

News Release



Contacts:

MEDIA:

Mayura Hooper
Charles Schwab
Phone: 415-667-1525

INVESTORS/ANALYSTS:

Jeff Edwards
Charles Schwab
Phone: 817-854-6177

CORPORATION

SCHWAB REPORTS MONTHLY ACTIVITY HIGHLIGHTS

WESTLAKE, Texas, September 16, 2024 – The Charles Schwab Corporation released its Monthly Activity Report today. Company highlights for the month of August 2024 include:

- Core net new assets brought to the company by new and existing clients increased to \$32.8 billion for the month, up from \$4.9 billion in the prior year period. August 2023 asset gathering included the impact of the anticipated attrition ahead of our September 2023 client conversion weekend – the largest of the five total transition weekends.
- Total client assets equaled \$9.74 trillion as of month-end August, up 20% from August 2023 and up 2% compared to July 2024.
- New brokerage accounts totaled 324 thousand in August, an increase of 4% versus August 2023.
- Driven by typical August seasonality observed during the current interest rate cycle, transactional sweep cash declined modestly versus the prior month to \$366.8 billion. This month-over-month decline represents an improvement of approximately 70% and 85% relative to August 2023 and August 2022, respectively.
- As of mid-September, quarter-to-date net changes in transactional sweep cash are trending favorable to the first half of 2024, enabling a reduction in the amount of outstanding supplemental funding at the bank relative to the prior quarter-end level.
- The company currently anticipates its third quarter results to finish in-line with the scenario outlined during the July Business Update. Total revenue is expected to grow by 2% - 3% versus the prior quarter, with an adjusted⁽¹⁾ pre-tax profit margin of at least 40%. These anticipated quarterly results reflect healthy investor engagement across Schwab's modern wealth platform and the continued slowing of rate-related client cash realignment activity.

⁽¹⁾ Adjusted pre-tax profit margin is calculated as total net revenues less adjusted total expenses, which exclude acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs, as a percentage of total net revenues. Pre-tax quarterly non-GAAP adjustments are estimated to range between approximately \$150 to \$200 million during 2024.

Forward-Looking Statements

This press release contains forward-looking statements relating to third quarter sweep cash, supplemental funding balances, client engagement, revenue, pre-tax profit margin and non-GAAP adjustments.

These forward-looking statements reflect management's expectations as of the date hereof. Achievement of these expectations and objectives is subject to risks and uncertainties that could cause actual results to differ materially from the expressed expectations. Important factors that may cause such differences are described in the company's most recent reports on Form 10-K and Form 10-Q, which have been filed with the Securities and Exchange Commission and are available on the company's website

(<https://www.aboutschwab.com/financial-reports>) and on the Securities and Exchange Commission's website (<https://www.sec.gov>). The company makes no commitment to update any forward-looking statements.

About Charles Schwab

The Charles Schwab Corporation (NYSE: SCHW) is a leading provider of financial services, with 35.9 million active brokerage accounts, 5.4 million workplace plan participant accounts, 1.9 million banking accounts, and \$9.74 trillion in client assets as of August 31, 2024. Through its operating subsidiaries, the company provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, <https://www.sipc.org>), and its affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent, fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its primary banking subsidiary, Charles Schwab Bank, SSB (member FDIC and an Equal Housing Lender), provides banking and lending services and products. More information is available at <https://www.aboutschwab.com>.

###

The Charles Schwab Corporation Monthly Activity Report For August 2024

	2023					2024							Change		
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Mo.	Yr.
Market Indices (at month end)															
Dow Jones Industrial Average [®]	34,722	33,508	33,053	35,951	37,690	38,150	38,996	39,807	37,816	38,686	39,119	40,843	41,563	2%	20%
Nasdaq Composite [®]	14,035	13,219	12,851	14,226	15,011	15,164	16,092	16,379	15,658	16,735	17,733	17,599	17,714	1%	26%
Standard & Poor's [®] 500	4,508	4,288	4,194	4,568	4,770	4,846	5,096	5,254	5,036	5,278	5,460	5,522	5,648	2%	25%
Client Assets (in billions of dollars)															
Beginning Client Assets	8,241.0	8,094.7	7,824.5	7,653.4	8,180.6	8,516.6	8,558.1	8,879.5	9,118.4	8,847.5	9,206.3	9,407.5	9,572.1		
Net New Assets ⁽¹⁾	8.1	27.2	5.0	19.2	42.1	14.8	31.7	41.7	10.0	31.0	33.2	29.0	31.5	9%	N/M
Net Market (Losses) Gains	(154.4)	(297.4)	(176.1)	508.0	293.9	26.7	289.7	197.2	(280.9)	327.8	168.0	135.6	134.1		
Total Client Assets (at month end)	8,094.7	7,824.5	7,653.4	8,180.6	8,516.6	8,558.1	8,879.5	9,118.4	8,847.5	9,206.3	9,407.5	9,572.1	9,737.7	2%	20%
Core Net New Assets ^(1,2)	4.9	27.1	11.3	21.7	43.1	17.2	33.4	45.0	1.0	31.1	29.1	29.0	32.8	13%	N/M
Receiving Ongoing Advisory Services (at month end)															
Investor Services	552.2	533.0	522.2	557.0	581.4	584.1	601.8	618.5	602.2	624.0	632.9	649.1	663.7	2%	20%
Advisor Services ⁽³⁾	3,554.2	3,448.0	3,380.3	3,604.4	3,757.4	3,780.4	3,902.5	4,009.5	3,893.9	4,027.3	4,090.0	4,185.4	4,268.1	2%	20%
Client Accounts (at month end, in thousands)															
Active Brokerage Accounts	34,440	34,540	34,571	34,672	34,838	35,017	35,127	35,301	35,426	35,524	35,612	35,743	35,859	-	4%
Banking Accounts	1,798	1,799	1,812	1,825	1,838	1,856	1,871	1,885	1,901	1,916	1,931	1,937	1,940	-	8%
Workplace Plan Participant Accounts ⁽⁴⁾	5,037	5,141	5,212	5,212	5,221	5,226	5,268	5,277	5,282	5,345	5,363	5,382	5,373	-	7%
Client Activity															
New Brokerage Accounts (in thousands)	311	280	284	286	340	366	345	383	361	314	310	327	324	(1%)	4%
Client Cash as a Percentage of Client Assets ⁽⁵⁾	10.4%	10.8%	11.2%	10.7%	10.5%	10.5%	10.2%	10.0%	10.2%	9.9%	9.7%	9.6%	9.5%	(10) bp	(90) bp
Derivative Trades as a Percentage of Total Trades	24.4%	24.2%	23.2%	23.1%	21.8%	21.8%	22.2%	21.9%	22.1%	21.9%	21.3%	21.2%	20.8%	(40) bp	(360) bp
Selected Average Balances (in millions of dollars)															
Average Interest-Earning Assets ⁽⁶⁾	449,483	444,864	438,522	439,118	446,305	443,694	434,822	431,456	423,532	415,950	417,150	417,379	420,191	1%	(7%)
Average Margin Balances	64,226	64,014	63,946	61,502	62,309	61,368	63,600	66,425	68,827	67,614	69,730	73,206	73,326	-	14%
Average Bank Deposit Account Balances ⁽⁷⁾	101,928	100,404	97,893	94,991	95,518	95,553	92,075	90,774	88,819	86,844	85,195	83,979	82,806	(1%)	(19%)
Mutual Fund and Exchange-Traded Fund															
Net Buys (Sells)^(8,9) (in millions of dollars)															
Equities	(278)	675	(3,039)	6,099	7,903	8,182	7,624	10,379	3,472	5,734	3,379	10,908	5,609		
Hybrid	(1,037)	(828)	(1,457)	(1,466)	(1,596)	(501)	(1,330)	(439)	(703)	(558)	(843)	(1,155)	(1,377)		
Bonds	4,696	2,723	1,094	255	6,104	7,510	9,883	7,561	5,949	5,854	6,346	8,651	10,919		
Net Buy (Sell) Activity (in millions of dollars)															
Mutual Funds ⁽⁸⁾	(6,476)	(5,853)	(12,245)	(9,267)	(7,406)	(966)	(1,348)	(1,607)	(4,818)	(5,544)	(4,254)	(4,679)	(4,003)		
Exchange-Traded Funds ⁽⁹⁾	9,857	8,423	8,843	14,155	19,817	16,157	17,525	19,108	13,536	16,574	13,136	23,083	19,154		
Money Market Funds	16,869	13,388	16,976	11,670	7,745	11,717	10,129	9,085	(2,357)	9,790	3,858	9,110	8,048		

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

- ⁽¹⁾ Unless otherwise noted, differences between net new assets and core net new assets are net flows from off-platform Schwab Bank Retail CDs. 2024 also includes an outflow from a large international relationship of \$0.1 billion in August and an inflow of \$10.3 billion from a mutual fund clearing services client in April. 2023 also includes outflows from a large international relationship of \$0.8 billion in September, \$6.2 billion in October, \$5.4 billion in November, and \$0.6 billion in December.
- ⁽²⁾ Net new assets before significant one-time inflows or outflows, such as acquisitions/divestitures or extraordinary flows (generally greater than \$10 billion) relating to a specific client, and activity from off-platform Schwab Bank Retail CDs. These flows may span multiple reporting periods.
- ⁽³⁾ Excludes Retirement Business Services.
- ⁽⁴⁾ Beginning October 2023, Retirement Plan Participants was expanded to include accounts in Stock Plan Services, Designated Brokerage Services, and Retirement Business Services. Participants may be enrolled in services in more than one Workplace business. Prior periods have been recast to reflect this change.
- ⁽⁵⁾ Schwab One[®], certain cash equivalents, bank deposits, third-party bank deposit accounts, and money market fund balances as a percentage of total client assets; client cash excludes brokered CDs issued by Charles Schwab Bank.
- ⁽⁶⁾ Represents average total interest-earning assets on the Company's balance sheet.
- ⁽⁷⁾ Represents average clients' uninvested cash sweep account balances held in deposit accounts at third-party financial institutions.
- ⁽⁸⁾ Represents the principal value of client mutual fund transactions handled by Schwab, including transactions in proprietary funds. Includes institutional funds available only to Investment Managers. Excludes money market fund transactions.
- ⁽⁹⁾ Represents the principal value of client ETF transactions handled by Schwab, including transactions in proprietary ETFs.
- N/M - Not meaningful. Percentage changes greater than 200% are presented as not meaningful.