equity	23,138	—	28,193	51,331
Commodity and other	Commodity and other	19,631	—	6,748	26,379
Total	Total	294,296	33,851	35,500	363,647
Total gross derivatives	**Total gross derivatives**	$295,303	$33,956	$ 35,500	$364,759
Amounts offset	**Amounts offset**				
Counterparty netting	Counterparty netting	(214,773)	(32,250)	(32,212)	(279,235)
Counterparty netting					
Counterparty netting					
Cash collateral netting	Cash collateral netting	(45,884)	(1,505)	—	(47,389)
Total in Trading liabilities	**Total in Trading liabilities**	$ 34,646	$ 201	$ 3,288	$ 38,135
Amounts not offset1	**Amounts not offset1**				
Financial instruments collateral	Financial instruments collateral	(2,545)	—	(1,139)	(3,684)
Financial instruments collateral					
Financial instruments collateral					
Net amounts	**Net amounts**	$ 32,101	$ 201	$ 2,149	$ 34,451

Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable	Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable	$ 6,430

1. Amounts relate to master netting agreements and collateral agreements that have been determined by the Firm to be legally enforceable in the event of default but where certain other netting criteria are not met in accordance with applicable offsetting accounting guidance.

See Note 4 for information related to the unsettled fair value of futures contracts not designated as accounting hedges, which are excluded from the previous tables.

Notionals of Derivative Contracts

		Assets at September 30, 2023					Assets at March 31, 2024			
$ in billions	*$ in billions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total	*$ in billions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges										
Interest rate	Interest rate	**$ —**	**$ 67**	**$ —**	**$ 67**					
Foreign exchange	Foreign exchange	**12**	**3**	**—**	**15**					
Total	Total	**12**	**70**	**—**	**82**					
Not designated as accounting hedges										
Economic hedges of loans	***Economic hedges of loans***									
Credit	Credit	**—**	**1**	**—**	**1**					
Credit										
Credit										
Other derivatives	***Other derivatives***									
Interest rate										
Interest rate										
Interest rate	Interest rate	**3,943**	**8,316**	**563**	**12,822**					
Credit	Credit	**209**	**167**	**—**	**376**					
Foreign exchange	Foreign exchange	**3,413**	**194**	**7**	**3,614**					
Equity	Equity	**559**	**—**	**437**	**996**					
Commodity and other	Commodity and other	**138**	**—**	**72**	**210**					
Total	Total	**8,262**	**8,678**	**1,079**	**18,019**					
Total gross derivatives	**Total gross derivatives**	**$ 8,274**	**$ 8,748**	**$ 1,079**	**$ 18,101**					

		Liabilities at September 30, 2023					Liabilities at March 31, 2024			
$ in billions	*$ in billions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total	*$ in billions*	Bilateral OTC	Cleared OTC	Exchange- Traded	Total
Designated as accounting hedges										

Interest rate	Interest rate	$ 2	$ 195	$ —	$ 197
Foreign exchange	Foreign exchange	2	1	—	3
Total	Total	4	196	—	200
Not designated as accounting hedges					
Economic hedges of loans	***Economic hedges of loans***				
Credit	Credit	1	20	—	21
Credit					
Credit					
Other derivatives	***Other derivatives***				
Interest rate					
Interest rate					
Interest rate	Interest rate	4,123	8,125	466	12,714
Credit	Credit	221	161	—	382
Foreign exchange	Foreign exchange	3,387	167	28	3,582
Equity	Equity	596	—	621	1,217
Commodity and other	Commodity and other	106	—	83	189
Total	Total	8,434	8,473	1,198	18,105
Total gross derivatives	**Total gross derivatives**	$ 8,438	$ 8,669	$ 1,198	$ 18,305

		Assets at December 31, 2022					Assets at December 31, 2023			
$ in billions	*$ in billions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total	*$ in billions*	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges										
Interest rate	Interest rate	$ 2	$ 62	$ —	$ 64					
Foreign exchange	Foreign exchange	2	2	—	4					
Total	Total	4	64	—	68					
Not designated as accounting hedges										
Economic hedges of loans	***Economic hedges of loans***									
Credit	Credit	—	3	—	3					
Credit										
Credit										
Other derivatives	***Other derivatives***									
Interest rate										
Interest rate										
Interest rate	Interest rate	3,404	7,609	614	11,627					
Credit	Credit	190	130	—	320					

Foreign exchange	Foreign exchange	3,477	126		15	3,618
Equity	Equity	488	—		358	846
Commodity and other	Commodity and other	141	—		59	200
Total	Total	7,700	7,868		1,046	16,614
Total gross derivatives	**Total gross derivatives**	$ 7,704	$7,932	$	1,046	$ 16,682

$ in billions	$ in billions	Liabilities at December 31, 2022 Bilateral OTC	Cleared OTC	Exchange-Traded	Total	$ in billions	Liabilities at December 31, 2023 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges										
Interest rate	Interest rate	$ 3	$ 187	$ —	$ 190					
Foreign exchange	Foreign exchange	12	2	—	14					
Total	Total	15	189	—	204					
Not designated as accounting hedges										
Economic hedges of loans	***Economic hedges of loans***									
Credit	Credit	—	15	—	15					
Credit										
Credit										
Other derivatives	***Other derivatives***									
Interest rate										
Interest rate										
Interest rate	Interest rate	3,436	7,761	497	11,694					
Credit	Credit	199	125	—	324					
Foreign exchange	Foreign exchange	3,516	123	35	3,674					
Equity	Equity	488	—	552	1,040					
Commodity and other	Commodity and other	101	—	79	180					
Total	Total	7,740	8,024	1,163	16,927					
Total gross derivatives	**Total gross derivatives**	$ 7,755	$ 8,213	$ 1,163	$ 17,131					

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 7 6 to the financial statements in the 2022 2023 Form 10-K.

Gains (Losses) on Accounting Hedges

		Three Months Ended		Nine Months Ended	
		September 30,			
		March 31,			
		March 31,			
		March 31,			
$ in millions					
$ in millions					
$ in millions	$ in millions	**2023**	2022	**2023**	2022
Fair value hedges—Recognized in Interest income	**Fair value hedges—Recognized in Interest income**				
Fair value hedges—Recognized in Interest income					
Fair value hedges—Recognized in Interest income					

Interest rate contracts					
Interest rate contracts					
Interest rate contracts	Interest rate contracts	**$ 259**	$ 846	**$ 457**	$ 2,037
Investment Securities—AFS	Investment Securities—AFS	**(239)**	(836)	**(423)**	(1,960)
Investment Securities—AFS					
Investment Securities—AFS					
Fair value hedges—Recognized in Interest expense					
Fair value hedges—Recognized in Interest expense					
Fair value hedges—Recognized in Interest expense	**Fair value hedges—Recognized in Interest expense**				
Interest rate contracts	Interest rate contracts	**$ (2,742)**	$ (5,379)	**$ (2,806)**	$ (15,629)
Interest rate contracts					
Interest rate contracts					
Deposits					
Deposits					
Deposits	Deposits	**(15)**	25	**(31)**	143
Borrowings	Borrowings	**2,781**	5,372	**2,856**	15,499
Borrowings					
Borrowings					
Net investment hedges—Foreign exchange contracts					
Net investment hedges—Foreign exchange contracts					
Net investment hedges—Foreign exchange contracts	**Net investment hedges—Foreign exchange contracts**				
Recognized in OCI	Recognized in OCI	**$ 375**	$ 662	**$ 381**	$ 1,436
Recognized in OCI					
Recognized in OCI					
Forward points excluded from hedge effectiveness testing—Recognized in Interest income	Forward points excluded from hedge effectiveness testing—Recognized in Interest income	**60**	18	**166**	(59)
Forward points excluded from hedge effectiveness testing—Recognized in Interest income					
Forward points excluded from hedge effectiveness testing—Recognized in Interest income					
Cash flow hedges—Interest rate contracts[1]					
Cash flow hedges—Interest rate contracts[1]					
Cash flow hedges—Interest rate contracts[1]					
Recognized in OCI	Recognized in OCI	**$ (12)**	$ —	**$ (30)**	$ —
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income	Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income	**(6)**	—	**(9)**	—
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income					
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income					

Net change in cash flow hedges included within AOCI	Net change in cash flow hedges included within AOCI	**(6)**	—	**(21)**	—
Net change in cash flow hedges included within AOCI					
Net change in cash flow hedges included within AOCI					

1. For the current quarter ended September 30, 2023 March 31, 2024, there were no forecasted transactions that failed to occur. The net gains (losses) associated with cash flow hedges expected to be reclassified from AOCI within 12 months as of September 30, 2023 March 31, 2024, is approximately $(25) $(46) million. The maximum length of time over which forecasted cash flows are hedged is 2 years. 15 months.

Fair Value Hedges—Hedged Items

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Investment Securities—AFS	**Investment Securities—AFS**					
Amortized cost basis currently or previously hedged	Amortized cost basis currently or previously hedged	**$ 33,348**	$ 34,073			
Amortized cost basis currently or previously hedged						
Amortized cost basis currently or previously hedged						
Basis adjustments included in amortized cost[1]	Basis adjustments included in amortized cost[1]	**$ (1,800)**	$ (1,628)			
Deposits	**Deposits**					
Carrying amount currently or previously hedged						
Carrying amount currently or previously hedged						
Carrying amount currently or previously hedged	Carrying amount currently or previously hedged	**$ 10,278**	$ 3,735			
Basis adjustments included in carrying amount[1]	Basis adjustments included in carrying amount[1]	**$ (88)**	$ (119)			
Borrowings	**Borrowings**					
Carrying amount currently or previously hedged	Carrying amount currently or previously hedged	**$ 147,076**	$ 146,025			
Carrying amount currently or previously hedged						
Carrying amount currently or previously hedged						
Basis adjustments included in carrying amount—Outstanding hedges	Basis adjustments included in carrying amount—Outstanding hedges	**$ (15,567)**	$ (12,748)			
Basis adjustments included in carrying amount—Terminated hedges	Basis adjustments included in carrying amount—Terminated hedges	**$ (677)**	$ (715)			

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

Gains (Losses) on Economic Hedges of Loans

	Three Months Ended		Nine Months Ended	
	September 30,			
	March 31,			

$ in millions		March 31, 2023	March 31, 2022	2023	2022
Recognized in Other revenues					
Credit contracts[1]		$ (104)	$ (44)	$ (330)	$ 160

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

Net Derivative Liabilities and Collateral Posted

$ in millions	At September 30, 2023	At December 31, 2022	At March 31, 2024	At December 31, 2023
Net derivative liabilities with credit risk-related contingent features	$ 19,204	$ 20,287		
Collateral posted	13,338	12,268		

The previous table presents the aggregate fair value of certain derivative contracts that contain credit risk-related contingent features that are in a net liability position for which the Firm has posted collateral in the normal course of business.

Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

$ in millions		At September 30, 2023	At March 31, 2024
One-notch downgrade	$	562	359
Two-notch downgrade		375	411
Bilateral downgrade agreements included in the amounts above[1]	$	811	624

1. Amount represents arrangements between the Firm and other parties where upon the downgrade of one party, the downgraded party must deliver collateral to the other party. These bilateral downgrade arrangements are used by the Firm to manage the risk of counterparty downgrades.

The additional collateral or termination payments that may be called in the event of a future credit rating downgrade vary by contract and can be based on ratings by either or both of Moody's Investors Service, Inc. and , S&P Global Ratings. Ratings and/or other rating agencies. The previous table shows the future potential collateral amounts and termination payments that could be called or required by counterparties or exchange and clearing organizations in the event of one-notch or two-notch event of one-notch or two-notch downgrade scenarios based on the relevant contractual downgrade triggers.

Maximum Potential Payout/Notional of Credit Protection Sold1

		Years to Maturity at September 30, 2023						Years to Maturity at March 31, 2024				
$ in billions	*$ in billions*	< 1	1-3	3-5	Over 5	Total	*$ in billions*	< 1	1-3	3-5	Over 5	Total
Single-name CDS	**Single-name CDS**											
Investment grade	Investment grade	**$16**	**$30**	**$ 39**	**$14**	**$ 99**						
Investment grade												
Investment grade												
Non-investment grade	Non-investment grade	**7**	**13**	**20**	**6**	**46**						
Total	Total	**$23**	**$43**	**$ 59**	**$20**	**$145**						
Index and basket CDS	**Index and basket CDS**											
Investment grade												
Investment grade												
Investment grade	Investment grade	**$ 3**	**$18**	**$ 51**	**$21**	**$ 93**						
Non-investment grade	Non-investment grade	**8**	**11**	**85**	**35**	**139**						
Total	Total	**$11**	**$29**	**$136**	**$56**	**$232**						
Total CDS sold	**Total CDS sold**	**$34**	**$72**	**$195**	**$76**	**$377**						
Other credit contracts	Other credit contracts	**—**	**—**	**—**	**3**	**3**						
Total credit protection sold	**Total credit protection sold**	**$34**	**$72**	**$195**	**$79**	**$380**						
CDS protection sold with identical protection purchased	CDS protection sold with identical protection purchased					**$312**						

		Years to Maturity at December 31, 2022						Years to Maturity at December 31, 2023				
$ in billions	*$ in billions*	< 1	1-3	3-5	Over 5	Total	*$ in billions*	< 1	1-3	3-5	Over 5	Total
Single-name CDS	**Single-name CDS**											
Investment grade	Investment grade	$12	$29	$ 29	$ 9	$ 79						
Investment grade												

Investment grade						
Non-investment grade	Non-investment grade	5	13	16	2	36
Total	Total	$17	$42	$ 45	$11	$115
Index and basket CDS	**Index and basket CDS**					
Investment grade						
Investment grade						
Investment grade	Investment grade	$ 3	$13	$ 37	$ 3	$ 56
Non-investment grade	Non-investment grade	8	17	108	19	152
Total	Total	$11	$30	$145	$22	$208
Total CDS sold	**Total CDS sold**	$28	$72	$190	$33	$323
Other credit contracts	Other credit contracts	—	—	—	—	—
Total credit protection sold	**Total credit protection sold**	$28	$72	$190	$33	$323
CDS protection sold with identical protection purchased	CDS protection sold with identical protection purchased					$262

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

$ in millions	$ in millions	**At September 30, 2023**	At December 31, 2022	$ in millions	**At March 31, 2024**	At December 31, 2023
Single-name CDS	**Single-name CDS**					
Investment grade	Investment grade	**$ 1,472**	$ 762			
Investment grade						
Investment grade						
Non-investment grade	Non-investment grade	**(228)**	(808)			
Total	Total	**$ 1,244**	$ (46)			
Index and basket CDS	**Index and basket CDS**					
Investment grade						
Investment grade						
Investment grade	Investment grade	**$ 1,295**	$ 859			

Non-investment grade	Non-investment grade	**(1,855)**	(1,812)
Total	Total	**$ (560)**	$ (953)
Total CDS sold	**Total CDS sold**	**$ 684**	$ (999)
Other credit contracts	Other credit contracts	**178**	(1)
Total credit protection sold	**Total credit protection sold**	**$ 862**	$ (1,000)

1. Investment grade/non-investment grade determination is based on the internal credit rating of the reference obligation. Internal credit ratings serve as the CRM's assessment of credit risk and the basis for a comprehensive credit limits framework used to control credit risk. The Firm uses quantitative models and judgment to estimate the various risk parameters related to each obligor.

Protection Purchased with CDS

		Notional				
	Notional				Notional	
$ in billions	*$ in billions*	**At September 30, 2023**	At December 31, 2022	*$ in billions*	**At March 31, 2024**	At December 31, 2023
Single name	Single name	**$ 172**	$ 140			
Index and basket	Index and basket	**197**	173			
Tranched index and basket	Tranched index and basket	**32**	26			
Total	**Total**	**$ 401**	$ 339			

		Fair Value Asset (Liability)				
	Fair Value Asset (Liability)				Fair Value Asset (Liability)	
$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Single name	Single name	**$ (1,553)**	$ (33)			
Index and basket	Index and basket	**1,023**	1,248			
Tranched index and basket	Tranched index and basket	**(481)**	(217)			
Total	**Total**	**$ (1,011)**	$ 998			

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 7 6 to the financial statements in the 2022 2023 Form 10-K.

7. Investment Securities

AFS and HTM Securities

	At September 30, 2023				At March 31, 2024			
$ in millions	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities								
U.S. Treasury securities								
U.S. Treasury securities								
U.S. Treasury securities	**$ 47,939**	**$ 27**	**$ 1,394**	**$ 46,572**				
U.S. agency securities[2]	**26,221**	**—**	**3,436**	**22,785**				
Agency CMBS	**5,741**	**—**	**504**	**5,237**				
State and municipal securities	**817**	**32**	**20**	**829**				
State and municipal securities								
State and municipal securities								
FFELP student loan ABS[3]	**855**	**—**	**17**	**838**				
Other ABS	**—**	**—**	**—**	**—**				
Total AFS securities								
Total AFS securities								
Total AFS securities	**81,573**	**59**	**5,371**	**76,261**				
HTM securities								
U.S. Treasury securities								
U.S. Treasury securities								
U.S. Treasury securities	**26,208**	**—**	**1,885**	**24,323**				
U.S. agency securities[2]	**41,612**	**—**	**10,136**	**31,476**				
Agency CMBS	**1,656**	**—**	**168**	**1,488**				
Non-agency CMBS	**1,229**	**—**	**192**	**1,037**				
Total HTM securities	**70,705**	**—**	**12,381**	**58,324**				

Total investment securities	Total investment securities	$152,278	$ 59	$ 17,752	$134,585

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

$ in millions	$ in millions	At December 31, 2022 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities	**AFS securities**				
U.S. Treasury securities					
U.S. Treasury securities					
U.S. Treasury securities	U.S. Treasury securities	$ 56,103	$ 17	$ 2,254	$ 53,866
U.S. agency securities[2]	U.S. agency securities[2]	23,926	1	2,753	21,174
Agency CMBS	Agency CMBS	5,998	—	470	5,528
State and municipal securities	State and municipal securities	2,598	71	42	2,627
State and municipal securities					
State and municipal securities					
FFELP student loan ABS[3]	FFELP student loan ABS[3]	1,147	—	45	1,102
Total AFS securities	Total AFS securities	89,772	89	5,564	84,297
Total AFS securities					
Total AFS securities					
HTM securities	**HTM securities**				
U.S. Treasury securities					
U.S. Treasury securities					
U.S. Treasury securities	U.S. Treasury securities	28,599	—	1,845	26,754
U.S. agency securities[2]	U.S. agency securities[2]	44,038	—	8,487	35,551
Agency CMBS	Agency CMBS	1,819	—	152	1,667
Non-agency CMBS	Non-agency CMBS	1,178	—	144	1,034
Total HTM securities	Total HTM securities	75,634	—	10,628	65,006
Total investment securities	**Total investment securities**	$165,406	$ 89	$ 16,192	$149,303

$ in millions	At December 31, 2023 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value

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

		At September 30, 2023		At December 31, 2022		At March 31, 2024		At December 31, 2023	
$ in millions	*$ in millions*	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities	U.S. Treasury securities								
Less than 12 months	Less than 12 months	**$ 6,932**	**$ 214**	$ 42,144	$ 1,711				
Less than 12 months									
Less than 12 months									
12 months or longer	12 months or longer	**31,798**	**1,180**	11,454	543				
Total	Total	**38,730**	**1,394**	53,598	2,254				
U.S. agency securities	U.S. agency securities								
Less than 12 months	Less than 12 months	**4,716**	**91**	13,662	1,271				
Less than 12 months									
Less than 12 months									
12 months or longer	12 months or longer	**17,968**	**3,345**	7,060	1,482				
Total	Total	**22,684**	**3,436**	20,722	2,753				
Agency CMBS	Agency CMBS								
Less than 12 months									
Less than 12 months									
Less than 12 months	Less than 12 months	**2,111**	**201**	5,343	448				
12 months or longer	12 months or longer	**3,053**	**303**	185	22				
Total	Total	**5,164**	**504**	5,528	470				
State and municipal securities	State and municipal securities								
State and municipal securities									

State and municipal securities					
Less than 12 months					
Less than 12 months					
Less than 12 months	Less than 12 months	**288**	**1**	2,106	40
12 months or longer	12 months or longer	**253**	**19**	65	2
Total	Total	**541**	**20**	2,171	42
FFELP student loan ABS	FFELP student loan ABS				
Less than 12 months					
Less than 12 months					
Less than 12 months	Less than 12 months	**68**	**1**	627	23
12 months or longer	12 months or longer	**693**	**16**	476	22
Total	Total	**761**	**17**	1,103	45
Total AFS securities in an unrealized loss position	**Total AFS securities in an unrealized loss position**				
Total AFS securities in an unrealized loss position					
Total AFS securities in an unrealized loss position					
Less than 12 months					
Less than 12 months					
Less than 12 months	Less than 12 months	**14,115**	**508**	63,882	3,493
12 months or longer	12 months or longer	**53,765**	**4,863**	19,240	2,071
Total	Total	**$ 67,880**	**$ 5,371**	$ 83,122	$ 5,564

For AFS securities, the Firm believes there are no securities in an unrealized loss position that have credit losses after performing the analysis described in Note 2 in the 2022 2023 Form 10-K and the Firm expects to recover the amortized cost basis of these securities. Additionally, the Firm does not intend to sell these securities and is not likely to be required to sell these securities prior to recovery of the amortized cost basis.

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the securities in an unrealized loss position are predominantly investment grade.

The HTM securities net carrying amounts at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 reflect an ACL of $45 million $41 million and $34 million $44 million, respectively, predominantly related to Non-agency CMBS. See Note 2 in the 2022 2023 Form 10-K for a description of the ACL methodology used for HTM Securities. As of September 30, 2023 March 31, 2024 and December 31, 2022 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

		At September 30, 2023				At March 31, 2024		
$ in millions	*$ in millions*	Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]	*$ in millions*	Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]
AFS securities	**AFS securities**							
U.S. Treasury securities:	U.S. Treasury securities:							
U.S. Treasury securities:								
U.S. Treasury securities:								
Due within 1 year								
Due within 1 year								
Due within 1 year	Due within 1 year	**$ 15,009**	**$ 14,680**	**1.1 %**		**$ 16,765**	**$ 16,508**	**1.4 1.4 %**
After 1 year through 5 years	After 1 year through 5 years	**32,224**	**31,187**	**1.8 %**	After 1 year through 5 years	**37,649**	**37,087 37,087**	**2.9 2.9 %**
After 5 years through 10 years	After 5 years through 10 years	**706**	**705**	**3.9 %**	After 5 years through 10 years	**4,621**	**4,629 4,629**	**4.0 4.0 %**
Total	Total	**47,939**	**46,572**					
Total								
Total								
U.S. agency securities:	U.S. agency securities:							
U.S. agency securities:								
U.S. agency securities:								
Due within 1 year								
Due within 1 year								
Due within 1	Due within 1							

year	year	24	23	(0.6)	%		10	9	9	(0.5)	(0.5)	%
After 1 year through 5 years	After 1 year through 5 years	431	397	1.6	%	After 1 year through 5 years	349	327	327	1.6	1.6	%
After 5 years through 10 years	After 5 years through 10 years	572	510	1.8	%	After 5 years through 10 years	509	464	464	1.8	1.8	%
After 10 years	After 10 years	25,194	21,855	3.6	%	After 10 years	24,364	21,710	21,710	3.7	3.7	%
Total	Total	26,221	22,785									
Agency CMBS:	Agency CMBS:											
Agency CMBS:												
Agency CMBS:												
Due within 1 year												
Due within 1 year												
Due within 1 year	Due within 1 year	1	1	(2.2)	%		1	1	1	(2.2)	(2.2)	%
After 1 year through 5 years	After 1 year through 5 years	2,068	1,973	1.8	%	After 1 year through 5 years	2,969	2,861	2,861	2.0	2.0	%
After 5 years through 10 years	After 5 years through 10 years	2,459	2,309	2.1	%	After 5 years through 10 years	1,615	1,531	1,531	1.9	1.9	%
After 10 years	After 10 years	1,213	954	1.4	%	After 10 years	1,177	949	949	1.4	1.4	%
Total	Total	5,741	5,237									
State and municipal securities:	State and municipal securities:											
State and municipal securities:												
State and municipal securities:												
Due within 1 year												
Due within 1 year												
Due within 1 year	Due within 1 year	24	24	5.2	%		27	27	27	5.1	5.1	%
After 1 year through 5 years	After 1 year through 5 years	172	172	4.8	%	After 1 year through 5 years	178	179	179	4.8	4.8	%
After 5 years through 10 years	After 5 years through 10 years	17	20	4.7	%	After 5 years through 10 years	3	5	5	4.7	4.7	%
After 10 Years	After 10 Years	604	613	4.3	%	After 10 Years	268	281	281	4.5	4.5	%

Total	Total	**817**	**829**									
FFELP student loan ABS:	FFELP student loan ABS:											
FFELP student loan ABS:												
FFELP student loan ABS:												
Due within 1 year												
Due within 1 year												
Due within 1 year							**15**		**14**		**6.0**	%
After 1 year through 5 years	After 1 year through 5 years	**101**	**98**	**5.8**	%	After 1 year through 5 years	**135**	**131**	**131**	**6.1**	**6.1**	%
After 5 years through 10 years	After 5 years through 10 years	**104**	**100**	**6.0**	%	After 5 years through 10 years	**31**	**31**	**31**	**5.9**	**5.9**	%
After 10 years	After 10 years	**650**	**640**	**6.3**	%	After 10 years	**574**	**569**	**569**	**6.3**	**6.3**	%
Total	Total	**855**	**838**									
Total AFS securities	**Total AFS securities**	**81,573**	**76,261**	**2.3**	%							
Total AFS securities												
Total AFS securities							**91,260**		**87,313**		**2.9**	%

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

		At September 30, 2023				At March 31, 2024		
		Amortized	Fair	Annualized Average		Amortized		Annualized Average
$ in millions	*$ in millions*	Cost1	Value	Yield2	*$ in millions*	Cost1	Fair Value	Yield2
HTM securities	**HTM securities**							
U.S. Treasury securities:	U.S. Treasury securities:							

U.S. Treasury securities:
U.S. Treasury securities:
Due within 1 year
Due within 1 year

Due within 1 year	Due within 1 year	**8,102**	**7,982**	**1.9**	**%**		**5,252**	**5,179**	**5,179**	**2.1**	**2.1**	**%**
After 1 year through 5 years	After 1 year through 5 years	**12,683**	**11,863**	**1.8**	**%**	After 1 year through 5 years	**13,826**	**13,063**	**13,063**	**2.0**	**2.0**	**%**
After 5 years through 10 years	After 5 years through 10 years	**3,864**	**3,445**	**2.4**	**%**	After 5 years through 10 years	**503**	**412**	**412**	**1.1**	**1.1**	**%**
After 10 years	After 10 years	**1,559**	**1,033**	**2.3**	**%**	After 10 years	**1,557**	**1,114**	**1,114**	**2.3**	**2.3**	**%**
Total	Total	**26,208**	**24,323**									
U.S. agency securities:	U.S. agency securities:											
U.S. agency securities:												
U.S. agency securities:												
After 1 year through 5 years												
After 1 year through 5 years												
After 1 year through 5 years	After 1 year through 5 years	**7**	**6**	**1.8**	**%**		**5**	**5**	**5**	**1.8**	**1.8**	**%**
After 5 years through 10 years	After 5 years through 10 years	**311**	**276**	**2.1**	**%**	After 5 years through 10 years	**277**	**258**	**258**	**2.1**	**2.1**	**%**
After 10 years	After 10 years	**41,294**	**31,194**	**1.8**	**%**	After 10 years	**41,416**	**32,917**	**32,917**	**1.9**	**1.9**	**%**
Total	Total	**41,612**	**31,476**									
Agency CMBS:	Agency CMBS:											
Agency CMBS:												
Agency CMBS:												
Due within 1 year												
Due within 1 year												
Due within 1 year	Due within 1 year	**482**	**469**	**1.4**	**%**		**113**	**110**	**110**	**1.9**	**1.9**	**%**
After 1 year through 5 years	After 1 year through 5 years	**928**	**828**	**1.2**	**%**	After 1 year through 5 years	**942**	**867**	**867**	**1.3**	**1.3**	**%**
After 5 years through 10 years	After 5 years through 10 years	**118**	**95**	**1.4**	**%**	After 5 years through 10 years	**116**	**97**	**97**	**1.4**	**1.4**	**%**
After 10 years	After 10 years	**128**	**96**	**1.6**	**%**	After 10 years	**126**	**101**	**101**	**1.6**	**1.6**	**%**
Total	Total	**1,656**	**1,488**									

Non-agency CMBS:	Non-agency CMBS:											
Non-agency CMBS:												
Non-agency CMBS:												
Due within 1 year												
Due within 1 year												
Due within 1 year	Due within 1 year	195	177	4.2	%		194	175	175	4.1	4.1	%
After 1 year through 5 years	After 1 year through 5 years	353	315	4.4	%	After 1 year through 5 years	391	369	369	4.7	4.7	%
After 5 years through 10 years	After 5 years through 10 years	630	500	3.7	%	After 5 years through 10 years	621	538	538	3.7	3.7	%
After 10 years	After 10 years	51	45	4.6	%	After 10 years	81	78	78	6.4	6.4	%
Total	Total	1,229	1,037									
Total HTM securities	Total HTM securities	70,705	58,324	1.9	%							
Total HTM securities												
Total HTM securities							65,420		55,283		2.0	%
Total investment securities	**Total investment securities**	**152,278**	**134,585**	**2.1**	**%**	**Total investment securities**	**156,680**	**142,596**	**142,596**	**2.5**	**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 September 30, 2023 March 31, 2024, the annualized average yield, including the interest rate swap accrual of related hedges, was 1.2% 2.1% for AFS securities contractually maturing within 1 year and 3.3% 3.8% for all AFS securities.

Gross Realized Gains (Losses) on Sales of AFS Securities

		Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022
$ in millions					
$ in millions					
Gross realized gains					
Gross realized gains					
Gross realized gains	Gross realized gains	**$ 15**	$ 13	**$ 66**	$ 163
Gross realized (losses)	Gross realized (losses)	**(1)**	(4)	**(21)**	(92)
Gross realized (losses)					
Gross realized (losses)					
Total[1]	**Total**[1]	**$ 14**	$ 9	**$ 45**	$ 71
Total[1]					
Total[1]					

1. Realized gains and losses are recognized in Other revenues in the income statement.

8. Collateralized Transactions

Offsetting of Certain Collateralized Transactions

		At September 30, 2023						At March 31, 2024				
$ in millions	*$ in millions*	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset1	Net Amounts	*$ in millions*	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset1	Net Amounts
Assets	**Assets**											
Securities purchased under agreements to resell	Securities purchased under agreements to resell	**$244,528**	**$(142,959)**	**$101,569**	**$(98,203)**	**$ 3,366**						
Securities purchased under agreements to resell												
Securities purchased under agreements to resell												
Securities borrowed	Securities borrowed	**133,184**	**(12,268)**	**120,916**	**(116,818)**	**4,098**						
Liabilities	**Liabilities**											
Securities sold under agreements to repurchase												
Securities sold under agreements to repurchase												
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	**$219,620**	**$(142,959)**	**$ 76,661**	**$(70,871)**	**$ 5,790**						
Securities loaned	Securities loaned	**25,332**	**(12,268)**	**13,064**	**(13,049)**	**15**						

Net amounts for which master netting agreements are not in place or may not be legally enforceable

Securities purchased under agreements to resell	Securities purchased under agreements to resell	**$ 2,160**
Securities borrowed	Securities borrowed	**380**
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	**4,311**
Securities loaned	Securities loaned	**4**

		At December 31, 2022						At December 31, 2023				
$ in millions	*$ in millions*	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset1	Net Amounts	*$ in millions*	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset1	Net Amounts
Assets	**Assets**											

Securities purchased under agreements to resell	Securities purchased under agreements to resell	$240,355	$(126,448)	$113,907	$(109,902)	$ 4,005
Securities purchased under agreements to resell						
Securities purchased under agreements to resell						
Securities borrowed	Securities borrowed	145,340	(11,966)	133,374	(128,073)	5,301
Liabilities	**Liabilities**					
Securities sold under agreements to repurchase						
Securities sold under agreements to repurchase						
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	$188,982	$(126,448)	$ 62,534	$ (57,395)	$ 5,139
Securities loaned	Securities loaned	27,645	(11,966)	15,679	(15,199)	480

Net amounts for which master netting agreements are not in place or may not be legally enforceable

Securities purchased under agreements to resell	Securities purchased under agreements to resell	$ 1,696
Securities borrowed	Securities borrowed	624
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	3,861
Securities loaned	Securities loaned	250

1. Amounts relate to master netting agreements that have been determined by the Firm to be legally enforceable in the event of default but where certain other criteria are not met in accordance with applicable offsetting accounting guidance.

For further discussion of the Firm's collateralized transactions, see Notes 2 and 9 8 to the financial statements in the 2022 2023 Form 10-K. For information related to offsetting of derivatives, see Note 6.

Gross Secured Financing Balances by Remaining Contractual Maturity

	At September 30, 2023						At March 31, 2024					
$ in millions	*$ in millions*	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total	*$ in millions*	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	**$ 93,944**	**$68,289**	**$23,622**	**$33,765**	**$219,620**						
Securities loaned	Securities loaned	**13,266**	**—**	**900**	**11,166**	**25,332**						

Total included in the offsetting disclosure	Total included in the offsetting disclosure	**$ 107,210**	**$ 68,289**	**$ 24,522**	**$ 44,931**	**$ 244,952**
Trading liabilities—Obligation to return securities received as collateral	Trading liabilities—Obligation to return securities received as collateral	**16,548**	**—**	**—**	**—**	**16,548**
Total	**Total**	**$ 123,758**	**$ 68,289**	**$ 24,522**	**$ 44,931**	**$ 261,500**

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

		At December 31, 2022						At December 31, 2023				
$ in millions	*$ in millions*	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total	*$ in millions*	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	Securities sold under agreements to repurchase	$ 54,551	$ 77,359	$ 20,586	$ 36,486	$ 188,982						
Securities loaned	Securities loaned	15,150	882	1,984	9,629	27,645						
Total included in the offsetting disclosure	Total included in the offsetting disclosure	$ 69,701	$ 78,241	$ 22,570	$ 46,115	$ 216,627						
Trading liabilities—Obligation to return securities received as collateral	Trading liabilities—Obligation to return securities received as collateral	22,880	—	—	—	22,880						
Total	**Total**	$ 92,581	$ 78,241	$ 22,570	$ 46,115	$ 239,507						

Gross Secured Financing Balances by Class of Collateral Pledged

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Securities sold under agreements to repurchase						

U.S. Treasury and agency securities	U.S. Treasury and agency securities	**$ 83,594**	$ 57,761
Other sovereign government obligations	Other sovereign government obligations	**102,679**	98,839
Corporate equities	Corporate equities	**17,976**	19,340
Other	Other	**15,371**	13,042
Total	Total	**$ 219,620**	$ 188,982
Securities loaned	**Securities loaned**		
Other sovereign government obligations	Other sovereign government obligations	**$ 714**	$ 862
Other sovereign government obligations			
Other sovereign government obligations			
Corporate equities	Corporate equities	**23,939**	26,289
Other	Other	**679**	494
Total	Total	**$ 25,332**	$ 27,645
Total included in the offsetting disclosure	Total included in the offsetting disclosure	**$ 244,952**	$ 216,627
Trading liabilities—Obligation to return securities received as collateral			
Corporate equities	Corporate equities	**$ 16,523**	$ 22,833
Other	Other	**25**	47
Total	Total	**$ 16,548**	$ 22,880
Total	**Total**	**$ 261,500**	$ 239,507

Carrying Value of Assets Loaned or Pledged without Counterparty Right to Sell or Repledge

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022
$ in millions			
$ in millions			
Trading assets			
Trading assets			
Trading assets	Trading assets	**$ 38,682**	$ 34,524

The Firm pledges certain of its trading assets to collateralize securities sold under agreements to repurchase, securities loaned, other secured financings and derivatives and to cover customer short sales. Counterparties may or may not have the right to sell or repledge the collateral.

Pledged financial instruments that can be sold or repledged by the secured party are identified as Trading assets (pledged to various parties) in the balance sheet.

Fair Value of Collateral Received with Right to Sell or Repledge

$ in millions	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023
Collateral received with right to sell or repledge	Collateral received with right to sell or repledge	$ 656,290	$ 637,941			
Collateral that was sold or repledged[1]	Collateral that was sold or repledged[1]	499,905	486,820			

1. Does not include securities used to meet federal regulations for the Firm's U.S. broker-dealers.

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	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023
Segregated securities[1]	Segregated securities[1]	$ 21,936	$ 32,254			

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	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023
Margin and other lending	Margin and other lending	$ 42,699	$ 38,524			

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 9 8 to the financial statements in the 2022 2023 Form 10-K.

Also included in the amounts in the previous table is non-purpose securities-based lending on non-bank entities in the Wealth Management business segment.

Other Secured Financings

The Firm has additional secured liabilities. For a further discussion of other secured financings, see Note 12. Additionally, for certain secured financing transactions that meet applicable netting criteria, the Firm offset Other secured financing liabilities against financing receivables recorded within Trading assets in the amount of $1,798 million at March 31, 2024 and $3,472 million at December 31, 2023.

Image27.jpg

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

Loans by Type

		At September 30, 2023			At March 31, 2024			
$ in millions	$ in millions	HFI Loans	HFS Loans	Total Loans	$ in millions	HFI Loans	HFS Loans	Total Loans
Corporate	Corporate	**$ 7,181**	**$ 11,086**	**$ 18,267**				
Secured lending facilities	Secured lending facilities	**39,119**	**2,861**	**41,980**				
Commercial real estate	Commercial real estate	**8,389**	**259**	**8,648**				
Residential real estate	Residential real estate	**59,002**	**23**	**59,025**				
Securities-based lending and Other loans		**90,208**	**1**	**90,209**				
Securities-based lending and Other								
Total loans	Total loans	**203,899**	**14,230**	**218,129**				
ACL	ACL	**(1,157)**		**(1,157)**				
Total loans, net	**Total loans, net**	**$ 202,742**	**$ 14,230**	**$ 216,972**				
Loans to non-U.S. borrowers, net	Loans to non-U.S. borrowers, net			**$ 26,246**				

		At December 31, 2022			At December 31, 2023			
$ in millions	$ in millions	HFI Loans	HFS Loans	Total Loans	$ in millions	HFI Loans	HFS Loans	Total Loans
Corporate	Corporate	$ 6,589	$ 10,634	$ 17,223				
Secured lending facilities	Secured lending facilities	35,606	3,176	38,782				
Commercial real estate	Commercial real estate	8,515	926	9,441				
Residential real estate	Residential real estate	54,460	4	54,464				
Securities-based lending and Other loans		94,666	48	94,714				
Securities-based lending and Other								
Total loans	Total loans	199,836	14,788	214,624				
ACL	ACL	(839)		(839)				

Total loans, net	**Total loans, net**	$198,997	$14,788	$ 213,785
Loans to non-U.S. borrowers, net	Loans to non-U.S. borrowers, net			$ 23,651

For additional information on the Firm's held-for-investment and held-for-sale loan portfolios, see Note 10 9 to the financial statements in the 2022 2023 Form 10-K.

Loans by Interest Rate Type

		At September 30, 2023		At December 31, 2022			**At March 31, 2024**		At December 31, 2023	
$ in millions	*$ in millions*	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate	*$ in millions*	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	Corporate	**$ —**	**$ 18,267**	$ —	$ 17,223					
Secured lending facilities	Secured lending facilities	**—**	**41,980**	—	38,782					
Commercial real estate	Commercial real estate	**198**	**8,450**	204	9,237					
Residential real estate	Residential real estate	**28,282**	**30,743**	24,903	29,561					
Securities-based lending and Other loans		**22,525**	**67,684**	24,077	70,637					
Securities-based lending and Other										
Total loans, before ACL	**Total loans, before ACL**	**$51,005**	**$167,124**	$49,184	$165,440					

See Note 4 for further information regarding Loans and lending commitments held at fair value. See Note 13 for details of current commitments to lend in the future.

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

		At September 30, 2023			At December 31, 2022									
		Corporate												
		At March 31, 2024							**At March 31, 2024**			At December 31, 2023		
		Corporate										Corporate		
$ in millions	*$ in millions*	IG	NIG	Total	IG	NIG	Total	*$ in millions*	IG	NIG	Total	IG	NIG	Total
Revolving	Revolving	**$2,349**	**$4,189**	**$6,538**	$2,554	$3,456	$6,010							
2024														
2023														
2023														
2023	2023	**134**	**20**	**154**										
2022	2022	**—**	**166**	**166**	6	107	113							
2021	2021	**15**	**101**	**116**	—	139	139							
2020	2020	**33**	**25**	**58**	—	58	58							
2019		**—**	**149**	**149**	—	154	154							
Prior	Prior	**—**	**—**	**—**	115	—	115							
Total	**Total**	**$2,531**	**$4,650**	**$7,181**	$2,675	$3,914	$6,589							

At September 30, 2023 | At December 31, 2022

Secured Lending Facilities

At March 31, 2024 | At December 31, 2023

Secured Lending Facilities

$ in millions	$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	Revolving	$ 11,329	$ 19,873	$ 31,202	$ 9,445	$ 21,243	$ 30,688
2024							
2023							
2023							
2023	2023	2,324	750	3,074			
2022	2022	667	2,150	2,817	1,135	1,336	2,471
2021	2021	254	151	405	254	208	462
2020	2020	—	85	85	—	98	98
2019		60	345	405	60	486	546
Prior	Prior	302	829	1,131	215	1,126	1,341
Total	**Total**	$ 14,936	$ 24,183	$ 39,119	$ 11,109	$ 24,497	$ 35,606

At September 30, 2023 | At December 31, 2022

Commercial Real Estate

At March 31, 2024 | At December 31, 2023

Commercial Real Estate

$ in millions	$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	Revolving	$ —	$ 168	$ 168	$ —	$ 204	$ 204
2024							
2023							
2023							
2023	2023	10	805	815			
2022	2022	382	1,791	2,173	379	2,201	2,580
2021	2021	286	1,574	1,860	239	1,609	1,848
2020	2020	—	739	739	—	728	728
2019		325	1,242	1,567	659	1,152	1,811
Prior	Prior	85	982	1,067	211	1,133	1,344
Total	**Total**	$1,088	$7,301	$8,389	$1,488	$7,027	$8,515

At September 30, 2023

Residential Real Estate

by FICO Scores | by LTV Ratio | Total

At March 31, 2024

Residential Real Estate

by FICO Scores | by LTV Ratio | Total

$ in millions	$ in millions	≥ 740	680-739	≤ 679	≤ 80%	> 80%	Total
Revolving	Revolving	$ 98	$ 32	$ 8	$ 137	$ 1	Total
Revolving							
Revolving							
2024							
2023	2023	5,735	1,180	178	6,304	789	7,093

2022	2022	**11,039**	**2,445**	**390**	**12,771**	**1,103**	**13,874**
2021	2021	**11,210**	**2,392**	**245**	**12,911**	**936**	**13,847**
2020	2020	**7,006**	**1,443**	**105**	**8,118**	**436**	**8,554**
2019		**4,012**	**901**	**132**	**4,739**	**306**	**5,045**
Prior	Prior	**7,845**	**2,292**	**314**	**9,632**	**819**	**10,451**
Total	**Total**	**$ 46,945**	**$ 10,685**	**$ 1,372**	**$ 54,612**	**$ 4,390**	**$ 59,002**

		At December 31, 2022					
		Residential Real Estate					
		by FICO Scores			by LTV Ratio		Total
	At December 31, 2023						
	Residential Real Estate						
	by FICO Scores						
$ in millions	*$ in millions*	≥ 740	680-739	≤ 679	≤ 80%	> 80%	
Revolving	Revolving	$ 90	$ 29	$ 5	$ 124	$ —	Total
Revolving							
Revolving							
2023							
2022	2022	11,481	2,533	411	13,276	1,149	14,425
2021	2021	11,604	2,492	257	13,378	975	14,353
2020	2020	7,292	1,501	115	8,452	456	8,908
2019		4,208	946	137	4,968	323	5,291
2018		1,635	447	52	1,965	169	2,134
Prior	Prior	6,853	2,072	300	8,492	733	9,225
Total	**Total**	$ 43,163	$ 10,020	$ 1,277	$ 50,655	$ 3,805	$ 54,460

At December 31, 2023		
Residential Real Estate		
by FICO Scores	by LTV Ratio	
		Total

$ in millions	Securities-based Lending[1]	IG	NIG	Total
	At September 30, 2023			
		Other[2]		
Revolving		**$ 6,096**	**$1,220**	**$78,705**
2023	**1,369**	**543**	**238**	**2,150**
2022	**1,474**	**820**	**792**	**3,086**
2021	**375**	**417**	**341**	**1,133**
2020	**—**	**464**	**425**	**889**
2019	**14**	**903**	**522**	**1,439**
Prior	**202**	**1,466**	**1,138**	**2,806**
Total	**$ 74,823**	**$10,709**	**$4,676**	**$90,208**

At March 31, 2024 **At March 31, 2024**

$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving				
2024				
2023				
2022				
2021				
2020				
Prior				
Total				

$ in millions	Securities-based Lending[1]	IG	NIG	Total
	December 31, 2022			
		Other[2]		
Revolving		$ 5,760	$1,480	$84,355
2022	1,425	1,572	269	3,266
2021	725	525	223	1,473
2020	—	580	418	998
2019	16	913	644	1,573
2018	202	268	304	774
Prior	—	1,581	646	2,227
Total	$ 79,483	$11,199	$3,984	$94,666

December 31, 2023 December 31, 2023

$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving				
2023				
2022				
2021				
2020				
Prior				
Total				

IG—Investment Grade
NIG—Non-investment Grade

1. Securities-based loans are subject to collateral maintenance provisions, and at September 30, 2023 March 31, 2024 and December 31, 2022 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 2022 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 September 30, 2023	At December 31, 2022	At March 31, 2024	At December 31, 2023
Corporate	**$ 42**	$ 112		
Secured lending facilities	**—**	85		
Commercial real estate				
Commercial real estate				

Commercial real estate	Commercial real estate	**21**	—
Residential real estate	Residential real estate	**153**	158
Securities-based lending and Other loans		**—**	1
Securities-based lending and Other			
Total	**Total**	**$ 216**	$ 356

1. As of September 30, 2023 March 31, 2024, the majority of the amounts are 90 days or more past due. As of December 31, 2023, the majority of the amounts are past due for a period of less than 90 days. As of December 31, 2022, the majority of the amounts are 90 days or more past due.

Nonaccrual Loans Held for Investment before Allowance[1]

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Corporate	Corporate	**$ 115**	$ 71			
Secured lending facilities	Secured lending facilities	**92**	94			
Commercial real estate	Commercial real estate	**153**	209			
Residential real estate	Residential real estate	**101**	118			
Securities-based lending and Other loans		**120**	10			
Securities-based lending and Other						
Total	**Total**	**$ 581**	$ 502			
Nonaccrual loans without an ACL	Nonaccrual loans without an ACL	**$ 133**	$ 117			

1. There were no loans held for investment that were 90 days or more past due and still accruing as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023. For further information on the Firm's nonaccrual policy, see Note 2 to the financial statements in the 2022 2023 Form 10-K . 10-K.

See Note 2 to the financial statements in the 2022 2023 Form 10-K for a description of the ACL calculated under the CECL methodology, including credit quality indicators, used for HFI loans.

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. As of September 30, 2023, there There were no loans held for investment that had been modified in the current year period with subsequent default. 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

Modified during the three months ended September 30, 2023[1]

	At September 30, 2023	
$ in millions	Amortized Cost	% of Total Loans[2]

		Term Extension	
Corporate	$	82	1.1 %
Commercial real estate		198	2.4 %
Securities-based lending and Other loans		105	0.1 %
Total	$	385	

Modified during the nine months ended September 30, 2023[1]

	At September 30, 2023		
$ in millions	Amortized Cost		% of Total Loans[2]
	Term Extension		
Corporate	$	114	1.6 %
Commercial real estate		219	2.6 %
Residential real estate		1	— %
Securities-based lending and Other loans		129	0.1 %
Total	$	463	
	Combination - Multiple Modifications[3]		
Commercial real estate	$	40	0.5 %

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 $424 million $301 million and $877 million during the current quarter and current year period, respectively $607 million as of September 30, 2023. March 31, 2024 and March 31, 2023, respectively.
2. Percentage of total loans represents the percentage of modified loans to total loans held for investment by loan type.
3. Combination - Multiple Modifications includes loans with Term extension and Other-than-insignificant payment delay.

Financial Impact Effect of Modifications on Modified Loans Held for Investment

Modified during the three months ended September 30, 2023[1]

	At September 30, 2023
	Term Extension[2]
Corporate	Added 1 year, 11 months to the life of the modified loan(s)
Commercial real estate	Added 3 months to the life of the modified loan(s)
Securities-based lending and Other loans	Added 4 months to the life of the modified loan(s)

	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	$ —	— %

Modified during the nine months ended September 30, 2023[1]

	At September 30, 2023
	Term Extension[2]
Corporate	Added 1 year, 9 months to the life of the modified loan(s)
Commercial real estate	Added 3 months to the life of the modified loan(s)
Residential real estate	Added 4 months to the life of the modified loan(s)
Securities-based lending and Other loans	Added 8 months to the life of the modified loan(s)
	Combination - Multiple Modification
Commercial real estate	Added 7 months of Term extension and 6 months of Other-than-insignificant payment delay to the life of the modified loan(s)

	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. Percentage of total loans represents the percentage of modified loans to total loans held for investment by loan type.
2. 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 September 30, 2023		At March 31, 2024
	30-89 Days	90+ days	30-89 Days

Gross Charge-offs by Origination Year

	Three Months Ended September 30, 2023					
$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
Revolving	$ —	$ —	$ —	$ —	$ —	$ —
2020	—	—	—	—	(1)	(1)
2019	—	—	(39)	—	—	(39)
Total	$ —	$ —	$ (39)	$ —	$ (1)	$ (40)

	Nine Months Ended September 30, 2023					
$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
Revolving	$ (30)	$ —	$ —	$ —	$ —	$ (30)
2020	—	—	—	—	(2)	(2)
2019	—	—	(68)	—	(1)	(69)
Prior	—	—	(40)	—	—	(40)
Total	$ (30)	$ —	$ (108)	$ —	$ (3)	$ (141)

Provision for Credit Losses

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2023**	2022	**2023**	2022
Loans	**$ 123**	$ 6	**$ 462**	$ 137
Lending commitments	**11**	29	**67**	56

12 months prior.

Allowance for Credit Losses Rollforward and Allocation—Loans and Lending Commitments

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2022	$ 235	$ 153	$ 275	$ 87	$ 89	$ 839
Gross charge-offs	**(30)**	**—**	**(108)**	**—**	**(3)**	**(141)**
Recoveries	**—**	**—**	**—**	**1**	**—**	**1**
Net (charge-offs) recoveries	**(30)**	**—**	**(108)**	**1**	**(3)**	**(140)**
Provision (release)	**44**	**2**	**261**	**22**	**133**	**462**
Other	**(1)**	**(1)**	**(2)**	**—**	**—**	**(4)**
September 30, 2023	**$ 248**	**$ 154**	**$ 426**	**$ 110**	**$ 219**	**$ 1,157**
Percent of loans to total loans[1]	**4 %**	**19 %**	**4 %**	**29 %**	**44 %**	**100 %**

	Three Months Ended March 31, 2024					
$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total

$ in millions	$ in millions	Past Due	Past Due	Total	$ in millions	Past Due	90+ Days Past Due	Total
Commercial real estate	Commercial real estate	$ 21	$ —	$ 21				
Residential real estate		—	1	1				
Commercial real estate								
Commercial real estate								
Total	Total	$ 21	$ 1	$ 22				
Total								
Total								

ACL—Loans						
Beginning balance	$ 241	$ 153	$ 463	$ 100	$ 212	$ 1,169
Provision (release)	**1**	**(17)**	**1**	**(11)**	**4**	**(22)**
Other	**(1)**	**(1)**	**(3)**	**—**	**(1)**	**(6)**
Ending balance	**$ 241**	**$ 135**	**$ 461**	**$ 89**	**$ 215**	**$ 1,141**
Percent of loans to total loans[1]	**4 %**	**19 %**	**4 %**	**30 %**	**43 %**	**100 %**
ACL—Lending commitments						
Beginning balance	$ 431	$ 70	$ 26	$ 4	$ 20	$ 551
Provision (release)	**(2)**	**25**	**(3)**	**—**	**(4)**	**16**
Other	**(3)**	**(1)**	**—**	**—**	**2**	**(2)**
Ending balance	**$ 426**	**$ 94**	**$ 23**	**$ 4**	**$ 18**	**$ 565**
Total ending balance	**$ 667**	**$ 229**	**$ 484**	**$ 93**	**$ 233**	**$ 1,706**

Troubled Debt Restructurings

$ in millions	At December 31, 2022
Loans, before ACL	$ 29
Lending commitments	—

TDRs included modifications As of interest rates, collateral requirements, other loan covenants and payment extensions. See Note 2 to March 31, 2023, there were no past due loans held for investment modified during the financial statements in the 2022 Form 10-K for further information on TDRs guidance. The accounting guidance for TDRs was eliminated for the Firm, beginning on January 1, 2023. See Note 2 for further information herein.

	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

$ in millions						
December 31, 2022						
Gross charge-offs						
Recoveries						
Net recoveries (charge-offs)						
Provision (release)						
Other						
September 30, 2022						
Percent of loans to total loans	3 %	17 %	4 %	26 %	50 %	100 %

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.

Allowance for Credit Losses Rollforward—Lending Commitments

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2022	$ 411	$ 51	$ 15	$ 4	$ 23	$ 504
Provision (release)	**29**	**24**	**12**	**—**	**2**	**67**
Other	**(1)**	**—**	**(1)**	**—**	**—**	**(2)**
September 30, 2023	**$ 439**	**$ 75**	**$ 26**	**$ 4**	**$ 25**	**$ 569**

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2021	$ 356	$ 41	$ 20	$ 1	$ 26	$ 444
Provision (release)	64	7	(6)	1	(10)	56
Other	(12)	(1)	—	—	—	(13)
September 30, 2022	$ 408	$ 47	$ 14	$ 2	$ 16	$ 487

The allowance for credit losses for loans and lending commitments increased decreased for the nine three months ended September 30, 2023 March 31, 2024, primarily due to deteriorating conditions reflecting improvements in the commercial real estate sector, including macroeconomic outlook. This was partially offset by provisions for certain specific commercial real estate and corporate loans mainly in the office portfolio, and modest growth in certain other loan portfolios. Charge-offs for There were no charge-offs during the nine three months ended September 30, 2023 March 31, 2024. During the three months ended March 31, 2023, charge-offs were $71 million, primarily related to commercial real estate and corporate loans. The base scenario used in our ACL models as of September 30, 2023 March 31, 2024 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and models. This scenario assumes weak slow economic growth in 2023 2024, followed by a gradual improvement in 2025, as well as lower credit spreads and 2024. 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"). For a further discussion of the Firm's loans as well as the Firm's allowance methodology, refer to Notes 2 and 10 9 to the financial statements in the 2022 2023 Form 10-K.

Selected Credit Ratios

	At September 30, 2023	At December 31, 2022	**At March 31, 2024**	At December 31, 2023
ACL for loans to total HFI loans	**0.6 %**	0.4 %	**0.6 %**	0.6 %
Nonaccrual HFI loans to total HFI loans	**0.3 %**	0.3 %	**0.5 %**	0.4 %
ACL for loans to nonaccrual HFI loans	**199.1 %**	167.1 %	**115.1 %**	133.3 %

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

Employee Loans

$ in millions	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023
Currently employed by the Firm[1]	Currently employed by the Firm[1]	$ 4,262	$ 4,023			
No longer employed by the Firm[2]	No longer employed by the Firm[2]	98	97			
Employee loans	Employee loans	$ 4,360	$ 4,120			
ACL	ACL	(130)	(139)			
Employee loans, net of ACL	Employee loans, net of ACL	$ 4,230	$ 3,981			
Remaining repayment term, weighted average in years	Remaining repayment term, weighted average in years	5.8	5.8	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 2022 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 Assets

Equity Method Investments

$ in millions	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023
Investments	Investments	$ 1,775	$ 1,927			

$ in millions	$ in millions	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	$ in millions	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Income (loss)	Income (loss)	$ 19	$ 21	$ 105	$ 44			

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 certain of the Firm’s fund interests, which are composed of general and limited partnership interests, as well as any related carried interest.

Japanese Securities Joint Venture

$ in millions	$ in millions	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	$ in millions	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Income (loss) from investment in MUMSS	Income (loss) from investment in MUMSS	**$10**	$17	**$102**	$35			

For more information on MUMSS and other relationships with MUFG, see Note 12 11 to the financial statements in the 2022 2023 Form 10-K.

Tax Equity Investments

The Firm invests in tax equity investment interests which entitle the Firm to a share of tax credits and other income tax benefits generated by the projects underlying the investments.

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	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Savings and demand deposits	Savings and demand deposits	**$ 280,008**	$ 319,948			
Time deposits	Time deposits	**65,450**	36,698			
Total	**Total**	**$ 345,458**	$ 356,646			
Deposits subject to FDIC insurance	Deposits subject to FDIC insurance	**$ 272,015**	$ 260,420			
Deposits not subject to FDIC insurance	Deposits not subject to FDIC insurance	**$ 73,443**	$ 96,226			

Time Deposit Maturities

$ in millions	$ in millions	At September 30, 2023	$ in millions	At March 31, 2024
2023		$ 13,058		
2024	2024	29,378		
2025	2025	11,302		
2026	2026	4,716		
2027	2027	3,372		
2028				
Thereafter	Thereafter	3,624		
Total	**Total**	**$ 65,450**		

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12. Borrowings and Other Secured Financings

Borrowings

$ in millions	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023
Original maturities of one year or less	Original maturities of one year or less	$ 4,350	$ 4,191			
Original maturities greater than one year						
Senior	Senior	$ 231,047	$ 221,667			
Subordinated	Subordinated	11,796	12,200			
Total greater than one year	**Total greater than one year**	$ 242,843	$ 233,867			
Total	**Total**	$ 247,193	$ 238,058			
Weighted average stated maturity, in years[1]	Weighted average stated maturity, in years[1]	6.5	6.7	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	$ in millions	At September 30, 2023	At December 31, 2022	$ in millions	At March 31, 2024	At December 31, 2023

Original maturities:	Original maturities:				
One year or less	One year or less	**$**	**2,391**	$	944
One year or less					
One year or less					
Greater than one year	Greater than one year		**7,277**		7,214
Total	**Total**	**$**	**9,668**	$	8,158
Transfers of assets accounted for as secured financings	Transfers of assets accounted for as secured financings	**$**	**3,092**	$	1,119

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 and Contingencies

Commitments

		Years to Maturity at September 30, 2023					Years to Maturity at March 31, 2024					
$ in millions	*$ in millions*	Less than 1	1-3	3-5	Over 5	Total	*$ in millions*	Less than 1	1-3	3-5	Over 5	Total
Lending:	Lending:											
Corporate												
Corporate												
Corporate	Corporate	$ 16,247	$ 36,269	$ 53,156	$ 2,356	$ 108,028						
Secured lending facilities	Secured lending facilities	7,773	5,032	3,662	2,140	18,607						
Commercial and Residential real estate	Commercial and Residential real estate	309	112	14	352	787						
Securities-based lending and Other	Securities-based lending and Other	16,229	3,360	395	394	20,378						
Forward-starting secured financing receivables[1]	Forward-starting secured financing receivables[1]	73,474	—	—	—	73,474						
Central counterparty	Central counterparty	300	—	—	14,966	15,266						
Underwriting		645	—	—	—	645						
Investment activities												
Investment activities												
Investment activities	Investment activities	1,777	314	110	284	2,485						
Letters of credit and other financial guarantees	Letters of credit and other financial guarantees	145	—	—	6	151						
Total	**Total**	$ 116,899	$ 45,087	$ 57,337	$ 20,498	$ 239,821						
Lending commitments participated to third parties	Lending commitments participated to third parties					$ 7,408						

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 15 14 to the financial statements in the 2022 2023 Form 10-K.

Guarantees

At September 30, 2023	At March 31, 2024

At September 30, 2023

At March 31, 2024

$ in millions	Less than 1	1-3	3-5	Over 5	Carrying Amount Asset (Liability)
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				
Non-credit derivatives[1]	$1,303,613	$1,337,393	$295,171	$713,579	
Standby letters of credit and other financial guarantees issued[2]	1,545	1,054	1,100	2,801	(15)
Market value guarantees	1	—	—	—	—
Non-credit derivatives[1]					
Non-credit derivatives[1]					
Standby letters of credit and other financial guarantees issued[2,3]					
Liquidity facilities					
Liquidity facilities					
Liquidity facilities	2,035	—	—	—	(9)
Whole loan sales guarantees	—	69	17	23,076	—
Securitization representations and warranties[3]	—	—	—	80,081	(3)
Securitization representations and warranties[4]					
General partner guarantees	381	32	130	33	(87)
Client clearing guarantees	77	—	—	—	—

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 $0.8 billion $0.7 billion of notional and collateral/recourse, due to the nature of the Firm's obligations under these arrangements.
3. As of September 30, 2023 March 31, 2024, the carrying amount of standby letters of credit and other financial guarantees issued includes an allowance for credit losses of $76 million $72 million.
3. 4. Related to commercial and residential mortgage securitizations.

The Firm has obligations under certain guarantee arrangements, including contracts and indemnification agreements, that contingently require the Firm to make

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payments to the guaranteed party based on changes in an underlying measure (such as an interest or foreign exchange rate, security or commodity price, an index, or the occurrence or non-occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. Also included as guarantees are contracts that contingently require the Firm to make payments to the guaranteed party based on another entity's failure to perform under an agreement, as well as indirect guarantees of the indebtedness of others.

For more information on the nature of the obligations and related business activities for our guarantees, see Note 15 14 to the financial statements in the 2022 2023 Form 10-K.

Other Guarantees and Indemnities

In the normal course of business, the Firm provides guarantees and indemnifications in a variety of transactions. These provisions generally are standard contractual terms. Certain of these guarantees and indemnifications related to indemnities, exchange and clearinghouse member guarantees and merger and acquisition guarantees are described in Note 15 14 to the financial statements in the 2022 2023 Form 10-K.

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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, or are in financial distress. 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 and self-regulatory or other regulatory agencies regarding the Firm's business, and involving, among other matters, sales, trading, financing, prime brokerage, market-making activities, investment banking advisory services, capital market markets activities, financial products or offerings sponsored, underwritten or sold by the Firm, wealth and investment management services, and accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on our ability to conduct certain business, or other relief.

While the Firm has identified below any individual proceedings or investigations where the Firm believes a material loss to be reasonably possible and, in some cases, reasonably estimable, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined to be probable or possible and reasonably estimable.

In many proceedings and investigations, however, it is inherently difficult to determine whether any loss is probable or even possible, or to estimate the amount of any loss. In addition, even where a loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is not always possible to reasonably estimate the size of the possible loss or range of loss, particularly for proceedings and investigations where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, disgorgement or penalties. Numerous issues may need to be resolved before a loss or additional loss, or range of loss or additional range of loss, can be reasonably estimated for a proceeding or investigation, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and 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 contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the financial statements and the Firm can reasonably estimate the amount of that loss or the range of loss, the Firm accrues the an estimated loss by a charge to income.

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2023**	2022	**2023**	2022
Legal expenses	**$ 18**	$ 41	**$ 214**	$ 387

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.

For certain other 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 can, in some instances, estimate has determined that a loss is probable or reasonably possible losses, 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 losses, ranges loss (or range of loss or ranges 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 excess 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 proceedings in which the Firm has determined that a material loss is reasonably possible, the Firm is unable to reasonably estimate the loss or range of amounts accrued (if any) loss. There are other matters in which the Firm has determined a loss or range of loss to be reasonably possible, but the Firm does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Firm's financial condition, other than statements as a whole, although the matter referred to in outcome of such proceedings or investigations may significantly impact the following paragraph. Firm's business or results of operations for any particular reporting period, or cause significant reputational harm.

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 While the Firm of approximately €124 million (approximately $131 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 has identified below certain proceedings or investigations that the Firm was believes to be material, individually or collectively, there can be no assurance that material losses will not entitled be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined 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 June 22, 2020, the Firm filed an appeal against the decision of the Court of Appeal in Amsterdam before the Dutch High Court. On January 29, 2021, the Advocate General of the Dutch High Court issued an advisory opinion on the Firm's appeal, which rejected the Firm's principal grounds of appeal. On February 11, 2021, the Firm and the Dutch Authority each responded to this opinion. 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.be probable or reasonably possible.

For certain other legal proceedings and investigations, though the Firm believes a loss is probable, the Firm cannot reasonably estimate such losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued (if any), but does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Firm's financial condition, other than the matter referred to in the following paragraph.

Block Trading Matter

Antitrust Related Matters

The Firm has been and other financial institutions are responding to requests for information from the Enforcement Division a number of governmental investigations and civil litigation matters related to allegations of anticompetitive conduct in various aspects of the SEC and 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 Attorney's Office 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 investigations into various aspects 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 Firm's blocks business, certain related sales investor class of plaintiffs and trading practices, treble damages. On July 28, 2017, the court granted in part and applicable controls (the "Investigations"). The Investigations are focused on whether denied in part the Firm and/or its employees shared and/or used information regarding impending block transactions 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 violation of federal securities laws and regulations. The Firm continues principle to cooperate with, and has continued to engage in ongoing discussions regarding potential resolution of, settle the Investigations. There can be no assurance that these discussions and continuing engagement will lead to resolution of either matter. The Firm also faces potential civil liability arising from claims that have been or may be asserted by, among others, block transaction participants who contend they were harmed or disadvantaged including, among other things, as a result of a share price decline allegedly caused by the activities of the Firm and/or its employees, or as a result of the Firm's and/or its employees' failure to adhere to applicable laws and regulations. In addition, the Firm has responded to demands from shareholders under Section 220 of the Delaware General Corporation Law for books and records concerning the Investigations.

For certain other legal proceedings and investigations including the following matter, the Firm can estimate probable losses but does not believe, based on current knowledge and after consultation with counsel, that additional loss in excess of amounts accrued could have a material adverse effect on the Firm's financial condition.

Antitrust Related Matter 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 Southern District of New class action in the United States District Court for the Southern District of New York SDNY styled *Iowa Public Employees' Retirement System et al. v. Bank of America Corporation et al.* Plaintiffs allege, inter alia, that the Firm, together with a number of other financial institution defendants, violated U.S. antitrust laws and New York state law in connection with their alleged efforts to prevent the development of electronic exchange-based platforms for securities lending. The class action complaint was filed on behalf of a purported class of borrowers and lenders who entered into stock loan transactions with the defendants. The class action complaint seeks, among other relief, certification of the class of plaintiffs and treble damages. On September 27, 2018, the court denied the defendants' motion to dismiss the class action complaint. Plaintiffs' motion for class certification was referred by the District Court to a magistrate judge who, on June 30, 2022, issued a report and recommendation that the District Court certify a class. On May 20, 2023, the Firm reached an agreement in principle to settle the litigation. On 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 entered an order unsealing the complaint. On November 17, 2017, Relators filed an amended complaint to allege the Firm mispriced certain bonds issued in twenty-three bond offerings between 2008 and 2017, having a total par amount of $6.9 billion. The complaint seeks, among other relief, treble damages. On February 22, 2018, the Firm moved to dismiss the amended complaint, and on July 17, 2018, the court denied the Firm's motion. On October 13, 2021, following a series of voluntary and involuntary dismissals, Relators limited their claims to certain bonds issued in five offerings the Firm underwrote between 2008 and 2011, having a total par amount of $3.9 billion. On August 22, 2023, the Firm reached an agreement in principle to settle the litigation. The final agreement became effective on January 30, 2024.

Notes to Consolidated Financial Statements (Unaudited)

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settle European Matters

Tax

In matters styled *Case number 15/3637* and *Case number 15/4353*, the litigation. 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 September 1, 2023 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 roles as underwriters of the initial public offering ("IPO") in March 2014 of the Danish company OW Bunker A/S. The claim seeks damages of approximately DKK529 million (approximately $77 million) plus interest in respect of alleged losses arising from investing in shares in OW Bunker, which entered into bankruptcy in November 2014. Separately, on November 29, 2017, another group of institutional investors joined the Firm and another bank as defendants to pending proceedings in the High Court of Eastern Denmark against various other parties involved in the IPO in a matter styled *Case number B-2073-16*. The claim brought against the Firm and the other bank has been given its own *Case number B-2564-17*. The investors claim damages of approximately DKK767 million (approximately $111 million) plus interest from the Firm and the other bank on a joint and several basis with the Defendants to these proceedings. Both claims are based on alleged prospectus liability; the second claim also 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 securities laws against ViacomCBS ("Viacom"), certain of its officers and directors, and the underwriters, including the Firm, of two March 2021 Viacom offerings: a $1.7 billion Viacom Class B Common Stock offering and a $1 billion offering of 5.75% Series A Mandatory Convertible Preferred Stock (collectively, the "Offerings"). The complaint alleges, inter alia, that the Viacom offering documents for both issuances contained material omissions because they did not disclose that certain of the underwriters, including the Firm, had prime brokerage relationships and/or served as counterparties to certain derivative transactions with Archegos Capital Management LP, ("Archegos"), a fund with significant exposure to Viacom securities across multiple prime brokers. The complaint, which seeks, among other things, unspecified compensatory damages, alleges that the offering documents did not adequately disclose the risks associated with Archegos's concentrated Viacom positions at

Notes to Consolidated Financial Statements (Unaudited)

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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 preliminary approval the plaintiff's motion for class certification. On February 14, 2024, the defendants filed their notice of appeal of the settlement. 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 granted in part and denied in part the Firm's motion to dismiss. All claims regarding four certificates were dismissed. After these dismissals, the remaining amount of certificates allegedly issued by the Firm or sold to plaintiffs by the Firm was approximately $116 million. On August 11, 2016, the Appellate Division affirmed the trial court's order denying in part the Firm's motion to dismiss the complaint. On July 15, 2022, the Firm filed a motion for summary judgment on all remaining claims. On March 1, 2023, the court granted in part and denied in part the Firm's motion for summary judgment, narrowing the alleged misrepresentations at issue in the case. On March 26, 2024, the Appellate Division affirmed the trial court's summary judgment order.

14. Variable Interest Entities and Securitization Activities

Consolidated VIE Assets and Liabilities by Type of Activity

		At September 30, 2023		At December 31, 2022			**At March 31, 2024**		At Decen
$ in millions	*$ in millions*	VIE Assets	VIE Liabilities	VIE Assets	VIE Liabilities	*$ in millions*	VIE Assets	VIE Liabilities	VIE Assets
MABS1	MABS1	**$ 526**	**$ 156**	$ 1,153	$ 520				
Investment vehicles2	Investment vehicles2	**856**	**508**	638	272				
MTOB	MTOB	**406**	**402**	371	322				
Other	Other	**508**	**202**	519	199				
Total	**Total**	**$ 2,296**	**$ 1,268**	$ 2,681	$ 1,313				

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	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Assets	**Assets**					

Cash and cash equivalents	Cash and cash equivalents	$ **220**	$ 142
Cash and cash equivalents			
Cash and cash equivalents			
Trading assets at fair value	Trading assets at fair value	**1,542**	2,066
Investment securities	Investment securities	**319**	255
Securities purchased under agreements to resell	Securities purchased under agreements to resell	**200**	200
Customer and other receivables	Customer and other receivables	**13**	16
Other assets	Other assets	**2**	2
Total	**Total**	$ **2,296**	$ 2,681
Liabilities	**Liabilities**		
Other secured financings			
Other secured financings			
Other secured financings	Other secured financings	$ **1,133**	$ 1,185
Other liabilities and accrued expenses	Other liabilities and accrued expenses	**131**	124
Borrowings	Borrowings	**4**	4
Total	**Total**	$ **1,268**	$ 1,313
Noncontrolling interests	Noncontrolling interests	$ **77**	$ 71

Consolidated VIE assets and liabilities are presented in the previous tables after intercompany eliminations. Generally, most assets owned by consolidated VIEs cannot be removed unilaterally by the Firm and are not available to the Firm while the related liabilities issued by consolidated VIEs are non-recourse to the Firm. However, in certain consolidated VIEs, the Firm either has the unilateral right to remove assets or provides additional recourse through derivatives such as total return swaps, guarantees or other forms of involvement.

In general, the Firm's exposure to loss in consolidated VIEs is limited to losses that would be absorbed on the VIE net assets recognized in its financial statements, net of amounts absorbed by third-party variable interest holders.

Non-consolidated VIEs

		At September 30, 2023					At March 31, 2024					
$ in millions	*$ in millions*	MABS[1]	CDO	MTOB	OSF	Other[2]	*$ in millions*	MABS[1]	CDO	MTOB	OSF	Other[2]
VIE assets (UPB)	VIE assets (UPB)	**$139,804**	**$2,216**	**$2,931**	**$2,751**	**$47,136**						
Maximum exposure to loss[3]	**Maximum exposure to loss[3]**											
Debt and equity interests	Debt and equity interests	**$ 20,141**	**$ 81**	**$ —**	**$1,857**	**$ 8,692**						
Debt and equity interests												
Debt and equity interests												
Derivative and other contracts	Derivative and other contracts	**—**	**—**	**2,035**	**—**	**4,471**						
Commitments, guarantees and other	Commitments, guarantees and other	**2,519**	**—**	**—**	**—**	**74**						
Total	**Total**	**$ 22,660**	**$ 81**	**$2,035**	**$1,857**	**$13,237**						
Carrying value of variable interests—Assets	**Carrying value of variable interests—Assets**											
Debt and equity interests												
Debt and equity interests												
Debt and equity interests	Debt and equity interests	**$ 20,141**	**$ 81**	**$ —**	**$1,640**	**$ 8,692**						
Derivative and other contracts	Derivative and other contracts	**—**	**—**	**2**	**—**	**1,641**						
Total	**Total**	**$ 20,141**	**$ 81**	**$ 2**	**$1,640**	**$10,333**						
Additional VIE assets owned[4]	Additional VIE assets owned[4]					**$15,204**						
Carrying value of variable interests—Liabilities	**Carrying value of variable interests—Liabilities**											
Derivative and other contracts	Derivative and other contracts	**$ —**	**$ —**	**$ 11**	**$ —**	**$ 371**						
Derivative and other contracts												
Derivative and other contracts												
Total												
Total												
Total												

		At December 31, 2022					At December 31, 2023					
$ in millions	*$ in millions*	MABS[1]	CDO	MTOB	OSF	Other[2]	*$ in millions*	MABS[1]	CDO	MTOB	OSF	Other[2]
VIE assets (UPB)	VIE assets (UPB)	$123,601	$3,162	$4,632	$2,403	$50,178						
Maximum exposure to loss[3]	**Maximum exposure to loss[3]**											

Debt and equity interests	Debt and equity interests	$ 13,104	$ 274	$ —	$1,694	$11,596
Debt and equity interests						
Debt and equity interests						
Derivative and other contracts	Derivative and other contracts	—	—	3,200	—	5,211
Commitments, guarantees and other	Commitments, guarantees and other	674	—	—	—	1,410
Total	**Total**	$ 13,778	$ 274	$3,200	$1,694	$18,217
Carrying value of variable interests—Assets	**Carrying value of variable interests—Assets**					
Debt and equity interests						
Debt and equity interests						
Debt and equity interests	Debt and equity interests	$ 13,104	$ 274	$ —	$1,577	$11,596
Derivative and other contracts	Derivative and other contracts	—	—	3	—	1,564
Total	**Total**	$ 13,104	$ 274	$ 3	$1,577	$13,160
Additional VIE assets owned[4]	Additional VIE assets owned[4]					$13,708
Carrying value of variable interests—Liabilities	**Carrying value of variable interests—Liabilities**					
Derivative and other contracts	Derivative and other contracts	$ —	$ —	$ 3	$ —	$ 281
Derivative and other contracts						
Derivative and other contracts						

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.
2. Other primarily includes exposures to commercial real estate property and investment funds.
3. Where notional amounts are utilized in quantifying the maximum exposure related to derivatives, such amounts do not reflect changes in fair value recorded by the Firm.
4. Additional VIE assets owned represents the carrying value of total exposure to non-consolidated VIEs for which the maximum exposure to loss is less than specific thresholds, primarily interests issued by securitization SPEs. The Firm's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in Trading assets and Investment securities and are measured at fair value (see Note 4). The Firm does not provide additional support in these transactions through contractual facilities, guarantees or similar derivatives.

The previous tables include VIEs sponsored by unrelated parties, as well as VIEs sponsored by the Firm; examples of the Firm's involvement with these VIEs include its secondary market-making activities and the securities held in its Investment securities portfolio (see Note 7).

The Firm's maximum exposure to loss is dependent on the nature of the Firm's variable interest in the VIE and is limited to the notional amounts of certain liquidity facilities and other credit support, total return swaps and written put options, as well as the fair value of certain other derivatives and investments the Firm has made in the VIE.

The Firm's maximum exposure to loss in the previous tables does not include the offsetting benefit of hedges or any

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 September 30, 2023		At December 31, 2022			**At March 31, 2024**		At December 31, 2023	
$ in millions	*$ in millions*	UPB	Debt and Equity Interests	UPB	Debt and Equity Interests	*$ in millions*	UPB	Debt and Equity Interests	UPB	Debt and Equity Interests
Residential mortgages	Residential mortgages	**$ 15,852**	**$ 3,231**	$ 20,428	$ 2,570					
Commercial mortgages	Commercial mortgages	**75,060**	**8,112**	67,540	4,236					
U.S. agency collateralized mortgage obligations	U.S. agency collateralized mortgage obligations	**40,147**	**6,296**	32,567	4,729					
Other consumer or commercial loans	Other consumer or commercial loans	**8,745**	**2,502**	3,066	1,569					
Total	**Total**	**$ 139,804**	**$ 20,141**	$ 123,601	$ 13,104					

Transferred Assets with Continuing Involvement

		At September 30, 2023					**At March 31, 2024**			
$ in millions	*$ in millions*	RML	CML	U.S. Agency CMO	CLN and Other[1]	*$ in millions*	RML	CML	U.S. Agency CMO	CLN and Other[1]
SPE assets (UPB)[2,3]	SPE assets (UPB)[2,3]	**$ 3,868**	**$ 73,138**	**$ 10,274**	**$ 11,388**					
Retained interests										
Investment grade	Investment grade	**$ 148**	**$ 658**	**$ 360**	**$ —**					
Non-investment grade	Non-investment grade	**64**	**769**	**—**	**47**					
Total	**Total**	**$ 212**	**$ 1,427**	**$ 360**	**$ 47**					
Interests purchased in the secondary market[3]										
Investment grade	Investment grade	**$ 12**	**$ 24**	**$ 11**	**$ —**					
Non-investment grade	Non-investment grade	**—**	**16**	**—**	**—**					
Total	**Total**	**$ 12**	**$ 40**	**$ 11**	**$ —**					
Derivative assets	Derivative assets	**$ —**	**$ —**	**$ —**	**$ 1,088**					
Derivative liabilities	Derivative liabilities	**—**	**—**	**—**	**347**					

At December 31, 2022	At December 31, 2023

$ in millions	$ in millions	RML	CML	U.S. Agency CMO	CLN and Other[1]
SPE assets (UPB)[2,3]	SPE assets (UPB)[2,3]	$3,732	$73,069	$ 6,448	$10,928
Retained interests					
Investment grade	Investment grade	$ 137	$ 927	$ 367	$ —
Non-investment grade	Non-investment grade	26	465	11	44
Total	**Total**	$ 163	$ 1,392	$ 378	$ 44
Interests purchased in the secondary market[3]					
Investment grade	Investment grade	$ 82	$ 51	$ 10	$ —
Non-investment grade	Non-investment grade	35	23	—	—
Total	**Total**	$ 117	$ 74	$ 10	$ —
Derivative assets	Derivative assets	$ —	$ —	$ —	$ 1,114
Derivative liabilities	Derivative liabilities	—	—	—	201

$ in millions	RML	CML	U.S. Agency CMO	CLN and Other[1]

	Fair Value At September 30, 2023		
$ in millions	Level 2	Level 3	Total
Retained interests			
Investment grade	$ 475	$ —	$ 475
Non-investment grade	5	59	64
Total	$ 480	$ 59	$ 539
Interests purchased in the secondary market[3]			
Investment grade	$ 46	$ 1	$ 47
Non-investment grade	12	4	16
Total	$ 58	$ 5	$ 63
Derivative assets	$ 1,088	$ —	$ 1,088
Derivative liabilities	347	—	347

		Fair Value at December 31, 2022		
$ in millions	$ in millions	Level 2	Level 3	Total

	Fair Value At March 31, 2024		
$ in millions	Level 2	Level 3	Total

Retained interests	**Retained interests**			
Investment grade				
Investment grade				
Investment grade	Investment grade	$ 489	$ —	$ 489
Non-investment grade	Non-investment grade	25	16	41
Total	**Total**	$ 514	$ 16	$ 530
Interests purchased in the secondary market[3]				
Investment grade	Investment grade	$ 140	$ 3	$ 143
Non-investment grade	Non-investment grade	42	16	58
Total	**Total**	$ 182	$ 19	$ 201
Derivative assets	Derivative assets	$1,114	$ —	$1,114
Derivative liabilities	Derivative liabilities	153	48	201

	Fair Value at December 31, 2023		
$ in millions	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 are only included for 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 recognized in the income statement. Fair value for these interests is measured using techniques that are consistent with the valuation techniques applied to the Firm's major categories of assets and liabilities as described in Note 2 in the 2022 2023 Form 10-K and Note 4 herein. Further, as permitted by applicable guidance, certain transfers of assets where the Firm's only continuing involvement is a derivative are only reported in the following Assets Sold with Retained Exposure table.

Proceeds from New Securitization Transactions and Sales of Loans

		Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022
New transactions[1]	New transactions[1]	**$9,132**	$5,332	**$15,257**	$19,809

	Three Months Ended March 31,	
$ in millions	**2024**	2023

Retained interests	Retained interests	**115**	500	**2,767**	3,553
Sales of corporate loans to CLO SPEs[1, 2]		**—**	37	**—**	53

1. Net gains on new transactions and sales of corporate loans to CLO entities at the time of the sale were not material for all periods presented.
2. Sponsored by non-affiliates.

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).

Notes to Consolidated Financial Statements (Unaudited)

Image27.jpg

Assets Sold with Retained Exposure

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Gross cash proceeds from sale of assets[1]	Gross cash proceeds from sale of assets[1]	**$ 49,472**	$ 49,059			
Fair value	**Fair value**					
Assets sold	Assets sold	**$ 49,642**	$ 47,281			
Assets sold						
Assets sold						
Derivative assets recognized in the balance sheet	Derivative assets recognized in the balance sheet	**529**	116			
Derivative liabilities recognized in the balance sheet	Derivative liabilities recognized in the balance sheet	**359**	1,893			

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 16 15 to the financial statements in the 2022 2023 Form 10-K.

15. Regulatory Requirements

Regulatory Capital Framework and Requirements

For a discussion of the Firm's regulatory capital framework, see Note 17 16 to the financial statements in the 2022 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 consist of regulatory minimum required ratios plus the Firm's capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios. At September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the differences between the actual and required ratios were lower under the Standardized Approach.

CECL Deferral. Beginning on January 1, 2020, the Firm elected to defer the effect of the adoption of CECL on its risk-based and leverage-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 50% 75% from January 1, 2023. January 1,

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

Capital Buffer Requirements

	At September 30, 2023 and December 31, 2022		At March 31, 2024 and December 31, 2023	
	Standardized	Advanced	Standardized	Advanced
Capital buffers				
Capital conservation buffer	—	2.5%	—	2.5%
SCB	5.8%	N/A	5.4%	N/A
G-SIB capital surcharge	3.0%		3.0%	
CCyB[1]	0%		0%	
Capital buffer requirement	8.8%	5.5%	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

	Regulatory Minimum	At September 30, 2023 and December 31, 2022 Standardized	Advanced
Required ratios[1]			
Common Equity Tier 1 capital ratio	**4.5 %**	**13.3%**	**10.0%**
Tier 1 capital ratio	**6.0 %**	**14.8%**	**11.5%**
Total capital ratio	**8.0 %**	**16.8%**	**13.5%**

	Regulatory Minimum	**At March 31, 2024** and December 31, 2023 Standardized	Advanced
Required ratios[1]			
CET1 capital ratio			
CET1 capital ratio			
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.

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The Firm's Regulatory Capital and Capital Ratios

$ in millions	Required Ratio[1]	**At September 30, 2023**	At December 31, 2022
Risk-based capital			
Common Equity Tier 1 capital		**$ 69,148**	$ 68,670
Tier 1 capital		**77,891**	77,191
Total capital		**88,573**	86,575
Total RWA		**443,816**	447,849
Common Equity Tier 1 capital ratio	**13.3 %**	**15.6 %**	15.3 %
Tier 1 capital ratio	**14.8 %**	**17.6 %**	17.2 %
Total capital ratio	**16.8 %**	**20.0 %**	19.3 %

$ in millions	Required Ratio[1]	**At September 30, 2023**	At December 31, 2022
Leverage-based capital			
Adjusted average assets[2]		**$ 1,152,379**	$ 1,150,772
Tier 1 leverage ratio	**4.0 %**	**6.8 %**	6.7 %
Supplementary leverage exposure[3]		**$ 1,416,310**	$ 1,399,403
SLR	**5.0 %**	**5.5 %**	5.5 %

Risk-based capital

$ in millions	Standardized **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 %

2. 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 the Firm's our own capital instruments, certain defined deferred tax assets and other capital deductions.

3. 2. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the credit equivalent amount for off-balance sheet exposures.

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

U.S. Bank Subsidiaries' Regulatory Capital and Capital Ratios

The OCC establishes capital requirements for the U.S. Bank Subsidiaries, and evaluates their compliance with such capital requirements. Regulatory capital requirements for the U.S. Bank Subsidiaries are calculated in a similar manner to the Firm's regulatory capital requirements, although G-SIB capital surcharge and SCB requirements do not apply to the U.S. Bank Subsidiaries.

The OCC's regulatory capital framework includes Prompt Corrective Action ("PCA") standards, including "well-capitalized" PCA standards that are based on specified regulatory capital ratio minimums. For the Firm to remain an FHC, its U.S. Bank Subsidiaries must remain well-capitalized in accordance with the OCC's PCA standards. In addition, 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 September 30, 2023 March 31, 2024 and December 31, 2022 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 50% 75% from January 1, 2023 January 1, 2024. The deferral impacts will become fully phased-in beginning on January 1, 2025.

MSBNA's Regulatory Capital

$ in millions	*$ in millions*	Well-Capitalized Requirement	Required Ratio1	At September 30, 2023 Amount	At September 30, 2023 Ratio	At December 31, 2022 Amount	At December 31, 2022 Ratio	*$ in millions*	Well-Capitalized Requirement	Required Ratio1	At Mar Amount
Risk-based capital	**Risk-based capital**										
Common Equity Tier 1 capital		**6.5 %**	**7.0 %**	**$ 21,250**	**20.9 %**	$ 20,043	20.5 %				
CET1 capital											
CET1 capital											
CET1 capital									**6.5 %**	**7.0 %**	**$ 23,127**
Tier 1 capital	Tier 1 capital	**8.0 %**	**8.5 %**	**21,250**	**20.9 %**	20,043	20.5 %	Tier 1 capital	**8.0 %**	**8.5 %**	**23,127**
Total capital	Total capital	**10.0 %**	**10.5 %**	**22,129**	**21.7 %**	20,694	21.1 %	Total capital	**10.0 %**	**10.5 %**	**24,033**
Leverage-based capital	**Leverage-based capital**										
Tier 1 leverage	Tier 1 leverage	**5.0 %**	**4.0 %**	**$ 21,250**	**10.2 %**	$ 20,043	10.1 %				
Tier 1 leverage											
Tier 1 leverage									**5.0 %**	**4.0 %**	**$ 23,127**
SLR	SLR	**6.0 %**	**3.0 %**	**21,250**	**7.9 %**	20,043	8.1 %	SLR	**6.0 %**	**3.0 %**	**23,127**

MSPBNA's Regulatory Capital

$ in millions	*$ in millions*	Well-Capitalized Requirement	Required Ratio1	At September 30, 2023 Amount	At September 30, 2023 Ratio	At December 31, 2022 Amount	At December 31, 2022 Ratio	*$ in millions*	Well-Capitalized Requirement	Required Ratio1	At March 31, 2024 Amount		At March 31, 2024 Ratio	At December 31, 2023 Amount		At December 31, 2023 Ratio
Risk-based capital	**Risk-based capital**															
Common Equity Tier 1 capital		**6.5 %**	**7.0 %**	**$ 16,012**	**26.9 %**	$ 15,546	27.5 %									
CET1 capital																
CET1 capital																
CET1 capital									**6.5 %**	**7.0 %**	**$ 15,978**		**26.4 %**	$ 15,388		25.8 %
Tier 1 capital	Tier 1 capital	**8.0 %**	**8.5 %**	**16,012**	**26.9 %**	15,546	27.5 %	Tier 1 capital	**8.0 %**	**8.5 %**	**15,978**	**26.4**	**26.4 %**	15,388	25.8	25.8 %
Total capital	Total capital	**10.0 %**	**10.5 %**	**16,315**	**27.4 %**	15,695	27.8 %	Total capital	**10.0 %**	**10.5 %**	**16,266**	**26.9**	**26.9 %**	15,675	26.3	26.3 %
Leverage-based capital	**Leverage-based capital**															
Tier 1 leverage	Tier 1 leverage	**5.0 %**	**4.0 %**	**$ 16,012**	**8.0 %**	$ 15,546	7.6 %									
Tier 1 leverage																
Tier 1 leverage									**5.0 %**	**4.0 %**	**$ 15,978**		**7.7 %**	$ 15,388		7.5 %
SLR	SLR	**6.0 %**	**3.0 %**	**16,012**	**7.7 %**	15,546	7.4 %	SLR	**6.0 %**	**3.0 %**	**15,978**	**7.5**	**7.5 %**	15,388	7.2	7.2 %

1. Required ratios are inclusive of any buffers applicable as of the date presented. Failure to maintain the buffers would result in restrictions on the ability to make capital distributions, including the payment of dividends.

Additionally, MSBNA is conditionally registered with the SEC as a security-based swap dealer and is registered with the CFTC as a swap dealer. However, as MSBNA is prudentially regulated as a bank, its capital requirements continue to be determined by the OCC.

Other Regulatory Capital Requirements

MS&Co. Regulatory Capital

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Net capital	Net capital	**$ 18,947**	$ 17,224			
Excess net capital	Excess net capital	**14,683**	12,861			

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 September 30, 2023 March 31, 2024 and December 31, 2022 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, as applicable:

- MSSB,
- MSIP,
- MSESE,
- MSMS,
- MSCS, and
- MSCG and
- E*TRADE Securities LLC.

MSESE is subject to stand-alone capital requirements beginning on January 1, 2023. Previously, requirements were met at the consolidated level of the MSEHSE Group.

See Note 17 16 to the financial statements in the 2022 2023 Form 10-K for further information.

16. Total Equity

Preferred Stock

$ in millions, except per share data	$ in millions, except per share data	Shares Outstanding At September 30, 2023	Liquidation Preference per Share	Carrying Value At September 30, 2023	Carrying Value At December 31, 2022	$ in millions, except per share data	Shares Outstanding At March 31, 2024	Liquidation Preference per Share	Carrying Value At March 31, 2024	Carrying Value At December 31, 2023
Series	**Series**									
A										
A										
A	A	**44,000**	**$ 25,000**	**$ 1,100**	$ 1,100					
C[1]	C[1]	**519,882**	**1,000**	**408**	408					
E	E	**34,500**	**25,000**	**862**	862					
F	F	**34,000**	**25,000**	**850**	850					
I	I	**40,000**	**25,000**	**1,000**	1,000					
K	K	**40,000**	**25,000**	**1,000**	1,000					
L	L	**20,000**	**25,000**	**500**	500					
M	M	**400,000**	**1,000**	**430**	430					
N	N	**3,000**	**100,000**	**300**	300					
O	O	**52,000**	**25,000**	**1,300**	1,300					
P	P	**40,000**	**25,000**	**1,000**	1,000					
Total	**Total**			**$ 8,750**	$ 8,750					
Shares authorized	Shares authorized				30,000,000					

1. Series C preferred stock is held by MUFG.

Notes to Consolidated Financial Statements (Unaudited)

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For a description of Series A through Series P preferred stock, see Note 18 17 to the financial statements in the 2022 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

		Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022
$ in millions					
$ in millions					
Repurchases of common stock under the Firm's Share Repurchase Authorization	Repurchases of common stock under the Firm's Share Repurchase Authorization	**$ 1,500**	$ 2,555	**$ 4,000**	$ 8,165
Repurchases of common stock under the Firm's Share Repurchase Authorization					
Repurchases of common stock under the Firm's Share Repurchase Authorization					

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 18 17 to the financial statements in the 2022 2023 Form 10-K.

Common Shares Outstanding for Basic and Diluted EPS

		Three Months Ended September 30,		Nine Months Ended September 30,	
in millions	*in millions*	**2023**	2022	**2023**	2022
in millions					
in millions					
Weighted average common shares outstanding, basic					
Weighted average common shares outstanding, basic					
Weighted average common shares outstanding, basic	Weighted average common shares outstanding, basic	**1,624**	1,674	**1,635**	1,704
Effect of dilutive RSUs and PSUs	Effect of dilutive RSUs and PSUs	**19**	23	**18**	21
Effect of dilutive RSUs and PSUs					
Effect of dilutive RSUs and PSUs					
Weighted average common shares outstanding and common stock equivalents, diluted					
Weighted average common shares outstanding and common stock equivalents, diluted					
Weighted average common shares outstanding and common stock equivalents, diluted	Weighted average common shares outstanding and common stock equivalents, diluted	**1,643**	1,697	**1,653**	1,725

Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)	Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)	—	1	**3**	5
Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)					
Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)					

Dividends

$ in millions, except per share data	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
	Per Share[1]	Total	Per Share[1]	Total
Preferred stock series				
A	**$ 396**	**$ 17**	$ 261	$ 11
C	**25**	**13**	25	13
E	**445**	**15**	445	15
F	**430**	**15**	430	15
I	**398**	**16**	398	16
K	**366**	**15**	366	15
L	**305**	**6**	305	6
M[2]	**29**	**12**	29	12
N[3]	**2,226**	**7**	2,650	8
O	**266**	**14**	266	14
P	**406**	**16**	330	13
Total Preferred stock		**$ 146**		$ 138
Common stock	**$ 0.850**	**$ 1,404**	$ 0.775	$ 1,329

$ in millions, except per share data	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	Per Share[1]	Total	Per Share[1]	Total
Preferred stock series				
A	**$ 1,116**	**$ 49**	$ 756	$ 33
C	**75**	**39**	75	39
E	**1,336**	**46**	1,336	45
F	**1,289**	**44**	1,289	44
I	**1,195**	**48**	1,195	48
K	**1,097**	**44**	1,097	45
L	**914**	**18**	914	18
M[2]	**59**	**24**	59	24
N[3]	**6,928**	**21**	5,300	16
O	**797**	**41**	797	41
P	**1,219**	**49**	330	13
Total Preferred stock		**$ 423**		$ 366
Common stock	**$ 2.40**	**$ 4,001**	$ 2.175	$ 3,802

$ in millions, except per share data	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
	Per Share[1]	Total	Per Share[1]	Total
Preferred stock series				
A	**$ 392**	**$ 17**	$ 343	$ 15
C	**25**	**13**	25	13
E	**445**	**15**	445	15
F	**434**	**15**	430	14
I	**398**	**16**	398	16
K	**366**	**15**	366	15
L	**305**	**6**	305	6

Accumulated Other Comprehensive Income (Loss)[1]

$ in millions	CTA	AFS Securities	Pension and Other	DVA	Cash Flow Hedges	Total
June 30, 2023	$ (1,199)	$ (3,701)	$ (510)	$ (873)	$ (17)	$ (6,300)
OCI during the period	**(120)**	**(366)**	**(1)**	**(412)**	**(3)**	**(902)**
September 30, 2023	**$ (1,319)**	**$ (4,067)**	**$ (511)**	**$ (1,285)**	**$ (20)**	**$ (7,202)**
June 30, 2022	$ (1,226)	$ (3,226)	$ (543)	$ (26)	$ —	$ (5,021)
OCI during the period	(207)	(1,307)	5	772	—	(737)
September 30, 2022	$ (1,433)	$ (4,533)	$ (538)	$ 746	$ —	$ (5,758)
December 31, 2022	$ (1,204)	$ (4,192)	$ (508)	$ (345)	$ (4)	$ (6,253)
OCI during the period	**(115)**	**125**	**(3)**	**(940)**	**(16)**	**(949)**
September 30, 2023	**$ (1,319)**	**$ (4,067)**	**$ (511)**	**$ (1,285)**	**$ (20)**	**$ (7,202)**
December 31, 2021	$ (1,002)	$ 245	$ (551)	$ (1,794)	$ —	$ (3,102)
OCI during the period	(431)	(4,778)	13	2,540	—	(2,656)
September 30, 2022	$ (1,433)	$ (4,533)	$ (538)	$ 746	$ —	$ (5,758)

$ 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.

M2	29	12	29	12
N	2,226	7	2,650	8
O	266	14	266	14
P	406	16	406	16
Total Preferred stock		**$ 146**		$ 144
Common stock	**$ 0.85**	**$ 1,390**	$ 0.775	$ 1,305

1. Common and Preferred Stock dividends are payable quarterly unless otherwise noted.
2. Series M is payable semiannually until September 15, 2026 and thereafter will be payable quarterly.
3. Series N was payable semiannually until March 15, 2023 and thereafter is payable quarterly.

Components of Period Changes in OCI

Three Months Ended September 30, 2023

Three Months Ended March 31, 2024

$ in millions	*$ in millions*	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA						
OCI activity	OCI activity	**$ (38)**	**$ (111)**	**$(149)**	**$ (29)**	**$(120)**
Reclassified to earnings	Reclassified to earnings	**—**	**—**	**—**	**—**	**—**
Net OCI	**Net OCI**	**$ (38)**	**$ (111)**	**$(149)**	**$ (29)**	**$(120)**
Change in net unrealized gains (losses) on AFS securities						
OCI activity	OCI activity	**$(464)**	**$ 108**	**$(356)**	**$ —**	**$(356)**
Reclassified to earnings	Reclassified to earnings	**(14)**	**4**	**(10)**	**—**	**(10)**
Net OCI	**Net OCI**	**$(478)**	**$ 112**	**$(366)**	**$ —**	**$(366)**
Pension and other						
OCI activity	OCI activity	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**
Reclassified to earnings	Reclassified to earnings	**(1)**	**—**	**(1)**	**—**	**(1)**
Net OCI	**Net OCI**	**$ (1)**	**$ —**	**$ (1)**	**$ —**	**$ (1)**
Change in net DVA						
OCI activity	OCI activity	**$(549)**	**$ 130**	**$(419)**	**$ (2)**	**$(417)**
Reclassified to earnings	Reclassified to earnings	**6**	**(1)**	**5**	**—**	**5**
Net OCI	**Net OCI**	**$(543)**	**$ 129**	**$(414)**	**$ (2)**	**$(412)**
Change in fair value of cash flow hedge derivatives						
OCI activity	OCI activity	**$ (12)**	**$ 3**	**$ (9)**	**$ —**	**$ (9)**
Reclassified to earnings	Reclassified to earnings	**6**	**—**	**6**	**—**	**6**
Net OCI	**Net OCI**	**$ (6)**	**$ 3**	**$ (3)**	**$ —**	**$ (3)**

Three Months Ended March 31, 2024

$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net

Three Months Ended September 30, 2022

Three Months Ended March 31, 2023

Three Months Ended March 31, 2023

$ in millions	$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net	$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA												
OCI activity	OCI activity	$ (85)	$ (183)	$ (268)	$ (61)	$ (207)						
Reclassified to earnings	Reclassified to earnings	—	—	—	—	—						
Net OCI	**Net OCI**	$ (85)	$ (183)	$ (268)	$ (61)	$ (207)						
Change in net unrealized gains (losses) on AFS securities												
OCI activity	OCI activity	$(1,698)	$ 398	$(1,300)	$ —	$(1,300)						
Reclassified to earnings	Reclassified to earnings	(9)	2	(7)	—	(7)						
Net OCI	**Net OCI**	$(1,707)	$ 400	$(1,307)	$ —	$(1,307)						
Pension and other												
OCI activity	OCI activity	$ 1	$ —	$ 1	$ —	$ 1						
Reclassified to earnings	Reclassified to earnings	6	(2)	4	—	4						
Net OCI	**Net OCI**	$ 7	$ (2)	$ 5	$ —	$ 5						
Change in net DVA												
OCI activity	OCI activity	$ 1,082	$ (266)	$ 816	$ 44	$ 772						
Reclassified to earnings	Reclassified to earnings	—	—	—	—	—						
Net OCI	**Net OCI**	$ 1,082	$ (266)	$ 816	$ 44	$ 772						
Change in fair value of cash flow hedge derivatives							**Change in fair value of cash flow hedge derivatives**					
OCI activity												
Reclassified to earnings												
Net OCI												

$ in millions	Nine Months Ended September 30, 2023 Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	$ (136)	$ (104)	$ (240)	$ (125)	$ (115)
Reclassified to earnings	—	—	—	—	—

17. Interest Income and Interest Expense

$ in millions	$ in millions	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	$ in millions	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Interest income	**Interest income**							

Net OCI	**$ (136)**	**$ (104)**	**$ (240)**	**$ (125)**	**$ (115)**
Change in net unrealized gains (losses) on AFS securities					
OCI activity	**$ 208**	**$ (49)**	**$ 159**	**$ —**	**$ 159**
Reclassified to earnings	**(45)**	**11**	**(34)**	**—**	**(34)**
Net OCI	**$ 163**	**$ (38)**	**$ 125**	**$ —**	**$ 125**
Pension and other					
OCI activity	**$ (1)**	**$ —**	**$ (1)**	**$ —**	**$ (1)**
Reclassified to earnings	**(2)**	**—**	**(2)**	**—**	**(2)**
Net OCI	**$ (3)**	**$ —**	**$ (3)**	**$ —**	**$ (3)**
Change in net DVA					
OCI activity	**$ (1,283)**	**$ 311**	**$ (972)**	**$ (20)**	**$ (952)**
Reclassified to earnings	**15**	**(3)**	**12**	**—**	**12**
Net OCI	**$ (1,268)**	**$ 308**	**$ (960)**	**$ (20)**	**$ (940)**
Change in fair value of cash flow hedge derivatives					
OCI activity	**$ (30)**	**$ 6**	**$ (24)**	**$ —**	**$ (24)**
Reclassified to earnings	**9**	**(1)**	**8**	**—**	**8**
Net OCI	**$ (21)**	**$ 5**	**$ (16)**	**$ —**	**$ (16)**

	Nine Months Ended September 30, 2022				
$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	$ (279)	$ (441)	$ (720)	$ (230)	$ (490)
Reclassified to earnings	—	59	59	—	59
Net OCI	$ (279)	$ (382)	$ (661)	$ (230)	$ (431)
Change in net unrealized gains (losses) on AFS securities					
OCI activity	$ (6,169)	$ 1,445	$ (4,724)	$ —	$ (4,724)
Reclassified to earnings	(71)	17	(54)	—	(54)
Net OCI	$ (6,240)	$ 1,462	$ (4,778)	$ —	$ (4,778)
Pension and other					
OCI activity	$ (1)	$ —	$ (1)	$ —	$ (1)
Reclassified to earnings	17	(3)	14	—	14
Net OCI	$ 16	$ (3)	$ 13	$ —	$ 13
Change in net DVA					
OCI activity	$ 3,474	$ (845)	$ 2,629	$ 88	$ 2,541
Reclassified to earnings	(1)	—	(1)	—	(1)
Net OCI	$ 3,473	$ (845)	$ 2,628	$ 88	$ 2,540

Cash and cash equivalents[1]					
Cash and cash equivalents[1]					
Cash and cash equivalents[1]					
Investment securities	Investment securities	**$ 1,019**	$ 743	**$ 2,886**	$ 2,261
Loans	Loans	**3,236**	1,910	**9,105**	4,469
Securities purchased under agreements to resell[1]		**1,977**	664	**5,282**	870
Securities borrowed[2]		**1,307**	385	**3,848**	97
Securities purchased under agreements to resell[2]					
Securities borrowed[3]					
Trading assets, net of Trading liabilities	Trading assets, net of Trading liabilities	**1,334**	635	**3,171**	1,722
Customer receivables and Other[3]		**4,432**	1,764	**11,931**	2,944
Customer receivables and Other[1, 4]					
Total interest income	**Total interest income**	**$ 13,305**	$ 6,101	**$ 36,223**	$ 12,363
Interest expense	**Interest expense**				
Deposits	Deposits	**$ 2,271**	$ 476	**$ 5,793**	$ 684
Deposits					
Deposits					
Borrowings	Borrowings	**2,992**	1,370	**8,267**	2,990
Securities sold under agreements to repurchase[4]		**1,897**	501	**4,567**	725
Securities loaned[5]		**208**	135	**575**	340
Customer payables and Other[6]		**3,960**	1,109	**10,688**	616
Securities sold under agreements to repurchase[5]					
Securities loaned[6]					

Customer payables and Other[4, 7]						
Total interest expense	**Total interest expense**	**$ 11,328**	$3,591	**$ 29,890**	$ 5,355
Net interest	**Net interest**	**$ 1,977**	$2,510	**$ 6,333**	$ 7,008

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.
2. 3. Includes fees paid on Securities borrowed.
3. 4. Includes Certain prior period amounts have been adjusted to conform with the current period presentation. This adjustment resulted in a decrease to both interest from Cash income and cash equivalents. 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.
4. 5. Includes interest received on Securities sold under agreements to repurchase.
5. 6. Includes fees received on Securities loaned.
6. 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 component of the instrument's fair value, interest is included within Trading revenues or Investments revenues. Otherwise, it is included within Interest income or Interest expense.

Accrued Interest

$ in millions	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Customer and other receivables	Customer and other receivables	**$ 4,705**	$ 4,139			
Customer and other payables	Customer and other payables	**4,718**	4,273			

18. Income Taxes

The Firm is routinely under examination by the IRS and other tax authorities in certain countries, such as Japan and the U.K., and in states and localities in which it has significant business operations, such as New York.

The Firm believes that the resolution of these tax examinations will not have a material effect on the annual financial statements, although a resolution could have a material impact in the income statement and on the effective tax rate for any period in which such resolutions occur.

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

	Three Months Ended September 30, 2023				
$ in millions	IS	WM	IM	I/E	Total
Investment banking	**$ 938**	**$ 126**	**$ —**	**$ (16)**	**$ 1,048**
Trading	**3,660**	**(10)**	**24**	**5**	**3,679**
Investments	**100**	**22**	**22**	**—**	**144**
Commissions and fees[1]	**606**	**562**	**—**	**(70)**	**1,098**
Asset management[1,2]	**150**	**3,629**	**1,312**	**(60)**	**5,031**
Other	**164**	**123**	**10**	**(1)**	**296**
Total non-interest revenues	**5,618**	**4,452**	**1,368**	**(142)**	**11,296**
Interest income	**9,790**	**3,797**	**37**	**(319)**	**13,305**
Interest expense	**9,739**	**1,845**	**69**	**(325)**	**11,328**
Net interest	**51**	**1,952**	**(32)**	**6**	**1,977**
Net revenues	**$ 5,669**	**$ 6,404**	**$ 1,336**	**$ (136)**	**$ 13,273**
Provision for credit losses	**$ 93**	**$ 41**	**$ —**	**$ —**	**$ 134**
Compensation and benefits	**2,057**	**3,352**	**526**	**—**	**5,935**
Non-compensation expenses	**2,320**	**1,302**	**569**	**(132)**	**4,059**
Total non-interest expenses	**$ 4,377**	**$ 4,654**	**$ 1,095**	**$ (132)**	**$ 9,994**
Income before provision for income taxes	**$ 1,199**	**$ 1,709**	**$ 241**	**$ (4)**	**$ 3,145**
Provision for income taxes	**263**	**389**	**59**	**(1)**	**710**
Net income	**936**	**1,320**	**182**	**(3)**	**2,435**
Net income applicable to noncontrolling interests	**24**	**—**	**3**	**—**	**27**
Net income applicable to Morgan Stanley	**$ 912**	**$ 1,320**	**$ 179**	**$ (3)**	**$ 2,408**

	Three Months Ended September 30, 2022				
$ in millions	IS	WM	IM	I/E	Total
Investment banking	$ 1,277	$ 114	$ —	$ (18)	$ 1,373
Trading	3,330	(41)	32	10	3,331
Investments	(73)	18	(113)	—	(168)
Commissions and fees[1]	648	543	—	(58)	1,133
Asset management[1,2]	140	3,389	1,269	(54)	4,744
Other	(25)	93	(1)	(4)	63
Total non-interest revenues	5,297	4,116	1,187	(124)	10,476
Interest income	3,889	2,626	18	(432)	6,101
Interest expense	3,369	622	37	(437)	3,591
Net interest	520	2,004	(19)	5	2,510
Net revenues	$ 5,817	$ 6,120	$ 1,168	$ (119)	$ 12,986
Provision for credit losses	$ 24	$ 11	$ —	$ —	$ 35
Compensation and benefits	1,948	3,171	495	—	5,614
Non-compensation expenses	2,219	1,289	557	(116)	3,949
Total non-interest expenses	$ 4,167	$ 4,460	$ 1,052	$ (116)	$ 9,563
Income before provision for income taxes	$ 1,626	$ 1,649	$ 116	$ (3)	$ 3,388

Provision for income taxes	305	396	26	(1)	726
Net income	1,321	1,253	90	(2)	2,662
Net income applicable to noncontrolling interests	47	—	(17)	—	30
Net income applicable to Morgan Stanley	$ 1,274	$ 1,253	$ 107	$ (2)	$ 2,632

	Three Months Ended March 31, 2024				
$ in millions	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
Provision for income taxes	482	403	49	(1)	933
Net income	1,869	1,403	192	(2)	3,462
Net income applicable to noncontrolling interests	50	—	—	—	50
Net income applicable to Morgan Stanley	$ 1,819	$ 1,403	$ 192	$ (2)	$ 3,412

	Nine Months Ended September 30, 2023				
$ in millions	IS	WM	IM	I/E	Total
Investment banking	**$ 3,260**	**$ 339**	**$ —**	**$ (66)**	**$ 3,533**
Trading	**11,511**	**425**	**(2)**	**24**	**11,958**
Investments	**151**	**60**	**173**	**—**	**384**
Commissions and fees[1]	**1,925**	**1,704**	**—**	**(202)**	**3,427**
Asset management[1,2]	**448**	**10,463**	**3,828**	**(163)**	**14,576**
Other	**669**	**366**	**9**	**(8)**	**1,036**
Total non-interest revenues	**17,964**	**13,357**	**4,008**	**(415)**	**34,914**
Interest income	**26,364**	**11,124**	**95**	**(1,360)**	**36,223**
Interest expense	**26,208**	**4,858**	**197**	**(1,373)**	**29,890**
Net interest	**156**	**6,266**	**(102)**	**13**	**6,333**
Net revenues	**$ 18,120**	**$ 19,623**	**$ 3,906**	**$ (402)**	**$ 41,247**
Provision for credit losses	**$ 379**	**$ 150**	**$ —**	**$ —**	**$ 529**
Compensation and benefits	**6,637**	**10,332**	**1,638**	**—**	**18,607**
Non-compensation expenses	**7,036**	**4,039**	**1,691**	**(372)**	**12,394**
Total non-interest expenses	**$ 13,673**	**$ 14,371**	**$ 3,329**	**$ (372)**	**$ 31,001**
Income before provision for income taxes	**$ 4,068**	**$ 5,102**	**$ 577**	**$ (30)**	**$ 9,717**
Provision for income taxes	**802**	**1,098**	**135**	**(7)**	**2,028**
Net income	**3,266**	**4,004**	**442**	**(23)**	**7,689**
Net income applicable to noncontrolling interests	**117**	**—**	**2**	**—**	**119**
Net income applicable to Morgan Stanley	**$ 3,149**	**$ 4,004**	**$ 440**	**$ (23)**	**$ 7,570**

		Nine Months Ended September 30, 2022				
$ in millions	*$ in millions*	IS	WM	IM	I/E	Total
Investment banking	Investment banking	$ 3,983	$ 354	$ —	$ (56)	$ 4,281
Trading	Trading	11,511	(681)	38	43	10,911
Investments	Investments	(69)	45	(46)	—	(70)
Commissions and fees[1]	Commissions and fees[1]	2,110	1,869	—	(210)	3,769
Asset management[1,2]	Asset management[1,2]	442	10,525	3,961	(153)	14,775
Other	Other	(131)	388	(2)	(10)	245
Total non-interest revenues	Total non-interest revenues	17,846	12,500	3,951	(386)	33,911
Interest income		6,797	6,208	34	(676)	12,363
Interest expense		5,050	917	71	(683)	5,355
Interest income[3]						
Interest expense[3]						
Net interest	Net interest	1,747	5,291	(37)	7	7,008
Net revenues	**Net revenues**	$19,593	$17,791	$3,914	$(379)	$40,919
Provision for credit losses	**Provision for credit losses**	$ 150	$ 43	$ —	$ —	$ 193

	Three Months Ended March 31, 2023				
$ in millions	IS	WM	IM	I/E	Total

Compensation and benefits	Compensation and benefits	6,602	9,191	1,645	—	17,438
Non-compensation expenses	Non-compensation expenses	6,874	3,814	1,676	(371)	11,993
Total non-interest expenses	**Total non-interest expenses**	$13,476	$13,005	$3,321	$(371)	$29,431
Income before provision for income taxes	Income before provision for income taxes	$ 5,967	$ 4,743	$ 593	$ (8)	$11,295
Provision for income taxes	Provision for income taxes	1,235	1,028	121	(2)	2,382
Net income	Net income	4,732	3,715	472	(6)	8,913
Net income						
Net income						
Net income applicable to noncontrolling interests	Net income applicable to noncontrolling interests	146	—	(26)	—	120
Net income applicable to Morgan Stanley	**Net income applicable to Morgan Stanley**	$ 4,586	$ 3,715	$ 498	$ (6)	$ 8,793

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 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.

For a discussion about the Firm's business segments, see Note 23 22 to the financial statements in the 2022 2023 Form 10-K.

Detail of Investment Banking Revenues

		Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Institutional Securities Advisory	Institutional Securities Advisory	**$449**	$693	**$1,542**	$2,235			
Institutional Securities Underwriting	Institutional Securities Underwriting	**489**	584	**1,718**	1,748			
Firm Investment banking revenues from contracts with customers	Firm Investment banking revenues from contracts with customers	**94 %**	89 %	**91 %**	89 %	Firm Investment banking revenues from contracts with customers	**90 %**	89 %

Trading Revenues by Product Type

		Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Interest rate	Interest rate	**$1,124**	$1,070	**$ 3,701**	$ 1,930			
Foreign exchange	Foreign exchange	**284**	31	**672**	1,154			
Equity[1]	Equity[1]	**2,167**	1,872	**6,782**	5,869			
Commodity and other	Commodity and other	**447**	279	**1,321**	1,288			
Credit	Credit	**(343)**	79	**(518)**	670			
Total	**Total**	**$3,679**	$3,331	**$11,958**	$10,911			

1. Dividend income is included within equity contracts.

The previous table summarizes realized and unrealized gains and losses primarily related to the Firm's Trading assets and liabilities, from derivative and non-derivative financial instruments, included in Trading revenues in the income 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	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Net cumulative unrealized performance-based fees at risk of reversing	Net cumulative unrealized performance-based fees at risk of reversing	**$ 782**	$ 819			

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 September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Fee waivers	Fee waivers	**$27**	$ 28	**$73**	$193			

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 its senior officers, may participate on the same terms and conditions as other investors in certain funds that the Firm sponsors primarily for client investment, and the Firm may waive or lower applicable fees and charges for its employees.

Other Expenses—Transaction Taxes

		Three Months Ended September 30,		Nine Months Ended September 30,				
		Three Months Ended March 31, Three Months Ended March 31, Three Months Ended March 31,						
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Transaction taxes	Transaction taxes	**$222**	$215	**$683**	$701			

Transaction taxes are composed of securities transaction taxes and stamp duties, which are levied on the sale or purchase of securities listed on recognized stock exchanges in certain markets. These taxes are imposed mainly on trades of equity securities in Asia and EMEA. Similar transaction taxes are levied on trades of listed derivative instruments in certain countries.

Net Revenues by Region

		Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Americas	Americas	**$10,268**	$10,094	**$31,453**	$30,220			
EMEA	EMEA	**1,479**	1,392	**4,716**	5,381			
Asia	Asia	**1,526**	1,500	**5,078**	5,318			
Total	**Total**	**$13,273**	$12,986	**$41,247**	$40,919			

For a discussion about the Firm's geographic net revenues, see Note 23 22 to the financial statements in the 2022 2023 Form 10-K.

Revenues Recognized from Prior Services

		Three Months Ended September 30,		Nine Months Ended September 30,			Three Months Ended March 31,	
$ in millions	*$ in millions*	**2023**	2022	**2023**	2022	*$ in millions*	**2024**	2023
Non-interest revenues	Non-interest revenues	**$468**	$788	**$1,350**	$2,036			

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

		At September 30, 2023	At December 31, 2022		At March 31, 2024	At December 31, 2023
$ in millions	*$ in millions*	**2023**	2022	*$ in millions*	**2024**	2023
Customer and other receivables	Customer and other receivables	**$ 2,334**	$ 2,577			

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	*$ in millions*	**At September 30, 2023**	At December 31, 2022	*$ in millions*	**At March 31, 2024**	At December 31, 2023
Institutional Securities	Institutional Securities	**$ 790,180**	$ 789,837			
Wealth Management	Wealth Management	**361,490**	373,305			
Investment Management	Investment Management	**17,343**	17,089			
Total[1]	**Total[1]**	**$1,169,013**	$1,180,231			

1. Parent assets have been fully allocated to the business segments.

Financial Data Supplement (Unaudited)

Image28.jpg

Average Balances and Interest Rates and Net Interest Income

$ in millions	Three Months Ended September 30, 2023 Average Daily Balance	2023 Interest	2023 Annualized Average Rate	2022 Average Daily Balance	2022 Interest	2022 Annualized Average Rate
Interest earning assets						
Investment securities[1]	**$ 149,855**	**$ 1,019**	**2.7 %**	$ 164,889	$ 743	1.8 %
Loans[1]	**215,797**	**3,236**	**5.9 %**	209,551	1,910	3.6 %
Securities purchased under agreements to resell[2]:						
U.S.	**39,154**	**1,152**	**11.7 %**	56,111	513	3.6 %
Non-U.S.	**56,439**	**825**	**5.8 %**	61,118	151	1.0 %
Securities borrowed[3]:						
U.S.	**109,269**	**1,204**	**4.4 %**	126,061	373	1.2 %
Non-U.S.	**17,641**	**103**	**2.3 %**	17,966	12	0.3 %
Trading assets, net of Trading liabilities[4]:						
U.S.	**99,865**	**1,105**	**4.4 %**	74,651	535	2.8 %
Non-U.S.	**17,237**	**229**	**5.3 %**	12,976	100	3.1 %
Customer receivables and Other[5]:						
U.S.	**103,860**	**3,240**	**12.4 %**	105,345	1,378	5.2 %
Non-U.S.	**59,641**	**1,192**	**7.9 %**	76,056	386	2.0 %
Total	**$ 868,758**	**$ 13,305**	**6.1 %**	$ 904,724	$ 6,101	2.7 %
Interest bearing liabilities						
Deposits[1]	**$ 341,475**	**$ 2,271**	**2.6 %**	$ 337,288	$ 476	0.6 %
Borrowings[1,6]	**250,440**	**2,992**	**4.7 %**	229,821	1,370	2.4 %
Securities sold under agreements to repurchase[7,9]:						
U.S.	**26,790**	**1,047**	**15.5 %**	19,344	324	6.6 %
Non-U.S.	**48,171**	**850**	**7.0 %**	40,110	177	1.8 %
Securities loaned[8,9]:						
U.S.	**3,422**	**20**	**2.3 %**	7,103	20	1.1 %
Non-U.S.	**9,732**	**188**	**7.7 %**	6,930	115	6.6 %
Customer payables and Other[10]:						
U.S.	**130,722**	**2,704**	**8.2 %**	145,061	738	2.0 %
Non-U.S.	**62,004**	**1,256**	**8.0 %**	72,328	371	2.0 %
Total	**$ 872,756**	**$ 11,328**	**5.1 %**	$ 857,985	$ 3,591	1.7 %
Net interest income and net interest rate spread		**$ 1,977**	**1.0 %**		$ 2,510	1.0 %

$ in millions	*$ in millions*	Nine Months Ended September 30, 2023 Average Daily Balance	2023 Interest	2023 Annualized Average Rate	2022 Average Daily Balance	2022 Interest	2022 Annualized Average Rate
Interest earning assets							
Investment securities[1]		**$ 154,304**	**$ 2,886**	**2.5 %**	$ 169,926	$ 2,261	1.8 %
Loans[1]		**215,071**	**9,105**	**5.7 %**	201,655	4,469	3.0 %
Securities purchased under agreements to resell[2]:							
Cash and Cash							

$ in millions	Three Months Ended March 31, 2024 Average Daily Balance	2024 Interest	2024 Annualized Average Rate	2023 Average Daily Balance	2023 Interest	2023 Annualized Average Rate

Equivalents[1]:								Cash and Cash Equivalents[1]:										
U.S.	U.S.	**46,670**	**3,216**	**9.2 %**	56,451	719	1.7 %	U.S.	**$ 52,696**	**$**	**633**	**4.8**	**4.8 %**	$ 61,795	$	531	3.5	3.5 %
Non-U.S.	Non-U.S.	**61,648**	**2,066**	**4.5 %**	62,273	151	0.3 %	Non-U.S.	**43,661**	**270**	**270**	**2.5**	**2.5 %**	53,663	212	212	1.6	1.6 %
Securities borrowed[3]:																		
Investment securities[2]								Investment securities[2]	**153,866**		**1,197**		**3.1 %**	159,061		1,018		2.6 %
Loans[2]								Loans[2]	**217,921**		**3,305**		**6.1 %**	214,185		2,815		5.3 %
Securities purchased under agreements to resell[3]:								Securities purchased under agreements to resell[3]:										
U.S.	U.S.	**118,788**	**3,568**	**4.0 %**	124,628	167	0.2 %	U.S.	**52,260**	**1,496**	**1,496**	**11.5**	**11.5 %**	46,847	932	932	8.1	8.1 %
Non-U.S.	Non-U.S.	**18,496**	**280**	**2.0 %**	19,819	(70)	(0.5) %	Non-U.S.	**49,595**	**1,034**	**1,034**	**8.4**	**8.4 %**	65,713	545	545	3.4	3.4 %
Trading assets, net of Trading liabilities[4]:																		
Securities borrowed[4]:								Securities borrowed[4]:										
U.S.	U.S.	**91,621**	**2,662**	**3.9 %**	74,993	1,418	2.5 %	U.S.	**108,288**	**1,257**	**1,257**	**4.7**	**4.7 %**	123,206	1,095	1,095	3.6	3.6 %
Non-U.S.	Non-U.S.	**11,548**	**509**	**5.9 %**	14,668	304	2.8 %	Non-U.S.	**18,835**	**119**	**119**	**2.5**	**2.5 %**	18,683	77	77	1.7	1.7 %
Customer receivables and Others[5]:																		
Trading assets, net of Trading liabilities:								Trading assets, net of Trading liabilities:										
U.S.								U.S.	**107,970**		**1,175**		**4.4 %**	87,631		786		3.6 %
Non-U.S.								Non-U.S.	**18,329**		**207**		**4.5 %**	7,264		127		7.1 %
Customer receivables and Other[1,10]:								Customer receivables and Other[1,10]:										
U.S.	U.S.	**103,145**	**8,634**	**11.2 %**	116,515	2,396	2.7 %	U.S.	**47,180**	**1,700**	**1,700**	**14.5**	**14.5 %**	45,260	1,252	1,252	11.2	11.2 %
Non-U.S.	Non-U.S.	**65,014**	**3,297**	**6.8 %**	76,649	548	1.0 %	Non-U.S.	**17,502**	**537**	**537**	**12.3**	**12.3 %**	15,625	590	590	15.3	15.3 %
Total	Total	**$886,305**	**$36,223**	**5.5 %**	$917,577	$12,363	1.8 %	Total	**$888,103**	**$**	**12,930**	**5.9**	**5.9 %**	$898,933	$	9,980	4.5	4.5 %
Interest bearing liabilities																		
Deposits[1]		**$342,628**	**$ 5,793**	**2.3 %**	$340,166	$ 684	0.3 %											
Borrowings[1,6]		**248,534**	**8,267**	**4.4 %**	228,589	2,990	1.7 %											
Securities sold under agreements to repurchase[7,9]:																		
Deposits[2]								Deposits[2]	**$346,946**	**$**	**2,476**		**2.9 %**	$346,973	$	1,575		1.8 %
Borrowings[2,5]								Borrowings[2,5]	**251,956**		**3,223**		**5.1 %**	245,600		2,506		4.1 %
Securities sold under agreements to repurchase[6,8]:								Securities sold under agreements to repurchase[6,8]:										
U.S.	U.S.	**22,851**	**2,467**	**14.4 %**	20,957	487	3.1 %	U.S.	**24,410**	**1,221**	**1,221**	**20.1**	**20.1 %**	21,075	670	670	12.9	12.9 %
Non-U.S.	Non-U.S.	**44,373**	**2,100**	**6.3 %**	39,694	238	0.8 %	Non-U.S.	**58,316**	**1,181**	**1,181**	**8.1**	**8.1 %**	41,071	548	548	5.4	5.4 %
Securities loaned[8,9]:																		
Securities loaned[7,8]:								Securities loaned[7,8]:										
U.S.	U.S.	**4,097**	**50**	**1.6 %**	6,354	21	0.4 %	U.S.	**5,790**	**17**	**17**	**1.2**	**1.2 %**	4,992	13	13	1.1	1.1 %

Non-U.S.	Non-U.S.	10,000	525	7.0 %	7,308	319	5.8 %	Non-U.S.	8,979	207	207	9.3	9.3 %	10,016	151	151	6.1	6.1 %
Customer payables and Other[10]:																		
Customer payables and Other[9,10]:								Customer payables and Other[9,10]:										
U.S.	U.S.	135,061	7,281	7.2 %	144,691	311	0.3 %	U.S.	124,018	1,891	1,891	6.1	6.1 %	137,766	1,402	1,402	4.1	4.1 %
Non-U.S.	Non-U.S.	64,771	3,407	7.0 %	75,510	305	0.5 %	Non-U.S.	64,756	918	918	5.7	5.7 %	65,818	769	769	4.7	4.7 %
Total	Total	$872,315	$29,890	4.6 %	$863,269	$ 5,355	0.8 %	Total	$885,171	$	11,134	5.1	5.1 %	$873,311	$	7,634	3.5	3.5 %
Net interest income and net interest rate spread	**Net interest income and net interest rate spread**		**$ 6,333**	**0.9 %**		$ 7,008	1.0 %	**Net interest income and net interest rate spread**		**$**	**1,796**	**0.8**	**0.8 %**		$	2,346	1.0	1.0 %

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. Amounts include primarily U.S. balances.
2. 3. Includes interest paid on Securities purchased under agreements to resell.
3. 4. Includes fees paid on Securities borrowed.
4. Excludes non-interest earning assets and non-interest bearing liabilities, such as equity securities.
5. Includes Cash and cash equivalents.
6. Average daily balance includes borrowings carried at fair value, but for certain borrowings, interest expense is considered part of fair value and is recorded in Trading revenues.
7. 6. Includes interest received on Securities sold under agreements to repurchase.
8. 7. Includes fees received on Securities loaned.
9. 8. The annualized average rate was calculated using (a) interest expense incurred on all securities sold under agreements to repurchase and securities loaned transactions, whether or not such transactions were reported in the balance sheet and (b) net average on-balance sheet balances, which exclude certain securities-for-securities transactions.
10. 9. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.
10. Certain prior period amounts have been adjusted to conform with the current period presentation. See Note 2 for additional information.

Glossary of Common Terms and Acronyms

Image29.jpg

2022 2023 Form 10-K	Annual report on Form 10-K for year ended December 31, 2022 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
IRS	Internal Revenue Service

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	Certain employee Employee deferred cash-based compensation plans linked to investment performance
DCP investments	Investments associated with certain DCP
DVA	Debt valuation adjustment
EBITDA	Earnings before interest, taxes, depreciation and amortization
EMEA	Europe, Middle East and Africa
EPS	Earnings per common share
FDIC	Federal Deposit Insurance Corporation
FFELP	Federal Family Education Loan Program
FHC	Financial holding company
FICO	Fair Isaac Corporation
Financial statements	Consolidated financial statements
FVO	Fair value option
G-SIB	Global systemically important banksbank
HFI	Held-for-investment
HFS	Held-for-sale
HQLA	High-quality liquid assets
HTM	Held-to-maturity
I/E	Intersegment eliminations
IHC	Intermediate holding company
IM	Investment Management
Income statement	Consolidated income statement
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.

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
ROU	Right-of-use
RSU	Restricted stock unit
RWA	Risk-weighted assets
SCB	Stress capital buffer
SEC	U.S. Securities and Exchange Commission
SLR	Supplementary leverage ratio
S&P	Standard & Poor’s
SPE	Special purpose entity
SPOE	Single point of entry
TDR	Troubled debt restructuring
TLAC	Total loss-absorbing capacity
U.K.	United Kingdom
UPB	Unpaid principal balance
U.S.	United States of America
U.S. Bank Subsidiaries	Morgan Stanley Bank N.A. (“MSBNA”) and Morgan Stanley Private Bank, National Association (“MSPBNA”)
U.S. GAAP	Accounting principles generally accepted in the United States of AmericaU.S.
VaR	Value-at-Risk
VIE	Variable interest entity
WACC	Implied weighted average cost of capital
WM	Wealth Management

Image30.jpg

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

The following developments have occurred since previously reporting certain matters See "Contingencies—Legal" in Note 13 to the Firm's 2022 Form 10-K and the Firm's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (the "First Quarter Form 10-Q") and the quarterly period ended June 30, 2023 (the "Second Quarter Form 10-Q"). See also the disclosures set forth under "Legal Proceedings" in the 2022 Form 10-K, the First Quarter Form 10-Q and the Second Quarter Form 10-Q. Financial

Block Trading Matter

The Firm has been responding to requests Statements for information from the Enforcement Division of the SEC and the United States Attorney's Office for the Southern District of New York in connection with their investigations into various aspects of the Firm's blocks business, certain related sales and trading practices, and applicable controls (the "Investigations"). The Investigations are focused on whether the Firm and/or its employees shared and/or used information regarding impending block transactions in violation of federal securities laws and regulations. The Firm continues to cooperate with, and has continued to engage in ongoing discussions regarding potential resolution of, the Investigations. There can be no assurance that these discussions and continuing engagement will lead to resolution of either matter. The Firm also faces potential civil liability arising from claims that have been or may be asserted by, among others, block transaction participants who contend they were harmed or disadvantaged including, among other things, as a result of a share price decline allegedly caused by the activities of the Firm and/or its employees, or as a result of the Firm's and/or its employees' failure to adhere to applicable laws and regulations. In addition, the Firm has responded to demands from shareholders under Section 220 of the Delaware General Corporation Law for books and records concerning the Investigations. about our material legal

Antitrust Related Matters

On September 1, 2023, the court in *Iowa Public Employees' Retirement System et al. v. Bank of America Corporation et al.* 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 Southern District of New York 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 sought leave to appeal this ruling from the United States Court of Appeals for the Second Circuit.

Qui Tam Matter

On August 22, 2023, the Firm reached an agreement in principle to settle the litigation in *State of New Jersey ex. rel. Hayes v. Bank of America Corp., et al.*

U.K. Gilt Matter

On September 28, 2023, the defendants in *Oklahoma Firefighters Pension and Retirement System v. Deutsche Bank Aktiengesellschaft, et al.* filed a joint motion to dismiss the complaint.proceedings.

Risk Factors

For a discussion of the risk factors affecting the Firm, see "Risk Factors" in Part I, Item 1A of the 2022 2023 Form 10-K.

Image30.jpg

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[2]	Total Shares Purchased as Part of Share Repurchase Authorization[3,4]	Dollar Value of Remaining Authorized Repurchase
July	2,421,782	$ 93.85	2,376,848	$ 19,777
August	8,834,821	$ 87.14	8,443,489	$ 19,043
September	6,329,787	$ 86.04	6,305,725	$ 18,500
Three Months Ended September 30, 2023	**17,586,390**	**$ 87.67**	**17,126,062**	

$ 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 31, 2024	**19,862,884**	**$ 86.48**	**11,522,044**	

1. Includes 460,328 8,340,840 shares acquired by the Firm in satisfaction of the tax withholding obligations on stock-based awards granted under the Firm's stock-based compensation plans during the three months ended September 30, 2023 March 31, 2024.
2. Excludes excise tax of $14 million levied on share repurchases, net of issuances, payable in April 2024.
3. Share purchases under publicly announced authorizations are made pursuant to open-market purchases, Rule 10b5-1 plans or privately negotiated transactions (including with employee benefit plans) as market conditions warrant and at prices the Firm deems appropriate and may be suspended at any time.
4. 3. The Firm's Board of Directors has approved the repurchase of the Firm's outstanding common stock under a share repurchase authorization (the "Share Repurchase Authorization") from time to time as conditions warrant and subject to limitations on distributions from the Federal Reserve. The Share Repurchase Authorization is for capital management purposes and considers, among other things, business segment capital needs, as well as equity-based compensation and benefit plan requirements. The Share Repurchase Authorization has no set expiration or termination date.

On June 30, 2023, the Firm announced that its Board of Directors reauthorized a multi-year repurchase authorization 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

Exhibits

Exhibit No.	Description
10.1	Seventh Amendment to Investor Agreement, dated October 13, 2023, between Morgan Stanley and Mitsubishi UFJ Financial Group, Inc.
15	Letter of awareness from Deloitte & Touche LLP, dated November May 3 2023, 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

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

Other Information

None.

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

Date: November 3, 2023 May 3, 2024

EXHIBIT 10.1

Seventh Amendment to Investor Agreement

THIS SEVENTH AMENDMENT TO THE INVESTOR AGREEMENT (this "Amendment"), dated as of October 13, 2023, is made by and between Morgan Stanley, a Delaware corporation (the "Company"), and Mitsubishi UFJ Financial Group, Inc., a joint stock company organized under the laws of Japan (the "Investor").

W I T N E S S E T H:

WHEREAS, the Company and the Investor are parties to that certain Investor Agreement, dated as of October 13, 2008, and amended by the First Amendment to Investor Agreement, dated as of October 27, 2008, and amended and restated by the Amended and Restated Investor Agreement, dated as of June 30, 2011, and amended by the Third Amendment to Investor Agreement, dated as of October 3, 2013, the Fourth Amendment to Investor Agreement, dated as of April 6, 2016, the Fifth Amendment to Investor Agreement, dated as of October 4, 2018 and the Sixth Amendment to Investor Agreement, dated as of April 13, 2021 (the Investor Agreement, as so amended and restated, the "Investor Agreement"); and

WHEREAS, the Company and the Investor have determined to further amend the Investor Agreement as set forth herein.

NOW THEREFORE, in consideration of the premises and of the respective representations, warranties, covenants and conditions contained herein, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used but not defined in this Amendment shall have the respective meanings ascribed to them in the Investor Agreement.

2. Amendments. The Investor Agreement is hereby amended as follows:

2.a. The first sentence of Section 3.4 is amended and restated in its entirety as follows: "“Standstill Period” shall mean the period from the date hereof until the earlier of (i) April 13, 2026, and (ii) the occurrence of an Investor Rights Termination Event; provided, however, that the parties shall, prior to the expiration of the Standstill Period, discuss in good faith whether to extend the Standstill Period (with no obligation to extend)."

2.b. Section 4.1 is amended and supplemented to add a new Section 4.1(f) as follows: "Nothing in this Section 4.1 shall restrict the Investor from Transferring, and the Investor is hereby permitted to Transfer, any Securities to the Company or to a Subsidiary of the Company."

2.c. Section 5.6 is amended and restated in its entirety as follows: "The preemptive right to purchase Covered Securities granted by this Article V shall not be available for any offering that commences at any time after (i) April 13, 2026 (the "Preemptive Rights Expiration Date") or (ii) the date on which the Investor Transfers any of the Securities that it acquired on the Closing Date or the Common Stock issued upon conversion of any Securities, or Hedges its exposure to the Common Stock, except as contemplated by clause (i) or (ii) of the first sentence of Section 4.1(a), by Section 4.1(e) or by Section 4.1(f); provided, however, that the parties shall, no later than 3 months prior to the Preemptive

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Rights Expiration Date, discuss in good faith whether to extend the Preemptive Rights Expiration Date (with no obligation to extend)."

3. No Other Amendments. Except as expressly set forth herein, the Investor Agreement remains in full force and effect in accordance with its terms and nothing contained herein shall be deemed to be a waiver, amendment, modification or other change of any term, condition or provision of the Investor Agreement (or a consent to any such waiver, amendment, modification or other change). All references in the Investor Agreement to the Investor Agreement shall be deemed to be references to the Investor Agreement after giving effect to this Amendment.

4. Changes. This Amendment may not be modified or amended except pursuant to an instrument in writing signed by the Company and the Investor.

5. Headings. The headings of the various sections of this Amendment have been inserted for convenience or reference only and shall not be deemed to be part of this Amendment.

6. Applicable Law and Submission to Jurisdiction. This Amendment will be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed within the State of Delaware. The provisions of Sections 9.5 and 9.12 of the Investor Agreement shall apply to this Amendment as if each such provision were set forth herein in their entirety.

7. Counterparts. This Amendment may be signed in one or more counterparts, each of which shall constitute an original and all of which together shall constitute one and the same agreement.

Please confirm that the foregoing correctly sets forth the agreement between us by signing in the space provided below for that purpose.

AGREED AND ACCEPTED:

MORGAN STANLEY	MITSUBISHI UFJ FINANCIAL GROUP, INC.
By: /s/ Sebastiano Visentini	By: /s/ Iichiro Takahashi
Name: Sebastiano Visentini	Name: Iichiro Takahashi
Title: Managing Director	Title: Managing Director

[*Signature Page to Seventh Amendment to Investor Agreement*]

EXHIBIT 15

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

We are aware that our report dated November 3, 2023 May 3, 2024, on our review of the interim financial information of Morgan Stanley appearing in this Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024, is incorporated by reference in the following Registration Statements of the Firm:

Filed on Form S-3:
Registration Statement No. 333-250103 333-253728
Registration Statement No. 333-250103-01 333-275587
Registration Statement No. 333-253728 333-275587-01

Filed on Form S-8:
Registration Statement No. 33-63024
Registration Statement No. 33-63026
Registration Statement No. 33-78038
Registration Statement No. 33-79516
Registration Statement No. 33-82240
Registration Statement No. 33-82242
Registration Statement No. 33-82244
Registration Statement No. 333-04212
Registration Statement No. 333-28141
Registration Statement No. 333-28263
Registration Statement No. 333-62869
Registration Statement No. 333-78081
Registration Statement No. 333-95303
Registration Statement No. 333-55972
Registration Statement No. 333-85148

Filed on Form S-8:
Registration Statement No. 333-85150
Registration Statement No. 333-108223
Registration Statement No. 333-142874
Registration Statement No. 333-146954
Registration Statement No. 333-159503
Registration Statement No. 333-159504
Registration Statement No. 333-159505
Registration Statement No. 333-168278
Registration Statement No. 333-172634
Registration Statement No. 333-177454
Registration Statement No. 333-183595
Registration Statement No. 333-188649
Registration Statement No. 333-192448
Registration Statement No. 333-204504
Registration Statement No. 333-211723
Registration Statement No. 333-218377
Registration Statement No. 333-231913
Registration Statement No. 333-256493
Registration Statement No. 333-266612

/s/ Deloitte & Touche LLP
New York, New York
November May 3, 2023 2024

EXHIBIT 31.1

Certification

I, James P. Gorman, Edward Pick, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Morgan Stanley;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 3, 2023 2024

/s/ JAMES P. GORMAN EDWARD PICK

James P. Gorman Edward Pick

Chairman of the Board and Chief Executive Officer

EXHIBIT 31.2

Certification

I, Sharon Yeshaya, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Morgan Stanley;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November May 3, 2023 2024

/s/ SHARON YESHAYA

Sharon Yeshaya
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Morgan Stanley (the "Firm") on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James P. Gorman, Chairman of the Board and Edward Pick, Chief Executive Officer of the Firm, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Firm.

/s/ JAMES P. GORMAN EDWARD PICK

James P. Gorman

Chairman of the Board and Edward Pick

Chief Executive Officer

Date: November May 3, 2023 2024

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Morgan Stanley (the “Firm”) on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sharon Yeshaya, Executive Vice President and Chief Financial Officer of the Firm, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Firm.

/s/ SHARON YESHAYA

Sharon Yeshaya

Executive Vice President and

Chief Financial Officer

Date: November May 3, 2023 2024

DISCLAIMER