Morgan Stanley

4Q15 Fixed Income Investor Update

March 16, 2016
Notice

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

This presentation may contain forward-looking statements including the attainment of certain financial and other targets and goals. You are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made, which reflect management’s current estimates, projections, expectations or beliefs and which are subject to risks and uncertainties that may cause actual results to differ materially. The Company does not undertake to update the forward-looking statements to reflect the impact of circumstances or events that may arise after the date of forward-looking statements. For a discussion of risks and uncertainties that may affect the future results of the Company, please see the Company’s most recent Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, which are available on www.morganstanley.com. This presentation is not an offer to buy or sell any security.

Please note this presentation is available at www.morganstanley.com.
# Agenda

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Strategic Transformation of Business Mix

Full Year 2009 Net Revenues, ex-DVA:
$28.7Bn\(^{(1)(2)}\)

Full Year 2015 Net Revenues, ex-DVA:
$34.5Bn\(^{(1)(2)}\)

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1. 2009 and 2015 Net Revenues of $28,693 million and $34,537 million, respectively, excluding the negative impact of $5,510 million and the positive impact of $618 million from Debt Valuation Adjustment (‘DVA’), respectively. Net Revenue, ex-DVA is a non-GAAP financial measure the Company considers useful for investors to allow better comparability of period to period operating performance.

2. 2009 and 2015 Net Revenues exclude $94 million and $314 million, respectively, of ‘Other’ net losses. ‘Other’ includes Other Sales & Trading, Investments, Other Revenue and Intersegment eliminations.
## Execution: Mark to Market\(^{(1)}\) on 2015 Strategic Plan

<p>| | |</p>
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</tr>
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<td>1</td>
<td>Ongoing Wealth Management upside through additional margin improvement</td>
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<td>Continued execution of U.S. Bank strategy in Wealth Management and Institutional Securities</td>
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<td>5</td>
<td>Maintaining focus on expense management</td>
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<td>6</td>
<td>Steadily increase capital return to shareholders</td>
</tr>
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1. Represents progress during the calendar year against the goals established at the beginning of 2015.  
2. Pre-tax margin represents income (loss) from continuing operations before taxes divided by Net Revenues. Pre-tax margin is a non-GAAP financial measure that the Company considers useful for investors to assess operating performance.  
4. ISG compensation ratio of 37% for 2015 represents compensation and benefits expense ($6,467 million) as a percentage of Net Revenues, ex-DVA ($17,335 million excluding the positive impact of $618 million from DVA). The ISG compensation ratio, ex-DVA is a non-GAAP financial measure the Company considers useful for investors to assess operating performance.
Path to 10% ROE

A  Capital Sufficiency

B  Expense Efficiency

C  Wealth Management Revenue Growth

D  Capital Return
1. The Company estimates its pro forma fully phased-in Basel III Common Equity Tier 1 ratio based on the Company’s current assessment of the Basel III final rules and other factors, including the Company’s expectations and interpretations of the proposed requirements, which may be subject to change as the Company receives additional clarification and guidance from the Federal Reserve.

2. Pro-forma fully phased-in U.S. Supplementary Leverage Ratio is based on preliminary analysis of the U.S. final rules from September 2014 and estimated as of December 31, 2015. These estimates are preliminary and are subject to change.

3. Pro-forma Basel III Common Equity Tier 1 Common ratio and pro-forma U.S. Supplementary Leverage ratio, are non-GAAP financial measures that the Company consider to be useful measures to the Company and investors to evaluate compliance with future regulatory capital requirements.

4. As of January 1, 2015, the Company is subject to a minimum Common Equity Tier 1 capital ratio of 4.5%. On a fully phased-in basis by 2019, the Company will be subject to a 2.5% Common Equity Tier 1 capital conservation buffer and a G-SIB buffer. In July 2015, the Federal Reserve issued a final rule imposing risk-based capital surcharges on U.S. bank holding companies that are identified as G-SIBs, which include the Company. Under the Federal Reserve’s calculation for the Company, the Company’s G-SIB surcharge would be 3%.

5. As of January 1, 2018, the Company will be subject to a supplementary leverage ratio requirement of at least 5.0%, which includes a Tier 1 supplementary leverage capital buffer of at least 2.0% in addition to the 3.0% minimum supplementary leverage ratio.
Reducing Capital Allocated to Fixed Income and Commodities

- We significantly exceeded our 2015 RWA year-end target of <$180Bn
- We have set new targets of <$110Bn RWA and <$250Bn SLR exposure

Fixed Income and Commodities (Excluding Lending) (1)

<table>
<thead>
<tr>
<th></th>
<th>3Q15</th>
<th>4Q15 (2) (3)</th>
<th>YE 2017</th>
<th>END STATE</th>
<th>REDUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma Advanced RWA</td>
<td>$158Bn</td>
<td>$136Bn</td>
<td>&lt;$120Bn</td>
<td>&lt;$110Bn</td>
<td>~$50Bn</td>
</tr>
<tr>
<td>Pro Forma SLR Exposure</td>
<td>$417Bn</td>
<td>$354Bn</td>
<td>&lt;$300Bn</td>
<td>&lt;$250Bn</td>
<td>~$170Bn</td>
</tr>
</tbody>
</table>

~$5Bn – $8Bn of Excess Capital Over Time

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1. All figures presented exclude RWAs and leverage exposure associated with lending.
2. The Company estimates its pro forma fully phased-in Advanced risk-weighted assets and pro forma fully phased-in Supplementary leverage exposure based on the Company's current assessment of the Basel III final rules and other factors, including the Company's expectations and interpretations of the proposed requirements, which may be subject to change as the Company receives additional clarification and guidance from the Federal Reserve.
3. Pro forma fully phased-in Advanced risk-weighted assets and pro forma fully phased-in Supplementary leverage exposure, are non-GAAP financial measures that the Company consider to be useful measures to the Company and investors to evaluate compliance with future regulatory capital requirements.
Restructuring the Fixed Income and Commodities Businesses

**ACTION PLAN ONGOING**

- Recently announced management changes strengthened the FIC team
- Headcount reduction of 25% on strategic lines in December 2015; generates significant compensation run-rate savings in 2016
- Ongoing reduction of capital, balance sheet and expense base
- Exiting / unwinding areas not strategically important to the Firm
- Improves asset velocity

Right-sizing for a Critical and Credible Fixed Income and Commodities Business
Continued Compensation Expense Discipline

- The 2015 ISG compensation ratio, ex DVA of 37% exceeded the target of ≤ 39%
- We intend to stay ≤37% in ISG and have set 2017 compensation ratio targets for Wealth Management and Investment Management

Institutional Securities, ex-DVA (1)

- 2015 Target: ≤39%
- 2015: 37%
- 2017 Target in Flat Revenue: ≤37%

Wealth Management (1)

- 2015: 57%
- 2017 Target: ≤56%

Investment Management (2)

- 2015: 41%
- 2017 Target: ≤40%

1. Compensation ratio is calculated as compensation and benefits expense as a percentage of Net Revenues (or for ISG, Net Revenues, ex-DVA). When the Compensation ratio is based on Net Revenues ex-DVA, such ratios are non-GAAP financial measures that the Company considers useful for investors to assess operating performance.
Next Phase of Expense Reduction: Project Streamline 2016 – 2017

**ONGOING FOCUS ON STRUCTURALLY SIMPLIFYING THE ORGANIZATION**
- Ongoing area of focus and execution with benefit over the medium term

**LOCATION STRATEGY**
- Acceleration of ongoing efforts to further optimize location strategy in first half of 2016; achievable given existing centers of excellence

**LEVERAGE TECHNOLOGY TO RATIONALIZE INFRASTRUCTURE**
- High level of near term focus
- Opportunity for meaningful cost savings while investing over medium term through cross asset-class and cross-business technology conversion
- Outsource to vendors and industry consortia

**CONSOLIDATE PROCESSES**
- Multiple initiatives underway in business and support levels

**FURTHER OUTSOURCING**
- Currently re-examining additional processes suitable for outsourcing
- Execution to occur over medium term
Expense Efficiency

• The 2015 Firm expense efficiency ratio of 77% exceeded the target of 79%
• Through the FIC restructuring, a renewed Firmwide expense reduction plan, and continued compensation discipline, we will drive our efficiency ratio to 74%, in a flat revenue environment

Firm Expense Efficiency Ratio, ex-DVA (1)

<table>
<thead>
<tr>
<th>Previous Expense Efficiency Target</th>
<th>2015</th>
<th>2017 Target on Flat Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>79%</td>
<td>77%</td>
<td>74%</td>
</tr>
</tbody>
</table>

1. Firm Expense Efficiency ratio represents total non-interest expenses as a percentage of Net Revenues excluding DVA. For 2015, the 77% Expense Efficiency ratio was calculated as non-interest expenses of $26,660 million divided by Net Revenues of $34,537 which excludes the positive impact of $618 million from DVA. The Expense Efficiency ratio, ex-DVA is a non-GAAP financial measure the Company considers useful for investors to assess operating performance.
Continued High Quality Lending in Wealth Management

Percentage of Wealth Management Clients With a Loan at Morgan Stanley\(^{(2)}\)

- 2013: 9%
- 2014: 12%
- 2015: 15%

Wealth Management Lending in U.S. Banks\(^{(1)}\)

- YE 2014: $38Bn
  - Securities-Based Lending: 3
  - Residential Lending: 16
  - Tailored Lending: 19
- YE 2015: $49Bn
  - Securities-Based Lending: 4
  - Residential Lending: 21
  - Tailored Lending: 25
- Pro-Forma YE 2016: $60Bn
- Pro-Forma YE 2017: $70Bn

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2. “Percentage of Wealth Management Clients With a Loan at Morgan Stanley” is a Morgan Stanley internal designation referring to the percentage of clients or eligible clients who have one of these lending products with Morgan Stanley.
Wealth Management Margin Potential Driven By Revenue Growth and Expense Discipline

<table>
<thead>
<tr>
<th>FY 2015 PRE-TAX MARGIN (1)</th>
<th>22%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1 Net Interest Income Growth</strong></td>
<td></td>
</tr>
<tr>
<td>• Wealth Management ~$20Bn lending growth through YE 2017 will drive NII upside in U.S. Banks</td>
<td></td>
</tr>
<tr>
<td>• Deposits in Bank Deposit Program (BDP) of $149Bn as of YE 2015</td>
<td></td>
</tr>
<tr>
<td><strong>2 Expense Discipline</strong></td>
<td></td>
</tr>
<tr>
<td>• Savings across compensation and non-compensation expenses</td>
<td></td>
</tr>
<tr>
<td><strong>3 Business Growth</strong></td>
<td></td>
</tr>
<tr>
<td>• Ongoing shift to fee-based managed accounts, digital strategy, ISG connectivity, FA productivity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2017 PRE-TAX MARGIN POTENTIAL</th>
<th>~23% – 25%</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Retention Deals:</strong> Upside beyond 2017 as the amortization of FA notes issued in 2009 roll off in January 2019, resulting in a ~1.50% PBT margin benefit</td>
<td></td>
</tr>
</tbody>
</table>

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1. Pre-tax margin represents income (loss) from continuing operations before taxes divided by Net Revenues. Pre-tax margin is a non-GAAP financial measure that the Company considers useful for investors to assess operating performance.
Continued Return of Capital to Shareholders

- Our goal is to continue to increase our dividends and buybacks over time, subject to regulatory approval

Morgan Stanley’s Capital Returns

<table>
<thead>
<tr>
<th>Year</th>
<th>4-Quarter Share Repurchases</th>
<th>Annual Dividend per Share (cents)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 CCAR</td>
<td>$0.20</td>
<td></td>
</tr>
<tr>
<td>2013 CCAR</td>
<td>$0.20</td>
<td>$0.5Bn</td>
</tr>
<tr>
<td>2014 CCAR</td>
<td>$0.40</td>
<td>$1.0Bn</td>
</tr>
<tr>
<td>2015 CCAR</td>
<td>$0.60</td>
<td>$2.5Bn</td>
</tr>
</tbody>
</table>

1. In 2012, 2013, 2014, and 2015 the Firm received a “non-objection” from the Federal Reserve for each respective year’s CCAR submission.
2. In 2013, the Firm received a non-objection to repurchase up to $500MM of common stock beginning in 3Q13 through 1Q14 under rules permitting annual capital distributions.
3. In 2014, the Firm received a non-objection to repurchase up to $1Bn of common stock beginning in 2Q14 through 1Q15 and to increase the Firm’s quarterly common stock dividend to $0.10 per share beginning with the dividend declared in 2Q14.
4. In 2015, the Firm received a non-objection to repurchase up to $3.1Bn of common stock beginning in 2Q15 through 2Q16, $2.5Bn annually, and to increase the Firm’s quarterly common stock dividend to $0.15 per share beginning with the dividend declared in 2Q15.

In 2012 and 2013, the Firm acquired the remaining 14% and 35% interest of the Wealth Management JV, respectively.
Path to a Return on Equity of 10% and Higher

Target Return on Equity

Key Drivers

7%
9% – 11%

TANGIBLE EXPENSE TARGETS

- $1Bn+ compensation and non-compensation savings, assuming flat revenue environment (not including any one-time outsized litigation expense or penalties)

MODEST REVENUE GROWTH (3% – 5% ANNUALLY)

- Wealth Management margin improvement to ~23% – 25%
- Retain strength in Investment Banking and Equity Sales & Trading
- Steady performance in Investment Management business

SUFFICIENT CAPITAL

- Right-sized FIC business
- Increasing capital returns, subject to regulatory approval

1. The 7% Return on Equity (‘ROE’) represents ROE excluding DVA and the 2015 net discrete tax benefits (‘Discrete Tax Benefits’). The calculation of ROE uses net income applicable to Morgan Stanley less preferred dividends as a percentage of average common equity. To determine ROE, ex-DVA and Discrete Tax Benefits both the numerator and denominator were adjusted to exclude these items. ROE and ROE, ex-DVA and Discrete Tax Benefits are non-GAAP financial measures that the Firm considers useful for investors to assess operating performance. The reconciliation of FY 2015 ROE to FY 2015 ROE, ex-DVA and Discrete Tax Benefits is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>ROE, ex-DVA and Tax Benefits</th>
<th>DVA Impact</th>
<th>Discrete Tax Benefits impact</th>
<th>ROE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015 ex-DVA and Tax Benefits</td>
<td>7.0%</td>
<td>0.7%</td>
<td>0.8%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>
Liability Management: Centralized Structure and Strong Governance

- Liability management framework supported by strong, centralized governance, ensuring funding durability and providing stability in all environments.

<table>
<thead>
<tr>
<th>PRIMARY SOURCES OF FUNDING</th>
<th>% OF FUNDING SINCE 3Q13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Long-Term Debt</strong></td>
<td>Weighted average maturity of ~6 years; Morgan Stanley issues predominantly from the holding company</td>
</tr>
<tr>
<td><strong>Deposits</strong></td>
<td>Primarily sweep deposits sourced from Wealth Management clients</td>
</tr>
<tr>
<td><strong>Wholesale (Secured) Funding</strong></td>
<td>Duration of liabilities greater than duration of assets; weighted average maturity in excess of 120 days</td>
</tr>
</tbody>
</table>
In 2015, we issued ~$34Bn of unsecured debt, which includes:
- ~$32Bn of senior unsecured debt
- $2Bn of subordinated debt

Issued $1.5Bn of perpetual preferred in 1Q15
Deposits Grounded in Deep Client Relationships

Further growth in deposits will be aligned with the lending strategy and Firm priorities

• Our deposit base has increased significantly since 2011 through onboarding deposits from our former Wealth Management joint venture partner

• With the completion of the deposit transfers, the bank strategy has shifted from a deposit-led strategy to an asset-led strategy

• We have numerous opportunities to grow deposits over time
  – Diversifying deposit base
  – Broadening cash management product suite

• The three core principles we use to evaluate deposits:
  – Strategic value
  – Liquidity value
  – Cost
Deposits Have Grown Steadily Over the Last 5 Years Due to Transfers from Former JV Partner and Organic Growth

Morgan Stanley’s Bank Deposit Program (BDP) Balances (1) (2)

1. Balances in the bank deposit program held by the Firm’s U.S. Banks
2. The Firm’s total deposits are ~$156Bn as of 4Q15, including BDP as well as deposits from non-U.S. banks and other deposits
Deposit Strategy Supported By Three Core Principles

- Key near-term focus is to optimize existing deposit levels to support loan growth
Our Existing Deposits Are A Stable Source of Funding

**MORGAN STANLEY’S BANK DEPOSIT PROGRAM**

- BDP is the primary sweep for clients’ excess cash – effectively working capital in client accounts
- A key product offering to our Wealth Management customers, our deposits are sticky and stable

| Total BDP Balances of $149Bn as of December 31, 2015 | Comprised of ~8% of Wealth Management Total Client Assets | Highly stable client base: Sourced from ~3.5MM households with ~$2.0Tr of assets |
Liquidity Value of Morgan Stanley’s Existing Deposit Levels Can Increase

- Opportunities to increase liquidity value of deposit levels

**Firmwide Deposits ($Bn)**

- **Total Deposits:** $156Bn
  - **BDP Deposits:** $149Bn
  - **Uninsured Deposits:** $7Bn

**Pro Forma LCR**

- **LCR 100% Runoff:** 1%
- **LCR Runoff Value:** 22%
- **LCR Liquidity Value:** 77%

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1. As of December 31, 2015.
2. The pro-forma Liquidity Coverage Ratio (“LCR”) is a non-GAAP financial measure that the Company considers to be a useful measure to the Company and investors to gauge future regulatory liquidity requirements.
3. The LCR rule assigns run-off rates to deposits based on certain characteristics. For certain deposits, 100% are assumed to run-off for purposes of calculating the LCR (shown as "LCR 100% Runoff"). For other deposits, amounts are subject to an assumed partial run-off for purposes of calculating the LCR; the amount of partial run-off applied to these deposits is shown as "LCR Runoff Value" and the amount remaining after partial run-off is shown as "LCR Liquidity Value". This is the Firm’s preliminary assessment based on the final U.S. LCR rules.
# Ongoing Optimization and Growth of Deposits

<table>
<thead>
<tr>
<th>OPPORTUNITY</th>
<th>TIMEFRAME</th>
<th>DESCRIPTION</th>
<th>DRIVERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximize liquidity value of deposits</td>
<td>Expected from end of 2015 – 2016</td>
<td>• Optimization of existing client cash management products</td>
<td>• Regulatory change</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Deposit insurance</td>
</tr>
<tr>
<td>Organic Growth</td>
<td>Over time</td>
<td>• Primarily through BDP; will grow with WM total client assets</td>
<td>• Client and advisor engagement</td>
</tr>
<tr>
<td>Additional Cash Management Solutions</td>
<td>Over time</td>
<td>• Additional deposit products</td>
<td>• CDs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Advisor centric model including customized digital offerings</td>
<td>• Structured CDs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Other savings products</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Digital strategy</td>
</tr>
</tbody>
</table>
Four Pillars of Secured Funding Ensure Durability and Stability

1. **Significant Weighted Average Maturity**
   - Enhances durability

2. **Maturity Limit Structure**
   - Reduces roll-over risk

3. **Investor Limit Structure**
   - Minimizes concentration with any single investor, in aggregate and in any given month

4. **Spare Capacity**
   - Valuable additional funding for managing through both favorable and stressed markets
Underlying Principles of the Four Pillars of Secured Funding

**SIGNIFICANT WEIGHTED AVERAGE MATURITY (WAM)**
- Criteria-based model sources appropriate term funding consistent with liquidity profile of underlying assets
- Durability and transparency are at the core of Morgan Stanley’s secured funding model
  - In 2009, began WAM extension
  - Became a leader in 2011 in disclosing WAM for less-liquid assets, with a target of >120 days

**MATURE LIMIT STRUCTURE**
- Target less than 15% of non-Super Green liabilities maturing in any given month

**INVESTOR LIMIT STRUCTURE**
- Maximum total exposure per investor across all maturities of 15% of non-Super Green book
- Maximum monthly investor concentration of 25% of the maturities allowed in any given month

**SPARE CAPACITY**
- Sourcing non-Super Green liabilities in excess of non-Super Green inventory
- In favorable markets, Spare Capacity supports business growth
- In stressed markets, Spare Capacity serves as a first line of defense against reduced roll rates
  - Eliminates liquidity outflows for first 30 days of a stress event that impairs secured markets, and reduces the need thereafter

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1. As of December 31, 2015 the weighted average maturity of secured financing, excluding Super Green assets, was greater than 120 days.
2. See slide 27 for a definition of super green and non-super green.
3. As of December 31, 2015.
4. Represents secured funding balance maturing in 30-day increments. Illustrative; not to scale.
5. Represents unique investors providing term financing >30 days for non-Super Green assets; geographic breakdown includes some overlap across regions.
Strict Governance Framework Ensures Appropriate Term Consistent with Asset Fundability

- Rules-based criteria determine asset fundability

- Highly Liquid (Governments, Agencies, Open Market Operations and Central Clearing Counterparty eligible collateral)
- Liquid (Investment Grade Debt and Primary/Secondary Index Equities)
- Less Liquid (Convertible Bonds, Emerging Market Sovereigns)
- Illiquid (Sub-Investment Grade ABS, Non Index Equities, Non-Rated Debt)

**Fundability Definition**

<table>
<thead>
<tr>
<th>FUNDABILITY</th>
<th>OMO ELIGIBLE AND / OR 23A EXEMPT AND FED DW ELIGIBLE</th>
<th>CCP ELIGIBLE</th>
<th>GOVT. SEC / GOVT. FULL FAITH AND CREDIT</th>
<th>MARKET HAIRCUT</th>
<th>INVESTOR DEPTH</th>
<th>SECURED FINANCING CAPACITY</th>
<th>% OF BOOK</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUPER GREEN</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>&lt; 10%</td>
<td>&gt; 50</td>
<td>100%</td>
<td>57%</td>
</tr>
<tr>
<td>GREEN</td>
<td>&lt;= 15%</td>
<td>&gt;= 15</td>
<td>&gt;= 95%</td>
<td></td>
<td></td>
<td></td>
<td>41%</td>
</tr>
<tr>
<td>AMBER</td>
<td>&gt; 15%</td>
<td>&gt;= 10</td>
<td>&gt;= 60%</td>
<td></td>
<td></td>
<td></td>
<td>1%</td>
</tr>
<tr>
<td>RED</td>
<td>&gt; 20%</td>
<td>&lt; 10</td>
<td>&lt; 60%</td>
<td></td>
<td></td>
<td></td>
<td>1%</td>
</tr>
</tbody>
</table>

1. As of December 31, 2015. Figures may not sum due to rounding.
3 Strong Liquidity and Leverage Ratios

Pro Forma Liquidity Coverage Ratio
- The Company is compliant with the U.S. LCR requirements

Pro Forma Fully Phased-In U.S. Supplementary Leverage Ratio

<table>
<thead>
<tr>
<th>2018 Requirement: 5%</th>
<th>4Q14</th>
<th>1Q15</th>
<th>2Q15</th>
<th>3Q15</th>
<th>4Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.7%</td>
<td>5.1%</td>
<td>5.3%</td>
<td>5.5%</td>
<td>5.8%</td>
<td></td>
</tr>
</tbody>
</table>

1. Pro forma U.S. Supplementary Leverage Ratio and pro-forma Liquidity Coverage Ratio are non-GAAP financial measures that the Company considers to be useful measures to the Company and investors to evaluate compliance with future regulatory capital requirements.
2. The Company calculates its pro-forma LCR based on its current interpretation of the final Federal Reserve Bank rule published in September 2014.
3. Pro-forma fully phased-in U.S. Supplementary Leverage Ratio is based on preliminary analysis of the U.S. final rules from September 2014 and estimated as of December 31, 2015. These estimates are preliminary and are subject to change.
Common Equity Tier 1 Ratios Above 2019 Fully Phased-in GSIB Surcharge Requirement

<table>
<thead>
<tr>
<th>Bank</th>
<th>Buffer</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPMORGAN CHASE</td>
<td>3.5%</td>
</tr>
<tr>
<td>CITIGROUP</td>
<td>3.5%</td>
</tr>
<tr>
<td>BANK OF AMERICA</td>
<td>3.0%</td>
</tr>
<tr>
<td>GOLDMAN SACHS</td>
<td>3.0%</td>
</tr>
<tr>
<td>MORGAN STANLEY</td>
<td>3.0%</td>
</tr>
<tr>
<td>WELLS FARGO</td>
<td>2.0%</td>
</tr>
<tr>
<td>STATE STREET</td>
<td>1.5%</td>
</tr>
<tr>
<td>BANK OF NEW YORK MELLON</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

**4Q15 Pro Forma Fully Phased-In Common Equity Tier 1 Ratio**

- **Advanced Approach**: 14.0%
- **Standardized Approach**: 14.8%
- **2019 Requirement**: 10.0%

**Transitional Ratio (%)**

- **Advanced Approach**: 15.5%
- **Standardized Approach**: 16.4%

**BUFFERS:**
- GSIB Surcharge: 3.0%
- Conservation Buffer: 2.5%

CET1 Minimum: 4.5%

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1. Pro forma Basel III Common Equity Tier 1 Common ratios are non-GAAP financial measures that the Company considers to be useful measures to the Company and investors to evaluate compliance with future regulatory capital requirements.
2. The Company estimates fully phased-in Basel III Common Equity Tier 1 Capital and risk-weighted assets based on the Company’s current assessment of the Basel III final rules and other factors, including the Company’s expectations and interpretations of the proposed requirements. These estimates may be subject to change as the Company receives additional clarification and guidance from the Federal Reserve.
3. On July 20, 2015, the FRB released a final rule for determining a global systemically important bank’s GSIB surcharge. GSIB buffer calculated under method 2 of the rule. JPMorgan Chase 3.5% GSIB Buffer as indicated in its 2015 Annual Report on Form 10K.
4 Significant Global Liquidity Position

Period End Liquidity

($Bn)

$250

$200

$150

$100

$50

$0

4Q10 4Q11 4Q12 4Q13 4Q14 4Q15

<table>
<thead>
<tr>
<th>Type of Investment ($Bn)</th>
<th>4Q10</th>
<th>4Q11</th>
<th>4Q12</th>
<th>4Q13</th>
<th>4Q14</th>
<th>4Q15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash / Cash Equivalents</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Unencumbered Liquid Securities</td>
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<td>Total</td>
<td>50</td>
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<td>153</td>
<td></td>
<td>203</td>
<td></td>
</tr>
</tbody>
</table>

Detailed Breakdown of Liquidity Reserve

1. Figures may not sum due to rounding.
2. Primarily overnight reverse repurchase agreements that unwind to cash.
Appendix
Extending Maturity Profile of Unsecured Borrowings

Total Short-Term and Long-Term Maturities (1),(2),(3)
($Bn)

1. As of December 31, 2015.
2. Total short-term and long-term maturities include Plain Vanilla (Senior Unsecured Debt, Subordinated Debt, Trust Preferred Securities), Structured Notes and Commercial Paper. Structured Notes maturities are based on contractual maturities.