

News Release



Contacts:

MEDIA:

Mayura Hooper
Charles Schwab
Phone: 415-667-1525

INVESTORS/ANALYSTS:

Jeff Edwards
Charles Schwab
Phone: 415-667-1524

CORPORATION

SCHWAB REPORTS MONTHLY ACTIVITY HIGHLIGHTS

WESTLAKE, Texas, August 14, 2023 – The Charles Schwab Corporation released its Monthly Activity Report today. Company highlights for the month of July 2023 include:

- Core net new assets brought to the company by new and existing clients totaled \$13.7 billion. Net new assets excluding mutual fund clearing totaled \$11.9 billion.
- Total client assets were \$8.24 trillion as of month-end July, up 13% from July 2022 and up 3% compared to June 2023.
- Average margin balances were \$63.0 billion in July, down 13% from July 2022 and up 2% compared to June 2023.

Commentary from the CFO

Chief Financial Officer Peter Crawford commented, “As we continue to progress through the Ameritrade client conversion, we are observing initial evidence of the deal-related attrition we allowed for within the transaction math outlined at the announcement back in November 2019. These temporarily lower net flows reflect our organic asset gathering being offset by expected attrition within certain client cohorts, including recently converted Ameritrade retail clients as well as a modest number of Ameritrade advisor clients ahead of their planned transition to the Schwab platform in September. Additionally, we have elected to proactively resign from certain atypical custodial relationships previously served by Ameritrade’s institutional business that are inconsistent with our approach to serving Registered Investment Advisors. We anticipate these temporary conversion-related dynamics will subside following the completion of the final transition group during the first half of 2024. Based on our experience with the first two conversion groups, as well as our latest projections, we believe that the ultimate attrition will be in-line with or slightly better than our initial estimates – approximately 4% of Ameritrade revenue prior to the deal or around 1% of combined total client assets as of December 31, 2022. With all of this in mind, Schwab’s competitive position remains strong as July new brokerage accounts increased 9% from the prior year to 303 thousand - marking the 9th consecutive month of new accounts exceeding 300 thousand.

In addition to our overall July results demonstrating healthy client engagement and momentum, the average daily pace of client cash realignment outflows during the month remained generally consistent with prior periods, even as strong net equity purchasing persisted throughout the month. The continuation of this trend further underscores our confidence that we will see a resumption of deposit growth later this year.”

Forward-Looking Statements

This press release contains forward-looking statements relating to the Ameritrade client conversion; client attrition, including timing and estimates; net flows; competitive position; client engagement and momentum; client cash realignment pace and trends; and deposit growth. These forward-looking statements reflect management’s expectations as of the date hereof. Achievement of these expectations and objectives is subject to risks and uncertainties that could cause actual results to differ materially from the expressed expectations.

Important factors that may cause such differences include, but are not limited to, the risk that Ameritrade client transitions are not completed when expected or do not result in a positive client experience; client attrition and the impact is higher than expected; client use of the company's advisory solutions and other products and services; general market conditions, including the level of interest rates and equity valuations; client cash allocation decisions; client sensitivity to rates; level of client assets, including cash balances; competitive pressures on pricing; capital and liquidity needs and management; balance sheet positioning relative to changes in interest rates; interest earning asset mix and growth; the level and mix of client trading activity; market volatility; securities lending; margin loan balances; and new or changed legislation, regulation or regulatory expectations. Other important factors include the company's ability to successfully implement integration strategies and plans; attract and retain clients and independent investment advisors and grow those relationships and client assets; develop and launch new and enhanced products, services, and capabilities, as well as enhance its infrastructure and capacity, in a timely and successful manner; hire and retain talent; support client activity levels; monetize client assets; and other factors set forth in the company's most recent reports on Form 10-K and Form 10-Q.

About Charles Schwab

The Charles Schwab Corporation (NYSE: SCHW) is a leading provider of financial services, with 34.4 million active brokerage accounts, 2.5 million corporate retirement plan participants, 1.8 million banking accounts, and \$8.24 trillion in client assets as of July 31, 2023. Through its operating subsidiaries, the company provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiaries, Charles Schwab & Co., Inc., TD Ameritrade, Inc., and TD Ameritrade Clearing, Inc., (members SIPC, <https://www.sipc.org>), and their affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent, fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its primary banking subsidiary, Charles Schwab Bank, SSB (member FDIC and an Equal Housing Lender), provides banking and lending services and products. More information is available at <https://www.aboutschwab.com>.

TD Ameritrade, Inc. and TD Ameritrade Clearing, Inc. are separate but affiliated companies and subsidiaries of TD Ameritrade Holding Corporation. TD Ameritrade Holding Corporation is a wholly owned subsidiary of The Charles Schwab Corporation. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and The Toronto-Dominion Bank.

###

The Charles Schwab Corporation Monthly Activity Report For July 2023

	2022						2023						Change		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Mo.	Yr.
Market Indices (at month end)															
Dow Jones Industrial Average [®]	32,845	31,510	28,726	32,733	34,590	33,147	34,086	32,657	33,274	34,098	32,908	34,408	35,560	3%	8%
Nasdaq Composite [®]	12,391	11,816	10,576	10,988	11,468	10,466	11,585	11,456	12,222	12,227	12,935	13,788	14,346	4%	16%
Standard & Poor's [®] 500	4,130	3,955	3,586	3,872	4,080	3,840	4,077	3,970	4,109	4,169	4,180	4,450	4,589	3%	11%
Client Assets (in billions of dollars)															
Beginning Client Assets	6,832.5	7,304.8	7,127.6	6,644.2	7,004.6	7,320.6	7,049.8	7,480.6	7,380.2	7,580.0	7,631.5	7,650.2	8,015.8		
Net New Assets ⁽¹⁾	31.5	43.3	39.8	42.0	33.1	53.3	36.1	41.7	72.9	13.6	24.6	33.8	12.9	(62%)	(59%)
Net Market Gains (Losses)	440.8	(220.5)	(523.2)	318.4	282.9	(324.1)	394.7	(142.1)	126.9	37.9	(5.9)	331.8	212.3		
Total Client Assets (at month end)	7,304.8	7,127.6	6,644.2	7,004.6	7,320.6	7,049.8	7,480.6	7,380.2	7,580.0	7,631.5	7,650.2	8,015.8	8,241.0	3%	13%
Core Net New Assets ⁽²⁾	31.5	43.3	39.8	42.0	33.1	53.3	36.1	41.7	53.9	(2.3)	20.7	33.8	13.7	(59%)	(57%)
Receiving Ongoing Advisory Services (at month end)															
Investor Services	514.8	499.2	466.6	487.3	514.0	499.8	524.6	515.5	526.2	530.7	526.3	547.5	560.6	2%	9%
Advisor Services ⁽³⁾	3,222.5	3,150.5	2,950.9	3,106.0	3,270.5	3,173.4	3,345.4	3,289.6	3,369.3	3,394.9	3,377.8	3,527.8	3,619.8	3%	12%
Client Accounts (at month end, in thousands)															
Active Brokerage Accounts ⁽⁴⁾	33,934	33,984	33,875	33,896	33,636	33,758	33,878	34,010	34,120	34,248	34,311	34,382	34,434	-	1%
Banking Accounts	1,680	1,690	1,696	1,706	1,705	1,716	1,729	1,733	1,746	1,757	1,768	1,781	1,792	1%	7%
Corporate Retirement Plan Participants	2,267	2,285	2,305	2,322	2,336	2,351	2,369	2,384	2,379	2,391	2,401	2,443	2,458	1%	8%
Client Activity															
New Brokerage Accounts (in thousands)	278	332	287	298	303	330	344	320	378	331	314	315	303	(4%)	9%
Client Cash as a Percentage of Client Assets ^(5,6)	12.0%	12.1%	12.9%	12.2%	11.5%	12.2%	11.5%	11.6%	11.2%	10.8%	10.9%	10.5%	10.2%	(30) bp	(180) bp
Derivative Trades as a Percentage of Total Trades	24.2%	23.3%	23.6%	24.1%	24.6%	23.2%	23.0%	23.5%	22.8%	23.4%	23.5%	23.9%	23.0%	(90) bp	(120) bp
Selected Average Balances (in millions of dollars)															
Average Interest-Earning Assets ⁽⁷⁾	605,751	586,154	568,351	552,631	527,019	520,100	512,893	503,122	497,627	493,215	483,438	479,752	466,659	(3%)	(23%)
Average Margin Balances	72,177	72,855	73,224	69,188	66,011	64,759	60,211	60,575	60,848	60,338	60,250	61,543	63,040	2%	(13%)
Average Bank Deposit Account Balances ⁽⁸⁾	154,542	148,427	141,198	136,036	130,479	126,953	122,387	115,816	109,392	104,775	103,149	102,917	102,566	-	(34%)
Mutual Fund and Exchange-Traded Fund															
Net Buys (Sells)^(9,10) (in millions of dollars)															
Equities	5,589	10,465	(2,662)	3,984	3,777	(1,837)	7,236	5,850	(3,234)	1,126	(1,366)	9,190	7,423		
Hybrid	(2,041)	(783)	(938)	(1,380)	(2,052)	(1,595)	(433)	47	(1,641)	(462)	(889)	(903)	(407)		
Bonds	729	(141)	(5,801)	(7,218)	(3,721)	(3,260)	5,646	4,281	6,158	2,575	2,029	3,302	2,515		
Net Buy (Sell) Activity (in millions of dollars)															
Mutual Funds ⁽⁹⁾	(8,674)	(7,117)	(15,200)	(18,473)	(17,143)	(21,851)	552	(2,338)	(7,423)	(4,904)	(7,157)	(4,485)	(3,333)		
Exchange-Traded Funds ⁽¹⁰⁾	12,951	16,658	5,799	13,859	15,147	15,159	11,897	12,516	8,706	8,143	6,931	16,074	12,864		
Money Market Funds	13,711	19,702	17,018	21,542	16,929	27,778	24,285	23,347	27,106	6,291	15,256	9,112	7,911		

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

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

⁽²⁾ Net new assets before significant one-time inflows or outflows, such as acquisitions/divestitures or extraordinary flows (generally greater than \$10 billion) relating to a specific client, and activity from off-platform Schwab Bank Retail CDs. These flows may span multiple reporting periods.

⁽³⁾ Excludes Retirement Business Services.

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

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

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

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

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

⁽⁹⁾ Represents the principal value of client mutual fund transactions handled by Schwab, including transactions in proprietary funds. Includes institutional funds available only to Investment Managers. Excludes money market fund transactions.

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