

## 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 March 31, 2022*

Commission File Number 1-11758

**Morgan Stanley**

(Exact name of Registrant as specified in its charter)

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>1585 Broadway</b> <b>New York, NY 10036</b> (Address of principal executive offices, including zip code)	<b>36-3145972</b> (I.R.S. Employer Identification No.)	<b>(212) 761-4000</b> (Registrant's telephone number, including area code)
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**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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
Depository 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
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

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 April 29, 2022, there were 1,749,284,059 shares of the Registrant's Common Stock, par value \$0.01 per share, outstanding.

## QUARTERLY REPORT ON FORM 10-Q

For the quarter ended March 31, 2022

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### Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website, [www.sec.gov](http://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](http://www.morganstanley.com). You can access our Investor Relations webpage at [www.morganstanley.com/about-us-ir](http://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](http://www.morganstanley.com/about-us-governance), our sustainability initiatives at [www.morganstanley.com/about-us/sustainability-at-morgan-stanley](http://www.morganstanley.com/about-us/sustainability-at-morgan-stanley) and our commitment to diversity and inclusion at [www.morganstanley.com/about-us/diversity](http://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, Nominating and Governance 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;
- Sustainability Report;
- Task Force on Climate-related Financial Disclosures Report; and
- Diversity and Inclusion Report.

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.

## 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. Disclosures reflect the effects of the acquisition of Eaton Vance Corp. (“Eaton Vance”) prospectively from the March 1, 2021 acquisition date. 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 and other securities, 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 and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; annuity and insurance products; 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,” and “Risk Factors” in the 2021 Form 10-K .

Executive Summary

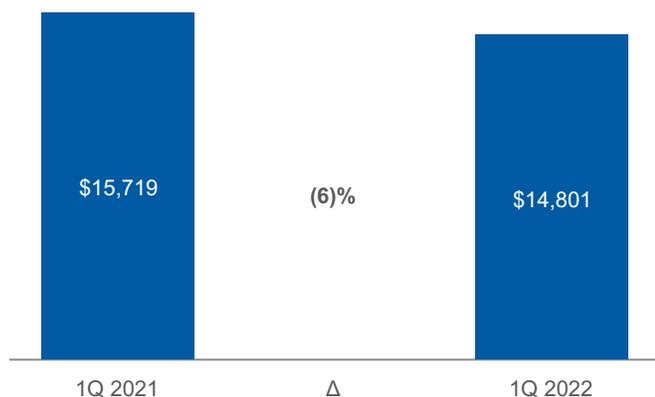
Overview of Financial Results

Consolidated Results—Three Months Ended March 31, 2022

- The Firm delivered quarterly net revenues of \$14.8 billion on continued strong performance and contributions across our businesses.
- The Firm delivered an ROTCE of 19.8% in a volatile and uncertain market environment.
- The Firm maintained expense discipline and delivered an efficiency ratio of 69% while continuing to invest in our businesses.
- At March 31, 2022, our standardized Common Equity Tier 1 capital ratio was 14.5%.
- Institutional Securities Net revenues of \$7.7 billion reflect strong performance in Equity and Fixed income on continued strong client engagement in volatile markets and in Advisory on higher completed M&A transactions.
- Wealth Management delivered a pre-tax margin of 26.5% or 27.8% excluding integration-related expenses (see “Selected Non-GAAP Financial Information” herein). Results reflect higher asset management fees and continued growth in bank lending. The business added net new assets of \$142 billion, including an asset acquisition.
- Investment Management results reflect incremental fee-based Asset management revenues and higher average AUM as a result of the acquisition of Eaton Vance.

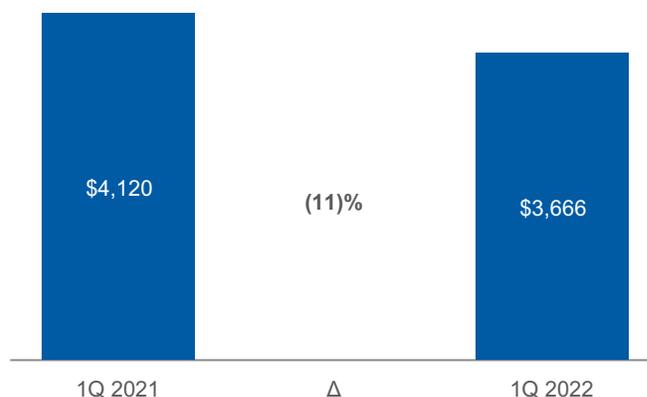
Net Revenues

(\$ in millions)

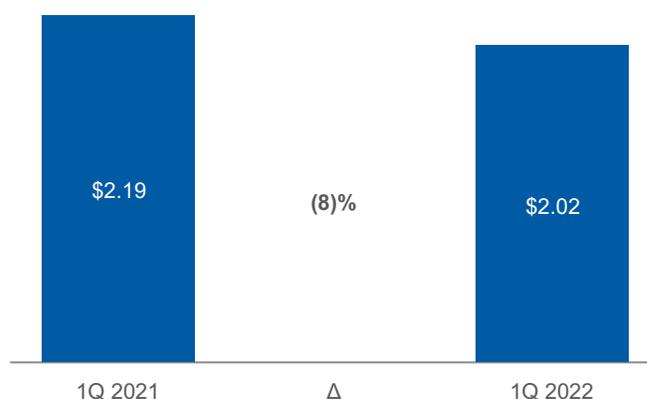


Net Income Applicable to Morgan Stanley

(\$ in millions)



Earnings per Diluted Common Share<sup>1</sup>



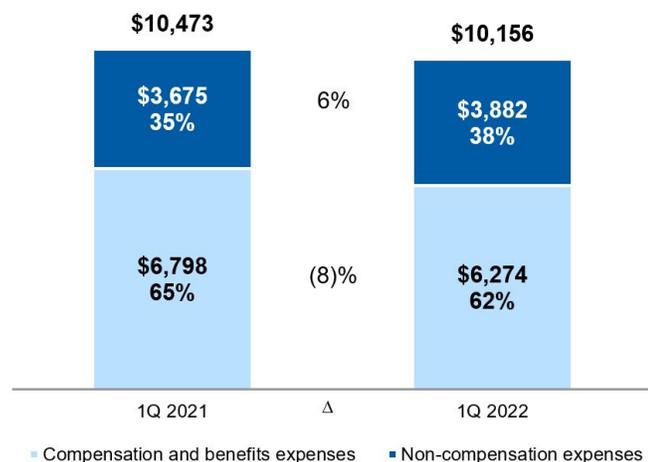
1. Adjusted Diluted EPS was \$2.06 for the current quarter and \$2.22 for the prior year quarter (see “Selected Non-GAAP Financial Information” herein for further information).

We reported net revenues of \$14.8 billion in the quarter ended March 31, 2022 (“current quarter,” or “1Q 2022”) compared with \$15.7 billion in the quarter ended March 31, 2021 (“prior year quarter,” or “1Q 2021”). For the current quarter, net income applicable to Morgan Stanley was \$3.7 billion, or \$2.02 per diluted common share, compared with \$4.1 billion or \$2.19 per diluted common share in the prior year quarter.

## Management’s Discussion and Analysis

### Non-interest Expenses<sup>1</sup>

(\$ in millions)



1. The percentages on the bars in the chart represent the contribution of compensation and benefits expenses and non-compensation expenses to the total.

- Compensation and benefits expenses of \$6,274 million in the current quarter decreased 8% from the prior year quarter, primarily as a result of lower expenses related to certain deferred compensation plans linked to investment performance and the Firm’s share price and lower discretionary incentive compensation, partially offset by higher salaries and an increase due to the formulaic payout to Wealth Management representatives.
- Non-compensation expenses of \$3,882 million in the current quarter increased 6% from the prior year quarter, primarily driven by incremental expenses as a result of the Eaton Vance acquisition, increased investments in technology and higher litigation expenses, partially offset by lower brokerage and clearing costs.

### Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of \$57 million in the current quarter was primarily due to portfolio growth. The Provision for credit losses on loans and lending commitments in the prior year quarter was a net release of \$98 million primarily driven by improvements in the outlook for macroeconomic conditions and the impact of paydowns on Corporate loans, including by lower-rated borrowers.

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

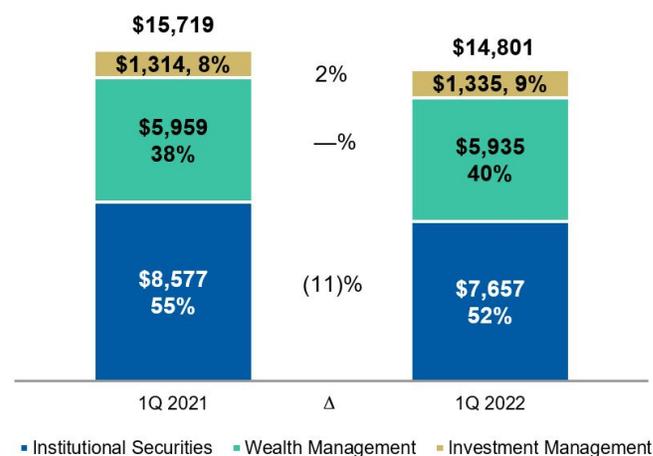
### Income Taxes

The Firm’s effective tax rate of 19.0% is lower than the prior year quarter due to higher benefits related to the conversion of employee share-based awards, which primarily occur in the first quarter of each year.

### Business Segment Results

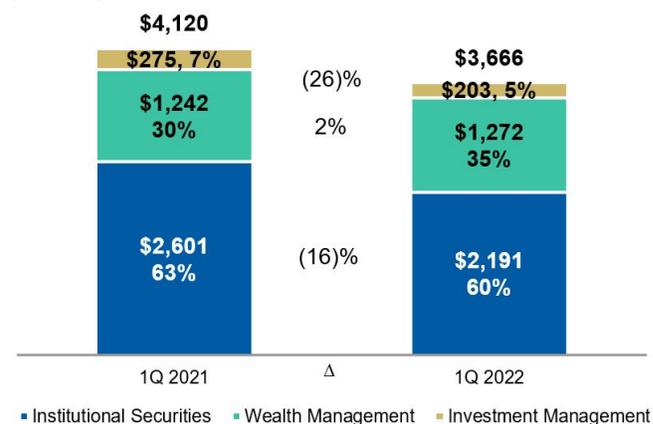
#### Net Revenues by Segment<sup>1</sup>

(\$ in millions)



#### Net Income Applicable to Morgan Stanley by Segment<sup>1</sup>

(\$ in millions)



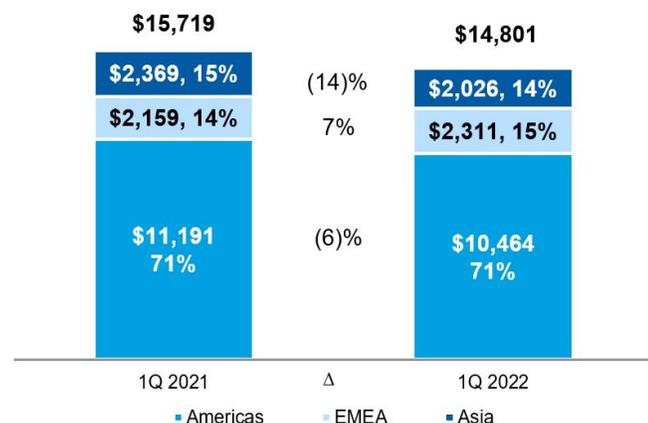
1. The percentages on the bars in the charts represent the contribution of each business segment to the total of the applicable financial category and may not sum to 100% due to intersegment eliminations. See Note 19 to the financial statements for details of intersegment eliminations.

- Institutional Securities net revenues of \$7,657 million in the current quarter decreased 11% from the prior year quarter, primarily reflecting lower underwriting revenues, partially offset by higher Advisory and Equity business revenues.
- Wealth Management net revenues of \$5,935 million in the current quarter were relatively unchanged from the prior year quarter, reflecting lower Transactional revenues offset by higher Asset management revenues and Net interest.
- Investment Management net revenues of \$1,335 million in the current quarter increased 2% from the prior year quarter, primarily due to higher Asset management and related fees due to incremental revenues related to the Eaton Vance acquisition, partially offset by lower Performance-based income and other revenues.

## Management's Discussion and Analysis

### Net Revenues by Region<sup>1,2</sup>

(\$ in millions)



1. The percentages on the bars in the charts represent the contribution of each region to the total.

2. For a discussion of how the geographic breakdown of net revenues is determined, see Note 23 to the financial statements in the 2021 Form 10-K.

Americas net revenues in the current quarter decreased 6% from the prior year quarter, primarily driven by decreases in the Investment banking and Fixed income businesses within the Institutional securities business segment, partially offset by increases within the Investment Management business segment. EMEA net revenues increased 7% from the prior year quarter, primarily driven by increases in the Fixed income and Equity businesses within the Institutional Securities business segment. Asia net revenues decreased 14% from the prior year quarter, primarily driven by the Investment Management business segment.

### Selected Financial Information and Other Statistical Data

\$ in millions	Three Months Ended March 31,	
	2022	2021
<b>Consolidated results</b>		
Net revenues	\$ 14,801	\$ 15,719
Earnings applicable to Morgan Stanley common shareholders	\$ 3,542	\$ 3,982
Earnings per diluted common share	\$ 2.02	\$ 2.19
<b>Consolidated financial measures</b>		
Expense efficiency ratio <sup>1</sup>	69 %	67 %
Adjusted expense efficiency ratio <sup>1,2</sup>	68 %	66 %
ROE <sup>3</sup>	14.7 %	16.9 %
Adjusted ROE <sup>2,3</sup>	15.0 %	17.1 %
ROTCE <sup>2,3</sup>	19.8 %	21.1 %
Adjusted ROTCE <sup>2,3</sup>	20.3 %	21.4 %
Pre-tax margin <sup>4</sup>	31 %	34 %
Effective tax rate	19.0 %	22.0 %
<b>Pre-tax margin by segment<sup>4</sup></b>		
Institutional Securities	36 %	39 %
Wealth Management	27 %	27 %
Wealth Management, adjusted <sup>2</sup>	28 %	28 %
Investment Management	17 %	28 %
Investment Management, adjusted <sup>2</sup>	19 %	29 %

<i>in millions, except per share and employee data</i>	At March 31, 2022	At December 31, 2021
Liquidity resources <sup>5</sup>	\$ 323,227	\$ 356,003
Loans <sup>6</sup>	\$ 208,750	\$ 200,761
Total assets	\$ 1,222,233	\$ 1,188,140
Deposits	\$ 360,840	\$ 347,574
Borrowings	\$ 229,817	\$ 233,127
Common shareholders' equity	\$ 95,151	\$ 97,691
Tangible common shareholders' equity <sup>2</sup>	\$ 70,083	\$ 72,499
Common shares outstanding	1,756	1,772
Book value per common share <sup>7</sup>	\$ 54.18	\$ 55.12
Tangible book value per common share <sup>2,7</sup>	\$ 39.91	\$ 40.91
Worldwide employees (in thousands)	77	75
Client assets <sup>8</sup> (in billions)	\$ 6,247	\$ 6,495
<b>Capital Ratios<sup>9</sup></b>		
Common Equity Tier 1 capital—Standardized	14.5 %	16.0 %
Tier 1 capital—Standardized	16.0 %	17.7 %
Common Equity Tier 1 capital—Advanced	15.9 %	17.4 %
Tier 1 capital—Advanced	17.6 %	19.1 %
Tier 1 leverage	6.8 %	7.1 %
SLR	5.5 %	5.6 %

- The expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.
- Represents a non-GAAP financial measure. See "Selected Non-GAAP Financial Information" herein.
- 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.
- Pre-tax margin represents income before income taxes as a percentage of net revenues.
- For a discussion of Liquidity resources, see "Liquidity and Capital Resources—Balance Sheet—Liquidity Risk Management Framework—Liquidity Resources" herein.
- 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.
- 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.
- 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.
- For a discussion of our capital ratios, see "Liquidity and Capital Resources—Regulatory Requirements" herein.

### Russia and Ukraine War

We are monitoring the war in Ukraine and its impact on both the Ukrainian and Russian economies, as well as related impacts on other world economies and the financial markets. Our direct exposure to both Russia and Ukraine is limited. We are not entering any new business onshore in Russia and our activities in Russia are limited to helping global clients address and close out pre-existing obligations.

Refer to "Risk Factors" and "Forward-Looking Statements" in the 2021 Form 10-K for more information on the potential effects of geopolitical events and acts of war or aggression.

### 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 statement and otherwise. A "non-GAAP financial measure" excludes, or includes, amounts from the most directly comparable measure

## Management's Discussion and Analysis

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.

The principal non-GAAP financial measures presented in this document are set forth in the following tables.

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

<i>\$ in millions, except per share data</i>	Three Months Ended March 31,	
	2022	2021
<b>Earnings applicable to Morgan Stanley common shareholders</b>	\$ 3,542	\$ 3,982
Impact of adjustments:		
Wealth Management—Compensation expenses	1	30
Wealth Management—Non-compensation expenses	74	34
Investment Management—Compensation expenses	9	3
Investment Management—Non-compensation expenses	23	8
Integration-related expenses	107	75
Related tax benefit	(25)	(17)
<b>Adjusted earnings applicable to Morgan Stanley common shareholders—non-GAAP<sup>1</sup></b>	\$ 3,624	\$ 4,040
<b>Earnings per diluted common share</b>	\$ 2.02	\$ 2.19
Impact of adjustments	0.04	0.03
<b>Adjusted earnings per diluted common share—non-GAAP<sup>1</sup></b>	\$ 2.06	\$ 2.22
<b>Expense efficiency ratio</b>	69 %	67 %
Impact of adjustments	(1)%	(1)%
<b>Adjusted expense efficiency ratio—non-GAAP<sup>1</sup></b>	68 %	66 %
<b>Wealth Management Pre-tax margin</b>	27 %	27 %
Impact of adjustments	1 %	1 %
<b>Adjusted Wealth Management pre-tax margin—non-GAAP<sup>1</sup></b>	28 %	28 %
<b>Investment Management Pre-tax margin</b>	17 %	28 %
Impact of adjustments	2 %	1 %
<b>Adjusted Investment Management pre-tax margin—non-GAAP<sup>1</sup></b>	19 %	29 %

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
<b>Tangible equity</b>		
Common shareholders' equity	\$ 95,151	\$ 97,691
Less: Goodwill and net intangible assets	(25,068)	(25,192)
<b>Tangible common shareholders' equity—non-GAAP</b>	\$ 70,083	\$ 72,499

## Morgan Stanley

<i>\$ in millions</i>	Average Monthly Balance Three Months Ended March 31,	
	2022	2021
<b>Tangible equity</b>		
Common shareholders' equity	\$ 96,667	\$ 94,343
Less: Goodwill and net intangible assets	(25,120)	(18,849)
<b>Tangible common shareholders' equity—non-GAAP</b>	\$ 71,547	\$ 75,494

<i>\$ in billions</i>	Three Months Ended March 31,	
	2022	2021
<b>Average common equity</b>		
Unadjusted—GAAP	\$ 96.7	\$ 94.3
Adjusted <sup>1</sup> —Non-GAAP	96.7	94.4
<b>ROE<sup>2</sup></b>		
Unadjusted—GAAP	14.7 %	16.9 %
Adjusted <sup>1</sup> —Non-GAAP	15.0 %	17.1 %
<b>Average tangible common equity—Non-GAAP</b>		
Unadjusted	\$ 71.5	\$ 75.5
Adjusted <sup>1</sup>	71.6	75.5
<b>ROTCE<sup>2</sup>—Non-GAAP</b>		
Unadjusted	19.8 %	21.1 %
Adjusted <sup>1</sup>	20.3 %	21.4 %

### Non-GAAP Financial Measures by Business Segment

<i>\$ in billions</i>	Three Months Ended March 31,	
	2022	2021
<b>Average common equity<sup>3</sup></b>		
Institutional Securities	\$ 48.8	\$ 43.5
Wealth Management	31.0	28.5
Investment Management	10.6	4.4
<b>ROE<sup>4</sup></b>		
Institutional Securities	17 %	23 %
Wealth Management	16 %	17 %
Investment Management	8 %	25 %
<b>Average tangible common equity<sup>3</sup></b>		
Institutional Securities	\$ 48.3	\$ 42.9
Wealth Management	16.3	13.4
Investment Management	0.8	1.2
<b>ROTCE<sup>4</sup></b>		
Institutional Securities	17 %	23 %
Wealth Management	30 %	36 %
Investment Management	106 %	88 %

- Adjusted amounts exclude the effect of costs related to the integrations of E\*TRADE and Eaton Vance, net of tax as appropriate.
- ROE and ROTCE represent earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively. When excluding integration-related costs, both the numerator and average denominator are adjusted.
- 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 equity.
- The calculation of ROE and ROTCE by segment uses net income applicable to Morgan Stanley by segment less preferred dividends allocated to each segment as a percentage of average common equity and average tangible common equity, respectively, allocated to each segment.

### Return on Tangible Common Equity Goal

In January 2022, we established an ROTCE goal of over 20%, excluding integration-related expenses. Our ROTCE goal is a forward-looking statement that was based on a normal market environment and may be materially affected by many factors.

## **Management’s Discussion and Analysis**

See “Risk Factors” and “Forward-Looking Statements” in the 2021 Form 10-K for further information on market and economic conditions and their potential effects on our future operating results.

For further information on non-GAAP measures (ROTCE excluding integration-related expenses), 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 2021 Form 10-K.

## Management's Discussion and Analysis

### Institutional Securities

#### Income Statement Information

\$ in millions	Three Months Ended March 31,		
	2022	2021	% Change
<b>Revenues</b>			
Advisory	\$ 944	\$ 480	97 %
Equity	258	1,502	(83)%
Fixed income	432	631	(32)%
Total Underwriting	690	2,133	(68)%
Total Investment banking	1,634	2,613	(37)%
Equity	3,174	2,875	10 %
Fixed income	2,923	2,966	(1)%
Other	(74)	123	(160)%
<b>Net revenues</b>	<b>\$ 7,657</b>	<b>\$ 8,577</b>	<b>(11)%</b>
<b>Provision for credit losses</b>			
Compensation and benefits	2,604	3,114	(16)%
Non-compensation expenses	2,222	2,185	2 %
<b>Total non-interest expenses</b>	<b>4,826</b>	<b>5,299</b>	<b>(9)%</b>
Income before provision for income taxes	2,787	3,371	(17)%
Provision for income taxes	535	736	(27)%
Net income	2,252	2,635	(15)%
Net income applicable to noncontrolling interests	61	34	79 %
<b>Net income applicable to Morgan Stanley</b>	<b>\$ 2,191</b>	<b>\$ 2,601</b>	<b>(16)%</b>

#### Investment Banking

##### Investment Banking Volumes

\$ in billions	Three Months Ended March 31,	
	2022	2021
Completed mergers and acquisitions <sup>1</sup>	\$ 320	\$ 228
Equity and equity-related offerings <sup>2,3</sup>	8	37
Fixed income offerings <sup>2,4</sup>	81	105

Source: Refinitiv data as of April 1, 2022. 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 \$1,634 million in the current quarter decreased 37% compared with the prior year quarter, primarily reflecting a decrease in equity underwriting revenues, partially offset by an increase in advisory revenues.

- Advisory revenues increased primarily due to higher completed transactions.
- Equity underwriting revenues decreased on lower volumes in line with market levels, with lower revenues across all products.

- Fixed income underwriting revenues decreased primarily due to lower bond issuances.

See "Investment Banking Volumes" herein.

#### Equity, Fixed Income and Other Net Revenues

##### Equity and Fixed Income Net Revenues

\$ in millions	Three Months Ended March 31, 2022				
	Trading	Fees <sup>1</sup>	Net Interest <sup>2</sup>	All Other <sup>3</sup>	Total
Financing	\$ 1,251	\$ 132	\$ 87	\$ 4	\$ 1,474
Execution services	924	693	(34)	117	1,700
<b>Total Equity</b>	<b>\$ 2,175</b>	<b>\$ 825</b>	<b>\$ 53</b>	<b>\$ 121</b>	<b>\$ 3,174</b>
<b>Total Fixed Income</b>	<b>\$ 2,258</b>	<b>\$ 97</b>	<b>\$ 508</b>	<b>\$ 60</b>	<b>\$ 2,923</b>

\$ in millions	Three Months Ended March 31, 2021				
	Trading	Fees <sup>1</sup>	Net Interest <sup>2</sup>	All Other <sup>3</sup>	Total
Financing	\$ 645	\$ 130	\$ 182	\$ 3	\$ 960
Execution services	1,114	800	(62)	63	1,915
<b>Total Equity</b>	<b>\$ 1,759</b>	<b>\$ 930</b>	<b>\$ 120</b>	<b>\$ 66</b>	<b>\$ 2,875</b>
<b>Total Fixed Income</b>	<b>\$ 2,313</b>	<b>\$ 81</b>	<b>\$ 439</b>	<b>\$ 133</b>	<b>\$ 2,966</b>

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 \$3,174 million in the current quarter increased 10% compared with the prior year quarter, reflecting an increase in financing, partially offset by a decrease in execution services.

- Financing revenues increased primarily due to the absence of a credit event for a single client in the prior year quarter.
- Execution services revenues decreased, primarily due to the impact of market conditions on inventory held to facilitate client activity and lower client activity compared to the prior year quarter, partially offset by the absence of trading losses related to the aforementioned credit event.

##### Fixed Income

Net revenues of \$2,923 million in the current quarter were relatively unchanged when compared with the prior year quarter, as a decrease in credit products was offset by an increase in commodities and global macro products.

- Global macro products revenues increased primarily in foreign exchange products due to the impact of market conditions on inventory held to facilitate client activity. Client activity levels were elevated consistent with the prior year quarter.
- Credit products revenues decreased primarily due to the impact of market conditions on inventory held to facilitate client activity across products.
- Commodities products and other fixed income revenues increased primarily driven by higher client activity and the impact of market conditions on inventory held to facilitate client activity in Commodities.

## Management's Discussion and Analysis

### *Other Net Revenues*

Other Net revenues in the current quarter decreased compared with the prior year quarter, primarily due to losses compared with gains in the prior year quarter on investments associated with certain employee deferred compensation plans, and higher mark-to-market losses on corporate loans held for sale, net of related hedges in the current quarter.

### **Provision for Credit Losses**

Provision for credit losses on loans and lending commitments of \$44 million in the current quarter was primarily driven by portfolio growth. The Provision for credit losses on loans and lending commitments was a net release of \$93 million in the prior year quarter, primarily driven by improvements in the outlook for macroeconomic conditions and the impact of paydowns on Corporate loans, including by lower-rated borrowers.

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

### **Non-interest Expenses**

Non-interest expenses of \$4,826 million in the current quarter decreased 9% compared with the prior year quarter, primarily as a result of lower Compensation and benefits expenses offset by higher Non-compensation expenses.

- Compensation and benefits expenses decreased in the current quarter, primarily due to lower discretionary incentive compensation on lower revenues and lower expenses related to certain deferred compensation plans linked to the Firm's share price and investment performance, partially offset by higher salaries.
- Non-compensation expenses increased in the current quarter, primarily due to an increase in litigation expenses and investments in technology, partially offset by lower volume-related and other expenses.

### **Income Tax Items**

The effective tax rate of 19.2% is lower than the prior year quarter due to higher benefits related to the conversion of employee share-based awards, which primarily occur in the first quarter of each year.

# Management's Discussion and Analysis

## Wealth Management

### Income Statement Information

\$ in millions	Three Months Ended March 31,		
	2022	2021	% Change
<b>Revenues</b>			
Asset management	\$ 3,626	\$ 3,191	14 %
Transactional <sup>1</sup>	635	1,228	(48)%
Net interest	1,540	1,385	11 %
Other <sup>1</sup>	134	155	(14)%
<b>Net revenues</b>	<b>5,935</b>	<b>5,959</b>	<b>— %</b>
<b>Provision for credit losses</b>	<b>13</b>	<b>(5)</b>	<b>N/M</b>
Compensation and benefits	3,125	3,170	(1)%
Non-compensation expenses	1,224	1,194	3 %
<b>Total non-interest expenses</b>	<b>4,349</b>	<b>4,364</b>	<b>— %</b>
Income before provision for income taxes	\$ 1,573	\$ 1,600	(2)%
Provision for income taxes	301	358	(16)%
<b>Net income applicable to Morgan Stanley</b>	<b>\$ 1,272</b>	<b>\$ 1,242</b>	<b>2 %</b>

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

### Wealth Management Metrics

\$ in billions	At March 31,	At December 31,
	2022	2021
Total client assets	\$ 4,800	\$ 4,930
U.S. Bank Subsidiary loans	\$ 137	\$ 129
Margin and other lending <sup>1</sup>	\$ 29	\$ 31
Deposits <sup>2</sup>	\$ 352	\$ 346
Annualized weighted average cost of deposits	0.09%	0.10%
Three Months Ended March 31,		
	2022	2021
Net new assets <sup>3</sup>	\$ 142.0	\$ 104.9

- 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.
- Deposits are sourced from Wealth Management clients and other sources of funding on the U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other, and time deposits. Excludes approximately \$8 billion and \$9 billion of off-balance sheet deposits as of March 31, 2022 and December 31, 2021, respectively.
- Net new assets represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/divestitures and the impact of fees and commissions.

### Advisor-led Channel

\$ in billions	At March 31,	At December 31,
	2022	2021
Advisor-led client assets <sup>1</sup>	\$ 3,835	\$ 3,886
Fee-based client assets <sup>2</sup>	\$ 1,873	\$ 1,839
Fee-based client assets as a percentage of advisor-led client assets	49%	47%
Three Months Ended March 31,		
	2022	2021
Fee-based asset flows <sup>3</sup>	\$ 97.2	\$ 37.2

- Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
- 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.
- 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 2021 Form 10-K.

### Self-directed Channel

\$ in billions	At March 31,	At December 31,
	2022	2021
Self-directed assets <sup>1</sup>	\$ 965	\$ 1,044
Self-directed households (in millions) <sup>2</sup>	7.6	7.4
Three Months Ended March 31,		
	2022	2021
Daily average revenue trades ("DARTs") (in thousands) <sup>3</sup>	1,016	1,619

- Self-directed assets represent active accounts which are not advisor led. Active accounts are defined as having at least \$25 in assets.
- Self-directed households represent the total number of households that include at least one account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels will be included in each of the respective channel counts.
- DARTs represent the total self-directed trades in a period divided by the number of trading days during that period.

### Workplace Channel<sup>1</sup>

\$ in billions	At March 31,	At December 31,
	2022	2021
Stock plan unvested assets <sup>2</sup>	\$ 454	\$ 509
Stock plan participants (in millions) <sup>3</sup>	5.8	5.6

- The workplace channel includes equity compensation solutions for companies, their executives and employees.
- Stock plan unvested assets represent the market value of public company securities at the end of the period.
- 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 \$3,626 million in the current quarter increased 14% compared with the prior year quarter, primarily due to higher fee-based asset levels in the current quarter as a result of positive fee-based flows and market appreciation since the prior year quarter.

See "Fee-Based Client Assets—Rollforwards" herein.

#### Transactional Revenues

Transactional revenues of \$635 million in the current quarter decreased 48% compared with the prior year quarter, primarily due to losses on investments associated with certain employee deferred compensation plans, lower client activity in equities, and lower revenues from closed-end fund issuances.

#### Net Interest

Net interest of \$1,540 million in the current quarter increased 11% compared with the prior year quarter, primarily due to growth in bank lending and net effect of higher interest rates.

#### Non-interest Expenses

Non-interest expenses of \$4,349 million in the current quarter were relatively unchanged from the prior year quarter.

- Compensation and benefits expenses decreased in the current quarter primarily due to lower expenses related to

## Management’s Discussion and Analysis

certain deferred compensation plans linked to investment performance, partially offset by an increase in the formulaic payout to Wealth Management representatives driven by higher compensable revenues, as well as higher salaries.

- Non-compensation expenses increased in the current quarter primarily due to higher professional services expenses and investments in technology, partially offset by lower brokerage and clearing costs.

### Fee-Based Client Assets Rollforwards

<i>\$ in billions</i>	At December 31, 2021	Inflows <sup>1</sup>	Outflows	Market Impact	At March 31, 2022
Separately managed <sup>2</sup>	\$ 479	\$ 87	\$ (8)	\$ 7	\$ 565
Unified managed	467	25	(14)	(31)	447
Advisor	211	9	(11)	(10)	199
Portfolio manager	636	30	(21)	(30)	615
Subtotal	\$ 1,793	\$ 151	\$ (54)	\$ (64)	\$ 1,826
Cash management	46	9	(8)	—	47
<b>Total fee-based client assets</b>	<b>\$ 1,839</b>	<b>\$ 160</b>	<b>\$ (62)</b>	<b>\$ (64)</b>	<b>\$ 1,873</b>

<i>\$ in billions</i>	At December 31, 2020	Inflows	Outflows	Market Impact	At March 31, 2021
Separately managed <sup>2</sup>	\$ 359	\$ 13	\$ (7)	\$ 20	\$ 385
Unified managed	379	27	(14)	13	405
Advisor	177	12	(9)	8	188
Portfolio manager	509	33	(18)	25	549
Subtotal	\$ 1,424	\$ 85	\$ (48)	\$ 66	\$ 1,527
Cash management	48	8	(9)	—	47
<b>Total fee-based client assets</b>	<b>\$ 1,472</b>	<b>\$ 93</b>	<b>\$ (57)</b>	<b>\$ 66</b>	<b>\$ 1,574</b>

1. Includes \$75 billion of fee-based assets acquired in an asset acquisition in the current quarter reflected in Separately managed.
2. Includes non-custody account values reflecting prior quarter-end balances due to a lag in the reporting of asset values by third-party custodians.

### Average Fee Rates<sup>1</sup>

<i>Fee rate in bps</i>	Three Months Ended March 31,	
	2022	2021
Separately managed	13	14
Unified managed	94	97
Advisor	81	81
Portfolio manager	92	93
Subtotal	68	73
Cash management	6	5
<b>Total fee-based client assets</b>	<b>67</b>	<b>71</b>

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 2021 Form 10-K.

## Management's Discussion and Analysis

### Investment Management

#### Income Statement Information

\$ in millions	Three Months Ended March 31,		
	2022	2021	% Change
<b>Revenues</b>			
Asset management and related fees	\$ 1,388	\$ 1,103	26 %
Performance-based income and other <sup>1</sup>	(53)	211	(125)%
<b>Net revenues</b>	<b>1,335</b>	<b>1,314</b>	<b>2 %</b>
Compensation and benefits	545	514	6 %
Non-compensation expenses	562	430	31 %
<b>Total non-interest expenses</b>	<b>1,107</b>	<b>944</b>	<b>17 %</b>
Income before provision for income taxes	228	370	(38)%
Provision for income taxes	37	81	(54)%
Net income	191	289	(34)%
Net income (loss) applicable to noncontrolling interests	(12)	14	(186)%
<b>Net income applicable to Morgan Stanley</b>	<b>\$ 203</b>	<b>\$ 275</b>	<b>(26)%</b>

1. Includes Investments, Trading, Commissions and fees, Net interest, and Other revenues.

#### Acquisition of Eaton Vance

The comparisons of current year results to prior periods are impacted by the acquisition of Eaton Vance on March 1, 2021. For additional information on the acquisition of Eaton Vance, see Note 3 to the financial statements in the Form 2021 10-K.

#### Net Revenues

##### Asset Management and Related Fees

Asset management and related fees of \$1,388 million in the current quarter increased 26% from the prior year quarter, primarily due to incremental revenues and higher average AUM as a result of the Eaton Vance acquisition.

See "Assets under Management or Supervision" herein.

##### Performance-based Income and Other

Performance-based income and other revenues was a loss of \$53 million, a 125% decrease from the prior year quarter, primarily due to lower carried interest and mark downs on investments, including the reversal of accrued carried interest and investment losses in an Asia private equity fund compared with gains in the prior year quarter, and the reversal of accrued carried interest in an international real estate fund. Also contributing to the decrease were losses on investments associated with certain employee deferred compensation plans.

#### Non-interest Expenses

Non-interest expenses of \$1,107 million in the current quarter increased 17% from the prior year quarter as a result of higher Non-compensation expenses and higher Compensation and benefits.

- Compensation and benefits expenses increased in the current quarter primarily due to incremental compensation as a result of the Eaton Vance acquisition, partially offset by lower expenses related to certain deferred compensation plans linked to investment performance and lower compensation associated with carried interest.
- Non-compensation expenses increased in the current quarter primarily due to incremental expenses as a result of the Eaton Vance acquisition.

#### Assets under Management or Supervision

##### Rollforwards

\$ 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	19	19	27	65	494	559
Outflows	(26)	(22)	(29)	(77)	(523)	(600)
Market Impact	(48)	(7)	(14)	(69)	(2)	(71)
Other	(3)	(2)	(1)	(6)	—	(6)
<b>March 31, 2022</b>	<b>\$ 337</b>	<b>\$ 195</b>	<b>\$ 449</b>	<b>\$ 981</b>	<b>\$ 466</b>	<b>\$1,447</b>

\$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
December 31, 2020	\$ 242	\$ 98	\$ 153	\$ 493	\$ 288	\$ 781
Inflows	31	13	15	59	459	518
Outflows	(23)	(9)	(10)	(42)	(433)	(475)
Market Impact	4	(2)	10	12	—	12
Acquired <sup>1</sup>	119	103	251	473	116	589
Other	(2)	(2)	(1)	(5)	(1)	(6)
<b>March 31, 2021</b>	<b>\$ 371</b>	<b>\$ 201</b>	<b>\$ 418</b>	<b>\$ 990</b>	<b>\$ 429</b>	<b>\$1,419</b>

1. Related to the Eaton Vance acquisition.

**Management's Discussion and Analysis****Average AUM**

<i>\$ in billions</i>	Three Months Ended March 31,	
	2022	2021
Equity	\$ 355	\$ 288
Fixed income	201	131
Alternatives and Solutions	454	242
Long-term AUM subtotal	1,010	661
Liquidity and Overlay Services	476	339
<b>Total AUM</b>	<b>\$ 1,486</b>	<b>\$ 1,000</b>

**Average Fee Rates<sup>1</sup>**

<i>Fee rate in bps</i>	Three Months Ended March 31,	
	2022	2021
Equity	70	77
Fixed income	36	33
Alternatives and Solutions	35	45
Long-term AUM	48	57
Liquidity and Overlay Services	7	8
Total AUM	35	40

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.

Certain Eaton Vance products may have higher or lower average fee rates than similar products prior to the acquisition, with the overall impact yielding a lower average fee rate; however, Asset management and related fees arising from the acquisition are incremental to our revenues.

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 2021 Form 10-K.

**Supplemental Financial Information**
**U.S. Bank Subsidiaries**

Our U.S. bank subsidiaries, Morgan Stanley Bank N.A. (“MSBNA”) and Morgan Stanley Private Bank, National Association (“MSPBNA”) (collectively, “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 U.S. Bank Subsidiaries from the Institutional Securities business segment primarily includes Secured lending facilities and Commercial real estate loans. Lending activity in the 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.” 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<sup>1</sup>**

<i>\$ in billions</i>	At March 31, 2022	At December 31, 2021
<b>Investment securities portfolio:</b>		
Investment securities—AFS	\$ 69.3	\$ 81.6
Investment securities—HTM	60.6	61.7
<b>Total investment securities</b>	<b>\$ 129.9</b>	<b>\$ 143.3</b>
<b>Wealth Management Loans<sup>2</sup></b>		
Residential real estate	\$ 47.2	\$ 44.2
Securities-based lending and Other <sup>3</sup>	89.5	85.0
<b>Total, net of ACL</b>	<b>\$ 136.7</b>	<b>\$ 129.2</b>
<b>Institutional Securities Loans<sup>2</sup></b>		
Corporate	\$ 7.0	\$ 6.5
Secured lending facilities	32.6	33.1
Commercial and Residential real estate	11.7	10.4
Securities-based lending and Other	6.8	6.3
<b>Total, net of ACL</b>	<b>\$ 58.1</b>	<b>\$ 56.3</b>
<b>Total Assets</b>	<b>\$ 390.0</b>	<b>\$ 386.1</b>
Deposits <sup>4</sup>	\$ 352.1	\$ 346.2

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.

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 either determined to be not applicable or to not have a material impact on our financial condition or results of operations upon adoption.

The following accounting updates are currently being evaluated, however, we do not expect a material impact on our financial condition or results of operations upon adoption:

- *Financial Instruments—Credit Losses.* This accounting update eliminates the accounting guidance for Troubled Debt Restructurings (“TDRs”) 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) 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. The ASU is effective January 1, 2023 with early adoption permitted.
- *Derivatives and Hedging.* The accounting update allows entities to designate fair value hedging relationships to multiple layers in a closed portfolio of prepayable and non-prepayable financial assets. It also provides additional guidance on the accounting for and disclosure of hedge basis adjustments under the portfolio layer method. As of the adoption date, entities are permitted to reclassify HTM debt securities to AFS if the securities will be included in a closed portfolio that are designated in a portfolio layer method hedge. The ASU is effective January 1, 2023 with early adoption permitted.

**Critical Accounting Policies**

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 2021 Form 10-K and Note 2 to the financial statements), the fair value, goodwill and intangible assets, legal and regulatory contingencies 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 Policies” in the 2021 Form 10-K.

**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”). Through various risk and control committees, senior management reviews business

## Management's Discussion and Analysis

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 Treasury department, Firm Risk Committee, Asset/Liability Management Committee, and other committees and control groups assist in evaluating, monitoring and controlling the impact that our business activities have on our balance sheet, liquidity and capital structure. Liquidity and capital matters 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

\$ in millions	At March 31, 2022			
	IS	WM	IM	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 98,944	\$ 36,603	\$ 539	\$ 136,086
Trading assets at fair value	290,709	1,598	4,574	296,881
Investment securities	43,300	127,493	—	170,793
Securities purchased under agreements to resell	112,144	15,623	—	127,767
Securities borrowed	149,957	1,038	—	150,995
Customer and other receivables	57,315	36,186	1,303	94,804
Loans <sup>1</sup>	59,542	136,713	5	196,260
Other assets <sup>2</sup>	14,331	23,247	11,069	48,647
<b>Total assets</b>	<b>\$ 826,242</b>	<b>\$ 378,501</b>	<b>\$17,490</b>	<b>\$ 1,222,233</b>

\$ in millions	At December 31, 2021			
	IS	WM	IM	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 91,251	\$ 36,003	\$ 471	\$ 127,725
Trading assets at fair value	288,405	1,921	4,543	294,869
Investment securities	41,407	141,591	—	182,998
Securities purchased under agreements to resell	112,267	7,732	—	119,999
Securities borrowed	128,154	1,559	—	129,713
Customer and other receivables	57,009	37,643	1,366	96,018
Loans <sup>1</sup>	58,822	129,307	5	188,134
Other assets <sup>2</sup>	14,820	22,682	11,182	48,684
<b>Total assets</b>	<b>\$ 792,135</b>	<b>\$ 378,438</b>	<b>\$17,567</b>	<b>\$ 1,188,140</b>

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 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, comprising Investment securities, Cash and cash equivalents and Securities purchased under agreements to resell. Total assets of \$1,222 billion at March 31, 2022 were relatively unchanged from \$1,188 billion at December 31, 2021.

### 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 2021 Form 10-K.

At March 31, 2022 and December 31, 2021, 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.

## Management's Discussion and Analysis

The amount of Liquidity Resources we hold is based on our risk appetite and is calibrated to meet various internal and regulatory requirements as well as 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

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Cash deposits with central banks	\$ 78,160	\$ 70,147
Unencumbered HQLA Securities <sup>1</sup> :		
U.S. government obligations	122,646	154,879
U.S. agency and agency mortgage-backed securities	91,265	110,435
Non-U.S. sovereign obligations <sup>2</sup>	22,522	11,959
Other investment grade securities	648	607
<b>Total HQLA<sup>1</sup></b>	<b>\$ 315,241</b>	<b>\$ 348,027</b>
Cash deposits with banks (non-HQLA)	7,986	7,976
<b>Total Liquidity Resources</b>	<b>\$ 323,227</b>	<b>\$ 356,003</b>

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

### Liquidity Resources by Bank and Non-Bank Legal Entities

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021	Average Daily Balance Three Months Ended March 31, 2022
<b>Bank legal entities</b>			
U.S.	\$ 160,425	\$ 171,642	\$ 165,108
Non-U.S.	9,480	8,582	8,978
<b>Total Bank legal entities</b>	<b>169,905</b>	<b>180,224</b>	<b>174,086</b>
<b>Non-Bank legal entities</b>			
U.S.:			
Parent Company	35,496	60,391	44,846
Non-Parent Company	58,073	52,932	59,925
<b>Total U.S.</b>	<b>93,569</b>	<b>113,323</b>	<b>104,771</b>
Non-U.S.	59,753	62,456	59,424
<b>Total Non-Bank legal entities</b>	<b>153,322</b>	<b>175,779</b>	<b>164,195</b>
<b>Total Liquidity Resources</b>	<b>\$ 323,227</b>	<b>\$ 356,003</b>	<b>\$ 338,281</b>

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 requires that banking organizations 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 requires large banking organizations to maintain sufficiently stable sources of funding over a one-year time horizon.

As of March 31, 2022, we and our U.S. Bank Subsidiaries are compliant with the minimum LCR and NSFR requirements of 100%.

### Liquidity Coverage Ratio

<i>\$ in millions</i>	Average Daily Balance Three Months Ended	
	March 31, 2022	December 31, 2021
<b>Eligible HQLA<sup>1</sup></b>		
Cash deposits with central banks	\$ 63,336	\$ 54,606
Securities <sup>2</sup>	171,692	183,105
<b>Total Eligible HQLA<sup>1</sup></b>	<b>\$ 235,028</b>	<b>\$ 237,711</b>
LCR	130 %	134 %

- Under the LCR rule, Eligible HQLA is calculated using weightings and excluding certain HQLA held in subsidiaries.
- Primarily includes U.S. Treasuries, U.S. agency mortgage-backed securities, sovereign bonds and 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, 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.

### 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 2021 Form 10-K.

## Management's Discussion and Analysis

### Collateralized Financing Transactions

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Securities purchased under agreements to resell and Securities borrowed	\$ 278,762	\$ 249,712
Securities sold under agreements to repurchase and Securities loaned	\$ 74,290	\$ 74,487
Securities received as collateral <sup>1</sup>	\$ 7,844	\$ 10,504

<i>\$ in millions</i>	Average Daily Balance Three Months Ended	
	March 31, 2022	December 31, 2021
Securities purchased under agreements to resell and Securities borrowed	\$ 259,971	\$ 236,327
Securities sold under agreements to repurchase and Securities loaned	\$ 72,387	\$ 69,565

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 2021 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 2021 Form 10-K.

### Deposits

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Savings and demand deposits:		
Brokerage sweep deposits <sup>1</sup>	\$ 316,044	\$ 298,352
Savings and other	32,607	34,395
Total Savings and demand deposits	348,651	332,747
Time deposits	12,189	14,827
<b>Total<sup>2</sup></b>	<b>\$ 360,840</b>	<b>\$ 347,574</b>

1. Amounts represent balances swept from client brokerage accounts.
2. Excludes approximately \$8 billion and \$9 billion of off-balance sheet deposits at unaffiliated financial institutions as of March 31, 2022 and December 31, 2021, respectively. This client cash held by third parties is not reflected in our balance sheet and is not immediately available for liquidity purposes.

Deposits are primarily sourced from our Wealth Management clients and are considered to have stable, low-cost funding

characteristics. Total deposits were relatively unchanged in the current quarter.

### Borrowings by Remaining Maturity at March 31, 2022<sup>1</sup>

<i>\$ in millions</i>	Parent Company	Subsidiaries	Total
Original maturities of one year or less	\$ —	\$ 4,146	\$ 4,146
Original maturities greater than one year			
2022	\$ 7,034	\$ 5,273	\$ 12,307
2023	13,710	7,555	21,265
2024	20,066	8,779	28,845
2025	19,821	7,121	26,942
2026	19,652	5,537	25,189
Thereafter	85,382	25,741	111,123
Total	\$ 165,665	\$ 60,006	\$ 225,671
Total Borrowings	\$ 165,665	\$ 64,152	\$ 229,817
Maturities over next 12 months <sup>2</sup>			\$ 21,328

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 \$230 billion as of March 31, 2022 were relatively unchanged when compared with \$233 billion at December 31, 2021.

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 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 transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. See also “Risk Factors—Liquidity Risk” in the 2021 Form 10-K.

## Management's Discussion and Analysis

### Parent Company and U.S. Bank Subsidiaries Issuer Ratings at April 29, 2022

	Parent Company		
	Short-Term Debt	Long-Term Debt	Rating Outlook
DBRS, Inc.	<b>R-1 (middle)</b>	<b>A (high)</b>	<b>Stable</b>
Fitch Ratings, Inc.	<b>F1</b>	<b>A</b>	<b>Positive</b>
Moody's Investors Service, Inc.	<b>P-1</b>	<b>A1</b>	<b>Stable</b>
Rating and Investment Information, Inc.	<b>a-1</b>	<b>A</b>	<b>Stable</b>
S&P Global Ratings	<b>A-2</b>	<b>BBB+</b>	<b>Positive</b>
	MSBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Fitch Ratings, Inc.	<b>F1</b>	<b>A+</b>	<b>Positive</b>
Moody's Investors Service, Inc.	<b>P-1</b>	<b>Aa3</b>	<b>Stable</b>
S&P Global Ratings	<b>A-1</b>	<b>A+</b>	<b>Stable</b>
	MSPBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Moody's Investors Service, Inc.	<b>P-1</b>	<b>Aa3</b>	<b>Stable</b>
S&P Global Ratings	<b>A-1</b>	<b>A+</b>	<b>Stable</b>

### 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 pre-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

<i>in millions, except for per share data</i>	Three Months Ended March 31,	
	2022	2021
Number of shares	30	28
Average price per share	\$ 95.20	\$ 77.47
<b>Total</b>	<b>\$ 2,872</b>	<b>\$ 2,135</b>

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	April 14, 2022
Amount per share	\$0.70
Date to be paid	May 13, 2022
Shareholders of record as of	April 29, 2022

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 to the financial statements in the 2021 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 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

## Management's Discussion and Analysis

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 provisionally 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 2021 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 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 March 31, 2022 and December 31, 2021	
	Standardized	Advanced
<b>Capital buffers</b>		
Capital conservation buffer	—	2.5%
SCB <sup>1</sup>	5.7%	N/A
G-SIB capital surcharge <sup>2</sup>	3.0%	3.0%
CCyB <sup>3</sup>	0%	0%
Capital buffer requirement	8.7%	5.5%

- For additional information on the SCB, see "Capital Plans, Stress Tests and the Stress Capital Buffer" herein and in the 2021 Form 10-K.
- 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 2021 Form 10-K.
- 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 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 Standardized Approach capital buffer requirement is equal to the sum of our SCB, G-SIB capital surcharge and CCyB, and our Advanced Approach capital buffer requirement is equal to our 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

	Regulatory Minimum	At March 31, 2022 and December 31, 2021	
		Standardized	Advanced
<b>Required ratios<sup>1</sup></b>			
Common Equity Tier 1 capital ratio	4.5%	13.2%	10.0%
Tier 1 capital ratio	6.0%	14.7%	11.5%
Total capital ratio	8.0%	16.7%	13.5%

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

Our risk-based capital ratios are computed under each of (i) the standardized approaches for calculating credit risk and market risk RWA ("Standardized Approach") and (ii) the applicable advanced approaches for calculating credit risk, market risk and operational risk RWA ("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, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At March 31, 2022 and December 31, 2021, 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.* As of December 31, 2021, our risk-based and leverage-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure were calculated excluding the effect of the adoption of CECL based on our election to defer this effect over a five-year transition period that began on January 1, 2020. In 2022 the deferral impacts began to phase in at 25% per year and will become fully phased-in beginning in 2025.

### Regulatory Capital Ratios

<i>\$ in millions</i>	Required Ratio <sup>1</sup>	At March 31, 2022	At December 31, 2021
<b>Risk-based capital— Standardized</b>			
Common Equity Tier 1 capital		\$ 72,477	\$ 75,742
Tier 1 capital		80,121	83,348
Total capital		89,468	93,166
Total RWA		501,429	471,921
Common Equity Tier 1 capital ratio	13.2%	14.5%	16.0%
Tier 1 capital ratio	14.7%	16.0%	17.7%
Total capital ratio	16.7%	17.8%	19.7%

## Management's Discussion and Analysis

<i>\$ in millions</i>	Required Ratio	At March 31, 2022	At December 31, 2021
<b>Risk-based capital—Advanced</b>			
Common Equity Tier 1 capital		\$ 72,477	\$ 75,742
Tier 1 capital		80,121	83,348
Total capital		89,129	92,927
Total RWA		456,524	435,749
Common Equity Tier 1 capital ratio	10.0%	15.9%	17.4%
Tier 1 capital ratio	11.5%	17.6%	19.1%
Total capital ratio	13.5%	19.5%	21.3%

<i>\$ in millions</i>	Required Ratio <sup>1</sup>	At March 31, 2022	At December 31, 2021
<b>Leverage-based capital</b>			
Adjusted average assets <sup>2</sup>		\$ 1,184,494	\$ 1,169,939
Tier 1 leverage ratio	4.0%	6.8%	7.1%
Supplementary leverage exposure <sup>3</sup>		\$ 1,466,624	\$ 1,476,962
SLR	5.0%	5.5%	5.6%

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

## Regulatory Capital

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021	Change
<b>Common Equity Tier 1 capital</b>			
Common stock and surplus	\$ 8,331	\$ 11,361	\$ (3,030)
Retained earnings	91,907	89,679	2,228
AOCI	(4,902)	(3,102)	(1,800)
Regulatory adjustments and deductions:			
Net goodwill	(16,610)	(16,641)	31
Net intangible assets	(6,610)	(6,704)	94
Other adjustments and deductions <sup>1</sup>	361	1,149	(788)
<b>Total Common Equity Tier 1 capital</b>	<b>\$ 72,477</b>	<b>\$ 75,742</b>	<b>\$ (3,265)</b>
<b>Additional Tier 1 capital</b>			
Preferred stock	\$ 7,750	\$ 7,750	\$ —
Noncontrolling interests	572	562	10
<b>Additional Tier 1 capital</b>	<b>\$ 8,322</b>	<b>\$ 8,312</b>	<b>\$ 10</b>
Deduction for investments in covered funds	(678)	(706)	28
<b>Total Tier 1 capital</b>	<b>\$ 80,121</b>	<b>\$ 83,348</b>	<b>\$ (3,227)</b>
<b>Standardized Tier 2 capital</b>			
Subordinated debt	\$ 8,119	\$ 8,609	\$ (490)
Eligible ACL	1,329	1,155	174
Other adjustments and deductions	(101)	54	(155)
<b>Total Standardized Tier 2 capital</b>	<b>\$ 9,347</b>	<b>\$ 9,818</b>	<b>\$ (471)</b>
<b>Total Standardized capital</b>	<b>\$ 89,468</b>	<b>\$ 93,166</b>	<b>\$ (3,698)</b>
<b>Advanced Tier 2 capital</b>			
Subordinated debt	\$ 8,119	\$ 8,609	\$ (490)
Eligible credit reserves	990	916	74
Other adjustments and deductions	(101)	54	(155)
<b>Total Advanced Tier 2 capital</b>	<b>\$ 9,008</b>	<b>\$ 9,579</b>	<b>\$ (571)</b>
<b>Total Advanced capital</b>	<b>\$ 89,129</b>	<b>\$ 92,927</b>	<b>\$ (3,798)</b>

- 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.

## Management's Discussion and Analysis

### RWA Rollforward

\$ in millions	Three Months Ended March 31, 2022	
	Standardized	Advanced
<b>Credit risk RWA</b>		
Balance at December 31, 2021	\$ 416,502	\$ 285,247
Change related to the following items:		
Derivatives	13,678	12,933
Securities financing transactions	8,826	2,692
Investment securities	(1,586)	(4,303)
Commitments, guarantees and loans	6,926	116
Equity investments	(2,465)	(2,568)
Other credit risk	3,945	4,863
Total change in credit risk RWA	\$ 29,324	\$ 13,733
<b>Balance at March 31, 2022</b>	<b>\$ 445,826</b>	<b>\$ 298,980</b>
<b>Market risk RWA</b>		
Balance at December 31, 2021	\$ 55,419	\$ 55,419
Change related to the following items:		
Regulatory VaR	277	277
Regulatory stressed VaR	2,564	2,564
Incremental risk charge	(230)	(230)
Comprehensive risk measure	(395)	(527)
Specific risk	(2,032)	(2,032)
Total change in market risk RWA	\$ 184	\$ 52
<b>Balance at March 31, 2022</b>	<b>\$ 55,603</b>	<b>\$ 55,471</b>
<b>Operational risk RWA</b>		
Balance at December 31, 2021	N/A	\$ 95,083
Change in operational risk RWA	N/A	6,990
<b>Balance at March 31, 2022</b>	<b>N/A</b>	<b>\$ 102,073</b>
<b>Total RWA</b>	<b>\$ 501,429</b>	<b>\$ 456,524</b>

Regulatory VaR—VaR for regulatory capital requirements

Credit risk RWA increased in the current quarter under both the Standardized and Advanced Approaches due to larger foreign exchange and commodities Derivatives exposure and increased client activity in Securities financing transactions, partially offset by decreases in Investment securities and Equity investments. RWA under the Standardized Approach also increased due to lending growth.

Market risk RWA was relatively unchanged in the current quarter under both the Standardized and Advanced Approaches.

The increase in Operational risk RWA in the current quarter reflects growth in litigation and execution-related losses.

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

\$ in millions	Regulatory Minimum	Required Ratio <sup>1</sup>	Actual Amount/Ratio	
			At March 31, 2022	At December 31, 2021
External TLAC <sup>2</sup>			\$ 230,546	\$ 235,681
External TLAC as a % of RWA	18.0%	21.5%	46.0%	49.9%
External TLAC as a % of leverage exposure	7.5%	9.5%	15.7%	16.0%
Eligible LTD <sup>3</sup>			\$ 144,959	\$ 144,659
Eligible LTD as a % of RWA	9.0%	9.0%	28.9%	30.7%
Eligible LTD as a % of leverage exposure	4.5%	4.5%	9.9%	9.8%

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 March 31, 2022 and December 31, 2021.

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 2021 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.

Our SCB will remain at 5.7% through September 30, 2022. Together with other features of the regulatory capital framework, this SCB results in an aggregate Standardized Approach Common Equity Tier 1 required ratio of 13.2%.

Our Board of Directors authorized the repurchase of up to \$12 billion of outstanding common stock from July 1, 2021 through June 30, 2022, from time to time as conditions warrant.

For further 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 2021 Form 10-K.

For the 2022 capital planning and stress test cycle, we submitted our capital plan and company-run stress test results to the Federal Reserve on April 5, 2022. The Federal Reserve is expected to publish summary results of the CCAR and Dodd-Frank Act supervisory stress tests of each large BHC, including us, by June 30, 2022. We are required to disclose a summary of the results of our company-run stress tests within 15 days of the date the Federal Reserve discloses the results of the supervisory stress tests.

**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 common equity. We generally hold Parent common equity for prospective regulatory requirements, organic growth, potential future acquisitions and other capital needs.

**Average Common Equity Attribution under the Required Capital Framework<sup>1</sup>**

<i>\$ in billions</i>	Three Months Ended March 31,	
	2022	2021
Institutional Securities	\$ 48.8	\$ 43.5
Wealth Management	31.0	28.5
Investment Management <sup>2</sup>	10.6	4.4
Parent	6.3	17.9
<b>Total</b>	<b>\$ 96.7</b>	<b>\$ 94.3</b>

1. The attribution of average common equity to the business segments is a non-GAAP financial measure. See “Selected Non-GAAP Financial Information” herein.  
 2. The total average common equity and the allocation to the Investment Management business segment in 2021 reflect the Eaton Vance acquisition on March 1, 2021.

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 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.

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 material entities and/or the Funding IHC. The Funding IHC would be obligated to provide capital and liquidity, as applicable, to our material 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 and other forms of eligible TLAC issued by the Parent Company before any losses are imposed on creditors of our material 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 Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Resolution and Recovery Planning” in the 2021 Form 10-K.

**Regulatory Developments and Other Matters**

***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 commissioned committees and working groups of market participants and official sector representatives to replace LIBOR and replace or reform 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 is underway and will continue over the course of the next few years.

The publication of most non-U.S. dollar LIBOR rates ceased as of the end of December 2021. The publication of certain non-U.S. dollar LIBOR rates on the basis of a “synthetic” methodology (known as “synthetic LIBOR”) will continue at

## Management's Discussion and Analysis

least until the end of 2022 and certain U.S. dollar LIBOR tenors are expected to continue to be published until June 30, 2023. On March 15, 2022 the U.S. enacted federal legislation that is intended to minimize legal and economic uncertainty following U.S. dollar LIBOR's cessation by replacing LIBOR references in certain contracts under certain circumstances with a SOFR-based rate to be established in a Federal Reserve rule that incorporates a spread adjustment specified in the statute. While some states have already adopted LIBOR legislation, the federal legislation expressly preempts any provision of any state or local law, statute, rule, regulation or standard.

As of March 31, 2022, our LIBOR-referenced contracts were primarily concentrated in derivative contracts and to a lesser extent, loans, floating rate notes, preferred shares, securitizations and mortgages. A significant majority of our derivative contracts, and a majority of our non-derivative contracts contain fallback provisions or otherwise have an expected path that will allow for the transition to an alternative reference rate upon the cessation of the applicable LIBOR rate.

While we have made substantial progress in the transition away from the IBORs, we nonetheless currently remain party to a significant number of U.S. dollar LIBOR-linked contracts. For those U.S. dollar LIBOR-linked contracts without appropriate fallbacks, and for which the federal legislation is not expected to apply, we are actively developing appropriate transition plans in light of the planned June 30, 2023 cessation date for the remaining U.S. dollar LIBOR tenors.

Our IBOR transition plan is overseen by a global steering committee, with senior management oversight, and we continue to execute against our Firm-wide IBOR transition plan to complete the transition 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 2021 Form 10-K for a further discussion of the replacement of the IBORs and/or reform of other interest rate benchmarks and related risks.

## 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 2021 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 2021 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 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 2021 Form 10-K.

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

<i>\$ in millions</i>	Three Months Ended March 31, 2022			
	Period End	Average	High <sup>1</sup>	Low <sup>1</sup>
Interest rate and credit spread	\$ 30	\$ 25	\$ 33	\$ 21
Equity price	28	25	41	17
Foreign exchange rate	16	8	19	3
Commodity price	24	20	27	15
Less: Diversification benefit <sup>2</sup>	(51)	(41)	N/A	N/A
Primary Risk Categories	\$ 47	\$ 37	\$ 47	\$ 31
Credit Portfolio	15	13	15	12
Less: Diversification benefit <sup>2</sup>	(15)	(11)	N/A	N/A
<b>Total Management VaR</b>	<b>\$ 47</b>	<b>\$ 39</b>	<b>\$ 48</b>	<b>\$ 32</b>

<i>\$ in millions</i>	Three Months Ended December 31, 2021			
	Period End	Average	High <sup>1</sup>	Low <sup>1</sup>
Interest rate and credit spread	\$ 21	\$ 25	\$ 32	\$ 21
Equity price	20	25	32	20
Foreign exchange rate	6	6	9	4
Commodity price	16	17	26	14
Less: Diversification benefit <sup>2</sup>	(31)	(35)	N/A	N/A
Primary Risk Categories	\$ 32	\$ 38	\$ 51	\$ 32
Credit Portfolio	12	12	13	12
Less: Diversification benefit <sup>2</sup>	(12)	(10)	N/A	N/A
<b>Total Management VaR</b>	<b>\$ 32</b>	<b>\$ 40</b>	<b>\$ 54</b>	<b>\$ 32</b>

- 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.
- 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 diversification benefits also are taken into account within each component.

Average Total Management VaR and average Management VaR for the Primary Risk Categories were relatively unchanged from the three months ended December 31, 2021. Period end Total Management VaR increased from December 31, 2021, primarily from the interest rate and credit spread, equity price and commodity price risk categories, which were driven by increased exposure in the Fixed Income and Equity businesses and by increased market volatility. These increases were partially offset by increased diversification benefit.

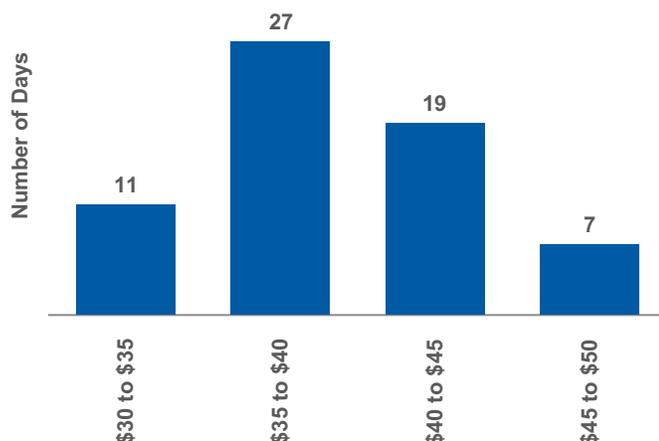
### Distribution of VaR Statistics and Net Revenues

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 were two loss days in the current quarter, which did not exceed 95% Total Management VaR.

## Risk Disclosures

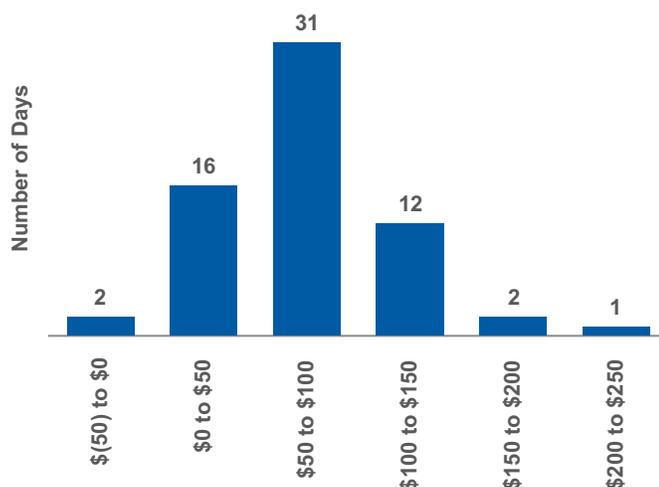
### Daily 95%/One-Day Total Management VaR for the Current Quarter

(\$ in millions)



### Daily Net Trading Revenues for the Current Quarter

(\$ in millions)



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 Sensitivity<sup>1</sup>

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Derivatives	\$ 7	\$ 7
Borrowings carried at fair value	44	48

1. Amounts represent the potential gain for each 1 bps widening of our credit spread.

### U.S. Bank Subsidiaries' Net Interest Income Sensitivity Analysis

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
<b>Basis point change</b>		
+100	\$ 162	\$ 1,267
-100	(622)	(893)

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 U.S. Bank Subsidiaries. These shocks are applied to our 12-month forecast for our U.S. Bank Subsidiaries, which incorporates market expectations of interest rates and our forecasted business activity.

We do not manage to any single rate scenario but rather manage net interest income in our U.S. Bank Subsidiaries 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. The change in sensitivity to interest rates between March 31, 2022 and December 31, 2021 was primarily driven by the significant changes in market rates and effects of changes in the mix of our assets and liabilities.

### Investments Sensitivity, Including Related Carried Interest

<i>\$ in millions</i>	Loss from 10% Decline	
	At March 31, 2022	At December 31, 2021
Investments related to Investment Management activities	\$ 415	\$ 407
Other investments:		
MUMSS	158	167
Other Firm investments	344	331

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.

## Risk Disclosures

### 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. The overall level of these revenues depends on multiple factors that include, but are 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 do 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 2021 Form 10-K.

### Loans and Lending Commitments

\$ in millions	At March 31, 2022			
	HFI	HFS	FVO	Total
Institutional Securities:				
Corporate	\$ 6,105	\$ 7,069	\$ 8	\$ 13,182
Secured lending facilities	29,896	4,661	—	34,557
Commercial and Residential real estate	8,276	1,986	4,492	14,754
Securities-based lending and Other	1,972	131	7,633	9,736
<b>Total Institutional Securities</b>	<b>46,249</b>	<b>13,847</b>	<b>12,133</b>	<b>72,229</b>
Wealth Management:				
Residential real estate	47,236	6	—	47,242
Securities-based lending and Other	89,436	160	—	89,596
<b>Total Wealth Management</b>	<b>136,672</b>	<b>166</b>	<b>—</b>	<b>136,838</b>
<b>Total Investment Management<sup>1</sup></b>	<b>5</b>	<b>—</b>	<b>357</b>	<b>362</b>
<b>Total loans<sup>2</sup></b>	<b>182,926</b>	<b>14,013</b>	<b>12,490</b>	<b>209,429</b>
<b>ACL</b>	<b>(679)</b>			<b>(679)</b>
<b>Total loans, net of ACL</b>	<b>\$182,247</b>	<b>\$ 14,013</b>	<b>\$12,490</b>	<b>\$ 208,750</b>
<b>Lending commitments<sup>3</sup></b>				<b>\$ 142,492</b>
<b>Total exposure</b>				<b>\$ 351,242</b>

\$ in millions	At December 31, 2021			
	HFI	HFS	FVO	Total
Institutional Securities:				
Corporate	\$ 5,567	\$ 8,107	\$ 8	\$ 13,682
Secured lending facilities	31,471	3,879	—	35,350
Commercial and Residential real estate	7,227	1,777	4,774	13,778
Securities-based lending and Other	1,292	45	7,710	9,047
<b>Total Institutional Securities</b>	<b>45,557</b>	<b>13,808</b>	<b>12,492</b>	<b>71,857</b>
Wealth Management:				
Residential real estate	44,251	7	—	44,258
Securities-based lending and Other	85,143	17	—	85,160
<b>Total Wealth Management</b>	<b>129,394</b>	<b>24</b>	<b>—</b>	<b>129,418</b>
<b>Total Investment Management<sup>1</sup></b>	<b>5</b>	<b>—</b>	<b>135</b>	<b>140</b>
<b>Total loans<sup>2</sup></b>	<b>174,956</b>	<b>13,832</b>	<b>12,627</b>	<b>201,415</b>
<b>ACL</b>	<b>(654)</b>			<b>(654)</b>
<b>Total loans, net of ACL</b>	<b>\$174,302</b>	<b>\$ 13,832</b>	<b>\$12,627</b>	<b>\$ 200,761</b>
<b>Lending commitments<sup>3</sup></b>				<b>\$ 134,934</b>
<b>Total exposure</b>				<b>\$ 335,695</b>

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

- Investment Management business segment loans are related to certain of our activities as an investment advisor 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.
- FVO also includes the fair value of certain unfunded lending commitments.
- 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 2021 Form 10-K.

Total loans and lending commitments increased by approximately \$16 billion since December 31, 2021, primarily due to growth in Secured lending facilities and Corporate lending commitments within the Institutional Securities business segment, as well as increases in Securities-based and Residential real estate loans within the Wealth Management business segment.

See Notes 4, 5, 9 and 13 to the financial statements for further information.

## Risk Disclosures

### Allowance for Credit Losses—Loans and Lending Commitments

<i>\$ in millions</i>	
ACL—Loans	\$ 654
ACL—Lending Commitments	444
Total at December 31, 2021	1,098
Gross charge-offs	(11)
Provision for credit losses	57
Other	(6)
<b>Total at March 31, 2022</b>	<b>\$ 1,138</b>
ACL—Loans	\$ 679
ACL—Lending commitments	459

### Provision for Credit Losses by Business Segment

<i>\$ in millions</i>	Three Months Ended March 31, 2022		
	IS	WM	Total
Loans	\$ 24	\$ 15	\$ 39
Lending commitments	20	(2)	18
<b>Total</b>	<b>\$ 44</b>	<b>\$ 13</b>	<b>\$ 57</b>

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 aggregate allowance for credit losses for loans and lending commitments increased in the current quarter, reflecting the Provision for credit losses primarily due to portfolio growth.

The base scenario used in our ACL models as of March 31, 2022 was generated using a combination of industry consensus economic forecasts, forward rates, and internally developed and validated models, and assumes continued growth over the forecast period. Given the nature of our lending portfolio, the most sensitive model input is U.S. gross domestic product.

### Forecasted U.S. GDP Growth Rates in Base Scenario

	4Q 2022	4Q 2023
Year-over-year growth rate	3.3 %	2.1 %

See Note 9 to the financial statements for further information. See Note 2 to the financial statements in the 2021 Form 10-K for a discussion of the Firm's ACL methodology under CECL.

### Status of Loans Held for Investment

	At March 31, 2022		At December 31, 2021	
	IS	WM	IS	WM
Accrual	99.0%	99.8%	98.7%	99.8%
Nonaccrual <sup>1</sup>	1.0%	0.2%	1.3%	0.2%

1. These loans are on nonaccrual status because the loans were past due for a period of 90 days or more or payment of principal or interest was in doubt.

### Net Charge-off Ratios for Loans Held for Investment

<i>\$ in millions</i>	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
<b>For the Three Months Ended March 31, 2022</b>						
Net charge-off ratio <sup>1</sup>	— %	0.01 %	0.09 %	— %	— %	0.01 %
Average loans	\$ 5,802	\$ 31,353	\$ 7,805	\$ 45,521	\$ 87,900	\$ 178,381
<b>For the Three Months Ended March 31, 2021</b>						
Net charge-off ratio <sup>1</sup>	0.02 %	— %	0.12 %	— %	— %	0.01 %
Average loans	\$ 5,637	\$ 25,915	\$ 7,292	\$ 35,888	\$ 65,888	\$ 140,620

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

### Institutional Securities Loans and Lending Commitments<sup>1</sup>

<i>\$ in millions</i>	At March 31, 2022				Total
	Contractual Years to Maturity				
	<1	1-5	5-15	>15	
<b>Loans</b>					
AA	\$ 18	\$ 5	\$ —	\$ —	\$ 23
A	986	892	740	—	2,618
BBB	6,239	8,634	474	—	15,347
BB	10,520	18,820	1,758	59	31,157
Other NIG	5,364	9,235	3,220	160	17,979
Unrated <sup>2</sup>	76	790	679	3,006	4,551
<b>Total loans, net of ACL</b>	<b>23,203</b>	<b>38,376</b>	<b>6,871</b>	<b>3,225</b>	<b>71,675</b>
<b>Lending commitments</b>					
AAA	—	50	—	—	50
AA	3,367	2,813	—	—	6,180
A	6,485	17,355	508	309	24,657
BBB	5,997	43,083	777	—	49,857
BB	4,432	21,411	2,220	1	28,064
Other NIG	891	14,942	3,290	3	19,126
Unrated <sup>2</sup>	—	20	10	—	30
<b>Total lending commitments</b>	<b>21,172</b>	<b>99,674</b>	<b>6,805</b>	<b>313</b>	<b>127,964</b>
<b>Total exposure</b>	<b>\$44,375</b>	<b>\$138,050</b>	<b>\$13,676</b>	<b>\$3,538</b>	<b>\$199,639</b>

## Risk Disclosures

\$ in millions	At December 31, 2021				
	Contractual Years to Maturity				
	<1	1-5	5-15	>15	Total
<b>Loans</b>					
AA	\$ —	\$ 35	\$ 38	\$ —	\$ 73
A	890	1,089	675	—	2,654
BBB	5,335	8,944	563	—	14,842
BB	10,734	18,349	814	18	29,915
Other NIG	4,656	10,475	3,439	160	18,730
Unrated <sup>2</sup>	171	665	511	3,753	5,100
<b>Total loans, net of ACL</b>	<b>21,786</b>	<b>39,557</b>	<b>6,040</b>	<b>3,931</b>	<b>71,314</b>
<b>Lending commitments</b>					
AAA	—	50	—	—	50
AA	3,283	2,690	—	—	5,973
A	5,255	17,646	407	303	23,611
BBB	6,703	36,096	766	—	43,565
BB	2,859	19,698	3,122	—	25,679
Other NIG	992	13,420	6,180	55	20,647
Unrated <sup>2</sup>	672	40	3	—	715
<b>Total lending commitments</b>	<b>19,764</b>	<b>89,640</b>	<b>10,478</b>	<b>358</b>	<b>120,240</b>
<b>Total exposure</b>	<b>\$41,550</b>	<b>\$129,197</b>	<b>\$16,518</b>	<b>\$4,289</b>	<b>\$191,554</b>

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	At March 31, 2022	At December 31, 2021
<b>Industry</b>		
Financials	\$ 54,331	\$ 52,066
Real estate	33,438	31,560
Industrials	14,855	17,446
Healthcare	13,513	12,618
Information technology	12,844	13,471
Communications services	12,705	12,645
Consumer discretionary	12,204	11,628
Utilities	9,931	10,310
Materials	9,275	6,394
Energy	9,212	8,544
Consumer staples	8,254	7,855
Insurance	7,041	4,954
Other	2,036	2,063
<b>Total exposure</b>	<b>\$ 199,639</b>	<b>\$ 191,554</b>

### Sectors Currently in Focus due to COVID-19

We continue to monitor the developments of the coronavirus disease (“COVID-19”) and its impact on various sectors and industries, particularly those most sensitive to the ongoing effects of the pandemic, including retail, air travel and lodging and leisure, which are included across the Industrials, Financials, Real estate and Consumer discretionary industries in the previous table. Refer to “Risk Factors” in the 2021 Form 10-K.

### Institutional Securities Lending Activities

The Institutional Securities business segment lending activities include Corporate, Secured lending facilities, Commercial real estate and Securities-based lending and Other. As of March 31, 2022, 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 2021 Form 10-K.

### Institutional Securities Event-Driven Loans and Lending Commitments

\$ in millions	At March 31, 2022			
	Contractual Years to Maturity			
	<1	1-5	5-15	Total
Loans, net of ACL	\$ 923	\$ 1,168	\$ 2,254	\$ 4,345
Lending commitments	3,017	9,288	4,900	17,205
<b>Total exposure</b>	<b>\$ 3,940</b>	<b>\$ 10,456</b>	<b>\$ 7,154</b>	<b>\$ 21,550</b>

\$ in millions	At December 31, 2021			
	Contractual Years to Maturity			
	<1	1-5	5-15	Total
Loans, net of ACL	\$ 951	\$ 2,088	\$ 1,803	\$ 4,842
Lending commitments	1,619	5,288	8,879	15,786
<b>Total exposure</b>	<b>\$ 2,570</b>	<b>\$ 7,376</b>	<b>\$ 10,682</b>	<b>\$ 20,628</b>

Event-driven loans and lending commitments are associated with a particular event or transaction, such as to support client 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

\$ in millions	At March 31, 2022		
	Loans	Lending Commitments	Total
Corporate	\$ 6,105	\$ 76,006	\$ 82,111
Secured lending facilities	29,896	14,025	43,921
Commercial real estate	8,276	711	8,987
Other	1,972	885	2,857
<b>Total, before ACL</b>	<b>\$ 46,249</b>	<b>\$ 91,627</b>	<b>\$ 137,876</b>
ACL	\$ (554)	\$ (443)	\$ (997)

\$ in millions	At December 31, 2021		
	Loans	Lending Commitments	Total
Corporate	\$ 5,567	\$ 73,585	\$ 79,152
Secured lending facilities	31,471	10,003	41,474
Commercial real estate	7,227	1,475	8,702
Other	1,292	887	2,179
<b>Total, before ACL</b>	<b>\$ 45,557</b>	<b>\$ 85,950</b>	<b>\$ 131,507</b>
ACL	\$ (543)	\$ (426)	\$ (969)

## Risk Disclosures

### Institutional Securities Allowance for Credit Losses—Loans and Lending Commitments

<i>\$ in millions</i>	Corporate	Secured Lending Facilities	Commercial Real Estate	Other	Total
ACL—Loans	\$ 165	\$ 163	\$ 206	\$ 9	\$543
ACL—Lending commitments	356	41	20	9	426
Total at December 31, 2021	\$ 521	\$ 204	\$ 226	\$ 18	\$969
Gross charge-offs	—	(3)	(7)	—	(10)
Provision for credit losses	26	20	(1)	(1)	44
Other	(4)	—	(2)	—	(6)
<b>Total at March 31, 2022</b>	<b>\$ 543</b>	<b>\$ 221</b>	<b>\$ 216</b>	<b>\$ 17</b>	<b>\$997</b>
ACL—Loans	\$ 170	\$ 172	\$ 203	\$ 9	\$554
ACL—Lending commitments	373	49	13	8	443

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

	At March 31, 2022	At December 31, 2021
Corporate	2.8%	3.0%
Secured lending facilities	0.6%	0.5%
Commercial real estate	2.5%	2.9%
Other	0.5%	0.7%
Total Institutional Securities loans	1.2%	1.2%

### Wealth Management Loans and Lending Commitments

<i>\$ in millions</i>	At March 31, 2022					Total
	Contractual Years to Maturity					
	<1	1-5	5-15	>15		
Securities-based lending and Other loans	\$ 78,507	\$ 9,307	\$ 1,588	\$ 141	\$ 89,543	
Residential real estate loans	3	13	1,277	45,877	47,170	
Total loans, net of ACL	\$ 78,510	\$ 9,320	\$ 2,865	\$ 46,018	\$136,713	
Lending commitments	11,398	2,824	47	259	14,528	
<b>Total exposure</b>	<b>\$ 89,908</b>	<b>\$12,144</b>	<b>\$2,912</b>	<b>\$46,277</b>	<b>\$151,241</b>	

<i>\$ in millions</i>	At December 31, 2021					Total
	Contractual Years to Maturity					
	<1	1-5	5-15	>15		
Securities-based lending and Other loans	\$ 74,466	\$ 8,927	\$ 1,571	\$ 144	\$ 85,108	
Residential real estate loans	4	10	1,231	42,954	44,199	
Total loans, net of ACL	\$ 74,470	\$ 8,937	\$ 2,802	\$ 43,098	\$129,307	
Lending commitments	11,894	2,467	51	282	14,694	
<b>Total exposure</b>	<b>\$ 86,364</b>	<b>\$11,404</b>	<b>\$2,853</b>	<b>\$43,380</b>	<b>\$144,001</b>	

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. For more information about our Securities-based lending and Residential real estate loans, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” in the 2021 Form 10-K.

### Wealth Management Allowance for Credit Losses—Loans and Lending Commitments

<i>\$ in millions</i>	
ACL—Loans	\$ 111
ACL—Lending commitments	18
Total at December 31, 2021	129
Gross charge-offs	(1)
Provision for credit losses	13
<b>Total at March 31, 2022</b>	<b>\$ 141</b>
ACL—Loans	\$ 125
ACL—Lending commitments	16

At March 31, 2022, 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

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Institutional Securities	\$ 27,177	\$ 40,545
Wealth Management	29,171	30,987
<b>Total</b>	<b>\$ 56,348</b>	<b>\$ 71,532</b>

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 2021 Form 10-K.

#### Employee Loans

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

## Risk Disclosures

### Derivatives

#### Fair Value of OTC Derivative Assets

\$ in millions	Counterparty Credit Rating <sup>1</sup>					Total
	AAA	AA	A	BBB	NIG	
<b>At March 31, 2022</b>						
Less than 1 year	\$ 2,641	\$ 19,678	\$ 44,744	\$ 37,429	\$ 17,803	\$ 122,295
1-3 years	850	6,623	16,964	19,316	7,979	51,732
3-5 years	1,109	6,317	7,749	9,729	3,497	28,401
Over 5 years	4,366	32,016	49,904	53,086	6,223	145,595
Total, gross	\$ 8,966	\$ 64,634	\$ 119,361	\$ 119,560	\$ 35,502	\$ 348,023
Counterparty netting	(3,982)	(53,118)	(84,229)	(89,891)	(16,705)	(247,925)
Cash and securities collateral	(3,552)	(8,765)	(27,333)	(17,907)	(6,675)	(64,232)
<b>Total, net</b>	<b>\$ 1,432</b>	<b>\$ 2,751</b>	<b>\$ 7,799</b>	<b>\$ 11,762</b>	<b>\$ 12,122</b>	<b>\$ 35,866</b>

\$ in millions	Counterparty Credit Rating <sup>1</sup>					Total
	AAA	AA	A	BBB	NIG	
<b>At December 31, 2021</b>						
Less than 1 year	\$ 1,561	\$ 11,088	\$ 32,069	\$ 25,680	\$ 11,924	\$ 82,322
1-3 years	780	4,577	16,821	15,294	6,300	43,772
3-5 years	593	4,807	6,805	8,030	3,317	23,552
Over 5 years	4,359	26,056	61,091	44,091	4,633	140,230
Total, gross	\$ 7,293	\$ 46,528	\$ 116,786	\$ 93,095	\$ 26,174	\$ 289,876
Counterparty netting	(3,093)	(36,957)	(91,490)	(68,365)	(11,642)	(211,547)
Cash and securities collateral	(3,539)	(7,608)	(20,500)	(17,755)	(5,762)	(55,164)
<b>Total, net</b>	<b>\$ 661</b>	<b>\$ 1,963</b>	<b>\$ 4,796</b>	<b>\$ 6,975</b>	<b>\$ 8,770</b>	<b>\$ 23,165</b>

\$ in millions	At March 31, 2022	At December 31, 2021
<b>Industry</b>		
Financials	\$ 10,483	\$ 5,096
Utilities	7,830	5,918
Energy	5,785	2,587
Consumer Discretionary	3,185	3,069
Regional governments	1,495	963
Industrials	1,259	985
Information technology	928	1,060
Communications services	852	348
Sovereign governments	659	386
Healthcare	632	682
Materials	575	240
Consumer staples	510	324
Not-for-profit organizations	411	531
Insurance	356	174
Real estate	181	280
Other	725	522
<b>Total</b>	<b>\$ 35,866</b>	<b>\$ 23,165</b>

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 2021 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 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 2021 Form 10-K.

#### Top 10 Non-U.S. Country Exposures at March 31, 2022

\$ in millions	United Kingdom	Germany	Japan	France	India
<b>Sovereign</b>					
Net inventory <sup>1</sup>	\$ (544)	\$ 1,794	\$ 3,557	\$ 320	\$ 1,946
Net counterparty exposure <sup>2</sup>	33	170	79	8	—
Exposure before hedges	(511)	1,964	3,636	328	1,946
Hedges <sup>3</sup>	(303)	(286)	(113)	(6)	—
Net exposure	\$ (814)	\$ 1,678	\$ 3,523	\$ 322	\$ 1,946
<b>Non-sovereign</b>					
Net inventory <sup>1</sup>	\$ 1,088	\$ 561	\$ 873	\$ 661	\$ 883
Net counterparty exposure <sup>2</sup>	17,657	3,180	4,702	3,445	1,315
Loans	3,997	1,531	426	536	220
Lending commitments	7,290	3,860	—	3,220	8
Exposure before hedges	30,032	9,132	6,001	7,862	2,426
Hedges <sup>3</sup>	(1,824)	(1,350)	(148)	(2,075)	—
Net exposure	\$ 28,208	\$ 7,782	\$ 5,853	\$ 5,787	\$ 2,426
<b>Total net exposure</b>	<b>\$ 27,394</b>	<b>\$ 9,460</b>	<b>\$ 9,376</b>	<b>\$ 6,109</b>	<b>\$ 4,372</b>

## Risk Disclosures

<i>\$ in millions</i>	Spain	Canada	Brazil	Netherlands	Ireland
<b>Sovereign</b>					
Net inventory <sup>1</sup>	\$ (102)	\$ 387	\$ 3,030	\$ 274	\$ 147
Net counterparty exposure <sup>2</sup>	55	24	—	—	6
Exposure before hedges	(47)	411	3,030	274	153
Hedges <sup>3</sup>	(8)	—	(135)	(17)	—
Net exposure	\$ (55)	\$ 411	\$ 2,895	\$ 257	\$ 153
<b>Non-sovereign</b>					
Net inventory <sup>1</sup>	\$ 337	\$ 517	\$ 19	\$ (15)	\$ 1,053
Net counterparty exposure <sup>2</sup>	1,271	1,530	488	1,319	663
Loans	2,457	185	294	527	968
Lending commitments	970	1,476	224	1,843	582
Exposure before hedges	5,035	3,708	1,025	3,674	3,266
Hedges <sup>3</sup>	(952)	(108)	(39)	(492)	(4)
Net exposure	\$ 4,083	\$ 3,600	\$ 986	\$ 3,182	\$ 3,262
<b>Total net exposure</b>	<b>\$ 4,028</b>	<b>\$ 4,011</b>	<b>\$ 3,881</b>	<b>\$ 3,439</b>	<b>\$ 3,415</b>

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 any fair value 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 2021 Form 10-K.

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

#### Collateral Held against Net Counterparty Exposure<sup>1</sup>

<i>\$ in millions</i>		At March 31, 2022
<b>Country of Risk</b>	<b>Collateral<sup>2</sup></b>	
Germany	Spain and France	\$ 9,973
United Kingdom	U.K., U.S. and Spain	8,050
Other	Japan, Germany and U.S.	23,114

1. The benefit of collateral received is reflected in the Top 10 Non-U.S. Country Exposures at March 31, 2022.
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 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 2021 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 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 2021 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 2021 Form 10-K and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” herein.

### Legal and Compliance Risk

Legal 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 and Compliance Risk” in the 2021 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 March 31, 2022, and the related condensed consolidated income statements, comprehensive income statements, cash flow statements and statements of changes in total equity for the three-month periods ended March 31, 2022 and 2021, 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, 2021, 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, 2022, 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, 2021 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

May 4, 2022

## Consolidated Income Statement (Unaudited)

Morgan Stanley

<i>in millions, except per share data</i>	Three Months Ended March 31,	
	2022	2021
<b>Revenues</b>		
Investment banking	\$ 1,758	\$ 2,840
Trading	3,983	4,225
Investments	75	318
Commissions and fees	1,416	1,626
Asset management	5,119	4,398
Other	234	284
Total non-interest revenues	12,585	13,691
Interest income	2,650	2,437
Interest expense	434	409
Net interest	2,216	2,028
<b>Net revenues</b>	<b>14,801</b>	<b>15,719</b>
<b>Provision for credit losses</b>	<b>57</b>	<b>(98)</b>
<b>Non-interest expenses</b>		
Compensation and benefits	6,274	6,798
Brokerage, clearing and exchange fees	882	910
Information processing and communications	829	733
Professional services	705	624
Occupancy and equipment	427	405
Marketing and business development	175	146
Other	864	857
<b>Total non-interest expenses</b>	<b>10,156</b>	<b>10,473</b>
Income before provision for income taxes	4,588	5,344
Provision for income taxes	873	1,176
Net income	\$ 3,715	\$ 4,168
Net income applicable to noncontrolling interests	49	48
Net income applicable to Morgan Stanley	\$ 3,666	\$ 4,120
Preferred stock dividends	124	138
<b>Earnings applicable to Morgan Stanley common shareholders</b>	<b>\$ 3,542</b>	<b>\$ 3,982</b>
<b>Earnings per common share</b>		
Basic	\$ 2.04	\$ 2.22
Diluted	\$ 2.02	\$ 2.19
<b>Average common shares outstanding</b>		
Basic	1,733	1,795
Diluted	1,755	1,818

## Consolidated Comprehensive Income Statement (Unaudited)

<i>\$ in millions</i>	Three Months Ended March 31,	
	2022	2021
Net income	\$ 3,715	\$ 4,168
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(105)	(219)
Change in net unrealized gains (losses) on available-for-sale securities	(2,395)	(776)
Pension and other	5	5
Change in net debt valuation adjustment	660	137
Total other comprehensive income (loss)	\$ (1,835)	\$ (853)
Comprehensive income	\$ 1,880	\$ 3,315
Net income applicable to noncontrolling interests	49	48
Other comprehensive income (loss) applicable to noncontrolling interests	(35)	(61)
<b>Comprehensive income applicable to Morgan Stanley</b>	<b>\$ 1,866</b>	<b>\$ 3,328</b>

## Consolidated Balance Sheet

Morgan Stanley

	(Unaudited) At March 31, 2022	At December 31, 2021
<i>\$ in millions, except share data</i>		
<b>Assets</b>		
Cash and cash equivalents	\$ 136,086	\$ 127,725
Trading assets at fair value (\$107,196 and \$104,186 were pledged to various parties)	296,881	294,869
Investment securities (includes \$90,354 and \$102,830 at fair value)	170,793	182,998
Securities purchased under agreements to resell (includes \$2 and \$7 at fair value)	127,767	119,999
Securities borrowed	150,995	129,713
Customer and other receivables	94,804	96,018
Loans:		
Held for investment (net of allowance for credit losses of \$679 and \$654)	182,247	174,302
Held for sale	14,013	13,832
Goodwill	16,825	16,833
Intangible assets (net of accumulated amortization of \$3,972 and \$3,819)	8,244	8,360
Other assets	23,578	23,491
<b>Total assets</b>	<b>\$ 1,222,233</b>	<b>\$ 1,188,140</b>
<b>Liabilities</b>		
Deposits (includes \$2,013 and \$1,940 at fair value)	\$ 360,840	\$ 347,574
Trading liabilities at fair value	176,580	158,328
Securities sold under agreements to repurchase (includes \$964 and \$791 at fair value)	60,068	62,188
Securities loaned	14,222	12,299
Other secured financings (includes \$4,751 and \$5,133 at fair value)	8,808	10,041
Customer and other payables	243,609	228,685
Other liabilities and accrued expenses	24,214	29,300
Borrowings (includes \$75,963 and \$76,340 at fair value)	229,817	233,127
<b>Total liabilities</b>	<b>1,118,158</b>	<b>1,081,542</b>
<b>Commitments and contingent liabilities (see Note 13)</b>		
<b>Equity</b>		
Morgan Stanley shareholders' equity:		
Preferred stock	7,750	7,750
Common stock, \$0.01 par value:		
Shares authorized: 3,500,000,000; Shares issued: 2,038,893,979; Shares outstanding: 1,756,153,374 and 1,772,226,530	20	20
Additional paid-in capital	28,007	28,841
Retained earnings	91,722	89,432
Employee stock trusts	4,975	3,955
Accumulated other comprehensive income (loss)	(4,902)	(3,102)
Common stock held in treasury at cost, \$0.01 par value (282,740,605 and 266,667,449 shares)	(19,696)	(17,500)
Common stock issued to employee stock trusts	(4,975)	(3,955)
<b>Total Morgan Stanley shareholders' equity</b>	<b>102,901</b>	<b>105,441</b>
Noncontrolling interests	1,174	1,157
<b>Total equity</b>	<b>104,075</b>	<b>106,598</b>
<b>Total liabilities and equity</b>	<b>\$ 1,222,233</b>	<b>\$ 1,188,140</b>

## Consolidated Statement of Changes in Total Equity (Unaudited)

Morgan Stanley

<i>\$ in millions</i>	Three Months Ended March 31,	
	2022	2021
<b>Preferred Stock</b>		
Beginning balance	\$ 7,750	\$ 9,250
Redemption of preferred stock	—	(1,500)
Ending balance	7,750	7,750
<b>Common Stock</b>		
Beginning and ending balance	20	20
<b>Additional Paid-in Capital</b>		
Beginning balance	28,841	25,546
Share-based award activity	(834)	(332)
Issuance of common stock for the acquisition of Eaton Vance	—	2,185
Other net increases (decreases)	—	7
Ending balance	28,007	27,406
<b>Retained Earnings</b>		
Beginning balance	89,432	78,694
Net income applicable to Morgan Stanley	3,666	4,120
Preferred stock dividends <sup>1</sup>	(124)	(138)
Common stock dividends <sup>1</sup>	(1,252)	(635)
Other net increases (decreases)	—	(7)
Ending balance	91,722	82,034
<b>Employee Stock Trusts</b>		
Beginning balance	3,955	3,043
Share-based award activity	1,020	818
Ending balance	4,975	3,861
<b>Accumulated Other Comprehensive Income (Loss)</b>		
Beginning balance	(3,102)	(1,962)
Net change in Accumulated other comprehensive income (loss)	(1,800)	(792)
Ending balance	(4,902)	(2,754)
<b>Common Stock Held in Treasury at Cost</b>		
Beginning balance	(17,500)	(9,767)
Share-based award activity	1,485	1,020
Repurchases of common stock and employee tax withholdings	(3,681)	(2,582)
Issuance of common stock for the acquisition of Eaton Vance	—	3,132
Ending balance	(19,696)	(8,197)
<b>Common Stock Issued to Employee Stock Trusts</b>		
Beginning balance	(3,955)	(3,043)
Share-based award activity	(1,020)	(818)
Ending balance	(4,975)	(3,861)
<b>Noncontrolling Interests</b>		
Beginning balance	1,157	1,368
Net income applicable to noncontrolling interests	49	48
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests	(35)	(61)
Other net increases (decreases)	3	(26)
Ending balance	1,174	1,329
<b>Total Equity</b>	<b>\$ 104,075</b>	<b>\$ 107,588</b>

1. See Note 16 for information regarding dividends per share for each class of stock.

# Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley

<i>\$ in millions</i>	Three Months Ended March 31,	
	2022	2021
<b>Cash flows from operating activities</b>		
Net income	\$ 3,715	\$ 4,168
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Stock-based compensation expense	431	518
Depreciation and amortization	942	887
Provision for credit losses	57	(98)
Other operating adjustments	51	(95)
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities	5,069	20,463
Securities borrowed	(21,282)	10,242
Securities loaned	1,923	695
Customer and other receivables and other assets	1,227	(18,721)
Customer and other payables and other liabilities	17,994	3,270
Securities purchased under agreements to resell	(7,768)	1,513
Securities sold under agreements to repurchase	(2,120)	4,037
<b>Net cash provided by (used for) operating activities</b>	<b>239</b>	<b>26,879</b>
<b>Cash flows from investing activities</b>		
Proceeds from (payments for):		
Other assets—Premises, equipment and software, net	(652)	(525)
Changes in loans, net	(7,479)	(6,474)
Investment securities:		
Purchases	(17,459)	(32,333)
Proceeds from sales	18,469	6,825
Proceeds from paydowns and maturities	7,403	12,638
Cash paid as part of the Eaton Vance acquisition, net of cash acquired	—	(2,648)
Other investing activities	(124)	(44)
<b>Net cash provided by (used for) investing activities</b>	<b>158</b>	<b>(22,561)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from (payments for):		
Other secured financings	(636)	(3,798)
Deposits	5,834	12,391
Proceeds from issuance of Borrowings	20,284	24,112
Payments for:		
Borrowings	(11,094)	(19,774)
Repurchases of common stock and employee tax withholdings	(3,681)	(2,582)
Cash dividends	(1,314)	(755)
Other financing activities	(102)	(30)
<b>Net cash provided by (used for) financing activities</b>	<b>9,291</b>	<b>9,564</b>
Effect of exchange rate changes on cash and cash equivalents	(1,327)	(1,418)
Net increase (decrease) in cash and cash equivalents	8,361	12,464
Cash and cash equivalents, at beginning of period	127,725	105,654
<b>Cash and cash equivalents, at end of period</b>	<b>\$ 136,086</b>	<b>\$ 118,118</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash payments for:		
Interest	\$ 623	\$ 586
Income taxes, net of refunds	383	339

# Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley

## 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. Disclosures reflect the effects of the acquisition of Eaton Vance Corp. (“Eaton Vance”) prospectively from the March 1, 2021 acquisition date. See Note 3 to the financial statements in the 2021 Form 10-K for further information. 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 and other securities, 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 and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; annuity and insurance products; 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 2021 Form 10-K. Certain footnote disclosures included in the 2021 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 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 2021 Form 10-K.

## Notes to Consolidated Financial Statements (Unaudited)

### 2. Significant Accounting Policies

For a detailed discussion about the Firm's significant accounting policies and for further information on accounting updates adopted, see Note 2 to the financial statements in the 2021 Form 10-K.

During the three months ended March 31, 2022 ("current quarter"), there were no significant updates to the Firm's significant accounting policies.

### 3. Cash and Cash Equivalents

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Cash and due from banks	\$ 9,086	\$ 8,394
Interest bearing deposits with banks	127,000	119,331
<b>Total Cash and cash equivalents</b>	<b>\$ 136,086</b>	<b>\$ 127,725</b>
Restricted cash	\$ 41,315	\$ 40,887

For additional information on cash and cash equivalents, including restricted cash, see Note 2 to the financial statements in the 2021 Form 10-K.

### 4. Fair Values

#### Recurring Fair Value Measurements

##### Assets and Liabilities Measured at Fair Value on a Recurring Basis

<i>\$ in millions</i>	At March 31, 2022				
	Level 1	Level 2	Level 3	Netting <sup>1</sup>	Total
<b>Assets at fair value</b>					
Trading assets:					
U.S. Treasury and agency securities	\$ 44,038	\$ 19,680	\$ 8	\$ —	\$ 63,726
Other sovereign government obligations	24,449	7,422	188	—	32,059
State and municipal securities	—	1,664	—	—	1,664
MABS	—	929	351	—	1,280
Loans and lending commitments <sup>2</sup>	—	9,349	3,141	—	12,490
Corporate and other debt	—	28,751	1,753	—	30,504
Corporate equities <sup>3</sup>	86,106	790	239	—	87,135
Derivative and other contracts:					
Interest rate	10,124	163,417	1,086	—	174,627
Credit	—	10,860	646	—	11,506
Foreign exchange	39	101,193	63	—	101,295
Equity	997	64,521	391	—	65,909
Commodity and other	12,202	33,688	3,416	—	49,306
Netting <sup>1</sup>	(17,166)	(271,135)	(993)	(55,468)	(344,762)
Total derivative and other contracts	6,196	102,544	4,609	(55,468)	57,881
Investments <sup>4</sup>	661	761	1,120	—	2,542
Physical commodities	—	2,709	—	—	2,709
Total trading assets <sup>4</sup>	161,450	174,599	11,409	(55,468)	291,990
Investment securities—AFS	56,479	33,875	—	—	90,354
Securities purchased under agreements to resell					
	—	2	—	—	2
<b>Total assets at fair value</b>	<b>\$217,929</b>	<b>\$208,476</b>	<b>\$11,409</b>	<b>\$(55,468)</b>	<b>\$382,346</b>

<i>\$ in millions</i>	At March 31, 2022				
	Level 1	Level 2	Level 3	Netting <sup>1</sup>	Total
<b>Liabilities at fair value</b>					
Deposits	\$ —	\$ 1,987	\$ 26	\$ —	\$ 2,013
Trading liabilities:					
U.S. Treasury and agency securities	15,090	112	—	—	15,202
Other sovereign government obligations	24,751	2,911	2	—	27,664
Corporate and other debt	—	11,081	17	—	11,098
Corporate equities <sup>3</sup>	80,037	191	29	—	80,257
Derivative and other contracts:					
Interest rate	9,127	155,763	452	—	165,342
Credit	—	10,949	553	—	11,502
Foreign exchange	31	93,168	96	—	93,295
Equity	1,184	71,669	1,045	—	73,898
Commodity and other	12,716	28,140	1,982	—	42,838
Netting <sup>1</sup>	(17,166)	(271,135)	(993)	(55,224)	(344,518)
Total derivative and other contracts	5,892	88,554	3,135	(55,224)	42,357
Total trading liabilities	125,770	102,849	3,183	(55,224)	176,578
Securities sold under agreements to repurchase	—	448	516	—	964
Other secured financings	—	4,631	120	—	4,751
Borrowings	—	73,564	2,399	—	75,963
<b>Total liabilities at fair value</b>	<b>\$125,770</b>	<b>\$183,479</b>	<b>\$ 6,244</b>	<b>\$(55,224)</b>	<b>\$260,269</b>

<i>\$ in millions</i>	At December 31, 2021				
	Level 1	Level 2	Level 3	Netting <sup>1</sup>	Total
<b>Assets at fair value</b>					
Trading assets:					
U.S. Treasury and agency securities	\$ 45,970	\$ 29,749	\$ 2	\$ —	\$ 75,721
Other sovereign government obligations	28,041	4,533	211	—	32,785
State and municipal securities	—	1,905	13	—	1,918
MABS	—	1,237	344	—	1,581
Loans and lending commitments <sup>2</sup>	—	8,821	3,806	—	12,627
Corporate and other debt	—	27,309	1,973	—	29,282
Corporate equities <sup>3</sup>	91,630	832	115	—	92,577
Derivative and other contracts:					
Interest rate	1,364	153,048	1,153	—	155,565
Credit	—	8,441	509	—	8,950
Foreign exchange	28	74,571	132	—	74,731
Equity	1,562	68,519	251	—	70,332
Commodity and other	4,462	20,194	3,057	—	27,713
Netting <sup>1</sup>	(5,696)	(241,814)	(794)	(50,833)	(299,137)
Total derivative and other contracts	1,720	82,959	4,308	(50,833)	38,154
Investments <sup>4</sup>	735	846	1,125	—	2,706
Physical commodities	—	2,771	—	—	2,771
Total trading assets <sup>4</sup>	168,096	160,962	11,897	(50,833)	290,122
Investment securities—AFS	59,021	43,809	—	—	102,830
Securities purchased under agreements to resell					
	—	7	—	—	7
<b>Total assets at fair value</b>	<b>\$227,117</b>	<b>\$204,778</b>	<b>\$11,897</b>	<b>\$(50,833)</b>	<b>\$392,959</b>

## Notes to Consolidated Financial Statements (Unaudited)

\$ in millions	At December 31, 2021				
	Level 1	Level 2	Level 3	Netting <sup>1</sup>	Total
<b>Liabilities at fair value</b>					
Deposits	\$ —	\$ 1,873	\$ 67	\$ —	\$ 1,940
Trading liabilities:					
U.S. Treasury and agency securities	16,433	319	—	—	16,752
Other sovereign government obligations	20,771	2,062	—	—	22,833
Corporate and other debt	—	8,707	16	—	8,723
Corporate equities <sup>3</sup>	75,181	226	45	—	75,452
Derivative and other contracts:					
Interest rate	1,087	145,670	445	—	147,202
Credit	—	9,090	411	—	9,501
Foreign exchange	19	73,096	80	—	73,195
Equity	2,119	77,363	1,196	—	80,678
Commodity and other	4,563	16,837	1,528	—	22,928
Netting <sup>1</sup>	(5,696)	(241,814)	(794)	(50,632)	(298,936)
Total derivative and other contracts	2,092	80,242	2,866	(50,632)	34,568
Total trading liabilities	114,477	91,556	2,927	(50,632)	158,328
Securities sold under agreements to repurchase	—	140	651	—	791
Other secured financings	—	4,730	403	—	5,133
Borrowings	—	74,183	2,157	—	76,340
<b>Total liabilities at fair value</b>	<b>\$114,477</b>	<b>\$172,482</b>	<b>\$ 6,205</b>	<b>\$(50,632)</b>	<b>\$242,532</b>

MABS—Mortgage- and asset-backed securities

- 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.
- For a further breakdown by type, see the following Detail of Loans and Lending Commitments at Fair Value table.
- For trading purposes, the Firm holds or sells short equity securities issued by entities in diverse industries and of varying sizes.
- 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.

### Detail of Loans and Lending Commitments at Fair Value

\$ in millions	At March 31, 2022	At December 31, 2021
Corporate	\$ 8	\$ 8
Commercial Real Estate	1,407	863
Residential Real Estate	3,085	3,911
Securities-based lending and Other loans	7,990	7,845
<b>Total</b>	<b>\$ 12,490</b>	<b>\$ 12,627</b>

### Unsettled Fair Value of Futures Contracts<sup>1</sup>

\$ in millions	At March 31, 2022	At December 31, 2021
Customer and other receivables (payables), net	\$ 377	\$ 948

- 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 to the financial statements in the 2021 Form 10-K. During the current quarter, 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

\$ in millions	Three Months Ended March 31,	
	2022	2021
<b>U.S. Treasury and agency securities</b>		
Beginning balance	\$ 2	\$ 9
Purchases	1	12
Sales	—	(9)
Net transfers	5	—
Ending balance	\$ 8	\$ 12
Unrealized gains (losses)	\$ —	\$ —
<b>Other sovereign government obligations</b>		
Beginning balance	\$ 211	\$ 268
Purchases	6	15
Sales	(40)	(256)
Net transfers	11	(10)
Ending balance	\$ 188	\$ 17
Unrealized gains (losses)	\$ —	\$ —
<b>State and municipal securities</b>		
Beginning balance	\$ 13	\$ —
Net transfers	(13)	—
Ending balance	\$ —	\$ —
Unrealized gains (losses)	\$ —	\$ —
<b>MABS</b>		
Beginning balance	\$ 344	\$ 322
Realized and unrealized gains (losses)	(1)	51
Purchases	56	144
Sales	(96)	(103)
Net transfers	48	(40)
Ending balance	\$ 351	\$ 374
Unrealized gains (losses)	\$ (3)	\$ (2)
<b>Loans and lending commitments</b>		
Beginning balance	\$ 3,806	\$ 5,759
Realized and unrealized gains (losses)	26	(26)
Purchases and originations	369	1,833
Sales	(210)	(2,060)
Settlements	(409)	(388)
Net transfers	(441)	(73)
Ending balance	\$ 3,141	\$ 5,045
Unrealized gains (losses)	\$ 22	\$ (32)
<b>Corporate and other debt</b>		
Beginning balance	\$ 1,973	\$ 3,435
Realized and unrealized gains (losses)	12	(51)
Purchases and originations	71	867
Sales	(160)	(749)
Settlements	—	(255)
Net transfers	(143)	72
Ending balance	\$ 1,753	\$ 3,319
Unrealized gains (losses)	\$ 7	\$ 2
<b>Corporate equities</b>		
Beginning balance	\$ 115	\$ 86
Realized and unrealized gains (losses)	—	16
Purchases	24	25
Sales	(82)	(46)
Net transfers	182	33
Ending balance	\$ 239	\$ 114
Unrealized gains (losses)	\$ —	\$ 18

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley

\$ in millions	Three Months Ended March 31,	
	2022	2021
<b>Investments</b>		
Beginning balance	\$ 1,125	\$ 828
Realized and unrealized gains (losses)	(24)	6
Purchases	20	64
Sales	(4)	(15)
Net transfers	3	41
Ending balance	\$ 1,120	\$ 924
Unrealized gains (losses)	\$ (26)	\$ (6)
<b>Investment securities —AFS</b>		
Beginning balance	\$ —	\$ 2,804
Realized and unrealized gains (losses)	—	(4)
Sales	—	(192)
Net transfers <sup>1</sup>	—	(2,481)
Ending balance	\$ —	\$ 127
Unrealized gains (losses)	\$ —	\$ (5)
<b>Securities purchased under agreements to resell</b>		
Beginning balance	\$ —	\$ 3
Net transfers	—	(3)
Ending balance	\$ —	\$ —
Unrealized gains (losses)	\$ —	\$ —
<b>Net derivatives: Interest rate</b>		
Beginning balance	\$ 708	\$ 682
Realized and unrealized gains (losses)	39	(413)
Purchases	3	31
Issuances	(2)	(17)
Settlements	(21)	83
Net transfers	(93)	325
Ending balance	\$ 634	\$ 691
Unrealized gains (losses)	\$ 147	\$ (403)
<b>Net derivatives: Credit</b>		
Beginning balance	\$ 98	\$ 49
Realized and unrealized gains (losses)	43	(4)
Purchases	8	19
Issuances	(8)	(8)
Settlements	(68)	(72)
Net transfers	20	(66)
Ending balance	\$ 93	\$ (82)
Unrealized gains (losses)	\$ 28	\$ (13)
<b>Net derivatives: Foreign exchange</b>		
Beginning balance	\$ 52	\$ 61
Realized and unrealized gains (losses)	(145)	(236)
Purchases	5	2
Issuances	—	(4)
Settlements	81	26
Net transfers	(26)	41
Ending balance	\$ (33)	\$ (110)
Unrealized gains (losses)	\$ (138)	\$ (206)
<b>Net derivatives: Equity</b>		
Beginning balance	\$ (945)	\$ (2,231)
Realized and unrealized gains (losses)	98	63
Purchases	28	77
Issuances	(68)	(297)
Settlements	117	65
Net transfers	116	206
Ending balance	\$ (654)	\$ (2,117)
Unrealized gains (losses)	\$ 88	\$ 12

\$ in millions	Three Months Ended March 31,	
	2022	2021
<b>Net derivatives: Commodity and other</b>		
Beginning balance	\$ 1,529	\$ 1,709
Realized and unrealized gains (losses)	4	331
Purchases	9	7
Issuances	(11)	(1)
Settlements	(47)	(131)
Net transfers	(50)	29
Ending balance	\$ 1,434	\$ 1,944
Unrealized gains (losses)	\$ (216)	\$ 215
<b>Deposits</b>		
Beginning balance	\$ 67	\$ 126
Realized and unrealized losses (gains)	—	(4)
Issuances	—	11
Settlements	(5)	(2)
Net transfers	(36)	46
Ending balance	\$ 26	\$ 177
Unrealized losses (gains)	\$ —	\$ (4)
<b>Nonderivative trading liabilities</b>		
Beginning balance	\$ 61	\$ 79
Realized and unrealized losses (gains)	(3)	(9)
Purchases	(33)	(20)
Sales	11	13
Net transfers	12	(1)
Ending balance	\$ 48	\$ 62
Unrealized losses (gains)	\$ (3)	\$ (9)
<b>Securities sold under agreements to repurchase</b>		
Beginning balance	\$ 651	\$ 444
Realized and unrealized losses (gains)	2	(2)
Settlements	(10)	—
Net transfers	(127)	(1)
Ending balance	\$ 516	\$ 441
Unrealized losses (gains)	\$ 2	\$ (2)
<b>Other secured financings</b>		
Beginning balance	\$ 403	\$ 516
Realized and unrealized losses (gains)	(3)	(5)
Issuances	28	370
Settlements	(305)	(322)
Net transfers	(3)	(4)
Ending balance	\$ 120	\$ 555
Unrealized losses (gains)	\$ (3)	\$ (5)
<b>Borrowings</b>		
Beginning balance	\$ 2,157	\$ 4,374
Realized and unrealized losses (gains)	(143)	(118)
Issuances	161	231
Settlements	(42)	(316)
Net transfers	266	91
Ending balance	\$ 2,399	\$ 4,262
Unrealized losses (gains)	\$ (143)	\$ (116)
Portion of Unrealized losses (gains) recorded in OCI—Change in net DVA	(29)	(29)

1. Net transfers in the prior year quarter reflect the transfer of \$2.5 billion of AFS securities from Level 3 to Level 2 due to increased trading activity and observability of pricing inputs.

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

## Notes to Consolidated Financial Statements (Unaudited)

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

\$ in millions, except inputs	Balance / Range (Average <sup>1</sup> )	
	At March 31, 2022	At December 31, 2021
<b>Assets at Fair Value on a Recurring Basis</b>		
<b>Other sovereign government obligations</b>		
	\$	188 \$
211		
Comparable pricing:		
Bond price	91 to 108 points (100 points)	100 to 140 points (120 points)
<b>MABS</b>	\$	351 \$
344		
Comparable pricing:		
Bond price	0 to 83 points (58 points)	0 to 86 points (59 points)
<b>Loans and lending commitments</b>		
	\$	3,141 \$
3,806		
Margin loan model:		
Margin loan rate	1% to 4% (3%)	1% to 4% (3%)
Comparable pricing:		
Loan price	88 to 102 points (97 points)	89 to 101 points (97 points)
<b>Corporate and other debt</b>		
	\$	1,753 \$
1,973		
Comparable pricing:		
Bond price	50 to 165 points (98 points)	50 to 163 points (99 points)
Discounted cash flow:		
Loss given default	54% to 84% (62% / 54%)	54% to 84% (62% / 54%)
<b>Corporate equities</b>	\$	239 \$
115		
Comparable pricing:		
Equity price	100%	100%
<b>Investments</b>	\$	1,120 \$
1,125		
Discounted cash flow:		
WACC	13% to 16% (15%)	10% to 16% (15%)
Exit multiple	8 to 17 times (12 times)	8 to 17 times (12 times)
Market approach:		
EBITDA multiple	8 to 23 times (9 times)	8 to 25 times (10 times)
Comparable pricing:		
Equity price	43% to 100% (99%)	43% to 100% (99%)

\$ in millions, except inputs	Balance / Range (Average <sup>1</sup> )	
	At March 31, 2022	At December 31, 2021
<b>Net derivative and other contracts:</b>		
<b>Interest rate</b>	\$	634 \$
708		
Option model:		
IR volatility skew	45% to 79% (61% / 63%)	39% to 79% (64% / 63%)
IR curve correlation	46% to 93% (73% / 76%)	62% to 98% (83% / 84%)
Bond volatility	8% to 26% (15% / 14%)	5% to 32% (12% / 9%)
Inflation volatility	24% to 65% (44% / 40%)	24% to 65% (44% / 40%)
IR curve	N/M	4%
<b>Credit</b>	\$	93 \$
98		
Credit default swap model:		
Cash-synthetic basis	7 points	7 points
Bond price	N/M	0 to 83 points (46 points)
Credit spread	10 to 481 bps (95 bps)	14 to 477 bps (68 bps)
Funding spread	15 to 590 bps (77 bps)	15 to 433 bps (55 bps)
<b>Foreign exchange<sup>2</sup></b>	\$	(33) \$
52		
Option model:		
IR - FX correlation	54% to 56% (55% / 55%)	53% to 56% (55% / 54%)
IR volatility skew	45% to 79% (61% / 63%)	39% to 79% (64% / 63%)
IR curve	2% to 7% (5% / 7%)	-1% to 7% (2% / 0%)
Foreign exchange volatility skew	-37% to 25% (0% / 1%)	-4% to -2% (-3% / -3%)
Contingency probability	80% to 95% (93% / 95%)	90% to 95% (94% / 95%)
<b>Equity<sup>2</sup></b>	\$	(654) \$
(945)		
Option model:		
Equity volatility	7% to 96% (24%)	5% to 99% (24%)
Equity volatility skew	-6% to 0% (-1%)	-4% to 0% (-1%)
Equity correlation	5% to 97% (75%)	5% to 99% (73%)
FX correlation	-85% to 60% (-47%)	-85% to 37% (-42%)
IR correlation	12% to 30% (14%)	13% to 30% (15%)
<b>Commodity and other</b>		
	\$	1,434 \$
1,529		
Option model:		
Forward power price	\$7 to \$260 (\$48) per MWh	\$4 to \$263 (\$39) per MWh
Commodity volatility	8% to 196% (32%)	8% to 385% (22%)
Cross-commodity correlation	41% to 100% (94%)	43% to 100% (94%)
<b>Liabilities Measured at Fair Value on a Recurring Basis</b>		
<b>Deposits</b>	\$	26 \$
67		
Option model:		
Equity volatility	N/M	7%
<b>Securities sold under agreements to repurchase</b>		
	\$	516 \$
651		
Discounted cash flow:		
Funding spread	84 to 131 bps (108 bps)	112 to 127 bps (120 bps)
<b>Other secured financings</b>		
	\$	120 \$
403		
Comparable pricing:		
Loan price	23 to 100 points (80 points)	30 to 100 points (83 points)

## Notes to Consolidated Financial Statements (Unaudited)

\$ in millions, except inputs	Balance / Range (Average <sup>1</sup> )	
	At March 31, 2022	At December 31, 2021
<b>Borrowings</b>	\$ 2,399	\$ 2,157
Option model:		
Equity volatility	7% to 93% (24%)	7% to 85% (20%)
Equity volatility skew	-1% to 0% (0%)	-1% to 0% (0%)
Equity correlation	39% to 95% (85%)	41% to 95% (81%)
Equity - FX correlation	-55% to 25% (-27%)	-55% to 25% (-30%)
IR FX Correlation	-27% to 12% (-6% / -6%)	-26% to 8% (-5% / -5%)
IR curve correlation	46% to 93% (73% / 76%)	N/M
IR volatility skew	34% to 82% (51% / 45%)	N/M
Discounted cash flow:		
Loss given default	54% to 84% (62% / 54%)	54% to 84% (62% / 54%)
<b>Nonrecurring Fair Value Measurement</b>		
<b>Loans</b>	\$ 1,370	\$ 1,576
Corporate loan model:		
Credit spread	79 to 447 bps (266 bps)	108 to 565 bps (284 bps)
Comparable pricing:		
Loan price	47 to 80 points (63 points)	40 to 80 points (61 points)
Warehouse model:		
Credit spread	187 to 280 bps (226 bps)	182 to 446 bps (376 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 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 to the financial statements in the 2021 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

\$ in millions	At March 31, 2022		At December 31, 2021	
	Carrying Value	Commitment	Carrying Value	Commitment
Private equity	\$ 2,607	\$ 579	\$ 2,492	\$ 615
Real estate	2,089	243	2,064	248
Hedge <sup>1</sup>	195	2	191	2
<b>Total</b>	<b>\$ 4,891</b>	<b>\$ 824</b>	<b>\$ 4,747</b>	<b>\$ 865</b>

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.

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 to the financial statements in the 2021 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

\$ in millions	Carrying Value at March 31, 2022	
	Private Equity	Real Estate
Less than 5 years	\$ 1,041	\$ 327
5-10 years	1,109	1,745
Over 10 years	457	17
<b>Total</b>	<b>\$ 2,607</b>	<b>\$ 2,089</b>

### Nonrecurring Fair Value Measurements

#### Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

\$ in millions	At March 31, 2022		
	Fair Value		
	Level 2	Level 3 <sup>1</sup>	Total
<b>Assets</b>			
Loans	\$ 1,531	\$ 1,370	\$ 2,901
Other assets—Other investments	—	7	7
Other assets—ROU assets	4	—	4
<b>Total</b>	<b>\$ 1,535</b>	<b>\$ 1,377</b>	<b>\$ 2,912</b>
<b>Liabilities</b>			
Other liabilities and accrued expenses—			
Lending commitments	\$ 201	\$ 86	\$ 287
<b>Total</b>	<b>\$ 201</b>	<b>\$ 86</b>	<b>\$ 287</b>

**Notes to Consolidated Financial Statements  
(Unaudited)**

\$ in millions	At December 31, 2021		
	Fair Value		
	Level 2	Level 3 <sup>1</sup>	Total
<b>Assets</b>			
Loans	\$ 4,035	\$ 1,576	\$ 5,611
Other assets—Other investments	—	8	8
Other assets—ROU assets	\$ 16	\$ —	\$ 16
<b>Total</b>	<b>\$ 4,051</b>	<b>\$ 1,584</b>	<b>\$ 5,635</b>
<b>Liabilities</b>			
Other liabilities and accrued expenses—Lending commitments	\$ 173	\$ 70	\$ 243
<b>Total</b>	<b>\$ 173</b>	<b>\$ 70</b>	<b>\$ 243</b>

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<sup>1</sup>**

\$ in millions	Three Months Ended March 31,	
	2022 2021	
	<b>Assets</b>	
Loans <sup>2</sup>	\$ (43)	\$ (13)
Goodwill	—	(8)
Intangibles	—	(2)
Other assets—Other investments <sup>3</sup>	(2)	(51)
Other assets—Premises, equipment and software	(1)	(2)
Other assets—ROU assets	(2)	—
<b>Total</b>	<b>\$ (48)</b>	<b>\$ (76)</b>
<b>Liabilities</b>		
Other liabilities and accrued expenses—Lending commitments <sup>2</sup>	\$ (49)	\$ 4
<b>Total</b>	<b>\$ (49)</b>	<b>\$ 4</b>

- 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.
- 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.
- 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.

**Financial Instruments Not Measured at Fair Value**

\$ in millions	At March 31, 2022				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Cash and cash equivalents	\$ 136,086	\$ 136,086	\$ —	\$ —	\$ 136,086
Investment securities—HTM	80,439	29,099	45,633	1,044	75,776
Securities purchased under agreements to resell	127,765	—	125,543	2,186	127,729
Securities borrowed	150,995	—	150,995	—	150,995
Customer and other receivables	90,134	—	86,417	3,453	89,870
Loans <sup>1</sup>	196,260	—	24,140	170,269	194,409
Other assets	509	—	509	—	509
<b>Financial liabilities</b>					
Deposits	\$ 358,827	\$ —	\$ 358,993	\$ —	\$ 358,993
Securities sold under agreements to repurchase	59,104	—	59,089	—	59,089
Securities loaned	14,222	—	14,223	—	14,223
Other secured financings	4,057	—	4,059	—	4,059
Customer and other payables	243,281	—	243,281	—	243,281
Borrowings	153,854	—	155,443	4	155,447
Commitment Amount					
Lending commitments <sup>2</sup>	\$ 141,421	\$ —	\$ 1,162	\$ 514	\$ 1,676

\$ in millions	At December 31, 2021				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Cash and cash equivalents	\$ 127,725	\$ 127,725	\$ —	\$ —	\$ 127,725
Investment securities—HTM	80,168	29,454	49,352	1,076	79,882
Securities purchased under agreements to resell	119,992	—	117,922	2,075	119,997
Securities borrowed	129,713	—	129,713	—	129,713
Customer and other receivables	91,664	—	88,091	3,442	91,533
Loans <sup>1</sup>	188,134	—	25,706	163,784	189,490
Other assets	528	—	528	—	528
<b>Financial liabilities</b>					
Deposits	\$ 345,634	\$ —	\$ 345,911	\$ —	\$ 345,911
Securities sold under agreements to repurchase	61,397	—	61,419	—	61,419
Securities loaned	12,299	—	12,296	—	12,296
Other secured financings	4,908	—	4,910	—	4,910
Customer and other payables	228,631	—	228,631	—	228,631
Borrowings	156,787	—	162,154	4	162,158
Commitment Amount					
Lending commitments <sup>2</sup>	\$ 133,519	\$ —	\$ 890	\$ 470	\$ 1,360

- Amounts include loans measured at fair value on a nonrecurring basis.
- Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending commitments, see Note 13.

## Notes to Consolidated Financial Statements (Unaudited)

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

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
<b>Business Unit Responsible for Risk Management</b>		
Equity	\$ 37,987	\$ 37,046
Interest rates	27,100	28,638
Commodities	8,401	7,837
Credit	1,310	1,347
Foreign exchange	1,165	1,472
<b>Total</b>	<b>\$ 75,963</b>	<b>\$ 76,340</b>

#### Net Revenues from Borrowings under the Fair Value Option

<i>\$ in millions</i>	Three Months Ended March 31,	
	2022	2021
Trading revenues	\$ 4,655	\$ 2,485
Interest expense	72	73
<b>Net revenues<sup>1</sup></b>	<b>\$ 4,583</b>	<b>\$ 2,412</b>

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

<i>\$ in millions</i>	Three Months Ended March 31,			
	2022		2021	
	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables <sup>1</sup>	\$ 24	\$ —	\$ 158	\$ —
Deposits	—	(7)	—	(1)
Borrowings	—	878	(17)	185

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Cumulative pre-tax DVA gain (loss) recognized in AOCI	\$ (1,568)	\$ (2,439)

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<sup>1</sup>

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Loans and other receivables <sup>2</sup>	\$ 12,360	\$ 12,633
Nonaccrual loans <sup>2</sup>	9,608	9,999
Borrowings <sup>3</sup>	704	(2,106)

- Amounts indicate contractual principal greater than or (less than) fair value.
- 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.
- 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

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Nonaccrual loans	\$ 908	\$ 989
Nonaccrual loans 90 or more days past due	264	363

## 6. Derivative Instruments and Hedging Activities

#### Fair Values of Derivative Contracts

<i>\$ in millions</i>	Assets at March 31, 2022			
	Bilateral OTC	Cleared OTC	Exchange- Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ 235	\$ 3	\$ —	\$ 238
Foreign exchange	202	14	—	216
<b>Total</b>	<b>437</b>	<b>17</b>	<b>—</b>	<b>454</b>
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	2	12	—	14
<b>Other derivatives</b>				
Interest rate	152,234	20,630	1,525	174,389
Credit	7,494	3,998	—	11,492
Foreign exchange	97,624	3,389	66	101,079
Equity	27,669	—	38,240	65,909
Commodity and other	34,517	—	14,789	49,306
<b>Total</b>	<b>319,540</b>	<b>28,029</b>	<b>54,620</b>	<b>402,189</b>
<b>Total gross derivatives</b>	<b>\$ 319,977</b>	<b>\$ 28,046</b>	<b>\$ 54,620</b>	<b>\$ 402,643</b>
<b>Amounts offset</b>				
Counterparty netting	(222,597)	(25,328)	(50,605)	(298,530)
Cash collateral netting	(44,621)	(1,611)	—	(46,232)
<b>Total in Trading assets</b>	<b>\$ 52,759</b>	<b>\$ 1,107</b>	<b>\$ 4,015</b>	<b>\$ 57,881</b>
<b>Amounts not offset<sup>1</sup></b>				
Financial instruments collateral	(18,000)	—	—	(18,000)
<b>Net amounts</b>	<b>\$ 34,759</b>	<b>\$ 1,107</b>	<b>\$ 4,015</b>	<b>\$ 39,881</b>
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				\$ 10,704

# Notes to Consolidated Financial Statements (Unaudited)

\$ in millions	Liabilities at March 31, 2022			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ 51	\$ —	\$ —	\$ 51
Foreign exchange	59	36	—	95
Total	110	36	—	146
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	15	308	—	323
<b>Other derivatives</b>				
Interest rate	142,935	21,368	988	165,291
Credit	7,029	4,150	—	11,179
Foreign exchange	90,134	2,970	96	93,200
Equity	34,116	—	39,782	73,898
Commodity and other	27,290	—	15,548	42,838
Total	301,519	28,796	56,414	386,729
<b>Total gross derivatives</b>	<b>\$ 301,629</b>	<b>\$ 28,832</b>	<b>\$ 56,414</b>	<b>\$ 386,875</b>
<b>Amounts offset</b>				
Counterparty netting	(222,597)	(25,328)	(50,605)	(298,530)
Cash collateral netting	(44,557)	(1,431)	—	(45,988)
<b>Total in Trading liabilities</b>	<b>\$ 34,475</b>	<b>\$ 2,073</b>	<b>\$ 5,809</b>	<b>\$ 42,357</b>
<b>Amounts not offset<sup>1</sup></b>				
Financial instruments collateral	(3,641)	—	(1,543)	(5,184)
<b>Net amounts</b>	<b>\$ 30,834</b>	<b>\$ 2,073</b>	<b>\$ 4,266</b>	<b>\$ 37,173</b>
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				8,824

\$ in millions	Assets at December 31, 2021			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ 594	\$ 1	\$ —	\$ 595
Foreign exchange	191	6	—	197
Total	785	7	—	792
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	—	15	—	15
<b>Other derivatives</b>				
Interest rate	147,585	7,002	383	154,970
Credit	5,749	3,186	—	8,935
Foreign exchange	73,276	1,219	39	74,534
Equity	28,877	—	41,455	70,332
Commodity and other	22,175	—	5,538	27,713
Total	277,662	11,422	47,415	336,499
<b>Total gross derivatives</b>	<b>\$ 278,447</b>	<b>\$ 11,429</b>	<b>\$ 47,415</b>	<b>\$ 337,291</b>
<b>Amounts offset</b>				
Counterparty netting	(201,729)	(9,818)	(42,883)	(254,430)
Cash collateral netting	(43,495)	(1,212)	—	(44,707)
<b>Total in Trading assets</b>	<b>\$ 33,223</b>	<b>\$ 399</b>	<b>\$ 4,532</b>	<b>\$ 38,154</b>
<b>Amounts not offset<sup>1</sup></b>				
Financial instruments collateral	(10,457)	—	—	(10,457)
<b>Net amounts</b>	<b>\$ 22,766</b>	<b>\$ 399</b>	<b>\$ 4,532</b>	<b>\$ 27,697</b>
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				\$ 6,725

\$ in millions	Liabilities at December 31, 2021			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ 86	\$ 1	\$ —	\$ 87
Foreign exchange	57	50	—	107
Total	143	51	—	194
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	17	412	—	429
<b>Other derivatives</b>				
Interest rate	140,770	6,112	233	147,115
Credit	5,609	3,463	—	9,072
Foreign exchange	71,851	1,196	41	73,088
Equity	39,597	—	41,081	80,678
Commodity and other	17,188	—	5,740	22,928
Total	275,032	11,183	47,095	333,310
<b>Total gross derivatives</b>	<b>\$ 275,175</b>	<b>\$ 11,234</b>	<b>\$ 47,095</b>	<b>\$ 333,504</b>
<b>Amounts offset</b>				
Counterparty netting	(201,729)	(9,818)	(42,883)	(254,430)
Cash collateral netting	(43,305)	(1,201)	—	(44,506)
<b>Total in Trading liabilities</b>	<b>\$ 30,141</b>	<b>\$ 215</b>	<b>\$ 4,212</b>	<b>\$ 34,568</b>
<b>Amounts not offset<sup>1</sup></b>				
Financial instruments collateral	(5,866)	(8)	(39)	(5,913)
<b>Net amounts</b>	<b>\$ 24,275</b>	<b>\$ 207</b>	<b>\$ 4,173</b>	<b>\$ 28,655</b>
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				\$ 6,194

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 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

\$ in billions	Assets at March 31, 2022			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ 4	\$ 73	\$ —	\$ 77
Foreign exchange	9	1	—	10
Total	13	74	—	87
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	—	1	—	1
<b>Other derivatives</b>				
Interest rate	3,626	9,434	758	13,818
Credit	231	150	—	381
Foreign exchange	3,806	146	10	3,962
Equity	516	—	419	935
Commodity and other	171	—	75	246
Total	8,350	9,731	1,262	19,343
<b>Total gross derivatives</b>	<b>\$ 8,363</b>	<b>\$ 9,805</b>	<b>\$ 1,262</b>	<b>\$ 19,430</b>

## Notes to Consolidated Financial Statements (Unaudited)

\$ in billions	Liabilities at March 31, 2022			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ —	\$ 128	\$ —	\$ 128
Foreign exchange	4	3	—	7
Total	4	131	—	135
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	1	10	—	11
<b>Other derivatives</b>				
Interest rate	3,577	9,060	629	13,266
Credit	231	146	—	377
Foreign exchange	3,690	139	19	3,848
Equity	547	—	770	1,317
Commodity and other	129	—	91	220
Total	8,175	9,355	1,509	19,039
<b>Total gross derivatives</b>	<b>\$ 8,179</b>	<b>\$ 9,486</b>	<b>\$ 1,509</b>	<b>\$ 19,174</b>

\$ in billions	Assets at December 31, 2021			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ 4	\$ 104	\$ —	\$ 108
Foreign exchange	8	1	—	9
Total	12	105	—	117
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	—	—	—	—
<b>Other derivatives</b>				
Interest rate	3,488	7,082	570	11,140
Credit	216	105	—	321
Foreign exchange	3,386	95	10	3,491
Equity	495	—	407	902
Commodity and other	139	—	73	212
Total	7,724	7,282	1,060	16,066
<b>Total gross derivatives</b>	<b>\$ 7,736</b>	<b>\$ 7,387</b>	<b>\$ 1,060</b>	<b>\$ 16,183</b>

\$ in billions	Liabilities at December 31, 2021			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	\$ —	\$ 99	\$ —	\$ 99
Foreign exchange	5	3	—	8
Total	5	102	—	107
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	1	12	—	13
<b>Other derivatives</b>				
Interest rate	3,827	6,965	445	11,237
Credit	225	106	—	331
Foreign exchange	3,360	88	12	3,460
Equity	552	—	735	1,287
Commodity and other	110	—	81	191
Total	8,075	7,171	1,273	16,519
<b>Total gross derivatives</b>	<b>\$ 8,080</b>	<b>\$ 7,273</b>	<b>\$ 1,273</b>	<b>\$ 16,626</b>

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 to the financial statements in the 2021 Form 10-K.

### Gains (Losses) on Accounting Hedges

\$ in millions	Three Months Ended March 31,	
	2022	2021
<b>Fair value hedges—Recognized in Interest income</b>		
Interest rate contracts	\$ 795	\$ 831
Investment Securities—AFS	(751)	(772)
<b>Fair value hedges—Recognized in Interest expense</b>		
Interest rate contracts	\$ (6,233)	\$ (4,108)
Deposits	88	36
Borrowings	6,155	4,021
<b>Net investment hedges—Foreign exchange contracts</b>		
Recognized in OCI	\$ 139	\$ 405
Forward points excluded from hedge effectiveness testing—Recognized in Interest income	(41)	1

### Fair Value Hedges—Hedged Items

\$ in millions	At March 31, 2022	At December 31, 2021
	<b>Investment Securities—AFS</b>	
Amortized cost basis currently or previously hedged	\$ 11,039	\$ 17,902
Basis adjustments included in amortized cost <sup>1</sup>	\$ (840)	\$ (591)
<b>Deposits</b>		
Carrying amount currently or previously hedged	\$ 4,807	\$ 6,279
Basis adjustments included in carrying amount <sup>1</sup>	\$ (83)	\$ 5
<b>Borrowings</b>		
Carrying amount currently or previously hedged	\$ 122,770	\$ 122,919
Basis adjustments included in carrying amount—Outstanding hedges	\$ (3,831)	\$ 2,324
Basis adjustments included in carrying amount—Terminated hedges	\$ (736)	\$ (743)

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

### Gains (Losses) on Economic Hedges of Loans

\$ in millions	Three Months Ended March 31,	
	2022	2021
<b>Recognized in Other revenues</b>		
Credit contracts <sup>1</sup>	\$ 51	\$ (105)

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

### Net Derivative Liabilities and Collateral Posted

\$ in millions	At March 31, 2022	At December 31, 2021
	Net derivative liabilities with credit risk-related contingent features	\$ 22,090
Collateral posted	14,470	14,789

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.

## Notes to Consolidated Financial Statements (Unaudited)

### Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

<i>\$ in millions</i>	At March 31, 2022
One-notch downgrade	\$ 310
Two-notch downgrade	550
Bilateral downgrade agreements included in the amounts above <sup>1</sup>	\$ 637

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. 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 downgrade scenarios based on the relevant contractual downgrade triggers.

### Maximum Potential Payout/Notional of Credit Protection Sold<sup>1</sup>

<i>\$ in billions</i>	Years to Maturity at March 31, 2022				
	< 1	1-3	3-5	Over 5	Total
<b>Single-name CDS</b>					
Investment grade	\$ 11	\$ 27	\$ 30	\$ 13	\$ 81
Non-investment grade	5	13	17	5	40
<b>Total</b>	<b>\$ 16</b>	<b>\$ 40</b>	<b>\$ 47</b>	<b>\$ 18</b>	<b>\$ 121</b>
<b>Index and basket CDS</b>					
Investment grade	\$ 2	\$ 11	\$ 107	\$ 48	\$ 168
Non-investment grade	9	16	37	24	86
<b>Total</b>	<b>\$ 11</b>	<b>\$ 27</b>	<b>\$ 144</b>	<b>\$ 72</b>	<b>\$ 254</b>
<b>Total CDS sold</b>	<b>\$ 27</b>	<b>\$ 67</b>	<b>\$ 191</b>	<b>\$ 90</b>	<b>\$ 375</b>
Other credit contracts	—	—	—	—	—
<b>Total credit protection sold</b>	<b>\$ 27</b>	<b>\$ 67</b>	<b>\$ 191</b>	<b>\$ 90</b>	<b>\$ 375</b>
CDS protection sold with identical protection purchased					\$ 331

<i>\$ in billions</i>	Years to Maturity at December 31, 2021				
	< 1	1-3	3-5	Over 5	Total
<b>Single-name CDS</b>					
Investment grade	\$ 10	\$ 26	\$ 29	\$ 9	\$ 74
Non-investment grade	5	13	17	2	37
<b>Total</b>	<b>\$ 15</b>	<b>\$ 39</b>	<b>\$ 46</b>	<b>\$ 11</b>	<b>\$ 111</b>
<b>Index and basket CDS</b>					
Investment grade	\$ 2	\$ 11	\$ 106	\$ 15	\$ 134
Non-investment grade	9	14	37	12	72
<b>Total</b>	<b>\$ 11</b>	<b>\$ 25</b>	<b>\$ 143</b>	<b>\$ 27</b>	<b>\$ 206</b>
<b>Total CDS sold</b>	<b>\$ 26</b>	<b>\$ 64</b>	<b>\$ 189</b>	<b>\$ 38</b>	<b>\$ 317</b>
Other credit contracts	—	—	—	—	—
<b>Total credit protection sold</b>	<b>\$ 26</b>	<b>\$ 64</b>	<b>\$ 189</b>	<b>\$ 38</b>	<b>\$ 317</b>
CDS protection sold with identical protection purchased					\$ 278

### Fair Value Asset (Liability) of Credit Protection Sold<sup>1</sup>

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
<b>Single-name CDS</b>		
Investment grade	\$ 1,309	\$ 1,428
Non-investment grade	(1,805)	(370)
<b>Total</b>	<b>\$ (496)</b>	<b>\$ 1,058</b>
<b>Index and basket CDS</b>		
Investment grade	\$ 1,422	\$ 1,393
Non-investment grade	(1,243)	(650)
<b>Total</b>	<b>\$ 179</b>	<b>\$ 743</b>
<b>Total CDS sold</b>	<b>\$ (317)</b>	<b>\$ 1,801</b>
Other credit contracts	(3)	(3)
<b>Total credit protection sold</b>	<b>\$ (320)</b>	<b>\$ 1,798</b>

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

<i>\$ in billions</i>	Notional	
	At March 31, 2022	At December 31, 2021
Single name	\$ 138	\$ 126
Index and basket	235	204
Tranched index and basket	22	18
<b>Total</b>	<b>\$ 395</b>	<b>\$ 348</b>

<i>\$ in millions</i>	Fair Value Asset (Liability)	
	At March 31, 2022	At December 31, 2021
Single name	\$ 433	\$ (1,338)
Index and basket	228	(563)
Tranched index and basket	(340)	(451)
<b>Total</b>	<b>\$ 321</b>	<b>\$ (2,352)</b>

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 to the financial statements in the 2021 Form 10-K.

## Notes to Consolidated Financial Statements (Unaudited)

### 7. Investment Securities

#### AFS and HTM Securities

\$ in millions	At March 31, 2022			
	Amortized Cost <sup>1</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>AFS securities</b>				
U.S. Treasury securities	\$ 57,973	\$ 25	\$ 1,519	\$ 56,479
U.S. agency securities <sup>2</sup>	23,863	13	1,143	22,733
Agency CMBS	8,596	42	189	8,449
State and municipal securities	1,334	5	37	1,302
FFELP student loan ABS <sup>3</sup>	1,401	4	14	1,391
<b>Total AFS securities</b>	<b>93,167</b>	<b>89</b>	<b>2,902</b>	<b>90,354</b>
<b>HTM securities</b>				
U.S. Treasury securities	29,526	117	544	29,099
U.S. agency securities <sup>2</sup>	47,656	5	4,079	43,582
Agency CMBS	2,166	—	115	2,051
Non-agency CMBS	1,091	1	48	1,044
<b>Total HTM securities</b>	<b>80,439</b>	<b>123</b>	<b>4,786</b>	<b>75,776</b>
<b>Total investment securities</b>	<b>\$ 173,606</b>	<b>\$ 212</b>	<b>\$ 7,688</b>	<b>\$ 166,130</b>

\$ in millions	At December 31, 2021			
	Amortized Cost <sup>1</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>AFS securities</b>				
U.S. Treasury securities	\$ 58,974	\$ 343	\$ 296	\$ 59,021
U.S. agency securities <sup>2</sup>	26,780	274	241	26,813
Agency CMBS	14,476	289	89	14,676
State and municipal securities	613	37	2	648
FFELP student loan ABS <sup>3</sup>	1,672	11	11	1,672
<b>Total AFS securities</b>	<b>102,515</b>	<b>954</b>	<b>639</b>	<b>102,830</b>
<b>HTM securities</b>				
U.S. Treasury securities	28,653	882	81	29,454
U.S. agency securities <sup>2</sup>	48,195	169	1,228	47,136
Agency CMBS	2,267	—	51	2,216
Non-agency CMBS	1,053	28	5	1,076
<b>Total HTM securities</b>	<b>80,168</b>	<b>1,079</b>	<b>1,365</b>	<b>79,882</b>
<b>Total investment securities</b>	<b>\$ 182,683</b>	<b>\$ 2,033</b>	<b>\$ 2,004</b>	<b>\$ 182,712</b>

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

\$ in millions	At March 31, 2022		At December 31, 2021	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	\$ 39,314	\$ 1,252	\$ 31,459	\$ 296
12 months or longer	6,828	267	—	—
<b>Total</b>	<b>46,142</b>	<b>1,519</b>	<b>31,459</b>	<b>296</b>
U.S. agency securities				
Less than 12 months	16,478	816	12,283	219
12 months or longer	3,624	327	1,167	22
<b>Total</b>	<b>20,102</b>	<b>1,143</b>	<b>13,450</b>	<b>241</b>
Agency CMBS				
Less than 12 months	3,634	182	2,872	89
12 months or longer	142	7	10	—
<b>Total</b>	<b>3,776</b>	<b>189</b>	<b>2,882</b>	<b>89</b>
State and municipal securities				
Less than 12 months	1,112	37	21	2
<b>Total</b>	<b>1,112</b>	<b>37</b>	<b>21</b>	<b>2</b>
FFELP student loan ABS				
Less than 12 months	580	5	320	1
12 months or longer	412	9	591	10
<b>Total</b>	<b>992</b>	<b>14</b>	<b>911</b>	<b>11</b>
<b>Total AFS securities in an unrealized loss position</b>				
Less than 12 months	61,118	2,292	46,955	607
12 months or longer	11,006	610	1,775	32
<b>Total</b>	<b>\$ 72,124</b>	<b>\$ 2,902</b>	<b>\$ 48,730</b>	<b>\$ 639</b>

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 2021 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 March 31, 2022 and December 31, 2021, the securities in an unrealized loss position are predominantly investment grade.

The HTM securities net carrying amounts at March 31, 2022 and December 31, 2021 reflect an ACL of \$30 million and \$33 million, respectively, related to Non-agency CMBS. See Note 2 in the 2021 Form 10-K for a description of the ACL methodology used for HTM Securities. As of March 31, 2022, and December 31, 2021, 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.

# Notes to Consolidated Financial Statements (Unaudited)

## Investment Securities by Contractual Maturity

\$ in millions	At March 31, 2022		
	Amortized Cost <sup>1</sup>	Fair Value	Annualized Average Yield <sup>2</sup>
<b>AFS securities</b>			
U.S. Treasury securities:			
Due within 1 year	\$ 8,901	\$ 8,911	1.6 %
After 1 year through 5 years	45,839	44,349	1.0 %
After 5 years through 10 years	3,233	3,219	1.1 %
<b>Total</b>	<b>57,973</b>	<b>56,479</b>	
U.S. agency securities:			
Due within 1 year	12	12	0.5 %
After 1 year through 5 years	335	322	1.2 %
After 5 years through 10 years	1,179	1,148	1.8 %
After 10 years	22,337	21,251	1.8 %
<b>Total</b>	<b>23,863</b>	<b>22,733</b>	
Agency CMBS:			
Due within 1 year	217	217	1.8 %
After 1 year through 5 years	1,318	1,298	1.6 %
After 5 years through 10 years	5,339	5,337	1.8 %
After 10 years	1,722	1,597	1.4 %
<b>Total</b>	<b>8,596</b>	<b>8,449</b>	
State and municipal securities:			
Due within 1 year	7	7	1.4 %
After 1 year through 5 years	24	25	2.3 %
After 5 years through 10 years	106	103	2.4 %
After 10 years	1,197	1,167	2.6 %
<b>Total</b>	<b>1,334</b>	<b>1,302</b>	
FFELP student loan ABS:			
After 1 year through 5 years	131	129	0.9 %
After 5 years through 10 years	139	135	0.7 %
After 10 years	1,131	1,127	1.2 %
<b>Total</b>	<b>1,401</b>	<b>1,391</b>	
<b>Total AFS securities</b>	<b>93,167</b>	<b>90,354</b>	<b>1.4 %</b>
<b>HTM securities</b>			
U.S. Treasury securities:			
Due within 1 year	3,749	3,761	1.9 %
After 1 year through 5 years	19,336	18,974	1.7 %
After 5 years through 10 years	4,879	4,865	2.4 %
After 10 years	1,562	1,499	2.3 %
<b>Total</b>	<b>29,526</b>	<b>29,099</b>	
U.S. agency securities:			
After 5 years through 10 years	456	450	2.0 %
After 10 years	47,200	43,132	1.7 %
<b>Total</b>	<b>47,656</b>	<b>43,582</b>	
Agency CMBS:			
Due within 1 year	78	77	1.1 %
After 1 year through 5 years	1,371	1,312	1.3 %
After 5 years through 10 years	567	526	1.5 %
After 10 years	150	136	1.5 %
<b>Total</b>	<b>2,166</b>	<b>2,051</b>	

\$ in millions	At March 31, 2022		
	Amortized Cost <sup>1</sup>	Fair Value	Annualized Average Yield <sup>2</sup>
Non-agency CMBS:			
Due within 1 year	167	167	4.2 %
After 1 year through 5 years	90	89	3.4 %
After 5 years through 10 years	798	753	3.6 %
After 10 years	36	35	4.4 %
<b>Total</b>	<b>1,091</b>	<b>1,044</b>	
<b>Total HTM securities</b>	<b>80,439</b>	<b>75,776</b>	<b>1.8 %</b>
<b>Total investment securities</b>	<b>\$ 173,606</b>	<b>\$ 166,130</b>	<b>1.6 %</b>

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 considers the contractual coupon, amortization of premiums and accretion of discounts, and the effect of related hedging derivatives.

## Gross Realized Gains (Losses) on Sales of AFS Securities

\$ in millions	Three Months Ended March 31,	
	2022	2021
Gross realized gains	\$ 126	\$ 145
Gross realized (losses)	(82)	(11)
<b>Total<sup>1</sup></b>	<b>\$ 44</b>	<b>\$ 134</b>

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

## 8. Collateralized Transactions

### Offsetting of Certain Collateralized Transactions

\$ in millions	At March 31, 2022				
	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset <sup>1</sup>	Net Amounts
<b>Assets</b>					
Securities purchased under agreements to resell	\$238,485	\$(110,718)	\$ 127,767	\$(123,988)	\$ 3,779
Securities borrowed	164,657	(13,662)	150,995	(143,492)	7,503
<b>Liabilities</b>					
Securities sold under agreements to repurchase	\$170,786	\$(110,718)	\$ 60,068	\$( 53,563)	\$ 6,505
Securities loaned	27,884	(13,662)	14,222	(13,930)	292
<b>Net amounts for which master netting agreements are not in place or may not be legally enforceable</b>					
Securities purchased under agreements to resell					\$ 2,772
Securities borrowed					849
Securities sold under agreements to repurchase					5,010
Securities loaned					151

## Notes to Consolidated Financial Statements (Unaudited)

\$ in millions	At December 31, 2021				
	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset <sup>1</sup>	Net Amounts
<b>Assets</b>					
Securities purchased under agreements to resell	\$ 197,486	\$(77,487)	\$ 119,999	\$(106,896)	\$ 13,103
Securities borrowed	139,395	(9,682)	129,713	(124,028)	5,685
<b>Liabilities</b>					
Securities sold under agreements to repurchase	\$ 139,675	\$(77,487)	\$ 62,188	\$( 53,692)	\$ 8,496
Securities loaned	21,981	(9,682)	12,299	(12,019)	280
<b>Net amounts for which master netting agreements are not in place or may not be legally enforceable</b>					
Securities purchased under agreements to resell					\$ 12,514
Securities borrowed					1,041
Securities sold under agreements to repurchase					8,295
Securities loaned					139

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 Note 2 and Note 9 to the financial statements in the 2021 Form 10-K. For information related to offsetting of derivatives, see Note 6.

### Gross Secured Financing Balances by Remaining Contractual Maturity

\$ in millions	At March 31, 2022				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	\$ 57,575	\$ 55,401	\$ 15,420	\$ 42,390	\$ 170,786
Securities loaned	17,040	—	675	10,169	27,884
Total included in the offsetting disclosure	\$ 74,615	\$ 55,401	\$ 16,095	\$ 52,559	\$ 198,670
Trading liabilities—Obligation to return securities received as collateral	26,399	—	—	—	26,399
<b>Total</b>	<b>\$ 101,014</b>	<b>\$ 55,401</b>	<b>\$ 16,095</b>	<b>\$ 52,559</b>	<b>\$ 225,069</b>

\$ in millions	At December 31, 2021				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	\$ 29,271	\$ 53,987	\$ 17,099	\$ 39,318	\$ 139,675
Securities loaned	11,480	364	650	9,487	21,981
Total included in the offsetting disclosure	\$ 40,751	\$ 54,351	\$ 17,749	\$ 48,805	\$ 161,656
Trading liabilities—Obligation to return securities received as collateral	30,104	—	—	—	30,104
<b>Total</b>	<b>\$ 70,855</b>	<b>\$ 54,351</b>	<b>\$ 17,749</b>	<b>\$ 48,805</b>	<b>\$ 191,760</b>

### Gross Secured Financing Balances by Class of Collateral Pledged

\$ in millions	At March 31, 2022		At December 31, 2021	
	<b>Securities sold under agreements to repurchase</b>			
U.S. Treasury and agency securities	\$ 51,940	\$ 30,790		
Other sovereign government obligations	87,195	73,063		
Corporate equities	19,200	25,881		
Other	12,451	9,941		
<b>Total</b>	<b>\$ 170,786</b>	<b>\$ 139,675</b>		
<b>Securities loaned</b>				
Other sovereign government obligations	\$ 858	\$ 748		
Corporate equities	26,528	20,656		
Other	498	577		
<b>Total</b>	<b>\$ 27,884</b>	<b>\$ 21,981</b>		
<b>Total included in the offsetting disclosure</b>	<b>\$ 198,670</b>	<b>\$ 161,656</b>		
<b>Trading liabilities—Obligation to return securities received as collateral</b>				
Corporate equities	\$ 26,370	\$ 30,048		
Other	29	56		
<b>Total</b>	<b>\$ 26,399</b>	<b>\$ 30,104</b>		
<b>Total</b>	<b>\$ 225,069</b>	<b>\$ 191,760</b>		

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

\$ in millions	At March 31, 2022		At December 31, 2021	
	Trading assets	\$ 32,061	\$ 32,458	

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	At March 31, 2022		At December 31, 2021	
	Collateral received with right to sell or repledge	\$ 725,931	\$ 672,104	
Collateral that was sold or repledged <sup>1</sup>	564,304	510,000		

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.

## Notes to Consolidated Financial Statements (Unaudited)

### Securities Segregated for Regulatory Purposes

\$ in millions	At December 31, 2021	
	At March 31, 2022	At December 31, 2021
Segregated securities <sup>1</sup>	\$ 30,324	\$ 20,092

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	At December 31, 2021	
	At March 31, 2022	At December 31, 2021
Margin and other lending	\$ 56,348	\$ 71,532

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 to the financial statements in the 2021 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.

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

### Loans by Type

\$ in millions	At March 31, 2022		
	HFI Loans	HFS Loans	Total Loans
Corporate	\$ 6,105	\$ 7,069	\$ 13,174
Secured lending facilities	29,896	4,661	34,557
Commercial real estate	8,276	1,986	10,262
Residential real estate	47,236	6	47,242
Securities-based lending and Other loans	91,413	291	91,704
Total loans	182,926	14,013	196,939
ACL	(679)		(679)
<b>Total loans, net</b>	<b>\$ 182,247</b>	<b>\$ 14,013</b>	<b>\$ 196,260</b>
Loans to non-U.S. borrowers, net			\$ 24,286

\$ in millions	At December 31, 2021		
	HFI Loans	HFS Loans	Total Loans
Corporate	\$ 5,567	\$ 8,107	\$ 13,674
Secured lending facilities	31,471	3,879	35,350
Commercial real estate	7,227	1,777	9,004
Residential real estate	44,251	7	44,258
Securities-based lending and Other loans	86,440	62	86,502
Total loans	174,956	13,832	188,788
ACL	(654)		(654)
<b>Total loans, net</b>	<b>\$ 174,302</b>	<b>\$ 13,832</b>	<b>\$ 188,134</b>
Loans to non-U.S. borrowers, net			\$ 24,322

For additional information on the Firm's held-for-investment and held-for-sale loan portfolios, see Note 10 to the financial statements in the 2021 Form 10-K.

### Loans by Interest Rate Type

\$ in millions	At March 31, 2022		At December 31, 2021	
	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	\$ —	\$ 13,174	\$ —	\$ 13,674
Secured lending facilities	—	34,557	—	35,350
Commercial real estate	342	9,920	343	8,661
Residential real estate	20,754	26,488	18,966	25,292
Securities-based lending and Other loans	24,705	66,999	22,832	63,670
<b>Total loans, before ACL</b>	<b>\$ 45,801</b>	<b>\$ 151,138</b>	<b>\$ 42,141</b>	<b>\$ 146,647</b>

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 Origination Year

\$ in millions	At March 31, 2022			At December 31, 2021		
	Corporate			Secured Lending Facilities		
	IG	NIG	Total	IG	NIG	Total
Revolving	\$ 2,681	\$ 2,541	\$ 5,222	\$ 2,356	\$ 2,328	\$ 4,684
2022	—	3	3	—	—	—
2021	—	94	94	—	85	85
2020	110	27	137	111	26	137
2019	—	169	169	—	176	176
2018	196	—	196	196	—	196
Prior	225	59	284	229	60	289
<b>Total</b>	<b>\$ 3,212</b>	<b>\$ 2,893</b>	<b>\$ 6,105</b>	<b>\$ 2,892</b>	<b>\$ 2,675</b>	<b>\$ 5,567</b>

\$ in millions	At March 31, 2022			At December 31, 2021		
	Corporate			Secured Lending Facilities		
	IG	NIG	Total	IG	NIG	Total
Revolving	\$ 7,784	\$ 18,539	\$ 26,323	\$ 7,603	\$ 20,172	\$ 27,775
2022	—	403	403	—	—	—
2021	32	429	461	32	467	499
2020	—	140	140	35	160	195
2019	43	753	796	43	819	862
2018	268	415	683	297	703	1,000
Prior	144	946	1,090	144	996	1,140
<b>Total</b>	<b>\$ 8,271</b>	<b>\$ 21,625</b>	<b>\$ 29,896</b>	<b>\$ 8,154</b>	<b>\$ 23,317</b>	<b>\$ 31,471</b>

**Notes to Consolidated Financial Statements  
(Unaudited)**

\$ in millions	At March 31, 2022			At December 31, 2021		
	Commercial Real Estate					
	IG	NIG	Total	IG	NIG	Total
Revolving	\$ 4	\$ 83	\$ 87	\$ 3	\$ 149	\$ 152
2022	122	1,020	1,142			
2021	457	1,490	1,947	423	1,292	1,715
2020	92	812	904	91	819	910
2019	1,182	936	2,118	976	1,266	2,242
2018	603	325	928	527	416	943
Prior	188	962	1,150	189	1,076	1,265
<b>Total</b>	<b>\$ 2,648</b>	<b>\$ 5,628</b>	<b>\$ 8,276</b>	<b>\$ 2,209</b>	<b>\$ 5,018</b>	<b>\$ 7,227</b>

\$ in millions	At March 31, 2022					
	Residential Real Estate					
	by FICO Scores			by LTV Ratio		Total
	≥ 740	680-739	≤ 679	≤ 80%	> 80%	
Revolving	\$ 64	\$ 24	\$ 4	\$ 92	\$ —	\$ 92
2022	3,468	733	93	3,980	314	4,294
2021	12,115	2,623	263	13,996	1,005	15,001
2020	7,711	1,592	130	8,935	498	9,433
2019	4,520	1,039	143	5,351	351	5,702
2018	1,775	481	53	2,130	179	2,309
Prior	7,701	2,345	359	9,535	870	10,405
<b>Total</b>	<b>\$ 37,354</b>	<b>\$ 8,837</b>	<b>\$ 1,045</b>	<b>\$ 44,019</b>	<b>\$ 3,217</b>	<b>\$ 47,236</b>

\$ in millions	At December 31, 2021					
	Residential Real Estate					
	by FICO Scores			by LTV Ratio		Total
	≥ 740	680-739	≤ 679	≤ 80%	> 80%	
Revolving	\$ 65	\$ 27	\$ 4	\$ 96	\$ —	\$ 96
2021	12,230	2,638	257	14,116	1,009	15,125
2020	7,941	1,648	131	9,210	510	9,720
2019	4,690	1,072	140	5,536	366	5,902
2018	1,865	497	55	2,231	186	2,417
2017	2,157	558	65	2,588	192	2,780
Prior	5,973	1,919	319	7,485	726	8,211
<b>Total</b>	<b>\$ 34,921</b>	<b>\$ 8,359</b>	<b>\$ 971</b>	<b>\$ 41,262</b>	<b>\$ 2,989</b>	<b>\$ 44,251</b>

\$ in millions	At March 31, 2022			
	Securities-based Lending <sup>1</sup>	Other <sup>2</sup>		Total
	IG	NIG		
Revolving	\$ 75,570	\$ 6,105	\$ 988	\$ 82,663
2022	720	477	85	1,282
2021	800	565	152	1,517
2020	—	596	657	1,253
2019	19	994	602	1,615
2018	213	273	288	774
Prior	16	1,682	611	2,309
<b>Total</b>	<b>\$ 77,338</b>	<b>\$ 10,692</b>	<b>\$ 3,383</b>	<b>\$ 91,413</b>

\$ in millions	December 31, 2021			
	Securities-based Lending <sup>1</sup>	Other <sup>2</sup>		Total
	IG	NIG		
Revolving	\$ 71,485	\$ 6,170	\$ 858	\$ 78,513
2021	807	708	103	1,618
2020	—	651	626	1,277
2019	19	1,079	633	1,731
2018	232	273	375	880
2017	—	531	217	748
Prior	16	1,294	363	1,673
<b>Total</b>	<b>\$ 72,559</b>	<b>\$ 10,706</b>	<b>\$ 3,175</b>	<b>\$ 86,440</b>

IG—Investment Grade

NIG—Non-investment Grade

1. Securities-based loans are subject to collateral maintenance provisions, and at March 31, 2022 and December 31, 2021, 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 2021 Form 10-K.

2. Other loans primarily include certain loans originated in the tailored lending business within the Wealth Management business segment.

**Past Due Loans Held for Investment before Allowance<sup>1</sup>**

\$ in millions	At March 31, 2022	At December 31, 2021
Residential real estate	191	209

1. The majority of the amounts are past due for a period of less than 90 days.

**Nonaccrual Loans Held for Investment before Allowance**

\$ in millions	At March 31, 2022	At December 31, 2021
Corporate	\$ 77	\$ 34
Secured lending facilities	110	375
Commercial real estate	287	195
Residential real estate	119	138
Securities-based lending and Other loans	142	151
<b>Total<sup>1</sup></b>	<b>\$ 735</b>	<b>\$ 893</b>
Nonaccrual loans without an ACL	\$ 112	\$ 356

1. Includes all loans held for investment that are 90 days or more past due as of March 31, 2022 and December 31, 2021.

See Note 2 to the financial statements in the 2021 Form 10-K for a description of the ACL calculated under the CECL methodology, including credit quality indicators, used for HFI loans.

**Troubled Debt Restructurings**

\$ in millions	At March 31, 2022	At December 31, 2021
Loans, before ACL	\$ 30	\$ 49
Allowance for credit losses	—	8

Troubled debt restructurings typically include modifications of interest rates, collateral requirements, other loan covenants and payment extensions. See Note 2 to the financial statements in the 2021 Form 10-K for further information on TDR guidance issued by Congress in the CARES Act as well as by the U.S. banking agencies.

## Notes to Consolidated Financial Statements (Unaudited)

### Allowance for Credit Losses Rollforward and Allocation—Loans

<i>\$ in millions</i>	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2021	\$ 165	\$ 163	\$206	\$ 60	\$60	\$654
Gross charge-offs	—	(3)	(7)	—	(1)	(11)
Provision (release)	6	12	6	13	2	39
Other	(1)	—	(2)	—	—	(3)
<b>March 31, 2022</b>	<b>\$ 170</b>	<b>\$ 172</b>	<b>\$203</b>	<b>\$ 73</b>	<b>\$61</b>	<b>\$679</b>
Percent of loans to total loans <sup>1</sup>	3 %	16 %	5 %	26 %	50 %	100 %

<i>\$ in millions</i>	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2020	\$ 309	\$ 198	\$211	\$ 59	\$58	\$835
Gross charge-offs	(1)	—	(9)	—	—	(10)
Provision (release)	(56)	(3)	5	(5)	1	(58)
Other	(2)	(2)	(1)	—	—	(5)
March 31, 2021	\$ 250	\$ 193	\$206	\$ 54	\$59	\$762
Percent of loans to total loans <sup>1</sup>	4 %	18 %	5 %	25 %	48 %	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

<i>\$ in millions</i>	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2021	\$ 356	\$ 41	\$ 20	\$ 1	\$ 26	\$ 444
Provision (release)	20	8	(7)	—	(3)	18
Other	(3)	—	—	—	—	(3)
<b>March 31, 2022</b>	<b>\$ 373</b>	<b>\$ 49</b>	<b>\$ 13</b>	<b>\$ 1</b>	<b>\$ 23</b>	<b>\$ 459</b>

<i>\$ in millions</i>	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2020	\$ 323	\$ 38	\$ 11	\$ 1	\$ 23	\$ 396
Provision (release)	(33)	(4)	(2)	—	(1)	(40)
Other	(1)	1	(1)	—	(1)	(2)
March 31, 2021	\$ 289	\$ 35	\$ 8	\$ 1	\$ 21	\$ 354

The aggregate allowance for credit losses for loans and lending commitments increased in the current quarter, reflecting the Provision for credit losses primarily due to portfolio growth. The base scenario used in our ACL models as of March 31, 2022 was generated using a combination of industry consensus economic forecasts, forward rates, and internally developed and validated models, and assumes continued growth over the forecast period. Given the nature of our lending portfolio, the most sensitive model input is U.S. gross domestic product. For a further discussion of the Firm's loans as well as the Firm's allowance methodology, refer to Notes 2 and 10 to the financial statements in the 2021 Form 10-K.

### Selected Credit Ratios

	At March 31, 2022	At December 31, 2021
ACL to total loans <sup>1</sup>	0.4 %	0.4 %
Nonaccrual loans to total loans <sup>2</sup>	0.4 %	0.5 %
ACL to nonaccrual loans <sup>3</sup>	92.4 %	73.2 %

1. Allowance for credit losses for loans to total loans held for investment.

2. Nonaccrual loans held for investment, which are loans that are 90 days or more past due, to total loans held for investment.

3. Allowance for credit losses for loans to nonaccrual loans held for investment.

### Employee Loans

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Currently employed by the Firm <sup>1</sup>	\$ 3,759	\$ 3,613
No longer employed by the Firm <sup>2</sup>	105	113
Employee loans	\$ 3,864	\$ 3,726
ACL	(146)	(153)
Employee loans, net of ACL	\$ 3,718	\$ 3,573
Remaining repayment term, weighted average in years	5.7	5.7

1. These loans are predominantly current as of March 31, 2022 and December 31, 2021.

2. These loans are predominantly past due for a period of 90 days or more as of March 31, 2022 and December 31, 2021.

Employee loans are granted in conjunction with a program established primarily to recruit certain Wealth Management representatives, 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 2021 Form 10-K for a description of the CECL allowance methodology, including credit quality indicators, for employee loans.

## 10. Other Assets—Equity Method Investments

### Equity Method Investments

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Investments	\$ 2,138	\$ 2,214
	Three Months Ended March 31,	
	2022	2021
Income (loss)	\$ 6	\$ (24)

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.

## Notes to Consolidated Financial Statements (Unaudited)

### Japanese Securities Joint Venture

<i>\$ in millions</i>	Three Months Ended March 31,	
	2022	2021
Income (loss) from investment in MUMSS	\$ 4	\$ 32

For more information on Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“MUMSS”) and other relationships with Mitsubishi UFJ Financial Group, Inc., see Note 12 to the financial statements in the 2021 Form 10-K.

## 11. Deposits

### Deposits

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Savings and demand deposits	\$ 348,651	\$ 332,747
Time deposits	12,189	14,827
<b>Total</b>	<b>\$ 360,840</b>	<b>\$ 347,574</b>
Deposits subject to FDIC insurance	\$ 234,779	\$ 230,894
Deposits not subject to FDIC insurance	\$ 126,061	\$ 116,680

### Time Deposit Maturities

<i>\$ in millions</i>	At March 31, 2022
2022	\$ 3,423
2023	4,187
2024	2,796
2025	882
2026	306
Thereafter	595
<b>Total</b>	<b>\$ 12,189</b>

## 12. Borrowings and Other Secured Financings

### Borrowings

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Original maturities of one year or less	\$ 4,146	\$ 5,764
<b>Original maturities greater than one year</b>		
Senior	\$ 212,687	\$ 213,776
Subordinated	12,984	13,587
<b>Total</b>	<b>\$ 225,671</b>	<b>\$ 227,363</b>
<b>Total borrowings</b>	<b>\$ 229,817</b>	<b>\$ 233,127</b>
Weighted average stated maturity, in years <sup>1</sup>	7.3	7.7

1. Only includes borrowings with original maturities greater than one year.

### Other Secured Financings

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Original maturities:		
One year or less	\$ 3,778	\$ 4,573
Greater than one year	5,030	5,468
<b>Total</b>	<b>\$ 8,808</b>	<b>\$ 10,041</b>
Transfers of assets accounted for as secured financings	\$ 1,071	\$ 1,556

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

<i>\$ in millions</i>	Years to Maturity at March 31, 2022				Total
	Less than 1	1-3	3-5	Over 5	
<b>Lending:</b>					
Corporate	\$ 14,186	\$ 36,316	\$ 50,242	\$ 6,200	\$ 106,944
Secured lending facilities	6,524	7,576	3,640	553	18,293
Commercial and Residential real estate	412	813	26	259	1,510
Securities-based lending and Other	11,447	3,380	506	412	15,745
Forward-starting secured financing receivables	61,272	—	—	—	61,272
Central counterparty	300	—	—	4,772	5,072
Underwriting	40	3,150	—	—	3,190
Investment activities	1,157	176	52	380	1,765
Letters of credit and other financial guarantees	129	—	—	3	132
<b>Total</b>	<b>\$ 95,467</b>	<b>\$ 51,411</b>	<b>\$ 54,466</b>	<b>\$ 12,579</b>	<b>\$ 213,923</b>
Lending commitments participated to third parties					\$ 7,963
Forward-starting secured financing receivables settled within three business days					\$ 51,192

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 to the financial statements in the 2021 Form 10-K.

**Notes to Consolidated Financial Statements  
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**Guarantees**

<i>\$ in millions</i>	At March 31, 2022				Carrying Amount Asset (Liability)
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				
	Less than 1	1-3	3-5	Over 5	
Non-credit derivatives <sup>1</sup>	\$1,316,262	\$914,129	\$322,125	\$821,128	\$ (67,840)
Standby letters of credit and other financial guarantees issued <sup>2</sup>	1,441	1,079	1,124	2,686	29
Market value guarantees	89	2	—	—	—
Liquidity facilities	4,382	—	—	—	4
Whole loan sales guarantees	—	2	85	23,095	—
Securitization representations and warranties <sup>3</sup>	—	—	—	79,059	(42)
General partner guarantees	348	12	32	152	(79)
Client clearing guarantees	150	—	—	—	—

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 of notional and collateral/recourse, due to the nature of the Firm's obligations under these arrangements. As of March 31, 2022, the carrying amount of standby letters of credit and other financial guarantees issued includes an allowance for credit losses of \$78 million.
3. 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 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 to the financial statements in the 2021 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 to the financial statements in the 2021 Form 10-K.

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 matter 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 entities that would otherwise be the primary defendants in such cases are bankrupt or are in financial distress. These actions have included, but are not limited to, antitrust, false claims act, residential mortgage and credit crisis-related matters.

While the Firm has identified below any individual proceedings where the Firm believes a material loss to be reasonably possible and 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.

For certain other legal proceedings and investigations, the Firm can estimate reasonably possible losses, additional

## Notes to Consolidated Financial Statements (Unaudited)

losses, ranges of loss or ranges of additional loss in excess of amounts accrued 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 statements as a whole, other than the matter referred to in the following paragraph.

### 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 the Firm of approximately €124 million (approximately \$137 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 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.

## 14. Variable Interest Entities and Securitization Activities

### Consolidated VIE Assets and Liabilities by Type of Activity

\$ in millions	At March 31, 2022		At December 31, 2021	
	VIE Assets	VIE Liabilities	VIE Assets	VIE Liabilities
MABS <sup>1</sup>	\$ 1,272	\$ 383	\$ 1,177	\$ 409
Investment vehicles <sup>2</sup>	813	429	717	294
Operating entities	509	37	508	39
Other	579	288	510	286
<b>Total</b>	<b>\$ 3,173</b>	<b>\$ 1,137</b>	<b>\$ 2,912</b>	<b>\$ 1,028</b>

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	At March 31, 2022	At December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$ 334	\$ 341
Trading assets at fair value	2,252	1,965
Investment securities	34	37
Securities purchased under agreements to resell	200	200
Customer and other receivables	26	31
Intangible assets	82	85
Other assets	245	253
<b>Total</b>	<b>\$ 3,173</b>	<b>\$ 2,912</b>
<b>Liabilities</b>		
Other secured financings	\$ 963	\$ 767
Other liabilities and accrued expenses	174	261
<b>Total</b>	<b>\$ 1,137</b>	<b>\$ 1,028</b>
Noncontrolling interests	\$ 119	\$ 115

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

\$ in millions	At March 31, 2022				
	MABS <sup>1</sup>	CDO	MTOB	OSF	Other <sup>2</sup>
VIE assets (UPB)	\$116,627	\$1,379	\$6,465	\$2,043	\$54,186
<b>Maximum exposure to loss<sup>3</sup></b>					
Debt and equity interests	\$ 13,005	\$ 157	\$ —	\$ 1,449	\$11,055
Derivative and other contracts	—	—	4,382	—	4,374
Commitments, guarantees and other	1,007	—	—	—	1,454
<b>Total</b>	<b>\$ 14,012</b>	<b>\$ 157</b>	<b>\$ 4,382</b>	<b>\$ 1,449</b>	<b>\$16,883</b>
<b>Carrying value of variable interests—Assets</b>					
Debt and equity interests	\$ 13,005	\$ 157	\$ —	\$ 1,449	\$11,055
Derivative and other contracts	—	—	6	—	1,642
<b>Total</b>	<b>\$ 13,005</b>	<b>\$ 157</b>	<b>\$ 6</b>	<b>\$ 1,449</b>	<b>\$12,697</b>
Additional VIE assets owned <sup>4</sup>	\$13,339				
<b>Carrying value of variable interests—Liabilities</b>					
Derivative and other contracts	\$ —	\$ —	\$ 1	\$ —	\$ 280

## Notes to Consolidated Financial Statements (Unaudited)

\$ in millions	At December 31, 2021				
	MABS <sup>1</sup>	CDO	MTOB	OSF	Other <sup>2</sup>
VIE assets (UPB)	\$146,071	\$ 667	\$6,089	\$2,086	\$52,111
<b>Maximum exposure to loss<sup>3</sup></b>					
Debt and equity interests	\$ 18,062	\$ 129	\$ —	\$1,459	\$10,339
Derivative and other contracts	—	—	4,100	—	5,599
Commitments, guarantees and other	771	—	—	—	1,005
<b>Total</b>	<b>\$ 18,833</b>	<b>\$ 129</b>	<b>\$4,100</b>	<b>\$1,459</b>	<b>\$16,943</b>
<b>Carrying value of variable interests—Assets</b>					
Debt and equity interests	\$ 18,062	\$ 129	\$ —	\$1,459	\$10,339
Derivative and other contracts	—	—	5	—	2,006
<b>Total</b>	<b>\$ 18,062</b>	<b>\$ 129</b>	<b>\$ 5</b>	<b>\$1,459</b>	<b>\$12,345</b>
Additional VIE assets owned <sup>4</sup>					\$15,392
<b>Carrying value of variable interests—Liabilities</b>					
Derivative and other contracts	\$ —	\$ —	\$ —	\$ —	\$ 362

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.
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 majority of the VIEs included in the previous tables are sponsored by unrelated parties; 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

\$ in millions	At March 31, 2022		At December 31, 2021	
	UPB	Debt and Equity Interests	UPB	Debt and Equity Interests
Residential mortgages	\$ 12,741	\$ 2,164	\$ 15,216	\$ 2,182
Commercial mortgages	67,450	4,058	68,503	4,092
U.S. agency collateralized mortgage obligations	31,914	4,818	57,972	9,835
Other consumer or commercial loans	4,522	1,965	4,380	1,953
<b>Total</b>	<b>\$ 116,627</b>	<b>\$ 13,005</b>	<b>\$ 146,071</b>	<b>\$ 18,062</b>

### Transferred Assets with Continuing Involvement

\$ in millions	At March 31, 2022			
	RML	CML	U.S. Agency CMO	CLN and Other <sup>1</sup>
SPE assets (UPB) <sup>2</sup>	\$ 8,677	\$101,928	\$ 33,602	\$ 12,574
<b>Retained interests</b>				
Investment grade	\$ 96	\$ 754	\$ 363	\$ —
Non-investment grade	26	576	—	57
<b>Total</b>	<b>\$ 122</b>	<b>\$ 1,330</b>	<b>\$ 363</b>	<b>\$ 57</b>
<b>Interests purchased in the secondary market</b>				
Investment grade	\$ 55	\$ 65	\$ 134	\$ 4
Non-investment grade	44	49	—	2
<b>Total</b>	<b>\$ 99</b>	<b>\$ 114</b>	<b>\$ 134</b>	<b>\$ 6</b>
Derivative assets	\$ —	\$ —	\$ —	\$ 1,050
Derivative liabilities	—	—	—	185

\$ in millions	At December 31, 2021			
	RML	CML	U.S. Agency CMO	CLN and Other <sup>1</sup>
SPE assets (UPB) <sup>2</sup>	\$ 6,802	\$ 94,276	\$ 28,697	\$ 13,121
<b>Retained interests</b>				
Investment grade	\$ 72	\$ 638	\$ 465	\$ —
Non-investment grade	19	586	—	69
<b>Total</b>	<b>\$ 91</b>	<b>\$ 1,224</b>	<b>\$ 465</b>	<b>\$ 69</b>
<b>Interests purchased in the secondary market</b>				
Investment grade	\$ 18	\$ 118	\$ 33	\$ —
Non-investment grade	38	53	—	4
<b>Total</b>	<b>\$ 56</b>	<b>\$ 171</b>	<b>\$ 33</b>	<b>\$ 4</b>
Derivative assets	\$ —	\$ —	\$ —	\$ 891
Derivative liabilities	—	—	—	284

\$ in millions	Fair Value At March 31, 2022		
	Level 2	Level 3	Total
<b>Retained interests</b>			
Investment grade	\$ 461	\$ —	\$ 461
Non-investment grade	11	45	56
<b>Total</b>	<b>\$ 472</b>	<b>\$ 45</b>	<b>\$ 517</b>
<b>Interests purchased in the secondary market</b>			
Investment grade	\$ 250	\$ 8	\$ 258
Non-investment grade	60	35	95
<b>Total</b>	<b>\$ 310</b>	<b>\$ 43</b>	<b>\$ 353</b>
Derivative assets	\$ 1,050	\$ —	\$ 1,050
Derivative liabilities	140	45	185

## Notes to Consolidated Financial Statements (Unaudited)

\$ in millions	Fair Value at December 31, 2021		
	Level 2	Level 3	Total
<b>Retained interests</b>			
Investment grade	\$ 536	\$ 2	\$ 538
Non-investment grade	40	40	80
<b>Total</b>	<b>\$ 576</b>	<b>\$ 42</b>	<b>\$ 618</b>
<b>Interests purchased in the secondary market</b>			
Investment grade	\$ 168	\$ 1	\$ 169
Non-investment grade	70	25	95
<b>Total</b>	<b>\$ 238</b>	<b>\$ 26</b>	<b>\$ 264</b>
Derivative assets	\$ 891	\$ —	\$ 891
Derivative liabilities	194	90	284

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.

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. These retained interests are generally 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 2021 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

\$ in millions	Three Months Ended March 31,	
	2022	2021
New transactions <sup>1</sup>	\$ 8,260	\$ 14,790
Retained interests	1,622	2,579
Sales of corporate loans to CLO SPEs <sup>1, 2</sup>	4	—

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).

### Assets Sold with Retained Exposure

\$ in millions	At March 31, 2022	At December 31, 2021
Gross cash proceeds from sale of assets <sup>1</sup>	\$ 60,826	\$ 67,930
<b>Fair value</b>		
Assets sold	\$ 62,015	\$ 68,992
Derivative assets recognized in the balance sheet	1,474	1,195
Derivative liabilities recognized in the balance sheet	284	132

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 to the financial statements in the 2021 Form 10-K.

## 15. Regulatory Requirements

### Regulatory Capital Framework and Requirements

For a discussion of the Firm's regulatory capital framework, see Note 17 to the financial statements in the 2021 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 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 March 31, 2022 and December 31, 2021, the differences between the actual and required ratios were lower under the Standardized Approach.

*CECL Deferral.* As of December 31, 2021, the risk-based and leverage-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure were calculated excluding the effect of the adoption of CECL based on the Firm's election to defer this effect over a five-year transition period that began on January 1, 2020. In 2022 the deferral impacts began to phase in at 25% per year and will become fully phased-in beginning in 2025.

## Notes to Consolidated Financial Statements (Unaudited)

### Capital Buffer Requirements

	At March 31, 2022 and December 31, 2021	
	Standardized	Advanced
<b>Capital buffers</b>		
Capital conservation buffer	—	2.5%
SCB	5.7%	N/A
G-SIB capital surcharge	3.0%	3.0%
CCyB <sup>1</sup>	0%	0%
Capital buffer requirement	8.7%	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 Standardized Approach capital buffer requirement is equal to the sum of the SCB, G-SIB capital surcharge and CCyB, and the Advanced Approach capital buffer requirement is equal to the 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

### Risk-Based Regulatory Capital Ratio Requirements

	Regulatory Minimum	At March 31, 2022 and December 31, 2021	
		Standardized	Advanced
<b>Required ratios<sup>1</sup></b>			
Common Equity Tier 1 capital ratio	4.5%	13.2%	10.0%
Tier 1 capital ratio	6.0%	14.7%	11.5%
Total capital ratio	8.0%	16.7%	13.5%

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

### The Firm's Regulatory Capital and Capital Ratios

\$ in millions	Required Ratio <sup>1</sup>	At March 31,	At December 31,
		2022	2021
<b>Risk-based capital</b>			
Common Equity Tier 1 capital		\$ 72,477	\$ 75,742
Tier 1 capital		80,121	83,348
Total capital		89,468	93,166
Total RWA		501,429	471,921
Common Equity Tier 1 capital ratio	13.2%	14.5%	16.0%
Tier 1 capital ratio	14.7%	16.0%	17.7%
Total capital ratio	16.7%	17.8%	19.7%

\$ in millions	Required Ratio <sup>1</sup>	At March 31,	At December 31,
		2022	2021
<b>Leverage-based capital</b>			
Adjusted average assets <sup>2</sup>		\$ 1,184,494	\$ 1,169,939
Tier 1 leverage ratio	4.0%	6.8%	7.1%
Supplementary leverage exposure <sup>3</sup>		\$ 1,466,624	\$ 1,476,962
SLR	5.0%	5.5%	5.6%

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

2. 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 own capital instruments, certain defined tax assets and other capital deductions.

3. 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.

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

The OCC establishes capital requirements for the Firm's U.S. bank subsidiaries, which includes Morgan Stanley Bank, N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA") (collectively, "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 March 31, 2022 and December 31, 2021, MSBNA and MSPBNA risk-based capital ratios are based on the Standardized Approach rules. As of December 31, 2021, the risk-based and leverage-based capital amounts and ratios were

## Notes to Consolidated Financial Statements (Unaudited)

calculated excluding the effect of the adoption of CECL based on MSBNA's and MSPBNA's election to defer this effect over a five-year transition period that began on January 1, 2020. In 2022 the deferral impacts began to phase in at 25% per year and will become fully phased-in beginning in 2025.

### MSBNA's Regulatory Capital

\$ in millions	Well-Capitalized Requirement	Required Ratio <sup>1</sup>	At March 31, 2022		At December 31, 2021	
			Amount	Ratio	Amount	Ratio
<b>Risk-based capital</b>						
Common Equity						
Tier 1 capital	6.5 %	7.0 %	\$ 18,386	18.7 %	\$ 18,960	20.5 %
Tier 1 capital	8.0 %	8.5 %	18,386	18.7 %	18,960	20.5 %
Total capital	10.0 %	10.5 %	18,961	19.3 %	19,544	21.1 %
<b>Leverage-based capital</b>						
Tier 1 leverage	5.0 %	4.0 %	\$ 18,386	9.3 %	\$ 18,960	10.2 %
SLR	6.0 %	3.0 %	18,386	7.4 %	18,960	8.1 %

### MSPBNA's Regulatory Capital

\$ in millions	Well-Capitalized Requirement	Required Ratio <sup>1</sup>	At March 31, 2022 <sup>2</sup>		At December 31, 2021	
			Amount	Ratio	Amount	Ratio
<b>Risk-based capital</b>						
Common Equity						
Tier 1 capital	6.5 %	7.0 %	\$ 15,142	29.4 %	\$ 10,293	24.3 %
Tier 1 capital	8.0 %	8.5 %	15,142	29.4 %	10,293	24.3 %
Total capital	10.0 %	10.5 %	15,237	29.6 %	10,368	24.5 %
<b>Leverage-based capital</b>						
Tier 1 leverage	5.0 %	4.0 %	\$ 15,142	7.4 %	\$ 10,293	6.9 %
SLR	6.0 %	3.0 %	15,142	7.3 %	10,293	6.7 %

- 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.
- Regulatory capital amounts and ratios as of March 31, 2022 include the amounts from E\*TRADE Bank ("ETB") and E\*TRADE Savings Bank ("ETSB") as a result of the merger described herein.

Additionally, MSBNA is conditionally registered with the SEC as a security-based swap dealer and is provisionally 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 its banking regulators.

### Other Regulatory Capital Requirements

#### MS&Co. Regulatory Capital

\$ in millions	At March 31, 2022	At December 31, 2021
Net capital	\$ 16,799	\$ 18,383
Excess net capital	12,261	14,208

MS&Co. is registered as a broker-dealer and a futures commission merchant with the SEC and the CFTC, respectively, and provisionally 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

provisionally-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 March 31, 2022 and December 31, 2021, MS&Co. exceeded its net capital requirement and had tentative net capital in excess of the minimum and notification requirements.

### Other Regulated Subsidiaries

The following subsidiaries are also subject to various regulatory capital requirements and operated with capital in excess of their respective regulatory capital requirements as of March 31, 2022 and December 31, 2021, as applicable:

- MSSB,
- MSIP,
- Morgan Stanley Europe Holdings SE Group, including MSESE,
- MSMS,
- MSCS,
- MSCG, and
- E\*TRADE Securities LLC.

ETB and ETSB were each previously subject to the capital requirements of the OCC until January 1, 2022, when ETSB merged with and into ETB, and subsequently ETB merged with and into MSPBNA, with MSPBNA as the surviving bank.

See Note 17 to the financial statements in the 2021 Form 10-K for further information.

## 16. Total Equity

### Preferred Stock

\$ in millions, except per share data	Shares Outstanding		Carrying Value	
	At March 31, 2022	Liquidation Preference per Share	At March 31, 2022	At December 31, 2021
<b>Series</b>				
A	44,000	\$ 25,000	\$ 1,100	\$ 1,100
C <sup>1</sup>	519,882	1,000	408	408
E	34,500	25,000	862	862
F	34,000	25,000	850	850
I	40,000	25,000	1,000	1,000
K	40,000	25,000	1,000	1,000
L	20,000	25,000	500	500
M	400,000	1,000	430	430
N	3,000	100,000	300	300
O	52,000	25,000	1,300	1,300
<b>Total</b>			<b>\$ 7,750</b>	<b>\$ 7,750</b>
Shares authorized				30,000,000

1. Series C preferred stock is held by MUFG.

On March 15, 2021, the Firm announced the redemption in whole of its outstanding Series J preferred stock. On notice of redemption, the amount due to holders of Series J Preferred Stock was reclassified to Borrowings, and on April 15, 2021, the redemption settled at the carrying value of \$1.5 billion.

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For a description of Series A through Series O preferred stock, see Note 18 to the financial statements in the 2021 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

\$ in millions	Three Months Ended March 31,	
	2022	2021
Repurchases of common stock under the Firm's Share Repurchase Program	\$ 2,872	\$ 2,135

On June 28, 2021, the Firm announced that its Board of Directors authorized the repurchase of up to \$12 billion of outstanding common stock from July 1, 2021 through June 30, 2022, from time to time as conditions warrant. For more information on share repurchases, see Note 18 to the financial statements in the 2021 Form 10-K.

### Common Shares Outstanding for Basic and Diluted EPS

in millions	Three Months Ended March 31,	
	2022	2021
Weighted average common shares outstanding, basic	1,733	1,795
Effect of dilutive RSUs and PSUs	22	23
Weighted average common shares outstanding and common stock equivalents, diluted	1,755	1,818
Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)	5	1

### Dividends

\$ in millions, except per share data	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
	Per Share <sup>1</sup>	Total	Per Share <sup>1</sup>	Total
<b>Preferred stock series</b>				
A	\$ 242	\$ 11	\$ 250	\$ 11
C	25	13	25	13
E	445	15	445	15
F	430	14	430	14
H <sup>2</sup>	—	—	241	13
I	398	16	398	16
J <sup>3</sup>	—	—	253	15
K	366	15	366	15
L	305	6	305	6
M <sup>4</sup>	29	12	29	12
N <sup>5</sup>	2,650	8	2,650	8
O <sup>6</sup>	266	14	—	—
<b>Total Preferred stock</b>		\$ 124		\$ 138
<b>Common stock</b>	\$ 0.70	\$ 1,252	\$ 0.35	\$ 635

- Common and Preferred Stock dividends are payable quarterly unless otherwise noted.
- A notice of redemption was issued for Series H preferred stock on November 19, 2021.
- Series J was payable semiannually until July 15, 2020, after which it was payable quarterly until its redemption.
- Series M is payable semiannually until September 15, 2026 and thereafter will be payable quarterly.
- Series N is payable semiannually until March 15, 2023 and thereafter will be payable quarterly.
- Series O is payable semiannually until January 15, 2027 and thereafter will be payable quarterly.

### Accumulated Other Comprehensive Income (Loss)<sup>1</sup>

\$ in millions	CTA	AFS Securities	Pension and Other	DVA	Total
December 31, 2021	\$ (1,002)	\$ 245	\$ (551)	\$ (1,794)	\$ (3,102)
OCI during the period	(48)	(2,395)	5	638	(1,800)
<b>March 31, 2022</b>	<b>\$ (1,050)</b>	<b>\$ (2,150)</b>	<b>\$ (546)</b>	<b>\$ (1,156)</b>	<b>\$ (4,902)</b>
December 31, 2020	\$ (795)	\$ 1,787	\$ (498)	\$ (2,456)	\$ (1,962)
OCI during the period	(141)	(776)	5	120	(792)
March 31, 2021	\$ (936)	\$ 1,011	\$ (493)	\$ (2,336)	\$ (2,754)

CTA—Cumulative foreign currency translation adjustments

1. Amounts are net of tax and noncontrolling interests.

### Components of Period Changes in OCI

\$ in millions	Three Months Ended March 31, 2022				
	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
<b>CTA</b>					
OCI activity	\$ (60)	\$ (45)	\$ (105)	\$ (57)	\$ (48)
Reclassified to earnings	—	—	—	—	—
<b>Net OCI</b>	<b>\$ (60)</b>	<b>\$ (45)</b>	<b>\$ (105)</b>	<b>\$ (57)</b>	<b>\$ (48)</b>
<b>Change in net unrealized gains (losses) on AFS securities</b>					
OCI activity	\$ (3,084)	\$ 723	\$ (2,361)	\$ —	\$ (2,361)
Reclassified to earnings	(44)	10	(34)	—	(34)
<b>Net OCI</b>	<b>\$ (3,128)</b>	<b>\$ 733</b>	<b>\$ (2,395)</b>	<b>\$ —</b>	<b>\$ (2,395)</b>
<b>Pension and other</b>					
OCI activity	\$ —	\$ —	\$ —	\$ —	\$ —
Reclassified to earnings	5	—	5	—	5
<b>Net OCI</b>	<b>\$ 5</b>	<b>\$ —</b>	<b>\$ 5</b>	<b>\$ —</b>	<b>\$ 5</b>
<b>Change in net DVA</b>					
OCI activity	\$ 871	\$ (211)	\$ 660	\$ 22	\$ 638
Reclassified to earnings	—	—	—	—	—
<b>Net OCI</b>	<b>\$ 871</b>	<b>\$ (211)</b>	<b>\$ 660</b>	<b>\$ 22</b>	<b>\$ 638</b>

\$ in millions	Three Months Ended March 31, 2021				
	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
<b>CTA</b>					
OCI activity	\$ (104)	\$ (115)	\$ (219)	\$ (78)	\$ (141)
Reclassified to earnings	—	—	—	—	—
<b>Net OCI</b>	<b>\$ (104)</b>	<b>\$ (115)</b>	<b>\$ (219)</b>	<b>\$ (78)</b>	<b>\$ (141)</b>
<b>Change in net unrealized gains (losses) on AFS securities</b>					
OCI activity	\$ (876)	\$ 203	\$ (673)	\$ —	\$ (673)
Reclassified to earnings	(134)	31	(103)	—	(103)
<b>Net OCI</b>	<b>\$ (1,010)</b>	<b>\$ 234</b>	<b>\$ (776)</b>	<b>\$ —</b>	<b>\$ (776)</b>
<b>Pension and other</b>					
OCI activity	\$ —	\$ —	\$ —	\$ —	\$ —
Reclassified to earnings	7	(2)	5	—	5
<b>Net OCI</b>	<b>\$ 7</b>	<b>\$ (2)</b>	<b>\$ 5</b>	<b>\$ —</b>	<b>\$ 5</b>
<b>Change in net DVA</b>					
OCI activity	\$ 167	\$ (43)	\$ 124	\$ 17	\$ 107
Reclassified to earnings	17	(4)	13	—	13
<b>Net OCI</b>	<b>\$ 184</b>	<b>\$ (47)</b>	<b>\$ 137</b>	<b>\$ 17</b>	<b>\$ 120</b>

## Notes to Consolidated Financial Statements (Unaudited)

### 17. Interest Income and Interest Expense

\$ in millions	Three Months Ended March 31,	
	2022	2021
<b>Interest income</b>		
Investment securities	\$ 777	\$ 849
Loans	1,156	988
Securities purchased under agreements to resell <sup>1,2</sup>	13	(55)
Securities borrowed <sup>1,3</sup>	(217)	(241)
Trading assets, net of Trading liabilities	524	510
Customer receivables and Other <sup>4</sup>	397	386
<b>Total interest income</b>	<b>\$ 2,650</b>	<b>\$ 2,437</b>
<b>Interest expense</b>		
Deposits	\$ 73	\$ 120
Borrowings	685	714
Securities sold under agreements to repurchase <sup>1,5</sup>	49	37
Securities loaned <sup>1,6</sup>	93	77
Customer payables and Other <sup>7</sup>	(466)	(539)
<b>Total interest expense</b>	<b>\$ 434</b>	<b>\$ 409</b>
<b>Net interest</b>	<b>\$ 2,216</b>	<b>\$ 2,028</b>

1. Certain prior period amounts have been reclassified to conform to the current presentation.
2. Includes interest paid on Securities purchased under agreements to resell.
3. Includes fees paid on Securities borrowed.
4. Includes interest from Cash and cash equivalents.
5. Includes interest received on Securities sold under agreements to repurchase.
6. Includes fees received on Securities loaned.
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	At March 31, 2022	At December 31, 2021
Customer and other receivables	\$ 2,309	\$ 1,800
Customer and other payables	2,659	2,164

### 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

\$ in millions	Three Months Ended March 31, 2022				
	IS	WM	IM	I/E	Total
Investment banking	\$ 1,634	\$ 143	\$ —	\$ (19)	\$ 1,758
Trading	4,205	(231)	(9)	18	3,983
Investments	99	12	(36)	—	75
Commissions and fees <sup>1</sup>	774	723	—	(81)	1,416
Asset management <sup>1,2</sup>	147	3,626	1,388	(42)	5,119
Other	117	122	(2)	(3)	234
<b>Total non-interest revenues</b>	<b>6,976</b>	<b>4,395</b>	<b>1,341</b>	<b>(127)</b>	<b>12,585</b>
Interest income	1,062	1,637	7	(56)	2,650
Interest expense	381	97	13	(57)	434
Net interest	681	1,540	(6)	1	2,216
<b>Net revenues</b>	<b>\$ 7,657</b>	<b>\$ 5,935</b>	<b>\$ 1,335</b>	<b>\$ (126)</b>	<b>\$ 14,801</b>
<b>Provision for credit losses</b>	<b>\$ 44</b>	<b>\$ 13</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 57</b>
Compensation and benefits	2,604	3,125	545	—	6,274
Non-compensation expenses	2,222	1,224	562	(126)	3,882
<b>Total non-interest expenses</b>	<b>\$ 4,826</b>	<b>\$ 4,349</b>	<b>\$ 1,107</b>	<b>\$ (126)</b>	<b>\$ 10,156</b>
Income before provision for income taxes	\$ 2,787	\$ 1,573	\$ 228	\$ —	\$ 4,588
Provision for income taxes	535	301	37	—	873
Net income	2,252	1,272	191	—	3,715
Net income applicable to noncontrolling interests	61	—	(12)	—	49
<b>Net income applicable to Morgan Stanley</b>	<b>\$ 2,191</b>	<b>\$ 1,272</b>	<b>\$ 203</b>	<b>\$ —</b>	<b>\$ 3,666</b>

\$ in millions	Three Months Ended March 31, 2021				
	IS	WM	IM	I/E	Total
Investment banking	\$ 2,613	\$ 251	\$ —	\$ (24)	\$ 2,840
Trading	4,073	126	3	23	4,225
Investments	86	2	230	—	318
Commissions and fees <sup>1</sup>	870	851	—	(95)	1,626
Asset management <sup>1,2</sup>	139	3,191	1,103	(35)	4,398
Other	158	153	(24)	(3)	284
<b>Total non-interest revenues</b>	<b>7,939</b>	<b>4,574</b>	<b>1,312</b>	<b>(134)</b>	<b>13,691</b>
Interest income	970	1,486	8	(27)	2,437
Interest expense	332	101	6	(30)	409
Net interest	638	1,385	2	3	2,028
<b>Net revenues</b>	<b>\$ 8,577</b>	<b>\$ 5,959</b>	<b>\$ 1,314</b>	<b>\$ (131)</b>	<b>\$ 15,719</b>
<b>Provision for credit losses</b>	<b>\$ (93)</b>	<b>\$ (5)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (98)</b>
Compensation and benefits	3,114	3,170	514	—	6,798
Non-compensation expenses	2,185	1,194	430	(134)	3,675
<b>Total non-interest expenses</b>	<b>\$ 5,299</b>	<b>\$ 4,364</b>	<b>\$ 944</b>	<b>\$ (134)</b>	<b>\$ 10,473</b>
Income before provision for income taxes	\$ 3,371	\$ 1,600	\$ 370	\$ 3	\$ 5,344
Provision for income taxes	736	358	81	1	1,176
Net income	2,635	1,242	289	2	4,168
Net income applicable to noncontrolling interests	34	—	14	—	48
<b>Net income applicable to Morgan Stanley</b>	<b>\$ 2,601</b>	<b>\$ 1,242</b>	<b>\$ 275</b>	<b>\$ 2</b>	<b>\$ 4,120</b>

1. Substantially all revenues are from contracts with customers.
2. Includes certain fees that may relate to services performed in prior periods.

For a discussion about the Firm's business segments, see Note 23 to the financial statements in the 2021 Form 10-K.

## Notes to Consolidated Financial Statements (Unaudited)

### Detail of Investment Banking Revenues

\$ in millions	Three Months Ended March 31,	
	2022	2021
Institutional Securities Advisory	\$ 944	\$ 480
Institutional Securities Underwriting	690	2,133
Firm investment banking revenues from contracts with customers	90 %	92 %

### Trading Revenues by Product Type

\$ in millions	Three Months Ended March 31,	
	2022	2021
Interest rate	\$ 391	\$ 859
Foreign exchange	648	274
Equity <sup>1</sup>	2,007	1,695
Commodity and other	525	861
Credit	412	536
<b>Total</b>	<b>\$ 3,983</b>	<b>\$ 4,225</b>

1. Dividend income is included within equity contracts.

The previous table summarizes realized and unrealized gains and losses, 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	At March 31, 2022	At December 31, 2021
	Net cumulative unrealized performance-based fees at risk of reversing	\$ 824

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

\$ in millions	Three Months Ended March 31,	
	2022	2021
Fee waivers	\$ 124	\$ 94

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

\$ in millions	Three Months Ended March 31,	
	2022	2021
Transaction taxes	\$ 258	\$ 238

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

\$ in millions	Three Months Ended March 31,	
	2022	2021
Americas	\$ 10,464	\$ 11,191
EMEA	2,311	2,159
Asia	2,026	2,369
<b>Total</b>	<b>\$ 14,801</b>	<b>\$ 15,719</b>

For a discussion about the Firm's geographic net revenues, see Note 23 to the financial statements in the 2021 Form 10-K.

### Revenues Recognized from Prior Services

\$ in millions	Three Months Ended March 31,	
	2022	2021
Non-interest revenues	\$ 1,005	\$ 541

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

\$ in millions	At March 31, 2022	At December 31, 2021
	Customer and other receivables	\$ 3,445

Receivables from contracts with customers, which are included within Customer and other receivables in the balance

**Notes to Consolidated Financial Statements  
(Unaudited)**

sheet, arise when the Firm has both recorded revenues and the right per the contract to bill the customer.

**Assets by Business Segment**

<i>\$ in millions</i>	At March 31, 2022	At December 31, 2021
Institutional Securities	\$ 826,242	\$ 792,135
Wealth Management	378,501	378,438
Investment Management	17,490	17,567
<b>Total<sup>1</sup></b>	<b>\$ 1,222,233</b>	<b>\$ 1,188,140</b>

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

# Financial Data Supplement (Unaudited)

## Average Balances and Interest Rates and Net Interest Income

\$ in millions	Three Months Ended March 31,					
	2022			2021		
	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
<b>Interest earning assets</b>						
Investment securities <sup>1</sup>	\$ 177,572	\$ 777	1.8 %	\$ 187,294	\$ 849	1.8 %
Loans <sup>1</sup>	191,551	1,156	2.4 %	151,636	988	2.6 %
Securities purchased under agreements to resell <sup>2,3</sup> :						
U.S.	52,389	36	0.3 %	61,935	27	0.2 %
Non-U.S.	64,150	(23)	(0.1)%	52,239	(82)	(0.6)%
Securities borrowed <sup>2,4</sup> :						
U.S.	122,203	(176)	(0.6)%	85,341	(196)	(0.9)%
Non-U.S.	21,229	(41)	(0.8)%	15,095	(45)	(1.2)%
Trading assets, net of Trading liabilities <sup>5</sup> :						
U.S.	79,509	430	2.2 %	72,416	410	2.3 %
Non-U.S.	16,606	94	2.3 %	17,946	100	2.3 %
Customer receivables and Other <sup>6</sup> :						
U.S.	129,162	355	1.1 %	137,859	337	1.0 %
Non-U.S.	76,545	42	0.2 %	75,177	49	0.3 %
<b>Total</b>	<b>\$930,916</b>	<b>\$ 2,650</b>	<b>1.2 %</b>	<b>\$856,938</b>	<b>\$ 2,437</b>	<b>1.2 %</b>
<b>Interest bearing liabilities</b>						
Deposits <sup>1</sup>	\$ 348,916	\$ 73	0.1 %	\$ 320,257	\$ 120	0.2 %
Borrowings <sup>1,7</sup>	228,942	685	1.2 %	215,688	714	1.3 %
Securities sold under agreements to repurchase <sup>2,8,10</sup> :						
U.S.	22,979	40	0.7 %	29,661	47	0.6 %
Non-U.S.	36,148	9	0.1 %	23,215	(10)	(0.2)%
Securities loaned <sup>2,9,10</sup> :						
U.S.	5,489	(1)	(0.1)%	4,428	(3)	(0.3)%
Non-U.S.	7,771	94	4.9 %	3,848	80	8.4 %
Customer payables and Other <sup>11</sup> :						
U.S.	136,407	(368)	(1.1)%	129,438	(437)	(1.4)%
Non-U.S.	74,919	(98)	(0.5)%	68,782	(102)	(0.6)%
<b>Total</b>	<b>\$861,571</b>	<b>\$ 434</b>	<b>0.2 %</b>	<b>\$795,317</b>	<b>\$ 409</b>	<b>0.2 %</b>
<b>Net interest income and net interest rate spread</b>		<b>\$ 2,216</b>	<b>1.0 %</b>		<b>\$ 2,028</b>	<b>1.0 %</b>

1. Amounts include primarily U.S. balances.
2. Certain prior period amounts have been reclassified to conform to the current presentation.
3. Includes interest paid on Securities purchased under agreements to resell.
4. Includes fees paid on Securities borrowed.
5. Excludes non-interest earning assets and non-interest bearing liabilities, such as equity securities.
6. Includes Cash and cash equivalents.
7. 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.
8. Includes interest received on Securities sold under agreements to repurchase.
9. Includes fees received on Securities loaned.
10. 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.
11. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.

## Glossary of Common Terms and Acronyms

<b>2021 Form 10-K</b>	Annual report on Form 10-K for year ended December 31, 2021 filed with the SEC	<b>LCR</b>	Liquidity coverage ratio, as adopted by the U.S. banking agencies
<b>ABS</b>	Asset-backed securities	<b>LIBOR</b>	London Interbank Offered Rate
<b>ACL</b>	Allowance for credit losses	<b>LTV</b>	Loan-to-value
<b>AFS</b>	Available-for-sale	<b>MSBNA</b>	Morgan Stanley Bank, N.A.
<b>AML</b>	Anti-money laundering	<b>MS&amp;Co.</b>	Morgan Stanley & Co. LLC
<b>AOCI</b>	Accumulated other comprehensive income (loss)	<b>MSCG</b>	Morgan Stanley Capital Group Inc.
<b>AUM</b>	Assets under management or supervision	<b>MSCS</b>	Morgan Stanley Capital Services LLC
<b>Balance sheet</b>	Consolidated balance sheet	<b>MSESE</b>	Morgan Stanley Europe SE
<b>BHC</b>	Bank holding company	<b>MSIP</b>	Morgan Stanley & Co. International plc
<b>bps</b>	Basis points; one basis point equals 1/100th of 1%	<b>MSMS</b>	Morgan Stanley MUFG Securities Co., Ltd.
<b>Cash flow statement</b>	Consolidated cash flow statement	<b>MSPBNA</b>	Morgan Stanley Private Bank, National Association
<b>CCAR</b>	Comprehensive Capital Analysis and Review	<b>MSSB</b>	Morgan Stanley Smith Barney LLC
<b>CCyB</b>	Countercyclical capital buffer	<b>MUFG</b>	Mitsubishi UFJ Financial Group, Inc.
<b>CDO</b>	Collateralized debt obligation(s), including Collateralized loan obligation(s)	<b>MUMSS</b>	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
<b>CDS</b>	Credit default swaps	<b>MWh</b>	Megawatt hour
<b>CECL</b>	Current Expected Credit Losses, as calculated under the Financial Instruments—Credit Losses accounting update	<b>N/A</b>	Not Applicable
<b>CFTC</b>	U.S. Commodity Futures Trading Commission	<b>N/M</b>	Not Meaningful
<b>CLN</b>	Credit-linked note(s)	<b>NAV</b>	Net asset value
<b>CLO</b>	Collateralized loan obligation(s)	<b>Non-GAAP</b>	Non-generally accepted accounting principles
<b>CMBS</b>	Commercial mortgage-backed securities	<b>NSFR</b>	Net stable funding ratio, as adopted by the U.S. banking agencies
<b>CMO</b>	Collateralized mortgage obligation(s)	<b>OCC</b>	Office of the Comptroller of the Currency
<b>CRM</b>	Credit Risk Management Department	<b>OCI</b>	Other comprehensive income (loss)
<b>DVA</b>	Debt valuation adjustment	<b>OTC</b>	Over-the-counter
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization	<b>PSU</b>	Performance-based stock unit
<b>EMEA</b>	Europe, Middle East and Africa	<b>ROE</b>	Return on average common equity
<b>EPS</b>	Earnings per common share	<b>ROTCE</b>	Return on average tangible common equity
<b>FDIC</b>	Federal Deposit Insurance Corporation	<b>ROU</b>	Right-of-use
<b>FFELP</b>	Federal Family Education Loan Program	<b>RSU</b>	Restricted stock unit
<b>FHC</b>	Financial holding company	<b>RWA</b>	Risk-weighted assets
<b>FICO</b>	Fair Isaac Corporation	<b>SCB</b>	Stress capital buffer
<b>Financial statements</b>	Consolidated financial statements	<b>SEC</b>	U.S. Securities and Exchange Commission
<b>FVO</b>	Fair value option	<b>SLR</b>	Supplementary leverage ratio
<b>G-SIB</b>	Global systemically important banks	<b>SOFR</b>	Secured Overnight Financing Rate
<b>HFI</b>	Held-for-investment	<b>S&amp;P</b>	Standard & Poor's
<b>HFS</b>	Held-for-sale	<b>SPE</b>	Special purpose entity
<b>HQLA</b>	High-quality liquid assets	<b>SPOE</b>	Single point of entry
<b>HTM</b>	Held-to-maturity	<b>TDR</b>	Troubled debt restructuring
<b>I/E</b>	Intersegment eliminations	<b>TLAC</b>	Total loss-absorbing capacity
<b>IHC</b>	Intermediate holding company	<b>U.K.</b>	United Kingdom
<b>IM</b>	Investment Management	<b>UPB</b>	Unpaid principal balance
<b>Income statement</b>	Consolidated income statement	<b>U.S.</b>	United States of America
<b>IRS</b>	Internal Revenue Service	<b>U.S. GAAP</b>	Accounting principles generally accepted in the United States of America
<b>IS</b>	Institutional Securities	<b>VaR</b>	Value-at-Risk
		<b>VIE</b>	Variable interest entity
		<b>WACC</b>	Implied weighted average cost of capital
		<b>WM</b>	Wealth Management

## 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 in the Firm's 2021 Form 10-K. See also the disclosures set forth under "Legal Proceedings" in the 2021 Form 10-K.

### Residential Mortgage Related Matters

On March 29, 2022, Deutsche Bank National Trust Company, in its capacity as trustee, announced that the certificateholders participating in the consent solicitation had approved the settlement agreement in Deutsche Bank National Trust Company solely in its capacity as Trustee of the Morgan Stanley ABS Capital I Inc. Trust 2007-NC4 v. Morgan Stanley Mortgage Capital Holdings LLC as Successor-by-Merger to Morgan Stanley Mortgage Capital Inc., and Morgan Stanley ABS Capital I Inc. The Trustee unconditionally accepted the financial terms of that settlement on April 18, 2022, which caused the settlement to become final and binding on all parties. On April 27, 2022, the parties filed a stipulation of voluntary discontinuance, dismissing the action with prejudice.

On April 27, 2022, the parties' agreement to settle Financial Guaranty Insurance Company v. Morgan Stanley ABS Capital I Inc. et al. became final and binding after Deutsche Bank National Trust Company solely in its capacity as Trustee of the Morgan Stanley ABS Capital I Inc. Trust 2007-NC4 v. Morgan Stanley Mortgage Capital Holdings LLC as Successor-by-Merger to Morgan Stanley Mortgage Capital Inc., and Morgan Stanley ABS Capital I Inc. was voluntarily dismissed.

### Block Trading Matter

In addition to the investigations noted in the Firm's 2021 Form 10-K, the Firm faces potential civil liability arising from claims that have been or may be asserted by block transaction participants or others 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.

### Record Keeping Matter

The Firm has been responding to requests for information from regulators concerning its compliance with record-keeping requirements in connection with business communications on messaging platforms that have not been approved by the Firm, and is engaging in efforts to resolve such matters.

## Risk Factors

For a discussion of the risk factors affecting the Firm, see "Risk Factors" in Part I, Item 1A of the 2021 Form 10-K.

## Unregistered Sales of Equity Securities and Use of Proceeds

### Issuer Purchases of Equity Securities

<i>\$ in millions, except per share data</i>	Total Number of Shares Purchased <sup>1</sup>	Average Price Paid per Share	Total Shares Purchased as Part of Share Repurchase Program <sup>2,3</sup>	Dollar Value of Remaining Authorized Repurchase
January	11,020,364	\$ 96.80	3,796,900	\$ 5,235
February	14,022,622	\$ 100.23	12,855,200	\$ 3,940
March	13,586,163	\$ 88.94	13,514,500	\$ 2,738
<b>Three Months Ended March 31, 2022</b>	<b>38,629,149</b>	<b>\$ 95.28</b>	<b>30,166,600</b>	

- Includes 8,462,549 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 March 31, 2022.
- Share purchases under publicly announced programs 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.
- The Firm's Board of Directors has authorized the repurchase of the Firm's outstanding common stock under a share repurchase program (the "Share Repurchase Program") from time to time as conditions warrant and subject to limitations on distributions from the Federal Reserve. The Share Repurchase Program is a program for capital management purposes that considers, among other things, business segment capital needs, as well as equity-based compensation and benefit plan requirements. The Share Repurchase Program has no set expiration or termination date.

On June 28, 2021, the Firm announced that its Board of Directors authorized the repurchase of up to \$12 billion of outstanding common stock from July 1, 2021 through June 30, 2022, from time to time as conditions warrant. For further information, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer."

### Other Information

None.

