Morgan Stanley Bank, N.A.

Unaudited Quarterly Report
For the quarterly period ended March 31, 2025

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

For the quarter ended March 31, 2025

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

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.

Executive Summary

Overview of Financial Results

	Three Months Ended March 31,		
$ in millions	**2025**	2024	**% Change**
Interest income	**$ 2,568**	$ 2,622	**(2)%**
Interest expense	**1,482**	1,377	**8 %**
Net interest	**1,086**	1,245	**(13)%**
Non-interest revenue			
Fee income	**283**	279	**1 %**
Gains (losses) on financial assets and liabilities[1]	**452**	355	**27 %**
Other	**50**	59	**(15)%**
Total non-interest revenue	**785**	693	**13 %**
Net revenues	**1,871**	1,938	**(3)%**
Provision for credit losses	**60**	(9)	**(767)%**
Non-interest expenses			
Compensation and benefits	**44**	32	**38 %**
General and administrative	**280**	223	**26 %**
FDIC and regulatory assessments	**20**	40	**(50)%**
Total non-interest expenses[2]	**344**	295	**17 %**
Income before provision for income taxes	**1,467**	1,652	**(11)%**
Provision for income taxes	**351**	392	**(10)%**
Net income	**$ 1,116**	$ 1,260	**(11)%**

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 as well as brokerage, clearing and exchange fees.

Net Income

Net Interest

Net interest revenue of $1,086 million in the quarter ended March 31, 2025 (“current quarter”) decreased 13% compared with the quarter ended March 31, 2024 (“prior year quarter”), primarily due to changes in funding mix and the net effect of lower interest rates, partially offset by lending growth.

The level and pace of interest rate changes and other macroeconomic factors have impacted client preferences for 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 revenue of $785 million in the current quarter increased 13% compared with the prior year quarter, primarily due to growth in equity derivatives, and net gains on loans inclusive of hedges, 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 $60 million in the current quarter was primarily related to growth in Secured lending facilities, as well as the deterioration in the macroeconomic outlook. The macroeconomic outlook assumed in our ACL models and Provision for credit losses incorporated the weaker economic outlook and conditions as of March 31, 2025. The Provision for credit losses on loans and lending commitments was a net release of $9 million in the prior year quarter was primarily as a result of improvements in the macroeconomic outlook. This was partially offset by provisions for certain specific commercial real estate and corporate loans.

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

Non-interest Expenses

Non-interest expenses of $344 million in the current quarter increased 17% compared with the prior year quarter, mainly due to higher lending and trading volumes, including execution-related expenses, partially offset by lower FDIC special assessment.

Economic and Market Conditions

The economic environment, client and investor confidence and overall market sentiment deteriorated in 2025, as recent developments around global trade and government policies resulted in increased economic uncertainty and market volatility. Geopolitical risks, inflation as well as the timing and pace of central bank actions related to interest rates present ongoing risks to the economic environment and growth. These factors 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, and 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 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

$ in millions	At March 31, 2025	At December 31, 2024
Assets		
Cash and cash equivalents	**$ 9,363**	$ 19,766
Trading assets at fair value	**28,267**	27,857
Investment securities:		
Available for sale securities at fair value	**59,810**	58,730
Held-to-maturity securities at cost	**23,162**	23,477
Securities purchased under agreements to resell	**13,704**	10,047
Loans, before ACL:		
Corporate	**10,886**	7,121
Secured lending facilities	**54,147**	50,268
Commercial real estate	**9,302**	9,139
Residential real estate	**2,315**	1,747
Securities-based lending and other	**19,020**	18,722
Total loans, before ACL	**95,670**	86,997
Allowance for credit losses	**(563)**	(546)
Total loans, net of ACL	**95,107**	86,451
Affordable housing tax credit investments	**992**	929
Other assets[1]	**4,076**	3,455
Total assets	**$ 234,481**	$ 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 $234 billion at March 31, 2025, compared with $231 billion at December 31, 2024, primarily due to Loans, Securities purchased under agreements to resell, 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 March 31, 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 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

	Average Daily Balance Three Months Ended	
$ in millions	March 31, 2025	December 31, 2024
Cash deposits with central banks	**$ 12,741**	$ 14,738
Unencumbered HQLA securities[1]:		
U.S. government obligations	**52,199**	49,567
U.S. agency and agency mortgage-backed securities	**29,321**	30,327
Total Liquidity Resources	**$ 94,261**	$ 94,632

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 March 31, 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. Our unsecured financings include deposits, bank notes and loans from MSPBNA and the Parent. As part of our asset/liability management strategy, when appropriate, we use derivatives to make adjustments to the interest rate risk profile of our borrowings. See Notes 10, 11 and 12 to the financial statements.

Deposits

$ in millions		At March 31, 2025		At December 31, 2024
Savings and demand deposits:				
Brokerage sweep deposits	$	**68,703**	$	71,919
Savings and other[1]		**77,895**		76,594
Total savings and demand deposits		**146,598**		148,513
Time deposits[2]		**40,492**		38,580
Total[3]	$	**187,090**	$	187,093
Annualized weighted average cost of deposits[4]				
Period end		**2.79 %**		2.66 %
Period average for three months ended		**2.71 %**		2.88 %

1. Includes deposits from the Parent and affiliates, see Note 11 to the financial statements.
2. Includes Structured CDs at fair value of $4.0 billion and $3.8 billion as of March 31, 2025 and December 31, 2024, respectively.
3. Total deposits subject to FDIC insurance at March 31, 2025 and December 31, 2024 were $151.5 billion and $148.3 billion, respectively.
4. Annualized weighted average represents the total annualized weighted average cost of the various deposit products. Amounts at March 31, 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 March 31, 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 quarter increased primarily due to increases in Savings and Time Deposits, partially offset by a reduction in Brokerage sweep deposits, largely due to net outflows to alternative cash equivalent and other investment products.

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

Borrowings by Remaining Maturity at March 31, 2025[1]

$ in millions		Total
Original maturities of one year or less:	$	—
Original maturities greater than one year:		
2025	$	**2,000**
2026		**3,563**
2027		**2,742**
2028		**7,284**
2029		**2,494**
Thereafter	$	—
Total greater than one year	$	**18,083**
Total	$	**18,083**
Maturities over the next 12 months[2]	$	**2,000**

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 $18.1 billion as of March 31, 2025 increased from $16.7 billion at December 31, 2024 primarily due to new issuances.

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 May 6, 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 or prior year quarters.

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 15 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 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

		At March 31, 2025 and December 31, 2024	
	Regulatory Minimum	Standardized	Advanced
Required ratios[1]			
CET1 capital ratio	**4.5 %**	**7.0 %**	**7.0 %**
Tier 1 capital ratio	**6.0 %**	**8.5 %**	**8.5 %**
Total capital ratio	**8.0 %**	**10.5 %**	**10.5 %**

1. Required ratios represent the regulatory minimum plus the capital 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 March 31, 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% and Supplementary Leverage Ratio ("SLR") of 3%.

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.

Regulatory Capital Ratios

Risk-based capital

	Standardized		Advanced	
$ in millions	**At March 31, 2025**	At December 31, 2024	**At March 31, 2025**	At December 31, 2024
Risk-based capital				
CET1 capital	**$ 23,477**	$ 22,165	**$ 23,477**	$ 22,165
Tier 1 capital	**23,477**	22,165	**23,477**	22,165
Total capital	**24,368**	22,993	**23,960**	22,620
Total RWA	**113,835**	110,192	**94,298**	89,563
Risk-based capital ratio				
CET1 capital	**20.6%**	20.1%	**24.9%**	24.7%
Tier 1 capital	**20.6%**	20.1%	**24.9%**	24.7%
Total capital	**21.4%**	20.9%	**25.4%**	25.3%
Well-Capitalized Requirements[1]				
CET1 capital	**6.5%**	6.5%	**6.5%**	6.5%
Tier 1 capital	**8.0%**	8.0%	**8.0%**	8.0%
Total capital	**10.0%**	10.0%	**10.0%**	10.0%
Required Ratios[2]				
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 March 31, 2025**	At December 31, 2024
Leveraged-based capital		
Adjusted average assets[3]	**$ 232,992**	$ 227,671
Supplementary leverage exposure[4]	**309,402**	301,467
Leveraged-based capital ratios		
Tier 1 leverage	**10.1%**	9.7%
SLR	**7.6%**	7.4%
Well-Capitalized Requirements[1]		
Tier 1 leverage	**5.0%**	5.0%
SLR	**6.0%**	6.0%
Required Ratios[2]		
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.

Regulatory Capital

$ in millions	**At March 31, 2025**	At December 31, 2024	**Change**
CET1 Capital			
Common shareholder equity	**$ 23,458**	$ 22,090	**$ 1,368**
Regulatory adjustments and deductions			
Impact of CECL transition	**—**	14	**(14)**
Other adjustments and deductions[1]	**19**	61	**(42)**
Total CET1 capital and Total Tier 1 capital	**23,477**	22,165	**$ 1,312**
Standardized Tier 2 capital			
Eligible ACL	**891**	828	**$ 63**
Total Standardized capital	**24,368**	22,993	**$ 1,375**
Advanced Tier 2 capital			
Eligible credit reserves	**483**	455	**$ 28**
Total Advanced capital	**$ 23,960**	$ 22,620	**$ 1,340**

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

RWA Rollforward

	Three Months Ended March 31, 2025	
$ in millions	Standardized	Advanced
Credit risk RWA		
Balance at December 31, 2024	$ 108,055	$ 79,301
Change related to the following items		
Derivatives	**744**	**444**
Securities financing transactions	**(157)**	**(189)**
Investment securities	**(904)**	**(267)**
Commitments, guarantees and loans	**2,392**	**3,305**
Equity investments	**68**	**72**
Other credit risk	**1,444**	**1,314**
Total change in credit risk RWA	**$ 3,587**	**$ 4,679**
Balance at March 31, 2025	**$ 111,642**	**$ 83,980**
Market risk RWA		
Balance at December 31, 2024	$ 2,137	$ 2,137
Change related to the following items		
Regulatory VaR	**72**	**72**
Regulatory stressed VaR	**227**	**227**
Specific risk	**(243)**	**(243)**
Total change in market risk RWA	**$ 56**	**$ 56**
Balance at March 31, 2025	**$ 2,193**	**$ 2,193**
Operational risk RWA		
Balance at December 31, 2024	N/A	$ 8,125
Change in operational risk RWA	**—**	**—**
Balance at March 31, 2025	**N/A**	**$ 8,125**
Total RWA	**$ 113,835**	**$ 94,298**

Regulatory VaR—VaR for regulatory capital requirements

In the current quarter, Credit risk RWA increased under both the Standardized and Advanced Approaches. The increase was primarily driven by growth in Lending, Derivatives and Other credit risk driven by higher deferred tax assets and receivables. The increases were partially offset by the decrease in Investment securities.

Market risk RWA increased in the current quarter under both the Standardized and Advanced Approaches primarily driven by higher Regulatory stressed VaR and Regulatory VaR, partially offset by a decrease in Specific risk charges on non-securitization standardized charges.

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's next resolution plan submission is due in July 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.

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

	At March 31, 2025			
$ in millions	HFI	HFS	FVO	Total
Corporate	$ 4,473	$ 6,413	$ —	$ 10,886
Secured lending facilities	51,014	3,133	—	54,147
Commercial real estate	8,419	255	628	9,302
Residential real estate	—	—	2,315	2,315
Securities-based lending and Other	16,078	—	2,942	19,020
Total loans	79,984	9,801	5,885	95,670
ACL	(563)	—	—	(563)
Total loans, net of ACL	$ 79,421	$ 9,801	$ 5,885	$ 95,107
Lending Commitments[1]				$ 119,907
Total exposure				$ 215,014

	At December 31, 2024			
$ in millions	HFI	HFS	FVO	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 Commitments[1]				116,966
Total exposure				$ 203,417

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

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

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

Total loans and lending commitments increased by approximately $11.6 billion since December 31, 2024, primarily due to an increase in Secured lending facilities loans and lending commitments and Corporate loans.

See Notes 3, 6 and 13 to the financial statements for further information.

Allowance for Credit Losses–Loans and Lending Commitments

$ in millions	Three Months Ended March 31, 2025
ACL—Loans	
Beginning balance	$ 546
Gross charge-offs	(31)
Recoveries	8
Net (charge-offs) recoveries	(23)
Provision for credit losses	34
Other	6
Ending balance	$ 563
ACL—Lending commitments	
Beginning balance	$ 238
Provision for credit losses	26
Other	2
Ending balance	$ 266
Total ending balance	$ 829

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 the Provision for credit losses being partially offset by charge-offs. The Provision for credit losses on loans and lending commitments was primarily related to growth in Secured lending facilities, as well as the deterioration in the macroeconomic outlook. Charge-offs in the three months ended March 31, 2025 were primarily related to Commercial real estate loans.

The base scenario used in our ACL models as of March 31, 2025 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. This scenario assumes slower economic growth as well as higher interest rates relative to the prior quarter forecast. The revised real GDP growth rates assumed in our ACL models incorporated the weaker economic outlook and conditions as of March 31, 2025. 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.

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

	4Q 2025	4Q 2026
Year-over-year growth rate	**1.5 %**	**1.9 %**

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.

Recent developments around global trade policies have the potential to adversely impact our credit portfolios. The magnitude of such impacts, as well as the implications for global growth, will depend on specific details of how global trade policies evolve and also how effectively our clients adapt. While we are carefully monitoring all of our exposures, certain types of borrowers and counterparties are more vulnerable to trade policy effects. There remains significant uncertainty as to how trade policies will evolve; therefore, the borrowers and counterparties impacted may change over time.

Status of Loans Held for Investment

	At March 31, 2025	At December 31, 2024
Accrual	**99.4 %**	99.4 %
Nonaccrual[1]	**0.6 %**	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

$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
For the Three Months Ended March 31, 2025					
Net charge-offs ratio[1]	**— %**	**— %**	**0.28 %**	**— %**	**0.03 %**
Average Loans	$ 4,207	$49,917	$ 8,309	$15,885	$78,318

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.

There were no material charge-offs during the three months ended March 31, 2024.

Loans and Lending Commitments by Credit Rating[1]

	At March 31, 2025				
	Contractual Years to Maturity				
$ in millions	< 1	1-5	5-15	>15	Total[3]
Loans					
AA	**$ 1,453**	**$ —**	**$ 8**	**$ —**	**$ 1,461**
A	**882**	**742**	**—**	**—**	**1,624**
BBB	**5,147**	**13,164**	**111**	**157**	**18,579**
BB	**9,876**	**27,833**	**2,162**	**498**	**40,369**
Other NIG	**5,988**	**6,954**	**3,578**	**56**	**16,576**
Unrated[2]	**—**	**539**	**777**	**2,314**	**3,630**
Total loans, net of ACL	**23,346**	**49,232**	**6,636**	**3,025**	**82,239**
Lending commitments					
AAA	**—**	**75**	**—**	**—**	**75**
AA	**2,146**	**2,650**	**855**	**—**	**5,651**
A	**5,202**	**17,813**	**1,893**	**—**	**24,908**
BBB	**8,607**	**46,064**	**840**	**124**	**55,635**
BB	**1,556**	**19,292**	**4,681**	**902**	**26,431**
Other NIG	**369**	**3,686**	**515**	**—**	**4,570**
Unrated[2]	**34**	**—**	**—**	**—**	**34**
Total lending commitments	**17,914**	**89,580**	**8,784**	**1,026**	**117,304**
Total exposure	**$ 41,260**	**$138,812**	**$ 15,420**	**$ 4,051**	**$199,543**

	At December 31, 2024				
	Contractual Years to Maturity				
$ in millions	< 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
1. Counterparty credit ratings are internally determined by the Credit Risk Management Department ("CRM"). Primarily includes Corporate, Residential real estate, and Commercial real estate loans and lending commitments.
2. Unrated loans and lending commitments are primarily trading positions that are measured at fair value and risk-managed as a component of market risk. For a further discussion of our market risk, see "Quantitative and Qualitative Disclosures about Risk —Market Risk" herein.
3. Excludes loans and lending commitments of $15.5 billion and $15.7 billion at March 31, 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 Industry[1]

$ In millions	At March 31, 2025	At December 31, 2024
Financials	$ 70,205	$ 63,461
Real estate	38,562	37,141
Communication services	12,023	10,315
Industrials	11,402	11,135
Information technology	11,001	9,280
Healthcare	10,206	11,110
Consumer staples	9,103	10,304
Utilities	9,000	8,742
Consumer discretionary	7,983	7,399
Insurance	6,387	6,241
Energy	6,102	6,371
Materials	4,819	4,758
Other	2,750	1,444
Total exposure	$ 199,543	$ 187,701

1. Excludes loans and lending commitments of $15.5 billion and $15.7 billion at March 31, 2025 and December 31, 2024, respectively, which are extended to clients of Morgan Stanley's Wealth Management business.

Commercial Real Estate Loans and Lending Commitments

By Region

	March 31, 2025			December 31, 2024		
$ in millions	Loans[1]	LC[1]	Total Exposure	Loans[1]	LC[1]	Total Exposure
Americas	$ 5,496	$ 329	$ 5,825	$ 5,323	$ 982	$ 6,305
EMEA	3,639	95	3,734	3,594	255	3,849
Asia	420	17	437	467	13	480
Total	$ 9,555	$ 441	$ 9,996	$ 9,384	$ 1,250	$ 10,634

By Property Type

	March 31, 2025			December 31, 2024		
$ in millions	Loans[1]	LC[1]	Total Exposure	Loans[1]	LC[1]	Total Exposure
Office	$ 2,860	$ 108	$ 2,968	$ 2,770	$ 109	$ 2,879
Industrial	2,738	47	2,785	2,646	28	2,674
Multifamily	2,165	229	2,394	2,208	242	2,450
Retail	949	6	955	1,056	805	1,861
Hotel	843	51	894	704	66	770
Total	$ 9,555	$ 441	$ 9,996	$ 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 March 31, 2025 and December 31, 2024, our direct lending against Commercial real estate ("CRE") properties totaled $10.0 billion and $10.6 billion, which represents 4.6% 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 March 31, 2025	At December 31, 2024
Basis point change		
+200	$ 729	$ 1,206
+100	362	600
-100	(349)	(591)
-200	(695)	(1,175)

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 March 31, 2025 decreased from December 31, 2024, primarily driven by the effects of changes in the mix of our assets and liabilities and changes in market rates.

Country Risk

Country risk exposure is the risk that events in, or that affect, a foreign country (any country other than the U.S.) might adversely affect us. We actively manage country risk exposure through a comprehensive risk management framework that combines credit and other market fundamentals and allows us to effectively identify, monitor and limit country risk. For a further discussion of our country risk exposure see “Quantitative and Qualitative Disclosures about Risk—Country and Other Risk” in the 2024 Annual Report.

Top 5 Non-U.S. Country Exposures at March 31, 2025

$ in millions	United Kingdom	Germany	Australia	Netherlands	Ireland
Non-sovereigns					
Net inventory[1]	$ (15)	$ —	$ (3)	$ (22)	$ 1
Net Counterparty Exposure[2]	97	—	—	—	—
Loans	8,014	2,304	1,920	1,361	1,306
Lending commitments	8,184	2,869	1,015	762	697
Exposure before hedges	16,280	5,173	2,932	2,101	2,004
Hedges[3]	(810)	(374)	(130)	(92)	—
Total Net exposure	**$ 15,470**	**$ 4,799**	**$ 2,802**	**$ 2,009**	**$ 2,004**

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.

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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 March 31, 2025, and the related condensed consolidated income statements, comprehensive income statements, statements of changes in shareholder's equity and cash flow statements for the three-month periods ended March 31, 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

May 16, 2025

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Consolidated Income Statement (Unaudited)

Morgan Stanley Bank, N.A.

$ in millions	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024
Revenues			
Interest income	**$**	**2,568**	$ 2,622
Interest expense		**1,482**	1,377
Net interest		**1,086**	1,245
Non-interest revenues			
Fee income		**283**	279
Gains (losses) on financial assets and liabilities		**452**	355
Other		**50**	59
Total non-interest revenues		**785**	693
Net revenues		**1,871**	1,938
Provision for credit losses		**60**	(9)
Non-interest expenses			
Compensation and benefits		**44**	32
General and administrative		**280**	223
FDIC and regulatory assessments		**20**	40
Total non-interest expenses		**344**	295
Income before provision for income taxes		**1,467**	1,652
Provision for income taxes		**351**	392
Net income	**$**	**1,116**	$ 1,260

Consolidated Comprehensive Income Statement (Unaudited)

$ in millions	Three Months Ended March 31, 2025		Three Months Ended March 31, 2024
Net income	**$**	**1,116**	$ 1,260
Other comprehensive income (loss), net of tax:			
Change in net unrealized gains (losses) on available-for-sale securities		**211**	(16)
Change in net debt valuation adjustment		**24**	(1)
Net change in cash flow hedges		**17**	(28)
Total other comprehensive income (loss)[1]	**$**	**252**	$ (45)
Comprehensive income	**$**	**1,368**	$ 1,215

1. Amounts are net of (provision)/benefit for income taxes of $(79) million and $14 million for the current quarter and prior year quarter, respectively.

Consolidated Balance Sheet

$ in millions	**(Unaudited) At March 31, 2025**	At December 31, 2024
Assets		
Cash and cash equivalents	**$ 9,363**	$ 19,766
Trading assets at fair value	**28,267**	27,857
Investment securities:		
Available-for-sale at fair value (amortized cost of **$61,676** and $60,872)	**59,810**	58,730
Held-to-maturity (fair value of **$20,083** and $19,995)	**23,162**	23,477
Securities purchased under agreements to resell	**13,704**	10,047
Loans:		
Held for investment (net of allowance for credit losses of **$563** and $546)	**79,421**	76,047
Held for sale (lower of cost or fair value)	**9,801**	5,417
Fair value	**5,885**	4,987
Loan to affiliate	**669**	634
Accrued interest receivable	**1,069**	1,000
Affordable housing tax credit investments	**992**	929
Deferred taxes	**750**	818
Other assets	**1,588**	1,003
Total assets	**$ 234,481**	$ 230,712
Liabilities		
Deposits (includes **$3,986** and $3,842 at fair value)	**187,090**	187,093
Securities sold under agreements to repurchase	**1,028**	—
Trading liabilities at fair value	**324**	400
Payable to affiliates	**808**	489
Other secured financings at fair value	**864**	862
Accrued interest payable	**800**	695
Other liabilities and accrued expenses	**2,026**	2,388
Borrowings (includes **$—** and $1,155 at fair value)	**18,083**	16,695
Total liabilities	**211,023**	208,622
Shareholder's equity		
Common stock, $1 par value:		
Shares authorized: **50,000**; Shares issued: **100**; Shares outstanding: **100**	**—**	—
Additional paid-in capital	**8,005**	8,005
Retained earnings	**16,912**	15,796
Accumulated other comprehensive income (loss)	**(1,459)**	(1,711)
Total shareholder’s equity	**23,458**	22,090
Total liabilities and shareholder's equity	**$ 234,481**	$ 230,712

Consolidated Statement of Changes in Shareholder's Equity (Unaudited)

Morgan Stanley Bank, N.A.

$ in millions	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Common stock		
Beginning and ending balance	**$ —**	$ —
Additional paid-in capital		
Beginning and ending balance	**8,005**	8,005
Retained earnings		
Beginning balance	**15,796**	15,634
Net income	**1,116**	1,260
Ending balance	**16,912**	16,894
Accumulated other comprehensive income (loss)		
Beginning balance	**(1,711)**	(1,767)
Net change in Accumulated other comprehensive income (loss)[1]	**252**	(45)
Ending balance	**(1,459)**	(1,812)
Total shareholder's equity	**$ 23,458**	$ 23,087

1. Amounts are net of (provision)/benefit for income taxes of $(79) million and $14 million for the current quarter and prior year quarter, respectively.

Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley Bank, N.A.

$ in millions	Three Months Ended March 31, 2025	2024
Cash flows from operating activities		
Net income	**$ 1,116**	$ 1,260
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	**39**	21
Provision for credit losses	**60**	(9)
Deferred income taxes, net	**(10)**	(3)
Other operating adjustments	**114**	165
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities	**(1,301)**	(995)
Loans at fair value with intent to sell	**(988)**	(967)
Loans held for sale	**(4,359)**	2,046
Securities purchased under agreements to resell	**(167)**	602
Net receivable from / (payable to) affiliates	**(156)**	182
Accrued expenses and other liabilities	**(81)**	207
Other assets	**(215)**	(170)
Net cash (used for) provided by operating activities	**(5,948)**	2,339
Cash flows from investing activities		
Proceeds from (payments for):		
AFS securities:		
Purchases	**(3,965)**	(6,904)
Proceeds from sales	**1,162**	4,306
Proceeds from paydowns and maturities	**2,207**	3,900
HTM securities:		
Purchases	**—**	(915)
Proceeds from paydowns and maturities	**316**	591
Securities purchased under agreements to resell	**(3,490)**	258
Securities sold under agreements to repurchase	**1,028**	—
Changes in loans at fair value with intent to hold, net	**13**	(27)
Changes in loans held for investment, net	**(2,901)**	1,002
Other investing activities	**(94)**	(26)
Net cash (used for) provided by investing activities	**(5,724)**	2,185
Cash flows from financing activities		
Net proceeds from (payments for):		
Deposits	**(51)**	(14)
Other secured financings	**(68)**	(37)
Proceeds from issuance of Borrowings	**2,498**	1,995
Payments for Borrowings	**(1,110)**	(161)
Net cash provided by financing activities	**1,269**	1,783
Net (decrease) increase in cash and cash equivalents	**(10,403)**	6,307
Cash and cash equivalents, at beginning of period	**19,766**	11,859
Cash and cash equivalents, at end of period	**$ 9,363**	$ 18,166

Supplemental Disclosures of Cash Flow Information:		
Cash payments/(refunds) for Interest	**$ 1,377**	$ 1,295

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 14). 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 three months ended March 31, 2025, there were no significant updates to the relevant accounting policies.

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

Loans by Type

	At March 31, 2025			
$ in millions	HFI Loans	HFS Loans	Loans at Fair Value	Total Loans
Corporate	**$ 4,473**	**$ 6,413**	**$ —**	**$ 10,886**
Secured lending facilities	**51,014**	**3,133**	**—**	**54,147**
Commercial real estate	**8,419**	**255**	**628**	**9,302**
Residential real estate	**—**	**—**	**2,315**	**2,315**
Securities-based lending and Other loans	**16,078**	**—**	**2,942**	**19,020**
Total loans	**79,984**	**9,801**	**5,885**	**95,670**
ACL	**(563)**	**—**	**—**	**(563)**
Total loans, net	**$ 79,421**	**$ 9,801**	**$ 5,885**	**$ 95,107**
Loans to non-U.S. borrowers, net	**20,099**	**4,910**		**$ 25,009**

	At December 31, 2024			
$ in millions	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

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

	At March 31, 2025		At December 31, 2024	
$ in millions	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	$ —	$ 10,886	$ —	$ 7,121
Secured lending facilities	—	54,147	—	50,268
Commercial real estate	239	8,435	—	8,827
Securities-based lending and Other loans	3,116	12,962	3,335	12,459
Total loans, before ACL	$ 3,355	$ 86,430	$ 3,335	$ 78,675

See Note 6 for further information regarding Loans and lending commitments held at fair value. See Note 13 for details of current commitments to lend in the future.

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

	At March 31, 2025			At December 31, 2024		
	Corporate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 2,423	$ 1,909	$ 4,332	$ 2,189	$ 1,826	$ 4,015
2025	—	—	—			
2024	77	—	77	75	8	83
2023	—	50	50	—	50	50
2022	—	—	—	—	—	—
2021	5	—	5	5	—	5
Prior	9	—	9	31	—	31
Total	$ 2,514	$ 1,959	$ 4,473	$ 2,300	$ 1,884	$ 4,184

	At March 31, 2025			At December 31, 2024		
	Secured Lending Facilities					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 11,824	$ 29,016	$ 40,840	$ 11,405	$ 27,660	$ 39,065
2025	2	1,354	1,356			
2024	939	3,039	3,978	818	2,732	3,550
2023	588	1,199	1,787	1,371	1,341	2,712
2022	271	1,718	1,989	279	1,761	2,040
2021	—	210	210	—	197	197
Prior	100	754	854	100	718	818
Total	$ 13,724	$ 37,290	$ 51,014	$ 13,973	$ 34,409	$ 48,382

	At March 31, 2025			At December 31, 2024		
	Commercial Real Estate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ —	$ 137	$ 137	$ —	$ 154	$ 154
2025	—	266	266			
2024	153	2,369	2,522	148	2,176	2,324
2023	356	655	1,011	351	761	1,112
2022	312	1,448	1,760	305	1,488	1,793
2021	149	1,488	1,637	145	1,488	1,633
Prior	—	1,086	1,086	—	1,217	1,217
Total	$ 970	$ 7,449	$ 8,419	$ 949	$ 7,284	$ 8,233

	At March 31, 2025			
		Other		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	12,524	44	84	12,652
2025	359	—	2	361
2024	1,381	120	183	1,684
2023	435	—	168	603
2022	295	—	102	397
2021	100	—	129	229
Prior	—	—	152	152
Total	$ 15,094	$ 164	$ 820	$ 16,078

	At December 31, 2024			
		Other		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
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 March 31, 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 $343 million and $272 million at March 31, 2025 and December 31, 2024, respectively. The majority of the amounts are past due for a period of more than 90 days as of March 31, 2025 and December 31, 2024.

Nonaccrual Loans Held for Investment before Allowance[1]

$ in millions	At March 31, 2025	At December 31, 2024
Commercial real estate	454	447
Total	$ 454	$ 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 March 31, 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.

Modified Loans Held for Investment

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

	Three Months Ended March 31,			
	2025		2024	
$ in millions	Amortized Cost	% of Total Loans[2]	Amortized Cost	% of Total Loans[2]
Term Extension				
Secured lending facilities	**41**	**0.1 %**	—	— %
Commercial real estate	**292**	**3.5 %**	127	1.5 %
Total	**$ 333**	**0.6 %**	$ 127	1.5 %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay				
Commercial real estate	**—**	**— %**	40	0.5 %
Total	**$ —**	**— %**	$ 40	0.5 %
Total Modifications	**$ 333**	**0.6 %**	$ 167	2.0 %

1. As of March 31, 2025 and March 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

	Three Months Ended March 31, 2025[1]		
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Interest Rate Reduction (%)
Single Modifications			
Secured lending facilities	3	—	— %
Commercial real estate	1	—	— %

	Three Months Ended March 31, 2024[1]		
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Interest Rate Reduction (%)
Single Modifications			
Commercial real estate	5	—	— %
Multiple Modifications - Term Extension and Other-than-insignificant Payment Delay			
Commercial Real Estate	16	16	— %

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

	At March 31, 2025		
$ in millions	30-89 Days Past Due	90+ days Past Due	Total
Commercial real estate	**$ —**	**63**	**63**

	At March 31, 2024		
$ in millions	30-89 Days Past Due	90+ days Past Due	Total
Commercial real estate	$ —	45	45

At March 31, 2025, there was one commercial real estate loan held for investment with an amortized cost of $63 million that defaulted during the quarter ended March 31, 2025 and had been modified in the 12 month period prior to default. There were no loans held for investment that defaulted during the three months ended March 31, 2024 that had been modified in the 12 month period prior.

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

	Three Months Ended March 31, 2025				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
ACL—Loans					
Beginning balance	$ 22	$ 130	$ 370	$ 24	$ 546
Gross charge-offs	**—**	**—**	**(31)**	**—**	**(31)**
Recoveries	**—**	**—**	**8**	**—**	**8**
Net (charge-offs) Recoveries	**—**	**—**	**(23)**	**—**	**(23)**
Provision (release)	**2**	**8**	**23**	**1**	**34**
Other	**—**	**1**	**5**	**—**	**6**
Ending balance	**$ 24**	**$ 139**	**$ 375**	**$ 25**	**$ 563**
Percentage of loans to total loans[1]	**5 %**	**63 %**	**11 %**	**21 %**	**100 %**
ACL— Lending commitments					
Beginning balance	$ 106	$ 83	$ 39	$ 10	$ 238
Provision (release)	**9**	**41**	**(27)**	**3**	**26**
Other	**—**	**2**	**1**	**(1)**	**2**
Ending balance	**$ 115**	**$ 126**	**$ 13**	**$ 12**	**$ 266**
Total ending balance	**$ 139**	**$ 265**	**$ 388**	**$ 37**	**$ 829**

	Three Months Ended March 31, 2024				
$ in millions	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
ACL—Loans					
Beginning balance	$ 27	$ 142	$ 461	$ 24	$ 654
Provision (release)	(2)	(15)	(2)	(2)	(21)
Other	—	(1)	(3)	—	(4)
Ending balance	$ 25	$ 126	$ 456	$ 22	$ 629
Percentage of loans to total loans[1]	6%	58%	13%	24%	100%
ACL—Lending commitments					
Beginning balance	$ 120	$ 70	$ 26	$ 10	$ 226
Provision (release)	(8)	25	(3)	(2)	12
Other	(1)	(1)	—	1	(1)
Ending balance	$ 111	$ 94	$ 23	$ 9	$ 237
Total ending balance	$ 136	$ 220	$ 479	$ 31	$ 866

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

	Three Months Ended March 31, 2025	
$ in millions	CRE	Total
2022	**(10)**	**(10)**
2021	**(1)**	**(1)**
Prior	**(20)**	**(20)**
Total	**$ (31)**	**$ (31)**

There were no Gross Charge-offs during three months ended March 31, 2024.

Provision for credit losses

$ in millions	Three Months Ended March 31, 2025	2024
Loans	$ 34	$ (21)
Lending commitments	26	12
Total	$ 60	$ (9)

The allowance for credit losses for loans and lending commitments decreased during the three months ended March 31, 2025, primarily related to the Provision for credit losses being partially offset by charge-offs. The provision for credit losses on loans and lending commitments in the current quarter was primarily related to growth in Secured lending facilities, as well as the deterioration in the macroeconomic outlook. Charge-offs in the three months ended March 31, 2025 were primarily related to Commercial real estate loans. There were no charge-offs during the three months ended March 31, 2024.

The base scenario used in our ACL models as of March 31, 2025 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. This scenario assumes slower economic growth, as well as higher interest rates relative to the prior quarter forecast. The revised real GDP growth rates assumed in our ACL models incorporated the weaker economic outlook and conditions as of March 31, 2025. 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 March 31, 2025	At December 31, 2024
ACL for loans to total HFI loans	0.7 %	0.7 %
Nonaccrual HFI loans to total HFI loans	0.6 %	0.6 %
ACL for loans to nonaccrual HFI loans	124.1 %	122.1 %

4. Interest Income and Interest Expense

$ in millions	Three Months Ended March 31, 2025	2024
Interest income		
Cash and cash equivalents	$ 189	$ 313
Investment securities	736	638
Securities purchased under agreements to resell	138	179
Loans, including fees and Other[1]	1,505	1,492
Total interest income	$ 2,568	$ 2,622
Interest expense		
Deposits and Other[2]	$ 1,249	$ 1,256
Borrowings	233	121
Total interest expense	$ 1,482	$ 1,377
Net interest	$ 1,086	$ 1,245

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.

5. Investment Securities

AFS and HTM Securities

$ in millions	At March 31, 2025 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	$ 41,544	$ 43	$ 102	$ 41,485
U.S. agency securities[2]	16,972	2	1,655	15,319
Agency CMBS	2,248	—	135	2,113
State and municipal securities	522	—	14	508
FFELP student loan ABS[3]	390	1	6	385
Total AFS securities	61,676	46	1,912	59,810
HTM securities				
U.S. Treasury securities	7,188	—	519	6,669
U.S. agency securities[2]	14,623	19	2,489	12,153
Non-agency CMBS	1,351	6	96	1,261
Total HTM securities	23,162	25	3,104	20,083
Total investment securities	$ 84,838	$ 71	$ 5,016	$ 79,893

$ 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.

AFS Securities in an Unrealized Loss Position

$ in millions	At March 31, 2025 Fair Value	At March 31, 2025 Gross Unrealized Losses	At December 31, 2024 Fair Value	At December 31, 2024 Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	**$ 8,197**	**$ 16**	$ 14,878	$ 49
12 months or longer	**6,232**	**86**	7,399	121
Total	**14,429**	**102**	22,277	170
U.S. agency securities				
Less than 12 months	**1,076**	**8**	690	11
12 months or longer	**13,414**	**1,647**	13,679	1,855
Total	**14,490**	**1,655**	14,369	1,866
Agency CMBS				
12 months or longer	**2,113**	**135**	2,104	150
Total	**2,113**	**135**	2,104	150
State and municipal securities				
Less than 12 months	**385**	**10**	242	2
12 months or longer	**57**	**4**	62	2
Total	**442**	**14**	304	4
FFELP student loan ABS				
12 months or longer	**327**	**6**	335	6
Total	**327**	**6**	335	6
Total AFS securities in an unrealized loss position				
Less than 12 months	**9,658**	**34**	15,810	62
12 months or longer	**22,143**	**1,878**	23,579	2,134
Total	**$ 31,801**	**$ 1,912**	$ 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 March 31, 2025 and December 31, 2024, the securities in an unrealized loss position were predominantly investment grade.

The HTM securities net carrying amounts at March 31, 2025 and December 31, 2024 reflect an ACL of $58 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.

As of March 31, 2025 and December 31, 2024, 97% of the Bank's portfolio of HTM securities were investment grade U.S. agency securities and U.S. Treasury securities which were on accrual status and for which there is an underlying assumption of zero credit losses. Non-investment grade HTM securities primarily consisted of certain Non-agency CMBS securities, for which the expected credit losses were insignificant and were predominantly on accrual status at March 31, 2025 and December 31, 2024.

See Note 14 for additional information on securities issued by VIEs, including U.S. agency mortgage-backed securities, Non-agency CMBS, and FFELP student loan ABS.

Investment Securities by Contractual Maturity

$ in millions	At March 31, 2025 Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]
AFS securities			
U.S. Treasury securities:			
Due within 1 year	**$ 6,131**	**$ 6,098**	**2.8 %**
After 1 year through 5 years	**30,874**	**30,849**	**3.8 %**
After 5 years through 10 years	**4,539**	**4,538**	**4.2 %**
Total	**41,544**	**41,485**	
U.S. agency securities:			
Due within 1 year	**2**	**2**	**2.3 %**
After 1 year through 5 years	**185**	**178**	**1.8 %**
After 5 years through 10 years	**221**	**206**	**1.9 %**
After 10 years	**16,564**	**14,933**	**3.4 %**
Total	**16,972**	**15,319**	
Agency CMBS:			
Due within 1 year	**59**	**58**	**1.9 %**
After 1 year through 5 years	**2,031**	**1,920**	**2.4 %**
After 10 years	**158**	**135**	**1.7 %**
Total	**2,248**	**2,113**	
State and municipal securities:			
Due within 1 year	**27**	**26**	**4.9 %**
After 1 year through 5 years	**203**	**202**	**4.7 %**
After 5 years through 10 years	**47**	**44**	**5.3 %**
After 10 years	**245**	**236**	**4.2 %**
Total	**522**	**508**	
FFELP student loan ABS:			
Due within 1 year	**7**	**7**	**5.1 %**
After 1 year through 5 years	**98**	**95**	**5.1 %**
After 5 years through 10 years	**23**	**23**	**5.3 %**
After 10 years	**262**	**260**	**5.2 %**
Total	**390**	**385**	
Total AFS securities	**$ 61,676**	**$ 59,810**	**3.6 %**

$ in millions	At March 31, 2025 Amortized Cost[1]	Fair Value	Annualized Average Yield[2]
HTM securities			
U.S. Treasury securities:			
Due within 1 year	$ 1,599	$ 1,569	1.6 %
After 1 year through 5 years	4,511	4,341	2.2 %
After 10 years	1,078	759	2.5 %
Total	7,188	6,669	
U.S. agency securities:			
After 1 year through 5 years	9	9	1.9 %
After 5 years through 10 years	188	177	2.0 %
After 10 years	14,426	11,967	2.4 %
Total	14,623	12,153	
Non-agency CMBS:			
Due within 1 year	135	118	4.2 %
After 1 year through 5 years	695	665	4.3 %
After 5 years through 10 years	401	361	4.2 %
After 10 years	120	117	7.0 %
Total	1,351	1,261	
Total HTM securities	23,162	20,083	2.4 %
Total investment securities	$ 84,838	$ 79,893	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 March 31, 2025, the annualized average yield, including the interest rate swap accrual of related hedges, was 3.0% for AFS securities contractually maturing within 1 year and 3.9% 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

$ in millions	Three Months Ended March 31, 2025	2024
Gross realized gains	$ 21	$ 43
Total[1]	$ 21	$ 43

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:

$ in millions	Changes in Net Unrealized Gains (Losses) on AFS Securities — Three Months Ended March 31, 2025	2024
Beginning Balance	$ (1,640)	$ (1,765)
Other comprehensive income (loss) before reclassifications	227	17
Amounts reclassified from AOCI	(16)	(33)
Net other comprehensive income (loss) during the period	211	(16)
Ending Balance	$ (1,429)	$ (1,781)

6. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

$ in millions	At March 31, 2025 Level 1	Level 2	Level 3	Netting	Total
Assets at fair value					
Trading assets:					
State and municipal securities	$ —	$ 160	$ —	$ —	$ 160
Corporate and other debt[1]	—	4,319	25	—	4,344
Corporate equity	21,319	—	2	—	21,321
Derivative contracts:					
Foreign exchange	—	1,101	—	—	1,101
Interest rate	—	1,122	—	—	1,122
Credit	—	95	126	—	221
Equity and other	—	2,137	179	—	2,316
Netting[2]	—	(3,096)	(12)	(698)	(3,806)
Total derivative contracts	—	1,359	293	(698)	954
Total trading assets[3]	21,319	5,838	320	(698)	26,779
Investment securities—AFS					
U.S. Treasury securities	41,485	—	—	—	41,485
U.S. agency securities	—	15,319	—	—	15,319
MABS	—	2,498	—	—	2,498
State and municipal securities	—	508	—	—	508
Total Investment securities—AFS	41,485	18,325	—	—	59,810
Loans at fair value	—	5,489	396	—	5,885
Total assets at fair value	$ 62,804	$ 29,652	$ 716	$ (698)	$ 92,474

$ in millions	At March 31, 2025 Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value					
Interest-bearing deposits	$ —	$ 3,982	$ 4	$ —	$ 3,986
Trading liabilities:					
Corporate and other debt		28			28
Derivative contracts:					
Foreign exchange	—	1,433	—	—	1,433
Interest rate	1	905	27	—	933
Credit	—	536	79	—	615
Equity and other	—	1,043	105	—	1,148
Netting[2]	—	(3,096)	(12)	(725)	(3,833)
Total trading liabilities	1	849	199	(725)	324
Other secured financings	—	864	—	—	864
Total liabilities at fair value	$ 1	$ 5,695	$ 203	$ (725)	$ 5,174

$ in millions	At December 31, 2024 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

$ in millions	At December 31, 2024 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.

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

$ in millions	Three Months Ended March 31, 2025	2024
Trading Assets[1,3]		
Beginning balance	**$ 20**	$ 34
Realized and unrealized gains (losses)	**—**	(3)
Purchases	**6**	2
Sales	**—**	(1)
Net transfers[4]	**1**	**13**
Ending balance	**$ 27**	$ 45
Unrealized gains (losses)[5]	**—**	(3)
Loans[2]		
Beginning balance	**$ 307**	$ 740
Realized and unrealized gains (losses)	**1**	(1)
Purchases and originations	**73**	83
Sales	**(197)**	(50)
Settlements	**(12)**	**(122)**
Net transfers[4]	**224**	—
Ending balance	**$ 396**	$ 650
Unrealized gains (losses)[5]	**1**	(1)
Derivative contracts, net[3]		
Beginning balance	**$ 29**	$ 96
Realized and unrealized gains (losses)	**92**	230
Purchases	**—**	42
Settlements	**(43)**	(296)
Net transfers[4]	**16**	**19**
Ending balance	**$ 94**	$ 91
Unrealized gains (losses)[5]	**93**	230
Deposits		
Beginning balance	**$ 1**	$ 32
Realized and unrealized gains (losses)	**—**	1
Issuances	**3**	2
Settlements	**(1)**	(1)
Net transfers[4]	**1**	**16**
Ending balance	**$ 4**	$ 50
Unrealized gains (losses)[5]	**(1)**	1

1. Trading assets include Corporate and other debt and Corporate equity at March 31, 2025 and include state and municipal securities, and other debt at March 31, 2024.
2. Realized and unrealized gains (losses) are included in Non-interest revenue—Gain on loans in the income statement.
3. Realized and unrealized gains (losses) are included in Non-interest revenue within Gains (losses) on financial assets and liabilities in the income statement.
4. Reclassifications between levels are driven by the unobservable inputs and whether such inputs are significant to the valuation.
5. Amounts represent unrealized gains (losses) for the three months ended March 31, 2025 and March 31, 2024 related to Level 3 assets and liabilities still held by the Bank at March 31, 2025 and March 31, 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.

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

Valuation Techniques and Unobservable Inputs

	Balance / Range (Average[1])	
$ in millions, except inputs	**At March 31, 2025**	At December 31, 2024
Assets		
Trading assets: Corporate and other debt	**$ 6**	$ —
Option Model		
Equity volatility	**49% to 49% (49%)**	N/M
MABS	**$ 19**	$ 19
Comparable pricing:		
Comparable bond pricing	**95 to 98 points (96 points)**	94 to 97 points (96 points)
Loans	**$ 396**	$ 307
Securities-based lending model:		
Securities-based lending rate	**1% to 3% (2%)**	1% to 4% (3%)
Comparable pricing:		
Comparable loan price	**93 to 104 points (100 points)**	N/M
Net Derivative contracts		
Equity	**$ 74**	$ 38
Option model:		
Equity volatility	**7% to 80% (12%)**	15% to 38% (26%)
Equity volatility skew	**-2% to 0% (-1%)**	0% (0%)
Interest Rate	**$ (27)**	$ (35)
Option model:		
Interest rate volatility skew	**101% to 128% (110% / 117%)**	107% to 145% (121%)
Credit	**$ 47**	$ 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	**7% to 7% (7%)**	6% to 6% (6%)
Nonrecurring Fair Value Measurement		
Loans	**1,197**	878
Corporate Loan Model:		
Credit spread	**100 bps - 317 bps (196bps)**	79 bps - 333 bps (248bps)
Warehouse Model:		
Credit spread	**202 bps - 285 bps (255 bps)**	207 bps - 280 bps (254 bps)
Comparable Pricing:		
Comparable loan price	**25 - 100 points (84 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.

Net Asset Value Measurements

Fund Interests

	At March 31, 2025		At December 31, 2024	
$ in millions	Carrying Value	Unfunded Commitments	Carrying Value	Unfunded Commitments
Private equity funds	**$ 154**	**$ 57**	$ 140	$ 61
Real estate funds	**1,334**	**2**	1,341	2
Total	**$ 1,488**	**$ 59**	$ 1,481	$ 63

Amounts in the previous table represent the Bank's carrying value of limited partnership interests in fund investments, as well as any related performance-based income in the form of carried interest. The carrying amounts are measured based on the 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

	Carrying value at March 31, 2025	
$ in millions	Private Equity	Real Estate
Less than 5 years	**$ 71**	**$ 116**
5-10 years	**83**	**1,218**
Total	**$ 154**	**$ 1,334**

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

	At March 31, 2025			
$ in millions	Carrying Value	Level 2	Level 3	Total gains (losses)[1]
Assets				
Loans[1]	**$ 1,882**	**$ 685**	**$ 1,197**	**$ (9)**
Liabilities				
Other liabilities and accrued expenses[2]	**$ 18**	**$ 15**	**$ 3**	**$ 2**

	At December 31, 2024			
$ in millions	Carrying Value	Level 2	Level 3	Total gains (losses)[1]
Assets				
Loans[1]	$ 1,564	$ 686	$ 878	$ (48)
Liabilities				
Other liabilities and accrued expenses[2]	$ 16	$ 13	$ 3	$ 10

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 March 31, 2025 Carrying Value	Fair Value Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 9,363	$ 9,363	$ —	$ —	$ 9,363
Securities purchased under agreement to resell	13,704	—	12,865	845	13,710
Investment securities—HTM	23,162	6,669	12,153	1,261	20,083
Loans[1]					
Held for investment	79,421	—	13,288	66,433	79,721
Held for sale	9,801	—	7,111	2,706	9,817
Affordable housing tax credit investments	992	—	—	810	810
Loans to affiliate	669	—	676	—	676
Accrued Interest Receivable	1,069	—	1,069	—	1,069
Other assets	1,581	—	1,581	—	1,581
Financial liabilities					
Deposits	$ 183,104	$ —	$183,296	$ —	$183,296
Securities sold under agreements to resell	1,028	—	1,028	—	1,028
Payable to affiliates	152	—	154	—	154
Borrowings	18,083	—	18,188	—	18,188
Affordable housing tax credit investments	295	—	—	295	295
Accrued interest payable	799	—	799	—	799
Other liabilities and accrued expenses	1,456	—	1,456	—	1,456
	Commitment Amount				
Lending commitments[2]	$ 119,447	$ —	$ 713	$ 597	$ 1,310

$ in millions	At December 31, 2024 Carrying Value	Fair Value Level 1	Level 2	Level 3	Total
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 13.

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 quarter ended March 31, 2025 was $(124) million, and comprised of $(95) million of Trading revenues and $29 million of Interest expense. Net (losses) gains due to fair value option for the quarter ended March 31, 2024 was $(317) million, and comprised of $(286) million of Trading revenues and $31 million of Interest expense.

(Losses) due to changes in instrument-specific credit risk were $(1) million and $(4) million for quarter ended March 31, 2025 and March 31, 2024, respectively.

In addition, changes in instrument-specific credit risk increased other comprehensive income by $31 million for the quarter ended March 31, 2025 and decreased $1 million for quarter ended March 31, 2024.

For certain loans that are classified as Trading Assets—Corporate and other debt, contractual principal amount was higher than fair value by $19 million and $22 million as of March 31, 2025 and December 31, 2024, respectively.

7. Cash and Cash Equivalents

$ in millions	At March 31, 2025	At December 31, 2024
Cash and due from banks	$ 34	$ 30
Interest bearing deposits with banks	9,329	19,736
Total Cash and cash equivalents	$ 9,363	$ 19,766
Restricted cash	$ 38	$ 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

$ in millions	At March 31, 2025				
	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	$ 14,504	$ (800)	$ 13,704	$ (13,665)	$ 39
Liabilities					
Securities sold under agreements to repurchase	$ 1,828	$ (800)	$ 1,028	$ (1,028)	$ —
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					$ 39

$ in millions	At December 31, 2024				
	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 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.

Gross Secured Financing Balances by Remaining Contractual Maturity

The contractual maturity term of gross secured financing balance was overnight and open.

Gross Secured Financing Balances by Class of Collateral Pledged

The Bank had pledged US Treasury and Agency Securities as collateral for gross secured financing balance.

Assets Loaned or Pledged

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

The fair value of assets loaned or pledged with counterparty right to sell or repledge was $2.4 billion and $1.6 billion at March 31, 2025 and December 31, 2024, respectively.

The carrying value of assets loaned or pledged without counterparty right to sell or repledge was $0.2 billion at both March 31, 2025 and December 31, 2024.

Fair Value of Collateral Received with Right to Sell or Repledge

At March 31, 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 $17.0 billion and $14.0 billion, respectively. At March 31, 2025, the fair value of securities that had been sold or repledged was $1.0 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

$ in millions	At March 31, 2025	At December 31, 2024
Savings and demand deposits[1]	$ 146,598	$ 148,513
Time deposits[2,3]	40,492	38,580
Total deposits	$ 187,090	$ 187,093
Deposits subject to FDIC insurance	$ 151,466	$ 148,346
Deposits not subject to FDIC insurance	$ 35,624	$ 38,747

1. Includes deposits from the Parent and affiliates, see Note 11.
2. Includes Structured CDs at fair value of $4.0 billion and $3.8 billion as of March 31, 2025 and December 31, 2024, respectively.
3. The contractual liability to depositors was $40.5 billion and $38.6 billion at March 31, 2025 and December 31, 2024, respectively.

Time Deposit Maturities

$ in millions	At March 31, 2025
2025	12,893
2026	13,111
2027	6,900
2028	4,260
2029	2,499
Thereafter	829
Total	$ 40,492

10. Borrowings; and Other Secured Financings

Borrowings[1]

$ in millions	At March 31, 2025	At December 31, 2024
Original maturities:		
One year or less	$ —	$ 1,155
Greater than one year	18,083	15,540
Total	$ 18,083	$ 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

$ in millions	At March 31, 2025	At December 31, 2024
Original maturities:		
One year of less	$ —	$ —
Greater than one year	$ 864	$ 862
Total	$ 864	$ 862
Transfers of assets accounted for as secured financings	$ 523	$ 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 14 for further information on other secured financings related to VIEs and securitization activities.

For transfers of assets that fail to meet accounting criteria for a sale, the 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

$ in millions	At March 31, 2025	At December 31, 2024
Trading assets at fair value	$ 78	$ 170
Securities purchased under agreements to resell	9,059	5,437
Loans to affiliate	669	634
Other assets	688	248
Total	$ 10,494	$ 6,489

Liabilities and payables to Parent and affiliated companies

$ in millions	At March 31, 2025	At December 31, 2024
Deposits	$ 1,939	$ 4,462
Securities sold under agreements to repurchase	1,028	—
Trading liabilities, at fair value	130	145
Payable to affiliates	808	489
Accrued Interest Payable	1	2
Other liabilities and accrued expenses	12	17
Borrowings	69	65
Total	$ 3,987	$ 5,180

Revenues and expenses resulting from transactions with Parent and affiliated companies

	Three Months Ended March 31,	
$ in millions	2025	2024
Net Revenues		
Interest income	$ (214)	$ 569
Interest Expense	(51)	141
Net Interest	(163)	428
Non-interest revenues		
Fee income	274	260
Gains (losses) on financial assets and liabilities	1,090	(678)
Other	1	—
Total Non-interest revenues	$ 1,365	$ (418)
Net Revenues	1,202	10
Non-interest expenses		
General and administrative	214	176
Compensation and benefits	14	8
Total Non-interest expenses	$ 228	$ 184

Assets

Trading assets were primarily driven by outstanding derivative contracts in the normal course of business.

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.

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 March 31, 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 March 31, 2025, and December 31, 2024, respectively.

Securities sold under agreement to repurchase were with MS&Co. For further information, see Note 8.

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

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 $656 million and $327 million at March 31, 2025 and December 31, 2024, respectively.

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 designated accounting hedges on Borrowings and brokered CDs, the cost of overnight deposits from the Parent and affiliates, as well as the cost of borrowing from the Parent and MSPBNA.

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 MS&Co, Morgan Stanley & Co. International plc ("MSIP") and Morgan Stanley Capital Services LLC.

General and administrative expenses primarily consisted of the following:

- Service Level Agreements whereby affiliates provided lending, loan processing, credit risk management, audit and other services. The amount of expense incurred by the Bank for these services was $123 million and $101 million in current and prior year quarter, 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 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 $38 million and $10 million in current and prior year quarter, respectively.
- Service Level Agreements whereby affiliates provided information technology services, for which the Bank incurred expenses of $21 million and $16 million in current and prior year quarter, 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 and $10 million in current and prior year quarter, 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 March 31, 2025 and December 31, 2024, $1.9 billion in a standby letter of credit participated to an affiliate.

At both March 31, 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.

12. Derivative Instruments and Hedging Activities

Fair Values of Derivative Contracts

	Assets at March 31, 2025			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 501	$ —	$ —	$ 501
Not designated as accounting hedges				
Economic hedges of loans				
Credit	10	—	—	10
Other derivatives				
Interest rate	618	3	—	621
Credit	211	—	—	211
Foreign exchange	1,101	—	—	1,101
Equity and other	2,316	—	—	2,316
Total	4,256	3	—	4,259
Total gross derivatives	$ 4,757	$ 3	$ —	$ 4,760
Amounts offset				
Counterparty netting	(3,096)	—	—	(3,096)
Cash collateral netting	(710)	—	—	(710)
Total in Trading assets	$ 951	$ 3	$ —	$ 954
Amounts not offset[1]				
Financial instruments collateral	(553)	—	—	(553)
Net amounts	$ 398	$ 3	$ —	$ 401
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 offset[1]				
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 March 31, 2025 Bilateral OTC	Cleared OTC	Total
Designated as accounting hedges			
Interest rate	**$ 306**	**$ —**	**$ 306**
Not designated as accounting hedges			
Economic hedges of loans			
Credit	**421**	**—**	**421**
Other derivatives			
Interest rate	**624**	**3**	**627**
Credit	**194**	**—**	**194**
Foreign exchange	**1,433**	**—**	**1,433**
Equity and other	**1,148**	**—**	**1,148**
Total	**3,820**	**3**	**3,823**
Total gross derivatives	**$ 4,126**	**$ 3**	**$ 4,129**
Amounts offset			
Counterparty netting	**(3,096)**	**—**	**(3,096)**
Cash collateral netting	**(737)**	**—**	**(737)**
Total in Trading liabilities	**$ 293**	**$ 3**	**$ 296**
Amounts not offset[1]			
Financial instruments collateral	**(9)**	**—**	**(9)**
Net amounts	**$ 284**	**$ 3**	**$ 287**
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable			**$ 3**

$ 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 offset[1]			
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.

Notional of Derivative Contracts

$ in millions	Assets at March 31, 2025 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 52,442**	**$ —**	**$ —**	**$ 52,442**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**169**	**—**	**—**	**169**
Other derivatives				
Interest rate	**49,593**	**5,130**	**—**	**54,723**
Credit	**5,534**	**—**	**—**	**5,534**
Foreign exchange	**59,167**	**—**	**—**	**59,167**
Equity and other	**76,988**	**—**	**—**	**76,988**
Total	**191,451**	**5,130**	**—**	**196,581**
Total gross derivatives	**$ 243,893**	**$ 5,130**	**$ —**	**$ 249,023**

$ in millions	Assets at December 31, 2024 Bilateral 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

$ in millions	Liabilities at March 31, 2025 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 56,316**	**$ —**	**$ —**	**$ 56,316**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**14,758**	**—**	**—**	**14,758**
Other derivatives				
Interest rate	**48,534**	**5,130**	**2,975**	**56,639**
Credit	**6,742**	**—**	**—**	**6,742**
Foreign exchange	**65,350**	**—**	**—**	**65,350**
Equity and other	**18,429**	**—**	**—**	**18,429**
Total	**153,813**	**5,130**	**2,975**	**161,918**
Total gross derivatives	**$ 210,129**	**$ 5,130**	**$ 2,975**	**$ 218,234**

$ in millions	Liabilities at December 31, 2024 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 March 31, 2025	2024
Fair value hedges–Recognized in Interest income		
Interest rate contracts	**$ (370)**	$ 362
Investment Securities—AFS	**371**	(356)
Fair value hedges–Recognized in Interest expense		
Interest rate contracts	**$ 85**	$ (50)
Deposits	**(41)**	7
Borrowings	**(42)**	42
Cash flow hedges–Interest rate contracts[1]		
Recognized in OCI	**$ 17**	$ (47)
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income	**(5)**	(11)
Net change in cash flow hedges included within AOCI	**22**	(36)

1. For the current quarter ended March 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 March 31, 2025 is approximately $(21) million. The maximum length of time over which forecasted cash flows are hedged is 32 months.

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 March 31, 2025	2024
Beginning Balance	**$ (35)**	$ 16
Other comprehensive income (loss) before reclassifications	**13**	(36)
Amounts reclassified from AOCI	**4**	8
Net other comprehensive income (loss) during the period	**17**	(28)
Ending Balance	**$ (18)**	$ (12)

Fair Value Hedges–Hedged Items

$ in millions	**At March 31, 2025**	At December 31, 2024
Investment securities–AFS		
Amortized cost basis currently or previously hedged[1]	**$ 35,243**	$ 35,042
Basis adjustments included in amortized cost[2]	**54**	(338)
Deposits		
Carrying amount currently or previously hedged	**21,426**	14,862
Basis adjustments included in carrying amount[2]	**$ 69**	$ 27
Borrowings		
Carrying amount currently or previously hedged	**$ 9,630**	$ 9,586
Basis adjustments included in carrying amount	**$ 46**	$ 4

1. Carrying amount represents the amortized cost, net of allowance if applicable. At March 31, 2025, the amortized cost of the portfolio layer method closed portfolios was $325 million, of which $178 million was designated as hedged. The cumulative amount of basis adjustments was immaterial as of March 31, 2025 and $(2) million as of December 31, 2024. Refer to Note 2 and 5 for additional information.
2. Hedge accounting basis adjustments are primarily related to outstanding hedges.

Gains (Losses) on Economic Hedges of Loans

$ in millions	Three Months Ended March 31, 2025	2024
Recognized in Gains (losses) on financial assets and liabilities		
Credit[1]	**$ (22)**	$ (90)

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

Net Derivative Liabilities and Collateral Posted

$ in millions	At March 31, 2025	At December 31, 2024
Net derivative liabilities with credit risk-related contingent features	$ (32)	$ (11)
Collateral posted	(10)	(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.

Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

$ in millions	At March 31, 2025
One-notch downgrade	$ (8)
Two-notch downgrade	(5)
Bilateral downgrade agreements included in the amounts above[1]	(13)

1. Amount represents arrangements between the Bank and other parties where upon the downgrade of one party, the downgraded party must deliver collateral to the other party. These bilateral downgrade arrangements are used by the Bank to manage the risk of counterparty downgrades.

The additional collateral or termination payments that may be called in the event of a future credit rating downgrade vary by contract and can be based on 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

	Three Months Ended March 31,	
$ in millions	2025	2024
Interest rate	$ 5	$ 1
Foreign exchange	2	(3)
Equity[1]	392	347
Credit	(2)	(4)
Total	$ 397	$ 341

1. 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.

Protection Purchased with CDS

	Notional	
$ in millions	At March 31, 2025	At December 31, 2024
Single name	$ 16,820	$ 18,294
Index and basket	4,710	4,350
Total	$ 21,530	$ 22,644

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

	Fair Value Asset (Liability)	
$ in millions	At March 31, 2025	At December 31, 2024
Single name	$ (492)	$ (552)
Index and basket	(31)	(46)
Total	$ (523)	$ (598)

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

	Years to Maturity at March 31, 2025				
$ in millions	< 1	1-3	3-5	Over 5	Total
Index and basket CDS non-investment grade	$ —	$ —	$ 2,162	$ 1,030	$ 3,192
Other credit contracts	—	—	—	2,482	2,482
Total credit protection sold	$ —	$ —	$ 2,162	$ 3,512	$ 5,674
CDS protection sold with identical protection purchased					$ 3,191

	Years to Maturity at December 31, 2024				
$ in millions	<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

1. Investment grade/non-investment grade determination is based on the internal credit rating of the reference obligation. Internal credit ratings serve as the CRM's assessment of credit risk and the basis for a comprehensive credit limits framework used to control credit risk. The Bank uses quantitative models and judgment to estimate the various risk parameters related to each obligor.

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

$ in millions	At March 31, 2025	At December 31, 2024
Index and basket CDS non-investment grade	$ 3	$ 21
Other credit contracts	126	127
Total credit protection sold	**129**	**148**
CDS protection sold with identical protection purchased	$ 3	$ 21

1. Investment grade/non-investment grade determination is based on the internal credit rating of the reference obligation. Internal credit ratings serve as the CRM's assessment of credit risk and the basis for a comprehensive credit limits framework used to control credit risk. The Bank uses quantitative models and judgment to estimate the various risk parameters related to each obligor.
2. Fair value amounts are shown on a gross basis prior to cash collateral or counterparty netting.
3. Fair value amounts of certain credit default swaps where the Bank sold protection have an asset carrying value because credit spreads of the underlying reference entity or entities tightened during the terms of the contracts.

13. Commitments, Contingencies and Guarantees

Commitments

	Years to Maturity at March 31, 2025				
$ in millions	Less than 1	1-3	3-5	Over 5	Total
Lending:					
Corporate	$ 11,315	$ 26,177	$ 46,722	$ 3,186	$ 87,400
Secured lending facilities	6,426	7,125	8,524	6,194	28,269
Commercial and Residential real estate	61	134	35	—	230
Securities-based lending and Other	2,470	953	137	448	4,008
Reverse repurchase commitment[1]	3,000	—	—	—	3,000
Forward-starting secured financing receivables[2]	18	—	—	—	18
Central counterparty	300	—	—	—	300
Investment activities	267	19	16	—	302
Total	$ 23,857	$ 34,408	$ 55,434	$ 9,828	$123,527
Lending commitments participated to third parties					$ 6,184

1. For further information, see Note 11.
2. Forward-starting secured financing receivables are generally settled within three-business days.

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

	At March 31, 2025				
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				Carrying Amount Asset (Liability)
$ in millions	Less than 1	1-3	3-5	Over 5	
Non-credit derivatives[1]	1,981	5,145	3,880	1,254	282
Letters of credit[2]	793	256	658	2,486	102
Liquidity facilities	2,432	—	—	—	2
Total	$ 5,206	$ 5,401	$ 4,538	$ 3,740	$ 386

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 $2.3 billion of notional and collateral/recourse, due to the nature of the Bank's obligations under these arrangements. As of March 31, 2025, the carrying amount of standby letters of credit and other financial guarantees issued includes allowance for credit losses of $4.5 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.

14. Variable Interest Entities

As of March 31, 2025, the Bank consolidated VIEs with assets and liabilities of $356 million and $341 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 March 31, 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.

Non-consolidated VIEs

	At March 31, 2025			
$ in millions	MABS[1]	MTOB	OSF	Other[2]
VIE assets (UPB)	$139,973	$ 3,615	$ 997	$ 46,040
Maximum exposure to loss[3]				
Debt and equity interests	$ 27,076	$ —	$ 1,041	$ 6,528
Derivative and other contracts	—	2,432	—	—
Commitments, guarantees and other	10,092	—	—	104
Total	$ 37,168	$ 2,432	$ 1,041	$ 6,632
Carrying value of variable interest—Assets				
Debt and equity interests	$ 27,191	$ —	$ 914	$ 6,497
Derivative and other contracts	—	6	—	—
Total	$ 27,191	$ 6	$ 914	$ 6,497
Additional VIE assets owned[4]				$ 7,423
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: $72.5 billion of commercial mortgages; $24.1 billion of U.S agency collateralized mortgage obligations; $7.5 billion of residential mortgages; and $35.9 billion of other consumer or commercial loans. MABS include VIE debt and equity interests as follows: $9.3 billion of commercial mortgages; $3.6 billion of U.S agency collateralized mortgage obligations; $12.0 billion of other consumer or commercial loans; and $2.2 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.

	At December 31, 2024			
$ in millions	MABS[1]	MTOB	OSF	Other[2]
VIE assets (UPB)	$140,085	$ 3,654	$ 908	$ 46,730
Maximum exposure to loss[3]				
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 transaction with the VIE or any party to the VIE directly against a specific exposure to loss.

Transferred Assets with Continuing Involvement

	At March 31, 2025		At December 31, 2024	
$ in millions	RML	CML	RML	CML
SPE assets (UPB)	$ 2,379	$ 72,403	$ 2,491	$ 73,920
Retained interests:				
Investment grade	84	528	87	540
Non-investment grade	37	782	40	778
Total	$ 121	$ 1,310	$ 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 $992 million and $929 million as of March 31, 2025 and December 31, 2024 respectively. The above amounts include unfunded equity contributions of $295 million and $226 million as of March 31, 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

	Three Months Ended March 31,	
$ in millions	2025	2024
Income tax credits and other income tax benefits	$ 38	$ 34
Proportional amortization	(31)	(27)
Net benefits	$ 7	$ 7

15. 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 March 31, 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

		At March 31, 2025 and December 31, 2024	
	Regulatory Minimum	Standardized	Advanced
Required ratios[1]			
CET1 capital ratio	4.5 %	7.0 %	7.0 %
Tier 1 capital ratio	6.0 %	8.5 %	8.5 %
Total capital ratio	8.0 %	10.5 %	10.5 %

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

Regulatory Capital and Capital Ratios

Risk-based capital

$ in millions	Standardized At March 31, 2025	Standardized At December 31, 2024
Risk-based capital		
CET1 capital	**$ 23,477**	$ 22,165
Tier 1 capital	**23,477**	22,165
Total capital	**24,368**	22,993
Total RWA	**113,835**	110,192
Risk-based capital ratio		
CET1 capital	**20.6%**	20.1%
Tier 1 capital	**20.6%**	20.1%
Total capital	**21.4%**	20.9%
Well-Capitalized Requirements[1]		
CET1 capital	**6.5%**	6.5%
Tier 1 capital	**8.0%**	8.0%
Total capital	**10.0%**	10.0%
Required Ratios[2]		
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 March 31, 2025	At December 31, 2024
Leveraged-based capital		
Adjusted average assets[3]	**$ 232,992**	$ 227,671
Supplementary leverage exposure[4]	**309,402**	301,467
Leveraged-based capital ratio		
Tier 1 leverage	**10.1%**	9.7%
SLR	**7.6%**	7.4%
Well-Capitalized Requirements[1]		
Tier 1 leverage	**5.0%**	5.0%
SLR	**6.0%**	6.0%
Required Ratios[2]		
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.

16. 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.

Average Balances and Interest Rates and Net Interest Income

	Three Months Ended March 31,					
	2025			2024		
$ in millions	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
Interest earning assets[1]						
Cash and cash equivalents	**$ 17,296**	**$ 189**	**4.4 %**	$ 22,963	$ 313	5.5 %
Investment securities	**82,028**	**736**	**3.6 %**	71,438	638	3.6 %
Securities purchased under agreements to resell	**10,752**	**138**	**5.2 %**	11,392	179	6.3 %
Loans and Other[2]	**92,093**	**1,505**	**6.6 %**	79,759	1,492	7.5 %
Total	**$202,169**	**$ 2,568**	**5.1 %**	$185,552	$ 2,622	5.7 %
Interest bearing liabilities[1]						
Deposits and Other[3]	**$187,368**	**$ 1,249**	**2.7 %**	$175,897	$ 1,256	2.9 %
Borrowings	**17,426**	**233**	**5.3 %**	7,684	121	6.3 %
Total	**$204,794**	**$ 1,482**	**2.9 %**	$183,581	$ 1,377	3.0 %
Net interest income and net interest rate spread		**$ 1,086**	**2.2 %**		$ 1,245	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 $0.9 billion and $0.8 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 $0.9 billion for the both current and prior year quarter.

Ratios

	Three Months Ended March 31,	
	2025	2024
ROE[1]	**19.9 %**	22.6 %

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

Glossary of Common Terms and Acronyms

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

Risk Factors

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