Morgan Stanley Private Bank, National Association

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

QUARTERLY REPORT **Morgan Stanley Private Bank, National Association**

For the quarter ended March 31, 2025

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Available Information

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

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

Introduction

Morgan Stanley Private Bank, National Association, an indirect wholly owned subsidiary of the Parent, is a national bank that offers residential mortgage lending products, certain securities-based lending products, and deposit products. Unless the context otherwise requires, the terms "Bank," "MSPBNA", "us," "we" and "our" mean Morgan Stanley Private Bank, National Association together with its consolidated subsidiary, and "Morgan Stanley" and the "Firm" mean the Parent and its consolidated subsidiaries, including the Bank. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Quarterly Report.

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

The Bank's lending activities include lending to clients for specific purposes, such as Residential real estate and 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"), and their small and medium-sized businesses.

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

Residential Real Estate. Residential real estate loans mainly include non-conforming loans and home equity line of credit ("HELOC").

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. Other loans primarily include tailored loans, which typically consists of bespoke lending arrangements provided to ultra-high net worth clients. Securities-based lending and Other loans are generally secured by various types of eligible collateral, including marketable securities, private investments, commercial real estate and other financial assets.

For a further discussion of our credit risks, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk." For a further discussion about loans and lending commitments, see Note 3 to the financial statements in the 2024 Annual Report.

Other Activities. The Bank enters into derivative transactions with affiliates primarily for hedging purposes, and the derivative instruments used for hedging primarily include interest rate swaps. The Bank is not a net seller of credit protection. For further information about our derivative instruments, see Note 11 to the financial statements.

Investment Portfolio. The Bank maintains an investment portfolio to serve as a storehouse of liquidity to satisfy the Bank's current, projected, and contingent funding needs; to act as the primary means to manage the Bank's current and projected interest rate risk profile; and to produce interest income, while maintaining acceptable asset quality, diversification and risk profile. The investment portfolio consists of cash, investment securities, and securities held under repurchase agreements. Our investment securities consist primarily of U.S. Treasuries and agency mortgage-backed securities. For further information about our investment portfolio, see Note 5 to the financial statements.

Deposit Taking. We are one of Morgan Stanley's primary deposit-taking entities, along with our affiliated U.S. national bank, Morgan Stanley Bank, N.A. ("MSBNA"). Deposits are the primary source of funding for our assets. We offer deposit products directly to our retail customers, and we source deposits through clients of Morgan Stanley's Wealth Management business via affiliated entities, as well as through unaffiliated third parties, primarily through our Savings and Brokerage sweep programs.

We also issue time deposits in the form of brokered certificate of deposits ("CDs"), substantially all of which are in Federal Deposit Insurance Corporation ("FDIC")-insurable amounts and distributed by Morgan Stanley & Co. LLC ("MS&Co.") through MSSB and third-party broker-dealers. Most of our CDs carry a fixed rate, and we also issue certain CDs that are structured in nature (e.g., performance may be linked to the performance of certain market indices). Deposits are primarily interest bearing.

For further information about our deposits, including the sources and types of our deposits, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Balance Sheet—Deposits" and Note 9 to the financial statements.

The results of operations in the past have been, and in the future may continue to be, materially affected by: competition; legislative, legal and regulatory developments; and other risk factors. These factors also may have an adverse impact on our ability to achieve our strategic objectives. Additionally, the discussion of our results of operations herein may contain forward-looking statements. These statements, which reflect management's beliefs and expectations, are subject to risks and uncertainties that may cause actual results to differ materially. For a discussion of the risks and uncertainties that may affect our future results, see "Forward-Looking Statements," "Business—Competition," "Business—Supervision and Regulation," and "Risk Factors" in the 2024 Annual Report and "Liquidity and Capital Resources—Regulatory Requirements" herein.

Executive Summary

Overview of Financial Results

$ in millions	Three Months Ended March 31, 2025	2024	% Change
Interest income	$ 2,307	$ 2,250	3 %
Interest expense	1,370	1,415	(3)%
Net interest	937	835	12 %
Non-interest revenue			
Fee income	115	100	15 %
Gains (losses) on financial assets and liabilities[1]	4	(2)	(300)%
Other	9	8	13 %
Total non-interest revenue	128	106	21 %
Net revenues	1,065	941	13 %
Provision for credit losses	48	(6)	(900)%
Non-interest expenses			
Compensation and benefits	89	77	16 %
General and administrative	141	139	1 %
FDIC and regulatory assessments	34	52	(35)%
Total non-interest expenses[2]	264	268	(1)%
Income before provision for income taxes	753	679	11 %
Provision for income taxes	185	168	10 %
Net income	$ 568	$ 511	11 %

1. Includes net gains (losses) from trading assets and certain hedges.
2. Non-interest expenses are primarily influenced by levels of business activity, headcount and compensation. General and administrative expenses primarily include employment related costs of employees of affiliates pursuant to master service level agreements; the cost of specialized distribution, national sales and business management services; and service fees in connection with deposits sourced from clients of affiliates.

Net Income

Net Interest

Net interest revenue of $937 million in the quarter ended March 31, 2025 ("current quarter") increased 12% compared with the quarter ended March 31, 2024 ("prior year quarter"), primarily due to lending growth and the net effect of lower interest rates.

The level and pace of interest rate changes and other macroeconomic factors have impacted client preferences for cash allocation to higher-yielding products and client demand for loans. These factors, along with other developments, such as pricing changes to certain deposit types due to various competitive dynamics, have impacted our net interest income. To the extent they persist, or other factors arise, such as central bank actions and changes in the path of interest rates, net interest income may be impacted in future periods.

Non-interest Revenues

Non-interest revenue of $128 million in the current quarter increased 21% compared with the prior year quarter, primarily due to higher revenue earned from affiliated entities to compensate the Bank for relationship priced loans granted to their clients.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $48 million in the current quarter was primarily related to certain specific loans, including Residential real estate loans related to the California wildfires. The macroeconomic outlook assumed in our ACL models and Provision for credit losses incorporated the weaker economic outlook and conditions as of March 31, 2025. The Provision for credit losses on loans and lending commitments was a net release of $6 million in the prior year quarter as a result of improvements in the macroeconomic outlook. This was partially offset by provisions for certain specific loans, including Commercial real estate.

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

Non-interest Expenses

Non-interest expenses of $264 million in the current quarter decreased 1% compared with the prior year quarter, mainly due to lower FDIC special assessment, partially offset by higher compensation and benefits expenses, driven by the business growth.

Economic and Market Conditions

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

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

Accounting Development Updates

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

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

Critical Accounting Estimates

Our financial statements are prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions (see Note 1 to the financial statements). We believe that of our significant accounting policies (see Note 2 to the financial statements in the 2024 Annual Report and Note 2 to the financial statements), the allowance for credit losses ("ACL"), fair value of financial instruments and income taxes policies involve a higher degree of judgment and complexity. For a further discussion about our critical accounting policies, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates" in the 2024 Annual Report.

Liquidity and Capital Resources

Our liquidity and capital policies are established and maintained by the Bank's senior management, and Risk Committee ("Bank RC"), with oversight by the Bank's Board of Directors ("Board") and Risk Committee of the Board ("BRC"). Through various risk and control committees, senior management reviews business performance relative to these policies, monitors the availability of alternative sources of financing, and oversees the liquidity, interest rate and currency sensitivity of our asset and liability position. The Bank's Treasury department, the Bank RC, the Bank's Asset/Liability Committee, and the Bank's other committees and control groups assist in evaluating, monitoring and managing the impact that the Bank's business activities have on the Bank's balance sheet, liquidity and capital structure. Liquidity and capital matters are reported regularly to the Board and the BRC.

Balance Sheet

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

We monitor balance sheet utilization and review variances resulting from business activity and market fluctuations. On a regular basis, we review current performance versus established thresholds and assess balance sheet allocations versus performance and business requirements. We also monitor key metrics, including asset and liability size and capital usage.

Total Assets

$ in millions	At March 31, 2025	At December 31, 2024
Assets		
Cash and cash equivalents	**$ 18,944**	$ 24,406
Trading assets at fair value	**1,029**	1,037
Investment securities:		
Available for sale securities at fair value	**18,439**	17,779
Held-to-maturity securities at cost	**24,010**	24,358
Securities purchased under agreement to resell	**8,515**	3,944
Loans, before ACL:		
Residential real estate	**67,579**	66,738
Securities-based lending and Other	**82,413**	80,039
Total loans, before ACL	**149,992**	146,777
Allowance for credit losses	**(373)**	(326)
Total loans, net of ACL	**149,619**	146,451
Affordable housing tax credit investments	**620**	610
Other assets[1]	**2,609**	2,721
Total assets	**$ 223,785**	$ 221,306

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

Total assets increased to $224 billion at March 31, 2025, compared with $221 billion at December 31, 2024, primarily due to Securities purchased under agreement to resell and Loans, partially offset by a decrease in Cash and cash equivalents.

Liquidity Risk Management Framework

The core components of our Liquidity Risk Management Framework are the Required Liquidity Framework, Liquidity Stress Tests and Liquidity Resources, which support our target liquidity profile. For a further discussion about the Bank's Required Liquidity Framework and Liquidity Stress Tests, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Liquidity Risk Management Framework" in the 2024 Annual Report.

At March 31, 2025 and December 31, 2024, we maintained sufficient Liquidity Resources to meet current and contingent funding obligations as modeled in our Liquidity Stress Tests.

Liquidity Resources

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

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

Liquidity Resources by Type of Investment

	Average Daily Balance Three Months Ended	
$ in millions	**March 31, 2025**	December 31, 2024
Cash deposits with central banks	**$ 9,454**	$ 8,991
Unencumbered HQLA securities[1]:		
U.S. government obligations	**17,280**	17,526
U.S. agency and agency mortgage-backed securities	**23,301**	23,576
Total HQLA	**50,035**	50,093
Cash deposits with banks (non-HQLA)	**7**	10
Total Liquidity Resources	**$ 50,042**	$ 50,103

1. HQLA is presented prior to applying weightings.

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

Regulatory Liquidity Framework

Liquidity Coverage Ratio and Net Stable Funding Ratio

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

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

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

As of March 31, 2025, we were compliant with the minimum LCR and NSFR requirements of 100%.

Funding Management

We manage our funding in a manner that reduces the risk of disruption to our operations. We pursue a strategy of diversified funding sources, in accordance with our risk appetite. Our goal is to achieve an optimal mix of durable retail and wholesale financing.

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

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

Unsecured Financing

We view deposits as stable sources of funding. Our unsecured financings include deposits and loans from MSBNA 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 9, 10 and 11 to the financial statements.

Deposits

$ in millions	**At March 31, 2025**	At December 31, 2024
Savings and demand deposits:		
Brokerage sweep deposits	**$ 66,854**	$ 67,994
Savings and other[1]	**100,960**	97,210
Total savings and demand deposits	**167,814**	165,204
Time deposits[2]	**35,753**	34,005
Total[3]	**$ 203,567**	$ 199,209
Annualized weighted average cost of deposits[4]		
Period end	**2.72 %**	2.73 %
Period average for three months ended	**2.75 %**	2.93 %

1. Includes deposits from the Parent and affiliates, see Note 10 to the financial statements.
2. Includes Structured CDs at fair value of $2.7 billion and $2.7 billion as of March 31, 2025 and December 31, 2024, respectively.
3. Total deposits subject to FDIC insurance at March 31, 2025 and December 31, 2024 were $153.1 billion and $150.0 billion, respectively.
4. Annualized weighted average represents the total annualized weighted average cost of the various deposit products. Amounts at March 31, 2025 and December 31, 2024 include the effect of related hedging derivatives. The period end cost of deposits is based upon balances and rates as of March 31, 2025 and December 31, 2024. The period average is based on daily balances and rates for the period.

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

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

Secured Financing

The Bank may execute secured financings from the FHLB and FRB as supplemental sources of funding. At March 31, 2025, the Bank had no FHLB financing outstanding. At December 31, 2024, our secured financing was comprised of $3.0 billion from the FHLB bearing interest at a fixed rate and maturing within one year. The secured financing was collateralized by Residential real estate loans with a carrying value of $4.4 billion.

For further information on the other secured financing, see Note 8 to the financial statements.

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.

Credit Ratings

Our credit ratings are one of the factors in the cost and availability of financing and can have an impact on certain trading revenues, particularly in those businesses where longer-term counterparty performance is a key consideration, such as certain OTC derivative transactions. When determining credit ratings, rating agencies consider both company-specific and industry-wide factors. See also "Risk Factors—Liquidity Risk" in the 2024 Annual Report.

MSPBNA Issuer Ratings at May 6, 2025

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

Capital Management

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

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

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

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

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

Regulatory Requirements

Regulatory Capital Framework

The OCC establishes capital requirements for us, including "well-capitalized" standards, and evaluates our compliance with such capital requirements. Regulatory capital requirements established by the OCC are largely based on the Basel III capital standards established by the Basel Committee and also implement certain provisions of the Dodd-Frank Act. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") capital adequacy guidelines and regulatory framework for prompt corrective action (the "PCA Framework"), the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated under regulatory accounting practices. For additional information on our regulatory capital requirements, see Note 14 to the financial statements.

Regulatory Capital Requirements

We are required to maintain minimum risk-based and leverage-based capital. For more information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Capital Requirements" in the 2024 Annual Report.

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

Capital Buffer Requirements

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

Risk-Based Regulatory Capital Ratio Requirements

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

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

Our risk-based capital ratios are computed under each of (i) the Standardized Approach and (ii) the Advanced Approach. The credit risk RWA calculations between the two approaches differ in that the Standardized Approach requires calculation of RWA using prescribed risk weights and exposure methodologies, whereas the Advanced Approach utilizes models to calculate exposure amounts and risk weights. At March 31, 2025 and December 31, 2024, the differences between the actual and required ratios were lower under the Standardized Approach.

Leverage-Based Regulatory Capital. Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4% and Supplementary Leverage Ratio ("SLR") of 3%.

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

Well-Capitalized Requirements. FDICIA requires the federal bank regulatory agencies to take prompt corrective action ("PCA") in respect of insured depository institutions ("IDI") that do not meet specified capital requirements. FDICIA establishes five capital categories for FDIC-insured banks: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized and critically undercapitalized.

In addition, under the PCA Framework applicable to us, we must also meet the quantitative capital ratio requirements for a well-capitalized IDI; these are shown in the table below.

Our capital levels and PCA classification are also subject to qualitative judgments by the regulators about components of capital, risk weightings and other factors. Failure to comply with the capital requirements, including a breach of the buffers described above, would result in restrictions being imposed by our regulators.

Regulatory Capital Ratios

Risk-based capital

	Standardized		Advanced	
$ in millions	**At March 31, 2025**	At December 31, 2024	**At March 31, 2025**	At December 31, 2024
Risk-based capital				
CET1 capital	**$ 17,318**	$ 16,672	**$ 17,318**	$ 16,672
Tier 1 capital	**17,318**	16,672	**17,318**	16,672
Total capital	**17,703**	17,004	**17,493**	16,842
Total RWA	**65,474**	63,878	**35,314**	34,703
Risk-based capital ratio				
CET1 capital	**26.5%**	26.1%	**49.0%**	48.0%
Tier 1 capital	**26.5%**	26.1%	**49.0%**	48.0%
Total capital	**27.0%**	26.6%	**49.5%**	48.5%
Well-Capitalized Requirements[1]				
CET1 capital	**6.5%**	6.5%	**6.5%**	6.5%
Tier 1 capital	**8.0%**	8.0%	**8.0%**	8.0%
Total capital	**10.0%**	10.0%	**10.0%**	10.0%
Required Ratios[2]				
CET1 capital	**7.0%**	7.0%	**7.0%**	7.0%
Tier 1 capital	**8.5%**	8.5%	**8.5%**	8.5%
Total capital	**10.5%**	10.5%	**10.5%**	10.5%

Leveraged-based capital

$ in millions	**At March 31, 2025**	At December 31, 2024
Leveraged-based capital		
Adjusted average assets[3]	**$ 219,856**	$ 216,088
Supplementary leverage exposure[4]	**226,667**	222,580
Leveraged-based capital ratios		
Tier 1 leverage	**7.9%**	7.7%
SLR	**7.6%**	7.5%
Well-Capitalized Requirements[1]		
Tier 1 leverage	**5.0%**	5.0%
SLR	**6.0%**	6.0%
Required Ratios[2]		
Tier 1 leverage	**4.0%**	4.0%
SLR	**3.0%**	3.0%

1. The requirements to remain "well-capitalized" under the PCA framework.
2. Required ratios are inclusive of any buffers applicable as of the date presented.
3. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by goodwill, intangible assets, certain deferred tax assets and other capital deductions.
4. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) the credit equivalent amount for off-balance sheet exposures; and (ii) for derivatives, potential future exposure.

Regulatory Capital

$ in millions	At March 31, 2025	At December 31, 2024	Change
CET1 Capital			
Common shareholder equity	**$ 17,747**	$ 17,084	**$ 663**
Regulatory adjustments and deductions			
Impact of CECL transition	**—**	5	**(5)**
Other adjustments and deductions[1]	**(429)**	(417)	**(12)**
Total CET1 capital and Total Tier 1 capital	**17,318**	16,672	**$ 646**
Standardized Tier 2 capital			
Eligible ACL	**385**	332	**$ 53**
Total Standardized capital	**17,703**	17,004	**$ 699**
Advanced Tier 2 capital			
Eligible credit reserves	**175**	170	**$ 5**
Total Advanced capital	**$ 17,493**	$ 16,842	**$ 651**

1. Other adjustments and deductions used in the calculation of CET1 capital primarily includes goodwill, intangible assets, and net after-tax debt valuation adjustment.

RWA Rollforward

	Three Months Ended March 31, 2025	
$ in millions	Standardized	Advanced
Credit risk RWA		
Balance at December 31, 2024	$ 63,878	$ 28,453
Change related to the following items		
Derivatives	**27**	**(6)**
Securities financing transactions	**113**	**4**
Investment securities	**(73)**	**(58)**
Commitments, guarantees and loans	**888**	**(104)**
Equity investments	**(16)**	**(17)**
Other credit risk	**657**	**792**
Total change in credit risk RWA	**$ 1,596**	**$ 611**
Balance at March 31, 2025	**$ 65,474**	**$ 29,064**
Operational risk RWA		
Balance at December 31, 2024	N/A	$ 6,250
Change in operational risk RWA	**—**	**—**
Balance at March 31, 2025	**N/A**	**$ 6,250**
Total RWA	**$ 65,474**	**$ 35,314**

Regulatory VaR—VaR for regulatory capital requirements

In the current quarter, Credit risk RWA increased under both the Standardized and Advanced Approaches. Under the Standardized Approach, the increase was primarily driven by increased exposure in Lending, and Other credit risk driven by higher deferred tax assets and receivables. Under the Advanced Approach, the increase was primarily due to Other credit risk driven by higher deferred tax assets and receivables, partially offset by a decreased exposure in Lending.

Capital Plans and Stress Tests

Our capital planning process and stress tests are designed to identify and measure material risks associated with our business activities, including market risk, credit risk and operational risk. Our capital planning process incorporates an internal capital adequacy assessment to ensure that we are appropriately capitalized relative to the risks in our businesses. Our stress tests incorporate our internally developed severely adverse scenario and are designed to capture our specific vulnerabilities and risks.

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

Resolution and Recovery Planning

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

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

For more information about resolution planning requirements and our activities in these areas, including the implications of such activities in a resolution scenario, see "Business—Supervision and Regulation—Resolution Planning" and "Risk Factors—Legal, Regulatory and Compliance Risk" in the 2024 Annual Report.

Quantitative and Qualitative Disclosures about Risk

Management believes effective risk management is vital to the success of our business activities. For a discussion of our Risk Governance Framework and risk management functions, see "Quantitative and Qualitative Disclosures about Risk—Risk Management" in the 2024 Annual Report.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us. We are primarily exposed to credit risk from individuals. For a further discussion of our credit risks, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" in the 2024 Annual Report.

Loans and Lending Commitments

	At March 31, 2025		
$ in millions	HFI	HFS	Total
Residential real estate	**$ 67,579**	**$ —**	**$ 67,579**
Securities-based lending and Other[1]	**82,413**	**—**	**82,413**
Total loans	**149,992**	**—**	**149,992**
ACL	**(373)**	**—**	**(373)**
Total loans, net of ACL	**$ 149,619**	**$ —**	**$ 149,619**
Lending Commitments[2]			**$ 16,758**
Total exposure			**$ 166,377**

	At December 31, 2024		
$ in millions	HFI	HFS	Total
Residential real estate	$ 66,738	$ —	$ 66,738
Securities-based lending and Other[1]	80,039	—	80,039
Total loans	146,777	—	146,777
ACL	(326)	—	(326)
Total loans, net of ACL	$ 146,451	$ —	$ 146,451
Lending Commitments[2]			$ 16,625
Total exposure			$ 163,076

Total exposure-consists of Total loans, net of ACL, and Lending commitments
1. Other loans primarily include tailored loans.
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 high to ultra-high net worth individuals. Loans and lending commitments are either held for investment or held for sale. For more information on these loan classifications, see Note 2 to the financial statements in the 2024 Annual Report.

Total loans and lending commitments increased by approximately $3.3 billion since December 31, 2024, primarily due to growth in Securities-based and other loans.

See Notes 3, 6 and 12 to the financial statements for further information.

Allowance for Credit Losses–Loans and Lending Commitments

	Three Months Ended March 31, 2025		
$ in millions	Residential Real Estate	Securities-based lending and Other	Total
ACL—Loans			
Beginning balance	$ 97	$ 229	$ 326
Provision for credit losses	**23**	**24**	**47**
Ending balance	**$ 120**	**$ 253**	**$ 373**
ACL—Lending commitments			
Beginning balance	$ 4	$ 8	$ 12
Provision for credit losses	**—**	**1**	**1**
Other	**—**	**(1)**	**(1)**
Ending balance	**$ 4**	**$ 8**	**$ 12**
Total ending balance	**$ 124**	**$ 261**	**$ 385**

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

The allowance for credit losses for loans and lending commitments increased since December 31, 2024, primarily related to provisions for certain specific loans, including Residential real estate loans related to the California wildfires. The provision for credit losses on loans and lending commitments in the current quarter was primarily related to certain specific loans, including Residential real estate loans related to the California wildfires. There were no material charge-offs during the three months ended March 31, 2025 and March 31, 2024.

The base scenario used in our ACL models as of March 31, 2025 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. This scenario assumes slower economic growth as well as higher interest rates relative to the prior quarter forecast. The revised real GDP growth rates assumed in our ACL models incorporated the weaker economic outlook and conditions as of March 31, 2025. The ACL calculation incorporates key macroeconomic variables, including U.S. real GDP growth rate. The significance of key macroeconomic variables on the ACL calculation varies depending on portfolio composition and economic conditions.

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

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

As of March 31, 2025 and December 31, 2024, more than 75% of Residential real estate loans were to borrowers with "Exceptional" or "Very Good" FICO scores (i.e., exceeding 740). Additionally, our Securities-based lending portfolio remains well-collateralized and subject to daily client margining, which includes requiring customers to deposit additional collateral or reduce debt positions, when necessary.

See Note 3 to the financial statements for further information.

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

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

Status of Loans Held for Investment

	At March 31, 2025	At December 31, 2024
Accrual	**99.7 %**	99.7 %
Nonaccrual[1]	**0.3 %**	0.3 %

1. Nonaccrual loans are loans where principal or interest is not expected when contractually due or are past due 90 days or more. For further information on our nonaccrual policy, see Note 2 to the financial statements in the 2024 Annual Report..

Loans and Lending Commitments

	At March 31, 2025				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Securities-based lending and Other	**$ 70,977**	**$ 10,205**	**$ 978**	**$ —**	**$ 82,160**
Residential real estate loans	**1**	**111**	**1,084**	**66,263**	**67,459**
Total loans, net of ACL	**$ 70,978**	**$ 10,316**	**$ 2,062**	**$ 66,263**	**$ 149,619**
Lending commitments	**13,704**	**2,624**	**31**	**399**	**16,758**
Total exposure	**$ 84,682**	**$ 12,940**	**$ 2,093**	**$ 66,662**	**$ 166,377**

	At December 31, 2024				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Securities-based lending and Other	$ 70,031	$ 8,764	$ 1,015	$ —	$ 79,810
Residential real estate loans	1	111	1,106	65,423	66,641
Total loans, net of ACL	$ 70,032	$ 8,875	$ 2,121	$ 65,423	$ 146,451
Lending commitments	13,926	2,289	25	385	16,625
Total exposure	$ 83,958	$ 11,164	$ 2,146	$ 65,808	$ 163,076

The principal lending activities of the Bank include Residential real estate loans and Securities-based lending.

Securities-based lending allows clients to borrow money against the value of qualifying securities, generally for any purpose other than purchasing, trading or carrying securities or refinancing margin debt. We establish approved credit lines against qualifying securities and monitor limits daily and, pursuant to such guidelines, require customers to deposit additional collateral, or reduce debt positions, when necessary. These credit lines are primarily uncommitted loan facilities, as we reserve the right not to make any advances or may terminate these credit lines at any time. Factors considered in the review of these loans include, but are not limited to, the loan amount, the client's credit profile, the degree of leverage, collateral diversification, price volatility and liquidity of the collateral. Other loans primarily include tailored loans, which typically consist of bespoke lending arrangements provided to ultra-high net worth clients. Securities-based lending and Other loans are generally secured by various types of eligible collateral, including marketable securities, private investments, commercial real estate and other financial assets.

Residential real estate loans consist of first- and second-lien mortgages, including HELOCs. Our underwriting policy is designed to ensure that all borrowers pass an assessment of capacity and willingness to pay, which includes an analysis utilizing industry standard credit scoring models (e.g., Fair Isaac Corporation ("FICO") scores), debt-to-income ratios and assets of the borrower. Mortgage borrowers are required to maintain adequate insurance in accordance with loan terms. LTV ratios are determined based on independent third-party property appraisals and valuations, and security lien positions are established through title and ownership reports. The vast majority of mortgage loans, including HELOCs, are held for investment.

Commercial Real Estate Loans and Lending Commitments by Property Type

	At March 31, 2025			At December 31, 2024		
$ in millions	Loans[1]	LC[1]	Total Exposure	Loans[1]	LC[1]	Total Exposure
Retail	**$ 2,284**	**$ —**	**$ 2,284**	$ 2,274	$ —	$ 2,274
Office	**1,966**	**1**	**1,967**	1,903	11	1,914
Multifamily	**1,631**	**79**	**1,710**	1,639	99	1,738
Hotel	**442**	**—**	**442**	442	—	442
Industrial	**381**	**—**	**381**	369	—	369
Other	**394**	**—**	**394**	309	—	309
Total	**$ 7,098**	**$ 80**	**$ 7,178**	$ 6,936	$ 110	$ 7,046

LC-Lending Commitments

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

As of March 31, 2025 and December 31, 2024, our direct lending against CRE properties totaled $7.2 billion and $7.0 billion, respectively. This represents 4.3% of total exposure reflected in the Loans and Lending Commitments table above as of both March 31, 2025 and December 31, 2024, primarily included within Securities-based lending and Other loans. Such loans are originated through our private banking platform, are both secured and generally benefiting from full or partial guarantees from high or ultra-high net worth clients, which partially reduce associated credit risk. At both March 31, 2025 and December 31, 2024, greater than 95% of the CRE loans balance received guarantees. All of our lending against CRE properties are in the Americas region.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio.

The Bank's principal market risk is non-trading interest rate risk in the banking book (amounts classified for regulatory capital purposes under the banking book regime), which refers to the exposure that a change in interest rates will result in prospective earnings and fair value changes for these assets and liabilities. For a further discussion of market risk, see "Quantitative and Qualitative Disclosures about Risk—Market Risk" in the 2024 Annual Report.

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

Earnings-At-Risk Sensitivity Analysis

$ in millions	At March 31, 2025	At December 31, 2024
Basis point change		
+200	$ **(80)**	$ (323)
+100	**(36)**	(160)
-100	**2**	139
-200	**(67)**	213

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 neutrally positioned, given assets and liabilities reprice at a similar pace, resulting in a stable earnings profile in both higher and lower interest rate scenarios. The level of interest rates may impact the amount of deposits held at the Bank, given competition for deposits from other institutions and alternative cash-equivalent products available to depositors. Further, the level of interest rates could also impact client demand for loans. Earnings at risk sensitivity at March 31, 2025 decreased from December 31, 2024, primarily driven by the effects of changes in the mix of our assets and liabilities and changes in market rates.

Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, human factors (e.g., inappropriate or unlawful conduct) or external events (e.g., cyberattacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal, regulatory and compliance risks, or damage to physical assets. We may incur operational risk across the full scope of our business activities, including revenue-generating activities and support and control groups (e.g., information technology and trade processing). For a further discussion about our operational risk, see "Quantitative and Qualitative Disclosures about Risk—Operational Risk" in the 2024 Annual Report.

Model Risk

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

Model risk is generated from the use of models impacting financial statements, regulatory filings, capital adequacy assessments and the formulation of strategy. For a further discussion about our model risk, see "Quantitative and Qualitative Disclosures about Risk—Model Risk" in the 2024 Annual Report.

Liquidity Risk

Liquidity risk refers to the risk that we will be unable to finance our operations due to a loss of access to the capital markets, a reduction in deposit balances, or difficulty in liquidating our assets. Liquidity risk also encompasses our ability (or perceived ability) to meet our financial obligations without experiencing significant business disruption or reputational damage that may threaten our viability as a going concern. For a further discussion about our liquidity risk, see "Quantitative and Qualitative Disclosures about Risk—Liquidity Risk" in the 2024 Annual Report and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" herein.

Legal, Regulatory and Compliance Risk

Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss, including fines, penalties, judgments, damages and/or settlements, limitations on our business, or loss to reputation that we may suffer as a result of failure to comply with laws, regulations, rules, related self-regulatory organization standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty's performance obligations will be unenforceable. It also includes compliance with Bank Secrecy Act ("BSA")/Anti-Money Laundering ("AML") and Office of Foreign Assets Control ("OFAC") rules and requirements, terrorist financing, and anti-corruption rules and regulations. For a further discussion about our legal and compliance risk, see "Quantitative and Qualitative Disclosures about Risk—Legal, Regulatory and Compliance Risk" in the 2024 Annual Report.

Climate Risk

Climate change manifests as physical and transition risks. The physical risks of climate change include harm to people and property arising from acute climate-related events, such as floods, hurricanes, heatwaves, droughts and wildfires, and chronic, longer-term shifts in climate patterns, such as higher global average temperatures, rising sea levels and long-term droughts. The transition risks of climate change include policy, legal, technology, and market changes. Examples of these transition risks include changes in consumer and business sentiment, related technologies and any additional regulatory and legislative requirements, including increased disclosure or regulation of carbon emissions.

Climate risk, which is not expected to have a significant effect on our consolidated results of operations or financial condition in the near term, is an overarching risk that can impact other categories of risk. For a further discussion about our climate risk, see "Quantitative and Qualitative Disclosures about Risk—Climate Risk" in the 2024 Annual Report.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Board of Directors and Shareholder of
Morgan Stanley Private Bank, National Association

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Morgan Stanley Private Bank, National Association and subsidiary (the "Bank") as of March 31, 2025, and the related condensed consolidated income statement, comprehensive income statement, statement of changes in shareholder's equity, and cash flow statement for the three-month period ended March 31, 2025, and the related notes (collectively referred to as the "interim financial information").

Based on our review, 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.

The accompanying condensed consolidated income statement, comprehensive income statement, statement of changes in shareholder's equity, and cash flow statement for the three-month period ended March 31, 2024, and the related notes were not reviewed by us, and accordingly, we do not express any form of assurance on it.

Basis for Review Results

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

Responsibilities of Management for the Interim Financial Information

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

Report on Condensed Balance Sheet as of December 31, 2024

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet as of December 31, 2024, and the related consolidated income statement, comprehensive income statement, statement of changes in shareholder's equity, and cash flow statement for the year then ended (not presented herein); and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated March 4, 2025. In our opinion, the accompanying condensed consolidated balance sheet of the Bank as of December 31, 2024, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Deloitte & Touche LLP

May 16, 2025

Consolidated Income Statement (Unaudited)

$ in millions	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Revenues		
Interest income	**$ 2,307**	$ 2,250
Interest expense	**1,370**	1,415
Net interest	**937**	835
Non-interest revenues		
Fee income	**115**	100
Gains (losses) on financial assets and liabilities	**4**	(2)
Other	**9**	8
Total non-interest revenues	**128**	106
Net revenues	**1,065**	941
Provision for credit losses	**48**	(6)
Non-interest expenses		
Compensation and benefits	**89**	77
General and administrative	**141**	139
FDIC and regulatory assessments	**34**	52
Total non-interest expenses	**264**	268
Income before provision for income taxes	**753**	679
Provision for income taxes	**185**	168
Net income	**$ 568**	$ 511

Consolidated Comprehensive Income Statement (Unaudited)

$ in millions	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Net income	**$ 568**	$ 511
Other comprehensive income (loss), net of tax:		
Change in net unrealized gains (losses) on available-for-sale securities	**80**	82
Change in net debt valuation adjustment	**14**	(2)
Total other comprehensive income (loss)[1]	**94**	80
Comprehensive income	**$ 662**	$ 591

1. Amounts are net of (provision)/benefit for income taxes of $(30) million and $(24) million for the current quarter and prior year quarter, respectively.

Consolidated Balance Sheet

$ in millions	(Unaudited) At March 31, 2025	At December 31, 2024
Assets		
Cash and cash equivalents	**$ 18,944**	$ 24,406
Trading assets at fair value	**1,029**	1,037
Investment securities:		
Available-for-sale at fair value (amortized cost of **$19,086** and $18,531)	**18,439**	17,779
Held-to-maturity (fair value of **$19,190** and $19,083)	**24,010**	24,358
Securities purchased under agreement to resell	**8,515**	3,944
Loans:		
Held for investment (net of allowance for credit losses of **$373** and $326)	**149,619**	146,451
Accrued interest receivable	**791**	792
Affordable housing tax credit investments	**620**	610
Deferred taxes	**385**	409
Goodwill	**430**	430
Other assets	**1,003**	1,090
Total assets	**$ 223,785**	$ 221,306
Liabilities		
Deposits (includes **$2,717** and $2,673 at fair value)	**$ 203,567**	$ 199,209
Securities sold under agreement to repurchase	**200**	—
Other secured financing	**—**	3,000
Accrued interest payable	**533**	477
Other liabilities and accrued expenses	**1,044**	879
Borrowings	**695**	657
Total liabilities	**206,039**	204,222
Shareholder's equity		
Common stock, $1 par value:		
Shares authorized, issued and outstanding: 2,000	**—**	—
Additional paid-in capital	**12,144**	12,144
Retained earnings	**6,104**	5,536
Accumulated other comprehensive income (loss)	**(502)**	(596)
Total shareholder's equity	**17,746**	17,084
Total liabilities and shareholder's equity	**$ 223,785**	$ 221,306

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

Morgan Stanley Private Bank, National Association

$ in millions	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Common stock		
Beginning and ending balance	**$ —**	$ —
Additional paid-in capital		
Beginning and ending balance	**12,144**	12,144
Retained earnings		
Beginning balance	**5,536**	4,504
Net income	**568**	511
Ending balance	**6,104**	5,015
Accumulated other comprehensive income (loss)		
Beginning balance	**(596)**	(833)
Net change in Accumulated other comprehensive income (loss)[1]	**94**	80
Ending balance	**(502)**	(753)
Total shareholder's equity	**$ 17,746**	$ 16,406

1. Amounts are net of (provision)/benefit for income taxes of $(30) million and $(24) million for the current quarter and prior year quarter, respectively.

Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley Private Bank, National Association

$ in millions	Three Months Ended March 31, 2025	2024
Cash flows from operating activities		
Net income	**$ 568**	$ 511
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	**32**	53
Provision for credit losses	**48**	(6)
Deferred income taxes, net	**(7)**	(6)
Other operating adjustments	**14**	4
Changes in assets and liabilities:		
Loans held for sale	**—**	(5)
Trading assets, net of Trading liabilities	**(96)**	89
Net receivable from affiliates	**202**	132
Other liabilities and accrued expenses	**19**	52
Other assets	**(57)**	(45)
Net cash provided by operating activities	**723**	779
Cash flows from investing activities		
Proceeds from (payments for):		
AFS securities:		
Purchases	**(1,806)**	—
Proceeds from sales	**1**	243
Proceeds from paydowns and maturities	**1,348**	200
HTM securities:		
Proceeds from paydowns and maturities	**340**	1,084
Securities purchased under agreement to resell	**(4,571)**	3,257
Securities sold under agreement to repurchase	**200**	(255)
Changes in loans held for investment, net	**(3,199)**	(1,257)
Other investing activities	**(23)**	(97)
Net cash (used for) provided by investing activities	**(7,710)**	3,175
Cash flows from financing activities		
Net proceeds from (payments for):		
Deposits	**4,345**	(1,075)
Other secured financing	**(2,865)**	—
Borrowings	**38**	203
Net cash provided by (used for) financing activities	**1,518**	(872)
Effect of exchange rate changes on cash and cash equivalents	**7**	(10)
Net (decrease) increase in cash and cash equivalents	**(5,462)**	3,072
Cash and cash equivalents, at beginning of period	**24,406**	16,392
Cash and cash equivalents, at end of period	**$ 18,944**	$ 19,464

Supplemental Disclosures of Cash Flow Information	2025	2024
Cash payments/ (refunds) for:		
Interest	**$ 1,314**	$ 1,368
Income taxes	**—**	(1)

1. Introduction and Basis of Presentation

The Bank

Morgan Stanley Private Bank, National Association ("MSPBNA") is a national bank and a wholly owned subsidiary of Morgan Stanley Capital Management LLC, which is a direct wholly owned subsidiary of Morgan Stanley. The Bank is regulated by the Office of the Comptroller of the Currency ("OCC") and its qualifying deposits are insured by the Federal Deposit Insurance Corporation ("FDIC"). Unless the context otherwise requires, the term "Bank" means Morgan Stanley Private Bank, National Association. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Quarterly Report.

The Bank's lending activities include lending to clients for specific purposes, such as Residential real estate and Securities-based and other financing, including retail securities-based lending primarily to customers of our affiliated retail broker-dealer, MSSB, and their small and medium-sized businesses.

The Bank accepts deposits, including money market deposits, demand deposits, and issues certificate of deposits ("CDs") that are principally used to fund lending activities and invest in securities.

Basis of Financial Information

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

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

The accompanying financial statements should be read in conjunction with the Bank's financial statements and notes thereto included in the 2024 Annual Report. Certain footnote disclosures included in the 2024 Annual Report have been condensed or omitted from these financial statements as they are not required for interim reporting under U.S. GAAP. The financial statements reflect all adjustments of a normal, recurring nature that are, in the opinion of management, necessary for the fair presentation of the results for the interim period. The results of operations for interim periods are not necessarily indicative of results for the entire year.

Consolidation

The financial statements include the accounts of the Bank and its wholly owned subsidiary. Intercompany balances and transactions have been eliminated.

2. Significant Accounting Policies

For a detailed discussion about the Bank's significant accounting policies and for further information on accounting updates adopted in the prior year, see Note 2 to the financial statements in the 2024 Annual Report.

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

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

Loans by Type

	At March 31, 2025		
$ in millions	HFI Loans	HFS Loans	Total Loans
Residential real estate	**$ 67,579**	**$ —**	**$ 67,579**
Securities-based lending and Other[1]	**82,413**	**—**	**82,413**
Total loans	**149,992**	**—**	**149,992**
ACL	**(373)**	**—**	**(373)**
Total loans, net	**$ 149,619**	**$ —**	**$ 149,619**
Loans to non-U.S. borrowers, net	**$ 5,038**	**$ —**	**$ 5,038**

	At December 31, 2024		
$ in millions	HFI Loans	HFS Loans	Total Loans
Residential real estate	$ 66,738	$ —	$ 66,738
Securities-based lending and Other[1]	80,039	—	80,039
Total loans	146,777	—	146,777
ACL	(326)	—	(326)
Total loans, net	$ 146,451	$ —	$ 146,451
Loans to non-U.S. borrowers, net	$ 4,999	$ —	$ 4,999

1. Other loans primarily include tailored loans.

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

Loans by Interest Rate Type

	At March 31, 2025		At December 31, 2024	
$ in millions	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Residential real estate	**$ 31,327**	**$ 36,252**	$ 31,014	$ 35,724
Securities-based lending and Other	**21,764**	**60,649**	22,132	57,907
Total loans, before ACL	**$ 53,091**	**$ 96,901**	$ 53,146	$ 93,631

See Note 12 for details of current commitments to lend in the future.

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

	At March 31, 2025					
	Residential Real Estate					
	by FICO scores			by LTV ratio		
$ in millions	≥ 740	680-739	≤ 679	≤ 80%	> 80%	Total
Revolving	**$ 143**	**$ 34**	**$ 5**	**$ 182**	**$ —**	**$ 182**
2025	**1,656**	**348**	**30**	**1,848**	**186**	**2,034**
2024	**8,481**	**1,592**	**189**	**9,284**	**978**	**10,262**
2023	**6,595**	**1,398**	**198**	**7,322**	**869**	**8,191**
2022	**10,172**	**2,252**	**368**	**11,785**	**1,007**	**12,792**
2021	**10,374**	**2,221**	**224**	**11,944**	**875**	**12,819**
Prior	**16,745**	**4,074**	**480**	**19,939**	**1,360**	**21,299**
Total	**$ 54,166**	**$ 11,919**	**$ 1,494**	**$ 62,304**	**$ 5,275**	**$ 67,579**

	At December 31, 2024					
	Residential Real Estate					
	by FICO scores			by LTV ratio		
$ in millions	≥ 740	680-739	≤ 679	≤ 80%	> 80%	Total
Revolving	$ 136	$ 39	$ 5	$ 180	$ —	$ 180
2024	8,653	1,607	191	9,458	993	10,451
2023	6,778	1,431	201	7,529	881	8,410
2022	10,294	2,298	370	11,941	1,021	12,962
2021	10,510	2,247	228	12,094	891	12,985
2020	6,494	1,346	97	7,529	408	7,937
Prior	10,594	2,825	394	12,826	987	13,813
Total	$ 53,459	$ 11,793	$ 1,486	$ 61,557	$ 5,181	$ 66,738

	At March 31, 2025			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	**$ 65,687**	**$ 6,508**	**$ 1,507**	**$ 73,702**
2025	**—**	**37**	**298**	**335**
2024	**83**	**788**	**102**	**973**
2023	**514**	**370**	**601**	**1,485**
2022	**79**	**441**	**985**	**1,505**
2021	**—**	**18**	**404**	**422**
Prior	**278**	**1,195**	**2,518**	**3,991**
Total	**$ 66,641**	**$ 9,357**	**$ 6,415**	**$ 82,413**

	At December 31, 2024			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	$ 63,692	$ 6,328	$ 1,438	$ 71,458
2024	97	654	239	990
2023	518	424	537	1,479
2022	79	472	955	1,506
2021	—	14	408	422
2020	39	219	407	665
Prior	231	1,047	2,241	3,519
Total	$ 64,656	$ 9,158	$ 6,225	$ 80,039

IG–Investment Grade
NIG–Non-investment Grade
1. Securities-based loans are subject to collateral maintenance provisions, and at March 31, 2025 and December 31, 2024, these loans are predominantly over-collateralized. For more information on the ACL methodology related to Securities-based loans, see Note 2 in the 2024 Annual Report.
2. Other loans primarily include certain loans originated in the Tailored lending business, which typically consist of bespoke lending arrangements provided to ultra-high worth net clients. These facilities are generally secured by eligible collateral.

Past Due Loans Held for Investment before Allowance[1]

$ in millions	**At March 31, 2025**	At December 31, 2024
Residential real estate	**$ 204**	$ 186
Securities-based lending	**91**	86
Total	**$ 295**	$ 272

1. As of March 31, 2025, and December 31, 2024, the majority of the amounts are 90 days or more past due.

Nonaccrual Loans Held for Investment before Allowance[1]

$ in millions	**At March 31, 2025**	At December 31, 2024
Residential real estate	**$ 189**	$ 160
Securities-based lending and Other	**284**	297
Total	**$ 473**	$ 457
Nonaccrual loans without an ACL	**$ 169**	$ 147

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

Loan Modifications to Borrowers Experiencing Financial Difficulty

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

Modified Loans Held for Investment

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

	Three Months Ended March 31			
	2025		2024	
$ in millions	Amortized Cost	% of Total Loans[2]	Amortized Cost	% of Total Loans[2]
Term Extension				
Securities-based lending and Other	**34**	**— %**	41	0.1 %
Total	**$ 34**	**— %**	$ 41	0.1 %
Other-than-insignificant Payment Delay				
Securities-based lending and Other	**30**	**— %**	—	— %
Total	**$ 30**	**— %**	$ —	— %
Total Modifications	**$ 64**	**— %**	$ 41	0.1 %

1. As of March 31, 2025, there were no lending commitments to borrowers for which the bank had modified terms of receivable. As of December 31, 2024, there were $10 million lending commitments to borrowers for which the bank had modified terms of the receivable.
2. Percentage of total loans represents the percentage of modified loans to total loans held for investment by loan type.

Financial Effect of Modifications on Loans Held for Investment

	Three Months Ended March 31, 2025[1]			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness ($ millions)	Interest Rate Reduction (%)
Single Modifications				
Securities-based lending and Other	**12**	**11**	**—**	**— %**

	Three Months Ended March 31, 2024[1]			
	Term Extension (Months)	Other-than-insignificant Payment Delay (Months)	Principal Forgiveness ($ millions)	Interest Rate Reduction (%)
Single Modifications				
Securities-based lending and Other	36	—	—	— %

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

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

There were no loans held for investment that were past due for more than 90 days and were modified in the last 12 months.

There were no loans held for investment that defaulted during the three months ended March 31, 2025 that had been modified in the 12-month period prior.

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

	Three Months Ended March 31, 2025		
$ in millions	Residential Real Estate	Securities-based lending and Other	Total
ACL—Loans			
Beginning balance	**$ 97**	**$ 229**	**$ 326**
Provision (release)	**23**	**24**	**47**
Ending balance	**$ 120**	**$ 253**	**$ 373**
Percentage of loans to total loans[1]	**45%**	**55%**	**100%**
ACL—Lending commitments			
Beginning balance	**$ 4**	**$ 8**	**$ 12**
Provision (release)	**—**	**1**	**1**
Other	**—**	**(1)**	**(1)**
Ending balance	**$ 4**	**$ 8**	**$ 12**
Total ending balance	**$ 124**	**$ 261**	**$ 385**

	Three Months Ended March 31, 2024		
$ in millions	Residential Real Estate	Securities-based lending and Other	Total
ACL—Loans			
Beginning balance	$ 100	$ 185	$ 285
Provision (release)	(11)	5	(6)
Ending balance	$ 89	$ 190	$ 279
Percentage of loans to total loans[1]	46 %	54 %	100 %
ACL—Lending commitments			
Beginning balance	$ 4	$ 8	$ 12
Ending balance	$ 4	$ 8	$ 12
Total ending balance	$ 93	$ 198	$ 291

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.

Provision for credit losses

	Three Months Ended March 31	
$ in millions	**2025**	2024
Loans	**$ 47**	$ (6)
Lending commitments	**1**	—
Total	**$ 48**	$ (6)

The allowance for credit losses for loans and lending commitments increased during the three months ended March 31, 2025, primarily related to provisions for certain specific loans, including Residential real estate loans related to the California wildfires. The provision for credit losses on loans and lending commitments in the current quarter was primarily related to certain specific loans, including Residential real estate loans related to the California wildfires. There were no material charge-offs during the three months ended March 31, 2025 and March 31, 2024.

The base scenario used in our ACL models as of March 31, 2025 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models. This scenario assumes slower economic growth as well as higher interest rates relative to the prior quarter forecast. The revised real GDP growth rates assumed in our ACL models incorporated the weaker economic outlook and conditions as of March 31, 2025. The ACL calculation incorporates key macroeconomic variables, including U.S. real GDP growth rate. The significance of key macroeconomic variables on the ACL calculation varies depending on portfolio composition and economic conditions. Other key macroeconomic variables used in the ACL calculation include house price indices, interest rate, commercial real estate indices and corporate credit spreads.

For a further discussion of the Bank's loans as well as the Bank's allowance methodology, refer to Notes 2 and 3 to the financial statements in the 2024 Annual Report.

Selected Credit Ratios

	At March 31, 2025	At December 31, 2024
ACL for loans to total HFI loans	**0.2 %**	0.2 %
Nonaccrual HFI loans to total HFI loans	**0.3 %**	0.3 %
ACL for loans to nonaccrual HFI loans	**78.9 %**	71.3 %

4. Interest Income and Interest Expense

$ in millions	Three Months Ended March 31, 2025	2024
Interest income		
Cash and cash equivalents	**$ 242**	$ 301
Investment securities	**259**	295
Securities purchased under agreement to resell	**47**	12
Loans, including fees and Other[1]	**1,759**	1,642
Total interest income	**$ 2,307**	$ 2,250
Interest expense		
Deposits and Other[2]	**$ 1,370**	$ 1,415
Total interest expense	**$ 1,370**	$ 1,415
Net interest	**$ 937**	$ 835

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

5. Investment Securities

AFS and HTM Securities

$ in millions	At March 31, 2025 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	**$ 10,852**	**$ 1**	**$ 104**	**$ 10,749**
U.S. agency securities[2]	**4,580**	**2**	**331**	**4,251**
Agency CMBS	**3,449**	**—**	**214**	**3,235**
FFELP student loan ABS[3]	**205**	**1**	**2**	**204**
Total AFS securities	**19,086**	**4**	**651**	**18,439**
HTM securities				
U.S. Treasury securities	**2,979**	**—**	**297**	**2,682**
U.S. agency securities[2]	**19,916**	**—**	**4,451**	**15,465**
Agency CMBS	**1,115**	**—**	**72**	**1,043**
Total HTM securities	**24,010**	**—**	**4,820**	**19,190**
Total investment securities	**$ 43,096**	**$ 4**	**$ 5,471**	**$ 37,629**

$ in millions	At December 31, 2024 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	$ 11,058	$ 1	$ 152	$ 10,907
U.S. agency securities[2]	3,813	2	365	3,450
Agency CMBS	3,449	—	236	3,213
FFELP student loan ABS[3]	211	1	3	209
Total AFS securities	18,531	4	756	17,779
HTM securities				
U.S. Treasury securities	2,979	—	351	2,628
U.S. agency securities[2]	20,225	—	4,836	15,389
Agency CMBS	1,154	—	88	1,066
Total HTM securities	24,358	—	5,275	19,083
Total investment securities	$ 42,889	$ 4	$ 6,031	$ 36,862

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.

AFS Securities in an Unrealized Loss Position

	At March 31, 2025		At December 31, 2024	
$ in millions	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	**$ 1,192**	**$ —**	$ 433	$ —
12 months or longer	**7,460**	**104**	8,671	152
Total	**8,652**	**104**	9,104	152
U.S. agency securities				
Less than 12 months	**321**	**—**	1	—
12 months or longer	**2,895**	**331**	2,987	365
Total	**3,216**	**331**	2,988	365
Agency CMBS				
12 months or longer	**2,891**	**214**	2,914	236
Total	**2,891**	**214**	2,914	236
FFELP student loan ABS				
Less than 12 months	**8**	**—**	—	—
12 months or longer	**105**	**2**	108	3
Total	**113**	**2**	108	3
Total AFS securities in an unrealized loss position				
Less than 12 months	**1,521**	**—**	434	—
12 months or longer	**13,351**	**651**	14,680	756
Total	**$ 14,872**	**$ 651**	$ 15,114	$ 756

For AFS securities, the Bank believes there are no securities in an unrealized loss position that have credit losses after performing the analysis described in Note 2 in the 2024 Annual Report. Additionally, the Bank does not intend to sell these securities and is not likely to be required to sell these securities prior to recovery of the amortized cost basis. As of March 31, 2025 and December 31, 2024, the securities in an unrealized loss position were predominantly investment grade.

As of March 31, 2025 and December 31, 2024, there was no ACL for HTM securities. See Note 2 for a description of the ACL methodology in the 2024 Annual Report.

As of March 31, 2025 and December 31, 2024, the Bank's portfolio of HTM securities was comprised of investment grade U.S. agency securities, U.S. Treasury securities and Agency CMBS which were on accrual status and for which there is an underlying assumption of zero credit losses.

See Note 13 for additional information on securities issued by variable interest entities ("VIEs").

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Investment Securities by Contractual Maturity

	At March 31, 2025		
$ in millions	Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]
AFS securities			
U.S. Treasury securities:			
Due within 1 year	$ 6,062	$ 5,967	0.7 %
After 1 year through 5 years	4,492	4,484	3.0 %
After 5 years through 10 years	298	298	4.0 %
Total	10,852	10,749	
U.S. agency securities:			
Due within 1 year	16	15	— %
After 1 year through 5 years	21	20	1.2 %
After 5 years through 10 years	204	187	1.6 %
After 10 years	4,339	4,029	3.8 %
Total	4,580	4,251	
Agency CMBS:			
Due within 1 year	15	15	1.3 %
After 1 year through 5 years	2,122	2,097	1.5 %
After 5 years through 10 years	382	375	1.6 %
After 10 years	930	748	1.4 %
Total	3,449	3,235	
FFELP student loan ABS:			
Due within 1 year	5	4	4.9 %
After 1 year through 5 years	13	13	5.1 %
After 10 years	187	187	5.2 %
Total	205	204	
Total AFS securities	$ 19,086	$ 18,439	2.2 %

	At March 31, 2025		
$ in millions	Amortized Cost[1]	Fair Value	Annualized Average Yield[2,3]
HTM securities			
U.S. Treasury securities:			
Due within 1 year	$ 199	$ 196	1.8 %
After 1 year through 5 years	1,800	1,727	2.5 %
After 5 years through 10 years	503	427	1.1 %
After 10 years	477	332	1.8 %
Total	2,979	2,682	
U.S. agency securities:			
After 5 years through 10 years	17	16	2.4 %
After 10 years	19,899	15,449	1.6 %
Total	19,916	15,465	
Agency CMBS:			
Due within 1 year	377	370	1.4 %
After 1 year through 5 years	530	499	1.3 %
After 5 years through 10 years	157	132	1.6 %
After 10 years	51	42	1.3 %
Total	1,115	1,043	
Total HTM securities	24,010	19,190	1.7 %
Total investment securities	$ 43,096	$ 37,629	1.9 %

1. Amounts are net of any ACL.
2. Annualized average yield is computed using the effective yield, weighted based on the amortized cost of each security. The effective yield is shown pre-tax and excludes the effect of related hedging derivatives.
3. At March 31, 2025, the annualized average yield, including the interest rate swap accrual of related hedges, was 1.7% for AFS securities contractually maturing within 1 year and 3.2% for all AFS securities.

Gross Realized Gains (Losses) on Sales of AFS Securities

There were no gross gains or losses on sales of AFS securities in the current or prior year quarters.

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

	Changes in Net Unrealized Gains (Losses) on AFS Securities	
	Three Months Ended March 31,	
$ in millions	**2025**	2024
Beginning Balance	$ (577)	$ (827)
Other comprehensive income (loss) before reclassifications	80	82
Net other comprehensive income (loss) during the period	80	82
Ending Balance	$ (497)	$ (745)

6. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

	At March 31, 2025				
$ in millions	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value					
Trading assets:					
Derivative contracts:					
Interest rate	$ —	$ 1,579	$ —	$ —	$ 1,579
Equity	—	10	3	—	13
Netting[1]	—	(1,288)	—	(290)	(1,578)
Total derivative contracts	—	301	3	(290)	14
Total trading assets[2]	—	301	3	(290)	14
Investment securities—AFS:					
U.S. Treasury securities	10,749	—	—	—	10,749
U.S. agency securities	—	4,251	—	—	4,251
MABS		3,439			3,439
Total Investment securities —AFS	10,749	7,690	—	—	18,439
Total assets at fair value	$ 10,749	$ 7,991	$ 3	$ (290)	$ 18,453

	At March 31, 2025				
$ in millions	Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value					
Interest-bearing deposits	$ —	$ 2,717	$ —	$ —	$ 2,717
Trading liabilities					
Derivative contracts					
Interest rate	—	1,288	22	—	1,310
Equity	—	4	—	—	4
Netting[1]	—	(1,288)	—	(22)	(1,310)
Total trading liabilities	—	4	22	(22)	4
Total liabilities at fair value	$ —	$ 2,721	$ 22	$ (22)	$ 2,721

	At December 31, 2024				
$ in millions	Level 1	Level 2	Level 3	Netting	Total
Assets at fair value					
Trading assets:					
Derivative contracts:					
Interest rate	$ —	$ 2,027	$ —	$ —	$ 2,027
Equity	—	10	3	—	13
Netting[1]	—	(1,603)	—	(422)	(2,025)
Total derivative contracts	—	434	3	(422)	15
Total trading assets[2]	—	434	3	(422)	15
Investment securities—AFS:					
U.S. Treasury securities	10,907	—	—	—	10,907
U.S. agency securities	—	3,450	—	—	3,450
MABS	—	3,422	—	—	3,422
Total Investment securities—AFS	10,907	6,872	—	—	17,779
Total assets at fair value	$ 10,907	$ 7,306	$ 3	$ (422)	$ 17,794

	At December 31, 2024				
$ in millions	Level 1	Level 2	Level 3	Netting	Total
Liabilities at fair value					
Interest-bearing deposits	$ —	$ 2,673	$ —	$ —	$ 2,673
Trading liabilities					
Derivative contracts					
Interest rate	—	1,603	28	—	1,631
Equity	—	2	—	—	2
Netting[1]	—	(1,603)	—	(28)	(1,631)
Total trading liabilities	—	2	28	(28)	2
Total liabilities at fair value	$ —	$ 2,675	$ 28	$ (28)	$ 2,675

1. 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 11.
2. Amounts exclude certain investments that are measured based on NAV per share, which are not classified in the fair value hierarchy. For additional disclosure about such investments, see "Net Asset Value Measurements" herein.

For a description of the valuation techniques applied to the Bank's major categories of assets and liabilities measured at fair value on a recurring basis, see Note 6 to the financial statements in the 2024 Annual Report. During the current quarter, there were no significant revisions made to the Bank's valuation techniques.

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

	Three Months Ended March 31,	
$ in millions	**2025**	2024
Derivative contracts, net[1]		
Beginning balance	**$ (25)**	$ 1
Realized and unrealized gains (losses)	**2**	(1)
Settlements	**4**	—
Ending balance	**$ (19)**	$ —
Unrealized gains (losses)[2]	**2**	(1)

1. Realized and unrealized gains (losses) are included in Non-interest revenue within Gains (losses) on financial assets and liabilities in the income statement.
2. Amounts represent unrealized gains (losses) for the three months ended March 31, 2025 and March 31, 2024 related to Level 3 assets and liabilities still held by the Bank at March 31, 2025 and March 31, 2024 , respectively.

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

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

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

Valuation Techniques and Unobservable Inputs

	Balance / Range (Average[1])	
$ in millions, except inputs	**At March 31, 2025**	At December 31, 2024
Assets		
Net Derivative contracts		
Equity	**$ 3**	$ 3
Option model:		
Equity volatility	**18% to 64% (27%)**	7% to 29% (25%)
Equity volatility skew	**-1% to 0% (-1%)**	-1% to 0% (-1%)
Interest Rate	**$ (22)**	$ (28)
Option model:		
Interest rate volatility skew	**97% to 120% (Mean 104%, Median 117%)**	108% to 146% (121%)
Nonrecurring Fair Value Measurement		
Loans	**$ 10**	$ 10
Comparable pricing:		
Comparable loan price	**93 to 99 points (97 points)**	70 to 98 points (85 points)

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

For a description of the Bank's significant unobservable inputs and qualitative information about the effect of hypothetical changes in the values of those inputs, see Note 6 to the financial statements in the 2024 Annual Report. During the current quarter, there were no significant revisions made to the descriptions of the Bank's significant unobservable inputs.

Net Asset Value Measurements

Fund Interests

	At March 31, 2025		At December 31, 2024	
$ in millions	Carrying Value	Unfunded Commitments	Carrying Value	Unfunded Commitments
Private equity funds	**$ 13**	**$ 42**	$ 12	$ 33
Real estate funds	**1,002**	**4**	1,010	6
Total	**$ 1,015**	**$ 46**	$ 1,022	$ 39

Amounts in the previous table represent the Bank's carrying value of limited partnership interests in fund investments, as well as any related performance-based income in the form of carried interest. The carrying amounts are measured based on the net asset value ("NAV") of the fund taking into account the distribution terms applicable to the interest held. This same measurement applies whether the fund investments are accounted for under the equity method or fair value.

For a description of the Bank's investments in private equity funds and real estate funds, which are measured based on NAV, see Note 6 to the financial statements in the 2024 Annual Report.

Nonredeemable Funds by Contractual Maturity

	Carrying value at March 31, 2025	
$ in millions	Private Equity	Real Estate
Less than 5 years	$ —	$ 1,002
5-10 years	13	—
Total	$ 13	$ 1,002

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The value of assets measured at fair value on a non-recurring basis was $10 million classified within Level 3 as of both March 31, 2025 and December 31, 2024.

There were no significant liabilities measured at fair value on a non-recurring basis classified within Level 3 at March 31, 2025 and December 31, 2024.

Financial Instruments Not Measured at Fair Value

	At March 31, 2025				
		Fair Value			
$ in millions	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	$ 18,944	$ 18,944	$ —	$ —	$ 18,944
Investment securities—HTM	24,010	2,682	16,508	—	19,190
Securities purchased under agreement to resell	8,515	—	8,515	—	8,515
Loans held for sale[1]	—	—	—	6	6
Loans held for investment, net[2]	149,619	—	—	144,772	144,772
Affordable housing tax credit investments	620	—	—	484	484
Accrued interest receivable	791	—	791	—	791
Other assets	961	—	961	—	961
Financial Liabilities					
Deposits	$ 200,850	$ —	$201,060	$ —	$201,060
Securities sold under agreement to repurchase	200	—	200	—	200
Accrued interest payable	533	—	533	—	533
Other liabilities and accrued expenses	637	—	347	290	637
Borrowings	695	—	695	—	695
	Commitment Amount				
Lending commitments[3]	16,758	—	—	4	4

	At December 31, 2024				
		Fair Value			
$ in millions	Carrying Value	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	$ 24,406	$ 24,406	$ —	$ —	$ 24,406
Investment securities—HTM	24,358	2,628	16,455	—	19,083
Securities purchased under agreement to resell	3,944	—	3,944	—	3,944
Loans held for sale[1]	—	—	—	6	6
Loans held for investment, net[2]	146,451	—	—	140,412	140,412
Affordable housing tax credit investments	610	—	—	493	493
Accrued interest receivable	792	—	792	—	792
Other assets	1,050	—	1,050	—	1,050
Financial Liabilities					
Deposits	$ 196,536	$ —	$196,786	$ —	$196,786
Other secured financing	3,000	—	3,000	—	3,000
Accrued interest payable	477	—	477	—	477
Other liabilities and accrued expenses	635	—	352	283	635
Borrowings	657	—	657	—	657
	Commitment Amount				
Lending commitments[3]	16,625	—	—	6	6

1. Amounts include all loans measured at fair value on a non-recurring basis.
2. Net of allowance for credit losses of $373 million and $326 million and net of unamortized deferred fees or costs for originated loans of $176 million and $167 million as of March 31, 2025 and December 31, 2024, respectively.
3. Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending commitments, see Note 12.

The previous tables exclude all non-financial assets and liabilities, such as Goodwill and Intangible assets.

Residential real estate loans held for investment, where position-specific external price data is not observable, the fair value is based on the credit risks of the borrower using a probability of default and loss given default method, discounted at the estimated external cost of funding level.

Fair Value Option

The Bank has elected the fair value option for certain eligible instruments that are risk managed on a fair value basis to mitigate income statement volatility caused by measurement basis differences between the elected instruments and their associated risk management transactions or to eliminate complexities of applying certain accounting models. Net (losses) gains due to fair value option for the quarter ended March 31, 2025 was $(38) million, and comprised of $(12) million of Trading revenues and $26 million of Interest expense. Net (losses) gains due to fair value option for the quarter ended March 31, 2024 was $(22) million, and comprised of $4 million of Trading revenues and $26 million of Interest expense.

There were no gains (losses) due to changes in instrument-specific credit risk for the quarter ended March 31, 2025 and March 31, 2024, respectively.

In addition, changes in instrument-specific credit risk increased other comprehensive income by $19 million for the quarter ended March 31, 2025 and decreased $3 million for quarter ended March 31, 2024.

7. Cash and Cash Equivalents

$ in millions	At March 31, 2025	At December 31, 2024
Cash and due from banks	$ 47	$ 41
Interest bearing deposits with banks	18,897	24,365
Total Cash and cash equivalents	**$ 18,944**	$ 24,406
Restricted cash	$ —	$ —

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

8. Collateralized Transactions

Offsetting of Certain Collateralized Transactions

	At March 31, 2025				
$ in millions	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreement to resell	$ 9,285	$ (770)	$ 8,515	$ (8,515)	$ —
Liabilities					
Securities sold under agreement to repurchase	$ 970	$ (770)	$ 200	$ (200)	$ —

	At December 31, 2024				
$ in millions	Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreement to resell	$ 4,052	$ (108)	$ 3,944	$ (3,944)	$ —
Liabilities					
Securities sold under agreement to repurchase	$ 108	$ (108)	$ —	$ —	$ —

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

Gross Secured Financing Balances by Remaining Contractual Maturity

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

Gross Secured Financing Balances by Class of Collateral Pledged

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

Assets Loaned or Pledged

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

The fair value of assets loaned or pledged with counterparty right to sell or repledge was $1.0 billion and $0.1 billion at March 31, 2025 and December 31, 2024, respectively.

The carrying value of assets loaned or pledged without counterparty right to sell or repledge at March 31, 2025 was immaterial. There were no assets loaned or pledged without counterparty right to sell or repledge at December 31, 2024.

Fair Value of Collateral Received with Right to Sell or Repledge

At March 31, 2025 and December 31, 2024, the fair value of financial instruments received as collateral where the Bank is permitted to sell or repledge the securities was $9.5 billion and $4.1 billion, respectively. At March 31, 2025, the fair value of securities that had been sold or repledged was immaterial. At December 31, 2024, no securities had been sold or repledged.

For further discussion on Bank's collateralized transactions, see Note 2, Note 8 and Note 10 to the financial statements in the 2024 Annual Report. For information related to offsetting of derivatives, see Note 11.

Other Secured Financing

The Bank may also execute secured financings from the FHLB and FRB. At March 31, 2025, the Bank had no FHLB or FRB financing outstanding. At December 31, 2024, the Bank had $3.0 billion short-term, fixed-rate FHLB financing outstanding, which was collateralized by Residential real estate loans with a carrying value of $4.4 billion. At December 31, 2024, the Bank had no FRB financing outstanding.

9. Deposits

Deposits

$ in millions	At March 31, 2025	At December 31, 2024
Savings and demand deposits[1]	$ 167,814	$ 165,204
Time deposits[2,3]	35,753	34,005
Total deposits	**$ 203,567**	$ 199,209
Deposits subject to FDIC insurance	$ 153,076	$ 149,965
Deposits not subject to FDIC insurance	$ 50,491	$ 49,244

1. Includes deposits from the Parent and affiliates, see Note 10.
2. Includes Structured CDs at fair value of $2.7 billion as of both March 31, 2025 and December 31, 2024.
3. The contractual liability to depositors was $35.8 billion and $34.0 billion at March 31, 2025 and December 31, 2024, respectively.

Time Deposit Maturities

$ in millions	At March 31, 2025
2025	$ 12,631
2026	11,168
2027	5,732
2028	3,279
2029	2,340
Thereafter	603
Total	$ 35,753

Deposits from non-U.S. Depositors

$ in millions	At March 31, 2025	At December 31, 2024
Deposits from non-U.S. depositors	$ 801	$ 700

10. Transactions with Affiliated Companies

Assets and receivables from Parent and affiliated companies

$ in millions	At March 31, 2025	At December 31, 2024
Trading assets at fair value	$ 14	$ 15
Securities purchased under agreement to resell	8,515	3,944
Other assets	55	55
Total	$ 8,584	$ 4,014

Liabilities and payables to Parent and affiliated companies

$ in millions	At March 31, 2025	At December 31, 2024
Deposits	$ 13,240	$ 12,125
Securities sold under agreement to repurchase	200	—
Other liabilities and accrued expenses	494	301
Borrowings	695	657
Total	$ 14,629	$ 13,083

Revenues and expenses resulting from transactions with Parent and affiliated companies

	Three Months Ended March 31,	
$ in millions	2025	2024
Net Revenues		
Interest income	$ (4)	$ 222
Interest Expense	82	123
Net Interest	(86)	99
Non-interest revenues		
Fee income	115	100
Gains (losses) on financial assets and liabilities	7	(15)
Other	1	1
Total Non-interest revenues	123	86
Net Revenues	37	185
Non-interest expenses		
General and administrative	134	129
Compensation and benefits	4	3
Total Non-interest expenses	$ 138	$ 132

Assets

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

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

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

Liabilities

Deposits primarily included overnight deposits from the Parent and affiliates of $12.7 billion and $11.6 billion as of March 31, 2025 and December 31, 2024, respectively. Additionally, the balance included cash collateral primarily received from the Parent for the purpose of securing credit transactions between the Bank and its affiliates of $0.5 billion as of both March 31, 2025 and December 31, 2024.

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

Other liabilities and accrued expenses were primarily driven by intercompany transactions that occurred in the normal course of business. The balance also included taxes payable to Parent of $355 million and $177 million at March 31, 2025 and December 31, 2024, respectively.

Borrowings primarily consisted of the intercompany loans the Bank received from MSBNA in accordance with the U.S. Bank Master Funding Agreement, starting March 23, 2022.

Interest Income and Interest Expense

Interest income was driven by designated accounting hedges on AFS securities, Securities purchased under agreement to resell with MS&Co., and loans to MSBNA. Interest expense reflected the cost of overnight deposits from the Parent and affiliates, the impact of designated accounting hedges on Brokered CDs, as well as the cost of borrowing from the Parent and MSBNA.

Other Transactions

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

Gains (losses) on financial assets and liabilities were primarily driven by the effect of interest rate derivatives with Morgan Stanley Capital Services LLC and MS&Co. used to economically hedge the interest rate risk on structured CDs and mortgages.

General and administrative expenses primarily consisted of the following:

- Service Level Agreements whereby affiliates provided credit risk management, loan processing, audit, human resources, corporate and enterprise, compliance and other services. The amount of expense incurred by the Bank for these services was $27 million and $31 million in current and prior year quarter, respectively.

- Service Level Agreements whereby affiliates provided information technology services, for which the Bank incurred expenses of $40 million and $31 million in current and prior year quarter, respectively.
- Service Level Agreements whereby affiliates provided the specialized distribution, national sales and business management services, in connection with Securities-based lending and other facilities. The amount of expenses incurred for these services net of reimbursements received from MSBNA and MSSB was $33 million and $29 million in current and prior year quarter, respectively.
- The Bank incurred expenses from certain affiliates for loan fees, professional services, marketing and business development, and other miscellaneous items. The amount of expenses incurred for these services was $21 million and $15 million in current and prior year quarter, respectively.
- The Bank paid service fees to MSSB in connection with deposits sourced from clients of those affiliates. The amount of service fees incurred was $8 million and $20 million in current and prior year quarter, respectively.

The Bank receives operational, administrative, and risk management support services from the Bank's affiliates. Certain affiliates charged the Bank for compensation and benefits related to certain employees who primarily supported the Bank. These amounts are included in Compensation and Benefits.

11. Derivative Instruments and Hedging Activities

Fair Values of Derivative Contracts

	Bilateral OTC Assets	
$ in millions	**At March 31, 2025**	At December 31, 2024
Designated as accounting hedges		
Interest rate	**$ 309**	$ 431
Not designated as accounting hedges		
Interest rate	**1,270**	1,596
Equity	**13**	13
Total	**1,283**	1,609
Total gross derivatives	**$ 1,592**	$ 2,040
Amounts offset		
Counterparty netting	**(1,310)**	(1,631)
Cash collateral netting	**(268)**	(394)
Total in Trading assets	**$ 14**	$ 15
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable	**$ 13**	$ 13

	Bilateral OTC Liabilities	
$ in millions	**At March 31, 2025**	At December 31, 2024
Designated as accounting hedges		
Interest rate	**$ 22**	$ 17
Not designated as accounting hedges		
Interest rate	**1,288**	1,614
Equity	**4**	2
Total	**1,292**	1,616
Total gross derivatives[1]	**$ 1,314**	$ 1,633
Amounts offset		
Counterparty netting	**(1,310)**	(1,631)
Total in Other liabilities and accrued expenses	**$ 4**	$ 2
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable	**$ 4**	$ 2

Notional of Derivative Contracts

	Bilateral OTC Assets	
$ in millions	**At March 31, 2025**	At December 31, 2024
Designated as accounting hedges		
Interest rate	**$ 15,345**	$ 16,900
Not designated as accounting hedges		
Interest rate	**17,251**	17,490
Equity	**96**	100
Total	**17,347**	17,590
Total gross derivatives	**$ 32,692**	$ 34,490

	Bilateral OTC Liabilities	
$ in millions	**At March 31, 2025**	At December 31, 2024
Designated as accounting hedges		
Interest rate	**$ 3,928**	$ 3,191
Not designated as accounting hedges		
Interest rate	**16,901**	17,165
Equity	**187**	122
Total	**17,088**	17,287
Total gross derivatives	**$ 21,016**	$ 20,478

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

For a discussion of the Bank's derivative instruments and hedging activities, see Note 11 to the financial statements in the 2024 Annual Report.

Gains (Losses) on Accounting Hedges

	Three Months Ended March 31,	
$ in millions	**2025**	2024
Fair value hedges–Recognized in Interest income		
Interest rate contracts	**$ (94)**	$ 115
Investment Securities—AFS	**104**	(102)
Fair value hedges–Recognized in Interest expense		
Interest rate contracts	**$ 8**	$ (3)
Deposits	**(8)**	2

Fair Value Hedges–Hedged Items

$ in millions	**At March 31, 2025**	At December 31, 2024
Investment securities–AFS		
Amortized cost basis currently or previously hedged	**$ 13,322**	$ 13,513
Basis adjustments included in amortized cost[1]	**(320)**	(426)
Deposits		
Carrying amount currently or previously hedged	**$ 6,110**	$ 6,662
Basis adjustments included in carrying amount[1]	**24**	16

1. Hedge accounting basis adjustments are primarily related to outstanding hedges.

12. Commitments, Contingencies and Guarantees

	Years to Maturity at March 31, 2025				
$ in millions	Less than 1	1-3	3-5	Over 5	Total
Lending:					
Residential real estate	**$ —**	**$ —**	**$ —**	**$ 430**	**$ 430**
Securities-based lending and Other	**13,704**	**2,624**	**—**	**—**	**16,328**
Investment activities	**384**	**13**	**12**	**1**	**410**
Total	**$ 14,088**	**$ 2,637**	**$ 12**	**$ 431**	**$17,168**

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

For a further description of these commitments, refer to Note 12 to the financial statements in 2024 Annual Report.

Contingencies

Legal

In the normal course of business, the Bank may be named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, arising in connection with its activities as a national banking association and an affiliate of a global diversified financial services institution. Certain of the actual or threatened legal actions may include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. In some cases, the third-party entities that are, or would otherwise be, the primary defendants in such cases are bankrupt, in financial distress, or may not honor applicable indemnification obligations.

The Bank is also involved, from time to time, in other reviews, investigations and proceedings (both formal and informal) by governmental or other regulatory agencies regarding the Bank's business and accounting and operational matters, certain of which may result in adverse judgments, settlements, fines, penalties, disgorgement, restitution, forfeiture, injunctions, limitations on our ability to conduct certain business, or other relief.

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

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

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

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

While the Bank has not identified any proceedings or investigations that the Bank believes to be material, individually or collectively, there can be no assurance that material losses will not be incurred from claims that have not yet been asserted or those where potential losses have not yet been determined to be probable or reasonably possible.

Guarantees

	At March 31, 2025				
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				Carrying Amount Asset (Liability)
$ in millions	Less than 1	1-3	3-5	Over 5	
Non-credit derivatives[1]	$ 207	$ 1,059	$ 990	$ 130	$ (20)
Standby letters of credit	788	10	—	—	—
Whole loan sales guarantees	50	34	—	175	—

1. The carrying amounts of derivative contracts that meet the accounting definition of a guarantee are shown on a gross basis. For further information on derivative contracts, see Note 11.

For more information on the nature of the obligations and related business activities for our guarantees, see Note 12 to the financial statements in the 2024 Annual Report.

13. Variable Interest Entities

The Bank is involved with various SPEs in the normal course of business. In most cases, these entities are deemed to be VIEs.

The Bank's involvement with VIEs arises primarily from mortgage-backed and asset-backed transactions where the Bank holds securities issued by VIEs within its investment securities portfolio. Based on the above analysis, the Bank did not consolidate any VIEs at March 31, 2025 and December 31, 2024.

The following tables present information about non-consolidated VIEs in which the Bank had variable interests at March 31, 2025 and December 31, 2024. The tables include all VIEs in which the Bank had determined that its maximum exposure to loss is greater than specific thresholds or meet certain other criteria.

Non-consolidated VIEs

	At March 31, 2025	At December 31, 2024
$ in millions	MABS[1]	MABS[1]
VIE assets (UPB)	$ 21,027	$ 7,687
Maximum exposure to loss		
Debt and equity interests	$ 1,728	$ 989
Total	$ 1,728	$ 989
Carrying value of variable interest–Assets[2]		
Debt and equity interests	$ 1,728	$ 989
Total	$ 1,728	$ 989
Additional VIE assets owned[2]	$ 4,278	$ 4,180

1. VIE assets includes U.S. agency collateralized mortgage obligations of $21.0 billion and $7.7 billion at March 31, 2025 and December 31, 2024, respectively. VIE debt and equity interests includes U.S. agency collateralized mortgage obligations of $1.7 billion and $1.0 billion of at March 31, 2025 and December 31, 2024, respectively.
2. Additional VIE assets owned represents the carrying value of total exposure to non-consolidated VIEs for which the maximum exposure to loss is less than specific thresholds, primarily interests issued by securitization SPEs. The Bank's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in Investment securities and are measured at fair value (see Note 6). The Bank does not provide additional support in these transactions through contractual facilities, guarantees or similar derivatives.

The Bank's maximum exposure to loss often differs from the carrying value of the variable interest held by the Bank. The maximum exposure to loss is dependent on the nature of the Bank's variable interest in the VIEs and is limited to the notional amounts of certain liquidity facilities the Bank has provided to the VIEs. Liabilities issued by VIEs generally are non-recourse to the Bank.

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

Tax Equity Investments

The Bank invests in tax equity investment interests which entitle the Bank to a share of tax credits and other income tax benefits generated by the projects underlying the investments. For more information on such tax equity investments, see Note 2 in the 2024 Annual Report.

Tax Equity Investments under the Proportional Amortization Method

Low-income housing tax equity investments under the proportional amortization method were $620 million and $610 million as of March 31, 2025 and December 31, 2024, respectively. The above amounts include unfunded equity contributions of $290 million and $283 million as of March 31, 2025 and December 31, 2024, respectively; the majority of these are expected to be funded within 5 years.

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

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

	Three Months Ended March 31,	
$ in millions	**2025**	2024
Income tax credits and other income tax benefits	**$ 15**	$ 13
Proportional amortization	**(12)**	(10)
Net benefits	**$ 3**	$ 3

14. Regulatory Requirements

Regulatory Capital Framework and Requirements

For a discussion of the Bank's regulatory capital framework, see Note 14 to the financial statements in the 2024 Annual Report.

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

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 ("CET1") capital, Tier 1 capital and Total capital (which includes Tier 2 capital), each as a percentage of RWA, and consist of regulatory minimum required ratios plus the Bank's capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios. At March 31, 2025 and December 31, 2024, the differences between the actual and required ratios were lower under the Standardized Approach.

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

Capital Buffer Requirements

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

Risk-Based Regulatory Capital Ratio Requirements

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

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

Regulatory Capital and Capital Ratios

Risk-based capital	Standardized	
$ in millions	**At March 31, 2025**	At December 31, 2024
Risk-based capital		
CET1 capital	**$ 17,318**	$ 16,672
Tier 1 capital	**17,318**	16,672
Total capital	**17,703**	17,004
Total RWA	**65,474**	63,878
Risk-based capital ratio		
CET1 capital	**26.5%**	26.1%
Tier 1 capital	**26.5%**	26.1%
Total capital	**27.0%**	26.6%
Well-Capitalized Requirements[1]		
CET1 capital	**6.5%**	6.5%
Tier 1 capital	**8.0%**	8.0%
Total capital	**10.0%**	10.0%
Required Ratios[2]		
CET1 capital	**7.0%**	7.0%
Tier 1 capital	**8.5%**	8.5%
Total capital	**10.5%**	10.5%

Leveraged-based capital

$ in millions	**At March 31, 2025**	At December 31, 2024
Leveraged-based capital		
Adjusted average assets[3]	**$ 219,856**	$ 216,088
Supplementary leverage exposure[4]	**226,667**	222,580
Leveraged-based capital ratio		
Tier 1 leverage	**7.9%**	7.7%
SLR	**7.6%**	7.5%
Well-Capitalized Requirements[1]		
Tier 1 leverage	**5.0%**	5.0%
SLR	**6.0%**	6.0%
Required Ratios[2]		
Tier 1 leverage	**4.0%**	4.0%
SLR	**3.0%**	3.0%

1. The requirements to remain "well capitalized" under the PCA framework.
2. Required ratios are inclusive of any buffers applicable as of the date presented.
3. Adjusted average assets represents the denominator of the Tier 1 leverage ratio and is composed of the average daily balance of consolidated on-balance sheet assets for the quarters ending on the respective balance sheet dates, reduced by goodwill, intangible assets, certain deferred tax assets and other capital deductions.
4. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) the credit equivalent amount for off-balance sheet exposures; and (ii) for derivatives, potential future exposure.

15. Income Taxes

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

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

16. Goodwill

The goodwill balance was $430 million at both March 31, 2025 and December 31, 2024.

The annual goodwill impairment testing as of July 1, 2024 did not indicate any impairment. The Bank has not recognized any goodwill impairments to date. For more information, see Note 2 in the 2024 Annual Report.

Average Balances and Interest Rates and Net Interest Income

	Three Months Ended March 31,					
	2025			2024		
$ in millions	Average Daily Balance	Interest	Annualized Average Rate	Average Daily Balance	Interest	Annualized Average Rate
Interest earning assets[1]						
Cash and cash equivalents	**$ 22,109**	**$ 242**	**4.4 %**	$ 22,235	$ 301	5.4 %
Investment securities	**41,978**	**259**	**2.5 %**	45,258	295	2.6 %
Securities purchased under agreement to resell	**4,157**	**47**	**4.6 %**	830	12	5.6 %
Loans and Other[2]	**148,969**	**1,759**	**4.8 %**	134,363	1,642	4.9 %
Total	**$217,213**	**$ 2,307**	**4.3 %**	$202,686	$ 2,250	4.5 %
Interest bearing liabilities[1]						
Deposits and Other[3]	**$200,973**	**$ 1,370**	**2.8 %**	$187,854	$ 1,415	3.0 %
Total	**$200,973**	**$ 1,370**	**2.8 %**	$187,854	$ 1,415	3.0 %
Net interest income and net interest rate spread		**$ 937**	**1.5 %**		$ 835	1.5 %

1. Amounts include primarily U.S. balances.
2. Interest on other assets includes the impact of dividends on FRB and FHLB capital stock, and loans to affiliate. The average balance of other interest-earning assets was $0.4 billion and $1.0 billion for the current and prior year quarter, respectively.
3. Interest on other liabilities primarily includes the impact of loans from affiliate and certain hedging activities. The average balance of other interest-bearing liabilities was $0.8 billion and $0.5 billion for the current and prior year quarter, respectively.

Ratios

	Three Months Ended March 31,	
	2025	2024
ROE[1]	**13.2 %**	12.8 %

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

Glossary of Common Terms and Acronyms

ABS	Asset-backed securities
ACL	Allowance for credit losses
AFS	Available-for-sale
AML	Anti-money laundering
AOCI	Accumulated other comprehensive income (loss)
Balance sheet	Consolidated balance sheet
BHC	Bank holding company
BSA	Bank Secrecy Act
Cash flow statement	Consolidated cash flow statement
CCyB	Countercyclical capital buffer
CDs	Certificates of deposit
CECL	Current Expected Credit Losses, as calculated under the Financial Instruments—Credit Losses accounting update
CET1	Common Equity Tier 1
CMBS	Commercial mortgage-backed securities
CRE	Commercial real estate
CRM	Credit Risk Management Department
FDIC	Federal Deposit Insurance Corporation
FDICIA	Federal Deposit Insurance Corporation Improvement Act
FFELP	Federal Family Education Loan Program
FHLB	Federal Home Loan Bank of New York
Financial statement	Consolidated financial statements
FICO	Fair Isaac Corporation
FRB	Federal Reserve Bank of New York
FVO	Fair value option
HELOC	Home Equity Line of Credit
HFI	Held-for-investment
HFS	Held-for-sale
HQLA	High-quality liquid assets
HTM	Held-to-maturity
IDI	Insured depository institutions
Income statement	Consolidated income statement
IRS	Internal Revenue Service
LCR	Liquidity coverage ratio, as adopted by the U.S. banking agencies
LTV	Loan-to-value
MABS	Mortgage- and asset-backed securities
MSBNA	Morgan Stanley Bank, N.A.
MS&Co.	Morgan Stanley & Co. LLC
MSSB	Morgan Stanley Smith Barney LLC
MSSG	Morgan Stanley Services Group Inc.
NAV	Net asset value
NSFR	Net stable funding ratio, as adopted by the U.S. banking agencies
OCC	Office of the Comptroller of the Currency
OCI	Other comprehensive income (loss)
OFAC	Office of Foreign Assets Control
OTC	Over-the-counter
PCA	Prompt corrective action
ROE	Return on average common equity
RSU	Restricted stock unit
RWA	Risk-weighted assets
SLR	Supplementary leverage ratio
S&P	Standard & Poor's
SPE	Special purpose entity
SPOE	Single point of entry
UPB	Unpaid principal balance
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America
VaR	Value-at-Risk
VIE	Variable interest entity

Risk Factors

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