UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2022

Commission File Number 1-11758

Morgan Stanley

(Exact name of Registrant as specified in its charter)

Delaware	1585 Broadway New York, NY 10036	36-3145972	(212) 761-4000
(State or other jurisdiction of incorporation or organization)	(Address of principal executive offices, including zip code)	(I.R.S. Employer Identification No.)	(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.01 par value	MS	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Floating Rate Non-Cumulative Preferred Stock, Series A, $0.01 par value	MS/PA	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series E, $0.01 par value	MS/PE	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series F, $0.01 par value	MS/PF	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series I, $0.01 par value	MS/PI	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of Fixed-to-Floating Rate Non-Cumulative Preferred Stock, Series K, $0.01 par value	MS/PK	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 4.875% Non-Cumulative Preferred Stock, Series L, $0.01 par value	MS/PL	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 4.250% Non-Cumulative Preferred Stock, Series O, $0.01 par value	MS/PO	New York Stock Exchange
Depositary Shares, each representing 1/1,000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series P, $0.01 par value	MS/PP	New York Stock Exchange
Global Medium-Term Notes, Series A, Fixed Rate Step-Up Senior Notes Due 2026 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/26C	New York Stock Exchange
Global Medium-Term Notes, Series A, Floating Rate Notes Due 2029 of Morgan Stanley Finance LLC (and Registrant's guarantee with respect thereto)	MS/29	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2022, there were 1,690,109,419 shares of the Registrant's Common Stock, par value $0.01 per share, outstanding.

QUARTERLY REPORT ON FORM 10-Q

For the quarter ended September 30, 2022

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Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website, *www.sec.gov*, that contains annual, quarterly and current reports, proxy and information statements and other information that issuers file electronically with the SEC. Our electronic SEC filings are available to the public at the SEC's website.

Our website is *www.morganstanley.com*. You can access our Investor Relations webpage at *www.morganstanley.com/about-us-ir*. We make available free of charge, on or through our Investor Relations webpage, our proxy statements, annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to the Securities Exchange Act of 1934, as amended ("Exchange Act"), as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. We also make available, through our Investor Relations webpage, via a link to the SEC's website, statements of beneficial ownership of our equity securities filed by our directors, officers, 10% or greater shareholders and others under Section 16 of the Exchange Act.

You can access information about our corporate governance at *www.morganstanley.com/about-us-governance*, our sustainability initiatives at *www.morganstanley.com/about-us/sustainability-at-morgan-stanley* and our commitment to diversity and inclusion at *www.morganstanley.com/about-us/diversity*. Our webpages include:

- Amended and Restated Certificate of Incorporation;
- Amended and Restated Bylaws;
- Charters for our Audit Committee, Compensation, Management Development and Succession Committee, Governance and Sustainability Committee, Operations and Technology Committee, and Risk Committee;
- Corporate Governance Policies;
- Policy Regarding Corporate Political Activities;
- Policy Regarding Shareholder Rights Plan;
- Equity Ownership Commitment;
- Code of Ethics and Business Conduct;
- Code of Conduct;
- Integrity Hotline Information;
- Environmental and Social Policies;
- Sustainability Report;
- Climate Report; and
- Diversity and Inclusion Report.

Our Code of Ethics and Business Conduct applies to all directors, officers and employees, including our Chief Executive Officer, Chief Financial Officer and Deputy Chief Financial Officer. We will post any amendments to the Code of Ethics and Business Conduct and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange LLC ("NYSE") on our website. You can request a copy of these documents, excluding exhibits, at no cost, by contacting Investor Relations, 1585 Broadway, New York, NY 10036 (212-761-4000). The information on our website is not incorporated by reference into this report.

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

Introduction

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms "Morgan Stanley," "Firm," "us," "we" or "our" mean Morgan Stanley (the "Parent Company") together with its consolidated subsidiaries. Disclosures reflect the effects of the acquisition of Eaton Vance Corp. ("Eaton Vance") prospectively from the March 1, 2021 acquisition date. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Form 10-Q.

A description of the clients and principal products and services of each of our business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity and other securities, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to customers. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering: financial advisor-led brokerage and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; annuity and insurance products; securities-based lending, residential real estate loans and other lending products; banking; and retirement plan services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products, which are offered through a variety of investment vehicles, include equity, fixed income, alternatives and solutions, and liquidity and overlay services. Institutional clients include defined benefit/defined contribution plans, foundations, endowments, government entities, sovereign wealth funds, insurance companies, third-party fund sponsors and corporations. Individual clients are generally served through intermediaries, including affiliated and non-affiliated distributors.

Management's Discussion and Analysis includes certain metrics that we believe to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an additional means of assessing, our financial condition and operating results. Such metrics, when used, are defined and may be different from or inconsistent with metrics used by other companies.

The results of operations in the past have been, and in the future may continue to be, materially affected by: competition; risk factors; legislative, legal and regulatory developments; and other 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 2021 Form 10-K.

Executive Summary

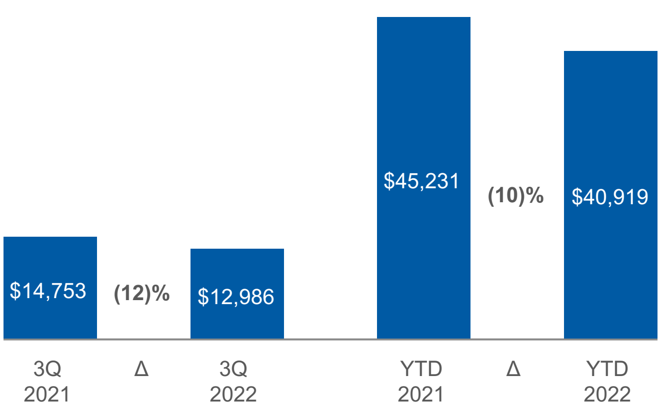
Overview of Financial Results

Consolidated Results—Three Months Ended September 30, 2022

- The Firm reported net revenues of $13.0 billion, against a volatile market backdrop.
- The Firm delivered ROTCE of 14.6%, or 15.2% excluding the impact of integration-related expenses (see "Selected Non-GAAP Financial Information" herein).
- The Firm's expense efficiency ratio of 74% in the current quarter, or 73% excluding the impact of integration-related expenses (see "Selected Non-GAAP Financial Information" herein), contributed to an expense efficiency ratio in the current year period of 72%, or 71% excluding the impact of integration-related expenses (see "Selected Non-GAAP Financial Information" herein).
- At September 30, 2022 our Standardized Common Equity Tier 1 capital ratio was 14.8%.
- Institutional Securities net revenues of $5.8 billion reflect strong performance in Fixed Income and solid results in Equity, while the uncertain macroeconomic environment continued to drive limited activity in Investment Banking.
- Wealth Management delivered a pre-tax margin of 26.9%, or 28.4% excluding integration-related expenses (see "Selected Non-GAAP Financial Information" herein). Results reflect higher net interest income driven by higher interest rates. The business added $65 billion in net new assets, bringing total net new assets year-to-date to $260 billion.
- Investment Management delivered net revenues of $1.2 billion on AUM of $1.3 trillion in a challenging market environment.

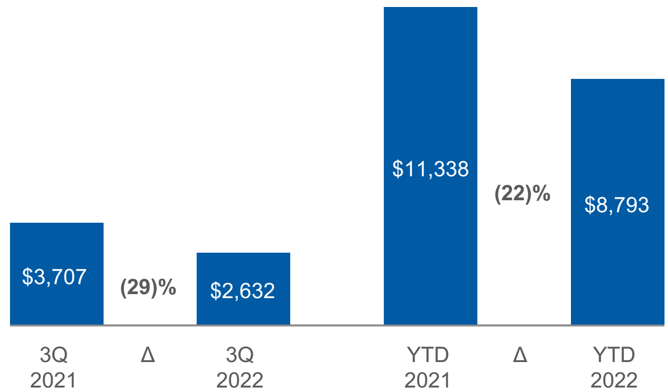
Net Revenues

($ in millions)

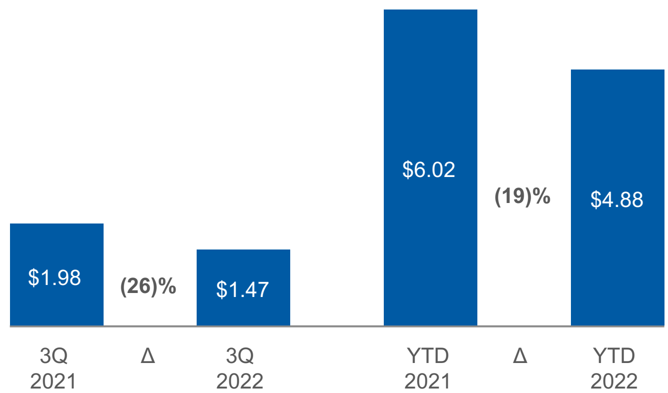


Net Income Applicable to Morgan Stanley

($ in millions)



Earnings per Diluted Common Share[1]

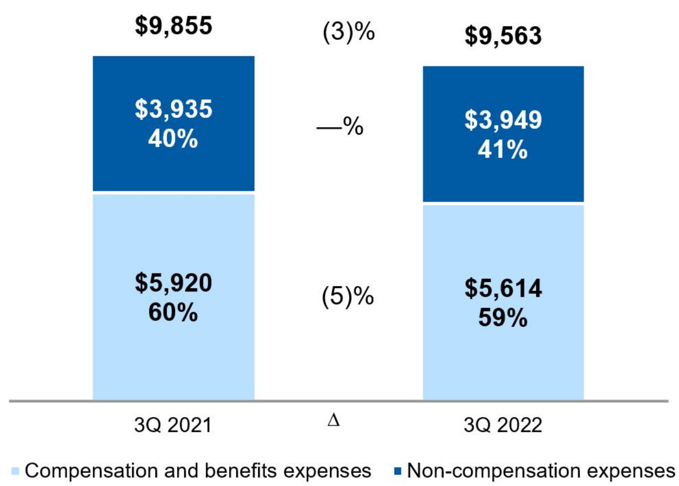


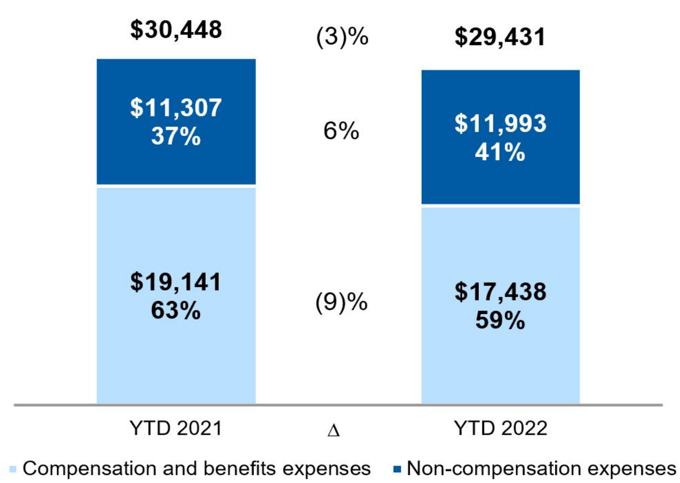
1. Adjusted Diluted EPS was $1.53 for the current quarter and $2.04 for the prior year quarter. Adjusted Diluted EPS was $5.04 for the current year period and $6.15 for the prior year period (see "Selected Non-GAAP Financial Information" herein for further information).

We reported net revenues of $13.0 billion in the quarter ended September 30, 2022 ("current quarter," or "3Q 2022") compared with $14.8 billion in the quarter ended September 30, 2021 ("prior year quarter," or "3Q 2021"). For the current quarter, net income applicable to Morgan Stanley was $2.6 billion, or $1.47 per diluted common share, compared with $3.7 billion or $1.98 per diluted common share in the prior year quarter.

We reported net revenues of $40.9 billion in the nine months ended September 30, 2022 ("current year period," or "YTD 2022"), compared with $45.2 billion in the period ended September 30, 2021 ("prior year period," or "YTD 2021"). For the current year period, net income applicable to Morgan Stanley was $8.8 billion, or $4.88 per diluted common share, compared with $11.3 billion or $6.02 per diluted common share in the prior year period.

Non-interest Expenses[1]
($ in millions)





1. The percentages on the bars in the chart represent the contribution of compensation and benefits expenses and non-compensation expenses to the total.

- Compensation and benefits expenses of $5,614 million in the current quarter decreased 5% from the prior year quarter, primarily due to lower discretionary incentive compensation and a decrease due to the formulaic payout to Wealth Management representatives driven by lower compensable revenues, partially offset by higher salary expenses driven in part by the impact of higher headcount. Compensation and benefits expenses of $17,438 million in the current year period decreased 9% from the prior year period, primarily due to lower expenses related to certain deferred compensation plans linked to investment performance and lower stock-based compensation expense driven by the Firm's share price, and lower discretionary incentive compensation, partially offset by higher salary expenses driven in part by the impact of higher headcount.
- Non-compensation expenses of $3,949 million in the current quarter were relatively unchanged from the prior year quarter. Non-compensation expenses of $11,993 million in the current year period increased 6% from the prior year period, primarily due to higher legal expenses, including $200 million related to a regulatory matter in the second quarter of 2022 and increased spend on technology.

Provision for Credit Losses

The Provision for credit losses on loans and lending commitments of $35 million in the current quarter was primarily driven by deterioration in macroeconomic outlook. The Provision for credit losses on loans and lending commitments in the prior year quarter was $24 million, primarily driven by growth in corporate lending commitments.

The Provision for credit losses on loans and lending commitments of $193 million in the current year period was due to portfolio growth and deterioration in macroeconomic outlook. The Provision for credit losses on loans and lending commitments in the prior year period was flat, primarily as a result of paydowns on corporate loans, including by lower-rated borrowers, offset by the provision for one secured lending facility in the second quarter of 2021.

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

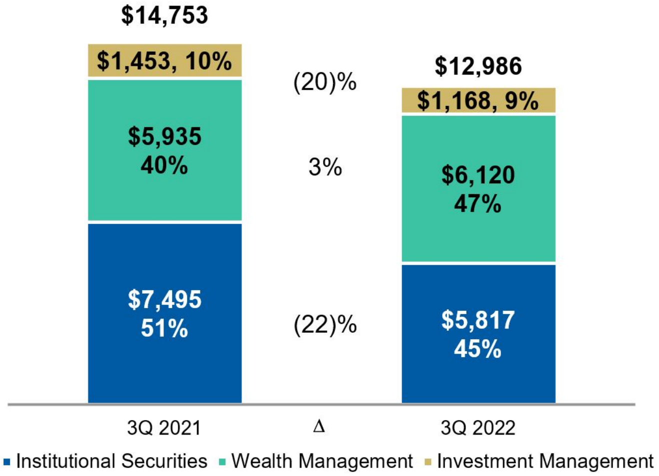
Income Taxes

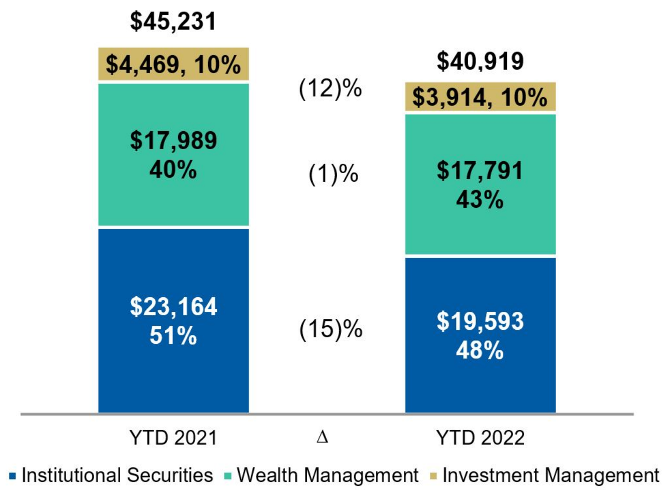
The effective tax rate of 21.4% for the current quarter and 21.1% for the current year period was lower than the prior respective periods, primarily driven by the realization of certain tax benefits.

Business Segment Results

Net Revenues by Segment[1]

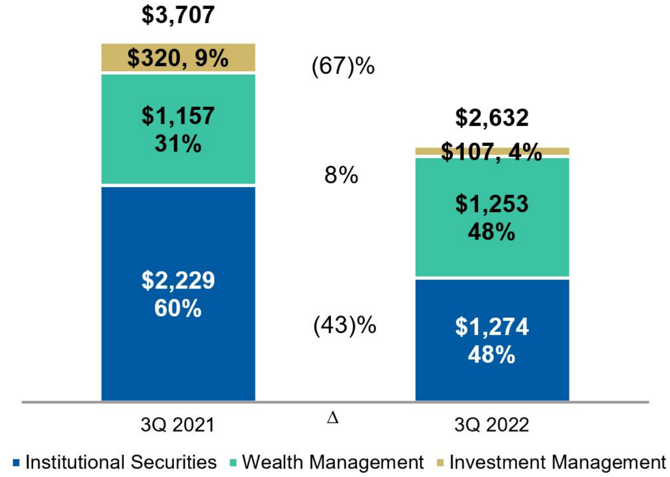
($ in millions)

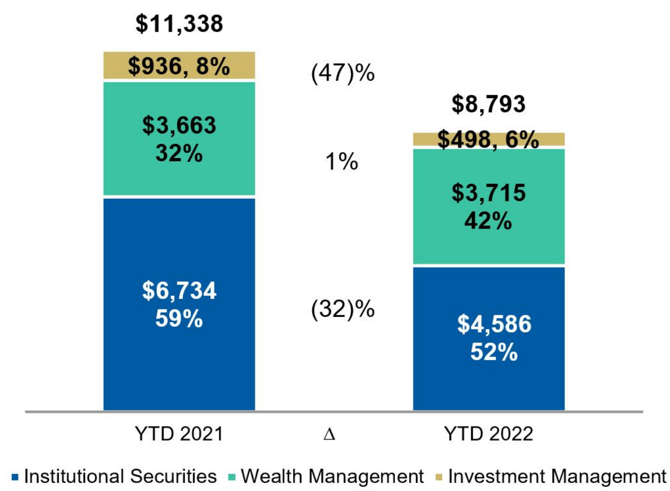




Net Income Applicable to Morgan Stanley by Segment[1]

($ in millions)





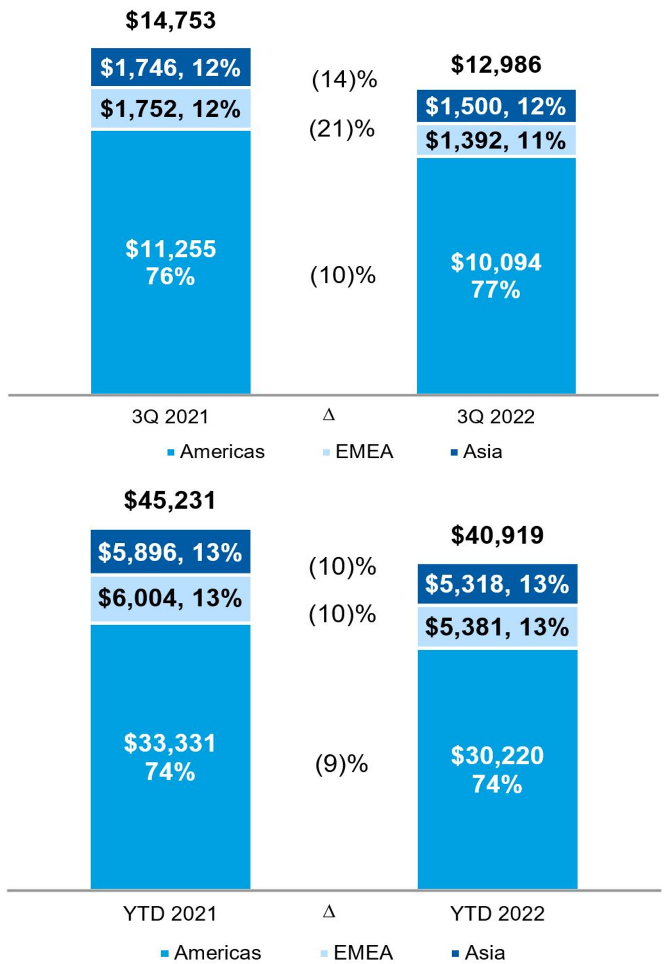
1. The percentages on the bars in the charts represent the contribution of each business segment to the total of the applicable financial category and may not sum to 100% due to intersegment eliminations. See Note 19 to the financial statements for details of intersegment eliminations.

- Institutional Securities net revenues of $5,817 million in the current quarter decreased 22% from the prior year quarter, primarily reflecting lower results from Investment banking and Equity, partially offset by higher Fixed income results. Net revenues of $19,593 million in the current year period decreased 15% from the prior year period, primarily reflecting lower underwriting results, partially offset by higher results in Fixed income.
- Wealth Management net revenues of $6,120 million in the current quarter increased 3% from the prior year quarter, primarily reflecting higher Net interest revenues, partially offset by lower Asset management revenues and Transactional revenues. Net revenues of $17,791 million in the current year period were relatively unchanged from the prior year period, as lower Transactional revenues, primarily driven by losses on investments associated with certain employee deferred compensation plans, were offset by higher Net interest revenues and Asset management revenues.

- Investment Management net revenues of $1,168 million in the current quarter decreased 20% from the prior year quarter, reflecting lower Asset management and related fees and lower Performance-based income and other revenues. Net revenues of $3,914 million in the current year period decreased 12% from the prior year period, primarily reflecting lower Performance-based income and other revenues.

Net Revenues by Region[1, 2]

($ in millions)



1. The percentages on the bars in the charts represent the contribution of each region to the total.
2. For a discussion of how the geographic breakdown of net revenues is determined, see Note 23 to the financial statements in the 2021 Form 10-K.

Americas net revenues in the current quarter decreased 10% from the prior year quarter, primarily driven by Investment banking results within the Institutional Securities business segment. EMEA net revenues decreased 21% from the prior year quarter, primarily driven by Investment banking results within the Institutional Securities business segment. Asia net revenues decreased 14% from the prior year quarter, primarily driven by Equity results within the Institutional Securities business segment.

Americas net revenues in the current year period decreased 9% from the prior year period, primarily driven by results within the Institutional Securities business segment, with lower Investment banking and Other net revenues, partially offset by higher results from Fixed Income. EMEA net revenues decreased 10% from the prior year quarter, primarily driven by Investment banking results within the Institutional Securities business segment. Asia net revenues decreased 10% from the prior year quarter, primarily driven by results within the Institutional Securities business segment, with lower results in Investment banking and Equity, partially offset by higher results from Fixed Income.

Selected Financial Information and Other Statistical Data

$ in millions	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Consolidated results				
Net revenues	**$12,986**	$14,753	**$40,919**	$45,231
Earnings applicable to Morgan Stanley common shareholders	**$ 2,494**	$ 3,584	**$8,427**	$10,974
Earnings per diluted common share	**$ 1.47**	$ 1.98	**$ 4.88**	$ 6.02
Consolidated financial measures				
Expense efficiency ratio[1]	**74 %**	67 %	**72 %**	67 %
Adjusted expense efficiency ratio[1, 2]	**73 %**	66 %	**71 %**	67 %
ROE[3]	**10.7 %**	14.5 %	**11.9 %**	15.1 %
Adjusted ROE[2, 3]	**11.1 %**	15.0 %	**12.2 %**	15.4 %
ROTCE[2, 3]	**14.6 %**	19.6 %	**16.1 %**	19.7 %
Adjusted ROTCE[2, 3]	**15.2 %**	20.2 %	**16.6 %**	20.2 %
Pre-tax margin[4]	**26 %**	33 %	**28 %**	33 %
Effective tax rate	**21.4 %**	23.6 %	**21.1 %**	22.9 %
Average liquidity resources[5]	**$308,001**	$358,310	**N/M**	N/M
Pre-tax margin by segment[4]				
Institutional Securities	**28 %**	40 %	**30 %**	38 %
Wealth Management	**27 %**	26 %	**27 %**	26 %
Wealth Management, adjusted[2]	**28 %**	28 %	**28 %**	28 %
Investment Management	**10 %**	25 %	**15 %**	26 %
Investment Management, adjusted[2]	**13 %**	28 %	**17 %**	28 %

in millions, except per share and employee data	At September 30, 2022	At December 31, 2021
Loans[6]	**$ 218,448**	$ 200,761
Total assets	**$ 1,160,029**	$ 1,188,140
Deposits	**$ 338,123**	$ 347,574
Borrowings	**$ 220,423**	$ 233,127
Common shareholders' equity	**$ 92,261**	$ 97,691
Tangible common shareholders' equity[2]	**$ 67,648**	$ 72,499
Common shares outstanding	**1,694**	1,772
Book value per common share[7]	**$ 54.46**	$ 55.12
Tangible book value per common share[2, 7]	**$ 39.93**	$ 40.91
Worldwide employees (in thousands)	**82**	75
Client assets[8] (in billions)	**$ 5,413**	$ 6,554
Capital Ratios[9]		
Common Equity Tier 1 capital—Standardized	**14.8 %**	16.0 %
Tier 1 capital—Standardized	**16.7 %**	17.7 %
Common Equity Tier 1 capital—Advanced	**15.2 %**	17.4 %
Tier 1 capital—Advanced	**17.1 %**	19.1 %
Tier 1 leverage	**6.6 %**	7.1 %
SLR	**5.4 %**	5.6 %

1. The expense efficiency ratio represents total non-interest expenses as a percentage of net revenues.
2. Represents a non-GAAP financial measure. See "Selected Non-GAAP Financial Information" herein.
3. ROE and ROTCE represent annualized earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively.
4. Pre-tax margin represents income before provision for income taxes as a percentage of net revenues.
5. For a discussion of Liquidity resources, see "Liquidity and Capital Resources—Balance Sheet—Liquidity Risk Management Framework—Liquidity Resources" herein.
6. Includes loans held for investment, net of ACL, loans held for sale and also includes loans at fair value, which are included in Trading assets in the balance sheet.
7. Book value per common share and tangible book value per common share equal common shareholders' equity and tangible common shareholders' equity, respectively, divided by common shares outstanding.
8. Client assets represents Wealth Management client assets and Investment Management AUM. Certain Wealth Management client assets are invested in Investment Management products and are also included in Investment Management's AUM. The prior period has been revised to conform to the current period presentation. See "Business Segments—Wealth Management" herein for additional information.
9. For a discussion of our capital ratios, see "Liquidity and Capital Resources—Regulatory Requirements" herein.

Russia and Ukraine War

We continue to monitor the war in Ukraine and its impact on both the Ukrainian and Russian economies, as well as related impacts on other world economies and the financial markets. Our direct exposure to both Russia and Ukraine remains limited. We are not entering any new business onshore in Russia and our activities in Russia are limited to helping global clients address and close out pre-existing obligations.

Refer to "Risk Factors" and "Forward-Looking Statements" in the 2021 Form 10-K for more information on the potential effects of geopolitical events and acts of war or aggression.

Selected Non-GAAP Financial Information

We prepare our financial statements using U.S. GAAP. From time to time, we may disclose certain "non-GAAP financial measures" in this document or in the course of our earnings releases, earnings and other conference calls, financial presentations, definitive proxy statement and otherwise. A "non-GAAP financial measure" excludes, or includes, amounts from the most directly comparable measure calculated and presented in accordance with U.S. GAAP. We consider the non-GAAP financial measures we disclose to be useful to us, investors, analysts and other stakeholders by providing further transparency about, or an alternate means of assessing or comparing our financial condition, operating results and capital adequacy.

These measures are not in accordance with, or a substitute for, U.S. GAAP and may be different from or inconsistent with non-GAAP financial measures used by other companies. Whenever we refer to a non-GAAP financial measure, we will also generally define it or present the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, along with a reconciliation of the differences between the U.S. GAAP financial measure and the non-GAAP financial measure.

The principal non-GAAP financial measures presented in this document are set forth in the following tables.

Reconciliations from U.S. GAAP to Non-GAAP Consolidated Financial Measures

$ in millions, except per share data	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Earnings applicable to Morgan Stanley common shareholders	**$ 2,494**	$ 3,584	**$ 8,427**	$ 10,974
Impact of adjustments:				
Wealth Management—Compensation expenses	**3**	9	**8**	48
Wealth Management—Non-compensation expenses	**89**	104	**255**	189
Investment Management—Compensation expenses	**7**	10	**23**	29
Investment Management—Non-compensation expenses	**24**	22	**64**	44
Integration-related expenses	**123**	145	**350**	310
Related tax benefit	**(29)**	(34)	**(82)**	(72)
Adjusted earnings applicable to Morgan Stanley common shareholders—non-GAAP[1]	**$ 2,588**	$ 3,695	**$ 8,695**	$ 11,212
Earnings per diluted common share	**$ 1.47**	$ 1.98	**$ 4.88**	$ 6.02
Impact of adjustments	**0.06**	0.06	**0.16**	0.13
Adjusted earnings per diluted common share—non-GAAP[1]	**$ 1.53**	$ 2.04	**$ 5.04**	$ 6.15
Expense efficiency ratio	**74 %**	67 %	**72 %**	67 %
Impact of adjustments	**(1)%**	(1)%	**(1)%**	— %
Adjusted expense efficiency ratio—non-GAAP[1]	**73 %**	66 %	**71 %**	67 %
Wealth Management Pre-tax margin	**27 %**	26 %	**27 %**	26 %
Impact of adjustments	**1 %**	2 %	**1 %**	2 %
Adjusted Wealth Management pre-tax margin—non-GAAP[1]	**28 %**	28 %	**28 %**	28 %
Investment Management Pre-tax margin	**10 %**	25 %	**15 %**	26 %
Impact of adjustments	**3 %**	3 %	**2 %**	2 %
Adjusted Investment Management pre-tax margin—non-GAAP[1]	**13 %**	28 %	**17 %**	28 %

$ in millions	At September 30, 2022	At December 31, 2021
Tangible equity		
Common shareholders' equity	**$ 92,261**	$ 97,691
Less: Goodwill and net intangible assets	**(24,613)**	(25,192)
Tangible common shareholders' equity—non-GAAP	**$ 67,648**	$ 72,499

	Average Monthly Balance			
$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Tangible equity				
Common shareholders' equity	**$ 92,905**	$ 98,563	**$ 94,654**	$ 96,929
Less: Goodwill and net intangible assets	**(24,715)**	(25,433)	**(24,921)**	(22,836)
Tangible common shareholders' equity—non-GAAP	**$ 68,190**	$ 73,130	**$ 69,733**	$ 74,093

$ in billions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Average common equity				
Unadjusted—GAAP	**$ 92.9**	$ 98.6	**$ 94.7**	$ 96.9
Adjusted[1]—Non-GAAP	**92.9**	98.6	**94.8**	97.0
ROE[2]				
Unadjusted—GAAP	**10.7 %**	14.5 %	**11.9 %**	15.1 %
Adjusted[1]—Non-GAAP	**11.1 %**	15.0 %	**12.2 %**	15.4 %
Average tangible common equity—Non-GAAP				
Unadjusted	**$ 68.2**	$ 73.1	**$ 69.7**	$ 74.1
Adjusted[1]	**68.2**	73.2	**69.9**	74.2
ROTCE[2]—Non-GAAP				
Unadjusted	**14.6 %**	19.6 %	**16.1 %**	19.7 %
Adjusted[1]	**15.2 %**	20.2 %	**16.6 %**	20.2 %

Non-GAAP Financial Measures by Business Segment

$ in billions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Average common equity[3]				
Institutional Securities	**$ 48.8**	$ 43.5	**$ 48.8**	$ 43.5
Wealth Management	**31.0**	28.6	**31.0**	28.6
Investment Management	**10.6**	10.7	**10.6**	8.2
ROE[4]				
Institutional Securities	**10 %**	20 %	**12 %**	20 %
Wealth Management	**16 %**	16 %	**16 %**	17 %
Investment Management	**4 %**	12 %	**6 %**	15 %
Average tangible common equity[3]				
Institutional Securities	**$ 48.3**	$ 42.9	**$ 48.3**	$ 42.9
Wealth Management	**16.3**	13.4	**16.3**	13.4
Investment Management	**0.8**	1.0	**0.8**	1.0
ROTCE[4]				
Institutional Securities	**10 %**	20 %	**12 %**	20 %
Wealth Management	**30 %**	34 %	**30 %**	35 %
Investment Management	**56 %**	161 %	**87 %**	128 %

1. Adjusted amounts exclude the effect of costs related to the integrations of E*TRADE and Eaton Vance, net of tax as appropriate.
2. ROE and ROTCE represent earnings applicable to Morgan Stanley common shareholders as a percentage of average common equity and average tangible common equity, respectively. When excluding integration-related costs, both the numerator and average denominator are adjusted.
3. Average common equity and average tangible common equity for each business segment is determined using our Required Capital framework (see "Liquidity and Capital Resources—Regulatory Requirements—Attribution of Average Common Equity According to the Required Capital Framework" herein). The sums of the segments' Average common equity and Average tangible common equity do not equal the Consolidated measures due to Parent equity.
4. The calculation of ROE and ROTCE by segment uses net income applicable to Morgan Stanley by segment less preferred dividends allocated to each segment as a percentage of average common equity and average tangible common equity, respectively, allocated to each segment.

Return on Tangible Common Equity Goal

In January 2022, we established an ROTCE goal of over 20%, excluding integration-related expenses. Our ROTCE goal is a forward-looking statement that was based on a normal market environment and may be materially affected by many factors. See "Risk Factors" and "Forward-Looking Statements" in the 2021 Form 10-K for further information on market and economic conditions and their potential effects on our future operating results.

For further information on non-GAAP measures (ROTCE excluding integration-related expenses), see "Selected Non-GAAP Financial Information" herein.

Business Segments

Substantially all of our operating revenues and operating expenses are directly attributable to our business segments. Certain revenues and expenses have been allocated to each business segment, generally in proportion to its respective net revenues, non-interest expenses or other relevant measures. See Note 19 to the financial statements for segment net revenues by income statement line item and information on intersegment transactions.

The global economic and geopolitical environment continues to be characterized by persistent inflation, rising interest rates and volatility in global financial markets. This environment has impacted our businesses, as discussed further herein.

For an overview of the components of our business segments, net revenues, compensation expense and income taxes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments" in the 2021 Form 10-K.

Institutional Securities

Income Statement Information

$ in millions	Three Months Ended September 30, 2022	2021	% Change
Revenues			
Advisory	**$ 693**	$ 1,272	**(46)%**
Equity	**218**	1,010	**(78)%**
Fixed income	**366**	567	**(35)%**
Total Underwriting	**584**	1,577	**(63)%**
Total Investment banking	**1,277**	2,849	**(55)%**
Equity	**2,459**	2,876	**(14)%**
Fixed income	**2,181**	1,640	**33 %**
Other	**(100)**	130	**(177)%**
Net revenues	**$ 5,817**	$ 7,495	**(22)%**
Provision for credit losses	**24**	24	**—%**
Compensation and benefits	**1,948**	2,248	**(13)%**
Non-compensation expenses	**2,219**	2,250	**(1)%**
Total non-interest expenses	**4,167**	4,498	**(7)%**
Income before provision for income taxes	**1,626**	2,973	**(45)%**
Provision for income taxes	**305**	713	**(57)%**
Net income	**1,321**	2,260	**(42)%**
Net income applicable to noncontrolling interests	**47**	31	**52 %**
Net income applicable to Morgan Stanley	**$ 1,274**	$ 2,229	**(43)%**

$ in millions	Nine Months Ended September 30, 2022	2021	% Change
Revenues			
Advisory	**$ 2,235**	$ 2,416	**(7)%**
Equity	**624**	3,584	**(83)%**
Fixed income	**1,124**	1,838	**(39)%**
Total Underwriting	**1,748**	5,422	**(68)%**
Total Investment banking	**3,983**	7,838	**(49)%**
Equity	**8,593**	8,578	**—%**
Fixed income	**7,604**	6,288	**21 %**
Other	**(587)**	460	**N/M**
Net revenues	**$ 19,593**	$ 23,164	**(15)%**
Provision for credit losses	**150**	1	**N/M**
Compensation and benefits	**6,602**	7,795	**(15)%**
Non-compensation expenses	**6,874**	6,526	**5 %**
Total non-interest expenses	**13,476**	14,321	**(6)%**
Income before provision for income taxes	**5,967**	8,842	**(33)%**
Provision for income taxes	**1,235**	2,023	**(39)%**
Net income	**4,732**	6,819	**(31)%**
Net income applicable to noncontrolling interests	**146**	85	**72 %**
Net income applicable to Morgan Stanley	**$ 4,586**	$ 6,734	**(32)%**

Investment Banking

Investment Banking Volumes

$ in billions	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Completed mergers and acquisitions[1]	**$ 138**	$ 365	**$ 629**	$ 744
Equity and equity-related offerings[2, 3]	**5**	23	**16**	93
Fixed income offerings[2, 4]	**51**	85	**187**	298

Source: Refinitiv data as of October 1, 2022. Transaction volumes may not be indicative of net revenues in a given period. In addition, transaction volumes for prior periods may vary from amounts previously reported due to the subsequent withdrawal, change in value or change in timing of certain transactions.

1. Includes transactions of $100 million or more. Based on full credit to each of the advisors in a transaction.
2. Based on full credit for single book managers and equal credit for joint book managers.
3. Includes Rule 144A issuances and registered public offerings of common stock, convertible securities and rights offerings.
4. Includes Rule 144A and publicly registered issuances, non-convertible preferred stock, mortgage-backed and asset-backed securities, and taxable municipal debt. Excludes leveraged loans and self-led issuances.

Investment Banking Revenues

Revenues of $1,277 million in the current quarter decreased 55% compared with the prior year quarter, primarily reflecting a decrease in underwriting revenues in line with market levels and lower advisory revenues.

- Advisory revenues decreased primarily due to fewer completed M&A transactions.
- Equity underwriting revenues decreased on lower volumes, with lower revenues across all products.
- Fixed income underwriting revenues decreased primarily due to lower issuances.

Revenues of $3,983 million in the current year period decreased 49% compared with the prior year period, primarily reflecting a decrease in underwriting revenues in line with market levels.

- Advisory revenues decreased primarily due to fewer completed M&A transactions.
- Equity underwriting revenues decreased on lower volumes, with lower revenues across all products.
- Fixed income underwriting revenues decreased primarily due to lower issuances.

In the near term, lower levels of announced M&A transactions are expected to impact Advisory revenues.

See "Investment Banking Volumes" herein.

Equity, Fixed Income and Other Net Revenues

Equity and Fixed Income Net Revenues

$ in millions	Three Months Ended September 30, 2022				
	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	**$ 1,308**	**$ 132**	**$ (74)**	**$ 2**	**$ 1,368**
Execution services	**578**	**573**	**21**	**(81)**	**1,091**
Total Equity	**$ 1,886**	**$ 705**	**$ (53)**	**$ (79)**	**$ 2,459**
Total Fixed Income	**$ 1,928**	**$ 85**	**$ 133**	**$ 35**	**$ 2,181**

$ in millions	Three Months Ended September 30, 2021				
	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	$ 1,204	$ 123	$ 130	$ 1	$ 1,458
Execution services	832	612	(62)	36	1,418
Total Equity	$ 2,036	$ 735	$ 68	$ 37	$ 2,876
Total Fixed Income	$ 1,029	$ 75	$ 479	$ 57	$ 1,640

$ in millions	Nine Months Ended September 30, 2022				
	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	**$ 3,914**	**$ 404**	**$ 46**	**$ 7**	**$ 4,371**
Execution services	**2,371**	**1,887**	**(22)**	**(14)**	**4,222**
Total Equity	**$ 6,285**	**$ 2,291**	**$ 24**	**$ (7)**	**$ 8,593**
Total Fixed Income	**$ 6,263**	**$ 264**	**$ 1,046**	**$ 31**	**$ 7,604**

$ in millions	Nine Months Ended September 30, 2021				
	Trading	Fees[1]	Net Interest[2]	All Other[3]	Total
Financing	$ 2,987	$ 374	$ 429	$ 7	$ 3,797
Execution services	2,764	2,048	(169)	138	4,781
Total Equity	$ 5,751	$ 2,422	$ 260	$ 145	$ 8,578
Total Fixed Income	$ 4,490	$ 228	$ 1,335	$ 235	$ 6,288

1. Includes Commissions and fees and Asset management revenues.
2. Includes funding costs, which are allocated to the businesses based on funding usage.
3. Includes Investments and Other revenues.

Current Quarter

Equity

Net revenues of $2,459 million in the current quarter decreased 14% compared with elevated levels in the prior year quarter, primarily reflecting a decrease in execution services.

- Financing revenues decreased primarily due to lower average client balances and lower client activity.
- Execution services revenues decreased primarily due to a mark-to-market loss on a business-related investment and lower client activity in derivatives and cash equities.

Fixed Income

Net revenues of $2,181 million in the current quarter increased 33% compared with the prior year quarter, primarily reflecting an increase in global macro products.

- Global macro products benefited from client engagement and increased client flow activity in an environment characterized by inflationary pressures, central bank actions and fiscal activity driving higher volatility. Revenues increased primarily due to the impact of market conditions on inventory held to facilitate client activity and increased client activity.
- Credit products revenues were relatively unchanged from the prior year quarter as an increase due to the impact of market conditions on inventory held to facilitate client activity in corporate credit products was offset by a decrease in client activity in corporate credit products.
- Commodities products and other fixed income revenues decreased primarily due to lower client activity in Commodities.

Other Net Revenues

Other Net revenues in the current quarter decreased compared with the prior year quarter, primarily due to higher mark-to-market losses on corporate loans held for sale, net of hedges compared with gains in the prior year quarter.

Current Year Period

Equity

Net revenues of $8,593 million in the current year period were relatively unchanged compared with the prior year period as an increase in financing was offset by a decrease in execution services.

- Absent the loss from a credit event for a single client in the prior year period, Financing revenues decreased as the impact of marginally lower average client balances was partially offset by the impact of a change in client balance mix.
- Execution services revenues decreased primarily due to lower client activity and the impact of market conditions on inventory held to facilitate client activity in cash equities, as well as a mark-to-market loss on a business-related investment, partially offset by the absence of trading losses related to the aforementioned credit event.

Fixed Income

Net revenues of $7,604 million in the current year period increased 21% compared with the prior year period, primarily reflecting an increase in global macro and commodities products, partially offset by a decrease in credit products.

- Global macro products benefited from client engagement and increased client flow activity in an environment characterized by inflationary pressures, central bank actions and fiscal activity driving higher volatility. Revenues increased primarily due to the impact of market conditions on inventory held to facilitate client activity and increased client activity.
- Credit products revenues decreased primarily due to the impact of market conditions on inventory held to facilitate client activity across products.
- Commodities products and other fixed income revenues increased primarily due to higher client activity and the impact of market conditions on inventory held to facilitate client activity in Commodities.

Other Net Revenues

Other Net revenues in the current year period decreased compared with the prior year period, primarily due to higher mark-to-market losses on corporate loans held for sale, net of hedges, as well as losses compared with gains in the prior year period on investments associated with certain employee deferred compensation plans and lower results from our Japanese joint venture, MUMSS.

Provision for Credit Losses

Provision for credit losses on loans and lending commitments of $24 million in the current quarter was primarily driven by deterioration in macroeconomic outlook. The Provision for credit losses on loans and lending commitments was $24 million in the prior year quarter, primarily driven by growth in corporate lending commitments.

Provision for credit losses on loans and lending commitments of $150 million in the current year period was driven by portfolio growth and deterioration in macroeconomic outlook. In the prior year period, the Provision for credit losses on loans and lending commitments was flat, primarily as a result of provision for one secured lending facility in the second quarter of 2021, offset by the impact of paydowns on corporate loans, including by lower-rated borrowers.

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

Non-interest Expenses

Non-interest expenses of $4,167 million in the current quarter decreased 7% compared with the prior year quarter, primarily due to lower Compensation and benefits expenses.

- Compensation and benefits expenses decreased in the current quarter, primarily due to lower discretionary incentive compensation on lower revenues.
- Non-compensation expenses were relatively unchanged in the current quarter.

Non-interest expenses of $13,476 million in the current year period decreased 6% compared with the prior year period, primarily due to lower Compensation and benefits expenses, partially offset by higher Non-compensation expenses.

- Compensation and benefits expenses decreased in the current year period, primarily due to lower discretionary incentive compensation on lower revenues, lower stock-based compensation expense driven by the Firm's share price, and lower expenses related to certain deferred compensation plans linked to investment performance, partially offset by higher salary expenses driven in part by the impact of higher headcount.
- Non-compensation expenses increased in the current year period, primarily due to an increase in legal expenses, including $200 million related to a regulatory matter in the second quarter of 2022 and increased spend on technology.

Income Taxes

The effective tax rate of 18.8% for the current quarter and 20.7% for the current year period was lower than the prior respective periods, primarily driven by the realization of certain tax benefits.

Wealth Management

Income Statement Information

$ in millions	Three Months Ended September 30, 2022	2021	% Change
Revenues			
Asset management	**$ 3,389**	$ 3,628	**(7)%**
Transactional[1]	**616**	832	**(26)%**
Net interest	**2,004**	1,348	**49 %**
Other[1]	**111**	127	**(13)%**
Net revenues	**6,120**	5,935	**3 %**
Provision for credit losses	**11**	—	**N/M**
Compensation and benefits	**3,171**	3,159	**— %**
Non-compensation expenses	**1,289**	1,246	**3 %**
Total non-interest expenses	**4,460**	4,405	**1 %**
Income before provision for income taxes	**$ 1,649**	$ 1,530	**8 %**
Provision for income taxes	**396**	373	**6 %**
Net income applicable to Morgan Stanley	**$ 1,253**	$ 1,157	**8 %**

$ in millions	Nine Months Ended September 30, 2022	2021	% Change
Revenues			
Asset management	**$ 10,525**	$ 10,266	**3 %**
Transactional[1]	**1,542**	3,232	**(52)%**
Net interest	**5,291**	3,988	**33 %**
Other[1]	**433**	503	**(14)%**
Net revenues	**17,791**	17,989	**(1)%**
Provision for credit losses	**43**	(2)	**N/M**
Compensation and benefits	**9,191**	9,604	**(4)%**
Non-compensation expenses	**3,814**	3,621	**5 %**
Total non-interest expenses	**13,005**	13,225	**(2)%**
Income before provision for income taxes	**$ 4,743**	$ 4,766	**— %**
Provision for income taxes	**1,028**	1,103	**(7)%**
Net income applicable to Morgan Stanley	**$ 3,715**	$ 3,663	**1 %**

1. Transactional includes Investment banking, Trading, and Commissions and fees revenues. Other includes Investments and Other revenues.

Wealth Management Metrics

$ in billions	At September 30, 2022	At December 31, 2021
Total client assets[1]	**$ 4,134**	$ 4,989
U.S. Bank Subsidiary loans	**$ 146**	$ 129
Margin and other lending[2]	**$ 24**	$ 31
Deposits[3]	**$ 332**	$ 346
Annualized weighted average cost of deposits	**0.93%**	0.10%

	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Net new assets[4]	**$ 64.8**	$ 134.5	**$ 259.7**	$ 310.6

1. The prior period amount has been revised. See "Self-directed Channel" herein for additional information.
2. Margin and other lending represents margin lending arrangements, which allow customers to borrow against the value of qualifying securities and other lending which includes non-purpose securities-based lending on non-bank entities.
3. Deposits are sourced from Wealth Management clients and other sources of funding on the U.S. Bank Subsidiaries. Deposits include sweep deposit programs, savings and other, and time deposits. Excludes approximately $8 billion and $9 billion of off-balance sheet deposits as of September 30, 2022 and December 31, 2021, respectively.
4. Net new assets represent client inflows, including dividends and interest, and asset acquisitions, less client outflows, and exclude activity from business combinations/ divestitures and the impact of fees and commissions.

Advisor-led Channel

$ in billions	At September 30, 2022	At December 31, 2021
Advisor-led client assets[1]	**$ 3,305**	$ 3,886
Fee-based client assets[2]	**$ 1,628**	$ 1,839
Fee-based client assets as a percentage of advisor-led client assets	**49%**	47%

	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Fee-based asset flows[3]	**$ 16.7**	$ 70.6	**$ 142.4**	$ 141.5

1. Advisor-led client assets represent client assets in accounts that have a Wealth Management representative assigned.
2. Fee-based client assets represent the amount of assets in client accounts where the basis of payment for services is a fee calculated on those assets.
3. Fee-based asset flows include net new fee-based assets (including asset acquisitions), net account transfers, dividends, interest and client fees, and exclude institutional cash management related activity. For a description of the Inflows and Outflows included in Fee-based asset flows, see Fee-based client assets in the 2021 Form 10-K.

Self-directed Channel

$ in billions	At September 30, 2022	At December 31, 2021
Self-directed assets[1]	**$ 829**	$ 1,103
Self-directed households (in millions)[2]	**7.8**	7.4

	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Daily average revenue trades ("DARTs") (in thousands)[3]	**805**	959	**900**	1,200

1. Self-directed assets represent active accounts which are not advisor led. Active accounts are defined as having at least $25 in assets. The prior period amount has been revised to include certain additional vested client employee stock options to align the timing of recognition with other existing Morgan Stanley client assets.
2. Self-directed households represent the total number of households that include at least one account with self-directed assets. Individual households or participants that are engaged in one or more of our Wealth Management channels are included in each of the respective channel counts.
3. DARTs represent the total self-directed trades in a period divided by the number of trading days during that period.

Workplace Channel[1]

$ in billions	At September 30, 2022	At December 31, 2021
Stock plan unvested assets[2]	$ 312	$ 509
Stock plan participants (in millions)[3]	6.2	5.6

1. The workplace channel includes equity compensation solutions for companies, their executives and employees.
2. Stock plan unvested assets represent the market value of public company securities at the end of the period.
3. Stock plan participants represent total accounts with vested and/or unvested stock plan assets in the workplace channel. Individuals with accounts in multiple plans are counted as participants in each plan.

Net Revenues

Asset Management

Asset management revenues of $3,389 million in the current quarter decreased 7% compared with the prior year quarter, primarily due to lower fee-based asset levels in the current quarter as a result of lower market levels, partially offset by positive fee-based flows.

In the current year period, asset management increased 3% to $10,525 million compared with the prior year period, primarily due to higher fee-based asset levels in the current year period as a result of positive fee-based flows, partially offset by lower market levels.

See "Fee-Based Client Assets—Rollforwards" herein.

Transactional Revenues

Transactional revenues of $616 million in the current quarter decreased 26% compared with the prior year quarter, primarily due to lower client activity.

In the current year period, transactional revenues decreased 52% to $1,542 million compared with the prior year period, primarily due to losses on investments associated with certain employee deferred compensation plans and lower client activity in equities.

Net Interest

Net interest revenues of $2,004 million in the current quarter and $5,291 million in the current year period increased 49% and 33% compared with the prior year quarter and the prior year period, respectively, primarily due to net effect of higher interest rates and growth in bank lending.

The level and pace of interest rate changes may impact the composition of deposits and customer behavior, which may impact net interest income in future periods.

Non-interest Expenses

Non-interest expenses of $4,460 million in the current quarter increased 1% compared with the prior year quarter, as a result of higher Non-compensation expenses .

- Compensation and benefits expenses were relatively unchanged in the current quarter as the impact of higher headcount was offset by a decrease in the formulaic payout to Wealth Management representatives driven by lower compensable revenues.
- Non-compensation expenses increased in the current quarter primarily driven by spend on technology and higher marketing and business development costs.

In the current year period, Non-interest expenses decreased 2% to $13,005 million compared with the prior year period, primarily as a result of lower Compensation and benefits expenses, partially offset by higher Non-compensation expenses.

- Compensation and benefits expenses decreased in the current year period primarily due to lower expenses related to certain deferred compensation plans linked to investment performance, partially offset by the impact of higher headcount.
- Non-compensation expenses increased in the current year period primarily driven by spend on technology and higher marketing and business development costs.

Fee-Based Client Assets Rollforwards

$ in billions	At June 30, 2022	Inflows	Outflows	Market Impact	At September 30, 2022
Separately managed[1]	$ 556	$ 14	$ (6)	$ (53)	$ 511
Unified managed	396	18	(12)	(23)	379
Advisor	172	7	(9)	(7)	163
Portfolio manager	546	22	(18)	(24)	526
Subtotal	$ 1,670	$ 61	$ (45)	$ (107)	$ 1,579
Cash management	47	10	(8)	—	49
Total fee-based client assets	$ 1,717	$ 71	$ (53)	$ (107)	$ 1,628

$ in billions	At June 30, 2021	Inflows	Outflows	Market Impact	At September 30, 2021
Separately managed[1]	$ 407	$ 51	$ (4)	$ 14	$ 468
Unified managed	436	27	(18)	(6)	439
Advisor	201	11	(9)	(2)	201
Portfolio manager	590	29	(16)	(7)	596
Subtotal	$ 1,634	$ 118	$ (47)	$ (1)	$ 1,704
Cash management	46	9	(7)	—	48
Total fee-based client assets	$ 1,680	$ 127	$ (54)	$ (1)	$ 1,752

$ in billions	At December 31, 2021	Inflows[2]	Outflows	Market Impact	At September 30, 2022
Separately managed[1]	$ 479	$ 126	$ (19)	$ (75)	$ 511
Unified managed	467	58	(37)	(109)	379
Advisor	211	22	(27)	(43)	163
Portfolio manager	636	71	(52)	(129)	526
Subtotal	$ 1,793	$ 277	$ (135)	$ (356)	$ 1,579
Cash management	46	28	(25)	—	49
Total fee-based client assets	$ 1,839	$ 305	$ (160)	$ (356)	$ 1,628

$ in billions	At December 31, 2020	Inflows	Outflows	Market Impact	At September 30, 2021
Separately managed[1]	$ 359	$ 77	$ (15)	$ 47	$ 468
Unified managed	379	75	(42)	27	439
Advisor	177	30	(23)	17	201
Portfolio manager	509	84	(44)	47	596
Subtotal	$ 1,424	$ 266	$ (124)	$ 138	$ 1,704
Cash management	48	22	(22)	—	48
Total fee-based client assets	$ 1,472	$ 288	$ (146)	$ 138	$ 1,752

1. Includes non-custody account values reflecting prior quarter-end balances due to lag in the reporting of asset values by third-party custodians.
2. Includes $75 billion of fee-based assets acquired in an asset acquisition in the current year period reflected in Separately managed.

Average Fee Rates[1]

	Three Months Ended September 30,		Nine Months Ended September 30,	
Fee rate in bps	**2022**	2021	**2022**	2021
Separately managed	**11**	14	**12**	14
Unified managed	**94**	95	**94**	96
Advisor	**80**	82	**81**	82
Portfolio manager	**91**	93	**92**	93
Subtotal	**65**	71	**66**	72
Cash management	**6**	5	**6**	5
Total fee-based client assets	**63**	70	**65**	70

1. Based on Asset management revenues related to advisory services associated with fee-based assets.

For a description of fee-based client assets and rollforward items in the previous tables, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments—Wealth Management Fee-Based Client Assets" in the 2021 Form 10-K.

Investment Management

Income Statement Information

$ in millions	Three Months Ended September 30, 2022	2021	% Change
Revenues			
Asset management and related fees	$ **1,269**	$ 1,470	**(14)%**
Performance-based income and other[1]	**(101)**	(17)	**N/M**
Net revenues	**1,168**	1,453	**(20)%**
Compensation and benefits	**495**	513	**(4)%**
Non-compensation expenses	**557**	570	**(2)%**
Total non-interest expenses	**1,052**	1,083	**(3)%**
Income before provision for income taxes	**116**	370	**(69)%**
Provision for income taxes	**26**	64	**(59)%**
Net income	**90**	306	**(71)%**
Net income (loss) applicable to noncontrolling interests	**(17)**	(14)	**(21)%**
Net income applicable to Morgan Stanley	$ **107**	$ 320	**(67)%**

$ in millions	Nine Months Ended September 30, 2022	2021	% Change
Revenues			
Asset management and related fees	$ **3,961**	$ 3,991	**(1)%**
Performance-based income and other[1]	**(47)**	478	**(110)%**
Net revenues	**3,914**	4,469	**(12)%**
Compensation and benefits	**1,645**	1,742	**(6)%**
Non-compensation expenses	**1,676**	1,557	**8 %**
Total non-interest expenses	**3,321**	3,299	**1 %**
Income before provision for income taxes	**593**	1,170	**(49)%**
Provision for income taxes	**121**	253	**(52)%**
Net income	**472**	917	**(49)%**
Net income (loss) applicable to noncontrolling interests	**(26)**	(19)	**(37)%**
Net income applicable to Morgan Stanley	$ **498**	$ 936	**(47)%**

1. Includes Investments, Trading, Commissions and fees, Net interest, and Other revenues.

Acquisition of Eaton Vance

The comparison of the current year period results to the prior year period is impacted by the acquisition of Eaton Vance on March 1, 2021. For additional information on the acquisition of Eaton Vance, see Note 3 to the financial statements in the 2021 Form 10-K.

Net Revenues

Asset Management and Related Fees

Asset management and related fees of $1,269 million in the current quarter decreased 14% from the prior year quarter, primarily due to lower average AUM driven by the decline in equity markets, partially offset by the impact of lower fee waivers in certain money market funds.

Asset management and related fees of $3,961 million in the current year period were relatively unchanged from the prior year period, reflecting the impact of the decline in equity markets, offset by incremental revenues as a result of the Eaton Vance acquisition and the impact of lower fee waivers in certain money market funds.

Asset management revenues are influenced by the level and relative mix of AUM. The current market environment may impact AUM and net flows within asset classes and therefore our asset management revenues.

See "Assets under Management or Supervision" herein.

Performance-based Income and Other

Performance-based income and other revenues were a loss of $101 million in the current quarter, representing a decrease from the prior year quarter, primarily due to the reversal of accrued carried interest in certain private equity and real estate funds.

Performance-based income and other revenues were a loss of $47 million in the current year period, representing a 110% decrease from the prior year period, primarily due to lower accrued carried interest in certain private equity funds, losses on investments associated with certain employee deferred compensation plans compared with gains in the prior year period, and mark-to-market losses on public investments.

Non-interest Expenses

Non-interest expenses of $1,052 million in the current quarter decreased 3% from the prior year quarter as a result of lower Compensation and benefits.

- Compensation and benefits expenses decreased in the current quarter primarily due to lower discretionary incentive compensation driven by lower asset management revenues, partially offset by higher salary costs.
- Non-compensation expenses were relatively unchanged.

Non-interest expenses of $3,321 million in the current year period increased 1% from the prior year period as a result of higher Non-compensation expenses, partially offset with lower Compensation and benefits.

- Compensation and benefits expenses decreased in the current year period primarily due to lower discretionary incentive compensation driven by lower asset management revenues and lower expenses related to certain deferred compensation plans linked to investment performance, partially offset by higher salary costs, including the impact of incremental compensation as a result of the Eaton Vance acquisition.
- Non-compensation expenses increased in the current year period primarily due to incremental expenses as a result of the Eaton Vance acquisition.

Assets under Management or Supervision Rollforwards

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
June 30, 2022	$ 265	$ 181	$ 415	$ 861	$ 490	$1,351
Inflows	**10**	**13**	**24**	**47**	**572**	**619**
Outflows	**(14)**	**(17)**	**(15)**	**(46)**	**(602)**	**(648)**
Market Impact	**(9)**	**(3)**	**(15)**	**(27)**	**(2)**	**(29)**
Other	**(3)**	**(3)**	**(4)**	**(10)**	**(4)**	**(14)**
September 30, 2022	**$ 249**	**$ 171**	**$ 405**	**$ 825**	**$ 454**	**$1,279**

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
June 30, 2021	$ 404	$ 207	$ 445	$ 1,056	$ 468	$1,524
Inflows	18	17	24	59	462	521
Outflows	(19)	(16)	(23)	(58)	(448)	(506)
Market Impact	(12)	—	—	(12)	—	(12)
Other	—	(2)	(3)	(5)	—	(5)
September 30, 2021	$ 391	$ 206	$ 443	$ 1,040	$ 482	$1,522

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
December 31, 2021	$ 395	$ 207	$ 466	$ 1,068	$ 497	$1,565
Inflows	**42**	**50**	**74**	**166**	**1,675**	**1,841**
Outflows	**(60)**	**(59)**	**(60)**	**(179)**	**(1,702)**	**(1,881)**
Market Impact	**(117)**	**(19)**	**(67)**	**(203)**	**(11)**	**(214)**
Other	**(11)**	**(8)**	**(8)**	**(27)**	**(5)**	**(32)**
September 30, 2022	**$ 249**	**$ 171**	**$ 405**	**$ 825**	**$ 454**	**$1,279**

$ in billions	Equity	Fixed Income	Alternatives and Solutions	Long-Term AUM Subtotal	Liquidity and Overlay Services	Total
December 31, 2020	$ 242	$ 98	$ 153	$ 493	$ 288	$ 781
Inflows	73	49	68	190	1,375	1,565
Outflows	(63)	(40)	(53)	(156)	(1,300)	(1,456)
Market Impact	23	1	29	53	4	57
Acquired[1]	119	103	251	473	116	589
Other	(3)	(5)	(5)	(13)	(1)	(14)
September 30, 2021	$ 391	$ 206	$ 443	$ 1,040	$ 482	$1,522

1. Related to the Eaton Vance acquisition.

Average AUM

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in billions	**2022**	2021	**2022**	2021
Equity	**$ 269**	$ 402	**$ 308**	$ 350
Fixed income	**179**	207	**190**	173
Alternatives and Solutions	**420**	451	**436**	356
Long-term AUM subtotal	**868**	1,060	**934**	879
Liquidity and Overlay Services	**466**	476	**469**	413
Total AUM	**$ 1,334**	$ 1,536	**$ 1,403**	$ 1,292

Average Fee Rates[1]

	Three Months Ended September 30,		Nine Months Ended September 30,	
Fee rate in bps	**2022**	2021	**2022**	2021
Equity	**71**	72	**70**	76
Fixed income	**34**	37	**36**	38
Alternatives and Solutions	**34**	32	**34**	37
Long-term AUM	**46**	48	**46**	53
Liquidity and Overlay Services	**13**	5	**11**	6
Total AUM	**34**	35	**35**	38

1. Based on Asset management revenues, net of waivers, excluding performance-based fees and other non-management fees. For certain non-U.S. funds, it includes the portion of advisory fees that the advisor collects on behalf of third-party distributors. The payment of those fees to the distributor is included in Non-compensation expenses in the income statement.

For a description of the asset classes and rollforward items in the previous tables, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Business Segments—Investment Management—Assets Under Management or Supervision" in the 2021 Form 10-K.

Supplemental Financial Information

U.S. Bank Subsidiaries

Our U.S. bank subsidiaries, Morgan Stanley Bank N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA") (collectively, "U.S. Bank Subsidiaries"), accept deposits, provide loans to a variety of customers, including large corporate and institutional clients as well as high to ultra-high net worth individuals, and invest in securities. Lending activity in the U.S. Bank Subsidiaries from the Institutional Securities business segment primarily includes Secured lending facilities and Commercial real estate loans. Lending activity in the U.S. Bank Subsidiaries from the Wealth Management business segment primarily includes Securities-based lending, which allows clients to borrow money against the value of qualifying securities, and Residential real estate loans.

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 Notes 9 and 13 to the financial statements.

U.S. Bank Subsidiaries' Supplemental Financial Information[1]

$ in billions		**At September 30, 2022**		At December 31, 2021
Investment securities portfolio:				
Investment securities—AFS	**$**	**65.6**	$	81.6
Investment securities—HTM		**57.4**		61.7
Total investment securities	**$**	**123.0**	$	143.3
Wealth Management Loans[2]				
Residential real estate	**$**	**52.8**	$	44.2
Securities-based lending and Other[3]		**92.9**		85.0
Total, net of ACL	**$**	**145.7**	$	129.2
Institutional Securities Loans[2]				
Corporate	**$**	**6.7**	$	6.5
Secured lending facilities		**36.9**		33.1
Commercial and Residential real estate		**10.2**		10.4
Securities-based lending and Other		**5.4**		6.3
Total, net of ACL	**$**	**59.2**	$	56.3
Total Assets	**$**	**371.2**	$	386.1
Deposits[4]	**$**	**331.9**	$	346.2

1. Amounts exclude transactions between the bank subsidiaries, as well as deposits from the Parent Company and affiliates.
2. For a further discussion of loans in the Wealth Management and Institutional Securities business segments, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" herein.
3. Other loans primarily include tailored lending.
4. For further information on deposits, see "Liquidity and Capital Resources—Funding Management—Balance Sheet—Unsecured Financing" herein.

Accounting Development Updates

The Financial Accounting Standards Board has issued certain accounting updates that apply to us. Accounting updates not listed below were assessed and either determined to be not applicable or to not have a material impact on our financial condition or results of operations upon adoption.

The following accounting updates are currently being evaluated, however, we do not expect a material impact on our financial condition or results of operations upon adoption:

- *Financial Instruments—Credit Losses.* This accounting update eliminates the accounting guidance for Troubled Debt Restructurings ("TDRs") and requires new disclosures regarding certain modifications of financing receivables (*i.e.*, principal forgiveness, interest rate reductions, other-than-insignificant payment delays and term extensions) to borrowers experiencing financial difficulty. The update also requires disclosure of current period gross charge-offs by year of origination for financing receivables measured at amortized cost. The ASU is effective January 1, 2023 with early adoption permitted.
- *Derivatives and Hedging.* The accounting update allows entities to designate fair value hedging relationships to multiple layers in a closed portfolio of prepayable and non-prepayable financial assets. It also provides additional guidance on the accounting for and disclosure of hedge basis adjustments under the portfolio layer method. As of the adoption date, entities are permitted to reclassify HTM debt securities to AFS if the securities will be included in a closed portfolio that are designated in a portfolio layer method hedge. The ASU is effective January 1, 2023 with early adoption permitted.
- *Fair Value Measurement*. This accounting update clarifies, consistent with our current accounting policy, that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The update also requires additional disclosures including the fair value of equity securities subject to contractual sale restrictions, the nature and remaining duration of the restriction and circumstances that could cause the restriction to lapse. The ASU is effective January 1, 2024 with early adoption permitted.

Critical Accounting Policies

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 2021 Form 10-K and Note 2 to the financial statements), the fair value, goodwill and intangible assets, legal and regulatory contingencies 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 Policies" in the 2021 Form 10-K.

Liquidity and Capital Resources

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

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, business-specific thresholds, monitoring of business-specific usage versus key performance metrics and new business impact assessments.

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

Total Assets by Business Segment

	At September 30, 2022			
$ in millions	IS	WM	IM	Total
Assets				
Cash and cash equivalents	**$ 89,524**	**$ 21,911**	**$ 261**	**$ 111,696**
Trading assets at fair value	**284,683**	**1,752**	**4,753**	**291,188**
Investment securities	**41,503**	**119,766**	**—**	**161,269**
Securities purchased under agreements to resell	**100,251**	**10,873**	**—**	**111,124**
Securities borrowed	**135,570**	**908**	**—**	**136,478**
Customer and other receivables	**55,202**	**31,517**	**1,216**	**87,935**
Loans[1]	**65,169**	**145,763**	**4**	**210,936**
Other assets[2]	**14,482**	**23,977**	**10,944**	**49,403**
Total assets	**$ 786,384**	**$ 356,467**	**$17,178**	**$ 1,160,029**

	At December 31, 2021			
$ in millions	IS	WM	IM	Total
Assets				
Cash and cash equivalents	$ 91,251	$ 36,003	$ 471	$ 127,725
Trading assets at fair value	288,405	1,921	4,543	294,869
Investment securities	41,407	141,591	—	182,998
Securities purchased under agreements to resell	112,267	7,732	—	119,999
Securities borrowed	128,154	1,559	—	129,713
Customer and other receivables	57,009	37,643	1,366	96,018
Loans[1]	58,822	129,307	5	188,134
Other assets[2]	14,820	22,682	11,182	48,684
Total assets	$ 792,135	$ 378,438	$17,567	$ 1,188,140

1. Amounts include loans held for investment, net of ACL, and loans held for sale but exclude loans at fair value, which are included in Trading assets in the balance sheet (see Note 9 to the financial statements).
2. Other assets primarily includes Goodwill and Intangible assets, premises, equipment and software, ROU assets related to leases, other investments, and deferred tax assets.

A substantial portion of total assets consists of cash and cash equivalents, liquid marketable securities and short-term receivables. In the Institutional Securities business segment, these arise from market-making, financing and prime brokerage activities, and in the Wealth Management business segment, these arise from banking activities, including management of the investment portfolio. Total assets of $1,160 billion at September 30, 2022 were relatively unchanged from $1,188 billion at December 31, 2021.

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 Firm'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 2021 Form 10-K.

At September 30, 2022 and December 31, 2021, we maintained sufficient liquidity to meet current and contingent funding obligations as modeled in our Liquidity Stress Tests.

Liquidity Resources

We maintain sufficient liquidity resources, which consist of HQLA and cash deposits with banks ("Liquidity Resources") to cover daily funding needs and to meet strategic liquidity targets sized by the Required Liquidity Framework and Liquidity Stress Tests. We actively manage the amount of our Liquidity Resources considering the following components: unsecured debt maturity profile; balance sheet size and composition; funding needs in a stressed environment, inclusive of contingent cash outflows; legal entity, regional and segment 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 Liquidity Resources are primarily held within the Parent Company and its major operating subsidiaries. The Total HQLA values in the tables immediately following are different from Eligible HQLA, which, in accordance with the 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	**September 30, 2022**	June 30, 2022
Cash deposits with central banks	**$ 61,447**	$ 65,144
Unencumbered HQLA Securities[1]:		
U.S. government obligations	**132,788**	123,950
U.S. agency and agency mortgage-backed securities	**89,279**	92,825
Non-U.S. sovereign obligations[2]	**15,812**	15,661
Other investment grade securities	**607**	629
Total HQLA[1]	**$ 299,933**	$ 298,209
Cash deposits with banks (non-HQLA)	**8,068**	8,161
Total Liquidity Resources	**$ 308,001**	$ 306,370

1. HQLA is presented prior to applying weightings and includes all HQLA held in subsidiaries.
2. Primarily composed of unencumbered U.K., Japanese, French, German and Dutch government obligations.

Liquidity Resources by Bank and Non-Bank Legal Entities

	Average Daily Balance Three Months Ended	
$ in millions	**September 30, 2022**	June 30, 2022
Bank legal entities		
U.S.	**$ 133,306**	$ 142,290
Non-U.S.	**7,607**	8,712
Total Bank legal entities	**140,913**	151,002
Non-Bank legal entities		
U.S.:		
Parent Company	**54,189**	43,158
Non-Parent Company	**55,098**	55,342
Total U.S.	**109,287**	98,500
Non-U.S.	**57,801**	56,868
Total Non-Bank legal entities	**167,088**	155,368
Total Liquidity Resources	**$ 308,001**	$ 306,370

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

Regulatory Liquidity Framework

Liquidity Coverage Ratio and Net Stable Funding Ratio

We and our U.S. Bank Subsidiaries are required to maintain a minimum LCR and NSFR of 100%. The LCR requires that large banking organizations have sufficient Eligible HQLA to cover net cash outflows arising from significant stress over 30 calendar days, thus promoting the short-term resilience of the liquidity risk profile of banking organizations. In determining Eligible HQLA for LCR purposes, weightings (or asset haircuts) are applied to HQLA, and certain HQLA held in subsidiaries is excluded. The NSFR requires large banking organizations to maintain sufficiently stable sources of funding over a one-year time horizon.

As of September 30, 2022, we and our U.S. Bank Subsidiaries are compliant with the minimum LCR and NSFR requirements of 100%.

Liquidity Coverage Ratio

	Average Daily Balance Three Months Ended	
$ in millions	**September 30, 2022**	June 30, 2022
Eligible HQLA[1]		
Cash deposits with central banks	**$ 57,133**	$ 59,887
Securities[2]	**183,102**	169,708
Total Eligible HQLA[1]	**$ 240,235**	$ 229,595
LCR	**136 %**	128 %

1. Under the LCR rule, Eligible HQLA is calculated using weightings and excluding certain HQLA held in subsidiaries.
2. Primarily includes U.S. Treasuries, U.S. agency mortgage-backed securities, sovereign bonds and investment grade corporate bonds.

Funding Management

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

We fund our balance sheet on a global basis through diverse sources. These sources include our equity capital, borrowings, securities sold under agreements to repurchase, securities lending, deposits, letters of credit and lines of credit. We have active financing programs for both standard and structured products targeting global investors and currencies.

Secured Financing

For a discussion of our secured financing activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Management—Secured Financing" in the 2021 Form 10-K.

Collateralized Financing Transactions

$ in millions	At September 30, 2022	At December 31, 2021
Securities purchased under agreements to resell and Securities borrowed	$ 247,602	$ 249,712
Securities sold under agreements to repurchase and Securities loaned	$ 73,230	$ 74,487
Securities received as collateral[1]	$ 6,853	$ 10,504

	Average Daily Balance Three Months Ended	
$ in millions	September 30, 2022	December 31, 2021
Securities purchased under agreements to resell and Securities borrowed	$ 261,256	$ 236,327
Securities sold under agreements to repurchase and Securities loaned	$ 73,487	$ 69,565

1. Included within Trading assets in the balance sheet.

See "Total Assets by Business Segment" herein for additional information on the assets shown in the previous table and Note 2 to the financial statements in the 2021 Form 10-K and Note 8 to the financial statements for additional information on collateralized financing transactions.

In addition to the collateralized financing transactions shown in the previous table, we engage in financing transactions collateralized by customer-owned securities, which are segregated in accordance with regulatory requirements. Receivables under these financing transactions, primarily margin loans, are included in Customer and other receivables in the balance sheet, and payables under these financing transactions, primarily to prime brokerage customers, are included in Customer and other payables in the balance sheet. Our risk exposure on these transactions is mitigated by collateral maintenance policies and the elements of our Liquidity Risk Management Framework.

Unsecured Financing

For a discussion of our unsecured financing activities, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Funding Management—Unsecured Financing" in the 2021 Form 10-K.

Deposits

$ in millions	At September 30, 2022	At December 31, 2021
Savings and demand deposits:		
Brokerage sweep deposits[1]	$ 233,519	$ 298,352
Savings and other	83,610	34,395
Total Savings and demand deposits	317,129	332,747
Time deposits	20,994	14,827
Total[2]	$ 338,123	$ 347,574

1. Amounts represent balances swept from client brokerage accounts.
2. Excludes approximately $8 billion and $9 billion of off-balance sheet deposits at unaffiliated financial institutions as of September 30, 2022 and December 31, 2021, respectively. This client cash held by third parties is not reflected in our balance sheet and is not immediately available for liquidity purposes.

Deposits are primarily sourced from our Wealth Management clients and are considered to have stable, low-cost funding characteristics. Total deposits decreased in the current year period, primarily driven by a reduction in Brokerage sweep deposits, partially offset by higher savings deposits.

Borrowings by Remaining Maturity at September 30, 2022[1]

$ in millions	Parent Company	Subsidiaries	Total
Original maturities of one year or less	$ —	$ 4,062	$ 4,062
Original maturities greater than one year			
2022	$ 3,151	$ 1,198	$ 4,349
2023	13,376	7,491	20,867
2024	19,224	8,798	28,022
2025	21,353	7,632	28,985
2026	21,957	4,785	26,742
Thereafter	81,708	25,688	107,396
Total	$ 160,769	$ 55,592	$ 216,361
Total Borrowings	$ 160,769	$ 59,654	$ 220,423
Maturities over next 12 months[2]			$ 18,755

1. Original maturity in the table is generally based on contractual final maturity. For borrowings with put options, remaining maturity represents the earliest put date.
2. Includes only borrowings with original maturities greater than one year.

Borrowings of $220 billion as of September 30, 2022 were relatively unchanged when compared with $233 billion at December 31, 2021.

We believe that accessing debt investors through multiple distribution channels helps provide consistent access to the unsecured markets. In addition, the issuance of borrowings with original maturities greater than one year allows us to reduce reliance on short-term credit sensitive instruments. Borrowings with original maturities greater than one year are generally managed to achieve staggered maturities, thereby mitigating refinancing risk, and to maximize investor diversification through sales to global institutional and retail clients across regions, currencies and product types.

The availability and cost of financing to us can vary depending on market conditions, the volume of certain trading and lending activities, our credit ratings and the overall availability of credit. We also engage in, and may continue to engage in, repurchases of our borrowings as part of our market-making activities.

For further information on Borrowings, see Note 12 to the financial statements.

Credit Ratings

We rely on external sources to finance a significant portion of our daily operations. 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 2021 Form 10-K.

Parent Company and U.S. Bank Subsidiaries Issuer Ratings at October 31, 2022

	Parent Company		
	Short-Term Debt	Long-Term Debt	Rating Outlook
DBRS, Inc.	**R-1 (middle)**	**A (high)**	**Stable**
Fitch Ratings, Inc.	**F1**	**A**	**Positive**
Moody's Investors Service, Inc.	**P-1**	**A1**	**Stable**
Rating and Investment Information, Inc.	**a-1**	**A**	**Stable**
S&P Global Ratings	**A-2**	**A-**	**Stable**
	MSBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Fitch Ratings, Inc.	**F1**	**A+**	**Positive**
Moody's Investors Service, Inc.	**P-1**	**Aa3**	**Stable**
S&P Global Ratings	**A-1**	**A+**	**Stable**
	MSPBNA		
	Short-Term Debt	Long-Term Debt	Rating Outlook
Moody's Investors Service, Inc.	**P-1**	**Aa3**	**Stable**
S&P Global Ratings	**A-1**	**A+**	**Stable**

On May 17, 2022, S&P Global Ratings upgraded the issuer ratings of the Parent Company from BBB+ to A-, and revised the Parent Company outlook from positive to stable.

Incremental Collateral or Terminating Payments

In connection with certain OTC derivatives and certain other agreements where we are a liquidity provider to certain financing vehicles associated with the Institutional Securities business segment, we may be required to provide additional collateral, immediately settle any outstanding liability balances with certain counterparties or pledge additional collateral to certain clearing organizations in the event of a future credit rating downgrade irrespective of whether we are in a net asset or net liability position. See Note 6 to the financial statements for additional information on OTC derivatives that contain such contingent features.

While certain aspects of a credit rating downgrade are quantifiable pursuant to contractual provisions, the impact it would have on our business and results of operations in future periods is inherently uncertain and would depend on a number of interrelated factors, including, among other things, the magnitude of the downgrade, the rating relative to peers, the rating assigned by the relevant agency before the downgrade, individual client behavior and future mitigating actions we might take. The liquidity impact of additional collateral requirements is included in our Liquidity Stress Tests.

Capital Management

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

Common Stock Repurchases

	Three Months Ended September 30,		Nine Months Ended September 30,	
in millions, except for per share data	**2022**	2021	**2022**	2021
Number of shares	**30**	36	**93**	98
Average price per share	**$ 85.79**	$ 99.44	**$ 87.50**	$ 88.60
Total	**$ 2,555**	$ 3,557	**$ 8,165**	$ 8,631

For additional information on our common stock repurchases, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein and Note 16 to the financial statements.

For a description of our capital plan, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein.

Common Stock Dividend Announcement

Announcement date	October 14, 2022
Amount per share	$0.775
Date to be paid	November 15, 2022
Shareholders of record as of	October 31, 2022

For additional information on our common stock dividends, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" herein.

For additional information on our common stock and information on our preferred stock, see Note 16 to the financial statements.

Off-Balance Sheet Arrangements

We enter into various off-balance sheet arrangements, including through unconsolidated SPEs and lending-related financial instruments (*e.g.*, guarantees and commitments), primarily in connection with the Institutional Securities and Investment Management business segments.

We utilize SPEs primarily in connection with securitization activities. For information on our securitization activities, see Note 16 to the financial statements in the 2021 Form 10-K.

For information on our commitments, obligations under certain guarantee arrangements and indemnities, see Note 13 to the financial statements. For a further discussion of our lending commitments, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Loans and Lending Commitments" herein.

Regulatory Requirements

Regulatory Capital Framework

We are an FHC under the Bank Holding Company Act of 1956, as amended ("BHC Act") and are subject to the regulation and oversight of the Federal Reserve. The Federal Reserve establishes capital requirements for us, including "well-capitalized" standards, and evaluates our compliance with such capital requirements. The OCC establishes similar capital requirements and standards for our U.S. Bank Subsidiaries. The regulatory capital requirements are largely based on the Basel III capital standards established by the Basel Committee and also implement certain provisions of the Dodd-Frank Act. For us to remain an FHC, we must remain well-capitalized in accordance with standards established by the Federal Reserve, and our U.S. Bank Subsidiaries must remain well-capitalized in accordance with standards established by the OCC. In addition, many of our regulated subsidiaries are subject to regulatory capital requirements, including regulated subsidiaries provisionally registered as swap dealers with the CFTC or conditionally registered as security-based swap dealers with the SEC or registered as broker-dealers or futures commission merchants. For additional information on regulatory capital requirements for our U.S. Bank Subsidiaries, as well as our subsidiaries that are Swap Entities, see Note 15 to the financial statements.

Regulatory Capital Requirements

We are required to maintain minimum risk-based and leverage-based capital and TLAC ratios. 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 2021 Form 10-K. For additional information on TLAC, see "Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements" herein.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 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 our capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios.

Risk-Based Regulatory Capital Ratio Requirements

	At September 30, 2022 and December 31, 2021	
	Standardized	Advanced
Capital buffers		
Capital conservation buffer	—	2.5%
SCB[1]	5.7%	N/A
G-SIB capital surcharge[2]	3.0%	3.0%
CCyB[3]	0%	0%
Capital buffer requirement	8.7%	5.5%

1. For additional information on the SCB, see "Capital Plans, Stress Tests and the Stress Capital Buffer" herein and in the 2021 Form 10-K.
2. For a further discussion of the G-SIB capital surcharge, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—G-SIB Capital Surcharge" in the 2021 Form 10-K.
3. The CCyB can be set up to 2.5%, but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of Common Equity Tier 1 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 the repurchase of stock, and to pay discretionary bonuses to executive officers. Our Standardized Approach capital buffer requirement is equal to the sum of our SCB, G-SIB capital surcharge and CCyB, and our Advanced Approach capital buffer requirement is equal to our 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

	Regulatory Minimum	At September 30, 2022 and December 31, 2021	
		Standardized	Advanced
Required ratios[1]			
Common Equity Tier 1 capital ratio	4.5%	13.2%	10.0%
Tier 1 capital ratio	6.0%	14.7%	11.5%
Total capital ratio	8.0%	16.7%	13.5%

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 approaches for calculating credit risk and market risk RWA ("Standardized Approach") and (ii) the applicable advanced approaches for calculating credit risk, market risk and operational risk RWA ("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 September 30, 2022 and December 31, 2021, the differences between the actual and required ratios were lower under the Standardized Approach.

Leverage-Based Regulatory Capital. Leverage-based capital requirements include a minimum Tier 1 leverage ratio of 4%, a minimum SLR of 3% and an enhanced SLR capital buffer of at least 2%.

CECL Deferral. As of December 31, 2021, our risk-based and leverage-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure were calculated excluding the effect of the adoption of CECL based on our election to defer this effect over a five-year transition period that began on January 1, 2020. In 2022 the deferral impacts began to phase in at 25% per year and will become fully phased-in beginning in 2025.

Regulatory Capital Ratios

$ in millions	Required Ratio[1]	At September 30, 2022	At December 31, 2021
Risk-based capital—Standardized			
Common Equity Tier 1 capital		$ 67,933	$ 75,742
Tier 1 capital		76,428	83,348
Total capital		86,139	93,166
Total RWA		457,911	471,921
Common Equity Tier 1 capital ratio	13.2%	14.8%	16.0%
Tier 1 capital ratio	14.7%	16.7%	17.7%
Total capital ratio	16.7%	18.8%	19.7%

$ in millions	Required Ratio[1]	At September 30, 2022	At December 31, 2021
Risk-based capital—Advanced			
Common Equity Tier 1 capital		**$ 67,933**	$ 75,742
Tier 1 capital		**76,428**	83,348
Total capital		**85,763**	92,927
Total RWA		**447,792**	435,749
Common Equity Tier 1 capital ratio	**10.0%**	**15.2%**	17.4%
Tier 1 capital ratio	**11.5%**	**17.1%**	19.1%
Total capital ratio	**13.5%**	**19.2%**	21.3%

$ in millions	Required Ratio[1]	At September 30, 2022	At December 31, 2021
Leverage-based capital			
Adjusted average assets[2]		**$ 1,154,411**	$ 1,169,939
Tier 1 leverage ratio	**4.0%**	**6.6%**	7.1%
Supplementary leverage exposure[3]		**$ 1,406,345**	$ 1,476,962
SLR	**5.0%**	**5.4%**	5.6%

1. Required ratios are inclusive of any buffers applicable as of the date presented.
2. 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 disallowed goodwill, intangible assets, investments in covered funds, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments, certain deferred tax assets and other capital deductions.
3. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the credit equivalent amount for off-balance sheet exposures.

Regulatory Capital

$ in millions	At September 30, 2022	At December 31, 2021	Change
Common Equity Tier 1 capital			
Common stock and surplus	**$ 3,964**	$ 11,361	**$ (7,397)**
Retained earnings	**94,240**	89,679	**4,561**
AOCI	**(5,758)**	(3,102)	**(2,656)**
Regulatory adjustments and deductions:			
Net goodwill	**(16,456)**	(16,641)	**185**
Net intangible assets	**(6,290)**	(6,704)	**414**
Other adjustments and deductions[1]	**(1,767)**	1,149	**(2,916)**
Total Common Equity Tier 1 capital	**$ 67,933**	$ 75,742	**$ (7,809)**
Additional Tier 1 capital			
Preferred stock	**$ 8,750**	$ 7,750	**$ 1,000**
Noncontrolling interests	**542**	562	**(20)**
Additional Tier 1 capital	**$ 9,292**	$ 8,312	**$ 980**
Deduction for investments in covered funds	**(797)**	(706)	**(91)**
Total Tier 1 capital	**$ 76,428**	$ 83,348	**$ (6,920)**
Standardized Tier 2 capital			
Subordinated debt	**$ 8,161**	$ 8,609	**$ (448)**
Eligible ACL	**1,505**	1,155	**350**
Other adjustments and deductions	**45**	54	**(9)**
Total Standardized Tier 2 capital	**$ 9,711**	$ 9,818	**$ (107)**
Total Standardized capital	**$ 86,139**	$ 93,166	**$ (7,027)**
Advanced Tier 2 capital			
Subordinated debt	**$ 8,161**	$ 8,609	**$ (448)**
Eligible credit reserves	**1,129**	916	**213**
Other adjustments and deductions	**45**	54	**(9)**
Total Advanced Tier 2 capital	**$ 9,335**	$ 9,579	**$ (244)**
Total Advanced capital	**$ 85,763**	$ 92,927	**$ (7,164)**

1. Other adjustments and deductions used in the calculation of Common Equity Tier 1 capital primarily includes net after-tax DVA, the credit spread premium over risk-free rate for derivative liabilities, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in our own capital instruments and certain deferred tax assets.

RWA Rollforward

$ in millions	Nine Months Ended September 30, 2022 Standardized	Advanced
Credit risk RWA		
Balance at December 31, 2021	$ 416,502	$ 285,247
Change related to the following items:		
Derivatives	**(6,624)**	**10,507**
Securities financing transactions	**(8,841)**	**1,838**
Investment securities	**(2,842)**	**(7,456)**
Commitments, guarantees and loans	**11,446**	**5,704**
Equity investments	**(4,054)**	**(4,256)**
Other credit risk	**2,817**	**4,125**
Total change in credit risk RWA	**$ (8,098)**	**$ 10,462**
Balance at September 30, 2022	**$ 408,404**	**$ 295,709**
Market risk RWA		
Balance at December 31, 2021	$ 55,419	$ 55,419
Change related to the following items:		
Regulatory VaR	**3,434**	**3,434**
Regulatory stressed VaR	**242**	**242**
Incremental risk charge	**(5,119)**	**(5,119)**
Comprehensive risk measure	**(391)**	**(436)**
Specific risk	**(4,078)**	**(4,078)**
Total change in market risk RWA	**$ (5,912)**	**$ (5,957)**
Balance at September 30, 2022	**$ 49,507**	**$ 49,462**
Operational risk RWA		
Balance at December 31, 2021	N/A	$ 95,083
Change in operational risk RWA	**N/A**	**7,538**
Balance at September 30, 2022	**N/A**	**$ 102,621**
Total RWA	**$ 457,911**	**$ 447,792**

Regulatory VaR—VaR for regulatory capital requirements

In the current year period, Credit risk RWA decreased under the Standardized Approach, but increased under the Advanced Approach. Under the Standardized Approach, the decrease was primarily driven by lower equity and credit Derivatives as well as lower Securities financing transactions from margin lending, partially offset by lending growth. Under the Advanced Approach, the increase was primarily driven by higher commodities and foreign exchange Derivatives exposures as well as lending growth, partially offset by a decrease in Investment securities.

Market risk RWA decreased in the current year period under both the Standardized and Advanced Approaches primarily driven by lower Incremental Risk Charge driven by exposure reduction in the Fixed Income business and lower Specific risk standardized charges and securitizations, partially offset by higher Regulatory VaR.

The increase in Operational risk RWA in the current year period reflects higher legal expenses and execution-related losses.

Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements

The Federal Reserve has established external TLAC, long-term debt ("LTD") and clean holding company requirements for top-tier BHCs of U.S. G-SIBs ("covered BHCs"), including the Parent Company. These requirements are designed to ensure that covered BHCs will have enough loss-absorbing resources at the point of failure to be recapitalized through the conversion of eligible LTD to equity or otherwise by imposing losses on eligible LTD or other forms of TLAC where an SPOE resolution strategy is used.

Required and Actual TLAC and Eligible LTD Ratios

$ in millions	Regulatory Minimum	Required Ratio[1]	Actual Amount/Ratio At September 30, 2022	At December 31, 2021
External TLAC[2]			**$ 235,864**	$ 235,681
External TLAC as a % of RWA	**18.0%**	**21.5%**	**51.5%**	49.9%
External TLAC as a % of leverage exposure	**7.5%**	**9.5%**	**16.8%**	16.0%
Eligible LTD[3]			**$ 149,694**	$ 144,659
Eligible LTD as a % of RWA	**9.0%**	**9.0%**	**32.7%**	30.7%
Eligible LTD as a % of leverage exposure	**4.5%**	**4.5%**	**10.6%**	9.8%

1. Required ratios are inclusive of applicable buffers.
2. External TLAC consists of Common Equity Tier 1 capital and Additional Tier 1 capital (each excluding any noncontrolling minority interests), as well as eligible LTD.
3. Consists of TLAC-eligible LTD reduced by 50% for amounts of unpaid principal due to be paid in more than one year but less than two years from each respective balance sheet date.

We are in compliance with all TLAC requirements as of September 30, 2022 and December 31, 2021.

For a further discussion of TLAC and related requirements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Total Loss-Absorbing Capacity, Long-Term Debt and Clean Holding Company Requirements" in the 2021 Form 10-K.

Capital Plans, Stress Tests and the Stress Capital Buffer

The Federal Reserve has capital planning and stress test requirements for large BHCs, which form part of the Federal Reserve's annual CCAR framework.

We must submit, on at least an annual basis, a capital plan to the Federal Reserve, taking into account the results of separate annual stress tests designed by us and the Federal Reserve, so that the Federal Reserve may assess our systems and processes that incorporate forward-looking projections of revenues and losses to monitor and maintain our internal capital adequacy. As banks with less than $250 billion of total assets, our U.S. Bank Subsidiaries are not subject to company-run stress test regulatory requirements.

For the 2022 capital planning and stress test cycle, we submitted our capital plan and company-run stress test results to the Federal Reserve on April 5, 2022. On June 23, 2022, the Federal Reserve published summary results of its supervisory stress tests of each large BHC, in which the projected decline in our Common Equity Tier 1 ratio in the severely adverse scenario improved from the prior annual supervisory stress test, from 4.7% to 4.6%. Following the publication of the supervisory stress test results, and as a result of the increase in our common stock dividend and the resulting dividend add-on, we announced that our SCB will be 5.8% from October 1, 2022 through September 30, 2023. Together with other features of the regulatory capital framework, this SCB results in an aggregate Standardized Approach Common Equity Tier 1 ratio of 13.3%. Generally, our SCB is determined annually based on the results of the supervisory stress test.

We also disclosed a summary of the results of our company-run stress tests on our Investor Relations website and increased our quarterly common stock dividend to $0.775 per share from $0.70, beginning with the common stock dividend announced on July 14, 2022. Additionally, our Board of Directors approved a new multi-year repurchase authorization of up to $20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2022, which will be exercised from time to time as conditions warrant.

For additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer" in the 2021 Form 10-K.

Attribution of Average Common Equity According to the Required Capital Framework

Our required capital ("Required Capital") estimation is based on the Required Capital framework, an internal capital adequacy measure. Common equity attribution to the business segments is based on capital usage calculated under the Required Capital framework, as well as each business segment's relative contribution to our total Required Capital.

The Required Capital framework is a risk-based and leverage-based capital measure, which is compared with our regulatory capital to ensure that we maintain an amount of going concern capital after absorbing potential losses from stress events, where applicable, at a point in time. The amount of capital allocated to the business segments is generally set at the beginning of each year and remains fixed throughout the year until the next annual reset unless a significant business change occurs (*e.g.*, acquisition or disposition). We define the difference between our total average common equity and the sum of the average common equity amounts allocated to our business segments as Parent common equity. We generally hold Parent common equity for prospective regulatory requirements, organic growth, potential future acquisitions and other capital needs.

Average Common Equity Attribution under the Required Capital Framework[1]

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in billions	**2022**	2021	**2022**	2021
Institutional Securities	**$ 48.8**	$ 43.5	**$ 48.8**	$ 43.5
Wealth Management	**31.0**	28.6	**31.0**	28.6
Investment Management[2]	**10.6**	10.7	**10.6**	8.2
Parent	**2.5**	15.8	**4.3**	16.6
Total	**$ 92.9**	$ 98.6	**$ 94.7**	$ 96.9

1. The attribution of average common equity to the business segments is a non-GAAP financial measure. See "Selected Non-GAAP Financial Information" herein.
2. The total average common equity and the allocation to the Investment Management business segment in 2021 reflect the Eaton Vance acquisition on March 1, 2021.

We continue to evaluate our Required Capital framework with respect to the impact of evolving regulatory requirements, as appropriate.

Resolution and Recovery Planning

We are required to submit once every two years to the Federal Reserve and the FDIC a resolution plan that describes our strategy for a rapid and orderly resolution under the U.S. Bankruptcy Code in the event of our material financial distress or failure. We submitted our 2021 targeted resolution plan on June 30, 2021. On July 1, 2022, the Federal Reserve and the FDIC announced that they have extended the period for issuing feedback for the U.S. G-SIBs' 2021 resolution plans to allow the agencies additional time to analyze them.

As described in our most recent resolution plan, our preferred resolution strategy is an SPOE strategy. In line with our SPOE strategy, the Parent Company has transferred, and has agreed to transfer on an ongoing basis, certain assets to its wholly owned, direct subsidiary Morgan Stanley Holdings LLC (the "Funding IHC"). In addition, the Parent Company has entered into an amended and restated support agreement with its material entities (including the Funding IHC) and certain other subsidiaries. In the event of a resolution scenario, the Parent Company would be obligated to contribute all of its Contributable Assets to our material entities and/or the Funding IHC. The Funding IHC would be obligated to provide capital and liquidity, as applicable, to our material entities. The combined implication of the SPOE resolution strategy and the requirement to maintain certain levels of TLAC is that losses in resolution would be imposed on the holders of eligible long-term debt and other forms of eligible TLAC issued by the Parent Company before any losses are imposed on creditors of our material entities and without requiring taxpayer or government financial support.

For more information about resolution and recovery planning requirements and our activities in these areas, including the implications of such activities in a resolution scenario, see "Business—Supervision and Regulation—Financial Holding Company—Resolution and Recovery Planning," "Risk Factors—Legal, Regulatory and Compliance Risk" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital

Resources—Regulatory Requirements—Resolution and Recovery Planning" in the 2021 Form 10-K.

Regulatory Developments and Other Matters

Covered Funds Restrictions under the Volcker Rule

The Volcker Rule prohibits certain investments and relationships by banking entities with covered funds, as defined in the Volcker Rule. We requested and received additional time until July 21, 2023 to conform investments in certain legacy illiquid funds. During the current quarter, we have continued our efforts to conform these illiquid funds by July 21, 2023, including but not limited to assessing alternative conformance options permitted under the Volcker Rule. As a result, as of September 30, 2022, we continued to estimate the fair value of our investments in such covered funds using the net asset value per share ("NAV"), which approximated $300 million. For additional information on the Volcker Rule, see "Business—Supervision and Regulation—Financial Holding Company—Activities Restrictions Under the Volcker Rule" in the 2021 Form 10-K. For information on investments measured at NAV, see Note 4 to the financial statements.

Replacement of London Interbank Offered Rate and Replacement or Reform of Other Interest Rate Benchmarks

Central banks around the world, including the Federal Reserve, have commissioned committees and working groups of market participants and official sector representatives to replace LIBOR and replace or reform other interest rate benchmarks (collectively, the "IBORs"). A transition away from use of the IBORs to alternative rates and other potential interest rate benchmark reforms is underway and will continue through the cessation dates.

The publication of most non-U.S. dollar LIBOR rates ceased as of the end of December 2021. The publication of certain non-U.S. dollar LIBOR rates on the basis of a "synthetic" methodology (known as "synthetic LIBOR") will continue at least until the end of 2022 and certain U.S. dollar LIBOR tenors are expected to continue to be published until June 30, 2023. On March 15, 2022 the U.S. enacted federal legislation that is intended to minimize legal and economic uncertainty following U.S. dollar LIBOR's cessation by replacing LIBOR references in certain contracts under certain circumstances with a SOFR-based rate to be established in a Federal Reserve rule that incorporates a spread adjustment specified in the statute. On July 19, 2022, the Federal Reserve issued a proposed rule to implement the federal legislation. While some states have already adopted LIBOR legislation, the federal legislation expressly preempts any provision of any state or local law, statute, rule, regulation or standard.

As of September 30, 2022, our LIBOR-referenced contracts were primarily concentrated in derivative contracts and to a lesser extent, loans, floating rate notes, preferred shares, securitizations and mortgages. A significant majority of our derivative contracts, and a majority of our non-derivative contracts contain fallback provisions or otherwise have an expected path that will allow for the transition to an alternative reference rate upon the cessation of the applicable LIBOR rate.

While we have made substantial progress in the transition away from the IBORs, we nonetheless currently remain party to a significant number of U.S. dollar LIBOR-linked contracts. For the limited number of U.S. dollar LIBOR-linked contracts without a current market standard fallback, or for which the federal legislation does not apply, we are actively developing appropriate transition plans in light of the planned June 30, 2023 cessation date for the remaining U.S. dollar LIBOR tenors.

Our IBOR transition plan is overseen by a global steering committee, with senior management oversight, and we continue to execute against our Firm-wide IBOR transition plan to complete the transition to alternative reference rates.

See also "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Regulatory Requirements—Regulatory Developments and Other Matters" and "Risk Factors—Risk Management" in the 2021 Form 10-K for a further discussion of the replacement of the IBORs and/or reform of other interest rate benchmarks and related risks.

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 Enterprise Risk Management framework and risk management functions, see “Quantitative and Qualitative Disclosures about Risk—Risk Management” in the 2021 Form 10-K.

Market Risk

Market risk refers to the risk that a change in the level of one or more market prices, rates, spreads, indices, volatilities, correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. Generally, we incur market risk as a result of trading, investing and client facilitation activities, principally within the Institutional Securities business segment where the substantial majority of our VaR for market risk exposures is generated. In addition, we incur non-trading market risk, principally within the Wealth Management and Investment Management business segments. The Wealth Management business segment primarily incurs non-trading market risk (including interest rate risk) from lending and deposit-taking activities. The Investment Management business segment primarily incurs non-trading market risk from capital investments in its funds. For a further discussion of market risk, see “Quantitative and Qualitative Disclosures about Risk—Market Risk” in the 2021 Form 10-K.

Trading Risks

We have exposures to a wide range of risks related to interest rates and credit spreads, equity prices, foreign exchange rates and commodity prices as well as the associated implied volatilities, correlations and spreads of the global markets in which we conduct our trading activities.

The statistical technique known as VaR is one of the tools we use to measure, monitor and review the market risk exposures of our trading portfolios.

For information regarding our primary risk exposures and market risk management, VaR methodology, assumptions and limitations, see “Quantitative and Qualitative Disclosures about Risk—Market Risk—Trading Risks” in the 2021 Form 10-K.

95%/One-Day Management VaR for the Trading Portfolio

	Three Months Ended September 30, 2022			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	**$ 36**	**$ 34**	**$ 38**	**$ 30**
Equity price	**22**	**24**	**31**	**19**
Foreign exchange rate	**9**	**8**	**12**	**5**
Commodity price	**26**	**30**	**36**	**24**
Less: Diversification benefit[2]	**(37)**	**(39)**	**N/A**	**N/A**
Primary Risk Categories	**$ 56**	**$ 57**	**$ 65**	**$ 49**
Credit Portfolio	**16**	**16**	**18**	**15**
Less: Diversification benefit[2]	**(11)**	**(12)**	**N/A**	**N/A**
Total Management VaR	**$ 61**	**$ 61**	**$ 74**	**$ 50**

	Three Months Ended June 30, 2022			
$ in millions	Period End	Average	High[1]	Low[1]
Interest rate and credit spread	$ 33	$ 30	$ 43	$ 24
Equity price	24	24	28	19
Foreign exchange rate	6	7	15	4
Commodity price	24	31	40	24
Less: Diversification benefit[2]	(42)	(48)	N/A	N/A
Primary Risk Categories	$ 45	$ 44	$ 57	$ 36
Credit Portfolio	15	15	18	14
Less: Diversification benefit[2]	(10)	(13)	N/A	N/A
Total Management VaR	$ 50	$ 46	$ 57	$ 40

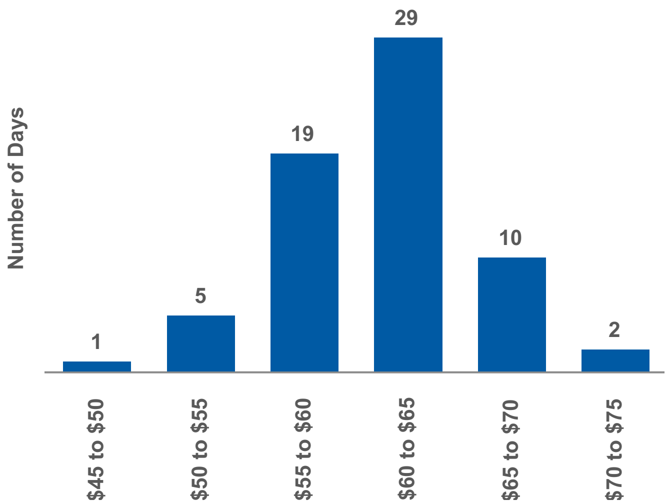
1. The high and low VaR values for the Total Management VaR and each of the component VaRs might have occurred on different days during the quarter, and, therefore, the diversification benefit is not an applicable measure.
2. Diversification benefit equals the difference between the total VaR and the sum of the component VaRs. This benefit arises because the simulated one-day losses for each of the components occur on different days; similar diversification benefits also are taken into account within each component.

Average Total Management VaR and average Management VaR for the Primary Risk Categories increased from the three months ended June 30, 2022, primarily from an increase in interest rate and credit spread risk categories driven by market volatility and a reduction in diversification benefit.

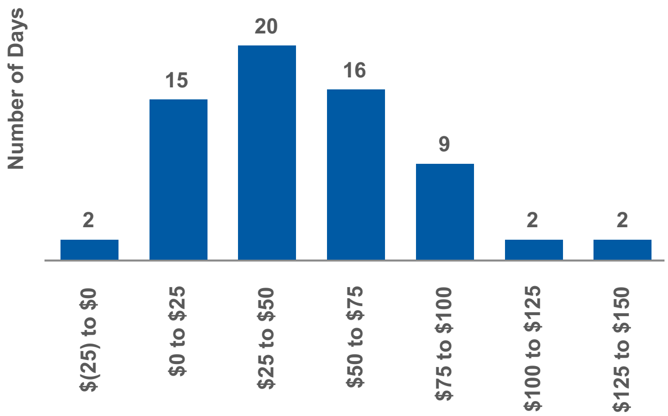
Distribution of VaR Statistics and Net Revenues

We evaluate the reasonableness of our VaR model by comparing the potential declines in portfolio values generated by the model with corresponding actual trading results for the Firm, as well as individual business units. For days where losses exceed the VaR statistic, we examine the drivers of trading losses to evaluate the VaR model’s accuracy. There were 2 loss days in the current quarter, which did not exceed 95% Total Management VaR.

Daily 95%/One-Day Total Management VaR for the Current Quarter
($ in millions)



Daily Net Trading Revenues for the Current Quarter
($ in millions)



The previous histogram shows the distribution of daily net trading revenues for the current quarter. Daily net trading revenues include profits and losses from Interest rate and credit spread, Equity price, Foreign exchange rate, Commodity price, and Credit Portfolio positions and intraday trading activities for our trading businesses. Certain items such as fees, commissions, net interest income and counterparty default risk are excluded from daily net trading revenues and the VaR model. Revenues required for Regulatory VaR backtesting further exclude intraday trading.

Non-Trading Risks

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

Credit Spread Risk Sensitivity[1]

$ in millions	**At September 30, 2022**	At June 30, 2022
Derivatives	**$ 7**	$ 7
Borrowings carried at fair value	**33**	38

1. Amounts represent the potential gain for each 1 bps widening of our credit spread.

Credit spread risk sensitivity for borrowings carried at fair value at September 30, 2022 decreased from June 30, 2022 primarily due to widening credit spreads, partially offset by new debt issuance.

The Wealth Management business segment reflects a substantial portion of our non-trading interest rate risk. Historically, net interest income sensitivity for our U.S. Bank Subsidiaries was representative of such sensitivity for the Wealth Management business segment and, accordingly, we presented net interest income sensitivity for our U.S. Bank Subsidiaries. However, over time the Wealth Management business segment has grown its assets that generate net interest income outside of the U.S. Bank Subsidiaries, such as margin and other lending on non-bank entities, and this growth has been further accelerated by the acquisition of E*TRADE. Net interest in the Wealth Management business segment primarily consists of interest income earned on non-trading assets, including loans and investment securities, as well as margin and other lending on non-bank entities and interest expense incurred on non-trading liabilities, primarily deposits.

Wealth Management Net Interest Income Sensitivity Analysis[1]

$ in millions	**At September 30, 2022**	At June 30, 2022
Basis point change		
+100	**$ 398**	$ 93
-100	**(568)**	(360)

1. The prior period has been revised to conform to the current period presentation.

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 net interest income over the next 12 months for our Wealth Management business segment. These shocks are applied to our 12-month forecast for our Wealth Management business segment, which incorporates market expectations of interest rates and our forecasted business activity.

We do not manage to any single rate scenario but rather manage net interest income in our Wealth Management business segment to optimize 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. Net interest income sensitivity to interest rates at September

30, 2022 increased from June 30, 2022, primarily driven by the changes in deposit pricing, mix and expected customer behavior.

Investments Sensitivity, Including Related Carried Interest

	Loss from 10% Decline	
$ in millions	**At September 30, 2022**	At June 30, 2022
Investments related to Investment Management activities	**$ 423**	$ 423
Other investments:		
MUMSS	**131**	139
Other Firm investments	**348**	348

We have exposure to public and private companies through direct investments, as well as through funds that invest in these assets. These investments are predominantly equity positions with long investment horizons, a portion of which is for business facilitation purposes. The market risk related to these investments is measured by estimating the potential reduction in net revenues associated with a reasonably possible 10% decline in investment values and related impact on performance-based income, as applicable.

Asset Management Revenue Sensitivity

Certain asset management revenues in the Wealth Management and Investment Management business segments are derived from management fees, which are based on fee-based client assets in Wealth Management or AUM in Investment Management (together, “client holdings”). The assets underlying client holdings are primarily composed of equity, fixed income and alternative investments and are sensitive to changes in related markets. These revenues depend on multiple factors including, but not limited to, the level and duration of a market increase or decline, price volatility, the geographic and industry mix of client assets, and client behavior such as the rate and magnitude of client investments and redemptions. Therefore, overall revenues may not correlate completely with changes in the related markets.

Credit Risk

Credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations to us. We are primarily exposed to credit risk from institutions and individuals through our Institutional Securities and Wealth Management business segments. For a further discussion of our credit risks, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” in the 2021 Form 10-K.

Loans and Lending Commitments

	At September 30, 2022			
$ in millions	HFI	HFS	FVO	Total
Institutional Securities:				
Corporate	**$ 6,858**	**$ 7,640**	**$ —**	**$ 14,498**
Secured lending facilities	**34,788**	**3,707**	**7**	**38,502**
Commercial and Residential real estate	**8,191**	**1,750**	**2,044**	**11,985**
Securities-based lending and Other	**2,728**	**109**	**5,013**	**7,850**
Total Institutional Securities	**52,565**	**13,206**	**7,064**	**72,835**
Wealth Management:				
Residential real estate	**52,904**	**5**	**—**	**52,909**
Securities-based lending and Other	**92,859**	**142**	**—**	**93,001**
Total Wealth Management	**145,763**	**147**	**—**	**145,910**
Total Investment Management[1]	**4**	**—**	**448**	**452**
Total loans[2]	**198,332**	**13,353**	**7,512**	**219,197**
ACL	**(749)**			**(749)**
Total loans, net of ACL	**$197,583**	**$ 13,353**	**$ 7,512**	**$218,448**
Lending commitments[3]				**$136,605**
Total exposure				**$355,053**

	At December 31, 2021			
$ in millions	HFI	HFS	FVO	Total
Institutional Securities:				
Corporate	$ 5,567	$ 8,107	$ 8	$ 13,682
Secured lending facilities	31,471	3,879	—	35,350
Commercial and Residential real estate	7,227	1,777	4,774	13,778
Securities-based lending and Other	1,292	45	7,710	9,047
Total Institutional Securities	45,557	13,808	12,492	71,857
Wealth Management:				
Residential real estate	44,251	7	—	44,258
Securities-based lending and Other	85,143	17	—	85,160
Total Wealth Management	129,394	24	—	129,418
Total Investment Management[1]	5	—	135	140
Total loans[2]	174,956	13,832	12,627	201,415
ACL	(654)			(654)
Total loans, net of ACL	$174,302	$ 13,832	$12,627	$200,761
Lending commitments[3]				$134,934
Total exposure				$335,695

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

1. Investment Management business segment loans are related to certain of our activities as an investment advisor and manager. Loans held at fair value are the result of the consolidation of investment vehicles (including CLOs) managed by Investment Management, composed primarily of senior secured loans to corporations.
2. FVO also includes the fair value of certain unfunded lending commitments.
3. Lending commitments represent the notional amount of legally binding obligations to provide funding to clients for lending transactions. Since commitments associated with these business activities may expire unused or may not be utilized to full capacity, they do not necessarily reflect the actual future cash funding requirements.

We provide loans and lending commitments to a variety of customers, including large corporate and institutional clients, as well as high to ultra-high net worth individuals. In addition, we purchase loans in the secondary market. Loans and lending commitments are either held for investment, held for sale or carried at fair value. For more information on these loan classifications, see Note 2 to the financial statements in the 2021 Form 10-K.

Total loans and lending commitments increased by approximately $19 billion since December 31, 2021, primarily due to growth in Residential real estate loans and Securities-based loans within the Wealth Management segment.

See Notes 4, 5, 9 and 13 to the financial statements for further information.

Allowance for Credit Losses—Loans and Lending Commitments

$ in millions		
ACL—Loans	$	654
ACL—Lending Commitments		444
Total at December 31, 2021		1,098
Gross charge-offs		(31)
Recoveries		7
Net (charge-offs) recoveries		(24)
Provision for credit losses		193
Other		(31)
Total at September 30, 2022	**$**	**1,236**
ACL—Loans	**$**	**749**
ACL—Lending commitments		**487**

Provision for Credit Losses by Business Segment

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
$ in millions	IS	WM	Total	IS	WM	Total
Loans	**$ (9)**	**$ 15**	**$ 6**	**$ 88**	**$ 49**	**$ 137**
Lending commitments	**33**	**(4)**	**29**	**62**	**(6)**	**56**
Total	**$ 24**	**$ 11**	**$ 35**	**$ 150**	**$ 43**	**$ 193**

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 aggregate allowance for credit losses for loans and lending commitments increased in the current year period, reflecting the Provision for credit losses due to portfolio growth and deterioration in macroeconomic outlook.

The base scenario used in our ACL models as of September 30, 2022 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and assumes slower economic growth over the forecast period. Given the nature of our lending portfolio, the most sensitive model input is U.S. gross domestic product.

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

	4Q 2022	4Q 2023
Year-over-year growth rate	**0.8 %**	**1.3 %**

See Note 9 to the financial statements for further information. See Note 2 to the financial statements in the 2021 Form 10-K for a discussion of the Firm's ACL methodology under CECL.

Status of Loans Held for Investment

	At September 30, 2022		At December 31, 2021	
	IS	WM	IS	WM
Accrual	**99.4%**	**99.9%**	98.7%	99.8%
Nonaccrual[1]	**0.6%**	**0.1%**	1.3%	0.2%

1. These loans are on nonaccrual status because the loans were past due for a period of 90 days or more or payment of principal or interest was in doubt.

Net Charge-off Ratios for Loans Held for Investment

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
For the Nine Months Ended September 30, 2022						
Net charge-off (recovery) ratio[1]	**(0.09)%**	**0.01 %**	**0.09 %**	**— %**	**0.02 %**	**0.01 %**
Average loans	**$ 6,441**	**$32,367**	**$8,196**	**$ 48,675**	**$92,681**	**$188,360**
For the Nine Months Ended September 30, 2021						
Net charge-off ratio[1]	0.37 %	0.25 %	0.30 %	— %	— %	0.07 %
Average loans	$ 5,182	$27,151	$7,066	$ 37,897	$72,484	$149,780

1. Net charge-off ratio represents gross charge-offs net of recoveries divided by total average loans held for investment before ACL.

Institutional Securities Loans and Lending Commitments[1]

	At September 30, 2022				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Loans					
AA	**$ 58**	**$ 4**	**$ 150**	**$ —**	**$ 212**
A	**987**	**1,148**	**225**	**—**	**2,360**
BBB	**6,960**	**10,505**	**564**	**—**	**18,029**
BB	**9,865**	**19,845**	**1,322**	**124**	**31,156**
Other NIG	**5,028**	**10,573**	**1,886**	**133**	**17,620**
Unrated[2]	**71**	**616**	**699**	**1,470**	**2,856**
Total loans, net of ACL	**22,969**	**42,691**	**4,846**	**1,727**	**72,233**
Lending commitments					
AAA	**—**	**50**	**—**	**—**	**50**
AA	**2,116**	**2,896**	**245**	**—**	**5,257**
A	**4,279**	**19,271**	**272**	**324**	**24,146**
BBB	**7,007**	**40,213**	**879**	**—**	**48,099**
BB	**3,820**	**18,084**	**948**	**52**	**22,904**
Other NIG	**882**	**13,767**	**4,498**	**—**	**19,147**
Unrated[2]	**—**	**38**	**—**	**2**	**40**
Total lending commitments	**18,104**	**94,319**	**6,842**	**378**	**119,643**
Total exposure	**$41,073**	**$137,010**	**$11,688**	**$2,105**	**$191,876**

$ in millions	At December 31, 2021 Contractual Years to Maturity <1	1-5	5-15	>15	Total
Loans					
AA	$ —	$ 35	$ 38	$ —	$ 73
A	890	1,089	675	—	2,654
BBB	5,335	8,944	563	—	14,842
BB	10,734	18,349	814	18	29,915
Other NIG	4,656	10,475	3,439	160	18,730
Unrated[2]	171	665	511	3,753	5,100
Total loans, net of ACL	21,786	39,557	6,040	3,931	71,314
Lending commitments					
AAA	—	50	—	—	50
AA	3,283	2,690	—	—	5,973
A	5,255	17,646	407	303	23,611
BBB	6,703	36,096	766	—	43,565
BB	2,859	19,698	3,122	—	25,679
Other NIG	992	13,420	6,180	55	20,647
Unrated[2]	672	40	3	—	715
Total lending commitments	19,764	89,640	10,478	358	120,240
Total exposure	$41,550	$129,197	$16,518	$4,289	$191,554

NIG–Non-investment grade
1. Counterparty credit ratings are internally determined by the CRM.
2. Unrated loans and lending commitments are primarily trading positions that are measured at fair value and risk-managed as a component of market risk. For a further discussion of our market risk, see "Quantitative and Qualitative Disclosures about Risk—Market Risk" herein.

Institutional Securities Loans and Lending Commitments by Industry

$ in millions	At September 30, 2022	At December 31, 2021
Industry		
Financials	$ **52,630**	$ 52,066
Real estate	**32,325**	31,560
Communications services	**15,386**	12,645
Industrials	**14,555**	17,446
Information technology	**12,834**	13,471
Healthcare	**11,863**	12,618
Consumer discretionary	**11,352**	11,628
Utilities	**10,301**	10,310
Energy	**9,170**	8,544
Consumer staples	**8,186**	7,855
Materials	**6,296**	6,394
Insurance	**5,300**	4,954
Other	**1,678**	2,063
Total exposure	$ **191,876**	$ 191,554

Institutional Securities Lending Activities

The Institutional Securities business segment lending activities include Corporate, Secured lending facilities, Commercial real estate and Securities-based lending and Other. As of September 30, 2022, over 90% of our total lending exposure, which consists of loans and lending commitments, is investment grade and/or secured by collateral. For a description of Institutional Securities' lending activities, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk" in the 2021 Form 10-K.

Institutional Securities Event-Driven Loans and Lending Commitments

$ in millions	At September 30, 2022 Contractual Years to Maturity <1	1-5	5-15	Total
Loans, net of ACL	$ **1,605**	$ **1,564**	$ **1,282**	$ **4,451**
Lending commitments	**1,400**	**6,436**	**4,787**	**12,623**
Total exposure	$ **3,005**	$ **8,000**	$ **6,069**	$ **17,074**

$ in millions	At December 31, 2021 Contractual Years to Maturity <1	1-5	5-15	Total
Loans, net of ACL	$ 951	$ 2,088	$ 1,803	$ 4,842
Lending commitments	1,619	5,288	8,879	15,786
Total exposure	$ 2,570	$ 7,376	$ 10,682	$ 20,628

Event-driven loans and lending commitments are associated with a particular event or transaction, such as to support client merger, acquisition, recapitalization or project finance activities. Balances may fluctuate as such lending is related to transactions that vary in timing and size from period to period.

Institutional Securities Loans and Lending Commitments Held for Investment

$ in millions	At September 30, 2022 Loans	Lending Commitments	Total
Corporate	$ **6,858**	$ **75,801**	$ **82,659**
Secured lending facilities	**34,788**	**11,617**	**46,405**
Commercial real estate	**8,191**	**433**	**8,624**
Securities-based lending and Other	**2,728**	**992**	**3,720**
Total, before ACL	$ **52,565**	$ **88,843**	$ **141,408**
ACL	$ **(602)**	$ **(475)**	$ **(1,077)**

$ in millions	At December 31, 2021 Loans	Lending Commitments	Total
Corporate	$ 5,567	$ 73,585	$ 79,152
Secured lending facilities	31,471	10,003	41,474
Commercial real estate	7,227	1,475	8,702
Securities-based lending and Other	1,292	887	2,179
Total, before ACL	$ 45,557	$ 85,950	$ 131,507
ACL	$ (543)	$ (426)	$ (969)

Institutional Securities Allowance for Credit Losses—Loans and Lending Commitments

$ in millions	Corporate	Secured Lending Facilities	Commercial Real Estate	Other	Total
ACL—Loans	$ 165	$ 163	$ 206	$ 9	$ 543
ACL—Lending commitments	356	41	20	9	426
Total at December 31, 2021	$ 521	$ 204	$ 226	$ 18	$ 969
Gross charge-offs	—	(3)	(7)	(7)	(17)
Recoveries	6	—	—	—	6
Net (charge-offs) recoveries	6	(3)	(7)	(7)	(11)
Provision for credit losses	110	5	29	6	150
Other	(18)	(3)	(10)	—	(31)
Total at September 30, 2022	**$ 619**	**$ 203**	**$ 238**	**$ 17**	**$1,077**
ACL—Loans	**$ 211**	**$ 156**	**$ 224**	**$ 11**	**$ 602**
ACL—Lending commitments	**408**	**47**	**14**	**6**	**475**

Institutional Securities HFI Loans—Ratios of Allowance for Credit Losses to Balance Before Allowance

	At September 30, 2022	At December 31, 2021
Corporate	**3.1%**	3.0%
Secured lending facilities	**0.4%**	0.5%
Commercial real estate	**2.7%**	2.9%
Securities-based lending and Other	**0.4%**	0.7%
Total Institutional Securities loans	**1.1%**	1.2%

Wealth Management Loans and Lending Commitments

	At September 30, 2022				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Securities-based lending and Other loans	**$ 81,996**	**$ 9,204**	**$1,610**	**$ 131**	**$ 92,941**
Residential real estate loans	**2**	**24**	**1,359**	**51,437**	**52,822**
Total loans, net of ACL	**$ 81,998**	**$ 9,228**	**$2,969**	**$ 51,568**	**$145,763**
Lending commitments	**12,367**	**4,252**	**48**	**295**	**16,962**
Total exposure	**$ 94,365**	**$13,480**	**$3,017**	**$ 51,863**	**$162,725**

	At December 31, 2021				
	Contractual Years to Maturity				
$ in millions	<1	1-5	5-15	>15	Total
Securities-based lending and Other loans	$ 74,466	$ 8,927	$1,571	$ 144	$ 85,108
Residential real estate loans	4	10	1,231	42,954	44,199
Total loans, net of ACL	$ 74,470	$ 8,937	$2,802	$ 43,098	$129,307
Lending commitments	11,894	2,467	51	282	14,694
Total exposure	$ 86,364	$11,404	$2,853	$ 43,380	$144,001

The principal Wealth Management business segment lending activities include Securities-based lending and Residential real estate loans.

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. For more information about our Securities-based lending and Residential real estate loans, see “Quantitative and Qualitative Disclosures about Risk—Credit Risk” in the 2021 Form 10-K.

Wealth Management Allowance for Credit Losses—Loans and Lending Commitments

$ in millions	
ACL—Loans	$ 111
ACL—Lending commitments	18
Total at December 31, 2021	129
Gross charge-offs	**(14)**
Recoveries	**1**
Net (charge-offs) recoveries	**(13)**
Provision for credit losses	**43**
Total at September 30, 2022	**$ 159**
ACL—Loans	**$ 147**
ACL—Lending commitments	**12**

At September 30, 2022, more than 75% of Wealth Management residential real estate loans were to borrowers with “Exceptional” or “Very Good” FICO scores (*i.e.*, exceeding 740). Additionally, Wealth Management’s 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.

Customer and Other Receivables

Margin Loans and Other Lending

$ in millions	At September 30, 2022	At December 31, 2021
Institutional Securities	**$ 19,109**	$ 40,545
Wealth Management	**24,306**	30,987
Total	**$ 43,415**	$ 71,532

The Institutional Securities and Wealth Management business segments provide margin lending arrangements that allow customers to borrow against the value of qualifying securities, primarily for the purpose of purchasing additional securities, as well as to collateralize short positions. Institutional Securities primarily includes margin loans in the Equity Financing business. Wealth Management includes margin loans as well as non-purpose securities-based lending on non-bank entities. Amounts may fluctuate from period to period as overall client balances change as a result of market levels, client positioning and leverage.

Credit exposures arising from margin lending activities are generally mitigated by their short-term nature, the value of collateral held and our right to call for additional margin when collateral values decline. However, we could incur losses in the event that the customer fails to meet margin calls and collateral values decline below the loan amount. This risk is elevated in loans backed by collateral pools with significant concentrations in individual issuers or securities with similar risk characteristics. For a further discussion, see “Risk Factors—Credit Risk” in the 2021 Form 10-K.

Employee Loans

For information on employee loans and related ACL, see Note 9 to the financial statements.

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Derivatives

Fair Value of OTC Derivative Assets

	Counterparty Credit Rating[1]					
$ in millions	AAA	AA	A	BBB	NIG	Total
At September 30, 2022						
Less than 1 year	**$ 3,523**	**$ 35,580**	**$ 63,540**	**$ 49,825**	**$ 16,985**	**$169,453**
1-3 years	**1,846**	**9,595**	**24,041**	**25,556**	**10,411**	**71,449**
3-5 years	**889**	**7,259**	**10,868**	**10,975**	**4,959**	**34,950**
Over 5 years	**4,267**	**37,745**	**51,423**	**50,685**	**9,183**	**153,303**
Total, gross	**$ 10,525**	**$ 90,179**	**$149,872**	**$137,041**	**$ 41,538**	**$429,155**
Counterparty netting	**(4,820)**	**(70,458)**	**(103,445)**	**(104,828)**	**(24,463)**	**(308,014)**
Cash and securities collateral	**(3,115)**	**(16,036)**	**(38,904)**	**(20,461)**	**(7,467)**	**(85,983)**
Total, net	**$ 2,590**	**$ 3,685**	**$ 7,523**	**$ 11,752**	**$ 9,608**	**$ 35,158**

	Counterparty Credit Rating[1]					
$ in millions	AAA	AA	A	BBB	NIG	Total
At December 31, 2021						
Less than 1 year	$ 1,561	$ 11,088	$ 32,069	$ 25,680	$ 11,924	$ 82,322
1-3 years	780	4,577	16,821	15,294	6,300	43,772
3-5 years	593	4,807	6,805	8,030	3,317	23,552
Over 5 years	4,359	26,056	61,091	44,091	4,633	140,230
Total, gross	$ 7,293	$ 46,528	$116,786	$ 93,095	$ 26,174	$289,876
Counterparty netting	(3,093)	(36,957)	(91,490)	(68,365)	(11,642)	(211,547)
Cash and securities collateral	(3,539)	(7,608)	(20,500)	(17,755)	(5,762)	(55,164)
Total, net	$ 661	$ 1,963	$ 4,796	$ 6,975	$ 8,770	$ 23,165

$ in millions	At September 30, 2022	At December 31, 2021
Industry		
Financials	**$ 11,201**	$ 5,096
Utilities	**7,436**	5,918
Energy	**5,574**	2,587
Industrials	**2,444**	985
Regional governments	**2,163**	963
Sovereign governments	**1,316**	386
Communications services	**1,235**	348
Insurance	**625**	174
Consumer Discretionary	**611**	3,069
Consumer staples	**596**	324
Information technology	**526**	1,060
Healthcare	**478**	682
Not-for-profit organizations	**220**	531
Materials	**201**	240
Real estate	**54**	280
Other	**478**	522
Total	**$ 35,158**	$ 23,165

1. Counterparty credit ratings are determined internally by the CRM.

We are exposed to credit risk as a dealer in OTC derivatives. Credit risk with respect to derivative instruments arises from the possibility that a counterparty may fail to perform according to the terms of the contract. In 2022, our exposure to credit risk arising from OTC derivatives has increased, primarily as a function of the effect of market factors and volatility on the valuation of our positions. For more information on derivatives, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Derivatives" in the 2021 Form 10-K and Note 6 to the financial statements.

Country Risk

Country risk exposure is the risk that events in, or that affect, a foreign country (any country other than the U.S.) might adversely affect us. We actively manage country risk exposure through a comprehensive risk management framework that combines credit and other market fundamentals and allows us to effectively identify, monitor and limit country risk. For a further discussion of our country risk exposure see "Quantitative and Qualitative Disclosures about Risk—Country and Other Risks" in the 2021 Form 10-K.

Top 10 Non-U.S. Country Exposures at September 30, 2022

$ in millions	United Kingdom	Germany	Japan	France	Brazil
Sovereign					
Net inventory[1]	**$ (1,289)**	**$ 1,931**	**$4,714**	**$2,925**	**$3,045**
Net counterparty exposure[2]	**19**	**268**	**146**	**8**	**—**
Exposure before hedges	**(1,270)**	**2,199**	**4,860**	**2,933**	**3,045**
Hedges[3]	**(250)**	**(284)**	**(168)**	**(6)**	**(109)**
Net exposure	**$ (1,520)**	**$ 1,915**	**$4,692**	**$2,927**	**$2,936**
Non-sovereign					
Net inventory[1]	**$ 1,975**	**$ 462**	**$ 749**	**$ 329**	**$ 118**
Net counterparty exposure[2]	**15,075**	**4,126**	**3,695**	**3,888**	**497**
Loans	**5,056**	**1,101**	**357**	**438**	**254**
Lending commitments	**5,922**	**3,556**	**—**	**2,400**	**405**
Exposure before hedges	**28,028**	**9,245**	**4,801**	**7,055**	**1,274**
Hedges[3]	**(1,706)**	**(1,590)**	**(559)**	**(1,836)**	**(39)**
Net exposure	**$ 26,322**	**$ 7,655**	**$4,242**	**$5,219**	**$1,235**
Total net exposure	**$ 24,802**	**$ 9,570**	**$8,934**	**$8,146**	**$4,171**

$ in millions	Canada	China	Spain	Korea	Netherlands
Sovereign					
Net inventory[1]	**$ 67**	**$ (271)**	**$ (152)**	**$ 1,136**	**$ 40**
Net counterparty exposure[2]	**53**	**574**	**41**	**679**	**—**
Exposure before hedges	**120**	**303**	**(111)**	**1,815**	**40**
Hedges[3]	**—**	**(65)**	**(8)**	**(37)**	**(17)**
Net exposure	**$ 120**	**$ 238**	**$ (119)**	**$ 1,778**	**$ 23**
Non-sovereign					
Net inventory[1]	**$ 739**	**$ 1,207**	**$ 426**	**$ 229**	**$ 123**
Net counterparty exposure[2]	**1,781**	**1,252**	**984**	**915**	**1,428**
Loans	**204**	**393**	**1,938**	**131**	**484**
Lending commitments	**1,358**	**680**	**816**	**25**	**1,429**
Exposure before hedges	**4,082**	**3,532**	**4,164**	**1,300**	**3,464**
Hedges[3]	**(161)**	**(99)**	**(923)**	**(12)**	**(589)**
Net exposure	**$ 3,921**	**$ 3,433**	**$ 3,241**	**$ 1,288**	**$ 2,875**
Total net exposure	**$ 4,041**	**$ 3,671**	**$ 3,122**	**$ 3,066**	**$ 2,898**

1. Net inventory represents exposure to both long and short single-name and index positions (*i.e.*, bonds and equities at fair value and CDS based on a notional amount assuming zero recovery adjusted for the fair value of any receivable or payable).
2. Net counterparty exposure (*e.g.*, repurchase transactions, securities lending and OTC derivatives) is net of the benefit of collateral received and also is net by counterparty when legally enforceable master netting agreements are in place. For more information, see "Additional Information—Top 10 Non-U.S. Country Exposures" herein.
3. Amounts represent net CDS hedges (purchased and sold) on net counterparty exposure and lending executed by trading desks responsible for hedging counterparty and lending credit risk exposures. Amounts are based on the CDS notional amount assuming zero recovery adjusted for the fair value of any receivable or payable. For further description of the contractual terms for purchased credit protection and whether they may limit the effectiveness of our hedges, see "Quantitative and Qualitative Disclosures about Risk—Credit Risk—Derivatives" in the 2021 Form 10-K.

Additional Information—Top 10 Non-U.S. Country Exposures

Collateral Held against Net Counterparty Exposure[1]

$ in millions		At September 30, 2022
Country of Risk	**Collateral[2]**	
United Kingdom	U.K., U.S. and France	$ **14,632**
Japan	Japan and U.S.	**9,008**
Other	Netherlands, France, and Germany	**28,854**

1. The benefit of collateral received is reflected in the Top 10 Non-U.S. Country Exposures at September 30, 2022.
2. Primarily consists of cash and government obligations of the countries listed.

Operational Risk

Operational risk refers to the risk of loss, or of damage to our reputation, resulting from inadequate or failed processes or systems, from human factors or from external events (*e.g.*, cyber attacks or third-party vulnerabilities) that may manifest as, for example, loss of information, business disruption, theft and fraud, legal 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 2021 Form 10-K.

Model Risk

Model risk refers to 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 or damage to our 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 2021 Form 10-K.

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 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 2021 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" herein.

Legal and Compliance Risk

Legal 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 AML, 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 and Compliance Risk" in the 2021 Form 10-K.

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Morgan Stanley:

Results of Review of Interim Financial Information

We have reviewed the accompanying condensed consolidated balance sheet of Morgan Stanley and subsidiaries (the "Firm") as of September 30, 2022, and the related condensed consolidated income statements, comprehensive income statements and statements of changes in total equity for the three-month and nine-month periods ended September 30, 2022 and 2021, and the cash flow statements for the nine-month periods ended September 30, 2022 and 2021, and the related notes (collectively referred to as the "interim financial information"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial information for it to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Firm as of December 31, 2021, and the related consolidated income statement, comprehensive income statement, cash flow statement and statement of changes in total equity for the year then ended (not presented herein) included in the Firm's Annual Report on Form 10-K; and in our report dated February 24, 2022, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2021 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

This interim financial information is the responsibility of the Firm's management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Firm in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our reviews in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ Deloitte & Touche LLP

New York, New York

November 3, 2022

Consolidated Income Statement (Unaudited)

Morgan Stanley

in millions, except per share data	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenues				
Investment banking	**$ 1,373**	$ 3,013	**$ 4,281**	$ 8,413
Trading	**3,331**	2,861	**10,911**	10,416
Investments	**(168)**	45	**(70)**	744
Commissions and fees	**1,133**	1,280	**3,769**	4,214
Asset management	**4,744**	5,201	**14,775**	14,572
Other	**63**	290	**245**	916
Total non-interest revenues	**10,476**	12,690	**33,911**	39,275
Interest income	**6,101**	2,351	**12,363**	7,000
Interest expense	**3,591**	288	**5,355**	1,044
Net interest	**2,510**	2,063	**7,008**	5,956
Net revenues	**12,986**	14,753	**40,919**	45,231
Provision for credit losses	**35**	24	**193**	(1)
Non-interest expenses				
Compensation and benefits	**5,614**	5,920	**17,438**	19,141
Brokerage, clearing and exchange fees	**847**	825	**2,607**	2,530
Information processing and communications	**874**	788	**2,560**	2,286
Professional services	**755**	734	**2,217**	2,104
Occupancy and equipment	**429**	427	**1,286**	1,246
Marketing and business development	**215**	146	**610**	438
Other	**829**	1,015	**2,713**	2,703
Total non-interest expenses	**9,563**	9,855	**29,431**	30,448
Income before provision for income taxes	**3,388**	4,874	**11,295**	14,784
Provision for income taxes	**726**	1,150	**2,382**	3,380
Net income	**$ 2,662**	$ 3,724	**$ 8,913**	$ 11,404
Net income applicable to noncontrolling interests	**30**	17	**120**	66
Net income applicable to Morgan Stanley	**$ 2,632**	$ 3,707	**$ 8,793**	$ 11,338
Preferred stock dividends	**138**	123	**366**	364
Earnings applicable to Morgan Stanley common shareholders	**$ 2,494**	$ 3,584	**$ 8,427**	$ 10,974
Earnings per common share				
Basic	**$ 1.49**	$ 2.01	**$ 4.95**	$ 6.11
Diluted	**$ 1.47**	$ 1.98	**$ 4.88**	$ 6.02
Average common shares outstanding				
Basic	**1,674**	1,781	**1,704**	1,797
Diluted	**1,697**	1,812	**1,725**	1,824

Consolidated Comprehensive Income Statement (Unaudited)

$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Net income	**$ 2,662**	$ 3,724	**$ 8,913**	$ 11,404
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	**(268)**	(78)	**(661)**	(256)
Change in net unrealized gains (losses) on available-for-sale securities	**(1,307)**	(256)	**(4,778)**	(1,039)
Pension and other	**5**	5	**13**	22
Change in net debt valuation adjustment	**816**	147	**2,628**	470
Total other comprehensive income (loss)	**$ (754)**	$ (182)	**$ (2,798)**	$ (803)
Comprehensive income	**$ 1,908**	$ 3,542	**$ 6,115**	$ 10,601
Net income applicable to noncontrolling interests	**30**	17	**120**	66
Other comprehensive income (loss) applicable to noncontrolling interests	**(17)**	(4)	**(142)**	(64)
Comprehensive income applicable to Morgan Stanley	**$ 1,895**	$ 3,529	**$ 6,137**	$ 10,599

Consolidated Balance Sheet

Morgan Stanley

$ in millions, except share data	(Unaudited) At September 30, 2022	At December 31, 2021
Assets		
Cash and cash equivalents	**$ 111,696**	$ 127,725
Trading assets at fair value (**$100,709** and $104,186 were pledged to various parties)	**291,188**	294,869
Investment securities (includes **$83,633** and $102,830 at fair value)	**161,269**	182,998
Securities purchased under agreements to resell (includes **$—** and $7 at fair value)	**111,124**	119,999
Securities borrowed	**136,478**	129,713
Customer and other receivables	**87,935**	96,018
Loans:		
Held for investment (net of allowance for credit losses of **$749** and $654)	**197,583**	174,302
Held for sale	**13,353**	13,832
Goodwill	**16,721**	16,833
Intangible assets (net of accumulated amortization of **$4,250** and $3,819)	**7,893**	8,360
Other assets	**24,789**	23,491
Total assets	**$ 1,160,029**	$ 1,188,140
Liabilities		
Deposits (includes **$3,661** and $1,940 at fair value)	**$ 338,123**	$ 347,574
Trading liabilities at fair value	**162,640**	158,328
Securities sold under agreements to repurchase (includes **$951** and $791 at fair value)	**60,133**	62,188
Securities loaned	**13,097**	12,299
Other secured financings (includes **$4,594** and $5,133 at fair value)	**7,701**	10,041
Customer and other payables	**229,463**	228,685
Other liabilities and accrued expenses	**26,360**	29,300
Borrowings (includes **$68,788** and $76,340 at fair value)	**220,423**	233,127
Total liabilities	**1,057,940**	1,081,542
Commitments and contingent liabilities (see Note 13)		
Equity		
Morgan Stanley shareholders' equity:		
Preferred stock	**8,750**	7,750
Common stock, $0.01 par value:		
Shares authorized: **3,500,000,000**; Shares issued: **2,038,893,979**; Shares outstanding: **1,694,051,265** and 1,772,226,530	**20**	20
Additional paid-in capital	**28,893**	28,841
Retained earnings	**94,055**	89,432
Employee stock trusts	**4,860**	3,955
Accumulated other comprehensive income (loss)	**(5,758)**	(3,102)
Common stock held in treasury at cost, $0.01 par value (**344,842,714** and 266,667,449 shares)	**(24,949)**	(17,500)
Common stock issued to employee stock trusts	**(4,860)**	(3,955)
Total Morgan Stanley shareholders' equity	**101,011**	105,441
Noncontrolling interests	**1,078**	1,157
Total equity	**102,089**	106,598
Total liabilities and equity	**$ 1,160,029**	$ 1,188,140

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Consolidated Statement of Changes in Total Equity (Unaudited)

Morgan Stanley

$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Preferred Stock				
Beginning balance	**$ 7,750**	$ 7,750	**$ 7,750**	$ 9,250
Issuance of preferred stock	**1,000**	—	**1,000**	—
Redemption of preferred stock	**—**	—	**—**	(1,500)
Ending balance	**8,750**	7,750	**8,750**	7,750
Common Stock				
Beginning and ending balance	**20**	20	**20**	20
Additional Paid-in Capital				
Beginning balance	28,394	28,030	28,841	25,546
Share-based award activity	**505**	473	**57**	765
Issuance of preferred stock	**(6)**	—	**(6)**	—
Issuance of common stock for the acquisition of Eaton Vance	**—**	—	**—**	2,185
Other net increases (decreases)	**—**	1	**1**	8
Ending balance	**28,893**	28,504	**28,893**	28,504
Retained Earnings				
Beginning balance	92,889	84,791	89,432	78,694
Net income applicable to Morgan Stanley	**2,632**	3,707	**8,793**	11,338
Preferred stock dividends[1]	**(138)**	(123)	**(366)**	(364)
Common stock dividends[1]	**(1,329)**	(1,276)	**(3,802)**	(2,562)
Other net increases (decreases)	**1**	—	**(2)**	(7)
Ending balance	**94,055**	87,099	**94,055**	87,099
Employee Stock Trusts				
Beginning balance	4,900	3,768	3,955	3,043
Share-based award activity	**(40)**	2	**905**	727
Ending balance	**4,860**	3,770	**4,860**	3,770
Accumulated Other Comprehensive Income (Loss)				
Beginning balance	(5,021)	(2,523)	(3,102)	(1,962)
Net change in Accumulated other comprehensive income (loss)	**(737)**	(178)	**(2,656)**	(739)
Ending balance	**(5,758)**	(2,701)	**(5,758)**	(2,701)
Common Stock Held in Treasury at Cost				
Beginning balance	(22,436)	(11,198)	(17,500)	(9,767)
Share-based award activity	**95**	57	**1,677**	1,094
Repurchases of common stock and employee tax withholdings	**(2,608)**	(3,628)	**(9,126)**	(9,228)
Issuance of common stock for the acquisition of Eaton Vance	**—**	—	**—**	3,132
Ending balance	**(24,949)**	(14,769)	**(24,949)**	(14,769)
Common Stock Issued to Employee Stock Trusts				
Beginning balance	(4,900)	(3,768)	(3,955)	(3,043)
Share-based award activity	**40**	(2)	**(905)**	(727)
Ending balance	**(4,860)**	(3,770)	**(4,860)**	(3,770)
Noncontrolling Interests				
Beginning balance	1,066	1,292	1,157	1,368
Net income applicable to noncontrolling interests	**30**	17	**120**	66
Net change in Accumulated other comprehensive income (loss) applicable to noncontrolling interests	**(17)**	(4)	**(142)**	(64)
Other net increases (decreases)	**(1)**	(89)	**(57)**	(154)
Ending balance	**1,078**	1,216	**1,078**	1,216
Total Equity	**$ 102,089**	$ 107,119	**$ 102,089**	$ 107,119

1. See Note 16 for information regarding dividends per share for each class of stock.

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Consolidated Cash Flow Statement (Unaudited)

Morgan Stanley

$ in millions	Nine Months Ended September 30, 2022	2021
Cash flows from operating activities		
Net income	**$ 8,913**	$ 11,404
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Stock-based compensation expense	**1,377**	1,636
Depreciation and amortization	**2,791**	2,979
Provision for credit losses	**193**	(1)
Other operating adjustments	**508**	(149)
Changes in assets and liabilities:		
Trading assets, net of Trading liabilities	**(23,285)**	2,832
Securities borrowed	**(6,765)**	(13,531)
Securities loaned	**798**	3,402
Customer and other receivables and other assets	**7,966**	(2,692)
Customer and other payables and other liabilities	**8,283**	19,829
Securities purchased under agreements to resell	**8,875**	(3,487)
Securities sold under agreements to repurchase	**(2,055)**	11,400
Net cash provided by (used for) operating activities	**7,599**	33,622
Cash flows from investing activities		
Proceeds from (payments for):		
Other assets—Premises, equipment and software, net	**(2,308)**	(1,658)
Changes in loans, net	**(23,280)**	(23,197)
AFS securities[1]:		
Purchases	**(22,636)**	(32,483)
Proceeds from sales	**21,922**	18,325
Proceeds from paydowns and maturities	**11,682**	21,508
HTM securities[1]:		
Purchases	**(5,231)**	(24,851)
Proceeds from paydowns and maturities	**7,837**	10,860
Cash paid as part of the Eaton Vance acquisition, net of cash acquired	**—**	(2,648)
Other investing activities	**(516)**	(447)
Net cash provided by (used for) investing activities	**(12,530)**	(34,591)
Cash flows from financing activities		
Net proceeds from (payments for):		
Other secured financings	**(1,352)**	(1,125)
Deposits	**(16,816)**	18,347
Issuance of preferred stock, net of issuance costs	**994**	—
Proceeds from issuance of Borrowings	**54,283**	73,591
Payments for:		
Borrowings	**(27,019)**	(56,699)
Repurchases of common stock and employee tax withholdings	**(9,126)**	(9,228)
Cash dividends	**(4,023)**	(2,857)
Other financing activities	**(202)**	(197)
Net cash provided by (used for) financing activities	**(3,261)**	21,832
Effect of exchange rate changes on cash and cash equivalents	**(7,837)**	(2,654)
Net increase (decrease) in cash and cash equivalents	**(16,029)**	18,209
Cash and cash equivalents, at beginning of period	**127,725**	105,654
Cash and cash equivalents, at end of period	**$ 111,696**	$ 123,863
Supplemental Disclosure of Cash Flow Information		
Cash payments for:		
Interest	**$ 4,339**	$ 1,236
Income taxes, net of refunds	**2,805**	3,303

1. The prior period amounts have been revised to present Purchases, Proceeds from sales and Proceeds from paydowns and maturities separately between AFS securities and HTM securities.

1. Introduction and Basis of Presentation

The Firm

Morgan Stanley is a global financial services firm that maintains significant market positions in each of its business segments—Institutional Securities, Wealth Management and Investment Management. Morgan Stanley, through its subsidiaries and affiliates, provides a wide variety of products and services to a large and diversified group of clients and customers, including corporations, governments, financial institutions and individuals. Unless the context otherwise requires, the terms "Morgan Stanley" or the "Firm" mean Morgan Stanley (the "Parent Company") together with its consolidated subsidiaries. Disclosures reflect the effects of the acquisition of Eaton Vance Corp. ("Eaton Vance") prospectively from the March 1, 2021 acquisition date. See Note 3 to the financial statements in the 2021 Form 10-K for further information. See the "Glossary of Common Terms and Acronyms" for the definition of certain terms and acronyms used throughout this Form 10-Q.

A description of the clients and principal products and services of each of the Firm's business segments is as follows:

Institutional Securities provides a variety of products and services to corporations, governments, financial institutions and ultra-high net worth clients. Investment Banking services consist of capital raising and financial advisory services, including the underwriting of debt, equity and other securities, as well as advice on mergers and acquisitions, restructurings and project finance. Our Equity and Fixed Income businesses include sales, financing, prime brokerage, market-making, Asia wealth management services and certain business-related investments. Lending activities include originating corporate loans and commercial real estate loans, providing secured lending facilities, and extending securities-based and other financing to customers. Other activities include research.

Wealth Management provides a comprehensive array of financial services and solutions to individual investors and small to medium-sized businesses and institutions covering: financial advisor-led brokerage and investment advisory services; self-directed brokerage services; financial and wealth planning services; workplace services, including stock plan administration; annuity and insurance products; securities-based lending, residential real estate loans and other lending products; banking; and retirement plan services.

Investment Management provides a broad range of investment strategies and products that span geographies, asset classes, and public and private markets to a diverse group of clients across institutional and intermediary channels. Strategies and products, which are offered through a variety of investment vehicles, include equity, fixed income, alternatives and solutions, and liquidity and overlay services. Institutional clients include defined benefit/defined contribution plans, foundations, endowments, government entities, sovereign wealth funds, insurance companies, third-party fund sponsors and corporations. Individual clients are generally served through intermediaries, including affiliated and non-affiliated distributors.

Basis of Financial Information

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

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

The accompanying financial statements should be read in conjunction with the Firm's financial statements and notes thereto included in the 2021 Form 10-K. Certain footnote disclosures included in the 2021 Form 10-K 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 Firm, its wholly owned subsidiaries and other entities in which the Firm has a controlling financial interest, including certain VIEs (see Note 14). Intercompany balances and transactions have been eliminated. For consolidated subsidiaries that are not wholly owned, the third-party holdings of equity interests are referred to as Noncontrolling interests. The net income attributable to Noncontrolling interests for such subsidiaries is presented as Net income applicable to noncontrolling interests in the income statement. The portion of shareholders' equity that is attributable to noncontrolling interests for such subsidiaries is presented as Noncontrolling interests, a component of Total equity, in the balance sheet.

For a discussion of the Firm's significant regulated U.S. and international subsidiaries and its involvement with VIEs, see Note 1 to the financial statements in the 2021 Form 10-K.

2. Significant Accounting Policies

For a detailed discussion about the Firm's significant accounting policies and for further information on accounting updates adopted, see Note 2 to the financial statements in the 2021 Form 10-K.

During the nine months ended September 30, 2022 ("current year period"), there were no significant updates to the Firm's significant accounting policies.

3. Cash and Cash Equivalents

$ in millions	At September 30, 2022	At December 31, 2021
Cash and due from banks	$ 6,836	$ 8,394
Interest bearing deposits with banks	104,860	119,331
Total Cash and cash equivalents	**$ 111,696**	$ 127,725
Restricted cash	$ 40,413	$ 40,887

For additional information on cash and cash equivalents, including restricted cash, see Note 2 to the financial statements in the 2021 Form 10-K.

4. Fair Values

Recurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

$ in millions	At September 30, 2022 Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	$ 37,694	$ 29,822	$ 1	$ —	$ 67,517
Other sovereign government obligations	27,618	5,411	137	—	33,166
State and municipal securities	—	2,259	52	—	2,311
MABS	—	2,090	344	—	2,434
Loans and lending commitments[2]	—	4,929	2,583	—	7,512
Corporate and other debt	—	24,936	1,898	—	26,834
Corporate equities[3]	74,566	1,043	145	—	75,754
Derivative and other contracts:					
Interest rate	18,630	173,134	768	—	192,532
Credit	—	10,294	474	—	10,768
Foreign exchange	56	167,919	269	—	168,244
Equity	1,736	59,409	531	—	61,676
Commodity and other	11,660	31,216	4,134	—	47,010
Netting[1]	(15,435)	(328,762)	(1,363)	(68,420)	(413,980)
Total derivative and other contracts	16,647	113,210	4,813	(68,420)	66,250
Investments[4]	588	716	873	—	2,177
Physical commodities	—	1,924	—	—	1,924
Total trading assets[4]	157,113	186,340	10,846	(68,420)	285,879
Investment securities—AFS	53,618	29,979	36	—	83,633
Total assets at fair value	**$210,731**	**$216,319**	**$10,882**	**$(68,420)**	**$369,512**

$ in millions	At September 30, 2022 Level 1	Level 2	Level 3	Netting[1]	Total
Liabilities at fair value					
Deposits	$ —	$ 3,654	$ 7	$ —	$ 3,661
Trading liabilities:					
U.S. Treasury and agency securities	15,842	8	1	—	15,851
Other sovereign government obligations	19,215	2,398	12	—	21,625
Corporate and other debt	—	9,993	23	—	10,016
Corporate equities[3]	66,268	564	54	—	66,886
Derivative and other contracts:					
Interest rate	16,043	166,207	945	—	183,195
Credit	—	10,079	352	—	10,431
Foreign exchange	57	159,478	94	—	159,629
Equity	1,868	66,950	987	—	69,805
Commodity and other	12,669	24,561	2,333	—	39,563
Netting[1]	(15,435)	(328,762)	(1,363)	(68,801)	(414,361)
Total derivative and other contracts	15,202	98,513	3,348	(68,801)	48,262
Total trading liabilities	116,527	111,476	3,438	(68,801)	162,640
Securities sold under agreements to repurchase	—	443	508	—	951
Other secured financings	—	4,481	113	—	4,594
Borrowings	—	66,851	1,937	—	68,788
Total liabilities at fair value	**$116,527**	**$186,905**	**$ 6,003**	**$(68,801)**	**$240,634**

$ in millions	At December 31, 2021 Level 1	Level 2	Level 3	Netting[1]	Total
Assets at fair value					
Trading assets:					
U.S. Treasury and agency securities	$ 45,970	$ 29,749	$ 2	$ —	$ 75,721
Other sovereign government obligations	28,041	4,533	211	—	32,785
State and municipal securities	—	1,905	13	—	1,918
MABS	—	1,237	344	—	1,581
Loans and lending commitments[2]	—	8,821	3,806	—	12,627
Corporate and other debt	—	27,309	1,973	—	29,282
Corporate equities[3]	91,630	832	115	—	92,577
Derivative and other contracts:					
Interest rate	1,364	153,048	1,153	—	155,565
Credit	—	8,441	509	—	8,950
Foreign exchange	28	74,571	132	—	74,731
Equity	1,562	68,519	251	—	70,332
Commodity and other	4,462	20,194	3,057	—	27,713
Netting[1]	(5,696)	(241,814)	(794)	(50,833)	(299,137)
Total derivative and other contracts	1,720	82,959	4,308	(50,833)	38,154
Investments[4]	735	846	1,125	—	2,706
Physical commodities	—	2,771	—	—	2,771
Total trading assets[4]	168,096	160,962	11,897	(50,833)	290,122
Investment securities—AFS	59,021	43,809	—	—	102,830
Securities purchased under agreements to resell	—	7	—	—	7
Total assets at fair value	**$227,117**	**$204,778**	**$11,897**	**$(50,833)**	**$392,959**

$ in millions	At December 31, 2021 Level 1	Level 2	Level 3	Netting[1]	Total
Liabilities at fair value					
Deposits	$ —	$ 1,873	$ 67	$ —	$ 1,940
Trading liabilities:					
U.S. Treasury and agency securities	16,433	319	—	—	16,752
Other sovereign government obligations	20,771	2,062	—	—	22,833
Corporate and other debt	—	8,707	16	—	8,723
Corporate equities[3]	75,181	226	45	—	75,452
Derivative and other contracts:					
Interest rate	1,087	145,670	445	—	147,202
Credit	—	9,090	411	—	9,501
Foreign exchange	19	73,096	80	—	73,195
Equity	2,119	77,363	1,196	—	80,678
Commodity and other	4,563	16,837	1,528	—	22,928
Netting[1]	(5,696)	(241,814)	(794)	(50,632)	(298,936)
Total derivative and other contracts	2,092	80,242	2,866	(50,632)	34,568
Total trading liabilities	114,477	91,556	2,927	(50,632)	158,328
Securities sold under agreements to repurchase	—	140	651	—	791
Other secured financings	—	4,730	403	—	5,133
Borrowings	—	74,183	2,157	—	76,340
Total liabilities at fair value	$114,477	$172,482	$ 6,205	$(50,632)	$242,532

MABS—Mortgage- and asset-backed securities

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 6.
2. For a further breakdown by type, see the following Detail of Loans and Lending Commitments at Fair Value table.
3. For trading purposes, the Firm holds or sells short equity securities issued by entities in diverse industries and of varying sizes.
4. Amounts exclude certain investments that are measured based on NAV per share, which are not classified in the fair value hierarchy. For additional disclosure about such investments, see "Net Asset Value Measurements" herein.

Detail of Loans and Lending Commitments at Fair Value

$ in millions	**At September 30, 2022**	At December 31, 2021
Corporate	**$ —**	$ 8
Secured lending facilities	**7**	—
Commercial Real Estate	**476**	863
Residential Real Estate	**1,568**	3,911
Securities-based lending and Other loans	**5,461**	7,845
Total	**$ 7,512**	$ 12,627

Unsettled Fair Value of Futures Contracts[1]

$ in millions	**At September 30, 2022**	At December 31, 2021
Customer and other receivables (payables), net	**$ 693**	$ 948

1. These contracts are primarily Level 1, actively traded, valued based on quoted prices from the exchange and are excluded from the previous recurring fair value tables.

For a description of the valuation techniques applied to the Firm's major categories of assets and liabilities measured at fair value on a recurring basis, see Note 5 to the financial statements in the 2021 Form 10-K. During the current quarter, there were no significant revisions made to the Firm's valuation techniques.

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

$ in millions	Three Months Ended September 30, **2022**	2021	Nine Months Ended September 30, **2022**	2021
U.S. Treasury and agency securities				
Beginning balance	$ 9	$ 25	$ 2	$ 9
Realized and unrealized gains (losses)	**—**	(1)	**(1)**	—
Purchases	**1**	4	**2**	28
Sales	**(4)**	(24)	**(7)**	(33)
Net transfers	**(5)**	—	**5**	—
Ending balance	**$ 1**	$ 4	**$ 1**	$ 4
Unrealized gains (losses)	**$ —**	$ (1)	**$ (1)**	$ —
Other sovereign government obligations				
Beginning balance	$ 161	$ 78	$ 211	$ 268
Realized and unrealized gains (losses)	**23**	(3)	**(24)**	(1)
Purchases	**43**	59	**69**	129
Sales	**(57)**	(4)	**(60)**	(269)
Net transfers	**(33)**	(3)	**(59)**	—
Ending balance	**$ 137**	$ 127	**$ 137**	$ 127
Unrealized gains (losses)	**$ 23**	$ (3)	**$ (22)**	$ —
State and municipal securities				
Beginning balance	$ 29	$ 4	$ 13	$ —
Realized and unrealized gains (losses)	**(1)**	—	**(2)**	—
Purchases	**4**	—	**54**	4
Sales	**—**	(4)	**—**	(4)
Net transfers	**20**	—	**(13)**	—
Ending balance	**$ 52**	$ —	**$ 52**	$ —
Unrealized gains (losses)	**$ (3)**	$ —	**$ (2)**	$ —
MABS				
Beginning balance	$ 339	$ 357	$ 344	$ 322
Realized and unrealized gains (losses)	**8**	11	**(366)**	67
Purchases	**3**	96	**448**	263
Sales	**(33)**	(23)	**(116)**	(216)
Net transfers	**27**	(75)	**34**	(70)
Ending balance	**$ 344**	$ 366	**$ 344**	$ 366
Unrealized gains (losses)	**$ 9**	$ 11	**$ (12)**	$ 8
Loans and lending commitments				
Beginning balance	$ 2,507	$ 4,896	$ 3,806	$ 5,759
Realized and unrealized gains (losses)	**(26)**	47	**8**	33
Purchases and originations	**541**	1,373	**800**	2,467
Sales	**(353)**	(768)	**(801)**	(2,314)
Settlements	**(144)**	(414)	**(618)**	(1,082)
Net transfers[1]	**58**	(830)	**(612)**	(559)
Ending balance	**$ 2,583**	$ 4,304	**$ 2,583**	$ 4,304
Unrealized gains (losses)	**$ (27)**	$ 21	**$ —**	$ (5)

$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Corporate and other debt				
Beginning balance	$ 2,113	$ 1,801	$ 1,973	$ 3,435
Realized and unrealized gains (losses)	**(43)**	173	**446**	(151)
Purchases and originations	**132**	639	**752**	1,505
Sales	**(528)**	(594)	**(1,400)**	(1,698)
Settlements	**(30)**	—	**(26)**	—
Net transfers[2]	**254**	(456)	**153**	(1,528)
Ending balance	**$ 1,898**	$ 1,563	**$ 1,898**	$ 1,563
Unrealized gains (losses)	**$ (42)**	$ 173	**$ 454**	$ 10
Corporate equities				
Beginning balance	$ 246	$ 150	$ 115	$ 86
Realized and unrealized gains (losses)	**(60)**	4	**(71)**	(15)
Purchases	**15**	83	**79**	367
Sales	**(37)**	(7)	**(67)**	(193)
Net transfers	**(19)**	(16)	**89**	(31)
Ending balance	**$ 145**	$ 214	**$ 145**	$ 214
Unrealized gains (losses)	**$ (60)**	$ 4	**$ (65)**	$ (5)
Investments				
Beginning balance	$ 1,027	$ 978	$ 1,125	$ 828
Realized and unrealized gains (losses)	**(140)**	18	**(275)**	58
Purchases	**6**	59	**52**	150
Sales	**(18)**	(23)	**(33)**	(46)
Net transfers	**(2)**	(251)	**4**	(209)
Ending balance	**$ 873**	$ 781	**$ 873**	$ 781
Unrealized gains (losses)	**$ (136)**	$ 13	**$ (267)**	$ 39
Investment securities —AFS				
Beginning balance	$ 38	$ —	$ —	$ 2,804
Realized and unrealized gains (losses)	**(2)**	—	**(2)**	(4)
Sales	**—**	—	**—**	(203)
Net transfers[3]	**—**	—	**38**	(2,597)
Ending balance	**$ 36**	$ —	**$ 36**	$ —
Unrealized gains (losses)	**$ (2)**	$ —	**$ (2)**	$ —
Net derivatives: Interest rate				
Beginning balance	$ (102)	$ 668	$ 708	$ 682
Realized and unrealized gains (losses)	**(200)**	70	**(482)**	(223)
Purchases	**—**	22	**—**	48
Issuances	**—**	(9)	**—**	(41)
Settlements	**122**	18	**(38)**	101
Net transfers	**3**	27	**(365)**	229
Ending balance	**$ (177)**	$ 796	**$ (177)**	$ 796
Unrealized gains (losses)	**$ (120)**	$ 165	**$ (201)**	$ (168)

$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Net derivatives: Credit				
Beginning balance	$ 190	$ (203)	$ 98	$ 49
Realized and unrealized gains (losses)	**3**	59	**91**	(2)
Purchases	**—**	12	**3**	23
Issuances	**—**	(19)	**(1)**	(44)
Settlements	**(78)**	102	**(59)**	16
Net transfers	**7**	15	**(10)**	(76)
Ending balance	**$ 122**	$ (34)	**$ 122**	$ (34)
Unrealized gains (losses)	**$ 7**	$ (26)	**$ 83**	$ —
Net derivatives: Foreign exchange				
Beginning balance	$ (331)	$ 33	$ 52	$ 61
Realized and unrealized gains (losses)	**38**	32	**(18)**	41
Purchases	**—**	12	**—**	19
Issuances	**—**	(15)	**—**	(21)
Settlements	**73**	46	**47**	(45)
Net transfers	**395**	(11)	**94**	42
Ending balance	**$ 175**	$ 97	**$ 175**	$ 97
Unrealized gains (losses)	**$ 44**	$ 29	**$ 18**	$ 73
Net derivatives: Equity				
Beginning balance	$ (530)	$ (837)	$ (945)	$ (2,231)
Realized and unrealized gains (losses)	**1**	(45)	**275**	366
Purchases	**48**	24	**167**	69
Issuances	**(92)**	(122)	**(253)**	(362)
Settlements	**68**	(3)	**379**	(196)
Net transfers[2]	**49**	(17)	**(79)**	1,354
Ending balance	**$ (456)**	$ (1,000)	**$ (456)**	$ (1,000)
Unrealized gains (losses)	**$ (3)**	$ (96)	**$ 399**	$ (57)
Net derivatives: Commodity and other				
Beginning balance	$ 1,344	$ 1,430	$ 1,529	$ 1,709
Realized and unrealized gains (losses)	**238**	(167)	**546**	43
Purchases	**2**	44	**107**	324
Issuances	**(7)**	(31)	**(97)**	(137)
Settlements	**69**	(97)	**(247)**	(371)
Net transfers	**155**	130	**(37)**	(259)
Ending balance	**$ 1,801**	$ 1,309	**$ 1,801**	$ 1,309
Unrealized gains (losses)	**$ 72**	$ (96)	**$ 25**	$ (243)
Deposits				
Beginning balance	$ 19	$ 86	$ 67	$ 126
Realized and unrealized losses (gains)	**—**	(1)	**—**	1
Issuances	**2**	—	**2**	—
Settlements	**(1)**	(4)	**(3)**	(12)
Net transfers	**(13)**	(19)	**(59)**	(53)
Ending balance	**$ 7**	$ 62	**$ 7**	$ 62
Unrealized losses (gains)	**$ —**	$ (1)	**$ —**	$ 1
Nonderivative trading liabilities				
Beginning balance	$ 104	$ 59	$ 61	$ 79
Realized and unrealized losses (gains)	**(8)**	(11)	**(41)**	(20)
Purchases	**(20)**	(16)	**(39)**	(88)
Sales	**16**	11	**88**	83
Net transfers	**(2)**	(1)	**21**	(12)
Ending balance	**$ 90**	$ 42	**$ 90**	$ 42
Unrealized losses (gains)	**$ (8)**	$ (11)	**$ (41)**	$ 1

$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Securities sold under agreements to repurchase				
Beginning balance	$ 514	$ 449	$ 651	$ 444
Realized and unrealized losses (gains)	**5**	(1)	**(3)**	5
Issuances	**—**	—	**9**	—
Settlements	**(11)**	—	**(22)**	—
Net transfers	**—**	—	**(127)**	(1)
Ending balance	**$ 508**	$ 448	**$ 508**	$ 448
Unrealized losses (gains)	**$ 5**	$ (1)	**$ —**	$ 5
Other secured financings				
Beginning balance	$ 112	$ 401	$ 403	$ 516
Realized and unrealized losses (gains)	**(5)**	(17)	**(11)**	(14)
Issuances	**13**	14	**44**	421
Settlements	**(7)**	(3)	**(320)**	(500)
Net transfers	**—**	—	**(3)**	(28)
Ending balance	**$ 113**	$ 395	**$ 113**	$ 395
Unrealized losses (gains)	**$ (5)**	$ (17)	**$ (11)**	$ (13)
Borrowings				
Beginning balance	$ 2,325	$ 1,975	$ 2,157	$ 4,374
Realized and unrealized losses (gains)	**(185)**	(87)	**(625)**	(37)
Issuances	**65**	197	**230**	411
Settlements	**(65)**	(67)	**(263)**	(347)
Net transfers[2]	**(203)**	38	**438**	(2,345)
Ending balance	**$ 1,937**	$ 2,056	**$ 1,937**	$ 2,056
Unrealized losses (gains)	**$ (185)**	$ (86)	**$ (629)**	$ (8)
Portion of Unrealized losses (gains) recorded in OCI—Change in net DVA	**(36)**	(4)	**(126)**	(18)

1. Net transfers in the prior year quarter reflect the transfer of $895 million of equity margin loans from Level 3 to Level 2 as a result of the reduced significance of the margin loan rate input.
2. Net transfers in the prior year period reflect the transfer in the second quarter of the prior year of $2.0 billion of Corporate and Other Debt, $1.0 billion of net Equity derivatives, and $2.2 billion of Borrowings from Level 3 to Level 2 as the unobservable inputs were not significant to the overall fair value measurements.
3. Net transfers in the prior year period reflect the transfer in the first quarter of the prior year of $2.5 billion of AFS securities from Level 3 to Level 2 due to increased trading activity and observability of pricing inputs.

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 Firm 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 realized and unrealized gains (losses) are primarily included in Trading revenues in the income statement.

Additionally, in the previous tables, consolidations of VIEs are included in Purchases, and deconsolidations of VIEs are included in Settlements.

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

Valuation Techniques and Unobservable Inputs

$ in millions, except inputs	Balance / Range (Average[1]) At September 30, 2022	Balance / Range (Average[1]) At December 31, 2021
Assets at Fair Value on a Recurring Basis		
Other sovereign government obligations	**$ 137**	$ 211
Comparable pricing:		
Bond price	**76 to 127 points (92 points)**	100 to 140 points (120 points)
State and municipal securities	**$ 52**	$ 13
Comparable pricing:		
Bond price	**78 to 100 points (95 points)**	N/M
MABS	**$ 344**	$ 344
Comparable pricing:		
Bond price	**0 to 95 points (68 points)**	0 to 86 points (59 points)
Loans and lending commitments	**$ 2,583**	$ 3,806
Margin loan model:		
Margin loan rate	**2% to 4% (3%)**	1% to 4% (3%)
Comparable pricing:		
Loan price	**84 to 101 points (97 points)**	89 to 101 points (97 points)
Corporate and other debt	**$ 1,898**	$ 1,973
Comparable pricing:		
Bond price	**52 to 139 points (90 points)**	50 to 163 points (99 points)
Discounted cash flow:		
Loss given default	**54% to 84% (62% / 54%)**	54% to 84% (62% / 54%)
Corporate equities	**$ 145**	$ 115
Comparable pricing:		
Equity price	**100%**	100%
Investments	**$ 873**	$ 1,125
Discounted cash flow:		
WACC	**15% to 18% (17%)**	10% to 16% (15%)
Exit multiple	**7 to 17 times (13 times)**	8 to 17 times (12 times)
Market approach:		
EBITDA multiple	**7 to 20 times (9 times)**	8 to 25 times (10 times)
Comparable pricing:		
Equity price	**48% to 100% (85%)**	43% to 100% (99%)

	Balance / Range (Average[1])	
$ in millions, except inputs	**At September 30, 2022**	At December 31, 2021
Net derivative and other contracts:		
Interest rate	**$ (177)**	$ 708
Option model:		
IR volatility skew	**106% to 126% (113% / 111%)**	39% to 79% (64% / 63%)
IR curve correlation	**58% to 99% (80% / 80%)**	62% to 98% (83% / 84%)
Bond volatility	**N/M**	5% to 32% (12% / 9%)
Inflation volatility	**24% to 62% (44% / 40%)**	24% to 65% (44% / 40%)
IR curve	**4% to 5% (4% / 4%)**	4%
Credit	**$ 122**	$ 98
Credit default swap model:		
Cash-synthetic basis	**7 points**	7 points
Bond price	**0 to 83 points (43 points)**	0 to 83 points (46 points)
Credit spread	**10 to 530 bps (129 bps)**	14 to 477 bps (68 bps)
Funding spread	**18 to 590 bps (86 bps)**	15 to 433 bps (55 bps)
Foreign exchange[2]	**$ 175**	$ 52
Option model:		
IR - FX correlation	**N/M**	53% to 56% (55% / 54%)
IR volatility skew	**N/M**	39% to 79% (64% / 63%)
IR curve	**-4% to 71% (21% / 17%)**	-1% to 7% (2% / 0%)
Foreign exchange volatility skew	**11% to 15% (13% / 13%)**	-4% to -2% (-3% / -3%)
Contingency probability	**95%**	90% to 95% (94% / 95%)
Equity[2]	**$ (456)**	$ (945)
Option model:		
Equity volatility	**5% to 97% (27%)**	5% to 99% (24%)
Equity volatility skew	**-3% to 0% (-1%)**	-4% to 0% (-1%)
Equity correlation	**10% to 96% (76%)**	5% to 99% (73%)
FX correlation	**-85% to 65% (-27%)**	-85% to 37% (-42%)
IR correlation	**10% to 30% (12%)**	13% to 30% (15%)
Commodity and other	**$ 1,801**	$ 1,529
Option model:		
Forward power price	**$2 to $288 ($59) per MWh**	$4 to $263 ($39) per MWh
Commodity volatility	**8% to 137% (36%)**	8% to 385% (22%)
Cross-commodity correlation	**70% to 100% (93%)**	43% to 100% (94%)
Liabilities Measured at Fair Value on a Recurring Basis		
Deposits	**$ 7**	$ 67
Option model:		
Equity volatility	**N/M**	7%
Nonderivative trading liabilities—Corporate equities	**$ 54**	$ 45
Comparable pricing:		
Equity price	**100%**	100%
Securities sold under agreements to repurchase	**$ 508**	$ 651
Discounted cash flow:		
Funding spread	**62 to 147 bps (114 bps)**	112 to 127 bps (120 bps)
Other secured financings	**$ 113**	$ 403
Comparable pricing:		
Loan price	**23 to 101 points (77 points)**	30 to 100 points (83 points)
Borrowings	**$ 1,937**	$ 2,157
Option model:		
Equity volatility	**6% to 96% (23%)**	7% to 85% (20%)
Equity volatility skew	**-1% to 0% (-1%)**	-1% to 0% (0%)
Equity correlation	**39% to 95% (86%)**	41% to 95% (81%)
Equity - FX correlation	**-55% to 25% (-17%)**	-55% to 25% (-30%)
IR FX Correlation	**-17% to 5% (-5% / -5%)**	-26% to 8% (-5% / -5%)
IR curve correlation	**58% to 85% (75% / 73%)**	N/M
IR volatility skew	**57% to 93% (69% / 56%)**	N/M
Discounted cash flow:		
Loss given default	**54% to 84% (62% / 54%)**	54% to 84% (62% / 54%)
Nonrecurring Fair Value Measurement		
Loans	**$ 3,476**	$ 1,576
Corporate loan model:		
Credit spread	**113 to 819 bps (438 bps)**	108 to 565 bps (284 bps)
Comparable pricing:		
Loan price	**36 to 80 points (66 points)**	40 to 80 points (61 points)
Warehouse model:		
Credit spread	**146 to 260 bps (235 bps)**	182 to 446 bps (376 bps)

Points—Percentage of par
IR—Interest rate
FX—Foreign exchange
1. A single amount is disclosed for range and average when there is no significant difference between the minimum, maximum and average. Amounts represent weighted averages except where simple averages and the median of the inputs are more relevant.
2. Includes derivative contracts with multiple risks (*i.e.*, hybrid products).

The previous table provides information on the valuation techniques, significant unobservable inputs, and the ranges and averages for each major category of assets and liabilities measured at fair value on a recurring and nonrecurring basis with a significant Level 3 balance. The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory of financial instruments. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. Generally, there are no predictable relationships between multiple significant unobservable inputs attributable to a given valuation technique.

For a description of the Firm's significant unobservable inputs and qualitative information about the effect of hypothetical changes in the values of those inputs, see Note 5 to the financial statements in the 2021 Form 10-K. During the current quarter, there were no significant revisions made to the descriptions of the Firm's significant unobservable inputs.

Net Asset Value Measurements

Fund Interests

$ in millions	At September 30, 2022 Carrying Value	At September 30, 2022 Commitment	At December 31, 2021 Carrying Value	At December 31, 2021 Commitment
Private equity	$ 2,795	$ 538	$ 2,492	$ 615
Real estate	2,316	242	2,064	248
Hedge[1]	198	2	191	2
Total	$ 5,309	$ 782	$ 4,747	$ 865

1. Investments in hedge funds may be subject to initial period lock-up or gate provisions, which restrict an investor from withdrawing from the fund during a certain initial period or restrict the redemption amount on any redemption date, respectively.

Amounts in the previous table represent the Firm's carrying value of general and limited partnership interests in fund investments, as well as any related performance-based income in the form of carried interest. The carrying amounts are measured based on the 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 Firm's investments in private equity funds, real estate funds and hedge funds, which are measured based on NAV, see Note 5 to the financial statements in the 2021 Form 10-K.

See Note 13 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received. See Note 19 for information regarding unrealized carried interest at risk of reversal.

Nonredeemable Funds by Contractual Maturity

$ in millions	Carrying Value at September 30, 2022 Private Equity	Carrying Value at September 30, 2022 Real Estate
Less than 5 years	$ 1,035	$ 902
5-10 years	1,196	1,380
Over 10 years	564	34
Total	$ 2,795	$ 2,316

Nonrecurring Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

$ in millions	At September 30, 2022 Fair Value Level 2	Level 3[1]	Total
Assets			
Loans	$ 4,855	$ 3,476	$ 8,331
Other assets—Other investments	—	5	5
Other assets—ROU assets	5	—	5
Total	$ 4,860	$ 3,481	$ 8,341
Liabilities			
Other liabilities and accrued expenses—Lending commitments	$ 375	$ 144	$ 519
Total	$ 375	$ 144	$ 519

$ in millions	At December 31, 2021 Fair Value Level 2	Level 3[1]	Total
Assets			
Loans	$ 4,035	$ 1,576	$ 5,611
Other assets—Other investments	—	8	8
Other assets—ROU assets	16	—	16
Total	$ 4,051	$ 1,584	$ 5,635
Liabilities			
Other liabilities and accrued expenses—Lending commitments	$ 173	$ 70	$ 243
Total	$ 173	$ 70	$ 243

1. For significant Level 3 balances, refer to "Significant Unobservable Inputs Used in Recurring and Nonrecurring Level 3 Fair Value Measurements" section herein for details of the significant unobservable inputs used for nonrecurring fair value measurement.

Gains (Losses) from Nonrecurring Fair Value Remeasurements[1]

$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Assets				
Loans[2]	$ (118)	$ (22)	$ (365)	$ (75)
Goodwill	—	—	—	(8)
Intangibles	—	—	—	(3)
Other assets—Other investments[3]	(2)	(2)	(8)	(55)
Other assets—Premises, equipment and software	(1)	(10)	(3)	(14)
Other assets—ROU assets	(1)	—	(7)	—
Total	$ (122)	$ (34)	$ (383)	$ (155)
Liabilities				
Other liabilities and accrued expenses—Lending commitments[2]	$ (13)	$ (2)	$ (172)	$ 34
Total	$ (13)	$ (2)	$ (172)	$ 34

1. Gains and losses for Loans and Other assets—Other investments are classified in Other revenues. For other items, gains and losses are recorded in Other revenues if the item is held for sale; otherwise, they are recorded in Other expenses.
2. Nonrecurring changes in the fair value of loans and lending commitments, which exclude the impact of related economic hedges, are calculated as follows: for the held-for-investment category, based on the value of the underlying collateral; and for the held-for-sale category, based on recently executed transactions, market price quotations, valuation models that incorporate market observable inputs where possible, such as comparable loan or debt prices and CDS spread levels adjusted for any basis difference between cash and derivative instruments, or default recovery analysis where such transactions and quotations are unobservable.
3. Losses related to Other assets—Other investments were determined using techniques that included discounted cash flow models, methodologies that incorporate multiples of certain comparable companies and recently executed transactions.

Financial Instruments Not Measured at Fair Value

	At September 30, 2022				
	Carrying Value	Fair Value			
$ in millions		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 111,696	$111,696	$ —	$ —	$111,696
Investment securities—HTM	77,636	27,657	37,721	1,015	66,393
Securities purchased under agreements to resell	111,124	—	108,312	2,680	110,992
Securities borrowed	136,478	—	136,471	—	136,471
Customer and other receivables	83,417	—	79,493	3,558	83,051
Loans[1]	210,936	—	25,100	178,571	203,671
Other assets	704	—	704	—	704
Financial liabilities					
Deposits	$ 334,462	$ —	$334,378	$ —	$334,378
Securities sold under agreements to repurchase	59,182	—	59,070	—	59,070
Securities loaned	13,097	—	13,096	—	13,096
Other secured financings	3,107	—	3,107	—	3,107
Customer and other payables	229,272	—	229,272	—	229,272
Borrowings	151,635	—	148,105	4	148,109
	Commitment Amount				
Lending commitments[2]	$ 135,899	$ —	$ 2,065	$ 880	$ 2,945

	At December 31, 2021				
	Carrying Value	Fair Value			
$ in millions		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	$ 127,725	$127,725	$ —	$ —	$127,725
Investment securities—HTM	80,168	29,454	49,352	1,076	79,882
Securities purchased under agreements to resell	119,992	—	117,922	2,075	119,997
Securities borrowed	129,713	—	129,713	—	129,713
Customer and other receivables	91,664	—	88,091	3,442	91,533
Loans[1]	188,134	—	25,706	163,784	189,490
Other assets	528	—	528	—	528
Financial liabilities					
Deposits	$ 345,634	$ —	$345,911	$ —	$345,911
Securities sold under agreements to repurchase	61,397	—	61,419	—	61,419
Securities loaned	12,299	—	12,296	—	12,296
Other secured financings	4,908	—	4,910	—	4,910
Customer and other payables	228,631	—	228,631	—	228,631
Borrowings	156,787	—	162,154	4	162,158
	Commitment Amount				
Lending commitments[2]	$ 133,519	$ —	$ 890	$ 470	$ 1,360

1. Amounts include loans measured at fair value on a nonrecurring basis.
2. Represents Lending commitments accounted for as Held for Investment and Held for Sale. For a further discussion on lending commitments, see Note 13.

The previous tables exclude all non-financial assets and liabilities, such as Goodwill and Intangible assets, and certain financial instruments, such as equity method investments and certain receivables.

5. Fair Value Option

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

Borrowings Measured at Fair Value on a Recurring Basis

$ in millions	At September 30, 2022	At December 31, 2021
Business Unit Responsible for Risk Management		
Equity	$ 34,226	$ 37,046
Interest rates	22,896	28,638
Commodities	9,147	7,837
Credit	1,220	1,347
Foreign exchange	1,299	1,472
Total	$ 68,788	$ 76,340

Net Revenues from Borrowings under the Fair Value Option

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	2022	2021	2022	2021
Trading revenues	$ 4,034	$ 1,383	$ 16,361	$ 937
Interest expense	67	77	203	234
Net revenues[1]	$ 3,967	$ 1,306	$ 16,158	$ 703

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

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

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

	Three Months Ended September 30,			
	2022		2021	
$ in millions	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables[1]	$ (68)	$ —	$ 58	$ —
Lending commitments	(2)	—	(3)	—
Deposits	—	(9)	—	6
Borrowings	—	1,091	(9)	190

	Nine Months Ended September 30,			
	2022		2021	
$ in millions	Trading Revenues	OCI	Trading Revenues	OCI
Loans and other receivables[1]	$ (59)	$ —	$ 311	$ —
Lending commitments	(3)	—	(2)	—
Deposits	—	5	—	15
Borrowings	1	3,468	(36)	612

$ in millions	At September 30, 2022	At December 31, 2021
Cumulative pre-tax DVA gain (loss) recognized in AOCI	$ 1,034	$ (2,439)

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

Difference Between Contractual Principal and Fair Value[1]

$ in millions	At September 30, 2022	At December 31, 2021
Loans and other receivables[2]	$ 10,908	$ 12,633
Nonaccrual loans[2]	8,192	9,999
Borrowings[3]	5,558	(2,106)

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

The previous tables exclude non-recourse debt from consolidated VIEs, liabilities related to transfers of financial assets treated as collateralized financings, pledged commodities and other liabilities that have specified assets attributable to them.

Fair Value Loans on Nonaccrual Status

$ in millions	At September 30, 2022	At December 31, 2021
Nonaccrual loans	$ 440	$ 989
Nonaccrual loans 90 or more days past due	41	363

6. Derivative Instruments and Hedging Activities

Fair Values of Derivative Contracts

	Assets at September 30, 2022			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 53	$ 1	$ —	$ 54
Foreign exchange	332	137	—	469
Total	385	138	—	523
Not designated as accounting hedges				
Economic hedges of loans				
Credit	2	112	—	114
Other derivatives				
Interest rate	158,740	31,664	2,074	192,478
Credit	7,627	3,027	—	10,654
Foreign exchange	163,229	4,476	70	167,775
Equity	25,922	—	35,754	61,676
Commodity and other	33,833	—	13,177	47,010
Total	389,353	39,279	51,075	479,707
Total gross derivatives	$ 389,738	$ 39,417	$ 51,075	$ 480,230
Amounts offset				
Counterparty netting	(270,565)	(37,449)	(48,859)	(356,873)
Cash collateral netting	(55,266)	(1,841)	—	(57,107)
Total in Trading assets	$ 63,907	$ 127	$ 2,216	$ 66,250
Amounts not offset[1]				
Financial instruments collateral	(28,876)	—	—	(28,876)
Net amounts	$ 35,031	$ 127	$ 2,216	$ 37,374
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 8,565

	Liabilities at September 30, 2022			
$ in millions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 427	$ 1	$ —	$ 428
Foreign exchange	56	3	—	59
Total	483	4	—	487
Not designated as accounting hedges				
Economic hedges of loans				
Credit	8	231	—	239
Other derivatives				
Interest rate	147,347	34,480	940	182,767
Credit	7,057	3,135	—	10,192
Foreign exchange	155,524	3,971	75	159,570
Equity	31,341	—	38,464	69,805
Commodity and other	25,455	—	14,108	39,563
Total	366,732	41,817	53,587	462,136
Total gross derivatives	$ 367,215	$ 41,821	$ 53,587	$ 462,623
Amounts offset				
Counterparty netting	(270,565)	(37,449)	(48,859)	(356,873)
Cash collateral netting	(56,300)	(1,188)	—	(57,488)
Total in Trading liabilities	$ 40,350	$ 3,184	$ 4,728	$ 48,262
Amounts not offset[1]				
Financial instruments collateral	(2,927)	—	(2,899)	(5,826)
Net amounts	$ 37,423	$ 3,184	$ 1,829	$ 42,436
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				8,279

$ in millions	Assets at December 31, 2021 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 594	$ 1	$ —	$ 595
Foreign exchange	191	6	—	197
Total	785	7	—	792
Not designated as accounting hedges				
Economic hedges of loans				
Credit	—	15	—	15
Other derivatives				
Interest rate	147,585	7,002	383	154,970
Credit	5,749	3,186	—	8,935
Foreign exchange	73,276	1,219	39	74,534
Equity	28,877	—	41,455	70,332
Commodity and other	22,175	—	5,538	27,713
Total	277,662	11,422	47,415	336,499
Total gross derivatives	$ 278,447	$ 11,429	$ 47,415	$ 337,291
Amounts offset				
Counterparty netting	(201,729)	(9,818)	(42,883)	(254,430)
Cash collateral netting	(43,495)	(1,212)	—	(44,707)
Total in Trading assets	$ 33,223	$ 399	$ 4,532	$ 38,154
Amounts not offset[1]				
Financial instruments collateral	(10,457)	—	—	(10,457)
Net amounts	$ 22,766	$ 399	$ 4,532	$ 27,697
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 6,725

$ in millions	Liabilities at December 31, 2021 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 86	$ 1	$ —	$ 87
Foreign exchange	57	50	—	107
Total	143	51	—	194
Not designated as accounting hedges				
Economic hedges of loans				
Credit	17	412	—	429
Other derivatives				
Interest rate	140,770	6,112	233	147,115
Credit	5,609	3,463	—	9,072
Foreign exchange	71,851	1,196	41	73,088
Equity	39,597	—	41,081	80,678
Commodity and other	17,188	—	5,740	22,928
Total	275,032	11,183	47,095	333,310
Total gross derivatives	$ 275,175	$ 11,234	$ 47,095	$ 333,504
Amounts offset				
Counterparty netting	(201,729)	(9,818)	(42,883)	(254,430)
Cash collateral netting	(43,305)	(1,201)	—	(44,506)
Total in Trading liabilities	$ 30,141	$ 215	$ 4,212	$ 34,568
Amounts not offset[1]				
Financial instruments collateral	(5,866)	(8)	(39)	(5,913)
Net amounts	$ 24,275	$ 207	$ 4,173	$ 28,655
Net amounts for which master netting or collateral agreements are not in place or may not be legally enforceable				$ 6,194

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

See Note 4 for information related to the unsettled fair value of futures contracts not designated as accounting hedges, which are excluded from the previous tables.

Notionals of Derivative Contracts

$ in billions	Assets at September 30, 2022 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 2**	**$ 49**	**$ —**	**$ 51**
Foreign exchange	**9**	**3**	**—**	**12**
Total	**11**	**52**	**—**	**63**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**—**	**5**	**—**	**5**
Other derivatives				
Interest rate	**3,320**	**7,486**	**616**	**11,422**
Credit	**207**	**129**	**—**	**336**
Foreign exchange	**3,600**	**147**	**9**	**3,756**
Equity	**504**	**—**	**423**	**927**
Commodity and other	**155**	**—**	**73**	**228**
Total	**7,786**	**7,767**	**1,121**	**16,674**
Total gross derivatives	**$ 7,797**	**$ 7,819**	**$ 1,121**	**$ 16,737**

$ in billions	Liabilities at September 30, 2022 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	**$ 3**	**$ 186**	**$ —**	**$ 189**
Foreign exchange	**3**	**—**	**—**	**3**
Total	**6**	**186**	**—**	**192**
Not designated as accounting hedges				
Economic hedges of loans				
Credit	**—**	**11**	**—**	**11**
Other derivatives				
Interest rate	**3,430**	**7,979**	**532**	**11,941**
Credit	**194**	**131**	**—**	**325**
Foreign exchange	**3,513**	**141**	**29**	**3,683**
Equity	**503**	**—**	**603**	**1,106**
Commodity and other	**113**	**—**	**93**	**206**
Total	**7,753**	**8,262**	**1,257**	**17,272**
Total gross derivatives	**$ 7,759**	**$ 8,448**	**$ 1,257**	**$ 17,464**

$ in billions	Assets at December 31, 2021 Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ 4	$ 104	$ —	$ 108
Foreign exchange	8	1	—	9
Total	12	105	—	117
Not designated as accounting hedges				
Economic hedges of loans				
Credit	—	—	—	—
Other derivatives				
Interest rate	3,488	7,082	570	11,140
Credit	216	105	—	321
Foreign exchange	3,386	95	10	3,491
Equity	495	—	407	902
Commodity and other	139	—	73	212
Total	7,724	7,282	1,060	16,066
Total gross derivatives	$ 7,736	$ 7,387	$ 1,060	$ 16,183

	Liabilities at December 31, 2021			
$ in billions	Bilateral OTC	Cleared OTC	Exchange-Traded	Total
Designated as accounting hedges				
Interest rate	$ —	$ 99	$ —	$ 99
Foreign exchange	5	3	—	8
Total	5	102	—	107
Not designated as accounting hedges				
Economic hedges of loans				
Credit	1	12	—	13
Other derivatives				
Interest rate	3,827	6,965	445	11,237
Credit	225	106	—	331
Foreign exchange	3,360	88	12	3,460
Equity	552	—	735	1,287
Commodity and other	110	—	81	191
Total	8,075	7,171	1,273	16,519
Total gross derivatives	$ 8,080	$ 7,273	$ 1,273	$ 16,626

The notional amounts of derivative contracts generally overstate the Firm'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 Firm's derivative instruments and hedging activities, see Note 7 to the financial statements in the 2021 Form 10-K.

Gains (Losses) on Accounting Hedges

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Fair value hedges—Recognized in Interest income				
Interest rate contracts	**$ 846**	$ 107	**$ 2,037**	$ 607
Investment Securities—AFS	**(836)**	(82)	**(1,960)**	(509)
Fair value hedges—Recognized in Interest expense				
Interest rate contracts	**$ (5,379)**	$ (763)	**$ (15,629)**	$ (3,633)
Deposits	**25**	15	**143**	73
Borrowings	**5,372**	796	**15,499**	3,547
Net investment hedges—Foreign exchange contracts				
Recognized in OCI	**$ 662**	$ 225	**$ 1,436**	$ 524
Forward points excluded from hedge effectiveness testing—Recognized in Interest income	**18**	(19)	**(59)**	(32)

Fair Value Hedges—Hedged Items

$ in millions	At September 30, 2022	At December 31, 2021
Investment Securities—AFS		
Amortized cost basis currently or previously hedged	**$ 26,017**	$ 17,902
Basis adjustments included in amortized cost[1]	**$ (1,847)**	$ (591)
Deposits		
Carrying amount currently or previously hedged	**$ 4,319**	$ 6,279
Basis adjustments included in carrying amount[1]	**$ (138)**	$ 5
Borrowings		
Carrying amount currently or previously hedged	**$ 135,864**	$ 122,919
Basis adjustments included in carrying amount—Outstanding hedges	**$ (13,052)**	$ 2,324
Basis adjustments included in carrying amount—Terminated hedges	**$ (722)**	$ (743)

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

Gains (Losses) on Economic Hedges of Loans

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Recognized in Other revenues				
Credit contracts[1]	**$ (44)**	$ (21)	**$ 160**	$ (170)

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

Net Derivative Liabilities and Collateral Posted

$ in millions	At September 30, 2022	At December 31, 2021
Net derivative liabilities with credit risk-related contingent features	**$ 23,750**	$ 20,548
Collateral posted	**14,427**	14,789

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

Incremental Collateral and Termination Payments upon Potential Future Ratings Downgrade

$ in millions	At September 30, 2022
One-notch downgrade	**$ 779**
Two-notch downgrade	**491**
Bilateral downgrade agreements included in the amounts above[1]	**$ 1,215**

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

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

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

	Years to Maturity at September 30, 2022				
$ in billions	< 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	**$ 11**	**$ 28**	**$ 27**	**$ 13**	**$ 79**
Non-investment grade	**5**	**12**	**16**	**5**	**38**
Total	**$ 16**	**$ 40**	**$ 43**	**$ 18**	**$ 117**
Index and basket CDS					
Investment grade	**$ 2**	**$ 11**	**$ 70**	**$ 44**	**$ 127**
Non-investment grade	**8**	**17**	**39**	**20**	**84**
Total	**$ 10**	**$ 28**	**$ 109**	**$ 64**	**$ 211**
Total CDS sold	**$ 26**	**$ 68**	**$ 152**	**$ 82**	**$ 328**
Other credit contracts	**—**	**—**	**—**	**—**	**—**
Total credit protection sold	**$ 26**	**$ 68**	**$ 152**	**$ 82**	**$ 328**
CDS protection sold with identical protection purchased					**$ 273**

	Years to Maturity at December 31, 2021				
$ in billions	< 1	1-3	3-5	Over 5	Total
Single-name CDS					
Investment grade	$ 10	$ 26	$ 29	$ 9	$ 74
Non-investment grade	5	13	17	2	37
Total	$ 15	$ 39	$ 46	$ 11	$ 111
Index and basket CDS					
Investment grade	$ 2	$ 11	$ 106	$ 15	$ 134
Non-investment grade	9	14	37	12	72
Total	$ 11	$ 25	$ 143	$ 27	$ 206
Total CDS sold	$ 26	$ 64	$ 189	$ 38	$ 317
Other credit contracts	—	—	—	—	—
Total credit protection sold	$ 26	$ 64	$ 189	$ 38	$ 317
CDS protection sold with identical protection purchased					$ 278

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

$ in millions	**At September 30, 2022**	At December 31, 2021
Single-name CDS		
Investment grade	**$ 145**	$ 1,428
Non-investment grade	**(1,886)**	(370)
Total	**$ (1,741)**	$ 1,058
Index and basket CDS		
Investment grade	**$ (194)**	$ 1,393
Non-investment grade	**(4,125)**	(650)
Total	**$ (4,319)**	$ 743
Total CDS sold	**$ (6,060)**	$ 1,801
Other credit contracts	**(2)**	(3)
Total credit protection sold	**$ (6,062)**	$ 1,798

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

Protection Purchased with CDS

	Notional	
$ in billions	**At September 30, 2022**	At December 31, 2021
Single name	**$ 139**	$ 126
Index and basket	**184**	204
Tranched index and basket	**26**	18
Total	**$ 349**	$ 348

	Fair Value Asset (Liability)	
$ in millions	**At September 30, 2022**	At December 31, 2021
Single name	**$ 1,970**	$ (1,338)
Index and basket	**3,986**	(563)
Tranched index and basket	**441**	(451)
Total	**$ 6,397**	$ (2,352)

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

The fair value amounts as shown in the previous tables are prior to cash collateral or counterparty netting. For further information on credit derivatives and other credit contracts, see Note 7 to the financial statements in the 2021 Form 10-K.

7. Investment Securities

AFS and HTM Securities

	At September 30, 2022			
$ in millions	Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	**$ 56,113**	**$ 9**	**$ 2,504**	**$ 53,618**
U.S. agency securities[2]	**23,918**	**1**	**2,879**	**21,040**
Agency CMBS	**6,144**	**3**	**449**	**5,698**
State and municipal securities	**2,170**	**14**	**90**	**2,094**
FFELP student loan ABS[3]	**1,213**	**—**	**30**	**1,183**
Total AFS securities	**89,558**	**27**	**5,952**	**83,633**
HTM securities				
U.S. Treasury securities	**29,589**	**—**	**1,932**	**27,657**
U.S. agency securities[2]	**44,945**	**—**	**9,006**	**35,939**
Agency CMBS	**1,954**	**—**	**172**	**1,782**
Non-agency CMBS	**1,148**	**—**	**133**	**1,015**
Total HTM securities	**77,636**	**—**	**11,243**	**66,393**
Total investment securities	**$ 167,194**	**$ 27**	**$ 17,195**	**$ 150,026**

$ in millions	At December 31, 2021 Amortized Cost[1]	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities				
U.S. Treasury securities	$ 58,974	$ 343	$ 296	$ 59,021
U.S. agency securities[2]	26,780	274	241	26,813
Agency CMBS	14,476	289	89	14,676
State and municipal securities	613	37	2	648
FFELP student loan ABS[3]	1,672	11	11	1,672
Total AFS securities	102,515	954	639	102,830
HTM securities				
U.S. Treasury securities	28,653	882	81	29,454
U.S. agency securities[2]	48,195	169	1,228	47,136
Agency CMBS	2,267	—	51	2,216
Non-agency CMBS	1,053	28	5	1,076
Total HTM securities	80,168	1,079	1,365	79,882
Total investment securities	$ 182,683	$ 2,033	$ 2,004	$ 182,712

1. Amounts are net of any ACL.
2. U.S. agency securities consist mainly of agency mortgage pass-through pool securities, CMOs 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

$ in millions	At September 30, 2022 Fair Value	At September 30, 2022 Gross Unrealized Losses	At December 31, 2021 Fair Value	At December 31, 2021 Gross Unrealized Losses
U.S. Treasury securities				
Less than 12 months	$ 46,061	$ 1,923	$ 31,459	$ 296
12 months or longer	6,673	581	—	—
Total	52,734	2,504	31,459	296
U.S. agency securities				
Less than 12 months	15,301	1,602	12,283	219
12 months or longer	5,708	1,277	1,167	22
Total	21,009	2,879	13,450	241
Agency CMBS				
Less than 12 months	5,373	437	2,872	89
12 months or longer	104	12	10	—
Total	5,477	449	2,882	89
State and municipal securities				
Less than 12 months	1,536	88	21	2
12 months or longer	46	2	7	—
Total	1,582	90	28	2
FFELP student loan ABS				
Less than 12 months	807	19	320	1
12 months or longer	348	11	591	10
Total	1,155	30	911	11
Total AFS securities in an unrealized loss position				
Less than 12 months	69,078	4,069	46,955	607
12 months or longer	12,879	1,883	1,775	32
Total	$ 81,957	$ 5,952	$ 48,730	$ 639

For AFS securities, the Firm believes there are no securities in an unrealized loss position that have credit losses after performing the analysis described in Note 2 in the 2021 Form 10-K and the Firm expects to recover the amortized cost basis of these securities. Additionally, the Firm 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 September 30, 2022 and December 31, 2021, the securities in an unrealized loss position are predominantly investment grade.

The HTM securities net carrying amounts at September 30, 2022 and December 31, 2021 reflect an ACL of $30 million and $33 million, respectively, related to Non-agency CMBS. See Note 2 in the 2021 Form 10-K for a description of the ACL methodology used for HTM Securities. As of September 30, 2022, and December 31, 2021, Non-Agency CMBS HTM securities were predominantly on accrual status and investment grade.

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

Investment Securities by Contractual Maturity

$ in millions	At September 30, 2022 Amortized Cost[1]	Fair Value	Annualized Average Yield[2]
AFS securities			
U.S. Treasury securities:			
Due within 1 year	$ 12,692	$ 12,438	1.1 %
After 1 year through 5 years	40,430	38,199	1.2 %
After 5 years through 10 years	2,991	2,981	1.1 %
Total	56,113	53,618	
U.S. agency securities:			
Due within 1 year	4	5	0.9 %
After 1 year through 5 years	415	382	1.4 %
After 5 years through 10 years	919	831	1.8 %
After 10 years	22,580	19,822	1.7 %
Total	23,918	21,040	
Agency CMBS:			
Due within 1 year	119	118	1.8 %
After 1 year through 5 years	854	783	2.1 %
After 5 years through 10 years	3,856	3,680	1.8 %
After 10 years	1,315	1,117	1.2 %
Total	6,144	5,698	
State and municipal securities:			
Due within 1 year	33	34	2.5 %
After 1 year through 5 years	28	29	2.6 %
After 5 years through 10 years	65	62	2.6 %
After 10 Years	2,044	1,969	3.2 %
Total	2,170	2,094	
FFELP student loan ABS:			
After 1 year through 5 years	122	118	0.9 %
After 5 years through 10 years	129	124	0.7 %
After 10 years	962	941	1.6 %
Total	1,213	1,183	
Total AFS securities	89,558	83,633	1.4 %

$ in millions	At September 30, 2022 Amortized Cost[1]	Fair Value	Annualized Average Yield[2]
HTM securities			
U.S. Treasury securities:			
Due within 1 year	**3,429**	**3,397**	**1.9 %**
After 1 year through 5 years	**20,732**	**19,573**	**1.8 %**
After 5 years through 10 years	**3,867**	**3,515**	**2.4 %**
After 10 years	**1,561**	**1,172**	**2.3 %**
Total	**29,589**	**27,657**	
U.S. agency securities:			
After 5 years through 10 years	**399**	**362**	**2.1 %**
After 10 years	**44,546**	**35,577**	**1.8 %**
Total	**44,945**	**35,939**	
Agency CMBS:			
Due within 1 year	**60**	**59**	**1.0 %**
After 1 year through 5 years	**1,528**	**1,418**	**1.3 %**
After 5 years through 10 years	**226**	**192**	**1.5 %**
After 10 years	**140**	**113**	**1.5 %**
Total	**1,954**	**1,782**	
Non-agency CMBS:			
Due within 1 year	**173**	**172**	**4.0 %**
After 1 year through 5 years	**206**	**191**	**3.9 %**
After 5 years through 10 years	**718**	**607**	**3.7 %**
After 10 years	**51**	**45**	**3.7 %**
Total	**1,148**	**1,015**	
Total HTM securities	**77,636**	**66,393**	**1.9 %**
Total investment securities	**167,194**	**150,026**	**1.6 %**

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 considers the contractual coupon, amortization of premiums and accretion of discounts, and the effect of related hedging derivatives.

Gross Realized Gains (Losses) on Sales of AFS Securities

$ in millions	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Gross realized gains	**$ 13**	$ 17	**$ 163**	$ 236
Gross realized (losses)	**(4)**	—	**(92)**	(27)
Total[1]	**$ 9**	$ 17	**$ 71**	$ 209

1. Realized gains and losses are recognized in Other revenues in the income statement.

8. Collateralized Transactions

Offsetting of Certain Collateralized Transactions

$ in millions	At September 30, 2022 Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	**$207,180**	**$ (96,056)**	**$ 111,124**	**$(106,215)**	**$ 4,909**
Securities borrowed	**148,654**	**(12,176)**	**136,478**	**(130,579)**	**5,899**
Liabilities					
Securities sold under agreements to repurchase	**$156,189**	**$ (96,056)**	**$ 60,133**	**$ (55,748)**	**$ 4,385**
Securities loaned	**25,273**	**(12,176)**	**13,097**	**(12,664)**	**433**
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					**$ 2,773**
Securities borrowed					**820**
Securities sold under agreements to repurchase					**3,162**
Securities loaned					**262**

$ in millions	At December 31, 2021 Gross Amounts	Amounts Offset	Balance Sheet Net Amounts	Amounts Not Offset[1]	Net Amounts
Assets					
Securities purchased under agreements to resell	$197,486	$(77,487)	$ 119,999	$(106,896)	$ 13,103
Securities borrowed	139,395	(9,682)	129,713	(124,028)	5,685
Liabilities					
Securities sold under agreements to repurchase	$139,675	$(77,487)	$ 62,188	$ (53,692)	$ 8,496
Securities loaned	21,981	(9,682)	12,299	(12,019)	280
Net amounts for which master netting agreements are not in place or may not be legally enforceable					
Securities purchased under agreements to resell					$ 12,514
Securities borrowed					1,041
Securities sold under agreements to repurchase					8,295
Securities loaned					139

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

For further discussion of the Firm's collateralized transactions, see Note 2 and Note 9 to the financial statements in the 2021 Form 10-K. For information related to offsetting of derivatives, see Note 6.

Gross Secured Financing Balances by Remaining Contractual Maturity

$ in millions	At September 30, 2022 Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	**$ 53,042**	**$ 50,868**	**$12,508**	**$39,771**	**$156,189**
Securities loaned	**15,249**	**—**	**1,398**	**8,626**	**25,273**
Total included in the offsetting disclosure	**$ 68,291**	**$ 50,868**	**$13,906**	**$48,397**	**$181,462**
Trading liabilities—Obligation to return securities received as collateral	**22,373**	**—**	**—**	**—**	**22,373**
Total	**$ 90,664**	**$ 50,868**	**$13,906**	**$48,397**	**$203,835**

$ in millions	At December 31, 2021 Overnight and Open	Less than 30 Days	30-90 Days	Over 90 Days	Total
Securities sold under agreements to repurchase	$ 29,271	$ 53,987	$17,099	$39,318	$139,675
Securities loaned	11,480	364	650	9,487	21,981
Total included in the offsetting disclosure	$ 40,751	$ 54,351	$17,749	$48,805	$161,656
Trading liabilities—Obligation to return securities received as collateral	30,104	—	—	—	30,104
Total	$ 70,855	$ 54,351	$17,749	$48,805	$191,760

Gross Secured Financing Balances by Class of Collateral Pledged

$ in millions	At September 30, 2022	At December 31, 2021
Securities sold under agreements to repurchase		
U.S. Treasury and agency securities	$ **51,436**	$ 30,790
Other sovereign government obligations	**74,401**	73,063
Corporate equities	**19,128**	25,881
Other	**11,224**	9,941
Total	$ **156,189**	$ 139,675
Securities loaned		
Other sovereign government obligations	$ **1,045**	$ 748
Corporate equities	**23,688**	20,656
Other	**540**	577
Total	$ **25,273**	$ 21,981
Total included in the offsetting disclosure	$ **181,462**	$ 161,656
Trading liabilities—Obligation to return securities received as collateral		
Corporate equities	$ **22,355**	$ 30,048
Other	**18**	56
Total	$ **22,373**	$ 30,104
Total	$ **203,835**	$ 191,760

Carrying Value of Assets Loaned or Pledged without Counterparty Right to Sell or Repledge

$ in millions	At September 30, 2022	At December 31, 2021
Trading assets	$ **32,461**	$ 32,458

The Firm pledges certain of its trading assets to collateralize securities sold under agreements to repurchase, securities loaned, other secured financings and derivatives and to cover customer short sales. Counterparties may or may not have the right to sell or repledge the collateral.

Pledged financial instruments that can be sold or repledged by the secured party are identified as Trading assets (pledged to various parties) in the balance sheet.

Fair Value of Collateral Received with Right to Sell or Repledge

$ in millions	At September 30, 2022	At December 31, 2021
Collateral received with right to sell or repledge	$ **630,129**	$ 672,104
Collateral that was sold or repledged[1]	**489,010**	510,000

1. Does not include securities used to meet federal regulations for the Firm's U.S. broker-dealers.

The Firm receives collateral in the form of securities in connection with securities purchased under agreements to resell, securities borrowed, securities-for-securities transactions, derivative transactions, customer margin loans and securities-based lending. In many cases, the Firm is permitted to sell or repledge this collateral to secure securities sold under agreements to repurchase, to enter into securities lending and derivative transactions or to deliver to counterparties to cover short positions.

Securities Segregated for Regulatory Purposes

$ in millions	At September 30, 2022	At December 31, 2021
Segregated securities[1]	$ **36,579**	$ 20,092

1. Securities segregated under federal regulations for the Firm's U.S. broker-dealers are sourced from Securities purchased under agreements to resell and Trading assets in the balance sheet.

Customer Margin and Other Lending

$ in millions	At September 30, 2022	At December 31, 2021
Margin and other lending	$ **43,415**	$ 71,532

The Firm provides margin lending arrangements that allow customers to borrow against the value of qualifying securities. Receivables from these arrangements are included within Customer and other receivables in the balance sheet. Under these arrangements, the Firm receives collateral, which includes U.S. government and agency securities, other sovereign government obligations, corporate and other debt, and corporate equities. Margin loans are collateralized by customer-owned securities held by the Firm. The Firm monitors required margin levels and established credit terms daily and, pursuant to such guidelines, requires customers to deposit additional collateral, or reduce positions, when necessary.

For a further discussion of the Firm's margin lending activities, see Note 9 to the financial statements in the 2021 Form 10-K.

Also included in the amounts in the previous table is non-purpose securities-based lending on non-bank entities in the Wealth Management business segment.

Other Secured Financings

The Firm has additional secured liabilities. For a further discussion of other secured financings, see Note 12.

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

Loans by Type

$ in millions	At September 30, 2022 HFI Loans	HFS Loans	Total Loans
Corporate	$ 6,858	$ 7,640	$ 14,498
Secured lending facilities	34,788	3,707	38,495
Commercial real estate	8,191	1,750	9,941
Residential real estate	52,904	5	52,909
Securities-based lending and Other loans	95,591	251	95,842
Total loans	198,332	13,353	211,685
ACL	(749)		(749)
Total loans, net	$ 197,583	$ 13,353	$ 210,936
Loans to non-U.S. borrowers, net			$ 24,624

$ in millions	At December 31, 2021 HFI Loans	HFS Loans	Total Loans
Corporate	$ 5,567	$ 8,107	$ 13,674
Secured lending facilities	31,471	3,879	35,350
Commercial real estate	7,227	1,777	9,004
Residential real estate	44,251	7	44,258
Securities-based lending and Other loans	86,440	62	86,502
Total loans	174,956	13,832	188,788
ACL	(654)		(654)
Total loans, net	$ 174,302	$ 13,832	$ 188,134
Loans to non-U.S. borrowers, net			$ 24,322

For additional information on the Firm's held-for-investment and held-for-sale loan portfolios, see Note 10 to the financial statements in the 2021 Form 10-K.

Loans by Interest Rate Type

	At September 30, 2022		At December 31, 2021	
$ in millions	Fixed Rate	Floating or Adjustable Rate	Fixed Rate	Floating or Adjustable Rate
Corporate	$ —	$ 14,498	$ —	$ 13,674
Secured lending facilities	—	38,495	—	35,350
Commercial real estate	205	9,735	343	8,661
Residential real estate	24,105	28,805	18,966	25,292
Securities-based lending and Other loans	24,141	71,701	22,832	63,670
Total loans, before ACL	$ 48,451	$ 163,234	$ 42,141	$ 146,647

See Note 4 for further information regarding Loans and lending commitments held at fair value. See Note 13 for details of current commitments to lend in the future.

Loans Held for Investment before Allowance by Origination Year

	At September 30, 2022			At December 31, 2021		
	Corporate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 3,111	$ 3,119	$ 6,230	$ 2,356	$ 2,328	$ 4,684
2022	—	80	80			
2021	—	92	92	—	85	85
2020	16	25	41	111	26	137
2019	—	153	153	—	176	176
2018	146	—	146	196	—	196
Prior	115	1	116	229	60	289
Total	$ 3,388	$ 3,470	$ 6,858	$ 2,892	$ 2,675	$ 5,567

	At September 30, 2022			At December 31, 2021		
	Secured Lending Facilities					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 9,413	$ 21,231	$ 30,644	$ 7,603	$ 20,172	$ 27,775
2022	590	995	1,585			
2021	234	196	430	32	467	499
2020	—	107	107	35	160	195
2019	60	556	616	43	819	862
2018	—	284	284	297	703	1,000
Prior	217	905	1,122	144	996	1,140
Total	$ 10,514	$ 24,274	$ 34,788	$ 8,154	$ 23,317	$ 31,471

	At September 30, 2022			At December 31, 2021		
	Commercial Real Estate					
$ in millions	IG	NIG	Total	IG	NIG	Total
Revolving	$ 4	$ 154	$ 158	$ 3	$ 149	$ 152
2022	503	1,806	2,309			
2021	283	1,492	1,775	423	1,292	1,715
2020	92	639	731	91	819	910
2019	923	862	1,785	976	1,266	2,242
2018	475	299	774	527	416	943
Prior	86	573	659	189	1,076	1,265
Total	$ 2,366	$ 5,825	$ 8,191	$ 2,209	$ 5,018	$ 7,227

	At September 30, 2022					
	Residential Real Estate					
	by FICO Scores			by LTV Ratio		
$ in millions	≥ 740	680-739	≤ 679	≤ 80%	> 80%	Total
Revolving	$ 75	$ 27	$ 4	$ 106	$ —	$ 106
2022	9,741	2,109	342	11,257	935	12,192
2021	11,749	2,529	260	13,555	983	14,538
2020	7,396	1,523	116	8,573	462	9,035
2019	4,268	956	138	5,031	331	5,362
2018	1,663	457	51	2,001	170	2,171
Prior	7,045	2,143	312	8,737	763	9,500
Total	$ 41,937	$ 9,744	$ 1,223	$ 49,260	$ 3,644	$ 52,904

	At December 31, 2021					
	Residential Real Estate					
	by FICO Scores			by LTV Ratio		
$ in millions	≥ 740	680-739	≤ 679	≤ 80%	> 80%	Total
Revolving	$ 65	$ 27	$ 4	$ 96	$ —	$ 96
2021	12,230	2,638	257	14,116	1,009	15,125
2020	7,941	1,648	131	9,210	510	9,720
2019	4,690	1,072	140	5,536	366	5,902
2018	1,865	497	55	2,231	186	2,417
2017	2,157	558	65	2,588	192	2,780
Prior	5,973	1,919	319	7,485	726	8,211
Total	$ 34,921	$ 8,359	$ 971	$ 41,262	$ 2,989	$ 44,251

	At September 30, 2022			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	$ 78,639	$ 5,695	$ 1,375	$ 85,709
2022	1,409	1,379	108	2,896
2021	714	541	144	1,399
2020	—	529	548	1,077
2019	18	912	625	1,555
2018	202	301	243	746
Prior	16	1,562	631	2,209
Total	**$ 80,998**	**$ 10,919**	**$ 3,674**	**$ 95,591**

	December 31, 2021			
		Other[2]		
$ in millions	Securities-based Lending[1]	IG	NIG	Total
Revolving	$ 71,485	$ 6,170	$ 858	$ 78,513
2021	807	708	103	1,618
2020	—	651	626	1,277
2019	19	1,079	633	1,731
2018	232	273	375	880
2017	—	531	217	748
Prior	16	1,294	363	1,673
Total	$ 72,559	$ 10,706	$ 3,175	$ 86,440

IG—Investment Grade
NIG—Non-investment Grade
1. Securities-based loans are subject to collateral maintenance provisions, and at September 30, 2022 and December 31, 2021, these loans are predominantly over-collateralized. For more information on the ACL methodology related to securities-based loans, see Note 2 to the financial statements in the 2021 Form 10-K.
2. Other loans primarily include certain loans originated in the tailored lending business within the Wealth Management business segment.

Past Due Loans Held for Investment before Allowance[1]

$ in millions	At September 30, 2022	At December 31, 2021
Corporate	$ 44	$ —
Residential real estate	141	209
Total	$ 185	$ 209

1. The majority of the amounts are past due for a period of less than 90 days.

Nonaccrual Loans Held for Investment before Allowance

$ in millions	At September 30, 2022	At December 31, 2021
Corporate	$ 60	$ 34
Secured lending facilities	99	375
Commercial real estate	130	195
Residential real estate	120	138
Securities-based lending and Other loans	4	151
Total[1]	$ 413	$ 893
Nonaccrual loans without an ACL	$ 108	$ 356

1. Includes all loans held for investment that are 90 days or more past due as of September 30, 2022 and December 31, 2021.

See Note 2 to the financial statements in the 2021 Form 10-K for a description of the ACL calculated under the CECL methodology, including credit quality indicators, used for HFI loans.

Troubled Debt Restructurings

$ in millions	At September 30, 2022	At December 31, 2021
Loans, before ACL	$ 27	$ 49
Allowance for credit losses	—	8

Troubled debt restructurings typically include modifications of interest rates, collateral requirements, other loan covenants and payment extensions. See Note 2 to the financial statements in the 2021 Form 10-K for further information on TDR guidance issued by Congress in the CARES Act as well as by the U.S. banking agencies.

Allowance for Credit Losses Rollforward and Allocation—Loans

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2021	$ 165	$ 163	$206	$ 60	$60	$654
Gross charge-offs	—	(3)	(7)	—	(21)	(31)
Recoveries	6	—	—	1	—	7
Net (charge-offs) recoveries	6	(3)	(7)	1	(21)	(24)
Provision (release)	46	(2)	35	26	32	137
Other	(6)	(2)	(10)	—	—	(18)
September 30, 2022	**$ 211**	**$ 156**	**$224**	**$ 87**	**$71**	**$749**
Percent of loans to total loans[1]	3 %	18 %	4 %	27 %	48 %	100 %

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2020	$ 309	$ 198	$211	$ 59	$58	$835
Gross charge-offs	(19)	(67)	(21)	—	—	(107)
Provision (release)	(91)	47	4	(2)	5	(37)
Other	(2)	(3)	(1)	1	(2)	(7)
September 30, 2021	$ 197	$ 175	$193	$ 58	$61	$684
Percent of loans to total loans[1]	3 %	17 %	4 %	26 %	50 %	100 %

CRE—Commercial real estate
SBL—Securities-based lending
1. Percent of loans to total loans represents loans held for investment by loan type to total loans held for investment.

Allowance for Credit Losses Rollforward—Lending Commitments

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2021	$ 356	$ 41	$ 20	$ 1	$ 26	$ 444
Provision (release)	64	7	(6)	1	(10)	56
Other	(12)	(1)	—	—	—	(13)
September 30, 2022	**$ 408**	**$ 47**	**$ 14**	**$ 2**	**$ 16**	**$ 487**

$ in millions	Corporate	Secured Lending Facilities	CRE	Residential Real Estate	SBL and Other	Total
December 31, 2020	$ 323	$ 38	$ 11	$ 1	$ 23	$ 396
Provision (release)	39	2	—	—	(5)	36
Other	(3)	1	(1)	—	—	(3)
September 30, 2021	$ 359	$ 41	$ 10	$ 1	$ 18	$ 429

Provision for Credit Losses

$ in millions	Three Months Ended September 30, 2022	2021
Loans	$ 6	$ 5
Lending commitments	29	19

The aggregate allowance for credit losses for loans and lending commitments increased in the current year period, reflecting the Provision for credit losses due to portfolio growth and deterioration in macroeconomic outlook. The base scenario used in our ACL models as of September 30, 2022 was generated using a combination of consensus economic forecasts, forward rates, and internally developed and validated models, and assumes slower economic growth over the forecast period. Given the nature of our lending portfolio, the most sensitive model input is U.S. gross domestic product. For a further discussion of the Firm's loans as well as the Firm's allowance methodology, refer to Notes 2 and 10 to the financial statements in the 2021 Form 10-K.

Selected Credit Ratios

	At September 30, 2022	At December 31, 2021
ACL to total loans[1]	0.4 %	0.4 %
Nonaccrual loans to total loans[2]	0.2 %	0.5 %
ACL to nonaccrual loans[3]	181.4 %	73.2 %

1. Allowance for credit losses for loans to total loans held for investment.
2. Nonaccrual loans held for investment, which are loans that are 90 days or more past due, to total loans held for investment.
3. Allowance for credit losses for loans to nonaccrual loans held for investment.

Employee Loans

$ in millions	At September 30, 2022	At December 31, 2021
Currently employed by the Firm[1]	$ 3,967	$ 3,613
No longer employed by the Firm[2]	98	113
Employee loans	$ 4,065	$ 3,726
ACL	(141)	(153)
Employee loans, net of ACL	$ 3,924	$ 3,573
Remaining repayment term, weighted average in years	5.8	5.7

1. These loans are predominantly current as of September 30, 2022 and December 31, 2021.
2. These loans are predominantly past due for a period of 90 days or more as of September 30, 2022 and December 31, 2021.

Employee loans are granted in conjunction with a program established primarily to recruit certain Wealth Management representatives, are full recourse and generally require periodic repayments, and are due in full upon termination of employment with the Firm. These loans are recorded in Customer and other receivables in the balance sheet. See Note 2 to the financial statements in the 2021 Form 10-K for a description of the CECL allowance methodology, including credit quality indicators, for employee loans.

10. Other Assets—Equity Method Investments

Equity Method Investments

$ in millions	At September 30, 2022	At December 31, 2021
Investments	$ 1,881	$ 2,214

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	2022	2021	2022	2021
Income (loss)	$ 21	$ 24	$ 44	$ 51

Equity method investments, other than investments in certain fund interests, are summarized above and are included in Other assets in the balance sheet with related income or loss included in Other revenues in the income statement. See "Net Asset Value Measurements—Fund Interests" in Note 4 for the carrying value of certain of the Firm's fund interests, which are composed of general and limited partnership interests, as well as any related carried interest.

Japanese Securities Joint Venture

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	2022	2021	2022	2021
Income (loss) from investment in MUMSS	$ 17	$ 29	$ 35	$ 113

For more information on MUMSS and other relationships with MUFG, see Note 12 to the financial statements in the 2021 Form 10-K.

11. Deposits

Deposits

$ in millions	At September 30, 2022	At December 31, 2021
Savings and demand deposits	$ 317,129	$ 332,747
Time deposits	20,994	14,827
Total	$ 338,123	$ 347,574
Deposits subject to FDIC insurance	$ 239,194	$ 230,894
Deposits not subject to FDIC insurance	$ 98,929	$ 116,680

Time Deposit Maturities

$ in millions	At September 30, 2022
2022	$ 1,948
2023	9,279
2024	5,640
2025	2,093
2026	623
Thereafter	1,411
Total	$ 20,994

12. Borrowings and Other Secured Financings

Borrowings

$ in millions	At September 30, 2022	At December 31, 2021
Original maturities of one year or less	$ 4,062	$ 5,764
Original maturities greater than one year		
Senior	$ 202,251	$ 213,776
Subordinated	14,110	13,587
Total	$ 216,361	$ 227,363
Total borrowings	$ 220,423	$ 233,127
Weighted average stated maturity, in years[1]	6.7	7.7

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

Other Secured Financings

$ in millions	At September 30, 2022	At December 31, 2021
Original maturities:		
One year or less	$ 295	$ 4,573
Greater than one year	7,406	5,468
Total	$ 7,701	$ 10,041
Transfers of assets accounted for as secured financings	$ 931	$ 1,556

Other secured financings include the liabilities related to collateralized notes, transfers of financial assets that are accounted for as financings rather than sales and consolidated VIEs where the Firm is deemed to be the primary beneficiary. These liabilities are generally payable from the cash flows of the related assets accounted for as Trading assets. See Note 14 for further information on other secured financings related to VIEs and securitization activities.

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

13. Commitments, Guarantees and Contingencies

Commitments

	Years to Maturity at September 30, 2022				
$ in millions	Less than 1	1-3	3-5	Over 5	Total
Lending:					
Corporate	$ 11,654	$ 29,955	$ 54,877	$ 6,105	$ 102,591
Secured lending facilities	6,297	6,007	1,814	775	14,893
Commercial and Residential real estate	103	339	18	296	756
Securities-based lending and Other	12,415	5,012	548	390	18,365
Forward-starting secured financing receivables	62,091	—	—	—	62,091
Central counterparty	300	—	—	4,909	5,209
Underwriting	2,350	—	—	—	2,350
Investment activities	1,479	169	65	351	2,064
Letters of credit and other financial guarantees	168	—	—	2	170
Total	$ 96,857	$ 41,482	$ 57,322	$ 12,828	$ 208,489
Lending commitments participated to third parties					$ 7,877
Forward-starting secured financing receivables settled within three business days					$ 45,666

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

For a further description of these commitments, refer to Note 15 to the financial statements in the 2021 Form 10-K.

Guarantees

	At September 30, 2022				
	Maximum Potential Payout/Notional of Obligations by Years to Maturity				Carrying Amount Asset (Liability)
$ in millions	Less than 1	1-3	3-5	Over 5	
Non-credit derivatives[1]	$1,168,376	$917,531	$351,872	$759,598	$(107,603)
Standby letters of credit and other financial guarantees issued[2]	1,641	826	1,310	2,672	6
Market value guarantees	5	2	—	—	—
Liquidity facilities	3,712	—	—	—	(6)
Whole loan sales guarantees	—	9	78	23,079	—
Securitization representations and warranties[3]	—	—	—	80,236	(3)
General partner guarantees	361	10	32	157	(88)
Client clearing guarantees	159	—	—	—	—

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 derivatives contracts, see Note 6.
2. These amounts include certain issued standby letters of credit participated to third parties, totaling $0.7 billion of notional and collateral/recourse, due to the nature of the Firm's obligations under these arrangements. As of September 30, 2022, the carrying amount of standby letters of credit and other financial guarantees issued includes an allowance for credit losses of $74 million.
3. Related to commercial and residential mortgage securitizations.

The Firm has obligations under certain guarantee arrangements, including contracts and indemnification agreements, that contingently require the Firm to make payments to the guaranteed party based on changes in an underlying measure (such as an interest or foreign exchange rate, security or commodity price, an index, or the occurrence or non-occurrence of a specified event) related to an asset, liability or equity security of a guaranteed party. Also included as guarantees are contracts that contingently require the Firm to make payments to the guaranteed party based on another entity's failure to perform under an agreement, as well as indirect guarantees of the indebtedness of others.

For more information on the nature of the obligations and related business activities for our guarantees, see Note 15 to the financial statements in the 2021 Form 10-K.

Other Guarantees and Indemnities

In the normal course of business, the Firm provides guarantees and indemnifications in a variety of transactions. These provisions generally are standard contractual terms. Certain of these guarantees and indemnifications related to indemnities, exchange and clearinghouse member guarantees and merger and acquisition guarantees are described in Note 15 to the financial statements in the 2021 Form 10-K.

In addition, in the ordinary course of business, the Firm guarantees the debt and/or certain trading obligations (including obligations associated with derivatives, foreign exchange contracts and the settlement of physical commodities) of certain subsidiaries. These guarantees generally are entity or product specific and are required by investors or trading counterparties. The activities of the Firm's subsidiaries covered by these guarantees (including any related debt or trading obligations) are included in the financial statements.

Finance Subsidiary

The Parent Company fully and unconditionally guarantees the securities issued by Morgan Stanley Finance LLC, a wholly owned finance subsidiary. No other subsidiary of the Parent Company guarantees these securities.

Contingencies

Legal

In addition to the matter described below, in the normal course of business, the Firm has been named, from time to time, as a defendant in various legal actions, including arbitrations, class actions and other litigation, as well as being subject to regulatory investigations arising in connection with its activities as a global diversified financial services institution. Certain of the actual or threatened legal actions or regulatory investigations include claims for substantial penalties, compensatory and/or punitive damages or claims for indeterminate amounts of penalties or damages. In some cases, the entities that would otherwise be the primary defendants in such legal actions are bankrupt or are in financial distress. These actions and investigations have included, but are not limited to, antitrust, false claims act, residential mortgage and credit crisis-related matters.

While the Firm has identified below any individual proceedings where the Firm believes a material loss to be reasonably possible and reasonably estimable, 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 possible and reasonably estimable.

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Legal expenses	**$ 41**	$ 50	**$ 387**	$ 99

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

In many proceedings and investigations, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount of any loss. In addition, even where a loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously recognized loss contingency, it is not always possible to reasonably estimate the size of the possible loss or range of loss, particularly for proceedings and investigations where the factual record is being developed or contested or where plaintiffs or government entities seek substantial or indeterminate damages, restitution, disgorgement or penalties. Numerous issues may need to be resolved before a loss or additional loss, or range of loss or additional range of loss, can be reasonably estimated for a proceeding or investigation, including through potentially lengthy discovery and determination of important factual matters, determination of issues related to class certification and the calculation of damages or other relief, and consideration of novel or unsettled legal questions relevant to the proceedings or investigations in question.

For certain other legal proceedings and investigations, the Firm can estimate reasonably possible losses, additional losses, ranges of loss or ranges of additional loss in excess of amounts accrued but does not believe, based on current knowledge and after consultation with counsel, that such losses could have a material adverse effect on the Firm's financial statements as a whole, other than the matter referred to in the following paragraph.

Tax

In matters styled *Case number 15/3637* and *Case number 15/4353*, the Dutch Tax Authority ("Dutch Authority") is challenging in the Dutch courts the prior set-off by the Firm of approximately €124 million (approximately $122 million) plus accrued interest of withholding tax credits against the Firm's corporation tax liabilities for the tax years 2007 to 2012. The Dutch Authority alleges that the Firm was not entitled to receive the withholding tax credits on the basis, inter alia, that a Firm subsidiary did not hold legal title to certain securities subject to withholding tax on the relevant dates. The Dutch Authority has also alleged that the Firm failed to provide certain information to the Dutch Authority and to keep adequate books and records. On April 26, 2018, the District Court in Amsterdam issued a decision dismissing the Dutch Authority's claims with respect to certain of the tax years in dispute. On May 12, 2020, the Court of Appeal in Amsterdam granted the Dutch Authority's appeal in matters re-styled *Case number 18/00318* and *Case number 18/00319*. On June 22, 2020, the Firm filed an appeal against the decision of the Court of Appeal in Amsterdam before the Dutch High Court. On January 29, 2021, the Advocate General of the Dutch High Court issued an advisory opinion on the Firm's appeal, which rejected the Firm's principal grounds of appeal. On February 11, 2021, the Firm and the Dutch Authority each responded to this opinion. On June 22, 2021, Dutch criminal authorities sought various documents in connection with an investigation of the Firm related to the civil claims asserted by the Dutch Authority concerning the accuracy of the Firm subsidiary's tax returns and the maintenance of its books and records for 2007 to 2012.

14. Variable Interest Entities and Securitization Activities

Consolidated VIE Assets and Liabilities by Type of Activity

	At September 30, 2022		At December 31, 2021	
$ in millions	VIE Assets	VIE Liabilities	VIE Assets	VIE Liabilities
MABS[1]	**$ 1,006**	**$ 471**	$ 1,177	$ 409
Investment vehicles[2]	**885**	**508**	717	294
Operating entities	**502**	**33**	508	39
Other	**844**	**584**	510	286
Total	**$ 3,237**	**$ 1,596**	$ 2,912	$ 1,028

1. Amounts include transactions backed by residential mortgage loans, commercial mortgage loans and other types of assets, including consumer or commercial assets and may be in loan or security form. The value of assets is determined based on the fair value of the liabilities and the interests owned by the Firm in such VIEs as the fair values for the liabilities and interests owned are more observable.
2. Amounts include investment funds and CLOs.

Consolidated VIE Assets and Liabilities by Balance Sheet Caption

$ in millions	At September 30, 2022	At December 31, 2021
Assets		
Cash and cash equivalents	**$ 368**	$ 341
Trading assets at fair value	**2,074**	1,965
Investment securities	**244**	37
Securities purchased under agreements to resell	**200**	200
Customer and other receivables	**30**	31
Intangible assets	**76**	85
Other assets	**245**	253
Total	**$ 3,237**	$ 2,912
Liabilities		
Other secured financings	**$ 1,420**	$ 767
Other liabilities and accrued expenses	**176**	261
Total	**$ 1,596**	$ 1,028
Noncontrolling interests	**$ 103**	$ 115

Consolidated VIE assets and liabilities are presented in the previous tables after intercompany eliminations. Generally, most assets owned by consolidated VIEs cannot be removed unilaterally by the Firm and are not available to the Firm while the related liabilities issued by consolidated VIEs are non-recourse to the Firm. However, in certain consolidated VIEs, the Firm either has the unilateral right to remove assets or provides additional recourse through derivatives such as total return swaps, guarantees or other forms of involvement.

In general, the Firm's exposure to loss in consolidated VIEs is limited to losses that would be absorbed on the VIE net assets recognized in its financial statements, net of amounts absorbed by third-party variable interest holders.

Non-consolidated VIEs

	At September 30, 2022				
$ in millions	MABS[1]	CDO	MTOB	OSF	Other[2]
VIE assets (UPB)	**$125,670**	**$ 170**	**$5,448**	**$2,302**	**$49,714**
Maximum exposure to loss[3]					
Debt and equity interests	**$ 12,946**	**$ 100**	**$ —**	**$1,592**	**$11,423**
Derivative and other contracts	**—**	**—**	**3,712**	**—**	**4,637**
Commitments, guarantees and other	**499**	**—**	**—**	**—**	**754**
Total	**$ 13,445**	**$ 100**	**$3,712**	**$1,592**	**$16,814**
Carrying value of variable interests—Assets					
Debt and equity interests	**$ 12,946**	**$ 100**	**$ —**	**$1,592**	**$11,423**
Derivative and other contracts	**—**	**—**	**5**	**—**	**1,794**
Total	**$ 12,946**	**$ 100**	**$ 5**	**$1,592**	**$13,217**
Additional VIE assets owned[4]					**$13,500**
Carrying value of variable interests—Liabilities					
Derivative and other contracts	**$ —**	**$ —**	**$ 11**	**$ —**	**$ 448**

$ in millions	MABS[1]	CDO	MTOB	OSF	Other[2]
	At December 31, 2021				
VIE assets (UPB)	$146,071	$ 667	$6,089	$2,086	$52,111
Maximum exposure to loss[3]					
Debt and equity interests	$ 18,062	$ 129	$ —	$1,459	$10,339
Derivative and other contracts	—	—	4,100	—	5,599
Commitments, guarantees and other	771	—	—	—	1,005
Total	$ 18,833	$ 129	$4,100	$1,459	$16,943
Carrying value of variable interests—Assets					
Debt and equity interests	$ 18,062	$ 129	$ —	$1,459	$10,339
Derivative and other contracts	—	—	5	—	2,006
Total	$ 18,062	$ 129	$ 5	$1,459	$12,345
Additional VIE assets owned[4]					$15,392
Carrying value of variable interests—Liabilities					
Derivative and other contracts	$ —	$ —	$ —	$ —	$ 362

MTOB—Municipal tender option bonds

1. Amounts include transactions backed by residential mortgage loans, commercial mortgage loans and other types of assets, including consumer or commercial assets, and may be in loan or security form.
2. Other primarily includes exposures to commercial real estate property and investment funds.
3. Where notional amounts are utilized in quantifying the maximum exposure related to derivatives, such amounts do not reflect changes in fair value recorded by the Firm.
4. Additional VIE assets owned represents the carrying value of total exposure to non-consolidated VIEs for which the maximum exposure to loss is less than specific thresholds, primarily interests issued by securitization SPEs. The Firm's maximum exposure to loss generally equals the fair value of the assets owned. These assets are primarily included in Trading assets and Investment securities and are measured at fair value (see Note 4). The Firm does not provide additional support in these transactions through contractual facilities, guarantees or similar derivatives.

The majority of the VIEs included in the previous tables are sponsored by unrelated parties; examples of the Firm's involvement with these VIEs include its secondary market-making activities and the securities held in its Investment securities portfolio (see Note 7).

The Firm's maximum exposure to loss is dependent on the nature of the Firm's variable interest in the VIE and is limited to the notional amounts of certain liquidity facilities and other credit support, total return swaps and written put options, as well as the fair value of certain other derivatives and investments the Firm has made in the VIE.

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

Liabilities issued by VIEs generally are non-recourse to the Firm.

Detail of Mortgage- and Asset-Backed Securitization Assets

$ in millions	**At September 30, 2022** UPB	Debt and Equity Interests	At December 31, 2021 UPB	Debt and Equity Interests
Residential mortgages	**$ 11,853**	**$ 2,002**	$ 15,216	$ 2,182
Commercial mortgages	**78,298**	**4,572**	68,503	4,092
U.S. agency collateralized mortgage obligations	**32,493**	**4,865**	57,972	9,835
Other consumer or commercial loans	**3,026**	**1,507**	4,380	1,953
Total	**$ 125,670**	**$ 12,946**	$ 146,071	$ 18,062

Transferred Assets with Continuing Involvement

$ in millions	RML	CML	U.S. Agency CMO	CLN and Other[1]
	At September 30, 2022			
SPE assets (UPB)[2]	**$ 9,395**	**$ 92,284**	**$ 17,854**	**$ 10,775**
Retained interests				
Investment grade	**$ 111**	**$ 930**	**$ 279**	**$ —**
Non-investment grade	**24**	**504**	**11**	**45**
Total	**$ 135**	**$ 1,434**	**$ 290**	**$ 45**
Interests purchased in the secondary market				
Investment grade	**$ 33**	**$ 181**	**$ 45**	**$ —**
Non-investment grade	**43**	**46**	**—**	**—**
Total	**$ 76**	**$ 227**	**$ 45**	**$ —**
Derivative assets	**$ —**	**$ —**	**$ —**	**$ 1,259**
Derivative liabilities	**—**	**—**	**—**	**282**

$ in millions	RML	CML	U.S. Agency CMO	CLN and Other[1]
	At December 31, 2021			
SPE assets (UPB)[2]	$ 6,802	$ 94,276	$ 28,697	$ 13,121
Retained interests				
Investment grade	$ 72	$ 638	$ 465	$ —
Non-investment grade	19	586	—	69
Total	$ 91	$ 1,224	$ 465	$ 69
Interests purchased in the secondary market				
Investment grade	$ 18	$ 118	$ 33	$ —
Non-investment grade	38	53	—	4
Total	$ 56	$ 171	$ 33	$ 4
Derivative assets	$ —	$ —	$ —	$ 891
Derivative liabilities	—	—	—	284

$ in millions	Level 2	Level 3	Total
	Fair Value At September 30, 2022		
Retained interests			
Investment grade	**$ 557**	**$ —**	**$ 557**
Non-investment grade	**24**	**36**	**60**
Total	**$ 581**	**$ 36**	**$ 617**
Interests purchased in the secondary market			
Investment grade	**$ 257**	**$ 2**	**$ 259**
Non-investment grade	**71**	**18**	**89**
Total	**$ 328**	**$ 20**	**$ 348**
Derivative assets	**$ 1,259**	**$ —**	**$ 1,259**
Derivative liabilities	**239**	**43**	**282**

	Fair Value at December 31, 2021		
$ in millions	Level 2	Level 3	Total
Retained interests			
Investment grade	$ 536	$ 2	$ 538
Non-investment grade	40	40	80
Total	$ 576	$ 42	$ 618
Interests purchased in the secondary market			
Investment grade	$ 168	$ 1	$ 169
Non-investment grade	70	25	95
Total	$ 238	$ 26	$ 264
Derivative assets	$ 891	$ —	$ 891
Derivative liabilities	194	90	284

RML—Residential mortgage loans
CML—Commercial mortgage loans
1. Amounts include CLO transactions managed by unrelated third parties.
2. Amounts include assets transferred by unrelated transferors.

The previous tables include transactions with SPEs in which the Firm, acting as principal, transferred financial assets with continuing involvement and received sales treatment. The transferred assets are carried at fair value prior to securitization, and any changes in fair value are recognized in the income statement. The Firm may act as underwriter of the beneficial interests issued by these securitization vehicles, for which Investment banking revenues are recognized. The Firm may retain interests in the securitized financial assets as one or more tranches of the securitization. These retained interests are generally carried at fair value in the balance sheet with changes in fair value recognized in the income statement. Fair value for these interests is measured using techniques that are consistent with the valuation techniques applied to the Firm's major categories of assets and liabilities as described in Note 2 in the 2021 Form 10-K and Note 4 herein. Further, as permitted by applicable guidance, certain transfers of assets where the Firm's only continuing involvement is a derivative are only reported in the following Assets Sold with Retained Exposure table.

Proceeds from New Securitization Transactions and Sales of Loans

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
New transactions[1]	**$ 5,332**	$ 12,103	**$ 19,809**	$ 43,303
Retained interests	**500**	2,396	**3,553**	7,960
Sales of corporate loans to CLO SPEs[1, 2]	**37**	144	**53**	217

1. Net gains on new transactions and sales of corporate loans to CLO entities at the time of the sale were not material for all periods presented.
2. Sponsored by non-affiliates.

The Firm has provided, or otherwise agreed to be responsible for, representations and warranties regarding certain assets transferred in securitization transactions sponsored by the Firm (see Note 13).

Assets Sold with Retained Exposure

$ in millions	**At September 30, 2022**	At December 31, 2021
Gross cash proceeds from sale of assets[1]	**$ 50,718**	$ 67,930
Fair value		
Assets sold	**$ 48,474**	$ 68,992
Derivative assets recognized in the balance sheet	**160**	1,195
Derivative liabilities recognized in the balance sheet	**2,405**	132

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

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

For a discussion of the Firm's VIEs, the determination and structure of VIEs and securitization activities, see Note 16 to the financial statements in the 2021 Form 10-K.

15. Regulatory Requirements

Regulatory Capital Framework and Requirements

For a discussion of the Firm's regulatory capital framework, see Note 17 to the financial statements in the 2021 Form 10-K.

The Firm 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 RWA follows.

Risk-Based Regulatory Capital. Risk-based capital ratio requirements apply to Common Equity Tier 1 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 Firm's capital buffer requirement. Capital requirements require certain adjustments to, and deductions from, capital for purposes of determining these ratios. At September 30, 2022 and December 31, 2021, the differences between the actual and required ratios were lower under the Standardized Approach.

CECL Deferral. As of December 31, 2021, the risk-based and leverage-based capital amounts and ratios, as well as RWA, adjusted average assets and supplementary leverage exposure were calculated excluding the effect of the adoption of CECL based on the Firm's election to defer this effect over a five-year transition period that began on January 1, 2020. In 2022 the deferral impacts began to phase in at 25% per year and will become fully phased-in beginning in 2025.

Capital Buffer Requirements

	At September 30, 2022 and December 31, 2021	
	Standardized	Advanced
Capital buffers		
Capital conservation buffer	—	2.5%
SCB	5.7%	N/A
G-SIB capital surcharge	3.0%	3.0%
CCyB[1]	0%	0%
Capital buffer requirement	8.7%	5.5%

1. The CCyB can be set up to 2.5%, but is currently set by the Federal Reserve at zero.

The capital buffer requirement represents the amount of Common Equity Tier 1 capital the Firm must maintain above the minimum risk-based capital requirements in order to avoid restrictions on the Firm's ability to make capital distributions, including the payment of dividends and the repurchase of stock, and to pay discretionary bonuses to executive officers. The Firm's Standardized Approach capital buffer requirement is equal to the sum of the SCB, G-SIB capital surcharge and CCyB, and the Advanced Approach capital buffer requirement is equal to the 2.5% capital conservation buffer, G-SIB capital surcharge and CCyB.

Risk-Based Regulatory Capital Ratio Requirements

	Regulatory Minimum	At September 30, 2022 and December 31, 2021	
		Standardized	Advanced
Required ratios[1]			
Common Equity Tier 1 capital ratio	4.5%	13.2%	10.0%
Tier 1 capital ratio	6.0%	14.7%	11.5%
Total capital ratio	8.0%	16.7%	13.5%

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

The Firm's Regulatory Capital and Capital Ratios

$ in millions	Required Ratio[1]	At September 30, 2022	At December 31, 2021
Risk-based capital			
Common Equity Tier 1 capital		$ 67,933	$ 75,742
Tier 1 capital		76,428	83,348
Total capital		86,139	93,166
Total RWA		457,911	471,921
Common Equity Tier 1 capital ratio	13.2%	14.8%	16.0%
Tier 1 capital ratio	14.7%	16.7%	17.7%
Total capital ratio	16.7%	18.8%	19.7%

$ in millions	Required Ratio[1]	At September 30, 2022	At December 31, 2021
Leverage-based capital			
Adjusted average assets[2]		$ 1,154,411	$ 1,169,939
Tier 1 leverage ratio	4.0%	6.6%	7.1%
Supplementary leverage exposure[3]		$ 1,406,345	$ 1,476,962
SLR	5.0%	5.4%	5.6%

1. Required ratios are inclusive of any buffers applicable as of the date presented.
2. 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 disallowed goodwill, intangible assets, investments in covered funds, defined benefit pension plan assets, after-tax gain on sale from assets sold into securitizations, investments in the Firm's own capital instruments, certain defined tax assets and other capital deductions.
3. Supplementary leverage exposure is the sum of Adjusted average assets used in the Tier 1 leverage ratio and other adjustments, primarily: (i) for derivatives, potential future exposure and the effective notional principal amount of sold credit protection, offset by qualifying purchased credit protection; (ii) the counterparty credit risk for repo-style transactions; and (iii) the credit equivalent amount for off-balance sheet exposures.

U.S. Bank Subsidiaries' Regulatory Capital and Capital Ratios

The OCC establishes capital requirements for the Firm's U.S. bank subsidiaries, which includes Morgan Stanley Bank, N.A. ("MSBNA") and Morgan Stanley Private Bank, National Association ("MSPBNA") (collectively, "U.S. Bank Subsidiaries"), and evaluates their compliance with such capital requirements. Regulatory capital requirements for the U.S. Bank Subsidiaries are calculated in a similar manner to the Firm's regulatory capital requirements, although G-SIB capital surcharge and SCB requirements do not apply to the U.S. Bank Subsidiaries.

The OCC's regulatory capital framework includes Prompt Corrective Action ("PCA") standards, including "well-capitalized" PCA standards that are based on specified regulatory capital ratio minimums. For the Firm to remain an FHC, its U.S. Bank Subsidiaries must remain well-capitalized in accordance with the OCC's PCA standards. In addition, failure by the U.S. Bank Subsidiaries to meet minimum capital requirements may result in certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on the U.S. Bank Subsidiaries' and the Firm's financial statements.

At September 30, 2022 and December 31, 2021, MSBNA and MSPBNA risk-based capital ratios are based on the Standardized Approach rules. As of December 31, 2021, the risk-based and leverage-based capital amounts and ratios were calculated excluding the effect of the adoption of CECL based on MSBNA's and MSPBNA's election to defer this effect over a five-year transition period that began on January 1, 2020. In 2022 the deferral impacts began to phase in at 25% per year and will become fully phased-in beginning in 2025.

MSBNA's Regulatory Capital

$ in millions	Well-Capitalized Requirement	Required Ratio[1]	At September 30, 2022 Amount	At September 30, 2022 Ratio	At December 31, 2021 Amount	At December 31, 2021 Ratio
Risk-based capital						
Common Equity Tier 1 capital	**6.5 %**	**7.0 %**	**$ 18,758**	**19.5 %**	$ 18,960	20.5 %
Tier 1 capital	**8.0 %**	**8.5 %**	**18,758**	**19.5 %**	18,960	20.5 %
Total capital	**10.0 %**	**10.5 %**	**19,335**	**20.1 %**	19,544	21.1 %
Leverage-based capital						
Tier 1 leverage	**5.0 %**	**4.0 %**	**$ 18,758**	**9.6 %**	$ 18,960	10.2 %
SLR	**6.0 %**	**3.0 %**	**18,758**	**7.6 %**	18,960	8.1 %

MSPBNA's Regulatory Capital

$ in millions	Well-Capitalized Requirement	Required Ratio[1]	At September 30, 2022[2] Amount	At September 30, 2022[2] Ratio	At December 31, 2021 Amount	At December 31, 2021 Ratio
Risk-based capital						
Common Equity Tier 1 capital	**6.5 %**	**7.0 %**	**$ 16,134**	**29.0 %**	$ 10,293	24.3 %
Tier 1 capital	**8.0 %**	**8.5 %**	**16,134**	**29.0 %**	10,293	24.3 %
Total capital	**10.0 %**	**10.5 %**	**16,261**	**29.2 %**	10,368	24.5 %
Leverage-based capital						
Tier 1 leverage	**5.0 %**	**4.0 %**	**$ 16,134**	**8.1 %**	$ 10,293	6.9 %
SLR	**6.0 %**	**3.0 %**	**16,134**	**7.9 %**	10,293	6.7 %

1. Required ratios are inclusive of any buffers applicable as of the date presented. Failure to maintain the buffers would result in restrictions on the ability to make capital distributions, including the payment of dividends.
2. Regulatory capital amounts and ratios as of September 30, 2022 include the amounts from E*TRADE Bank ("ETB") and E*TRADE Savings Bank ("ETSB") as a result of the merger described herein.

Additionally, MSBNA is conditionally registered with the SEC as a security-based swap dealer and is provisionally registered with the CFTC as a swap dealer. However, as MSBNA is prudentially regulated as a bank, its capital requirements continue to be determined by the OCC.

Other Regulatory Capital Requirements

MS&Co. Regulatory Capital

$ in millions	At September 30, 2022	At December 31, 2021
Net capital	**$ 14,886**	$ 18,383
Excess net capital	**10,405**	14,208

MS&Co. is registered as a broker-dealer and a futures commission merchant with the SEC and the CFTC, respectively, and provisionally registered as a swap dealer with the CFTC.

As an Alternative Net Capital broker-dealer, and in accordance with Securities Exchange Act of 1934 ("Exchange Act") Rule 15c3-1, Appendix E, MS&Co. is subject to minimum net capital and tentative net capital requirements and operates with capital in excess of its regulatory capital requirements. As a futures commission merchant and provisionally-registered swap dealer, MS&Co. is subject to CFTC capital requirements. In addition, MS&Co. must notify the SEC if its tentative net capital falls below certain levels. At September 30, 2022 and December 31, 2021, MS&Co. exceeded its net capital requirement and had tentative net capital in excess of the minimum and notification requirements.

Other Regulated Subsidiaries

The following subsidiaries are also subject to various regulatory capital requirements and operated with capital in excess of their respective regulatory capital requirements as of September 30, 2022 and December 31, 2021, as applicable:

- MSSB,
- MSIP,
- Morgan Stanley Europe Holdings SE Group, including MSESE,
- MSMS,
- MSCS,
- MSCG, and
- E*TRADE Securities LLC.

ETB and ETSB were each previously subject to the capital requirements of the OCC until January 1, 2022, when ETSB merged with and into ETB, and subsequently ETB merged with and into MSPBNA, with MSPBNA as the surviving bank.

See Note 17 to the financial statements in the 2021 Form 10-K for further information.

16. Total Equity

Preferred Stock

$ in millions, except per share data	Shares Outstanding At September 30, 2022	Liquidation Preference per Share	Carrying Value At September 30, 2022	Carrying Value At December 31, 2021
Series				
A	**44,000**	**$ 25,000**	**$ 1,100**	$ 1,100
C[1]	**519,882**	**1,000**	**408**	408
E	**34,500**	**25,000**	**862**	862
F	**34,000**	**25,000**	**850**	850
I	**40,000**	**25,000**	**1,000**	1,000
K	**40,000**	**25,000**	**1,000**	1,000
L	**20,000**	**25,000**	**500**	500
M	**400,000**	**1,000**	**430**	430
N	**3,000**	**100,000**	**300**	300
O	**52,000**	**25,000**	**1,300**	1,300
P	**40,000**	**25,000**	**1,000**	—
Total			**$ 8,750**	$ 7,750
Shares authorized				30,000,000

1. Series C preferred stock is held by MUFG.

For a description of Series A through Series O preferred stock, see Note 18 to the financial statements in the 2021 Form 10-K. The Firm's preferred stock has a preference over its common stock upon liquidation. The Firm's preferred stock qualifies as and is included in Tier 1 capital in accordance with regulatory capital requirements (see Note 15).

On August 2, 2022, the Firm issued 40 million depositary shares of Series P Preferred Stock, for an aggregate price of $1.0 billion. Each depositary share represents a 1/1000th interest in a share of 6.500% Non-Cumulative Preferred Stock, Series P, $0.01 par value ("Series P Preferred Stock"). The Series P Preferred Stock is redeemable at the Firm's option, (i) in whole or in part, from time to time, on any dividend payment date on or after October 15, 2027 or (ii) in whole but not in part at any time within 90 days following a regulatory capital treatment event (as described in the terms of this series), in each case at a redemption price of $25,000 per share (equivalent to $25 per depositary share). The Series P Preferred Stock also has a preference over the Firm's common stock upon liquidation and qualifies as Tier 1 capital.

Share Repurchases

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Repurchases of common stock under the Firm's Share Repurchase Authorization	**$ 2,555**	$ 3,557	**$ 8,165**	$ 8,631

On June 27, 2022, the Firm announced that its Board of Directors approved a new multi-year repurchase authorization of up to $20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2022, which will be exercised from time to time as conditions warrant. For more information on share repurchases, see Note 18 to the financial statements in the 2021 Form 10-K.

Common Shares Outstanding for Basic and Diluted EPS

	Three Months Ended September 30,		Nine Months Ended September 30,	
in millions	**2022**	2021	**2022**	2021
Weighted average common shares outstanding, basic	**1,674**	1,781	**1,704**	1,797
Effect of dilutive RSUs and PSUs	**23**	31	**21**	27
Weighted average common shares outstanding and common stock equivalents, diluted	**1,697**	1,812	**1,725**	1,824
Weighted average antidilutive common stock equivalents (excluded from the computation of diluted EPS)	**1**	—	**5**	—

Dividends

	Three Months Ended September 30, 2022		Three Months Ended September 30, 2021	
$ in millions, except per share data	Per Share[1]	Total	Per Share[1]	Total
Preferred stock series				
A	**$ 261**	**$ 11**	$ 256	$ 11
C	**25**	**13**	25	13
E	**445**	**15**	445	15
F	**430**	**15**	430	15
H[2]	**—**	**—**	239	12
I	**398**	**16**	398	16
K	**366**	**15**	366	15
L	**305**	**6**	305	6
M[4]	**29**	**12**	29	12
N[5]	**2,650**	**8**	2,650	8
O[6]	**266**	**14**	—	—
P	**330**	**13**	—	—
Total Preferred stock		**$ 138**		$ 123
Common stock	**$ 0.775**	**$ 1,329**	$ 0.700	$ 1,276

	Nine Months Ended September 30, 2022		Nine Months Ended September 30, 2021	
$ in millions, except per share data	Per Share[1]	Total	Per Share[1]	Total
Preferred stock series				
A	**$ 756**	**$ 33**	$ 758	$ 33
C	**75**	**39**	75	39
E	**1,336**	**45**	1,336	45
F	**1,289**	**44**	1,289	44
H[2]	**—**	**—**	719	37
I	**1,195**	**48**	1,195	48
J[3]	**—**	**—**	253	15
K	**1,097**	**45**	1,097	45
L	**914**	**18**	914	18
M[4]	**59**	**24**	59	24
N[5]	**5,300**	**16**	5,300	16
O[6]	**797**	**41**	—	—
P	**330**	**13**	—	—
Total Preferred stock		**$ 366**		$ 364
Common stock	**$ 2.175**	**$ 3,802**	$ 1.400	$ 2,562

1. Common and Preferred Stock dividends are payable quarterly unless otherwise noted.
2. A notice of redemption was issued for Series H preferred stock on November 19, 2021.
3. Series J was payable semiannually until July 15, 2020, after which it was payable quarterly until its redemption.
4. Series M is payable semiannually until September 15, 2026 and thereafter will be payable quarterly.
5. Series N is payable semiannually until March 15, 2023 and thereafter will be payable quarterly.
6. Series O is payable semiannually until January 15, 2027 and thereafter will be payable quarterly.

Accumulated Other Comprehensive Income (Loss)[1]

$ in millions	CTA	AFS Securities	Pension and Other	DVA	Total
June 30, 2022	$ (1,226)	$ (3,226)	$ (543)	$ (26)	$ (5,021)
OCI during the period	**(207)**	**(1,307)**	**5**	**772**	**(737)**
September 30, 2022	**$ (1,433)**	**$ (4,533)**	**$ (538)**	**$ 746**	**$ (5,758)**
June 30, 2021	$ (895)	$ 1,004	$ (481)	$ (2,151)	$ (2,523)
OCI during the period	(65)	(256)	5	138	(178)
September 30, 2021	$ (960)	$ 748	$ (476)	$ (2,013)	$ (2,701)
December 31, 2021	$ (1,002)	$ 245	$ (551)	$ (1,794)	$ (3,102)
OCI during the period	**(431)**	**(4,778)**	**13**	**2,540**	**(2,656)**
September 30, 2022	**$ (1,433)**	**$ (4,533)**	**$ (538)**	**$ 746**	**$ (5,758)**
December 31, 2020	$ (795)	$ 1,787	$ (498)	$ (2,456)	$ (1,962)
OCI during the period	(165)	(1,039)	22	443	(739)
September 30, 2021	$ (960)	$ 748	$ (476)	$ (2,013)	$ (2,701)

1. Amounts are net of tax and noncontrolling interests.

Components of Period Changes in OCI

	Three Months Ended September 30, 2022				
$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	**$ (85)**	**$ (183)**	**$ (268)**	**$ (61)**	**$ (207)**
Reclassified to earnings	**—**	**—**	**—**	**—**	**—**
Net OCI	**$ (85)**	**$ (183)**	**$ (268)**	**$ (61)**	**$ (207)**
Change in net unrealized gains (losses) on AFS securities					
OCI activity	**$(1,698)**	**$ 398**	**$(1,300)**	**$ —**	**$ (1,300)**
Reclassified to earnings	**(9)**	**2**	**(7)**	**—**	**(7)**
Net OCI	**$(1,707)**	**$ 400**	**$(1,307)**	**$ —**	**$ (1,307)**
Pension and other					
OCI activity	**$ 1**	**$ —**	**$ 1**	**$ —**	**$ 1**
Reclassified to earnings	**6**	**(2)**	**4**	**—**	**4**
Net OCI	**$ 7**	**$ (2)**	**$ 5**	**$ —**	**$ 5**
Change in net DVA					
OCI activity	**$ 1,082**	**$ (266)**	**$ 816**	**$ 44**	**$ 772**
Reclassified to earnings	**—**	**—**	**—**	**—**	**—**
Net OCI	**$ 1,082**	**$ (266)**	**$ 816**	**$ 44**	**$ 772**

	Three Months Ended September 30, 2021				
$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	$ (14)	$ (64)	$ (78)	$ (13)	$ (65)
Reclassified to earnings	—	—	—	—	—
Net OCI	$ (14)	$ (64)	$ (78)	$ (13)	$ (65)
Change in net unrealized gains (losses) on AFS securities					
OCI activity	$ (317)	$ 74	$ (243)	$ —	$ (243)
Reclassified to earnings	(17)	4	(13)	—	(13)
Net OCI	$ (334)	$ 78	$ (256)	$ —	$ (256)
Pension and other					
OCI activity	$ —	$ —	$ —	$ —	$ —
Reclassified to earnings	7	(2)	5	—	5
Net OCI	$ 7	$ (2)	$ 5	$ —	$ 5
Change in net DVA					
OCI activity	$ 187	$ (46)	$ 141	$ 9	$ 132
Reclassified to earnings	9	(3)	6	—	6
Net OCI	$ 196	$ (49)	$ 147	$ 9	$ 138

	Nine Months Ended September 30, 2022				
$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	**$ (279)**	**$ (441)**	**$ (720)**	**$ (230)**	**$ (490)**
Reclassified to earnings	**—**	**59**	**59**	**—**	**59**
Net OCI	**$ (279)**	**$ (382)**	**$ (661)**	**$ (230)**	**$ (431)**
Change in net unrealized gains (losses) on AFS securities					
OCI activity	**$(6,169)**	**$ 1,445**	**$(4,724)**	**$ —**	**$ (4,724)**
Reclassified to earnings	**(71)**	**17**	**(54)**	**—**	**(54)**
Net OCI	**$(6,240)**	**$ 1,462**	**$(4,778)**	**$ —**	**$ (4,778)**
Pension and other					
OCI activity	**$ (1)**	**$ —**	**$ (1)**	**$ —**	**$ (1)**
Reclassified to earnings	**17**	**(3)**	**14**	**—**	**14**
Net OCI	**$ 16**	**$ (3)**	**$ 13**	**$ —**	**$ 13**
Change in net DVA					
OCI activity	**$ 3,474**	**$ (845)**	**$ 2,629**	**$ 88**	**$ 2,541**
Reclassified to earnings	**(1)**	**—**	**(1)**	**—**	**(1)**
Net OCI	**$ 3,473**	**$ (845)**	**$ 2,628**	**$ 88**	**$ 2,540**

	Nine Months Ended September 30, 2021				
$ in millions	Pre-tax Gain (Loss)	Income Tax Benefit (Provision)	After-tax Gain (Loss)	Non-controlling Interests	Net
CTA					
OCI activity	$ (106)	$ (150)	$ (256)	$ (91)	$ (165)
Reclassified to earnings	—	—	—	—	—
Net OCI	$ (106)	$ (150)	$ (256)	$ (91)	$ (165)
Change in net unrealized gains (losses) on AFS securities					
OCI activity	$(1,146)	$ 267	$ (879)	$ —	$ (879)
Reclassified to earnings	(209)	49	(160)	—	(160)
Net OCI	$(1,355)	$ 316	$(1,039)	$ —	$ (1,039)
Pension and other					
OCI activity	$ 8	$ —	$ 8	$ —	$ 8
Reclassified to earnings	21	(7)	14	—	14
Net OCI	$ 29	$ (7)	$ 22	$ —	$ 22
Change in net DVA					
OCI activity	$ 591	$ (148)	$ 443	$ 27	$ 416
Reclassified to earnings	36	(9)	27	—	27
Net OCI	$ 627	$ (157)	$ 470	$ 27	$ 443

17. Interest Income and Interest Expense

$ in millions	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Interest income				
Investment securities	$ 743	$ 643	$ 2,261	$ 2,100
Loans	1,910	1,063	4,469	3,091
Securities purchased under agreements to resell[1,2]	664	(36)	870	(147)
Securities borrowed[1,3]	385	(246)	97	(752)
Trading assets, net of Trading liabilities	635	525	1,722	1,521
Customer receivables and Other[4]	1,764	402	2,944	1,187
Total interest income	$ 6,101	$ 2,351	$ 12,363	$ 7,000
Interest expense				
Deposits	$ 476	$ 102	$ 684	$ 330
Borrowings	1,370	597	2,990	2,030
Securities sold under agreements to repurchase[1,5]	501	19	725	82
Securities loaned[1,6]	135	112	340	279
Customer payables and Other[7]	1,109	(542)	616	(1,677)
Total interest expense	$ 3,591	$ 288	$ 5,355	$ 1,044
Net interest	$ 2,510	$ 2,063	$ 7,008	$ 5,956

1. Certain prior period amounts have been reclassified to conform to the current presentation.
2. Includes interest paid on Securities purchased under agreements to resell.
3. Includes fees paid on Securities borrowed.
4. Includes interest from Cash and cash equivalents.
5. Includes interest received on Securities sold under agreements to repurchase.
6. Includes fees received on Securities loaned.
7. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.

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

Accrued Interest

$ in millions	At September 30, 2022	At December 31, 2021
Customer and other receivables	$ 3,242	$ 1,800
Customer and other payables	3,401	2,164

18. Income Taxes

The Firm is routinely under examination by the IRS and other tax authorities in certain countries, such as Japan and the U.K., and in states and localities in which it has significant business operations, such as New York.

The Firm 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.

It is reasonably possible that significant changes in the balance of unrecognized tax benefits may occur within the next 12 months. At this time, however, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits and the impact on the Firm's effective tax rate over the next 12 months.

19. Segment, Geographic and Revenue Information

Selected Financial Information by Business Segment

$ in millions	IS	WM	IM	I/E	Total
Three Months Ended September 30, 2022					
Investment banking	$ 1,277	$ 114	$ —	$ (18)	$ 1,373
Trading	3,330	(41)	32	10	3,331
Investments	(73)	18	(113)	—	(168)
Commissions and fees[1]	648	543	—	(58)	1,133
Asset management[1,2]	140	3,389	1,269	(54)	4,744
Other	(25)	93	(1)	(4)	63
Total non-interest revenues	5,297	4,116	1,187	(124)	10,476
Interest income	3,889	2,626	18	(432)	6,101
Interest expense	3,369	622	37	(437)	3,591
Net interest	520	2,004	(19)	5	2,510
Net revenues	$ 5,817	$ 6,120	$1,168	$(119)	$12,986
Provision for credit losses	$ 24	$ 11	$ —	$ —	$ 35
Compensation and benefits	1,948	3,171	495	—	5,614
Non-compensation expenses	2,219	1,289	557	(116)	3,949
Total non-interest expenses	$ 4,167	$ 4,460	$1,052	$(116)	$ 9,563
Income before provision for income taxes	$ 1,626	$ 1,649	$ 116	$ (3)	$ 3,388
Provision for income taxes	305	396	26	(1)	726
Net income	1,321	1,253	90	(2)	2,662
Net income applicable to noncontrolling interests	47	—	(17)	—	30
Net income applicable to Morgan Stanley	$ 1,274	$ 1,253	$ 107	$ (2)	$ 2,632

$ in millions	IS	WM	IM	I/E	Total
Three Months Ended September 30, 2021					
Investment banking	$ 2,849	$ 186	$ —	$ (22)	$ 3,013
Trading	2,897	(58)	1	21	2,861
Investments	52	8	(15)	—	45
Commissions and fees[1]	664	704	—	(88)	1,280
Asset management[1,2]	145	3,628	1,470	(42)	5,201
Other	172	119	—	(1)	290
Total non-interest revenues	6,779	4,587	1,456	(132)	12,690
Interest income	948	1,464	8	(69)	2,351
Interest expense	232	116	11	(71)	288
Net interest	716	1,348	(3)	2	2,063
Net revenues	$ 7,495	$ 5,935	$ 1,453	$(130)	$14,753
Provision for credit losses	$ 24	$ —	$ —	$ —	$ 24
Compensation and benefits	2,248	3,159	513	—	5,920
Non-compensation expenses	2,250	1,246	570	(131)	3,935
Total non-interest expenses	$ 4,498	$ 4,405	$ 1,083	$(131)	$ 9,855
Income before provision for income taxes	$ 2,973	$ 1,530	$ 370	$ 1	$ 4,874
Provision for income taxes	713	373	64	—	1,150
Net income	2,260	1,157	306	1	3,724
Net income applicable to noncontrolling interests	31	—	(14)	—	17
Net income applicable to Morgan Stanley	$ 2,229	$ 1,157	$ 320	$ 1	$ 3,707

$ in millions	Nine Months Ended September 30, 2022 IS	WM	IM	I/E	Total
Investment banking	**$ 3,983**	**$ 354**	**$ —**	**$ (56)**	**$ 4,281**
Trading	**11,511**	**(681)**	**38**	**43**	**10,911**
Investments	**(69)**	**45**	**(46)**	**—**	**(70)**
Commissions and fees[1]	**2,110**	**1,869**	**—**	**(210)**	**3,769**
Asset management[1,2]	**442**	**10,525**	**3,961**	**(153)**	**14,775**
Other	**(131)**	**388**	**(2)**	**(10)**	**245**
Total non-interest revenues	**17,846**	**12,500**	**3,951**	**(386)**	**33,911**
Interest income	**6,797**	**6,208**	**34**	**(676)**	**12,363**
Interest expense	**5,050**	**917**	**71**	**(683)**	**5,355**
Net interest	**1,747**	**5,291**	**(37)**	**7**	**7,008**
Net revenues	**$19,593**	**$17,791**	**$3,914**	**$ (379)**	**$40,919**
Provision for credit losses	**$ 150**	**$ 43**	**$ —**	**$ —**	**$ 193**
Compensation and benefits	**6,602**	**9,191**	**1,645**	**—**	**17,438**
Non-compensation expenses	**6,874**	**3,814**	**1,676**	**(371)**	**11,993**
Total non-interest expenses	**$13,476**	**$13,005**	**$3,321**	**$ (371)**	**$29,431**
Income before provision for income taxes	**$ 5,967**	**$ 4,743**	**$ 593**	**$ (8)**	**$11,295**
Provision for income taxes	**1,235**	**1,028**	**121**	**(2)**	**2,382**
Net income	**4,732**	**3,715**	**472**	**(6)**	**8,913**
Net income applicable to noncontrolling interests	**146**	**—**	**(26)**	**—**	**120**
Net income applicable to Morgan Stanley	**$ 4,586**	**$ 3,715**	**$ 498**	**$ (6)**	**$ 8,793**

$ in millions	Nine Months Ended September 30, 2021 IS	WM	IM	I/E	Total
Investment banking	$ 7,838	$ 640	$ —	$ (65)	$ 8,413
Trading	10,048	323	(18)	63	10,416
Investments	199	24	521	—	744
Commissions and fees[1]	2,216	2,269	1	(272)	4,214
Asset management[1,2]	432	10,266	3,991	(117)	14,572
Other	467	479	(23)	(7)	916
Total non-interest revenues	21,200	14,001	4,472	(398)	39,275
Interest income	2,791	4,316	26	(133)	7,000
Interest expense	827	328	29	(140)	1,044
Net interest	1,964	3,988	(3)	7	5,956
Net revenues	$23,164	$17,989	$4,469	$ (391)	$45,231
Provision for credit losses	$ 1	$ (2)	$ —	$ —	$ (1)
Compensation and benefits	7,795	9,604	1,742	—	19,141
Non-compensation expenses	6,526	3,621	1,557	(397)	11,307
Total non-interest expenses	$14,321	$13,225	$3,299	$ (397)	$30,448
Income before provision for income taxes	$ 8,842	$ 4,766	$1,170	$ 6	$14,784
Provision for income taxes	2,023	1,103	253	1	3,380
Net income	6,819	3,663	917	5	11,404
Net income applicable to noncontrolling interests	85	—	(19)	—	66
Net income applicable to Morgan Stanley	$ 6,734	$ 3,663	$ 936	$ 5	$11,338

1. Substantially all revenues are from contracts with customers.
2. Includes certain fees that may relate to services performed in prior periods.

For a discussion about the Firm's business segments, see Note 23 to the financial statements in the 2021 Form 10-K.

Detail of Investment Banking Revenues

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Institutional Securities Advisory	**$ 693**	$ 1,272	**$ 2,235**	$ 2,416
Institutional Securities Underwriting	**584**	1,577	**1,748**	5,422
Firm Investment banking revenues from contracts with customers	**89 %**	91 %	**89 %**	91 %

Trading Revenues by Product Type

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Interest rate	**$ 1,070**	$ (32)	**$ 1,930**	$ 844
Foreign exchange	**31**	253	**1,154**	841
Equity[1]	**1,872**	1,903	**5,869**	5,631
Commodity and other	**279**	538	**1,288**	2,079
Credit	**79**	199	**670**	1,021
Total	**$ 3,331**	$ 2,861	**$ 10,911**	$ 10,416

1. Dividend income is included within equity contracts.

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

Investment Management Investments Revenues—Net Cumulative Unrealized Carried Interest

$ in millions	**At September 30, 2022**	At December 31, 2021
Net cumulative unrealized performance-based fees at risk of reversing	**$ 837**	$ 802

The Firm's portion of net cumulative performance-based fees in the form of unrealized carried interest, for which the Firm is not obligated to pay compensation, is at risk of reversing when the return in certain funds fall below specified performance targets. See Note 13 for information regarding general partner guarantees, which include potential obligations to return performance fee distributions previously received.

Investment Management Asset Management Revenues—Reduction of Fees Due to Fee Waivers

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Fee waivers	**$ 28**	$ 139	**$ 193**	$ 364

The Firm waives a portion of its fees in the Investment Management business segment from certain registered money market funds that comply with the requirements of Rule 2a-7 of the Investment Company Act of 1940.

Certain Other Fee Waivers

Separately, the Firm's employees, including its senior officers, may participate on the same terms and conditions as other investors in certain funds that the Firm sponsors primarily for client investment, and the Firm may waive or lower applicable fees and charges for its employees.

Other Expenses—Transaction Taxes

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Transaction taxes	**$ 215**	$ 262	**$ 701**	$ 717

Transaction taxes are composed of securities transaction taxes and stamp duties, which are levied on the sale or purchase of securities listed on recognized stock exchanges in certain markets. These taxes are imposed mainly on trades of equity securities in Asia and EMEA. Similar transaction taxes are levied on trades of listed derivative instruments in certain countries.

Net Revenues by Region

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Americas	**$ 10,094**	$ 11,255	**$ 30,220**	$ 33,331
EMEA	**1,392**	1,752	**5,381**	6,004
Asia	**1,500**	1,746	**5,318**	5,896
Total	**$ 12,986**	$ 14,753	**$ 40,919**	$ 45,231

For a discussion about the Firm's geographic net revenues, see Note 23 to the financial statements in the 2021 Form 10-K.

Revenues Recognized from Prior Services

	Three Months Ended September 30,		Nine Months Ended September 30,	
$ in millions	**2022**	2021	**2022**	2021
Non-interest revenues	**$ 788**	$ 1,308	**$ 2,036**	$ 1,862

The previous table includes revenues from contracts with customers recognized where some or all services were performed in prior periods. These revenues primarily include investment banking advisory fees.

Receivables from Contracts with Customers

$ in millions	**At September 30, 2022**	At December 31, 2021
Customer and other receivables	**$ 2,483**	$ 3,591

Receivables from contracts with customers, which are included within Customer and other receivables in the balance sheet, arise when the Firm has both recorded revenues and the right per the contract to bill the customer.

Assets by Business Segment

$ in millions	**At September 30, 2022**	At December 31, 2021
Institutional Securities	**$ 786,384**	$ 792,135
Wealth Management	**356,467**	378,438
Investment Management	**17,178**	17,567
Total[1]	**$ 1,160,029**	$ 1,188,140

1. Parent assets have been fully allocated to the business segments.

Financial Data Supplement (Unaudited)

Morgan Stanley

Average Balances and Interest Rates and Net Interest Income

$ in millions	Three Months Ended September 30, 2022 Average Daily Balance	2022 Interest	2022 Annualized Average Rate	2021 Average Daily Balance	2021 Interest	2021 Annualized Average Rate
Interest earning assets						
Investment securities[1]	**$164,889**	**$ 743**	**1.8 %**	$179,626	$ 643	1.4 %
Loans[1]	**209,551**	**1,910**	**3.6 %**	170,656	1,063	2.5 %
Securities purchased under agreements to resell[2,3]:						
U.S.	**56,111**	**513**	**3.6 %**	50,479	19	0.1 %
Non-U.S.	**61,118**	**151**	**1.0 %**	51,850	(55)	(0.4)%
Securities borrowed[2,4]:						
U.S.	**126,061**	**373**	**1.2 %**	103,643	(196)	(0.8)%
Non-U.S.	**17,966**	**12**	**0.3 %**	19,416	(50)	(1.0)%
Trading assets, net of Trading liabilities[5]:						
U.S.	**74,651**	**535**	**2.8 %**	77,576	411	2.1 %
Non-U.S.	**12,976**	**100**	**3.1 %**	22,880	114	2.0 %
Customer receivables and Other[6]:						
U.S.	**105,345**	**1,378**	**5.2 %**	137,525	358	1.0 %
Non-U.S.	**76,056**	**386**	**2.0 %**	73,130	44	0.2 %
Total	**$904,724**	**$ 6,101**	**2.7 %**	$886,781	$ 2,351	1.1 %
Interest bearing liabilities						
Deposits[1]	**$337,288**	**$ 476**	**0.6 %**	$325,520	$ 102	0.1 %
Borrowings[1,7]	**229,821**	**1,370**	**2.4 %**	227,880	597	1.0 %
Securities sold under agreements to repurchase[2,8,10]:						
U.S.	**19,344**	**324**	**6.6 %**	29,956	38	0.5 %
Non-U.S.	**40,110**	**177**	**1.8 %**	29,027	(19)	(0.3)%
Securities loaned[2,9,10]:						
U.S.	**7,103**	**20**	**1.1 %**	4,799	14	1.2 %
Non-U.S.	**6,930**	**115**	**6.6 %**	6,192	98	6.3 %
Customer payables and Other[11]:						
U.S.	**145,061**	**738**	**2.0 %**	129,298	(431)	(1.3)%
Non-U.S.	**72,328**	**371**	**2.0 %**	76,248	(111)	(0.6)%
Total	**$857,985**	**$ 3,591**	**1.7 %**	$828,920	$ 288	0.1 %
Net interest income and net interest rate spread		**$ 2,510**	**1.0 %**		$ 2,063	1.0 %

$ in millions	Nine Months Ended September 30, 2022 Average Daily Balance	2022 Interest	2022 Annualized Average Rate	2021 Average Daily Balance	2021 Interest	2021 Annualized Average Rate
Interest earning assets						
Investment securities[1]	**$169,926**	**$ 2,261**	**1.8 %**	$182,804	$ 2,100	1.5 %
Loans[1]	**201,655**	**4,469**	**3.0 %**	161,422	3,091	2.6 %
Securities purchased under agreements to resell[2,3]:						
U.S.	**56,451**	**719**	**1.7 %**	55,248	64	0.2 %
Non-U.S.	**62,273**	**151**	**0.3 %**	53,813	(211)	(0.5)%
Securities borrowed[2,4]:						
U.S.	**124,628**	**167**	**0.2 %**	95,737	(610)	(0.9)%
Non-U.S.	**19,819**	**(70)**	**(0.5)%**	17,247	(142)	(1.1)%
Trading assets, net of Trading liabilities[5]:						
U.S.	**74,993**	**1,418**	**2.5 %**	76,456	1,230	2.2 %
Non-U.S.	**14,668**	**304**	**2.8 %**	19,103	291	2.0 %
Customer receivables and Other[6]:						
U.S.	**116,515**	**2,396**	**2.7 %**	135,596	1,035	1.0 %
Non-U.S.	**76,649**	**548**	**1.0 %**	74,527	152	0.3 %
Total	**$917,577**	**$12,363**	**1.8 %**	$871,953	$ 7,000	1.1 %
Interest bearing liabilities						
Deposits[1]	**$340,166**	**$ 684**	**0.3 %**	$322,304	$ 330	0.1 %
Borrowings[1,7]	**228,589**	**2,990**	**1.7 %**	221,875	2,030	1.2 %
Securities sold under agreements to repurchase[2,8,10]:						
U.S.	**20,957**	**487**	**3.1 %**	30,559	122	0.5 %
Non-U.S.	**39,694**	**238**	**0.8 %**	25,722	(40)	(0.2)%
Securities loaned[2,9,10]:						
U.S.	**6,354**	**21**	**0.4 %**	4,776	7	0.2 %
Non-U.S.	**7,308**	**319**	**5.8 %**	5,195	272	7.0 %
Customer payables and Other[11]:						
U.S.	**144,691**	**311**	**0.3 %**	129,883	(1,349)	(1.4)%
Non-U.S.	**75,510**	**305**	**0.5 %**	73,415	(328)	(0.6)%
Total	**$863,269**	**$ 5,355**	**0.8 %**	$813,729	$ 1,044	0.2 %
Net interest income and net interest rate spread		**$ 7,008**	**1.0 %**		$ 5,956	0.9 %

1. Amounts include primarily U.S. balances.
2. Certain prior period amounts have been reclassified to conform to the current presentation.
3. Includes interest paid on Securities purchased under agreements to resell.
4. Includes fees paid on Securities borrowed.
5. Excludes non-interest earning assets and non-interest bearing liabilities, such as equity securities.
6. Includes Cash and cash equivalents.
7. Average daily balance includes borrowings carried at fair value, but for certain borrowings, interest expense is considered part of fair value and is recorded in Trading revenues.
8. Includes interest received on Securities sold under agreements to repurchase.
9. Includes fees received on Securities loaned.
10. The annualized average rate was calculated using (a) interest expense incurred on all securities sold under agreements to repurchase and securities loaned transactions, whether or not such transactions were reported in the balance sheet and (b) net average on-balance sheet balances, which exclude certain securities-for-securities transactions.
11. Includes fees received from Equity Financing customers related to their short transactions, which can be under either margin or securities lending arrangements.

Glossary of Common Terms and Acronyms

2021 Form 10-K	Annual report on Form 10-K for year ended December 31, 2021 filed with the SEC
ABS	Asset-backed securities
ACL	Allowance for credit losses
AFS	Available-for-sale
AML	Anti-money laundering
AOCI	Accumulated other comprehensive income (loss)
AUM	Assets under management or supervision
Balance sheet	Consolidated balance sheet
BHC	Bank holding company
bps	Basis points; one basis point equals 1/100th of 1%
Cash flow statement	Consolidated cash flow statement
CCAR	Comprehensive Capital Analysis and Review
CCyB	Countercyclical capital buffer
CDO	Collateralized debt obligation(s), including Collateralized loan obligation(s)
CDS	Credit default swaps
CECL	Current Expected Credit Losses, as calculated under the Financial Instruments—Credit Losses accounting update
CFTC	U.S. Commodity Futures Trading Commission
CLN	Credit-linked note(s)
CLO	Collateralized loan obligation(s)
CMBS	Commercial mortgage-backed securities
CMO	Collateralized mortgage obligation(s)
CRM	Credit Risk Management Department
CTA	Cumulative foreign currency translation adjustments
DVA	Debt valuation adjustment
EBITDA	Earnings before interest, taxes, depreciation and amortization
EMEA	Europe, Middle East and Africa
EPS	Earnings per common share
FDIC	Federal Deposit Insurance Corporation
FFELP	Federal Family Education Loan Program
FHC	Financial holding company
FICO	Fair Isaac Corporation
Financial statements	Consolidated financial statements
FVO	Fair value option
G-SIB	Global systemically important banks
HFI	Held-for-investment
HFS	Held-for-sale
HQLA	High-quality liquid assets
HTM	Held-to-maturity
I/E	Intersegment eliminations
IHC	Intermediate holding company
IM	Investment Management
Income statement	Consolidated income statement
IRS	Internal Revenue Service
IS	Institutional Securities
LCR	Liquidity coverage ratio, as adopted by the U.S. banking agencies
LIBOR	London Interbank Offered Rate
LTV	Loan-to-value
M&A	Merger, acquisition and restructuring transaction
MSBNA	Morgan Stanley Bank, N.A.
MS&Co.	Morgan Stanley & Co. LLC
MSCG	Morgan Stanley Capital Group Inc.
MSCS	Morgan Stanley Capital Services LLC
MSESE	Morgan Stanley Europe SE
MSIP	Morgan Stanley & Co. International plc
MSMS	Morgan Stanley MUFG Securities Co., Ltd.
MSPBNA	Morgan Stanley Private Bank, National Association
MSSB	Morgan Stanley Smith Barney LLC
MUFG	Mitsubishi UFJ Financial Group, Inc.
MUMSS	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
MWh	Megawatt hour
N/A	Not Applicable
N/M	Not Meaningful
NAV	Net asset value
Non-GAAP	Non-generally accepted accounting principles
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)
OTC	Over-the-counter
PSU	Performance-based stock unit
ROE	Return on average common equity
ROTCE	Return on average tangible common equity
ROU	Right-of-use
RSU	Restricted stock unit
RWA	Risk-weighted assets
SCB	Stress capital buffer
SEC	U.S. Securities and Exchange Commission
SLR	Supplementary leverage ratio
SOFR	Secured Overnight Financing Rate
S&P	Standard & Poor's
SPE	Special purpose entity
SPOE	Single point of entry
TDR	Troubled debt restructuring
TLAC	Total loss-absorbing capacity
U.K.	United Kingdom
UPB	Unpaid principal balance
U.S.	United States of America
U.S. GAAP	Accounting principles generally accepted in the United States of America
VaR	Value-at-Risk
VIE	Variable interest entity
WACC	Implied weighted average cost of capital
WM	Wealth Management

Controls and Procedures

Under the supervision and with the participation of the Firm's management, including the Chief Executive Officer and Chief Financial Officer, the Firm conducted an evaluation of the effectiveness of the Firm's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Firm's disclosure controls and procedures were effective as of the end of the period covered by this report.

No change in the Firm's internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) occurred during the period covered by this report that materially affected, or is reasonably likely to materially affect, the Firm's internal control over financial reporting.

Legal Proceedings

The following developments have occurred since previously reporting certain matters in the Firm's 2021 Form 10-K and the Firm's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 (the "First Quarter Form 10-Q") and the quarterly period ended June 30, 2022 (the "Second Quarter Form 10-Q"). See also the disclosures set forth under "Legal Proceedings" in the 2021 Form 10-K, the First Quarter Form 10-Q, and the Second Quarter Form 10-Q.

Residential Mortgage and Credit Crisis Matters

On October 4, 2022, the parties in *Deutsche Bank National Trust Company, as Trustee for the Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC1 v. Morgan Stanley ABS Capital I, Inc.* reached an agreement in principle to settle the litigation.

On October 4, 2022, the parties in *Deutsche Bank National Trust Company, solely in its capacity as Trustee for Morgan Stanley ABS Capital I Inc. Trust, Series 2007-NC3 v. Morgan Stanley Mortgage Capital Holdings LLC, as Successor-by-Merger to Morgan Stanley Mortgage Capital Inc.* reached an agreement in principle to settle the litigation.

Record Keeping Matter

On September 27, 2022, the Firm's settlements with the SEC and the CFTC to resolve record-keeping related investigations by those agencies relating to business communications on unapproved messaging platforms became effective.

European Matter

The Firm is engaging with the UK Competition and Markets Authority in connection with its investigation of suspected anti-competitive arrangements in the financial services sector, specifically regarding the Firm's activities concerning certain liquid fixed income products between 2009 and 2012.

Risk Factors

For a discussion of the risk factors affecting the Firm, see "Risk Factors" in Part I, Item 1A of the 2021 Form 10-K.

Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

$ in millions, except per share data	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Shares Purchased as Part of Share Repurchase Authorization[2,3]	Dollar Value of Remaining Authorized Repurchase
July	7,024,977	$ 81.08	6,966,721	$ 19,435
August	14,511,783	$ 87.32	13,954,929	$ 18,215
September	8,881,353	$ 86.91	8,860,100	$ 17,445
Three Months Ended September 30, 2022	**30,418,113**	**$ 85.76**	**29,781,750**	

1. Includes 636,363 shares acquired by the Firm in satisfaction of the tax withholding obligations on stock-based awards granted under the Firm's stock-based compensation plans during the three months ended September 30, 2022.
2. Share purchases under publicly announced authorizations are made pursuant to open-market purchases, Rule 10b5-1 plans or privately negotiated transactions (including with employee benefit plans) as market conditions warrant and at prices the Firm deems appropriate and may be suspended at any time.
3. The Firm's Board of Directors has approved the repurchase of the Firm's outstanding common stock under a share repurchase authorization (the "Share Repurchase Authorization") from time to time as conditions warrant and subject to limitations on distributions from the Federal Reserve. The Share Repurchase Authorization is for capital management purposes and considers, among other things, business segment capital needs, as well as equity-based compensation and benefit plan requirements. The Share Repurchase Authorization has no set expiration or termination date.

On June 27, 2022, the Firm announced that its Board of Directors approved a new multi-year repurchase authorization of up to $20 billion of outstanding common stock, without a set expiration date, beginning in the third quarter of 2022, which will be exercised from time to time as conditions warrant. For further information, see "Liquidity and Capital Resources—Regulatory Requirements—Capital Plans, Stress Tests and the Stress Capital Buffer."

Other Information

None.

Exhibits

Exhibit No.	Description
15	Letter of awareness from Deloitte & Touche LLP, dated November 3, 2022, concerning unaudited interim financial information.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a) Certification of Chief Financial Officer.
32.1	Section 1350 Certification of Chief Executive Officer.
32.2	Section 1350 Certification of Chief Financial Officer.
101	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline eXtensible Business Reporting Language ("Inline XBRL").
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MORGAN STANLEY
(Registrant)

By: /s/ SHARON YESHAYA

Sharon Yeshaya
Executive Vice President and
Chief Financial Officer

By: /s/ RAJA J. AKRAM

Raja J. Akram
Deputy Chief Financial Officer,
Chief Accounting Officer and Controller

Date: November 3, 2022