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, 2026

or

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

For the transition period from _____ to _____

Commission File Number: 1-9700

THE CHARLES SCHWAB CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**94-3025021**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3000 Schwab Way, Westlake, TX 76262
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (817) 859-5000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock – $.01 par value per share	SCHW	New York Stock Exchange Texas Stock Exchange
Depositary Shares, each representing a 1/40th ownership interest in a share of 5.95% Non-Cumulative Preferred Stock, Series D	SCHW PrD	New York Stock Exchange
Depositary Shares, each representing a 1/40th ownership interest in a share of 4.450% Non-Cumulative Preferred Stock, Series J	SCHW PrJ	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, a 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.

Large accelerated filer ☒
Non-accelerated filer ☐
Emerging growth company ☐

Accelerated filer ☐
Smaller reporting 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 ☒

1,726,007,705 shares of $.01 par value Common Stock outstanding as of October 30, 2026

THE CHARLES SCHWAB CORPORATION

Quarterly Report on Form 10-Q
For the Quarter Ended September 30, 2026

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THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

The Charles Schwab Corporation (CSC) is a savings and loan holding company. CSC engages, through its subsidiaries (collectively referred to as Schwab or the Company), in wealth management, securities brokerage, banking, asset management, custody, and financial advisory services.

Principal business subsidiaries of CSC include the following:

- Charles Schwab & Co., Inc. (CS&Co), incorporated in 1971, a securities broker-dealer;
- Charles Schwab Bank, SSB (CSB), our principal banking entity; and
- Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for Schwab's proprietary mutual funds (Schwab Funds®) and for Schwab's exchange-traded funds (Schwab ETFs).

Unless otherwise indicated, the terms "Schwab," "the Company," "we," "us," or "our" mean CSC together with its consolidated subsidiaries.

Schwab provides financial services to individuals and institutional clients through two segments – Investor Services and Advisor Services. The Investor Services segment provides retail brokerage, investment advisory, and banking and trust services to individual investors, and retirement plan and business services, as well as other corporate brokerage services, to businesses and their employees. The Advisor Services segment provides custodial, trading, banking and trust, and support services to independent registered investment advisors (RIAs), independent retirement advisors, and recordkeepers.

Schwab was founded on the belief that all Americans deserve access to a better investing experience. Although much has changed in the intervening years, our purpose remains clear – to champion every client's goals with passion and integrity. Guided by this purpose and our vision of creating the most trusted leader in investment services, management has adopted a strategy described as "Through Clients' Eyes."

This strategy emphasizes placing clients' perspectives, needs, and desires at the forefront. Because investing plays a fundamental role in building financial security, we strive to deliver a better investing experience for our clients – individual investors and the people and institutions who serve them – by disrupting longstanding industry practices on their behalf and providing superior service. We also aim to offer a broad range of products and solutions to meet client needs with a focus on transparency, value, and trust. In addition, management works to couple Schwab's scale and resources with ongoing expense discipline to keep costs low and ensure that products and solutions are affordable as well as responsive to client needs. In combination, these are the key elements of our "no trade-offs" approach to serving investors. We believe that following this strategy is the best way to maximize our market valuation and stockholder returns over time.

Management estimates that investable wealth in the United States (U.S.) (consisting of assets in defined contribution, retail wealth management and brokerage, and RIA channels, along with bank deposits) currently exceeds $90 trillion, which means the Company's $13.33 trillion in client assets leaves substantial opportunity for growth. Our strategy is based on the principle that developing trusted relationships will translate into more assets from both new and existing clients, ultimately driving more revenue, and along with expense discipline and thoughtful capital management, will generate earnings growth and build long-term stockholder value.

This Management's Discussion and Analysis should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (2025 Form 10-K).

On our website, https://www.aboutschwab.com, we post the following filings after they are electronically filed with or furnished to the Securities and Exchange Commission (SEC or Commission): 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 Section 13(a) or 15(d) of the Securities Exchange Act of 1934. In addition, we post to the website the Dodd-Frank stress test results, our regulatory capital disclosures based on Basel III, our average liquidity coverage ratio (LCR), and our average net stable funding ratio (NSFR). The SEC maintains a website at https://www.sec.gov that contains reports, proxy statements, and other information that we file electronically with the Commission.

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "intend," "plan," "will," "may," "estimate," "appear," "could," "would," "aim," "maintain," "continue," "seek," and other similar expressions. In addition, any statements that refer to expectations, strategy, objectives, projections, or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements, which reflect management's expectations and objectives as of the date hereof, are based on the best judgment of Schwab's senior management. These statements relate to, among other things:

- Maximizing our market valuation and stockholder returns over time; and our belief that developing trusted relationships will translate into more client assets which drives revenue and, along with expense discipline and thoughtful capital management, generates earnings growth and builds stockholder value (see Introduction in Part I – Item 2);
- Industry and competitive trends including artificial intelligence, digital assets, private company securities and other alternative investments;
- The Company's spot crypto trading offer (see Overview in Part I – Item 2);
- The integration of Forge Global Holdings, Inc. and its private market capabilities (see Overview in Part I – Item 2);
- Estimates of market opportunity (see Introduction in Part I – Item 2);
- Growth of our client base, client engagement, sustained demand for the Company's offerings and solutions, and investments in strategic initiatives (see Overview in Part I – Item 2);
- Supporting client demand for margin and bank lending through balance sheet management and diversified funding sources (see Overview and Results of Operations in Part I – Item 2);
- Expense growth, capital expenditures, and expense management (see Results of Operations in Part I – Item 2);
- SEC transaction fee increases (see Results of Operations in Part I – Item 2);
- Net interest revenue, client cash activity, and adjustment of rates paid on client-related liabilities (see Results of Operations in Part I – Item 2);
- Diversified funding sources and funding strategy (see Results of Operations in Part I – Item 2, and Liquidity Risk in Part I – Item 2);
- Management of interest rate risk; modeling and assumptions, the impact of changes in interest rates on net interest margin and revenue, bank deposit account fee revenue, economic value of equity (EVE), and liability and asset duration; and balance sheet composition (see Risk Management in Part I – Item 2);
- Sources and uses of liquidity (see Liquidity Risk in Part I – Item 2);
- Capital management; long-term operating objective; and uses of capital and return of excess capital to stockholders (see Capital Management in Part I – Item 2);
- The expected impact of proposed and final rules (see Current Regulatory and Other Developments in Part I – Item 2);
- The likelihood of indemnification and guarantee payment obligations and clients failing to fulfill contractual obligations (see Commitments and Contingencies in Part I – Item 1 – Financial Information – Notes to Condensed Consolidated Financial Statements (Item 1) – Note 11, and Financial Instruments Subject to Off-Balance Sheet Credit Risk in Item 1 – Note 13); and
- The outcome and impact of legal proceedings and regulatory matters (see Legal Proceedings in Part II – Item 1, and Commitments and Contingencies in Item 1 – Note 11).

Achievement of these expectations and objectives is subject to certain risks and uncertainties that could cause actual results to differ materially. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or, in the case of documents incorporated by reference, as of the date of those documents.

Important factors that may cause actual results to differ include, but are not limited to:

- General economic and market conditions, including the level of interest rates, equity market valuations and volatility;
- The impact of new and emerging technologies;
- Our ability to attract and retain clients, develop trusted relationships, and grow client assets;
- Client use of our advisory and lending solutions and other products and services;
- The level of client assets, including cash balances;

- Client cash allocations and sensitivity to deposit rates;
- Competitive pressure on pricing, including deposit rates;
- The level and mix of client trading activity, including daily average trades (DATs), margin balances, and balance sheet cash;
- Regulatory guidance and adverse impacts from new or changed legislation, rulemaking or regulatory expectations;
- Capital and liquidity needs and management;
- Our ability to manage expenses;
- Our ability to attract and retain talent;
- Our ability to develop and launch new and enhanced products, services, and capabilities, as well as enhance our infrastructure, in a timely and successful manner;
- Our ability to support client activity levels;
- Increased compensation and other costs;
- Real estate and workforce decisions;
- The timing and scope of technology projects;
- Balance sheet positioning relative to changes in interest rates;
- Interest-earning asset mix and growth;
- Our ability to access funding sources and the cost of funding;
- Prepayment levels for mortgage-backed securities;
- Adverse developments in litigation or regulatory matters and any related charges; and
- Potential breaches of contractual terms for which we have indemnification and guarantee obligations.

Certain of these factors, as well as general risk factors affecting the Company, are discussed in greater detail in Part I – Item 1A – Risk Factors in the 2025 Form 10-K.

OVERVIEW

Management focuses on several client activity and financial metrics in evaluating Schwab's financial position and operating performance. Results for the third quarter and first nine months of 2026 and 2025 are as follows:

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2026	2025		2026	2025	
Client Metrics						
Net new client assets (in billions) [1]	$ 192.4	$ 134.4	43%	$ 451.0	$ 340.4	32%
Core net new client assets (in billions)	$ 190.4	$ 137.5	38%	$ 450.2	$ 355.5	27%
Client assets (in billions, at quarter end)	$ 13,333.2	$ 11,593.9	15%			
Average client assets (in billions)	$ 13,281.3	$ 11,151.9	19%	$ 12,685.0	$ 10,490.8	21%
New brokerage accounts (in thousands)	1,243	1,143	9%	3,930	3,424	15%
Active brokerage accounts (in thousands, at quarter end)	40,260	37,963	6%			
Assets receiving ongoing advisory services (in billions, at quarter end)	$ 6,793.2	$ 5,809.2	17%			
Client cash as a percentage of client assets (at quarter end)	8.9%	9.4%				
Company Financial Information and Metrics						
Total net revenues	$ 7,171	$ 6,135	17%	$ 20,725	$ 17,585	18%
Total expenses excluding interest	3,394	3,114	9%	10,091	9,306	8%
Income before taxes on income	3,777	3,021	25%	10,634	8,279	28%
Taxes on income	871	663	31%	2,449	1,886	30%
Net income	2,906	2,358	23%	8,185	6,393	28%
Preferred stock dividends and other	95	81	17%	296	343	(14)%
Net income available to common stockholders	$ 2,811	$ 2,277	23%	$ 7,889	$ 6,050	30%
Earnings per common share (EPS) — diluted	$ 1.62	$ 1.26	29%	$ 4.53	$ 3.33	36%
Net revenue change from prior year	17%	27%		18%	23%	
Pre-tax profit margin	52.7%	49.2%		51.3%	47.1%	
Return on average common stockholders' equity (annualized)	25%	21%		24%	20%	
Expenses excluding interest as a percentage of average client assets (annualized)	0.10%	0.11%		0.11%	0.12%	
Consolidated Tier 1 Leverage Ratio (at quarter end)	8.9%	9.7%				
Non-GAAP Financial Measures [2]						
Adjusted total expenses	$ 3,243	$ 2,987		$ 9,627	$ 8,921	
Adjusted diluted EPS	$ 1.69	$ 1.31		$ 4.73	$ 3.49	
Return on tangible common equity (annualized)	44%	38%		42%	37%	
Adjusted Tier 1 Leverage Ratio (consolidated)	7.0%	7.3%				

[1] The third quarter and first nine months of 2026 include net inflows of $2.0 billion and $0.8 billion, respectively, from off-platform brokered certificates of deposit (CDs) issued by CSB. The third quarter and first nine months of 2025 include net outflows of $3.1 billion and $15.1 billion, respectively, from off-platform brokered CDs issued by CSB.

[2] See Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results.

The third quarter and first nine months of 2026 were characterized by a changing but generally positive macroeconomic environment for clients. Following equity market declines in the first quarter, market returns rebounded strongly in the second quarter and posted modest gains in the third quarter. The Standard and Poor's® 500 Index and the NASDAQ Composite® both rose 2% in the third quarter, ending the first nine months of the year up 12% and 16%, respectively. The Federal Reserve held the upper bound of the target federal funds overnight rate at 3.75% for most of the first nine months of 2026 before increasing the rate by 25 basis points in September. The 10-year U.S. Treasury yield continued to rise in 2026, increasing 85 basis points in the third quarter and over 100 basis points for the year.

Supported by equity market gains and strong asset gathering, total client assets increased to $13.33 trillion at September 30, up 2% in the third quarter and 12% from year-end 2025. Core net new assets were $190.4 billion in the third quarter, up 38% from the third quarter of 2025, bringing the total for the first nine months of 2026 to $450.2 billion, an increase of 27% from the same period in 2025. New brokerage accounts were 1.2 million and 3.9 million for the third quarter and first nine months of 2026, respectively, up 9% and 15% from the same periods in 2025, and active brokerage accounts grew 6% year-over-year to 40.3 million at September 30. Client engagement with the markets continued to be strong throughout the first nine months of the year, even as activity declined modestly from the second quarter to the third quarter. DATs were 10.7 million, up 44% from

the third quarter of 2025 and down 10% from the second quarter of 2026. DATs were 10.8 million in the first nine months of 2026, rising 45% from the same prior-year period.

Schwab's financial results for the third quarter and first nine months of 2026 reflected strong asset gathering and growth in our client base, client engagement, and sustained demand for Schwab's lending offerings and managed investing solutions. Net income rose to $2.9 billion and $8.2 billion for third quarter and first nine months of 2026, respectively, higher by 23% and 28% from the same periods in 2025. Diluted EPS was $1.62 and $4.53 for the third quarter and first nine months of 2026, respectively, increasing year-over-year by 29% and 36%, respectively. Adjusted diluted EPS [(1)] was $1.69 and $4.73 for the third quarter and first nine months of 2026, respectively, rising 29% and 36% from the same prior-year periods.

Total net revenues for the third quarter and first nine months of 2026 were $7.2 billion and $20.7 billion, respectively, growing 17% and 18% from the same periods in 2025. Net interest revenue totaled $3.5 billion and $10.0 billion for the third quarter and first nine months of the year, respectively, rising 14% and 16% from the same prior-year periods. Third-quarter growth reflected strong demand for margin and bank lending solutions, partially offset by lower yields on floating-rate assets and higher average wholesale borrowings as robust demand for lending solutions outpaced deposit growth. The year-to-date increase in net interest revenue resulted primarily from growth in margin and bank lending and lower average wholesale borrowings, partially offset by lower yields on floating-rate assets. Asset management and administration fees totaled $1.9 billion and $5.5 billion for the third quarter and first nine months of 2026, respectively, increasing 14% and 15% from the comparable periods in 2025, due primarily to higher average client assets driven by market appreciation, asset gathering, and growth in managed investing solutions. Trading revenue was $1.2 billion and $3.5 billion for the third quarter and first nine months of 2026, respectively, up 16% and 21% from the same periods in 2025, resulting from higher order flow revenue and commissions reflecting the impacts of higher DATs and changes in the mix of client trading activity. Bank deposit account fee revenue was $345 million and $973 million for the third quarter and first nine months of 2026, respectively, rising 40% and 32% from the same periods in 2025 due primarily to higher net yields, partially offset by lower average bank deposit account balances (BDA balances).

Total expenses excluding interest were $3.4 billion and $10.1 billion in the third quarter and first nine months of 2026, respectively, increasing 9% and 8% from the same periods in 2025. Adjusted total expenses [(1)] were $3.2 billion and $9.6 billion for the third quarter and first nine months of the year, respectively, also higher by 9% and 8% from the same prior-year periods. These increases in expenses were driven by higher compensation and benefits, professional services, occupancy and equipment expenses, and higher industry fees within other expense. The year-over-year growth also reflected higher volume-related costs and continued investments in key strategic initiatives including supporting organic growth, new products, and ongoing scale and efficiency efforts.

Schwab continued to support our clients' evolving needs, including continued strong demand for margin and bank lending, through effective management of the balance sheet and our diverse funding sources. Total balance sheet assets were $520.7 billion at the end of the third quarter, increasing 6% year-to-date. Receivables from brokerage clients increased to $128.1 billion at September 30, up 4% during the third quarter and up 22% from year-end 2025, reflecting robust client demand for margin loans. Bank loans totaled $72.3 billion at September 30, 2026, up 8% during the third quarter and up 25% year-to-date, driven by strong client demand for pledged asset lines (PALs) and first lien residential real estate mortgage loans (First Mortgages).

During the third quarter and first nine months of 2026, the Company repurchased common stock totaling $500 million and $3.9 billion, respectively, and also increased its common dividend by 19% to $.32 per share during the first quarter of the year. During the second quarter, the Company issued $1.5 billion of Series L preferred stock, and redeemed $2.1 billion of Series I preferred stock. Inclusive of these capital actions and generation from earnings during the first nine months of 2026, the Company's consolidated Tier 1 Leverage Ratio was 8.9% at September 30, down from 9.3% at year-end 2025. Our consolidated adjusted Tier 1 Leverage Ratio [(1)] was 7.0% at the end of the third quarter, down slightly from 7.1% at year-end 2025 and within our long-term operating objective of 6.75% - 7.00%.

Return on average common stockholders' equity was 25% and 24% for the third quarter and first nine months of 2026, respectively, increasing from 21% and 20% for the same prior-year periods. These increases were due primarily to growth in net income, which more than offset higher average common stockholders' equity. Return on tangible common equity [(1)] was 44% and 42% for the third quarter and first nine months of 2026, respectively, up from 38% and 37% for the same periods in 2025, as growth in adjusted net income available to common stockholders [(1)] more than offset growth in average common stockholders' equity. Average common stockholders' equity increased as a result of growth in retained earnings and improved average accumulated other comprehensive income (AOCI), partially offset by higher treasury stock due to common stock

repurchases in 2025 and 2026. The improvement in average AOCI resulted primarily from amortization of losses on securities previously transferred from available for sale (AFS) to held to maturity (HTM).

(1) Adjusted diluted EPS, adjusted total expenses, return on tangible common equity, adjusted net income available to common stockholders, and adjusted Tier 1 Leverage Ratio are non-GAAP financial measures. See Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results.

Acquisition of Forge Global Holdings, Inc.

On March 2, 2026, Schwab completed its acquisition of Forge Global Holdings, Inc. (Forge), an operator of a leading private market platform and trading marketplace, for $636 million of cash and other consideration. Integration work is progressing, and we anticipate that incorporating Forge's private company investment capabilities will enhance our ability to meet the evolving needs of investors across our growing client base. Our condensed consolidated financial statements include the financial condition and results of operations for Forge beginning on March 2, 2026. See also Item 1 – Note 3.

Crypto Trading Offer

In May 2026, Schwab began a phased rollout to retail clients of Schwab Crypto™, our spot crypto trading offer. The Company provides clients direct access to bitcoin and ether trading, combined with educational content and professional support with investment experience. Charles Schwab Premier Bank, SSB (CSPB), serves as the custodian of clients' digital assets, responsible for safekeeping and record-keeping. CSPB has engaged Paxos Trust Company, NA (sub-custodian), a regulated blockchain infrastructure provider, to deliver sub-custody and trade execution services, and we may engage one or more additional sub-custodians in the future. Over time, CSPB plans to add additional cryptocurrencies to the platform, and recently began a phased rollout of transfer capabilities for in-kind deposits and withdrawals, allowing clients with existing digital asset investments to bring them to the Schwab platform alongside their other investments.

CURRENT REGULATORY AND OTHER DEVELOPMENTS

In March 2026, federal district courts reached final resolutions on pending litigation and formally vacated the U.S. Department of Labor's April 2024 final rule to broaden the definition of "fiduciary" under the Employee Retirement Income Security Act of 1974. Following the courts' ruling, the U.S. Department of Labor's Employee Benefits Security Administration removed the rule from the Code of Federal Regulations.

In March 2026, the U.S. federal banking agencies issued a notice of proposed rulemaking regarding amendments to the regulatory capital rules. The March 2026 proposal would replace the banking agencies' 2023 proposal, and, among other things would require us to include AOCI in regulatory capital under a revised standardized approach, subject to a five-year phase-in period. The comment period for the proposed rules ended on June 18, 2026. The Company's capital management for consolidated CSC and our banking subsidiaries incorporates measures that are inclusive of AOCI, and we do not anticipate that the proposed rules will have a material impact to the Company's business, financial condition, or results of operations.

Refer to Part II – Item 7 – Current Regulatory and Other Developments in our 2025 Form 10-K for information regarding pending regulatory matters, including the U.S. federal banking agencies' August 2023 proposed rulemaking on long-term debt requirements for certain large banking organizations.

RESULTS OF OPERATIONS

Total Net Revenues

The following tables present a comparison of revenue by category:

Three Months Ended September 30,		2026		2025	
	Percent Change	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues
Net interest revenue					
Interest revenue	13%	$ 4,473	62%	$ 3,956	64%
Interest expense	10%	(997)	(14)%	(906)	(14)%
Net interest revenue	14%	3,476	48%	3,050	50%
Asset management and administration fees					
Mutual funds, exchange-traded funds (ETFs), collective trust funds (CTFs), and alternatives [1]	9%	1,051	15%	961	16%
Managed investing solutions	23%	761	11%	619	10%
Other [1]	9%	101	1%	93	1%
Asset management and administration fees	14%	1,913	27%	1,673	27%
Trading revenue					
Commissions	2%	463	6%	453	7%
Order flow revenue	30%	638	9%	490	8%
Principal transactions	10%	57	1%	52	1%
Trading revenue	16%	1,158	16%	995	16%
Bank deposit account fees	40%	345	5%	247	4%
Other	64%	279	4%	170	3%
Total net revenues	17%	$ 7,171	100%	$ 6,135	100%

Nine Months Ended September 30,		2026		2025	
	Percent Change	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues
Net interest revenue					
Interest revenue	9%	$ 12,581	61%	$ 11,500	65%
Interest expense	(11)%	(2,604)	(13)%	(2,922)	(16)%
Net interest revenue	16%	9,977	48%	8,578	49%
Asset management and administration fees					
Mutual funds, ETFs, CTFs, and alternatives [1]	12%	3,062	15%	2,737	16%
Managed investing solutions	21%	2,142	10%	1,777	10%
Other [1]	13%	293	2%	259	1%
Asset management and administration fees	15%	5,497	27%	4,773	27%
Trading revenue					
Commissions	13%	1,480	7%	1,315	7%
Order flow revenue	30%	1,822	9%	1,399	8%
Principal transactions	13%	160	1%	141	1%
Trading revenue	21%	3,462	17%	2,855	16%
Bank deposit account fees	32%	973	5%	739	4%
Other	28%	816	3%	640	4%
Total net revenues	18%	$ 20,725	100%	$ 17,585	100%

[1] Beginning in the first quarter of 2026, alternative investments revenue was moved from other asset management and administration fees to mutual funds, ETFs, CTFs, and alternatives. Prior period amounts have been reclassified to reflect this change.

Net Interest Revenue

Revenue on interest-earning assets is affected by various factors, such as the composition of assets, prevailing interest rates and spreads at the time of origination or purchase, changes in interest rates on cash and cash equivalents, floating-rate securities and loans, and changes in prepayment levels for mortgage-backed and other asset-backed securities and loans. Schwab establishes the rates paid on client-related liabilities, and management expects that it will generally adjust the rates paid on these liabilities at some fraction of any movement in short-term rates. Interest expense on long-term debt, Federal Home Loan Bank (FHLB) borrowings, other short-term borrowings, and other funding sources is impacted by market interest rates at the time of borrowing and changes in interest rates on floating-rate liabilities. Schwab's use and the financial impacts of the Company's various funding sources are dependent on a number of market and client activity factors. Net interest revenue reflects the impacts of derivatives used to manage interest rate risk. See also Risk Management – Market Risk and Item 1 – Note 12 for additional information. See also Risk Management – Liquidity Risk, Item 1 – Notes 9, 10, and 13, and Part II – Item 7 – Results of Operations – Net Interest Revenue in the 2025 Form 10-K for additional information on the Company's funding sources.

Schwab engages in securities lending and borrowing activities. Schwab temporarily loans eligible client securities to other broker-dealers and clearinghouses and receives cash as collateral for securities loaned; liabilities for securities loaned are included in payables to brokers, dealers, and clearing organizations within funding sources in the presentation of net interest revenue. We may also borrow securities from other broker-dealers to fulfill short sales by clients and deliver cash to the lender in exchange for the securities. Receivables from securities borrowed are excluded from interest-earning assets but the resulting fees and rebates are included in securities lending revenue or interest expense on payables to brokers, dealers, and clearing organizations.

Clients' use of long/short strategies is presented on a net basis on the condensed consolidated balance sheet. While timing differences can arise between long and short positions, these strategies typically result in limited direct increases and decreases to assets and liabilities due to netting in the clients' accounts.

The Federal Reserve held the upper bound of the target overnight rate at 3.75% for most of the first nine months of 2026 before increasing the rate by 25 basis points in the later part of the third quarter. In 2025, the Federal Reserve maintained the upper bound of the target overnight rate at 4.50% before reducing the rate by 25 basis points in the third quarter and an additional 50 basis points across two cuts in the fourth quarter of 2025.

Schwab's average interest-earning assets increased 8% and 5% in the third quarter and first nine months of 2026, respectively, from the same periods in 2025, primarily due to growth in margin lending, which was supported in part by wholesale funding, as well as increases in bank lending, partially offset by lower balances of AFS and HTM securities and cash and investments segregated. The Company continued to see strong client demand for margin and bank lending in the third quarter and first nine months of 2026. Receivables from brokerage clients, which are primarily comprised of margin loans, ended the third quarter at $128.1 billion, increasing 37% and 22% from September 30, 2025 and December 31, 2025, respectively. Total bank loans finished the third quarter of 2026 at $72.3 billion, higher by 35% and 25% from September 30, 2025 and December 31, 2025, respectively, due primarily to growth in PALs and First Mortgages.

Client cash activity during the third quarter and first nine months of 2026 reflected normal cash behavior, including organic growth from asset gathering and client asset allocation decisions. Bank sweep deposits and payables to brokerage clients increased by a total of $20.0 billion, or 6%, from September 30, 2025 to the end of the third quarter of 2026, and decreased $4.2 billion, or 1%, from December 31, 2025.

In the third quarter and first nine months of 2026, client demand for Schwab's margin and bank lending solutions has driven loan growth that has outpaced growth in bank sweep deposits and payables to brokerage clients. To support this demand, the Company has increased its use of higher-cost funding sources. As client activity evolves over time, the composition of our balance sheet may change, and the Company may adjust its funding mix accordingly.

The following tables present net interest revenue information corresponding to interest-earning assets and funding sources on the condensed consolidated balance sheets:

Three Months Ended September 30,	2026			2025		
	Average Balance	Interest Revenue/Expense	Average Yield/Rate	Average Balance	Interest Revenue/Expense	Average Yield/Rate
Interest-earning assets						
Cash and cash equivalents	$ 34,525	$ 317	3.59%	$ 24,298	$ 264	4.26%
Cash and investments segregated	31,251	289	3.62%	46,046	494	4.20%
Receivables from brokerage clients [1]	123,061	1,792	5.70%	87,292	1,454	6.52%
Available for sale securities [2]	65,149	379	2.31%	69,794	360	2.05%
Held to maturity securities [2]	128,026	553	1.72%	137,672	587	1.70%
Bank loans	69,526	775	4.43%	51,849	557	4.27%
Total interest-earning assets	451,538	4,105	3.58%	416,951	3,716	3.51%
Securities lending revenue		238			183	
Other interest revenue [1,3]		130			57	
Total interest-earning assets	$ 451,538	$ 4,473	3.90%	$ 416,951	$ 3,956	3.74%
Funding sources						
Bank deposits	$ 244,309	$ 139	0.23%	$ 229,281	$ 248	0.43%
Payables to brokers, dealers, and clearing organizations	42,113	376	3.50%	19,131	188	3.84%
Payables to brokerage clients [1]	106,900	59	0.22%	96,064	67	0.28%
Other short-term borrowings	14,349	148	4.06%	7,593	87	4.56%
Federal Home Loan Bank borrowings	929	10	3.97%	7,103	79	4.35%
Long-term debt	23,572	272	4.52%	20,204	207	4.01%
Total interest-bearing liabilities	432,172	1,004	0.91%	379,376	876	0.91%
Non-interest-bearing funding sources	19,366			37,575		
Other interest expense [1,3]		(7)			30	
Total funding sources	$ 451,538	$ 997	0.86%	$ 416,951	$ 906	0.86%
Net interest revenue		$ 3,476	3.04%		$ 3,050	2.88%

Nine Months Ended September 30,	2026			2025		
	Average Balance	Interest Revenue/Expense	Average Yield/Rate	Average Balance	Interest Revenue/Expense	Average Yield/Rate
Interest-earning assets						
Cash and cash equivalents	$ 32,577	$ 883	3.58%	$ 27,571	$ 897	4.29%
Cash and investments segregated	38,795	1,060	3.60%	44,104	1,412	4.22%
Receivables from brokerage clients [1]	113,307	4,900	5.70%	82,992	4,154	6.60%
Available for sale securities [2]	65,422	1,063	2.16%	77,324	1,198	2.06%
Held to maturity securities [2]	130,433	1,690	1.72%	141,032	1,811	1.71%
Bank loans	64,249	2,095	4.35%	48,882	1,568	4.28%
Total interest-earning assets	444,783	11,691	3.48%	421,905	11,040	3.46%
Securities lending revenue		507			339	
Other interest revenue [1,3]		383			121	
Total interest-earning assets	$ 444,783	$ 12,581	3.75%	$ 421,905	$ 11,500	3.61%
Funding sources						
Bank deposits	$ 244,451	$ 371	0.20%	$ 237,488	$ 1,010	0.57%
Payables to brokers, dealers, and clearing organizations	33,165	869	3.46%	16,673	492	3.89%
Payables to brokerage clients [1]	106,952	174	0.22%	92,909	176	0.25%
Other short-term borrowings	11,531	351	4.04%	7,314	256	4.68%
Federal Home Loan Bank borrowings	776	23	3.90%	9,180	322	4.62%
Long-term debt	22,206	701	4.16%	21,029	625	3.92%
Total interest-bearing liabilities	419,081	2,489	0.79%	384,593	2,881	0.99%
Non-interest-bearing funding sources	25,702			37,312		
Other interest expense [1,3]		115			41	
Total funding sources	$ 444,783	$ 2,604	0.78%	$ 421,905	$ 2,922	0.92%
Net interest revenue		$ 9,977	2.97%		$ 8,578	2.69%

[1] Beginning in the fourth quarter of 2025, margin loans and short credits related to client long/short strategies from which the Company earns a fixed net yield are excluded from interest-earning assets and funding sources. Also beginning in the fourth quarter of 2025, related interest revenue and expense were moved from receivables from brokerage clients and payables to brokerage clients, respectively, to other interest revenue and other interest expense, respectively. Amounts and average yields have been reclassified and recalculated for 2025 periods to reflect these changes. Average margin loans related to these client strategies totaled $51.4 billion and $33.0 billion for the three and nine months ended September 30, 2026, respectively, compared to $2.8 billion and $1.3 billion for the same periods in 2025. Average short credits related to these client strategies totaled $53.3 billion and $34.2 billion for the three and nine months ended September 30, 2026, respectively, compared to $2.8 billion and $1.3 billion for the same periods in 2025.

[2] Amounts have been calculated based on amortized cost. Interest revenue on investment securities is presented net of related premium amortization.

[3] Beginning in the second quarter of 2026, the net fixed yield earned on client long/short strategies is presented in other interest revenue; amounts for periods prior to the three months ended June 30, 2026 have not been recast as the impact of this change was not material.

Net interest revenue increased $426 million, or 14%, and $1.4 billion, or 16%, in the third quarter and first nine months of 2026, respectively, compared to the same periods in 2025. The year-over-year increase in the third quarter was primarily due to growth in margin and bank lending, partially offset by lower yields on floating-rate assets, lower average balances of cash and investments segregated, and higher average wholesale borrowings as strong demand for lending solutions outpaced deposit growth. The year-to-date increase in net interest revenue resulted primarily from growth in margin and bank lending and lower average wholesale borrowings, partially offset by lower yields on floating-rate assets due to lower market rates, and lower balances of AFS and HTM securities and cash and investments segregated. Securities lending revenue increased in the third quarter and first nine months of 2026, reflecting growth in rebates and fees received for securities borrowed transactions to facilitate certain client short sales related to long/short strategies.

Net interest margin increased to 3.04% and 2.97% in the third quarter and first nine months of 2026, respectively, compared to 2.88% and 2.69% during the same periods in 2025. These increases were primarily due to growth in margin and bank lending and securities lending revenue, partially offset by lower yields on floating-rate assets due to lower market interest rates. The increase in the year-to-date period was also due in part to changes in the mix of funding sources.

Asset Management and Administration Fees

The following table presents asset management and administration fees, average client assets, and average fee yields:

Three Months Ended September 30,	2026			2025		
	Average Client Assets	Revenue	Average Fee	Average Client Assets	Revenue	Average Fee
Schwab money market funds	$ 699,067	$ 481	0.27%	$ 663,218	$ 458	0.27%
Schwab equity and bond funds, ETFs, and CTFs	943,891	167	0.07%	735,519	132	0.07%
Mutual Fund OneSource and other no-transaction-fee (NTF) funds	486,893	277	0.23%	443,660	259	0.23%
Other third-party mutual funds, ETFs, and alternatives [1]	696,598	126	0.07%	639,677	112	0.07%
Total mutual funds, ETFs, CTFs, and alternatives [1,2]	$ 2,826,449	$ 1,051	0.15%	$ 2,482,074	$ 961	0.15%
Managed investing solutions [2]						
Fee-based	$ 801,949	$ 761	0.38%	$ 654,220	$ 619	0.38%
Non-fee-based	165,151	—	—	127,592	—	—
Total managed investing solutions	$ 967,100	$ 761	0.31%	$ 781,812	$ 619	0.31%
Other balance-based fees [1,3]	1,020,380	70	0.03%	900,385	66	0.03%
Other [4]		31			27	
Total asset management and administration fees		$ 1,913			$ 1,673	

Nine Months Ended September 30,						
Schwab money market funds	$ 696,173	$ 1,422	0.27%	$ 643,168	$ 1,318	0.27%
Schwab equity and bond funds, ETFs, and CTFs	881,581	470	0.07%	685,300	376	0.07%
Mutual Fund OneSource and other NTF funds [5]	479,690	812	0.23%	384,614	699	0.24%
Other third-party mutual funds, ETFs, and alternatives [1,5]	680,066	358	0.07%	637,610	344	0.07%
Total mutual funds, ETFs, CTFs, and alternatives [1,2]	$ 2,737,510	$ 3,062	0.15%	$ 2,350,692	$ 2,737	0.16%
Managed investing solutions [2]						
Fee-based	$ 764,516	$ 2,142	0.37%	$ 613,302	$ 1,777	0.39%
Non-fee-based	156,678	—	—	122,920	—	—
Total managed investing solutions	$ 921,194	$ 2,142	0.31%	$ 736,222	$ 1,777	0.32%
Other balance-based fees [1,3]	991,943	209	0.03%	849,876	191	0.03%
Other [4]		84			68	
Total asset management and administration fees		$ 5,497			$ 4,773	

[1] Beginning in the first quarter of 2026, alternative investments and related revenue were moved from other balance-based fees to other third-party mutual funds, ETFs, and alternatives. Prior period amounts and average fees have been reclassified and recalculated to reflect this change.
[2] Average client assets for managed investing solutions may also include the asset balances contained in the mutual fund and/or ETF categories listed above.
[3] Includes various asset-related fees, such as trust fees, 401(k) recordkeeping fees, and mutual fund clearing fees and other service fees.
[4] Includes miscellaneous service and transaction fees, including fees relating to mutual funds and ETFs that are not balance-based.
[5] The first nine months of 2025 includes transfers from other third-party mutual funds and ETFs to Mutual Fund OneSource® and other NTF funds.

Asset management and administration fees increased by $240 million, or 14%, and $724 million, or 15%, in the third quarter and first nine months of 2026, respectively, compared to the same periods in 2025. These increases were primarily a result of

continued growth in fee-based managed investing solutions, and growth in revenue from Mutual Fund OneSource®, Schwab equity and bond funds, ETFs, and CTFs, and Schwab money market funds. This growth was driven primarily by higher average client asset balances, reflecting year-over-year equity market appreciation, the Company's asset gathering, and net flows into managed investing solutions.

The following table presents a roll forward of client assets for the Schwab money market funds, Schwab equity and bond funds, ETFs, and CTFs, and Mutual Fund OneSource and other NTF funds. These funds generated 48% and 49% of the asset management and administration fees earned in the third quarter and first nine months of 2026, respectively, compared with 51% and 50% in the third quarter and first nine months of 2025, respectively:

	Schwab Money Market Funds		Schwab Equity and Bond Funds, ETFs, and CTFs		Mutual Fund OneSource and Other NTF funds	
Three Months Ended September 30,	2026	2025	2026	2025	2026	2025
Balance at beginning of period	$ 690,453	$ 653,473	$ 894,920	$ 689,355	$ 485,673	$ 453,919
Net inflows (outflows)	2,252	6,253	22,060	11,176	(8,574)	(7,639)
Net market gains (losses) and other	6,025	6,696	4,123	45,165	(4,181)	27,255
Balance at end of period	$ 698,730	$ 666,422	$ 921,103	$ 745,696	$ 472,918	$ 473,535
Nine Months Ended September 30,						
Balance at beginning of period	$ 693,815	$ 596,531	$ 772,686	$ 627,166	$ 454,207	$ 347,798
Net inflows (outflows)	(13,330)	50,163	61,279	36,379	(26,685)	(22,489)
Net market gains (losses) and other [1]	18,245	19,728	87,138	82,151	45,396	148,226
Balance at end of period	$ 698,730	$ 666,422	$ 921,103	$ 745,696	$ 472,918	$ 473,535

[1] Includes $63.3 billion of transfers from other third-party mutual funds and ETFs to Mutual Fund OneSource and other NTF Funds for the nine months ended September 30, 2025.

Trading Revenue

The following tables present trading revenue, client trading activity, and related information:

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2026	2025		2026	2025	
Commissions	$ 463	$ 453	2%	$ 1,480	$ 1,315	13%
Order flow revenue						
Options	446	299	49%	1,243	837	49%
Equities	192	191	1%	579	562	3%
Total order flow revenue	638	490	30%	1,822	1,399	30%
Principal transactions	57	52	10%	160	141	13%
Total trading revenue	$ 1,158	$ 995	16%	$ 3,462	$ 2,855	21%

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2026	2025		2026	2025	
DATs (in thousands)	10,687	7,421	44%	10,839	7,461	45%
Product as a percentage of DATs						
Equities	58%	55%		58%	55%	
Derivatives	22%	22%		20%	21%	
ETFs	16%	17%		17%	18%	
Mutual funds	3%	5%		4%	5%	
Fixed income	1%	1%		1%	1%	
Number of trading days	64.0	63.5	1%	187.0	185.5	1%
Revenue per trade [1]	$ 1.69	$ 2.11	(20)%	$ 1.71	$ 2.06	(17)%

[1] Revenue per trade is calculated as trading revenue divided by the product of DATs and the number of trading days.

Trading revenue increased $163 million, or 16%, and $607 million, or 21%, in the third quarter and first nine months of 2026, respectively, compared to the same periods in 2025, driven by an increase in order flow revenue due to higher rates, partially offset by changes in the mix of client trading activity. Commissions revenue increased during the third quarter and first nine months of 2026 compared to the same periods in 2025 due to higher volume, partially offset by changes in the mix of client trading activity.

Bank Deposit Account Fees

The Company earns bank deposit account fee revenue from TD Bank USA, National Association and TD Bank, National Association (together, the TD Depository Institutions), in accordance with the Second Amended and Restated Insured Deposit Account Agreement (2023 IDA agreement). Bank deposit account fee revenue is presented net of interest paid to clients, and other applicable fees, and is affected by changes in interest rates and the composition of balances designated as fixed- and floating-rate obligation amounts. See Item 1 – Note 11 for additional information.

The following table presents bank deposit account fee revenue and related information:

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2026	2025		2026	2025	
Bank deposit account fees	$ 345	$ 247	40%	$ 973	$ 739	32%
Average bank deposit account balances	$ 68,342	$ 80,030	(15)%	$ 70,930	$ 82,145	(14)%
Average net yield	1.98%	1.21%		1.81%	1.19%	
Percentage of average BDA balances designated as:						
Fixed-rate balances	86%	77%		83%	78%	
Floating-rate balances	14%	23%		17%	22%	

Bank deposit account fees increased $98 million, or 40%, and $234 million, or 32%, in the third quarter and first nine months of 2026, respectively, compared to the same periods in 2025, primarily due to an increase in average net yield and decreases in the amount paid to clients as a result of lower interest rates and in other applicable fees paid. This was partially offset by lower average BDA balances, which reduced the base on which bank deposit account fees are earned. The decrease in average BDA balances in the third quarter and first nine months of 2026 compared to the same periods in 2025 was primarily due to the transfer of $3.0 billion of BDA balances to Schwab's balance sheet during the first nine months of 2026 and $6.7 billion of BDA balances transferred in the prior year after September 10, 2025, as well as client cash allocation decisions. Transfers of BDA balances to Schwab's balance sheet result in lower balances upon which bank deposit account fee revenue is earned but provide a source of funding to invest in interest-earning assets or reduce reliance on borrowings to increase net interest revenue.

Average net yield increased in the third quarter and first nine months of 2026 compared to the same periods in 2025 due to an increase in the average net yield on fixed-rate BDA balances, partially offset by decreases in the average amount of and net yield on floating-rate BDA balances. The percentages of BDA balances designated as fixed-rate and floating-rate obligation amounts as of September 30, 2026 were 84% and 16%, respectively.

Other Revenue

Other revenue includes industry fees, certain service fees, other gains and losses, and the provision for credit losses on bank loans.

Other revenue increased $109 million, or 64%, and $176 million, or 28%, in the third quarter and first nine months of 2026, respectively, compared to the same periods in 2025. The increases in the third quarter and first nine months of 2026 compared to the same periods in 2025 were largely driven by higher industry fees, due to higher trading volumes and, in the third quarter, higher average fee rates. Effective April 4, 2026, the SEC increased the fee rate applicable to most securities transactions from zero, the rate in effect since May 14, 2025, resulting in higher industry fees in other revenue and a corresponding increase in other expense after the effective date, with no impact on net income.

Additionally, the increases in both the third quarter and first nine months of 2026 compared to the same periods in 2025 were driven by gains recognized on certain equity investments, higher other service fees, and lower losses on sales of AFS securities in 2026.

Total Expenses Excluding Interest

The following table presents a comparison of expenses excluding interest:

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2026	2025		2026	2025	
Compensation and benefits						
Salaries and wages	$ 1,025	$ 952	8%	$ 3,031	$ 2,802	8%
Incentive compensation	440	424	4%	1,382	1,187	16%
Employee benefits and other	291	277	5%	945	872	8%
Total compensation and benefits	$ 1,756	$ 1,653	6%	$ 5,358	$ 4,861	10%
Professional services	325	293	11%	935	853	10%
Occupancy and equipment	316	280	13%	902	824	9%
Advertising and market development	114	101	13%	326	305	7%
Communications	172	149	15%	533	478	12%
Depreciation and amortization	196	212	(8)%	595	644	(8)%
Amortization of acquired intangible assets	141	127	11%	415	385	8%
Regulatory fees and assessments	73	59	24%	211	225	(6)%
Other	301	240	25%	816	731	12%
Total expenses excluding interest	$ 3,394	$ 3,114	9%	$ 10,091	$ 9,306	8%
Expenses as a percentage of total net revenues						
Compensation and benefits	24%	27%		26%	28%	
Advertising and market development	2%	2%		2%	2%	
Full-time equivalent employees (in thousands)						
At quarter end	33.9	32.7	4%			
Average	33.8	32.8	3%	33.5	32.4	3%

Expenses excluding interest increased $280 million, or 9%, and $785 million, or 8%, in the third quarter and first nine months of 2026, respectively, compared to the same periods in 2025. Adjusted total expenses, which excludes acquisition and integration-related costs and amortization of acquired intangible assets, increased 9% and 8% in the third quarter and first nine months of 2026, respectively, compared to the same periods in 2025. See Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results.

The Company's third quarter and first nine months of 2026 results include expenses related to Forge subsequent to our March 2, 2026, acquisition (see also Item 1 – Note 3). Acquisition and integration-related costs related to Forge totaled $10 million and $49 million in the third quarter and first nine months of 2026, respectively. While underlying 2026 expense growth remains in-line with expectations communicated earlier in the year (see Part II – Item 7 – Results of Operations in the 2025 10-K), the Company now expects total GAAP expenses excluding interest for full-year 2026 will increase approximately 10% to 11%, inclusive of volume-related expenses to support strong business performance and trading activity, and expenses related to the operations and integration of Forge.

Total compensation and benefits expense increased in the third quarter and first nine months of 2026 compared to the same periods in 2025, primarily due to annual merit increases and growth in headcount, including growth in financial consultants and wealth advisors and the acquisition of Forge, higher incentive compensation driven by the Company's financial performance, and higher other employee-related costs. Compensation and benefits included acquisition and integration-related costs of $8 million and $34 million in the third quarter and first nine months of 2026, respectively.

Professional services expense increased in the third quarter and first nine months of 2026 compared to the same periods in 2025, reflecting overall growth of the business and increased utilization of other professional services. Professional services included acquisition and integration-related costs of $1 million and $14 million in the third quarter and first nine months of 2026, respectively.

Occupancy and equipment expense increased in the third quarter and first nine months of 2026 compared to the same periods in 2025, primarily driven by higher software subscription costs and building expenses related to growth of the business.

Advertising and market development expense increased in the third quarter and first nine months of 2026 compared to the same periods in 2025, primarily driven by higher digital advertising. For the third quarter of 2026, this was partially offset by lower client promotional spending.

Communications expense increased in the third quarter and first nine months of 2026 compared to the same periods in 2025, primarily due to higher proxy-related and postage expenses, and higher exchange quotation services.

Depreciation and amortization expense decreased in the third quarter and first nine months of 2026 compared to the same periods in 2025, primarily due to lower amortization of internally developed software and lower depreciation of information technology equipment, partially offset by higher amortization of term software.

Amortization of acquired intangible assets increased in the third quarter and first nine months of 2026 compared to the same periods in 2025 primarily due to amortization on intangible assets from the Forge acquisition.

Regulatory fees and assessments increased in the third quarter and decreased in the first nine months of 2026 compared to the same periods in 2025. The increase in the third quarter of 2026 was primarily due to a $13 million reduction in the Federal Deposit Insurance Corporation (FDIC) special assessments recognized in the third quarter of 2025. The decrease in the first nine months of 2026 was primarily due to certain lower regulatory fees, partially offset by higher FDIC assessments due to the $13 million reduction in the FDIC special assessment recognized in 2025.

Other expense increased in the third quarter and first nine months of 2026 compared to the same periods in 2025. In both periods, the increase was primarily driven by higher industry fees due to higher average fee rates coupled with higher trading volumes, and certain higher costs resulting from the growth in the business. Effective April 4, 2026, the SEC increased the fee rate applicable to most securities transactions from zero, the rate in effect since May 14, 2025, resulting in higher industry fees in other revenue and a corresponding increase in other expense after the effective date, with no impact on net income.

Capital expenditures were $319 million and $152 million in the third quarter of 2026 and 2025, respectively, and $1.3 billion and $444 million in the first nine months of 2026 and 2025, respectively. Capital expenditures increased for the first nine months of 2026 compared to the same period in 2025 primarily due to a $633 million multi-year software license agreement which was recognized with a corresponding liability in long-term debt in accordance with Accounting Standards Codification 350 *Intangibles — Goodwill and Other* (see also Item 1 – Note 10). Additionally, capital expenditures increased in both the third quarter and first nine months of 2026 compared to the same periods in 2025, due to higher information technology and telecommunications equipment, purchased software, and building and leasehold improvement expenses related to certain office expansions. As a result of higher year-to-date spending and total net revenues, we now estimate capital expenditures for full-year 2026 will be slightly higher than our previously disclosed expected range of approximately 3-5% of total net revenues.

Taxes on Income

Taxes on income were $871 million and $663 million for the third quarter of 2026 and 2025, respectively, resulting in effective tax rates of 23.1% and 21.9%, respectively. Taxes on income were $2.4 billion and $1.9 billion for the first nine months of 2026 and 2025, respectively, resulting in effective tax rates of 23.0% and 22.8%, respectively. The year-over-year increase in the effective tax rate in the third quarter of 2026 was primarily due to an increase in state tax expense, partially offset by a decrease in state tax reserves and an increase in equity compensation tax deduction benefits. The increase in the effective tax rate in the first nine months of 2026 compared to the same period in 2025 was primarily due to a decrease in certain tax credits and an increase in state tax expense, partially offset by a decrease in state tax reserves and an increase in equity compensation tax deduction benefits.

Segment Information

Financial information for our segments is presented in the following table:

	Investor Services			Advisor Services			Total		
Three Months Ended September 30,	Percent Change	2026	2025	Percent Change	2026	2025	Percent Change	2026	2025
Net Revenues									
Net interest revenue	11%	$ 2,701	$ 2,424	24%	$ 775	$ 626	14%	$ 3,476	$ 3,050
Asset management and administration fees	17%	1,425	1,221	8%	488	452	14%	1,913	1,673
Trading revenue	15%	1,039	906	34%	119	89	16%	1,158	995
Bank deposit account fees	35%	265	196	57%	80	51	40%	345	247
Other	57%	213	136	94%	66	34	64%	279	170
Total net revenues	16%	5,643	4,883	22%	1,528	1,252	17%	7,171	6,135
Expenses Excluding Interest									
Compensation and benefits	7%	1,370	1,284	5%	386	369	6%	1,756	1,653
Professional services	12%	264	235	5%	61	58	11%	325	293
Occupancy and equipment	12%	246	220	17%	70	60	13%	316	280
Advertising and market development	35%	81	60	(20)%	33	41	13%	114	101
Communications	11%	117	105	25%	55	44	15%	172	149
Depreciation and amortization	(7)%	149	161	(8)%	47	51	(8)%	196	212
Amortization of acquired intangible assets	13%	118	104	—	23	23	11%	141	127
Regulatory fees and assessments	12%	57	51	100%	16	8	24%	73	59
Other	20%	249	207	58%	52	33	25%	301	240
Total expenses excluding interest	9%	2,651	2,427	8%	743	687	9%	3,394	3,114
Income before taxes on income	22%	$ 2,992	$ 2,456	39%	$ 785	$ 565	25%	$ 3,777	$ 3,021
Net New Client Assets (in billions) [1]	37%	$ 72.3	$ 52.7	47%	$ 120.1	$ 81.7	43%	$ 192.4	$ 134.4
Nine Months Ended September 30,									
Net Revenues									
Net interest revenue	13%	$ 7,701	$ 6,826	30%	$ 2,276	$ 1,752	16%	$ 9,977	$ 8,578
Asset management and administration fees	17%	4,068	3,479	10%	1,429	1,294	15%	5,497	4,773
Trading revenue	21%	3,106	2,563	22%	356	292	21%	3,462	2,855
Bank deposit account fees	29%	748	581	42%	225	158	32%	973	739
Other	22%	625	514	52%	191	126	28%	816	640
Total net revenues	16%	16,248	13,963	24%	4,477	3,622	18%	20,725	17,585
Expenses Excluding Interest									
Compensation and benefits	11%	4,168	3,760	8%	1,190	1,101	10%	5,358	4,861
Professional services	12%	762	680	—	173	173	10%	935	853
Occupancy and equipment	9%	706	647	11%	196	177	9%	902	824
Advertising and market development	27%	246	194	(28)%	80	111	7%	326	305
Communications	7%	360	338	24%	173	140	12%	533	478
Depreciation and amortization	(7)%	452	488	(8)%	143	156	(8)%	595	644
Amortization of acquired intangible assets	10%	346	314	(3)%	69	71	8%	415	385
Regulatory fees and assessments	(11)%	163	183	14%	48	42	(6)%	211	225
Other	10%	679	618	21%	137	113	12%	816	731
Total expenses excluding interest	9%	7,882	7,222	6%	2,209	2,084	8%	10,091	9,306
Income before taxes on income	24%	$ 8,366	$ 6,741	47%	$ 2,268	$ 1,538	28%	$10,634	$ 8,279
Net New Client Assets (in billions) [1]	7%	$ 164.9	$ 153.4	53%	$ 286.1	$ 187.0	32%	$ 451.0	$ 340.4

[1] In the third quarter and first nine months of 2026, Investor Services includes net inflows of $2.0 billion and $0.8 billion, respectively, from off-platform brokered CDs issued by CSB. In the third quarter and nine months of 2025, Investor Services includes net outflows of $3.1 billion and $15.1 billion, respectively, from off-platform brokered CDs issued by CSB.

Segment Net Revenues

Investor Services and Advisor Services total net revenues increased by 16% and 22%, respectively, in the third quarter of 2026 and 16% and 24%, respectively, in the first nine months of 2026 compared to the same periods in 2025. Net interest revenue in

the third quarter of 2026 increased year-over-year for both segments, due primarily to growth in margin and bank lending solutions, partially offset by lower yields on floating-rate assets, lower average balances of certain interest-earning assets, and higher average wholesale borrowings as robust demand for lending solutions outpaced deposit growth. Net interest revenue in the first nine months of 2026 increased year-over-year for both segments primarily due to growth in lending solutions and lower average wholesale borrowings, partially offset by lower yields on floating-rate assets and lower average balances of certain interest-earning assets. Asset management and administration fees increased for Investor Services primarily as a result of higher average balances in managed investing solutions, while higher average balances in Schwab equity and bond funds, ETFs, and CTFs, Mutual Fund OneSource®, and money market funds helped drive year-over-year growth for both segments. Trading revenue increased for both segments primarily due to higher order flow revenue and higher commission revenue reflecting higher DATs and changes in the mix of trading activity. Bank deposit account fees increased for both segments primarily due to improved net yields partially offset by lower average BDA balances. Investor Services other revenue increased primarily due to higher industry fees, gains recognized from certain equity investments, and lower losses recognized on the sale of AFS securities, partially offset by lower other service fees. Advisor Services other revenue increased primarily due to gains from certain equity investments, higher other service fees, lower losses on the sale of AFS securities, and higher industry fees.

Segment Expenses Excluding Interest

Investor Services and Advisor Services total expenses excluding interest increased by 9% and 8%, respectively, in the third quarter of 2026, and 9% and 6%, respectively, in the first nine months of 2026 compared to the same periods in 2025. Compensation and benefits expense increased for both segments primarily due to annual merit increases and growth in headcount, higher incentive compensation, and higher other employee-related costs. Professional services expense was largely flat for Advisor Services and increased for Investor Services due to overall growth of the business and increased utilization of other professional services. Occupancy and equipment expense increased for both segments primarily due to higher software subscription costs and building expenses related to growth of the business. Communications expense increased for both segments primarily due to higher proxy-related and postage expenses, as well as higher exchange quotation services. Regulatory fees and assessments increased for both segments in the third quarter of 2026 primarily due to the 2025 FDIC special assessment reduction, while year-to-date fees decreased for Investor Services and increased slightly for Advisor Services as lower regulatory fees were partially offset by the 2025 FDIC special assessment reduction.

RISK MANAGEMENT

Schwab's business activities expose it to a variety of risks, including operational, compliance, credit, market, and liquidity risks. The Company has a comprehensive risk management program to identify and manage these risks and their associated potential for financial and reputational impact.

For a discussion of our risk management programs, see Part II – Item 7 – Risk Management in the 2025 Form 10-K.

Market Risk

Market risk is the potential for changes in earnings or the value of financial instruments held by Schwab as a result of fluctuations in interest rates, equity prices, or market conditions. Schwab is exposed to market risk primarily from changes in interest rates within our interest-earning assets relative to changes in the costs of funding sources that finance these assets.

To manage interest rate risk, we have established policies and procedures, which include setting limits on net interest revenue risk and EVE risk. To remain within these limits, we manage the maturity, repricing, and cash flow characteristics of the investment portfolios, loan portfolios, and liabilities. Management monitors established guidelines to stay within the Company's risk appetite. The Company utilizes interest rate swap derivative instruments to assist with managing interest rate risk, the effects of which are incorporated into the Company's net interest revenue and EVE analyses. For further information on our interest rate risk management strategies utilizing interest rate swaps, see Item 1 – Note 12.

Our measurement of interest rate risk involves assumptions that are inherently uncertain and, as a result, cannot precisely estimate the impact of changes in interest rates on net interest revenue, bank deposit account fees, or EVE. Actual results may differ from simulated results due to balance growth or decline and the timing, magnitude, and frequency of interest rate changes, as well as changes in market conditions and management strategies, including changes in asset and liability mix. Financial instruments are also subject to the risk that valuations will be negatively affected by changes in demand and the underlying market for a financial instrument.

We are indirectly exposed to option, futures, and equity market fluctuations in connection with client option and futures accounts, securities collateralizing margin loans to brokerage customers, and client securities used in securities lending and similar activities. Equity market valuations may also affect the level of brokerage client trading activity, margin borrowing, and overall client engagement with Schwab. Additionally, we earn mutual fund and ETF service fees and asset management fees based upon daily balances of certain client assets. Fluctuations in these client asset balances caused by changes in equity valuations directly impact the amount of fee revenue we earn. Our market risk related to financial instruments held for trading is not material.

Net Interest Revenue Simulation

For our net interest revenue sensitivity analysis, we use net interest revenue simulation modeling techniques to evaluate and manage the effect of changing interest rates. The simulations include all balance sheet interest rate-sensitive assets and liabilities, and include derivative instruments. Key assumptions include the projection of interest rate scenarios with rate floors, rates and balances of non-maturity client cash held on the balance sheet, prepayment speeds of mortgage-related investments, repricing of financial instruments, and reinvestment of matured or paid-down securities and loans. We use both proprietary and independent third-party models to simulate net interest revenue sensitivity and related analyses. Fixed income analytical vendors provide term structure models, prepayment speed models for mortgage-backed securities and mortgage loans, and cash flow projections based on interest income, contractual maturities, and prepayments. The Company's net interest revenue sensitivity analyses utilize instantaneous parallel increases/decreases in interest rates over a twelve-month period, though we also regularly simulate the effects of non-parallel shifts and gradual shifts of interest rates on net interest revenue.

Net interest revenue is affected by various factors, such as the distribution and composition of interest-earning assets and interest-bearing liabilities, the spread between yields earned on interest-earning assets and rates paid on interest-bearing liabilities, which may reprice at different times or by different amounts, and the spread between short- and long-term interest rates. Interest-earning assets include investment securities, margin loans, bank loans, cash and investments segregated, and cash and cash equivalents. These assets are sensitive to changes in interest rates and changes in prepayment levels that tend to increase in a declining rate environment and decrease in a rising rate environment. Because we establish the rates paid on certain brokerage client cash balances and bank deposits and the rates charged on certain margin and bank loans, control the composition of our investment securities, and utilize derivative hedging instruments, we are able to take certain actions to manage our net interest spread, depending on competitive factors and market conditions. When liquidity needs exceed our primary sources of funding, the Company will utilize higher-cost funding sources, which can reduce net interest margin and net interest revenue.

Higher prevailing short-term interest rates generally improve yields on shorter duration interest-earning assets. During periods of rapidly rising interest rates, clients tend to reallocate cash out of sweep products into higher-yielding, off-balance sheet, fixed income investments and money market funds within Schwab's product offerings. This can result in lower interest-earning assets and/or may require increased use of higher-cost funding sources, which therefore tend to constrain net interest revenue when interest rates are moving rapidly higher. A decline in short-term interest rates could negatively impact the yield on the Company's investment and loan portfolios to a greater degree than any offsetting reduction in interest expense from funding sources, compressing net interest margin.

The Company's net interest revenue sensitivity analyses assume both statically and dynamically-sized balance sheet composition. Statically-sized balance sheet modeling assumes the asset and liability structure of the consolidated balance sheet would not be changed as a result of the simulated changes in interest rates. While this approach is useful to isolate the impact of changes in interest rates on a statically-sized asset and liability structure, it does not capture changes to client cash allocations. We therefore also conduct dynamically-sized balance sheet compositions as a function of interest rates. Dynamic net interest revenue simulations assume runoff of bank deposit and payables to brokerage client balances is supplemented with wholesale borrowing when needed to fund assets through the simulation horizon. We also conduct similar simulations on EVE to capture the impact of client cash allocation changes on our balance sheet. As we actively manage the consolidated balance sheet and interest rate exposure, we have taken and would typically seek to take steps to manage additional interest rate exposure that could result from changes in the interest rate environment.

As the Company's balance sheet has continued to evolve, we have increasingly utilized dynamically-sized balance sheet modeling as a primary framework for managing interest rate risk. Dynamically-sized balance sheet modeling provides another perspective of the Company's interest rate risk profile and risk management strategy, incorporating certain expected changes in balance sheet composition and size that may result from changes in interest rates.

Accordingly, beginning with the second quarter of 2026, the Company's simulation results reflect a dynamically-sized balance sheet modeling approach. The below table shows simulated changes to net interest revenue over the next twelve months beginning September 30, 2026 and December 31, 2025 of an instantaneous increase or decrease in market interest rates relative to prevailing market rates at the end of each reporting period:

	September 30, 2026	December 31, 2025
Increase of 200 basis points	0.4%	5.4%
Increase of 100 basis points	3.0%	2.0%
Increase of 50 basis points	2.0%	1.0%
Decrease of 50 basis points	(2.1)%	(2.2)%
Decrease of 100 basis points	(3.5)%	(5.3)%
Decrease of 200 basis points	(5.7)%	(15.0)%

As of September 30, 2026, the Company's net interest revenue sensitivity profile was more balanced compared to December 31, 2025, with reduced exposure to declining interest rate scenarios and a lower benefit under larger increasing-rate scenarios. This shift primarily reflected hedging activity, changes in balance sheet composition and projected client cash behavior under different interest rate environments.

Effective Duration

Effective duration measures price sensitivity relative to a change in prevailing interest rates, taking account of amortizing cash flows and prepayment optionality for mortgage-related securities and loans. While expressed in years, duration represents the approximate percentage change in market value for a given change in interest rates. We seek to manage the Company's asset duration in relation to management's estimate of the Company's liability duration. The Company's liability duration is impacted by the composition of funding sources and typically decreases in periods of rising market interest rates and increases in periods of declining market interest rates. The Company also utilizes derivative hedging instruments such as interest rate swaps in managing its asset and liability duration.

The following table presents the Company's estimated effective durations, which reflect anticipated future payments, by category:

	September 30, 2026	December 31, 2025
	In years	
Estimated effective duration, exclusive of derivatives:		
Consolidated total assets	1.5	1.8
Margin loans [1]	—	—
AFS investment securities portfolio	2.2	2.4
AFS and HTM investment securities portfolios	3.5	3.9
Pledged asset lines	0.1	0.1
Long-term debt CSC Senior Notes	3.4	3.0
Estimated effective duration, inclusive of derivatives [2]:		
Consolidated total assets	1.6	1.9
Margin loans [1]	0.3	—
AFS investment securities portfolio	1.8	2.0
AFS and HTM investment securities portfolios	3.3	3.7
Pledged asset lines	1.5	1.2
Long-term debt CSC Senior Notes	1.0	1.9

[1] The duration of margin loans exclusive of derivatives was less than 0.1 years at both September 30, 2026 and December 31, 2025.
[2] See Item 1 – Note 12 for additional discussion of the Company's derivatives.

Economic Value of Equity Simulation

Management also uses EVE simulations to measure interest rate risk. EVE sensitivity measures the long-term impact of interest rate changes on the net present value of assets and liabilities, and includes the impact of derivative instruments. While EVE does not have a direct accounting relationship, the measure aims to capture a theoretical value of assets and liabilities under a variety of interest rate environments. EVE sensitivity is calculated by subjecting the balance sheet to hypothetical instantaneous shifts in the level of interest rates. This analysis is highly dependent upon asset and liability assumptions based on historical and certain expected behaviors. Key assumptions in our EVE calculation include projection of interest rate scenarios with rate

floors, prepayment speeds of mortgage-related investments, term structure models of interest rates, behavior of non-maturity client cash held on the balance sheet, and pricing assumptions. We use both proprietary and independent third-party models to simulate EVE sensitivity and related analyses. We develop and maintain client credits and deposits run-off models internally based on historical experience and prevailing client cash realignment behaviors. We rely on third-party models for interest rate term structure modeling, prepayment speed modeling for mortgage-backed securities and mortgage loans, and cash flow projections based on interest income, and contractual maturities.

Schwab's EVE profile is characterized by a more stable asset duration relative to liabilities in both higher and lower interest rate environments. Currently, the EVE exposure to rates increasing or decreasing in a similar magnitude shows that there is greater exposure to rates decreasing.

Bank Deposit Account Fees Simulation

Consistent with the presentation on the consolidated statement of income, the sensitivity of bank deposit account fee revenue to interest rate changes is assessed separately from the net interest revenue simulation described above. As of September 30, 2026 and December 31, 2025, simulated changes in bank deposit account fee revenue from changes in market interest rates relative to prevailing market rates, under the interest rate scenarios described above for net interest revenue, did not have a significant impact on the Company's total net revenues. Our net interest revenue, EVE, and bank deposit account fee revenue simulations reflect the assumption of non-negative investment yields.

Liquidity Risk

Liquidity risk is the potential that Schwab will be unable to meet cash flow obligations when they come due without incurring unacceptable losses.

Due to its role as a source of financial strength, CSC's liquidity needs are primarily driven by: the liquidity and capital needs of CS&Co, our principal broker-dealer subsidiary; the capital needs of the banking subsidiaries; principal and interest due on corporate debt; and dividend payments on CSC's preferred and common stock. The liquidity needs of our broker-dealer subsidiary are primarily driven by client activity, including trading and margin lending activities, and capital expenditures. The capital needs of the banking subsidiaries are primarily driven by client deposit levels and other borrowings. We have established liquidity policies to support the successful execution of business strategies, while ensuring ongoing and sufficient liquidity to meet operational needs and satisfy applicable regulatory requirements under both normal and stressed conditions. We seek to maintain client confidence in the balance sheet and the safety of client assets by maintaining liquidity and diversity of funding sources to allow the Company to meet its obligations. To this end, we have established limits and contingency funding plans to support liquidity levels during both business as usual and stressed conditions.

We employ a variety of metrics to monitor and manage liquidity. We conduct regular liquidity stress testing to develop a view of liquidity risk exposures and to ensure our ability to maintain sufficient liquidity during market-related or company-specific liquidity stress events. Liquidity sources are also tested periodically and results are reported to the Financial Risk Oversight Committee. A number of early warning indicators are monitored to help identify emerging liquidity stresses in the market or within the organization and are reviewed with management periodically.

Funding Sources

Schwab's primary source of funds is cash generated by client activity which includes bank deposits and cash balances in client brokerage accounts. These funds are used to purchase investment securities and extend loans to clients. Other sources of funds may include cash flows from operations, maturities and sales of investment securities, repayments on loans, securities lending of assets held in client brokerage accounts, FHLB borrowings, borrowings under repurchase agreements with external financial institutions and the Fixed Income Clearing Corporation (FICC), issuance of CDs, cash provided by securities issuances by CSC in the capital markets, and other facilities described below.

To meet daily funding needs, we maintain liquidity in the form of overnight cash deposits and short-term investments. For unanticipated liquidity needs, we also maintain a buffer of highly liquid investments, including U.S. Treasury securities. Our clients' bank deposits and brokerage cash balances primarily originate from our 40.3 million active brokerage accounts. More than 80% of our bank deposits qualified for FDIC insurance as of September 30, 2026. Our clients' allocation of cash held on our balance sheet as bank deposits or payables to brokerage clients is sensitive to interest rate levels, with clients typically

increasing their utilization of investment cash solutions, such as purchased money market funds and certain fixed income products when those yields are higher than those of cash sweep features.

As a participant in the financial services industry, Schwab relies on access to external financing in the normal course of business. Schwab's use of external debt facilities may arise from timing differences between cash flow requirements, such as client cash outflows, cash flows from operations, payments on interest-earning assets, movements of cash to meet regulatory brokerage client cash segregation requirements, and general corporate purposes. Rollover risk is the risk that we will not be able to refinance or payoff borrowings as they mature. We maintain policies and procedures necessary to access funding and test borrowing procedures on a periodic basis. We manage rollover risk on borrowings, taking into account expected principal paydowns on our investment and loan portfolios along with expected deposit flows.

The following table describes certain external debt facilities available at September 30, 2026:

Description	Borrower	Outstanding	Available		Maturity of Amounts Outstanding	Weighted-Average Interest Rate on Amounts Outstanding
FHLB secured credit facilities	Banking subsidiaries	$ 2,000	$ 30,333	[1]	October 2026 - December 2026	4.05%
Federal Reserve discount window	Banking subsidiaries	—	26,276	[1]	N/A	—
Repurchase agreements	Banking subsidiaries, CSC, CS&Co	11,704	—	[2]	October 2026-October 2027 [3]	4.25%
Unsecured uncommitted lines of credit with various external banks	CSC, CS&Co	—	1,892		N/A	—
Unsecured commercial paper	CSC, CS&Co	7,892	7,108	[4]	October 2026-June 2027	4.12%
Secured uncommitted lines of credit with various external banks	CS&Co	2,400	—	[5]	November 2026-December 2026	4.28%

[1] Amounts shown as available from the FHLB and Federal Reserve facilities represent remaining capacity based on assets pledged as of September 30, 2026. Incremental borrowing capacity may be made available by pledging additional assets, subject to applicable facility terms. See below and Item 1 – Note 10 for additional information.
[2] Secured borrowing capacity is made available based on our borrower's ability to provide collateral deemed acceptable by each respective counterparty. See below and Item 1 – Note 13 for additional information.
[3] Repurchase agreements outstanding as of September 30, 2026 at CS&Co maintain continuous contractual maturities of 35-360 days and are included in payables to brokers, dealers, and clearing organizations on the condensed consolidated balance sheets.
[4] Outstanding balance of unsecured commercial paper as of September 30, 2026 represents the gross par value before discount of $83 million.
[5] Secured borrowing capacity is made available based on CS&Co's ability to provide acceptable collateral to the lenders as determined by the credit agreements.
N/A Not applicable.

Available borrowing capacity from the FHLB and Federal Reserve facilities maintained by our banking subsidiaries is dependent on the value of assets pledged and the terms of the borrowing arrangements. As of September 30, 2026, the Company had additional investment securities with a par value of approximately $144 billion, or a fair value of approximately $127 billion, available to be pledged to obtain additional capacity. Additional details regarding these facilities are described below.

Amounts available under secured credit facilities with the FHLB are dependent on the value of our First Mortgages, home equity lines of credit (HELOCs), and the value of certain of our investment securities that are pledged as collateral. These credit facilities are also available as backup financing in the event the outflow of client cash from the banking subsidiaries' respective balance sheets is greater than maturities and paydowns on investment securities and bank loans. CSC's banking subsidiaries must each maintain positive tangible capital, as defined by the Federal Housing Finance Agency, in order to place new draws upon these credit facilities, and the Company manages capital with consideration of minimum tangible capital ratios at our banking subsidiaries. Tangible capital pursuant to the requirements of the FHLB borrowing facilities for our banking subsidiaries is common equity less goodwill and intangible assets.

Our banking subsidiaries also have access to short-term secured funding through the Federal Reserve discount window and are counterparties to the Standing Repo with the Federal Reserve Bank of New York. Amounts available under the Federal Reserve discount window are dependent on the value of certain investment securities that are pledged as collateral. Our banking subsidiaries may also engage with external financial institutions and the FICC in repurchase agreements and resale agreements collateralized by investment securities as another source of short-term liquidity and to monetize certain balance sheet assets. CSC maintains standing bilateral repurchase agreements with external banks.

CSC's ratings for Commercial Paper Notes were P1 by Moody's, A2 by Standard & Poor's, and F1 by Fitch at September 30, 2026. CSC has a universal automatic shelf registration statement on file with the SEC, which enables it to issue debt, equity, and other securities.

CS&Co has a variety of external debt facilities available. CS&Co maintains unsecured uncommitted bank credit lines with a group of banks as a source of short-term liquidity, which can also be accessed by CSC. CS&Co also maintains secured uncommitted lines of credit, under which CS&Co may borrow on a short-term basis and pledge either client margin securities or firm securities as collateral, based on the terms of the agreements. At the end of the first quarter of 2026, CS&Co's Board of Directors authorized the issuance of unsecured Commercial Paper Notes in an aggregate amount of up to $10.0 billion. CS&Co commenced issuances under the program in the second quarter and $7.5 billion was outstanding as of September 30, 2026. CS&Co's ratings for Commercial Paper Notes were P1 by Moody's and A1 by Standard & Poor's at September 30, 2026. CS&Co also engages with external financial institutions in repurchase agreements collateralized by client margin securities as a source of liquidity. Additionally, CS&Co is able to lend eligible securities held in client brokerage accounts in exchange for cash collateral as a source of short-term liquidity. As of September 30, 2026, liabilities for securities loaned totaled $37.6 billion and are included in payables to brokers, dealers, and clearing organizations on the condensed consolidated balance sheet. As of September 30, 2026, $28.9 billion of securities loaned had overnight and continuous remaining contractual maturities; $8.7 billion of securities loaned had contractual maturities of 35-95 days and had a weighted-average interest rate of 4.24%. See Item 1 – Note 13 for additional information on securities lending activities.

CSB issues brokered CDs as a source of funding. As of September 30, 2026, there were $3.8 billion brokered CDs issued by CSB outstanding, maturing in October 2026 with a weighted-average interest rate of 3.95%.

Cash Flow Activity

The Company's cash and cash equivalents, including amounts restricted, decreased $1.1 billion from year-end 2025 to $68.5 billion at September 30, 2026, as net cash outflows for investing and financing activities were largely offset by net cash inflows from operating activities during the first nine months of 2026. Net operating cash inflows were $13.3 billion, driven primarily by investments segregated and on deposit for regulatory purposes, net income and the net impact of changes in brokerage client-related balances and receivables from and payables to brokers, dealers, and clearing organizations, reflecting growth in securities borrowed and loaned activity. Net investing cash outflows were $5.3 billion, due primarily to outflows of $14.4 billion from strong growth in bank loans, partially offset by net inflows of $10.8 billion from our AFS and HTM securities. Net financing outflows were $9.1 billion, primarily driven by a net decrease of $11.6 billion in bank deposits, outflows of $5.8 billion for common stock repurchases and dividends paid, partially offset by net proceeds of $7.1 billion from other short-term borrowings and $1.7 billion from long-term debt.

Liquidity Coverage Ratio

Schwab is subject to the full LCR rule, which requires the Company to hold high quality liquid assets (HQLA) in an amount equal to at least 100% of the Company's projected net cash outflows over a prospective 30-calendar-day period of acute liquidity stress, calculated on each business day. See Part I – Item 1 – Business – Regulation in the 2025 Form 10-K for additional information. The Company was in compliance with the LCR rule at September 30, 2026, and the table below presents information about our average daily LCR:

	Average for the Three Months Ended	
	September 30, 2026	June 30, 2026
Total eligible HQLA	$ 54,384	$ 51,927
Net cash outflows	43,629	38,534
LCR	125%	135%

To support growth in margin loan balances at our broker-dealer subsidiary while meeting our LCR requirements, the Company may utilize wholesale funding sources, such as issuing commercial paper, drawing on secured lines of credit, borrowing under repurchase agreements, or engaging in securities lending, in addition to capital markets issuances. In managing compliance with our LCR requirements, the broker-dealer subsidiary may also retain client cash balances rather than sweeping such balances to our banking subsidiaries.

Net Stable Funding Ratio

Schwab is subject to disclosure requirements under the NSFR rule, which requires the semi-annual public disclosure of its NSFR levels. The NSFR rule stipulates that the Company's available stable funding (ASF) must be at least 100% of the Company's required stable funding (RSF). ASF is calculated by assessing the stability of the Company's funding sources and RSF is calculated by evaluating the characteristics of the Company's assets, derivatives, and off-balance-sheet exposures. For the three months ended September 30, 2026 and June 30, 2026, Schwab was in compliance with the 100% minimum requirement of the rule.

Long-Term Borrowings

The Company's long-term debt is primarily comprised of Senior Notes and totaled $23.8 billion and $22.2 billion at September 30, 2026 and December 31, 2025, respectively.

The following table provides information about our Senior Notes outstanding at September 30, 2026:

September 30, 2026	Par Outstanding	Maturity	Weighted-Average Interest Rate [1]	Moody's	Standard & Poor's	Fitch
CSC Senior Notes	$ 23,869	2027 - 2037	4.23%	A2	A-	A
Ameritrade Holding LLC Senior Notes	81	2027 - 2029	3.13%	A2	A-	—

[1] Weighted-average interest rates presented here exclude the impact of derivatives. See Item 1 – Note 12 for information on the Company's hedging of Senior Notes.

New Debt Issuances

The long-term debt issuances below in 2026 were senior unsecured obligations issued by CSC. Additional details are as follows:

Issuance Date	Issuance Amount	Maturity Date	Interest Rate	Interest Payable
May 21, 2026	$ 1,000	05/21/2030	4.744% [1]	Semi-annually
May 21, 2026	$ 1,250	05/21/2037	5.493% [1]	Semi-annually
June 29, 2026	$ 1,000	07/27/2029	4.603% [1]	Semi-annually
August 12, 2026	$ 1,250	08/12/2032	5.108% [1]	Semi-annually
August 12, 2026	$ 1,350	08/12/2037	5.655% [1]	Semi-annually

[1] Interest rates presented are those in effect at September 30, 2026. For additional information regarding future interest rates on fixed-to-floating rate Senior Notes, see Item 1 – Note 10.

Equity Issuances and Redemptions

CSC's preferred stock issued and net proceeds for the first nine months of 2026 are as follows:

	Date Issued and Sold	Net Proceeds
Series L	April 22, 2026	$ 1,480

On June 1, 2026, the Company redeemed all of its Series I preferred stock and corresponding depositary shares. For further discussion see Item 1 – Note 15 for equity outstanding balances, issuances, and redemptions.

Additional information regarding our sources and uses of liquidity and management of liquidity risk is included in Part II – Item 7 – Risk Management – Liquidity Risk in our 2025 Form 10-K. See also Item 1 – Condensed Consolidated Statements of Cash Flows, Item 1 – Note 9 for the Company's bank deposits, Item 1 – Note 10 for the Company's debt and borrowing facilities, Item 1 – Note 13 for the Company's securities lending and collateralized financing activities, and Item 1 – Note 15 for the Company's equity outstanding balances and activity.

Schwab also enters into guarantees and other similar arrangements in the ordinary course of business. For information on these arrangements, see Item 1 – Notes 7, 8, 10, 11, and 13. Pursuant to the 2023 IDA agreement, certain brokerage accounts are required to be swept off-balance sheet to the TD Depository Institutions. See Item 1 – Note 11 for additional information.

CAPITAL MANAGEMENT

Schwab seeks to manage capital to a level and composition sufficient to support execution of our business strategy, inclusive of balance sheet growth, financial support to our subsidiaries, sustained access to the capital markets, and regulatory capital requirements. Schwab also seeks to return excess capital to stockholders. We may return excess capital through dividends, repurchases of common shares, preferred stock redemptions, and repurchases of our preferred stock represented by depositary shares. Schwab's primary sources of capital are funds generated by the operations of subsidiaries and securities issuances by CSC in the capital markets. To ensure that Schwab has sufficient capital to absorb unanticipated losses, balance sheet growth, or declines in asset values, we have adopted a policy to remain well capitalized even in stressed scenarios.

Regulatory Capital Requirements

CSC and certain subsidiaries, including our banking and broker-dealer subsidiaries, are subject to various capital requirements set by regulatory agencies as discussed in further detail in Part II – Item 7 – Capital Management of the 2025 Form 10-K and in Item 1 – Note 18. As of September 30, 2026, CSC and our banking subsidiaries are considered well capitalized, and CS&Co is in compliance with its net capital requirements.

As a supplemental measure of capital, the Company utilizes an adjusted Tier 1 Leverage Ratio, which is a non-GAAP financial measure that includes AOCI in the ratio. The primary component of AOCI for Schwab is unrealized gains and losses on our AFS investment securities portfolio and on securities transferred from AFS to the HTM category. The Company maintains a long-term operating objective for its consolidated adjusted Tier 1 Leverage Ratio of 6.75% - 7.00% (see Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results).

The following table details the capital ratios for CSC (consolidated) and CSB:

	September 30, 2026		December 31, 2025	
	CSC	CSB	CSC	CSB
Total stockholders' equity	$ 51,446	$ 17,516	$ 49,425	$ 18,658
Less:				
Preferred stock	6,213	—	6,763	—
Common Equity Tier 1 Capital before regulatory adjustments	$ 45,233	$ 17,516	$ 42,662	$ 18,658
Less:				
Goodwill, net of associated deferred tax liabilities	$ 12,024	$ 13	$ 11,711	$ 13
Other intangible assets, net of associated deferred tax liabilities	5,717	—	5,811	—
Deferred tax assets, net of valuation allowances and deferred tax liabilities	98	43	38	43
AOCI adjustment [(1)]	(11,200)	(9,465)	(10,979)	(9,524)
Common Equity Tier 1 Capital	$ 38,594	$ 26,925	$ 36,081	$ 28,126
Tier 1 Capital	$ 44,782	$ 26,925	$ 42,844	$ 28,126
Total Capital	44,828	26,965	42,894	28,163
Risk-Weighted Assets	157,777	92,774	118,782	78,281
Average Assets with regulatory adjustments	501,735	255,095	462,473	252,828
Total Leverage Exposure	508,054	257,813	465,794	254,975
Common Equity Tier 1 Capital/Risk-Weighted Assets	24.5%	29.0%	30.4%	35.9%
Tier 1 Capital/Risk-Weighted Assets	28.4%	29.0%	36.1%	35.9%
Total Capital/Risk-Weighted Assets	28.4%	29.1%	36.1%	36.0%
Tier 1 Leverage Ratio	8.9%	10.6%	9.3%	11.1%
Supplementary Leverage Ratio	8.8%	10.4%	9.2%	11.0%

[(1)] Changes in market interest rates can result in unrealized gains or losses on AFS securities, which are included in AOCI. As a Category III banking organization, CSC has elected to exclude most components of AOCI from regulatory capital.

The Company's consolidated Tier 1 Leverage Ratio was 8.9% at September 30, 2026, down from 9.3% at year-end 2025. This decrease reflects returns of excess capital and higher total Company assets, partially offset by growth from net income. CSB's Tier 1 Leverage Ratio decreased from 11.1% at year-end 2025, ending the third quarter of 2026 at 10.6%, primarily as a result of dividends paid to CSC, partially offset by growth from net income.

As of September 30, 2026, our adjusted Tier 1 Leverage Ratio (see Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results) was 7.0% for CSC (consolidated), decreasing slightly from 7.1% as of year-end 2025 as a result of returns of excess capital and higher total Company assets, largely offset by growth from net income. CSB's adjusted Tier 1 Leverage Ratio (see Non-GAAP Financial Measures) was 7.3%, down from 7.6% as of year-end 2025 due to dividends paid to CSC, partially offset by growth from net income.

Dividends

On January 29, 2026, the Board of Directors of the Company declared a five cent, or 19%, increase in the quarterly cash dividend to $.32 per common share.

Cash dividends paid and per share amounts for the first nine months of 2026 and 2025 are as follows:

Nine Months Ended September 30,	2026		2025	
	Cash Paid	Per Share Amount	Cash Paid	Per Share Amount
Common Stock	$ 1,678	$ .96	$ 1,477	$ .81
Preferred Stock:				
Series D [1]	33	44.64	33	44.64
Series F [2]	12	2,500.00	12	2,500.00
Series G [3]	—	—	66	2,687.50
Series H [1]	67	3,000.00	67	3,000.00
Series I [4]	41	2,000.00	62	3,000.00
Series J [1]	20	33.39	20	33.39
Series K [1]	28	3,750.00	28	3,750.00
Series L [5]	33	2,185.83	N/A	N/A

[1] Dividends are paid quarterly.
[2] Dividends are paid semi-annually until December 1, 2027 and quarterly thereafter.
[3] Series G was redeemed on June 2, 2025. Prior to redemption, dividends were paid quarterly. The final dividend was paid on June 2, 2025.
[4] Series I was redeemed on June 1, 2026. Prior to redemption, dividends were paid quarterly. The final dividend was paid on June 1, 2026.
[5] Series L was issued on April 22, 2026. Dividends are paid quarterly. The first dividend was paid on September 1, 2026.
N/A Not applicable.

Share Repurchases

During the three and nine months ended September 30, 2026, CSC repurchased 4.7 million and 40.2 million shares, respectively, of its common stock under its $20.0 billion share repurchase authorization for $500 million and $3.9 billion, respectively. During the three and nine months ended September 30, 2025, CSC repurchased 28.9 million shares of its common stock under its $20.0 billion share repurchase authorization for $2.7 billion. As of September 30, 2026, approximately $10.6 billion remained on the $20.0 billion authorization.

On February 12, 2025, TD Group US Holdings LLC, an affiliate of TD Bank, completed a secondary public offering of the Company's common shares through which TD Group US Holdings LLC sold 133.8 million shares of the Company's common stock and 31.7 million shares of the Company's nonvoting common stock, which automatically converted into common stock, for an aggregate amount of $13.1 billion. The Company did not receive any of the proceeds from the sale of shares.

Concurrent with the completion of the secondary offering, and pursuant to a repurchase agreement dated February 9, 2025, the Company repurchased directly from TD Group US Holdings LLC its remaining 19.2 million shares of nonvoting common stock at a price of $77.982 per share for an aggregate repurchase amount of $1.5 billion, which settled on February 12, 2025. The shares of nonvoting common stock automatically converted into common stock upon repurchase and transferred to treasury stock, reducing the number of shares outstanding. These shares were purchased under CSC's previous $15.0 billion share repurchase authorization.

Through the completion of the secondary offering and the Company's repurchase of nonvoting common stock, TD Bank disposed of all of its common shares of CSC and the Company has no remaining nonvoting common stock outstanding.

CSC repurchased an additional 3.9 million shares of its common stock for $351 million during the three months ended June 30, 2025 under its previous $15.0 billion authorization.

Common stock repurchases, net of issuances, are subject to a nondeductible 1% excise tax which is recognized as a direct and incremental cost associated with these transactions. The tax is recorded as part of the cost basis of the treasury stock repurchased, resulting in no impact to the condensed consolidated statements of income.

See Item 1 – Note 15 for additional information.

OTHER

Foreign Exposure

At September 30, 2026, Schwab had exposure to non-sovereign financial and non-financial institutions in foreign countries. At September 30, 2026, the fair value of these holdings totaled $10.9 billion, with the top three exposures being to issuers and counterparties domiciled in France at $4.8 billion, the United Kingdom at $4.1 billion, and Canada at $812 million. At December 31, 2025, the fair value of these holdings totaled $10.5 billion, with the top three exposures being to issuers and counterparties domiciled in France at $7.4 billion, the United Kingdom at $1.9 billion, and Japan at $600 million. In addition, Schwab had outstanding margin loans to foreign residents of $6.8 billion and $4.8 billion at September 30, 2026 and December 31, 2025, respectively.

CRITICAL ACCOUNTING ESTIMATES

Certain of our accounting policies that involve a higher degree of judgment and complexity are discussed in Part II – Item 7 – Critical Accounting Estimates in the 2025 Form 10-K. There have been no changes to critical accounting estimates during the first nine months of 2026.

NON-GAAP FINANCIAL MEASURES

In addition to disclosing financial results in accordance with generally accepted accounting principles in the U.S. (GAAP), Management's Discussion and Analysis of Financial Condition and Results of Operations contain references to the non-GAAP financial measures described below. We believe these non-GAAP financial measures provide useful supplemental information about the financial performance of the Company, and facilitate meaningful comparison of Schwab's results in the current period to both historic and future results. These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may not be comparable to non-GAAP financial measures presented by other companies.

Schwab's use of non-GAAP measures is reflective of certain adjustments made to GAAP financial measures as described below.

Non-GAAP Adjustment or Measure	Definition	Usefulness to Investors and Uses by Management
Acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs	Schwab adjusts certain GAAP financial measures to exclude the impact of acquisition and integration-related costs incurred as a result of the Company's acquisitions, amortization of acquired intangible assets, restructuring costs, and, where applicable, the income tax effect of these expenses. Adjustments made to exclude amortization of acquired intangible assets are reflective of all acquired intangible assets, which were recorded as part of purchase accounting. These acquired intangible assets contribute to the Company's revenue generation. Amortization of acquired intangible assets will continue in future periods over their remaining useful lives.	We exclude acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs for the purpose of calculating certain non-GAAP measures because we believe doing so provides additional transparency of Schwab's ongoing operations, and is useful in both evaluating the operating performance of the business and facilitating comparison of results with prior and future periods. Costs related to acquisition and integration or restructuring fluctuate based on the timing of acquisitions, integration and restructuring activities, thereby limiting comparability of results among periods, and are not representative of the costs of running the Company's ongoing business. Amortization of acquired intangible assets is excluded because management does not believe it is indicative of the Company's underlying operating performance.
Return on tangible common equity	Return on tangible common equity represents annualized adjusted net income available to common stockholders as a percentage of average tangible common equity. Tangible common equity represents common equity less goodwill, acquired intangible assets — net, and related deferred tax liabilities.	Acquisitions typically result in the recognition of significant amounts of goodwill and acquired intangible assets. We believe return on tangible common equity may be useful to investors as a supplemental measure to facilitate assessing capital efficiency and returns relative to the composition of Schwab's balance sheet.
Adjusted Tier 1 Leverage Ratio	Adjusted Tier 1 Leverage Ratio represents the Tier 1 Leverage Ratio as prescribed by bank regulatory guidance for the consolidated company and for CSB, adjusted to reflect the inclusion of AOCI in the ratio.	Inclusion of the impacts of AOCI in the Company's Tier 1 Leverage Ratio provides additional information regarding the Company's current capital position. We believe Adjusted Tier 1 Leverage Ratio may be useful to investors as a supplemental measure of the Company's capital levels.

The Company also uses adjusted diluted EPS and return on tangible common equity as components of performance criteria for employee bonus and certain executive management incentive compensation arrangements. The Compensation Committee of CSC's Board of Directors maintains discretion in evaluating performance against these criteria. Additionally, the Company uses adjusted Tier 1 Leverage Ratio in managing capital, including its use of the measure as its long-term operating objective.

The following tables present reconciliations of GAAP measures to non-GAAP measures:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Total expenses excluding interest (GAAP)	$ 3,394	$ 3,114	$ 10,091	$ 9,306
Amortization of acquired intangible assets	(141)	(127)	(415)	(385)
Acquisition and integration-related costs [1]	(10)	—	(49)	—
Adjusted total expenses (non-GAAP)	$ 3,243	$ 2,987	$ 9,627	$ 8,921

[1] Acquisition and integration-related costs for the three months ended September 30, 2026 primarily consist of compensation and benefits. Acquisition and integration-related costs for the nine months ended September 30, 2026 primarily consist of $34 million of compensation and benefits and $14 million of professional services. There were no acquisition and integration-related costs for the three and nine months ended September 30, 2025.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS
Net income available to common stockholders (GAAP), Earnings per common share — diluted (GAAP)	$ 2,811	$ 1.62	$ 2,277	$ 1.26	$ 7,889	$ 4.53	$ 6,050	$ 3.33
Amortization of acquired intangible assets	141	.08	127	.07	415	.24	385	.21
Acquisition and integration-related costs	10	.01	—	—	49	.03	—	—
Income tax effects [1]	(36)	(.02)	(29)	(.02)	(110)	(.07)	(92)	(.05)
Adjusted net income available to common stockholders (non-GAAP), Adjusted diluted EPS (non-GAAP)	$ 2,926	$ 1.69	$ 2,375	$ 1.31	$ 8,243	$ 4.73	$ 6,343	$ 3.49

[1] The income tax effects of the non-GAAP adjustments are determined using an effective tax rate reflecting the exclusion of non-deductible acquisition costs and are used to present the acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs on an after-tax basis.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Return on average common stockholders' equity — annualized (GAAP)	25%	21%	24%	20%
Average common stockholders' equity	$ 44,584	$ 42,655	$ 43,948	$ 40,903
Less: Average goodwill	(12,290)	(11,951)	(12,121)	(11,951)
Less: Average acquired intangible assets — net	(7,212)	(7,423)	(7,187)	(7,552)
Plus: Average deferred tax liabilities related to goodwill and acquired intangible assets — net	1,753	1,695	1,704	1,695
Average tangible common equity	$ 26,835	$ 24,976	$ 26,344	$ 23,095
Adjusted net income available to common stockholders [1]	$ 2,926	$ 2,375	$ 8,243	$ 6,343
Return on tangible common equity — annualized (non-GAAP)	44%	38%	42%	37%

[1] See table above for the reconciliation of net income available to common stockholders to adjusted net income available to common stockholders (non-GAAP).

	September 30, 2026		December 31, 2025		September 30, 2025	
	CSC	CSB	CSC	CSB	CSC	CSB
Tier 1 Leverage Ratio (GAAP)	8.9%	10.6%	9.3%	11.1%	9.7%	12.4%
Tier 1 Capital	$ 44,782	$ 26,925	$ 42,844	$ 28,126	$ 43,491	$ 31,514
Plus: AOCI adjustment	(10,389)	(9,043)	(11,017)	(9,562)	(11,826)	(10,272)
Adjusted Tier 1 Capital	34,393	17,882	31,827	18,564	31,665	21,242
Average assets with regulatory adjustments	501,735	255,095	462,473	252,828	447,094	253,874
Plus: AOCI adjustment	(9,894)	(8,746)	(11,333)	(9,875)	(12,176)	(10,613)
Adjusted average assets with regulatory adjustments	$ 491,841	$ 246,349	$ 451,140	$ 242,953	$ 434,918	$ 243,261
Adjusted Tier 1 Leverage Ratio (non-GAAP)	7.0%	7.3%	7.1%	7.6%	7.3%	8.7%

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For discussion of the quantitative and qualitative disclosures about market risk, see Risk Management in Item 2.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Income
(In Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net Revenues				
Interest revenue	$ 4,473	$ 3,956	$ 12,581	$ 11,500
Interest expense	(997)	(906)	(2,604)	(2,922)
Net interest revenue	3,476	3,050	9,977	8,578
Asset management and administration fees	1,913	1,673	5,497	4,773
Trading revenue	1,158	995	3,462	2,855
Bank deposit account fees	345	247	973	739
Other	279	170	816	640
Total net revenues	7,171	6,135	20,725	17,585
Expenses Excluding Interest				
Compensation and benefits	1,756	1,653	5,358	4,861
Professional services	325	293	935	853
Occupancy and equipment	316	280	902	824
Advertising and market development	114	101	326	305
Communications	172	149	533	478
Depreciation and amortization	196	212	595	644
Amortization of acquired intangible assets	141	127	415	385
Regulatory fees and assessments	73	59	211	225
Other	301	240	816	731
Total expenses excluding interest	3,394	3,114	10,091	9,306
Income before taxes on income	3,777	3,021	10,634	8,279
Taxes on income	871	663	2,449	1,886
Net Income	2,906	2,358	8,185	6,393
Preferred stock dividends and other	95	81	296	343
Net Income Available to Common Stockholders	$ 2,811	$ 2,277	$ 7,889	$ 6,050
Weighted-Average Common Shares Outstanding:				
Basic	1,728	1,806	1,736	1,815
Diluted	1,733	1,811	1,741	1,820
Earnings Per Common Shares Outstanding [(1)]:				
Basic	$ 1.63	$ 1.26	$ 4.54	$ 3.33
Diluted	$ 1.62	$ 1.26	$ 4.53	$ 3.33

[(1)] For additional information on earnings per common shares outstanding for both voting and nonvoting common stock, see Notes 15 and 17.

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(In Millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 2,906	$ 2,358	$ 8,185	$ 6,393
Other comprehensive income (loss), before tax:				
Change in net unrealized gain (loss) on available for sale securities:				
Net unrealized gain (loss)	(722)	592	(724)	2,270
Other reclassifications included in other revenue	—	10	25	50
Change in net unrealized gain (loss) on held to maturity securities:				
Amortization of amounts previously recorded upon transfer to held to maturity from available for sale	506	545	1,516	1,644
Change in net unrealized gain (loss) on derivatives designated as cash flow hedging instruments:				
Net unrealized gain (loss)	(639)	11	(1,179)	(4)
Reclassifications included in interest revenue	24	28	64	45
Other	—	(1)	(2)	5
Other comprehensive income (loss), before tax	(831)	1,185	(300)	4,010
Income tax effect	200	(392)	77	(960)
Other comprehensive income (loss), net of tax	(631)	793	(223)	3,050
Comprehensive Income (Loss)	$ 2,275	$ 3,151	$ 7,962	$ 9,443

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Balance Sheets
(In Millions, Except Per Share and Share Amounts)
(Unaudited)

	September 30, 2026	December 31, 2025
Assets		
Cash and cash equivalents (including resale agreements of $3,400 at September 30, 2026)	$ 36,657	$ 46,030
Cash and investments segregated and on deposit for regulatory purposes (including resale agreements of $12,226 and $16,901 at September 30, 2026 and December 31, 2025, respectively)	31,768	42,931
Receivables from brokers, dealers, and clearing organizations	27,229	7,190
Receivables from brokerage clients — net	128,143	104,660
Available for sale securities (amortized cost of $63,531 and $66,225 at September 30, 2026 and December 31, 2025, respectively; including assets pledged of $4,165 and $281, respectively)	58,964	62,357
Held to maturity securities (including assets pledged of $1,270 at December 31, 2025)	126,572	133,969
Bank loans — net	72,292	57,955
Equipment, office facilities, and property — net	3,782	3,091
Goodwill	12,290	11,951
Acquired intangible assets — net	7,141	7,233
Other assets	15,836	13,628
Total assets	$ 520,674	$ 490,995
Liabilities and Stockholders' Equity		
Bank deposits	$ 244,108	$ 255,747
Payables to brokers, dealers, and clearing organizations	46,452	25,689
Payables to brokerage clients	125,240	116,341
Accrued expenses and other liabilities	13,407	12,831
Other short-term borrowings	14,213	6,913
Federal Home Loan Bank borrowings	2,000	1,850
Long-term debt	23,808	22,199
Total liabilities	469,228	441,570
Stockholders' equity:		
Preferred stock — $.01 par value per share; aggregate liquidation preference of $6,315 and $6,871 at September 30, 2026 and December 31, 2025, respectively	6,213	6,763
Common stock — 3 billion shares authorized; $.01 par value per share; 2,074,188,875 issued at September 30, 2026 and December 31, 2025	21	21
Nonvoting common stock — 300 million shares authorized; $.01 par value per share; no shares issued at September 30, 2026 and December 31, 2025	—	—
Additional paid-in capital	28,303	27,996
Retained earnings	50,312	44,065
Treasury stock, at cost — 348,720,630 and 315,863,800 shares at September 30, 2026 and December 31, 2025, respectively	(22,197)	(18,437)
Accumulated other comprehensive loss	(11,206)	(10,983)
Total stockholders' equity	51,446	49,425
Total liabilities and stockholders' equity	$ 520,674	$ 490,995

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Stockholders' Equity
(In Millions)
(Unaudited)

	Preferred Stock	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock, at cost	Accumulated Other Comprehensive Income (Loss)	Total
Balance at June 30, 2025	$ 6,763	2,074	$ 21	$ 27,813	$ 40,374	$ (12,929)	$ (12,591)	$ 49,451
Net income	—	—	—	—	2,358	—	—	2,358
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	793	793
Dividends declared on preferred stock	—	—	—	—	(70)	—	—	(70)
Dividends declared on common stock — $.27 per share	—	—	—	—	(492)	—	—	(492)
Repurchase of common stock, inclusive of tax	—	—	—	—	—	(2,777)	—	(2,777)
Stock option exercises and other	—	—	—	13	—	19	—	32
Share-based compensation	—	—	—	56	—	—	—	56
Other	—	—	—	28	—	5	—	33
Balance at September 30, 2025	$ 6,763	2,074	$ 21	$ 27,910	$ 42,170	$ (15,682)	$ (11,798)	$ 49,384
Balance at June 30, 2026	$ 6,213	2,074	$ 21	$ 28,179	$ 48,044	$ (21,735)	$ (10,575)	$ 50,147
Net income	—	—	—	—	2,906	—	—	2,906
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(631)	(631)
Dividends declared on preferred stock	—	—	—	—	(83)	—	—	(83)
Dividends declared on common stock — $.32 per share	—	—	—	—	(555)	—	—	(555)
Repurchase of common stock, inclusive of tax	—	—	—	—	—	(504)	—	(504)
Stock option exercises and other	—	—	—	29	—	39	—	68
Share-based compensation	—	—	—	59	—	—	—	59
Other	—	—	—	36	—	3	—	39
Balance at September 30, 2026	$ 6,213	2,074	$ 21	$ 28,303	$ 50,312	$ (22,197)	$ (11,206)	$ 51,446

	Preferred Stock	Common Stock Shares	Common Stock Amount	Nonvoting Common Stock Shares	Nonvoting Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock, at cost	Accumulated Other Comprehensive Income (Loss)	Total
Balance at December 31, 2024	$ 9,191	2,023	$ 20	51	$ 1	$ 27,639	$ 37,568	$ (11,196)	$ (14,848)	$ 48,375
Net income	—	—	—	—	—	—	6,393	—	—	6,393
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	3,050	3,050
Redemption of preferred stock	(2,428)	—	—	—	—	—	(30)	—	—	(2,458)
Dividends declared on preferred stock	—	—	—	—	—	—	(288)	—	—	(288)
Dividends declared on common stock — $.81 per share	—	—	—	—	—	—	(1,477)	—	—	(1,477)
Repurchase of common stock, inclusive of tax	—	—	—	—	—	—	—	(3,130)	—	(3,130)
Repurchase of nonvoting common stock, inclusive of tax	—	19	—	(19)	—	—	—	(1,512)	—	(1,512)
Conversion of nonvoting common stock to common stock	—	32	1	(32)	(1)	—	—	—	—	—
Stock option exercises and other	—	—	—	—	—	(76)	—	217	—	141
Share-based compensation	—	—	—	—	—	237	—	—	—	237
Other	—	—	—	—	—	110	4	(61)	—	53
Balance at September 30, 2025	$ 6,763	2,074	$ 21	—	$ —	$ 27,910	$ 42,170	$ (15,682)	$ (11,798)	$ 49,384
Balance at December 31, 2025	$ 6,763	2,074	$ 21	—	$ —	$ 27,996	$ 44,065	$ (18,437)	$ (10,983)	$ 49,425
Net income	—	—	—	—	—	—	8,185	—	—	8,185
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	(223)	(223)
Issuance of preferred stock, net	1,480	—	—	—	—	—	—	—	—	1,480
Redemption of preferred stock	(2,030)	—	—	—	—	—	(25)	—	—	(2,055)
Dividends declared on preferred stock	—	—	—	—	—	—	(235)	—	—	(235)
Dividends declared on common stock — $.96 per share	—	—	—	—	—	—	(1,678)	—	—	(1,678)
Repurchase of common stock, inclusive of tax	—	—	—	—	—	—	—	(3,911)	—	(3,911)
Stock option exercises and other	—	—	—	—	—	(103)	—	229	—	126
Share-based compensation	—	—	—	—	—	270	—	—	—	270
Other	—	—	—	—	—	140	—	(78)	—	62
Balance at September 30, 2026	$ 6,213	2,074	$ 21	—	$ —	$ 28,303	$ 50,312	$ (22,197)	$ (11,206)	$ 51,446

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Cash Flows
(in Millions)
(Unaudited)

	Nine Months Ended September 30,	
	2026	2025
Cash Flows from Operating Activities		
Net income	$ 8,185	$ 6,393
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Share-based compensation	295	259
Depreciation and amortization	595	644
Amortization of acquired intangible assets	415	385
Provision (benefit) for deferred income taxes	(30)	397
Premium amortization, net, on available for sale and held to maturity securities	450	524
Other	628	525
Net change in:		
Investments segregated and on deposit for regulatory purposes	19,402	(8,671)
Receivables from brokers, dealers, and clearing organizations	(20,013)	(2,288)
Receivables from brokerage clients	(23,544)	(8,509)
Other assets	(2,792)	(1,038)
Payables to brokers, dealers, and clearing organizations	20,763	9,071
Payables to brokerage clients	8,899	13,838
Accrued expenses and other liabilities	3	(1,456)
Net cash provided by (used for) operating activities	13,256	10,074
Cash Flows from Investing Activities		
Purchases of available for sale securities	(11,461)	(2,746)
Proceeds from sales of available for sale securities	6,091	5,411
Principal payments on available for sale securities	7,586	20,405
Purchases of held to maturity securities	(2,336)	(676)
Principal payments on held to maturity securities	10,921	11,707
Net change in bank loans	(14,369)	(8,426)
Cash paid for acquisition, net of cash acquired	(577)	—
Purchases of equipment, office facilities, and property	(639)	(390)
Purchases of FHLB stock	(103)	(589)
Proceeds from sales of FHLB stock	103	1,262
Purchases of Federal Reserve stock	(5)	(9)
Proceeds from sales of Federal Reserve stock	30	8
Other investing activities	(537)	(268)
Net cash provided by (used for) investing activities	(5,296)	25,689
Cash Flows from Financing Activities		
Net change in bank deposits	(11,639)	(20,064)
Proceeds from FHLB borrowings	2,500	16,760
Repayments of FHLB borrowings	(2,350)	(32,610)
Proceeds from other short-term borrowings	67,901	27,528
Repayments of other short-term borrowings	(60,797)	(27,023)
Issuances of long-term debt	5,813	—
Repayments of long-term debt	(4,121)	(2,243)
Repurchases of common stock and nonvoting common stock	(3,877)	(4,581)
Net proceeds from preferred stock offerings	1,480	—
Redemption of preferred stock	(2,055)	(2,458)
Dividends paid	(1,912)	(1,765)
Proceeds from stock options exercised	126	141
Other financing activities	(163)	(97)
Net cash provided by (used for) financing activities	(9,094)	(46,412)
Increase (Decrease) in Cash and Cash Equivalents, including Amounts Restricted	(1,134)	(10,649)
Cash and Cash Equivalents, including Amounts Restricted at Beginning of Year	69,661	65,514
Cash and Cash Equivalents, including Amounts Restricted at End of Period	$ 68,527	$ 54,865

Continued on following page.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Cash Flows
(in Millions)
(Unaudited)

Continued from previous page.

	Nine Months Ended September 30,	
	2026	2025
Supplemental Cash Flow Information		
Non-cash investing activity:		
Changes in accrued equipment, office facilities, and property purchases	$ 645	$ 54
Non-cash financing activity:		
Common stock repurchased during the period but settled after period end	$ —	$ 20
Other Supplemental Cash Flow Information:		
Cash paid during the year for:		
Interest	$ 3,139	$ 3,572
Income taxes, net	$ 2,547	$ 955
Amounts included in the measurement of lease liabilities	$ 184	$ 186
Leased assets obtained in exchange for new operating lease liabilities	$ 139	$ 239

	September 30, 2026	September 30, 2025
Reconciliation of cash, cash equivalents and amounts reported within the balance sheet [1]		
Cash and cash equivalents	$ 36,657	$ 30,572
Restricted cash and cash equivalents amounts included in cash and investments segregated and on deposit for regulatory purposes	31,870	24,293
Total cash and cash equivalents, including amounts restricted shown in the statement of cash flows	$ 68,527	$ 54,865

[1] For more information on the nature of restrictions on restricted cash and cash equivalents, see Note 18.

See Notes to Condensed Consolidated Financial Statements.

1. Introduction and Basis of Presentation

The Charles Schwab Corporation (CSC) is a savings and loan holding company. CSC engages, through its subsidiaries (collectively referred to as Schwab or the Company), in wealth management, securities brokerage, banking, asset management, custody, and financial advisory services.

Principal business subsidiaries of CSC include the following:

- Charles Schwab & Co., Inc. (CS&Co), incorporated in 1971, a securities broker-dealer;
- Charles Schwab Bank, SSB (CSB), our principal banking entity; and
- Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for Schwab's proprietary mutual funds (Schwab Funds®) and for Schwab's exchange-traded funds (Schwab ETFs).

Unless otherwise indicated, the terms "Schwab," "the Company," "we," "us," or "our" mean CSC together with its consolidated subsidiaries.

These unaudited condensed consolidated financial statements have been prepared in conformity with GAAP, which require management to make certain estimates and assumptions that affect the reported amounts in the accompanying financial statements and in the related disclosures. These estimates are based on information available as of the date of the condensed consolidated financial statements. While management makes its best judgment, actual amounts or results could differ from these estimates. In the opinion of management, all normal, recurring adjustments have been included for a fair statement of this interim financial information.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, included in Schwab's 2025 Form 10-K.

Significant accounting policies are included in Item 8 – Note 2 in the 2025 Form 10-K. There have been no significant changes to these accounting policies during the first nine months of 2026.

2. New Accounting Standards

Adoption of New Accounting Standards

The Company did not adopt any material new accounting standards during the nine months ended September 30, 2026.

New Accounting Standards Not Yet Adopted

Standard	Description	Required Date of Adoption	Effects on the Financial Statements or Other Significant Matters
Accounting Standards Update (ASU) 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"	Requires additional disclosures about certain expenses including, but not limited to, employee compensation, depreciation, amortization of intangible assets, and selling expenses. Also requires annual disclosure of how selling expenses are defined. Adoption allows retrospective or prospective application, with early adoption permitted.	January 1, 2027 (applies to the annual financial statements for 2027 and interim periods thereafter)	The Company is evaluating the impact of this guidance on its financial statement disclosures.
ASU 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software"	Removes references to prescriptive and sequential software development stages. Requires an entity to begin capitalizing software costs when both of the following occur: 1) management has authorized and committed to funding the software project, and 2) it is probable that the project will be completed and the software will be used to perform the function intended. Adoption allows retrospective, prospective, or modified transition application, with early adoption permitted.	January 1, 2028	The Company is evaluating the impact of this guidance on its financial statements.
ASU 2025-09, "Derivatives and Hedging (Topic 815): Hedge Accounting Improvements"	Clarifies certain aspects of the guidance on hedge accounting and addresses several incremental hedge accounting issues arising from the global reference rate reform. Adoption should be applied on a prospective basis for all hedging relationships and may be elected for hedging relationships that exist as of the date of adoption. Upon adoption, entities will be permitted to modify certain critical terms of certain hedging relationships without dedesignating the hedge.	January 1, 2027	The Company is evaluating the impact of this guidance on its financial statements.

3. Business Acquisition

On March 2, 2026, the Company completed its acquisition of Forge for $636 million of cash and other consideration. Forge provides eligible investors with direct and indirect access to shares of private companies through direct share purchase, single company funds, and multicompany funds. The Company anticipates that incorporating Forge's private company investment capabilities will enhance Schwab's ability to meet the evolving needs of investors across our growing client base.

The Company accounted for the Forge acquisition as a business combination under GAAP and accordingly, the purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as of the date of acquisition. The determination of fair values requires management to make significant estimates and assumptions. The Company believes that the information available provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed, and consideration transferred; however, due to the timing of and limited time since the close of the acquisition, these estimates are provisional and may be adjusted upon the availability of new information regarding facts and circumstances which existed at the acquisition date. Any adjustments to the initial estimates of the fair values of the acquired assets and liabilities assumed will be recorded as adjustments to the respective assets and liabilities, with the residual amounts allocated to goodwill, in subsequent periods as prescribed in Accounting Standards Codification (ASC) 805 *Business Combinations*. During the three months ended June 30, 2026, we made measurement period adjustments to the purchase price allocation resulting in additions of $10 million, $4 million, and $6 million to our initial estimates of the fair value of acquired intangible assets, other assets, and accrued expenses and other liabilities, respectively, and a reduction of $8 million to our initial estimate of the fair value of goodwill.

The following table summarizes provisional information including the consideration transferred, fair value estimates of the assets acquired and liabilities assumed, and resulting goodwill as of the March 2, 2026 acquisition date, adjusted for the measurement period adjustments described above:

Fair value of assets acquired:		
Cash and cash equivalents	$	39
Acquired intangible assets		320
Other assets		46
Total assets acquired		405
Fair value of liabilities assumed:		
Accrued expenses and other liabilities		92
Total liabilities assumed		92
Fair value of net identifiable assets acquired	$	313
Consideration transferred	$	636
Plus: Fair value of noncontrolling interest acquired [(1)]		16
Less: Fair value of net identifiable assets acquired		(313)
Goodwill	$	339

[(1)] Subsequent to the acquisition date, Schwab purchased the equity interest attributable to the noncontrolling party resulting in the subsidiary becoming 100%-owned by Schwab as of March 31, 2026.

The provisional identifiable intangible assets of $320 million are subject to amortization. The following table summarizes the major classes of intangible assets acquired and their respective estimated fair values and weighted-average useful lives:

	Method Used to Estimate Fair Value		Fair Value	Weighted-Average Useful Life (Years)
Client relationships	Income Approach	$	215	9
Existing technology	Replacement Cost Approach		82	3
Data and trade names	Income Approach		23	6
Total acquired intangible assets		$	320	

Goodwill recorded of $339 million, primarily attributable to the expanded product offerings and capabilities anticipated from the Forge acquisition, was assigned to the Investor Services segment and is not deductible for tax purposes.

The Company's condensed consolidated statements of income include total net revenues and net loss attributable to the Forge acquisition of $15 million and $13 million, respectively, for the three months ended September 30, 2026 and $69 million and $52 million, respectively, for the period March 2, 2026 through September 30, 2026.

Certain Forge equity awards, whether vested or unvested, were assumed by the Company upon acquisition. The awards are subject to the same terms and conditions that were applicable immediately before the acquisition, except for performance-based restricted stock units which were converted into restricted stock units without performance conditions. The portion of the fair value of the replacement awards related to services provided prior to the acquisition of $13 million was accounted for as consideration transferred. The remaining portion was associated with future services and had a fair value of $37 million on the acquisition date. As of September 30, 2026, there was $10 million of unrecognized compensation cost related to these awards.

4. Revenue Recognition

Disaggregation of Schwab's revenue by major source is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net interest revenue				
Cash and cash equivalents	$ 317	$ 264	$ 883	$ 897
Cash and investments segregated	289	494	1,060	1,412
Receivables from brokerage clients [1]	1,792	1,454	4,900	4,154
Available for sale securities	379	360	1,063	1,198
Held to maturity securities	553	587	1,690	1,811
Bank loans	775	557	2,095	1,568
Securities lending revenue	238	183	507	339
Other interest revenue [1,2]	130	57	383	121
Interest revenue	4,473	3,956	12,581	11,500
Bank deposits	(139)	(248)	(371)	(1,010)
Payables to brokers, dealers, and clearing organizations	(376)	(188)	(869)	(492)
Payables to brokerage clients [1]	(59)	(67)	(174)	(176)
Other short-term borrowings	(148)	(87)	(351)	(256)
Federal Home Loan Bank borrowings	(10)	(79)	(23)	(322)
Long-term debt	(272)	(207)	(701)	(625)
Other interest expense [1,2]	7	(30)	(115)	(41)
Interest expense	(997)	(906)	(2,604)	(2,922)
Net interest revenue	3,476	3,050	9,977	8,578
Asset management and administration fees				
Mutual funds, ETFs, CTFs, and alternatives [3]	1,051	961	3,062	2,737
Managed investing solutions	761	619	2,142	1,777
Other [3]	101	93	293	259
Asset management and administration fees	1,913	1,673	5,497	4,773
Trading revenue				
Commissions	463	453	1,480	1,315
Order flow revenue	638	490	1,822	1,399
Principal transactions	57	52	160	141
Trading revenue	1,158	995	3,462	2,855
Bank deposit account fees	345	247	973	739
Other	279	170	816	640
Total net revenues	$ 7,171	$ 6,135	$ 20,725	$ 17,585

[1] Beginning in the fourth quarter of 2025, interest revenue and expense from client margin loans and short credits related to client long/short strategies from which the Company earns a fixed net yield were moved from receivables from brokerage clients and payables to brokerage clients, respectively, to other interest revenue and other interest expense, respectively. Amounts for 2025 periods have been reclassified to reflect this change.

[2] Beginning in the second quarter of 2026, the net fixed yield earned on client long/short strategies is presented in other interest revenue; amounts for periods prior to the three months ended June 30, 2026 have not been recast as the impact of this change was not material.

[3] Beginning in the first quarter of 2026, alternative investments revenue was moved from other asset management and administration fees to mutual funds, ETFs, CTFs, and alternatives. Prior period amounts have been reclassified to reflect this change.

For a summary of revenue provided by our reportable segments, see Note 19. The recognition of revenue is not impacted by the operating segment in which revenue is generated.

Contract balances: Receivables from contracts with customers within the scope of ASC 606 *Revenue From Contracts With Customers* (ASC 606), are included in other assets on the condensed consolidated balance sheets, and totaled $912 million and $819 million at September 30, 2026 and December 31, 2025, respectively.

The Company had net contract assets of $176 million and $193 million at September 30, 2026 and December 31, 2025, respectively, related to the buy down of fixed-rate obligation amounts pursuant to the 2023 IDA agreement. These amounts are included in other assets on the condensed consolidated balance sheets and are amortized on a straight-line basis over the

remaining contractual term as a reduction to bank deposit account fee revenue. For additional discussion of the 2023 IDA agreement, see Note 11.

Unsatisfied performance obligations: We do not have any unsatisfied performance obligations other than those that are subject to an elective practical expedient under ASC 606. The practical expedient applies to and is elected for contracts where we recognize revenue at the amount to which we have the right to invoice for services performed.

5. Receivables from and Payables to Brokers, Dealers, and Clearing Organizations

Receivables from and payables to brokers, dealers, and clearing organizations are as follows:

	September 30, 2026	December 31, 2025
Receivables		
Securities borrowed	$ 24,097	$ 4,797
Receivables from clearing organizations	2,927	2,327
Receivables for securities failed to deliver	118	42
Other receivables from broker-dealers	87	24
Receivables from brokers, dealers, and clearing organizations	$ 27,229	$ 7,190
Payables		
Deposits for securities loaned	$ 37,562	$ 25,131
Broker-dealer repurchase agreements	7,700	50
Other payables to broker-dealers	629	302
Payables to clearing organizations	335	115
Payables for securities failed to receive	226	91
Payables to brokers, dealers, and clearing organizations	$ 46,452	$ 25,689

See Note 13 for additional information regarding securities lending and borrowing activities, and repurchase agreements.

6. Investment Securities

The amortized cost, gross unrealized gains and losses, and fair value of the Company's AFS and HTM investment securities are as follows:

September 30, 2026	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
U.S. agency mortgage-backed securities	$ 38,897	$ —	$ 3,870	$ 35,027
U.S. Treasury securities	12,186	3	150	12,039
Corporate debt securities [1]	4,938	—	332	4,606
Asset-backed securities [2]	6,944	1	175	6,770
U.S. state and municipal securities	438	—	44	394
Non-agency commercial mortgage-backed securities	120	—	9	111
Other	21	—	4	17
Unallocated portfolio layer method (PLM) fair value basis adjustments [3]	(13)	—	(13)	—
Total available for sale securities [4]	$ 63,531	$ 4	$ 4,571	$ 58,964
Held to maturity securities				
U.S. agency mortgage-backed securities	$ 124,556	$ 2	$ 13,319	$ 111,239
U.S. Treasury securities	2,016	—	91	1,925
Total held to maturity securities	$ 126,572	$ 2	$ 13,410	$ 113,164

December 31, 2025				
Available for sale securities				
U.S. agency mortgage-backed securities	$ 44,585	$ —	$ 3,151	$ 41,434
U.S. Treasury securities	11,543	3	182	11,364
Corporate debt securities [1]	5,027	—	360	4,667
Asset-backed securities [2]	4,332	—	133	4,199
U.S. state and municipal securities	595	—	34	561
Non-agency commercial mortgage-backed securities	120	—	7	113
Other	21	—	2	19
Unallocated PLM fair value basis adjustments [3]	2	—	2	—
Total available for sale securities [4]	$ 66,225	$ 3	$ 3,871	$ 62,357
Held to maturity securities				
U.S. agency mortgage-backed securities	$ 133,563	$ 1,732	$ 9,646	$ 125,649
U.S. Treasury securities	406	—	—	406
Total held to maturity securities	$ 133,969	$ 1,732	$ 9,646	$ 126,055

[1] As of September 30, 2026, approximately 27%, 27%, and 21% of total AFS corporate debt securities were issued by institutions in the information technology, consumer staples, and healthcare industries, respectively. As of December 31, 2025, approximately 28%, 27%, and 19% of total AFS corporate debt securities were issued by institutions in the information technology, consumer staples, and healthcare industries, respectively.

[2] As of September 30, 2026, approximately 39% and 32% of total AFS asset-backed securities were collateralized by Federal Family Education Loan Program asset-backed securities and credit card receivables, respectively. As of December 31, 2025, approximately 70% and 21% of total AFS asset-backed securities were collateralized by Federal Family Education Loan Program asset-backed securities and credit card receivables, respectively.

[3] This represents the amount of PLM fair value hedge basis adjustments related to AFS securities hedged in a closed portfolio. See Note 12 for more information on PLM hedge accounting.

[4] Included in cash and cash equivalents on the condensed consolidated balance sheets, but excluded from this table, is $2.0 billion of AFS U.S. Treasury securities as of December 31, 2025 (none as of September 30, 2026). These holdings had maturities of three months or less at the time of acquisition, and an aggregate market value equal to amortized cost.

At September 30, 2026, our banking subsidiaries had pledged investment securities with a fair value of $11.3 billion (collateral value of $10.5 billion) as collateral to secure borrowing capacity on secured credit facilities with the FHLB (see Note 10). Our banking subsidiaries also pledge investment securities as collateral to secure borrowing capacity at the Federal Reserve discount window, and had pledged securities with a fair value of $27.2 billion (collateral value of $26.3 billion) as collateral for this facility at September 30, 2026. The Company also pledges investment securities issued by federal agencies to secure certain trust deposits. The fair value and collateral value of these pledged securities was $1.5 billion at September 30, 2026.

At September 30, 2026, our banking subsidiaries had pledged HTM and AFS securities as collateral under repurchase agreements with external financial institutions and the FICC. HTM securities pledged were U.S. agency mortgage-backed securities with an aggregate amortized cost of $1.1 billion, none of which may be sold, repledged, or otherwise used by the counterparties. AFS securities pledged were corporate debt securities and asset-backed securities with an aggregate fair value of $3.4 billion, all of which may be sold, repledged, or otherwise used by the counterparties. See Notes 10 and 13 for additional information on these repurchase agreements.

At September 30, 2026, the Company had pledged AFS securities consisting of U.S. Treasury securities with an aggregate fair value of $776 million as initial margin on interest rate swaps (see Notes 12 and 13). All of Schwab's interest rate swaps are cleared through central counterparty (CCP) clearing houses which require the Company to post initial margin as collateral against potential losses. Initial margin is posted through futures commission merchants (FCM) which serve as the intermediary between the CCPs and Schwab. The FCM agreements governing our swaps allow for securities pledged as initial margin to be sold, repledged, or otherwise used by the FCM.

AFS investment securities with unrealized losses, aggregated by category and period of continuous unrealized loss, are as follows:

	Less than 12 months		12 months or longer		Total	
September 30, 2026	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale securities						
U.S. agency mortgage-backed securities	$ 119	$ 2	$ 34,908	$ 3,868	$ 35,027	$ 3,870
U.S. Treasury securities	7,427	41	2,627	109	10,054	150
Corporate debt securities	418	8	4,095	324	4,513	332
Asset-backed securities	3,424	49	3,125	126	6,549	175
U.S. state and municipal securities [1]	4	—	389	44	393	44
Non-agency commercial mortgage-backed securities	—	—	111	9	111	9
Other	—	—	17	4	17	4
Total [2]	$ 11,392	$ 100	$ 45,272	$ 4,484	$ 56,664	$ 4,584
December 31, 2025						
Available for sale securities						
U.S. agency mortgage-backed securities [1]	$ 4	$ —	$ 41,394	$ 3,151	$ 41,398	$ 3,151
U.S. Treasury securities [1]	1,558	—	5,424	182	6,982	182
Corporate debt securities	—	—	4,667	360	4,667	360
Asset-backed securities [1]	147	—	4,046	133	4,193	133
U.S. state and municipal securities	27	2	534	32	561	34
Non-agency commercial mortgage-backed securities	—	—	113	7	113	7
Other	—	—	19	2	19	2
Total [2]	$ 1,736	$ 2	$ 56,197	$ 3,867	$ 57,933	$ 3,869

[1] Amounts of unrealized losses less than 12 months were less than $500 thousand.

[2] For purposes of this table, unrealized losses on AFS securities excludes the unallocated PLM fair value hedge basis adjustments of $(13) million and $2 million at September 30, 2026 and December 31, 2025, respectively.

At September 30, 2026, substantially all rated securities in the investment portfolios were investment grade. U.S. agency mortgage-backed securities do not have explicit credit ratings; however, management considers these to be of the highest credit quality and rating given the guarantee of principal and interest by the U.S. government or U.S. government-sponsored enterprises.

For a description of management's quarterly evaluation of AFS securities in unrealized loss positions, see Item 8 – Note 2 in the 2025 Form 10-K. No amounts were recognized as credit loss expense and no securities were written down to fair value through earnings for the nine months ended September 30, 2026 and the year ended December 31, 2025. None of the Company's AFS securities held as of September 30, 2026 and December 31, 2025 had an allowance for credit losses. HTM securities as of September 30, 2026 and December 31, 2025 were U.S. agency mortgage-backed securities and U.S. Treasury securities and therefore had no allowance for credit losses because expected nonpayment of the amortized cost basis is zero.

The Company had $372 million and $386 million of accrued interest for AFS and HTM securities as of September 30, 2026 and December 31, 2025, respectively. These amounts are excluded from the amortized cost basis and fair market value of AFS and HTM securities and included in other assets on the condensed consolidated balance sheets. There were no writeoffs of accrued interest receivable on AFS and HTM securities during the nine months ended September 30, 2026, or for the year ended December 31, 2025.

The following table presents the Company's estimated effective duration, which reflects anticipated future payments, by category at September 30, 2026:

	In years
Estimated effective duration, exclusive of derivatives:	
AFS investment securities portfolio	2.2
AFS and HTM investment securities portfolios	3.5
Estimated effective duration, inclusive of derivatives [1]:	
AFS investment securities portfolio	1.8
AFS and HTM investment securities portfolios	3.3

[1] See Note 12 for additional discussion of the Company's derivatives.

In the table below, mortgage-backed securities and other asset-backed securities have been allocated to maturity groupings based on final contractual maturities. As borrowers may have the right to call or prepay certain obligations underlying our investment securities, actual maturities may differ from the scheduled contractual maturities presented below.

The maturities of AFS and HTM investment securities are as follows:

September 30, 2026	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years	Total
Available for sale securities					
U.S. agency mortgage-backed securities	$ 1,165	$ 6,664	$ 21,575	$ 5,623	$ 35,027
U.S. Treasury securities	6,220	5,819	—	—	12,039
Corporate debt securities	742	3,864	—	—	4,606
Asset-backed securities	—	3,531	857	2,382	6,770
U.S. state and municipal securities	27	193	174	—	394
Non-agency commercial mortgage-backed securities	—	—	—	111	111
Other	—	—	—	17	17
Total fair value	$ 8,154	$ 20,071	$ 22,606	$ 8,133	$ 58,964
Total amortized cost [1]	$ 8,243	$ 21,062	$ 25,720	$ 8,519	$ 63,544
Held to maturity securities					
U.S. agency mortgage-backed securities	$ 373	$ 27,640	$ 29,939	$ 53,287	$ 111,239
U.S. Treasury securities	—	1,925	—	—	1,925
Total fair value	$ 373	$ 29,565	$ 29,939	$ 53,287	$ 113,164
Total amortized cost	$ 376	$ 31,281	$ 31,678	$ 63,237	$ 126,572

[1] For purposes of this table, the amortized cost of AFS securities excludes the unallocated PLM fair value hedge basis adjustments of $(13) million at September 30, 2026.

Proceeds and gross realized gains and losses from sales of AFS investment securities are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Proceeds	$ —	$ 1,206	$ 6,091	$ 5,411
Gross realized gains	—	—	1	—
Gross realized losses	—	10	26	50

7. Bank Loans and Related Allowance for Credit Losses

The composition of bank loans and delinquency analysis by portfolio segment and class of financing receivable is as follows:

September 30, 2026	Current	30-59 days past due	60-89 days past due	≥90 days past due and other nonaccrual loans [3]	Total past due and other nonaccrual loans	Total loans	Allowance for credit losses	Total bank loans — net
Residential real estate:								
First Mortgages [1,2]	$ 34,120	$ 76	$ 18	$ 21	$ 115	$ 34,235	$ 31	$ 34,204
HELOCs [1,2]	413	1	1	2	4	417	1	416
Total residential real estate	34,533	77	19	23	119	34,652	32	34,620
Pledged asset lines	37,267	19	1	9	29	37,296	—	37,296
Other	381	—	—	1	1	382	6	376
Total bank loans	$ 72,181	$ 96	$ 20	$ 33	$ 149	$ 72,330	$ 38	$ 72,292

December 31, 2025								
Residential real estate:								
First Mortgages [1,2]	$ 30,429	$ 13	$ 5	$ 37	$ 55	$ 30,484	$ 28	$ 30,456
HELOCs [1,2]	423	1	—	3	4	427	1	426
Total residential real estate	30,852	14	5	40	59	30,911	29	30,882
Pledged asset lines	26,570	20	10	3	33	26,603	—	26,603
Other	477	—	—	—	—	477	7	470
Total bank loans	$ 57,899	$ 34	$ 15	$ 43	$ 92	$ 57,991	$ 36	$ 57,955

[1] First Mortgages and HELOCs include unamortized premiums and discounts and direct origination costs of $149 million and $131 million at September 30, 2026 and December 31, 2025, respectively.

[2] At September 30, 2026 and December 31, 2025, 40% and 41%, respectively, of the First Mortgage and HELOC portfolios were concentrated in California. These loans have performed in a manner consistent with the portfolio as a whole.

[3] There were no loans accruing interest that were contractually 90 days or more past due at September 30, 2026 or December 31, 2025. Bank-loan related nonperforming assets consisted of the nonaccrual loans presented here and loan modifications to borrowers experiencing financial difficulty were not material at both September 30, 2026 and December 31, 2025.

At September 30, 2026, CSB had pledged the full balance of First Mortgages and HELOCs pursuant to a blanket lien status collateral arrangement to secure borrowing capacity on a secured credit facility with the FHLB (see Note 10).

Changes in the allowance for credit losses on bank loans were as follows:

	First Mortgages	HELOCs	Total residential real estate	Pledged asset lines	Other	Total
Balance at June 30, 2025	$ 15	$ 1	$ 16	$ —	$ 6	$ 22
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provision for credit losses	—	—	—	—	—	—
Balance at September 30, 2025	$ 15	$ 1	$ 16	$ —	$ 6	$ 22
Balance at June 30, 2026	$ 30	$ 1	$ 31	$ —	$ 6	$ 37
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	4	—	4
Provision for credit losses	1	—	1	(4)	—	(3)
Balance at September 30, 2026	$ 31	$ 1	$ 32	$ —	$ 6	$ 38
Balance at December 31, 2024	$ 14	$ 1	$ 15	$ —	$ 6	$ 21
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provision for credit losses	1	—	1	—	—	1
Balance at September 30, 2025	$ 15	$ 1	$ 16	$ —	$ 6	$ 22
Balance at December 31, 2025	$ 28	$ 1	$ 29	$ —	$ 7	$ 36
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	4	—	4
Provision for credit losses	3	—	3	(4)	(1)	(2)
Balance at September 30, 2026	$ 31	$ 1	$ 32	$ —	$ 6	$ 38

Consistent with Schwab's loan charge-off policy for PALs as disclosed in Item 8 – Note 2 of the 2025 Form 10-K, the Company charges off any unsecured balances no later than 90 days past due. As of September 30, 2026, substantially all PALs are also subject to the collateral maintenance practical expedient under ASC 326 *Financial Instruments — Credit Losses*. All PALs were fully collateralized by securities with fair values in excess of borrowings as of September 30, 2026 and December 31, 2025, and no allowance for credit losses for PALs as of those dates was required.

The U.S. economy experienced soft hiring and elevated core inflation at the end of the third quarter of 2026. Geopolitical unrest persists amid a backdrop of elevated uncertainty due to economic impacts of evolving trade policy and a constrained energy supply. Management's macroeconomic outlook reflects elevated benchmark lending rates, with a relatively stable labor market. Though higher mortgage rates are easing demand and reducing borrower affordability, we expect home prices to remain relatively stable nationally, with regional variation. Furthermore, credit quality metrics in the Company's bank loans portfolio remain strong. As a result of these factors, we held projected loss rates constant at September 30, 2026, as compared to December 31, 2025.

Credit Quality

In addition to monitoring delinquency, Schwab monitors the credit quality of First Mortgages and HELOCs by stratifying the portfolios by the following:

- Year of origination;
- Borrower Fair Isaac Corporation (FICO) scores at origination (Origination FICO);
- Refreshed borrower FICO scores (Refreshed FICO);
- Loan-to-value (LTV) ratios at origination (Origination LTV); and
- Estimated Refreshed LTV ratios (Estimated Refreshed LTV).

Borrowers' FICO scores are provided by an independent third-party credit reporting service and are generally updated quarterly. The Origination LTV and Estimated Refreshed LTV for a HELOC include any first lien mortgage outstanding on the same property at the time of the HELOC's origination. The Estimated Refreshed LTV for each loan is updated on a monthly basis by reference to a home price appreciation index.

The credit quality indicators of the Company's First Mortgages and HELOCs are detailed below:

	First Mortgages Amortized Cost Basis by Origination Year									
September 30, 2026	2026	2025	2024	2023	2022	pre-2022	Total First Mortgages	Revolving HELOCs amortized cost basis	HELOCs converted to term loans	Total HELOCs
Origination FICO										
<620	$ 1	$ —	$ —	$ —	$ 2	$ 2	$ 5	$ —	$ —	$ —
620 – 679	38	18	12	2	22	43	135	1	1	2
680 – 739	524	486	235	182	629	1,377	3,433	50	22	72
≥740	6,106	4,837	2,078	1,333	4,285	12,023	30,662	266	77	343
Total	$ 6,669	$ 5,341	$ 2,325	$ 1,517	$ 4,938	$ 13,445	$ 34,235	$ 317	$ 100	$ 417
Origination LTV										
≤70%	$ 4,655	$ 3,628	$ 1,569	$ 1,034	$ 3,684	$ 11,513	$ 26,083	$ 304	$ 72	$ 376
>70% – ≤90%	2,014	1,713	756	483	1,254	1,931	8,151	13	28	41
>90% – ≤100%	—	—	—	—	—	1	1	—	—	—
Total	$ 6,669	$ 5,341	$ 2,325	$ 1,517	$ 4,938	$ 13,445	$ 34,235	$ 317	$ 100	$ 417
Refreshed FICO										
<620	$ 2	$ 8	$ 4	$ 6	$ 26	$ 57	$ 103	$ 3	$ 3	$ 6
620 – 679	79	66	28	19	74	161	427	6	6	12
680 – 739	555	415	194	120	460	1,028	2,772	45	17	62
≥740	6,033	4,852	2,099	1,372	4,378	12,199	30,933	263	74	337
Total	$ 6,669	$ 5,341	$ 2,325	$ 1,517	$ 4,938	$ 13,445	$ 34,235	$ 317	$ 100	$ 417
Estimated Refreshed LTV [1]										
≤70%	$ 4,526	$ 3,838	$ 1,793	$ 1,329	$ 4,592	$ 13,383	$ 29,461	$ 316	$ 100	$ 416
>70% – ≤90%	2,141	1,501	530	182	320	62	4,736	1	—	1
>90% – ≤100%	2	2	2	5	26	—	37	—	—	—
>100%	—	—	—	1	—	—	1	—	—	—
Total	$ 6,669	$ 5,341	$ 2,325	$ 1,517	$ 4,938	$ 13,445	$ 34,235	$ 317	$ 100	$ 417
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Percent of Loans on Nonaccrual Status	0.04%	0.06%	0.10%	0.01%	0.11%	0.06%	0.06%	0.06%	1.93%	0.48%

[1] Represents the LTV for the full line of credit (drawn and undrawn) for revolving HELOCs.

	First Mortgages Amortized Cost Basis by Origination Year								
December 31, 2025	2025	2024	2023	2022	pre-2022	Total First Mortgages	Revolving HELOCs amortized cost basis	HELOCs converted to term loans	Total HELOCs
Origination FICO									
<620	$ —	$ 1	$ —	$ 3	$ 2	$ 6	$ —	$ —	$ —
620 – 679	23	16	4	23	49	115	—	1	1
680 – 739	526	272	219	667	1,508	3,192	52	24	76
≥740	5,480	2,534	1,573	4,546	13,038	27,171	260	90	350
Total	$ 6,029	$ 2,823	$ 1,796	$ 5,239	$ 14,597	$ 30,484	$ 312	$ 115	$ 427
Origination LTV									
≤70%	$ 4,105	$ 1,925	$ 1,216	$ 3,891	$ 12,473	$ 23,610	$ 296	$ 80	$ 376
>70% – ≤90%	1,924	898	580	1,348	2,123	6,873	16	34	50
>90% – ≤100%	—	—	—	—	1	1	—	1	1
Total	$ 6,029	$ 2,823	$ 1,796	$ 5,239	$ 14,597	$ 30,484	$ 312	$ 115	$ 427
Refreshed FICO									
<620	$ 8	$ 4	$ 3	$ 36	$ 55	$ 106	$ 3	$ 3	$ 6
620 – 679	59	31	25	61	140	316	5	6	11
680 – 739	570	227	153	483	1,157	2,590	48	20	68
≥740	5,392	2,561	1,615	4,659	13,245	27,472	256	86	342
Total	$ 6,029	$ 2,823	$ 1,796	$ 5,239	$ 14,597	$ 30,484	$ 312	$ 115	$ 427
Estimated Refreshed LTV [1]									
≤70%	$ 3,877	$ 1,989	$ 1,450	$ 4,696	$ 14,483	$ 26,495	$ 310	$ 115	$ 425
>70% – ≤90%	2,148	829	342	537	114	3,970	2	—	2
>90% – ≤100%	4	5	4	6	—	19	—	—	—
Total	$ 6,029	$ 2,823	$ 1,796	$ 5,239	$ 14,597	$ 30,484	$ 312	$ 115	$ 427
Gross charge-offs	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Percent of Loans on Nonaccrual Status	0.01%	0.01%	0.11%	0.10%	0.20%	0.12%	0.16%	1.80%	0.70%

[1] Represents the LTV for the full line of credit (drawn and undrawn) for revolving HELOCs.

At September 30, 2026, $29.9 billion of First Mortgage loans had adjustable interest rates. Substantially all of these mortgages have initial fixed interest rates for three to ten years and interest rates that typically adjust every six to twelve months pursuant to the terms of the loan thereafter. Approximately 21% of the balance of these mortgages consisted of loans with interest-only payment terms. The interest rates on approximately 63% of the balance of these interest-only loans are not scheduled to reset for three or more years.

At September 30, 2026 and December 31, 2025, Schwab had $285 million and $223 million, respectively, of accrued interest on bank loans, which is excluded from the amortized cost basis of bank loans and included in other assets on the condensed consolidated balance sheets.

The HELOC product has a 30-year loan term with an initial draw period of ten years from the date of origination. After the initial draw period, the balance outstanding at such time is converted to a 20-year amortizing loan. The interest rate during the initial draw period and the 20-year amortizing period is a floating-rate based on the prime rate plus a margin.

The following table presents when current outstanding HELOCs will convert to amortizing loans:

September 30, 2026	Balance
Converted to an amortizing loan by period end [1]	$ 100
Within 1 year	20
> 1 year – 3 years	28
> 3 years – 5 years	69
> 5 years	200
Total	$ 417

[1] Includes $3 million and $8 million of HELOCs converted to amortizing loans during the three and nine months ended September 30, 2026, respectively.

At September 30, 2026, $315 million of the HELOC portfolio was secured by second liens on the associated properties. Second lien mortgage loans typically possess a higher degree of credit risk given the subordination to the first lien holder in the event of default. In addition to the credit monitoring activities described previously, Schwab also monitors credit risk by reviewing the delinquency status of the first lien loan on the associated property. At September 30, 2026, the borrowers on approximately 55% of HELOC loan balances outstanding only paid the minimum amount due.

8. Variable Interest Entities

As of September 30, 2026 and December 31, 2025, substantially all of Schwab's involvement with variable interest entities (VIEs) is through CSB's Community Reinvestment Act (CRA) related investments and most of these are related to Low-Income Housing Tax Credit (LIHTC) investments. As part of CSB's community reinvestment initiatives, CSB invests in funds that make equity investments in multifamily affordable housing properties and receives tax credits and other tax benefits for these investments. During the three months ended September 30, 2026 and 2025, CSB recorded amortization of $55 million and $48 million, respectively, and recognized tax credits and other tax benefits of $77 million and $62 million, respectively, associated with these investments. During the nine months ended September 30, 2026 and 2025, CSB recorded amortization of $182 million and $142 million, respectively, and recognized tax credits and other tax benefits of $243 million and $188 million, respectively, associated with these investments. The amortization, as well as the tax credits and other tax benefits, are included in taxes on income on the condensed consolidated statements of income. Tax credits and other tax benefits are reflected as cash flows from operating activities on the condensed consolidated statements of cash flows.

Aggregate assets, aggregate liabilities, and maximum exposure to loss

The aggregate assets, aggregate liabilities, and maximum exposure to loss from those VIEs in which Schwab holds a variable interest, but is not the primary beneficiary, are summarized in the table below:

	September 30, 2026			December 31, 2025		
	Aggregate assets	Aggregate liabilities	Maximum exposure to loss	Aggregate assets	Aggregate liabilities	Maximum exposure to loss
LIHTC investments [1]	$ 2,532	$ 1,381	$ 2,532	$ 2,084	$ 1,111	$ 2,084
Other investments [2]	241	—	355	250	—	342
Total	$ 2,773	$ 1,381	$ 2,887	$ 2,334	$ 1,111	$ 2,426

[1] Aggregate assets and aggregate liabilities are included in other assets and accrued expenses and other liabilities, respectively, on the condensed consolidated balance sheets.

[2] Other investments include non-LIHTC CRA investments that are accounted for as loans at amortized cost, equity method investments, AFS securities, or using the adjusted cost method. Aggregate assets are included in AFS securities, bank loans — net, or other assets on the condensed consolidated balance sheets.

Schwab's maximum exposure to loss would result from the loss of the investments, including any committed amounts. Schwab's funding of these remaining commitments is dependent upon the occurrence of certain conditions, and Schwab expects to pay substantially all of these commitments between 2026 and 2029. During the nine months ended September 30, 2026 and year ended December 31, 2025, Schwab did not provide or intend to provide financial or other support to the VIEs that it was not contractually required to provide.

9. Bank Deposits

Bank deposits consist of interest-bearing and non-interest-bearing deposits as follows:

	September 30, 2026	December 31, 2025
Interest-bearing deposits:		
Deposits swept from brokerage accounts	$ 219,357	$ 232,410
Checking	16,160	16,473
Time certificates of deposit [1]	3,797	2,000
Savings and other	3,472	3,637
Total interest-bearing deposits	242,786	254,520
Non-interest-bearing deposits	1,322	1,227
Total bank deposits	$ 244,108	$ 255,747

[1] Time certificates of deposit consist of brokered CDs. The weighted-average interest rates on outstanding time certificates of deposit at September 30, 2026 and December 31, 2025 were 3.95% and 4.03%, respectively. As of September 30, 2026 and December 31, 2025, there were no time deposits that were in excess of FDIC insurance limits or otherwise uninsured.

Time certificates of deposit outstanding at September 30, 2026 mature in October 2026.

10. Borrowings

CSC Senior Notes: CSC's Senior Notes are unsecured obligations. CSC may redeem some or all of the Senior Notes of each series prior to their maturity, subject to certain restrictions, and the payment of an applicable make-whole premium in certain instances. Interest is payable semi-annually for the fixed-rate Senior Notes and quarterly for the floating-rate Senior Notes. Interest for the fixed-to-floating rate Senior Notes is payable semi-annually during the fixed-rate period of the notes and quarterly during the floating-rate period of the notes.

Ameritrade Holding LLC Senior Notes: Ameritrade Holding LLC's Senior Notes are unsecured obligations. Ameritrade Holding LLC may redeem some or all of the Senior Notes of each series prior to their maturity, subject to certain restrictions, and the payment of an applicable make-whole premium in certain instances. Interest is payable semi-annually for the fixed-rate Senior Notes.

Other Finance Liabilities: CS&Co entered into a third-party long-term software licensing agreement during the second quarter of 2026 for $633 million. In accordance with ASC 350 *Intangibles — Goodwill and Other*, CS&Co recorded the multi-year software license as an asset within equipment, office facilities, and property — net, and the corresponding liability as long-term debt on the consolidated balance sheets. An initial debt payment of $49 million was made during the second quarter of 2026, and future payments are due annually through March 2033.

The following table lists long-term debt by instrument outstanding as of September 30, 2026 and December 31, 2025:

	Date of Issuance	Principal Amount Outstanding September 30, 2026	Principal Amount Outstanding December 31, 2025
CSC Fixed-rate Senior Notes:			
3.450% due February 13, 2026	11/13/15	$ —	$ 350
0.900% due March 11, 2026	12/11/20	—	1,250
1.150% due May 13, 2026	05/13/21	—	1,000
5.875% due August 24, 2026	08/24/23	—	1,000
3.200% due March 2, 2027	03/02/17	650	650
2.450% due March 3, 2027	03/03/22	1,500	1,500
3.300% due April 1, 2027	09/24/21	744	744
3.200% due January 25, 2028	12/07/17	700	700
2.000% due March 20, 2028	03/18/21	1,250	1,250
4.000% due February 1, 2029	10/31/18	600	600
3.250% due May 22, 2029	05/22/19	600	600
2.750% due October 1, 2029	09/24/21	475	475
4.625% due March 22, 2030	03/24/20	500	500
1.650% due March 11, 2031	12/11/20	750	750
2.300% due May 13, 2031	05/13/21	750	750
1.950% due December 1, 2031	08/26/21	850	850
2.900% due March 3, 2032	03/03/22	1,000	1,000
CSC Floating-rate Senior Notes:			
SOFR + 0.520% due May 13, 2026	05/13/21	—	500
SOFR + 1.050% due March 3, 2027	03/03/22	500	500
CSC Fixed-to-Floating rate Senior Notes [1]:			
5.643% due May 19, 2029	05/19/23	1,200	1,200
4.603% due July 27, 2029	06/29/26	1,000	—
6.196% due November 17, 2029	11/17/23	1,300	1,300
4.744% due May 21, 2030	05/21/26	1,000	—
4.343% due November 14, 2031	11/14/25	1,000	1,000
5.108% due August 12, 2032	08/12/26	1,250	—
5.853% due May 19, 2034	05/19/23	1,300	1,300
6.136% due August 24, 2034	08/24/23	1,350	1,350
4.914% due November 14, 2036	11/14/25	1,000	1,000
5.493% due May 21, 2037	05/21/26	1,250	—
5.655% due August 12, 2037	08/12/26	1,350	—
Total CSC Senior Notes		23,869	22,119
Ameritrade Holding LLC Fixed-rate Senior Notes:			
3.300% due April 1, 2027	04/27/17	56	56
2.750% due October 1, 2029	08/16/19	25	25
Total Ameritrade Holding LLC Senior Notes		81	81
Finance lease liabilities		16	37
Other finance liabilities [2]		599	—
Unamortized premium — net		20	33
Debt issuance costs		(100)	(82)
Fair value hedging basis adjustments [3]		(677)	11
Total long-term debt		$ 23,808	$ 22,199

[1] Interest rates presented are those in effect at September 30, 2026. See table below for additional information regarding future interest rates on fixed-to-floating rate Senior Notes.

[2] This represents the total liability, including imputed interest, related to a software licensing agreement entered into during the second quarter of 2026.

[3] This represents the amount of fair value hedge basis adjustments related to Senior Notes hedged. See Note 12 for more information on hedging of Senior Notes.

The following table details the changes in future interest rates on fixed-to-floating rate Senior Notes as of September 30, 2026:

Maturity Date	Fixed Semi-annual Interest Rate	Date of Issuance	Floating Quarterly Interest Rate	Interest Rate Reset Date
May 19, 2029	5.643%	05/19/23	SOFR + 2.210%	05/19/28
July 27, 2029	4.603%	06/29/26	SOFR + 0.622%	07/27/28
November 17, 2029	6.196%	11/17/23	SOFR + 1.878%	11/17/28
May 21, 2030	4.744%	05/21/26	SOFR + 0.780%	05/21/29
November 14, 2031	4.343%	11/14/25	SOFR + 0.940%	11/14/30
August 12, 2032	5.108%	08/12/26	SOFR + 0.950%	08/12/31
May 19, 2034	5.853%	05/19/23	SOFR + 2.500%	05/19/33
August 24, 2034	6.136%	08/24/23	SOFR + 2.010%	08/24/33
November 14, 2036	4.914%	11/14/25	SOFR + 1.230%	11/14/35
May 21, 2037	5.493%	05/21/26	SOFR+ 1.280%	05/21/36
August 12, 2037	5.655%	08/12/26	SOFR+ 1.320%	08/12/36

Annual maturities on all long-term debt outstanding at September 30, 2026 are as follows:

		Maturities
2026	$	2
2027		3,501
2028		1,999
2029		5,268
2030		1,579
Thereafter		12,216
Total maturities		24,565
Unamortized premium — net		20
Debt issuance costs		(100)
Fair value hedging basis adjustments [1]		(677)
Total long-term debt	$	23,808

[1] This represents the amount of fair value hedge basis adjustments related to Senior Notes hedged. See Note 12 for more information on hedging of Senior Notes.

FHLB borrowings: Our banking subsidiaries maintain secured credit facilities with the FHLB. Amounts available under these facilities are dependent on the amount of bank loans and the value of certain investment securities that are pledged as collateral. There was $2.0 billion and $1.9 billion outstanding under these facilities as of September 30, 2026 and December 31, 2025, respectively, and these borrowings had a weighted-average interest rate of 4.05% and 3.90%, respectively. As of September 30, 2026 and December 31, 2025, the collateral pledged provided additional borrowing capacity of $30.3 billion and $74.2 billion, respectively.

Other short-term borrowings: Total other short-term borrowings outstanding at September 30, 2026 and December 31, 2025, were $14.2 billion and $6.9 billion, respectively, and had a weighted-average interest rate of 4.13% and 4.09%, respectively. Additional information regarding our other short-term borrowings facilities is described below.

The Company may engage with external financial institutions and the FICC in repurchase agreements collateralized by investment securities as another source of short-term liquidity. The Company had $4.0 billion and $1.3 billion outstanding pursuant to such repurchase agreements at September 30, 2026 and December 31, 2025, respectively. Repurchase agreements outstanding at September 30, 2026 mature in October 2026.

Our banking subsidiaries have access to funding through the Federal Reserve discount window. Amounts available are dependent upon the value of certain investment securities that are pledged as collateral. As of September 30, 2026 and December 31, 2025, our collateral pledged provided total borrowing capacity of $26.3 billion and $29.3 billion, respectively, of which no amounts were outstanding at the end of either period.

CSC has the ability to issue up to $5.0 billion of commercial paper notes with maturities of up to 270 days. There was $396 million gross par value before discount of $4 million outstanding at September 30, 2026, and $1.9 billion gross par value before discount of $32 million outstanding at December 31, 2025. At the end of the first quarter of 2026, CS&Co received

authorization from its Board of Directors to issue up to $10.0 billion of unsecured commercial paper notes with maturities of up to 270 days. There was $7.5 billion gross par value before discount of $79 million outstanding as of September 30, 2026. CSC and CS&Co also have access to unsecured uncommitted lines of credit with external banks with total borrowing capacity of $1.9 billion; no amounts were outstanding as of September 30, 2026 or December 31, 2025.

CS&Co maintains secured uncommitted lines of credit, under which CS&Co may borrow on a short-term basis and pledge either client margin securities or firm securities as collateral, based on the terms of the agreements. There was $2.4 billion and $3.8 billion outstanding at September 30, 2026 and December 31, 2025, respectively, pursuant to these agreements.

Annual maturities on FHLB and other short-term borrowings outstanding at September 30, 2026 are as follows:

	2026	2027	Total
FHLB borrowings	$ 2,000	$ —	$ 2,000
Other short-term borrowings	9,919	4,294	14,213
Total	$ 11,919	$ 4,294	$ 16,213

11. Commitments and Contingencies

Loan portfolio: CSB provides a co-branded loan origination program for CSB clients (the Program) with Rocket Mortgage, LLC. Pursuant to the Program, Rocket Mortgage, LLC originates and services First Mortgages and HELOCs for CSB clients. Under the Program, CSB purchases certain First Mortgages and HELOCs that are originated by Rocket Mortgage, LLC. CSB purchased First Mortgages of $2.4 billion and $1.7 billion during the third quarter of 2026 and 2025, respectively, and $7.0 billion and $4.4 billion during the first nine months of 2026 and 2025, respectively. CSB purchased HELOCs with commitments of $67 million and $52 million during the third quarter of 2026 and 2025, respectively, and $200 million and $181 million during the first nine months of 2026 and 2025, respectively.

The Company's commitments to extend credit on lines of credit and to purchase First Mortgages are as follows:

	September 30, 2026	December 31, 2025
Commitments to extend credit related to unused HELOCs and other lines of credit	$ 1,951	$ 1,793
Commitments to purchase First Mortgage loans	1,050	925
Total	$ 3,001	$ 2,718

Guarantees and indemnifications: Schwab has clients that sell (i.e., write) listed option contracts that are cleared by the Options Clearing Corporation – a clearing house that establishes margin requirements on these transactions. We satisfy the margin requirements of these transactions through pledging certain client securities. For additional information on these pledged securities, refer to Note 13. In connection with its securities lending activities, Schwab is required to provide collateral to certain brokerage clients. The Company satisfies the collateral requirements by providing cash as collateral.

The Company also provides guarantees to securities clearing houses and exchanges under standard membership agreements, which require members to guarantee the performance of other members. Under the agreements, if another member becomes unable to satisfy its obligations to the clearing houses and exchanges, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable and may exceed the amounts it has posted as collateral. The Company also engages third-party firms to clear clients' futures and options on futures transactions and to facilitate clients' foreign exchange trading, and has agreed to indemnify these firms for any losses that they may incur from the client transactions introduced to them by the Company. The potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these guarantees and indemnifications.

IDA agreement: The 2023 IDA agreement with the TD Depository Institutions specifies responsibilities, including certain contingent obligations, of the Company. Pursuant to the 2023 IDA agreement, uninvested cash within eligible brokerage client accounts is swept off-balance sheet to deposit accounts at the TD Depository Institutions. Schwab provides recordkeeping and support services to the TD Depository Institutions with respect to the deposit accounts for which Schwab receives an aggregate monthly fee. Under the 2023 IDA agreement, the service fee on client cash deposits held at the TD Depository Institutions is 15 basis points. The Company's ability to migrate these balances to its balance sheet is dependent on multiple factors including having sufficient capital levels to sustain these incremental deposits and certain binding limitations specified in the 2023 IDA agreement.

The 2023 IDA agreement extends the term to sweep balances to the TD Depository Institutions through July 1, 2034, and requires that Schwab maintain certain minimum and maximum insured deposit account balances (IDA balances). Pursuant to the terms of the agreement, after September 10, 2025, withdrawals of balances are permitted at Schwab's discretion, subject to an obligation to maintain IDA balances above a minimum of $60 billion, with a maximum of $90 billion. In accordance with the agreement, Schwab moved $3.0 billion of BDA balances to its balance sheet during the first nine months of 2026.

Designation of deposit balances for investment in fixed- or floating-rate instruments under the 2023 IDA agreement is at Schwab's sole discretion with certain limitations on the amount of fixed-rate obligation amounts. If IDA balances decline below the required IDA balance minimum as described above, Schwab would be required to make a nonperformance payment to the TD Depository Institutions pursuant to the terms of the 2023 IDA agreement.

As of September 30, 2026, the total ending IDA balance was $68.1 billion, of which $57.5 billion was fixed-rate obligation amounts and $10.6 billion was floating-rate obligation amounts. As of December 31, 2025, the total ending IDA balance was $76.3 billion, of which $59.6 billion was fixed-rate obligation amounts and $16.7 billion was floating-rate obligation amounts.

Legal contingencies: Schwab is subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions and other litigation, some of which include claims for substantial or unspecified damages. The Company is also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies.

Predicting the outcome of a litigation or regulatory matter is inherently difficult, requiring significant judgment and evaluation of various factors, including the procedural status of the matter and any recent developments; prior experience and the experience of others in similar cases; available defenses, including potential opportunities to dispose of a case on the merits or procedural grounds before trial (e.g., motions to dismiss or for summary judgment); the progress of fact discovery; the opinions of counsel and experts regarding potential damages; and potential opportunities for settlement and the status of any settlement discussions. It may not be reasonably possible to estimate a range of potential liability until the matter is closer to resolution – pending, for example, further proceedings, the outcome of key motions or appeals, or discussions among the parties. Numerous issues may have to be developed, such as discovery of important factual matters and determination of threshold legal issues, which may include novel or unsettled questions of law. Reserves are established or adjusted or further disclosure and estimates of potential loss are provided as the matter progresses and more information becomes available.

Schwab believes it has strong defenses in all significant matters currently pending and is contesting liability and any damages claimed. Nevertheless, some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, and the Company may also determine to settle a matter because of the uncertainty and risks of litigation. Described below are any matters in which there is a reasonable possibility that a material loss could be incurred or where the matter may otherwise be of significant interest to stockholders. Unless otherwise noted, the Company is unable to provide a reasonable estimate of any potential liability given the stage of proceedings in the matter. With respect to all other pending matters, based on current information and consultation with counsel, it does not appear reasonably possible that the outcome of any such matter would be material to the financial condition, operating results, or cash flows of the Company.

Corrente Antitrust Litigation: On June 6, 2022, CSC was sued in the U.S. District Court for the Eastern District of Texas on behalf of a putative class of customers who purchased or sold securities through CS&Co or TD Ameritrade, Inc. (now part of CS&Co) from October 26, 2020 to the present. The lawsuit alleges that CSC's acquisition of Ameritrade violated Section 7 of the Clayton Act because it has resulted in an anticompetitive market for the execution of retail customer orders. Plaintiffs seek unspecified damages, as well as injunctive and other relief. A motion by the Company to dismiss the lawsuit was denied by the court on February 24, 2023. On December 12, 2024, the parties filed a joint stipulation proposing a settlement of the lawsuit on a class basis under which defendants would commit to certain non-monetary undertakings and payments of plaintiffs' attorneys' fees and costs in an amount that would be immaterial. The court granted final approval of the settlement on November 24, 2025, and certain objectors to the settlement have appealed the decision to the Fifth Circuit Court of Appeals.

12. Derivative Instruments and Hedging Activities

Risk Management Objective of Using Derivatives

The Company utilizes derivative instruments to manage interest rate risk exposures that arise from business activities related to changes in fair values or the receipt and payment of future known and uncertain cash amounts due to changes in interest rates. The Company uses derivative instruments to manage changes in the fair values of, as well as changes in the amounts and/or

timing of known or expected cash receipts and payments related to, our AFS investment portfolio, margin loans, PALs, and Senior Notes.

For a description of how the Company accounts for derivative instruments, see Item 8 – Note 2 in the 2025 Form 10-K. For additional information on the basis of presentation for derivative instruments on the Company's condensed consolidated balance sheets and related offsetting considerations, see Note 13. Cash flows associated with derivative instruments are reflected as cash flows from operating activities in the condensed consolidated statements of cash flows consistent with the treatment and nature of the items being hedged.

Fair Value Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of its fixed-rate AFS securities and Senior Notes, as well as its fixed-to-floating rate Senior Notes during the fixed-rate period, due to changes in benchmark interest rates. The Company uses cleared interest rate swaps to manage its exposure to changes in fair value of these instruments attributable to changes in the designated benchmark interest rate. Cleared interest rate swaps designated as fair value hedges of AFS securities involve the payment of fixed-rate amounts to a CCP in exchange for the Company receiving floating-rate payments over the life of the agreements. Cleared interest rate swaps designated as fair value hedges of Senior Notes involve the receipt of fixed-rate amounts from a CCP in exchange for the Company's floating-rate payments over the life of the agreements.

Cash Flow Hedges of Interest Rate Risk

The Company uses cleared interest rate swaps designated as cash flows hedges as part of its interest rate risk management strategy to add stability to interest revenue and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of fixed-rate amounts from a CCP in exchange for the Company's floating-rate payments over the life of the agreements. Such derivatives are used to hedge the variable cash flows associated with Schwab's margin loans and PALs.

Notional Amounts of Derivative Instruments

The Company had outstanding interest rate swaps with aggregate notional amounts of $61.2 billion and $42.2 billion at September 30, 2026 and December 31, 2025, respectively, that were designated as fair value hedges of interest rate risk. The Company had outstanding interest rate swaps with aggregate notional amounts of $82.6 billion and $18.7 billion at September 30, 2026 and December 31, 2025, respectively, that were designated as cash flow hedges of interest rate risk.

The notional amount is the basis upon which the pay-fixed/receive-float and receive-fixed/pay-float payments are determined; however, the amount is not exchanged. While the notional amounts give an indication of the volume of our derivative activity, they do not necessarily provide information on the amount of the underlying exposure being hedged. For example, we may enter into multiple hedges covering different periods of time but relating to the same underlying principal balances to hedge interest receipts or payments on AFS securities, margin loans, PALs, and Senior Notes. As a result, at certain times the combined notional amount of hedges may exceed the underlying principal balances.

As of September 30, 2026, through its cash flow hedges, the Company hedged interest receipts on $24.3 billion of margin loans with a total outstanding notional of $47.9 billion, and interest receipts on $26.0 billion of PALs with a total outstanding notional of $34.7 billion. As of September 30, 2026, through fair value hedges, the Company hedged $23.4 billion of Senior Notes with a total outstanding notional amount of $50.6 billion and $10.6 billion of AFS securities with a total outstanding notional amount of $10.6 billion.

Fair Values of Derivative Instruments

The table below presents the gross fair values of the Company's interest rate swaps designated as hedging instruments on the condensed consolidated balance sheets:

	September 30, 2026		December 31, 2025	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps [1,2]	$ —	$ 3	$ 1	$ 1

[1] Derivative assets are included in other assets and derivative liabilities are included in accrued expenses and other liabilities on the condensed consolidated balance sheets. Derivative assets as of September 30, 2026 were less than $500 thousand.
[2] Includes reductions related to variation margin settlements. Settlements on derivative positions cleared through CCPs are reflected as reductions to the associated derivative asset and liability balances. As of September 30, 2026, there was a $294 million reduction of derivative assets and a $1.7 billion reduction of derivative liabilities related to variation margin settlements. As of December 31, 2025, there was a $93 million reduction of derivative assets and a $21 million reduction of derivative liabilities related to variation margin settlements.

Effects of Fair Value Hedge Accounting

The following amounts are included on the condensed consolidated balance sheets related to fair value hedges:

	Carrying Amount of the Hedged Assets/(Liabilities)		Cumulative Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets and Liabilities	
	September 30, 2026	December 31, 2025	September 30, 2026	December 31, 2025
Line item in which the hedged item is included:				
Available for sale securities [1,2]	$ 10,318	$ 12,249	$ (282)	$ (16)
Long-term debt [3]	(22,607)	(20,726)	680	(6)

[1] Includes the amortized cost basis of AFS securities included in PLM hedging relationships. At September 30, 2026 and December 31, 2025, the amortized cost basis of the closed portfolios used in these hedging relationships was $668 million and $1.1 billion, respectively, of which $416 million and $771 million was designated in a portfolio layer hedging relationship at September 30, 2026 and December 31, 2025, respectively. The cumulative basis adjustments associated with these hedging relationships were a reduction of $13 million and an increase of $2 million of the amortized cost basis of the closed portfolios at September 30, 2026 and December 31, 2025, respectively.
[2] Excludes the amortized cost and fair value hedging adjustment of AFS securities for which hedge accounting has been discontinued. The cumulative amount of fair value hedging adjustments remaining for these securities was a reduction of the amortized cost basis of $76 million and $26 million at September 30, 2026 and December 31, 2025, respectively, which are recorded in AFS securities on the condensed consolidated balance sheets and amortized to interest revenue as a yield adjustment over the lives of the securities.
[3] Excludes the carrying amount and fair value hedging adjustment of long-term debt for which hedge accounting has been discontinued. The cumulative amount of fair value hedging adjustments remaining for long-term debt was an increase of the carrying amount of $3 million and $5 million at September 30, 2026 and December 31, 2025, respectively, which is recorded in long-term debt on the condensed consolidated balance sheets and amortized to interest expense over the lives of the borrowings.

The table below presents the effect of the Company's interest rate swaps designated as fair value hedges on the condensed consolidated statements of income:

	Location and Amount of Gain (Loss) Recognized in Income			
	Interest Revenue		Interest Expense	
Three Months Ended September 30,	2026	2025	2026	2025
Gain (loss) on fair value hedging relationships:				
Hedged items	$ (230)	$ (3)	$ 445	$ 4
Derivatives designated as hedging instruments [1]	230	3	(445)	(4)
Nine Months Ended September 30,	2026	2025	2026	2025
Gain (loss) on fair value hedging relationships:				
Hedged items	$ (337)	$ 252	$ 686	$ (12)
Derivatives designated as hedging instruments [1]	337	(252)	(686)	14

[1] Interest revenue excludes net gain (loss) from periodic interest accruals and receipts (payments) of $1 million and $3 million for the three and nine months ended September 30, 2026, respectively, and $2 million and $34 million for the three and nine months ended September 30, 2025, respectively. Interest expense excludes net gain (loss) from periodic interest accruals and receipts (payments) of $(17) million and $(23) million for the three and nine months ended September 30, 2026, respectively, and $(20) million and $(44) million for the three and nine months ended September 30, 2025, respectively.

Effects of Cash Flow Hedge Accounting

The table below presents the effect of the Company's interest rate swaps designated as cash flow hedges on AOCI (pre-tax) and the condensed consolidated statements of income:

	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
AOCI at beginning of period	$ (451)	$ 49	$ 2	$ —
Gain (loss) recognized in other comprehensive income [1]	(639)	(1,179)	11	(4)
Realized (gain) loss reclassified from AOCI to interest revenue	24	64	28	45
AOCI at end of period	$ (1,066)	$ (1,066)	$ 41	$ 41

[1] Included in net unrealized gain (loss) on derivatives designated as cash flow hedging instruments on the condensed consolidated statements of comprehensive income.

For the twelve months following September 30, 2026, the Company expects to reclassify from AOCI into interest revenue approximately $417 million of pre-tax losses.

13. Financial Instruments Subject to Off-Balance Sheet Credit Risk

Resale agreements: CS&Co enters into collateralized resale agreements principally with other broker-dealers to meet obligations related to customer protection under SEC Rule 15c3-3. These collateralized resale agreements could result in losses in the event the counterparty fails to purchase the securities held as collateral for the cash advanced and the fair value of the securities declines. To mitigate this risk, CS&Co requires that the counterparty deliver securities to a custodian, to be held as collateral, with a fair value at or in excess of the resale price. CS&Co also sets standards for the credit quality of the counterparty, monitors the fair value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. The collateral provided under these resale agreements is utilized to meet obligations under broker-dealer client protection rules, which place limitations on our ability to access such segregated securities. For CS&Co to repledge or sell this collateral, we would be required to deposit cash and/or securities of an equal amount into our segregated reserve bank accounts in order to meet our segregated cash and investments requirement. Amounts related to these resale agreements are included in cash and investments segregated and on deposit for regulatory purposes on the condensed consolidated balance sheets.

Schwab's banking subsidiaries also enter into collateralized resale agreements with the FICC in which they buy securities and agree to resell these securities at a future date at an agreed upon price. Schwab receives collateral with a fair value equal to or in excess of the carrying value of the related receivables, including accrued interest, and requires additional collateral where deemed appropriate. Schwab is permitted by contract to repledge or sell collateral received under these resale agreements. In order to repledge or sell this collateral, the banking subsidiaries would be required to deposit additional securities of an equal amount with the custodian to replace the collateral received and maintain the net position. The ability to repledge or sell collateral maintained by the custodian in conjunction with collateralized resale agreements is subject to operational limitations, which may restrict Schwab's use of the securities. There were no securities repledged or sold under these arrangements as of September 30, 2026 and December 31, 2025. Amounts recognized pursuant to these arrangements are presented gross on the condensed consolidated balance sheet and are included in cash and cash equivalents or other assets on the condensed consolidated balance sheets based upon the maturity date of the transaction. The Company's collateralized resale agreements are considered to be enforceable master netting arrangements; however, we do not net these arrangements.

Securities lending: Schwab loans eligible brokerage client securities temporarily to other broker-dealers and clearing houses in connection with its securities lending activities and receives cash as collateral for the securities loaned. Increases in security prices may cause the fair value of the securities loaned to exceed the amount of cash received as collateral. In the event a counterparty to these transactions does not return the loaned securities or provide additional cash collateral, we may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy our client obligations. Schwab mitigates this risk by requiring credit approvals for counterparties, monitoring the fair value of securities loaned, and requiring additional cash as collateral when necessary. In addition, most of our securities lending transactions are through a program with a clearing organization, which guarantees the return of collateral to us. We also borrow securities from other broker-dealers to fulfill short sales by brokerage clients and deliver cash to the lender in exchange for the securities. The fair value of these borrowed securities was $23.3 billion and $4.6 billion at September 30, 2026 and December 31, 2025, respectively. Our securities lending transactions are subject to enforceable master netting arrangements with other broker-dealers; however, we do not net securities lending transactions. Therefore, amounts related to securities borrowed and securities loaned are presented gross on the

condensed consolidated balance sheets and are included in receivables from brokers, dealers, and clearing organizations and payables to brokers, dealers, and clearing organizations, respectively, on the condensed consolidated balance sheets.

Repurchase agreements: Schwab's banking subsidiaries enter into collateralized repurchase agreements with external financial institutions and the FICC in which they sell securities and agree to repurchase these securities on a specified future date at a stated repurchase price. These repurchase agreements are collateralized by investment securities with a fair value equal to or in excess of the secured borrowing liability. CS&Co also enters into collateralized repurchase agreements with external financial institutions in which CS&Co utilizes qualifying securities in client margin accounts as collateral. These repurchase agreements are collateralized by client margin securities with a fair value equal to or in excess of the secured borrowing liability. Client margin securities are transferred to an independent agent on behalf of CS&Co and the counterparty, who assumes the responsibility of receiving eligible securities and assigning these securities to the counterparty. Decreases in security prices posted as collateral for repurchase agreements may require Schwab to transfer cash and/or additional securities deemed acceptable by the counterparty. To mitigate this risk, Schwab monitors the fair value of underlying securities pledged as collateral compared to the related liability. Our collateralized repurchase agreements with each external financial institution are considered to be enforceable master netting arrangements. However, we do not net these arrangements. As such, the secured borrowings associated with these collateralized repurchase agreements are presented gross on the condensed consolidated balance sheets. Repurchase agreements at Schwab's banking subsidiaries are included in other short-term borrowings on the condensed consolidated balance sheets and repurchase agreements at CS&Co are included in payables to brokers, dealers, and clearing organizations on the condensed consolidated balance sheets.

Interest rate swaps: Schwab uses interest rate swaps to manage certain interest rate risk exposures. Schwab's interest rate swaps are cleared through CCPs which require the Company to post initial margin as collateral against potential losses. Schwab pledges investment securities as collateral in order to meet the CCP's initial margin requirements. Initial margin is posted through FCMs which serve as the intermediary between CCPs and Schwab. Our interest rate swaps are subject to enforceable master netting arrangements allowing a right of setoff within each FCM-CCP relationship; however, we do not net these positions. Therefore, interest rate swaps are presented gross on the condensed consolidated balance sheets. Derivative assets are included in other assets and derivative liabilities are included in accrued expenses and other liabilities on the condensed consolidated balance sheets. See Note 12 for additional information on the Company's interest rate swaps.

The following table presents information about our interest rate swaps, resale agreements, securities lending, repurchase agreements, and other activity depicting the potential effect of rights of setoff between these recognized assets and liabilities. Collateral disclosed in the table below is limited to the amount of the related recognized asset or liability for each counterparty, even when the collateral value exceeds the gross asset or liability value:

	Gross Assets/ Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts Presented in the Condensed Consolidated Balance Sheets	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets		Net Amount
				Counterparty Offsetting	Collateral	
September 30, 2026						
Assets						
Resale agreements	$ 15,626	$ —	$ 15,626	$ —	$ (15,626) [1]	$ —
Securities borrowed	24,097	—	24,097	(9,959)	(13,718)	420
Interest rate swaps	—	—	—	—	— [2]	—
Total	$ 39,723	$ —	$ 39,723	$ (9,959)	$ (29,344)	$ 420
Liabilities						
Repurchase agreements [3]	$ 11,704	$ —	$ 11,704	$ —	$ (11,704) [4]	$ —
Securities loaned [5]	37,562	—	37,562	(9,959)	(26,686)	917
Secured short-term borrowings [6]	2,400	—	2,400	—	(2,400)	—
Interest rate swaps	3	—	3	—	(3) [2]	—
Total	$ 51,669	$ —	$ 51,669	$ (9,959)	$ (40,793)	$ 917
December 31, 2025						
Assets						
Resale agreements	$ 16,901	$ —	$ 16,901	$ —	$ (16,901) [1]	$ —
Securities borrowed	4,797	—	4,797	(3,069)	(1,677)	51
Interest rate swaps	1	—	1	—	— [2]	1
Total	$ 21,699	$ —	$ 21,699	$ (3,069)	$ (18,578)	$ 52
Liabilities						
Repurchase agreements [3]	$ 1,301	$ —	$ 1,301	$ —	$ (1,301) [4]	$ —
Securities loaned [5]	25,131	—	25,131	(3,069)	(21,137)	925
Secured short-term borrowings [6]	3,800	—	3,800	—	(3,800)	—
Interest rate swaps	1	—	1	—	— [2]	1
Total	$ 30,233	$ —	$ 30,233	$ (3,069)	$ (26,238)	$ 926

[1] At September 30, 2026 and December 31, 2025, the fair value of collateral received in connection with resale agreements that was available to be repledged or sold was $15.9 billion and $17.2 billion, respectively.

[2] At September 30, 2026 and December 31, 2025, the fair value of initial margin pledged as collateral related to interest rate swaps was $776 million and $281 million, respectively. See Notes 6 and 12 for additional information.

[3] At September 30, 2026 and December 31, 2025, repurchase agreements outstanding at CS&Co had continuous contractual maturities of 35-360 days and 35 days, respectively.

[4] At September 30, 2026 and December 31, 2025, the fair value of collateral pledged in connection with repurchase agreements at the Company's banking subsidiaries was $4.4 billion and $1.3 billion, respectively. See Note 10 for additional information. At September 30, 2026 and December 31, 2025, collateral pledged for repurchase agreements outstanding at CS&Co was comprised of equity securities held in client brokerage accounts. See table below for fair value of client margin securities held in client brokerage accounts pledged as collateral.

[5] Securities loaned are predominantly comprised of equity securities held in client brokerage accounts. At September 30, 2026, $28.9 billion of securities loaned had overnight and continuous remaining contractual maturities and $8.7 billion of securities loaned had contractual maturities of 35-95 days. At December 31, 2025, $15.0 billion of securities loaned had overnight and continuous remaining contractual maturities and $10.1 billion of securities loaned had contractual maturities of 35-95 days.

[6] Included in other short-term borrowings on the condensed consolidated balance sheets. At September 30, 2026 and December 31, 2025, collateral pledged for secured short-term borrowings was comprised of equity securities held in client brokerage accounts. See below for amount of collateral pledged and Note 10 for additional information.

Clients with margin loans have agreed to allow Schwab to pledge collateralized securities in their brokerage accounts in accordance with federal regulations. As of September 30, 2026 and December 31, 2025, the fair value of client securities available to be pledged under these regulations was $259.5 billion and $155.5 billion, respectively. The Company may also pledge collateral obtained through securities borrowed transactions. The following table summarizes the fair value of client margin securities and securities obtained from securities borrowed transactions that we had pledged to third parties:

	September 30, 2026	December 31, 2025
Fair value of securities pledged for:		
Fulfillment of requirements with the Options Clearing Corporation [1]	$ 48,179	$ 34,791
Fulfillment of client short sales	70,315	16,196
Securities lending to other broker-dealers	35,977	23,867
Collateral for secured short-term borrowings	2,593	4,376
Collateral for repurchase agreements	8,747	56
Total collateral pledged to third parties	$ 165,811	$ 79,286

Note: Excludes amounts available and pledged for securities lending from fully-paid client securities. The fair value of fully-paid client securities available and pledged was $362 million and $217 million at September 30, 2026 and December 31, 2025, respectively.
[1] Securities pledged to fulfill client margin requirements for open option contracts established with the Options Clearing Corporation.

14. Fair Values of Assets and Liabilities

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Schwab's assets and liabilities measured at fair value on a recurring basis include certain cash equivalents, certain investments segregated and on deposit for regulatory purposes, AFS securities, certain other assets, interest rate derivatives, and certain accrued expenses and other liabilities. The Company uses the market approach to determine the fair value of assets and liabilities. When available, the Company uses quoted prices in active markets to measure the fair value of assets and liabilities. Quoted prices for investments in exchange-traded securities represent end-of-day close prices published by exchanges. Quoted prices for money market funds and other mutual funds represent reported net asset values. When utilizing market data and bid-ask spread, the Company uses the price within the bid-ask spread that best represents fair value. When quoted prices in active markets do not exist, the Company uses prices obtained from independent third-party pricing services to measure the fair value of investment assets, and we generally obtain prices from three independent third-party pricing sources for such assets recorded at fair value.

Our primary independent pricing service provides prices for our fixed income investments such as commercial paper; certificates of deposit; U.S. government and agency securities; state and municipal securities; corporate debt securities; asset-backed securities; foreign government agency securities; and non-agency commercial mortgage-backed securities. Such prices are based on observable trades, broker/dealer quotes, and discounted cash flows that incorporate observable information such as yields for similar types of securities (a benchmark interest rate plus observable spreads) and weighted-average maturity for the same or similar "to-be-issued" securities. We compare the prices obtained from the primary independent pricing service to the prices obtained from the additional independent pricing services to determine if the price obtained from the primary independent pricing service is reasonable. Schwab does not adjust the prices received from independent third-party pricing services unless such prices are inconsistent with the definition of fair value and result in material differences in the amounts recorded.

Liabilities measured at fair value on a recurring basis include interest rate swaps, securities sold but not yet purchased, and repurchase liabilities related to client-held fractional shares of equities, ETFs, and other securities, which are included in other assets on the condensed consolidated balance sheets. The fair values of securities sold but not yet purchased are based on quoted market prices or other observable market data. The Company has elected the fair value option pursuant to ASC 825 *Financial Instruments* for the repurchase liabilities to match the measurement and accounting of the related client-held fractional shares. The fair values of the repurchase liabilities are based on quoted market prices or other observable market data consistent with the related client-held fractional shares. Unrealized gains and losses on client-held fractional shares offset the unrealized gains and losses on the corresponding repurchase liabilities, resulting in no impact to the condensed consolidated statements of income. The Company's liabilities to repurchase client-held fractional shares do not have credit risk, and, as a result, the Company has not recognized any gains or losses in the condensed consolidated statements of income or comprehensive income attributable to instrument-specific credit risk for these repurchase liabilities. The repurchase liabilities are included in accrued expenses and other liabilities on the condensed consolidated balance sheets.

The fair values of interest rate derivatives are based on market observable interest rate yield curves. Fair value measurements are priced considering the coupon rate of the fixed leg of the contract and the variable coupon rate on the floating leg of the contract. Valuation is based on both spot and forward rates on the swap yield curve. See Note 12 for additional information on the Company's interest rate derivatives.

For a description of the fair value hierarchy and Schwab's fair value methodologies, see Item 8 – Note 2 in the 2025 Form 10-K. The Company did not adjust prices received from the primary independent third-party pricing service at September 30, 2026 or December 31, 2025.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis:

September 30, 2026	Level 1	Level 2	Level 3	Balance at Fair Value
Cash equivalents:				
Money market funds	$ 18,043	$ —	$ —	$ 18,043
Total cash equivalents	18,043	—	—	18,043
Investments segregated and on deposit for regulatory purposes:				
U.S. government securities	—	16,940	—	16,940
Total investments segregated and on deposit for regulatory purposes	—	16,940	—	16,940
Available for sale securities:				
U.S. agency mortgage-backed securities	—	35,027	—	35,027
U.S. Treasury securities	—	12,039	—	12,039
Corporate debt securities	—	4,606	—	4,606
Asset-backed securities	—	6,770	—	6,770
U.S. state and municipal securities	—	394	—	394
Non-agency commercial mortgage-backed securities	—	111	—	111
Other	—	17	—	17
Total available for sale securities	—	58,964	—	58,964
Other assets:				
Other securities owned:				
Equity, corporate debt, and other securities	2,282	100	—	2,382
Mutual funds and ETFs	1,771	—	—	1,771
State and municipal debt obligations	—	18	—	18
U.S. government securities	—	11	—	11
Total other securities owned	4,053	129	—	4,182
Total other assets	4,053	129	—	4,182
Total assets	$ 22,096	$ 76,033	$ —	$ 98,129
Accrued expenses and other liabilities:				
Interest rate swaps	$ —	$ 3	$ —	$ 3
Other	3,767	53	—	3,820
Total accrued expenses and other liabilities	3,767	56	—	3,823
Total liabilities	$ 3,767	$ 56	$ —	$ 3,823

December 31, 2025	Level 1	Level 2	Level 3	Balance at Fair Value
Cash equivalents:				
Money market funds	$ 13,947	$ —	$ —	$ 13,947
U.S. Treasury securities	—	1,989	—	1,989
Total cash equivalents	13,947	1,989	—	15,936
Investments segregated and on deposit for regulatory purposes:				
U.S. government securities	—	23,555	—	23,555
Total investments segregated and on deposit for regulatory purposes	—	23,555	—	23,555
Available for sale securities:				
U.S. agency mortgage-backed securities	—	41,434	—	41,434
U.S. Treasury securities	—	11,364	—	11,364
Corporate debt securities	—	4,667	—	4,667
Asset-backed securities	—	4,199	—	4,199
U.S. state and municipal securities	—	561	—	561
Non-agency commercial mortgage-backed securities	—	113	—	113
Other	—	19	—	19
Total available for sale securities	—	62,357	—	62,357
Other assets:				
Other securities owned:				
Equity, corporate debt, and other securities	1,704	84	—	1,788
Mutual funds and ETFs	1,314	—	—	1,314
State and municipal debt obligations	—	45	—	45
U.S. government securities	—	15	—	15
Total other securities owned	3,018	144	—	3,162
Interest rate swaps	—	1	—	1
Total other assets	3,018	145	—	3,163
Total assets	$ 16,965	$ 88,046	$ —	$ 105,011
Accrued expenses and other liabilities:				
Interest rate swaps	$ —	$ 1	$ —	$ 1
Other	2,804	40	—	2,844
Total accrued expenses and other liabilities	2,804	41	—	2,845
Total liabilities	$ 2,804	$ 41	$ —	$ 2,845

Fair Value of Other Financial Instruments

The following tables present the fair value hierarchy for other financial instruments:

September 30, 2026	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value
Assets					
Cash and cash equivalents	$ 18,614	$ 15,214	$ 3,400	$ —	$ 18,614
Cash and investments segregated and on deposit for regulatory purposes	14,798	2,598	12,200	—	14,798
Receivables from brokers, dealers, and clearing organizations	27,229	—	27,229	—	27,229
Receivables from brokerage clients — net	128,086	—	128,086	—	128,086
Held to maturity securities:					
U.S. agency mortgage-backed securities	124,556	—	111,239	—	111,239
U.S. Treasury securities	2,016	—	1,925	—	1,925
Total held to maturity securities	126,572	—	113,164	—	113,164
Bank loans — net:					
First Mortgages	34,204	—	31,465	—	31,465
HELOCs	416	—	410	—	410
Pledged asset lines	37,296	—	37,296	—	37,296
Other	376	—	376	—	376
Total bank loans — net	72,292	—	69,547	—	69,547
Other assets	744	—	744	—	744
Liabilities					
Bank deposits	$ 244,108	$ —	$ 244,108	$ —	$ 244,108
Payables to brokers, dealers, and clearing organizations	46,452	—	46,452	—	46,452
Payables to brokerage clients	125,240	—	125,240	—	125,240
Accrued expenses and other liabilities	1,768	—	1,768	—	1,768
Other short-term borrowings	14,213	—	14,213	—	14,213
Federal Home Loan Bank borrowings	2,000	—	2,000	—	2,000
Long-term debt	23,193	—	22,917	—	22,917

December 31, 2025	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value
Assets					
Cash and cash equivalents	$ 30,094	$ 30,094	$ —	$ —	$ 30,094
Cash and investments segregated and on deposit for regulatory purposes	19,290	2,470	16,820	—	19,290
Receivables from brokers, dealers, and clearing organizations	7,190	—	7,190	—	7,190
Receivables from brokerage clients — net	104,625	—	104,625	—	104,625
Held to maturity securities:					
U.S. agency mortgage-backed securities	133,563	—	125,649	—	125,649
U.S. Treasury securities	406	—	406	—	406
Total held to maturity securities	133,969	—	126,055	—	126,055
Bank loans — net:					
First Mortgages	30,456	—	28,612	—	28,612
HELOCs	426	—	431	—	431
Pledged asset lines	26,603	—	26,603	—	26,603
Other	470	—	470	—	470
Total bank loans — net	57,955	—	56,116	—	56,116
Other assets	766	—	766	—	766
Liabilities					
Bank deposits	$ 255,747	$ —	$ 255,747	$ —	$ 255,747
Payables to brokers, dealers, and clearing organizations	25,689	—	25,689	—	25,689
Payables to brokerage clients	116,341	—	116,341	—	116,341
Accrued expenses and other liabilities	1,359	—	1,359	—	1,359
Other short-term borrowings	6,913	—	6,913	—	6,913
Federal Home Loan Bank borrowings	1,850	—	1,850	—	1,850
Long-term debt	22,162	—	22,059	—	22,059

15. Stockholders' Equity

Common and Nonvoting Common Stock

During the three and nine months ended September 30, 2026, CSC repurchased 4.7 million and 40.2 million shares, respectively, of its common stock under its $20.0 billion share repurchase authorization for $500 million and $3.9 billion, respectively. During the three and nine months ended September 30, 2025, CSC repurchased 28.9 million shares of its common stock under its $20.0 billion share repurchase authorization for $2.7 billion. As of September 30, 2026 approximately $10.6 billion remained on the $20.0 billion authorization.

On February 12, 2025, TD Group US Holdings LLC, an affiliate of TD Bank, completed a secondary public offering of the Company's common shares through which TD Group US Holdings LLC sold 133.8 million shares of the Company's common stock and 31.7 million shares of the Company's nonvoting common stock, which automatically converted into common stock. The offering was completed at a price of $79.25 per share, for an aggregate amount of $13.1 billion. The Company did not receive any of the proceeds from this sale.

Concurrent with the completion of the secondary offering, and pursuant to a repurchase agreement dated February 9, 2025, the Company repurchased directly from TD Group US Holdings LLC its remaining 19.2 million shares of nonvoting common stock at a price of $77.982 per share for an aggregate repurchase amount of $1.5 billion, which settled on February 12, 2025. The shares of nonvoting common stock automatically converted into common stock upon repurchase and transferred to treasury stock, reducing the number of shares outstanding. These shares were purchased under CSC's previous $15.0 billion share repurchase authorization.

Through the completion of the secondary offering and the Company's repurchase of nonvoting common stock, TD Bank disposed of all of its common shares of CSC and as of February 12, 2025, the Company had no remaining nonvoting common stock outstanding.

CSC repurchased an additional 3.9 million shares of its common stock for $351 million during the three months ended June 30, 2025 under its previous $15.0 billion authorization.

Common stock repurchases, net of issuances, are subject to a nondeductible excise tax which is recognized as a direct and incremental cost associated with these transactions. The tax is recorded as part of the cost basis of the treasury stock repurchased, resulting in no impact to the condensed consolidated statements of income.

Preferred Stock

On June 1, 2026, the Company redeemed all of the 20,554 outstanding shares of its fixed-rate reset non-cumulative perpetual preferred stock, Series I, and the corresponding 2,055,433 depositary shares, each representing a 1/100th interest in a share of the Series I preferred stock. The depositary shares were redeemed at a redemption price of $1,000 per depositary share for a total of $2.1 billion. The difference between the total redemption price and the prior carrying value of the Series I preferred stock resulted in a $25 million deemed dividend that was included in the calculation of EPS.

On April 22, 2026, the Company issued and sold 1,500,000 depositary shares, each representing a 1/100th ownership interest in a share of 6.100% fixed-rate reset non-cumulative perpetual preferred stock, Series L, $.01 par value per share, with a liquidation preference of $100,000 per share (equivalent of $1,000 per depositary share). The net proceeds of the offering were approximately $1.5 billion, after deducting the underwriting discount and offering expenses.

On June 2, 2025, the Company redeemed all of the 24,580 outstanding shares of its fixed-rate reset non-cumulative perpetual preferred stock, Series G, and the corresponding 2,457,964 depositary shares, each representing a 1/100th interest in a share of the Series G preferred stock. The depositary shares were redeemed at a redemption price of $1,000 per depositary share for a total of $2.5 billion. The difference between the total redemption and the prior carrying value of the Series G preferred stock resulted in a $30 million deemed dividend that was included in the calculation of EPS.

CSC was authorized to issue 9,940,000 shares of preferred stock $0.01 par value, at September 30, 2026 and December 31, 2025. The Company's preferred stock issued and outstanding is as follows:

	Shares Issued and Outstanding (in ones) at		Liquidation Preference Per Share	Carrying Value at		Issue Date	Dividend Rate in Effect at September 30, 2026	Earliest Redemption Date	Date at Which Dividend Rate Resets or Becomes Floating	Reset / Floating Rate	Margin Over Reset / Floating Rate
	September 30, 2026 [1]	December 31, 2025 [1]		September 30, 2026	December 31, 2025						
Fixed-rate:											
Series D	750,000	750,000	$ 1,000	$ 728	$ 728	03/07/16	5.95%	06/01/21	N/A	N/A	N/A
Series J	600,000	600,000	1,000	584	584	03/30/21	4.450%	06/01/26	N/A	N/A	N/A
Fixed-to-floating rate/Fixed-rate reset:											
Series F	4,884	4,884	100,000	481	481	10/31/17	5.000%	12/01/27	12/01/27	3M LIBOR [2]	2.575%
Series H [3]	22,267	22,267	100,000	2,200	2,200	12/11/20	4.000%	12/01/30	12/01/30	10-Year Treasury	3.079%
Series I [4]	—	20,554	—	—	2,030	03/18/21	—	—	—	—	—
Series K [5]	7,500	7,500	100,000	740	740	03/04/22	5.000%	06/01/27	06/01/27	5-Year Treasury	3.256%
Series L [5,6]	15,000	—	100,000	1,480	—	04/22/26	6.100%	06/01/31	06/01/31	5-Year Treasury	2.250%
Total preferred stock	1,399,651	1,405,205		$ 6,213	$ 6,763						

[1] Represented by depositary shares.
[2] The reset/floating rate for Series F will be determined by the calculation agent prior to the commencement of the floating rate period using what the calculation agent determines to be the industry-accepted substitute or successor base rate to LIBOR.
[3] The dividend rate for Series H resets on each ten-year anniversary from the first reset date.
[4] Series I was redeemed on June 1, 2026.
[5] The dividend rate for Series K and Series L resets on each five-year anniversary from the first reset date.
[6] The Series L dividend rate resets on each five-year anniversary beginning on June 1, 2031 based on a five-year treasury rate, representing the average yields on actively traded U.S. Treasury securities adjusted to constant maturity for five-year maturities. Series L is only redeemable on dividend payment dates on or after the first reset date.
N/A Not applicable.

Dividends declared on the Company's preferred stock are as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2026		2025		2026		2025	
	Total Declared	Per Share Amount	Total Declared	Per Share Amount	Total Declared	Per Share Amount	Total Declared	Per Share Amount
Series D [1]	$ 11.2	$ 14.88	$ 11.2	$ 14.88	$ 33.5	$ 44.64	$ 33.5	$ 44.64
Series F [2]	—	—	—	—	12.2	2,500.00	12.2	2,500.00
Series G [3]	—	—	—	—	—	—	66.0	2,687.50
Series H [1]	22.2	1,000.00	22.2	1,000.00	66.7	3,000.00	66.7	3,000.00
Series I [4]	—	—	20.6	1,000.00	41.2	2,000.00	61.8	3,000.00
Series J [1]	6.7	11.13	6.7	11.13	20.1	33.39	20.1	33.39
Series K [1]	9.3	1,250.00	9.3	1,250.00	28.1	3,750.00	28.1	3,750.00
Series L [5]	32.8	2,185.83	—	—	32.8	2,185.83	—	—
Total	$ 82.2		$ 70.0		$ 234.6		$ 288.4	

[1] Dividends paid quarterly.
[2] Dividends paid semi-annually until December 1, 2027 and quarterly thereafter.
[3] Series G was redeemed on June 2, 2025. Prior to redemption, dividends were paid quarterly. The final dividend was paid on June 2, 2025.
[4] Series I was redeemed on June 1, 2026. Prior to redemption, dividends were paid quarterly. The final dividend was paid on June 1, 2026.
[5] Series L was issued on April 22, 2026. Dividends are paid quarterly. The first dividend was paid on September 1, 2026.

16. Accumulated Other Comprehensive Income

AOCI represents cumulative gains and losses that are not reflected in earnings. AOCI balances and the components of other comprehensive income (loss) are as follows:

	Total AOCI
Balance at June 30, 2025	$ (12,591)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of $173	419
Other reclassifications included in other revenue, net of tax expense (benefit) of $2	8
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of $207	338
Derivatives designated as cash flow hedging instruments:	
Net unrealized gain (loss), net of tax expense (benefit) of $3	8
Reclassifications included in interest revenue, net of tax expense (benefit) of $7	21
Other [1]	(1)
Balance at September 30, 2025	$ (11,798)
Balance at June 30, 2026	$ (10,575)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of $(172)	(550)
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of $119	387
Derivatives designated as cash flow hedging instruments:	
Net unrealized gain (loss), net of tax expense (benefit) of $(153)	(486)
Reclassifications included in interest revenue, net of tax expense (benefit) of $6	18
Balance at September 30, 2026	$ (11,206)
Balance at December 31, 2024	$ (14,848)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of $542	1,728
Other reclassifications included in other revenue, net of tax expense (benefit) of $12	38
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of $396	1,248
Derivatives designated as cash flow hedging instruments:	
Net unrealized gain (loss), net of tax expense (benefit) of $(1)	(3)
Reclassifications included in interest revenue, net of tax expense (benefit) of $11	34
Other [1]	5
Balance at September 30, 2025	$ (11,798)
Balance at December 31, 2025	$ (10,983)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of $(174)	(550)
Other reclassifications included in other revenue, net of tax expense (benefit) of $6	19
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of $357	1,159
Derivatives designated as cash flow hedging instruments:	
Net unrealized gain (loss), net of tax expense (benefit) of $(281)	(898)
Reclassifications included in interest revenue, net of tax expense (benefit) of $15	49
Other [1]	(2)
Balance at September 30, 2026	$ (11,206)

[1] Tax expense (benefit) was less than $500 thousand.

As of September 30, 2026, the total remaining unamortized loss on securities transferred from AFS to HTM included in AOCI was $6.9 billion net of tax effect ($9.1 billion pre-tax). This loss is being amortized over the remaining lives of the securities, offsetting amortization of the securities' premiums or discounts, and resulting in no impact to net income.

17. Earnings Per Common Share

As described in Note 15, TD Bank disposed of all of its common shares of CSC during the first quarter of 2025, including its holdings of nonvoting common stock. As of February 12, 2025, the Company had no remaining nonvoting common stock outstanding.

For details regarding the computations of basic and diluted EPS for the periods presented below, see Item 8 – Note 25 in the 2025 Form 10-K.

EPS under the basic and diluted computations for the three and nine months ended September 30, 2026 is as follows:

	Three Months Ended September 30,	Nine Months Ended September 30,
	2026	
Net income	$ 2,906	$ 8,185
Preferred stock dividends and other [1]	(95)	(296)
Net income available to common stockholders	$ 2,811	$ 7,889
Weighted-average common shares outstanding — basic	1,728	1,736
Common stock equivalent shares related to stock incentive plans	5	5
Weighted-average common shares outstanding — diluted [2]	1,733	1,741
Basic earnings per share	$ 1.63	$ 4.54
Diluted earnings per share	$ 1.62	$ 4.53

[1] Includes preferred stock dividends and undistributed earnings and dividends allocated to non-vested participating restricted stock units.
[2] Antidilutive stock options and restricted stock units excluded from the calculation of diluted EPS totaled 9 million and 13 million for the three and nine months ended September 30, 2026, respectively.

The computations of basic and diluted EPS for the three and nine months ended September 30, 2025 are as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025					
	Common Stock	Nonvoting Common Stock	Consolidated Common Stock	Common Stock	Nonvoting Common Stock	Consolidated Common Stock
Basic earnings per share:						
Numerator						
Net income	$ 2,358	$ —	$ 2,358	$ 6,373	$ 20	$ 6,393
Preferred stock dividends and other [1]	(81)	—	(81)	(342)	(1)	(343)
Net income available to common stockholders	$ 2,277	$ —	$ 2,277	$ 6,031	$ 19	$ 6,050
Denominator						
Weighted-average common shares outstanding — basic	1,806	—	1,806	1,807	51	1,815
Basic earnings per share	$ 1.26	$ —	$ 1.26	$ 3.33	$ .37	$ 3.33
Diluted earnings per share:						
Numerator						
Net income available to common stockholders	$ 2,277	$ —	$ 2,277	$ 6,031	$ 19	$ 6,050
Reallocation of net income available to common stockholders as a result of conversion of nonvoting to voting shares	—	—	—	19	—	—
Allocation of net income available to common stockholders	$ 2,277	$ —	$ 2,277	$ 6,050	$ 19	$ 6,050
Denominator						
Weighted-average common shares outstanding — basic	1,806	—	1,806	1,807	51	1,815
Conversion of nonvoting shares to voting shares	—	—	—	8	—	—
Common stock equivalent shares related to stock incentive plans	5	—	5	5	—	5
Weighted-average common shares outstanding — diluted [2]	1,811	—	1,811	1,820	51	1,820
Diluted earnings per share	$ 1.26	$ —	$ 1.26	$ 3.33	$ .37	$ 3.33

[1] Includes preferred stock dividends and undistributed earnings and dividends allocated to non-vested restricted stock units.
[2] Antidilutive stock options and restricted stock units excluded from the calculation of diluted EPS totaled 9 million and 13 million for the three and nine months ended September 30, 2025, respectively.

18. Regulatory Requirements

At September 30, 2026, CSC and its banking subsidiaries met all of their respective capital requirements. Regulatory capital and ratios for CSC (consolidated) and CSB are as follows:

	Actual		Minimum to be Well Capitalized		Minimum Capital Requirement	
September 30, 2026	Amount	Ratio	Amount	Ratio	Amount	Ratio [1]
CSC						
Common Equity Tier 1 Risk-Based Capital	$ 38,594	24.5%	N/A		$ 7,100	4.5%
Tier 1 Risk-Based Capital	44,782	28.4%	N/A		9,467	6.0%
Total Risk-Based Capital	44,828	28.4%	N/A		12,622	8.0%
Tier 1 Leverage	44,782	8.9%	N/A		20,069	4.0%
Supplementary Leverage Ratio	44,782	8.8%	N/A		15,242	3.0%
CSB						
Common Equity Tier 1 Risk-Based Capital	$ 26,925	29.0%	$ 6,030	6.5%	$ 4,175	4.5%
Tier 1 Risk-Based Capital	26,925	29.0%	7,422	8.0%	5,566	6.0%
Total Risk-Based Capital	26,965	29.1%	9,277	10.0%	7,422	8.0%
Tier 1 Leverage	26,925	10.6%	12,755	5.0%	10,204	4.0%
Supplementary Leverage Ratio	26,925	10.4%	N/A		7,734	3.0%
December 31, 2025						
CSC						
Common Equity Tier 1 Risk-Based Capital	$ 36,081	30.4%	N/A		$ 5,345	4.5%
Tier 1 Risk-Based Capital	42,844	36.1%	N/A		7,127	6.0%
Total Risk-Based Capital	42,894	36.1%	N/A		9,503	8.0%
Tier 1 Leverage	42,844	9.3%	N/A		18,499	4.0%
Supplementary Leverage Ratio	42,844	9.2%	N/A		13,974	3.0%
CSB						
Common Equity Tier 1 Risk-Based Capital	$ 28,126	35.9%	$ 5,088	6.5%	$ 3,523	4.5%
Tier 1 Risk-Based Capital	28,126	35.9%	6,262	8.0%	4,697	6.0%
Total Risk-Based Capital	28,163	36.0%	7,828	10.0%	6,262	8.0%
Tier 1 Leverage	28,126	11.1%	12,641	5.0%	10,113	4.0%
Supplementary Leverage Ratio	28,126	11.0%	N/A		7,649	3.0%

[1] Under risk-based capital rules, CSC and CSB are also required to maintain additional capital buffers above the regulatory minimum risk-based capital ratios. As of September 30, 2026 and December 31, 2025, CSC was subject to a stress capital buffer of 2.5% and CSB was required to maintain a capital conservation buffer of 2.5%. CSC and CSB are also required to maintain a countercyclical capital buffer above the regulatory minimum risk-based capital ratios, which was zero for both periods presented. If a buffer falls below the minimum requirement, CSC and CSB would be subject to increasingly strict limits on capital distributions and discretionary bonus payments to executive officers. At September 30, 2026 and December 31, 2025, the minimum capital ratio requirements for both CSC and CSB, inclusive of their respective buffers, were 7.0%, 8.5%, and 10.5% for Common Equity Tier 1 Risk-Based Capital, Tier 1 Risk-Based Capital, and Total Risk-Based Capital, respectively.

N/A Not applicable.

Based on its regulatory capital ratios at September 30, 2026 and December 31, 2025, CSB is considered well capitalized (the highest category) under its respective regulatory capital rules. There are no conditions or events since September 30, 2026 that management believes have changed CSB's capital category.

CSC's other banking subsidiaries are CSPB and Charles Schwab Trust Bank (Trust Bank). CSPB is a Texas-chartered state savings bank that provides banking and custody services, and Trust Bank is a Nevada state-chartered savings bank that provides trust and custody services. At September 30, 2026 and December 31, 2025, the balance sheets of CSPB and Trust Bank consisted primarily of investment securities. At September 30, 2026 and December 31, 2025, CSPB held total assets of $26.6 billion and $27.0 billion, respectively, and Trust Bank held total assets of $10.3 billion and $10.4 billion, respectively. Based on their regulatory capital ratios at September 30, 2026 and December 31, 2025, CSPB and Trust Bank are considered well capitalized under their respective regulatory capital rules.

As a securities broker-dealer, CS&Co is subject to the SEC's Uniform Net Capital Rule. Net capital and net capital requirements for CS&Co are as follows:

	September 30, 2026	December 31, 2025
Net capital	$ 16,929	$ 13,188
Minimum dollar requirement	0.250	0.250
2% of aggregate debit balances	3,704	2,559
Net capital in excess of required net capital	13,225	10,629

Pursuant to the SEC's Customer Protection Rule and other applicable regulations, Schwab had cash and investments segregated for the exclusive benefit of clients at September 30, 2026. The SEC's Customer Protection Rule requires broker-dealers to segregate client fully-paid securities and cash balances not collateralizing margin positions and not swept to money market funds or bank deposit accounts. Amounts included in cash and investments segregated and on deposit for regulatory purposes represent actual balances on deposit. Cash and cash equivalents included in cash and investments segregated and on deposit for regulatory purposes are presented as part of Schwab's cash balances in the condensed consolidated statements of cash flows.

19. Segment Information

Schwab's two reportable segments are Investor Services and Advisor Services. Schwab structures the operating segments according to its clients and the services provided to those clients. The Investor Services segment provides retail brokerage, investment advisory, and banking and trust services to individual investors, retirement plan and business services, as well as other corporate brokerage services, to businesses and their employees. The Advisor Services segment provides custodial, trading, banking and trust, and support services to independent RIAs, independent retirement advisors, and recordkeepers. Revenues and expenses are attributed to the two segments based on which segment services the client. Schwab's chief operating decision makers (CODMs) are the President and Chief Executive Officer, and the Managing Director and Chief Financial Officer.

The accounting policies of the segments are the same as those described in Item 8 – Note 2 in the 2025 Form 10-K. For the computation of its segment information, Schwab utilizes an activity-based costing model to allocate traditional income statement line item expenses (e.g., compensation and benefits, depreciation and amortization, and professional services) to the business activities driving segment expenses (e.g., client service, opening new accounts, or business development) and a funds transfer pricing methodology to allocate certain revenues.

The CODMs evaluate the performance of the segments on a pre-tax basis and use income before taxes on income to allocate resources, including employees and capital, to the segments during the annual budgeting process. The CODMs consider budget-to-actual variances on a monthly basis when making decisions about allocating resources to the segments throughout the year. Segment assets and liabilities are not used for evaluating segment performance or in deciding how to allocate resources to segments. There are no revenues from transactions between the segments.

Financial information for the segments is presented in the following table:

	Investor Services		Advisor Services		Total	
Three Months Ended September 30,	2026	2025	2026	2025	2026	2025
Net Revenues						
Net interest revenue	$ 2,701	$ 2,424	$ 775	$ 626	$ 3,476	$ 3,050
Asset management and administration fees	1,425	1,221	488	452	1,913	1,673
Trading revenue	1,039	906	119	89	1,158	995
Bank deposit account fees	265	196	80	51	345	247
Other	213	136	66	34	279	170
Total net revenues	5,643	4,883	1,528	1,252	7,171	6,135
Expenses Excluding Interest						
Compensation and benefits	1,370	1,284	386	369	1,756	1,653
Professional services	264	235	61	58	325	293
Occupancy and equipment	246	220	70	60	316	280
Advertising and market development	81	60	33	41	114	101
Communications	117	105	55	44	172	149
Depreciation and amortization	149	161	47	51	196	212
Amortization of acquired intangible assets	118	104	23	23	141	127
Regulatory fees and assessments	57	51	16	8	73	59
Other	249	207	52	33	301	240
Total expenses excluding interest	2,651	2,427	743	687	3,394	3,114
Income before taxes on income	$ 2,992	$ 2,456	$ 785	$ 565	$ 3,777	$ 3,021
Nine Months Ended September 30,						
Net Revenues						
Net interest revenue	$ 7,701	$ 6,826	$ 2,276	$ 1,752	$ 9,977	$ 8,578
Asset management and administration fees	4,068	3,479	1,429	1,294	5,497	4,773
Trading revenue	3,106	2,563	356	292	3,462	2,855
Bank deposit account fees	748	581	225	158	973	739
Other	625	514	191	126	816	640
Total net revenues	16,248	13,963	4,477	3,622	20,725	17,585
Expenses Excluding Interest						
Compensation and benefits	4,168	3,760	1,190	1,101	5,358	4,861
Professional services	762	680	173	173	935	853
Occupancy and equipment	706	647	196	177	902	824
Advertising and market development	246	194	80	111	326	305
Communications	360	338	173	140	533	478
Depreciation and amortization	452	488	143	156	595	644
Amortization of acquired intangible assets	346	314	69	71	415	385
Regulatory fees and assessments	163	183	48	42	211	225
Other	679	618	137	113	816	731
Total expenses excluding interest	7,882	7,222	2,209	2,084	10,091	9,306
Income before taxes on income	$ 8,366	$ 6,741	$ 2,268	$ 1,538	$ 10,634	$ 8,279

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures: The management of the Company, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of September 30, 2026. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2026.

Changes in internal control over financial reporting: No change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) was identified during the quarter ended September 30, 2026, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see Part I – Item 1 – Note 11.

Item 1A. Risk Factors

In evaluating the Company and our business, you should carefully consider the risks and uncertainties described in Part I – Item 1A – Risk Factors in our most recent Annual Report on Form 10-K, together with the other information in this Quarterly Report on Form 10-Q, including our condensed consolidated financial statements and related notes in Part I – Item 1 and Part I – Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations. Except as described below with respect to our spot cryptocurrency offer, there have been no material changes from the risk factors set forth in our 2025 Annual Report on Form 10-K. Additional risks not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, financial condition, results of operations, or cash flows.

Cryptocurrency

Cryptocurrency, or crypto, uses cryptography blockchain technology, and distributed networks to execute, record, and verify transactions. Unlike traditional financial markets, there may be no party that can prevent or reverse fraudulent transactions, restore lost or stolen assets, or halt operations during a disruption. This absence of a central counterparty or settlement intermediary makes cryptocurrencies susceptible to theft, fraud, and operational disruption and may make recovery of stolen assets difficult or impossible.

Cryptocurrency markets and service providers have been subject to regulatory actions, adverse publicity, and significant volatility. Custodians and other service providers have been targets of sophisticated cyber attacks, which may include intrusion into operations infrastructure, tampering with transaction-related software, theft or substitution of hardware security modules, impersonation of authorized signers, social engineering of personnel, manipulation of internal address books, and exploitation of administrative procedures.

Clients' cryptocurrency held through Schwab Crypto™ is not a deposit or a security and is not protected by the FDIC or the Securities Investor Protection Corporation (SIPC).

Any operational or security failure at our sub-custodian could result in loss or theft of clients' cryptocurrency and expose us to remediation costs, regulatory scrutiny, and reputational harm.

Our spot cryptocurrency offer currently relies on our sub-custodian to safeguard cryptocurrency held by our clients. Any operational failure, cybersecurity incident, fraud, insolvency, or other disruption at the sub-custodian, or a failure of the underlying blockchain infrastructure, could result in the theft or loss of our clients' cryptocurrency, which may not be recoverable.

Cryptocurrency custodied through digital wallets is generally accessible only through associated private keys, which the sub-custodian holds and manages as part of its custodial services. Any loss or compromise of private keys or wallets, including through error, misconduct, or cyberattack affecting the sub-custodian or its personnel, could impair our clients' ability to access

or sell their cryptocurrency and could expose us to remediation obligations, financial losses, regulatory scrutiny, and reputational harm.

Our sub-custodian is contractually liable for the loss of our clients' cryptocurrency under custody, but it may not have sufficient financial resources to satisfy its obligations in the event of a significant loss. Under certain circumstances, CSPB, as custodian, could be liable for losses greater than amounts recoverable from the sub-custodian, which could adversely affect our business.

Uncertainty about the treatment of our clients' cryptocurrency in a receivership, conservatorship, bankruptcy, or similar proceeding could result in delays or losses for clients, claims against us, and reputational harm to the Company.

Although the sub-custodian expects to hold clients' cryptocurrencies in segregated accounts on a bankruptcy-remote basis, the legal treatment of cryptocurrency custody arrangements has not been tested broadly in U.S. courts. In a receivership, conservatorship, bankruptcy, or similar proceeding involving the sub-custodian or its affiliates, CSPB, or another intermediary in the custody chain, a court, receiver, trustee, or other authority could determine our clients' cryptocurrencies are the property of an insolvency estate and subject to competing claims or could impose restrictions on distributions to clients while ownership is adjudicated.

Even if clients' cryptocurrencies are ultimately determined not to be part of an insolvency estate, clients could experience delays in accessing their assets due to administrative stays, reconciliation and tracing processes, valuation disputes, or operational constraints on the relevant blockchain networks. Because on-chain transfers are generally irreversible and may be affected by network congestion or protocol events, an insolvency administrator's ability to return assets in kind may be constrained. Clients may receive distributions later than expected, in a different form, or at a value different from market value at the time of the distribution. Any such outcome could result in client losses, complaints and litigation, increased regulatory scrutiny, and harm to our business or reputation.

Uncertainties in or changes to the accounting treatment for cryptocurrencies could adversely affect our financial statements and related disclosures.

Accounting literature, standard-setting activity, and regulatory expectations for entities that enable customers to buy, sell, or hold cryptocurrencies continue to develop, and practice is not uniform. As a result, our accounting conclusions and related disclosures may be subject to heightened scrutiny by regulators, auditors, and investors and may change over time.

Determining whether and how to recognize revenue, assets, and liabilities related to clients' cryptocurrencies is complex, involves significant judgment, and depends on the legal rights and obligations reflected in our customer agreements, our arrangements with sub-custodians and other service providers, and our operational practices. Regulatory or standard-setting developments, interpretive guidance, or changes in views by the SEC staff, the Financial Accounting Standards Board, or our auditors could affect recognition and measurement of revenue, assets, and liabilities, and may increase volatility in reported results, and impact key metrics and regulatory capital calculations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On July 24, 2025, CSC publicly announced that its Board of Directors terminated its prior share repurchase authorization and replaced it with a new authorization to repurchase up to $20.0 billion of common stock. The new share repurchase authorization does not have an expiration date. See also Part I – Item 1 – Note 15.

The following table summarizes purchases made by or on behalf of CSC of its common stock for each calendar month in the third quarter of 2026 (in millions, except number of shares, which are in thousands, and per share amounts):

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Publicly Announced Program
July:				
Share repurchase program	—	$ —	—	$ 11,128
Employee transactions [1]	35	$ 101.58	N/A	N/A
August:				
Share repurchase program	—	$ —	—	$ 11,128
Employee transactions [1]	12	$ 108.56	N/A	N/A
September:				
Share repurchase program	4,661	$ 107.25	4,661	$ 10,628
Employee transactions [1]	12	$ 107.87	N/A	N/A
Total:				
Share repurchase program	4,661	$ 107.25	4,661	$ 10,628
Employee transactions [1]	59	$ 104.28	N/A	N/A

[1] Includes restricted shares withheld (under the terms of grants under employee stock incentive plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. CSC may receive shares delivered or attested to pay the exercise price and/or to satisfy tax withholding obligations by employees who exercise stock options granted under employee stock incentive plans, which are commonly referred to as stock swap exercises.

N/A Not applicable.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended September 30, 2026, certain of our directors and officers adopted or terminated trading arrangements for the sale of shares of our common stock as follows:

			Plans			
	Action	Date	Rule 10b5-1 [1]	Non-Rule 10b5-1 [2]	Number of Securities to be Sold	Latest Expiration [3]
Jonathan S. Beatty, Managing Director and Head of Advisor Services	Adoption	8/28/2026	x	—	6,894	3/1/2027

[1] Intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

[2] Not intended to satisfy the affirmative defense conditions of Rule 10b5-1(c).

[3] The plan expires at the close of trading on the date presented or at such earlier date upon the completion of all trades under the plan (or the expiration of the orders relating to such trades without execution).

Item 6. Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Exhibit	
4.20	Fourth Supplemental Indenture, dated as of August 12, 2026, by and between The Charles Schwab Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee, filed as Exhibit 4.2 to the Registrant's Form 8-K dated August 12, 2026, and incorporated herein by reference.	
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.	
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.	
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.	(1)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.	(1)
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	(2)
101.SCH	Inline XBRL Taxonomy Extension Schema	(2)
101.CAL	Inline XBRL Taxonomy Extension Calculation	(2)
101.DEF	Inline XBRL Extension Definition	(2)
101.LAB	Inline XBRL Taxonomy Extension Label	(2)
101.PRE	Inline XBRL Taxonomy Extension Presentation	(2)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	
(1)	*Furnished as an exhibit to this Quarterly Report on Form 10-Q.*	
(2)	*Attached as Exhibit 101 to this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026 are the following materials formatted in Inline XBRL (Extensible Business Reporting Language) (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, (vi) Notes to Condensed Consolidated Financial Statements, and (vii) Part II – Item 5.*	

SIGNATURE

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.

THE CHARLES SCHWAB CORPORATION
(Registrant)

Date: November 6, 2026

/s/ Michael Verdeschi
Michael Verdeschi
Managing Director and Chief Financial Officer

THE CHARLES SCHWAB CORPORATION

EXHIBIT 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard A. Wurster, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Charles Schwab Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2026

/s/ Richard A. Wurster

Richard A. Wurster

President and Chief Executive Officer

THE CHARLES SCHWAB CORPORATION

EXHIBIT 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a), AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael Verdeschi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Charles Schwab Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 6, 2026

/s/ Michael Verdeschi

Michael Verdeschi

Managing Director and Chief Financial Officer

THE CHARLES SCHWAB CORPORATION

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Charles Schwab Corporation (the Company) on Form 10-Q for the quarter ended September 30, 2026 (the Report), I, Richard A. Wurster, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

/s/ Richard A. Wurster — Date: November 6, 2026

Richard A. Wurster
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to The Charles Schwab Corporation and will be retained by The Charles Schwab Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

THE CHARLES SCHWAB CORPORATION

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of The Charles Schwab Corporation (the Company) on Form 10-Q for the quarter ended September 30, 2026 (the Report), I, Michael Verdeschi, Managing Director and Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

/s/ Michael Verdeschi — Date: November 6, 2026

Michael Verdeschi
Managing Director and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to The Charles Schwab Corporation and will be retained by The Charles Schwab Corporation and furnished to the Securities and Exchange Commission or its staff upon request.