

Morgan Stanley Bank, N.A.

Unaudited Quarterly Report

For the quarterly period ended June 30, 2025

QUARTERLY REPORT

Morgan Stanley Bank, N.A.

For the quarter ended June 30, 2025

Table of Contents	Page
Financial Information	
Management’s Discussion and Analysis of Financial Condition and Results of Operations	1
Introduction	2
Executive Summary	2
Accounting Development Updates	3
Critical Accounting Estimates	3
Liquidity and Capital Resources	4
Balance Sheet	4
Regulatory Requirements	6
Quantitative and Qualitative Disclosures about Risk	10
Credit Risk	10
Market Risk	12
Country and Other Risks	12
Independent Auditor’s Review Report	14
Consolidated Financial Statements and Notes	15
Consolidated Income Statement (Unaudited)	15
Consolidated Comprehensive Income Statement (Unaudited)	15
Consolidated Balance Sheet (Unaudited at June 30, 2025)	16
Consolidated Statement of Changes in Shareholder’s Equity (Unaudited)	17
Consolidated Cash Flow Statement (Unaudited)	18
Notes to Consolidated Financial Statements (Unaudited)	19
1. Introduction and Basis of Presentation	19
2. Significant Accounting Policies	19
3. Loans, Lending Commitments and Allowance for Credit Losses	19
4. Interest Income and Interest Expense	22
5. Investment Securities	23
6. Fair Values	25
7. Cash and Cash Equivalents	29
8. Collateralized Transactions	29
9. Deposits	29
10. Borrowings; and Other Secured Financings	30
11. Transactions with Affiliated Companies	30
12. Derivative Instruments and Hedging Activities	32
13. Assets Sold with Retained Exposure	35
14. Commitments, Contingencies and Guarantees	35
15. Variable Interest Entities	36
16. Regulatory Requirements	38
17. Income Taxes	39
Financial Data Supplement (Unaudited)	40
Glossary of Common Terms and Acronyms	41
Other Information	42
Risk Factors	42

Available Information

This Quarterly Report is available at www.morganstanley.com/about-us-ir/subsidiaries. In addition, Morgan Stanley (the “Parent”) and certain of our affiliates 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.

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

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 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.

Other Activities. The Bank enters into over-the-counter (“OTC”) derivative transactions with external counterparties and affiliates. The Bank also clears interest rate derivatives through London Clearing House Limited (“LCH”). 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 the risk of these transactions by entering into back-to-back “mirror” derivative instruments with affiliates. The Bank also enters into other derivative transactions with affiliates 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; the Bank is not a net seller of credit protection. For further information about our derivative instruments, see Note 12 to the financial statements.

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.

Our trading activities are primarily comprised of certain of the derivatives and Equity Financing services described herein, as

Management's Discussion and Analysis

well as Residential Real Estate and Corporate loans purchased in the secondary market.

Consistent with the Firm's and our stated strategic objective of ongoing growth of eligible assets at the Bank, we are looking to move certain eligible businesses to the Bank.

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 certificate of deposits ("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). 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 9 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; 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 2024 Annual Report and "Liquidity and Capital Resources—Regulatory Requirements" herein.

Morgan Stanley Bank, N.A.

Executive Summary

Overview of Financial Results

\$ in millions	Three Months Ended June 30,		
	2025	2024	% Change
Interest income	\$ 2,627	\$ 2,628	— %
Interest expense	1,542	1,431	8 %
Net interest	1,085	1,197	(9)%
Non-interest revenues			
Fee income	433	281	54 %
Gains (losses) on financial assets and liabilities ¹	410	379	8 %
Other	57	46	24 %
Total non-interest revenues	900	706	27 %
Net revenues	1,985	1,903	4 %
Provision for credit losses	96	43	123 %
Non-interest expenses			
Compensation and benefits	41	26	58 %
General and administrative	298	234	27 %
FDIC and regulatory assessments	17	20	(15)%
Total non-interest expenses²	356	280	27 %
Income before provision for income taxes	1,533	1,580	(3)%
Provision for income taxes	365	369	(1)%
Net income	\$ 1,168	\$ 1,211	(4)%

\$ in millions	Six Months Ended June 30,		
	2025	2024	% Change
Interest income	\$ 5,195	\$ 5,250	(1)%
Interest expense	3,024	2,808	8 %
Net interest	2,171	2,442	(11)%
Non-interest revenues			
Fee income	716	560	28 %
Gains (losses) on financial assets and liabilities ¹	862	734	17 %
Other	107	105	2 %
Total non-interest revenues	1,685	1,399	20 %
Net revenues	3,856	3,841	— %
Provision for credit losses	156	34	359 %
Non-interest expenses			
Compensation and benefits	85	58	47 %
General and administrative	578	457	26 %
FDIC and regulatory assessments	37	60	(38)%
Total non-interest expenses²	700	575	22 %
Income before provision for income taxes	3,000	3,232	(7)%
Provision for income taxes	716	761	(6)%
Net income	\$ 2,284	\$ 2,471	(8)%

1. Includes net gains (losses) from trading assets and liabilities, loans, hedges and lending commitments, as well as sales of investment securities, all of which are primarily accounted for at fair value.

2. Non-interest expenses are primarily influenced by levels of business activity, headcount and compensation. General and administrative expenses primarily include employment related costs of employees of affiliates pursuant to master service level agreements; brokerage, clearing and exchange fees; and service fees in connection with deposits sourced from clients of affiliates.

Net Income

Net Interest

Net interest revenue of \$1,085 million in the quarter ended June 30, 2025 ("current quarter") decreased 9% compared with the

Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

quarter ended June 30, 2024 ("prior year quarter"), primarily due to the net effect of lower interest rates and changes in balance sheet mix, partially offset by lending growth.

Net interest revenue of \$2,171 million in the six months ended June 30, 2025 ("current year period") decreased 11% compared with the six months ended June 30, 2024 ("prior year period"), primarily due to changes in balance sheet mix, the net effect of lower interest rates and lower average sweep deposits, partially offset by lending growth.

The level and pace of interest rate changes and other macroeconomic factors have impacted client preferences, including cash allocation to higher-yielding 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, have impacted our net interest income. To the extent they persist, or other factors arise, such as central bank actions and changes in the path of interest rates, net interest income may be impacted in future periods.

Non-interest Revenues

Non-interest revenues of \$900 million in the current quarter increased 27% compared with the prior year quarter, primarily due to higher revenue earned from affiliated entities to compensate the Bank for relationship priced loans granted to their clients, and growth in equity and interest rate derivatives, partially offset by mark-to-market losses which were mainly driven by hedges on held-for-investment ("HFI") loans.

Non-interest revenues of \$1,685 million in the current year period increased 20% compared with the prior year period, primarily due to higher revenue earned from affiliated entities to compensate the Bank for relationship priced loans granted to their clients, and growth in equity and interest rate derivatives, partially offset by lower gains on sales of investment securities.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of \$96 million in the current quarter was primarily related to portfolio growth in secured lending facilities and corporate loans, and a macroeconomic outlook reflecting slower GDP growth. The Provision for credit losses on loans and lending commitments of \$43 million in the prior year quarter was primarily related to provisions for certain specific commercial real estate loans, mainly in the office sector and modest growth in the corporate loan portfolio.

The Provision for credit losses on loans and lending commitments of \$156 million in the current year period was primarily related to portfolio growth in secured lending facilities and corporate loans, and a macroeconomic outlook reflecting slower GDP growth. The Provision for credit losses on loans and lending commitments of \$34 million in the prior year period was primarily related to provisions for certain specific commercial real estate loans, mainly in the office sector, and modest growth in certain corporate loan portfolios. The impact was partially offset by improvements in the macroeconomic outlook.

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

Non-interest Expenses

Non-interest expenses of \$356 million in the current quarter increased 27% compared with the prior year quarter, mainly due to higher trading volumes which drove execution-related expenses, and lending growth which drove general and administrative, as well as compensation and benefits expenses. The above items were partially offset by service fees paid to affiliates in connection with deposits sourced from their clients.

Non-interest expenses of \$700 million in the current year period increased 22% compared with the prior year period, mainly due to higher trading volumes which drove execution-related expenses, and lending growth, which drove general and administrative, as well as compensation and benefits expenses. The above items were partially offset by service fees paid to affiliates in connection with deposits sourced from their clients and FDIC special assessment.

Economic and Market Conditions

In the second quarter of 2025, the economic environment reflected varied market conditions. Early in the quarter there was economic uncertainty and market volatility driven by global trade concerns that influenced client confidence and investor sentiment. The latter part of the quarter was characterized by a steady rebound in capital markets. Ongoing geopolitical uncertainty, trade policy changes, inflation, as well as the timing and pace of central bank actions have impacted and could continue to impact capital markets and our businesses.

For more information on economic and market conditions, and the potential effects of geopolitical events and acts of war or aggression on our future results, refer to "Risk Factors" and "Forward-Looking Statements" in the 2024 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.

We continue to evaluate accounting updates disclosed in the "Accounting Development Updates" section of the 2024 Annual Report, including the implementation of the Income Tax Disclosures accounting update effective for the annual reporting period beginning January 1, 2025. We do not expect a material impact on our financial condition or results of operations upon adoption.

Critical Accounting Estimates

Our financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions (see Note 1 to the financial statements). We believe that of our significant accounting policies (see Note 2 to the financial statements in the 2024 Annual Report and Note 2 to the financial

Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

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 2024 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") and Risk Committee of the Board ("BRC"). 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 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 balance sheet allocations versus performance and business requirements. We also monitor key metrics, including asset and liability size and capital usage.

Total Assets

<i>\$ in millions</i>	At June 30, 2025	At December 31, 2024
Assets		
Cash and cash equivalents	\$ 12,071	\$ 19,766
Trading assets at fair value	29,520	27,857
Investment securities:		
Available for sale securities at fair value	62,925	58,730
Held-to-maturity securities at cost	22,720	23,477
Securities purchased under agreements to resell	10,018	10,047
Loans, before ACL:		
Corporate	5,893	7,121
Secured lending facilities	61,657	50,268
Commercial real estate	8,577	9,139
Residential real estate	2,287	1,747
Securities-based lending and Other	18,623	18,722
Total loans, before ACL	97,037	86,997
Allowance for credit losses	(629)	(546)
Total loans, net of ACL	96,408	86,451
Affordable housing tax credit investments	992	929
Other assets ¹	4,596	3,455
Total assets	\$ 239,250	\$ 230,712

1. Other assets primarily include customer and interest receivables, deferred tax assets, loans to affiliate, as well as investments in the Federal Reserve Bank of New York ("FRB") and Federal Home Loan Bank of New York ("FHLB").

Total assets increased to \$239 billion at June 30, 2025, compared with \$231 billion at December 31, 2024, primarily due to Loans, and Available for sale securities at fair value, partially offset by a decrease in Cash and cash equivalents.

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 2024 Annual Report.

At June 30, 2025 and December 31, 2024, 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: balance sheet size and composition; funding needs in a stressed environment; 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

Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

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

\$ in millions	Average Daily Balance Three Months Ended	
	June 30, 2025	March 31, 2025
Cash deposits with central banks	\$ 11,029	\$ 12,741
Unencumbered HQLA securities ¹ :		
U.S. government obligations	51,360	52,199
U.S. agency and agency mortgage-backed securities	28,640	29,321
Total Liquidity Resources	\$ 91,029	\$ 94,261

1. HQLA is presented prior to applying weightings.

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.

As of June 30, 2025, 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 diversified funding sources, in accordance with our risk appetite. Our goal is to achieve an optimal mix of durable retail and wholesale financing.

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

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.

Unsecured Financing

We view deposits and borrowings as stable sources of funding. As part of our asset/liability management strategy, when appropriate, we use derivatives to make adjustments to the interest rate risk profile of our unsecured financing. See Notes 10, 11 and 12 to the financial statements.

Deposits

\$ in millions	At June 30, 2025	At December 31, 2024
Savings and demand deposits:		
Brokerage sweep deposits	\$ 67,473	\$ 71,919
Savings and other ¹	79,301	76,594
Total savings and demand deposits	146,774	148,513
Time deposits ²	46,129	38,580
Total ³	\$ 192,903	\$ 187,093
Annualized weighted average cost of deposits ⁴		
Period end	2.79 %	2.66 %
Period average for three months ended	2.76 %	2.88 %

- Includes deposits from the Parent and affiliates, see Note 11 to the financial statements.
- Includes Structured CDs at fair value of \$4.4 billion and \$3.8 billion as of June 30, 2025 and December 31, 2024, respectively.
- Total deposits subject to FDIC insurance at June 30, 2025 and December 31, 2024 were \$156.6 billion and \$148.3 billion, respectively.
- Annualized weighted average represents the total annualized weighted average cost of the various deposit products. Amounts at June 30, 2025 and December 31, 2024 include the effect of related hedging derivatives. The period end cost of deposits is based upon balances and rates as of June 30, 2025 and December 31, 2024. 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 Time and Savings deposits, partially offset by a reduction in Brokerage sweep deposits.

For further information on Deposits, see Note 9 to the financial statements.

Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

Borrowings by Remaining Maturity at June 30, 2025¹

\$ in millions	Total
Original maturities of one year or less:	\$ —
Original maturities greater than one year:	
2025	\$ —
2026	3,556
2027	2,745
2028	7,298
2029	2,494
Thereafter	\$ —
Total greater than one year	\$ 16,093
Total	\$ 16,093
Maturities over the next 12 months ²	\$ 1,497

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 \$16.1 billion as of June 30, 2025 decreased from \$16.7 billion at December 31, 2024, 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.

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

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 2024 Annual Report.

MSBNA Issuer Ratings at August 8, 2025

	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

Capital Management

We view capital as an important source of financial strength and actively manage our 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 quarter. We paid cash dividends of \$1.1 billion to the Parent in the prior year quarter. We paid no additional cash dividends during the current and prior year periods.

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 also implement 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. For additional information on our regulatory capital requirements, see Note 16 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 2024 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

Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

consist of regulatory minimum required ratios plus our capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

Capital Buffer Requirements

The capital 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 buffer requirements 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 our 2.5% capital conservation buffer and countercyclical counter 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

	Regulatory Minimum	At June 30, 2025 and December 31, 2024	
		Standardized	Advanced
Required ratios¹			
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 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 June 30, 2025 and December 31, 2024, 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 2%.

Current Expected Credit Losses ("CECL") Deferral. Beginning on January 1, 2020, we elected to defer the effect of the adoption of CECL on our risk-based and leverage-based capital amounts and ratios, as well as our RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022, were phased-in at 75% from January 1, 2024 and were fully phased-in from January 1, 2025.

Well-Capitalized Requirements. FDICIA requires the federal bank regulatory agencies to take prompt corrective action ("PCA") in respect of insured depository institutions ("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 judgments 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.

Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

Regulatory Capital Ratios

Risk-based capital

\$ in millions	Standardized		Advanced	
	At June 30, 2025	At December 31, 2024	At June 30, 2025	At December 31, 2024
Risk-based capital				
CET1 capital	\$ 24,638	\$ 22,165	\$ 24,638	\$ 22,165
Tier 1 capital	24,638	22,165	24,638	22,165
Total capital	25,631	22,993	25,142	22,620
Total RWA	120,339	110,192	104,336	89,563
Risk-based capital ratio				
CET1 capital	20.5%	20.1%	23.6%	24.7%
Tier 1 capital	20.5%	20.1%	23.6%	24.7%
Total capital	21.3%	20.9%	24.1%	25.3%
Well-Capitalized Requirements¹				
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 Ratios²				
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 June 30, 2025	At December 31, 2024
Leveraged-based capital		
Adjusted average assets ³	\$ 237,750	\$ 227,671
Supplementary leverage exposure ⁴	318,654	301,467
Leveraged-based capital ratios		
Tier 1 leverage	10.4%	9.7%
SLR	7.7%	7.4%
Well-Capitalized Requirements¹		
Tier 1 leverage	5.0%	5.0%
SLR	6.0%	6.0%
Required Ratios²		
Tier 1 leverage	4.0%	4.0%
SLR	3.0%	3.0%

- The requirements to remain "well-capitalized" under the PCA framework.
- Required ratios are inclusive of any buffers applicable as of the date presented.
- Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by any applicable capital deductions.
- Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) the credit equivalent amount for off-balance sheet exposures; (ii) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; and (iii) the counterparty credit risk for repo-style transactions.

Regulatory Capital

\$ in millions	At June 30, 2025	At December 31, 2024	Change
CET1 Capital			
Common shareholder equity	\$ 24,648	\$ 22,090	\$ 2,558
Regulatory adjustments and deductions			
Impact of CECL transition	—	14	(14)
Other adjustments and deductions ¹	(10)	61	(71)
Total CET1 capital and Total Tier 1 capital	\$ 24,638	\$ 22,165	\$ 2,473
Standardized Tier 2 capital			
Eligible ACL	\$ 993	\$ 828	\$ 165
Total Standardized capital	\$ 25,631	\$ 22,993	\$ 2,638
Advanced Tier 2 capital			
Eligible credit reserves	\$ 504	\$ 455	\$ 49
Total Advanced capital	\$ 25,142	\$ 22,620	\$ 2,522

- Other adjustments and deductions used in the calculation of CET1 capital primarily includes net after-tax debt valuation adjustment, credit spread premium over risk-free rate for derivative liabilities and net after-tax losses on cash flow hedges.

RWA Rollforward

\$ in millions	Six Months Ended June 30, 2025	
	Standardized	Advanced
Credit risk RWA		
Balance at December 31, 2024	\$ 108,055	\$ 79,301
Change related to the following items		
Derivatives	3,743	7,384
Securities financing transactions	(84)	253
Investment securities	(627)	(272)
Commitments, guarantees and loans	5,789	6,097
Equity investments	174	184
Other credit risk	1,323	1,298
Total change in credit risk RWA	\$ 10,318	\$ 14,944
Balance at June 30, 2025	\$ 118,373	\$ 94,245
Market risk RWA		
Balance at December 31, 2024	\$ 2,137	\$ 2,137
Change related to the following items		
Regulatory VaR	148	148
Regulatory stressed VaR	(88)	(88)
Specific risk	(231)	(231)
Total change in market risk RWA	\$ (171)	\$ (171)
Balance at June 30, 2025	\$ 1,966	\$ 1,966
Operational risk RWA		
Balance at December 31, 2024	N/A	\$ 8,125
Change in operational risk RWA	—	—
Balance at June 30, 2025	N/A	\$ 8,125
Total RWA	\$ 120,339	\$ 104,336

Regulatory VaR—VaR for regulatory capital requirements

In the current year period, Credit risk RWA increased under both the Standardized and Advanced Approaches. The increase was primarily driven by lending growth and higher Derivatives exposures.

Market risk RWA decreased in the current year period under both the Standardized and Advanced Approaches primarily driven by lower Specific risk charges on non securitization standardized charges, partially offset by an increase in Regulatory VaR.

Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

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.

We were not required by our primary regulators to conduct the annual company-run stress test under the Dodd-Frank Act in 2025.

Resolution and Recovery Planning

Morgan Stanley submitted its 2023 full resolution plan to the Federal Reserve and the FDIC in June 2023, in which we were included as a material operating entity. In June 2024, Morgan Stanley received joint feedback on the 2023 resolution plan and there were no shortcomings or deficiencies identified. Morgan Stanley submitted its 2025 targeted resolution plan on June 30, 2025.

We are also required to submit an IDI resolution plan to the FDIC. We submitted our last IDI resolution plan in December 2023. Our next resolution plan submission will be by July 2026. We are also required by the OCC to develop a recovery plan.

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 2024 Annual Report.

Regulatory Developments and Other Matters

Proposed Changes to the Enhanced Supplementary Leverage Ratio

On June 25, 2025, the U.S. banking agencies released a proposal to modify eSLR requirements applicable to U.S. G-SIBs and their U.S. insured depository institution ("IDI") subsidiaries. We are an indirect, wholly owned IDI subsidiary of the Parent. If adopted, the proposal would modify the eSLR buffer applicable to U.S. G-SIBs to equal 50 percent of each BHC's Method 1 G-SIB capital surcharge, applied above the 3.0% minimum SLR requirement, and would modify eSLR standards for MSBNA to have the same form and calibration as the BHC-level standard. As a result, under the proposal, the Firm and MSBNA would each have been subject to a 3.5% SLR requirement (inclusive of a 0.5% eSLR buffer) as of June 30, 2025, as compared with current standards, which impose a 5.0% SLR requirement on the Firm (inclusive of a 2.0% eSLR buffer) and require MSBNA to meet a 6.0% SLR requirement, above the minimum 3.0% SLR requirement, to be deemed "well capitalized." The proposal would also modify the eSLR for MSBNA to be a buffer standard instead of the well-capitalized threshold under the PCA Framework. 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 2024 Annual Report.

Risk Disclosures

Morgan Stanley Bank, N.A.

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 2024 Annual Report.

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 2024 Annual Report.

Loans and Lending Commitments

\$ in millions	At June 30, 2025			
	HFI	HFS	FVO ²	Total
Corporate	\$ 4,454	\$ 1,439	\$ —	\$ 5,893
Secured lending facilities	58,142	3,515	—	61,657
Commercial real estate	7,847	153	577	8,577
Residential real estate	—	—	2,287	2,287
Securities-based lending and Other	16,189	—	2,434	18,623
Total loans	86,632	5,107	5,298	97,037
ACL	(629)	—	—	(629)
Total loans, net of ACL	\$ 86,003	\$ 5,107	\$ 5,298	\$ 96,408
Lending Commitments¹	107,791	13,867	475	\$ 122,133
Total exposure	193,794	18,974	5,773	\$ 218,541

\$ in millions	At December 31, 2024			
	HFI	HFS	FVO ²	Total
Corporate	\$ 4,184	\$ 2,937	\$ —	\$ 7,121
Secured lending facilities	48,382	1,886	—	50,268
Commercial real estate	8,233	594	312	9,139
Residential real estate	—	—	1,747	1,747
Securities-based lending and Other	15,794	—	2,928	18,722
Total loans	76,593	5,417	4,987	86,997
ACL	(546)	—	—	(546)
Total loans, net of ACL	\$ 76,047	\$ 5,417	\$ 4,987	\$ 86,451
Lending Commitments¹	101,285	15,232	449	\$ 116,966
Total exposure	177,332	20,649	5,436	\$ 203,417

Total exposure-consists of Total loans, net of ACL, and Lending commitments.

- Lending commitments represent the notional amount of legally binding obligations to provide funding to clients for lending transactions. Since commitments associated with these business activities may expire unused or may not be utilized to full capacity, they do not necessarily reflect the actual future cash funding requirements.
- FVO includes the fair value of certain unfunded lending commitments.

We provide loans and lending commitments to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals. In addition, we purchase loans in the secondary market. Loans and lending commitments are either held for investment, held for sale or carried at fair value. For more information on these loan classifications, see Note 2 to the financial statements in the 2024 Annual Report. Total loans and lending commitments increased by approximately \$15.1 billion since December 31, 2024,

primarily due to an increase in Secured lending facilities loans and lending commitments.

See Notes 3, 6 and 14 to the financial statements for further information.

Allowance for Credit Losses—Loans and Lending Commitments

\$ in millions	Six Months Ended June 30, 2025	
ACL—Loans		
Beginning balance	\$	546
Gross charge-offs		(62)
Recoveries		20
Net (charge-offs) recoveries		(42)
Provision for credit losses		104
Other		21
Ending balance	\$	629
ACL—Lending commitments		
Beginning balance	\$	238
Provision for credit losses		52
Other		6
Ending balance	\$	296
Total ending balance	\$	925

Credit exposure arising from our loans and lending commitments is measured in accordance with our internal risk management standards. Risk factors considered in determining the allowance for credit losses for loans and lending commitments include the borrower’s financial strength, industry, facility structure, LTV ratio, debt service ratio, collateral and covenants. Qualitative and environmental factors such as economic and business conditions, nature and volume of the portfolio and lending terms, and volume and severity of past due loans may also be considered.

The allowance for credit losses for loans and lending commitments increased since December 31, 2024, primarily related to portfolio growth in secured lending facilities and corporate loans and a macroeconomic outlook reflecting slower GDP growth. Charge-offs in the current year period were related to commercial real estate lending mainly in the office sector.

The base scenario used in our ACL models as of June 30, 2025 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. This scenario assumes a slowdown in economic growth in 2025, followed by a gradual improvement in 2026. Recent developments around global trade policies increased macroeconomic uncertainty and reduced near-term expectations for U.S. real GDP growth. Impacts on our credit portfolios will depend on specific details of how global trade policies evolve, how markets react, and how effectively our clients adapt. The ACL calculation incorporates key macroeconomic variables, including U.S. real GDP growth rate. The significance of key macroeconomic variables on the ACL calculation varies depending on portfolio composition and economic conditions.

Risk Disclosures

Morgan Stanley Bank, N.A.

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

	4Q 2025	4Q 2026
Year-over-year growth rate	0.8 %	1.8 %

See Note 3 to the financial statements for further information.

Other key macroeconomic variables used in the ACL calculation include corporate credit spreads, interest rates and commercial real estate indices. See Note 2 to the financial statements in the 2024 Annual Report for a discussion of the Bank's ACL methodology under CECL.

Status of Loans Held for Investment

	At June 30, 2025	At December 31, 2024
Accrual	99.3 %	99.4 %
Nonaccrual ¹	0.7 %	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. For further information on our nonaccrual policy, see Note 2 to the financial statements in the 2024 Annual Report.

Net Charge-off Ratios for Loans Held for Investment

<i>\$ in millions</i>	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
For the Six Months Ended June 30, 2025					
Net charge-offs ratio ¹	— %	— %	0.50 %	— %	0.05 %
Average Loans	\$ 4,372	\$52,256	\$ 8,329	\$16,035	\$80,992
For the Six Months Ended June 30, 2024					
Net charge-offs ratio ¹	— %	0.03 %	0.44 %	— %	0.07 %
Average Loans	3,831	40,134	8,461	15,907	68,334

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 Rating¹

	At June 30, 2025				
	Contractual Years to Maturity				
\$ in millions	< 1	1-5	5-15	>15	Total ³
Loans					
AA	\$ —	\$ 105	\$ 24	\$ —	\$ 129
A	1,048	995	15	—	2,058
BBB	4,527	13,827	841	130	19,325
BB	12,239	29,392	2,320	466	44,417
Other NIG	5,705	7,305	1,215	57	14,282
Unrated ²	6	578	223	2,286	3,093
Total loans, net of ACL	23,525	52,202	4,638	2,939	83,304
Lending commitments					
AAA	—	75	—	—	75
AA	2,603	2,864	275	—	5,742
A	5,227	20,109	508	—	25,844
BBB	7,905	45,346	2,424	151	55,826
BB	2,094	19,175	4,796	1,192	27,257
Other NIG	421	4,086	322	—	4,829
Unrated ²	—	—	—	—	—
Total lending commitments	18,250	91,655	8,325	1,343	119,573
Total exposure	\$ 41,775	\$143,857	\$ 12,963	\$ 4,282	\$202,877

	At December 31, 2024					
	Contractual Years to Maturity					
<i>\$ in millions</i>	< 1	1-5	5-15	>15	Total ³	
Loans						
AA	\$ 3	\$ 576	\$ 187	\$ —	\$ 766	
A	883	568	—	—	1,451	
BBB	5,090	12,313	91	124	17,618	
BB	11,052	23,398	2,072	358	36,880	
Other NIG	5,815	7,478	877	55	14,225	
Unrated ²	56	481	149	1,746	2,432	
Total loans, net of ACL	22,899	44,814	3,376	2,283	73,372	
Lending commitments						
AAA	—	75	—	—	75	
AA	2,360	3,777	88	—	6,225	
A	8,031	17,844	832	—	26,707	
BBB	8,761	43,452	1,042	113	53,368	
BB	2,855	17,431	2,747	941	23,974	
Other NIG	609	3,084	286	—	3,979	
Unrated ²	—	—	1	—	1	
Total lending commitments	22,616	85,663	4,996	1,054	114,329	
Total exposure	\$ 45,515	\$130,477	\$ 8,372	\$ 3,337	\$187,701	

NIG-Non-investment grade

- 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.
- 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.
- Excludes loans and lending commitments of \$15.7 billion and \$15.7 billion at June 30, 2025 and December 31, 2024, 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.

Loans and Lending Commitments by Industry¹

<i>\$ In millions</i>	At June 30, 2025	At December 31, 2024
Financials	\$ 73,990	\$ 63,461
Real estate	40,802	37,141
Communication services	13,687	10,315
Industrials	10,019	11,135
Information technology	9,927	9,280
Healthcare	9,606	11,110
Consumer staples	9,222	10,304
Utilities	9,315	8,742
Consumer discretionary	7,291	7,399
Insurance	6,366	6,241
Energy	6,097	6,371
Materials	4,530	4,758
Other	2,025	1,444
Total exposure	\$ 202,877	\$ 187,701

1. Excludes loans and lending commitments of \$15.7 billion and \$15.7 billion at June 30, 2025 and December 31, 2024, respectively, which are extended to clients of Morgan Stanley's Wealth Management business.

Risk Disclosures

Morgan Stanley Bank, N.A.

Commercial Real Estate Loans and Lending Commitments

By Region

\$ in millions	June 30, 2025			December 31, 2024		
	Loans ¹	LC ¹	Total	Loans ¹	LC ¹	Total
Americas	\$ 4,834	\$ 470	\$ 5,304	\$ 5,323	\$ 982	\$ 6,305
EMEA	3,405	128	3,533	3,594	255	3,849
Asia	536	12	548	467	13	480
Total	\$ 8,775	\$ 610	\$ 9,385	\$ 9,384	\$ 1,250	\$ 10,634

By Property Type

\$ in millions	June 30, 2025			December 31, 2024		
	Loans ¹	LC ¹	Total	Loans ¹	LC ¹	Total
Office	\$ 2,623	\$ 209	\$ 2,832	\$ 2,770	\$ 109	\$ 2,879
Industrial	2,817	33	2,850	2,646	28	2,674
Multifamily	1,963	293	2,256	2,208	242	2,450
Retail	405	6	411	1,056	805	1,861
Hotel	941	69	1,010	704	66	770
Other	26	—	26	—	—	—
Total	\$ 8,775	\$ 610	\$ 9,385	\$ 9,384	\$ 1,250	\$ 10,634

LC-Lending Commitments

1. Amounts include held-for-investment ("HFI"), held-for-sale ("HFS") and fair value option ("FVO") loans and lending commitments. HFI loans are net of ACL.

The current economic environment and changes in business and consumer behavior have adversely impacted commercial real estate borrowers due to pressure from higher interest rates, tenant lease renewals, and elevated refinancing risks for loans with near-term maturities, among other issues. 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 and secular factors, credit conditions, and difficulties specific to certain property types, most notably office.

As of June 30, 2025 and December 31, 2024, our direct lending against Commercial real estate ("CRE") properties totaled \$9.4 billion and \$10.6 billion, which represents 4.3% and 5.2% 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.

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.

The Bank's principal market risk is 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. For a further discussion of market risk, see "Quantitative and Qualitative Disclosures about Risk—Market Risk" in the 2024 Annual Report.

Earnings-at-Risk 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.

Earnings-At-Risk Sensitivity Analysis

\$ in millions	At June 30, 2025	At March 31, 2025
Basis point change		
+200	\$ 844	\$ 729
+100	419	362
-100	(405)	(349)
-200	(799)	(695)

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. Earnings at risk sensitivity at June 30, 2025 increased from March 31, 2025, primarily driven by the effects of changes in the mix of our assets and liabilities.

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

Risk Disclosures

Morgan Stanley Bank, N.A.

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 2024 Annual Report.

Top 5 Non-U.S. Country Exposures at June 30, 2025

\$ in millions	United Kingdom	Germany	Australia	Netherlands	Ireland
Non-sovereigns					
Net inventory ¹	\$ (26)	\$ 1	\$ (9)	\$ (26)	\$ (3)
Net Counterparty Exposure ²	212	—	—	—	1
Loans	9,712	1,575	1,400	1,215	1,295
Lending commitments	8,902	3,339	1,478	805	478
Exposure before hedges	18,800	4,915	2,869	1,994	1,771
Hedges ³	(772)	(558)	(131)	(100)	—
Total Net exposure	\$ 18,028	\$ 4,357	\$ 2,739	\$ 1,893	\$ 1,771

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 incur operational risk across the full scope of our business activities, including revenue-generating activities and support and control groups (e.g., information technology and trade processing). For a further discussion about our operational risk, see “Quantitative and Qualitative Disclosures about Risk—Operational Risk” in the 2024 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 2024 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 2024 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 2024 Annual Report.

Climate Risk

Climate change manifests as physical and transition risks. The physical risks of climate change 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. The transition risks of climate change 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 or regulation 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 2024 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 June 30, 2025, and the related condensed consolidated income statements, comprehensive income statements, statements of changes in shareholder's equity for the three-month and six-month periods ended June 30, 2025 and 2024, and cash flow statements for the six-month periods ended June 30, 2025 and 2024, 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.

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, 2024

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, 2024, 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 (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 4, 2025. In our opinion, the accompanying condensed consolidated balance sheet of the Bank as of December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

August 12, 2025

Consolidated Income Statement (Unaudited)

Morgan Stanley Bank, N.A.

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Revenues				
Interest income	\$ 2,627	\$ 2,628	\$ 5,195	\$ 5,250
Interest expense	1,542	1,431	3,024	2,808
Net interest	1,085	1,197	2,171	2,442
Non-interest revenues				
Fee income	433	281	716	560
Gains (losses) on financial assets and liabilities	410	379	862	734
Other	57	46	107	105
Total non-interest revenues	900	706	1,685	1,399
Net revenues	1,985	1,903	3,856	3,841
Provision for credit losses	96	43	156	34
Non-interest expenses				
Compensation and benefits	41	26	85	58
General and administrative	298	234	578	457
FDIC and regulatory assessments	17	20	37	60
Total non-interest expenses	356	280	700	575
Income before provision for income taxes	1,533	1,580	3,000	3,232
Provision for income taxes	365	369	716	761
Net income	\$ 1,168	\$ 1,211	\$ 2,284	\$ 2,471

Consolidated Comprehensive Income Statement (Unaudited)

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net income	\$ 1,168	\$ 1,211	\$ 2,284	\$ 2,471
Other comprehensive income (loss), net of tax:				
Change in net unrealized gains (losses) on available-for-sale securities	(2)	27	209	11
Change in net debt valuation adjustment	9	9	33	8
Net change in cash flow hedges	16	—	33	(28)
Total other comprehensive income (loss) ^{1,2}	\$ 23	\$ 36	\$ 275	\$ (9)
Comprehensive income	\$ 1,191	\$ 1,247	\$ 2,559	\$ 2,462

1. Amounts were net of (provision)/benefit for income taxes of \$(7) million and \$(11) million for the current and prior year quarters, respectively.

2. Amounts were net of (provision)/benefit for income taxes of \$(86) million and \$3 million for the current and the prior year periods, respectively.

Consolidated Balance Sheet

Morgan Stanley Bank, N.A.

	(Unaudited)	
	At June 30, 2025	At December 31, 2024
\$ in millions		
Assets		
Cash and cash equivalents	\$ 12,071	\$ 19,766
Trading assets at fair value	29,520	27,857
Investment securities:		
Available-for-sale at fair value (amortized cost of \$64,792 and \$60,872)	62,925	58,730
Held-to-maturity (fair value of \$19,707 and \$19,995)	22,720	23,477
Securities purchased under agreements to resell	10,018	10,047
Loans:		
Held for investment (net of allowance for credit losses of \$629 and \$546)	86,003	76,047
Held for sale (lower of cost or fair value)	5,107	5,417
Fair value	5,298	4,987
Loan to affiliate	705	634
Accrued interest receivable	1,104	1,000
Affordable housing tax credit investments	992	929
Deferred taxes	765	818
Other assets	2,022	1,003
Total assets	\$ 239,250	\$ 230,712
Liabilities		
Deposits (includes \$4,407 and \$3,842 at fair value)	192,903	187,093
Trading liabilities at fair value	649	400
Payable to affiliates	825	489
Other secured financings at fair value	1,296	862
Accrued interest payable	726	695
Other liabilities and accrued expenses	2,109	2,388
Borrowings (includes \$— and \$1,155 at fair value)	16,093	16,695
Total liabilities	214,601	208,622
Shareholder's equity		
Common stock, \$1 par value:		
Shares authorized: 50,000 ; Shares issued: 100 ; Shares outstanding: 100	—	—
Additional paid-in capital	8,005	8,005
Retained earnings	18,080	15,796
Accumulated other comprehensive income (loss)	(1,436)	(1,711)
Total shareholder's equity	24,649	22,090
Total liabilities and shareholder's equity	\$ 239,250	\$ 230,712

Notes to Financial Statements

Morgan Stanley Bank, N.A.

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Common stock				
Beginning and ending balance	\$ —	\$ —	\$ —	\$ —
Additional paid-in capital				
Beginning and ending balance	8,005	8,005	8,005	8,005
Retained earnings				
Beginning balance	16,912	16,894	15,796	15,634
Net income	1,168	1,211	2,284	2,471
Dividends to Parent	—	(1,101)	—	(1,101)
Ending balance	18,080	17,004	18,080	17,004
Accumulated other comprehensive income (loss)				
Beginning balance	(1,459)	(1,812)	(1,711)	(1,767)
Net change in Accumulated other comprehensive income (loss) ^{1,2}	23	36	275	(9)
Ending balance	(1,436)	(1,776)	(1,436)	(1,776)
Total shareholder's equity	\$ 24,649	\$ 23,233	\$ 24,649	\$ 23,233

1. Amounts were net of (provision)/benefit for income taxes of \$(7) million and \$(11) million for the current and prior year quarters, respectively.

2. Amounts were net of (provision)/benefit for income taxes of \$(86) million and \$3 million for the current and the prior year periods, respectively

Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley Bank, N.A.

\$ in millions	Six Months Ended June 30,	
	2025	2024
Cash flows from operating activities		
Net income	\$ 2,284	\$ 2,471
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	(54)	43
Provision for credit losses	156	34
Deferred income taxes, net	(33)	(10)
Other operating adjustments	229	141
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities	(3,517)	(3,486)
Loans at fair value with intent to sell	(570)	(1,077)
Loans held for sale	322	1,287
Securities purchased under agreements to resell	(1,422)	780
Net receivable from / (payable to) affiliates	(733)	(58)
Accrued expenses and other liabilities	(154)	(64)
Other assets	(128)	(97)
Net cash provided by (used for) operating activities	(3,620)	(36)
Cash flows from investing activities		
Proceeds from (payments for):		
AFS securities:		
Purchases	(8,405)	(14,326)
Proceeds from sales	1,867	5,289
Proceeds from paydowns and maturities	3,079	6,267
HTM securities:		
Purchases	—	(1,930)
Proceeds from paydowns and maturities	787	1,267
Securities purchased under agreements to resell	1,451	7,170
Changes in loans at fair value with intent to hold, net	37	4
Changes in loans held for investment, net	(8,180)	(4,425)
Other investing activities	(73)	(24)
Net cash provided by (used for) investing activities	(9,437)	(708)
Cash flows from financing activities		
Net proceeds from (payments for):		
Deposits	5,673	(3,739)
Other secured financings	304	99
Proceeds from issuance of Borrowings	2,496	4,738
Payments for:		
Borrowings	(3,114)	(157)
Cash dividends	—	(1,101)
Net cash provided by (used for) financing activities	5,359	(160)
Effect of exchange rate changes on cash and cash equivalents	3	(1)
Net (decrease) increase in cash and cash equivalents	(7,695)	(905)
Cash and cash equivalents, at beginning of period	19,766	11,859
Cash and cash equivalents, at end of period	\$ 12,071	\$ 10,954

Supplemental Disclosures of Cash Flow Information:

Cash payments (refunds) for:		
Interest	\$ 2,992	\$ 2,792
Income taxes	588	691

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

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, 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 Limited (“LCH”). Unless the context otherwise requires, the term “Bank” means Morgan Stanley Bank, N.A. See the “Glossary of Common Terms and Acronyms” for the definition of certain terms and acronyms used throughout this Quarterly Report.

The Bank offers commercial lending products, certain retail securities based lending products, certain derivative products, and deposit products. The Bank’s activities also include providing certain financing services to our clients active in the equity markets, entering into certain derivative transactions, and maintaining an investment portfolio.

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 certificate of deposits (“CDs”) that are principally used to fund lending and trading activities and invest in securities.

Basis of Financial Information

The financial statements are prepared in accordance with 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.

The accompanying financial statements should be read in conjunction with the Bank’s financial statements and notes thereto included in the 2024 Annual Report. Certain footnote disclosures included in the 2024 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.

Consolidation

The financial statements include the accounts of the Bank and its wholly owned subsidiaries, including certain variable interest entities (“VIEs”) (see Note 15). 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 2024 Annual Report.

During the six months ended June 30, 2025, there were no significant updates to the relevant accounting policies.

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

Loans by Type

\$ in millions	At June 30, 2025			
	HFI Loans	HFS Loans	Loans at Fair Value	Total Loans
Corporate	\$ 4,454	\$ 1,439	\$ —	\$ 5,893
Secured lending facilities	58,142	3,515	—	61,657
Commercial real estate	7,847	153	577	8,577
Residential real estate	—	—	2,287	2,287
Securities-based lending and Other loans	16,189	—	2,434	18,623
Total loans	86,632	5,107	5,298	97,037
ACL	(629)	—	—	(629)
Total loans, net	\$ 86,003	\$ 5,107	\$ 5,298	\$ 96,408
Loans to non-U.S. borrowers, net	21,912	2,596	—	\$ 24,508

\$ in millions	At December 31, 2024			
	HFI Loans	HFS Loans	Loans at Fair Value	Total Loans
Corporate	\$ 4,184	\$ 2,937	\$ —	\$ 7,121
Secured lending facilities	48,382	1,886	—	50,268
Commercial real estate	8,233	594	312	9,139
Residential real estate	—	—	1,747	1,747
Securities-based lending and Other loans	15,794	—	2,928	18,722
Total loans	76,593	5,417	4,987	86,997
ACL	(546)	—	—	(546)
Total loans, net	\$ 76,047	\$ 5,417	\$ 4,987	\$ 86,451
Loans to non-U.S. borrowers, net	17,931	2,769	—	\$ 20,700

Notes to Consolidated Financial Statements (Unaudited)

For additional information on the Bank's held-for-investment, held-for-sale loan and loans at fair value portfolios, see Note 3 to the financial statements in the 2024 Annual Report.

Loans by Interest Rate Type

\$ in millions	At June 30, 2025		At December 31, 2024	
	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	\$ —	\$ 5,893	\$ —	\$ 7,121
Secured lending facilities	525	61,132	—	50,268
Commercial real estate	340	7,660	—	8,827
Securities-based lending and Other loans	3,173	13,016	3,335	12,459
Total loans, before ACL	\$ 4,038	\$ 87,701	\$ 3,335	\$ 78,675

See Note 6 for further information regarding Loans and lending commitments held at fair value. See Note 14 for details of current commitments to lend in the future.

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

	At June 30, 2025			At December 31, 2024		
	Corporate					
<i>\$ in millions</i>	IG	NIG	Total	IG	NIG	Total
Revolving	\$ 2,193	\$ 1,970	\$ 4,163	\$ 2,189	\$ 1,826	\$ 4,015
2025	125	32	157			
2024	79	—	79	75	8	83
2023	—	50	50	—	50	50
2022	—	—	—	—	—	—
2021	5	—	5	5	—	5
Prior	—	—	—	31	—	31
Total	\$ 2,402	\$ 2,052	\$ 4,454	\$ 2,300	\$ 1,884	\$ 4,184

	At June 30, 2025			At December 31, 2024		
	Secured Lending Facilities					
<i>\$ in millions</i>	IG	NIG	Total	IG	NIG	Total
Revolving	\$ 13,799	\$ 31,315	\$ 45,114	\$ 11,405	\$ 27,660	\$ 39,065
2025	635	4,760	5,395			
2024	478	3,079	3,557	818	2,732	3,550
2023	562	1,068	1,630	1,371	1,341	2,712
2022	272	1,111	1,383	279	1,761	2,040
2021	—	207	207	—	197	197
Prior	100	756	856	100	718	818
Total	\$ 15,846	\$ 42,296	\$ 58,142	\$ 13,973	\$ 34,409	\$ 48,382

	At June 30, 2025			At December 31, 2024		
	Commercial Real Estate					
<i>\$ in millions</i>	IG	NIG	Total	IG	NIG	Total
Revolving	\$ —	\$ 8	\$ 8	\$ —	\$ 154	\$ 154
2025	191	584	775			
2024	117	1,885	2,002	148	2,176	2,324
2023	251	697	948	351	761	1,112
2022	267	1,381	1,648	305	1,488	1,793
2021	155	1,399	1,554	145	1,488	1,633
Prior	39	873	912	—	1,217	1,217
Total	\$ 1,020	\$ 6,827	\$ 7,847	\$ 949	\$ 7,284	\$ 8,233

Morgan Stanley Bank, N.A.

\$ in millions	At June 30, 2025			
	Securities-based Lending ¹	Other		Total
		IG	NIG	
Revolving	12,800	44	84	12,928
2025	549	—	7	556
2024	1,268	65	108	1,441
2023	510	—	175	685
2022	164	—	86	250
2021	100	—	79	179
Prior	—	—	150	150
Total	\$ 15,391	\$ 109	\$ 689	\$ 16,189

\$ in millions	At December 31, 2024			
	Securities-based Lending ¹	Other		Total
		IG	NIG	
Revolving	\$ 12,740	\$ 13	\$ 102	\$ 12,855
2024	1,193	65	214	1,472
2023	431	—	148	579
2022	371	—	98	469
2021	100	—	129	229
Prior	—	—	190	190
Total	\$ 14,835	\$ 78	\$ 881	\$ 15,794

IG—Investment Grade

NIG—Non-investment Grade

1. Securities-based loans are subject to collateral maintenance provisions, and at June 30, 2025 and December 31, 2024, these loans are predominantly over-collateralized. For more information on the ACL methodology related to Securities-based loans, see Note 2 in the 2024 Annual Report.

Past due loans held for investment before allowance were comprised of Commercial real estate of \$120 million and \$272 million at June 30, 2025 and December 31, 2024, respectively. The majority of the amounts are past due for a period of more than 90 days as of June 30, 2025 and December 31, 2024.

Nonaccrual Loans Held for Investment before Allowance¹

\$ in millions	At June 30, 2025	At December 31, 2024
Corporate	40	—
Commercial real estate	587	447
Total	\$ 627	\$ 447
Nonaccrual loans without an ACL	\$ —	\$ 14

1. There were no loans held for investment that were 90 days or more past due and still accruing as of June 30, 2025 and December 31, 2024. For further information on the Bank's nonaccrual policy, see Note 2 to the financial statements in the 2024 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.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Modified Loans Held for Investment

Period end loans held for investment modified during the following periods¹

\$ in millions	Three Months Ended June 30,			
	2025		2024	
	Amortized Cost	% of Total Loans ²	Amortized Cost	% of Total Loans ²
Term Extension				
Corporate	50	1.1 %	—	— %
Commercial real estate	330	4.2 %	—	— %
Total	\$ 380	3.1 %	\$ —	— %
Multiple Modifications - Term Extension and Interest Rate Reduction				
Commercial real estate	75	1.0 %	—	— %
Total Modifications	\$ 455	3.7 %	\$ —	— %

\$ in millions	Six Months Ended June 30,			
	2025		2024	
	Amortized Cost	% of Total Loans ²	Amortized Cost	% of Total Loans ²
Term Extension				
Corporate	\$ 50	1.1 %	\$ —	— %
Commercial real estate	330	4.2 %	79	0.9 %
Total	\$ 380	3.1 %	\$ 79	0.9 %
Multiple Modifications - Term Extension and Interest Rate Reduction				
Commercial real estate	75	1.0 %	—	— %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Commercial real estate	—	— %	40	0.5 %
Total	\$ —	— %	\$ 40	0.5 %
Total Modifications	\$ 455	3.7 %	\$ 119	1.4 %

1. Lending commitments to borrowers for which the Bank has modified terms of the receivable during the three months ended June 30, 2025 were \$46 million. As of December 31, 2024, there were no lending commitments to borrowers for which the bank had modified terms of the receivable.
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

\$ in millions	Three Months Ended June 30 ¹ ,					
	2025			2024		
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Interest Rate Reduction (%)	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Interest Rate Reduction (%)
Single Modifications						
Corporate	21	—	— %	—	—	— %
Commercial real estate	\$ 33	—	— %	\$ —	—	— %
Multiple Modifications - Term Extension and Interest Rate Reduction						
Commercial Real Estate	65	—	1 %	—	—	— %

\$ in millions	Six Months Ended June 30 ¹ ,					
	2025			2024		
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Interest Rate Reduction (%)	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Interest Rate Reduction (%)
Single Modifications						
Corporate	21	0	— %	—	0	— %
Commercial real estate	33	—	— %	4	—	— %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay						
Commercial Real Estate	—	—	— %	16	16	— %
Multiple Modifications - Term Extension and Interest Rate Reduction						
Commercial Real Estate	65	—	1 %	—	—	— %

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

Past Due Loans Held for Investment Modified in the Last 12 months

As of June 30, 2025, there were no past due loans held for investment modified in the 12 month period prior.

\$ in millions	At June 30, 2024		
	30-89 Days Past Due	90+ days Past Due	Total
Commercial real estate	\$ 67	—	67

As of June 30, 2025, there were no loans held for investment that defaulted during the six months ended June 30, 2025 that had been modified in the 12 month period prior. There were no loans held for investment that defaulted during the six months ended June 30, 2024 that had been modified in the 12-month period prior.

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

\$ in millions	Six Months Ended June 30, 2025				
	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
ACL—Loans					
Beginning balance	\$ 22	\$ 130	\$ 370	\$ 24	\$ 546
Gross charge-offs	—	—	(62)	—	(62)
Recoveries	—	—	20	—	20
Net (charge-offs) recoveries	—	—	(42)	—	(42)
Provision (release)	16	31	52	5	104
Other	—	5	15	1	21
Ending balance	\$ 38	\$ 166	\$ 395	\$ 30	\$ 629
Percentage of loans to total loans ¹	5 %	67 %	9 %	19 %	100 %
ACL—Lending commitments					
Beginning balance	\$ 106	\$ 83	\$ 39	\$ 10	\$ 238
Provision (release)	23	48	(21)	2	52
Other	1	3	1	1	6
Ending balance	\$ 130	\$ 134	\$ 19	\$ 13	\$ 296
Total ending balance	\$ 168	\$ 300	\$ 414	\$ 43	\$ 925

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

\$ in millions	Six Months Ended June 30, 2024				
	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
ACL—Loans					
Beginning balance	\$ 27	\$ 142	\$ 461	\$ 24	\$ 654
Gross charge-offs	—	(11)	(41)	—	(52)
Recoveries	—	—	4	—	4
Net (charge-offs) recoveries	—	(11)	(37)	—	(48)
Provision (release)	3	5	44	(3)	49
Other	(1)	(1)	(2)	(1)	(5)
Ending balance	\$ 29	\$ 135	\$ 466	\$ 20	\$ 650
Percentage of loans to total loans ¹	5%	61%	12%	22%	100%
ACL—Lending commitments					
Beginning balance	\$ 120	\$ 70	\$ 26	\$ 10	\$ 226
Provision (release)	(11)	—	(3)	(1)	(15)
Other	—	(1)	(1)	1	(1)
Ending balance	\$ 109	\$ 69	\$ 22	\$ 10	\$ 210
Total ending balance	\$ 138	\$ 204	\$ 488	\$ 30	\$ 860

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.

Gross Charge-offs by Origination Year

\$ in millions	Three Months Ended June 30,					
	2025			2024		
	Secured Lending Facilities	CRE	Total	Secured Lending Facilities	CRE	Total
2021	\$ —	(11)	(11)	—	—	—
2020	—	—	—	(11)	—	(11)
Prior	—	(20)	(20)	—	(41)	(41)
Total	\$ —	\$ (31)	\$ (31)	\$ (11)	\$ (41)	\$ (52)

\$ in millions	Six Months Ended June 30,					
	2025			2024		
	Secured Lending Facilities	CRE	Total	Secured Lending Facilities	CRE	Total
2022	—	(10)	(10)	—	—	—
2021	—	(12)	(12)	—	—	—
2020	—	—	—	(11)	—	(11)
Prior	—	(40)	(40)	—	(41)	(41)
Total	\$ —	\$ (62)	\$ (62)	\$ (11)	\$ (41)	\$ (52)

Provision for credit losses

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Loans	\$ 70	\$ 70	\$ 104	\$ 49
Lending commitments	26	(27)	52	(15)
Total	\$ 96	\$ 43	\$ 156	\$ 34

The allowance for credit losses for loans and lending commitments increased during the six months ended June 30, 2025, primarily related to portfolio growth in secured lending facilities and corporate loans, and a macroeconomic outlook reflecting slower GDP growth. Charge-offs in the current year period were related to commercial real estate lending mainly in the office sector.

The base scenario used in our ACL models as of June 30, 2025 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. This scenario assumes a slowdown in economic growth in 2025, followed by a gradual improvement in 2026. The ACL calculation incorporates key macroeconomic variables, including U.S. real GDP growth rate. The significance of key macroeconomic variables on the ACL calculation varies depending on portfolio composition and economic conditions. Other key macroeconomic variables used in the ACL calculation include corporate credit spreads, interest rates and commercial real estate indices.

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 2024 Annual Report.

Selected Credit Ratios

	At June 30, 2025	At December 31, 2024
ACL for loans to total HFI loans	0.7 %	0.7 %
Nonaccrual HFI loans to total HFI loans	0.7 %	0.6 %
ACL for loans to nonaccrual HFI loans	100.3 %	122.1 %

4. Interest Income and Interest Expense

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest income				
Cash and cash equivalents	\$ 175	\$ 200	\$ 364	\$ 513
Investment securities	744	708	1,480	1,346
Securities purchased under agreements to resell	120	148	258	327
Loans, including fees and Other ¹	1,588	1,572	3,093	3,064
Total interest income	\$ 2,627	\$ 2,628	\$ 5,195	\$ 5,250
Interest expense				
Deposits and Other ²	\$ 1,305	\$ 1,290	\$ 2,554	\$ 2,546
Borrowings	237	141	470	262
Total interest expense	\$ 1,542	\$ 1,431	\$ 3,024	\$ 2,808
Net interest	\$ 1,085	\$ 1,197	\$ 2,171	\$ 2,442

1. Other includes the impact of certain trading activities, loans to affiliate, and dividends on Federal Reserve Bank of New York ("FRB") and Federal Home Loan Bank of New York ("FHLB") capital stock.

2. Other primarily includes the impact of net advances from and payables to the Parent, and certain trading activities.

Notes to Consolidated Financial Statements (Unaudited)

5. Investment Securities

AFS and HTM Securities

\$ in millions	At June 30, 2025			
	Amortized Cost ¹	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	\$ 43,867	\$ 28	\$ 98	\$ 43,797
U.S. agency securities ²	16,796	5	1,638	15,163
Agency CMBS	2,241	—	123	2,118
State and municipal securities	1,504	1	33	1,472
FFELP student loan ABS ³	382	—	7	375
Unallocated Basis Adjustment ⁴	2	—	2	—
Total AFS securities	64,792	34	1,901	62,925
HTM securities				
U.S. Treasury securities	7,086	—	488	6,598
U.S. agency securities ²	14,287	18	2,461	11,844
Non-agency CMBS	1,347	7	89	1,265
Total HTM securities	22,720	25	3,038	19,707
Total investment securities	\$ 87,512	\$ 59	\$ 4,939	\$ 82,632

\$ in millions	At December 31, 2024			
	Amortized Cost ¹	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	\$ 39,372	\$ 30	\$ 170	\$ 39,232
U.S. agency securities ²	17,474	4	1,866	15,612
Agency CMBS	2,254	—	150	2,104
State and municipal securities	1,373	18	4	1,387
FFELP student loan ABS ³	401	—	6	395
Unallocated Basis Adjustment ⁴	(2)	2	—	—
Total AFS securities	60,872	54	2,196	58,730
HTM securities				
U.S. Treasury securities	7,188	—	617	6,571
U.S. agency securities ²	14,915	3	2,760	12,158
Non-agency CMBS	1,374	4	112	1,266
Total HTM securities	23,477	7	3,489	19,995
Total investment securities	\$ 84,349	\$ 61	\$ 5,685	\$ 78,725

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 2024 Annual Report and Note 12 herein for additional information.

Morgan Stanley Bank, N.A.

AFS Securities in an Unrealized Loss Position

\$ in millions	At June 30, 2025		At December 31, 2024	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	\$ 17,777	\$ 21	\$ 14,878	\$ 49
12 months or longer	12,122	77	7,399	121
Total	29,899	98	22,277	170
U.S. agency securities				
Less than 12 months	1,083	4	690	11
12 months or longer	13,234	1,634	13,679	1,855
Total	14,317	1,638	14,369	1,866
Agency CMBS				
12 months or longer	2,118	123	2,104	150
Total	2,118	123	2,104	150
State and municipal securities				
Less than 12 months	926	24	242	2
12 months or longer	209	9	62	2
Total	1,135	33	304	4
FFELP student loan ABS				
12 months or longer	319	7	335	6
Total	319	7	335	6
Unallocated Basis Adjustment				
	—	2	—	—
Total AFS securities in an unrealized loss position				
Less than 12 months	19,786	49	15,810	62
12 months or longer	28,002	1,850	23,579	2,134
Unallocated Basis Adjustment	—	2	—	—
Total	\$ 47,788	\$ 1,901	\$ 39,389	\$ 2,196

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 2024 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. As of June 30, 2025 and December 31, 2024, the securities in an unrealized loss position were predominantly investment grade.

The HTM securities net carrying amounts at June 30, 2025 and December 31, 2024 reflect an ACL of \$60 million and \$52 million, respectively, related to Non-agency CMBS. See Note 2 for a description of the ACL methodology used for HTM Securities in the 2024 Annual Report.

The Bank's portfolio of HTM securities was comprised of 94% and 97% investment grade U.S. agency securities and U.S. Treasury securities, as of June 30, 2025 and December 31, 2024, respectively, which were on accrual status. There is an underlying assumption of zero credit losses associated with these securities. Non-investment grade HTM securities primarily consisted of certain Non-agency CMBS securities, for which the expected credit losses were insignificant and were predominantly on accrual status at June 30, 2025 and December 31, 2024.

See Note 15 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)

Morgan Stanley Bank, N.A.

Investment Securities by Contractual Maturity

	At June 30, 2025		
<i>\$ in millions</i>	Amortized Cost ¹	Fair Value	Annualized Average Yield ^{2,3}
AFS securities			
U.S. Treasury securities:			
Due within 1 year	\$ 10,005	\$ 9,967	3.2 %
After 1 year through 5 years	30,118	30,095	3.8 %
After 5 years through 10 years	3,744	3,735	4.2 %
Total	43,867	43,797	
U.S. agency securities:			
Due within 1 year	1	1	2.3 %
After 1 year through 5 years	160	155	1.8 %
After 5 years through 10 years	237	219	1.8 %
After 10 years	16,398	14,788	3.5 %
Total	16,796	15,163	
Agency CMBS:			
Due within 1 year	199	196	2.1 %
After 1 year through 5 years	1,886	1,789	2.4 %
After 10 years	156	133	1.7 %
Total	2,241	2,118	
State and municipal securities:			
Due within 1 year	81	81	4.9 %
After 1 year through 5 years	152	152	4.5 %
After 5 years through 10 years	87	82	4.0 %
After 10 years	1,184	1,157	4.5 %
Total	1,504	1,472	
FFELP student loan ABS:			
Due within 1 year	58	56	5.0 %
After 1 year through 5 years	45	44	5.0 %
After 5 years through 10 years	23	22	4.9 %
After 10 years	256	253	5.1 %
Total	382	375	
Unallocated basis adjustments ⁴	2	—	—
Total AFS securities	\$ 64,792	\$ 62,925	3.6 %

	At June 30, 2025		
<i>\$ in millions</i>	Amortized Cost ¹	Fair Value	Annualized Average Yield ²
HTM securities			
U.S. Treasury securities:			
Due within 1 year	\$ 2,600	\$ 2,556	1.5 %
After 1 year through 5 years	3,408	3,298	2.5 %
After 10 years	1,078	744	2.5 %
Total	7,086	6,598	
U.S. agency securities:			
After 1 year through 5 years	19	18	2.0 %
After 5 years through 10 years	163	155	2.0 %
After 10 years	14,105	11,671	2.4 %
Total	14,287	11,844	
Non-agency CMBS:			
Due within 1 year	129	113	5.0 %
After 1 year through 5 years	728	699	4.5 %
After 5 years through 10 years	377	342	4.3 %
After 10 years	113	111	7.0 %
Total	1,347	1,265	
Total HTM securities	22,720	19,707	2.4 %
Total investment securities	\$ 87,512	\$ 82,632	3.3 %

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 June 30, 2025, the annualized average yield, including the interest rate swap accrual of related hedges, was 3.4% for AFS securities contractually maturing within 1 year and 4.0% for all AFS securities.
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 2024 Annual Report and Note 12 herein for additional information.

Gross Realized Gains (Losses) on Sales of AFS Securities

	Three Months Ended June 30,		Six Months Ended June 30,	
<i>\$ in millions</i>	2025	2024	2025	2024
Gross realized gains	\$ —	\$ 7	\$ 21	\$ 49
Total¹	\$ —	\$ 7	\$ 21	\$ 49

1. Gross realized gains (losses) are recognized in Non-interest revenues—Gains (losses) on financial assets and liabilities in the income statement.

Changes in Accumulated Other Comprehensive Income (Loss) by component, net of tax:

	Changes in Net Unrealized Gains (Losses) on AFS Securities			
	Three Months Ended June 30,		Six Months Ended June 30,	
<i>\$ in millions</i>	2025	2024	2025	2024
Beginning Balance	\$ (1,429)	\$ (1,781)	\$ (1,640)	\$ (1,765)
Other comprehensive income (loss) before reclassifications	(2)	32	225	49
Amounts reclassified from AOCI	—	(5)	(16)	(38)
Net other comprehensive income (loss) during the period	(2)	27	209	11
Ending Balance	\$ (1,431)	\$ (1,754)	\$ (1,431)	\$ (1,754)

Notes to Consolidated Financial Statements (Unaudited)

6. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

At June 30, 2025					
<i>\$ in millions</i>	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value					
Trading assets:					
State and municipal securities	\$ —	\$ 95	\$ —	\$ —	\$ 95
Corporate and other debt ¹	—	4,451	19	—	4,470
Corporate equity	22,195	—	1	—	22,196
Derivative contracts:					
Foreign exchange	—	1,757	1	—	1,758
Interest rate	2	1,493	18	—	1,513
Credit	—	110	127	—	237
Equity and other	—	2,375	202	—	2,577
Netting ²	(1)	(4,778)	(4)	(141)	(4,924)
Total derivative contracts	1	957	344	(141)	1,161
Total trading assets ³	22,196	5,503	364	(141)	27,922
Investment securities—AFS					
U.S. Treasury securities	43,797	—	—	—	43,797
U.S. agency securities	—	15,163	—	—	15,163
MABS	—	2,493	—	—	2,493
State and municipal securities	—	1,466	6	—	1,472
Total Investment securities—AFS	43,797	19,122	6	—	62,925
Loans at fair value	—	5,217	81	—	5,298
Total assets at fair value	\$ 65,993	\$ 29,842	\$ 451	\$ (141)	\$ 96,145

At June 30, 2025					
<i>\$ in millions</i>	Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value					
Interest-bearing deposits	\$ —	\$ 4,403	\$ 4	\$ —	\$ 4,407
Trading liabilities:					
Corporate and other debt	—	28	—	—	28
Corporate equity	2	—	—	—	2
Derivative contracts:					
Foreign exchange	—	2,280	—	—	2,280
Interest rate	4	1,669	42	—	1,715
Credit	—	547	82	—	629
Equity and other	—	2,996	167	—	3,163
Netting ²	(1)	(4,778)	(4)	(2,385)	(7,168)
Total trading liabilities	5	2,742	287	(2,385)	649
Other secured financings	—	1,296	—	—	1,296
Total liabilities at fair value	\$ 5	\$ 8,441	\$ 291	\$ (2,385)	\$ 6,352

Morgan Stanley Bank, N.A.

At December 31, 2024					
<i>\$ in millions</i>	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value					
Trading assets:					
State and municipal securities	\$ —	\$ 162	\$ —	\$ —	\$ 162
Corporate and other debt ¹	—	5,637	19	—	5,656
Corporate equity	19,739	11	1	—	19,751
Derivative contracts:					
Foreign exchange	—	1,909	—	—	1,909
Interest rate	3	1,309	—	—	1,312
Credit	—	94	127	—	221
Equity and other	—	1,431	91	—	1,522
Netting ²	—	(3,262)	(47)	(848)	(4,157)
Total derivative contracts	3	1,481	171	(848)	807
Total trading assets ³	19,742	7,291	191	(848)	26,376
Investment securities—AFS					
U.S. Treasury securities	39,232	—	—	—	39,232
U.S. agency securities	—	15,612	—	—	15,612
MABS	—	2,499	—	—	2,499
State and municipal securities	—	1,387	—	—	1,387
Total Investment securities—AFS	\$ 39,232	\$ 19,498	\$ —	\$ —	\$ 58,730
Loans at fair value	—	4,680	307	—	4,987
Total assets at fair value	\$ 58,974	\$ 31,469	\$ 498	\$ (848)	\$ 90,093

At December 31, 2024					
<i>\$ in millions</i>	Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value					
Interest-bearing deposits	\$ —	\$ 3,841	\$ 1	\$ —	\$ 3,842
Trading liabilities					
Corporate and other debt	—	27	—	—	27
Corporate equity	1	—	—	—	1
Derivative contracts:					
Foreign exchange	—	1,399	—	—	1,399
Interest rate	—	821	35	—	856
Credit	—	570	102	—	672
Equity and other	—	2,012	52	—	2,064
Netting ²	—	(3,262)	(47)	(1,310)	(4,619)
Total trading liabilities	\$ 1	\$ 1,567	\$ 142	\$ (1,310)	\$ 400
Other secured financings	—	862	—	—	862
Borrowings	\$ —	\$ 1,155	\$ —	\$ —	\$ 1,155
Total liabilities at fair value	\$ 1	\$ 7,425	\$ 143	\$ (1,310)	\$ 6,259

1. Includes equity contracts with financing features.
2. 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 12.
3. Amounts exclude certain investments that are measured based on NAV per share, which are not classified in the fair value hierarchy. For additional disclosure about such investments, see "Net Asset Value Measurements" herein.

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 2024 Annual Report. During the current quarter, there were no significant revisions made to the Bank's valuation techniques.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

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

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Trading Assets^{1,3}				
Beginning balance	\$ 27	\$ 44	\$ 20	\$ 34
Realized and unrealized gains (losses)	—	(4)	(1)	(8)
Purchases	1	15	1	19
Sales	(1)	(2)	(1)	(4)
Net transfers ⁴	(7)	(10)	—	3
Ending balance	\$ 20	\$ 43	\$ 20	\$ 43
Unrealized gains (losses) ^{5,6}	—	(5)	—	(2)
Loans²				
Beginning balance	\$ 396	\$ 650	\$ 307	\$ 740
Realized and unrealized gains (losses)	(2)	1	(3)	—
Purchases and originations	12	63	13	102
Sales	(89)	(130)	(158)	(131)
Settlements	—	(71)	—	(158)
Net transfers ⁴	(236)	63	(77)	23
Ending balance	\$ 81	\$ 576	\$ 81	\$ 576
Unrealized gains (losses) ^{5,6}	(2)	—	(3)	—
Derivative contracts, net³				
Beginning balance	\$ 94	\$ 91	\$ 29	\$ 96
Realized and unrealized gains (losses)	(7)	(1)	46	113
Purchases	—	15	—	15
Settlements	(47)	(79)	(26)	(267)
Net transfers ⁴	17	12	8	81
Ending balance	\$ 57	\$ 38	\$ 57	\$ 38
Unrealized gains (losses) ^{5,6}	(8)	38	46	46
Investment securities—AFS				
Beginning balance	\$ —	\$ —	\$ —	\$ —
Net transfers ⁴	6	—	6	—
Ending balance	\$ 6	\$ —	\$ 6	\$ —
Unrealized gains (losses) ^{5,6}	—	—	—	—
Deposits				
Beginning balance	\$ 4	\$ 50	\$ 1	\$ 33
Realized and unrealized gains (losses)	—	(1)	—	(1)
Issuances	—	2	2	4
Settlements	(1)	(1)	(1)	(1)
Net transfers ⁴	1	(16)	2	(1)
Ending balance	\$ 4	\$ 34	\$ 4	\$ 34
Unrealized gains (losses) ^{5,6}	—	(1)	—	(1)

- Trading assets include Corporate and other debt and Corporate equity at both June 30, 2025 and June 30, 2024.
- Realized and unrealized gains (losses) are included in Non-interest revenue—Gain on loans in the income statement.
- Realized and unrealized gains (losses) are included in Non-interest revenue within Gains and losses on financial assets and liabilities in the income statement.
- Reclassifications between levels are driven by the unobservable inputs and whether such inputs are significant to the valuation.
- Amounts represent unrealized gains (losses) for the three months ended June 30, 2025 and June 30, 2024 related to Level 3 assets and liabilities still held by the Bank at June 30, 2025 and June 30, 2024, respectively.
- Amounts represent unrealized gains (losses) for the current year period and prior year period related to Level 3 assets and liabilities still held by the Bank at June 30, 2025 and June 30, 2024, respectively.

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 Gains (losses) on financial assets and liabilities in the income statement.

Notes to Consolidated Financial Statements (Unaudited)

Significant Unobservable Inputs Used in Recurring and Non-recurring Level 3 Fair Value Measurements

Valuation Techniques and Unobservable Inputs

	Balance / Range (Average ¹)	
<i>\$ in millions, except inputs</i>	At June 30, 2025	At December 31, 2024
Assets		
MABS	\$ 19	\$ 19
Comparable pricing:		
Comparable bond pricing	95 to 98 points (96 points)	94 to 97 points (96 points)
Loans	\$ 81	\$ 307
Securities-based lending model:		
Securities-based lending rate	1% to 1% (1%)	1% to 4% (3%)
Comparable pricing:		
Comparable loan price	96 to 100 points (96 points)	N/M
Investment securities—AFS: State and municipal securities	\$ 6	\$ —
Comparable pricing:		
Comparable bond pricing	97 to 97 points (97 points)	N/M
Net Derivative contracts		
Equity	\$ 35	\$ 38
Option model:		
Equity volatility	15% to 35% (28%)	15% to 38% (26%)
Equity volatility skew	-1% to 0% (-1%)	0% (0%)
Interest Rate	\$ (24)	\$ (35)
Option model:		
Interest rate volatility skew	93% to 120 % (102 %/ 110 %)	107% to 145% (121%)
Credit	\$ 45	\$ 25
ISWAP model:		
Lapse rate	1.75% to 1.75 % (1.75%)	1.75% (1.75%)
Liabilities		
Interest-bearing deposits	\$ 4	\$ 1
Option model:		
Equity volatility	N/M	6% to 6% (6%)
Equity - Equity correlation	76% to 90% (80%)	N/M
Nonrecurring Fair Value Measurement		
Loans	1,580	878
Corporate Loan Model:		
Credit spread	136 bps - 398 bps (194bps)	79 bps - 333 bps (248bps)
Warehouse Model:		
Credit spread	99 bps - 187 bps (136 bps)	207 bps - 280 bps (254 bps)
Comparable Pricing:		
Comparable loan price	54 - 100 points (89 points)	25 - 100 points (71 points)

Points—Percentage of par
ISWAP—Insurance Swap

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.

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 2024 Annual Report. During the current quarter, there were no significant revisions made to the descriptions of the Bank's significant unobservable inputs.

Morgan Stanley Bank, N.A.

Net Asset Value Measurements

Fund Interests

<i>\$ in millions</i>	At June 30, 2025		At December 31, 2024	
	Carrying Value	Unfunded Commitments	Carrying Value	Unfunded Commitments
Private equity funds	\$ 157	\$ 53	\$ 140	\$ 61
Real estate funds	1,441	2	1,341	2
Total	\$ 1,598	\$ 55	\$ 1,481	\$ 63

Amounts in the previous table represent the Bank's carrying value of limited partnership interests in fund investments. The carrying amounts are measured based on the net asset value ("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 2024 Annual Report.

Nonredeemable Funds by Contractual Maturity

<i>\$ in millions</i>	Carrying value at June 30, 2025	
	Private Equity	Real Estate
Less than 5 years	\$ 69	\$ 105
5-10 years	88	1,336
Total	\$ 157	\$ 1,441

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

<i>\$ in millions</i>	At June 30, 2025		
	Carrying Value	Level 2	Level 3
Assets			
Loans	\$ 2,562	\$ 982	\$ 1,580
Liabilities			
Other liabilities and accrued expenses	\$ 19	\$ 13	\$ 6
<i>\$ in millions</i>	At December 31, 2024		
	Carrying Value	Level 2	Level 3
Assets			
Loans	\$ 1,564	\$ 686	\$ 878
Liabilities			
Other liabilities and accrued expenses	\$ 16	\$ 13	\$ 3

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Gains (Losses) from Nonrecurring Fair Value Remeasurements

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Assets				
Loans ¹	\$ (124)	\$ (66)	\$ (140)	\$ (64)
Liabilities				
Other liabilities and accrued expenses ²	\$ (2)	\$ 2	\$ (2)	\$ 8

1. Gains (losses) are recorded within Gains (losses) on financial assets and liabilities 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.

Financial Instruments Not Measured at Fair Value

\$ in millions	At June 30, 2025				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and cash equivalents	\$ 12,071	\$ 12,071	\$ —	\$ —	\$ 12,071
Securities purchased under agreement to resell	10,018	—	8,857	1,167	10,024
Investment securities—HTM	22,720	6,599	11,843	1,265	19,707
Loans ¹	—	—	—	—	—
Held for investment	86,003	—	19,441	67,024	86,465
Held for sale	5,107	—	2,929	2,183	5,112
Affordable housing tax credit investments	992	—	—	817	817
Loans to affiliate	705	—	711	—	711
Accrued Interest Receivable	1,104	—	1,104	—	1,104
Other assets	2,009	—	2,009	—	2,009
Financial liabilities					
Deposits	\$ 188,496	\$ —	\$ 188,699		\$ 188,699
Securities sold under agreements to resell	—	—	—	—	—
Payable to affiliates	401	—	405		405
Borrowings	16,093	—	16,218		16,218
Affordable housing tax credit investments	277	—	—	277	277
Accrued interest payable	726	—	726	—	726
Other liabilities and accrued expenses	1,522	—	1,522	—	1,522
	Commitment Amount	—	—	—	—
Lending commitments ²	\$ 121,658	\$ —	\$ 746	\$ 648	\$ 1,394

\$ in millions	Carrying Value	At December 31, 2024			
		Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Cash and cash equivalents	\$ 19,766	\$ 19,766	\$ —	\$ —	\$ 19,766
Securities purchased under agreement to resell	10,047	—	9,321	734	10,055
Investment securities—HTM	23,477	6,572	12,158	1,265	19,995
Loans ¹					
Held for investment	76,047	—	16,122	60,197	76,319
Held for sale	5,417	—	3,731	1,699	5,430
Affordable housing tax credit investments	929	—	—	818	818
Loans to affiliate	634	—	641	—	641
Accrued Interest Receivable	1,000	—	1,000	—	1,000
Other assets	1,003	—	1,003	—	1,003
Financial liabilities					
Deposits	\$ 183,251	\$ —	\$ 183,531	\$ —	\$ 183,531
Payable to affiliates	163	—	164	—	164
Borrowings	15,540	—	15,653	—	15,653
Affordable housing tax credit investments	226	—	—	226	226
Accrued interest payable	694	—	694	—	694
Other liabilities and accrued expenses	1,910	—	1,910	—	1,910
	Commitment Amount				
Lending commitments ²	\$ 116,517	\$ —	\$ 679	\$ 440	\$ 1,119

1. Amounts include all loans measured at fair value on a non-recurring basis.
2. Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending commitments, see Note 14.

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. Net (losses) gains due to fair value option for the current quarter was \$(84) million, and comprised of \$(54) million of Trading revenues and \$30 million of Interest expense. Net (losses) gains due to fair value option for the prior year quarter was \$(1) million, and comprised of \$32 million of Trading revenues and \$33 million of Interest expense. Net (losses) gains due to fair value option for the current year period was \$(208) million, and comprised of \$(149) million of Trading revenues and \$59 million of Interest expense. Net (losses) gains due to fair value option for the prior year period was \$(318) million, and comprised of \$(254) million of Trading revenues and \$64 million of Interest expense.

(Losses) due to changes in instrument-specific credit risk were \$(6) million and \$(10) million for the current and prior year quarters, respectively. (Losses) due to changes in instrument-specific credit risk were \$(7) and \$(13) million for the current year period and the prior year period, respectively.

In addition, changes in instrument-specific credit risk increased other comprehensive income by \$11 million for both current and

Notes to Consolidated Financial Statements (Unaudited)

the prior year quarters. Changes in instrument-specific credit risk increased other comprehensive income by \$42 million for the current year period and increased \$10 million for the prior year period.

For certain loans that are classified as Trading Assets—Corporate and other debt, contractual principal amount was higher than fair value by \$62 million and \$(22) million as of June 30, 2025 and December 31, 2024, respectively.

7. Cash and Cash Equivalents

<i>\$ in millions</i>	At June 30, 2025	At December 31, 2024
Cash and due from banks	\$ 111	\$ 30
Interest bearing deposits with banks	11,960	19,736
Total Cash and cash equivalents	\$ 12,071	\$ 19,766
Restricted cash	\$ 120	\$ 42

For additional information on cash and cash equivalents, including restricted cash, see Note 2 to the financial statements in the 2024 Annual Report.

8. Collateralized Transactions

Offsetting of Certain Collateralized Transactions

At June 30, 2025					
<i>\$ in millions</i>	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset ¹	Net Amounts
Assets					
Securities purchased under agreements to resell	\$ 12,067	\$ (2,049)	\$ 10,018	\$ (9,978)	\$ 40
Liabilities					
Securities sold under agreements to repurchase	\$ 2,049	\$ (2,049)	\$ —	\$ —	\$ —
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					\$ 40

At December 31, 2024					
<i>\$ in millions</i>	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset ¹	Net Amounts
Assets					
Securities purchased under agreements to resell	\$ 11,584	\$ (1,536)	\$ 10,047	\$ (9,966)	\$ 81
Liabilities					
Securities sold under agreements to repurchase	\$ 1,536	\$ (1,536)	\$ —	\$ —	\$ —
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					\$ 81

1. Amounts relate to master netting agreement that has 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.

Morgan Stanley Bank, N.A.

Gross Secured Financing Balances by Remaining Contractual Maturity

The contractual maturity term of gross secured financing balances were overnight and open.

Gross Secured Financing Balances by Class of Collateral Pledged

The Bank had pledged U.S. Treasury and agency securities as collateral for gross secured financing balances.

Assets Loaned or Pledged

The Bank pledges certain of its investment securities to collateralize securities sold under agreements to repurchase.

The fair value of assets loaned or pledged with counterparty right to sell or repledge was \$2.6 billion and \$1.6 billion at June 30, 2025 and December 31, 2024, respectively.

The carrying value of assets loaned or pledged without counterparty right to sell or repledge was \$0.3 billion and \$0.2 billion at June 30, 2025 and December 31, 2024, respectively.

Fair Value of Collateral Received with Right to Sell or Repledge

At June 30, 2025, and December 31, 2024, the fair value of financial instruments received as collateral where the Bank is permitted to sell or repledge the securities was \$14.2 billion and \$14.0 billion, respectively. At June 30, 2025, the fair value of securities that had been sold or repledged was \$2.5 billion. At December 31, 2024, no securities had been sold or repledged.

For further discussion on Bank's collateralized transactions, see Note 2, Note 8 and Note 11 to the financial statements in the 2024 Annual Report. For information related to offsetting of derivatives, see Note 12.

9. Deposits

Deposits

<i>\$ in millions</i>	At June 30, 2025	At December 31, 2024
Savings and demand deposits ¹	\$ 146,774	\$ 148,513
Time deposits ^{2,3}	46,129	38,580
Total deposits	\$ 192,903	\$ 187,093
Deposits subject to FDIC insurance	\$ 156,610	\$ 148,346
Deposits not subject to FDIC insurance	\$ 36,293	\$ 38,747

1. Includes deposits from the Parent and affiliates, see Note 11.
2. Includes Structured CDs at fair value of \$4.4 billion and \$3.8 billion as of June 30, 2025 and December 31, 2024, respectively.
3. The contractual liability to depositors was \$46.1 billion and \$38.6 billion at June 30, 2025 and December 31, 2024, respectively.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Time Deposit Maturities

<i>\$ in millions</i>	At June 30, 2025
2025	9,891
2026	15,771
2027	8,744
2028	5,748
2029	3,553
Thereafter	2,422
Total	\$ 46,129

10. Borrowings; and Other Secured Financings

Borrowings¹

<i>\$ in millions</i>	At June 30, 2025	At December 31, 2024
Original maturities:		
One year or less	\$ —	\$ 1,155
Greater than one year	16,093	15,540
Total	\$ 16,093	\$ 16,695
Weighted average stated maturity, in years ²	2.5	2.5

1. Primarily includes only senior debt issued by the Bank; the Bank had no subordinated debt for all periods presented.

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

Other Secured Financings

<i>\$ in millions</i>	At June 30, 2025	At December 31, 2024
Original maturities:		
One year or less	\$ —	\$ —
Greater than one year	\$ 1,296	\$ 862
Total	\$ 1,296	\$ 862
Transfers of assets accounted for as secured financings	\$ 583	\$ 452

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 and AFS securities. See Note 15 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.

11. Transactions with Affiliated Companies

Assets and receivables from Parent and affiliated companies

<i>\$ in millions</i>	At June 30, 2025	At December 31, 2024
Trading assets at fair value	\$ 41	\$ 170
Securities purchased under agreements to resell	5,525	5,437
Loans to affiliate	705	634
Other assets	1,248	248
Total	\$ 7,519	\$ 6,489

Liabilities and payables to Parent and affiliated companies

<i>\$ in millions</i>	At June 30, 2025	At December 31, 2024
Deposits	\$ 1,936	\$ 4,462
Trading liabilities, at fair value	303	145
Payable to affiliates	825	489
Accrued Interest Payable	2	2
Other liabilities and accrued expenses	393	17
Borrowings	61	65
Total	\$ 3,520	\$ 5,180

Revenues and expenses resulting from transactions with Parent and affiliated companies

<i>\$ in millions</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Net Revenues				
Interest income	\$ (115)	\$ 216	\$ (329)	\$ 785
Interest Expense	4	66	(47)	207
Net Interest	(119)	150	(282)	578
Non-interest revenues				
Fee income	429	273	703	533
Gains (losses) on financial assets and liabilities	(2,837)	(419)	(1,747)	(1,097)
Other	1	3	2	3
Total Non-interest revenues	\$ (2,407)	\$ (143)	\$ (1,042)	\$ (561)
Net Revenues	(2,526)	7	(1,324)	17
Non-interest expenses				
General and administrative	237	189	451	365
Compensation and benefits	22	6	36	14
Total Non-interest expenses	\$ 259	\$ 195	\$ 487	\$ 379

Assets

Trading assets were driven by outstanding derivative contracts in the normal course of business and were primarily with Morgan Stanley Capital Services LLC (“MSCS”).

Securities purchased under agreements to resell were with Morgan Stanley & Co. LLC (“MS&Co.”). For further information, see Note 8.

Loans to affiliate were with Morgan Stanley Private Bank, National Association (“MSPBNA”) in accordance with the U.S. Bank Master Funding Agreement, starting March 23, 2022.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Other assets consisted of receivables from affiliates, primarily driven by intercompany transactions that occurred in the normal course of business.

Liabilities

Deposits primarily included overnight deposits from the Parent and affiliates of \$1.5 billion and \$3.9 billion as of June 30, 2025, and December 31, 2024, respectively. Additionally, the balance included cash collateral primarily received from the Parent for the purpose of securing credit transactions between the Bank and its affiliates of \$0.5 billion and \$0.6 billion as of June 30, 2025, and December 31, 2024, respectively.

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

Payables to affiliates were primarily driven by intercompany transactions that occurred in the normal course of business. The balance also included taxes payable to Parent of \$425 million and \$327 million at June 30, 2025 and December 31, 2024, respectively.

Other liabilities and accrued expenses primarily included \$329 million related to unsettled trades with MS&Co.

Borrowings primarily consisted of net advances from the Parent in accordance with the Loan facility agreement dated November 15, 2018.

Interest Income and Interest Expense

Interest income was driven by designated accounting hedges on AFS securities, Securities purchased under agreements to resell with MS&Co., collateral posted to certain affiliates and loans to MSPBNA. Interest expense reflected the impact of the cost of overnight deposits from the Parent and affiliates, designated accounting hedges on Borrowings and brokered CDs, as well as the cost of borrowing from the Parent.

Other Transactions

Fee income primarily consisted of fees earned from MS&Co., and compensates the Bank for relationship priced loans granted to clients of the affiliate.

Gains (losses) on financial assets and liabilities were primarily driven by certain of the Bank's lending activities and economic hedges, and were primarily with MSCS, Morgan Stanley & Co. International plc ("MSIP") and MS&Co.

General and administrative expenses primarily consisted of the following:

- Service Level Agreements whereby affiliates provided lending, loan processing, audit, credit risk management and other services. The amount of expense incurred by the Bank for these services was \$122 million and \$105 million in current and prior year quarter, respectively. The amount of expenses incurred for these services was \$245 million and

\$206 million in the current and prior year periods, respectively.

- The Bank incurred expenses from certain affiliates for loan fees, professional services, marketing and business development, and other miscellaneous items. The amount of expenses incurred for these services was \$62 million and \$21 million in current and prior year quarter, respectively. The amount of expenses incurred for these services was \$100 million and \$31 million in the current and prior year periods, respectively.
- The Bank paid service fees to MSSB and E*TRADE Securities LLC in connection with deposits sourced from clients of those affiliates. The amount of service fees incurred was \$22 million and \$37 million in current and prior year quarter, respectively. The amount of expenses incurred for these services was \$44 million and \$74 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 \$20 million and \$16 million in current and prior year quarter, respectively. The amount of expenses incurred for these services was \$41 million and \$32 million in the current and prior year periods, respectively.
- Service Level Agreements whereby affiliates provided the specialized distribution, national sales and business management services, in connection with Securities based lending and other facilities. The amount of expenses incurred for these services was \$9 million in both current and prior year quarters. The amount of expenses incurred for these services was \$18 million and \$19 million in the current and prior year periods, respectively.
- The Bank receives operational, administrative, and risk management support services from the Bank's affiliates. Certain affiliates charged the Bank for compensation and benefits related to certain employees who primarily supported the Bank. These amounts are included in Compensation and Benefits.

At both June 30, 2025 and December 31, 2024, \$1.9 billion in a standby letter of credit participated to an affiliate.

At both June 30, 2025 and December 31, 2024, 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.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

12. Derivative Instruments and Hedging Activities

Fair Values of Derivative Contracts

\$ in millions	Assets at June 30, 2025			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	\$ 453	\$ —	\$ —	\$ 453
Not designated as accounting hedges				
Economic hedges of loans				
Credit	6	—	—	6
Other derivatives				
Interest rate	945	114	1	1,060
Credit	231	—	—	231
Foreign exchange	1,758	—	—	1,758
Equity and other	2,577	—	—	2,577
Total	5,517	114	1	5,632
Total gross derivatives	\$ 5,970	\$ 114	\$ 1	\$ 6,085
Amounts offset				
Counterparty netting	(4,777)	(6)	—	(4,783)
Cash collateral netting	(141)	—	—	(141)
Total in Trading assets	\$ 1,052	\$ 108	\$ 1	\$ 1,161
Amounts not offset¹				
Financial instruments collateral	(424)	—	—	(424)
Net amounts	\$ 628	\$ 108	\$ 1	\$ 737
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				
				\$ 16

\$ in millions	Assets at December 31, 2024			
	Bilateral OTC	OTC Cleared	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	\$ 709		\$ —	\$ 709
Not designated as accounting hedges				
Economic hedges of loans				
Credit	8	—	—	8
Other derivatives				
Interest rate	601	2	—	603
Credit	213	—	—	213
Foreign exchange	1,909	—	—	1,909
Equity and other	1,522	—	—	1,522
Total	4,253	2	—	4,255
Total gross derivatives	\$ 4,962	\$ 2	\$ —	\$ 4,964
Amounts offset				
Counterparty netting	(3,360)	—	—	(3,360)
Cash collateral netting	(797)	—	—	(797)
Total in Trading assets	\$ 805	\$ 2	\$ —	\$ 807
Amounts not offset¹				
Financial instruments collateral	(317)	—	—	(317)
Net amounts	\$ 488	\$ 2	\$ —	\$ 490
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				
				\$ 8

\$ in millions	OTC Liabilities at June 30, 2025		
	Bilateral OTC	Cleared OTC	Total
Designated as accounting hedges			
Interest rate	\$ 503	\$ —	\$ 503
Not designated as accounting hedges			
Economic hedges of loans			
Credit	402	—	402
Other derivatives			
Interest rate	1,111	101	1,212
Credit	227	—	227
Foreign exchange	2,280	—	2,280
Equity and other	3,163	—	3,163
Total	7,183	101	7,284
Total gross derivatives	\$ 7,686	\$ 101	\$ 7,787
Amounts offset			
Counterparty netting	(4,777)	(6)	(4,783)
Cash collateral netting	(2,385)	—	(2,385)
Total in Trading liabilities	\$ 524	\$ 95	\$ 619
Amounts not offset¹			
Financial instruments collateral	(14)	—	(14)
Net amounts	\$ 510	\$ 95	\$ 605
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable			
			\$ 7

\$ in millions	OTC Liabilities at December 31, 2024		
	Bilateral OTC	Cleared OTC	Total
Designated as accounting hedges			
Interest rate	\$ 129	\$ —	\$ 129
Not designated as accounting hedges			
Economic hedges of loans			
Credit	475	—	475
Other derivatives			
Interest rate	724	3	727
Credit	197	—	197
Foreign exchange	1,399	—	1,399
Equity and other	2,064	—	2,064
Total	4,859	3	4,862
Total gross derivatives	\$ 4,988	\$ 3	\$ 4,991
Amounts offset			
Counterparty netting	(3,359)	—	(3,359)
Cash collateral netting	(1,260)	—	(1,260)
Total in Trading liabilities	\$ 369	\$ 3	\$ 372
Amounts not offset¹			
Financial instruments collateral	(22)	—	(22)
Net amounts	\$ 347	\$ 3	\$ 350
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable			
			\$ 15

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 criteria are not met in accordance with applicable offsetting accounting guidance.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Notional of Derivative Contracts

Assets at June 30, 2025				
\$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	\$ 53,547	\$ —	\$ —	\$ 53,547
Not designated as accounting hedges				
Economic hedges of loans				
Credit	174	—	—	174
Other derivatives				
Interest rate	72,251	33,605	200	106,056
Credit	5,850	—	—	5,850
Foreign exchange	63,279	—	—	63,279
Equity and other	66,984	—	—	66,984
Total	208,538	33,605	200	242,343
Total gross derivatives	\$ 262,085	\$ 33,605	\$ 200	\$ 295,890

Assets at December 31, 2024				
\$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	\$ 44,085	\$ —	\$ —	\$ 44,085
Not designated as accounting hedges				
Economic hedges of loans				
Credit	211	—	—	211
Other derivatives				
Interest rate	33,374	227	40	33,641
Credit	5,348	—	—	5,348
Foreign exchange	57,269	—	—	57,269
Equity and other	42,969	—	—	42,969
Total	139,171	227	40	139,438
Total gross derivatives	\$ 183,256	\$ 227	\$ 40	\$ 183,523

Liabilities at June 30, 2025				
\$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	\$ 58,177	\$ —	\$ —	\$ 58,177
Not designated as accounting hedges				
Economic hedges of loans				
Credit	14,056	—	—	14,056
Other derivatives				
Interest rate	79,895	26,227	2,929	109,051
Credit	7,391	—	—	7,391
Foreign exchange	78,050	—	—	78,050
Equity and other	85,873	—	—	85,873
Total	265,265	26,227	2,929	294,421
Total gross derivatives	\$ 323,442	\$ 26,227	\$ 2,929	\$ 352,598

Liabilities at December 31, 2024				
\$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	\$ 15,387	\$ —	\$ —	\$ 15,387
Not designated as accounting hedges				
Economic hedges of loans				
Credit	16,209	—	—	16,209
Other derivatives				
Interest rate	68,913	227	1,962	71,102
Credit	6,159	—	—	6,159
Foreign exchange	42,869	—	—	42,869
Equity and other	30,585	—	—	30,585
Total	164,735	227	1,962	166,924
Total gross derivatives	\$ 180,122	\$ 227	\$ 1,962	\$ 182,311

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.

For a discussion of the Bank's derivative instruments and hedging activities, see Note 12 to the financial statements in the 2024 Annual Report.

Gains (Losses) on Accounting Hedges

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Fair value hedges—Recognized in Interest income				
Interest rate contracts	\$ (230)	\$ 23	\$ (600)	\$ 385
Investment Securities—AFS	231	(12)	602	(368)
Fair value hedges—Recognized in Interest expense				
Interest rate contracts	\$ 38	\$ 25	\$ 122	\$ (25)
Deposits	(23)	(15)	(65)	(8)
Borrowings	(14)	(11)	(56)	31
Cash flow hedges—Interest rate contracts¹				
Recognized in OCI	\$ (4)	\$ (13)	\$ 13	\$ (60)
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income	(25)	(12)	(31)	(23)
Net change in cash flow hedges included within AOCI	21	(1)	44	(37)

1. During the six months ended June 2025, 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 as of June 30, 2025 is approximately \$(67) million. The maximum length of time over which forecasted cash flows are hedged is 34 months.

Notes to Consolidated Financial Statements (Unaudited)

Changes in Accumulated Other Comprehensive Income (Loss) by component, net of tax:

\$ in millions	Changes in Net Unrealized Gains (Losses) on Cash Flow Hedges			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Beginning Balance	\$ (18)	\$ (12)	\$ (35)	\$ 16
Other comprehensive income (loss) before reclassifications	(3)	(9)	10	(45)
Amounts reclassified from AOCI	19	9	23	17
Net other comprehensive income (loss) during the period	16	—	33	(28)
Ending Balance	\$ (2)	\$ (12)	\$ (2)	\$ (12)

Fair Value Hedges—Hedged Items

\$ in millions	At June 30, 2025	At December 31, 2024
Investment securities—AFS		
Amortized cost basis currently or previously hedged ¹	\$ 36,700	\$ 35,042
Basis adjustments included in amortized cost ²	288	(338)
Deposits		
Carrying amount currently or previously hedged	25,732	14,862
Basis adjustments included in carrying amount ²	\$ 92	\$ 27
Borrowings		
Carrying amount currently or previously hedged	\$ 8,446	\$ 9,586
Basis adjustments included in carrying amount	\$ 60	\$ 4

- Carrying amount represents the amortized cost, net of allowance if applicable. As of June 30, 2025 and December 31, 2024, the amortized cost of the portfolio layer method closed portfolios was \$607 million and \$325 million, respectively. The Bank designated \$703 million and \$178 million as hedged amounts, as of June 30, 2025 and December 31, 2024, 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 \$2 million as of June 30, 2025 and \$(2) million as of December 31, 2024. Refer to Note 2 and 5 for additional information.
- Hedge accounting basis adjustments are primarily related to outstanding hedges.

Gains (Losses) on Economic Hedges of Loans

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Recognized in Gains (losses) on financial assets and liabilities				
Credit ¹	\$ (36)	\$ (15)	\$ (58)	\$ (105)

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

Net Derivative Liabilities and Collateral Posted

\$ in millions	At June 30, 2025	At December 31, 2024
Net derivative liabilities with credit risk-related contingent features	\$ (71)	\$ (11)
Collateral posted	(22)	(3)

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.

Morgan Stanley Bank, N.A.

Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

\$ in millions	At June 30, 2025
One-notch downgrade	\$ (10)
Two-notch downgrade	(5)
Bilateral downgrade agreements included in the amounts above ¹	(15)

- 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 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 gains or (losses) on financial assets and liabilities in the income statement. These revenues are related to derivative and non-derivative financial instruments, and primarily result from the Bank's trading activities. Revenues below exclude impacts realized from AFS securities, fund investments, loans, structured CDs, and hedges. 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 gains (losses) from financial assets and liabilities for regulatory reporting purposes.

Gains (losses) on Financial Assets and Liabilities

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Interest rate	\$ 24	\$ 3	\$ 29	\$ 4
Foreign exchange	—	(3)	2	(6)
Equity ¹	390	363	782	710
Credit	(9)	(13)	(12)	(17)
Total	\$ 405	\$ 350	\$ 801	\$ 691

- Dividend income is included within equity contracts.

Credit Derivatives

The Bank enters into credit default swaps ("CDS") to hedge the credit risk on certain investments, loan portfolios, and letters of credit. In order to economically hedge loans and lending commitments, the Bank may purchase and sell credit protection with identical underlying references. The Bank does not sell credit protection on an underlying reference unless it has also purchased protection on the underlying reference and does not ever sell protection in excess of the purchased protection on that underlying reference. Thus, where the Bank is a purchaser and seller of protection on an identical underlying reference, the Bank is always a net purchaser of protection.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Protection Purchased with CDS

\$ in millions	Notional	
	At June 30, 2025	At December 31, 2024
Single name	\$ 16,180	\$ 18,294
Index and basket	5,495	4,350
Total	\$ 21,675	\$ 22,644

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 June 30, 2025	At December 31, 2024
Single name	\$ (478)	\$ (552)
Index and basket	(77)	(46)
Total	\$ (555)	\$ (598)

Maximum Potential Payout/Notional of Credit Protection Sold¹

\$ in millions	Years to Maturity at June 30, 2025				
	< 1	1-3	3-5	Over 5	Total
Index and basket CDS non-investment grade	\$ —	\$ —	\$ 2,292	\$ 1,030	\$ 3,322
Other credit contracts	—	—	—	2,473	2,473
Total credit protection sold	\$ —	\$ —	\$ 2,292	\$ 3,503	\$ 5,795
CDS protection sold with identical protection purchased					\$ 3,321

\$ in millions	Years to Maturity at December 31, 2024				
	<1	1-3	3-5	Over 5	Total
Index and basket CDS non-investment grade	\$ —	\$ —	\$ 1,827	\$ 965	\$ 2,792
Other credit contracts	—	—	—	2,491	2,491
Total credit protection sold	\$ —	\$ —	\$ 1,827	\$ 3,456	\$ 5,283
CDS protection sold with identical protection purchased					\$ 2,791

- 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	
	June 30, 2025	December 31, 2024
Index and basket CDS non-investment grade	\$ 37	\$ 21
Other credit contracts	126	127
Total credit protection sold	163	148
CDS protection sold with identical protection purchased	\$ 37	\$ 21

- 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 amounts are shown on a gross basis prior to cash collateral or counterparty netting.
- 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.

13. Assets Sold with Retained Exposure

\$ in millions	At June 30, 2025
Gross cash proceeds from sale of assets ¹	\$ 694
Fair Value	
Assets Sold	709
Derivative assets recognized in the balance sheet	14

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

Starting with the current quarter, the Bank entered into transactions with an affiliate, MSCS, in which it sold securities, primarily equities, and contemporaneously entered into bilateral OTC derivatives with MSCS through which it retained exposure to the sold securities. Refer to Note 11 for additional information on transactions with affiliated companies.

14. Commitments, Contingencies and Guarantees

Commitments

\$ in millions	Years to Maturity at June 30, 2025				
	Less than 1	1-3	3-5	Over 5	Total
Lending:					
Corporate	\$ 11,389	\$ 24,620	\$ 50,344	\$ 967	\$ 87,320
Secured lending facilities	6,720	6,607	8,867	8,247	30,441
Commercial and Residential real estate	58	198	118	—	374
Securities-based lending and Other	2,359	984	183	472	3,998
Reverse repurchase commitment ¹	3,000	—	—	—	3,000
Forward-starting secured financing receivables ²	—	—	—	—	—
Central counterparty	300	—	—	—	300
Investment activities	265	19	13	—	297
Total	\$ 24,091	\$ 32,428	\$ 59,525	\$ 9,686	\$ 125,730
Lending commitments participated to third parties					\$ 6,241

- For further information, see Note 11.
- 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 funding requirements.

For a further description of these commitments, refer to Note 13 to the financial statements in 2024 Annual Report.

Contingencies

Legal

In the normal course of business, the Bank may be 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 affiliate 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

Notes to Consolidated Financial Statements (Unaudited)

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.

The Bank is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental or other regulatory agencies regarding the Bank's business and 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 governmental 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

Morgan Stanley Bank, N.A.

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. Notwithstanding the foregoing, the Bank has not identified any proceedings or investigations this reporting period for which it believes a material loss is reasonably possible.

While the Bank has not identified any 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.

Guarantees

\$ in millions	At June 30, 2025					Carrying Amount Asset (Liability)
	Maximum Potential Payout/Notional of Obligations by Years to Maturity					
	Less than 1	1-3	3-5	Over 5		
Non-credit derivatives ¹	2,266	5,333	5,888	3,059	(29)	
Letters of credit ²	647	340	737	2,488	100	
Liquidity facilities	2,602	—	—	—	2	
Total	\$ 5,515	\$ 5,673	\$ 6,625	\$ 5,547	\$ 73	

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 12.

2. These amounts include certain issued standby letters of credit participated to third parties and affiliates, totaling \$2.4 billion of notional and collateral/recourse, due to the nature of the Bank's obligations under these arrangements. As of June 30, 2025, the carrying amount of standby letters of credit and other financial guarantees issued includes an allowance for credit losses of \$7.7 million.

For more information on the nature of the obligations and related business activities for our guarantees, see Note 13 to the financial statements in the 2024 Annual Report.

15. Variable Interest Entities

As of June 30, 2025, the Bank consolidated VIEs with assets and liabilities of \$743 million and \$713 million, respectively; as of the prior year end, comparable assets and liabilities were \$439 million and \$410 million, respectively.

The following tables present information about non-consolidated VIEs in which the Bank had variable interests at June 30, 2025 and December 31, 2024. 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.

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Non-consolidated VIEs

\$ in millions	At June 30, 2025			
	MABS ¹	MTOB	OSF	Other ²
VIE assets (UPB)	\$151,362	\$ 3,824	\$ 966	\$ 49,156
Maximum exposure to loss³				
Debt and equity interests	\$ 31,493	\$ —	\$ 1,024	\$ 6,109
Derivative and other contracts	—	2,602	—	—
Commitments, guarantees and other	11,018	—	—	128
Total	\$ 42,511	\$ 2,602	\$ 1,024	\$ 6,237
Carrying value of variable interest—Assets				
Debt and equity interests	\$ 31,493	\$ —	\$ 887	\$ 6,079
Derivative and other contracts	—	5	—	—
Total	\$ 31,493	\$ 5	\$ 887	\$ 6,079
Additional VIE assets owned ⁴				\$ 7,314
Carrying value of variable interest—Liabilities				
Derivative and other contracts	\$ —	\$ 3	\$ —	\$ —

MTOB—Municipal tender option bonds

OSF—Other structured financing

1. MABS include VIE assets as follows: \$78.4 billion of commercial mortgages; \$22.4 billion of U.S. agency collateralized mortgage obligations; \$7.9 billion of residential mortgages; and \$42.7 billion of other consumer or commercial loans. MABS include VIE debt and equity interests as follows: \$10.4 billion of commercial mortgages; \$3.4 billion of U.S. agency collateralized mortgage obligations; \$15.1 billion of other consumer or commercial loans; and \$2.6 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 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.

\$ in millions	At December 31, 2024			
	MABS ¹	MTOB	OSF	Other ²
VIE assets (UPB)	\$140,085	\$ 3,654	\$ 908	\$ 46,730
Maximum exposure to loss³				
Debt and equity interests	\$ 22,770	\$ —	\$ 965	\$ 6,516
Derivative and other contracts	—	2,454	—	—
Commitments, guarantees and other	8,310	—	—	267
Total	\$ 31,080	\$ 2,454	\$ 965	\$ 6,783
Carrying value of variable interest—Assets				
Debt and equity interests	\$ 22,770	\$ —	\$ 848	\$ 6,485
Derivative and other contracts	—	6	—	—
Total	\$ 22,770	\$ 6	\$ 848	\$ 6,485
Additional VIE assets owned ⁴				\$ 7,184
Carrying value of variable interest—Liabilities				
Derivative and other contracts	\$ —	\$ 4	\$ —	\$ —

1. MABS include VIE assets as follows: \$73.5 billion of commercial mortgages; \$27.8 billion of U.S. agency collateralized mortgage obligations; \$6.7 billion of residential mortgages; and \$32.1 billion of other consumer or commercial loans. MABS include VIE debt and equity interests as follows: \$7.8 billion of commercial mortgages; \$4.0 billion of U.S. agency collateralized mortgage obligations; \$9.5 billion of other consumer or commercial loans; and \$1.5 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 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.

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 notional

amounts of certain liquidity facilities 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

\$ in millions	At June 30, 2025		At December 31, 2024	
	RML	CML	RML	CML
SPE assets (UPB)	\$ 2,242	\$ 73,999	\$ 2,491	\$ 73,920
Retained interests:				
Investment grade	79	453	87	540
Non-investment grade	35	862	40	778
Total	\$ 114	\$ 1,315	\$ 127	\$ 1,318

RML—Residential mortgage loans

CML—Commercial mortgage loans

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 2024 Annual Report.

Tax Equity Investments under the Proportional Amortization Method

Low-income housing tax equity investments under the proportional amortization method were \$991 million and \$929 million as of June 30, 2025 and December 31, 2024 respectively. The above amounts included unfunded equity contributions of \$277 million and \$226 million as of June 30, 2025 and December 31, 2024, 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

\$ in millions	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
Income tax credits and other income tax benefits	\$ 39	\$ 35	\$ 77	\$ 69
Proportional amortization	(31)	(27)	(62)	(54)
Net benefits	\$ 8	\$ 8	\$ 15	\$ 15

Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

16. Regulatory Requirements

Regulatory Capital Framework and Requirements

For a discussion of the Bank's regulatory capital framework, see Note 15 to the financial statements in the 2024 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 buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios. At June 30, 2025 and December 31, 2024, the differences between the actual and required ratios were lower under the Standardized Approach.

Current Expected Credit Losses ("CECL") Deferral. Beginning on January 1, 2020, the Bank elected to defer the effect of the adoption of CECL on its risk-based and leverage-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure calculations, over a five-year transition period. The deferral impacts began to phase in at 25% per year from January 1, 2022, were phased-in at 75% from January 1, 2024 and were fully phased-in from January 1, 2025.

Capital Buffer Requirements

The capital 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 buffer requirements computed under the standardized approaches for calculating credit risk and market risk RWA ("Standardized Approach") and the Bank's capital 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 the 2.5% capital conservation buffer and countercyclical counter 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

	Regulatory Minimum	At June 30, 2025 and December 31, 2024	
		Standardized	Advanced
Required ratios¹			
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 buffer requirement.

Regulatory Capital and Capital Ratios

Risk-based capital

\$ in millions	Standardized	
	At June 30, 2025	At December 31, 2024
Risk-based capital		
CET1 capital	\$ 24,638	\$ 22,165
Tier 1 capital	24,638	22,165
Total capital	25,631	22,993
Total RWA	120,339	110,192
Risk-based capital ratio		
CET1 capital	20.5%	20.1%
Tier 1 capital	20.5%	20.1%
Total capital	21.3%	20.9%
Well-Capitalized Requirements¹		
CET1 capital	6.5%	6.5%
Tier 1 capital	8.0%	8.0%
Total capital	10.0%	10.0%
Required Ratios²		
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 June 30, 2025		At December 31, 2024	
Leveraged-based capital				
Adjusted average assets ³	\$	237,750	\$	227,671
Supplementary leverage exposure ⁴		318,654		301,467
Leveraged-based capital ratio				
Tier 1 leverage		10.4%		9.7%
SLR		7.7%		7.4%
Well-Capitalized Requirements¹				
Tier 1 leverage		5.0%		5.0%
SLR		6.0%		6.0%
Required Ratios²				
Tier 1 leverage		4.0%		4.0%
SLR		3.0%		3.0%

1. The requirements to remain "well-capitalized" under the PCA framework.
2. Required ratios are inclusive of any buffers applicable as of the date presented.
3. 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.
4. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) the credit equivalent amount for off-balance sheet exposures; (ii) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; and (iii) the counterparty credit risk for repo-style transactions.

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 capital regulations.

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

Morgan Stanley Bank, N.A.

17. 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 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.

Financial Data Supplement (Unaudited)

Morgan Stanley Bank, N.A.

Average Balances and Interest Rates and Net Interest Income

\$ in millions	Three Months Ended June 30,					
	2025			2024		
	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
Interest earning assets¹						
Cash and cash equivalents	\$ 15,865	\$ 175	4.5 %	\$ 14,729	\$ 200	5.4 %
Investment securities	83,730	744	3.5 %	74,099	708	3.8 %
Securities purchased under agreements to resell	8,667	120	5.6 %	9,212	148	6.4 %
Loans and Other ²	96,970	1,588	6.5 %	83,051	1,572	7.6 %
Total	\$205,232	\$ 2,627	5.1 %	\$181,091	\$ 2,628	5.8 %
Interest bearing liabilities¹						
Deposits and Other ³	\$190,530	\$ 1,305	2.7 %	\$170,638	\$ 1,290	3.0 %
Borrowings	17,690	237	5.4 %	8,875	141	6.4 %
Total	\$208,220	\$ 1,542	3.0 %	\$179,513	\$ 1,431	3.2 %
Net interest income and net interest rate spread	\$ 1,085	2.1 %		\$ 1,197	2.6 %	

\$ in millions	Six Months Ended June 30,					
	2025			2024		
	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
Interest earning assets¹						
Cash and cash equivalents	\$ 16,577	\$ 364	4.5 %	\$ 18,846	\$ 513	5.4 %
Investment securities	82,883	1,480	3.6 %	72,769	1,346	3.7 %
Securities purchased under agreements to resell	9,704	258	5.4 %	10,302	327	6.4 %
Loans and Other ⁴	94,545	3,093	6.6 %	81,405	3,064	7.6 %
Total	\$203,709	\$ 5,195	5.1 %	\$183,322	\$ 5,250	5.8 %
Interest bearing liabilities¹						
Deposits and Other ⁵	\$188,958	\$ 2,554	2.7 %	\$173,268	\$ 2,546	3.0 %
Borrowings	17,559	470	5.4 %	8,279	262	6.4 %
Total	\$206,517	\$ 3,024	2.9 %	\$181,547	\$ 2,808	3.1 %
Net interest income and net interest rate spread	\$ 2,171	2.1 %		\$ 2,442	2.7 %	

1. Amounts include primarily U.S. balances.

2. Interest on other assets includes the impact of certain trading activities, loans to affiliate, and dividends on FRB and FHLB capital stock. The average balance of other interest-earning assets was \$1.0 billion and \$0.7 billion for the current and prior year quarter, respectively.

3. Interest on other liabilities primarily includes the impact of net advances from and payables to the Parent, and certain trading activities. The average balance of other interest-bearing liabilities was \$1.2 billion and \$1.0 billion for the current and prior year quarter, respectively.

4. Interest on other assets includes the impact of certain trading activities, loans to affiliate, and dividends on FRB and FHLB capital stock. The average balance of other interest-earning assets was \$0.9 billion and \$0.7 billion for the current and prior year period, respectively.

5. Interest on other liabilities primarily includes the impact of net advances from and payables to the Parent and certain trading activities. The average balance of other interest-bearing liabilities was \$1.1 billion and \$1.0 billion for the current and prior year period, respectively.

Ratios

	Three Months Ended June 30,	
	2025	2024
ROE ¹	19.5 %	21.1 %

	Six Months Ended June 30,	
	2025	2024
ROE ¹	19.7 %	21.9 %

1. ROE represents annualized net income as a percentage of average equity.

Glossary of Common Terms and Acronyms

Morgan Stanley Bank, N.A.

ABS	Asset-backed securities	MSSB	Morgan Stanley Smith Barney LLC
ACL	Allowance for credit losses	N/A	Not Applicable
AFS	Available-for-sale	N/M	Not Meaningful
AML	Anti-money laundering	NAV	Net asset value
AOCI	Accumulated other comprehensive income (loss)	NSFR	Net stable funding ratio, as adopted by the U.S. banking agencies
Balance sheet	Consolidated balance sheet	OCC	Office of the Comptroller of the Currency
BHC	Bank holding company	OCI	Other comprehensive income (loss)
bps	Basis points; one basis point equals 1/100th of 1%	OFAC	Office of Foreign Assets Control
BSA	Bank Secrecy Act	OTC	Over-the-counter
Cash flow statement	Consolidated cash flow statement	MABS	Mortgage and asset-backed securities
CCyB	Countercyclical capital buffer	PCA	Prompt corrective action
CDs	Certificates of deposit	ROE	Return on average common equity
CDS	Credit default swaps	RSU	Restricted stock unit
CET1	Common Equity Tier 1	RWA	Risk-weighted assets
CECL	Current Expected Credit Losses, as calculated under the Financial Instruments—Credit Losses accounting update	SEC	U.S. Securities and Exchange Commission
CFTC	U.S. Commodity Futures Trading Commission	SLR	Supplementary leverage ratio
CMBS	Commercial mortgage-backed securities	SOFR	Secured Overnight Financing Rate
CRE	Commercial real estate	S&P	Standard & Poor's
CRM	Credit Risk Management Department	SPE	Special purpose entity
DVA	Debt valuation adjustment	SPOE	Single point of entry
FDIC	Federal Deposit Insurance Corporation	U.K.	United Kingdom
FDICIA	Federal Deposit Insurance Corporation Improvement Act	UPB	Unpaid principal balance
FFELP	Federal Family Education Loan Program	U.S.	United States of America
FHLB	Federal Home Loan Bank of New York	U.S. GAAP	Accounting principles generally accepted in the United States of America
Financial statement	Consolidated financial statements	VaR	Value-at-Risk
FRB	Federal Reserve Bank of New York	VIE	Variable interest entity
FVA	Funding valuation adjustment		
FVO	Fair value option		
HFI	Held-for-investment		
HFS	Held-for-sale		
HTM	Held-to-maturity		
HQLA	High-quality liquid assets		
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		
MS&Co.	Morgan Stanley & Co. LLC		
MSCS	Morgan Stanley Capital Services LLC		
MSIP	Morgan Stanley & Co. International plc		
MSPBNA	Morgan Stanley Private Bank, National Association		

Risk Factors

For a discussion of the risk factors affecting the Bank, see “Risk Factors” in the 2024 Annual Report.