

# ***Morgan Stanley Bank, N.A.***

## **Unaudited Quarterly Report**

For the quarterly period ended March 31, 2026

## QUARTERLY REPORT

Morgan Stanley Bank, N.A.

For the quarter ended March 31, 2026

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**Available Information**

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

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

### **Introduction**

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

Consistent with the Firm’s and our stated strategic objective of ongoing growth of in-scope assets at the Bank, on February 14, 2026, the Fixed Income business of Morgan Stanley Capital Services LLC (“MSCS-Fixed Income”) was merged with and into the Bank, and on March 14, 2026, Morgan Stanley Europe SE (“MSESE”), together with its subsidiary Morgan Stanley Bank AG (“MSBAG” and, together with MSESE, the “MSESE Group”), was acquired by the Bank (collectively the “Reorganization”).

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

The impact of the Reorganization on the Bank’s income before provision for income taxes was approximately \$279 million and \$273 million for the quarters ended March 31, 2026 (“current quarter”) and March 31, 2025 (“prior year quarter”), respectively. The impact of the Reorganization on the Bank’s net income was approximately \$181 million and \$213 million for the current and prior year quarter, respectively. The impact of the Reorganization on the Bank’s other comprehensive income (loss) was approximately \$(48) million and \$351 million for the current and prior year quarters, respectively.

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

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

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

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

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

The Bank’s lending activities include lending to corporations for specific purposes, such as financing acquisitions and normal operating activities, secured lending facilities, commercial real estate lending, as well as extending securities-based and other financing, including securities-based lending primarily to

## Management's Discussion and Analysis

## Morgan Stanley Bank, N.A.

customers of our affiliated retail broker-dealer, Morgan Stanley Smith Barney LLC ("MSSB").

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

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

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

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

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

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

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

about our investment portfolio, see Note 5 to the financial statements.

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

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

*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). Our subsidiary, the MSESE Group, also offers retail term deposits in partnership with a local deposit aggregator. Deposits are primarily interest bearing.

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

The results of operations in the past have been, and in the future may continue to be, materially affected by: competition; legislative, legal and regulatory developments; market and economic conditions; and other risk factors. These factors also may have an adverse impact on our ability to achieve our strategic objectives. Additionally, the discussion of our results of operations herein may contain forward-looking statements. These statements, which reflect management's beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect our future results, see "Forward-Looking Statements," "Business—Competition," "Business—Supervision and Regulation," and "Risk Factors" in

## Management’s Discussion and Analysis

Morgan Stanley Bank, N.A.

the 2025 Annual Report and “Liquidity and Capital Resources—Regulatory Requirements” herein.

### Executive Summary

#### Overview of Financial Results

\$ in millions	Three Months Ended March 31,		
	2026	2025	% Change
<b>Non-interest revenue</b>			
Investment banking	\$ 147	\$ 82	79 %
Trading	1,178	944	25 %
Investments	28	25	12 %
Commissions and fees	431	399	8 %
Other	31	68	(54)%
<b>Total non-interest revenue</b>	<b>1,815</b>	<b>1,518</b>	<b>20 %</b>
Interest income	3,691	4,255	(13)%
Interest expense	2,484	3,040	(18)%
<b>Net interest</b>	<b>1,207</b>	<b>1,215</b>	<b>(1)%</b>
<b>Net revenues</b>	<b>3,022</b>	<b>2,733</b>	<b>11 %</b>
<b>Provision for credit losses</b>	<b>147</b>	<b>65</b>	<b>126 %</b>
<b>Non-interest expenses</b>			
Compensation and benefits	378	273	38 %
General and administrative	704	630	12 %
FDIC and regulatory assessments	22	20	10 %
<b>Total non-interest expenses<sup>1</sup></b>	<b>1,104</b>	<b>923</b>	<b>20 %</b>
Income before provision for income taxes	1,771	1,745	1 %
Provision for income taxes	445	411	8 %
<b>Net income</b>	<b>\$ 1,326</b>	<b>\$ 1,334</b>	<b>(1)%</b>

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

#### Net Income

##### Net Interest

Net interest revenue of \$1,207 million in the quarter ended March 31, 2026 (“current quarter”) decreased by 1% compared with the quarter ended March 31, 2025 (“prior year quarter”), primarily due to 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, including cash allocation to other products and client demand for loans. These factors, along with other developments, such as pricing changes to certain deposit types due to various competitive dynamics and central bank actions, have impacted our net interest income. To the extent they persist, or other factors arise, net interest income may be impacted in future periods.

##### Non-interest Revenues

Non-interest revenues of \$1,815 million in the current quarter increased by 20% compared with the prior year quarter, primarily due to growth in equity derivatives, net gains on loans inclusive of hedges, higher advisory revenues, as well as increased revenue from affiliated entities to compensate the Bank for relationship-priced loans granted to their clients.

##### Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of \$147 million in the current quarter was primarily related to portfolio growth, certain specific commercial real estate loans, and increased macroeconomic uncertainty. The Provision for credit losses on loans and lending commitments of \$65 million in the prior year quarter was primarily due to growth in Secured lending facilities, as well as the deterioration in the macroeconomic outlook.

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

##### Non-interest Expenses

Non-interest expenses of \$1,104 million in the current quarter increased by 20% compared with the prior year quarter, mainly due to increase in compensation and benefits expense due to business growth, and higher trading volumes which drove execution-related expenses.

##### Provision for income taxes

Provision for income taxes of \$445 million in the current quarter increased by 8% compared with the prior quarter mainly due to changes in the geographic mix of earnings.

##### Economic and Market Conditions

In the first quarter of 2026, the economic environment remained resilient, with strong client engagement against a backdrop of increased economic uncertainty and market volatility. Geopolitical risk, inflation, elevated asset prices, the rate of economic growth, and the future path of monetary policy present ongoing uncertainties which could continue to impact the capital markets and our businesses.

We are monitoring the ongoing military conflict in the Middle East and its impact on the regional economy, global economic conditions, and financial markets. Our direct exposure to the region is limited.

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

##### Accounting Development Updates

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

- *ASU 2025-08 - Purchased Loans (Issued November 2025)*. This update expands the application of the “gross-up” approach for purchased credit deteriorated financial assets under Topic 326 to include purchased seasoned loans (excluding credit cards), measured at amortized cost that are not credit deteriorated. Purchased seasoned loans include loans obtained in a business combination or loans acquired at

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Morgan Stanley Bank, N.A.

least 90 days after origination and the acquirer was not involved in the origination, either through an asset purchase or through consolidation of a variable interest entity. The gross-up approach requires recognition of an allowance for credit losses at acquisition with a corresponding increase to the amortized cost basis of the loan. The update is effective for the Bank beginning January 1, 2027, with early adoption permitted. Transition will be applied prospectively to loans acquired on or after the adoption date. We are currently evaluating this accounting update; however, we do not expect a material impact on our financial statements upon adoption.

- *ASU 2025-10 - Government Grants (Issued December 2025)*. This update introduces guidance on the accounting for government grants, including recognition, measurement and presentation requirements to reduce diversity in practice and increase consistency among business entities. The guidance excludes transactions within the scope of ASC 740, Income Taxes, government guarantees and the benefit of below-market interest rate loans. Grants related to an asset or to income will be recognized when it is probable that an entity will comply with the conditions attached to the grant, the grant will be received and the related expenses that the grant is intended to compensate have been incurred. For grants related to an asset, entities may elect either a deferred income approach or a cost accumulation approach. The update is effective for the Bank beginning January 1, 2029, with early adoption permitted. Transition may be applied on a modified prospective approach, a modified retrospective approach or on a full retrospective approach. We are currently evaluating this accounting update; however, we do not expect a material impact on our financial statements 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 2025 Annual Report and Note 2 to the financial statements), the allowance for credit losses (“ACL”), fair value of financial instruments and income taxes policies involve a higher degree of judgment and complexity. For a further discussion about our critical accounting policies, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” in the 2025 Annual Report.

### Liquidity and Capital Resources

Our liquidity and capital policies are established and maintained by the Bank’s senior management, and Risk Committee (“Bank RC”), with oversight by the Bank’s Board of Directors (“Board”). Through various risk and control committees, senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity, interest rate and currency sensitivity of our asset and liability position. The Bank’s Treasury department, the Bank RC, the Bank’s Asset/Liability

Committee, and the Bank’s other committees and control groups assist in evaluating, monitoring and managing the impact that the Bank’s business activities have on the Bank’s balance sheet, liquidity and capital structure. Liquidity and capital matters are reported regularly to the Board and the Risk Committee of the Board (“BRC”).

### Balance Sheet

We monitor and evaluate the composition and size of our balance sheet on a regular basis. Our balance sheet management process includes quarterly planning, product-specific thresholds, monitoring of product-specific usage versus key performance metrics and new business impact assessments.

We monitor balance sheet utilization and review variances resulting from business activity and market fluctuations. On a regular basis, we review current performance versus established thresholds and assess the need to re-allocate our balance sheet based on business requirements. We also monitor key metrics, including asset and liability size and capital usage.

#### Total Assets

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
<b>Assets</b>		
Cash and cash equivalents	\$ 65,759	\$ 34,405
Trading assets at fair value	76,419	90,744
Investment securities:		
Available for sale securities at fair value	66,723	68,233
Held-to-maturity securities at cost	21,353	21,823
Securities purchased under agreements to resell	31,687	41,602
Securities borrowed	5,659	5,341
Loans, before ACL:		
Corporate	16,489	8,913
Secured lending facilities	69,449	67,358
Commercial real estate	8,375	8,245
Securities-based lending and Other	15,007	13,851
Total loans, before ACL	109,320	98,367
Allowance for credit losses	(626)	(559)
Total loans, net of ACL	108,694	97,808
Customer and other receivables	12,422	10,227
Other assets <sup>1</sup>	2,589	2,515
<b>Total assets</b>	<b>\$ 391,305</b>	<b>\$ 372,698</b>

1. Other assets primarily include investments in CRA and deferred taxes.

Total assets increased to \$391 billion at March 31, 2026, compared with \$373 billion at December 31, 2025, primarily due to increase in Cash and Cash equivalents partially offset by decrease in Trading assets at fair value.

### Liquidity Risk Management Framework

The core components of our Liquidity Risk Management Framework are the Required Liquidity Framework, Liquidity Stress Tests and Liquidity Resources, which support our target liquidity profile. For a further discussion about the Bank’s Required Liquidity Framework and Liquidity Stress Tests, see “Management’s Discussion and Analysis of Financial Condition

## Management’s Discussion and Analysis

Morgan Stanley Bank, N.A.

and Results of Operations—Liquidity and Capital Resources—Liquidity Risk Management Framework” in the 2025 Annual Report.

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

### Liquidity Resources

We maintain sufficient Liquidity Resources to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. We actively manage the amount of our Liquidity Resources considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; liquidity requirements; regulatory requirements; and collateral requirements.

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

### Liquidity Resources by Type of Investment<sup>1</sup>

<i>\$ in millions</i>	Average Daily Balance Three Months Ended	
	March 31, 2026	December 31, 2025
Cash deposits with central banks	\$ 24,824	\$ 12,027
Unencumbered HQLA securities <sup>2</sup> :		
U.S. government obligations	64,907	55,723
U.S. agency and agency mortgage-backed securities	28,827	28,916
Non-U.S. sovereign obligations	2,499	—
Other investment grade securities	3	—
<b>Total HQLA</b>	<b>121,060</b>	<b>96,666</b>
Cash deposits with banks (non-HQLA)	\$ 152	\$ —
<b>Total Liquidity Resources</b>	<b>\$ 121,212</b>	<b>\$ 96,666</b>

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

2. HQLA is presented prior to applying weightings and includes all HQLA held in subsidiaries.

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

### Regulatory Liquidity Framework

#### Liquidity Coverage Ratio and Net Stable Funding Ratio

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

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

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

As of March 31, 2026, we were compliant with the minimum LCR and NSFR requirements of 100%.

### Funding Management

We manage our funding in a manner that reduces the risk of disruption to our operations. We pursue a strategy of diversification of secured and unsecured funding sources (by product, investor and region) and attempt to ensure the tenor of our liabilities equals or exceeds the expected holding period of assets being financed. Our goal is to achieve an optimal mix of durable secured and unsecured financing.

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

### Unsecured Financing

We view deposits and borrowings as stable sources of funding. Our unsecured financings include deposits, bank notes and loans from 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, 12 and 13 to the financial statements.

## Management's Discussion and Analysis

Morgan Stanley Bank, N.A.

### Deposits

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Savings and demand deposits:		
Brokerage sweep deposits	\$ 73,906	\$ 71,936
Savings and other <sup>1</sup>	125,903	89,613
Total savings and demand deposits	199,809	161,549
Time deposits <sup>2</sup>	54,537	52,239
Total <sup>3</sup>	\$ 254,346	\$ 213,788
Annualized weighted average cost of deposits <sup>4</sup>		
Period end	2.22 %	2.45 %
Period average for three months ended	2.43 %	2.69 %

1. Primarily includes deposits from the Parent and affiliated entities, see Note 12 to the financial statements.
2. Includes Structured CDs at fair value of \$5.3 billion and \$5.2 billion as of March 31, 2026 and December 31, 2025, respectively.
3. Total deposits subject to FDIC insurance at March 31, 2026 and December 31, 2025 were \$171.4 billion and \$164.8 billion, respectively.
4. Annualized weighted average represents the total annualized weighted average cost of the various deposit products. The period end cost of deposits is based upon balances and rates as of March 31, 2026 and December 31, 2025. The period average is based on daily balances and rates for the period.

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

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

### Borrowings by Maturity at March 31, 2026<sup>1</sup>

<i>\$ in millions</i>	Total	
<b>Original maturities of one year or less:</b>		
Next 12 months	\$	1,526
<b>Original maturities greater than one year:</b>		
2026		2,053
2027		9,244
2028		7,434
2029		2,560
2030		155
2031		1,774
Thereafter		1,051
Total greater than one year	\$	24,271
<b>Total Borrowings</b>	<b>\$</b>	<b>25,797</b>
Maturities over next 12 months <sup>2</sup>	\$	2,094

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 \$26 billion as of March 31, 2026 decreased from \$37 billion at December 31, 2025 primarily due to maturities.

The availability and cost of financing to us can vary depending on market conditions, the volume of certain trading and lending activities, our credit ratings and the overall availability of credit.

We may repurchase our borrowings in the ordinary course of business.

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

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

### Secured Financing

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

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

For further information on the other secured financing, see Note 9 to the financial statements.

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

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

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

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

## Management’s Discussion and Analysis

Morgan Stanley Bank, N.A.

### Collateralized Financing Transactions

<i>\$ in millions</i>	March 31, 2026	December 31, 2025
Securities purchased under agreements to resell and Securities borrowed	\$ 37,346	\$ 46,943
Securities sold under agreements to repurchase and Securities loaned	20,668	40,138

<i>\$ in millions</i>	Average Daily Balance Three Months Ended	
	March 31, 2026	December 31, 2025
Securities purchased under agreements to resell and Securities borrowed	\$ 42,900	\$ 40,122
Securities sold under agreements to repurchase and Securities loaned	28,064	42,409

### Credit Ratings

Our credit ratings are one of the factors in the cost and availability of financing and can have an impact on certain trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration, such as certain OTC derivative transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. See also “Risk Factors—Liquidity Risk” in the 2025 Annual Report.

#### MSBNA Issuer Ratings at May 14, 2026

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

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

### Capital Management

We view capital as an important source of financial strength and actively manage our consolidated capital position based upon, among other things, business opportunities, risks, capital availability and rates of return together with internal capital policies and regulatory requirements. In the future, we may expand or contract our capital base to address the changing needs of our businesses.

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

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

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

There were no cash dividends paid during the current or prior year quarters.

## Regulatory Requirements

### Regulatory Capital Framework

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

### Regulatory Capital Requirements

We are required to maintain minimum risk-based and leverage-based capital. For more information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Capital Requirements” in the 2025 Annual Report.

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

### Capital Buffer Requirement

The capital conservation buffer requirement represents the amount of CET1 capital we must maintain above the minimum risk-based capital requirements in order to avoid restrictions on

## Management’s Discussion and Analysis

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our ability to make capital distributions, including the payment of dividends, and to pay discretionary bonuses to executive officers. Our capital conservation buffer requirement computed under the standardized approaches for calculating credit risk and market risk RWA (“Standardized Approach”) and computed under the applicable advanced approaches for calculating credit risk, market risk and operational risk RWA (“Advanced Approach”) is equal to the sum of 2.5% and the countercyclical counter buffer (“CCyB”). The CCyB can be set up to 2.5% but is currently set by U.S. banking agencies at zero.

### Risk-Based Regulatory Capital Ratio Requirements

	Regulatory Minimum	At March 31, 2026 and December 31, 2025	
		Standardized	Advanced
<b>Required ratios<sup>1</sup></b>			
CET1 capital ratio	4.5 %	7.0 %	7.0 %
Tier 1 capital ratio	6.0 %	8.5 %	8.5 %
Total capital ratio	8.0 %	10.5 %	10.5 %

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

Our risk-based capital ratios are computed under each of (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights and exposure methodologies, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At March 31, 2026 and December 31, 2025, the differences between the actual and required ratios were lower under the Standardized Approach.

**Leverage-Based Regulatory Capital.** Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4%, a minimum supplementary leverage ratio (“SLR”) of 3% and an enhanced supplementary leverage ratio (“eSLR”) of at least 0.5%. As of January 1, 2026, the Firm and MSBNA elected to early adopt the final rulemaking on changes to the eSLR by the U.S. banking agencies. Under the final rule, the eSLR buffer applicable to U.S. G-SIBs’ IDI subsidiaries equals 50% of each BHC’s Method 1 G-SIB capital surcharge capped at 1.0%, which equates to 0.5% for MSBNA, applied above the 3.0% minimum SLR requirement. For additional information, see “Regulatory Developments and Other Matters—Final Rulemaking on Changes to the Enhanced Supplementary Leverage Ratio” herein.

**Well-Capitalized Requirements.** FDICIA requires the federal bank regulatory agencies to take 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 judgements by the regulators about components of capital, risk weightings and other factors. Failure to comply with the capital requirements, including a breach of the buffers described above, would result in restrictions being imposed by our regulators.

### Regulatory Capital Ratios<sup>1</sup>

	Standardized		Advanced	
	At March 31, 2026	At December 31, 2025	At March 31, 2026	At December 31, 2025
<i>\$ in millions</i>				
<b>Risk-based capital</b>				
CET1 capital	\$ 42,136	\$ 25,545	\$ 42,136	\$ 25,545
Tier 1 capital	42,136	25,545	42,136	25,545
Total capital	43,210	26,423	42,898	26,081
Total RWA	215,614	125,916	203,681	110,370
<b>Risk-based capital ratios</b>				
CET1 capital	19.5%	20.3%	20.7%	23.1%
Tier 1 capital	19.5%	20.3%	20.7%	23.1%
Total capital	20.0%	21.0%	21.1%	23.6%
<b>Well-Capitalized Requirements<sup>2</sup></b>				
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%
<b>Required Ratios<sup>3</sup></b>				
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%

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### Leveraged-based capital

\$ in millions	At March 31, 2026	At December 31, 2025
<b>Leveraged-based capital</b>		
Adjusted average assets <sup>4</sup>	\$ 381,808	\$ 253,230
Supplementary leverage exposure <sup>5</sup>	566,452	337,102
<b>Leveraged-based capital ratios</b>		
Tier 1 leverage	11.0%	10.1%
SLR <sup>6</sup>	7.4%	7.6%
<b>Well-Capitalized Requirements<sup>2</sup></b>		
Tier 1 leverage	5.0%	5.0%
SLR <sup>6</sup>	N/A	6.0%
<b>Required Ratios<sup>3</sup></b>		
Tier 1 leverage	4.0%	4.0%
SLR <sup>6</sup>	3.5%	3.0%

- MSBNA's Regulatory capital and capital ratios are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income into MSBNA and MSBNA's acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the legal-entity structures in effect during the applicable period.
- The requirements to remain "well-capitalized" under the PCA framework.
- Required ratios are inclusive of any buffers applicable as of the date presented. For additional information, see "Regulatory Developments and Other Matters—Final Rulemaking on Changes to the Enhanced Supplementary Leverage Ratio" herein.
- Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by any applicable capital deductions.
- Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) the credit equivalent amount for off-balance sheet exposures; (ii) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; and (iii) the counterparty credit risk for repo-style transactions.
- Beginning January 1, 2026, the Bank was subject to a 3.5% SLR standard (inclusive of a 0.5% eSLR buffer based on the BHC's Method 1 globally systemically important banks ("G-SIBs") capital surcharge of 1.0%). The eSLR buffer applicable to U.S. G-SIBs' IDI subsidiaries has the same form and calibration as the bank holding company ("BHC") level standard but is capped at 1.0%, applied above the 3.0% minimum SLR requirement. In addition, beginning January 1, 2026, the Bank was no longer subject to an SLR requirement to be considered "well-capitalized" under the PCA framework.

### Regulatory Capital

\$ in millions	At March 31, 2026	At December 31, 2025 <sup>2</sup>	Change
<b>CET1 Capital</b>			
Common shareholder equity	\$ 41,955	\$ 25,576	\$ 16,379
Regulatory adjustments and deductions			
Other adjustments and deductions <sup>1</sup>	181	(31)	212
<b>Total CET1 capital and Total Tier 1 capital</b>	<b>42,136</b>	<b>25,545</b>	<b>\$ 16,591</b>
<b>Standardized Tier 2 capital</b>			
Eligible ACL	1,074	878	\$ 196
<b>Total Standardized capital</b>	<b>43,210</b>	<b>26,423</b>	<b>\$ 16,787</b>
<b>Advanced Tier 2 capital</b>			
Eligible credit reserves	762	536	\$ 226
<b>Total Advanced capital</b>	<b>\$ 42,898</b>	<b>\$ 26,081</b>	<b>\$ 16,817</b>

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

### RWA Rollforward

\$ in millions	Three Months Ended March 31, 2026	
	Standardized	Advanced
<b>Credit risk RWA</b>		
Balance at December 31, 2025	\$ 123,543	\$ 99,871
Change related to the following items		
Derivatives	46,228	41,933
Securities financing transactions	5,304	1,269
Investment securities	(85)	262
Commitments, guarantees and loans	16,697	16,610
Equity investments	681	31
Other credit risk	867	2,121
<b>Total change in credit risk RWA</b>	<b>\$ 69,692</b>	<b>\$ 62,226</b>
<b>Balance at March 31, 2026</b>	<b>\$ 193,235</b>	<b>\$ 162,097</b>
<b>Market risk RWA</b>		
Balance at December 31, 2025	\$ 2,375	\$ 2,375
Change related to the following items		
Regulatory VaR	1,848	1,848
Regulatory stressed VaR	5,765	5,765
Incremental risk charge	5,767	5,767
Comprehensive risk measure	1,170	1,345
Specific risk	5,456	5,335
<b>Total change in market risk RWA</b>	<b>\$ 20,006</b>	<b>\$ 20,060</b>
<b>Balance at March 31, 2026</b>	<b>\$ 22,381</b>	<b>\$ 22,435</b>
<b>Operational risk RWA</b>		
Balance at December 31, 2025	N/A	\$ 8,125
Change in operational risk RWA	N/A	11,025
<b>Balance at March 31, 2026</b>	<b>N/A</b>	<b>\$ 19,150</b>
<b>Total RWA</b>	<b>\$ 215,616</b>	<b>\$ 203,682</b>

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

In the current quarter, Credit risk RWA increased under the Standardized and Advanced Approaches. Under the Standardized Approach, the increase was primarily driven by increased exposure in Derivatives, Lending and Securities financing transactions. Under the Advanced Approach, the increase was primarily driven by increased exposure in Derivatives and Lending.

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

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

### Capital Plans and Stress Tests

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

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quarters through March 31, 2025, we are not subject to company-run stress test regulatory requirements during 2026.

### Resolution and Recovery Planning

Morgan Stanley submitted its 2025 targeted resolution plan on June 30, 2025 and the next full plan will be submitted in June 2027. We are also required to submit an IDI resolution plan to the FDIC. We submitted our last IDI resolution plan in December 2023. We will submit an interim supplement to our resolution plan by July 1, 2026. In the first quarter of 2026, the OCC issued a final rule to rescind recovery planning guidelines applicable to us, with the effect of ending any requirement for us to prepare or submit recovery plans.

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

### Regulatory Developments and Other Matters

#### *Final Rulemaking on Changes to the Enhanced Supplementary Leverage Ratio*

On November 25, 2025, the U.S. banking agencies adopted a final rule modifying eSLR standards applicable to U.S. G-SIBs and their U.S. IDI subsidiaries. We are an indirect, wholly owned IDI subsidiary of the Parent. Under the final rule, the eSLR buffer applicable to U.S. G-SIBs equals 50% of each BHC's Method 1 G-SIBs capital surcharge, applied above the 3.0% minimum SLR requirement. The eSLR buffer applicable to MSBNA has the same form and calibration as the BHC-level standard but is capped at 1.0%, applied above the 3.0% minimum SLR requirement.

The Firm and MSBNA elected to early adopt the final rule as of January 1, 2026. For more information on the leverage-based regulatory capital standards, see “Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Developments and Other Matters—Final Rulemaking on Changes to the Enhanced Supplementary Leverage Ratio” in the 2025 Annual Report and “Regulatory Requirements” herein.

#### *Basel III Proposal*

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

more granular risk weights for credit risk and introduces a new market risk framework. In addition, unlike the Standardized Approach, the Expanded Approach includes operational risk and credit valuation adjustment RWA components.

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

## Risk Disclosures

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### Quantitative and Qualitative Disclosures about Risk

Management believes effective risk management is vital to the success of our business activities. For a discussion of our Risk Governance Framework and risk management functions, see “Quantitative and Qualitative Disclosures about Risk—Risk Management” in the 2025 Annual Report.

#### Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. Generally, we incur market risk as a result of trading and client facilitation activities, principally within Morgan Stanley’s Institutional Securities business where the substantial majority of our VaR for market risk exposures is generated. In addition, we incur non-trading market risk (including interest rate risk), principally within Morgan Stanley’s Wealth Management business, primarily from lending and deposit-taking activities.

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

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

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

#### Trading Risks

##### *Primary Market Risk Exposures and Market Risk Management*

We have exposures to a wide range of risks related to interest rates and credit spreads, equity prices and foreign exchange rates

as well as the associated implied volatilities, correlations and spreads of the global markets in which we conduct our trading activities.

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

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

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

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

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

#### *Value-at-Risk*

The statistical technique known as VaR is one of the tools we use to measure, monitor and review the market risk exposures of our trading portfolios. The Market Risk Department calculates and distributes daily VaR-based risk measures to various levels of management.

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

## Risk Disclosures

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

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

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

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

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

We update our VaR model in response to changes in the composition of trading portfolios and to improvements in modeling techniques and systems capabilities. We are committed to continuous review and enhancement of VaR methodologies

and assumptions in order to capture evolving risks associated with changes in market structure and dynamics. As part of our regular process improvements, additional systematic and name-specific risk factors may be added to improve the VaR model’s ability to more accurately estimate risks to specific asset classes or industry sectors.

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

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

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

### 95%/One-Day Management VaR

<i>\$ in millions</i>	Three Months Ended March 31, 2026 <sup>3</sup>			
	Period End	Average	High <sup>1</sup>	Low <sup>1</sup>
Interest rate and credit spread	\$ 19	\$ 16	\$ 20	\$ 14
Equity price	3	1	3	—
Foreign exchange rate	7	7	9	6
Less: Diversification benefit <sup>2</sup>	(8)	(6)	N/A	N/A
Primary Risk Categories	\$ 21	\$ 18	\$ 22	\$ 14
Credit Portfolio	9	10	12	9
Less: Diversification benefit <sup>2</sup>	(6)	(7)	N/A	N/A
<b>Total Management VaR</b>	<b>\$ 24</b>	<b>\$ 21</b>	<b>\$ 24</b>	<b>\$ 17</b>

1. The high and low VaR values for the Total Management VaR and each of the component VaRs might have occurred on different days during the quarter, and, therefore, the diversification benefit is not an applicable measure.
2. Diversification benefit equals the difference between the total VaR and the sum of the component VaRs. This benefit arises because the simulated one-day losses for each of the components occur on different days. Similar diversification benefits are also taken into account within each component.
3. Market Risk metrics have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the risk during the applicable period.

For the three months ended December 31, 2025, Period End and Average Total Management VaR were \$11 million and \$13 million, respectively, and High and Low Total Management VaR were \$15 million and \$11 million, respectively.

## Risk Disclosures

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Average Total Management VaR increased from the three months ended December 31, 2025, primarily driven by increase in traded products as a result of the Reorganization. Period-end Total Management VaR also increased from the three months ended December 31, 2025 primarily driven by increase in traded products as a result of the Reorganization.

### Non-Trading Risks

We believe that sensitivity analysis is an appropriate representation of our non-trading risks. The following sensitivity analyses cover substantially all of the non-trading market risk in our portfolio.

#### Credit Spread Risk Sensitivity<sup>1</sup>

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025 <sup>2</sup>
Derivatives	\$ 1,566	\$ 121
Borrowings and Deposits carried at fair value	2	1

- Amount represents the potential gain for each 1 bps widening of our credit spreads.
- Credit Spread Risk Sensitivity has not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the risk during the applicable period.

#### Earnings-At-Risk Sensitivity Analysis

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

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025 <sup>1</sup>
<b>Basis point change</b>		
+200	\$ 898	\$ 652
+100	442	321
-100	(425)	(306)
-200	(820)	(605)

- EaR has not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the risk during the applicable period.

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, 2026, increased from December 31, 2025, primarily driven by the effects of changes in the mix of our assets and liabilities and changes in market rates.

#### Investments Sensitivity, Including Related Carried Interest

<i>\$ in millions</i>	Loss from 10% Decline	
	At March 31, 2026	At December 31, 2025 <sup>1</sup>
CRA Investments	169	165

- Investments sensitivity, including related carried interest, has not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and the acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the risk during the applicable period.

We have exposure to public and private companies through direct investments, as well as through funds that invest in these assets. These investments are predominantly equity positions with long investment horizons. The market risk related to these investments is measured by estimating the potential reduction in net revenues associated with a reasonably possible 10% decline in investment values and related impact on performance-based income, as applicable. Investment sensitivity changed between March 31, 2026 and December 31, 2025, primarily due to the Reorganization.

### Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us. We are primarily exposed to credit risk from institutions and individuals. For a further discussion of our credit risks, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” in the 2025 Annual Report.

#### Loans and Lending Commitments

<i>\$ in millions</i>	At March 31, 2026			
	HFI	HFS	FVO <sup>1</sup>	Total
Corporate	\$ 5,382	\$ 11,107	\$ —	\$ 16,489
Secured lending facilities	67,391	2,058	—	69,449
Commercial real estate	8,189	186	430	8,805
Residential real estate	—	—	3,700	3,700
Securities-based lending and Other	14,892	115	3,469	18,476
<b>Total loans</b>	<b>95,854</b>	<b>13,466</b>	<b>7,599</b>	<b>116,919</b>
<b>ACL</b>	<b>(626)</b>	<b>—</b>	<b>—</b>	<b>(626)</b>
<b>Total loans, net of ACL</b>	<b>\$ 95,228</b>	<b>\$ 13,466</b>	<b>\$ 7,599</b>	<b>\$ 116,293</b>
<b>Lending Commitments<sup>2</sup></b>	<b>134,893</b>	<b>25,419</b>	<b>702</b>	<b>\$ 161,014</b>
<b>Total exposure</b>	<b>230,121</b>	<b>38,885</b>	<b>8,301</b>	<b>\$ 277,307</b>

## Risk Disclosures

Morgan Stanley Bank, N.A.

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

HFI—Held-for-investment

HFS—Held-for-sale

FVO—Fair value option

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

1. FVO includes the fair value of certain unfunded lending commitments

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

We provide loans and lending commitments to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals. In addition, we purchase loans in the secondary market. Loans and lending commitments are either HFI, HFS or carried at FVO. For more information on these loan classifications, see Note 2 to the financial statements in the 2025 Annual Report.

Total loans and lending commitments increased by approximately \$23.6 billion since December 31, 2025, primarily due to an increase in Corporate and Secured lending facilities.

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

### Allowance for Credit Losses—Loans and Lending Commitments

\$ in millions	Three Months Ended March 31, 2026
<b>ACL—Loans</b>	
Beginning balance	\$ 559
Gross charge-offs	(27)
Provision for credit losses	96
Other	(2)
<b>Ending balance</b>	<b>\$ 626</b>
<b>ACL—Lending commitments</b>	
Beginning balance	\$ 336
Provision for credit losses	51
Other	(6)
<b>Ending balance</b>	<b>\$ 381</b>
<b>Total ending balance</b>	<b>\$ 1,007</b>

Credit exposure arising from our loans and lending commitments is measured in accordance with our internal risk management standards. Risk factors considered in determining the allowance for credit losses for loans and lending commitments include the borrower's financial condition, industry, facility structure, LTV ratio, debt service ratio, collateral and covenants. Qualitative and environmental factors such as economic and business conditions,

nature and volume of the portfolio and lending terms, and volume and severity of past due loans may also be considered.

The allowance for credit losses for loans and lending commitments increased since December 31, 2025, primarily related to portfolio growth, certain specific commercial real estate loans, and increased macroeconomic uncertainty. Charge-offs in the current quarter were primarily related to corporate and commercial real estate lending.

The base scenario used in our ACL models as of March 31, 2026 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. Our ACL models incorporate key macroeconomic variables, including U.S. real GDP growth rate with the base scenario for the quarter incorporating expectations of continued economic growth relative to our prior quarter forecast. Other key macroeconomic variables used in our ACL models include corporate credit spreads, interest rates and commercial real estate indices. The significance of these key macroeconomic variables on our ACL models varies depending on portfolio composition and economic conditions. We also considered increased macroeconomic uncertainty in determining the aggregate allowance for credit losses for the current quarter. See Note 2 to the financial statements in the 2025 Annual Report.

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

	4Q 2026	4Q 2027
Year-over-year growth rate	2.3 %	2.0 %

### Status of Loans Held for Investment

	At March 31, 2026	At December 31, 2025
Accrual	99.5 %	99.4 %
Nonaccrual <sup>1</sup>	0.5 %	0.6 %

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

### Net Charge-off Ratios for Loans Held for Investment

\$ in millions	Three Months Ended March 31,			
	2026		2025	
	Net charge-offs ratio <sup>1</sup>	Average Loans	Net charge-offs ratio <sup>1</sup>	Average Loans
Corporate	0.33 %	\$ 5,005	— %	\$ 4,207
Secured Lending Facilities	— %	66,219	— %	49,917
CRE	0.13 %	8,058	0.28 %	8,309
SBL and Other	— %	14,348	— %	15,885
<b>Total</b>	<b>0.03 %</b>	<b>\$ 93,630</b>	<b>0.03 %</b>	<b>\$ 78,318</b>

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.

## Risk Disclosures

Morgan Stanley Bank, N.A.

### Loans and Lending Commitments by Credit Rating<sup>1</sup>

\$ in millions	At March 31, 2026				
	Contractual Years to Maturity				Total <sup>3</sup>
	< 1	1-5	5-15	>15	
<b>Loans</b>					
AA	\$ 147	\$ 296	\$ 7	\$ —	\$ 450
A	504	1,711	—	—	2,215
BBB	3,248	18,785	802	339	23,174
BB	10,594	41,582	2,981	351	55,508
Other NIG	4,874	11,287	2,608	123	18,892
Unrated <sup>2</sup>	64	775	267	3,700	4,806
<b>Total loans, net of ACL</b>	<b>19,431</b>	<b>74,436</b>	<b>6,665</b>	<b>4,513</b>	<b>105,045</b>
<b>Lending commitments</b>					
AAA	—	75	—	—	75
AA	3,395	4,479	275	—	8,149
A	7,181	26,959	1,055	—	35,195
BBB	8,774	55,419	1,586	205	65,984
BB	3,878	23,754	3,289	1,611	32,532
Other NIG	415	5,348	1,922	5	7,690
Unrated <sup>2</sup>	2	236	404	1	643
<b>Total lending commitments</b>	<b>23,645</b>	<b>116,270</b>	<b>8,531</b>	<b>1,822</b>	<b>150,268</b>
<b>Total exposure</b>	<b>\$ 43,076</b>	<b>\$ 190,706</b>	<b>\$ 15,196</b>	<b>\$ 6,335</b>	<b>\$ 255,313</b>

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

NIG-Non-investment grade

- Counterparty credit ratings are internally determined by the Credit Risk Management Department ("CRM"). Primarily includes Corporate, Residential real estate, and Commercial real estate loans and lending commitments.
- Unrated loans and lending commitments are primarily trading positions that are measured at fair value and risk-managed as a component of market risk. For a further discussion of our market risk, see "Quantitative and Qualitative Disclosures about Risk —Market Risk" herein.
- Excludes loans and lending commitments of \$16.2 billion and \$15.0 billion at March 31, 2026 and December 31, 2025, respectively, which are extended to clients of Morgan Stanley's Wealth Management business. The above loans and lending commitments are largely subject to collateral maintenance provisions and predominantly over-collateralized.
- Excludes lending commitment to Morgan Stanley & Co. International plc ("MSIP") of \$5.8 billion and \$5.9 billion at March 31, 2026 and December 31, 2025, respectively.

### Loans and Lending Commitments by Industry<sup>1</sup>

\$ In millions	At March 31, 2026	At December 31, 2025
Financials	\$ 80,039	\$ 74,000
Real estate	48,897	47,573
Health care	14,556	15,958
Communication services	14,435	13,871
Consumer staples	17,655	12,815
Industrials	19,964	14,125
Utilities	12,030	10,823
Information technology	9,979	9,026
Consumer discretionary	10,802	9,660
Energy	7,655	7,290
Insurance	9,431	7,319
Materials	6,543	7,162
Other	3,327	3,218
<b>Total exposure</b>	<b>\$ 255,313</b>	<b>\$ 232,840</b>

- Excludes loans and lending commitments of \$16.2 billion and \$15.0 billion at March 31, 2026 and December 31, 2025, respectively, which are extended to clients of Morgan Stanley's Wealth Management business.
- Excludes lending commitment to MSIP of \$5.8 billion and \$5.9 billion at March 31, 2026 and December 31, 2025, respectively.

### Commercial Real Estate Loans and Lending Commitments

#### By Region

\$ in millions	At March 31, 2026			At December 31, 2025		
	Loans <sup>1</sup>	LC <sup>1</sup>	Total	Loans <sup>1</sup>	LC <sup>1</sup>	Total
Americas	\$ 4,755	\$ 581	\$ 5,336	\$ 4,388	\$ 324	\$ 4,712
EMEA	3,736	92	3,828	4,208	102	4,310
Asia	499	18	517	466	15	481
<b>Total</b>	<b>\$ 8,990</b>	<b>\$ 691</b>	<b>\$ 9,681</b>	<b>\$ 9,062</b>	<b>\$ 441</b>	<b>\$ 9,503</b>

#### By Property Type

\$ in millions	At March 31, 2026			At December 31, 2025		
	Loans <sup>1</sup>	LC <sup>1</sup>	Total	Loans <sup>1</sup>	LC <sup>1</sup>	Total
Industrial	\$ 3,537	\$ 205	\$ 3,742	\$ 3,606	\$ 35	\$ 3,641
Office	2,145	94	2,239	2,179	132	2,311
Multifamily	1,879	342	2,221	1,882	219	2,101
Hotel	870	46	916	837	51	888
Retail	559	4	563	558	4	562
<b>Total</b>	<b>\$ 8,990</b>	<b>\$ 691</b>	<b>\$ 9,681</b>	<b>\$ 9,062</b>	<b>\$ 441</b>	<b>\$ 9,503</b>

LC-Lending Commitments

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

As of March 31, 2026 and December 31, 2025, our direct lending against Commercial real estate ("CRE") properties totaled \$9.7 billion and \$9.5 billion, which represents 3.5% and 3.7% of total exposure reflected in the Loans and Lending Commitments table above. Those CRE loans are primarily originated for experienced sponsors and are generally secured by specific institutional CRE properties. In many cases, loans are subsequently syndicated or securitized on a full or partial basis, reducing our ongoing exposure.

In addition to the amounts included in the table above, we provide certain secured lending facilities which are typically collateralized by pooled CRE mortgage loans and are included in Secured lending facilities. These secured lending facilities

## Risk Disclosures

Morgan Stanley Bank, N.A.

benefit from structural protections including cross-collateralization and diversification across property types.

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

### Country Risk

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

#### Top 5 Non-U.S. Country Exposures

\$ in millions	At March 31, 2026				
	United Kingdom	France	Germany	Australia	Netherlands
<b>Sovereign</b>					
Net inventory <sup>1</sup>	\$ (8)	\$ 3,176	\$ (867)	\$ 10	\$ 291
Net counterparty exposure <sup>2</sup>	—	2	142	—	—
Exposure before hedges	(8)	3,178	(725)	10	291
Hedges <sup>3</sup>	—	25	(301)	—	(12)
Net exposure	\$ (8)	\$ 3,203	\$ (1,026)	\$ 10	\$ 279
<b>Non-sovereign</b>					
Net inventory <sup>1</sup>	\$ (2,292)	\$ 433	\$ 433	\$ 66	\$ 264
Net counterparty exposure <sup>2</sup>	5,339	1,569	862	61	511
Loans	12,261	307	2,450	1,373	1,050
Lending commitments	8,923	4,313	6,264	1,818	1,048
Exposure before hedges	24,231	6,622	10,009	3,318	2,873
Hedges <sup>3</sup>	(683)	(425)	(839)	(166)	(112)
Net exposure	\$ 23,548	\$ 6,197	\$ 9,170	\$ 3,152	\$ 2,761
<b>Total net exposure</b>	<b>\$ 23,540</b>	<b>\$ 9,400</b>	<b>\$ 8,144</b>	<b>\$ 3,162</b>	<b>\$ 3,040</b>

1. Net inventory represents exposure to both long and short single-name and index positions (i.e., bonds and equities at fair value, CDS based on a notional amount assuming zero recovery adjusted for the fair value of any receivable or payable).
2. Net counterparty exposure (e.g. OTC Derivatives) is net of the benefit of collateral received and also is net by counterparty when legally enforceable master netting agreements are in place.
3. Amounts represent net CDS hedges (purchased and sold) on net counterparty exposure and lending executed by trading desks responsible for hedging counterparty and lending credit risk exposures. Amounts are based on the CDS notional amount assuming zero recovery adjusted for the fair value of any receivable or payable.

### Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, human factors (e.g., inappropriate or unlawful conduct) or external events (e.g., cyberattacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal, regulatory and compliance risks, or damage to physical assets. We may experience operational risk events across the full scope of our business activities, including revenue-generating activities and support and control groups (e.g., information technology and trade processing). For a further discussion about our operational

risk, see “Quantitative and Qualitative Disclosures about Risk—Operational Risk” in the 2025 Annual Report.

### Model Risk

Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs. Model risk can lead to financial loss, poor business and strategic decision-making, noncompliance with applicable laws and/or regulations or damage to the Bank’s reputation. The risk inherent in a model is a function of the materiality, complexity and uncertainty around inputs and assumptions.

Model risk is generated from the use of models impacting financial statements, regulatory filings, capital adequacy assessments and the formulation of strategy. For a further discussion about our model risk, see “Quantitative and Qualitative Disclosures about Risk—Model Risk” in the 2025 Annual Report.

### Liquidity Risk

Liquidity risk refers to the risk that we will be unable to finance our operations due to a loss of access to the capital markets, a reduction in deposit balances, or difficulty in liquidating our assets. Liquidity risk also encompasses our ability (or perceived ability) to meet our financial obligations without experiencing significant business disruption or reputational damage that may threaten our viability as a going concern. For a further discussion about our liquidity risk, see “Quantitative and Qualitative Disclosures about Risk—Liquidity Risk” in the 2025 Annual Report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” herein.

### Legal, Regulatory and Compliance Risk

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

### Climate Risk

Climate-related risk consists of physical and transition risks. Physical risks include harm to people and property arising from acute climate-related events, such as floods, hurricanes,

## **Risk Disclosures**

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

heatwaves, droughts and wildfires, and chronic, longer-term shifts in climate patterns, such as higher global average temperatures, rising sea levels and long-term droughts. Transition risks include policy, legal, technology, and market changes. Examples of these transition risks include changes in consumer and business sentiment, related technologies and any additional regulatory and legislative requirements, including increased disclosure requirements or taxation of carbon emissions.

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



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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, 2026, 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, 2026 and 2025, and the related notes (collectively referred to as the "interim financial information").

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in accordance with accounting principles generally accepted in the United States of America.

**Basis for Review Results**

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

**Emphasis of Matter**

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

**Responsibilities of Management for the Interim Financial Information**

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

### **Report on Condensed Balance Sheet as of December 31, 2025**

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

*Deloitte + Touche LLP*

May 19, 2026

## Consolidated Income Statement (Unaudited)

Morgan Stanley Bank, N.A.

<i>\$ in millions</i>	Three Months Ended March 31,	
	2026	2025
<b>Revenues</b>		
Investment banking <sup>1</sup>	\$ 147	\$ 82
Trading <sup>1</sup>	1,178	944
Investments <sup>1</sup>	28	25
Commissions and fees <sup>1</sup>	431	399
Other <sup>1</sup>	31	68
<b>Total non-interest revenues</b>	<b>1,815</b>	1,518
Interest income	3,691	4,255
Interest expense	2,484	3,040
Net interest	1,207	1,215
<b>Net revenues</b>	<b>3,022</b>	2,733
<b>Provision for credit losses</b>	<b>147</b>	65
<b>Non-interest expenses</b>		
Compensation and benefits	378	273
General and administrative	704	630
FDIC and regulatory assessments	22	20
<b>Total non-interest expenses</b>	<b>1,104</b>	923
Income before provision for income taxes	1,771	1,745
Provision for income taxes	445	411
<b>Net income</b>	<b>\$ 1,326</b>	<b>\$ 1,334</b>

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

## Consolidated Comprehensive Income Statement (Unaudited)

<i>\$ in millions</i>	Three Months Ended March 31,	
	2026	2025
Net income	\$ 1,326	\$ 1,334
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(198)	331
Change in net unrealized gains (losses) on available-for-sale securities	(99)	211
Change in net debt valuation adjustment	96	45
Net change in cash flow hedges	(209)	17
Pension and other	—	(2)
Total other comprehensive income (loss) <sup>1</sup>	\$ (410)	\$ 602
<b>Comprehensive income</b>	<b>\$ 916</b>	<b>\$ 1,936</b>

1. Amounts were net of (provision) benefit for income taxes of \$107 million and \$(81) million for the current quarter and prior year quarter, respectively.

## Consolidated Balance Sheet (Unaudited)

Morgan Stanley Bank, N.A.

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
<b>Assets</b>		
Cash and cash equivalents	\$ 65,759	\$ 34,405
Trading assets at fair value <sup>1</sup> (\$23,319 and \$37,579 were pledged to various parties)	76,419	90,744
Investment securities:		
Available-for-sale at fair value (amortized cost of \$68,208 and \$69,589)	66,723	68,233
Held-to-maturity (fair value of \$18,733 and \$19,248)	21,353	21,823
Securities purchased under agreements to resell	31,687	41,602
Securities borrowed	5,659	5,341
Customer and other receivables <sup>1</sup>	12,422	10,227
Loans:		
Held for investment (net of allowance for credit losses of \$626 and \$559)	95,228	91,472
Held for sale	13,466	6,336
Other assets <sup>1</sup>	2,589	2,515
<b>Total assets</b>	<b>\$ 391,305</b>	<b>\$ 372,698</b>
<b>Liabilities</b>		
Deposits (includes \$5,251 and \$5,155 at fair value)	\$ 254,346	\$ 213,788
Trading liabilities at fair value	29,588	31,684
Securities sold under agreements to repurchase	14,969	33,740
Securities loaned	5,699	6,398
Other secured financings	2,363	2,505
Customer and other payables <sup>1</sup>	13,255	9,262
Other liabilities and accrued expenses	3,321	2,615
Borrowings (includes \$4,181 and \$4,548 at fair value)	25,797	36,355
<b>Total liabilities</b>	<b>349,338</b>	<b>336,347</b>
<b>Commitments and contingent liabilities (see Note 15)</b>		
<b>Shareholder's equity</b>		
Common stock, \$1 par value:		
Shares authorized: 50,000; Shares issued: 100; Shares outstanding: 100	—	—
Additional paid-in capital	21,990	17,290
Retained earnings	21,234	19,908
Accumulated other comprehensive income (loss)	(1,257)	(847)
<b>Total shareholder's equity</b>	<b>41,967</b>	<b>36,351</b>
<b>Total liabilities and shareholder's equity</b>	<b>\$ 391,305</b>	<b>\$ 372,698</b>

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

**Statement of Changes in Shareholder's Equity****Morgan Stanley Bank, N.A.**

<i>\$ in millions</i>	Three Months Ended March 31,	
	2026	2025
<b>Common stock</b>		
Beginning and ending balance	\$ —	\$ —
<b>Additional paid-in capital</b>		
Beginning balance	17,290	17,290
Other net increases (decreases)	4,700	—
Ending Balance	21,990	17,290
<b>Retained earnings</b>		
Beginning balance	19,908	16,670
Net income	1,326	1,334
Ending balance	21,234	18,004
<b>Accumulated other comprehensive income (loss)</b>		
Beginning balance	(847)	(2,322)
Net change in Accumulated other comprehensive income (loss) <sup>1</sup>	(410)	602
Ending balance	(1,257)	(1,720)
<b>Total shareholder's equity</b>	<b>\$ 41,967</b>	<b>\$ 33,574</b>

1. Amounts were net of (provision) benefit for income taxes of \$107 million and \$(81) million for the current quarter and prior year quarter, respectively.

## Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley Bank, N.A.

<i>\$ in millions</i>	Three Months Ended March 31,	
	2026	2025
<b>Cash flows from operating activities</b>		
Net income	\$ 1,326	\$ 1,334
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	36	67
Provision for credit losses	147	65
Deferred income taxes	(37)	(16)
Other operating adjustments	239	(421)
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities <sup>1</sup>	12,068	(9,075)
Securities borrowed	(318)	(1,547)
Securities loaned	(699)	1,693
Loans held for sale	(7,119)	(4,495)
Securities purchased under agreements to resell	3,993	(5,005)
Securities sold under agreements to repurchase	(18,771)	7,264
Customer and other payables <sup>1</sup>	4,918	4,028
Customer and other receivables <sup>1</sup>	(2,154)	(1,222)
<b>Net cash provided by (used for) operating activities</b>	<b>(6,371)</b>	<b>(7,330)</b>
<b>Cash flows from investing activities</b>		
Proceeds from (payments for):		
AFS securities:		
Purchases	(6,870)	(3,965)
Proceeds from sales	5,778	1,162
Proceeds from paydowns and maturities	2,286	2,207
HTM securities:		
Purchases	(999)	—
Proceeds from paydowns and maturities	1,516	316
Securities purchased under agreements to resell	5,922	278
Securities sold under agreements to repurchase	—	1,028
Changes in loans at fair value with intent to hold, net	—	14
Changes in loans held for investment, net	(4,067)	(2,890)
Other investing activities	(20)	(96)
<b>Net cash provided by (used for) investing activities</b>	<b>3,546</b>	<b>(1,946)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from (payments for):		
Deposits	40,743	227
Other secured financings	(436)	(65)
Proceeds from issuance of Borrowings	1,042	2,799
Capital Infusion	4,700	—
Payments for:		
Borrowings	(11,410)	(3,357)
<b>Net cash provided by (used for) financing activities</b>	<b>34,639</b>	<b>(396)</b>
Effect of exchange rate changes on cash and cash equivalents	(460)	554
Net increase (decrease) in cash and cash equivalents	31,354	(9,118)
Cash and cash equivalents, at beginning of period	34,405	36,074
<b>Cash and cash equivalents, at end of period</b>	<b>\$ 65,759</b>	<b>\$ 26,956</b>

### Supplemental Disclosures of Cash Flow Information:

Cash payments (refunds) for:

Interest	\$ 69	\$ 2,765
Income taxes	(48)	52

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

## Notes to Consolidated Financial Statements (Unaudited)

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

### 1. Introduction and Basis of Presentation

#### The Bank

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

Consistent with the Firm’s and our stated strategic objective of ongoing growth of in-scope assets at the Bank, on February 14, 2026, the Fixed Income business of Morgan Stanley Capital Services LLC (“MSCS-Fixed Income”) was merged with and into the Bank, and on March 14, 2026, Morgan Stanley Europe SE (“MSESE”), together with its subsidiary Morgan Stanley Bank AG (“MSBAG” and, together with MSESE, the “MSESE Group”), was acquired by the Bank (collectively the “Reorganization”).

The impact of the Reorganization on the Bank’s income before provision for income taxes was approximately \$279 million and \$273 million for the quarters ended March 31, 2026 (“current quarter”) and March 31, 2025 (“prior year quarter”), respectively. The impact of the Reorganization on the Bank’s net income was approximately \$181 million and \$213 million for the current and prior year quarter, respectively. The impact of the Reorganization on the Bank’s other comprehensive income (loss) was approximately \$(48) million and \$351 million for the current and prior year quarters, respectively.

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

The Bank primarily offers institutional lending and institutional sales and trading services in addition to deposit products. The Bank’s sales and trading activities are primarily focused on executing derivative transactions, including interest rate, currency, credit and commodities derivative transactions (collectively “Fixed Income”) with clients and affiliated entities, as well as equities derivative transactions with clients and

affiliated entities. The Bank also maintains an investment portfolio for Liquidity and Interest Rate Risk Management purposes.

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

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

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

#### Basis of Financial Information

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

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

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

The accompanying financial statements should be read in conjunction with the Bank’s financial statements and notes thereto included in the 2025 Annual Report. Certain footnote disclosures included in the 2025 Annual Report have been condensed or omitted from these financial statements as they are not required for interim reporting under U.S. GAAP. The financial statements reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for the

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

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

### Consolidation

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

## 2. Significant Accounting Policies

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

During the three months ended March 31, 2026, there were no significant updates to the Bank's significant accounting policies, other than as described below.

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

### Transfers of Financial Assets

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

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

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

liquidate and set off collateral held by the Bank against the net amount owed by the counterparty.

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

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

### Net Investment Hedges

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

### Foreign Currencies

Assets and liabilities of operations with non-U.S. dollar functional currencies are translated at year-end rates of exchange. Gains or losses resulting from translating foreign currency financial statements, net of hedge gains or losses and related tax effects, are reflected in AOCI in the balance sheet. Gains or losses resulting from remeasurement of foreign currency transactions are included in net income, and amounts recognized in the income statement are translated at the rate of exchange on the respective date of recognition for each amount.

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

### Loans by Type

\$ in millions	At March 31, 2026		
	HFI Loans	HFS Loans	Total Loans
Corporate	\$ 5,382	\$ 11,107	\$ 16,489
Secured lending facilities	67,391	2,058	69,449
Commercial real estate	8,189	186	8,375
Securities-based lending and Other	14,892	115	15,007
Total loans	95,854	13,466	109,320
ACL	(626)	—	(626)
<b>Total loans, net</b>	<b>\$ 95,228</b>	<b>\$ 13,466</b>	<b>\$ 108,694</b>
Loans to non-U.S. borrowers, net	\$ 27,350	\$ 3,211	\$ 30,561

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

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

HFI—Held-for-investment

HFS—Held-for-sale

1. Loans at Fair Value have been reclassified as Trading Assets at Fair Value in the first quarter of 2026. Prior period amounts have been revised to match the current period presentation.

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

### Loans by Interest Rate Type

\$ in millions	At March 31, 2026		At December 31, 2025	
	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	\$ 85	\$ 16,404	\$ —	\$ 8,913
Secured lending facilities	525	68,924	525	66,833
Commercial real estate	331	8,044	327	7,918
Securities-based lending and Other	2,903	12,104	3,024	10,827
<b>Total loans, before ACL</b>	<b>\$ 3,844</b>	<b>\$ 105,476</b>	<b>\$ 3,876</b>	<b>\$ 94,491</b>

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

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

\$ in millions	At March 31, 2026			At December 31, 2025		
	Corporate					
	IG	NIG	Total	IG	NIG	Total
Revolving	\$ 2,864	\$ 2,378	\$ 5,242	\$ 2,108	\$ 2,024	\$ 4,132
2026	—	—	—	—	—	—
2025	—	32	32	125	32	157
2024	79	—	79	79	—	79
2023	—	24	24	—	25	25
2022	—	—	—	—	—	—
Prior	5	—	5	5	—	5
<b>Total</b>	<b>\$ 2,948</b>	<b>\$ 2,434</b>	<b>\$ 5,382</b>	<b>\$ 2,317</b>	<b>\$ 2,081</b>	<b>\$ 4,398</b>

\$ in millions	At March 31, 2026			At December 31, 2025		
	Secured Lending Facilities					
	IG	NIG	Total	IG	NIG	Total
Revolving	\$ 12,822	\$ 39,039	\$ 51,861	\$ 12,890	\$ 37,699	\$ 50,589
2026	481	1,887	2,368	—	—	—
2025	1,715	7,594	9,309	2,491	7,248	9,739
2024	48	1,566	1,614	79	2,497	2,576
2023	222	685	907	549	917	1,466
2022	9	843	852	13	957	970
Prior	—	480	480	—	517	517
<b>Total</b>	<b>\$ 15,297</b>	<b>\$ 52,094</b>	<b>\$ 67,391</b>	<b>\$ 16,022</b>	<b>\$ 49,835</b>	<b>\$ 65,857</b>

\$ in millions	At March 31, 2026			At December 31, 2025		
	Commercial Real Estate					
	IG	NIG	Total	IG	NIG	Total
Revolving	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2026	—	730	730	—	—	—
2025	294	1,880	2,174	299	2,103	2,402
2024	569	1,362	1,931	577	1,363	1,940
2023	141	405	546	141	409	550
2022	236	1,164	1,400	332	1,095	1,427
Prior	36	1,372	1,408	37	1,569	1,606
<b>Total</b>	<b>\$ 1,276</b>	<b>\$ 6,913</b>	<b>\$ 8,189</b>	<b>\$ 1,386</b>	<b>\$ 6,539</b>	<b>\$ 7,925</b>

\$ in millions	At March 31, 2026			
	Securities-based Lending <sup>1</sup>	Other		Total
		IG	NIG	
Revolving	10,769	10	45	10,824
2026	426	—	94	520
2025	1,884	—	60	1,944
2024	977	—	24	1,001
2023	212	—	136	348
2022	34	—	41	75
Prior	10	—	170	180
<b>Total</b>	<b>\$ 14,312</b>	<b>\$ 10</b>	<b>\$ 570</b>	<b>\$ 14,892</b>

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

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

IG—Investment Grade

NIG—Non-investment Grade

1. Securities-based loans are subject to collateral maintenance provisions, and at March 31, 2026 and December 31, 2025, these loans are predominantly over-collateralized. For more information on the ACL methodology related to securities-based loans, see Note 2 in the 2025 Annual Report.

### Past Due Loans Held for Investment before Allowance<sup>1</sup>

\$ in millions	At March 31, 2026	At December 31, 2025
Commercial real estate	\$ 187	\$ 128
<b>Total</b>	<b>\$ 187</b>	<b>\$ 128</b>

1. As of March 31, 2026 and December 31, 2025, the majority of the amounts are 90 days or more past due.

### Nonaccrual Loans Held for Investment before Allowance<sup>1</sup>

\$ in millions	At March 31, 2026	At December 31, 2025
Corporate	\$ 25	\$ 72
Commercial real estate	465	476
Securities-based lending and Other	21	21
<b>Total</b>	<b>\$ 511</b>	<b>\$ 569</b>
Nonaccrual loans without an ACL	\$ —	\$ —

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

### Loan Modifications to Borrowers Experiencing Financial Difficulty

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

### Modified Loans Held for Investment

#### Period-end loans held for investment modified during the following periods<sup>1</sup>

\$ in millions	Three Months Ended March 31,			
	2026		2025	
	Amortized Cost	% of Total Loans <sup>2</sup>	Amortized Cost	% of Total Loans <sup>2</sup>
Term Extension				
Secured lending facilities	\$ —	— %	\$ 41	0.1 %
Commercial real estate	—	— %	292	3.5 %
<b>Total</b>	<b>\$ —</b>	<b>— %</b>	<b>\$ 333</b>	<b>0.6 %</b>
<b>Total Modifications</b>	<b>\$ —</b>	<b>— %</b>	<b>\$ 333</b>	<b>0.6 %</b>

- There were no lending commitments to borrowers for which the bank has modified terms of the receivable during the three months ended March 31, 2026 and 2025.
- 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

As of March 31, 2026, there was no financial effect of modifications on loans held for investment.

\$ in millions	Three Months Ended March 31, 2025 <sup>1</sup>		
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Interest Rate Reduction (%)
	<b>Single Modifications</b>		
Secured lending facilities	3	—	— %
Commercial real estate	1	—	— %

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

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

\$ in millions	At March 31, 2026			
	Current and less than 30 Days Past Due	30-89 Days Past Due	90+ Days Past Due	Total
	Corporate	\$ 78	\$ —	\$ —
Commercial real estate	470	—	—	470
Securities-based lending and Other	21	—	—	21
<b>Total</b>	<b>\$ 569</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 569</b>

\$ in millions	At March 31, 2025			
	Current and less than 30 Days Past Due	30-89 Days Past Due	90+ Days Past Due	Total
	Corporate	\$ 41	\$ —	\$ —
Commercial real estate	423	—	63	486
Securities-based lending and Other	22	—	—	22
<b>Total</b>	<b>\$ 486</b>	<b>\$ —</b>	<b>\$ 63</b>	<b>\$ 549</b>

At March 31, 2026, there were no loans held for investment that defaulted during the three months ended March 31, 2026 that had been modified in the 12 month period prior to default. At March 31, 2025, there was one commercial real estate loan held for investment with an amortized cost of \$63 million that defaulted

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

during the three months ended March 31, 2025 that had been modified in the 12 month period prior to default.

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

\$ in millions	Three Months Ended March 31, 2026				
	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
<b>ACL—Loans</b>					
Beginning balance	\$ 56	\$ 188	\$ 282	\$ 33	\$ 559
Gross charge-offs	(16)	—	(11)	—	(27)
Provision (release)	19	20	56	1	96
Other	(1)	(1)	(1)	1	(2)
<b>Ending balance</b>	<b>\$ 58</b>	<b>\$ 207</b>	<b>\$ 326</b>	<b>\$ 35</b>	<b>\$ 626</b>
Percent of loans to total loans <sup>1</sup>	6 %	70 %	9 %	15 %	100 %
<b>ACL—Lending commitments</b>					
Beginning balance	\$ 178	\$ 134	\$ 12	\$ 12	\$ 336
Provision (release)	62	(15)	4	—	51
Other	(4)	(1)	—	(1)	(6)
<b>Ending balance</b>	<b>\$ 236</b>	<b>\$ 118</b>	<b>\$ 16</b>	<b>\$ 11</b>	<b>\$ 381</b>
<b>Total ending balance</b>	<b>\$ 294</b>	<b>\$ 325</b>	<b>\$ 342</b>	<b>\$ 46</b>	<b>\$ 1,007</b>

\$ in millions	Three Months Ended March 31, 2025				
	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
<b>ACL—Loans</b>					
Beginning balance	\$ 24	\$ 130	\$ 370	\$ 24	\$ 548
Gross charge-offs	—	—	(31)	—	(31)
Recoveries	—	—	8	—	8
Net (charge-offs) recoveries	—	—	(23)	—	(23)
Provision (release)	4	8	23	—	35
Other	1	1	5	—	7
<b>Ending balance</b>	<b>\$ 29</b>	<b>\$ 139</b>	<b>\$ 375</b>	<b>\$ 24</b>	<b>\$ 567</b>
Percent of loans to total loans <sup>1</sup>	6%	64%	10%	20%	100%
<b>ACL—Lending commitments</b>					
Beginning balance	\$ 143	\$ 83	\$ 39	\$ 10	\$ 275
Provision (release)	13	41	(27)	3	30
Other	1	2	1	(1)	3
<b>Ending balance</b>	<b>\$ 157</b>	<b>\$ 126</b>	<b>\$ 13</b>	<b>\$ 12</b>	<b>\$ 308</b>
<b>Total ending balance</b>	<b>\$ 186</b>	<b>\$ 265</b>	<b>\$ 388</b>	<b>\$ 36</b>	<b>\$ 875</b>

CRE—Commercial real estate

SBL—Securities-based lending

1. Percentage of loans to total loans represents loans held for investment by loan type to total loans held for investment.

### Gross Charge-offs by Origination Year

\$ in millions	Three Months Ended March 31, 2026				
	Corporate	Secured Lending Facilities	CRE	SBL and Other	Total
Revolving	\$ (16)	\$ —	\$ —	\$ —	\$ (16)
Prior	—	—	(11)	—	(11)
<b>Total</b>	<b>\$ (16)</b>	<b>\$ —</b>	<b>\$ (11)</b>	<b>\$ —</b>	<b>\$ (27)</b>

  

\$ in millions	Three Months Ended March 31, 2025	
	CRE	Total
2022	\$ (10)	\$ (10)
Prior	(21)	(21)
<b>Total</b>	<b>\$ (31)</b>	<b>\$ (31)</b>

The allowance for credit losses for loans and lending commitments increased during the three months ended March 31, 2026, primarily related to portfolio growth, certain specific commercial real estate loans and increased macroeconomic uncertainty. Charge-offs in the current quarter were primarily related to corporate and commercial real estate lending.

The base scenario used in our ACL models as of March 31, 2026 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. Our ACL models incorporate key macroeconomic variables, including U.S. real GDP growth rate with the base scenario for the quarter incorporating expectations of continued economic growth relative to the prior quarter forecast. Other key macroeconomic variables used in our models include corporate credit spreads, interest rates and commercial real estate indices. The significance of these key macroeconomic variables on our ACL models varies depending on portfolio composition and economic conditions. The Bank also considered increased macroeconomic uncertainty in determining the aggregate allowance for credit losses for the current quarter.

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

### Selected Credit Ratios

	At March 31, 2026	At December 31, 2025
ACL for loans to total HFI loans	0.7 %	0.6 %
Nonaccrual HFI loans to total HFI loans	0.5 %	0.6 %
ACL for loans to nonaccrual HFI loans	122.5 %	98.2 %

## 4. Interest Income and Interest Expense

\$ in millions	Three Months Ended March 31,	
	2026	2025
<b>Interest income</b>		
Cash and cash equivalents	\$ 342	\$ 268
Investment securities	774	1,052
Loans, including fees	1,408	1,345
Securities purchased under agreements to resell <sup>1</sup>	591	742
Securities borrowed <sup>2</sup>	30	30
Trading assets, net of Trading liabilities	226	279
Customer receivables and Other <sup>5</sup>	320	539
<b>Total interest income</b>	<b>\$ 3,691</b>	<b>\$ 4,255</b>
<b>Interest expense</b>		
Deposits	\$ 1,281	\$ 1,297
Borrowings	168	441
Securities sold under agreements to repurchase <sup>3</sup>	469	694
Securities loaned <sup>4</sup>	37	42
Customer payable and Other <sup>6</sup>	529	566
<b>Total interest expense</b>	<b>\$ 2,484</b>	<b>\$ 3,040</b>
<b>Net interest</b>	<b>\$ 1,207</b>	<b>\$ 1,215</b>

1. Includes interest paid on Securities purchased under agreements to resell.

2. Includes fees paid on Securities borrowed.

3. Includes interest received on Securities sold under agreements to repurchase.

4. Includes fees received on Securities loaned.

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

5. Other primarily includes dividends on FRB and FHLB capital stock, and interest income on loan to MSPBNA.  
6. Other primarily includes the impact of payables to Parent and affiliates.

Interest income and Interest expense are classified in the income statement based on the nature of the instrument and related market conventions. When included as a component of the instrument's fair value, interest is included within Trading revenues. Otherwise, it is included within Interest income or Interest expense.

**Accrued Interest**

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

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Customer and other receivables	\$ 1,546	\$ 1,482
Customer and other payables	3,433	1,008

**5. Investment Securities**

**AFS and HTM Securities**

<i>\$ in millions</i>	At March 31, 2026			
	Amortized Cost <sup>1</sup>	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>AFS securities</b>				
U.S. Treasury securities	\$ 47,352	\$ 42	\$ 47	\$ 47,347
U.S. agency securities <sup>2</sup>	16,909	16	1,381	15,544
Agency CMBS	2,065	—	86	1,979
State and municipal securities	1,535	1	25	1,511
FFELP student loan ABS <sup>3</sup>	347	1	6	342
<b>Total AFS securities</b>	<b>68,208</b>	<b>60</b>	<b>1,545</b>	<b>66,723</b>
<b>HTM securities</b>				
U.S. Treasury securities	6,583	—	433	6,150
U.S. agency securities <sup>2</sup>	13,342	32	2,161	11,213
Non-agency CMBS	1,428	8	66	1,370
<b>Total HTM securities</b>	<b>21,353</b>	<b>40</b>	<b>2,660</b>	<b>18,733</b>
<b>Total investment securities</b>	<b>\$ 89,561</b>	<b>\$ 100</b>	<b>\$ 4,205</b>	<b>\$ 85,456</b>

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

1. Amounts are net of any ACL.
2. U.S. agency securities consist mainly of agency mortgage pass-through pool securities, collateralized mortgage obligations and agency-issued debt.
3. Underlying loans are backed by a guarantee, ultimately from the U.S. Department of Education, of at least 95% of the principal balance and interest outstanding.
4. Represents the amount of unallocated portfolio layer method basis adjustments related to AFS securities hedged in a closed portfolio. Portfolio layer method basis adjustments are not allocated to individual securities. Refer to Note 2 in the 2025 Annual Report and Note 13 herein for additional information.

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

### AFS Securities in an Unrealized Loss Position

\$ in millions	At March 31, 2026		At December 31, 2025	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	\$ 13,967	\$ 42	\$ 47	\$ —
12 months or longer	1,641	5	3,917	14
Total	15,608	47	3,964	14
U.S. agency securities				
Less than 12 months	781	3	75	—
12 months or longer	11,208	1,378	12,465	1,363
Total	11,989	1,381	12,540	1,363
Agency CMBS				
12 months or longer	1,979	86	2,075	95
Total	1,979	86	2,075	95
State and municipal securities				
Less than 12 months	786	11	360	4
12 months or longer	355	14	382	13
Total	1,141	25	742	17
FFELP student loan ABS				
12 months or longer	290	6	302	6
Total	290	6	302	6
Unallocated basis adjustment				
	—	—	—	2
<b>Total AFS securities in an unrealized loss position</b>				
Less than 12 months	15,534	56	482	4
12 months or longer	15,473	1,489	19,141	1,491
Unallocated basis adjustment				
	—	—	—	2
Total	\$ 31,007	\$ 1,545	\$ 19,623	\$ 1,497

For AFS securities, the Bank believes there are no securities in an unrealized loss position that have credit losses after performing the analysis described in Note 2 in the 2025 Annual Report. Additionally, the Bank does not intend to sell these securities and is not likely to be required to sell these securities prior to recovery of the amortized cost basis. As of March 31, 2026 and December 31, 2025, the securities in an unrealized loss position were predominantly investment grade.

The HTM securities net carrying amounts at March 31, 2026 and December 31, 2025 reflect an ACL of \$55 million and \$56 million, respectively, predominantly related to Non-agency CMBS. See Note 2 for a description of the ACL methodology used for HTM Securities in the 2025 Annual Report.

The Bank's portfolio of HTM securities was comprised of 93% investment grade U.S. agency securities and U.S. Treasury securities, as of March 31, 2026 and December 31, 2025, 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, 2026 and December 31, 2025.

See Note 16 for additional information on securities issued by VIEs, including U.S. agency mortgage-backed securities, non-agency CMBS, and FFELP student loan ABS.

### Investment Securities by Contractual Maturity

\$ in millions	At March 31, 2026		
	Amortized Cost <sup>1</sup>	Fair Value	Annualized Average Yield <sup>2,3</sup>
<b>AFS securities</b>			
U.S. Treasury securities:			
Due within 1 year	\$ 12,366	\$ 12,376	3.8 %
After 1 year through 5 years	34,675	34,660	3.9 %
After 5 years through 10 years	311	311	4.0 %
Total	47,352	47,347	
U.S. agency securities:			
Due within 1 year	4	4	2.2 %
After 1 year through 5 years	183	174	1.9 %
After 5 years through 10 years	184	169	1.5 %
After 10 years	16,538	15,197	3.3 %
Total	16,909	15,544	
Agency CMBS:			
Due within 1 year	538	534	2.1 %
After 1 year through 5 years	1,388	1,324	2.5 %
After 10 years	139	121	1.7 %
Total	2,065	1,979	
State and municipal securities:			
Due within 1 year	81	81	4.8 %
After 1 year through 5 years	228	225	3.6 %
After 5 years through 10 years	160	158	4.5 %
After 10 years	1,066	1,047	4.6 %
Total	1,535	1,511	
FFELP student loan ABS:			
Due within 1 year	53	52	4.7 %
After 1 year through 5 years	42	41	4.7 %
After 5 years through 10 years	24	24	3.9 %
After 10 years	228	225	4.9 %
Total	347	342	
<b>Total AFS securities</b>	<b>\$ 68,208</b>	<b>\$ 66,723</b>	<b>3.7 %</b>

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

\$ in millions	At March 31, 2026		
	Amortized Cost <sup>1</sup>	Fair Value	Annualized Average Yield <sup>2</sup>
<b>HTM securities</b>			
U.S. Treasury securities:			
Due within 1 year	\$ 1,650	\$ 1,641	1.7 %
After 1 year through 5 years	3,856	3,769	2.8 %
After 10 years	1,077	740	2.5 %
<b>Total</b>	<b>6,583</b>	<b>6,150</b>	
U.S. agency securities:			
After 1 year through 5 years	141	135	2.0 %
After 10 years	13,201	11,078	2.4 %
<b>Total</b>	<b>13,342</b>	<b>11,213</b>	
Non-agency CMBS:			
Due within 1 year	117	115	4.7 %
After 1 year through 5 years	871	842	4.4 %
After 5 years through 10 years	312	288	4.6 %
After 10 years	128	125	6.7 %
<b>Total</b>	<b>1,428</b>	<b>1,370</b>	
<b>Total HTM securities</b>	<b>21,353</b>	<b>18,733</b>	<b>2.6 %</b>
<b>Total investment securities</b>	<b>\$ 89,561</b>	<b>\$ 85,456</b>	<b>3.4 %</b>

- Amounts are net of any ACL.
- 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.
- At March 31, 2026, the annualized average yield, including the interest rate swap accrual of related hedges, was 3.7% for AFS securities contractually maturing within 1 year and 3.6% for all AFS securities.

### Gross Realized Gains (Losses) on Sales of AFS Securities

\$ in millions	Three Months Ended March 31,	
	2026	2025
Gross realized gains	\$ 8	\$ 21
Gross realized (losses)	(2)	—
<b>Total<sup>1</sup></b>	<b>\$ 6</b>	<b>\$ 21</b>

- Gross realized gains (losses) are recognized in Other revenues 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
Beginning Balance	\$ (1,040)	\$ (1,640)
Other comprehensive income (loss) before reclassifications	(95)	227
Amounts reclassified from AOCI	(4)	(16)
Net other comprehensive income (loss) during the period	(99)	211
<b>Ending Balance</b>	<b>\$ (1,139)</b>	<b>\$ (1,429)</b>

## 6. Fair Values

### Recurring Fair Value Measurements

#### Assets and Liabilities Measured at Fair Value on a Recurring Basis

\$ in millions	At March 31, 2026				
	Level 1	Level 2	Level 3	Netting	Total
<b>Assets at fair value</b>					
Trading assets:					
Other sovereign government obligations	22,579	1	—	—	22,580
State and municipal securities	—	101	—	—	101
Loans and lending commitments <sup>1</sup>	—	7,078	521	—	7,599
Corporate and other debt <sup>2</sup>	40	8,187	46	—	8,273
Corporate equity	24,699	10	31	—	24,740
Derivative contracts:					
Foreign exchange	11	95,203	278	—	95,492
Interest rate	211	411,488	1,665	—	413,364
Credit	—	15,327	210	—	15,537
Equity	185	16,929	392	—	17,506
Commodity and other	—	4,595	804	—	5,399
Netting <sup>3</sup>	(329)	(497,147)	(1,832)	(36,555)	(535,863)
<b>Total derivative contracts</b>	<b>78</b>	<b>46,395</b>	<b>1,517</b>	<b>(36,555)</b>	<b>11,435</b>
<b>Total trading assets<sup>4</sup></b>	<b>47,396</b>	<b>61,772</b>	<b>2,115</b>	<b>(36,555)</b>	<b>74,728</b>
Investment securities—AFS					
U.S. Treasury securities	47,347	—	—	—	47,347
U.S. agency securities	—	15,544	—	—	15,544
MABS	—	2,321	—	—	2,321
State and municipal securities	—	1,511	—	—	1,511
<b>Total Investment securities—AFS</b>	<b>47,347</b>	<b>19,376</b>	<b>—</b>	<b>—</b>	<b>66,723</b>
<b>Total assets at fair value</b>	<b>\$ 94,743</b>	<b>\$ 81,148</b>	<b>\$ 2,115</b>	<b>\$(36,555)</b>	<b>\$141,451</b>

\$ in millions	At March 31, 2026				
	Level 1	Level 2	Level 3	Netting	Total
<b>Liabilities at fair value</b>					
Interest-bearing deposits	\$ —	\$ 5,250	\$ 1	\$ —	\$ 5,251
Trading liabilities:					
Other sovereign government obligations	18,117	2	—	—	18,119
Corporate and other debt	123	2,667	3	—	2,793
Corporate equity	90	—	—	—	90
Derivative contracts:					
Foreign exchange	139	91,338	284	—	91,761
Interest rate	162	393,590	1,172	—	394,924
Credit	—	15,152	182	—	15,334
Equity	253	17,948	408	—	18,609
Commodity and other	—	5,385	809	—	6,194
Netting <sup>3</sup>	(329)	(497,147)	(1,832)	(18,928)	(518,236)
<b>Total derivative contracts</b>	<b>225</b>	<b>26,266</b>	<b>1,023</b>	<b>(18,928)</b>	<b>8,586</b>
<b>Total trading liabilities</b>	<b>18,555</b>	<b>28,935</b>	<b>1,026</b>	<b>(18,928)</b>	<b>29,588</b>
Other secured financings	—	1,712	26	—	1,738
Borrowings	—	4,169	12	—	4,181
<b>Total liabilities at fair value</b>	<b>\$ 18,555</b>	<b>\$ 40,066</b>	<b>\$ 1,065</b>	<b>\$(18,928)</b>	<b>\$ 40,758</b>

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

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

- For a further breakdown by type, see the following Detail of Loans and Lending Commitments at Fair Value table. Loans at Fair Value have been reclassified as Trading Assets at Fair Value in the first quarter of 2026. Prior period amounts have been revised to match the current period presentation.
- Includes equity contracts with financing features.
- For positions with the same counterparty that cross over the levels of the fair value hierarchy, both counterparty netting and cash collateral netting are included in the column titled "Netting". Positions classified within the same level that are with the same counterparty are netted within that level. For further information on derivative instruments and hedging activities see Note 13.
- 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.

### Detail of Loans and Lending Commitments at Fair Value

\$ in millions	At March 31, 2026	At December 31, 2025
Commercial real estate	\$ 430	\$ 561
Residential real estate	3,700	2,639
Securities-based lending and Other loans	3,469	3,623
<b>Total</b>	<b>\$ 7,599</b>	<b>\$ 6,823</b>

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

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

### Other Sovereign Government Obligations

#### Valuation Techniques:

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

#### Valuation Hierarchy Classification:

- Level 1—if actively traded and prices are observable
- Level 2—if the market is less active or prices are dispersed

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

- Level 3—in instances where the trading activity is limited or the prices are unobservable.

### Derivative and Other Contracts

#### Exchange-Traded Derivative Contracts

##### Valuation Techniques:

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

##### Valuation Hierarchy Classification:

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

### Borrowings

#### Valuation Techniques:

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

#### Valuation Hierarchy Classification:

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

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

\$ in millions	Three Months Ended March 31,	
	2026	2025
<b>Corporate and other debt</b>		
Beginning balance	\$ 18	\$ 19
Realized and unrealized gains (losses)	3	—
Purchases and originations	—	6
Sales	25	—
Ending balance	\$ 46	\$ 25
Unrealized gains (losses)	\$ 3	\$ —
<b>Corporate equities</b>		
Beginning balance	\$ 2	\$ 1
Sales	(2)	—
Net transfers	31	1
Ending balance	\$ 31	\$ 2
Unrealized gains (losses)	\$ —	\$ —
<b>Loans</b>		
Beginning balance	\$ 396	\$ 441
Realized and unrealized gains (losses)	(3)	(1)
Purchases and originations	258	196
Sales	(183)	(213)
Settlements	—	(12)
Net transfers	53	265
Ending balance	\$ 521	\$ 676
Unrealized gains (losses)	\$ (3)	\$ 2
<b>Derivative contracts, Interest rate</b>		
Beginning balance	\$ 336	\$ 340
Realized and unrealized gains (losses)	200	(67)
Purchases	94	10
Issuances	(117)	(9)
Settlements	(9)	15
Net transfers	(11)	(14)
Ending balance	\$ 493	\$ 275
Unrealized gains (losses)	\$ 197	\$ (65)
<b>Derivative contracts, Credit</b>		
Beginning balance	\$ 16	\$ 64
Realized and unrealized gains (losses)	—	1
Issuances	(1)	—
Settlements	6	(51)
Net transfers	7	18
Ending balance	\$ 28	\$ 32
Unrealized gains (losses)	\$ 2	\$ (34)
<b>Derivative contracts, Foreign exchange</b>		
Beginning balance	\$ 105	\$ 623
Realized and unrealized gains (losses)	(129)	11
Purchases	9	122
Issuances	(6)	(141)
Settlements	12	(317)
Net transfers	3	13
Ending balance	\$ (6)	\$ 311
Unrealized gains (losses)	\$ (129)	\$ 11
<b>Derivative contracts, Equity</b>		
Beginning balance	\$ 35	\$ 70
Realized and unrealized gains (losses)	168	84
Purchases	12	40
Issuances	(11)	(34)
Settlements	(297)	(84)

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

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

Net transfers		77	4
Ending balance	\$	(16)	\$ 80
Unrealized gains (losses)	\$	48	\$ 94
<b>Derivative contracts, Commodity and other</b>			
Beginning balance	\$	(9)	\$ 134
Realized and unrealized gains (losses)		62	32
Purchases		46	37
Issuances		(47)	(37)
Settlements		(66)	(16)
Net transfers		9	(1)
Ending balance	\$	(5)	\$ 149
Unrealized gains (losses)	\$	6	\$ 41
<b>Deposits</b>			
Beginning balance	\$	1	\$ 1
Issuances		—	3
Settlements		—	(1)
Net transfers		—	1
Ending balance	\$	1	\$ 4
Unrealized losses (gains)	\$	—	\$ —
<b>Nonderivative trading liabilities</b>			
Beginning balance	\$	3	\$ 73
Sales		—	2
Net transfers		—	(70)
Ending balance	\$	3	\$ 5
Unrealized losses (gains)	\$	—	\$ —
<b>Other secured financings</b>			
Beginning balance	\$	28	\$ 156
Realized and unrealized losses (gains)		—	26
Issuances		1	—
Settlements		—	(18)
Net transfers		(3)	—
Ending balance	\$	26	\$ 164
Unrealized losses (gains)	\$	—	\$ 26
<b>Borrowings</b>			
Beginning balance	\$	5	\$ 18
Realized and unrealized losses (gains)		—	(10)
Issuances		6	—
Net transfers		1	—
Ending balance	\$	12	\$ 8
Unrealized losses (gains)	\$	1	\$ (10)

Level 3 instruments may be hedged with instruments classified in Level 1 and Level 2. The realized and unrealized gains or losses for assets and liabilities within the Level 3 category presented in the previous tables do not reflect the related realized and unrealized gains or losses on hedging instruments that have been classified by the Bank within the Level 1 and/or Level 2 categories.

The unrealized gains (losses) during the period for assets and liabilities within the Level 3 category may include changes in fair value during the period that were attributable to both observable and unobservable inputs. Total unrealized gains (losses) are primarily included in Non-interest revenues within Trading revenues in the income statement.

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

**Valuation Techniques and Unobservable Inputs**

\$ in millions, except inputs	Balance / Range (Average <sup>1</sup> )	
	At March 31, 2026	At December 31, 2025
<b>Assets</b>		
<b>Trading assets: Corporate and other debt</b>	\$ 26	\$ —
Corporate Loan Model:		
Credit spread	70 bps - 940 bps (345 bps)	—
Comparable Pricing:		
Comparable loan price	70 to 84 points (74 points)	—
<b>MABS</b>	\$ 20	\$ 18
Comparable pricing:		
Comparable bond pricing	89 to 99 points (95 points)	95 to 99 points (97 points)
<b>Corporate Equities</b>	\$ 31	\$ —
Comparable pricing:		
Equity price	100 %	—
<b>Loans</b>	\$ 521	\$ 396
Comparable pricing:		
Comparable loan price	30 to 105 points (86 points)	35 to 102 points (82 points)
<b>Net Derivative contracts</b>		
<b>Foreign exchange<sup>2</sup></b>	\$ (6)	\$ 105
Deal contingent probability	—	95% to 95 % (95 %, 95 %)
Foreign exchange volatility skew	—	5% to 10 % (8 %, 8 %) 77% to 109% (88%, 87%)
Interest rate volatility skew	—	—
Interest rate curve	—	-1% to 10% (1%, 0.05%)
<b>Equity<sup>2</sup></b>	\$ (16)	\$ 35
Option model:		
Equity volatility	3% to 74% (21%)	3% to 59% (17%)
Equity volatility skew	-8 % to 2 % (-2%)	-8% to 1% (-1%)
Equity correlation	15% to 100% (72%)	20% to 100% (71%)
FX correlation	-63% to 34% (-25%)	-71% to 34% (-24 %)
<b>Interest rate<sup>2</sup></b>	\$ 493	\$ 336
Option model:		
IR volatility skew	63% to 105% (71%, 72%)	63% to 101% (75%, 81%)
IR curve correlation	53% to 99% (85%, 86%)	52% to 99% (83%, 85%)
Bond volatility	1 bps - 56 bps (41 bps, 56 bps)	1 bps - 36 bps (28 bps, 36 bps)
Inflation volatility	32% to 67% (44%, 40%)	32% to 67% (44%, 40%)
<b>Credit<sup>2</sup></b>	\$ 28	\$ 16
ISWAP model:		
Lapse rate	1.75% to 1.75% (1.75%)	1.75% to 1.75% (1.75 %)
Credit default swap model:		
Credit spread	30 bps - 598 bps (101 bps)	30 bps - 585 bps (94 bps)
<b>Other Derivative Contracts<sup>2</sup></b>	\$ (9)	\$ (9)
Discounted Cash Flow		
Funding Spread	0 bps - 597 bps (72 bps)	23 bps - 471 bps (81 bps)
<b>Liabilities</b>		
<b>Interest-bearing deposits</b>	\$ 1	\$ 1
Option model:		

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

Equity volatility		N/M		N/M
<b>Other secured financings</b>	\$	26	\$	28
Comparable pricing:				
Loan price		<b>87 to 89 points (89 points)</b>		84 to 84 points (84 points)
<b>Borrowings</b>	\$	<b>12</b>	\$	5
Option Model:				
Equity volatility		<b>18% to 66% (44%)</b>		16 to 90 % (32 %)
Equity volatility skew		<b>-3% to 0% (-1%)</b>		-2% to 0% (-1%)
Equity correlation		<b>23% to 98% (69%)</b>		24% to 98% (67%)
Equity - FX correlation		<b>-50% to 21% (-27%)</b>		-70% to 4% (-36%)
<b>Nonrecurring Fair Value Measurement</b>				
<b>Loans</b>	\$	<b>678</b>	\$	386
Corporate Loan Model:				
Credit spread		<b>96 bps - 298 bps (195 bps)</b>		103 bps - 363 bps (201bps)
Warehouse Model:				
Credit spread		<b>72 bps - 121 bps (100 bps)</b>		66 bps - 113 bps (83 bps)
Comparable Pricing:				
Comparable loan price		<b>57 to 57 points (57 points)</b>		57 to 57 points (57 points)

Points—Percentage of par

IR—Interest rate

ISWAP—Insurance Swap

FX—Foreign exchange

1. A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are more relevant.

2. Includes derivative contracts with multiple risks (i.e., hybrid products).

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

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

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

- *Comparable Equity Price.* A price derived from equity raises, share buybacks and external bid levels, etc. A discount or premium may be included in the fair value estimate.
- *Contingency Probability.* Probability associated with the realization of an underlying event upon which the value of an asset is contingent.

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

- *Cash-Synthetic Basis.* The measure of the price differential between cash financial instruments and their synthetic derivative-based equivalents. The range disclosed in the previous table signifies the number of points by which the synthetic bond equivalent price is higher than the quoted price of the underlying cash bonds.
- *Funding Spread.* The cost of borrowing defined as the incremental spread over the overnight index swap ("OIS") rate for a specific collateral rate (which refers to the rate applicable to a specific type of security pledged as collateral).

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

- *Correlation.* A pricing input where the payoff is driven by more than one underlying risk. Correlation is a measure of the relationship between the movement of two variables (i.e., how the change in one variable influences a change in the other variable).
- *Interest Rate Curve.* The term structure of interest rates (relationship between interest rates and the time to maturity) and a market's measure of future interest rates at the time of observation. An interest rate curve is used to set interest rate and foreign exchange derivative cash flows and is a pricing input used in the discounting of any OTC derivative cash flow.

### Net Asset Value Measurements

#### Fund Interests

\$ in millions	At March 31, 2026		At December 31, 2025	
	Carrying Value	Unfunded Commitments	Carrying Value	Unfunded Commitments
Private equity funds	\$ 170	\$ 47	\$ 159	\$ 47
Real estate funds	1,521	2	1,494	2
<b>Total</b>	<b>\$ 1,691</b>	<b>\$ 49</b>	<b>\$ 1,653</b>	<b>\$ 49</b>

Amounts in the previous table represent the Bank's carrying value of general and limited partnership interests in fund investments, as well as any related performance-based income in the form of carried interest. The carrying amounts are measured based on the 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 2025 Annual Report.

#### Nonredeemable Funds by Contractual Maturity

\$ in millions	Carrying value at March 31, 2026	
	Private Equity	Real Estate
Less than 5 years	\$ 123	\$ 656
5-10 years	47	865
<b>Total</b>	<b>\$ 170</b>	<b>\$ 1,521</b>

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

### Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

\$ in millions	At March 31, 2026		
	Carrying Value	Level 2	Level 3
<b>Assets</b>			
Loans	\$ 2,449	\$ 1,771	\$ 678
<b>Liabilities</b>			
Other liabilities and accrued expenses	\$ 25	\$ 11	\$ 14
At December 31, 2025			
\$ in millions	Carrying Value	Level 2	Level 3
<b>Assets</b>			
Loans	\$ 1,718	\$ 1,332	\$ 386
<b>Liabilities</b>			
Other liabilities and accrued expenses	\$ 10	\$ 8	\$ 2

### Gains (Losses) from Nonrecurring Fair Value Remeasurements

\$ in millions	Three Months Ended March 31,	
	2026	2025
<b>Assets</b>		
Loans <sup>1</sup>	\$ (60)	\$ (9)
<b>Liabilities</b>		
Other liabilities and accrued expenses <sup>2</sup>	\$ (5)	\$ 2

1. Gains (losses) are recorded within Other revenues in the income statement.

2. Non-recurring changes in the fair value of loans and lending commitments, which exclude the impact of related economic hedges, are calculated as follows: for the held for investment category, based on the value of the underlying collateral; and for the held for sale category, based on recently executed transactions, market price quotations, valuation models that incorporate market observable inputs where possible, such as comparable loan or debt prices and CDS spread levels adjusted for any basis difference between cash and derivative instruments, or default recovery analysis where such transactions and quotations are unobservable.

### Financial Instruments Not Measured at Fair Value

\$ in millions	At March 31, 2026				
	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets</b>					
Cash and cash equivalents	\$ 65,759	\$ 65,759	\$ —	\$ —	\$ 65,759
Investment securities—HTM	21,353	6,150	11,213	1,370	18,733
Securities purchased under agreements to resell	31,687	—	30,857	725	31,582
Securities borrowed	5,659	—	5,659	—	5,659
Customer and other receivables <sup>1</sup>	12,403	—	12,403	—	12,403
<b>Loans<sup>2</sup></b>					
Held for investment	95,228	—	26,935	68,766	95,701
Held for sale	13,466	—	8,040	5,441	13,481
Other assets <sup>3</sup>	1,749	—	646	890	1,536
<b>Financial liabilities</b>					
Deposits	\$ 249,095	\$ —	\$ 249,391	\$ —	\$ 249,391
Securities sold under agreements to repurchase	14,969	—	14,969	—	14,969
Securities loaned	5,699	—	5,699	—	5,699
Other secured financings	625	—	371	254	625
Customer and other payables <sup>1</sup>	13,255	—	13,255	—	13,255
Other liabilities and accrued expenses	1,950	—	1,531	419	1,950
Borrowings	21,616	—	21,718	—	21,718
Commitment Amount					
Lending commitments <sup>4</sup>	\$ 160,311	\$ —	\$ 1,056	\$ 726	\$ 1,782

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

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

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

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

## 7. Fair Value Option

### Fair Value Option

The Bank has elected the fair value option for certain eligible instruments that are risk managed on a fair value basis to mitigate income statement volatility caused by measurement basis differences between the elected instruments and their associated risk management transactions or to eliminate complexities of applying certain accounting models.

### Borrowings Measured at Fair Value on a Recurring Basis

\$ in millions	At March 31, 2026	At December 31, 2025
<b>Business Unit Responsible for Risk Management</b>		
Equity	\$ 2,498	\$ 2,755
Interest rates	1,638	1,731
Foreign exchange	45	62
Total	\$ 4,181	\$ 4,548

### Net Revenues from Liabilities under the Fair Value Option

\$ in millions	Trading Revenues	Interest Expense	Net Revenues <sup>1</sup>
<b>Three Months Ended March 31, 2026</b>			
Borrowings	\$ 30	\$ 12	\$ 18
Deposits	39	33	6
<b>Three Months Ended March 31, 2025</b>			
Borrowings	\$ (33)	\$ 4	\$ (37)
Deposits	(25)	27	(52)

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

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

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

\$ in millions	Three Months Ended March 31,			
	2026		2025	
	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables <sup>1</sup>	\$ 25	\$ —	\$ (1)	
Deposits	—	5		31
Borrowings	—	21		5

\$ in millions	At March 31, 2026	At December 31, 2025
Cumulative pre-tax DVA gain (loss) recognized in AOCI	\$ (2)	\$ (28)

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

### Difference between Contractual Principal and Fair Value<sup>1</sup>

\$ in millions	At March 31, 2026	At December 31, 2025
Loans and other receivables <sup>2</sup>	\$ 1,033	\$ 686
Nonaccrual loans <sup>2</sup>	870	514

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

### Fair Value Loans on Nonaccrual Status

\$ in millions	At March 31, 2026	At December 31, 2025
Nonaccrual loans	\$ 642	\$ 527
Nonaccrual loans 90 or more days past due	54	48

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

### 8. Cash and Cash Equivalents

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Cash and due from banks	\$ 201	\$ 396
Interest bearing deposits with banks	65,558	34,009
<b>Total Cash and cash equivalents</b>	<b>\$ 65,759</b>	<b>\$ 34,405</b>
Restricted cash	\$ 6,628	\$ 3,972

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

### 9. Collateralized Transactions

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

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

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

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

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

### Offsetting of Certain Collateralized Transactions

<i>\$ in millions</i>	At March 31, 2026				
	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset <sup>1</sup>	Net Amounts
<b>Assets</b>					
Securities purchased under agreements to resell	\$ 106,061	\$ (74,374)	\$ 31,687	\$ (31,397)	\$ 290
Securities borrowed	5,659	—	5,659	(5,604)	55
<b>Liabilities</b>					
Securities sold under agreements to repurchase	\$ 89,343	\$ (74,374)	\$ 14,969	\$ (14,127)	\$ 842
Securities loaned	5,699	—	5,699	(5,680)	19
<b>Amounts for which master netting agreements are not in place or may not be legally enforceable, included in Net Amounts</b>					
Securities purchased under agreements to resell					\$ 183
Securities borrowed					8
Securities sold under agreements to repurchase					831

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

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

For information related to offsetting of derivatives, see Note 13.

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

### Gross Secured Financing Balances by Remaining Contractual Maturity

\$ in millions	At March 31, 2026				
	Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	\$ 76,657	\$ 5,649	\$ 4,533	\$ 2,504	\$ 89,343
Securities loaned	5,699	—	—	—	5,699
Total included in the offsetting disclosure	\$ 82,356	\$ 5,649	\$ 4,533	\$ 2,504	\$ 95,042

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

### Gross Secured Financing Balances by Class of Collateral Pledged

\$ in millions	At March 31, 2026		At December 31, 2025	
<b>Securities sold under agreements to repurchase</b>				
U.S. Treasury and agency securities	\$	2,764	\$	23,359
Other sovereign government obligations		77,375		73,504
Corporate equities		2,000		518
Other		7,204		4,653
Total	\$	89,343	\$	102,034
<b>Securities loaned</b>				
Other sovereign government obligations	\$	13	\$	16
Corporate equities		5,438		5,614
Other		248		768
Total	\$	5,699	\$	6,398
Total included in the offsetting disclosure	\$	95,042	\$	108,432

### Assets Loaned or Pledged

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

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

The fair value of assets loaned or pledged with counterparty right to sell or repledge was \$23 billion and \$38 billion at March 31, 2026 and December 31, 2025, respectively.

The carrying value of assets loaned or pledged without counterparty right to sell or repledge was \$7 billion and \$2 billion at March 31, 2026 and December 31, 2025, respectively.

### Fair Value of Collateral Received with Right to Sell or Repledge

The Bank receives collateral in the form of securities in connection with its OTC derivative transactions, securities

purchased under agreements to resell and securities borrowed. In many cases, the Bank is permitted to sell or repledge these securities held as collateral and use the securities to collateralize OTC derivatives, securities sold under agreements to repurchase and securities loaned. At March 31, 2026 and December 31, 2025, the fair value of financial instruments received as collateral where the Bank is permitted to sell or repledge the securities was \$127 billion and \$134 billion, respectively. At March 31, 2026 and December 31, 2025, the fair value of securities that had been sold or repledged was \$101 billion and \$110 billion, respectively.

## 10. Deposits

### Deposits

\$ in millions	At March 31, 2026		At December 31, 2025	
Savings and demand deposits <sup>1</sup>	\$	199,809	\$	161,549
Time deposits <sup>2,3</sup>		54,537		52,239
<b>Total deposits</b>	\$	254,346	\$	213,788
Deposits subject to FDIC insurance	\$	171,444	\$	164,834
Deposits not subject to FDIC insurance	\$	82,902	\$	48,954

1. Primarily includes deposits from the Parent and affiliated entities, see Note 12.
2. Includes Structured CDs at fair value of \$5.3 billion and \$5.2 billion as of March 31, 2026 and December 31, 2025, respectively.
3. The contractual liability to depositors is \$54.5 billion and \$52.2 billion at March 31, 2026 and December 31, 2025, respectively.

### Time Deposit Maturities

\$ in millions	At March 31, 2026	
2026	\$	17,478
2027		14,115
2028		10,200
2029		6,141
2030		5,337
Thereafter		1,266
<b>Total</b>	\$	54,537

### Uninsured Non-U.S. Time Deposit Maturities

\$ in millions	At March 31, 2026	
Less than 3 months	\$	106
3 - 6 months		413
6 - 12 months		176
Over 12 months		75
<b>Total</b>	\$	770

### Deposits in Subsidiaries from Non-U.S. Depositors

\$ in millions	At March 31, 2026		At December 31, 2025	
Deposits in subsidiaries from non-U.S. depositors	\$	770	\$	574

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

### 11. Borrowings; and Other Secured Financings

#### Borrowings

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Original maturities of one year or less	\$ 1,526	\$ 4,200
<b>Original maturities greater than one year:</b>		
Senior	\$ 22,539	\$ 22,537
Subordinated	1,732	9,617
<b>Total greater than one year</b>	<b>24,271</b>	<b>32,154</b>
<b>Total</b>	<b>\$ 25,797</b>	<b>\$ 36,355</b>
Weighted average stated maturity, in years <sup>1</sup>	2.3	2.1

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

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

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

#### Senior Debt Subject to Liquidity Obligations

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Liquidity obligations <sup>1</sup>	65	66

1. Includes obligations to support secondary market trading.

#### Subordinated debt

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Contractual weighted average coupon	3.64 %	4.85 %

Maturities of subordinated debt range from 2026 to 2031.

#### Other Secured Financings

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Original maturities:		
One year or less	\$ —	\$ 170
Greater than one year	2,363	2,335
<b>Total</b>	<b>\$ 2,363</b>	<b>\$ 2,505</b>
Transfers of assets accounted for as secured financings	\$ 1,160	\$ 1,022

Other secured financings include the liabilities related to transfers of financial assets that are accounted for as financings rather than sales and consolidated VIEs where the Bank is deemed to be the primary beneficiary. These liabilities are generally payable from the cash flows of the related assets accounted for as Trading assets, AFS securities and HFI and HFS loans. See Note 16 for further information on other secured financings related to VIEs and securitization activities.

For transfers of assets that fail to meet accounting criteria for a sale, the Bank continues to record the assets and recognizes the associated liabilities in the balance sheet.

The Bank may also execute secured financings with the FRB and FHLB of New York. As of both March 31, 2026 and December 31, 2025, the Bank did not have any outstanding secured financings from the FRB or FHLB.

### 12. Related Party Transactions

#### Assets and receivables from Parent and affiliated companies

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Cash and cash equivalents	\$ 2	\$ —
Trading assets, at fair value	618	529
Securities purchased under agreements to resell	21,170	25,071
Securities borrowed	4,859	4,181
Customer and other receivables	6,869	3,844
Other assets	2	2
<b>Total</b>	<b>\$ 33,520</b>	<b>\$ 33,627</b>

#### Liabilities and payables to Parent and affiliated companies

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Deposits	\$ 36,930	\$ 9,757
Trading liabilities, at fair value	1,078	5,172
Securities sold under agreements to repurchase	11,330	29,162
Securities loaned	5,681	6,382
Other secured financings at fair value	695	425
Customer and other payables	3,275	1,643
Other liabilities and accrued expenses	1,495	636
Borrowings	8,011	16,776
<b>Total</b>	<b>\$ 68,495</b>	<b>\$ 69,953</b>

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

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

**Revenues and expenses resulting from transactions with Parent and affiliated companies**

\$ in millions	Three Months Ended March 31,	
	2026	2025
<b>Revenues</b>		
Investment banking	\$ 63	\$ 13
Trading	2,172	(1,279)
Commissions and fees	375	347
Other	1	1
<b>Total non-interest revenues</b>	<b>2,611</b>	<b>(918)</b>
Interest income	440	477
Interest expense	676	903
<b>Net interest</b>	<b>\$ (236)</b>	<b>\$ (426)</b>
<b>Net Revenues</b>	<b>2,375</b>	<b>(1,344)</b>
<b>Non-interest expenses</b>		
General and administrative	440	429
Compensation and benefits	120	115
<b>Total Non-interest expenses</b>	<b>\$ 560</b>	<b>\$ 544</b>

**Assets**

Trading assets were primarily driven by outstanding derivative contracts in the normal course of business and were primarily with Morgan Stanley & Co. International plc (“MSIP”) and Morgan Stanley Senior Funding, Inc (‘MSSF’).

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

Securities purchased under agreements to resell were with Morgan Stanley & Co. LLC (“MS&Co.”) and MSIP. For further information, see Note 9.

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

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

**Liabilities**

Deposits primarily included overnight deposits from the Parent and affiliated entities of \$36.9 billion and \$9.7 billion as of March 31, 2026 and December 31, 2025, respectively. Additionally, the balance included cash collateral primarily received from the Parent for the purpose of securing credit transactions between the Bank and its affiliated entities of \$3.6

billion and \$1.5 billion at March 31, 2026 and at December 31, 2025, respectively.

Trading liabilities were primarily driven by outstanding derivative contracts in the normal course of business and were primarily with MSCS, MSIP and MS&Co.

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

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

Other secured financings included funded loan sub-participations with affiliates of \$0.6 billion and \$0.4 billion at March 31, 2026 and at December 31, 2025, respectively, where they fail the derecognition criteria. The balance also included OTC derivative contracts with affiliated entities which are not classified as Trading liabilities because they fail net investment criteria as described further in Note 11.

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

Other liabilities and accrued expenses consisted of payables to affiliated entities, primarily driven by intercompany transactions and unsettled trades. The balance also included taxes payable to Parent of \$748 million and \$427 million at March 31, 2026 and December 31, 2025, respectively.

Borrowings primarily consisted of various debt instruments issued to the Parent, as well as the intercompany loan the Bank received from MSPBNA in accordance with the U.S. Bank Master Funding Agreement.

**Revenues and Expenses**

Non-interest revenues were driven by the Bank’s trading activities, as well as certain of its lending activities including economic hedges, and were primarily with MSIP, the Parent and MS&Co. Non-interest revenues also included Fee income primarily consisted of fees earned from MS&Co. and MSIP and compensates the Bank for relationship priced loans granted to clients of the affiliated entities.

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

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

## Notes to Consolidated Financial Statements (Unaudited)

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

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

General and administrative expenses primarily consisted of the following:

- The Bank incurred expenses from certain affiliated entities in connection with its trading activities, and for professional services, marketing and business development, and other miscellaneous items. The amount of expenses incurred for these services was \$267 million and \$253 million in current and prior year quarter, respectively.
- Service Level Agreements whereby affiliated entities provided lending, legal and compliance, credit risk management and other services. The amount of expenses incurred by the Bank for these services was \$128 million and \$122 million in current and prior year quarter, respectively.
- Service Level Agreements whereby affiliated entities provided information technology services, for which the Bank incurred expenses of \$21 million in both current and prior year quarter.
- The Bank paid service fees to MSSB in connection with deposits sourced from clients of those affiliated entities. The amount of service fees incurred was \$16 million and \$22 million in current and prior year quarter, respectively.
- The Bank received operational, administrative, and risk management support services from the Bank’s affiliated entities. Certain affiliated entities charged the Bank for compensation and benefits related to certain employees who primarily supported the Bank. The amount of expenses incurred by the Bank for these services was \$120 million and \$115 million in current and prior year quarter, respectively.

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

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

At March 31, 2026 and December 31, 2025, the Bank had a fully-secured lending commitment to MSIP of \$5.8 billion and \$5.9 billion, respectively. The above commitment had a contractual term of 364 days.

The Bank received guarantees of \$122 million and \$336 million from MSSF related to loans and loan commitments to clients at

March 31, 2026 and December 31, 2025, respectively. Furthermore, sub-participation agreements with other affiliated entities are in place in relation to loans and loan commitments to clients of \$2.9 billion and \$3.0 billion at March 31, 2026 and December 31, 2025, respectively.

### 13. Derivative Instruments and Hedging Activities

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

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

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

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

### Fair Values of Derivative Contracts

\$ in millions	Assets at March 31, 2026			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	4	1	—	5
<b>Total</b>	<b>4</b>	<b>1</b>	<b>—</b>	<b>5</b>
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	6	—	—	6
<b>Other derivatives</b>				
Interest rate	402,932	10,223	204	413,359
Credit	12,639	2,892	—	15,531
Foreign exchange	95,481	—	11	95,492
Equity	12,609	—	4,897	17,506
Commodity and other	5,399	—	—	5,399
<b>Total</b>	<b>529,066</b>	<b>13,115</b>	<b>5,112</b>	<b>547,293</b>
<b>Total gross derivatives</b>	<b>\$ 529,070</b>	<b>\$ 13,116</b>	<b>\$ 5,112</b>	<b>\$ 547,298</b>
<b>Amounts offset</b>				
Counterparty netting	(483,210)	(11,902)	(4,941)	(500,053)
Cash collateral netting	(34,875)	(935)	—	(35,810)
<b>Total in Trading assets</b>	<b>\$ 10,985</b>	<b>\$ 279</b>	<b>\$ 171</b>	<b>\$ 11,435</b>
<b>Amounts not offset<sup>1</sup></b>				
Financial instruments collateral	(5,881)	—	—	(5,881)
<b>Net amounts</b>	<b>\$ 5,104</b>	<b>\$ 279</b>	<b>\$ 171</b>	<b>\$ 5,554</b>
Amounts for which master netting or collateral agreements are not in place or may not be legally enforceable, included in Net amounts				<b>\$ 254</b>

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

\$ in millions	OTC Liabilities at March 31, 2026			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	23	—	—	23
Foreign exchange	68	—	—	68
<b>Total</b>	<b>91</b>	<b>—</b>	<b>—</b>	<b>91</b>
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	24	—	—	24
<b>Other derivatives</b>				
Interest rate	385,712	9,029	160	394,901
Credit	12,067	3,243	—	15,310
Foreign exchange	91,554	—	139	91,693
Equity	13,574	—	5,035	18,609
Commodity and other	6,194	—	—	6,194
<b>Total</b>	<b>509,125</b>	<b>12,272</b>	<b>5,334</b>	<b>526,731</b>
<b>Total gross derivatives</b>	<b>\$ 509,216</b>	<b>\$ 12,272</b>	<b>\$ 5,334</b>	<b>\$ 526,822</b>
<b>Amounts offset</b>				
Counterparty netting	(483,211)	(11,902)	(4,941)	(500,054)
Cash collateral netting	(17,834)	(348)	—	(18,182)
<b>Total in Trading liabilities</b>	<b>\$ 8,171</b>	<b>\$ 22</b>	<b>\$ 393</b>	<b>\$ 8,586</b>
<b>Amounts not offset<sup>1</sup></b>				
Financial instruments collateral	(1,678)	—	—	(1,678)
<b>Net amounts</b>	<b>\$ 6,493</b>	<b>\$ 22</b>	<b>\$ 393</b>	<b>\$ 6,908</b>

Amounts for which master netting or collateral agreements are not in place or may not be legally enforceable, included in Net amounts

\$ 301

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

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

## Notes to Consolidated Financial Statements (Unaudited)

Morgan Stanley Bank, N.A.

### Notional of Derivative Contracts

\$ in billions	Assets at March 31, 2026			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	—	35	—	35
<b>Not designated as accounting hedges</b>				
<b>Other derivatives</b>				
Interest rate	18,012	3,674	136	21,822
Credit	602	118	—	720
Foreign exchange	4,360	—	7	4,367
Equity	399	—	66	465
Commodity and other	56	—	—	56
<b>Total</b>	<b>23,429</b>	<b>3,792</b>	<b>209</b>	<b>27,430</b>
<b>Total gross derivatives</b>	<b>\$ 23,429</b>	<b>\$ 3,827</b>	<b>\$ 209</b>	<b>\$ 27,465</b>

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

\$ in billions	Liabilities at March 31, 2026			
	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
<b>Designated as accounting hedges</b>				
Interest rate	1	103	—	104
Foreign Exchange	11	—	—	11
<b>Total</b>	<b>12</b>	<b>103</b>	<b>—</b>	<b>115</b>
<b>Not designated as accounting hedges</b>				
<b>Economic hedges of loans</b>				
Credit	1	—	—	1
<b>Other derivatives</b>				
Interest rate	18,378	3,739	353	22,470
Credit	585	132	—	717
Foreign exchange	4,372	—	16	4,388
Equity	450	—	66	516
Commodity and other	52	—	—	52
<b>Total</b>	<b>23,838</b>	<b>3,871</b>	<b>435</b>	<b>28,144</b>
<b>Total gross derivatives</b>	<b>\$ 23,850</b>	<b>\$ 3,974</b>	<b>\$ 435</b>	<b>\$ 28,259</b>

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

The notional amounts of derivative contracts generally overstate the Bank's exposure. In most circumstances, notional amounts are used only as a reference point from which to calculate amounts owed between the parties to the contract. Furthermore, notional amounts do not reflect the benefit of legally enforceable netting arrangements or risk mitigating transactions.

### Gains (Losses) on Accounting Hedges<sup>2</sup>

\$ in millions	Three Months Ended March 31,	
	2026	2025
<b>Fair value hedges—Recognized in Interest income</b>		
Interest rate contracts	\$ 209	\$ (370)
Investment Securities—AFS	(212)	371
<b>Fair value hedges—Recognized in Interest expense</b>		
Interest rate contracts	\$ (206)	\$ 85
Deposits	156	(41)
Borrowings	49	(42)
<b>Net investment hedges—Foreign exchange</b>		
Recognized in OCI	\$ (56)	\$ —
Forward points excluded from hedge effectiveness testing—Recognized in Interest income	5	—
<b>Cash flow hedges—Interest rate contracts<sup>1</sup></b>		
Recognized in OCI	\$ (277)	\$ 17
Less: Realized gains (losses) (pre-tax) reclassified from AOCI to interest income	(2)	(5)
Net change in cash flow hedges included within AOCI	(275)	22

- For the three months ended March 31, 2026, there were no forecasted transactions that failed to occur. The net gains (losses) associated with cash flow hedges expected to be reclassified from AOCI within 12 months as of March 31, 2026 is approximately \$15 million. The maximum length of time over which forecasted cash flows are hedged is 37 months.
- Cashflow and fair value hedges are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and the acquisition of the MSESE Group in the first quarter of 2026, as it did not result in changes to our historically reported balances in the above table. Net Investment hedges are presented prospectively as of reparenting date since these relations did not exist in the comparative period.

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

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

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

<i>\$ in millions</i>	Changes in Net Unrealized Gains (Losses) on Cash Flow Hedges	
	Three Months Ended March 31,	
	2026	2025
Beginning Balance	\$ 29	\$ (35)
Other comprehensive income (loss) before reclassifications	(211)	13
Amounts reclassified from AOCI	2	4
Net other comprehensive income (loss) during the period	(209)	17
Ending Balance	\$ (180)	\$ (18)

**Fair Value Hedges—Hedged Items**

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
<b>Investment securities—AFS</b>		
Amortized cost basis currently or previously hedged <sup>1</sup>	\$ 30,593	\$ 35,474
Basis adjustments included in amortized cost – Outstanding hedges	\$ 203	\$ 314
Basis adjustments included in amortized cost – Terminated hedges	\$ 6	\$ 8
<b>Deposits</b>		
Carrying amount currently or previously hedged	\$ 34,519	\$ 31,523
Basis adjustments included in carrying amount – Outstanding hedges	\$ (56)	\$ 101
<b>Borrowings</b>		
Carrying amount currently or previously hedged	\$ 10,559	\$ 12,105
Basis adjustments included in carrying amount – Outstanding hedges	\$ 23	\$ 72

1. Carrying amount represents the amortized cost, net of allowance if applicable. As of March 31, 2026 and December 31, 2025, the amortized cost of the portfolio layer method closed portfolios was \$576 million and \$589 million respectively. The Bank designated \$703 million as hedged amounts, as of March 31, 2026 and December 31, 2025 respectively, representing the total notional value of all outstanding layers in each portfolio including both spot-starting and forward-starting layers. The cumulative amount of basis adjustments was \$0 million as of March 31, 2026 and \$2 million as of December 31, 2025. Refer to Note 2 and 5 for additional information.

**Gains (Losses) on Economic Hedges of Loans**

<i>\$ in millions</i>	Three Months Ended March 31,	
	2026	2025
<b>Recognized in Other revenues</b>		
Credit <sup>1</sup>	\$ 11	\$ (22)

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

**Net Derivative Liabilities and Collateral Posted**

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Net derivative liabilities with credit risk-related contingent features	\$ (4,372)	\$ (4,685)
Collateral posted	(3,777)	(3,918)

The previous table presents the aggregate fair value of certain derivative contracts that contain credit risk-related contingent features that are in a net liability position for which the Bank has posted collateral in the normal course of business.

**Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade**

<i>\$ in millions</i>	At March 31, 2026
One-notch downgrade	\$ (43)
Two-notch downgrade	(43)
Bilateral downgrade agreements included in the amounts above <sup>1</sup>	\$ (84)

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

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

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

**Trading Revenues by Product Type**

<i>\$ in millions</i>	Three Months Ended March 31,	
	2026	2025
Interest rate	\$ 200	\$ 291
Foreign exchange	177	138
Equity <sup>1</sup>	603	469
Credit	111	(62)
Commodity and other	87	108
<b>Total</b>	<b>\$ 1,178</b>	<b>\$ 944</b>

1. Dividend income is included within equity contracts.

**Credit Derivatives**

The Bank enters into credit derivatives, principally CDS, under which it receives or provides protection against the risk of default on a set of debt obligations issued by a specified reference entity or entities. A majority of the Bank's counterparties for these derivatives are banks, broker-dealers, and insurance and other financial institutions.

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

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

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

**Protection Purchased with CDS**

<i>\$ in millions</i>	Notional	
	At March 31, 2026	At December 31, 2025
Single name	\$ 206,709	\$ 184,891
Index and basket	481,552	348,900
Tranched index and basket	38,119	31,374
<b>Total</b>	<b>\$ 726,380</b>	<b>\$ 565,165</b>

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

<i>\$ in millions</i>	Fair Value Asset (Liability)	
	At March 31, 2026	At December 31, 2025
Single name	\$ (2,995)	\$ (3,693)
Index and basket	(7,138)	(6,527)
Tranched index and basket	(818)	(983)
<b>Total</b>	<b>\$ (10,951)</b>	<b>\$ (11,203)</b>

**Maximum Potential Payout/Notional of Credit Protection Sold<sup>1</sup>**

<i>\$ in billions</i>	Years to Maturity at March 31, 2026					Total
	< 1	1-3	3-5	Over 5		
<b>Single-name CDS</b>						
Investment grade	\$ 25	\$ 47	\$ 50	\$ 19	\$ 141	
Non-investment grade	9	18	18	4	49	
<b>Total</b>	<b>\$ 34</b>	<b>\$ 65</b>	<b>\$ 68</b>	<b>\$ 23</b>	<b>\$ 190</b>	
<b>Index and basket CDS</b>						
Investment grade	\$ 8	\$ 16	\$ 19	\$ 3	\$ 46	
Non-investment grade	26	89	287	73	475	
<b>Total</b>	<b>\$ 34</b>	<b>\$ 105</b>	<b>\$ 306</b>	<b>\$ 76</b>	<b>\$ 521</b>	
<b>Total CDS sold</b>	<b>\$ 68</b>	<b>\$ 170</b>	<b>\$ 374</b>	<b>\$ 99</b>	<b>\$ 711</b>	
Other credit contracts	—	—	—	2	2	
<b>Total credit protection sold</b>	<b>\$ 68</b>	<b>\$ 170</b>	<b>\$ 374</b>	<b>\$ 101</b>	<b>\$ 713</b>	
CDS protection sold with identical protection purchased					\$ 649	

Years to Maturity at December 31, 2025

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

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

**Fair Value Asset (Liability) of Credit Protection Sold<sup>1,2,3</sup>**

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
<b>Single-name CDS</b>		
Investment grade	\$ 2,563	\$ 2,893
Non-investment grade	344	796
<b>Total</b>	<b>\$ 2,907</b>	<b>\$ 3,689</b>
<b>Index and basket CDS</b>		
Investment grade	\$ 1,225	\$ 1,173
Non-investment grade	6,906	6,295
<b>Total</b>	<b>\$ 8,131</b>	<b>\$ 7,468</b>
<b>Total CDS sold</b>	<b>\$ 11,038</b>	<b>\$ 11,157</b>
Other credit contracts	115	—
<b>Total credit protection sold</b>	<b>\$ 11,153</b>	<b>\$ 11,157</b>

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

**14. Assets Sold with Retained Exposure**

<i>\$ in millions</i>	At March 31, 2026	At December 31, 2025
Gross cash proceeds from sale of assets <sup>1</sup>	\$ 2,563	\$ 2,206
<b>Fair value</b>		
Assets sold	2,573	2,168
Derivative assets recognized in the balance sheet	10	—
Derivative liabilities recognized in the balance sheet	—	38

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

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

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for additional information on transactions with affiliated companies.

### 15. Commitments, Contingencies and Guarantees

#### Commitments

\$ in millions	Years to Maturity at March 31, 2026				
	Less than 1	1-3	3-5	Over 5	Total
<b>Lending:</b>					
Corporate	\$ 17,710	\$ 36,105	\$ 61,794	\$ 3,461	\$119,070
Secured lending facilities	5,412	7,590	10,132	6,416	29,550
Commercial and Residential real estate	422	45	84	—	551
Securities-based lending and Other	9,223	1,889	229	502	11,843
Reverse repurchase commitment <sup>1</sup>	3,000	—	—	—	3,000
Forward-starting secured financing receivables <sup>2</sup>	92,525	1,593	—	—	94,118
Central counterparty	300	—	—	—	300
Investment activities	262	13	15	—	290
Letters of Credit and other financial guarantees	—	—	—	2	2
<b>Total</b>	<b>\$128,854</b>	<b>\$ 47,235</b>	<b>\$ 72,254</b>	<b>\$ 10,381</b>	<b>\$258,724</b>

Lending commitments participated to third parties and affiliated entities \$ 9,039

1. For further information, see Note 12.

2. Forward-starting secured financing receivables are generally settled within three-business days.

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

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

#### Contingencies

##### Legal

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

The Bank is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by government or other regulatory agencies regarding the Bank's business and involving, among other matters, sales, financing, prime brokerage, market-making activities, investment banking

advisory services, capital markets activities, financial products or offerings sponsored, underwritten or sold by the Bank and its affiliates, and tax, accounting, and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on our ability to conduct certain business, or other relief.

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

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

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

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

While the Bank has identified below certain proceedings or investigations that the Bank believes to be material, individually

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or collectively, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined to be probable or reasonably possible. Proceedings identified below include those relevant to the Bank following the Reorganization described in Note 1.

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

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

**Guarantees**

	At March 31, 2026					Carrying Amount Asset (Liability)
	Maximum Potential Payout/Notional of Obligations by Years to Maturity					
	Less than 1	1-3	3-5	Over 5		
<i>\$ in millions</i>						
Non-credit derivatives <sup>1</sup>	1,169,771	679,766	177,689	678,913		(38,806)
Letters of credit <sup>2</sup>	607	356	825	2,465		91
Liquidity facilities	3,458	—	—	—		3
Sideletters	65	—	—	—		—
<b>Total</b>	<b>\$1,173,901</b>	<b>\$680,122</b>	<b>\$178,514</b>	<b>\$681,378</b>		<b>\$(38,712)</b>

- The carrying amounts of derivative contracts that meet the accounting definition of a guarantee are shown on a gross basis. For further information on derivative contracts, see Note 13.
- These amounts include certain issued standby letters of credit participated to third parties and affiliated entities, 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, 2026, the carrying amount of standby letters of credit and other financial guarantees issued includes allowance for credit losses of \$9 million.

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

**Other Guarantees**

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

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

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

**16. Variable Interest Entities**

As of March 31, 2026, the Bank consolidated VIEs with assets and liabilities of \$1.2 billion and \$1.1 billion, respectively; as of December 31, 2025, comparable assets and liabilities were \$1.5 billion and \$1.4 billion, respectively.

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

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### Non-consolidated VIEs

\$ in millions	At March 31, 2026				
	MABS <sup>1</sup>	CDO	MTOB	OSF	Other <sup>2</sup>
VIE assets (UPB)	\$154,927	\$ 415	\$ 4,862	\$ 1,235	\$ 51,311
<b>Maximum exposure to loss<sup>3</sup></b>					
Debt and equity interests	\$ 24,638	\$ 10	\$ —	\$ 1,165	\$ 5,488
Derivative and other contracts	—	—	3,458	—	—
Commitments, guarantees and other	10,582	—	—	—	100
<b>Total</b>	<b>\$ 35,220</b>	<b>\$ 10</b>	<b>\$ 3,458</b>	<b>\$ 1,165</b>	<b>\$ 5,588</b>
<b>Carrying value of variable interest—Assets</b>					
Debt and equity interests	\$ 24,638	\$ 10	\$ —	\$ 1,018	\$ 5,488
Derivative and other contracts	—	—	5	—	—
<b>Total</b>	<b>\$ 24,638</b>	<b>\$ 10</b>	<b>\$ 5</b>	<b>\$ 1,018</b>	<b>\$ 5,488</b>
Additional VIE assets owned <sup>4</sup>					\$ 8,151
<b>Carrying value of variable interest—Liabilities</b>					
Derivative and other contracts	\$ —	\$ —	\$ 2	\$ —	\$ —

CDO—Collateralized debt obligations

MTOB—Municipal tender option bonds

OSF—Other structured financing

UPB—Unpaid principal balance

- MABS include VIE assets as follows: \$77.7 billion of commercial mortgages; \$30.7 billion of U.S. agency collateralized mortgage obligations; \$4.0 billion of residential mortgages; and \$42.5 billion of other consumer or commercial loans. MABS include VIE debt and equity interests as follows: \$8.5 billion of commercial mortgages; \$3.4 billion of U.S. agency collateralized mortgage obligations; \$1.6 billion of residential mortgages; and \$11.1 billion of other consumer or commercial loans.
- Amounts primarily include transactions backed by commercial real estate property.
- 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.
- Additional VIE assets owned represents the carrying value of total exposure to non-consolidated VIEs for which the maximum exposure to loss is less than specific thresholds, primarily interests issued by securitization SPEs. The Bank's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in investment securities and are measured at fair value (see Note 6). The Bank does not provide additional support in these transactions through contractual facilities, guarantees or similar derivatives.

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

- MABS include VIE assets as follows: \$82.3 billion of commercial mortgages; \$25.1 billion of U.S. agency collateralized mortgage obligations; \$5.1 billion of residential mortgages; and \$39.2 billion of other consumer or commercial loans. MABS include VIE debt and equity interests as follows: \$10.7 billion of commercial mortgages; \$3.4 billion of U.S. agency collateralized mortgage obligations; \$10.1 billion of other consumer or commercial loans; and \$2.1 billion of residential mortgages.
- Amounts primarily include transactions backed by commercial real estate property.
- 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.
- 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 fair value of interests the Bank has purchased and certain other derivative contracts, as well as the notional amounts of certain liquidity facilities and total return swaps the Bank has provided to the VIEs. Liabilities issued by VIEs generally are non-recourse to the Bank.

The Bank's maximum exposure to loss in the previous tables does not include the offsetting benefit of hedges or any reductions associated with the amount of collateral held as part of a transaction with the VIE or any party to the VIE directly against a specific exposure to loss.

### Transferred Assets with Continuing Involvement

\$ in millions	At March 31, 2026		At December 31, 2025	
	RML	CML	RML	CML
SPE assets (UPB)	\$ 2,581	\$ 81,482	\$ 2,412	\$ 79,168
<b>Retained interests</b>				
Investment grade	83	493	71	453
Non-investment grade	48	890	50	932
<b>Total</b>	<b>\$ 131</b>	<b>\$ 1,383</b>	<b>\$ 121</b>	<b>\$ 1,385</b>

RML—Residential mortgage loans

CML—Commercial mortgage loans

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

### Tax Equity Investments

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

### Tax Equity Investments under the Proportional Amortization Method

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

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

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

\$ in millions	Three Months Ended March 31,	
	2026	2025
Income tax credits and other income tax benefits	\$ 42	\$ 38
Proportional amortization	(34)	(31)
<b>Net benefits</b>	<b>\$ 8</b>	<b>\$ 7</b>

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**17. Regulatory Requirements**

**Regulatory Capital Framework and Requirements**

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

The Bank is required to maintain minimum risk-based and leverage-based capital ratios under regulatory capital requirements. A summary of the calculations of regulatory capital and risk-weighted assets (“RWA”) follows.

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

**Capital Buffer Requirement**

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

**Risk-Based Regulatory Capital Ratio Requirements**

	Regulatory Minimum	At March 31, 2026 and December 31, 2025	
		Standardized	Advanced
<b>Required ratios<sup>1</sup></b>			
CET1 capital ratio	4.5 %	7.0 %	7.0 %
Tier 1 capital ratio	6.0 %	8.5 %	8.5 %
Total capital ratio	8.0 %	10.5 %	10.5 %

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

**Regulatory Capital and Capital Ratios<sup>1</sup>**

\$ in millions	Standardized	
	At March 31, 2026	At December 31, 2025
<b>Risk-based capital</b>		
CET1 capital	\$ 42,136	\$ 25,545
Tier 1 capital	42,136	25,545
Total capital	43,210	26,423
Total RWA	215,614	125,916
<b>Risk-based capital ratios</b>		
CET1 capital	19.5%	20.3%
Tier 1 capital	19.5%	20.3%
Total capital	20.0 %	21.0 %
<b>Well-Capitalized Requirements<sup>2</sup></b>		
CET1 capital	6.5%	6.5%
Tier 1 capital	8.0%	8.0%
Total capital	10.0%	10.0%
<b>Required Ratio<sup>3</sup></b>		
CET1 capital	7.0%	7.0%
Tier 1 capital	8.5%	8.5%
Total capital	10.5%	10.5%

**Leveraged-based capital**

\$ in millions	Standardized	
	At March 31, 2026	At December 31, 2025
<b>Leveraged-based capital</b>		
Adjusted average assets <sup>4</sup>	\$ 381,808	\$ 253,230
Supplementary leverage exposure <sup>5</sup>	566,452	337,102
<b>Leveraged-based capital ratios</b>		
Tier 1 leverage	11.0%	10.1%
SLR <sup>6</sup>	7.4%	7.6%
<b>Well-Capitalized Requirements<sup>2</sup></b>		
Tier 1 leverage	5.0%	5.0%
SLR <sup>6</sup>	N/A	6.0%
<b>Required Ratios<sup>3</sup></b>		
Tier 1 leverage	4.0%	4.0%
SLR <sup>6</sup>	3.5%	3.0%

1. Regulatory capital and capital ratios are presented as historically reported and have not been retrospectively adjusted to reflect the merger of MSCS-Fixed Income and acquisition of the MSESE Group in the first quarter of 2026, as the Bank assesses these measures based on the structures in effect during the applicable period.
2. The requirements to remain “well-capitalized” under the PCA framework.
3. Required ratios are inclusive of any buffers applicable as of the date presented. For additional information, see “Regulatory Developments and Other Matters—Final Rulemaking on Changes to the Enhanced Supplementary Leverage Ratio” herein.
4. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by any applicable capital deductions.
5. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) 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.
6. Beginning January 1, 2026, the Bank was subject to a 3.5% SLR standard (inclusive of a 0.5% eSLR buffer based on Method 1 globally systemically important banks (“G-SIBs”) capital surcharge of 1.0%). The eSLR buffer applicable to U.S. G-SIBs’ insured depository institutions subsidiaries has the same form and calibration as the bank holding company (“BHC”) level standard but is capped at 1.0%, applied above the 3.0% minimum SLR requirement. In addition, beginning January 1, 2026, the Bank was no longer subject to an SLR requirement to be considered “well-capitalized” under the PCA framework.

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

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

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

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

### **Other Regulated Subsidiaries**

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

### **18. Income Taxes**

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

The Bank believes that the resolution of these tax examinations will not have a material effect on the annual financial statements, although a resolution could have a material impact in the income statement and on the effective tax rate for any period in which such resolutions occur.

## Financial Data Supplement (Unaudited)

Morgan Stanley Bank, N.A.

### Average Balances and Interest Rates and Net Interest Income

\$ in millions	Three Months Ended March 31,					
	2026			2025		
	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
<b>Interest earning assets<sup>1</sup></b>						
Cash and cash equivalents	\$ 45,602	\$ 342	3.0 %	\$ 28,239	\$ 268	3.8 %
Investment securities	89,976	774	3.5 %	82,028	1,052	5.2 %
Loans, including fees	107,654	1,408	5.3 %	91,167	1,345	6.0 %
Securities purchased under agreements to resell <sup>2</sup>	37,154	591	6.5 %	87,585	742	3.4 %
Securities borrowed <sup>3</sup>	\$ 5,746	\$ 30	2.1 %	\$ 5,398	\$ 30	2.3 %
Trading assets, net of Trading liabilities	9,349	226	9.8 %	15,442	279	7.3 %
Customer receivables and Other <sup>4</sup>	8,911	320	14.6 %	17,764	539	12.3 %
<b>Total</b>	<b>304,392</b>	<b>3,691</b>	<b>4.8 %</b>	<b>327,623</b>	<b>4,255</b>	<b>5.3 %</b>
<b>Interest bearing liabilities<sup>1</sup></b>						
Deposits	\$ 225,419	\$ 1,281	2.3 %	\$ 190,708	\$ 1,297	2.8 %
Borrowings	20,511	168	3.3 %	31,204	441	5.7 %
Securities sold under agreements to repurchase <sup>5,6</sup>	21,735	469	8.8 %	79,283	694	3.6 %
Securities loaned <sup>6,8</sup>	6,329	37	2.4 %	5,834	42	2.9 %
Customer payable and Other <sup>7</sup>	26,261	529	8.2 %	57,085	566	4.0 %
<b>Total</b>	<b>\$ 300,255</b>	<b>\$ 2,484</b>	<b>3.4 %</b>	<b>\$ 364,114</b>	<b>\$ 3,040</b>	<b>3.4 %</b>
Net interest income and net interest rate spread		\$ 1,207	1.6 %		\$ 1,215	1.9 %

1. Amounts include primarily U.S. balances.
2. Includes interest paid on Securities purchased under agreements to resell.
3. Includes fees paid on Securities borrowed.
4. Interest on other assets includes dividends on FRB and FHLB capital stock, and interest income on loan to MSPBNA. The average balance of other interest-earning assets was \$6.1 billion and \$6.0 billion for the current and prior year quarter, respectively.
5. Includes interest received on Securities sold under agreements to repurchase.
6. Includes fees received on Securities loaned.
7. Interest on other liabilities primarily includes the impact of payables to Parent and affiliates. The average balance of other interest-bearing liabilities was \$18.0 billion and \$17.8 billion for the current and prior year quarter, respectively.
8. The annualized average rate was calculated using (a) interest expense incurred on all securities sold under agreements to repurchase and securities-loaned transactions, whether or not such transactions were reported in the balance sheet and (b) net average on-balance sheet balances, which exclude certain securities-for-securities transactions.

### Ratios

	Three Months Ended March 31,	
	2026	2025
ROE <sup>1</sup>	13.7 %	16.6 %

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

**Glossary of Common Terms and Acronyms****Morgan Stanley Bank, N.A.**

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

**Risk Factors**

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