

News Release



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CORPORATION

SCHWAB REPORTS MONTHLY ACTIVITY HIGHLIGHTS

WESTLAKE, Texas, September 15, 2023 – The Charles Schwab Corporation released its Monthly Activity Report today. Company highlights for the month of August 2023 include:

- Core net new assets brought to the company excluding Ameritrade brokerage originated clients equaled \$28.1 billion for the month – bringing year-to-date Schwab originated core asset gathering up to \$219.9 billion. Total core net new assets across all clients totaled \$4.9 billion in August and \$202.5 billion on a year-to-date basis.
- Total client assets were \$8.09 trillion as of month-end August, up 14% from August 2022 and down 2% compared to July 2023.
- Average interest-earning assets were \$449.5 billion in August, down 23% from August 2022 and down 4% compared to July 2023.

Commentary from the CFO

CFO Peter Crawford commented on recent company events and select trends, “Our Labor Day Weekend conversion of former Ameritrade clients was a tremendous success. The latest conversion weekend was approximately 40% larger than the May cohort in terms of total accounts and would by itself be the largest brokerage firm conversion in history. In total, we migrated \$1.3 trillion in client assets from over 7,000 Registered Investment Advisory (RIA) firms and 3.6 million Retail accounts. Perhaps even more impressive, the amount of assets converted earlier this month was equivalent to the total Ameritrade client asset base at the time the acquisition was announced in late 2019. Following the Labor Day conversion, we have not observed any meaningful disruptions in the overall client experience and service volumes have already normalized to pre-conversion levels.

Our organic asset gathering remains solid. In an effort to share additional insight into recent net new asset (NNA) trends, today’s release provides a break-out of asset flows for clients whose accounts were opened at Schwab versus those initially opened at Ameritrade. The break-out helps illustrate that core NNA from Schwab originated accounts continues to be robust – up 15% year-to-date relative to the same period in 2022.

As expected, firmwide NNA has been temporarily impacted by asset attrition from clients originating at Ameritrade. Currently, attrition levels are measurably better than what we communicated at the time we announced the acquisition in November 2019. The majority of these deal-related outflows have been attributable to Ameritrade RIA clients, including a select number of relationships that did not meet our criteria for an ongoing service relationship.

Regarding client cash trends, realignment activity in the first half of September has resulted in essentially neutral flows – or inflows generally equal to outflows. This comes after August, where we saw a brief uptick in client cash movement from transactional cash to higher yielding investment solutions offered at Schwab

following the late July increase to the Fed Funds rate. This immediate, yet relatively transitory reaction has been common throughout the current tightening cycle.

Schwab's diversified financial model has enabled us to deliver strong results through a wide range of environments, including 33 consecutive quarters of GAAP pre-tax margin exceeding 35%. On an adjusted basis ⁽¹⁾, we have posted a pre-tax margin of 40% or greater for 11 consecutive quarters and we expect to extend that streak to 12 when we report third quarter results next month."

- (1) Adjusted pre-tax margin percentage, or adjusted income before taxes on income, is calculated as total net revenues less adjusted total expenses divided by total net revenues. Adjusted total expenses exclude the impact of applicable acquisition and integration-related costs, the amortization of acquired intangible assets, and restructuring costs related to achieving incremental cost savings.

Forward-Looking Statements

This press release contains forward-looking statements relating to the Ameritrade client conversion; net new assets; asset attrition from clients originating at Ameritrade; client cash trends; financial results; and third quarter pre-tax margin. 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 risk that Ameritrade client transitions are not completed when expected or do not result in a positive client experience; asset attrition from clients originating at Ameritrade is higher than expected; client use of the company's advisory solutions and other products and services; general market conditions, including the level of interest rates and equity valuations; client cash allocation decisions; client sensitivity to rates; level of client assets, including cash balances; competitive pressures on pricing; capital and liquidity needs and management; balance sheet positioning relative to changes in interest rates; interest earning asset mix and growth; the level and mix of client trading activity; market volatility; securities lending; margin loan balances; the amount and timing of restructuring costs related to achieving incremental cost savings; and new or changed legislation, regulation or regulatory expectations, including the timing of the FDIC's enactment of a final rule relating to a special assessment and our recognition of the full amount of the special assessment in earnings upon such enactment. Other important factors include the company's ability to successfully implement integration strategies and plans; 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; monetize client assets; manage expenses; 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 34.4 million active brokerage accounts, 2.5 million corporate retirement plan participants, 1.8 million banking accounts, and \$8.09 trillion in client assets as of August 31, 2023. 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 2023

	2022					2023							Change		
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Mo.	Yr.
Market Indices (at month end)															
Dow Jones Industrial Average [®]	31,510	28,726	32,733	34,590	33,147	34,086	32,657	33,274	34,098	32,908	34,408	35,560	34,722	(2%)	10%
Nasdaq Composite [®]	11,816	10,576	10,988	11,468	10,466	11,585	11,456	12,222	12,227	12,935	13,788	14,346	14,035	(2%)	19%
Standard & Poor's [®] 500	3,955	3,586	3,872	4,080	3,840	4,077	3,970	4,109	4,169	4,180	4,450	4,589	4,508	(2%)	14%
Client Assets (in billions of dollars)															
Beginning Client Assets	7,304.8	7,127.6	6,644.2	7,004.6	7,320.6	7,049.8	7,480.6	7,380.2	7,580.0	7,631.5	7,650.2	8,015.8	8,241.0		
Net New Assets ⁽¹⁾	43.3	39.8	42.0	33.1	53.3	36.1	41.7	72.9	13.6	24.6	33.8	12.9	8.1	(37%)	(81%)
Net Market (Losses) Gains	(220.5)	(523.2)	318.4	282.9	(324.1)	394.7	(142.1)	126.9	37.9	(5.9)	331.8	212.3	(154.4)		
Total Client Assets (at month end)	7,127.6	6,644.2	7,004.6	7,320.6	7,049.8	7,480.6	7,380.2	7,580.0	7,631.5	7,650.2	8,015.8	8,241.0	8,094.7	(2%)	14%
Core Net New Assets ⁽²⁾	43.3	39.8	42.0	33.1	53.3	36.1	41.7	53.9	(2.3)	20.7	33.8	13.7	4.9	(64%)	(89%)
Receiving Ongoing Advisory Services (at month end)															
Investor Services	499.2	466.6	487.3	514.0	499.8	524.6	515.5	526.2	530.7	526.3	547.5	560.6	552.2	(1%)	11%
Advisor Services ⁽³⁾	3,150.5	2,950.9	3,106.0	3,270.5	3,173.4	3,345.4	3,289.6	3,369.3	3,394.9	3,377.8	3,527.8	3,619.8	3,554.2	(2%)	13%
Client Accounts (at month end, in thousands)															
Active Brokerage Accounts ⁽⁴⁾	33,984	33,875	33,896	33,636	33,758	33,878	34,010	34,120	34,248	34,311	34,382	34,434	34,440	-	1%
Banking Accounts	1,690	1,696	1,706	1,705	1,716	1,729	1,733	1,746	1,757	1,768	1,781	1,792	1,798	-	6%
Corporate Retirement Plan Participants	2,285	2,305	2,322	2,336	2,351	2,369	2,384	2,379	2,391	2,401	2,443	2,458	2,458	-	8%
Client Activity															
New Brokerage Accounts (in thousands)	332	287	298	303	330	344	320	378	331	314	315	303	311	3%	(6%)
Client Cash as a Percentage of Client Assets ^(5,6)	12.1%	12.9%	12.2%	11.5%	12.2%	11.5%	11.6%	11.2%	10.8%	10.9%	10.5%	10.2%	10.4%	20 bp	(170) bp
Derivative Trades as a Percentage of Total Trades	23.3%	23.6%	24.1%	24.6%	23.2%	23.0%	23.5%	22.8%	23.4%	23.5%	23.9%	23.0%	24.4%	140 bp	110 bp
Selected Average Balances (in millions of dollars)															
Average Interest-Earning Assets ⁽⁷⁾	586,154	568,351	552,631	527,019	520,100	512,893	503,122	497,627	493,215	483,438	479,752	466,659	449,483	(4%)	(23%)
Average Margin Balances	72,855	73,224	69,188	66,011	64,759	60,211	60,575	60,848	60,338	60,250	61,543	63,040	64,226	2%	(12%)
Average Bank Deposit Account Balances ⁽⁸⁾	148,427	141,198	136,036	130,479	126,953	122,387	115,816	109,392	104,775	103,149	102,917	102,566	101,928	(1%)	(31%)
Mutual Fund and Exchange-Traded Fund															
Net Buys (Sells)^(9,10) (in millions of dollars)															
Equities	10,465	(2,662)	3,984	3,777	(1,837)	7,236	5,850	(3,234)	1,126	(1,366)	9,190	7,423	(278)		
Hybrid	(783)	(938)	(1,380)	(2,052)	(1,595)	(433)	47	(1,641)	(462)	(889)	(903)	(407)	(1,037)		
Bonds	(141)	(5,801)	(7,218)	(3,721)	(3,260)	5,646	4,281	6,158	2,575	2,029	3,302	2,515	4,696		
Net Buy (Sell) Activity (in millions of dollars)															
Mutual Funds ⁽⁹⁾	(7,117)	(15,200)	(18,473)	(17,143)	(21,851)	552	(2,338)	(7,423)	(4,904)	(7,157)	(4,485)	(3,333)	(6,476)		
Exchange-Traded Funds ⁽¹⁰⁾	16,658	5,799	13,859	15,147	15,159	11,897	12,516	8,706	8,143	6,931	16,074	12,864	9,857		
Money Market Funds	19,702	17,018	21,542	16,929	27,778	24,285	23,347	27,106	6,291	15,256	9,112	7,911	16,869		

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

⁽¹⁾ Unless otherwise noted, differences between net new assets and core net new assets are net flows from off-platform Schwab Bank Retail Certificates of Deposit (CDs) - including March 2023 which reflects inflows of \$19.0 billion from off-platform Schwab Bank Retail CDs issued year-to-date through March 31, 2023. April 2023 also includes an inflow of \$12.0 billion from a mutual fund clearing services client.

⁽²⁾ 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, and activity from off-platform Schwab Bank Retail CDs. These flows may span multiple reporting periods.

⁽³⁾ Excludes Retirement Business Services.

⁽⁴⁾ November 2022 includes the company-initiated closure of approximately 350 thousand low-balance accounts. September 2022 includes the company-initiated closure of approximately 152 thousand low-balance accounts.

⁽⁵⁾ Schwab One[®], certain cash equivalents, bank deposits, third-party bank deposit accounts, and money market fund balances as a percentage of total client assets.

⁽⁶⁾ Beginning July 2023, client cash as a percentage of client assets excludes brokered CDs issued by Charles Schwab Bank. Prior periods have been recast to reflect this change.

⁽⁷⁾ Represents average total interest-earning assets on the company's balance sheet. November 2022 includes the impact of transferring certain investment securities from the available for sale category to the held-to-maturity category.

⁽⁸⁾ Represents average clients' uninvested cash sweep account balances held in deposit accounts at third-party financial institutions.

⁽⁹⁾ 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.

⁽¹⁰⁾ Represents the principal value of client ETF transactions handled by Schwab, including transactions in proprietary ETFs.