Morgan Stanley Bank, N.A.

Unaudited Quarterly Report
For the quarterly period ended September 30, 2026

QUARTERLY REPORT **Morgan Stanley Bank, N.A.**

For the quarter ended September 30, 2026

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This Quarterly Report is available at *www.morganstanley.com/about-us-ir/subsidiaries*. In addition, Morgan Stanley (the "Parent") and certain of our affiliated entities provide annual and periodic reports relating to their businesses and activities, which are available at *www.morganstanley.com/about-us-ir*. Information contained on such website is not part of, nor is it incorporated by reference into, this Quarterly Report.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Morgan Stanley Bank, N.A., an indirect wholly owned subsidiary of the Parent, is a national bank that offers commercial lending products, certain retail securities-based lending products, certain derivative products and deposit products. Unless the context otherwise requires, the terms "Bank," "MSBNA", "us," "we" and "our" mean Morgan Stanley Bank, N.A. together with its consolidated subsidiaries, and "Morgan Stanley" and the "Firm" mean the Parent and its consolidated subsidiaries, including the Bank. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Quarterly Report.

Consistent with the Firm's and our stated strategic objective of ongoing growth of in-scope assets at the Bank, on February 14, 2026, the Fixed Income business of Morgan Stanley Capital Services LLC ("MSCS-Fixed Income") was merged with and into the Bank, and on March 14, 2026, Morgan Stanley Europe SE ("MSESE"), together with its subsidiary Morgan Stanley Bank AG ("MSBAG" and, together with MSESE, the "MSESE Group"), was acquired by the Bank (collectively the "Reorganization"). In connection with the Reorganization, the Firm made a $5 billion cash capital contribution to the Bank on February 11, 2026.

Since the Reorganization involved subsidiaries under the common control of the Firm, it was recorded by the Bank based on the carrying values of MSCS-Fixed Income's and the MSESE Group's assets and liabilities, and this Quarterly Report of the Bank is presented as if the Reorganization occurred at the beginning of 2025, with any exceptions noted within the relevant sections.

The MSESE Group is directly supervised by the European Central Bank ("ECB") and additionally by the Federal Financial Supervisory Authority ("BaFin") and the Deutsche Bundesbank. The MSESE Group operates branches in France, Italy, the Netherlands, Poland, Spain, Sweden and Denmark that are also regulated by the relevant authorities in each jurisdiction. The MSESE Group is held by MSBNA as a subsidiary under the authority of, and is subject to the regulatory requirements and limitations of, the Federal Reserve's Regulation K. The acquisition of the MSESE Group expanded our activities in the European Union ("E.U.") and introduced new business lines resulting in certain of our businesses being regulated extensively by non-U.S. regulators, including governments, central banks and regulatory bodies, securities exchanges, commodity exchanges, and self-regulatory organizations, especially in those jurisdictions in which we maintain an office.

Expanding our operations into the E.U. through the acquisition of the MSESE Group subjects us to additional political, legal, regulatory and other risks that are inherent in operating in multiple jurisdictions, including the risk that our businesses may be subject to divergent laws and regulations across markets and that the jurisdictions in which we operate may implement laws and regulations that directly conflict with those of another jurisdiction. Certain regulators have prudential, business conduct and other authority over us or our subsidiaries, as well as powers to limit or restrict us from engaging in certain businesses or to conduct administrative proceedings that can result in censures, fines, asset seizures and forfeitures, the issuance of cease-and-desist orders, or the suspension or expulsion of a regulated entity, its affiliated entities or its employees.

Expanding our trading activities through the Reorganization increases our exposure to market risk associated with trading activities and the risk that our results of operations could be materially affected by global financial market and economic conditions.

A description of the business lines, investment portfolio and deposit taking is as follows:

The Bank enters into over-the-counter ("OTC") derivative transactions with external counterparties and affiliated entities. The Bank also clears interest rate and credit derivatives through London Clearing House ("LCH") and ICE Clear Credit LLC ("ICE Clear Credit"), which is a wholly owned subsidiary of The Intercontinental Exchange, Inc and Eurex Clearing AG. The Bank's OTC and cleared derivatives with external counterparties are primarily for the benefit of institutional clients that prefer or are required to face a rated U.S. bank counterparty. The Bank offsets some of the risk of these transactions by entering into back-to-back "mirror" derivative instruments with affiliated entities. The Bank also enters into other derivative transactions with affiliated entities primarily for hedging purposes, and the derivative instruments used for hedging primarily include interest rate derivatives and credit default swaps ("CDS"). CDS are used to hedge the credit risk on certain investments, loan portfolios, and letters of credit. Since the Reorganization, MSBNA has been engaged in market making of products that clear on ICE Clear Credit, including single name CDS, CDS indices and CDS index options, which is Morgan Stanley's primary market-maker in credit derivative products referencing corporate underliers with eligible contract participants. For further information about our derivative instruments, see Note 13 to the financial statements. The Bank is also a market maker for European government bonds and a primary dealer for many E.U. sovereigns. For further information about our cash products, see Note 6 to the financial statements.

The Bank's lending activities include lending to corporations for specific purposes, such as financing acquisitions and normal operating activities, secured lending facilities, commercial real estate lending, as well as extending securities-based and other financing, including securities-based lending primarily to customers of our affiliated retail broker-dealer, Morgan Stanley Smith Barney LLC ("MSSB").

The Bank's loan portfolio consists of the types of loans listed below.

Corporate. Corporate loans comprise relationship and event-driven loans and lending commitments supporting general and event-driven financing needs for the Bank's institutional clients,

which typically consist of revolving lines of credit, term loans and bridge loans; may have varying terms; may be senior or subordinated; may be secured or unsecured; are generally contingent upon representations, warranties and contractual conditions applicable to the borrower; and may be syndicated or hedged. Relationship loans and lending commitments are extended to select institutional clients, primarily for general corporate purposes and generally with the intent to hold for the foreseeable future. Event-driven loans and lending commitments are extended in connection with specific client transactions.

Secured Lending Facilities. Secured lending facilities include loans provided to clients which are collateralized by various assets, including commercial and residential real estate mortgage loans, investor commitments for capital calls, corporate loans and other assets. These facilities generally provide for overcollateralization. Credit risk with respect to these loans and lending commitments arises from the failure of a borrower to perform according to the terms of the loan agreement and/or a decline in the underlying collateral value. The Bank monitors collateral levels against the requirements of lending agreements.

Commercial Real Estate. Commercial real estate loans are primarily senior, secured by underlying real estate and typically in term loan form. Commercial real estate loans include owner-occupied loans and income-producing loans.

Securities-based lending and Other. Securities-based lending and Other includes loans that allow clients to borrow money against the value of qualifying securities, generally for any suitable purpose other than purchasing, trading, or carrying securities or refinancing margin debt. The majority of these loans are structured as revolving lines of credit. Also included here are corporate loans purchased in the secondary market.

Equity Financing. We provide financing services to our clients active in the equity markets through products including margin lending and swaps. Results from this business are largely driven by the difference between financing income earned and financing costs incurred, which are reflected in net interest for lending products, and in non-interest revenues for derivative products.

Investment Portfolio. The Bank maintains an investment portfolio to serve as a storehouse of liquidity to satisfy the Bank's current, projected, and contingent funding needs; to act as the primary means to manage the Bank's current and projected interest rate risk profile; and to produce interest income, while maintaining acceptable asset quality, diversification and risk profile. The investment portfolio consists of cash, investment securities, and securities held under repurchase agreements. Our investment securities consist primarily of U.S. Treasuries and agency mortgage-backed securities. For further information about our investment portfolio, see Note 5 to the financial statements.

The Bank provides liquidity to clients in fixed income products by purchasing securities under agreements to resell. These securities are principally securitized products and corporate credit securities.

The Bank's sales and trading activities are primarily focused on executing derivative transactions, including interest rate, currency, credit and commodities derivative transactions (collectively "Fixed Income") with clients and affiliated entities; equities derivative transactions with clients and affiliated entities; as well as Residential Real Estate and Corporate loans purchased in the secondary market. The Bank also earns commissions for executing and clearing transactions related to securities and listed derivatives. In addition, our subsidiary, the MSESE Group, acts as an advisor in relation to mergers and acquisitions, divestitures and corporate restructurings, and as an underwriter and distributor of equity and debt products.

Deposit Taking. We are one of Morgan Stanley's primary deposit-taking entities, along with our affiliated U.S. national bank, Morgan Stanley Private Bank, National Association ("MSPBNA"). Deposits are the primary source of funding for our assets. We source deposits through clients of Morgan Stanley's Wealth Management business via affiliated entities, as well as through unaffiliated third parties, primarily through our Savings and Brokerage sweep programs.

We also issue time deposits in the form of brokered certificates of deposit ("CDs"), substantially all of which are in Federal Deposit Insurance Corporation ("FDIC")-insurable amounts and distributed by Morgan Stanley & Co. LLC ("MS&Co.") through MSSB and third-party broker-dealers. Most of our CDs carry a fixed rate, and we also issue certain CDs that are structured in nature (e.g., performance may be linked to the performance of certain market indices). Our subsidiary, the MSESE Group, also offers retail term deposits in partnership with a local deposit aggregator. Deposits are primarily interest bearing.

For further information about our deposits, including the sources and types of our deposits, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Balance Sheet—Deposits" and Note 10 to the financial statements.

The results of operations in the past have been, and in the future may continue to be, materially affected by: competition; legislative, legal and regulatory developments; market and economic conditions; and other risk 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 2025 Annual Report and "Liquidity and Capital Resources—Regulatory Requirements" herein.

Executive Summary

Overview of Financial Results

$ in millions	Three Months Ended September 30, 2026	2025	% Change
Non-interest revenue			
Investment banking	**$ 134**	$ 103	**30 %**
Trading	**1,407**	1,145	**23 %**
Investments	**21**	22	**(5)%**
Commissions and fees	**502**	254	**98 %**
Other	**72**	84	**(14)%**
Total non-interest revenue	**2,136**	1,608	**33 %**
Interest income	**4,233**	3,928	**8 %**
Interest expense	**3,191**	3,141	**2 %**
Net interest	**1,042**	787	**32 %**
Net revenues	**3,178**	2,395	**33 %**
Provision for credit losses	**64**	(7)	**(1,014)%**
Non-interest expenses			
Compensation and benefits	**283**	233	**21 %**
General and administrative	**778**	668	**16 %**
FDIC and regulatory assessments	**40**	13	**208 %**
Total non-interest expenses[1]	**1,101**	914	**20 %**
Income before provision for income taxes	**2,013**	1,488	**35 %**
Provision for income taxes	**466**	355	**31 %**
Net income	**$ 1,547**	$ 1,133	**37 %**

$ in millions	Nine Months Ended September 30, 2026	2025	% Change
Non-interest revenue			
Investment banking	**$ 430**	$ 260	**65 %**
Trading	**3,839**	2,971	**29 %**
Investments	**57**	55	**4 %**
Commissions and fees	**1,386**	1,201	**15 %**
Other	**160**	139	**15 %**
Total non-interest revenue	**5,872**	4,626	**27 %**
Interest income	**11,827**	12,393	**(5)%**
Interest expense	**8,431**	9,237	**(9)%**
Net interest	**3,396**	3,156	**8 %**
Net revenues	**9,268**	7,782	**19 %**
Provision for credit losses	**204**	162	**26 %**
Non-interest expenses			
Compensation and benefits	**999**	719	**39 %**
General and administrative	**2,242**	1,920	**17 %**
FDIC and regulatory assessments	**84**	51	**65 %**
Total non-interest expenses[1]	**3,325**	2,690	**24 %**
Income before provision for income taxes	**5,739**	4,930	**16 %**
Provision for income taxes	**1,404**	1,176	**19 %**
Net income	**$ 4,335**	$ 3,754	**15 %**

1. Non-interest expenses are primarily influenced by levels of business activity, headcount and compensation. General and administrative expenses primarily include brokerage, clearing and exchange fees, as well as expenses incurred in connection with trading and lending activity.

Net Income

Non-interest Revenues

Non-interest revenues of $2,136 million in the quarter ended September 30, 2026 ("current quarter") increased by 33% compared with the quarter ended September 30, 2025 ("prior year quarter"), primarily due to growth in equity derivatives and higher revenue earned from affiliated entities, MS&Co. and Morgan Stanley & Co. International ("MSIP"), to compensate the Bank for relationship priced loans granted to their clients, partially offset by mark-to-market on inventory held to facilitate client activity in derivatives and bonds.

Non-interest revenues of $5,872 million in the nine months ended September 30, 2026 ("current year period") increased by 27% compared with the nine months ended September 30, 2025 ("prior year period"), primarily due to growth in equity derivatives, higher investment banking net revenue and higher revenue earned from affiliated entities, primarily MS&Co. and MSIP, to compensate the Bank for relationship priced loans granted to their clients, partially offset by higher mark-to-market losses on corporate loans, inclusive of hedges.

Net Interest

Net interest revenue of $1,042 million in the current quarter and $3,396 million in the current year period increased by 32% and 8%, respectively, compared with the prior year periods, primarily due to lending and investment portfolio growth, partially offset by changes in funding mix and lower asset yields.

The level and pace of interest rate changes and other macroeconomic factors have impacted client preferences, including cash allocation to other products and client demand for loans. These factors, along with other developments, such as pricing changes to certain deposit types due to various competitive dynamics and central bank actions, have impacted our net interest income. To the extent they persist, or other factors arise, net interest income may be impacted in future periods.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $64 million in the current quarter was primarily related to portfolio growth in secured lending facilities and corporate loans, as well as certain specific commercial real estate loans. The Provision for credit losses on loans and lending commitments of $(7) million in the prior year quarter was primarily related to improvements in the macroeconomic outlook, partially offset by portfolio growth in secured lending facilities and provisions for certain specific commercial real estate loans.

The Provision for credit losses on loans and lending commitments of $204 million in the current year period was primarily related to portfolio growth in secured lending facilities and corporate loans, as well as certain specific commercial real estate loans. The Provision for credit losses on loans and lending commitments of $162 million in the prior year period was primarily related to portfolio growth in secured lending facilities and corporate loans and provisions for certain specific commercial real estate loans.

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

Non-interest Expenses

Non-interest expenses of $1,101 million in the current quarter and $3,325 million in the current year period increased by 20% and 24%, respectively, compared with the prior year periods, primarily due to higher trading volumes, which drove general and administrative expenses, and business growth, which drove higher compensation and benefit expenses.

Economic and Market Conditions

The environment in the third quarter of 2026 was characterized by strong levels of activity early in the quarter, continuing the momentum observed in the second quarter, with markets focused on artificial intelligence ("AI") investment and economic expansion. Activity moderated later in the quarter against a backdrop of renewed geopolitical tensions, higher interest rates and rising energy prices. Geopolitical risk, inflation, the rate of economic growth, the future path of monetary policy and the path of AI build-out and acceptance represent ongoing uncertainties which could continue to impact the capital markets and our businesses.

For more information on economic and market conditions, and the potential effects of geopolitical events on our future results, refer to "Risk Factors" and "Forward-Looking Statements" in the 2025 Annual Report.

Accounting Development Updates

The Financial Accounting Standards Board has issued certain accounting updates, which we have determined to be either not applicable or to not have a material impact on our financial condition or results of operations upon adoption.

Critical Accounting Estimates

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("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 2025 Annual Report and Note 2 to the financial statements), the allowance for credit losses ("ACL"), fair value of financial instruments and income taxes policies involve a higher degree of judgment and complexity. For a further discussion about our critical accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" in the 2025 Annual Report.

Liquidity and Capital Resources

Our liquidity and capital policies are established and maintained by the Bank's senior management and Risk Committee ("Bank RC"), with oversight by the Bank's Board of Directors ("Board"). Through various risk and control committees, senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity, interest rate and currency sensitivity of our asset and liability position. The Bank's Treasury department, the Bank RC, the Bank's Asset/Liability Committee, and the Bank's other committees and control groups assist in evaluating, monitoring and managing the impact that the Bank's business activities have on the Bank's balance sheet, liquidity and capital structure. Liquidity and capital matters are reported regularly to the Board and the Risk Committee of the Board ("BRC").

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, product-specific thresholds, monitoring of product-specific usage versus key performance metrics and new business impact assessments.

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 requirements. We also monitor key metrics, including asset and liability size and capital usage.

Total Assets

$ in millions	At September 30, 2026	At December 31, 2025
Assets		
Cash and cash equivalents	**$ 71,420**	$ 34,405
Trading assets at fair value	**93,926**	90,744
Investment securities:		
Available-for-sale securities at fair value	**60,876**	68,233
Held-to-maturity securities at cost	**19,441**	21,823
Securities purchased under agreements to resell	**49,670**	41,602
Securities borrowed	**7,145**	5,341
Loans, before ACL:		
Corporate	**14,610**	8,913
Secured lending facilities	**75,623**	67,358
Commercial real estate	**7,667**	8,245
Securities-based lending and Other	**17,120**	13,851
Total loans, before ACL	**115,020**	98,367
Allowance for credit losses	**(621)**	(559)
Total loans, net of ACL	**114,399**	97,808
Customer and other receivables	**9,761**	10,227
Other assets[1]	**3,494**	2,515
Total assets	**$ 430,132**	$ 372,698

1. Other assets primarily include deferred tax assets, Community Reinvestment Act ("CRA") investments and Federal Reserve Bank of New York ("FRB") capital stock.

Total assets increased to $430 billion at September 30, 2026, compared with $373 billion at December 31, 2025, primarily due to increases in Cash and cash equivalents, Loans, as well as Securities purchased under agreements to resell, partially offset by a decrease in Available-for-sale securities at fair value.

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 Bank'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 2025 Annual Report.

At September 30, 2026 and December 31, 2025, we maintained sufficient Liquidity Resources to meet current and contingent funding obligations as modeled in our Liquidity Stress Tests.

Liquidity Resources

We maintain sufficient 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; liquidity requirements; regulatory requirements; and collateral requirements.

The amount of Liquidity Resources we hold is based on our risk appetite and is calibrated to meet various internal and regulatory requirements and to fund prospective business activities. The total high-quality liquid assets ("HQLA") values in the tables immediately following are different from Eligible HQLA, which, in accordance with the liquidity coverage ratio ("LCR") rule, also takes into account certain regulatory weightings and other operational considerations.

Liquidity Resources by Type of Investment[1]

	Average Daily Balance Three Months Ended	
$ in millions	**September 30, 2026**	June 30, 2026
Cash deposits with central banks	**$ 39,171**	$ 30,040
Unencumbered HQLA securities[2]:		
U.S. government obligations	**56,631**	59,835
U.S. agency and agency mortgage-backed securities	**26,791**	28,197
Non-U.S. sovereign obligations	**4,575**	2,723
Other investment grade securities	**12**	20
Total HQLA	**127,180**	120,815
Cash deposits with banks (non-HQLA)	**$ 136**	$ 136
Total Liquidity Resources	**$ 127,316**	$ 120,951

1. Liquidity Resources are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and the acquisition of the MSESE Group in the first quarter of 2026 as the Bank assesses these measures based on the structures in effect during the applicable period.
2. HQLA is presented prior to applying weightings and includes all HQLA held in subsidiaries.

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

Regulatory Liquidity Framework

Liquidity Coverage Ratio and Net Stable Funding Ratio

We are required to maintain a minimum LCR and net-stable funding ratio ("NSFR") of 100%.

The LCR rule requires large banking organizations to have sufficient Eligible HQLA to cover net cash outflows arising from significant stress over 30 calendar days, thus promoting the short-term resilience of our liquidity risk profile. In determining Eligible HQLA for LCR purposes, weightings (or asset haircuts) are applied to HQLA.

The NSFR rule requires large banking organizations to maintain an amount of available stable funding, which is their regulatory capital and liabilities subject to standardized weightings, equal to or greater than their required stable funding, which is their projected minimum funding needs, over a one-year time horizon.

At September 30, 2026, we were compliant with the minimum LCR and NSFR requirements of 100%.

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 the tenor of our liabilities equals or exceeds the expected holding period of assets being financed. Our goal is to achieve an optimal mix of durable secured and unsecured financing.

We fund our balance sheet through diverse sources. These sources include our equity capital, deposits, bank notes, securities sold under agreements to repurchase, borrowings and securities lending. We have active financing programs for both standard and structured products.

Unsecured Financing

We view deposits and borrowings as stable sources of funding. Our unsecured financings include deposits, bank notes, and loans from the Parent and MSPBNA. As part of our asset/liability management strategy, when appropriate, we use derivatives to make adjustments to the interest rate risk profile of our borrowings. See Notes 10, 11, 12 and 13 to the financial statements.

Deposits

$ in millions	At September 30, 2026	At December 31, 2025
Savings and demand deposits:		
Brokerage sweep deposits	**$ 74,567**	$ 71,936
Savings and other[1]	**138,946**	89,613
Total savings and demand deposits	**213,513**	161,549
Time deposits[2]	**62,671**	52,239
Total[3]	**$ 276,184**	$ 213,788
Annualized weighted average cost of deposits[4]		
Period end	**2.65 %**	2.45 %
Period average for three months ended	**2.60 %**	2.69 %

1. Other primarily includes deposits from the Parent and affiliated entities, see Note 12 to the financial statements.
2. Includes Structured CDs at fair value of $5.3 billion and $5.2 billion at September 30, 2026 and December 31, 2025, respectively.
3. Total deposits subject to FDIC insurance at September 30, 2026 and December 31, 2025 were $187.7 billion and $164.8 billion, respectively.
4. Annualized weighted average represents the total annualized weighted average cost of the various deposit products. The period end cost of deposits is based upon balances and rates at September 30, 2026 and December 31, 2025. The period average is based on daily balances and rates for the period.

Deposits are primarily sourced through clients of Morgan Stanley's Wealth Management business via affiliated entities, as well as unaffiliated third parties, and are considered to have stable, low-cost funding characteristics relative to other sources of funding. Each category of deposits presented above has a different cost profile and clients may respond differently to changes in interest rates and other macroeconomic conditions. Total deposits in the current year period increased primarily due to increases in Savings and other deposits.

For further information on Deposits, see Note 10 to the financial statements.

Borrowings by Maturity at September 30, 2026[1]

$ in millions	Total
Original maturities of one year or less	
Next 12 months	**$ 2,190**
Original maturities greater than one year	
2026	**27**
2027	**7,973**
2028	**7,816**
2029	**2,611**
2030	**3,092**
Thereafter	**3,714**
Total greater than one year	**$ 25,233**
Total	**$ 27,423**
Maturities over next 12 months[2]	**$ 274**

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 $27 billion at September 30, 2026 decreased from $36 billion at December 31, 2025, primarily due to redemptions.

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 may repurchase our borrowings in the ordinary course of business.

We believe that accessing funding through multiple distribution channels helps provide consistent access to the funding markets. In addition, the issuance of time deposits and borrowings with longer dated contractual maturities allows us to manage the maturity profile of these instruments, mitigate liquidity risk and maximize diversification through institutional and retail clients.

For further information on Borrowings, see Note 11 to the financial statements.

Secured Financing

The Bank enters into reverse repurchase agreements and repurchase agreements, among other things, to finance both the clients and its own inventory positions, to meet collateral requirements with respect to its OTC derivatives, and to meet liquidity requirements.

The Bank may execute secured financings with the Federal Reserve Bank of New York and Federal Home Loan Bank of New York ("FHLB") as supplemental sources of funding. At both September 30, 2026 and December 31, 2025, the Bank did not have any outstanding secured financings from the FRB or FHLB.

For further information on the other secured financing, see Note 11 to the financial statements.

The liquid nature of the marketable securities and short-term receivables arising principally from sales and trading activities in the Institutional Securities business provides us with flexibility in managing the composition of our balance sheet. Secured financing investors principally focus on the quality of the eligible collateral posted. Accordingly, we actively manage our secured financings based on the quality of the assets being funded.

We have established longer-tenor secured funding requirements for less liquid asset classes, for which funding may be at risk in the event of a market disruption. We define highly liquid assets as government-issued or government guaranteed securities with a high degree of fundability and less liquid assets as those that do not meet these criteria.

To further minimize the refinancing risk of secured financing for less liquid assets, we have established concentration limits to diversify our investor base and reduce the amount of monthly maturities for secured financing of less liquid assets. As a component of the Liquidity Risk Management Framework, we hold a portion of our Liquidity Resources against the potential disruption to our secured financing capabilities.

In general, we maintain a pool of liquid and easily fundable securities, which takes into account HQLA classifications consistent with LCR definitions, and other regulatory requirements, and provides a valuable future source of liquidity.

Collateralized Financing Transactions

$ in millions	**September 30, 2026**	December 31, 2025
Securities purchased under agreements to resell and Securities borrowed	**$ 56,815**	$ 46,943
Securities sold under agreements to repurchase and Securities loaned	**21,248**	40,138

	Average Daily Balance Three Months Ended	
$ in millions	**September 30, 2026**	December 31, 2025
Securities purchased under agreements to resell and Securities borrowed	**$ 39,858**	$ 40,122
Securities sold under agreements to repurchase and Securities loaned	**21,957**	42,409

Credit Ratings

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 2025 Annual Report.

MSBNA Issuer Ratings at November 6, 2026

	Short-Term Debt	Long-Term Debt	Rating Outlook
Fitch Ratings, Inc.	**F1+**	**AA**	**Stable**
Moody's Investors Service, Inc.	**P-1**	**Aa3**	**Stable**
S&P Global Ratings	**A-1**	**A+**	**Stable**

S&P—Standard & Poor's

On May 12, 2026, Fitch Ratings, Inc. upgraded the issuer rating of MSBNA's long-term debt from AA- to AA.

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 and regulatory requirements. In the future, we may expand or contract our capital base to address the changing needs of our businesses.

We are subject to various general regulatory policies and requirements relating to the payment of dividends, including requirements to maintain adequate capital above regulatory minimums. The Office of the Comptroller of the Currency ("OCC") is authorized to determine under certain circumstances relating to the financial condition of the Bank that the payment of dividends would be an unsafe or unsound practice and to prohibit payment thereof. Federal regulatory authorities have indicated that paying dividends that deplete a bank's capital base to an inadequate level would be an unsafe and unsound banking practice and that banking organizations should generally pay dividends only out of current operating earnings.

We may not declare a dividend if the total amount of all dividends, including the proposed dividend, declared by the Bank in any calendar year exceeds the total of the Bank's retained net income of that year to date, combined with its retained net income of the preceding two years, unless the dividend is approved by the OCC. Federal law also prohibits national banks from paying dividends that would be greater than the bank's undivided profits.

We complied with the aforementioned dividend restrictions for both the current and prior year.

There were no cash dividends paid during the current or prior year quarters. We paid cash dividends of $2.5 billion to the Parent in the current year period. There were no cash dividends paid during the prior year period.

Regulatory Requirements

Regulatory Capital Framework

The OCC establishes capital requirements for us, including "well-capitalized" standards, and evaluates our compliance with such capital requirements. Regulatory capital requirements established by the OCC are largely based on the Basel III capital standards established by the Basel Committee and on certain provisions of the Dodd-Frank Act. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") capital adequacy guidelines and regulatory framework for prompt corrective action (the "PCA Framework"), the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. In addition, the MSESE Group is subject to separate regulatory capital requirements. For additional information on our regulatory capital requirements, see Note 17 to the financial statements.

Regulatory Capital Requirements

We are required to maintain minimum risk-based and leverage-based capital. 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 2025 Annual Report.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 ("CET1") capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of risk-weighted assets ("RWA"), and consist of regulatory minimum required ratios plus our capital conservation buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

Capital Buffer Requirement

The capital conservation buffer requirement represents the amount of CET1 capital we must maintain above the minimum risk-based capital requirements in order to avoid restrictions on our ability to make capital distributions, including the payment of dividends, and to pay discretionary bonuses to executive officers. Our capital conservation buffer requirement computed under the standardized approaches for calculating credit risk and market risk RWA ("Standardized Approach") and computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWA ("Advanced Approach") is equal to the sum of 2.5% and the countercyclical capital buffer ("CCyB"). The CCyB can be set up to 2.5% but is currently set by U.S. banking agencies at zero.

Risk-Based Regulatory Capital Ratio Requirements

		At September 30, 2026 and December 31, 2025	
	Regulatory Minimum	Standardized	Advanced
Required ratios[1]			
CET1 capital ratio	**4.5 %**	**7.0 %**	**7.0 %**
Tier 1 capital ratio	**6.0 %**	**8.5 %**	**8.5 %**
Total capital ratio	**8.0 %**	**10.5 %**	**10.5 %**

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

Our risk-based capital ratios are computed under each of (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights and exposure methodologies, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At September 30, 2026 and December 31, 2025, 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 supplementary leverage ratio ("SLR") of 3% and an enhanced supplementary leverage ratio ("eSLR") of at least 0.5%. At January 1, 2026, the Firm and MSBNA elected to early adopt the final rulemaking on changes to the eSLR by the U.S. banking agencies. Under the final rule, the eSLR buffer applicable to U.S. global systemically important banks' ("G-SIBs") insured depository institutions ("IDI") subsidiaries equals 50% of each bank holding company's ("BHC") Method 1 G-SIB capital surcharge capped at 1.0%, which equates to 0.5% for MSBNA, applied above the 3.0% minimum SLR requirement.

Well-Capitalized Requirements. FDICIA requires the federal bank regulatory agencies to take PCA in respect of IDI that do not meet specified capital requirements. FDICIA establishes five capital categories for FDIC-insured banks: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

In addition, under the PCA Framework applicable to us, we must also meet the quantitative capital ratio requirements for a well-capitalized IDI; these are shown in the table below.

Our capital levels and PCA classification are also subject to qualitative judgements by the regulators about components of capital, risk weightings and other factors. Failure to comply with the capital requirements, including a breach of the buffers described above, would result in restrictions being imposed by our regulators.

Regulatory Capital Ratios[1]

Risk-based capital

	Standardized		**Advanced**	
$ in millions	**At September 30, 2026**	At December 31, 2025	**At September 30, 2026**	At December 31, 2025
Risk-based capital				
CET1 capital	**$ 42,118**	$ 25,545	**$ 42,118**	$ 25,545
Tier 1 capital	**42,118**	25,545	**42,118**	25,545
Total capital	**43,184**	26,423	**42,808**	26,081
Total RWA	**234,713**	125,916	**222,337**	110,370
Risk-based capital ratios				
CET1 capital	**17.9%**	20.3%	**18.9%**	23.1%
Tier 1 capital	**17.9%**	20.3%	**18.9%**	23.1%
Total capital	**18.4%**	21.0%	**19.3%**	23.6%
Well-Capitalized Requirements[2]				
CET1 capital	**6.5%**	6.5%	**6.5%**	6.5%
Tier 1 capital	**8.0%**	8.0%	**8.0%**	8.0%
Total capital	**10.0%**	10.0%	**10.0%**	10.0%
Required Ratios[3]				
CET1 capital	**7.0%**	7.0%	**7.0%**	7.0%
Tier 1 capital	**8.5%**	8.5%	**8.5%**	8.5%
Total capital	**10.5%**	10.5%	**10.5%**	10.5%

Leveraged-based capital

$ in millions	At September 30, 2026	At December 31, 2025
Leveraged-based capital		
Adjusted average assets[4]	**$ 414,764**	$ 253,230
Supplementary leverage exposure[5]	**617,983**	337,102
Leveraged-based capital ratios		
Tier 1 leverage	**10.2%**	10.1%
SLR[6]	**6.8%**	7.6%
Well-Capitalized Requirements[2]		
Tier 1 leverage	**5.0%**	5.0%
SLR[6]	**N/A**	6.0%
Required Ratios[3]		
Tier 1 leverage	**4.0%**	4.0%
SLR[6]	**3.5%**	3.0%

1. MSBNA's Regulatory capital and capital ratios are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income into MSBNA and MSBNA's acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the legal-entity structures in effect during the applicable period.
2. The requirements to remain "well-capitalized" under the PCA framework.
3. Required ratios are inclusive of any buffers applicable at the date presented.
4. 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 any applicable capital deductions.
5. 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 credit equivalent amount for off-balance sheet exposures; and (iii) the counterparty credit risk for repo-style transactions.
6. Beginning January 1, 2026, the Bank was subject to a 3.5% SLR standard (inclusive of a 0.5% eSLR buffer based on the BHC's Method 1 G-SIBs capital surcharge of 1.0%). The eSLR buffer applicable to U.S. G-SIBs' IDI subsidiaries has the same form and calibration as the bank holding company ("BHC") level standard but is capped at 1.0%, applied above the 3.0% minimum SLR requirement. In addition, beginning January 1, 2026, the Bank was no longer subject to an SLR requirement to be considered "well-capitalized" under the PCA framework.

Regulatory Capital

$ in millions	At September 30, 2026	At December 31, 2025[2]	Change
CET1 Capital			
Common shareholder equity	**$ 41,274**	$ 25,576	**$ 15,698**
Regulatory adjustments and deductions			
Other adjustments and deductions[1]	**844**	(31)	**875**
Total CET1 capital and Total Tier 1 capital	**42,118**	25,545	**$ 16,573**
Standardized Tier 2 capital			
Eligible ACL	**1,066**	878	**$ 188**
Total Standardized capital	**43,184**	26,423	**$ 16,761**
Advanced Tier 2 capital			
Eligible credit reserves	**690**	536	**$ 154**
Total Advanced capital	**$ 42,808**	$ 26,081	**$ 16,727**

1. Other adjustments and deductions used in the calculation of CET1 capital primarily include net after-tax gains on cash flow hedges, net after-tax debt valuation adjustment and credit spread premium over risk-free rate for derivative liabilities.
2. Regulatory capital and capital ratios are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the structures in effect during the applicable period.

RWA Rollforward

	Nine Months Ended September 30, 2026	
$ in millions	Standardized	Advanced
Credit risk RWA		
Balance at December 31, 2025	$ 123,543	$ 99,871
Change related to the following items		
Derivatives	**55,605**	**48,014**
Securities financing transactions	**5,828**	**946**
Investment securities	**232**	**(487)**
Commitments, guarantees and loans	**26,118**	**25,632**
Equity investments	**57**	**62**
Other credit risk	**1,752**	**2,133**
Total change in credit risk RWA	**$ 89,592**	**$ 76,300**
Balance at September 30, 2026	**$ 213,135**	**$ 176,171**
Market risk RWA		
Balance at December 31, 2025	$ 2,375	$ 2,375
Change related to the following items		
Regulatory VaR	**2,806**	**2,806**
Regulatory stressed VaR	**7,437**	**7,437**
Incremental risk charge	**3,385**	**3,385**
Comprehensive risk measure	**1,711**	**1,794**
Specific risk	**3,864**	**3,656**
Total change in market risk RWA	**$ 19,203**	**$ 19,078**
Balance at September 30, 2026	**$ 21,578**	**$ 21,453**
Operational risk RWA		
Balance at December 31, 2025	N/A	$ 8,125
Change in operational risk RWA	**N/A**	**16,588**
Balance at September 30, 2026	**N/A**	**$ 24,713**
Total RWA	**$ 234,713**	**$ 222,337**

Regulatory value-at-risk ("VaR")—VaR for regulatory capital requirements

In the current year period, Credit risk RWA increased under both the Standardized and Advanced Approaches. Under the Standardized Approach, the increase was primarily due to increased exposure in Derivatives, Lending and Securities financing transactions. Under the Advanced Approach, the increase was primarily due to increased exposure in Derivatives and Lending.

Market risk RWA increased in the current year period under both the Standardized and Advanced Approaches primarily due to higher Regulatory stressed VaR, Specific risk due to Non-securitization charges, as well as Incremental risk charge.

The increase in Operational risk RWA in the current year period is primarily due to the adoption of the Operational Risk Advanced Measurement Approaches Capital model and increase in scenario estimates driven by the Reorganization.

Capital Plans and Stress Tests

Our capital planning process and stress tests are designed to identify and measure material risks associated with our business activities, including market risk, credit risk and operational risk. Our capital planning process incorporates an internal capital adequacy assessment to ensure that we are appropriately capitalized relative to the risks in our businesses. Our stress tests incorporate our internally developed severely adverse scenario and are designed to capture our specific vulnerabilities and risks. During 2026, as an IDI with less than $250 billion of average total assets over the four most recent consecutive quarters

through March 31, 2025, MSBNA is not subject to company-run stress test regulatory requirements by the OCC. Beginning in 2027, based on its average total assets over the four most recent consecutive quarters through March 31, 2026, MSBNA will become subject to company-run stress test regulatory requirements.

Resolution and Recovery Planning

Morgan Stanley submitted its 2025 targeted resolution plan on June 30, 2025 and the next full plan will be submitted in June 2027. In May 2026, Morgan Stanley received joint feedback on the 2025 targeted resolution plan from the agencies, with no shortcomings or deficiencies identified. We are also required to submit an IDI resolution plan to the FDIC. We submitted our last IDI resolution plan in December 2023. We submitted an interim supplement to our IDI resolution plan on June 26, 2026.

For more information about resolution planning requirements and our activities in these areas, including the implications of such activities in a resolution scenario, see "Business—Supervision and Regulation—Resolution Planning" and "Risk Factors—Legal, Regulatory and Compliance Risk" in the 2025 Annual Report.

Regulatory Developments and Other Matters

Basel III Proposal

On March 19, 2026, the U.S. banking agencies proposed revisions to risk-based capital and related standards applicable to Category I and II banking organizations, including the Bank ("Basel III Proposal"). The Basel III Proposal would introduce a new measure of RWAs known as "Expanded Total RWAs" (the "Expanded Approach"), reflecting new RWA methodologies that generally align with changes to the global Basel Accord adopted by the Basel Committee. The Basel III Proposal would eliminate the current capital rule's Advanced Approach and require Category I and II banking organizations to calculate RWAs only under the Expanded Approach, with the Standardized Approach retained for smaller banking organizations. As compared with the Standardized Approach, the Expanded Approach includes more granular risk weights for credit risk and introduces a new market risk framework. In addition, unlike the Standardized Approach, the Expanded Approach includes operational risk and credit valuation adjustment RWA components.

The effective date of the Basel III Proposal is unspecified in the Basel III Proposal. We continue to evaluate the Basel III Proposal.

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 Risk Governance Framework and risk management functions, see "Quantitative and Qualitative Disclosures about Risk—Risk Management" in the 2025 Annual Report.

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 and client facilitation activities, principally within Morgan Stanley's Institutional Securities business where the substantial majority of our VaR for market risk exposures is generated. In addition, we incur non-trading market risk (including interest rate risk), principally within Morgan Stanley's Wealth Management business, primarily from lending and deposit-taking activities.

Market risk also includes non-trading interest rate risk in the banking book (amounts classified for regulatory capital purposes under the banking book regime), which refers to the exposure that a change in interest rates will result in prospective earnings and fair value changes for these assets and liabilities.

Sound market risk management is an integral part of our culture. The various business units and trading desks are responsible for ensuring that market risk exposures are well-managed and prudent. Our control functions help ensure that these risks are measured and closely monitored and are made transparent to senior management. The Market Risk Department is responsible for ensuring the transparency of material market risks, monitoring compliance with established limits and escalating risk concentrations to appropriate senior management.

To execute these responsibilities, the Market Risk Department monitors our risk against limits on aggregate risk exposures, performs a variety of risk analyses, routinely reports risk summaries, and maintains our VaR and scenario analysis systems. Market risk is also monitored through various measures: by use of statistics (including VaR and related analytical measures), by measures of position size and sensitivity, and through routine stress testing, which measures the impact on the value of existing portfolios of specified changes in market factors and scenarios designed by the Market Risk Department in collaboration with the business units. The material risks identified by these processes are summarized in reports produced by the Market Risk Department that are circulated to and discussed with senior management, the Market Risk Committee, the Bank RC, the BRC, and the Board.

Trading Risks

Primary Market Risk Exposures and Market Risk Management

We have exposures to a wide range of risks related to interest rates and credit spreads, equity prices and foreign exchange rates as well as the associated implied volatilities, correlations and spreads of the global markets in which we conduct our trading activities.

We are exposed to interest rate and credit spread risk as a result of our market-making activities and other trading in interest rate-sensitive financial instruments (i.e., risk arising from changes in the level or implied volatility of interest rates, the timing of mortgage prepayments, the shape of the yield curve and/or credit spreads). The activities from which those exposures arise and the markets in which we are active include, but are not limited to: derivatives, corporate and government debt mainly in developed markets, and asset-backed debt, including mortgage-related securities.

We are exposed to foreign exchange rate, correlation and implied volatility risk as a result of making markets in foreign currencies and foreign currency derivatives, from maintaining foreign exchange positions and from holding non-U.S. dollar-denominated financial instruments.

We manage our trading positions by employing a variety of risk-mitigation strategies. These strategies include diversification of risk exposures and hedging. Hedging activities consist of the purchase or sale of positions in related securities and financial instruments, including a variety of derivative products (e.g., futures, forwards, swaps and options). Hedging activities may not always provide effective mitigation against trading losses due to differences in the terms, specific characteristics or other basis risks that may exist between the hedge instrument and the risk exposure that is being hedged.

We manage the market risk associated with our trading activities on a Bank-wide basis, and individual product basis. We manage and monitor our market risk exposures in such a way as to maintain a portfolio that we believe is well diversified in the aggregate with respect to market risk factors and that reflects our aggregate risk tolerance as established by our senior management.

Aggregate market risk limits have been approved for the Bank. Additional market risk limits are assigned to trading desks and, as appropriate, products and regions. Trading division risk managers, desk risk managers, traders and the Market Risk Department monitor market risk measures against limits in accordance with policies set by our senior management.

Value-at-Risk

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. The Market Risk Department calculates and distributes daily VaR-based risk measures to various levels of management.

We estimate VaR using a model based on a one-year equal-weighted historical simulation for general market risk factors and name-specific risk in corporate equities and related derivatives, and Monte Carlo simulation for name-specific risk in bonds,

loans and related derivatives. The model constructs a distribution of hypothetical daily changes in the value of trading portfolios based on historical observation of daily changes in key market indices or other market risk factors, and information on the sensitivity of the portfolio values to these market risk factor changes.

VaR for risk management purposes ("Management VaR") is computed at a 95% level of confidence over a one-day time horizon, which is a useful indicator of possible trading losses resulting from adverse daily market moves. The 95%/one-day VaR corresponds to the unrealized loss in portfolio value that, based on historically observed market risk factor movements, would have been exceeded with a frequency of 5%, or five times in every 100 trading days, if the portfolio were held constant for one day.

Our VaR model generally takes into account linear and non-linear exposures to equity price risk, interest rate risk, credit spread risk and foreign exchange rates. The model also takes into account linear exposures to implied volatility risks for all asset classes and non-linear exposures to implied volatility risks for equity and foreign exchange referenced products. The VaR model also captures certain implied correlation risks associated with portfolio credit derivatives, as well as certain basis risks (e.g., corporate debt and related credit derivatives).

We use VaR as one of a range of risk management tools. Among their benefits, VaR models permit estimation of a portfolio's aggregate market risk exposure, incorporating a range of varied market risks and portfolio assets. One key element of the VaR model is that it reflects risk reduction due to portfolio diversification or hedging activities. However, VaR has various limitations, which include, but are not limited to: use of historical changes in market risk factors, which may not be accurate predictors of future market conditions and may not fully incorporate the risk of extreme market events that are outsized relative to observed historical market behavior or reflect the historical distribution of results beyond the 95% confidence interval; and reporting of losses in a single day, which does not reflect the risk of positions that cannot be liquidated or hedged in one day. A small proportion of market risk generated by trading positions is not included in VaR.

The modeling of the risk characteristics of some positions relies on approximations that, under certain circumstances, could produce significantly different results from those produced using more precise measures. VaR is most appropriate as a risk measure for trading positions in liquid financial markets and will understate the risk associated with severe events, such as periods of extreme illiquidity. We are aware of these and other limitations and, therefore, use VaR as only one component in our risk management oversight process. This process also incorporates stress testing and scenario analyses and extensive risk monitoring, analysis and control at the trading desk, division and Firm levels.

We update our VaR model in response to changes in the composition of trading portfolios and to improvements in modeling techniques and systems capabilities. We are committed to continuous review and enhancement of VaR methodologies and assumptions in order to capture evolving risks associated with changes in market structure and dynamics. As part of our regular process improvements, additional systematic and name-specific risk factors may be added to improve the VaR model's ability to more accurately estimate risks to specific asset classes or industry sectors.

Since the reported VaR statistics are estimates based on historical data, VaR should not be viewed as predictive of our future revenues or financial performance or of our ability to monitor and manage risk. There can be no assurance that our actual losses on a particular day will not exceed the VaR amounts indicated in the following tables or that such losses will not occur more than five times in 100 trading days for a 95%/one-day VaR. VaR does not predict the magnitude of losses that, should they occur, may be significantly greater than the VaR amount.

VaR statistics are not readily comparable across firms because of differences in the firms' portfolios, modeling assumptions and methodologies. These differences can result in materially different VaR estimates across firms for similar portfolios. The impact of such differences varies depending on the factor history assumptions, the frequency with which the factor history is updated and the confidence level. As a result, VaR statistics are more useful when interpreted as indicators of trends in a firm's risk profile rather than as an absolute measure of risk to be compared across firms.

Our regulators have approved the same VaR model we use for risk management purposes for use in regulatory calculations. The portfolio of positions used for Management VaR differs from that used for Regulatory VaR. Management VaR contains certain positions that are excluded from Regulatory VaR.

95%/One-Day Management VaR

	Three Months Ended September 30, 2026			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	$ 14	$ 17	$ 21	$ 13
Equity price	1	2	8	1
Foreign exchange rate	7	6	8	5
Less: Diversification benefit[2]	(5)	(7)	N/A	N/A
Primary Risk Categories	$ 17	$ 18	$ 23	$ 15
Credit Portfolio	16	19	20	16
Less: Diversification benefit[2]	(11)	(9)	N/A	N/A
Total Management VaR	$ 22	$ 28	$ 33	$ 22

	Three Months Ended June 30, 2026			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	$ 17	$ 18	$ 21	$ 15
Equity price	2	2	4	1
Foreign exchange rate	7	7	9	6
Less: Diversification benefit[2]	(9)	(8)	N/A	N/A
Primary Risk Categories	$ 17	$ 19	$ 24	$ 16
Credit Portfolio	19	11	19	8
Less: Diversification benefit[2]	(9)	(7)	N/A	N/A
Total Management VaR	$ 27	$ 23	$ 29	$ 18

1. The high and low VaR values for the Total Management VaR and each of the component VaRs might have occurred on different days during the quarter, and, therefore, the diversification benefit is not an applicable measure.
2. Diversification benefit equals the difference between the total VaR and the sum of the component VaRs. This benefit arises because the simulated one-day losses for each of the components occur on different days. Similar diversification benefits are also taken into account within each component.

Average Total Management VaR increased from the three months ended June 30, 2026, primarily driven by increased exposure in the credit portfolio category. Period-end Total Management VaR decreased from the three months ended June 30, 2026, primarily driven by reduced exposure in the credit portfolio category.

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 market risk in our portfolio.

Credit Spread Risk Sensitivity[1]

$ in millions	**At September 30, 2026**	At June 30, 2026
Derivatives	**$ 2**	$ 2
Borrowings and Deposits carried at fair value	**3**	2

1. Amount represents the potential gain for each 1 bps widening of our credit spreads.

Earnings-At-Risk Sensitivity Analysis

Earnings-At-Risk ("EaR") measures the estimated impact of changes in interest rates to our earnings for all positions within our consolidated balance sheet over a defined time horizon.

$ in millions	**At September 30, 2026**	At June 30, 2026
Basis point change		
+200	**$ 937**	$ 943
+100	**469**	464
-100	**(453)**	(447)
-200	**(877)**	(862)

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 earnings over the next 12 months for the Bank. These shocks are applied to our 12-month forecast for the Bank, which incorporates market expectations of interest rates and our forecasted balance sheet and business activity. The forecast includes modeled prepayment behavior, reinvestment of net cash flows from maturing assets and liabilities, and deposit pricing sensitivity to interest rates. These key assumptions are updated periodically based on historical data and future expectations.

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

Our balance sheet is asset sensitive, given assets reprice faster than liabilities, resulting in higher earnings in higher interest rate scenarios and lower earnings in lower interest rate scenarios. The level of interest rates may impact the amount of deposits held at the Bank, given competition for deposits from other institutions and alternative cash-equivalent products available to depositors. Further, the level of interest rates could also impact client demand for loans. EaR sensitivity at September 30, 2026, was relatively unchanged from June 30, 2026.

Investments Sensitivity, Including Related Carried Interest

	Loss from 10% Decline	
$ in millions	**At September 30, 2026**	At June 30, 2026
CRA Investments	**167**	166

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. 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. Investment sensitivity increased between September 30, 2026 and June 30, 2026, primarily due to new investments.

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. For a further discussion of our credit risks, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" in the 2025 Annual Report.

Loans and Lending Commitments

	At September 30, 2026			
$ in millions	HFI	HFS	FVO[1]	Total
Corporate	**$ 5,999**	**$ 8,611**	**$ —**	**$ 14,610**
Secured lending facilities	**73,783**	**1,840**	**—**	**75,623**
Commercial real estate	**7,015**	**652**	**821**	**8,488**
Residential real estate	**—**	**—**	**4,042**	**4,042**
Securities-based lending and Other	**17,005**	**115**	**3,161**	**20,281**
Total loans	**103,802**	**11,218**	**8,024**	**123,044**
ACL	**(621)**	**—**	**—**	**(621)**
Total loans, net of ACL	**$ 103,181**	**$ 11,218**	**$ 8,024**	**$ 122,423**
Lending Commitments[2]	**$ 148,634**	**$ 28,704**	**$ 695**	**$ 178,033**
Total exposure	**$ 251,815**	**$ 39,922**	**$ 8,719**	**$ 300,456**

	At December 31, 2025			
$ in millions	HFI	HFS	FVO[1]	Total
Corporate	$ 4,398	$ 4,515	$ —	$ 8,913
Secured lending facilities	65,857	1,501	—	67,358
Commercial real estate	7,925	320	561	8,806
Residential real estate	—	—	2,639	2,639
Securities-based lending and Other	13,851	—	3,623	17,474
Total loans	92,031	6,336	6,823	105,190
ACL	(559)	—	—	(559)
Total loans, net of ACL	$ 91,472	$ 6,336	$ 6,823	$ 104,631
Lending Commitments[2]	$ 125,670	$ 22,844	$ 528	$ 149,042
Total exposure	$ 217,142	$ 29,180	$ 7,351	$ 253,673

HFI—Held-for-investment
HFS—Held-for-sale
FVO—Fair value option
Total exposure-consists of Total loans, net of ACL, and Lending commitments

1. FVO includes the fair value of certain unfunded lending commitments
2. 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 HFI, HFS or carried at FVO. For more information on these loan classifications, see Note 2 to the financial statements in the 2025 Annual Report.

Total loans and lending commitments increased by approximately $46.8 billion since December 31, 2025, primarily due to growth in Corporate lending commitments and Secured lending facilities.

See Notes 3, 6 and 15 to the financial statements for further information.

Allowance for Credit Losses–Loans and Lending Commitments

$ in millions	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
ACL—Loans		
Beginning balance	$ 616	$ 559
Gross charge-offs	**(43)**	**(88)**
Recoveries	**—**	**2**
Net (charge-offs) recoveries	**(43)**	**(86)**
Provision for credit losses	**49**	**153**
Other	**(1)**	**(5)**
Ending balance	**$ 621**	**$ 621**
ACL—Lending commitments		
Beginning balance	$ 365	$ 336
Provision for credit losses	**15**	**51**
Other	**(1)**	**(8)**
Ending balance	**$ 379**	**$ 379**
Total ending balance	**$ 1,000**	**$ 1,000**

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 condition, industry, facility structure, loan-to-value ("LTV") ratio, debt service ratio, collateral and covenants. Qualitative and environmental factors such as economic and business conditions, nature and volume of the portfolio and lending terms, and volume and severity of past due loans may also be considered.

The allowance for credit losses for loans and lending commitments increased since December 31, 2025, primarily related to portfolio growth in secured lending facilities and corporate loans, as well as specific commercial real estate loans. Charge-offs in the current year period were related to commercial real estate loans and corporate loans.

The base scenario used in our ACL models at September 30, 2026 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. Our ACL models incorporate key macroeconomic variables, including U.S. real gross domestic product ("GDP") growth rate with the base scenario for the current quarter incorporating expectations of continued economic growth and higher interest rates relative to our prior quarter forecast. Other key macroeconomic variables used in our ACL models include corporate credit spreads, interest rates and commercial real estate indices. The significance of these key macroeconomic variables on our ACL models varies depending on portfolio composition and economic conditions. See Note 2 to the financial statements in the 2025 Annual Report.

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

	4Q 2026	4Q 2027
Year-over-year growth rate	**2.0 %**	**2.2 %**

Status of Loans Held for Investment

	At September 30, 2026	At December 31, 2025
Accrual	**99.6 %**	99.4 %
Nonaccrual[1]	**0.4 %**	0.6 %

1. Nonaccrual loans are loans where principal or interest is not expected when contractually due or are past due 90 days or more unless the obligation is well-secured and is in the process of collection. For further information on our nonaccrual policy, see Note 2 to the financial statements in the 2025 Annual Report.

Net Charge-off Ratios for Loans Held for Investment

	Three Months Ended September 30,			
	2026		2025	
$ in millions	Net charge-offs ratio[1]	Average Loans	Net charge-offs ratio[1]	Average Loans
Corporate	**— %**	**$ 5,678**	— %	$ 4,701
Secured Lending Facilities	**— %**	**73,222**	— %	60,604
CRE	**0.58 %**	**7,404**	0.48 %	7,871
SBL and Other	**— %**	**16,395**	— %	16,189
Total	**0.04 %**	**$ 102,699**	0.04 %	$ 89,365

	Nine Months Ended September 30,			
	2026		2025	
$ in millions	Net charge-offs ratio[1]	Average Loans	Net charge-offs ratio[1]	Average Loans
Corporate	**0.51 %**	**$ 5,451**	— %	$ 4,580
Secured Lending Facilities	**— %**	**69,520**	— %	55,006
CRE	**0.75 %**	**7,748**	1.21 %	8,194
SBL and Other	**— %**	**15,384**	— %	16,091
Total	**0.09 %**	**$ 98,103**	0.12 %	$ 83,871

CRE—Commercial real estate
SBL—Securities-based lending

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

Loans and Lending Commitments by Credit Rating[1]

	At September 30, 2026				
	Contractual Years to Maturity				
$ in millions	< 1	1-5	5-15	>15	Total[3,4]
Loans					
AA	**$ 63**	**$ 1,054**	**$ 189**	**$ —**	**$ 1,306**
A	**873**	**2,309**	**—**	**—**	**3,182**
BBB	**5,824**	**20,048**	**848**	**312**	**27,032**
BB	**12,474**	**39,061**	**3,787**	**443**	**55,765**
Other NIG	**4,267**	**11,850**	**1,597**	**157**	**17,871**
Unrated[2]	**40**	**613**	**132**	**4,043**	**4,828**
Total loans, net of ACL	**23,541**	**74,935**	**6,553**	**4,955**	**109,984**
Lending commitments					
AAA	**$ —**	**$ 75**	**$ —**	**$ —**	**$ 75**
AA	**3,376**	**5,647**	**86**	**—**	**9,109**
A	**8,621**	**29,331**	**1,147**	**—**	**39,099**
BBB	**8,264**	**64,357**	**5,183**	**187**	**77,991**
BB	**3,522**	**24,199**	**2,095**	**1,487**	**31,303**
Other NIG	**1,672**	**5,075**	**1,498**	**265**	**8,510**
Unrated[2]	**—**	**65**	**17**	**—**	**82**
Total lending commitments	**25,455**	**128,749**	**10,026**	**1,939**	**166,169**
Total exposure	**$ 48,996**	**$203,684**	**$ 16,579**	**$ 6,894**	**$276,153**

	At December 31, 2025				
	Contractual Years to Maturity				
$ in millions	< 1	1-5	5-15	>15	Total[3,4]
Loans					
AA	$ 2	$ 163	$ —	$ —	$ 165
A	824	1,062	—	—	1,886
BBB	2,298	15,975	967	429	19,669
BB	9,474	38,628	2,498	411	51,011
Other NIG	4,284	9,791	3,350	94	17,519
Unrated[2]	85	806	446	2,640	3,977
Total loans, net of ACL	16,967	66,425	7,261	3,574	94,227
Lending commitments					
AAA	—	75	—	—	75
AA	3,595	4,548	275	—	8,418
A	7,769	24,355	835	—	32,959
BBB	6,705	51,400	1,412	115	59,632
BB	2,178	23,609	2,793	1,552	30,132
Other NIG	510	4,980	1,850	3	7,343
Unrated[2]	1	43	9	1	54
Total lending commitments	20,758	109,010	7,174	1,671	138,613
Total exposure	$ 37,725	$175,435	$ 14,435	$ 5,245	$232,840

NIG-Non-investment grade

1. Counterparty credit ratings are internally determined by the Credit Risk Management Department ("CRM"). Primarily includes Corporate, Residential real estate, and Commercial real estate loans and lending commitments.
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.
3. Excludes loans and lending commitments of $18.7 billion and $15.0 billion at September 30, 2026 and December 31, 2025, respectively, which are extended to clients of Morgan Stanley's Wealth Management business. The above loans and lending commitments are largely subject to collateral maintenance provisions and predominantly over-collateralized.
4. Excludes lending commitment to MSIP of $5.7 billion and $5.9 billion at September 30, 2026 and December 31, 2025, respectively.

Loans and Lending Commitments by Industry[1]

$ In millions	**At September 30, 2026**	At December 31, 2025
Financials	**$ 82,560**	$ 74,000
Real estate	**53,660**	47,573
Information technology[3]	**19,103**	9,026
Industrials	**17,505**	14,125
Communication services	**16,991**	13,871
Consumer staples	**15,478**	12,815
Health care	**14,795**	15,958
Consumer discretionary	**13,252**	9,660
Utilities	**12,283**	10,823
Insurance	**10,769**	7,319
Energy	**7,716**	7,290
Materials	**7,299**	7,162
Other	**4,742**	3,218
Total exposure	**$ 276,153**	$ 232,840

1. Excludes loans and lending commitments of $18.7 billion and $15.0 billion at September 30, 2026 and December 31, 2025, respectively, which are extended to clients of Morgan Stanley's Wealth Management business.
2. Excludes lending commitment to MSIP of $5.7 billion and $5.9 billion at September 30, 2026 and December 31, 2025, respectively.
3. Information technology exposure increased driven in part by a certain lending commitment primarily held for sale at September 30, 2026.

Commercial Real Estate Loans and Lending Commitments

By Region

$ in millions	At September 30, 2026 Loans[1]	LC[1]	Total	At December 31, 2025 Loans[1]	LC[1]	Total
Americas	$ 4,963	$ 1,347	$ 6,310	$ 4,388	$ 324	$ 4,712
EMEA	3,293	67	3,360	4,208	102	4,310
Asia	410	15	425	466	15	481
Total	**$ 8,666**	**$ 1,429**	**$ 10,095**	$ 9,062	$ 441	$ 9,503

By Property Type

$ in millions	At September 30, 2026 Loans[1]	LC[1]	Total	At December 31, 2025 Loans[1]	LC[1]	Total
Industrial	$ 2,883	$ 1,057	$ 3,940	$ 3,606	$ 35	$ 3,641
Office	2,329	103	2,432	2,179	132	2,311
Multifamily	1,796	218	2,014	1,882	219	2,101
Hotel	1,074	37	1,111	837	51	888
Retail	584	14	598	558	4	562
Total	**$ 8,666**	**$ 1,429**	**$ 10,095**	$ 9,062	$ 441	$ 9,503

LC-Lending Commitments

1. Amounts include HFI, HFS and FVO loans and lending commitments. HFI loans are net of ACL.

At September 30, 2026 and December 31, 2025, our direct lending against Commercial real estate ("CRE") properties totaled $10.1 billion and $9.5 billion, respectively. This represented 3.4% and 3.7% of total exposure reflected in the Loans and Lending Commitments table above. Those CRE loans are primarily originated for experienced sponsors and are generally secured by specific institutional CRE properties. In many cases, loans are subsequently syndicated or securitized on a full or partial basis, reducing our ongoing exposure.

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

While we continue to actively monitor all our loan portfolios, the commercial real estate sector remains under heightened focus given the sector's sensitivity to economic factors.

Country Risk

Country risk exposure is the risk that events in, or that affect, a foreign country (any country other than the U.S.) might adversely affect us. We actively manage country risk exposure through a comprehensive risk management framework that combines credit and other market fundamentals and allows us to effectively identify, monitor and limit country risk. For a further discussion of our country risk exposure see "Quantitative and Qualitative Disclosures about Risk—Country and Other Risk" in the 2025 Annual Report.

Top 5 Non-U.S. Country Exposures

$ in millions	At September 30, 2026 United Kingdom	France	Australia	Netherlands	Italy
Sovereign					
Net inventory[1]	**$ (4)**	**$ 2,713**	**$ 176**	**$ 962**	**$ 1,727**
Net counterparty exposure[2]	**—**	**3**	**—**	**—**	**15**
Exposure before hedges	**(4)**	**2,716**	**176**	**962**	**1,742**
Hedges[3]	**(23)**	**5**	**—**	**(11)**	**(47)**
Net exposure	**$ (27)**	**$ 2,721**	**$ 176**	**$ 951**	**$ 1,695**
Non-sovereign					
Net inventory[1]	**$ 1,215**	**$ 902**	**$ 101**	**$ 418**	**$ 233**
Net counterparty exposure[2]	**2,291**	**1,525**	**56**	**347**	**650**
Loans	**10,685**	**740**	**2,574**	**817**	**—**
Lending commitments	**9,061**	**3,645**	**1,570**	**1,027**	**968**
Exposure before hedges	**23,252**	**6,812**	**4,301**	**2,609**	**1,851**
Hedges[3]	**(895)**	**(1,398)**	**(177)**	**(50)**	**(181)**
Net exposure	**$ 22,357**	**$ 5,414**	**$ 4,124**	**$ 2,559**	**$ 1,670**
Total net exposure	**$ 22,330**	**$ 8,135**	**$ 4,300**	**$ 3,510**	**$ 3,365**

1. Net inventory represents exposure to both long and short single-name and index positions (i.e., bonds and equities at fair value, 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, 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.
3. Amounts represent net CDS hedges (purchased and sold) on net counterparty exposure and lending executed by trading desks responsible for hedging counterparty and lending credit risk exposures. Amounts are based on the CDS notional amount assuming zero recovery adjusted for the fair value of any receivable or payable.

Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, human factors (e.g., inappropriate or unlawful conduct) or external events (e.g., cyberattacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal, regulatory and compliance risks, or damage to physical assets. We may experience operational risk events 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 2025 Annual Report.

Model Risk

Model risk is 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, noncompliance with applicable laws and/or regulations or damage to the Bank's 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 2025 Annual Report.

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, a reduction in deposit balances, 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 2025 Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" herein.

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss, including fines, penalties, judgments, damages and/or settlements, limitations on our business, or loss to reputation that we may suffer as a result of failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with Bank Secrecy Act ("BSA")/Anti-Money Laundering ("AML") and Office of Foreign Assets Control ("OFAC") rules and requirements, terrorist financing, and anti-corruption rules and regulations. For a further discussion about our legal and compliance risk, see "Quantitative and Qualitative Disclosures about Risk—Legal, Regulatory and Compliance Risk" in the 2025 Annual Report.

Climate Risk

Climate-related risk consists of physical and transition risks. Physical risks include harm to people and property arising from acute climate-related events, such as floods, hurricanes, heatwaves, droughts and wildfires, and chronic, longer-term shifts in climate patterns, such as higher global average temperatures, rising sea levels and long-term droughts. Transition risks include policy, legal, technology, and market changes. Examples of these transition risks include changes in consumer and business sentiment, related technologies and any additional regulatory and legislative requirements, including increased disclosure requirements or taxation of carbon emissions.

Climate risk, which is not expected to have a significant effect on our consolidated results of operations or financial condition in the near term, is an overarching risk that can impact other categories of risk. For a further discussion about our climate risk, see "Quantitative and Qualitative Disclosures about Risk—Climate Risk" in the 2025 Annual Report.

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112-0015
USA

Tel: +1 212-492-4000
Fax: +1 212-489-1687
www.deloitte.com

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors and Shareholder of
Morgan Stanley Bank, N.A.

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Morgan Stanley Bank, N.A. and subsidiaries (the "Bank") as of September 30, 2026, and the related condensed consolidated income statements, comprehensive income statements, statements of changes in shareholder's equity for the three-month and nine-month periods ended September 30, 2026 and 2025, and cash flow statements for the nine-month periods ended September 30, 2026 and 2025, 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 accordance with accounting principles generally accepted in the United States of America.

Basis for Review Results

We conducted our reviews in accordance with auditing standards generally accepted in the United States of America (GAAS) applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. A review of interim financial information is substantially less in scope than an audit conducted in accordance with GAAS, the objective of which is an expression of an opinion regarding the financial information as a whole, and accordingly, we do not express such an opinion. We are required to be independent of the Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our review. We believe that the results of the review procedures provide a reasonable basis for our conclusion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, on February 14, 2026, the Fixed Income business of Morgan Stanley Capital Services LLC ("MSCS-Fixed Income") was merged with and into the Bank, and on March 14, 2026, Morgan Stanley Europe SE ("MSESE"), together with its subsidiary Morgan Stanley Bank AG ("MSBAG" and together with MSESE, the "MSESE Group"), was acquired by the Bank (collectively the "Reorganization"). These common control transactions represent a change in reporting entity requiring retrospective application. The financial statements and the related notes are presented as if the Reorganization occurred at the beginning of 2025.

Responsibilities of Management for the Interim Financial Information

Management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of interim financial information that is free from material misstatement, whether due to fraud or error.

Report on Condensed Balance Sheet as of December 31, 2025

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2025, and the related consolidated income statement, comprehensive income statement, statement of changes in shareholder's equity, and cash flow statement for the year then ended prior to retrospective application as a result of the Reorganization (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 16, 2026. We also audited the adjustments described in Note 1 that were applied to retrospectively adjust the December 31, 2025 consolidated balance sheet of the Bank (not presented herein). In our opinion, such adjustments are appropriate and have been properly applied to the previously issued consolidated balance sheet in deriving the accompanying retrospectively adjusted condensed consolidated balance sheet as of December 31, 2025.

Deloitte & Touche LLP

November 11, 2026

Consolidated Income Statement (Unaudited)

Morgan Stanley Bank, N.A.

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Revenues				
Investment banking[1]	**$ 134**	$ 103	**$ 430**	$ 260
Trading[1]	**1,407**	1,145	**3,839**	2,971
Investments[1]	**21**	22	**57**	55
Commissions and fees[1]	**502**	254	**1,386**	1,201
Other[1]	**72**	84	**160**	139
Total non-interest revenues	**2,136**	1,608	**5,872**	4,626
Interest income	**4,233**	3,928	**11,827**	12,393
Interest expense	**3,191**	3,141	**8,431**	9,237
Net interest	**1,042**	787	**3,396**	3,156
Net revenues	**3,178**	2,395	**9,268**	7,782
Provision for credit losses	**64**	(7)	**204**	162
Non-interest expenses				
Compensation and benefits	**283**	233	**999**	719
General and administrative	**778**	668	**2,242**	1,920
FDIC and regulatory assessments	**40**	13	**84**	51
Total non-interest expenses	**1,101**	914	**3,325**	2,690
Income before provision for income taxes	**2,013**	1,488	**5,739**	4,930
Provision for income taxes	**466**	355	**1,404**	1,176
Net income	**$ 1,547**	$ 1,133	**$ 4,335**	$ 3,754

1. In the first quarter of 2026, during the integration of merged and acquired businesses, certain reclassifications and updates have been made to the prior period amounts to conform to the current period's presentation. These reclassifications had no effect on net revenues.

Consolidated Comprehensive Income Statement (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Net income	**$ 1,547**	$ 1,133	**$ 4,335**	$ 3,754
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	**(1)**	(23)	**(197)**	1,006
Change in net unrealized gains (losses) on available-for-sale securities	**(538)**	225	**(619)**	434
Change in net debt valuation adjustment	**(11)**	(120)	**(23)**	(168)
Net change in cash flow hedges	**(380)**	40	**(829)**	73
Pension and other	**—**	—	**—**	(2)
Total other comprehensive income (loss)[1,2]	**$ (930)**	$ 122	**$ (1,668)**	$ 1,343
Comprehensive income	**$ 617**	$ 1,255	**$ 2,667**	$ 5,097

1. Amounts were net of (provision) benefit for income taxes of $271 million and $(74) million for the current and prior year quarters, respectively.
2. Amounts were net of (provision) benefit for income taxes of $423 million and $(160) million for the current and prior year periods, respectively.

Consolidated Balance Sheet (Unaudited)

Morgan Stanley Bank, N.A.

$ in millions	(Unaudited) At September 30, 2026	At December 31, 2025
Assets		
Cash and cash equivalents	**$ 71,420**	$ 34,405
Trading assets at fair value[1] (**$28,218** and $37,579 were pledged to various parties)	**93,926**	90,744
Investment securities:		
Available-for-sale at fair value (amortized cost of **$63,043** and $69,589)	**60,876**	68,233
Held-to-maturity (fair value of **$16,051** and $19,248)	**19,441**	21,823
Securities purchased under agreements to resell	**49,670**	41,602
Securities borrowed	**7,145**	5,341
Customer and other receivables[1]	**9,761**	10,227
Loans:		
Held for investment (net of allowance for credit losses of **$621** and $559)	**103,181**	91,472
Held for sale	**11,218**	6,336
Other assets[1]	**3,494**	2,515
Total assets	**$ 430,132**	$ 372,698
Liabilities		
Deposits (includes **$5,317** and $5,155 at fair value)	**$ 276,184**	$ 213,788
Trading liabilities at fair value	**33,455**	31,684
Securities sold under agreements to repurchase	**14,136**	33,740
Securities loaned	**7,112**	6,398
Other secured financings	**4,115**	2,505
Customer and other payables[1]	**22,658**	9,262
Other liabilities and accrued expenses[1]	**3,775**	2,615
Borrowings (includes **$5,170** and $4,548 at fair value)	**27,423**	36,355
Total liabilities	**388,858**	336,347
Commitments and contingent liabilities (see Note 15)		
Shareholder's equity		
Common stock, $1 par value:		
Shares authorized: **50,000**; Shares issued: **100**; Shares outstanding: **100**	**—**	—
Additional paid-in capital	**21,996**	17,290
Retained earnings	**21,793**	19,908
Accumulated other comprehensive income (loss)	**(2,515)**	(847)
Total shareholder's equity	**41,274**	36,351
Total liabilities and shareholder's equity	**$ 430,132**	$ 372,698

1. In the first quarter of 2026, during the integration of merged and acquired businesses, certain reclassifications and updates have been made to the prior period amounts to conform to the current period's presentation. These reclassifications had no effect on total assets or liabilities.

Statement of Changes in Shareholder's Equity (Unaudited)

Morgan Stanley Bank, N.A.

$ in millions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
Common stock				
Beginning and ending balance	**$ —**	$ —	**$ —**	$ —
Additional paid-in capital				
Beginning balance	21,996	17,290	17,290	17,290
Other net increases (decreases)	**—**	—	**4,706**	—
Ending Balance	**21,996**	17,290	**21,996**	17,290
Retained earnings				
Beginning balance	20,246	19,291	19,908	16,670
Net income	**1,547**	1,133	**4,335**	3,754
Dividends to Parent	**—**	—	**(2,450)**	—
Ending balance	**21,793**	20,424	**21,793**	20,424
Accumulated other comprehensive income (loss)				
Beginning balance	(1,585)	(1,101)	(847)	(2,322)
Net change in Accumulated other comprehensive income (loss)[1,2]	**(930)**	122	**(1,668)**	1,343
Ending balance	**(2,515)**	(979)	**(2,515)**	(979)
Total shareholder's equity	**$ 41,274**	$ 36,735	**$ 41,274**	$ 36,735

1. Amounts were net of (provision) benefit for income taxes of $271 million and $(74) million for the current and prior year quarters, respectively.
2. Amounts were net of (provision) benefit for income taxes of $423 million and $(160) million for the current and prior year periods, respectively.

Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley Bank, N.A.

$ in millions	Nine Months Ended September 30, 2026	2025
Cash flows from operating activities		
Net income	**$ 4,335**	$ 3,754
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	**120**	115
Provision for credit losses	**204**	162
Deferred income taxes	**(49)**	(34)
Other operating adjustments	**(749)**	(136)
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities[1]	**563**	(14,633)
Securities borrowed	**(1,804)**	(2,057)
Securities loaned	**714**	1,479
Loans at fair value with intent to sell	**(1,362)**	(1,562)
Loans held for sale	**(4,884)**	(446)
Securities purchased under agreements to resell	**(3,697)**	(6,119)
Securities sold under agreements to repurchase	**(25,938)**	10,772
Net receivable from / (payable to) affiliates	**11,037**	148
Customer and other payables[1]	**3,763**	1,755
Other Liabilities and Accrued Expenses	**992**	300
Customer and other receivables[1]	**(78)**	(3,001)
Other assets	**—**	(34)
Net cash provided by (used for) operating activities	**(16,833)**	(9,537)
Cash flows from investing activities		
Proceeds from (payments for):		
AFS securities:		
Purchases	**(12,200)**	(15,601)
Proceeds from sales	**7,006**	4,026
Proceeds from paydowns and maturities	**10,834**	5,048
HTM securities:		
Purchases	**(999)**	—
Proceeds from paydowns and maturities	**3,533**	1,232
Securities purchased under agreements to resell	**(4,371)**	5,775
Securities sold under agreements to repurchase	**6,334**	—
Changes in loans at fair value with intent to hold, net	**—**	35
Changes in loans held for investment, net	**(12,208)**	(13,427)
Other investing activities	**(503)**	(87)
Net cash provided by (used for) investing activities	**(2,574)**	(12,999)
Cash flows from financing activities		
Net proceeds from (payments for):		
Deposits	**62,967**	16,943
Other secured financings	**873**	912
Proceeds from issuance of Borrowings	**7,539**	5,571
Capital Infusion	**4,706**	—
Payments for:		
Borrowings	**(16,325)**	(9,101)
Cash dividends	**(2,450)**	—
Net cash provided by (used for) financing activities	**57,310**	14,325
Effect of exchange rate changes on cash and cash equivalents	**(888)**	1,721
Net increase (decrease) in cash and cash equivalents	**37,015**	(6,490)
Cash and cash equivalents, at beginning of period	**34,405**	36,074
Cash and cash equivalents, at end of period	**$ 71,420**	$ 29,584
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	**$ 8,951**	$ 9,107
Income taxes	**1,074**	1,066

1. In the first quarter of 2026, during the integration of merged and acquired businesses, certain reclassifications and updates have been made to the prior period amounts to conform to the current period's presentation. These reclassifications had no effect on Net cash provided by (used for) operating, investing, or financing activities.

Notes to Consolidated Financial Statements (Unaudited)

1. Introduction and Basis of Presentation

The Bank

Morgan Stanley Bank, N.A. is a national bank and a wholly owned subsidiary of Morgan Stanley Capital Management LLC ("MSCM") which is a direct wholly owned subsidiary of Morgan Stanley. The Bank is regulated by the Office of the Comptroller of the Currency ("OCC") and its qualifying deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). The Bank is also registered as a swap dealer with the U.S. Commodity Futures Trading Commission ("CFTC") and conditionally registered as a security-based swap dealer with the U.S. Securities and Exchange Commission ("SEC"). The Bank is also a member of London Clearing House ("LCH") and ICE Clear Credit LLC ("ICE Clear Credit"), which is a wholly owned subsidiary of The Intercontinental Exchange, Inc.

Consistent with the Firm's and our stated strategic objective of ongoing growth of in-scope assets at the Bank, on February 14, 2026, the Fixed Income business of Morgan Stanley Capital Services LLC ("MSCS-Fixed Income") was merged with and into the Bank, and on March 14, 2026, Morgan Stanley Europe SE ("MSESE"), together with its subsidiary Morgan Stanley Bank AG ("MSBAG" and, together with MSESE, the "MSESE Group"), was acquired by the Bank (collectively the "Reorganization"). In connection with the Reorganization, the Firm made a $5 billion cash capital contribution to the Bank on February 11, 2026.

The MSESE Group is directly supervised by the European Central Bank ("ECB") and additionally by the Federal Financial Supervisory Authority ("BaFin") and the Deutsche Bundesbank. The MSESE Group operates branches in France, Italy, the Netherlands, Poland, Spain, Sweden and Denmark that are also regulated by the relevant authorities in each jurisdiction. The MSESE Group is held by Morgan Stanley Bank, N.A. as a subsidiary under the authority of, and is subject to the regulatory requirements and limitations of, the Federal Reserve's Regulation K. Unless the context otherwise requires, the term the "Bank" means Morgan Stanley Bank, N.A. together with its consolidated subsidiaries. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Quarterly Report.

The Bank primarily offers institutional lending and institutional sales and trading services in addition to deposit products. The Bank's sales and trading activities are primarily focused on executing derivative transactions, including interest rate, currency, credit and commodities derivative transactions (collectively "Fixed Income") with clients and affiliated entities, as well as equities derivative transactions with clients and affiliated entities. The Bank also maintains an investment portfolio for Liquidity and Interest Rate Risk Management purposes.

Our European Union ("E.U.") activities will continue to expand through activities performed or provided by the MSESE Group, including sales, trading, financing and market-making activities in fixed income, equity products and financial advisory services, including advice on mergers, acquisitions and restructurings and capital raising.

The Bank's lending activities include lending to corporations for specific purposes, such as financing acquisitions and normal operating activities, secured lending facilities, commercial real estate lending, as well as extending securities-based and other financing, including retail securities-based lending primarily to customers of our affiliated retail broker-dealer, Morgan Stanley Smith Barney LLC ("MSSB").

The deposit accounts the Bank accepts are principally used to fund lending activities and the Bank's investment portfolio. The Bank accepts demand deposits, and issues certificates of deposit ("CDs") that are principally used to fund lending and trading activities and invest in securities. Our subsidiary, the MSESE Group, also offers retail term deposits.

Basis of Financial Information

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Bank to make estimates and assumptions regarding the valuations of certain financial instruments, allowance for credit losses ("ACL"), compensation, deferred tax assets, the outcome of legal and tax matters, and other matters that affect the financial statements and related disclosures. The Bank believes that the estimates utilized in the preparation of the financial statements are prudent and reasonable. Actual results could differ materially from these estimates.

The Notes are an integral part of the Bank's financial statements. The Bank has evaluated subsequent events for adjustment to or disclosure in the financial statements through the date of this report and has not identified any recordable or disclosable events not otherwise reported in the financial statements or the notes thereto.

As the Reorganization involved subsidiaries under the common control of the Firm, it was recorded by the Bank based on the carrying values of MSCS-Fixed Income's and the MSESE Group's assets and liabilities, and this Quarterly Report is presented as if the Reorganization occurred at the beginning of 2025, with any exceptions noted within the relevant sections.

The accompanying financial statements should be read in conjunction with the Bank's financial statements and notes thereto included in the 2025 Annual Report. Certain footnote disclosures included in the 2025 Annual Report 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.

In the first quarter of 2026, during the integration of merged and acquired businesses, certain reclassifications and updates have been made to the prior period amounts to conform to the current

period's presentation. These reclassifications had no effect on reported consolidated earnings.

Consolidation

The financial statements include the accounts of the Bank and its wholly owned subsidiaries, including certain variable interest entities ("VIEs") (see Note 16). Intercompany balances and transactions have been eliminated.

2. Significant Accounting Policies

For a detailed discussion about the Bank's significant accounting policies and for further information on accounting updates adopted in the prior year, see Note 2 to the financial statements in the 2025 Annual Report.

During the nine months ended September 30, 2026, there were no significant updates to the Bank's significant accounting policies, other than as described below.

The Bank adopted the following policies in connection with the Reorganization.

Investment Banking

Revenues from investment banking activities consist of revenues earned from underwriting, primarily equity and fixed income securities, and advisory fees, primarily for mergers, acquisitions, and restructurings.

Underwriting revenues are generally recognized on trade date if there is no uncertainty or contingency related to the amount to be paid. Underwriting costs are deferred and recognized in the relevant non-interest expenses line items when the related underwriting revenues are recorded.

Advisory fees are recognized as advice is provided to the client, based on the estimated progress of work and when a significant reversal of revenues is not probable. Advisory costs are recognized as incurred in the relevant non-interest expenses line items, including those reimbursed.

Commissions and Fees

Commission and fee revenues generally result from transaction-based arrangements in which the client, including affiliated entities, is charged a fee for the execution of transactions. Such revenues primarily arise from fees from affiliated entities to compensate the Bank for relationship priced loans granted to clients of the affiliate, transactions in equity securities, services related to sales and trading activities. Commission and fee revenues are generally recognized when the performance obligation is satisfied.

Transfers of Financial Assets

Transfers of financial assets are accounted for as sales when the Bank has relinquished control over the transferred assets. Any related gain or loss on sale is recorded in Net revenues. Transfers that are not accounted for as sales are treated as collateralized financings. Securities borrowed or purchased under agreements to resell and securities loaned or sold under agreements to repurchase are treated as collateralized financings (see Note 9). In addition, transfers that are not accounted for as purchases are recorded within Trading assets as other debt.

Securities purchased under agreements to resell ("reverse repurchase agreements") and Securities sold under agreements to repurchase ("repurchase agreements"), including repurchase and reverse repurchase agreements-to-maturity, are carried in the balance sheet at the amount of cash paid or received, plus accrued interest. Where appropriate, repurchase agreements and reverse repurchase agreements with the same counterparty are reported on a net basis. Securities borrowed and securities loaned are recorded at the amount of cash collateral advanced or received.

In order to manage credit exposure arising from these transactions, in appropriate circumstances, the Bank enters into master netting agreements and collateral agreements with its counterparties. These agreements provide the Bank with the right, in the event of a default by the counterparty, to net a counterparty's rights and obligations under the agreement and to liquidate and set off collateral held by the Bank against the net amount owed by the counterparty.

The Bank's policy is generally to take possession of securities purchased or borrowed in connection with reverse repurchase agreements and securities borrowed transactions, respectively, and to receive cash and/or securities delivered under repurchase agreements or securities loaned transactions (with rights of rehypothecation).

For information related to offsetting of certain collateralized transactions, see Note 9.

Net Investment Hedges

The Bank uses forward foreign exchange contracts to manage a portion of the currency exposure relating to its net investments in foreign operations. To the extent that the notional amounts of the hedging instruments equal the portion of the investments being hedged and the underlying exchange rate of the derivative hedging instrument is the same as the exchange rate between the functional currency of the investee and the intermediate parent entity's functional currency, it is considered to be perfectly effective. The gain or loss from revaluing qualifying hedges of net investments in foreign operations at the spot rate is reported within Accumulated other comprehensive income (loss) ("AOCI"). The forward points on the hedging instruments are excluded from hedge effectiveness testing and changes in the fair value of this excluded component are recorded currently in Interest income.

Foreign Currencies

Assets and liabilities of operations with non-U.S. dollar functional currencies are translated at year-end rates of exchange. Gains or losses resulting from translating foreign currency financial statements, net of hedge gains or losses and related tax effects, are reflected in AOCI in the balance sheet. Gains or losses resulting from remeasurement of foreign

currency transactions are included in net income, and amounts recognized in the income statement are translated at the rate of exchange on the respective date of recognition for each amount.

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

Loans by Type

	At September 30, 2026		
$ in millions	HFI Loans	HFS Loans	Total Loans
Corporate	**$ 5,999**	**$ 8,611**	**$ 14,610**
Secured lending facilities	**73,783**	**1,840**	**75,623**
Commercial real estate	**7,015**	**652**	**7,667**
Securities-based lending and Other	**17,005**	**115**	**17,120**
Total loans	**103,802**	**11,218**	**115,020**
ACL	**(621)**	**—**	**(621)**
Total loans, net	**$ 103,181**	**$ 11,218**	**$ 114,399**
Loans to non-U.S. borrowers, net	**$ 28,799**	**$ 3,630**	**$ 32,429**

	At December 31, 2025		
$ in millions	HFI Loans	HFS Loans	Total Loans[1]
Corporate	$ 4,398	$ 4,515	$ 8,913
Secured lending facilities	65,857	1,501	67,358
Commercial real estate	7,925	320	8,245
Securities-based lending and Other	13,851	—	13,851
Total loans	92,031	6,336	98,367
ACL	(559)	—	(559)
Total loans, net	$ 91,472	$ 6,336	$ 97,808
Loans to non-U.S. borrowers, net	$ 26,542	$ 2,304	$ 28,846

HFI—Held-for-investment
HFS—Held-for-sale
1. Loans at Fair Value were reclassified as Trading Assets at Fair Value in the first quarter of 2026. Prior period amounts were revised to match the current period presentation.

For additional information on the Bank's HFI and HFS loan portfolios, see Note 3 to the financial statements in the 2025 Annual Report.

Loans by Interest Rate Type

	At September 30, 2026		At December 31, 2025	
$ in millions	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	**$ —**	**$ 14,610**	$ —	$ 8,913
Secured lending facilities	**413**	**75,210**	525	66,833
Commercial real estate	**331**	**7,336**	327	7,918
Securities-based lending and Other	**2,563**	**14,557**	3,024	10,827
Total loans, before ACL	**$ 3,307**	**$ 111,713**	$ 3,876	$ 94,491

See Note 6 for further information regarding Loans and lending commitments held at fair value. See Note 15 for details of current commitments to lend in the future.

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

	At September 30, 2026			At December 31, 2025		
	Corporate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	**$ 2,847**	**$ 2,713**	**$ 5,560**	$ 2,108	$ 2,024	$ 4,132
2026	**304**	**—**	**304**	—	—	—
2025	**—**	**28**	**28**	125	32	157
2024	**78**	**—**	**78**	79	—	79
2023	**—**	**24**	**24**	—	25	25
2022	**—**	**—**	**—**	—	—	—
Prior	**5**	**—**	**5**	5	—	5
Total	**$ 3,234**	**$ 2,765**	**$ 5,999**	$ 2,317	$ 2,081	$ 4,398

	At September 30, 2026			At December 31, 2025		
	Secured Lending Facilities					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	**$ 18,240**	**$ 37,715**	**$ 55,955**	$ 12,890	$ 37,699	$ 50,589
2026	**1,535**	**5,676**	**7,211**	—	—	—
2025	**1,596**	**6,639**	**8,235**	2,491	7,248	9,739
2024	**220**	**692**	**912**	79	2,497	2,576
2023	**215**	**482**	**697**	549	917	1,466
2022	**—**	**507**	**507**	13	957	970
Prior	**—**	**266**	**266**	—	517	517
Total	**$ 21,806**	**$ 51,977**	**$ 73,783**	$ 16,022	$ 49,835	$ 65,857

	At September 30, 2026			At December 31, 2025		
	Commercial Real Estate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	**$ —**	**$ 49**	**$ 49**	$ —	$ —	$ —
2026	**68**	**1,293**	**1,361**	—	—	—
2025	**220**	**1,889**	**2,109**	299	2,103	2,402
2024	**—**	**1,223**	**1,223**	577	1,363	1,940
2023	**141**	**360**	**501**	141	409	550
2022	**—**	**766**	**766**	332	1,095	1,427
Prior	**28**	**978**	**1,006**	37	1,569	1,606
Total	**$ 457**	**$ 6,558**	**$ 7,015**	$ 1,386	$ 6,539	$ 7,925

	At September 30, 2026			
	Securities-based Lending[1]	Other		
$ in millions		IG	NIG	Total
Revolving	**$ 12,050**	**$ 43**	**$ 97**	**$ 12,190**
2026	**2,102**	**—**	**149**	**2,251**
2025	**1,740**	**—**	**49**	**1,789**
2024	**379**	**—**	**21**	**400**
2023	**120**	**—**	**76**	**196**
2022	**—**	**—**	**23**	**23**
Prior	**—**	**—**	**156**	**156**
Total	**$ 16,391**	**$ 43**	**$ 571**	**$ 17,005**

Notes to Consolidated Financial Statements (Unaudited)

	At December 31, 2025			
	Securities-based Lending[1]	Other		
$ in millions		IG	NIG	Total
Revolving	$ 9,900	$ —	$ 57	$ 9,957
2025	1,975	—	131	2,106
2024	1,092	—	24	1,116
2023	210	—	160	370
2022	60	—	62	122
Prior	10	—	170	180
Total	$ 13,247	$ —	$ 604	$ 13,851

IG–Investment Grade
NIG–Non-investment Grade

1. Securities-based loans are subject to collateral maintenance provisions, and at September 30, 2026 and December 31, 2025, 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 2025 Annual Report.

Past Due Loans Held for Investment before Allowance[1]

$ in millions	**At September 30, 2026**	At December 31, 2025
Commercial real estate	**$ 92**	$ 128
Total	**$ 92**	$ 128

1. At September 30, 2026 and December 31, 2025, the majority of the amounts are 90 days or more past due.

Nonaccrual Loans Held for Investment before Allowance[1]

$ in millions	**At September 30, 2026**	At December 31, 2025
Corporate	**$ —**	$ 72
Commercial real estate	**363**	476
Securities-based lending and Other	**26**	21
Total	**$ 389**	$ 569

1. There were no loans held for investment that were 90 days or more past due and still accruing at September 30, 2026 and December 31, 2025. For further information on the Bank's nonaccrual policy, see Note 2 to the financial statements in the 2025 Annual Report.

Loan Modifications to Borrowers Experiencing Financial Difficulty

The Bank may modify the terms of certain loans for economic or legal reasons related to a borrower's financial difficulties, and these modifications include interest rate reductions, principal forgiveness, term extensions and other-than-insignificant payment delays or a combination of these aforementioned modifications. Modified loans are typically evaluated individually for allowance for credit losses.

Modified Loans Held for Investment

Period-end loans held for investment modified during the following periods[1]

	Three Months Ended September 30,			
	2026		2025	
$ in millions	Amortized Cost	% of Total Loans[2]	Amortized Cost	% of Total Loans[2]
Term Extension				
Commercial real estate	**$ —**	**— %**	$ 146	1.9 %
Securities-based lending and Other	**20**	**0.1 %**	—	— %
Total	**$ 20**	**0.1 %**	$ 146	1.9 %
Total Modifications	**$ 20**	**0.1 %**	$ 146	1.9 %

	Nine Months Ended September 30,			
	2026		2025	
$ in millions	Amortized Cost	% of Total Loans[2]	Amortized Cost	% of Total Loans[2]
Term Extension				
Corporate	**$ —**	**— %**	$ 14	0.3 %
Commercial real estate	**50**	**0.7 %**	471	6.1 %
Securities-based lending and Other	**20**	**0.1 %**	—	— %
Total	**$ 70**	**0.3 %**	$ 485	4.0 %
Multiple Modifications - Term Extension and Interest Rate Reduction				
Commercial real estate	**$ —**	**— %**	$ 75	1.0 %
Total	**$ —**	**— %**	$ 75	1.0 %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Securities-based lending and Other	**$ 5**	**— %**	$ —	— %
Total	**$ 5**	**— %**	$ —	— %
Total Modifications	**$ 75**	**0.3 %**	$ 560	4.6 %

1. There were no lending commitments to borrowers for which the Bank has modified the terms of the receivable during the three months ended September 30, 2026 and 2025, as of September 30, 2026 and 2025, respectively. Lending commitments to borrowers for which the Bank has modified terms of the receivable during the nine months ended September 30, 2026 and 2025, were $52 million and $80 million, as of September 30, 2026 and 2025, respectively.
2. Percentage of total loans represents the percentage of modified loans to total loans held for investment by loan type.

Financial Effect of Modifications on Loans Held for Investment

	Three Months Ended September 30, 2026[1]			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness ($ millions)	Interest Rate Reduction (%)
Single Modifications				
Securities-based lending and Other	**12**	**—**	**—**	**— %**

	Three Months Ended September 30, 2025[1]			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness ($ millions)	Interest Rate Reduction (%)
Single Modifications				
Commercial real estate	24	—	—	— %

	Nine Months Ended September 30, 2026[1]			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness ($ millions)	Interest Rate Reduction (%)
Single Modifications				
Commercial real estate	**48**	**—**	**$ —**	**— %**
Securities-based lending and Other	**12**	**—**	**—**	**— %**
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Securities-based lending and Other	**12**	**4**	**$ —**	**— %**

	Nine Months Ended September 30, 2025[1]			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness ($ millions)	Interest Rate Reduction (%)
Single Modifications				
Corporate	21	—	$ —	— %
Commercial real estate	31	—	—	— %
Multiple Modifications - Term Extension and Interest Rate Reduction				
Commercial real estate	65	—	$ —	0.6 %

1. In instances where more than one loan was modified, modification impact is presented on a weighted-average basis.

Performance of Loans Held for Investment Modified in the Last 12 Months

	At September 30, 2026			
$ in millions	Current and less than 30 Days Past Due	30-89 Days Past Due	90+ Days Past Due	Total
Commercial real estate	**$ 50**	**$ —**	**$ —**	**$ 50**
Securities-based lending and Other	**25**	**—**	**—**	**25**
Total	**$ 75**	**$ —**	**$ —**	**$ 75**

	At September 30, 2025			
$ in millions	Current and less than 30 Days Past Due	30-89 Days Past Due	90+ Days Past Due	Total
Corporate	$ 14	$ —	$ —	$ 14
Commercial real estate	496	—	—	496
Total	$ 510	$ —	$ —	$ 510

At September 30, 2026, there were no loans held for investment that defaulted during the nine months ended September 30, 2026 that had been modified in the 12 month period prior to default. At September 30, 2025, there were no loans held for investment that defaulted during the nine months ended September 30, 2025 that had been modified in the 12 month period prior to default.

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

	Nine Months Ended September 30, 2026				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
ACL—Loans					
Beginning balance	$ 56	$ 188	$ 282	$ 33	$ 559
Gross charge-offs	**(28)**	**—**	**(60)**	**—**	**(88)**
Recoveries	**—**	**—**	**2**	**—**	**2**
Net (charge-offs) recoveries	**(28)**	**—**	**(58)**	**—**	**(86)**
Provision (release)	**31**	**42**	**73**	**7**	**153**
Other	**—**	**(1)**	**(3)**	**(1)**	**(5)**
Ending balance	**$ 59**	**$ 229**	**$ 294**	**$ 39**	**$ 621**
Percent of loans to total loans[1]	**6 %**	**71 %**	**7 %**	**16 %**	**100 %**
ACL—Lending commitments					
Beginning balance	$ 178	$ 134	$ 12	$ 12	$ 336
Provision (release)	**64**	**(22)**	**8**	**1**	**51**
Other	**(7)**	**(1)**	**(1)**	**1**	**(8)**
Ending balance	**$ 235**	**$ 111**	**$ 19**	**$ 14**	**$ 379**
Total ending balance	**$ 294**	**$ 340**	**$ 313**	**$ 53**	**$ 1,000**

	Nine Months Ended September 30, 2025				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
ACL—Loans					
Beginning balance	$ 24	$ 130	$ 370	$ 24	$ 548
Gross charge-offs	—	—	(99)	—	(99)
Recoveries	—	—	20	—	20
Net (charge-offs) recoveries	—	—	(79)	—	(79)
Provision (release)	21	55	56	3	135
Other	1	5	14	—	20
Ending balance	$ 46	$ 190	$ 361	$ 27	$ 624
Percent of loans to total loans[1]	5%	69%	8%	18%	100%
ACL—Lending commitments					
Beginning balance	$ 143	$ 83	$ 39	$ 10	$ 275
Provision (release)	11	41	(25)	—	27
Other	6	4	1	—	11
Ending balance	$ 160	$ 128	$ 15	$ 10	$ 313
Total ending balance	$ 206	$ 318	$ 376	$ 37	$ 937

CRE—Commercial real estate
SBL—Securities-based lending
1. Percentage of loans to total loans represents loans held for investment by loan type to total loans held for investment.

The allowance for credit losses for loans and lending commitments increased during the nine months ended September 30, 2026, primarily related to portfolio growth in secured lending facilities and corporate loans, as well as specific commercial real estate loans. Charge-offs in the current year period were related to commercial real estate loans and corporate loans.

The base scenario used in our ACL models at September 30, 2026 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. Our ACL models incorporate key macroeconomic variables, including U.S. real GDP growth rate with the base scenario for the current quarter incorporating expectations of

continued economic growth and higher interest rates relative to the prior quarter forecast. Other key macroeconomic variables used in our models include corporate credit spreads, interest rates and commercial real estate indices. The significance of these key macroeconomic variables on our ACL models varies depending on portfolio composition and economic conditions.

For a further discussion of the Bank's loans as well as the Bank's allowance methodology, refer to Notes 2 and 3 to the financial statements in the 2025 Annual Report.

Gross Charge-offs by Origination Year

	Three Months Ended September 30, 2026				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
Prior to 2022	**$ —**	**$ —**	**$ (43)**	**$ —**	**$ (43)**
Total	**$ —**	**$ —**	**$ (43)**	**$ —**	**$ (43)**

	Three Months Ended September 30, 2025				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
2022	$ —	$ —	$ (2)	$ —	$ (2)
Prior to 2022	—	—	(35)	—	(35)
Total	$ —	$ —	$ (37)	$ —	$ (37)

	Nine Months Ended September 30, 2026				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
Revolving	**$ (28)**	**$ —**	**$ —**	**$ —**	**$ (28)**
2022	**—**	**—**	**(6)**	**—**	**(6)**
Prior to 2022	**—**	**—**	**(54)**	**—**	**(54)**
Total	**$ (28)**	**$ —**	**$ (60)**	**$ —**	**$ (88)**

	Nine Months Ended September 30, 2025				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
2022	$ —	$ —	$ (13)	$ —	$ (13)
Prior to 2022	—	—	(86)	—	(86)
Total	$ —	$ —	$ (99)	$ —	$ (99)

Selected Credit Ratios

	At September 30, 2026	At December 31, 2025
ACL for loans to total HFI loans	**0.6 %**	0.6 %
Nonaccrual HFI loans to total HFI loans	**0.4 %**	0.6 %
ACL for loans to nonaccrual HFI loans	**159.7 %**	98.2 %

4. Interest Income and Interest Expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Interest income				
Cash and cash equivalents	**$ 581**	$ 224	**$ 1,374**	$ 738
Investment securities	**723**	830	**2,223**	2,824
Loans, including fees	**1,666**	1,473	**4,626**	4,252
Securities purchased under agreements to resell[1]	**709**	669	**1,932**	2,138
Securities borrowed[2]	**35**	27	**96**	86
Trading assets, net of Trading liabilities	**208**	299	**632**	895
Customer receivables and Other	**311**	406	**944**	1,460
Total interest income	**$ 4,233**	$ 3,928	**$ 11,827**	$ 12,393
Interest expense				
Deposits	**$ 1,779**	$ 1,446	**$ 4,635**	$ 4,117
Borrowings	**376**	581	**973**	1,659
Securities sold under agreements to repurchase[3]	**529**	636	**1,479**	2,052
Securities loaned[4]	**39**	40	**112**	127
Customer payable and Other	**468**	438	**1,232**	1,282
Total interest expense	**$ 3,191**	$ 3,141	**$ 8,431**	$ 9,237
Net interest	**$ 1,042**	$ 787	**$ 3,396**	$ 3,156

1. Includes interest paid on Securities purchased under agreements to resell.
2. Includes fees paid on Securities borrowed.
3. Includes interest received on Securities sold under agreements to repurchase.
4. Includes fees received on Securities loaned.

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. Otherwise, it is included within Interest income or Interest expense.

Accrued Interest

Accrued interest receivable and payable balances are presented within the respective line items in the consolidated balance sheet and are summarized in the table below.

$ in millions	**At September 30, 2026**	At December 31, 2025
Customer and other receivables	**$ 1,667**	$ 1,482
Customer and other payables	**3,174**	1,008

5. Investment Securities

AFS and HTM Securities

$ in millions	At September 30, 2026 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	**$ 41,901**	**$ 61**	**$ 170**	**$ 41,792**
U.S. agency securities[2]	**16,114**	**1**	**1,924**	**14,191**
Agency CMBS	**1,578**	**—**	**84**	**1,494**
State and municipal securities	**3,148**	**9**	**68**	**3,089**
FFELP student loan ABS[3]	**314**	**1**	**5**	**310**
Unallocated basis adjustment[4]	**(12)**	**12**	**—**	**—**
Total AFS securities	**63,043**	**84**	**2,251**	**60,876**
HTM securities				
U.S. Treasury securities	**5,281**	**—**	**554**	**4,727**
U.S. agency securities[2]	**12,672**	**—**	**2,794**	**9,878**
Non-agency mortgage-backed securities	**1,488**	**21**	**63**	**1,446**
Total HTM securities	**19,441**	**21**	**3,411**	**16,051**
Total investment securities	**$ 82,484**	**$ 105**	**$ 5,662**	**$ 76,927**

$ in millions	At December 31, 2025 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	$ 48,562	$ 114	$ 14	$ 48,662
U.S. agency securities[2]	16,741	16	1,363	15,394
Agency CMBS	2,170	—	95	2,075
State and municipal securities	1,754	10	17	1,747
FFELP student loan ABS[3]	360	1	6	355
Unallocated basis adjustment[4]	2	—	2	—
Total AFS securities	69,589	141	1,497	68,233
HTM securities				
U.S. Treasury securities	6,785	—	415	6,370
U.S. agency securities[2]	13,619	42	2,152	11,509
Non-agency mortgage-backed securities	1,419	10	60	1,369
Total HTM securities	21,823	52	2,627	19,248
Total investment securities	$ 91,412	$ 193	$ 4,124	$ 87,481

ABS—Asset-backed securities
AFS—Available-for-sale
HTM—Held-to-maturity
CMBS—Commercial mortgage-backed securities
FFELP—Federal Family Education Loan Program

1. Amounts are net of any ACL.
2. U.S. agency securities consist mainly of agency mortgage pass-through pool securities, collateralized mortgage obligations 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.
4. Represents the amount of unallocated portfolio layer method basis adjustments related to AFS securities hedged in a closed portfolio. Portfolio layer method basis adjustments are not allocated to individual securities. Refer to Note 2 in the 2025 Annual Report and Note 13 herein for additional information.

AFS Securities in an Unrealized Loss Position

$ in millions	At September 30, 2026 Fair Value	Gross Unrealized Losses	At December 31, 2025 Fair Value	Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	**$ 16,453**	**$ 164**	$ 47	$ —
12 months or longer	**421**	**6**	3,917	14
Total	**16,874**	**170**	3,964	14
U.S. agency securities				
Less than 12 months	**4,282**	**75**	75	—
12 months or longer	**9,448**	**1,849**	12,465	1,363
Total	**13,730**	**1,924**	12,540	1,363
Agency CMBS				
Less than 12 months	**19**	**—**	—	—
12 months or longer	**1,474**	**84**	2,075	95
Total	**1,493**	**84**	2,075	95
State and municipal securities				
Less than 12 months	**1,630**	**54**	360	4
12 months or longer	**136**	**14**	382	13
Total	**1,766**	**68**	742	17
FFELP student loan ABS				
12 months or longer	**263**	**5**	302	6
Total	**263**	**5**	302	6
Unallocated basis adjustment	**—**	**—**	—	2
Total AFS securities in an unrealized loss position				
Less than 12 months	**22,384**	**293**	482	4
12 months or longer	**11,742**	**1,958**	19,141	1,491
Unallocated basis adjustment	**—**	**—**	—	2
Total	**$ 34,126**	**$ 2,251**	$ 19,623	$ 1,497

For AFS securities, the Bank believes there are no securities in an unrealized loss position that have credit losses after performing the analysis described in Note 2 in the 2025 Annual Report. Additionally, the Bank 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. At September 30, 2026 and December 31, 2025, the securities in an unrealized loss position were predominantly investment grade.

The HTM securities net carrying amounts at September 30, 2026 and December 31, 2025 reflect an ACL of $50 million and $56 million, respectively, predominantly related to Non-agency mortgage-backed securities. See Note 2 for a description of the ACL methodology used for HTM Securities in the 2025 Annual Report.

At September 30, 2026 and December 31, 2025, 92% and 93%, respectively, of the Bank's portfolio of HTM securities were investment grade U.S. agency securities and U.S. Treasury securities, which were on accrual status and for which there is an underlying assumption of zero credit losses. Non-investment grade HTM securities primarily consisted of certain Non-agency mortgage-backed securities, for which the expected credit losses were insignificant and were predominantly on accrual status at September 30, 2026 and December 31, 2025.

See Note 16 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 September 30, 2026 Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]
AFS securities			
U.S. Treasury securities:			
Due within 1 year	**$ 11,608**	**$ 11,579**	**3.9 %**
After 1 year through 5 years	**30,221**	**30,141**	**4.1 %**
After 5 years through 10 years	**72**	**72**	**4.5 %**
Total	**41,901**	**41,792**	
U.S. agency securities:			
Due within 1 year	**13**	**13**	**1.7 %**
After 1 year through 5 years	**177**	**165**	**1.9 %**
After 5 years through 10 years	**114**	**99**	**1.4 %**
After 10 years	**15,810**	**13,914**	**3.3 %**
Total	**16,114**	**14,191**	
Agency CMBS:			
Due within 1 year	**168**	**167**	**2.3 %**
After 1 year through 5 years	**1,277**	**1,218**	**2.6 %**
After 10 years	**133**	**109**	**1.8 %**
Total	**1,578**	**1,494**	
State and municipal securities:			
Due within 1 year	**661**	**662**	**4.6 %**
After 1 year through 5 years	**98**	**95**	**4.3 %**
After 5 years through 10 years	**677**	**666**	**4.2 %**
After 10 years	**1,712**	**1,666**	**4.4 %**
Total	**3,148**	**3,089**	
FFELP student loan ABS:			
Due within 1 year	**49**	**47**	**4.6 %**
After 1 year through 5 years	**57**	**55**	**4.5 %**
After 5 years through 10 years	**4**	**4**	**4.5 %**
After 10 years	**204**	**204**	**4.6 %**
Total	**314**	**310**	
Unallocated basis adjustments			
After 10 years	**(12)**	**—**	**— %**
Total	**(12)**	**—**	**— %**
Total AFS securities	**$ 63,043**	**$ 60,876**	**3.8 %**

$ in millions	At September 30, 2026 Amortized Cost[1]	Fair Value	Annualized Average Yield[2]
HTM securities			
U.S. Treasury securities:			
Due within 1 year	**$ 1,051**	**$ 1,038**	**2.2 %**
After 1 year through 5 years	**3,154**	**3,021**	**2.9 %**
After 10 years	**1,076**	**668**	**2.5 %**
Total	**5,281**	**4,727**	
U.S. agency securities:			
After 1 year through 5 years	**116**	**107**	**2.0 %**
After 10 years	**12,556**	**9,771**	**2.4 %**
Total	**12,672**	**9,878**	
Non-agency mortgage-backed securities:			
Due within 1 year	**230**	**240**	**4.3 %**
After 1 year through 5 years	**849**	**823**	**4.3 %**
After 5 years through 10 years	**251**	**234**	**5.4 %**
After 10 years	**158**	**149**	**6.7 %**
Total	**1,488**	**1,446**	
Total HTM securities	**19,441**	**16,051**	**2.6 %**
Total investment securities	**$ 82,484**	**$ 76,927**	**3.5 %**

1. Amounts are net of any ACL.
2. Annualized average yield is computed using the effective yield, weighted based on the amortized cost of each security. The effective yield is shown pre-tax and excludes the effect of related hedging derivatives.
3. At September 30, 2026, the annualized average yield, including the interest rate swap accrual of related hedges, was 3.9% for AFS securities contractually maturing within 1 year and 3.9% for all AFS securities.

Gross Realized Gains (Losses) on Sales of AFS Securities

$ in millions	Three Months Ended September 30, **2026**	2025	Nine Months Ended September 30, **2026**	2025
Gross realized gains	**$ 16**	$ 3	**$ 34**	$ 24
Gross realized (losses)	**(2)**	—	**(6)**	—
Total[1]	**$ 14**	$ 3	**$ 28**	$ 24

1. Gross realized gains (losses) are recognized in Other revenues in the income statement.

Accumulated Other Comprehensive Income (Loss) Rollforward

	AFS Securities			
	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Beginning Balance	**$ (1,121)**	$ (1,431)	**$ (1,040)**	$ (1,640)
OCI Activity:				
Pre-Tax Gain (Loss)	**(690)**	298	(784)	593
Tax effect	**165**	(71)	187	(141)
After-tax Gain (Loss)	**(525)**	227	(597)	452
OCI Activity	**(525)**	227	(597)	452
Reclassified to Earnings:				
Pre-Tax Reclass.	**(16)**	(2)	(28)	(23)
Tax effect	**3**	—	6	5
Reclass. After-tax	**(13)**	(2)	**(22)**	(18)
Net OCI Activity	**(538)**	225	**(619)**	434
Ending Balance	**$ (1,659)**	$ (1,206)	**$ (1,659)**	$ (1,206)

OCI—Other comprehensive income (loss)

6. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At September 30, 2026				
$ in millions	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value					
Trading assets:					
Other sovereign government obligations	**$ 25,784**	**$ 1**	**$ —**	**$ —**	**$ 25,785**
State and municipal securities	**—**	**132**	**—**	**—**	**132**
Loans and lending commitments[1]	**—**	**7,462**	**562**	**—**	**8,024**
Corporate and other debt[2]	**34**	**11,424**	**29**	**—**	**11,487**
Corporate equity	**34,679**	**26**	**2**	**—**	**34,707**
Derivative contracts:					
Foreign exchange	**24**	**96,037**	**185**	**—**	**96,246**
Interest rate	**95**	**542,508**	**2,704**	**—**	**545,307**
Credit	**—**	**22,770**	**160**	**—**	**22,930**
Equity	**66**	**19,049**	**452**	**—**	**19,567**
Commodity and other	**—**	**5,809**	**468**	**—**	**6,277**
Netting[3]	**(130)**	**(626,126)**	**(1,722)**	**(50,232)**	**(678,210)**
Total derivative contracts	**55**	**60,047**	**2,247**	**(50,232)**	**12,117**
Total trading assets[4]	**60,552**	**79,092**	**2,840**	**(50,232)**	**92,252**
Investment securities—AFS					
U.S. Treasury securities	**41,792**	**—**	**—**	**—**	**41,792**
U.S. agency securities	**—**	**14,191**	**—**	**—**	**14,191**
MABS	**—**	**1,701**	**103**	**—**	**1,804**
State and municipal securities	**—**	**3,089**	**—**	**—**	**3,089**
Total Investment securities —AFS	**41,792**	**18,981**	**103**	**—**	**60,876**
Total assets at fair value	**$102,344**	**$ 98,073**	**$ 2,943**	**$(50,232)**	**$153,128**

	At September 30, 2026				
$ in millions	Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value					
Interest-bearing deposits	**$ —**	**$ 5,316**	**$ 1**	**$ —**	**$ 5,317**
Trading liabilities:					
U.S. Treasury and agency securities	**70**	**—**	**—**	**—**	**70**
Other sovereign government obligations	**20,837**	**3**	**—**	**—**	**20,840**
Corporate and other debt	**125**	**3,415**	**3**	**—**	**3,543**
Corporate equity	**198**	**—**	**—**	**—**	**198**
Derivative contracts:					
Foreign exchange	**118**	**90,830**	**171**	**—**	**91,119**
Interest rate	**18**	**511,986**	**1,823**	**—**	**513,827**
Credit	**—**	**22,738**	**132**	**—**	**22,870**
Equity	**156**	**18,310**	**510**	**—**	**18,976**
Commodity and other	**—**	**6,061**	**477**	**—**	**6,538**
Netting[3]	**(130)**	**(626,126)**	**(1,722)**	**(16,548)**	**(644,526)**
Total derivative contracts	**162**	**23,799**	**1,391**	**(16,548)**	**8,804**
Total trading liabilities	**21,392**	**27,217**	**1,394**	**(16,548)**	**33,455**
Other secured financings	**—**	**2,935**	**18**	**—**	**2,953**
Borrowings	**—**	**5,139**	**31**	**—**	**5,170**
Total liabilities at fair value	**$ 21,392**	**$ 40,607**	**$ 1,444**	**$(16,548)**	**$ 46,895**

	At December 31, 2025				
$ in millions	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	$ 21,404	$ —	$ —	$ —	$ 21,404
Other sovereign government obligations	15,095	11	—	—	15,106
State and municipal securities	—	204	—	—	204
Loans and lending commitments[1]	—	6,427	396	—	6,823
Corporate and other debt[2]	65	7,958	18	—	8,041
Corporate equity	25,768	63	2	—	25,833
Derivative contracts:					
Foreign exchange	6	88,830	270	—	89,106
Interest rate	54	374,228	1,275	—	375,557
Credit	—	13,786	160	—	13,946
Equity	182	9,600	433	—	10,215
Commodity and other	—	2,850	772	—	3,622
Netting[3]	(223)	(437,679)	(1,513)	(41,351)	(480,766)
Total derivative contracts	19	51,615	1,397	(41,351)	11,680
Total trading assets[4]	62,351	66,278	1,813	(41,351)	89,091
Investment securities—AFS					
U.S. Treasury securities	48,662	—	—	—	48,662
U.S. agency securities	—	15,394	—	—	15,394
MABS	—	2,431	—	—	2,431
State and municipal securities	—	1,746	—	—	1,746
Total Investment securities—AFS	48,662	19,571	—	—	68,233
Total assets at fair value	$111,013	$ 85,849	$ 1,813	$(41,351)	$157,324

$ in millions	At December 31, 2025 Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value					
Interest-bearing deposits	$ —	$ 5,154	$ 1	$ —	$ 5,155
Trading liabilities:					
U.S. Treasury and agency securities	5,187	—	—	—	5,187
Other sovereign government obligations	12,268	2	—	—	12,270
Corporate and other debt	34	1,853	3	—	1,890
Corporate equity	47	1	—	—	48
Derivative contracts:					
Foreign exchange	66	86,052	165	—	86,283
Interest rate	64	356,686	939	—	357,689
Credit	—	13,847	143	—	13,990
Equity	204	10,019	398	—	10,621
Commodity and other	—	2,786	781	—	3,567
Netting[3]	(223)	(437,679)	(1,513)	(20,446)	(459,861)
Total derivative contracts	111	31,711	913	(20,446)	12,289
Total trading liabilities	17,647	33,567	916	(20,446)	31,684
Other secured financings	—	2,124	28	—	2,152
Borrowings	—	4,543	5	—	4,548
Total liabilities at fair value	$ 17,647	$ 45,388	$ 950	$(20,446)	$ 43,539

MABS—Mortgage- and asset-backed securities

1. For a further breakdown by type, see the following Detail of Loans and Lending Commitments at Fair Value table. Loans at Fair Value were reclassified as Trading Assets at Fair Value in the first quarter of 2026. Prior period amounts were revised to match the current period presentation.
2. Includes equity contracts with financing features.
3. 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 13.
4. Amounts exclude certain investments that are measured based on net asset value ("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 September 30, 2026	At December 31, 2025
Commercial real estate	$ 821	$ 561
Residential real estate	4,042	2,639
Securities-based lending and Other loans	3,161	3,623
Total	$ 8,024	$ 6,823

For a description of the valuation techniques applied to the Bank's major categories of assets and liabilities measured at fair value on a recurring basis, see Note 6 to the financial statements in the 2025 Annual Report. During the current quarter, there were no significant revisions made to the Bank's valuation techniques.

The Bank adopted the following valuation techniques in connection with the Reorganization:

Other Sovereign Government Obligations

Valuation Techniques:

- Fair value is determined using quoted prices in active markets when available. When not available, quoted prices in less active markets are used. In the absence of position-specific quoted prices, fair value may be determined through benchmarking from comparable instruments.

Valuation Hierarchy Classification:

- Level 1—if actively traded and prices are observable
- Level 2—if the market is less active or prices are dispersed
- Level 3—in instances where the trading activity is limited or the prices are unobservable.

Derivative and Other Contracts

Exchange-Traded Derivative Contracts

Valuation Techniques:

- Exchange-traded derivatives that are actively traded are valued based on quoted prices from the exchange.
- Exchange-traded derivatives that are not actively traded are valued using the same techniques as those applied to over-the-counter ("OTC") derivatives as noted below.

Valuation Hierarchy Classification:

- Level 1—when actively traded
- Level 2—when not actively traded
- Level 3—when not actively traded and inputs are unobservable

Borrowings

Valuation Techniques:

- The Bank carries certain borrowings at fair value that are primarily composed of: instruments whose payments and redemption values are linked to the performance of a specific index, a basket of stocks, a specific equity security, a commodity, a credit exposure or basket of credit exposures; and instruments with various interest rate-related features, including step-ups, step-downs and zero coupons. Also included are unsecured contracts that are not classified as OTC derivatives because they fail the initial net investment criterion.
- Fair value is determined using valuation models for the derivative and debt portions of the instruments. These models incorporate observable inputs referencing identical or comparable securities, including prices to which the instruments are linked, interest rate yield curves, option volatility and currency rates, and commodity or equity prices.
- Independent, external and traded prices are considered, as well as the impact of the Bank's own credit spreads, which are based on observed secondary bond market spreads.

Valuation Hierarchy Classification:

- Level 2—when valued using observable inputs or where the unobservable input is not deemed significant.
- Level 3—in instances where an unobservable input is deemed significant.

Rollforward of Level 3 Assets and Liabilities Measured at Fair Value on a Recurring Basis

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Corporate and other debt				
Beginning balance	$ 73	$ 19	$ 18	$ 19
Realized and unrealized gains (losses)	**—**	—	**4**	—
Purchases and originations	**—**	2	**19**	2
Sales	**(44)**	—	**(12)**	(6)
Net transfers	**—**	—	**—**	6
Ending balance	**$ 29**	$ 21	**$ 29**	$ 21
Unrealized gains (losses)	**$ —**	$ —	**$ —**	$ —
Corporate equities				
Beginning balance	$ 1	$ 1	$ 2	$ 1
Realized and unrealized gains (losses)	**—**	2	**—**	1
Purchases	**—**	1	**—**	3
Sales	**—**	(1)	**(1)**	(3)
Net transfers	**1**	—	**1**	1
Ending balance	**$ 2**	$ 3	**$ 2**	$ 3
Unrealized gains (losses)	**$ —**	$ 2	**$ —**	$ 1
Loans				
Beginning balance	$ 473	$ 284	$ 396	$ 441
Realized and unrealized gains (losses)	**(1)**	(1)	**(7)**	(45)
Purchases and originations	**288**	112	**387**	163
Sales	**(272)**	(110)	**(231)**	(112)
Settlements	**—**	—	**—**	(2)
Net transfers	**74**	32	**17**	(128)
Ending balance	**$ 562**	$ 317	**$ 562**	$ 317
Unrealized gains (losses)	**$ (3)**	$ (1)	**$ 2**	$ (43)
Derivative contracts, Interest rate				
Beginning balance	$ 448	$ 137	$ 336	$ 340
Realized and unrealized gains (losses)	**83**	(36)	**284**	(140)
Purchases	**452**	29	**377**	20
Issuances	**(149)**	(20)	**(513)**	(20)
Settlements	**29**	433	**428**	57
Net transfers	**18**	(145)	**(31)**	141
Ending balance	**$ 881**	$ 398	**$ 881**	$ 398
Unrealized gains (losses)	**$ (33)**	$ (13)	**$ 323**	$ (105)
Derivative contracts, Credit				
Beginning balance	$ 26	$ 18	$ 16	$ 64
Realized and unrealized gains (losses)	**43**	(119)	**47**	(30)
Settlements	**(42)**	132	**(56)**	22
Net transfers	**1**	2	**21**	(23)
Ending balance	**$ 28**	$ 33	**$ 28**	$ 33
Unrealized gains (losses)	**$ 44**	$ (124)	**$ 50**	$ (35)
Derivative contracts, Foreign exchange				
Beginning balance	$ 69	$ (378)	$ 105	$ 623
Realized and unrealized gains (losses)	**(20)**	(138)	**(165)**	(122)
Purchases	**3**	253	**45**	256
Issuances	**(5)**	(251)	**(65)**	(258)
Settlements	**(15)**	312	**105**	(701)
Net transfers	**(18)**	22	**(11)**	22
Ending balance	**$ 14**	$ (180)	**$ 14**	$ (180)
Unrealized gains (losses)	**$ (37)**	$ (110)	**$ (58)**	$ (121)
Derivative contracts, Equity				
Beginning balance	$ (21)	$ 15	$ 35	$ 70
Realized and unrealized gains (losses)	**(118)**	(939)	**54**	(114)
Purchases	**66**	28	**—**	27
Issuances	**(6)**	(49)	**—**	(48)
Settlements	**(44)**	922	**(170)**	56
Net transfers	**65**	51	**23**	37
Ending balance	**$ (58)**	$ 28	**$ (58)**	$ 28
Unrealized gains (losses)	**$ (83)**	$ (937)	**$ 89**	$ (103)
Derivative contracts, Commodity and other				
Beginning balance	$ —	$ 85	$ (9)	$ 134
Realized and unrealized gains (losses)	**58**	(30)	**(75)**	(22)
Purchases	**78**	54	**91**	99
Issuances	**(66)**	(54)	**(92)**	(93)
Settlements	**(84)**	23	**77**	28
Net transfers	**5**	83	**(1)**	15
Ending balance	**$ (9)**	$ 161	**$ (9)**	$ 161
Unrealized gains (losses)	**$ 56**	$ 146	**$ (24)**	$ 138
Investment securities—AFS				
Beginning balance	$ 63	$ —	$ —	$ —
Settlements	**(8)**	—	**(14)**	—
Net transfers	**48**	—	**117**	—
Ending balance	**$ 103**	$ —	**$ 103**	$ —
Unrealized gains (losses)	**$ —**	$ —	**$ —**	$ —
Deposits				
Beginning balance	$ 2	$ 29	$ 1	$ 1
Settlements	**(1)**	—	**(1)**	(1)
Net transfers	**—**	(28)	**1**	1
Ending balance	**$ 1**	$ 1	**$ 1**	$ 1
Unrealized losses (gains)	**$ 2**	$ —	**$ —**	$ —
Nonderivative trading liabilities				
Beginning balance	$ 3	$ 3	$ 3	$ 73
Realized and unrealized losses (gains)	**—**	1	**—**	—
Purchases	**—**	(1)	**—**	(1)
Sales	**—**	2	**—**	6
Net transfers	**—**	—	**—**	(73)
Ending balance	**$ 3**	$ 5	**$ 3**	$ 5
Unrealized losses (gains)	**$ —**	$ 1	**$ —**	$ —
Other secured financings				
Beginning balance	$ 5	$ 187	$ 28	$ 156
Realized and unrealized losses (gains)	**—**	53	**—**	105
Issuances	**6**	—	**9**	—
Settlements	**—**	(61)	**—**	(83)
Net transfers	**7**	(4)	**(19)**	(3)
Ending balance	**$ 18**	$ 175	**$ 18**	$ 175
Unrealized losses (gains)	**$ —**	$ 53	**$ —**	$ 105
Borrowings				
Beginning balance	$ 31	$ 3	$ 5	$ 18
Realized and unrealized losses (gains)	**—**	—	**(2)**	—
Issuances	**6**	12	**15**	12
Settlements	**—**	—	**(1)**	—
Net transfers	**(6)**	(3)	**14**	(18)
Ending balance	**$ 31**	$ 12	**$ 31**	$ 12
Unrealized losses (gains)	**$ —**	$ —	**$ (2)**	$ —

Level 3 instruments may be hedged with instruments classified in Level 1 and Level 2. The realized and unrealized gains or losses for assets and liabilities within the Level 3 category presented in the previous tables do not reflect the related realized and unrealized gains or losses on hedging instruments that have been classified by the Bank 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 unrealized gains (losses) are primarily included in Non-interest revenues within Trading revenues in the income statement.

Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements

Valuation Techniques and Unobservable Inputs

	Balance / Range (Average[1])	
$ in millions, except inputs	**At September 30, 2026**	At December 31, 2025
Assets		
Investment securities—AFS	**$ 103**	$ —
Comparable pricing:		
Comparable bond price	**96 to 98 points (97 points)**	—
Trading assets: Corporate and other debt	**$ 20**	$ —
Comparable Pricing:		
Comparable bond price	**102 to 102 points (102 points)**	—
MABS	**$ 9**	$ 18
Comparable pricing:		
Comparable bond pricing	**80 to 100 points (94 points)**	95 to 99 points (97 points)
Loans	**$ 562**	$ 396
Comparable pricing:		
Comparable loan price	**44 to 119 points (92 points)**	35 to 102 points (82 points)
Net Derivative contracts		
Foreign exchange[2]	**$ 14**	$ 105
Option model:		
Deal contingent probability	**85% to 95% (94% / 95%)**	95% to 95% (95% / 95%)
Foreign exchange volatility skew	**—**	5% to 10 % (8% / 8%)
Interest rate volatility skew	**32% to 144% (59% / 33%)**	77% to 109% (88% / 87%)
Interest rate curve	**-1% to 6% (0% / 0%)**	-1% to 10% (1% / 0.05%)
Equity[2]	**$ (58)**	$ 35
Option model:		
Equity volatility	**3% to 87% (20%)**	3% to 59% (17%)
Equity volatility skew	**-8% to 1% (-1%)**	-8% to 1% (-1%)
Equity correlation	**15% to 100% (65%)**	20% to 100% (71%)
FX correlation	**-70% to 52% (-32%)**	-71% to 34% (-24 %)
IR correlation	**-25% to 0% (-1%)**	—
Interest rate[2]	**$ 881**	$ 336
Option model:		
IR volatility skew	**69% to 124% (83% / 82%)**	63% to 101% (75% / 81%)
IR curve correlation	**47% to 99% (77% / 80%)**	52% to 99% (83% / 85%)
Bond volatility	**112% to 137% (119% / 113%)**	1 to 36 bps (28 bps / 36 bps)
Inflation volatility	**32% to 67% (44% / 40%)**	32% to 67% (44% / 40%)
Credit[2]	**$ 28**	$ 16
ISWAP model:		
Lapse rate	**2% to 2% (2% / 2%)**	1.75% to 1.75% (1.75%)
Credit default swap model:		
Credit spread	**20 to 396 bps (86 bps)**	30 to 585 bps (94 bps)
Commodity and other[2]	**$ (9)**	$ (9)
Option model:		
Forward gas price	**$1 to $1 ($1) per MMBTu**	—
Commodity volatility	**19% to 64% (42%)**	—
Forward oil price	**0 to 1 (0) per MT**	—
Discounted Cash Flow:		
Funding Spread	**3 to 232 bps (69 bps)**	23 to 471 bps (81 bps)
Liabilities		
Interest-bearing deposits	**$ 1**	$ 1
Option model:		
Equity volatility	**N/M**	N/M
Other secured financings	**$ 18**	$ 28
Comparable pricing:		
Loan price	**28 to 93 points (59 points)**	84 to 84 points (84 points)
Borrowings	**$ 31**	$ 5
Option Model:		
Equity volatility	**7% to 74% (29%)**	16% to 90% (32%)
Equity volatility skew	**-3% to 0% (-1%)**	-2% to 0% (-1%)
Equity correlation	**15% to 97% (58%)**	24% to 98% (67%)
Equity - FX correlation	**-48% to 1% (-32%)**	-70% to 4% (-36%)
Nonrecurring Fair Value Measurement		
Loans	**$ 1,130**	$ 386
Corporate Loan Model:		
Credit spread	**109 to 395 bps (201 bps)**	103 to 363 bps (201 bps)
Warehouse Model:		
Credit spread	**64 to 125 bps (107 bps)**	66 to 113 bps (83 bps)
Comparable Pricing:		
Comparable loan price	**57 to 57 points (57 points)**	57 to 57 points (57 points)

Points—Percentage of par
IR—Interest rate
ISWAP—Insurance Swap
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).

For a description of the Bank's significant unobservable inputs and qualitative information about the effect of hypothetical changes in the values of those inputs, see Note 6 to the financial statements in the 2025 Annual Report. During the current quarter, there were no significant revisions made to the descriptions of the Bank's significant unobservable inputs.

The Bank adopted the following unobservable inputs in connection with the Reorganization:

An increase (decrease) to the following significant unobservable inputs would generally result in a higher (lower) fair value.

- *Comparable Equity Price*. A price derived from equity raises, share buybacks and external bid levels, etc. A discount or premium may be included in the fair value estimate.

- *Contingency Probability*. Probability associated with the realization of an underlying event upon which the value of an asset is contingent.

An increase (decrease) to the following significant unobservable inputs would generally result in a lower (higher) fair value.

- *Cash-Synthetic Basis*. The measure of the price differential between cash financial instruments and their synthetic derivative-based equivalents. The range disclosed in the previous table signifies the number of points by which the synthetic bond equivalent price is higher than the quoted price of the underlying cash bonds.

- *Funding Spread*. The cost of borrowing defined as the incremental spread over the overnight index swap ("OIS") rate for a specific collateral rate (which refers to the rate applicable to a specific type of security pledged as collateral).

An increase (decrease) to the following significant unobservable inputs would generally result in an impact to the fair value, but the magnitude and direction of the impact would depend on whether the Bank is long or short the exposure.

- *Correlation*. A pricing input where the payoff is driven by more than one underlying risk. Correlation is a measure of the relationship between the movement of two variables (i.e., how the change in one variable influences a change in the other variable).

- *Interest Rate Curve*. The term structure of interest rates (relationship between interest rates and the time to maturity) and a market's measure of future interest rates at the time of observation. An interest rate curve is used to set interest rate and foreign exchange derivative cash flows and is a pricing input used in the discounting of any OTC derivative cash flow.

Net Asset Value Measurements

Fund Interests

	At September 30, 2026		At December 31, 2025	
$ in millions	Carrying Value	Unfunded Commitments	Carrying Value	Unfunded Commitments
Private equity funds	**$ 179**	**$ 40**	$ 159	$ 47
Real estate funds	**1,495**	**4**	1,494	2
Total	**$ 1,674**	**$ 44**	$ 1,653	$ 49

Amounts in the previous table represent the Bank'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 Bank's investments in private equity funds and real estate funds, which are measured based on NAV, see Note 6 to the financial statements in the 2025 Annual Report.

Nonredeemable Funds by Contractual Maturity

	Carrying value at September 30, 2026	
$ in millions	Private Equity	Real Estate
Less than 5 years	**$ 146**	**$ 838**
5-10 years	**33**	**657**
Total	**$ 179**	**$ 1,495**

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

	At September 30, 2026		
$ in millions	Level 2	Level 3	Total
Assets			
Loans	**$ 1,380**	**$ 1,130**	**$ 2,510**
Liabilities			
Other liabilities and accrued expenses	**$ 10**	**$ 14**	**$ 24**

	At December 31, 2025		
$ in millions	Level 2	Level 3	Total
Assets			
Loans	$ 1,332	$ 386	$ 1,718
Liabilities			
Other liabilities and accrued expenses	**$ 8**	**$ 2**	**$ 10**

Gains (Losses) from Nonrecurring Fair Value Remeasurements

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Assets				
Loans[1]	**$ (2)**	$ (47)	**$ (53)**	$ (172)
Liabilities				
Other liabilities and accrued expenses[2]	**$ (6)**	$ (5)	**$ (4)**	$ (5)
Total	**$ (8)**	$ (52)	**$ (57)**	$ (177)

1. Gains (losses) are recorded within Other revenues in the income statement.
2. Non-recurring 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.

Notes to Consolidated Financial Statements (Unaudited)

Financial Instruments Not Measured at Fair Value

	At September 30, 2026				
	Carrying	Fair Value			
$ in millions	Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	**$ 71,420**	**$ 71,420**	**$ —**	**$ —**	**$ 71,420**
Investment securities —HTM	**19,441**	**4,727**	**9,878**	**1,446**	**16,051**
Securities purchased under agreements to resell	**49,670**	**—**	**48,864**	**808**	**49,672**
Securities borrowed	**7,145**	**—**	**7,145**	**—**	**7,145**
Customer and other receivables[1]	**9,576**	**—**	**9,576**	**—**	**9,576**
Loans[2]					
Held for investment	**103,181**	**—**	**12,313**	**91,385**	**103,698**
Held for sale	**11,218**	**—**	**7,228**	**4,017**	**11,245**
Other assets[3]	**2,006**	**—**	**854**	**951**	**1,805**
Financial liabilities					
Deposits	**$ 270,867**	**$ —**	**$270,990**	**$ —**	**$270,990**
Securities sold under agreements to repurchase	**14,136**	**—**	**14,136**	**—**	**14,136**
Securities loaned	**7,112**	**—**	**7,112**	**—**	**7,112**
Other secured financings	**1,162**	**—**	**883**	**278**	**1,161**
Customer and other payables[1]	**22,658**	**—**	**22,658**	**—**	**22,658**
Other liabilities and accrued expenses	**2,382**	**—**	**1,912**	**470**	**2,382**
Borrowings	**22,253**	**—**	**22,369**	**—**	**22,369**
	Commitment Amount				
Lending commitments[4]	**$ 177,337**	**$ —**	**$ 796**	**$ 884**	**$ 1,680**

	At December 31, 2025				
	Carrying	Fair Value			
$ in millions	Value	Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 34,405	$ 34,405	$ —	$ —	$ 34,405
Investment securities —HTM	21,823	6,370	11,509	1,369	19,248
Securities purchased under agreements to resell	41,602	—	40,833	774	41,607
Securities borrowed	5,341	—	5,341	—	5,341
Customer and other receivables[1]	10,213	—	10,213	—	10,213
Loans[2]					
Held for investment	91,472	—	25,471	66,474	91,945
Held for sale	6,336	—	4,003	2,351	6,354
Other assets[3]	1,837	—	724	940	1,664
Financial liabilities					
Deposits	$ 208,633	$ —	$208,932	$ —	$208,932
Securities sold under agreements to repurchase	33,740	—	33,740	—	33,740
Securities loaned	6,398	—	6,398	—	6,398
Other secured financings	354	—	198	156	354
Customer and other payables[1]	9,262	—	9,262	—	9,262
Other liabilities and accrued expenses	1,676	—	1,260	415	1,675
Borrowings	31,807	—	32,176	—	32,176
	Commitment Amount				
Lending commitments[4]	$ 148,514	$ —	$ 721	$ 592	$ 1,313

1. In the first quarter of 2026, Customer and other receivables and Customer and other payables were presented separately. The prior period amounts for Accrued Interest Receivable and Accrued Interest Payable have been disaggregated from Customer and other receivables and Customer and other payables, respectively, to align with the current presentation.
2. Amounts include loans measured at fair value on a nonrecurring basis.
3. In the first quarter of 2026, Loans to affiliate and Affordable housing tax credit investments were reclassified as Customer and other receivables and Other assets, respectively. Prior period amounts were revised to match the current period presentation.
4. Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending commitments, see Note 15.

The previous tables exclude all non-financial assets and liabilities and certain financial instruments, such as certain payables.

7. Fair Value Option

Fair Value Option

The Bank 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[1]

$ in millions	At September 30, 2026	At December 31, 2025
Equity	$ 3,438	$ 2,755
Interest rates	1,633	1,731
Foreign exchange	99	62
Total	$ 5,170	$ 4,548

1. Presented based on business unit responsible for risk managing the borrowings.

Net Revenues from Liabilities under the Fair Value Option

$ in millions	Trading Revenues	Interest Expense	Net Revenues[1]
Three Months Ended September 30, 2026			
Borrowings	$ (80)	$ 15	$ (95)
Deposits	64	32	32
Three Months Ended September 30, 2025			
Borrowings	$ 16	$ 10	$ 6
Deposits	(66)	32	(98)

$ in millions	Trading Revenues	Interest Expense	Net Revenues[1]
Nine Months Ended September 30, 2026			
Borrowings	$ (432)	$ 40	$ (472)
Deposits	28	97	(69)
Nine Months Ended September 30, 2025			
Borrowings	$ 157	$ 22	$ 135
Deposits	(155)	87	(242)

1. Amounts do not reflect any gains or losses from related economic hedges.

Gains (losses) from changes in fair value are recorded in Trading revenues and are mainly attributable to movements in the reference price or index, interest rates or foreign exchange rates.

Gains (Losses) Due to Changes in Instrument-Specific Credit Risk

	Three Months Ended September 30,			
	2026		2025	
$ in millions	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables[1]	$ (102)	$ —	$ 59	$ —
Lending commitments	8	—	(2)	—
Deposits	—	(28)	—	(18)
Borrowings	—	7	—	(119)

	Nine Months Ended September 30,			
	2026		2025	
$ in millions	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables1	$ (30)	$ —	$ 54	$ —
Lending commitments	1	—	(3)	—
Deposits	—	(26)	—	25
Borrowings	—	(2)	—	(194)

OCI—Other comprehensive income (loss)

$ in millions	At September 30, 2026	At December 31, 2025
Cumulative pre-tax DVA gain (loss) recognized in AOCI	$ (324)	$ (28)

DVA—Debt valuation adjustment

1. Loans and other receivables-specific credit gains (losses) were determined by excluding the non-credit components of gains and losses.

Difference between Contractual Principal and Fair Value[1]

$ in millions	At September 30, 2026	At December 31, 2025
Loans and other receivables[2]	$ 1,003	$ 686
Nonaccrual loans[2]	623	514
Borrowings[3]	80	55

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

Fair Value Loans on Nonaccrual Status

$ in millions	At September 30, 2026	At December 31, 2025
Nonaccrual loans	$ 560	$ 527
Nonaccrual loans 90 or more days past due	38	48

Accumulated Other Comprehensive Income (Loss) Rollforward

	DVA			
	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	2026	2025	2026	2025
Beginning Balance	$ (295)	$ (135)	$ (283)	$ (87)
OCI Activity:				
Pre-Tax Gain (Loss)	(17)	(129)	(27)	(169)
Tax effect	6	9	4	1
After-tax Gain (Loss)	(11)	(120)	(23)	(168)
OCI Activity	(11)	(120)	(23)	(168)
Net OCI Activity	(11)	(120)	(23)	(168)
Ending Balance	$ (306)	$ (255)	$ (306)	$ (255)

8. Cash and Cash Equivalents

$ in millions	At September 30, 2026	At December 31, 2025
Cash and due from banks	$ 208	$ 396
Interest bearing deposits with banks	71,212	34,009
Total Cash and cash equivalents	$ 71,420	$ 34,405
Restricted cash	$ 4,286	$ 3,972

For additional information on cash and cash equivalents, including restricted cash, see Note 2 to the financial statements in the 2025 Annual Report.

9. Collateralized Transactions

The Bank enters into securities purchased under agreements to resell, securities sold under agreements to repurchase, securities borrowed and securities loaned transactions with affiliated entities, among other things, acquire securities to cover short positions and settle other securities obligations, meet collateral requirements with respect to its OTC derivatives, finance its inventory positions, meet liquidity requirements and enhance the Bank's returns while maintaining acceptable asset quality and risk standards.

Notes to Consolidated Financial Statements (Unaudited)

The Bank monitors the fair value of the underlying securities as compared with the related receivable or payable, including accrued interest, and requests or posts additional collateral, as required under the applicable agreement to ensure such transactions are adequately collateralized, or returns excess collateral.

The risk related to a decline in the market value of collateral pledged or received is managed by setting appropriate market-based margin requirements. Increases in collateral margin calls on secured financing due to market value declines may be mitigated by increases in collateral margin calls on securities purchased under agreements to resell and securities borrowed transactions with similar quality collateral. Additionally, the Bank may request lower quality collateral pledged be replaced with higher quality collateral through collateral substitution rights in the underlying agreements.

The Bank actively manages its secured financings in a manner that reduces the potential refinancing risk of secured financings of less liquid assets and also considers the quality of collateral when negotiating collateral eligibility with counterparties. The Bank utilizes shorter term secured financing for highly liquid assets and has established longer tenor limits for less liquid assets, for which funding may be at risk in the event of a market disruption.

For further discussion on Bank's collateralized transactions, see Note 2, Note 8 and Note 11 to the financial statements in the 2025 Annual Report.

Offsetting of Certain Collateralized Transactions

	At September 30, 2026				
$ in millions	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	**$ 120,537**	**$ (70,867)**	**$ 49,670**	**$ (49,407)**	**$ 263**
Securities borrowed	**7,145**	**—**	**7,145**	**(7,080)**	**65**
Liabilities					
Securities sold under agreements to repurchase	**$ 85,003**	**$ (70,867)**	**$ 14,136**	**$ (14,087)**	**$ 49**
Securities loaned	**7,112**	**—**	**7,112**	**(7,105)**	**7**
Amounts for which master netting agreements are not in place or may not be legally enforceable, included in Net Amounts					
Securities purchased under agreements to resell					**$ 27**
Securities borrowed					**2**

	At December 31, 2025				
$ in millions	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	$ 109,896	$ (68,294)	$ 41,602	$ (41,303)	$ 299
Securities borrowed	5,341	—	5,341	(5,071)	270
Liabilities					
Securities sold under agreements to repurchase	$ 102,034	$ (68,294)	$ 33,740	$ (33,483)	$ 257
Securities loaned	6,398	—	6,398	(6,376)	22
Amounts for which master netting agreements are not in place or may not be legally enforceable, included in Net Amounts					
Securities purchased under agreements to resell					$ 216
Securities sold under agreements to repurchase					250

1. Amounts relate to master netting agreements that have been determined by the Bank 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 information related to offsetting of derivatives, see Note 13.

Gross Secured Financing Balances by Remaining Contractual Maturity

	At September 30, 2026				
$ in millions	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	**$ 72,371**	**$ 4,936**	**$ 3,868**	**$ 3,828**	**$ 85,003**
Securities loaned	**7,111**	**1**	**—**	**—**	**7,112**
Total included in the offsetting disclosure	**$ 79,482**	**$ 4,937**	**$ 3,868**	**$ 3,828**	**$ 92,115**

	At December 31, 2025				
$ in millions	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	$ 88,825	$ 7,630	$ 3,971	$ 1,608	$ 102,034
Securities loaned	6,398	—	—	—	6,398
Total included in the offsetting disclosure	$ 95,223	$ 7,630	$ 3,971	$ 1,608	$ 108,432

Gross Secured Financing Balances by Class of Collateral Pledged

$ in millions	At September 30, 2026	At December 31, 2025
Securities sold under agreements to repurchase		
U.S. Treasury and agency securities	**$ 1,285**	$ 23,359
Other sovereign government obligations	**73,186**	73,504
Corporate equities	**2,007**	518
Other	**8,525**	4,653
Total	**$ 85,003**	$ 102,034
Securities loaned		
Other sovereign government obligations	**$ 136**	$ 16
Corporate equities	**6,645**	5,614
Other	**331**	768
Total	**$ 7,112**	$ 6,398
Total included in the offsetting disclosure	**$ 92,115**	$ 108,432

Assets Loaned or Pledged

The Bank pledges certain of its investment securities and trading assets to collateralize securities sold under agreements to repurchase and margin loans.

Pledged financial instruments that can be sold or repledged by the secured party are identified as Trading assets (pledged to various parties) in the Bank's Consolidated Balance Sheet.

The fair value of assets loaned or pledged with counterparty right to sell or repledge was $28 billion and $38 billion at September 30, 2026 and December 31, 2025, respectively.

The carrying value of assets loaned or pledged without counterparty right to sell or repledge was $10 billion and $2 billion at September 30, 2026 and December 31, 2025, respectively.

Fair Value of Collateral Received with Right to Sell or Repledge

The Bank receives collateral in the form of securities in connection with its OTC derivative transactions, securities purchased under agreements to resell and securities borrowed. In many cases, the Bank is permitted to sell or repledge these securities held as collateral and use the securities to collateralize OTC derivatives, securities sold under agreements to repurchase and securities loaned. At September 30, 2026 and December 31, 2025, the fair value of financial instruments received as collateral where the Bank is permitted to sell or repledge the securities was $144 billion and $134 billion, respectively. At September 30, 2026 and December 31, 2025, the fair value of securities that had been sold or repledged was $104 billion and $110 billion, respectively.

10. Deposits

Deposits

$ in millions	At September 30, 2026	At December 31, 2025
Savings and demand deposits[1]	**$ 213,513**	$ 161,549
Time deposits[2,3]	**62,671**	52,239
Total deposits	**$ 276,184**	$ 213,788
Deposits subject to FDIC insurance	**$ 187,703**	$ 164,834
Deposits not subject to FDIC insurance	**$ 88,481**	$ 48,954

1. Primarily includes deposits from the Parent and affiliated entities, see Note 12.
2. Includes Structured CDs at fair value of $5.3 billion and $5.2 billion at September 30, 2026 and December 31, 2025, respectively.
3. The contractual liability to depositors was $62.7 billion and $52.2 billion at September 30, 2026 and December 31, 2025, respectively.

Time Deposit Maturities

$ in millions	At September 30, 2026
2026	**$ 8,293**
2027	**21,602**
2028	**14,681**
2029	**8,557**
2030	**6,668**
Thereafter	**2,870**
Total	**$ 62,671**

Uninsured Non-U.S. Time Deposit Maturities

$ in millions	At September 30, 2026
Less than 3 months	**$ 278**
3 - 6 months	**345**
6 - 12 months	**873**
Over 12 months	**171**
Total	**$ 1,667**

Deposits in Subsidiaries from Non-U.S. Depositors

$ in millions	At September 30, 2026	At December 31, 2025
Deposits in subsidiaries from non-U.S. depositors	**$ 1,667**	$ 574

11. Borrowings; and Other Secured Financings

Borrowings

$ in millions	At September 30, 2026	At December 31, 2025
Original maturities of one year or less	**$ 2,190**	$ 4,200
Original maturities greater than one year:		
Senior	**$ 17,950**	$ 22,538
Subordinated[1]	**7,283**	9,617
Total greater than one year	**25,233**	32,155
Total	**$ 27,423**	$ 36,355
Weighted average stated maturity, in years[2]	**2.4**	2.1

1. At September 30, 2026, the balance was comprised of senior subordinated, subordinated and junior subordinated debt in the amounts of $4.6 billion, $1.7 billion and $0.9 billion, respectively. At December 31, 2025, the balance was comprised of only subordinated debt.
2. Only includes borrowings with original maturities greater than one year, excluding junior subordinated debt which is perpetual in nature.

Certain senior debt securities are denominated in various non-U.S. dollar currencies and may be structured to provide a return that is linked to equity, credit or other indices (e.g., the consumer price index). Senior debt also may be structured to be callable by the Bank or extendible at the option of the Bank.

The Bank's Borrowings include notes carried and managed on a fair value basis. These include instruments whose payments and redemption values are linked to the performance of a specific index, a basket of stocks, a specific equity security, a commodity, a credit exposure or basket of credit exposures; and instruments with various interest rate-related features, including step-ups, step-downs and zero coupons. Also included are unsecured contracts that are not classified as a derivative because they fail the initial net investment criterion. To minimize the exposure from such instruments, the Bank has entered into various swap contracts, options and other hedges that effectively convert the borrowing costs into floating rates. The swaps and purchased options used to economically hedge the embedded features are derivatives and are carried at fair value. Changes in fair value related to the notes and economic hedges are reported in Trading revenues. See Notes 2 and 6 for further information on borrowings carried at fair value.

Senior Debt Subject to Liquidity Obligations

$ in millions	At September 30, 2026	At December 31, 2025
Liquidity obligations[1]	**2**	66

1. Includes obligations to support secondary market trading.

Subordinated debt

	At September 30, 2026	At December 31, 2025
Contractual weighted average coupon[1]	**3.9 %**	4.8 %

1. Contractual weighted average interest rates for senior subordinated and subordinated debt were 3.8% and 3.6% respectively. Contractual weighted average interest rate for junior subordinated debt was 4.8%, cancellable at the issuer's discretion.

Maturities of senior subordinated debt range from 2026 to 2027. Maturities of subordinated debt range from 2026 to 2031.

Other Secured Financings

$ in millions	At September 30, 2026	At December 31, 2025
Original maturities:		
One year or less	**$ 319**	$ 170
Greater than one year	**3,796**	2,335
Total	**$ 4,115**	$ 2,505
Transfers of assets accounted for as secured financings	**$ 1,166**	$ 1,022

Other secured financings include the liabilities related to transfers of financial assets that are accounted for as financings rather than sales and consolidated VIEs where the Bank 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, AFS securities and HFI and HFS loans. See Note 16 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 Bank continues to record the assets and recognizes the associated liabilities in the balance sheet.

The Bank may execute secured financings with the FRB and FHLB as supplemental sources of funding. At both September 30, 2026 and December 31, 2025, the Bank did not have any outstanding secured financings from the FRB or FHLB.

12. Related Party Transactions

Assets and receivables from Parent and affiliated companies

$ in millions	At September 30, 2026	At December 31, 2025
Trading assets, at fair value	**$ 417**	$ 529
Securities purchased under agreements to resell	**36,115**	25,071
Securities borrowed	**5,863**	4,181
Customer and other receivables	**4,933**	3,844
Other assets	**2**	2
Total	**$ 47,330**	$ 33,627

Liabilities and payables to Parent and affiliated companies

$ in millions	At September 30, 2026	At December 31, 2025
Deposits	**$ 30,609**	$ 9,757
Trading liabilities, at fair value	**154**	5,172
Securities sold under agreements to repurchase	**10,695**	29,162
Securities loaned	**7,102**	6,382
Other secured financings at fair value	**1,180**	425
Customer and other payables	**12,086**	1,643
Other liabilities and accrued expenses	**797**	636
Borrowings	**7,802**	16,776
Total	**$ 70,425**	$ 69,953

Revenues and expenses resulting from transactions with Parent and affiliated companies

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Revenues				
Investment banking	**$ 40**	$ 57	**$ 147**	$ 72
Trading	**12,945**	(1,211)	**5,545**	2,022
Commissions and fees	**450**	234	**1,214**	1,075
Other	**7**	6	**21**	19
Total non-interest revenues	**13,442**	(914)	**6,927**	3,188
Interest income	**505**	482	**1,407**	1,429
Interest expense	**890**	954	**2,287**	2,749
Net interest	**$ (385)**	$ (472)	**$ (880)**	$ (1,320)
Net revenues	**13,057**	(1,386)	**6,047**	1,868
Non-interest expenses				
General and administrative	**465**	423	**1,368**	1,263
Compensation and benefits	**89**	95	**321**	290
Total Non-interest expenses	**$ 554**	$ 518	**$ 1,689**	$ 1,553

Assets

Trading assets were primarily driven by outstanding derivative contracts in the normal course of business and were primarily with Morgan Stanley & Co. LLC ("MS&Co.") and Morgan Stanley Senior Funding, Inc ("MSSF"), as well as structured products issued by Morgan Stanley & Co. International plc ("MSIP").

As part of its normal trading activity, the Bank enters into OTC derivatives transactions with its affiliated entities in order to manage the relevant market risks, such as interest rate, foreign exchange and equity risk. In managing those risks, the Bank may enter into OTC derivatives with third-party counterparties or other affiliated entities. The Bank also facilitates foreign exchange transactions for affiliated entities as part of the Firm's currency management function.

Securities purchased under agreements to resell were primarily with MS&Co. and MSIP. For further information, see Note 9.

Securities borrowed were with MSIP and MS&Co. For further information, see Note 9.

Customer and other receivables included amounts arising from cash collateral posted to affiliated entities, including broker

dealer affiliated entities, related to bilateral OTC derivatives after consideration of eligible offsets as described in Note 2 in the 2025 Annual Report as well as amounts arising from cash margin posted to affiliated entities related to certain reverse repurchase and repurchase agreements. Customer and other receivables also included loans to MSPBNA of $0.1 billion and $0.7 billion at September 30, 2026 and December 31, 2025, respectively, in accordance with the relevant agreement. The above agreement is the operative loan agreement between the Bank or MSPBNA, and any one of their affiliated entities, and borrowings may support day to day operations and general corporate purposes.

On May 7, 2026, the Bank paid cash dividends of $2.5 billion to the Parent.

Liabilities

Deposits primarily included overnight deposits from the Parent and affiliated entities of $26.5 billion and $9.7 billion at September 30, 2026 and December 31, 2025, respectively. Additionally, the balance included cash collateral primarily received from the Parent for the purpose of securing credit transactions between the Bank and its affiliated entities of $4.1 billion and $1.5 billion at September 30, 2026 and December 31, 2025, respectively.

Trading liabilities were primarily driven by outstanding derivative contracts in the normal course of business and were primarily with MSIP.

Securities sold under agreements to repurchase were mainly with MSIP and MS&Co. For further information, see Note 9.

Securities loaned were with MSIP and MS&Co. For further information, see Note 9.

Other secured financings included funded loan sub-participations with affiliates of $1.2 billion and $0.4 billion at September 30, 2026 and at December 31, 2025, respectively, where they fail the derecognition criteria. The balance also included OTC derivative contracts with affiliated entities which are not classified as Trading liabilities because they fail net investment criteria as described further in Note 11.

Customer and other payables included amounts arising from cash margin received from affiliated entities related to certain reverse repurchase and repurchase agreements. Customer and other payables also included include amounts arising from cash collateral received from affiliated entities, including broker dealer affiliated entities, related to bilateral OTC derivatives after consideration of eligible offset as described in Note 2 in the 2025 Annual Report.

Other liabilities and accrued expenses consisted of payables to affiliated entities, primarily driven by intercompany transactions and unsettled trades. The balance also included taxes payable to Parent of $604 million and $427 million at September 30, 2026 and December 31, 2025, respectively. Receivables and payables arising from unsettled trades are offset and presented on a net basis, and primarily comprised of payables to MS&Co. and third parties of $10.9 billion and $2.9 billion, respectively, and receivables from MSIP of $11.6 billion.

Borrowings at September 30, 2026 primarily consisted of various forms of subordinated debt issued to the Parent amounting to $7.3 billion, as well as the intercompany loans the Bank received from MSPBNA of $0.3 billion, in accordance with the relevant agreements. Borrowings at December 31, 2025 primarily consisted of the subordinated debt and other borrowings from Morgan Stanley Domestic Holdings, LLC of $8.6 billion, as well as various forms of subordinated debt issued to the Parent and affiliates of $7.8 billion, in accordance with the relevant agreements.

Revenues and Expenses

Non-interest revenues were driven by the Bank's trading activities and were primarily with the Parent and MSIP. Non-interest revenues also included Fee income primarily consisted of fees earned mainly from MS&Co. and MSIP and compensates the Bank for relationship priced loans granted to clients of the affiliated entities.

Interest income was driven by Securities purchased under agreements to resell with MSIP and MS&Co. and collateral posted to certain affiliated entities.

Interest expense reflected the cost of collateral posted by certain affiliated entities, Securities sold under agreements to repurchase with MSIP and MS&Co., borrowing from the affiliated entities and Parent and overnight deposits from the Parent and affiliated entities.

The Bank applies global transfer pricing policies among affiliated entities. These policies are consistent with 2022 Organization for Economic Corporation and Development Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. The Firm has also engaged in negotiations of Advance Pricing Agreements with selected tax authorities in respect of its key transfer pricing methodologies. Negotiations may result in changes to methodologies or inputs that could have an impact on the Bank's financial statements in the future.

General and administrative expenses primarily consisted of the following:

- The Bank incurred expenses from certain affiliated entities in connection with its trading activities, and for professional services, marketing and business development, and other miscellaneous items. The amount of expenses incurred for these services was $287 million and $262 million in current and prior year quarter, respectively. The amount of expenses incurred for these services was $856 million and $751 million in the current and prior year periods, respectively.
- Service Level Agreements whereby affiliated entities provided lending, legal and compliance, loan processing and other services. The amount of expenses incurred by the Bank for these services was $130 million and $115 million in current and prior year quarter, respectively. The amount of expenses incurred by the Bank for these services was $379 million and $361 million in the current and prior year periods, respectively.

- Service Level Agreements whereby affiliates provided information technology services for which the Bank incurred expenses of $22 million and $20 million in current and prior year quarter, respectively. The amount of expenses incurred for these services was $65 million and $60 million in the current and prior year periods, respectively.
- The Bank paid service fees to MSSB in connection with deposits sourced from clients of those affiliated entities. The amount of service fees incurred was $16 million in both the current and prior year quarters. The amount of service fees incurred was $43 million and $61 million in the current and prior year periods, respectively.
- The Bank received operational, administrative, and risk management support services from the Bank's affiliated entities. Certain affiliated entities charged the Bank for compensation and benefits related to certain employees who primarily supported the Bank. The amount of expenses incurred by the Bank for these services was $89 million and $95 million in current and prior year quarter, respectively. The amount of expenses incurred by the Bank for these services was $321 million and $290 million in current and prior year period, respectively.

At September 30, 2026 and December 31, 2025, the Bank had $1.8 billion and $1.9 billion, respectively, in a standby letter of credit participated to an affiliate.

At both September 30, 2026 and December 31, 2025, the Bank had a commitment with MS&Co. to enter into securities purchased under agreements to resell of $3.0 billion on an intra-day basis. The above commitment had a contractual term of 28 days.

At both September 30, 2026 and December 31, 2025, the Bank had Forward-starting secured financing receivables with affiliates of $29.0 billion. Forward-starting secured financing receivables are generally settled within three business days.

At September 30, 2026 and December 31, 2025, the Bank had a fully-secured lending commitment to MSIP of $5.7 billion and $5.9 billion, respectively. The above commitment had a contractual term of 364 days.

The Bank received guarantees of $190 million and $336 million from MSSF related to loans and loan commitments to clients at September 30, 2026 and December 31, 2025, respectively. Furthermore, sub-participation agreements with other affiliated entities are in place in relation to loans and loan commitments to clients of $3.1 billion and $3.0 billion at September 30, 2026 and December 31, 2025, respectively.

13. Derivative Instruments and Hedging Activities

The Bank enters into derivative transactions with external counterparties and affiliated entities (see Note 12). The Bank trades and makes markets globally in listed futures, OTC swaps, forwards, options and other derivatives referencing, among other things, interest rates, equities, currencies, investment grade and non-investment grade corporate credits, loans, bonds, U.S. securities, emerging market bond and credit indices. The Bank uses these instruments for market-making, managing foreign currency and credit exposure, and asset/liability management.

The Bank manages its trading positions by employing a variety of risk mitigation strategies. These strategies include inter-affiliate trades, diversification of risk exposures, and hedging. Hedging activities consist of the purchase or sale of positions in related securities and financial instruments, including a variety of derivative products (e.g., futures, forwards, swaps and options). The Bank manages the market risk associated with its trading activities on a Bank-wide basis, and on an individual product basis. In addition, the Bank accounts for as derivative instruments the liquidity facilities provided to municipal tender option bond trusts (see Note 16), and certain financing transactions.

For a discussion of the Bank's derivative instruments and hedging activities, see Note 12 to the financial statements in the 2025 Annual Report.

Fair Values of Derivative Contracts

	Assets at September 30, 2026			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 56**	**$ —**	**$ —**	**$ 56**
Foreign exchange	**145**	**—**	**—**	**145**
Total	**201**	**—**	**—**	**201**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**16**	**71**	**—**	**87**
Other derivatives				
Interest rate	**532,699**	**12,104**	**448**	**545,251**
Credit	**18,848**	**3,995**	**—**	**22,843**
Foreign exchange	**96,068**	**—**	**33**	**96,101**
Equity	**14,646**	**—**	**4,921**	**19,567**
Commodity and other	**6,277**	**—**	**—**	**6,277**
Total	**668,554**	**16,170**	**5,402**	**690,126**
Total gross derivatives	**$ 668,755**	**$ 16,170**	**$ 5,402**	**$ 690,327**
Amounts offset				
Counterparty netting	**(607,992)**	**(16,109)**	**(5,028)**	**(629,129)**
Cash collateral netting	**(49,042)**	**(39)**	**—**	**(49,081)**
Total in Trading assets	**$ 11,721**	**$ 22**	**$ 374**	**$ 12,117**
Amounts not offset[1]				
Financial instruments collateral	**(6,054)**	**—**	**—**	**(6,054)**
Net amounts	**$ 5,667**	**$ 22**	**$ 374**	**$ 6,063**
Amounts for which master netting or collateral agreements are not in place or may not be legally enforceable, included in Net amounts				**$ 250**

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

$ in millions	Assets at December 31, 2025 Bilateral OTC	OTC Cleared	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 4	$ —	$ —	$ 4
Not designated as accounting hedges				
Economic hedges of loans				
Credit	3	—	—	3
Other derivatives				
Interest rate	364,811	10,688	54	375,553
Credit	10,672	3,271	—	13,943
Foreign exchange	89,100	—	6	89,106
Equity	6,065	—	4,150	10,215
Commodity and other	3,622	—	—	3,622
Total	474,273	13,959	4,210	492,442
Total gross derivatives	$ 474,277	$ 13,959	$ 4,210	$ 492,446
Amounts offset				
Counterparty netting	(425,271)	(13,080)	(4,145)	(442,496)
Cash collateral netting	(37,488)	(783)	—	(38,271)
Total in Trading assets	$ 11,518	$ 96	$ 65	$ 11,679
Amounts not offset[1]				
Financial instruments collateral	(5,926)	—	—	(5,926)
Net amounts	$ 5,592	$ 96	$ 65	$ 5,753
Amounts for which master netting or collateral agreements are not in place or may not be legally enforceable, included in Net amounts				$ 277

$ in millions	Liabilities at December 31, 2025 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 36	$ 1	$ —	$ 37
Not designated as accounting hedges				
Economic hedges of loans				
Credit	350	—	—	350
Other derivatives				
Interest rate	347,070	10,523	60	357,653
Credit	10,236	3,405	—	13,641
Foreign exchange	86,217	—	66	86,283
Equity	6,339	—	4,283	10,622
Commodity and other	3,567	—	—	3,567
Total	453,779	13,928	4,409	472,116
Total gross derivatives	$ 453,815	$ 13,929	$ 4,409	$ 472,153
Amounts offset				
Counterparty netting	(425,271)	(13,080)	(4,145)	(442,496)
Cash collateral netting	(17,231)	(135)	—	(17,366)
Total in Trading liabilities	$ 11,313	$ 714	$ 264	$ 12,291
Amounts not offset[1]				
Financial instruments collateral	(1,694)	—	—	(1,694)
Net amounts	$ 9,619	$ 714	$ 264	$ 10,597
Amounts for which master netting or collateral agreements are not in place or may not be legally enforceable, included in Net amounts				$ 242

$ in millions	**Liabilities at September 30, 2026** Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ —**	**$ 3**	**$ —**	**$ 3**
Total	**—**	**3**	**—**	**3**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**25**	**749**	**—**	**774**
Other derivatives				
Interest rate	**501,223**	**12,261**	**340**	**513,824**
Credit	**18,587**	**3,509**	**—**	**22,096**
Foreign exchange	**90,994**	**—**	**125**	**91,119**
Equity	**13,928**	**—**	**5,048**	**18,976**
Commodity and other	**6,538**	**—**	**—**	**6,538**
Total	**631,295**	**16,519**	**5,513**	**653,327**
Total gross derivatives	**$ 631,295**	**$ 16,522**	**$ 5,513**	**$ 653,330**
Amounts offset				
Counterparty netting	**(607,992)**	**(16,109)**	**(5,028)**	**(629,129)**
Cash collateral netting	**(15,196)**	**(201)**	**—**	**(15,397)**
Total in Trading liabilities	**$ 8,107**	**$ 212**	**$ 485**	**$ 8,804**
Amounts not offset[1]				
Financial instruments collateral	**(1,745)**	**—**	**—**	**(1,745)**
Net amounts	**$ 6,362**	**$ 212**	**$ 485**	**$ 7,059**
Amounts for which master netting or collateral agreements are not in place or may not be legally enforceable, included in Net amounts				**$ 456**

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

Notional of Derivative Contracts

$ in billions	**Assets at September 30, 2026** Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 1**	**$ 35**	**$ —**	**$ 36**
Foreign exchange	**11**	**—**	**—**	**11**
Total	**12**	**35**	**—**	**47**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**—**	**2**	**—**	**2**
Other derivatives				
Interest rate	**21,414**	**3,626**	**198**	**25,238**
Credit	**749**	**153**	**—**	**902**
Foreign exchange	**4,537**	**—**	**12**	**4,549**
Equity	**572**	**—**	**73**	**645**
Commodity and other	**54**	**—**	**—**	**54**
Total	**27,326**	**3,781**	**283**	**31,390**
Total gross derivatives	**$ 27,338**	**$ 3,816**	**$ 283**	**$ 31,437**

$ in billions	Assets at December 31, 2025 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ —	$ 66	$ —	$ 66
Not designated as accounting hedges				
Other derivatives				
Interest rate	13,721	2,802	125	16,648
Credit	443	112	—	555
Foreign exchange	3,929	—	4	3,933
Equity	177	—	55	232
Commodity and other	63	—	—	63
Total	18,333	2,914	184	21,431
Total gross derivatives	$ 18,333	$ 2,980	$ 184	$ 21,497

	Liabilities at September 30, 2026			
$ in billions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ —**	**$ 97**	**$ —**	**$ 97**
Total	**—**	**97**	**—**	**97**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**2**	**25**	**—**	**27**
Other derivatives				
Interest rate	**21,553**	**4,075**	**360**	**25,988**
Credit	**767**	**142**	**—**	**909**
Foreign exchange	**4,568**	**—**	**15**	**4,583**
Equity	**520**	**—**	**72**	**592**
Commodity and other	**49**	**—**	**—**	**49**
Total	**27,459**	**4,242**	**447**	**32,148**
Total gross derivatives	**$ 27,459**	**$ 4,339**	**$ 447**	**$ 32,245**

	Liabilities at December 31, 2025			
$ in billions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 1	$ 76	$ —	$ 77
Not designated as accounting hedges				
Economic hedges of loans				
Credit	11	—	—	11
Other derivatives				
Interest rate	13,514	2,827	215	16,556
Credit	418	127	—	545
Foreign exchange	4,079	—	13	4,092
Equity	173	—	53	226
Commodity and other	52	—	—	52
Total	18,247	2,954	281	21,482
Total gross derivatives	$ 18,248	$ 3,030	$ 281	$ 21,559

The notional amounts of derivative contracts generally overstate the Bank'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.

Gains (Losses) on Accounting Hedges[2]

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Fair value hedges–Recognized in Interest income				
Interest rate contracts	**$ 539**	$ (66)	**$ 990**	$ (667)
Investment Securities—AFS	**(544)**	68	**(1,001)**	669
Fair value hedges–Recognized in Interest expense				
Interest rate contracts	**$ (387)**	$ 24	**$ (790)**	$ 147
Deposits	**310**	(15)	**622**	(80)
Borrowings	**74**	(10)	**163**	(66)
Net investment hedges—Foreign exchange				
Recognized in OCI	**$ 68**	$ —	**$ 104**	$ —
Forward points excluded from hedge effectiveness testing—Recognized in Interest income	**41**	—	**92**	—
Cash flow hedges–Interest rate contracts[1]				
Recognized in OCI	**$ (519)**	$ 13	**$ (1,119)**	$ 26
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income	**(21)**	(40)	**(32)**	(70)
Net change in cash flow hedges included within AOCI	**(498)**	53	**(1,087)**	96

1. During the nine months ended September 30, 2026, there were no forecasted transactions that failed to occur. The net gains (losses) associated with cash flow hedges expected to be reclassified from AOCI within 12 months at September 30, 2026, is approximately $(207) million. The maximum length of time over which forecasted cash flows are hedged is 30 months.
2. Cashflow and fair value hedges are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and the acquisition of the MSESE Group in the first quarter of 2026, as it did not result in changes to our historically reported balances in the above table. Net Investment hedges are presented prospectively at reparenting date since these relations did not exist in the comparative period.

Accumulated Other Comprehensive Income (Loss) Rollforward

	Cash Flow Hedges			
	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Beginning Balance	**$ (420)**	$ (2)	**$ 29**	$ (35)
OCI Activity:				
Pre-Tax Gain (Loss)	**(519)**	13	**(1,119)**	26
Tax effect	**123**	(3)	**266**	(6)
After-tax Gain (Loss)	**(396)**	10	**(853)**	20
OCI Activity	**(396)**	10	**(853)**	20
Reclassified to Earnings:				
Pre-tax Reclass.	**21**	39	**32**	70
Tax effect	**(5)**	(9)	**(8)**	(17)
Reclass. After-tax	**16**	30	**24**	53
Net OCI Activity	**(380)**	40	**(829)**	73
Ending Balance	**$ (800)**	$ 38	**$ (800)**	$ 38

	Cumulative Foreign Currency Translation			
	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Beginning Balance	**$ 237**	$ 459	**$ 433**	$ (570)
OCI Activity:				
Pre-Tax Gain (Loss)	**20**	(23)	**(165)**	1,006
Tax effect	**(21)**	—	**(32)**	—
After-tax Gain (Loss)	**(1)**	(23)	**(197)**	1,006
OCI Activity	**(1)**	(23)	**(197)**	1,006
Net OCI Activity	**(1)**	(23)	**(197)**	1,006
Ending Balance	**$ 236**	$ 436	**$ 236**	$ 436

Fair Value Hedges–Hedged Items

$ in millions	At September 30, 2026	At December 31, 2025
Investment securities–AFS		
Amortized cost basis currently or previously hedged[1]	**$ 28,487**	$ 35,474
Basis adjustments included in amortized cost – Outstanding hedges	**$ (568)**	$ 314
Basis adjustments included in amortized cost – Terminated hedges	**$ 2**	$ 8
Deposits		
Carrying amount currently or previously hedged	**$ 33,568**	$ 31,523
Basis adjustments included in carrying amount – Outstanding hedges	**$ (521)**	$ 101
Borrowings		
Carrying amount currently or previously hedged	**$ 11,293**	$ 12,105
Basis adjustments included in carrying amount – Outstanding hedges	**$ (91)**	$ 72

1. Carrying amount represents the amortized cost, net of allowance if applicable. At September 30, 2026 and December 31, 2025, the amortized cost of the portfolio layer method closed portfolios was $829 million and $589 million respectively. The Bank designated $1,518 million as hedged amounts, at September 30, 2026 and $703 million at December 31, 2025 respectively, representing the total notional value of all outstanding layers in each portfolio including both spot-starting and forward-starting layers. The cumulative amount of basis adjustments was $(12) million at September 30, 2026 and $2 million at December 31, 2025. Refer to Note 2 in the 2025 Annual Report and Note 5 herein for additional information.

Gains (Losses) on Economic Hedges of Loans

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Recognized in Other revenues				
Credit[1]	**$ (14)**	$ (44)	**$ (145)**	$ (103)

1. Amounts related to hedges of certain HFI and HFS loans.

Net Derivative Liabilities and Collateral Posted

$ in millions	At September 30, 2026	At December 31, 2025
Net derivative liabilities with credit risk-related contingent features	**$ (5,322)**	$ (4,685)
Collateral posted	**(4,702)**	(3,918)

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 Bank has posted collateral in the normal course of business.

Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

$ in millions	At September 30, 2026
One-notch downgrade	**$ (54)**
Two-notch downgrade	**(52)**
Bilateral downgrade agreements included in the amounts above[1]	**$ (106)**

1. Amount represents arrangements between the Bank 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 Bank 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 either the counterparty's or the Bank's ratings by Moody's Investors Service, Inc., S&P Global Ratings and/or other rating agencies. The previous table shows the future potential collateral amounts and termination payments that could be called or required by counterparties or exchange and clearing organizations in the event of one-notch or two-notch downgrade scenarios based on the relevant contractual downgrade triggers.

The table below summarizes realized and unrealized gains (losses) included in Trading revenues in the income statement. These revenues are related to derivative and non-derivative financial instruments, and primarily result from the Bank's trading activities. The Bank generally utilizes financial instruments across a variety of product types in connection with its market-making and related risk management strategies. Accordingly, the gains (losses) presented below are not representative of the manner in which the Bank manages its business activities and are prepared in a manner similar to the presentation of trading revenues for regulatory reporting purposes.

Trading Revenues by Product Type

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Interest rate	**$ 160**	$ 350	**$ 567**	$ 880
Foreign exchange	**142**	188	**457**	449
Equity[1]	**887**	514	**2,266**	1,451
Credit	**132**	(2)	**343**	(128)
Commodity and other	**86**	95	**206**	319
Total	**$ 1,407**	$ 1,145	**$ 3,839**	$ 2,971

1. Dividend income is included within equity contracts.

Credit Derivatives

The Bank 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 Bank's counterparties for these derivatives are banks, broker-dealers, and insurance and other financial institutions.

Additionally, the Bank may purchase and sell credit protection with identical underlying references to economically hedged loans and lending commitments.

The purchase of credit protection does not represent the sole manner in which the Bank risk manages its exposure to credit derivatives. The Bank manages its exposure to these derivative contracts through a variety of risk mitigation strategies, which include managing the credit and correlation risk across single-name, non-tranched indices and baskets, tranched indices and baskets, and cash positions. Aggregate market risk limits have been established for credit derivatives, and market risk measures are routinely monitored against these limits.

The fair value amounts as shown in the following tables are prior to cash collateral or counterparty netting.

Protection Purchased with CDS

$ in millions	Notional At September 30, 2026	Notional At December 31, 2025
Single name	**$ 244,492**	$ 184,891
Index and basket	**636,655**	348,900
Tranched index and basket	**47,877**	31,374
Total	**$ 929,024**	$ 565,165

The fair value amounts as shown in the previous tables are prior to cash collateral or counterparty netting.

$ in millions	Fair Value Asset (Liability) At September 30, 2026	Fair Value Asset (Liability) At December 31, 2025
Single name	**$ (3,322)**	$ (3,693)
Index and basket	**(14,199)**	(6,527)
Tranched index and basket	**(1,191)**	(983)
Total	**$ (18,712)**	$ (11,203)

Maximum Potential Payout/Notional of Credit Protection Sold[1]

$ in billions	Years to Maturity at September 30, 2026 < 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	**$ 31**	**$ 51**	**$ 62**	**$ 26**	**$ 170**
Non-investment grade	**12**	**17**	**19**	**4**	**52**
Total	**$ 43**	**$ 68**	**$ 81**	**$ 30**	**$ 222**
Index and basket CDS					
Investment grade	**$ 10**	**$ 14**	**$ 31**	**$ 4**	**$ 59**
Non-investment grade	**35**	**102**	**378**	**113**	**628**
Total	**$ 45**	**$ 116**	**$ 409**	**$ 117**	**$ 687**
Total CDS sold	**$ 88**	**$ 184**	**$ 490**	**$ 147**	**$ 909**
Other credit contracts	**—**	**—**	**—**	**2**	**2**
Total credit protection sold	**$ 88**	**$ 184**	**$ 490**	**$ 149**	**$ 911**
CDS protection sold with identical protection purchased					**$ 831**

$ in billions	Years to Maturity at December 31, 2025 < 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	$ 20	$ 44	$ 44	$ 15	$ 123
Non-investment grade	9	20	19	2	50
Total	$ 29	$ 64	$ 63	$ 17	$ 173
Index and basket CDS					
Investment grade	$ 9	$ 15	$ 14	$ —	$ 38
Non-investment grade	25	77	221	11	334
Total	$ 34	$ 92	$ 235	$ 11	$ 372
Total CDS sold	$ 63	$ 156	$ 298	$ 28	$ 545
Other credit contracts	—	—	—	2	2
Total credit protection sold	$ 63	$ 156	$ 298	$ 30	$ 547
CDS protection sold with identical protection purchased					$ 493

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 Bank uses quantitative models and judgment to estimate the various risk parameters related to each obligor.

Fair Value Asset (Liability) of Credit Protection Sold[1,2,3]

$ in millions	At September 30, 2026	At December 31, 2025
Single-name CDS		
Investment grade	**$ 3,120**	$ 2,893
Non-investment grade	**376**	796
Total	**$ 3,496**	$ 3,689
Index and basket CDS		
Investment grade	**$ 1,527**	$ 1,173
Non-investment grade	**13,643**	6,295
Total	**$ 15,170**	$ 7,468
Total CDS sold	**$ 18,666**	$ 11,157
Other credit contracts	**107**	—
Total credit protection sold	**$ 18,773**	$ 11,157

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 Bank uses quantitative models and judgment to estimate the various risk parameters related to each obligor.
2. Fair value amounts are shown on a gross basis prior to cash collateral or counterparty netting.
3. Fair value amounts of certain credit default swaps where the Bank sold protection have an asset carrying value because credit spreads of the underlying reference entity or entities tightened during the terms of the contracts.

14. Assets Sold with Retained Exposure

$ in millions	At September 30, 2026	At December 31, 2025
Gross cash proceeds from sale of assets[1]	**$ 1,526**	$ 2,206
Fair value		
Assets sold	**1,491**	2,168
Derivative liabilities recognized in the balance sheet	**35**	38

1. The carrying value of assets derecognized at the time of sale approximates gross cash proceeds

The Bank enters into transactions in which it sells securities, primarily equities, and contemporaneously entered into bilateral OTC derivatives with the purchasers of the securities, through which it retains exposure to the sold securities. Refer to Note 12 for additional information on transactions with affiliated companies.

15. Commitments, Contingencies and Guarantees

Commitments

	Years to Maturity at September 30, 2026				
$ in millions	Less than 1	1-3	3-5	Over 5	Total
Lending:					
Corporate	$ 18,595	$ 39,305	$ 70,237	$ 2,747	$130,884
Secured lending facilities	5,668	8,076	10,252	8,562	32,558
Commercial and Residential real estate	1,119	104	43	—	1,266
Securities-based lending and Other	9,836	2,583	236	670	13,325
Reverse repurchase commitment[1]	3,000	—	—	—	3,000
Forward-starting secured financing receivables[2]	105,797	825	—	—	106,622
Central counterparty	300	—	—	—	300
Investment activities	681	11	13	—	705
Letters of Credit and other financial guarantees	—	—	—	2	2
Total	$144,996	$ 50,904	$ 80,781	$ 11,981	$288,662
Lending commitments participated to third parties and affiliated entities					$ 8,832

1. For further information, see Note 12.
2. Forward-starting secured financing receivables are generally settled within three-business days.

Since commitments associated with these instruments may expire unused, the amounts shown do not necessarily reflect the actual future cash funding requirements.

For a further description of these commitments, refer to Note 14 to the financial statements in 2025 Annual Report.

Contingencies

Legal

In addition to the matters described below, in the normal course of business, the Bank 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 national banking association and an affiliated entity of a global diversified financial services institution. Certain of the actual or threatened legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the third-party entities that are, or would otherwise be, the primary defendants in such cases are bankrupt, in financial distress, or may not honor applicable indemnification obligations. These actions have included, but are not limited to, antitrust claims and matters arising from our wealth management businesses, Markets business and our activities in the capital markets.

The Bank is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by government or other regulatory agencies regarding the Bank's business and involving, among other matters, sales, financing, prime brokerage, market-making activities, investment banking advisory services, capital markets activities, financial products or offerings sponsored, underwritten or sold by the Bank and its affiliates, and tax, accounting, and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on our ability to conduct certain business, or other relief.

The Bank contests liability and/or the amount of damages as appropriate in each pending matter. Where available information indicates that it is probable a liability had been incurred at the date of the financial statements and the Bank can reasonably estimate the amount of that loss or the range of loss, the Bank accrues an estimated loss by a charge to income.

The Bank's legal expenses can, and may in the future, fluctuate from period to period, given the current environment regarding government or regulatory agency investigations and private litigation affecting global financial services firms, including the Bank.

In many legal proceedings and investigations, it is inherently difficult to determine whether any loss is probable or reasonably possible, or to estimate the amount of any loss. In addition, even where the Bank has determined that a loss is probable or reasonably possible or an exposure to loss or range of loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, the Bank may be unable to reasonably estimate the amount of the loss or range of loss. It is particularly difficult to determine if a loss is probable or reasonably possible, or to estimate the amount of loss, where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, forfeiture, disgorgement or penalties. Numerous issues may need to be resolved in an investigation or proceeding before a determination can be made that a loss or additional loss (or range of loss or range of additional loss) is probable or reasonably possible, or to estimate the amount of loss, including through potentially lengthy discovery or determination of important factual matters, determination of issues related to class certification, the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

The Bank identifies any individual proceedings or investigations where the Bank believes a material loss to be reasonably possible. In certain legal proceedings in which the Bank has determined that a material loss is reasonably possible, the Bank is unable to reasonably estimate the loss or range of loss. There are other matters in which the Bank has determined a loss or range of loss to be reasonably possible, but the Bank does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Bank's financial statements as a whole, although the outcome of such proceedings or investigations may significantly impact the Bank's business or results of operations for any particular reporting period, or cause significant reputational harm.

While the Bank has identified below certain proceedings or investigations that the Bank believes to be material, individually or collectively, 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 reasonably possible. Proceedings identified below include those relevant to the Bank following the Reorganization described in Note 1.

Beginning in February of 2016, the Bank was named as a defendant in multiple purported antitrust class actions now consolidated into a single proceeding in the United States District Court for the Southern District of New York styled *In Re: Interest Rate Swaps Antitrust Litigation.* Plaintiffs allege, inter alia, that the Bank, together with a number of other financial institution defendants, violated U.S. and New York state antitrust laws from 2008 through December of 2016 in connection with alleged efforts to prevent the development of electronic exchange-based platforms for interest rate swaps trading. Complaints were filed both on behalf of a purported class of investors who purchased interest rate swaps from defendants, as well as on behalf of three operators of swap execution facilities that allegedly were thwarted by the defendants in their efforts to develop such platforms. The consolidated complaints seek, inter alia, certification of the investor class of plaintiffs and treble damages. On July 28, 2017, the court granted in part and denied in part the defendants' motion to dismiss the complaints. On December 15, 2023, the court denied the class plaintiffs' motion for class certification. On December 29, 2023, the class plaintiffs petitioned the United States Court of Appeals for the Second Circuit for leave to appeal that decision. On February 28, 2024, the parties reached an agreement in principle to settle the class claims. On July 17, 2025, the court granted final approval of the settlement. The claims brought by the three operators of swap execution facilities remain pending, and on March 12, 2026, defendants filed a motion for summary judgment.

Entities within the MSESE Group are responding to requests for information and documents from authorities in Germany related to the period 2006 to 2022, including from the Federal Tax Office, the Düsseldorf Tax Office and the Cologne Public Prosecutor, in relation to certain equities transactions over dividend record dates and related tax matters. The MSESE Group is cooperating with the relevant authorities.

Guarantees

	At September 30, 2026				
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				Carrying Amount Asset (Liability)
$ in millions	Less than 1	1-3	3-5	Over 5	
Non-credit derivatives[1]	**$1,143,948**	**$ 668,097**	**$ 228,178**	**$ 739,711**	**$ (56,075)**
Letters of credit[2]	**1,207**	**581**	**939**	**2,448**	**122**
Liquidity facilities	**1,615**	**—**	**—**	**—**	**2**
Sideletters	**2**	**—**	**—**	**—**	**—**
Total	**$1,146,772**	**$ 668,678**	**$ 229,117**	**$ 742,159**	**$ (55,951)**

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 derivative contracts, see Note 13.
2. These amounts include certain issued standby letters of credit participated to third parties and affiliated entities, totaling $2.4 billion of notional and collateral/recourse, due to the nature of the Bank's obligations under these arrangements. At September 30, 2026, the carrying amount of standby letters of credit and other financial guarantees issued includes allowance for credit losses of $12 million.

For more information on the nature of the obligations and related business activities for our guarantees, see Note 14 to the financial statements in the 2025 Annual Report.

Other Guarantees

Clearinghouse Member Guarantees. The Bank is a member of various clearinghouses that trade and clear securities and/or derivative contracts. Associated with its membership, the Bank may be required to pay a certain amount as determined by the clearinghouse in case of a default of any of its members or pay a proportionate share of the financial obligations of another member that may default on its obligations to the clearinghouse. While the rules governing different clearinghouse memberships and the forms of these guarantees may vary, in general the Bank's obligations under these rules would arise only if the clearinghouse had previously exhausted its resources.

In addition, some clearinghouse rules require members to assume a proportionate share of losses resulting from the clearinghouse's investment of guarantee fund contributions and initial margin and of other losses unrelated to the default of a clearing member, if such losses exceed the specified resources allocated for such purpose by the clearinghouse.

The maximum potential payout under these rules cannot be estimated. The Bank has not recorded any contingent liability in its financial statements for these agreements and believes that any potential requirement to make payments under these agreements is remote.

16. Variable Interest Entities

At September 30, 2026, the Bank consolidated VIEs with assets and liabilities of $2.4 billion and $2.3 billion, respectively; at December 31, 2025, comparable assets and liabilities were $1.5 billion and $1.4 billion, respectively.

The following tables present information about non-consolidated VIEs in which the Bank had variable interests at September 30, 2026 and December 31, 2025. The tables include all VIEs in which the Bank had determined that its maximum exposure to loss is greater than specific thresholds or meet certain other criteria.

Non-consolidated VIEs

	At September 30, 2026			
$ in millions	MABS[1]	MTOB	OSF	Other[2]
VIE assets (UPB)	**$153,028**	**$ 3,456**	**$ 1,213**	**$ 34,433**
Maximum exposure to loss[3]				
Debt and equity interests	**$ 26,362**	**$ —**	**$ 1,242**	**$ 4,895**
Derivative and other contracts	**—**	**2,525**	**—**	**—**
Commitments, guarantees and other	**10,221**	**—**	**—**	**78**
Total	**$ 36,583**	**$ 2,525**	**$ 1,242**	**$ 4,973**
Carrying value of variable interest—Assets				
Debt and equity interests	**$ 26,362**	**$ —**	**$ 1,078**	**$ 4,895**
Derivative and other contracts	**—**	**5**	**—**	**—**
Total	**$ 26,362**	**$ 5**	**$ 1,078**	**$ 4,895**
Additional VIE assets owned[4]				**$ 7,859**
Carrying value of variable interest—Liabilities				
Derivative and other contracts	**$ —**	**$ 2**	**$ —**	**$ —**

MTOB—Municipal tender option bonds
OSF—Other structured financing
UPB—Unpaid principal balance

1. MABS include VIE assets as follows: $76.7 billion of commercial mortgages; $22.2 billion of U.S agency collateralized mortgage obligations; $6.0 billion of residential mortgages; and $48.1 billion of other consumer or commercial loans. MABS include VIE debt and equity interests as follows: $7.8 billion of commercial mortgages; $3.0 billion of residential mortgages; $2.5 billion of U.S agency collateralized mortgage obligations and $13.1 billion of other consumer or commercial loans.
2. Amounts primarily include transactions backed by commercial real estate property.
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 Bank.
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 Bank's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in Investment securities and are measured at fair value (see Note 6). The Bank does not provide additional support in these transactions through contractual facilities, guarantees or similar derivatives.

	At December 31, 2025			
$ in millions	MABS[1]	MTOB	OSF	Other[2]
VIE assets (UPB)	$151,722	$ 4,620	$ 1,213	$ 51,736
Maximum exposure to loss[3]				
Debt and equity interests	$ 26,245	$ —	$ 1,161	$ 5,808
Derivative and other contracts	—	3,258	—	—
Commitments, guarantees and other	10,284	—	—	106
Total	$ 36,529	$ 3,258	$ 1,161	$ 5,914
Carrying value of variable interest—Assets				
Debt and equity interests	$ 26,245	$ —	$ 1,023	$ 5,808
Derivative and other contracts	—	5	—	—
Total	$ 26,245	$ 5	$ 1,023	$ 5,808
Additional VIE assets owned[4]				$ 7,850
Carrying value of variable interest—Liabilities				
Derivative and other contracts	$ —	$ 2	$ —	$ —

1. MABS include VIE assets as follows: $82.3 billion of commercial mortgages; $25.1 billion of U.S. agency collateralized mortgage obligations; $5.1 billion of residential mortgages; and $39.2 billion of other consumer or commercial loans.
   MABS include VIE debt and equity interests as follows: $10.7 billion of commercial mortgages; $3.4 billion of U.S. agency collateralized mortgage obligations; $10.1 billion of other consumer or commercial loans; and $2.1 billion of residential mortgages.
2. Amounts primarily include transactions backed by commercial real estate property.
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 Bank.
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 special purpose entities ("SPE"). The Bank's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in Investment securities and are measured at fair value (see Note 6). The Bank does not provide additional support in these transactions through contractual facilities, guarantees or similar derivatives.

The Bank's maximum exposure to loss often differs from the carrying value of the variable interest held by the Bank. The maximum exposure to loss is dependent on the nature of the Bank's variable interest in the VIEs and is limited to the fair value of interests the Bank has purchased and certain other derivative contracts, as well as the notional amounts of certain liquidity facilities and total return swaps the Bank has provided to the VIEs. Liabilities issued by VIEs generally are non-recourse to the Bank.

The Bank'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.

Transferred Assets with Continuing Involvement

	At September 30, 2026		At December 31, 2025	
$ in millions	RML	CML	RML	CML
SPE assets (UPB)	**$ 3,167**	**$ 83,513**	$ 2,412	$ 79,168
Retained interests				
Investment grade	**92**	**429**	71	453
Non-investment grade	**68**	**973**	50	932
Total	**$ 160**	**$ 1,402**	$ 121	$ 1,385

RML—Residential mortgage loans
CML—Commercial mortgage loans

1. Amounts include transactions where the Bank also holds retained interests as part of the transfer.

Tax Equity Investments

The Bank invests in tax equity investment interests which entitle the Bank to a share of tax credits and other income tax benefits generated by the projects underlying the investments. For more information on such tax equity investments, see Note 2 in the 2025 Annual Report.

Tax Equity Investments under the Proportional Amortization Method

Low-income housing tax equity investments under the proportional amortization method were $1.2 billion and $1.1 billion at September 30, 2026 and December 31, 2025, respectively. The above amounts include unfunded equity contributions of $0.5 billion and $0.4 billion at September 30, 2026 and December 31, 2025, respectively; the majority of these are expected to be funded within 5 years.

Income tax credits and other income tax benefits recognized as well as proportional amortization are included in the Provision for income taxes line in the Consolidated Income Statement and in the Depreciation and amortization line in the Consolidated Cash Flow Statement.

Net Benefits Attributable to Tax Equity Investments under the Proportional Amortization Method

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2026**	2025	**2026**	2025
Income tax credits and other income tax benefits	**$ 42**	$ 38	**$ 127**	$ 115
Proportional amortization	**(33)**	(32)	**(100)**	(93)
Net benefits	**$ 9**	$ 6	**$ 27**	$ 22

17. Regulatory Requirements

Regulatory Capital Framework and Requirements

For a discussion of the Bank's regulatory capital framework, see Note 16 to the financial statements in the 2025 Annual Report.

The Bank 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 risk-weighted assets ("RWA") follows.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 ("CET1") capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and consist of regulatory minimum required ratios plus the Bank's capital conservation buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

Capital Buffer Requirement

The capital conservation buffer requirement represents the amount of CET1 capital the Bank must maintain above the minimum risk-based capital requirements in order to avoid restrictions on the Bank's ability to make capital distributions, including the payment of dividends, and to pay discretionary bonuses to executive officers. The capital conservation buffer requirement computed under the standardized approaches for calculating credit risk and market risk RWA ("Standardized Approach") and the Bank's capital conservation buffer requirement computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWA ("Advanced Approach") is equal to the sum of 2.5% and the countercyclical capital buffer ("CCyB"). The CCyB can be set up to 2.5% but is currently set by U.S. banking agencies at zero.

Risk-Based Regulatory Capital Ratio Requirements

		At September 30, 2026 and December 31, 2025	
	Regulatory Minimum	Standardized	Advanced
Required ratios[1]			
CET1 capital ratio	**4.5 %**	**7.0 %**	**7.0 %**
Tier 1 capital ratio	**6.0 %**	**8.5 %**	**8.5 %**
Total capital ratio	**8.0 %**	**10.5 %**	**10.5 %**

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

Regulatory Capital and Capital Ratios[1]

Risk-based capital

	Standardized	
$ in millions	**At September 30, 2026**	At December 31, 2025
Risk-based capital		
CET1 capital	**$ 42,118**	$ 25,545
Tier 1 capital	**42,118**	25,545
Total capital	**43,184**	26,423
Total RWA	**234,713**	125,916
Risk-based capital ratios		
CET1 capital	**17.9%**	20.3%
Tier 1 capital	**17.9%**	20.3%
Total capital	**18.4 %**	21.0 %
Well-Capitalized Requirements[2]		
CET1 capital	**6.5%**	6.5%
Tier 1 capital	**8.0%**	8.0%
Total capital	**10.0%**	10.0%
Required Ratios[3]		
CET1 capital	**7.0%**	7.0%
Tier 1 capital	**8.5%**	8.5%
Total capital	**10.5%**	10.5%

Leveraged-based capital

$ in millions	**At September 30, 2026**	At December 31, 2025
Leveraged-based capital		
Adjusted average assets[4]	**$ 414,764**	$ 253,230
Supplementary leverage exposure[5]	**617,983**	337,102
Leveraged-based capital ratios		
Tier 1 leverage	**10.2%**	10.1%
SLR[6]	**6.8%**	7.6%
Well-Capitalized Requirements[2]		
Tier 1 leverage	**5.0%**	5.0%
SLR[6]	**N/A**	6.0%
Required Ratios[3]		
Tier 1 leverage	**4.0%**	4.0%
SLR[6]	**3.5%**	3.0%

SLR—Supplementary leverage ratio

1. Regulatory capital and capital ratios are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the structures in effect during the applicable period.
2. The requirements to remain "well-capitalized" under the prompt corrective action ("PCA") framework.
3. Required ratios are inclusive of any buffers applicable at the date presented.
4. 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 any applicable capital deductions.
5. 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 credit equivalent amount for off-balance sheet exposures; and (iii) the counterparty credit risk for repo-style transactions.
6. Beginning January 1, 2026, the Bank was subject to a 3.5% SLR standard (inclusive of a 0.5% enhanced supplementary leverage ratio ("eSLR") buffer based on Method 1 global systemically important banks ("G-SIBs") capital surcharge of 1.0%). The eSLR buffer applicable to U.S. G-SIBs' insured depository institutions ("IDI") subsidiaries has the same form and calibration as the bank holding company ("BHC") level standard but is capped at 1.0%, applied above the 3.0% minimum SLR requirement. In addition, beginning January 1, 2026, the Bank was no longer subject to an SLR requirement to be considered "well-capitalized" under the PCA framework.

Additionally, the Bank is registered as a swap dealer with the CFTC and conditionally registered as a security-based swap dealer with the SEC. However, as we are prudentially regulated

as a bank, we continue to be subject to the OCC's capital regulations.

Other Regulated Subsidiaries

The MSESE Group is subject to the capital requirements of the European Central Bank, BaFin and the German Central Bank. MSESE operates branches in Denmark, France, Italy, the Netherlands, Poland, Spain and Sweden that are also regulated by the relevant authorities in each jurisdiction. MSESE is conditionally registered with the SEC as a security-based swap dealer and registered with the CFTC as a swap dealer. After becoming a fully licensed credit institution under the E.U. Capital Requirements Regulation in January 2026, MSESE became a Regulation K subsidiary of the Bank and is no longer subject to the SEC and CFTC substituted compliance rules for capital requirements.

18. Income Taxes

The Bank, through its inclusion in the return of the Parent, is routinely under examination by the Internal Revenue Service ("IRS") and other tax authorities in certain countries, such as France and Germany, and in states and localities in which the Bank has significant business operations, such as New York.

The Bank 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.

Average Balances and Interest Rates and Net Interest Income

	Three Months Ended September 30,					
	2026			2025		
$ in millions	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
Interest earning assets[1]						
Cash and cash equivalents	**$ 70,279**	**$ 581**	**3.2 %**	$ 28,167	$ 224	3.1 %
Investment securities	**81,498**	**723**	**3.5 %**	88,665	830	3.7 %
Loans, including fees	**115,863**	**1,666**	**5.7 %**	97,100	1,473	6.0 %
Securities purchased under agreements to resell[2]	**33,503**	**709**	**8.4 %**	44,177	669	6.0 %
Securities borrowed[3]	**6,355**	**35**	**2.2 %**	5,599	27	1.9 %
Trading assets, net of Trading liabilities	**12,134**	**208**	**6.8 %**	23,630	299	5.0 %
Customer receivables and Other	**7,732**	**311**	**16.0 %**	6,812	406	23.6 %
Total	**$327,364**	**$ 4,233**	**5.1 %**	$294,150	$ 3,928	5.3 %
Interest bearing liabilities[1]						
Deposits	**$265,654**	**$ 1,779**	**2.7 %**	$198,123	$ 1,446	2.9 %
Borrowings	**33,949**	**376**	**4.4 %**	30,589	581	7.5 %
Securities sold under agreements to repurchase[4,6]	**15,587**	**529**	**13.5 %**	40,018	636	6.3 %
Securities loaned[5,6]	**6,370**	**39**	**2.4 %**	6,190	40	2.6 %
Customer payable and Other	**9,009**	**468**	**20.6 %**	10,462	438	16.6 %
Total	**$330,569**	**$ 3,191**	**3.8 %**	$285,382	$ 3,141	4.4 %
Net interest income and net interest rate spread		**$ 1,042**	**1.3 %**		$ 787	0.9 %

	Nine Months Ended September 30,					
	2026			2025		
$ in millions	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
Interest earning assets[1]						
Cash and cash equivalents	**$ 58,444**	**$ 1,374**	**3.1 %**	$ 28,243	$ 738	3.4 %
Investment securities	**85,346**	**2,223**	**3.5 %**	84,832	2,824	4.5 %
Loans, including fees	**108,358**	**4,626**	**5.7 %**	89,664	4,252	6.3 %
Securities purchased under agreements to resell[2]	**33,896**	**1,932**	**7.6 %**	42,130	2,138	6.8 %
Securities borrowed[3]	**6,200**	**96**	**2.1 %**	5,205	86	2.2 %
Trading assets, net of Trading liabilities	**13,775**	**632**	**6.1 %**	25,916	895	4.6 %
Customer receivables and Other	**8,496**	**944**	**14.9 %**	8,371	1,460	23.3 %
Total	**$314,515**	**$11,827**	**5.0 %**	$284,361	$12,393	5.8 %
Interest bearing liabilities[1]						
Deposits	**$246,472**	**$ 4,635**	**2.5 %**	$191,330	$ 4,117	2.9 %
Borrowings	**30,904**	**973**	**4.2 %**	31,154	1,659	7.1 %
Securities sold under agreements to repurchase[4,6]	**18,123**	**1,479**	**10.9 %**	36,520	2,052	7.5 %
Securities loaned[5,6]	**6,425**	**112**	**2.3 %**	5,835	127	2.9 %
Customer payable and Other	**11,190**	**1,232**	**14.7 %**	11,630	1,282	14.7 %
Total	**$313,114**	**$ 8,431**	**3.6 %**	$276,469	$ 9,237	4.5 %
Net interest income and net interest rate spread		**$ 3,396**	**1.4 %**		$ 3,156	1.4 %

1. Amounts include primarily U.S. balances.
2. Includes interest paid on Securities purchased under agreements to resell.
3. Includes fees paid on Securities borrowed.
4. Includes interest received on Securities sold under agreements to repurchase.
5. Includes fees received on Securities loaned.
6. 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.

Ratios

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	**2026**	2025
ROE[1]	**14.9 %**	12.5 %	**14.4 %**	14.7 %

1. Return on average common equity ("ROE") represents annualized net income as a percentage of average equity.

ABS	Asset-backed securities
ACL	Allowance for credit losses
AFS	Available-for-sale
AML	Anti-money laundering
AI	Artificial intelligence
AOCI	Accumulated other comprehensive income (loss)
Balance sheet	Consolidated balance sheet
BaFin	Federal Financial Supervisory Authority
Bank RC	Bank's Risk Committee
BHC	Bank holding company
bps	Basis points; one basis point equals 1/100th of 1%
BRC	Risk Committee of the Board
BSA	Bank Secrecy Act
Cash flow statement	Consolidated cash flow statement
CCyB	Countercyclical capital buffer
CDs	Certificates of deposit
CDS	Credit default swaps
CET1	Common Equity Tier 1
CFTC	U.S. Commodity Futures Trading Commission
CMBS	Commercial mortgage-backed securities
CML	Commercial mortgage loans
CRA	Community Reinvestment Act
CRE	Commercial real estate
CRM	Credit Risk Management Department
DVA	Debt valuation adjustment
EaR	Earnings-At-Risk
ECB	European Central Bank
EMEA	Europe, Middle East and Africa
eSLR	Enhanced supplementary leverage ratio
E.U.	European Union
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act
FFELP	Federal Family Education Loan Program
FHLB	Federal Home Loan Bank of New York
Financial statement	Consolidated financial statements
FRB	Federal Reserve Bank of New York
FVO	Fair value option
GDP	Gross domestic product
G-SIBs	Global systemically important banks
HFI	Held-for-investment
HFS	Held-for-sale
HTM	Held-to-maturity
HQLA	High-quality liquid assets
ICE Clear Credit	ICE Clear Credit LLC, a wholly owned subsidiary of The Intercontinental Exchange, Inc.
IDI	Insured Depository Institutions
Income statement	Consolidated income statement
IRS	Internal Revenue Service
LCH	London Clearing House
LCR	Liquidity coverage ratio, as adopted by the U.S. banking agencies
LTV	Loan-to-value
MABS	Mortgage and asset-backed securities
MSBAG	Morgan Stanley Bank AG
MS&Co.	Morgan Stanley & Co. LLC
MSCM	Morgan Stanley Capital Management LLC
MSCS	Morgan Stanley Capital Services LLC
MSESE	Morgan Stanley Europe SE
MSIP	Morgan Stanley & Co. International plc
MSPBNA	Morgan Stanley Private Bank, National Association
MSSB	Morgan Stanley Smith Barney LLC
MSSF	Morgan Stanley Senior Funding, Inc.
MTOB	Municipal tender option bonds
NAV	Net asset value
NSFR	Net stable funding ratio, as adopted by the U.S. banking agencies
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income (loss)
OFAC	Office of Foreign Assets Control
OIS	Overnight index swap
OSF	Other structured financing
OTC	Over-the-counter
PCA	Prompt corrective action
RML	Residential mortgage loans
ROE	Return on average common equity
RWA	Risk-weighted assets
SBL	Securities-based lending
SEC	U.S. Securities and Exchange Commission
SLR	Supplementary leverage ratio
S&P	Standard & Poor’s
SPE	Special purpose entity
UPB	Unpaid principal balance
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America
VaR	Value-at-Risk
VIE	Variable interest entity

Risk Factors

For a discussion of the risk factors affecting the Bank, see "Risk Factors" in the 2025 Annual Report.