

# Morgan Stanley

**Net Stable Funding Ratio Disclosures Report**

**For the Quarterly Period Ended March 31, 2024 and**

**For the Quarterly Period Ended June 30, 2024**

# Morgan Stanley

## NSFR DISCLOSURES REPORT

*For the two quarterly periods ended March 31, 2024 and June 30, 2024*

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## 1. Morgan Stanley

Morgan Stanley is a global financial services firm that, 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,” the “Firm,” “us,” “we,” and “our” mean Morgan Stanley (the “Parent Company”) together with its consolidated subsidiaries.

Morgan Stanley was originally incorporated under the laws of the State of Delaware in 1981, and its predecessor companies date back to 1924. The Firm is a financial holding company under the Bank Holding Company Act of 1956, as amended, and is subject to the regulation and oversight of the Board of Governors of the Federal Reserve System (the “Federal Reserve”).

The Firm conducts its business from its headquarters in and around New York City, its regional offices and branches throughout the United States of America (“U.S.”), and its principal offices in London, Tokyo, Hong Kong, and other world financial centers. The Federal Reserve establishes liquidity requirements for the Firm and evaluates the Firm’s compliance with such liquidity requirements. The Office of the Comptroller of the Currency (the “OCC”) establishes similar liquidity requirements and standards for the Firm’s U.S. bank subsidiaries, Morgan Stanley Bank N.A. (“MSBNA”) and Morgan Stanley Private Bank, National Association (“MSPBNA”) (collectively, “U.S. Bank Subsidiaries”).

Additional information related to the Firm’s business is included under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of the Firm’s Annual Report on Form 10-K for the year ended December 31, 2023 (“2023 Form 10-K”).

## 2. U.S. Net Stable Funding Ratio

The U.S. Net Stable Funding Ratio rule (“NSFR rule”) requires certain U.S. banking organizations (“Covered Companies”), including the Firm and its U.S. Bank Subsidiaries, to maintain an amount of available stable funding (“ASF”), which is their regulatory capital and liabilities subject to standardized weightings, equal to or greater than their required stable funding (“RSF”), which is their projected minimum funding needs, over a one-year time horizon. The Firm, MSBNA and MSPBNA are required to maintain a minimum net stable funding ratio (“NSFR”) of 100%.

A Covered Company’s ASF amount, the numerator of the NSFR, measures the stability of a Covered Company’s regulatory capital elements and liabilities. Regulatory capital elements and liabilities are each assigned an ASF factor in the NSFR rule, which represents the extent to which the capital

element or liability is considered available for use by the Covered Company over a one-year time horizon. The ASF factors are scaled from zero (least stable) to 100 percent (most stable).

A Covered Company’s RSF amount, the denominator of the NSFR, is based on the liquidity characteristics of its assets, commitments, and derivative exposures. The RSF factors are scaled from zero (most liquid and least likely to need ongoing funding during the one-year time horizon) to 100 percent (least liquid and most likely to need ongoing funding during the one-year time horizon).

The NSFR rule recognizes that, under certain circumstances, it may be necessary for a Covered Company’s NSFR to fall temporarily below 100 percent. The NSFR rule establishes a framework for a flexible supervisory response when a Covered Company’s NSFR falls below 100 percent. Under the NSFR rule, a Covered Company must notify the appropriate U.S. banking regulator (which is the Federal Reserve, in the case of the Firm) no later than 10 business days, following the date the shortfall occurred. In addition, if a Covered Company’s NSFR is below 100 percent, the Covered Company must submit to its appropriate U.S. banking regulator a plan for remediation of the shortfall.

## 3. NSFR Disclosure Requirements

The NSFR rule requires the Firm to make quantitative and qualitative disclosures related to its NSFR calculations and liquidity management practices on a semiannual basis (“NSFR Disclosures”). This report contains the Firm’s NSFR Disclosures for June 30, 2024 (the “current quarter,” or “2Q 2024”) and March 31, 2024 (the “prior quarter,” or “1Q 2024”).

The Firm’s NSFR Disclosures are unaudited and may not be consistent with accounting principles generally accepted in the U.S. (“U.S. GAAP”).

## 4. NSFR Qualitative Disclosures

### *The main drivers of the net stable funding ratio*

The Firm’s NSFR quantitative disclosures, shown in Section 5, reflect the average daily value of each disclosure category across the quarter. When discussing the main drivers of the Firm’s NSFR, we refer to these average daily values.

Our ASF for this and the prior quarter were principally driven by regulatory capital, unsecured borrowings, and retail deposits. Other ASF amount drivers are noted in Section 5.

Our RSF for the current and the prior quarters were principally driven by client loans, securities, and derivative assets, which primarily arose in connection with our Institutional Securities and Wealth Management business segments. Other RSF amount drivers are noted in Section 5.

These ASF and RSF amounts reflect prescribed, industry-wide mapping in the NSFR rule required to maintain sufficient stable funding in the Firm's business lines, activities and products, as measured over a one-year time horizon.

***Changes in the net stable funding ratio over time and causes of such changes***

The Firm's NSFR will fluctuate over time in response to changes in our funding profile, market conditions, client and counterparty behavior, monetary policy, legal or regulatory developments, or other factors in the markets in which we operate.

The Firm's average NSFRs in 2Q 2024 and 1Q 2024 are consistent with 4Q 2023. As of June 30, 2024, and March 31, 2024, the Firm and its U.S. Bank Subsidiaries were compliant with the minimum required NSFR of 100%.

***Concentration of funding sources and changes in funding structure***

The Firm has adopted a comprehensive risk management program to ensure the durability of our funding, including concentration limits on certain funding sources. For the current and prior quarter, our core sources of funding were borrowings, deposits, secured funding, and shareholders' equity. Our borrowings are diversified across tenors, currencies and distribution channels, and our deposits are diversified across millions of Wealth Management business segment household relationships. We execute our secured funding program in accordance with risk management

principles that include risk limits on maturity and investor concentration.

***Concentrations of available and required stable funding within the Firm's corporate structure***

Our ASF is principally driven by regulatory capital and securities, and retail deposits. Our borrowings are diversified across tenors, currencies and distribution channels and primarily issued by the parent company. The retail deposits, which are primarily sourced from our Wealth Management Clients and are primarily held by our U.S. Bank Subsidiaries"). For a discussion of our Funding Management, see "MD&A—Liquidity and Capital Resources—Liquidity Risk Management Framework—Liquidity Resources" in Part II, Item 7 of the 2023 Form 10-K.

Our RSF is principally driven by Client Loans and Securities which are diversified across both our Institutional Securities and Wealth Management business segments and diversified across the U.S. Bank Subsidiaries and non-bank entities both within the U.S. and international subsidiaries.

**5. NSFR Quantitative Disclosures**

In the following tables, the figures reported in the "Average Weighted Amount" column reflect the prescribed, industry-wide assumptions defined by the NSFR rule to determine the Firm's eligible ASF and RSF. The figures reported in the "Average Unweighted Amount" columns reflect gross values that are not included in the calculation used to determine the Firm's compliance with NSFR rule requirements.

**NSFR Quantitative Disclosures**  
**Quarter ended 06/30/2024**

\$ in millions	Average Unweighted Amount					Average Weighted Amount	
	Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual		
<b>ASF Item</b>							
1	Capital and securities:	-	17,462	14,216	241,298	99,768	348,174
2	NSFR regulatory capital elements	-	-	-	14,750	99,768	114,518
3	Other capital elements and securities	-	17,462	14,216	226,548	-	233,656
4	Retail funding:	252,260	21,095	16,011	32,200	-	258,431
5	Stable deposits	12,591	-	-	-	-	11,961
6	Less stable deposits	106,083	-	-	-	-	95,475
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	122,197	16,899	15,757	30,940	-	142,446
8	Other retail funding	11,389	4,196	254	1,259	-	8,549
9	Wholesale funding:	157,554	53,184	19,016	24,859	-	66,165
10	Operational deposits	-	-	-	-	-	-
11	Other wholesale funding	157,554	53,184	19,016	24,859	-	66,165
Other liabilities:							
12	NSFR derivatives liability amount	-	-	-	-	17	-
13	Total derivatives liability amount	-	-	-	-	35,723	-
14	All other liabilities not included in the above categories	98,751	58,439	686	16,536	-	-
15	<b>Total ASF<sup>1</sup></b>						<b>592,300</b>
<b>RSF Item</b>							
16	Total high-quality liquid assets (HQLA)	52,527	25,421	16,491	259,039	10,975	22,102
17	Level 1 liquid assets	51,907	24,861	16,191	160,804	-	-
18	Level 2A liquid assets	31	253	183	94,515	-	14,247
19	Level 2B liquid assets	589	307	118	3,719	10,975	7,854
20	Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	1,969	2,468	79	6,257	-	-
21	Operational deposits placed at financial sector entities or their consolidated subsidiaries	6,620	-	-	-	-	3,310
22	Loans and securities:	218,827	153,375	28,148	190,871	75,155	320,832
23	Loans to financial sector entities secured by level 1 liquid assets	12,790	83,030	514	7	-	270
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	102,058	46,160	13,496	36,239	-	65,219
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	101,882	23,670	14,138	56,058	-	117,844
26	Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	16,063	3,030	707	-	-	9,900
27	Retail mortgages	-	-	-	61,929	-	40,254
28	Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	-	-	-	61,929	-	40,254
29	Securities that do not qualify as HQLA	2,097	514	0	36,638	75,155	97,243
Other assets:							
30	Commodities	-	-	-	-	1,580	1,343
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	-	-	-	-	48,867	41,906
32	NSFR derivatives asset amount	-	-	-	-	1,957	1,957
33	Total derivatives asset amount	-	-	-	-	37,662	-
34	RSF for potential derivatives portfolio valuation changes	-	-	-	-	86,533	4,351
35	All other assets not included in the above categories, including nonperforming assets	4,397	6,456	3,965	36,546	42,206	88,003
36	Undrawn commitments	-	-	-	-	184,088	9,204
37	<b>Total RSF prior to application of required stable funding adjustment percentage</b>						<b>493,006</b>
38	<b>Required stable funding adjustment percentage</b>						<b>100%</b>
39	<b>Total adjusted RSF</b>						<b>493,006</b>
40	<b>Net Stable Funding Ratio (%)<sup>2</sup></b>						<b>120%</b>

<sup>1</sup> The amounts reported in this row may not equal the calculation of those amounts using component amounts reported in rows 1-14 due to technical factors such as total ASF excludes ASF held at subsidiaries after accounting for NSFR restrictions related to the transferability of ASF across subsidiaries.

<sup>2</sup> The NSFR quarterly average represents the average of the daily NSFRs during the quarter.

**NSFR Quantitative Disclosures**  
**Quarter ended 03/31/2024**

\$ in millions	Average Unweighted Amount					Average Weighted Amount	
	Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual		
<b>ASF Item</b>							
1	Capital and securities:	-	18,905	13,838	233,181	99,371	339,471
2	NSFR regulatory capital elements	-	-	-	14,145	99,371	113,516
3	Other capital elements and securities	-	18,905	13,838	219,036	-	225,955
4	Retail funding:	254,846	20,883	15,222	30,517	-	259,110
5	Stable deposits	12,459	-	-	-	-	11,836
6	Less stable deposits	105,107	-	-	-	-	94,597
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	127,043	17,912	14,116	28,879	-	144,701
8	Other retail funding	10,237	2,971	1,106	1,638	-	7,976
9	Wholesale funding:	160,449	64,170	17,005	23,144	-	65,141
10	Operational deposits	-	-	-	-	-	-
11	Other wholesale funding	160,449	64,170	17,005	23,144	-	65,141
Other liabilities:							
12	NSFR derivatives liability amount	-	-	-	-	6	-
13	Total derivatives liability amount	-	-	-	-	34,350	-
14	All other liabilities not included in the above categories	91,347	60,897	591	17,222	-	-
15	<b>Total ASF<sup>1</sup></b>						<b>575,166</b>
<b>RSF Item</b>							
16	Total high-quality liquid assets (HQLA)	65,978	25,415	13,662	256,229	14,292	23,845
17	Level 1 liquid assets	64,277	24,699	13,356	161,644	-	-
18	Level 2A liquid assets	15	428	217	90,639	-	13,695
19	Level 2B liquid assets	1,686	288	89	3,945	14,292	10,150
20	Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	1,995	2,505	62	6,073	-	-
21	Operational deposits placed at financial sector entities or their consolidated subsidiaries	6,383	-	-	-	-	3,191
22	Loans and securities:	216,277	154,376	19,902	183,752	77,044	310,941
23	Loans to financial sector entities secured by level 1 liquid assets	12,612	83,963	806	4	-	415
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	104,706	43,581	11,983	35,540	-	63,775
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	96,780	26,404	7,113	50,219	-	107,846
26	Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	13,795	2,848	25	-	-	8,334
27	Retail mortgages	-	-	-	60,452	-	39,294
28	Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	-	-	-	60,452	-	39,294
29	Securities that do not qualify as HQLA	2,179	429	0	37,536	77,044	99,611
Other assets:							
30	Commodities	-	-	-	-	1,218	1,035
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	-	-	-	-	45,223	38,728
32	NSFR derivatives asset amount	-	-	-	-	1,850	1,850
33	Total derivatives asset amount	-	-	-	-	36,194	-
34	RSF for potential derivatives portfolio valuation changes	-	-	-	-	89,783	4,519
35	All other assets not included in the above categories, including nonperforming assets	5,331	3,830	2,877	35,717	41,546	84,468
36	Undrawn commitments	-	-	-	-	178,874	8,944
37	<b>Total RSF prior to application of required stable funding adjustment percentage</b>						<b>477,521</b>
38	<b>Required stable funding adjustment percentage</b>						<b>100%</b>
39	<b>Total adjusted RSF</b>						<b>477,521</b>
40	<b>Net Stable Funding Ratio (%)<sup>2</sup></b>						<b>120%</b>

<sup>1</sup> The amounts reported in this row may not equal the calculation of those amounts using component amounts reported in rows 1-14 due to technical factors such as total ASF excludes ASF held at subsidiaries after accounting for NSFR restrictions related to the transferability of ASF across subsidiaries.

<sup>2</sup> The NSFR quarterly average represents the average of the daily NSFRs during the quarter.

## 6. Forward-Looking Statements

We have included in this report, and our management may make, certain statements that may constitute “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are not historical facts and represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control.

The risks and uncertainties involved in our businesses could affect the matters referred to in such statements, and it is possible that the stability of our funding sources and minimum funding requirements across a range of scenarios may differ, possibly materially, from the reported ASF and RSF and other anticipated results indicated in these forward-looking statements. Important factors that could cause actual results to differ from those in the forward-looking statements include, without limitation: (i) the effect of market conditions; (ii) changes and fluctuations to the main drivers of our NSFR; (iii) changes to our funding profile, including to our core sources of funding: borrowings, deposits, secured funding and shareholders’ equity; (iv) the level and volatility of equity, fixed income and commodity prices, interest rates, inflation and currency values, other market indices or other market factors, such as market liquidity; (v) our ability to effectively manage our capital and liquidity, including under stress tests designed by our banking regulators; (vi) the future state of our liquidity ratios; (vii) the impact of current, pending and future legislation or changes thereto, regulation (including capital, leverage, funding, liquidity, consumer protection, and recovery and resolution requirements) and our ability to address such requirements; (viii) uncertainty concerning fiscal or monetary policies established by central banks and financial regulators, government shutdowns, debt ceilings or funding; and (ix) other risks and uncertainties detailed under “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2023.

We undertake no obligation to update publicly or revise any forward-looking statements to reflect the impact of circumstances or events that arise after the dates they are made. You should, however, consult further disclosures we may make in future filings of our annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and any amendments thereto or in future press releases or other public statements.