The Charles Schwab Corporation Net Stable Funding Ratio Disclosure Report

For the quarters ended March 31, 2023 and June 30, 2023

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I. About The Charles Schwab Corporation

The Charles Schwab Corporation (CSC) is a savings and loan holding company, headquartered in Westlake, Texas. 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. CSC is regulated, supervised, and examined by the Board of Governors of the Federal Reserve System (Federal Reserve).

II. Net Stable Funding Ratio

The Net Stable Funding Ratio (NSFR) rule is a quantitative liquidity metric and requirement that measures the long-term funding stability of a covered institution. The rule intends to limit overreliance on short-term wholesale funding, encourage better assessment of funding risk across all on- and off-balance-sheet items, and promotes funding stability. The NSFR requirements in the rule are consistent with the requirements established by the Basel Committee on Banking Supervision.

The rule requires that a covered institution's Available Stable Funding (ASF) must be greater than or equal to the Required Stable Funding (RSF) amount. ASF is calculated by evaluating the stability of an organization's funding sources, and RSF is calculated by evaluating the characteristics of an organization's assets, derivatives, and off-balance-sheet exposures as prescribed in the rule.

The Company's average NSFR was 123.76% during the first quarter of 2023 and decreased to 120.48% in the second quarter of 2023. Schwab's NSFR fluctuates period over period as a result of its liquidity profile, market conditions, client behavior, legal or regulatory developments, liquidity risk management limits, or other factors in the markets in which it operates.

Although not subject to a separate public disclosure requirement, Schwab's depository institution subsidiaries are subject to NSFR requirements, and were in compliance with their respective NSFR requirements during the periods presented.

Average Weighted Amount (In Millions)	**Quarter Ended March 31, 2023**	**Quarter Ended June 30, 2023**
ASF[1]	202,504	200,512
RSF	163,622	166,428
NSFR	123.76%	120.48%

(1) Excludes excess ASF at bank subsidiaries that are not transferable to non-bank affiliates.

III. NSFR Quantitative Disclosures

In the following tables, the figures reported in the "Average Weighted Amount" column reflect the prescribed, industry-wide assumptions and factors defined by the NSFR rule to determine a Covered Company's ASF and RSF. The figures reported in the "Average Unweighted Amount" column reflect gross values prior to the application of prescribed factors and are not included in the calculation used to determine the Company's compliance with NSFR requirements.

A. Q1 2023

Quarter ended 03/31/2023 In millions of U.S. dollars.		Average Unweighted Amount					Average Weighted Amount
		Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	
ASF ITEM							
1	Capital and securities:	-	589	773	19,167	36,538	56,092
	NSFR regulatory capital elements	-	-	-	-	36,538	36,538
3	Other capital elements and securities	-	589	773	19,167	-	19,554
4	Retail funding:	323,614	2,342	-	1,399	-	262,200
5	Stable deposits	8,043	-	-	-	-	7,640
6	Less stable deposits	5,211	-	-	-	-	4,690
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	240,125	2,342	-	1,399	-	214,753
8	Other retail funding	70,235	-	-	-	-	35,117
9	Wholesale funding	100,345	15,070	17,040	2,880	-	62,210
10	Operational deposits	-	-	-	-	-	-
11	Other wholesale funding	100,345	15,070	17,040	2,880	-	62,210
	Other liabilities:						
12	NSFR derivatives liability amount					-	
13	Total derivatives liability amount					1	
14	All other liabilities not included in the above categories	579	664	2	-	-	-
15	**TOTAL ASF[1]**						202,504
RSF ITEM							
16	Total high-quality liquid assets (HQLA)	22,224	39,219	7,491	252,321	-	30,501
17	Level 1 liquid assets	22,224	38,436	6,507	50,745	-	-
18	Level 2A liquid assets	-	783	984	201,576	-	30,501
19	Level 2B liquid assets	-	-	-	-	-	-
20	Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	-	-	-	-	-	-
21	Operational deposits placed at financial sector entities or their consolidated subsidiaries	824	-	-	-	-	412
22	Loans and securities:	76,289	24,772	1,644	52,780	-	86,695
23	Loans to financial sector entities secured by level 1 liquid assets	-	8,150	-	-	-	-
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	2,276	14,033	-	314	-	2,761
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	73,400	185	297	469	-	37,340
26	Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	-	-	-	2	-	1
27	Retail mortgages	-	-	-	25,731	-	21,872
28	Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	-	-	-	-	-	-
29	Securities that do not qualify as HQLA	613	2,404	1,347	26,266	-	24,722
	Other assets:						
30	Commodities					-	-

		Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	Average Weighted Amount
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements					11	9
32	NSFR derivatives asset amount					-	-
33	Total derivatives asset amount					1	
34	RSF for potential derivatives portfolio valuation changes					2	-
35	All other assets not included in the above categories, including nonperforming assets	33,734	413	292	15,357	-	45,731
36	Undrawn commitments					5,476	274
37	**TOTAL RSF prior to application of required stable funding adjustment percentage**						163,622
38	**Required stable funding adjustment percentage**						1
39	**TOTAL adjusted RSF**						163,622
40	**NET STABLE FUNDING RATIO**						123.76%

B. Q2 2023

Quarter ended 06/30/2023 In millions of U.S. dollars.		Average Unweighted Amount					Average Weighted Amount
		Open Maturity	< 6 months	6 months to < 1 year	≥ 1 year	Perpetual	
ASF ITEM							
1	Capital and securities:	-	52	3,655	17,443	36,551	55,822
2	NSFR regulatory capital elements	-	-	-	-	36,551	36,551
3	Other capital elements and securities	-	52	3,655	17,443	-	19,271
4	Retail funding:	280,141	6,545	-	7,993	-	232,214
5	Stable deposits	7,836	-	-	-	-	7,444
6	Less stable deposits	5,058	-	-	-	-	4,553
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	204,254	6,501	-	7,993	-	188,698
8	Other retail funding	62,993	44	-	-	-	31,519
9	Wholesale funding	80,472	30,321	17,547	11,002	-	67,059
10	Operational deposits	-	-	-	-	-	-
11	Other wholesale funding	80,472	30,321	17,547	11,002	-	67,059
	Other liabilities:						
12	NSFR derivatives liability amount					-	
13	Total derivatives liability amount					6	
14	All other liabilities not included in the above categories	1,197	1,262	3	-	-	-
15	**TOTAL ASF[1]**						200,512
RSF ITEM							
16	Total high-quality liquid assets (HQLA)	28,931	29,438	5,525	235,713	-	28,562
17	Level 1 liquid assets	28,931	28,682	5,039	46,542	-	-
18	Level 2A liquid assets	-	756	486	189,171	-	28,562
19	Level 2B liquid assets	-	-	-	-	-	-
20	Zero percent RSF assets that are not level 1 liquid assets or loans to financial sector entities or their consolidated subsidiaries	-	-	-	-	-	-
21	Operational deposits placed at financial sector entities or their consolidated subsidiaries	881	-	-	-	-	440
22	Loans and securities:	76,964	21,438	2,100	50,483	-	84,662
23	Loans to financial sector entities secured by level 1 liquid assets	38	5,737	-	-	-	-

24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	2,825	14,040	-	391	-	2,921
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	73,438	180	255	255	-	37,153
26	Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	-	-	-	4	-	2
27	Retail mortgages	-	-	-	26,009	-	22,108
28	Of which: With a risk weight of no greater than 50 percent under Regulation Q (12 CFR part 217)	-	-	-	-	-	-
29	Securities that do not qualify as HQLA	663	1,481	1,845	23,828	-	22,480
	Other assets:						
30	Commodities					-	-
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements					138	117
32	NSFR derivatives asset amount					30	30
33	Total derivatives asset amount					36	
34	RSF for potential derivatives portfolio valuation changes					40	2
35	All other assets not included in the above categories, including nonperforming assets	36,055	545	436	21,250	-	52,362
36	Undrawn commitments					5,060	253
37	**TOTAL RSF prior to application of required stable funding adjustment percentage**						166,428
38	**Required stable funding adjustment percentage**						1
39	**TOTAL adjusted RSF**						166,428
40	**NET STABLE FUNDING RATIO**						120.48%

[1] Amounts reported may not equal the calculation of those amounts reported in rows 1-14 as it excludes excess ASF at bank subsidiaries that are not transferable to non-bank affiliates subject to § 249.109 Rules for consolidation.

IV. Components and Drivers of the Net Stable Funding Ratio

A. Available Stable Funding

The Company's total ASF was concentrated in retail funding which includes sweep deposits and brokered deposits from retail customers and counterparties. These accounted for 56% and 53% of the Company's weighted ASF for the first and second quarters of 2023, respectively. The Company's ASF also includes other unsecured funding from retail customers at Schwab's broker-dealer business and banking subsidiaries such as free credits, long term senior notes, Federal Home Loan Bank (FHLB) borrowings and regulatory capital. Together these accounted for 31% and 35% of the Company's weighted ASF in the first and second quarters of 2023, respectively.

ASF that is held at the banking subsidiaries in excess of the subsidiaries' total RSF, and are not transferable to non-bank affiliates, are excluded by rule from the Company's ASF.

B. Required Stable Funding

The Company's total RSF includes loans to retail customers or counterparties, which is concentrated in Schwab's broker-dealer business representing customer margin loans. These accounted for 23% and 22% of the Company's weighted RSF in the first and second quarters of 2023, respectively.

In addition, Company's RSF included loans to retail customers or counterparties at bank entities, level 2A assets, non HQLA and other assets. Together these account for 75% of the Company's RSF for both the first and second quarters of 2023.

V. Funding Sources

A. Primary 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, and cash provided by other external financing external financing including securities issuances by CSC in the capital markets.

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.

B. Supplemental Sources

In addition, Schwab has access to external funding. Schwab's need for borrowings from external debt facilities arises primarily from timing differences between cash flow requirements, including the event the outflow of client cash from the balance sheet is greater than cash flows from operations and investment securities and bank loans; payment on interest-earning investments; movements of cash to meet regulatory brokerage client cash segregation requirements; and general corporate purposes. We maintain policies and procedures necessary to access funding and test borrowing procedures on a periodic basis.

The Company has a commercial paper program as well as a universal automatic shelf registration statement on file with the SEC which enables it to issue debt, equity, and other securities.

The Company's banking subsidiaries have access to external financial institutions through repurchase agreements collateralized by investment securities and secured borrowing facilities with the FHLB. 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 fair value of certain of our investment securities that are pledged as collateral.

The banking subsidiaries also have access to short-term secured funding through the Federal Reserve discount window and are counterparties to the Standing Repo Facility with the Federal Reserve Bank of New York. These facilities were not utilized by the Company in the first two quarters of the 2023 outside of de-minimis test borrowings to establish operational readiness.

The Company's banking subsidiaries are also eligible to obtain advances under the Bank Term Funding Program (BTFP). This facility was not used by the Company in the first two quarters of 2023.

In the first two quarters of 2023 brokered CDs were used as a supplemental funding source.

The broker dealer entities maintain uncommitted, unsecured, and secured bank credit lines with a group of banks as a source of short-term liquidity.