

Morgan Stanley

Net Stable Funding Ratio Disclosures Report

For the Quarterly Period Ended September 30, 2024 and

For the Quarterly Period Ended December 31, 2024

Morgan Stanley

NSFR DISCLOSURES REPORT

For the two quarterly periods ended September 30, 2024 and December 31, 2024

Table of Contents		Page
1	Morgan Stanley	1
2	U.S. Net Stable Funding Ratio	1
3	NSFR Disclosure Requirements	1
4	NSFR Qualitative Disclosures	1
5	NSFR Quantitative Disclosures	2
6	Forward-Looking Statements	5

1. Morgan Stanley

Morgan Stanley is a global financial services firm that, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions, and individuals. Unless the context otherwise requires, the terms “Morgan Stanley,” the “Firm,” “us,” “we,” and “our” mean Morgan Stanley (the “Parent Company”) together with its consolidated subsidiaries.

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

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

Additional information related to the Firm’s business is included under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 of the Firm’s Annual Report on Form 10-K for the year ended December 31, 2024 (“2024 Form 10-K”).

2. U.S. Net Stable Funding Ratio

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

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

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

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

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

3. NSFR Disclosure Requirements

The NSFR rule requires the Firm to make quantitative and qualitative disclosures related to its NSFR calculations and liquidity management practices on a semiannual basis (“NSFR Disclosures”). This report contains the Firm’s NSFR Disclosures for December 31, 2024 (the “current quarter”, or “4Q 2024”) and September 30, 2024 (the “prior quarter”, or “3Q 2024”).

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

4. NSFR Qualitative Disclosures

The main drivers of the net stable funding ratio

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

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

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

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

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

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

The Firm's average NSFR in 4Q 2024 is consistent with 3Q 2024. The Firm's increase in NSFR in 3Q 2024 was primarily due to increased ASF (largely unsecured borrowings) and was partially offset by increased RSF (largely loans and securities). As of December 31, 2024, and September 30, 2024, the Firm and its U.S. Bank Subsidiaries were compliant with the minimum required NSFR of 100%.

Concentration of funding sources and changes in funding structure

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

segment household relationships. We execute our secured funding program in accordance with risk management principles that include risk limits on maturity and investor concentration.

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

Our ASF is principally driven by regulatory capital and securities, and retail deposits. Our borrowings are diversified across tenors, currencies and distribution channels and primarily issued by the parent company. The retail deposits, which are primarily sourced from our Wealth Management Clients and are primarily held by our U.S. Bank Subsidiaries"). For a discussion of our Funding Management, see "MD&A—Liquidity and Capital Resources—Liquidity Risk Management Framework—Liquidity Resources" in Part II, Item 7 of the 2024 Form 10-K.

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

5. NSFR Quantitative Disclosures

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

NSFR Quantitative Disclosures
Quarter ended 12/31/2024

\$ in millions	Open Maturity	Average Unweighted Amount				Average Weighted Amount	
		< 6 months	6 months to < 1 year	≥ 1 year	Perpetual		
ASF Item							
1	Capital and securities:	-	21,270	16,211	256,849	104,407	369,361
2	NSFR regulatory capital elements	-	-	-	13,944	104,407	118,351
3	Other capital elements and securities	-	21,270	16,211	242,905	-	251,011
4	Retail funding:	264,362	24,201	15,541	39,444	-	273,437
5	Stable deposits	14,553	-	-	-	-	13,825
6	Less stable deposits	109,892	386	51	1	-	99,296
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	124,976	19,589	15,244	38,045	-	149,910
8	Other retail funding	14,941	4,226	246	1,398	-	10,406
9	Wholesale funding:	152,966	43,124	15,158	26,455	-	62,717
10	Operational deposits	-	-	-	-	-	-
11	Other wholesale funding	152,966	43,124	15,158	26,455	-	62,717
Other liabilities:							
12	NSFR derivatives liability amount	-	-	-	-	-	-
13	Total derivatives liability amount	-	-	-	-	30,079	-
14	All other liabilities not included in the above categories	94,913	61,998	682	16,210	-	-
15	Total ASF¹						616,689
RSF Item							
16	Total high-quality liquid assets (HQLA)	59,198	27,971	17,805	249,715	8,826	18,828
17	Level 1 liquid assets	59,198	27,354	17,607	162,272	-	-
18	Level 2A liquid assets	-	346	168	84,383	-	12,735
19	Level 2B liquid assets	-	271	30	3,061	8,826	6,094
20	Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	1,232	2,576	66	5,666	-	-
21	Operational deposits placed at financial sector entities or their consolidated subsidiaries	6,816	-	-	-	-	3,408
22	Loans and securities:	231,058	173,451	23,740	195,533	76,414	331,069
23	Loans to financial sector entities secured by level 1 liquid assets	12,482	93,452	439	4	-	229
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	112,325	46,819	10,725	38,207	-	67,441
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	101,560	32,659	12,575	55,766	-	120,798
26	Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	11,116	2,222	762	-	-	7,051
27	Retail mortgages	-	-	-	65,528	-	42,593
28	Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	-	-	-	65,528	-	42,593
29	Securities that do not qualify as HQLA	4,691	522	1	36,028	76,414	100,007
Other assets:							
30	Commodities	-	-	-	-	1,675	1,424
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	-	-	-	-	54,430	46,266
32	NSFR derivatives asset amount	-	-	-	-	3,360	3,360
33	Total derivatives asset amount	-	-	-	-	33,320	-
34	RSF for potential derivatives portfolio valuation changes	-	-	-	-	83,145	4,157
35	All other assets not included in the above categories, including nonperforming assets	4,070	5,425	4,443	37,619	42,020	88,204
36	Undrawn commitments	-	-	-	-	206,114	10,306
37	Total RSF prior to application of required stable funding adjustment percentage						507,022
38	Required stable funding adjustment percentage						100%
39	Total adjusted RSF						507,022
40	Net Stable Funding Ratio (%)²						122%

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

² The NSFR quarterly average represents the average of the daily NSFRs during the quarter.

NSFR Quantitative Disclosures
Quarter ended 09/30/2024

	Average Unweighted Amount					Average Weighted Amount
	Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	
<i>\$ in millions</i>						
ASF Item						
1 Capital and securities:	-	21,722	15,523	252,761	102,187	362,710
2 NSFR regulatory capital elements	-	-	-	14,750	102,187	116,937
3 Other capital elements and securities	-	21,722	15,523	238,011	-	245,772
4 Retail funding:	252,915	19,577	18,285	37,925	-	263,322
5 Stable deposits	13,101	-	-	-	-	12,446
6 Less stable deposits	107,483	262	17	-	-	96,986
7 Sweep deposits, brokered reciprocal deposits, and brokered deposits	118,890	16,768	17,831	36,763	-	145,097
8 Other retail funding	13,442	2,547	437	1,161	-	8,794
9 Wholesale funding:	162,521	53,363	17,533	25,909	-	64,670
10 Operational deposits	-	-	-	-	-	-
11 Other wholesale funding	162,521	53,363	17,533	25,909	-	64,670
Other liabilities:						
12 NSFR derivatives liability amount					-	
13 Total derivatives liability amount					30,349	
14 All other liabilities not included in the above categories	101,283	58,667	694	16,129	-	-
15 Total ASF ¹						610,727
RSF Item						
16 Total high-quality liquid assets (HQLA)	49,411	26,875	16,007	268,590	12,005	21,837
17 Level 1 liquid assets	49,411	26,209	15,834	171,387	-	-
18 Level 2A liquid assets	-	385	109	94,327	-	14,223
19 Level 2B liquid assets	-	281	64	2,876	12,005	7,613
20 Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	1,538	2,499	45	4,905	-	-
21 Operational deposits placed at financial sector entities or their consolidated subsidiaries	6,641	-	-	-	-	3,320
22 Loans and securities:	221,001	168,715	28,099	195,283	74,307	328,324
23 Loans to financial sector entities secured by level 1 liquid assets	12,417	86,607	970	4	-	495
24 Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	103,535	51,786	12,825	39,144	-	68,855
25 Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	102,614	29,876	14,303	55,841	-	120,861
26 Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	15,465	2,094	1,647	-	-	9,603
27 Retail mortgages	-	-	-	63,734	-	41,427
28 Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	-	-	-	63,734	-	41,427
29 Securities that do not qualify as HQLA	2,436	445	1	36,560	74,307	96,687
Other assets:						
30 Commodities					838	712
31 Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements					51,324	43,625
32 NSFR derivatives asset amount					2,729	2,729
33 Total derivatives asset amount					33,078	
34 RSF for potential derivatives portfolio valuation changes					87,667	4,383
35 All other assets not included in the above categories, including nonperforming assets	4,731	4,982	5,143	35,980	42,438	87,463
36 Undrawn commitments					198,490	9,925
37 Total RSF prior to application of required stable funding adjustment percentage						502,318
38 Required stable funding adjustment percentage						100%
39 Total adjusted RSF						502,318
40 Net Stable Funding Ratio (%) ²						122%

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

² The NSFR quarterly average represents the average of the daily NSFRs during the quarter.

6. Forward-Looking Statements

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

The risks and uncertainties involved in our businesses could affect the matters referred to in such statements, and it is possible that the stability of our funding sources and minimum funding requirements across a range of scenarios may differ, possibly materially, from the reported ASF and RSF and other anticipated results indicated in these forward-looking statements. Important factors that could cause actual results to differ from those in the forward-looking statements include, without limitation: (i) the effect of market conditions; (ii) changes and fluctuations to the main drivers of our NSFR; (iii) changes to our funding profile, including to our core sources of funding: borrowings, deposits, secured funding and shareholders’ equity; (iv) the level and volatility of equity, fixed income and commodity prices, interest rates, inflation and currency values, other market indices or other market factors, such as market liquidity; (v) our ability to effectively manage our capital and liquidity, including under stress tests designed by our banking regulators; (vi) the future state of our liquidity ratios; (vii) the impact of current, pending and future legislation or changes thereto, regulation (including capital, leverage, funding, liquidity, consumer protection, and recovery and resolution requirements) and our ability to address such requirements; (viii) uncertainty concerning fiscal or monetary policies established by central banks and financial regulators, government shutdowns, debt ceilings or funding; and (ix) other risks and uncertainties detailed under “Risk Factors” in our annual report on Form 10-K for the year ended December 31, 2024.

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