

The Charles Schwab Corporation Net Stable Funding Ratio Disclosure Report

For the quarters ended March 31, 2024, and June 30, 2024

The logo consists of a blue square containing the text "charles" in a white, lowercase, serif font, and "SCHWAB" in a white, uppercase, sans-serif font below it.

charles
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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 130.77% during the first quarter of 2024 and decreased to 127.82% in the second quarter of 2024, primarily due to decrease in free credits at the broker-dealer and deposits at the banking subsidiaries. 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 June 30, 2024	Quarter Ended March 31, 2024
ASF ¹	193,668	197,076
RSF	151,514	150,708
NSFR	127.82%	130.77%

⁽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. Q2 2024

Quarter ended June 30, 2024 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:	-	-	1,786	20,606	42,263	63,763
2	NSFR regulatory capital elements	-	-	-	-	42,263	42,263
3	Other capital elements and securities	-	-	1,786	20,606	-	21,500
4	Retail funding:	238,346	21,692	17,624	252	-	197,825
5	Stable deposits	7,102	-	-	-	-	6,747
6	Less stable deposits	4,618	-	-	-	-	4,156
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	165,434	20,964	16,903	244	-	155,598
8	Other retail funding	61,192	728	721	8	-	31,324
9	Wholesale funding:	64,854	25,732	11,807	2,920	-	46,835
10	Operational deposits	-	-	-	-	-	-
11	Other wholesale funding	64,854	25,732	11,807	2,920	-	46,835
Other liabilities:							
12	NSFR derivatives liability amount	-	-	-	-	-	-
13	Total derivatives liability amount	-	-	-	-	-	-
14	All other liabilities not included in the above categories	1,880	1,034	-	-	-	-
15	TOTAL ASF¹						193,668
RSF ITEM							
16	Total high-quality liquid assets (HQLA)	14,527	14,969	6,763	209,301	-	26,325
17	Level 1 liquid assets	14,527	14,456	3,682	37,395	-	-
18	Level 2A liquid assets	-	513	3,081	171,906	-	26,325
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	401	-	-	-	-	201
22	Loans and securities:	85,316	22,547	3,887	44,601	-	84,616
23	Loans to financial sector entities secured by level 1 liquid assets	-	8,480	-	-	-	-
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	2,187	12,714	-	499	-	2,734
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	82,511	111	-	93	-	41,388
26	Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	-	-	-	4	-	2
27	Retail mortgages	-	-	-	26,588	-	22,600
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	618	1,242	3,887	17,417	-	17,894
Other assets:							
30	Commodities	-	-	-	-	-	-
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	-	-	-	-	207	176
32	NSFR derivatives asset amount	-	-	-	-	317	317
33	Total derivatives asset amount	-	-	-	-	317	317
34	RSF for potential derivatives portfolio valuation changes	-	-	-	-	321	16
35	All other assets not included in the above categories, including nonperforming assets	35,696	-	39	6,330	-	39,723
36	Undrawn commitments	-	-	-	-	2,804	140
37	TOTAL RSF prior to application of required stable funding adjustment percentage						151,514
38	Required stable funding adjustment percentage						100%
39	TOTAL adjusted RSF						151,514
40	NET STABLE FUNDING RATIO						127.82%

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.

B. Q1 2024

Quarter ended March 31, 2024 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:	-	2,494	139	22,255	41,081	63,406
2	NSFR regulatory capital elements	-	-	-	-	41,081	41,081
3	Other capital elements and securities	-	2,494	139	22,255	-	22,325
4	Retail funding:	247,526	22,305	22,153	1,668	-	208,708
5	Stable deposits	7,151	-	-	-	-	6,793
6	Less stable deposits	4,754	-	-	-	-	4,279
7	Sweep deposits, brokered reciprocal deposits, and brokered deposits	171,846	21,283	21,125	1,628	-	164,703
8	Other retail funding	63,775	1,022	1,028	40	-	32,933
9	Wholesale funding:	69,453	22,237	12,779	3,386	-	48,093
10	Operational deposits	-	-	-	-	-	-
11	Other wholesale funding	69,453	22,237	12,779	3,386	-	48,093
Other liabilities:							
12	NSFR derivatives liability amount	-	-	-	-	-	-
13	Total derivatives liability amount	-	-	-	-	-	-
14	All other liabilities not included in the above categories	1,689	1,222	-	-	-	-
15	TOTAL ASF¹						197,076
RSF ITEM							
16	Total high-quality liquid assets (HQLA)	17,551	23,360	4,465	220,853	-	27,370
17	Level 1 liquid assets	17,551	22,987	2,862	40,364	-	-
18	Level 2A liquid assets	-	373	1,603	180,489	-	27,370
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	321	-	-	-	-	160
22	Loans and securities:	79,554	25,279	2,872	46,723	-	83,377
23	Loans to financial sector entities secured by level 1 liquid assets	-	9,150	-	-	-	-
24	Loans to financial sector entities secured by assets other than level 1 liquid assets and unsecured loans to financial sector entities	2,331	14,538	-	456	-	2,987
25	Loans to wholesale customers or counterparties that are not financial sector entities and loans to retail customers or counterparties	76,590	135	71	95	-	38,478
26	Of which: With a risk weight no greater than 20 percent under Regulation Q (12 CFR part 217)	-	-	-	4	-	2
27	Retail mortgages	-	-	-	26,440	-	22,474
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	633	1,456	2,801	19,732	-	19,438
Other assets:							
30	Commodities	-	-	-	-	-	-
31	Assets provided as initial margin for derivative transactions and contributions to CCPs' mutualized loss-sharing arrangements	-	-	-	-	211	180
32	NSFR derivatives asset amount	-	-	-	-	197	197
33	Total derivatives asset amount	-	-	-	-	197	-
34	RSF for potential derivatives portfolio valuation changes	-	-	-	-	196	10
35	All other assets not included in the above categories, including nonperforming assets	35,837	10	7	5,112	-	39,260
36	Undrawn commitments	-	-	-	-	3,090	155
37	TOTAL RSF prior to application of required stable funding adjustment percentage						150,708
38	Required stable funding adjustment percentage						100%
39	TOTAL adjusted RSF						150,708
40	NET STABLE FUNDING RATIO						130.77%

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. These accounted for 51% and 50% of the Company's weighted ASF² for the first and second quarters of 2024, respectively. The Company's ASF also includes other unsecured funding from retail customers at Schwab's broker-dealer and banking subsidiaries such as free credits, long term senior notes, Federal Home Loan Bank (FHLB) borrowings and regulatory capital. Together these accounted for 35% and 36% of the Company's weighted ASF² in the first and second quarters of 2024, 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 26% and 27% of the Company's weighted RSF in the first and second quarters of 2024.

In addition, Company's RSF included loans to retail customers or counterparties at banking subsidiaries, level 2A assets, non HQLA and other assets. Together these account for 72% and 70% of the Company's RSF for the first and second quarters of 2024.

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 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.

²Weighted ASF is prior to the exclusion of the non-transferrable subsidiary excess stable funding.

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. In addition to this CSC maintains a standing bilateral repurchase agreement with an external bank. Beginning in 2024, CSC has access to unsecured, committed revolving lines of credit with various external banks.

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 and second quarters of 2024 outside of de-minimis test borrowings to establish operational readiness.

The Company's banking subsidiaries were eligible to obtain advances under the Federal Reserve's Bank Term Funding Program (BTFP). This program offered loans through March 11, 2024 of up to one year in length. This facility was not used by the Company in the first and second quarters of 2024. There were no borrowings outstanding as of June 30, 2024 under this facility.

In the first and second quarters of 2024, Retail Brokered Certificates of Deposit were used as a supplemental funding source.

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