

The Charles Schwab  
Corporation and Charles  
Schwab Bank

2026 Annual Dodd-Frank  
Act Stress Test Disclosure

Supervisory Severely Adverse Scenario

June 24, 2026

Submitted to the Federal Reserve on April 1, 2026

The logo for Charles Schwab, featuring the word "charles" in a lowercase, italicized serif font above the word "SCHWAB" in a bold, uppercase, sans-serif font, all contained within a blue square.

charles  
SCHWAB

*Own your tomorrow.*

## **I. Dodd-Frank Act Stress Test Results**

### **A. About The Charles Schwab Corporation**

The Charles Schwab Corporation (CSC) is a savings and loan holding company (SLHC), headquartered in Westlake, Texas. CSC was incorporated in 1986 and 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. CSC is regulated, supervised, and examined by the Board of Governors of the Federal Reserve System (Federal Reserve). CSC also is subject to various requirements and restrictions under federal and state laws.

As a Category III SLHC, CSC is required to comply with the Company-Run Stress Testing, Supervisory Stress Testing, and Capital Planning and Stress Capital Buffer Requirements for Savings and Loan Holding Companies (12 C.F.R. §238 Subparts O, P and S).

Charles Schwab Bank, SSB (Schwab Bank or CSB), a state savings bank, is a wholly-owned subsidiary of CSC and is subject to Enhanced Prudential Standards (Regulation YY): Company-Run Stress Test Requirements for State Member Banks with total consolidated assets over \$250B (12 C.F.R. §252, Subpart B).

### **B. About Capital Stress Testing**

Since 2017, in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA), CSC has been required to conduct annual stress tests.

DFA stress testing requirements are implemented by the Federal Reserve through its Dodd-Frank Act Stress Testing program (DFAST). Consistent with requirements of this program, CSC submitted a regulatory filing detailing the testing methodology and pro-forma results for various hypothetical economic scenarios to the Federal Reserve in April 2026. Results in this disclosure reflect certain forecasted financial measures under the supervisory severely adverse scenario prescribed by the Federal Reserve. The results span the nine-quarter timeframe beginning December 31, 2025 and ending March 31, 2028.

## C. Discussion of Risks Included in Stress Testing

The Company leverages its existing enterprise risk management infrastructure in order to ensure that capital adequacy is assessed based on Schwab's material risks and its associated risk profile. In the normal course of business, Schwab assumes various types of risk. These risks are categorized into five key areas: credit, market (including interest rate risk), liquidity, operational, and compliance. Management execution against each of these risk categories can affect strategic risk and reputation. As such, Schwab also considers potential strategic risk and reputational impact across all the aforementioned risk categories.

*Credit Risk:* The risk of loss due to a borrower, counterparty, or issuer failing to perform its contractual obligations.

*Market Risk:* The risk of 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.

*Liquidity Risk:* The risk that Schwab will be unable to meet cash flow obligations when they come due without incurring unacceptable losses.

*Operational Risk:* The risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events and relationships impacting CSC and/or any of its key business partners and vendors.

*Compliance Risk:* The risk of legal or regulatory sanctions, fines or penalties, financial loss, or damage to reputation resulting from the failure to comply with laws, regulations, rules, or other regulatory requirements.

*Strategic Risk:* The risk of material impact to current or projected financial condition and resilience arising from adverse strategic decisions, poor implementation of strategic decisions, or lack of responsiveness to changes in external factors (macroeconomic and regulatory environment, industry trends, and competitive landscape).

*Reputation Risk:* The risk of possible damage to Schwab's brand arising from any association, action or inaction which could be perceived to be inappropriate, unethical or inconsistent with Schwab's values and beliefs.

## D. Discussion of Methodologies Included in Stress Testing

Schwab uses models and estimation techniques to translate the economic and financial variables in the supervisory severely adverse scenario in order to project pre-provision net revenue (PPNR), the provision for loan and lease losses, and losses related to investment securities, and income before taxes.

PPNR is estimated as total revenues (including net interest revenue and non-interest revenue), less non-interest expenses. Net interest revenue is the difference between interest earned on interest-earning assets—such as the loan portfolio and investment portfolio—and interest paid on funding sources. Schwab uses models and management overlays to project net interest revenue. Non-interest revenues and expenses are projected based on business drivers, such as new client assets, compensation, and benefits—including discretionary compensation—and operational risk losses.

Schwab projects the provision for loan and lease losses using models, qualitative assessments, and management overlays (as necessary) that consider relationships between macroeconomic indicators, internal and industry-wide historic data, and portfolio characteristics.

Management judgment is used in certain cases to develop overlays to modeled outputs. Such overlays are used primarily to account for the unique risks or trends of certain portfolios that are not well captured in the Company's models, or to otherwise compensate for model and data limitations.

The capital action assumptions in the supervisory severely adverse scenario are prescribed by the Federal Reserve. In this scenario, we do not: pay dividends on any instruments that qualify as common equity tier 1 capital, redeem or repurchase any capital instruments that are eligible for inclusion in the numerator of a regulatory capital ratio, nor do we issue common stock or preferred stock. We are allowed to make payments on instruments that qualify as additional tier 1 capital or tier 2 capital. This year's DFAST results included the use of the Money Fund Sweep Feature. This feature invests in and redeems shares of the Schwab Sweep Money Fund upon advance written notice to the customer. (For more information, refer to the Company's Cash Features Program Disclosure.)

## **E. Summary of Results**

### ***i. Scenario Summary***

The 2026 severely adverse scenario is characterized by a severe global recession, with equity prices falling 58% in the first three quarters of the scenario while the Volatility Index spikes and reaches a peak of 72 in the second quarter. This depresses demand for goods and services from households and prompts businesses to dramatically reduce employment and investment. The U.S. unemployment rate peaks at 10% in the third quarter of 2027. The sharp decline in economic activity leads to a collapse in real estate prices, including a 30% decline in nominal house prices and a 39% decline in commercial real estate prices.

A complete description of the supervisory severely adverse scenario can be found at:

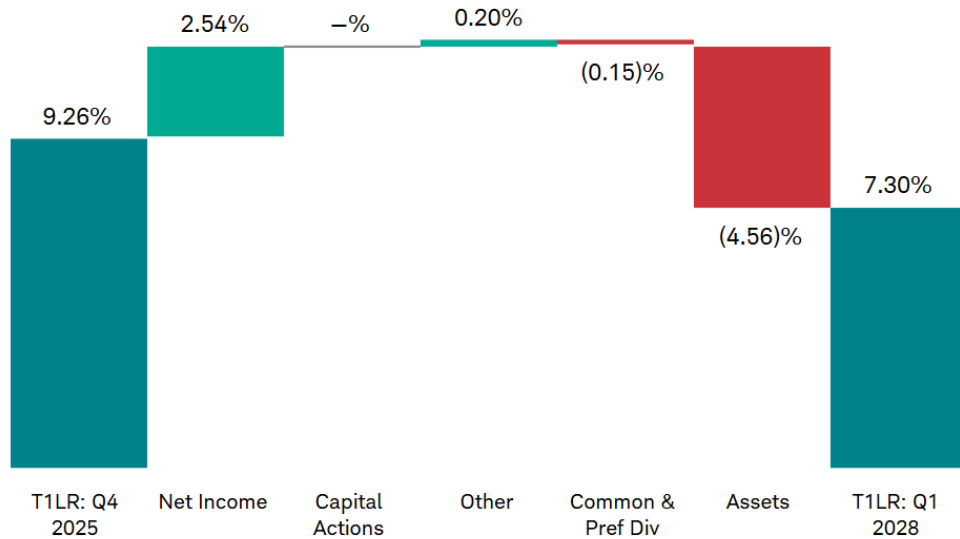
<https://www.federalreserve.gov/publications/2026-stress-test-scenarios.htm>

### ***ii. CSC Results***

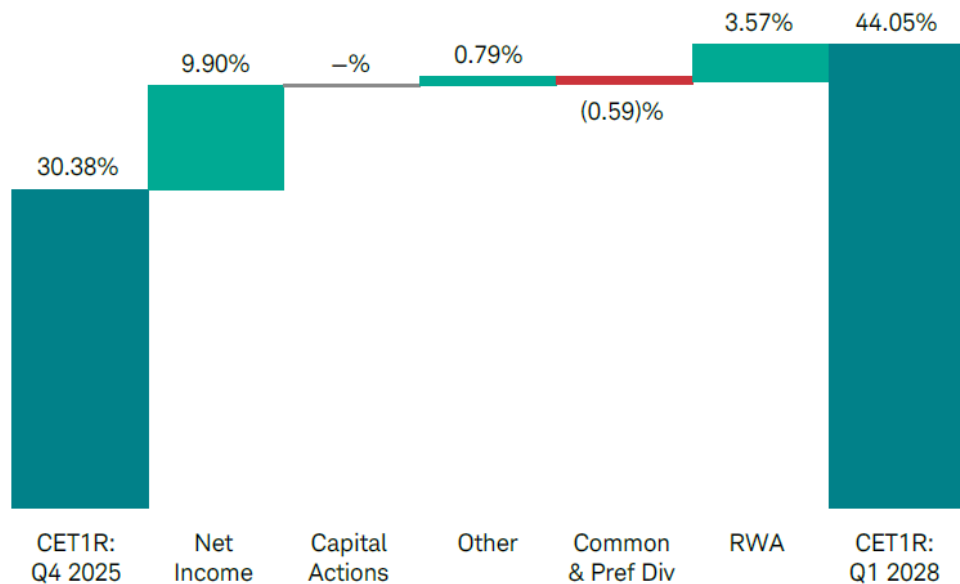
In the supervisory severely adverse scenario, CSC's capital ratios remain above regulatory-defined thresholds throughout the forecasted nine-quarter horizon. The Company's 9.26% tier 1 leverage ratio (T1LR) at the beginning of the forecast declines through Q1 2027 when it reaches a low of 6.75% before rising again, ending far above the 4.00% regulatory minimum at 7.30%.

The common equity tier 1 capital ratio (CET1R) increased from 30.38% to 44.05% during the nine-quarter horizon due to a change in the mix of assets toward those of higher credit quality as a result of the described scenario economic conditions. The result was a decrease in risk weighted assets and an increase in the CET1R because capital actions other than payments on additional tier 1 or 2 capital are not permitted.

### Tier 1 Leverage Ratio, Severely Adverse Scenario, The Charles Schwab Corporation



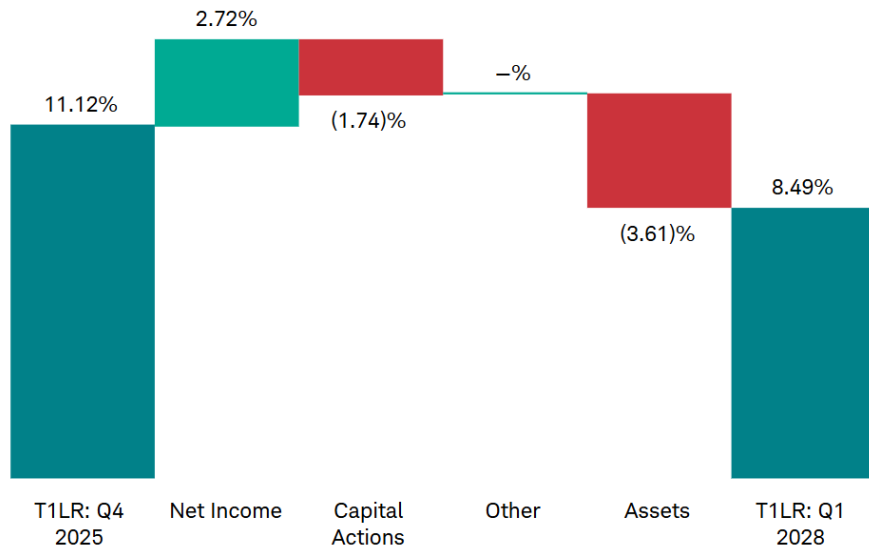
### Common Equity Tier 1 Capital Ratio, Severely Adverse Scenario, The Charles Schwab Corporation



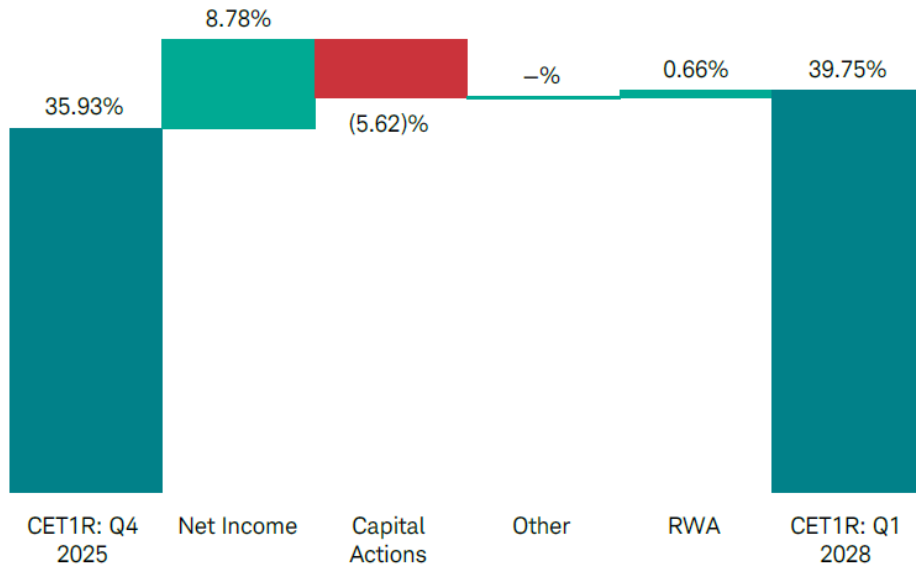
### iii. CSB Results

In the severely adverse scenario, CSB's capital ratios remain above regulatory-defined well-capitalized thresholds throughout the forecasted nine-quarter horizon. CSB's 11.12% tier 1 leverage ratio at the beginning of the forecast declines immediately and continues throughout the horizon, ending far above the 5.00% regulatory minimum at 8.49%. The common equity tier 1 ratio increased from 35.93% to 39.75% during the nine-quarter horizon due to a change in the mix of assets toward those of higher credit quality as a result of the described scenario economic conditions.

**Tier 1 Leverage Ratio, Severely Adverse Scenario, Charles Schwab Bank**



**Common Equity Tier 1 Capital Ratio, Severely Adverse Scenario, Charles Schwab Bank**



The following tables have not been adjusted for actual results realized.

a) *Actual Q4 2025, Projected Q1 2028, and Minimum Capital Ratios in the Severely Adverse Scenario*

	Regulatory Minimum <sup>1</sup>	Actual 12/31/2025	Stressed Capital Ratios	
			3/31/2028	Minimum <sup>2</sup>
<b>The Charles Schwab Corporation</b>				
Common equity tier 1 capital ratio (%)	4.50%	30.38%	44.05%	32.54%
Tier 1 capital ratio (%)	6.00%	36.07%	50.24%	38.30%
Total capital ratio (%)	8.00%	36.11%	50.29%	38.34%
Tier 1 leverage ratio (%)	4.00%	9.26%	7.30%	6.75%
Supplementary leverage ratio (%)	3.00%	9.20%	7.27%	6.73%
<b>Charles Schwab Bank</b>				
Common equity tier 1 capital ratio (%)	4.50%	35.93%	39.75%	35.35%
Tier 1 capital ratio (%)	6.00%	35.93%	39.75%	35.35%
Total capital ratio (%)	8.00%	35.98%	39.80%	35.40%
Tier 1 leverage ratio (%)	4.00%	11.12%	8.49%	8.49%
Supplementary leverage ratio (%)	3.00%	11.03%	8.44%	8.44%

b) *Actual Q4 2025 and Projected Q1 2028 Risk-weighted Assets in the Severely Adverse Scenario*

	The Charles Schwab Corporation		Charles Schwab Bank	
	Actual 12/31/2025	Projected 3/31/2028	Actual 12/31/2025	Projected 3/31/2028
Risk-weighted assets (millions of dollars)	\$118,782	\$109,157	\$78,281	\$76,987

c) *Projected Losses, Revenues, Net Income, and Other Comprehensive Income in the Severely Adverse Scenario, through Q1 2028*

	The Charles Schwab Corporation		Charles Schwab Bank	
	Millions of dollars	Percent of average assets <sup>3</sup>	Millions of dollars	Percent of average assets <sup>3</sup>
Pre-provision net revenue <sup>4</sup>	\$15,794	2.21%	\$9,334	2.73%
Plus:				
Provisions for loan and lease losses	(300)	< 0.1%	(300)	< 0.1%
Realized gains/losses on securities	(10)	< 0.1%	(10)	< 0.1%
Trading and counterparty losses	—		—	
Other gain/loss	—		—	
<b>Net Income Before Taxes</b>	<b>\$15,484</b>	<b>2.17%</b>	<b>\$9,024</b>	<b>2.64%</b>

<sup>1</sup> These minimums are exclusive of additional capital buffers above the regulatory minimum risk-based capital ratios. CSC is currently subject to a stress capital buffer of 2.5% and CSB is 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.

<sup>2</sup> "Minimum" represents the lowest value over the nine-quarter forecast.

<sup>3</sup> "Average assets" is the nine-quarter average of total assets.

<sup>4</sup> PPNR includes net interest revenue, asset management and administration fees, trading revenue, bank deposit account fees, and other revenue, less total expenses excluding interest.

d) *Projected Loan Losses, by Type of Loan in the Severely Adverse Scenario, through Q1 2028*

The Charles Schwab Corporation and Charles Schwab Bank		
	Millions of dollars	Portfolio Loss Rate <sup>5</sup>
Loan Losses	\$126	0.4%
First-lien mortgages, domestic	100	0.3%
Junior liens and HELOCs, domestic <sup>6</sup>	–	0.1%
Commercial and industrial	–	0.0%
Commercial real estate, domestic	–	0.0%
Other consumer	–	0.0%
Other loan losses <sup>7</sup>	25	5.0%

## F. Forward-looking Statements

This disclosure contains forward-looking statements, including the projections of CSC's and CSB's capital ratios, risk-weighted assets, revenue, gains, losses and net income, under a hypothetical scenario incorporating a set of assumed economic and financial conditions that are more adverse than Schwab expects, as determined by the regulators. The projections do not represent forecasts of expected results of operations or financial condition, but rather reflect the possible results under the prescribed hypothetical scenario. Schwab's future results of operations and financial condition may vary from management's projections and will be influenced by actual economic and financial conditions, the accuracy of management's modeling and estimation techniques, and other factors as described in the Company's annual report on Form 10-K for the year ended December 31, 2025, and other reports filed with the Securities and Exchange Commission, which are available at [www.sec.gov](http://www.sec.gov).

Due to potential differences in methodologies and assumptions, outputs based on the information contained in this disclosure might differ from similar analyses from the Federal Reserve or other financial institutions. The results shown here also might not be comparable to prior stress test results conducted by Schwab, the Federal Reserve, or other financial institutions, due to an evolving regulatory framework, developing macroeconomic and market environments, or other factors.

<sup>5</sup> Denominator of the loss rate is based on the average of the nine quarters' balance.

<sup>6</sup> Losses for junior liens and HELOCs were less than \$500 thousand.

<sup>7</sup> Represents projected losses on Community Reinvestment Act loans.