

Morgan Stanley

Morgan Stanley

Fixed Income Investor Presentation

March 16, 2021

Notice

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

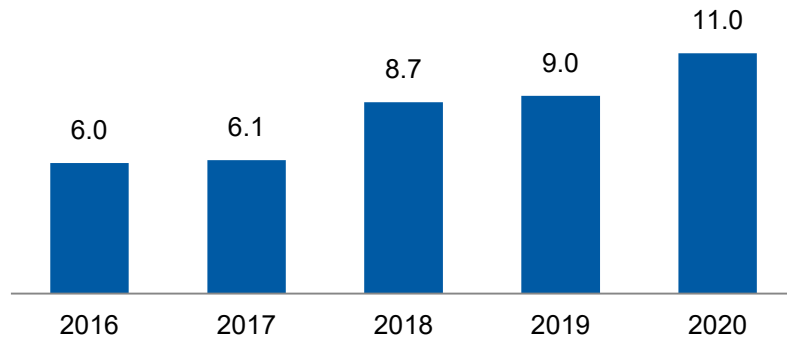
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For a discussion of risks and uncertainties that may affect the future results of the Company, please see the Company's most recent Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as applicable, which are available on www.morganstanley.com. This document is not an offer to buy or sell any security.

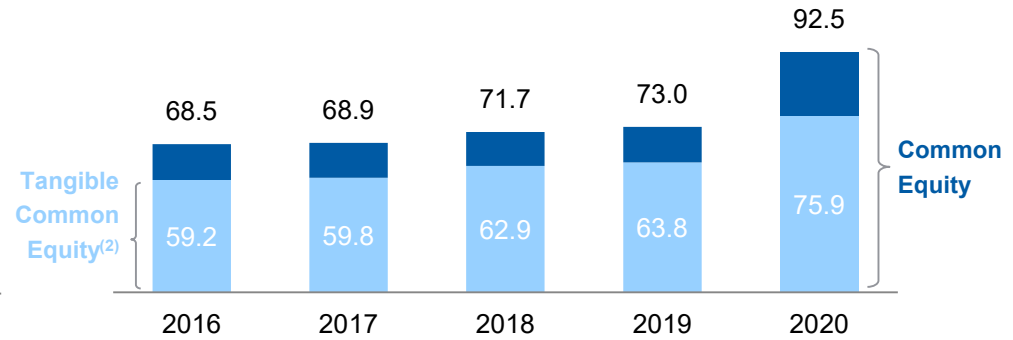
The End Notes are an integral part of this presentation. See slide 9 for information related to the financial metrics in this presentation.

Strong Capital Position

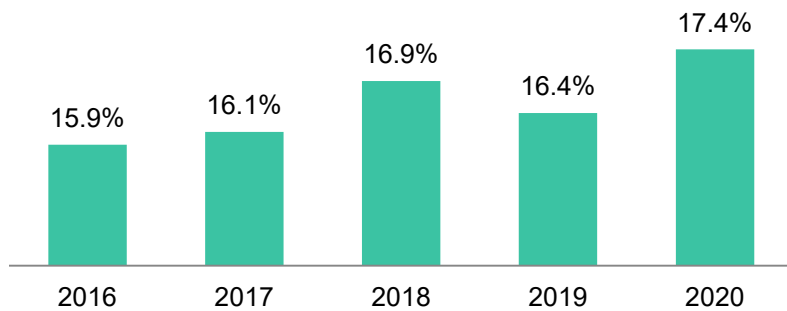
Net Income⁽¹⁾ (\$Bn)



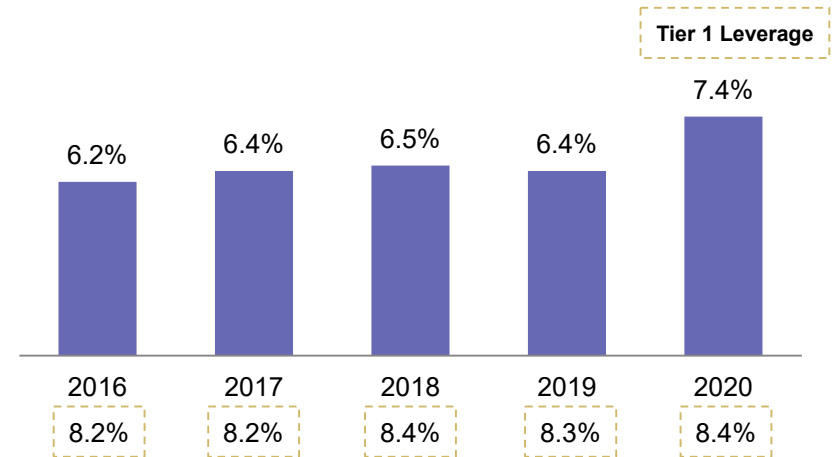
Common Equity (\$Bn)



Fully Phased-In Common Equity Tier 1 Ratio (%)⁽³⁾⁽⁴⁾



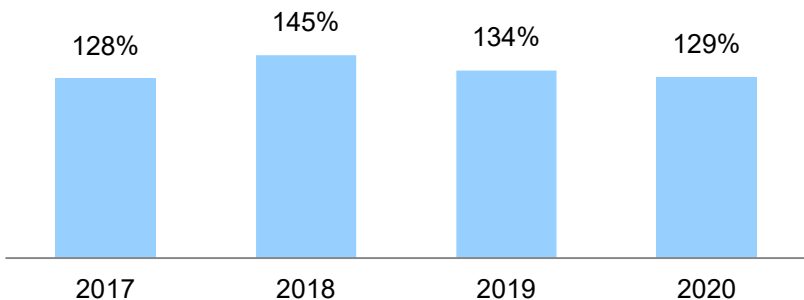
Fully Phased-In U.S. Supplementary Leverage Ratio (%)⁽³⁾⁽⁴⁾



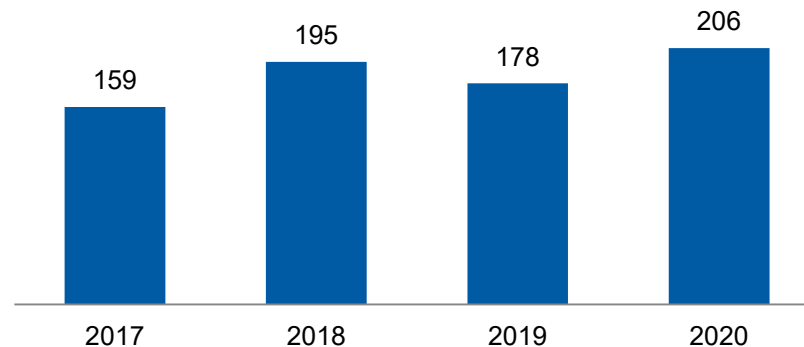
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Strong Liquidity Position

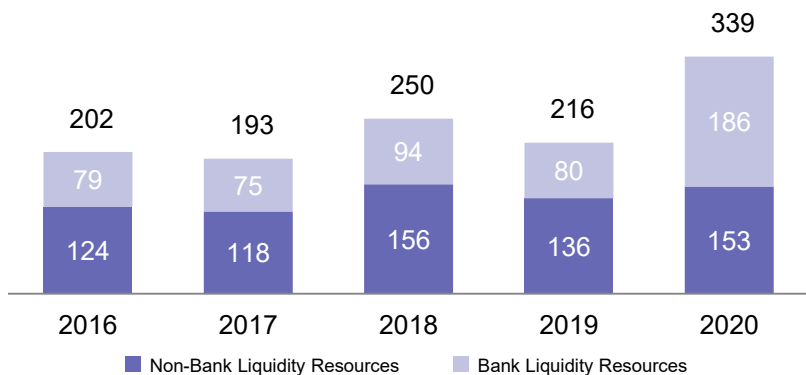
Liquidity Coverage Ratio⁽¹⁾ (%)



Average High Quality Liquid Assets⁽²⁾ (\$Bn)

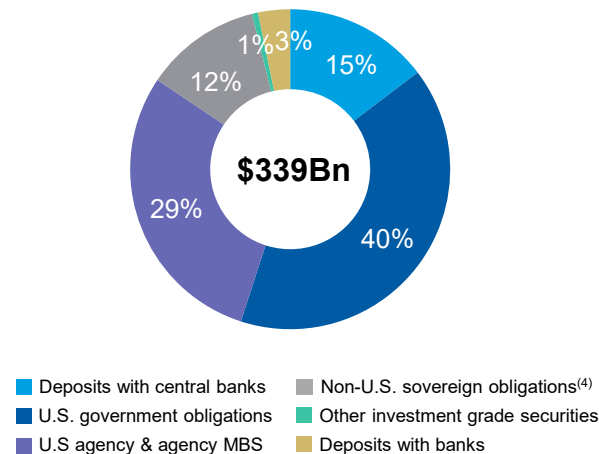


Liquidity Resources⁽³⁾ (\$Bn)



Liquidity Resources Composition⁽³⁾ (%)

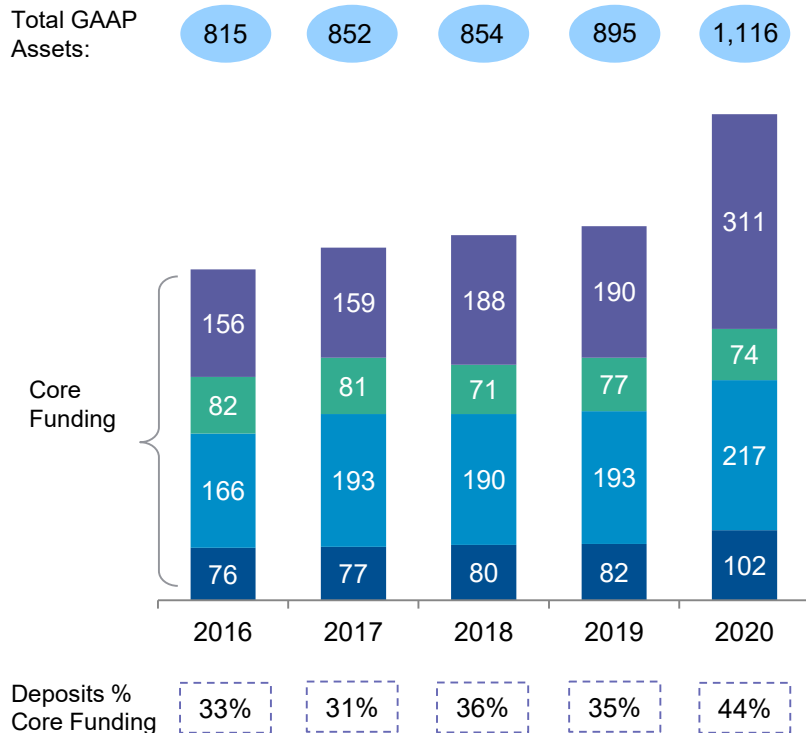
As of 12/31/20



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Diversified and Durable Funding Mix

Morgan Stanley Core Funding
(\$Bn)



Core Funding Overview

Shareholders' Equity

- Strong capital base
- Common stock supplemented by \$9.3Bn⁽²⁾ of preferred stock

Deposits

- Primarily sourced from Wealth Management clients
- Continue to optimize mix of deposits between retail and wholesale sources

Borrowings

- Debt issuance diversified across tenors, currencies, distribution channels and structure
- Provides durability and flexibility to balance sheet
- Weighted average maturity: 7.3 years⁽³⁾

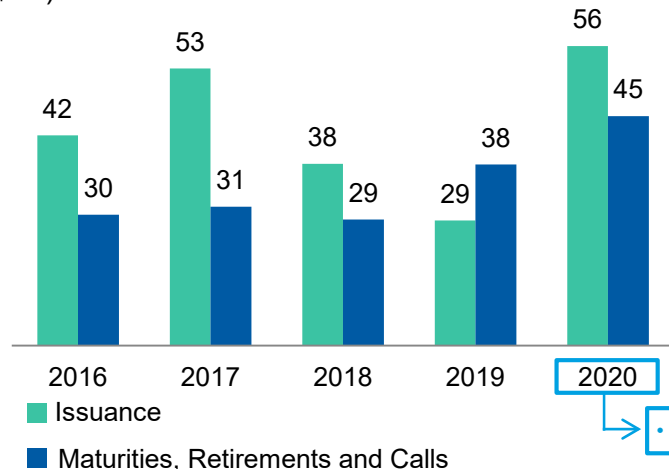
Secured Funding

- Well established governance framework ensures funding parameters consistent with asset profile
- Weighted average maturity against less liquid assets >120 days

■ Shareholders' Equity ■ Borrowings ■ Secured Funding⁽¹⁾ ■ Deposits

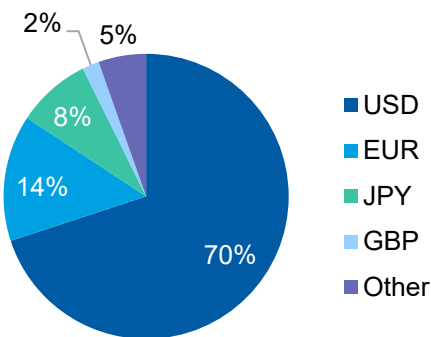
Unsecured Borrowings: Diversified Funding Structure

Unsecured Debt Issuance and Maturities⁽¹⁾
(\$Bn)

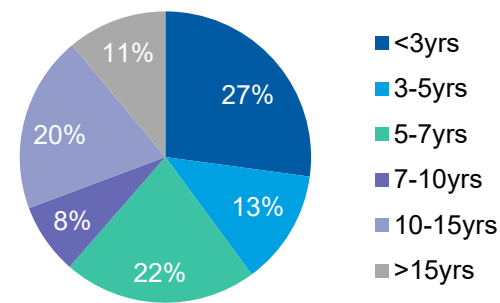


2016-2020 Unsecured Debt Issuance (%)

By Currency

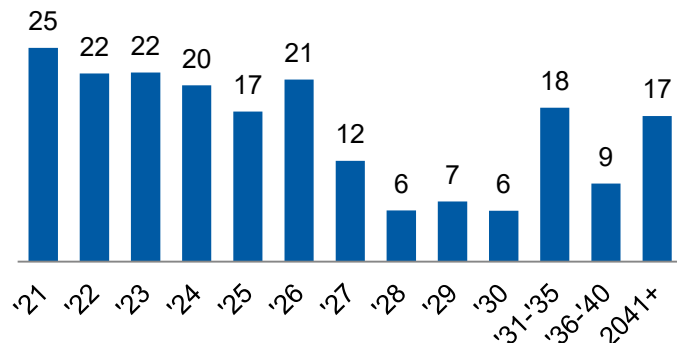


By Tenor



Unsecured Debt Maturity Profile⁽²⁾

As of 4Q20 | (\$Bn)



Total Loss-Absorbing Capacity (TLAC)

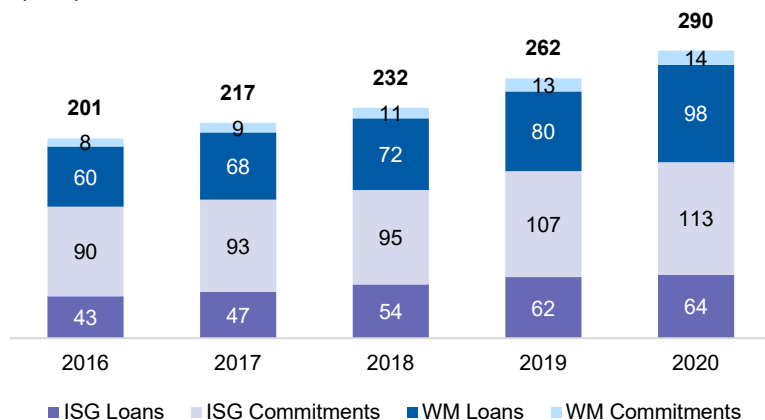
As of 12/31/20 | (\$Bn)

	Required Ratio ⁽³⁾	Actual Ratio
External TLAC as % of RWA ⁽⁴⁾	21.5%	47.7%
External TLAC as a % of leverage exposure	9.5%	18.1%
Eligible LTD as a % of RWA ⁽⁵⁾	9.0%	26.6%
Eligible LTD as a % of leverage exposure ⁽⁵⁾	4.5%	10.1%

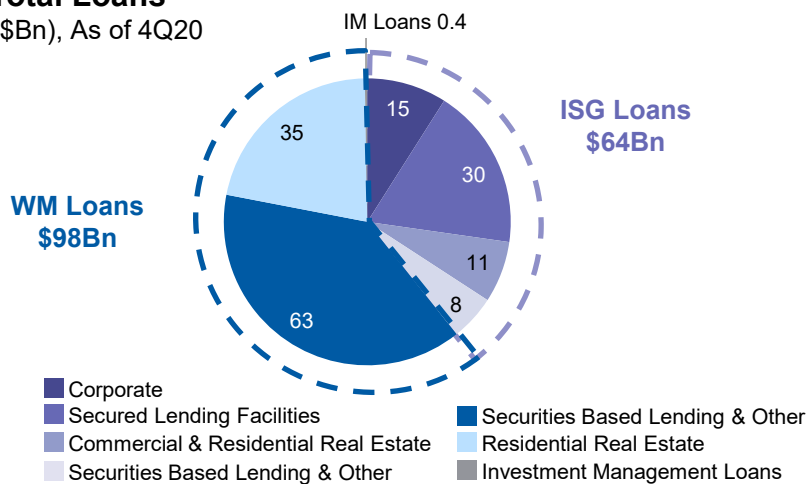
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High Quality Lending Portfolio with Disciplined Growth

Total Loans and Lending Commitments
(\$Bn)



Total Loans
(\$Bn), As of 4Q20



High Quality Portfolio

ISG

**Investment Grade
and/or Secured**

>90%

of ISG exposure

– COVID focus sectors <10% of ISG lending exposure

WM

**Secured
Portfolio**

>99%

of WM exposure

– Securities Based Lending LTV <40%⁽¹⁾
– Residential Real Estate LTV <65%⁽¹⁾

2020

Net Charge-offs

% of average HFI loans

0.07%

Nonaccrual Loans⁽²⁾

% of total HFI loans

0.43%

Loan Loss Reserves⁽³⁾

Of 2020 net charge-offs

8.6x

Credit Ratings

As of March 16, 2021

	Moody's	S&P	Fitch
Morgan Stanley			
Outlook	Stable	Stable	Stable
Long-Term	A1	BBB+	A
Short-Term	P-1	A-2	F1
Subordinated Debt	Baa1	BBB	BBB+
Preferred Stock	Baa3	BB+	BBB-
Morgan Stanley Bank, N.A.			
Outlook	Stable	Stable	Stable
Long-Term	Aa3	A+	A+
Morgan Stanley Private Bank, N.A.			
Outlook	Stable	Stable	Not Rated
Long-Term	Aa3	A+	

End Notes

These notes refer to the financial metrics presented on Slide 3.

1. Net Income Applicable to Morgan Stanley.
2. Tangible Common Equity ("TCE") equals common equity less goodwill and intangible assets net of allowable mortgage servicing rights. TCE is a non-GAAP financial measure that the Firm considers useful for analysts, investors and other stakeholders to assess capital adequacy.
3. Prior to January 1, 2018, the Firm estimated its pro forma fully phased-in Supplementary Leverage ratio and pro forma fully phased-in Common Equity Tier 1 ratio based on the Firm's assessment of the Basel III final rules and other factors, including the Firm's expectations and interpretations of the requirements at the time. These pro-forma estimates represent non-GAAP financial measures that the Firm considers useful for analysts, investors and other stakeholders to evaluate compliance with new regulatory capital requirements that had not yet become effective.
4. For purposes of determining regulatory compliance, and as reflected in the charts, the capital ratios are the lower of the Standardized or Advanced approaches. For further information, refer to 'Regulatory Requirements' on pages 51– 54 in the Firm's Annual Report on Form 10-K for the year ended December 31, 2020.

These notes refer to the financial metrics presented on Slide 4.

1. The Firm's U.S. LCR calculations are based on our current understanding of the U.S. LCR and other factors, which may be subject to change as the Firm receives additional clarification and implementation guidance from regulators relating to the U.S. LCR, and as the interpretation of the U.S. LCR evolves over time.
2. Represents average daily balance for three months ending the period. Average HQLA was disclosed beginning in the fourth quarter of 2017.
3. In the first quarter of 2020, the Firm changed its internal measure of liquidity from the Global Liquidity Reserve to Liquidity Resources, which is more closely aligned with the regulatory definition of HQLA. Period end balances for 2016-2018 represent the Firm's prior Global Liquidity reserve measure. Period end balances for 2019 and 2020 represent the Firm's new internal Liquidity Resources measure.
4. Primarily composed of unencumbered U.K., Japanese, French, German and Dutch government obligations.

These notes refer to the financial metrics presented on Slide 5.

1. Secured funding equals securities sold under agreements to repurchase, securities loaned and other secured financings.
2. On March 15, 2021, Morgan Stanley announced that it will redeem in whole its outstanding Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series J and the depositary shares on April 15, 2021. The notional amount is \$1.5Bn.
3. Weighted average maturity only includes borrowings with original maturities greater than one year.

These notes refer to the financial metrics presented on Slide 6.

1. Unsecured Debt includes senior unsecured debt, subordinated debt and structured notes.
2. Unsecured Debt balances represent notional values.
3. Required ratios are inclusive of applicable buffers.
4. External TLAC consists of Common Equity Tier 1 capital and Additional Tier 1 capital (each excluding any noncontrolling minority interests), as well as eligible LTD.
5. Consists of TLAC-eligible LTD reduced by 50% for amounts of unpaid principal due to be paid in more than one year but less than two years from the balance sheet date.

These notes refer to the financial metrics presented on Slide 7.

1. Represents the weighted average LTV weighted by funded balances as of December 31, 2020.
2. Represents total nonaccrual loans held for investment before allowance as a percentage of total held for investment loans before allowance as of December 31, 2020.
3. Represents allowance for credit losses for loans as of December 31, 2020 divided by net charge-offs for year ending December 31, 2020.

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