



## PUBLIC DISCLOSURE

February 13, 2023

### COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Morgan Stanley Bank, N.A.  
Charter Number 24908

201 South Main Street, 5th Floor  
Salt Lake City, UT 84111

Office of the Comptroller of the Currency  
Large Bank Supervision  
400 7th Street, S.W.  
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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## Overall CRA Rating

**Institution's CRA Rating:** This institution is rated Outstanding.

### CONCLUSIONS:

The bank exceeded its plan goals for a satisfactory rating and substantially achieved its plan goals for an outstanding rating.

- The institution exhibited an excellent level of total qualified loans and investments. Morgan Stanley Bank, National Association (MSBNA) exceeded the lending and investments goals for outstanding performance set forth in the bank's Strategic Plan for the 2020 to 2022 evaluation period. The bank generated nearly \$6 billion in total combined community development (CD) loans and investments during the three-year period. Most of the loans addressed the need for affordable housing, resident services to strengthen communities, and capital for small businesses.
- The institution exhibited an excellent level of CD services. MSBNA exceeded the service goals for outstanding performance set forth in its Strategic Plan for the 2020 to 2022 evaluation period. The bank was responsive to identified community needs and supports services that targeted affordable housing, financial education, social services for low- and moderate-income ("LMI") individuals, and services for small businesses.

## Description of Institution

MSBNA is a federally-chartered national banking association headquartered in Salt Lake City, Utah (Salt Lake County). MSBNA has been designated by the OCC as a “Wholesale” institution under CRA regulations on March 10, 2009. The loan products MSBNA offers are commercial loans to institutional borrowers and securities-based loans to institutions and individuals. MSBNA accepts sweep deposits from its affiliate broker-dealer and third parties.

MSBNA is an indirect, wholly-owned subsidiary of Morgan Stanley, a global financial services institution, headquartered in New York, NY, with offices in more than 41 countries and worldwide clients that include corporations, governments, institutions, and individuals. Morgan Stanley provides a wide range of securities, investment banking, investment management, and wealth management services. As of December 31, 2022, Morgan Stanley’s total assets were nearly \$1.2 trillion.

MSBNA has no branch locations or automated teller machines and does not engage in retail deposit activities. As of December 31, 2022, total assets were \$201.4 billion, net income was \$3.6 billion, and Tier 1 Capital was \$20 billion.

There are no known legal, financial, or other factors that affect MSBNA’s ability to meet the credit and CD needs of its assessment area (AA).

MSBNA’s previous CRA rating was Outstanding with an evaluation date of February 18, 2020 (covering January 1, 2017, through December 31, 2019).

MSBNA chose to include the following activities from affiliates in this evaluation:

- Morgan Stanley & Co., provides qualified investments
- Morgan Stanley Affordable Housing LLC provides qualified investments
- Morgan Stanley Community Investments LLC provides CD loans and qualified investments
- Morgan Stanley Private Bank, National Association provides qualified investments
- Pinol II LLC provides qualified investments
- Morgan Stanley Senior Funding, Inc. provides CD loans
- Morgan Stanley Foundation provides grants
- Morgan Stanley Impact SBIC LP provides CD loans and qualified investments

None of the affiliate activities included for consideration in this CRA evaluation were included in any other affiliate bank CRA performance evaluation.

## Community Contact Information

As part of the CRA evaluation, the OCC reviewed information from three community contacts performed during the evaluation period to determine local economic conditions and community needs within the AA. These contacts included two that cover Salt Lake County and one that covers the entire state of Utah. Representatives were from affordable housing organizations, community and economic development organizations, and social service groups. Needs identified included more

affordable rental and owner-occupied housing, small business loans, workforce development, and financial literacy and education.

## **Scope of the Evaluation**

### **Evaluation Period/Products Evaluated**

The evaluation period was January 1, 2020, through December 31, 2022. The OCC approved MSBNA's first CRA Strategic Plan, effective from January 2020 through December 2024, on December 18, 2019. In this approved Strategic Plan, MSBNA addresses the three CRA performance categories (lending, investments, and services) with a combined goal for lending and investing. As a Wholesale Bank, MSBNA's use of this available combined lending and investing goal allows for a more holistic approach in responding to the communities' pressing needs with the most suitable bank products.

The OCC reviewed community development loans and investments combined, and services as outlined in the Strategic Plan.

### **Selection of Areas for Full-Scope Review**

The bank's only AA, consisting of Salt Lake County (Utah AA), received a full-scope review.

### **Ratings**

The bank's overall rating was based on the performance as agreed upon in the strategic planning application process.

## **Discriminatory or Other Illegal Credit Practices Review**

Pursuant to 12 CFR 25.28(c), in determining a national bank's or federal savings association's (collectively, bank) CRA rating, the OCC considers evidence of discriminatory or other illegal credit practices in any geography by the bank, or in any AA by an affiliate whose loans have been considered as part of the bank's lending performance. As part of this evaluation process, the OCC consults with other federal agencies with responsibility for compliance with the relevant laws and regulations, including the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the Consumer Financial Protection Bureau, as applicable.

The OCC has not identified that this institution or any affiliate whose loans have been considered as part of the institution's lending performance has engaged in discriminatory or other illegal credit practices that require consideration in this evaluation.

The OCC will consider any information that this institution engaged in discriminatory or other illegal credit practices, identified by or provided to the OCC before the end of the institution's next performance evaluation in that subsequent evaluation, even if the information concerns activities that occurred during the evaluation period addressed in this performance evaluation.

## State Rating

### State of Utah

**CRA Rating for the State of Utah:** Outstanding

#### CONCLUSIONS WITH RESPECT TO PERFORMANCE IN UTAH:

The bank exceeded its plan goals for a satisfactory rating and substantially achieved its plan goals for an outstanding rating within the state of Utah.

STRATEGIC PLAN GOALS AND ACTUAL PERFORMANCE			
UTAH AA/BSRA (INCLUDING NATIONAL)			
Year	Strategic Plan Goal	Actual Performance	Percent Achieved
2020	<b>Lending &amp; Investments (\$000):</b>	<b>Lending &amp; Investments (\$000):</b>	459
	450,000	2,064,000	
	<b>Services (Organizations):</b>	<b>Services (Organizations):</b>	120
	10	12	
	<b>Services (Hours):</b>	<b>Services (Hours):</b>	162
	1,500	2,435	
2021	<b>Lending &amp; Investments (\$000):</b>	<b>Lending &amp; Investments (\$000):</b>	541
	450,000	2,435,000	
	<b>Services (Organizations):</b>	<b>Services (Organizations):</b>	100
	10	10	
	<b>Services (Hours):</b>	<b>Services (Hours):</b>	102
	1,500	1,523	
2022	<b>Lending &amp; Investments (\$000):</b>	<b>Lending &amp; Investments (\$000):</b>	317
	460,000	1,458,000	
	<b>Services (Organizations):</b>	<b>Services (Organizations):</b>	100
	10	10	
	<b>Services (Hours):</b>	<b>Services (Hours):</b>	118
	1,500	1,774	
Total	<b>Lending &amp; Investments (\$000):</b>	<b>Lending &amp; Investments (\$000):</b>	438
	1,360,000	5,957,000	
	<b>Services (Organizations):</b>	<b>Services (Organizations):</b>	107
	30	32	
	<b>Services (Hours):</b>	<b>Services (Hours):</b>	127
	4,500	5,734	

## Lending and Investments:

CD lending and investment performance was excellent. MSBNA exceeded the total combined CD lending and investment goals established for outstanding performance. The bank generated nearly \$6 billion in combined CD loans and investments (including grants) against the evaluation period goal of \$1.4 billion, or 438 percent of goal. This represented the combined loans and investments in the AA/broader statewide or regional area (BSRA), as well as nationally. Of this \$6 billion, \$382 million (\$160 million in 2020; \$107 million in 2021; and \$115 million in 2022) in combined CD loans and investments were in the AA/BSRA against the evaluation period goal of \$180 million (\$60 million per evaluation year), or 212 percent of goal.

MSBNA adequately addressed the needs of its AA, as well as the BSRA that included the bank's AA (collectively, AA/BSRA). Under the bank's approved Strategic Plan, the BSRA was defined as U.S. Census Division VIII: Mountain, including Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming. Furthermore, because MSBNA had adequately addressed the needs of its AA, including its BSRA, and has been designated as a Wholesale Bank, CD activities that benefit geographies or individuals located elsewhere across the nation, received consideration.

The bank generated 165 CD loans totaling \$1.3 billion within the AA/BSRA, as well as nationally, for the evaluation period January 1, 2020, through December 31, 2022. Of the 165 total loans, 22 loans totaling \$119.2 million were within the bank's AA/BSRA.

Examples of CD loans include:

- More than \$375 million in loans to community development financial institutions ("CDFI" or "CDFIs") in the bank's AA, BSRA, and nationwide over the three-year exam period. MSBNA recognized the critical role that CDFIs played in stabilizing and revitalizing communities, particularly those with considerable needs exacerbated by the pandemic. MSBNA continued to provide significant support to CDFIs to provide affordable housing and create jobs. One example included a \$9 million revolving line of credit loan to a CDFI to fund affordable housing projects and working capital for distressed neighborhoods. The CDFI builds new single- and multi-family housing, rehabilitates existing housing stock, and works to revitalize neighborhoods in Salt Lake City and around the state of Utah. In addition, the CDFI is also a US Department of Housing and Urban Development approved housing counseling agency and provides a combination of critical community services including homebuyer education, homeowner case management, mortgage foreclosure mitigation counseling, down payment assistance, and more.
- A \$6.2 million loan participation in a construction loan for the new construction of a 65-unit LMI housing project located near downtown Salt Lake City in a mixed-development location. MSBNA was also a tax credit equity investor in this project. Fifty-two of the units in this affordable housing project are reserved for individuals at 50 percent or below the area median income ("AMI"). The project, which is located one block west of the central Salt Lake City transit hub, is near many employment opportunities and services. Over the three-year exam period, MSBNA provided financing for several equitable transit-oriented development projects in the bank's AA/BSRA, ensuring that LMI households have access to public transportation.



- A \$6.8 million loan participation for the construction of 176 units of affordable housing in Millcreek, Utah. All units were restricted to residents earning 60 percent or below the AMI, and the building offered one and two-bedroom apartments. The project is a transit-oriented development located within 1/3 mile from the Meadowbrook TRAX station. Community amenities include community rooms, recreation areas, an exercise facility, and a picnic area. MSBNA also invested \$15.3 million in a Low-Income Housing Tax Credit (“LIHTC”) Fund for the construction of this project.
- \$6.3 million loan for the construction of 75 units of affordable housing in Salt Lake City, Utah. All units are one-bedroom and are set aside for homeless individuals. Within the 75 total units, eight units are set aside for persons with mental illness and nine units for persons with physical disabilities. All units have project-based rental assistance, with 25 project-based vouchers from the Housing Authority of Salt Lake County, and 25 project-based vouchers from the Salt Lake County Division of Behavioral Health Services.

The bank generated 456 investments and grants totaling \$4.7 billion within the AA/BSRA, as well as nationally, during this evaluation period. Of the 456 total investments and grants, 128 investments totaling \$262.3 million were within the bank’s AA/BSRA.

Examples of CD investments include:

- Over \$1.4 billion in investments to preserve and extend the affordability of at-risk occupied rental housing including a \$44.5 million investment in an equity fund to finance the acquisition of a 240-unit family housing property located in North Salt Lake. The fund provided flexible capital to facilitate the acquisition and preservation of at-risk, rent-restricted, multi-family affordable housing projects by mission-driven and non-profit developers, and is responsive to the nationwide need for affordable housing. Of the 240 housing units, 170 were rent restricted at 60 percent of the AMI. MSBNA also invested \$22.0 million in LIHTC equity for rehabilitation of the project, further helping to preserve the long-term stability and affordability of the property.
- A \$29.9 million investment for the construction of an affordable housing project, which is a Rental Assistance Demonstration conversion of two existing public housing properties in Salt Lake City, near the State Street commercial corridor. The two properties are comprised of 299 units and will be restricted to seniors aged 55 and over. All units are restricted to persons earning no more than 55 percent of AMI. A non-profit will provide amenities and aging services, including health care and beauty care, a food pantry, fitness center, wellness activities, arts and music, education classes, and on-site meal service. This project was a joint-venture between the two Salt Lake Housing Authorities - City and County.
- Eight grants totaling \$377,500 to a community development corporation to support the development of sustainable and affordable housing, revitalization of neighborhoods and communities, and promotion of self-sufficiency through homeownership. All clients served were LMI.
- Two grants totaling \$200,000 to a certified CDFI targeting underserved communities including agricultural works and Native Americans. The grant supported technical assistance, training, and

financing, so rural communities can achieve their goals and visions. Their major program areas were environmental infrastructure, affordable housing development, and community development finance.

## Services

CD services performance was excellent. The bank exceeded its Strategic Plan goals for CD services hours in 2020, 2021, and 2022. The bank provided 5,734 hours of service against the evaluation period outstanding goal of 4,500 hours. Of these total hours, 90 were attributed to the Scopeathon, 2,886.5 were attributed to Morgan Stanley's Strategy Challenge (Challenge), 1,084.5 were attributed to board or committee hours, and the remaining 1,673 involved other group events.

Launched in 2010 and 2018, respectively, two signature efforts of Morgan Stanley's CD service program have been Challenge and the Scopeathon. The Challenge provides 10 weeks of pro-bono consulting focused on answering key strategic questions at select nonprofit organizations. The Scopeathon is a half-day, skills-based consulting event that pairs teams of Morgan Stanley employees with local nonprofit organizations. Employees assist with challenges including business strategy, financial management, operations, data analysis, and technology.

In addition to Challenge and the Scopeathon, bank employees voluntarily participated in other financial literacy classes/services that included 17 different nonprofits. These included financial, marketing and organizational advice, such as reviewing financials, tailoring cash flow and/or scenario planning tools to a contingency plan to address COVID-19 disruptions.

The bank also exceeded its Strategic Plan goals for serving organizations with ongoing, high-quality support in the AA/BSRA, generally through board and committee participation. The bank provided such support to thirty-two boards/committees against the evaluation period outstanding goal of 30. Bank employees participated on the board or committee of organizations with missions that include financial literacy, strengthen, and revitalize communities via access to affordable housing and commercial space for small businesses.

## Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, loan products considered, and affiliate activities that were reviewed. The table also reflects the MSAs and non-MSAs that received comprehensive examination review

<b>Time Period Reviewed:</b>	01/01/2020 to 12/31/2022	
<b>Bank Products Reviewed:</b>	Community development loans, qualified investments, community development services	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Morgan Stanley & Co.	Wholly-owned Subsidiary	Qualified Investments
Morgan Stanley Affordable Housing LLC	Wholly-owned Subsidiary	Qualified Investments
Morgan Stanley Community Investments LLC	Wholly-owned Subsidiary	CD loans and qualified investments
Morgan Stanley Private Bank, N.A.	Wholly-owned Subsidiary	Qualified investments
Pinol II LLC	Wholly-owned Subsidiary	Qualified investments
Morgan Stanley Senior Funding, Inc.	Wholly-owned Subsidiary	CD loans
Morgan Stanley Foundation	Non-consolidated nonprofit charitable organization. Not a subsidiary.	Grants
Morgan Stanley Impact SBIC LP	Consolidated entity that makes loans to qualifying businesses under the U.S. SBA Impact SBIC program. As this is consolidated it could be considered an affiliate.	CD loans and qualified investments
<b>List of Assessment Areas and Type of Examination</b>		
<b>Rating and Assessment Areas</b>	<b>Other Information</b>	
<b>Utah</b>		
Salt Lake County - one of two counties in the Salt Lake City, UT Metropolitan Statistical Area (Partial)	AA includes the Broader Statewide or Regional Area - US Census Division VIII: Mountain, including Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming	

**Appendix B: Summary of State Ratings**

State	State Rating
Utah	Outstanding

## Appendix C: Definitions and Common Abbreviations

The following terms and abbreviations are used in this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

**Affiliate:** Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. For example, a bank subsidiary is controlled by the bank and is, therefore, an affiliate.

**Aggregate Lending (Aggt.):** The number of loans originated and purchased by all reporting lenders (HMDA or CRA) in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

**Census Tract (CT):** A small, relatively permanent statistical subdivision of a county delineated by a local committee of census data users for the purpose of presenting data. Census tracts nest within counties, and their boundaries normally follow visible features, but may follow legal geography boundaries and other non-visible features in some instances. Census tracts ideally contain about 4,000 people and 1,600 housing units.

**Community Development:** Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet Small Business Administration Development Company or Small Business Investment Company programs size eligibility standards or have gross annual revenues of \$1 million or less; or activities that revitalize or stabilize low- or moderate-income geographies, distressed or underserved nonmetropolitan middle-income geographies, or designated disaster areas.

**Community Reinvestment Act (CRA):** the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its entire community, including LMI areas, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

**Consumer Loan(s):** A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, other secured consumer loans, and other unsecured consumer loans.

**Family:** Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

**Full-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

**Geography:** A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

**Home Mortgage Disclosure Act (HMDA):** The statute that requires certain mortgage lenders that conduct business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, the disposition of the application (e.g., approved, denied, and withdrawn), the lien status of the collateral, any requests for preapproval, and loans for manufactured housing.

**Home Mortgage Loans:** A closed-end mortgage loan or an open-end line of credit as these terms are defined under §1003.2 of this title, and that is not an excluded transaction under §1003.3(c)(1) through (10) and (13) of this title.

**Household:** Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

**Limited-Scope Review:** Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

**Low-Income Individual:** Individual income that is less than 50 percent of the area median income.

**Low Income Geography:** A census tract with a median family income that is less than 50 percent.

**Market Share:** The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the state/assessment area.

**Median Family Income (MFI):** The median income determined by the U.S. Census Bureau every five years and used to determine the income level category of geographies. The median is the point at which half of the families have income above, and half below, a range of incomes. Also, the median income determined by the Federal Financial Institutions Examination Council (FFIEC) annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above, and half below, a range of incomes.

**Metropolitan Division:** As defined by Office of Management and Budget, a county or group of counties within a Core Based Statistical Area that contains an urbanized population of at least 2.5 million. A Metropolitan Division consists of one or more main/secondary counties that represent an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

**Metropolitan Statistical Area:** An area, defined by the Office of Management and Budget, as a core based statistical area associated with at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

**Middle-Income:** Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

**Moderate-Income:** Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

**Multifamily:** Refers to a residential structure that contains five or more units.

**MMSA (state):** Any multistate metropolitan statistical area or multistate combined statistical area, as defined by the Office of Management and Budget.

**Owner-Occupied Units:** Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

**Qualified Investment:** A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

**Rated Area:** A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

**Small Loan(s) to Business(es):** A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

**Small Loan(s) to Farm(s):** A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

**Tier One Capital:** The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

**Upper-Income:** Individual income that is at least 120 percent of the area median income, or a median family income that is at least 120 percent, in the case of a geography.