

# News Release



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**CORPORATION**

## **SCHWAB REPORTS MONTHLY ACTIVITY HIGHLIGHTS**

**WESTLAKE, Texas, September 15, 2022** – The Charles Schwab Corporation released its Monthly Activity Report today. Company highlights for the month of August 2022 include:

- Core net new assets brought to the company by new and existing clients totaled \$43.3 billion. Net new assets excluding mutual fund clearing totaled \$43.1 billion.
- Total client assets were \$7.13 trillion as of month-end August, down 9% from August 2021 and down 2% compared to July 2022.
- Average margin balances were \$72.9 billion in August, down 10% from August 2021 and up 1% compared to July 2022.

CFO Peter Crawford commented, “Schwab’s business momentum remained strong in August, with \$43 billion in core net new assets, 332 thousand new accounts, and 5.6 million daily average trades. We did see a pick-up in so-called client cash sorting behavior during the month, consistent with our expectations that a faster rise in the Fed Funds rate could prompt an increase in the pace of sorting. That being said, we continue to expect that the total amount of overall sorting activity shouldn’t be any higher this cycle than during the prior stretch of rising rates – and we still think it could even be a bit lower due to the factors discussed at our Summer Business Update back in July. Additionally, our ongoing success with clients and stronger net interest margin currently have the company’s third quarter revenues on track to grow by 18% to 19% versus the prior year.

As clients move some of their cash to purchased money funds and fixed income, it increases our capital levels – freeing up capital which we can return to stockholders through higher common dividends, preferred redemptions, and/or stock buybacks. Our binding constraint of course is our consolidated Tier 1 Leverage Ratio. For many years, our operating objective for Tier 1 Leverage has been 6.75%-7.00%. Recently, however, we made the decision to lower that operating objective by 25 basis points to 6.50%-6.75%. This lower range reflects the increased maturity of our capital planning processes, the strength and resilience of our balance sheet, and the positive results from our inaugural CCAR submission. We’ll discuss the implications of this change on our near-term capital activities at the upcoming Fall Business Update in October.”

### **Forward-Looking Statements**

This press release contains forward-looking statements relating to Schwab’s business momentum and client success; client cash sorting; net interest margin; expected third quarter revenue growth; capital levels; returning excess capital to stockholders; Tier 1 Leverage Ratio operating objective; and balance sheet strength. These forward-looking statements reflect management’s expectations as of the date hereof. Achievement of these expectations and objectives is subject to risks and uncertainties that could cause actual results to differ materially from the expressed expectations.

Important factors that may cause such differences include, but are not limited to, the company's ability to attract and retain clients and independent investment advisors and grow those relationships and client assets; develop and launch new and enhanced products, services, and capabilities, as well as enhance its infrastructure and capacity, in a timely and successful manner; hire and retain talent; support client activity levels; successfully implement integration strategies and plans; manage expenses; and monetize client assets. Other important factors include client use of the company's advisory solutions and other products and services; general market conditions, including equity valuations and the level of interest rates; the level and mix of client trading activity; market volatility; margin loan balances; securities lending; competitive pressures on pricing; client cash allocation decisions; client sensitivity to rates; level of client assets, including cash balances; capital and liquidity needs and management; balance sheet positioning relative to changes in interest rates; interest earning asset mix and growth; the migration of bank deposit account balances; and other factors set forth in the company's most recent reports on Form 10-K and Form 10-Q.

### **About Charles Schwab**

The Charles Schwab Corporation (NYSE: SCHW) is a leading provider of financial services, with 34.0 million active brokerage accounts, 2.3 million corporate retirement plan participants, 1.7 million banking accounts, and \$7.13 trillion in client assets as of August 31, 2022. Through its operating subsidiaries, the company provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiaries, Charles Schwab & Co., Inc., TD Ameritrade, Inc., and TD Ameritrade Clearing, Inc., (members SIPC, <https://www.sipc.org>), and their affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent, fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its primary banking subsidiary, Charles Schwab Bank, SSB (member FDIC and an Equal Housing Lender), provides banking and lending services and products. More information is available at <https://www.aboutschwab.com>.

TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc. are separate but affiliated companies and subsidiaries of TD Ameritrade Holding Corporation. TD Ameritrade Holding Corporation is a wholly owned subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

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## The Charles Schwab Corporation Monthly Activity Report For August 2022

	2021					2022							Change		
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Mo.	Yr.
<b>Market Indices</b> (at month end)															
Dow Jones Industrial Average®	35,361	33,844	35,820	34,484	36,338	35,132	33,893	34,678	32,977	32,990	30,775	32,845	31,510	(4%)	(11%)
Nasdaq Composite®	15,259	14,449	15,498	15,538	15,645	14,240	13,751	14,221	12,335	12,081	11,029	12,391	11,816	(5%)	(23%)
Standard & Poor's® 500	4,523	4,308	4,605	4,567	4,766	4,516	4,374	4,530	4,132	4,132	3,785	4,130	3,955	(4%)	(13%)
<b>Client Assets</b> (in billions of dollars)															
Beginning Client Assets	7,642.7	7,838.2	7,614.0	7,982.3	7,918.3	8,138.0	7,803.8	7,686.6	7,862.1	7,284.4	7,301.7	6,832.5	7,304.8		
Net New Assets <sup>(1)</sup>	51.8	42.9	22.9	31.4	80.3	33.6	40.6	46.3	(9.2)	32.8	19.8	31.5	43.3	37%	(16%)
Net Market Gains (Losses)	143.7	(267.1)	345.4	(95.4)	139.4	(367.8)	(157.8)	129.2	(568.5)	(15.5)	(489.0)	440.8	(220.5)		
Total Client Assets (at month end)	7,838.2	7,614.0	7,982.3	7,918.3	8,138.0	7,803.8	7,686.6	7,862.1	7,284.4	7,301.7	6,832.5	7,304.8	7,127.6	(2%)	(9%)
Core Net New Assets <sup>(2)</sup>	51.8	42.9	36.8	45.1	80.3	33.6	40.6	46.3	(9.2)	32.8	40.6	31.5	43.3	37%	(16%)
<b>Receiving Ongoing Advisory Services</b> (at month end)															
Investor Services	542.5	530.1	548.3	543.1	559.2	541.9	533.7	538.9	509.3	513.0	483.8	514.8	499.2	(3%)	(8%)
Advisor Services <sup>(3)</sup>	3,333.4	3,253.2	3,399.8	3,374.3	3,505.2	3,382.4	3,342.5	3,404.6	3,190.5	3,213.8	3,040.4	3,222.5	3,150.5	(2%)	(5%)
<b>Client Accounts</b> (at month end, in thousands)															
Active Brokerage Accounts	32,513	32,675	32,796	32,942	33,165	33,308	33,421	33,577	33,759	33,822	33,896	33,934	33,984	-	5%
Banking Accounts	1,594	1,580	1,593	1,608	1,614	1,628	1,641	1,641	1,652	1,658	1,669	1,680	1,690	1%	6%
Corporate Retirement Plan Participants	2,188	2,207	2,213	2,198	2,200	2,216	2,235	2,246	2,261	2,275	2,275	2,267	2,285	1%	4%
<b>Client Activity</b>															
New Brokerage Accounts (in thousands)	402	374	397	448	473	426	356	420	386	323	305	278	332	19%	(17%)
Client Cash as a Percentage of Client Assets <sup>(4)</sup>	10.3%	10.8%	10.4%	10.5%	10.9%	11.3%	11.5%	11.4%	11.9%	12.0%	12.8%	12.0%	12.1%	10 bp	180 bp
Derivative Trades as a Percentage of Total Trades	23.1%	23.1%	22.5%	23.4%	23.0%	22.4%	24.0%	22.4%	21.9%	22.6%	22.3%	24.2%	23.3%	(90) bp	20 bp
<b>Selected Average Balances</b> (in millions of dollars)															
Average Interest-Earning Assets <sup>(5)</sup>	552,372	565,379	574,181	584,362	605,709	622,997	629,042	644,768	636,668	620,157	614,100	605,751	586,154	(3%)	6%
Average Margin Balances	81,021	81,705	83,835	87,311	88,328	86,737	84,354	81,526	83,762	78,841	74,577	72,177	72,855	1%	(10%)
Average Bank Deposit Account Balances <sup>(6)</sup>	150,896	152,330	154,040	153,877	154,918	157,706	153,824	155,657	152,653	154,669	155,306	154,542	148,427	(4%)	(2%)
<b>Mutual Fund and Exchange-Traded Fund</b>															
<b>Net Buys (Sells)<sup>(7,8)</sup></b> (in millions of dollars)															
Equities	8,808	7,596	8,840	13,099	11,519	7,384	9,371	14,177	(786)	1,889	(1,586)	5,589	10,465		
Hybrid	569	335	81	308	(1,207)	(367)	(478)	(497)	(529)	(1,718)	(1,054)	(2,041)	(783)		
Bonds	8,044	6,232	4,425	4,097	5,600	1,804	(1,973)	(7,851)	(6,933)	(6,121)	(5,631)	729	(141)		
<b>Net Buy (Sell) Activity</b> (in millions of dollars)															
Mutual Funds <sup>(7)</sup>	3,876	(308)	302	189	(2,859)	(4,961)	(6,318)	(11,888)	(16,657)	(20,761)	(16,258)	(8,674)	(7,117)		
Exchange-Traded Funds <sup>(8)</sup>	13,545	14,471	13,044	17,315	18,771	13,782	13,238	17,717	8,409	14,811	7,987	12,951	16,658		
Money Market Funds	(1,372)	(1,512)	(451)	(1,725)	(144)	(1,984)	(1,086)	(1,344)	(3,430)	7,106	11,544	13,711	19,702		

Note: Certain supplemental details related to the information above can be found at: <https://www.aboutschwab.com/financial-reports>.

<sup>(1)</sup> June 2022 includes an outflow of \$20.8 billion from a mutual fund clearing services client. November 2021 includes an outflow of \$13.7 billion from a mutual fund clearing services client. October 2021 includes an outflow of \$13.9 billion from a mutual fund clearing services client.

<sup>(2)</sup> Net new assets before significant one-time inflows or outflows, such as acquisitions/divestitures or extraordinary flows (generally greater than \$10 billion) relating to a specific client. These flows may span multiple reporting periods.

<sup>(3)</sup> Excludes Retirement Business Services.

<sup>(4)</sup> Schwab One®, certain cash equivalents, bank deposits, third-party bank deposit accounts, and money market fund balances as a percentage of total client assets.

<sup>(5)</sup> Represents average total interest-earning assets on the company's balance sheet.

<sup>(6)</sup> Represents average TD Ameritrade clients' uninvested cash sweep account balances held in deposit accounts at third-party financial institutions.

<sup>(7)</sup> Represents the principal value of client mutual fund transactions handled by Schwab, including transactions in proprietary funds. Includes institutional funds available only to Investment Managers. Excludes money market fund transactions.

<sup>(8)</sup> Represents the principal value of client ETF transactions handled by Schwab, including transactions in proprietary ETFs.