

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2025**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-9700

THE CHARLES SCHWAB CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

94-3025021

(I.R.S. Employer Identification No.)

3000 Schwab Way, Westlake, TX 76262

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (817) 859-5000

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock – \$.01 par value per share	SCHW	New York Stock Exchange
Depository Shares, each representing a 1/40th ownership interest in a share of 5.95% Non-Cumulative Preferred Stock, Series D	SCHW PrD	New York Stock Exchange
Depository Shares, each representing a 1/40th ownership interest in a share of 4.450% Non-Cumulative Preferred Stock, Series J	SCHW PrJ	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No
1,776,936,770 shares of \$.01 par value Common Stock outstanding on October 31, 2025

THE CHARLES SCHWAB CORPORATION

Quarterly Report on Form 10-Q
For the Quarter Ended September 30, 2025

Index

Part I - Financial Information

Item 1.	<u>Condensed Consolidated Financial Statements (Unaudited):</u>	
	<u>Statements of Income</u>	29
	<u>Statements of Comprehensive Income</u>	30
	<u>Balance Sheets</u>	31
	<u>Statements of Stockholders' Equity</u>	32
	<u>Statements of Cash Flows</u>	33-34
	<u>Notes</u>	35-67
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	1-28
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
Item 4.	<u>Controls and Procedures</u>	68

Part II - Other Information

Item 1.	<u>Legal Proceedings</u>	68
Item 1A.	<u>Risk Factors</u>	68
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	68
Item 3.	<u>Defaults Upon Senior Securities</u>	69
Item 4.	<u>Mine Safety Disclosures</u>	69
Item 5.	<u>Other Information</u>	69
Item 6.	<u>Exhibits</u>	70
<u>Signature</u>		71

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

INTRODUCTION

The Charles Schwab Corporation (CSC) is a savings and loan holding company. 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.

Principal business subsidiaries of CSC include the following:

- Charles Schwab & Co., Inc. (CS&Co), incorporated in 1971, a securities broker-dealer;
- Charles Schwab Bank, SSB (CSB), our principal banking entity; and
- Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for Schwab's proprietary mutual funds (Schwab Funds[®]) and for Schwab's exchange-traded funds (Schwab ETFs).

Unless otherwise indicated, the terms "Schwab," "the Company," "we," "us," or "our" mean CSC together with its consolidated subsidiaries.

Schwab provides financial services to individuals and institutional clients through two segments – Investor Services and Advisor Services. The Investor Services segment provides retail brokerage, investment advisory, and banking and trust services to individual investors, and retirement plan and business services, as well as other corporate brokerage services, to businesses and their employees. The Advisor Services segment provides custodial, trading, banking and trust, and support services to independent registered investment advisors (RIAs), independent retirement advisors, and recordkeepers.

Schwab was founded on the belief that all Americans deserve access to a better investing experience. Although much has changed in the intervening years, our purpose remains clear – to champion every client's goals with passion and integrity. Guided by this purpose and our vision of creating the most trusted leader in investment services, management has adopted a strategy described as "Through Clients' Eyes."

This strategy emphasizes placing clients' perspectives, needs, and desires at the forefront. Because investing plays a fundamental role in building financial security, we strive to deliver a better investing experience for our clients – individual investors and the people and institutions who serve them – by disrupting longstanding industry practices on their behalf and providing superior service. We also aim to offer a broad range of products and solutions to meet client needs with a focus on transparency, value, and trust. In addition, management works to couple Schwab's scale and resources with ongoing expense discipline to keep costs low and ensure that products and solutions are affordable as well as responsive to client needs. In combination, these are the key elements of our "no trade-offs" approach to serving investors. We believe that following this strategy is the best way to maximize our market valuation and stockholder returns over time.

Management estimates that investable wealth in the United States (U.S.) (consisting of assets in defined contribution, retail wealth management and brokerage, and registered investment advisor channels, along with bank deposits) currently exceeds \$75 trillion, which means the Company's \$11.59 trillion in client assets leaves substantial opportunity for growth. Our strategy is based on the principle that developing trusted relationships will translate into more assets from both new and existing clients, ultimately driving more revenue, and along with expense discipline and thoughtful capital management, will generate earnings growth and build long-term stockholder value.

This Management's Discussion and Analysis should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (2024 Form 10-K).

On our website, <https://www.aboutschwab.com>, we post the following filings after they are electronically filed with or furnished to the Securities and Exchange Commission (SEC or Commission): annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934. In addition, we post to the website the Dodd-Frank stress test results, our regulatory capital disclosures based on Basel III, our average liquidity coverage ratio (LCR), and our average net stable funding ratio (NSFR). The SEC maintains a website at <https://www.sec.gov> that contains reports, proxy statements, and other information that we file electronically with the Commission.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

FORWARD-LOOKING STATEMENTS

In addition to historical information, this Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are identified by words such as "believe," "anticipate," "expect," "prioritize," "will," "may," "estimate," "appear," "could," "would," "maintain," "continue," "seek," and other similar expressions. In addition, any statements that refer to expectations, strategy, objectives, projections, or other characterizations of future events or circumstances are forward-looking statements.

These forward-looking statements, which reflect management's beliefs, objectives, and expectations as of the date hereof, are estimates based on the best judgment of Schwab's senior management. These statements relate to, among other things:

- Maximizing our market valuation and stockholder returns over time; and our belief that developing trusted relationships will translate into more client assets which drives revenue, and along with expense discipline and thoughtful capital management, generates earnings growth and builds stockholder value (see Introduction in Part I – Item 2);
- Capital expenditures and expense management (see Results of Operations in Part I – Item 2);
- Net interest revenue, client cash allocation behavior, and adjustment of rates paid on client-related liabilities (see Results of Operations in Part I – Item 2);
- Funding sources and uses of liquidity (see Liquidity Risk in Part I – Item 2);
- Wholesale funding, funding strategy, and expectations for paydown of bank supplemental funding (see Results of Operations in Part I – Item 2, and Liquidity Risk in Part I – Item 2);
- Management of interest rate risk; modeling and assumptions, the impact of changes in interest rates on net interest margin and revenue, bank deposit account fee revenue, economic value of equity (EVE), and liability and asset duration (see Risk Management in Part I – Item 2);
- Capital management; long-term operating objective; and uses of capital and return of excess capital to stockholders (see Capital Management in Part I – Item 2 and Commitments and Contingencies in Part I – Item 1 – Financial Information – Notes to Condensed Consolidated Financial Statements (Item 1) – Note 10);
- The acquisition of Forge Global Holdings, Inc. (Forge) and our expectation that incorporating Forge's private markets capabilities will enhance Schwab's ability to meet the evolving needs of investors across our growing client base (see Subsequent Events in Overview and Item 1 – Note 19);
- The expected impact of proposed and final rules (see Current Regulatory and Other Developments in Part I – Item 2);
- The expected impact of new accounting standards not yet adopted (see New Accounting Standards in Item 1 – Note 2);
- The likelihood of indemnification and guarantee payment obligations and clients failing to fulfill contractual obligations (see Commitments and Contingencies in Item 1 – Note 10); and
- The outcome and impact of legal proceedings and regulatory matters (see Commitments and Contingencies in Item 1 – Note 10, and Legal Proceedings in Part II – Item 1).

Achievement of the expressed beliefs, objectives, and expectations described in these statements is subject to certain risks and uncertainties that could cause actual results to differ materially from the expressed beliefs, objectives, and expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report on Form 10-Q or, in the case of documents incorporated by reference, as of the date of those documents.

Important factors that may cause actual results to differ include, but are not limited to:

- General economic and market conditions, including the level of interest rates, equity market valuations and volatility;
- Our ability to attract and retain clients, develop trusted relationships, and grow client assets;
- Client use of our advisory and lending solutions and other products and services;
- The level of client assets, including cash balances;
- Client cash allocations and sensitivity to deposit rates;
- Competitive pressure on pricing, including deposit rates;
- The level and mix of client trading activity, including daily average trades, margin balances, and balance sheet cash;
- Regulatory guidance and adverse impacts from new or changed legislation, rulemaking or regulatory expectations;
- Capital and liquidity needs and management;
- Our ability to manage expenses;
- Our ability to attract and retain talent;
- Our ability to develop and launch new and enhanced products, services, and capabilities, as well as enhance our infrastructure, in a timely and successful manner;

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

- Management's ability to close the acquisition of Forge on the anticipated terms and timing; required regulatory approvals and approval by Forge's stockholders; disruptions to Forge's business as a result of the announcement and pendency of the acquisition; and the ability and timeframe to integrate the business and realize the anticipated benefits;
- Our ability to monetize client assets;
- Our ability to support client activity levels;
- Increased compensation and other costs;
- Real estate and workforce decisions;
- The timing and scope of technology projects;
- Balance sheet positioning relative to changes in interest rates;
- Interest-earning asset mix and growth;
- Our ability to access funding sources;
- Prepayment levels for mortgage-backed securities;
- Regulatory and legislative developments;
- Adverse developments in litigation or regulatory matters and any related charges; and
- Potential breaches of contractual terms for which we have indemnification and guarantee obligations.

Certain of these factors, as well as general risk factors affecting the Company, are discussed in greater detail in Part I – Item 1A – Risk Factors in the 2024 Form 10-K.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

OVERVIEW

Management focuses on several client activity and financial metrics in evaluating Schwab's financial position and operating performance. Results for the third quarter and first nine months of 2025 and 2024 are as follows:

	Three Months Ended September 30,			Percent Change	Nine Months Ended September 30,			Percent Change
	2025	2024			2025	2024		
Client Metrics								
Net new client assets (in billions) ⁽¹⁾	\$ 134.4	\$ 90.8		48%	\$ 340.4	\$ 253.2		34%
Core net new client assets (in billions)	\$ 137.5	\$ 95.3		44%	\$ 355.5	\$ 252.1		41%
Client assets (in billions, at quarter end)	\$ 11,593.9	\$ 9,920.5		17%				
Average client assets (in billions)	\$ 11,151.9	\$ 9,594.9		16%	\$ 10,490.8	\$ 9,162.4		14%
New brokerage accounts (in thousands)	1,143	972		18%	3,424	3,051		12%
Active brokerage accounts (in thousands, at quarter end)	37,963	35,982		6%				
Assets receiving ongoing advisory services (in billions, at quarter end)	\$ 5,809.2	\$ 5,018.9		16%				
Client cash as a percentage of client assets (at quarter end)		9.4%				9.5%		
Company Financial Information and Metrics								
Total net revenues	\$ 6,135	\$ 4,847		27%	\$ 17,585	\$ 14,277		23%
Total expenses excluding interest	3,114	3,005		4%	9,306	8,890		5%
Income before taxes on income	3,021	1,842		64%	8,279	5,387		54%
Taxes on income	663	434		53%	1,886	1,285		47%
Net income	2,358	1,408		67%	6,393	4,102		56%
Preferred stock dividends and other	81	109		(26)%	343	341		1%
Net income available to common stockholders	\$ 2,277	\$ 1,299		75%	\$ 6,050	\$ 3,761		61%
Earnings per common share — diluted	\$ 1.26	\$.71		77%	\$ 3.33	\$ 2.05		62%
Net revenue change from prior year	27%	5%			23%	(1)%		
Pre-tax profit margin	49.2%	38.0%			47.1%	37.7%		
Return on average common stockholders' equity (annualized)	21%	14%			20%	14%		
Expenses excluding interest as a percentage of average client assets (annualized)	0.11%	0.12%			0.12%	0.13%		
Consolidated Tier 1 Leverage Ratio (at quarter end)	9.7%	9.7%						
Non-GAAP Financial Measures ⁽²⁾								
Adjusted total expenses	\$ 2,987	\$ 2,852			\$ 8,921	\$ 8,422		
Adjusted diluted earnings per common share	\$ 1.31	\$.77			\$ 3.49	\$ 2.25		
Return on tangible common equity	38%	31%			37%	33%		

⁽¹⁾ The third quarter and first nine months of 2025 include net outflows of \$3.1 billion and \$15.1 billion, respectively, from off-platform brokered certificates of deposit (CDs) issued by CSB. The third quarter and first nine months of 2024 include net outflows of \$4.4 billion and \$9.1 billion, respectively, from off-platform brokered CDs issued by CSB and an outflow of \$0.1 billion from an international relationship. The first nine months of 2024 also includes an inflow of \$10.3 billion from a mutual fund clearing services client.

⁽²⁾ See Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results.

The first nine months of 2025 continued to present a changing landscape for investors. Though macroeconomic uncertainty continued, during the third quarter of 2025, investor sentiment further improved and equity markets reached record levels. The Standard and Poor's[®] 500 Index rose 8% and 14% during the third quarter and first nine months of 2025, respectively, and the NASDAQ Composite[®] increased 11% and 17% during the third quarter and year-to-date periods. The Federal Reserve reduced the target federal funds overnight rate 25 basis points in September, representing the first such rate cut since December 2024.

Schwab saw strong client asset gathering, growth in new client accounts, and sustained client engagement continue through the first nine months of 2025. Core net new assets totaled \$137.5 billion and \$355.5 billion in the third quarter and first nine months of the year, respectively, increasing 44% and 41% from the comparative prior-year periods. Clients opened 1.1 million and 3.4 million new brokerage accounts in the third quarter and first nine months of the year, respectively, up 18% and 12% from the respective periods in 2024, and active brokerage accounts reached 38.0 million at the end of the third quarter of 2025, up 6% year-over-year. Though clients' daily average trades (DATs) in third quarter of 2025 declined slightly from the second quarter, client engagement with the markets remained strong. DATs were 7.4 million and 7.5 million for the third quarter and first nine months of 2025, respectively, up 30% and 31% from the same periods in 2024.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Schwab's financial performance in the third quarter and first nine months of 2025 reflected strong asset gathering, sustained client engagement and equity market appreciation, continued demand for Schwab's lending offerings and managed investing solutions, as well as reduction of higher-cost bank supplemental funding and balanced expense management. Net income was \$2.4 billion and \$6.4 billion in the third quarter and first nine months of 2025, respectively, growing 67% and 56% from the same prior-year periods. Diluted earnings per common share (EPS) was \$1.26 and \$3.33 for the third quarter and first nine months of 2025, respectively, rising 77% and 62% from the same periods in 2024. Adjusted diluted EPS⁽¹⁾ was \$1.31 and \$3.49 for the third quarter and first nine months of 2025, respectively, increasing 70% and 55% from the same periods in 2024.

Total net revenues grew 27% year-over-year in the third quarter of 2025 to reach \$6.1 billion, resulting in a year-to-date total of \$17.6 billion, an increase of 23% from the same period in 2024. Net interest revenue was \$3.1 billion and \$8.6 billion in the third quarter and first nine months of 2025, respectively, up 37% and 30% from the same periods in 2024, primarily due to lower interest expense from reductions in bank supplemental funding and lower rates on funding sources, as well as growth in bank and margin lending and higher cash and investments segregated, which more than offset lower yields on interest-earning assets due to lower market rates. Asset management and administration fees were \$1.7 billion and \$4.8 billion in the third quarter and first nine months of 2025, respectively, increasing 13% from both prior-year periods, due primarily to continued growth in money market funds and also higher client asset balances, reflecting asset gathering, equity market appreciation, and growth in managed investing solutions. Trading revenue was \$995 million and \$2.9 billion in the third quarter and first nine months of 2025, respectively, higher by 25% and 19% from comparable prior-year periods, due primarily to higher trading volume. Bank deposit account fee revenue rose to \$247 million and \$739 million in the third quarter and first nine months of the year, respectively, up 63% and 51% from the same periods in 2024 due primarily to higher net yields, partially offset by lower bank deposit account balances (BDA balances).

Total expenses excluding interest were \$3.1 billion and \$9.3 billion in the third quarter and first nine months of 2025, respectively, increasing 4% and 5% from the same periods in 2024. For the third quarter and first nine months of 2025, adjusted total expenses⁽¹⁾ were \$3.0 billion and \$8.9 billion, respectively, up 5% and 6% from the comparable prior-year periods. The increases in total expenses excluding interest and adjusted total expenses⁽¹⁾ reflect ongoing investments to support growth of the business and enhance client-serving capabilities while driving incremental efficiencies across the Company. The increases were primarily attributable to higher compensation and benefits expense and higher professional services expense, partially offset by lower regulatory fees and assessments, and for the quarter-to-date period, lower industry fees within other expense.

Return on average common stockholders' equity was 21% and 20% for the third quarter and first nine months of 2025, respectively, up from 14% in both comparable prior-year periods. These increases were due to higher net income, which more than offset higher average common stockholders' equity. Return on tangible common equity⁽¹⁾ (ROTCE) was 38% and 37% for the third quarter and first nine months of 2025, respectively, up from 31% and 33% for the same periods in the prior year, as growth in adjusted net income available to common stockholders⁽¹⁾ more than offset growth in average common stockholders' equity. Average common stockholders' equity increased primarily as a result of growth in retained earnings and improved average accumulated other comprehensive income (AOCI), partially offset by higher treasury stock due to common stock repurchases in 2025. The improvement in average AOCI was due to lower unrealized losses on available for sale (AFS) investment securities and securities previously transferred from AFS to held to maturity (HTM).

In the first nine months of 2025, Schwab supported strong client demand in margin and bank lending, while significantly reducing bank supplemental funding. Balance sheet assets totaled \$465.3 billion as of September 30, 2025, up 1% during the third quarter and down 3% from year-end 2024. Principal and interest from our AFS and HTM securities portfolio along with normal client cash activity allowed for further reduction in bank supplemental funding, which includes brokered CDs, Federal Home Loan Bank (FHLB) borrowings, and borrowings under repurchase agreements at our banks. In September, we transferred \$3.0 billion of BDA balances to our balance sheet (see Item 1 – Note 10) to accelerate the paydown of bank supplemental borrowings. In the first nine months of 2025, Schwab reduced the outstanding balance of total bank supplemental funding by \$35.1 billion, or 70%, including a reduction of \$12.9 billion during the third quarter. As of September 30, 2025, remaining balances totaled \$14.8 billion, which is within a range generally consistent with our diversified funding strategy. Client margin loans increased during the third quarter to \$97.2 billion at September 30, up 16% from year-end 2024, reflecting strong client demand amid rising equity markets and improved investor sentiment. Bank loans totaled \$53.6 billion as of the end of the third quarter, increasing 18% in the first nine months of 2025 due to growth of pledged asset lines (PALs) and First Mortgages.

The Company also returned meaningful excess capital in the first nine months of 2025. During the third quarter, the Company repurchased \$2.7 billion in common stock, bringing total year-to-date common stock repurchases to \$4.6 billion. In addition, the Company increased its common dividend by 8% to \$.27 per share in the first quarter of the year, and redeemed its Series G preferred stock for \$2.5 billion in the second quarter. Inclusive of these capital actions and organic capital generation from net

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

income in the first nine months of the year, the Company's consolidated Tier 1 Leverage Ratio was 9.7% at September 30, 2025, down slightly from year-end 2024. Our consolidated adjusted Tier 1 Leverage Ratio ⁽¹⁾ increased to 7.3%, driven by net income in the first nine months of the 2025 and improvement in AOCI.

⁽¹⁾ Adjusted diluted EPS, adjusted total expenses, return on tangible common equity, adjusted net income available to common stockholders, and adjusted Tier 1 Leverage Ratio are non-GAAP financial measures. See Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results.

Subsequent Events

On November 6, 2025, Schwab announced that it has entered into a definitive agreement to acquire Forge Global Holdings, Inc. (Forge), operator of a leading private market platform and trading marketplace, in a transaction valued at approximately \$660 million. The Company anticipates that incorporating Forge's private markets capabilities will enhance Schwab's ability to meet the evolving needs of investors across our growing client base. The transaction is expected to close in the first half of 2026, subject to customary closing conditions, including approval by Forge's stockholders and regulatory approvals.

Current Regulatory and Other Developments

On June 12, 2025, the SEC withdrew certain notices of proposed rulemaking issued between March 2022 and November 2023, including the SEC's December 2022 equity market structure rule proposals, "Order Competition Rule" and "Regulation Best Execution", previously referenced in Part II – Item 7 – Current Regulatory and Other Developments in our 2024 Form 10-K.

On March 3, 2025, the Federal Deposit Insurance Corporation (FDIC) withdrew certain notices of proposed rulemaking issued in 2023 and 2024, including the July 2024 proposal related to the brokered deposits framework, previously referenced in Part II – Item 7 – Current Regulatory and Other Developments in our 2024 Form 10-K.

Refer to Part II – Item 7 – Current Regulatory and Other Developments in our 2024 Form 10-K for information regarding pending regulatory matters including:

- The U.S. Department of Labor's April 2024 final rule significantly broadening the definition of "fiduciary" under the Employee Retirement Income Security Act of 1974 and related litigation;
- The FDIC's November 2023 and February 2024 special assessments on banks, including the Company's banking subsidiaries, to recover losses incurred by the Deposit Insurance Fund to protect uninsured depositors due to the March 2023 closures of two banks;
- The U.S. federal banking agencies' August 2023 proposed rulemaking on long-term debt requirements for certain large banking organizations; and
- The U.S. federal banking agencies' July 2023 notice of proposed rulemaking with amendments to the regulatory capital rules, which, among other things, would require us to include AOCI in regulatory capital and to calculate our risk-weighted assets using a revised risk-based approach, a component of which is based on operational risk.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

RESULTS OF OPERATIONS

Total Net Revenues

The following tables present a comparison of revenue by category:

Three Months Ended September 30,	Percent Change	2025		2024	
		Amount	% of Total Net Revenues	Amount	% of Total Net Revenues
Net interest revenue					
Interest revenue	1%	\$ 3,956	64%	\$ 3,928	81%
Interest expense	(47)%	(906)	(14)%	(1,706)	(35)%
Net interest revenue	37%	3,050	50%	2,222	46%
Asset management and administration fees					
Mutual funds, exchange-traded funds (ETFs), and collective trust funds (CTFs)	14%	946	15%	827	17%
Managed investing solutions	11%	619	10%	559	12%
Other	20%	108	2%	90	2%
Asset management and administration fees	13%	1,673	27%	1,476	31%
Trading revenue					
Commissions	17%	453	7%	388	8%
Order flow revenue	37%	490	8%	357	7%
Principal transactions	—	52	1%	52	1%
Trading revenue	25%	995	16%	797	16%
Bank deposit account fees	63%	247	4%	152	3%
Other	(15)%	170	3%	200	4%
Total net revenues	27%	\$ 6,135	100%	\$ 4,847	100%

Nine Months Ended September 30,	Percent Change	2025		2024	
		Amount	% of Total Net Revenues	Amount	% of Total Net Revenues
Net interest revenue					
Interest revenue	(2)%	\$ 11,500	65%	\$ 11,686	82%
Interest expense	(42)%	(2,922)	(16)%	(5,073)	(36)%
Net interest revenue	30%	8,578	49%	6,613	46%
Asset management and administration fees					
Mutual funds, ETFs, and CTFs	14%	2,695	15%	2,370	17%
Managed investing solutions	13%	1,777	10%	1,572	11%
Other	14%	301	2%	265	2%
Asset management and administration fees	13%	4,773	27%	4,207	30%
Trading revenue					
Commissions	11%	1,315	7%	1,184	8%
Order flow revenue	31%	1,399	8%	1,066	8%
Principal transactions	—	141	1%	141	1%
Trading revenue	19%	2,855	16%	2,391	17%
Bank deposit account fees	51%	739	4%	488	3%
Other	11%	640	4%	578	4%
Total net revenues	23%	\$ 17,585	100%	\$ 14,277	100%

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Net Interest Revenue

Revenue on interest-earning assets is affected by various factors, such as the composition of assets, prevailing interest rates and spreads at the time of origination or purchase, changes in interest rates on cash and cash equivalents, floating-rate securities and loans, and changes in prepayment levels for mortgage-backed and other asset-backed securities and loans. Schwab establishes the rates paid on client-related liabilities, and management expects that it will generally adjust the rates paid on these liabilities at some fraction of any movement in short-term rates. Interest expense on long-term debt, FHLB borrowings, other short-term borrowings, and other funding sources is impacted by market interest rates at the time of borrowing and changes in interest rates on floating-rate liabilities. Net interest revenue reflects the impacts of derivatives used to manage interest rate risk. See also Risk Management – Market Risk and Item 1 – Note 11 for additional information.

The Federal Reserve maintained the upper bound of the target overnight rate at 5.50% through most of 2024 before reducing the rate by 50 basis points during the third quarter of 2024 and another 50 basis points across two cuts during the fourth quarter of 2024. The Federal Reserve maintained the upper bound of the target overnight rate at 4.50% for most of the first nine months of 2025 before reducing the rate by 25 basis points in mid-September to 4.25%.

Schwab's average interest-earning assets for the third quarter and first nine months of 2025 were relatively consistent in aggregate with the same periods in 2024, while the mix of interest-earning assets shifted year-over-year to reflect higher margin and bank lending, higher cash and investments segregated, and lower balances of AFS and HTM securities. Client demand for margin and bank lending continued to be strong in the first nine months of 2025, reflecting positive equity market performance and client engagement, as margin loan balances rebounded following market volatility in late March and early April and rose further in the third quarter. Margin loan balances ended the third quarter at \$97.2 billion, increasing 16% from both the second quarter of 2025 and year-end 2024, and up 33% from September 30, 2024. Total bank loans increased 6% and 18% in the third quarter and first nine months of 2025, respectively, finishing the third quarter at \$53.6 billion, higher by 24% from September 30, 2024, due primarily to growth in PALs and First Mortgages.

Client cash activity during the first nine months of 2025 reflected normal cash behavior, inclusive of organic growth, engagement in equity markets, and seasonality. Bank sweep deposits and payables to brokerage clients increased by a total of \$15.0 billion, or 5%, during the third quarter of 2025, \$12.5 billion, or 4%, during the first nine months of 2025, and \$42.6 billion, or 15%, from September 30, 2024 to September 30, 2025. Principal and interest payments on AFS and HTM securities, as well as September transfers of \$3.0 billion of BDA balances to our balance sheet (see Results of Operations – Bank Deposit Account Fees and Item 1 – Note 10) supported paydowns in bank supplemental funding of \$12.9 billion, or 47%, during the third quarter of 2025, and \$35.1 billion, or 70%, during the first nine months of 2025. Since September 30, 2024, the Company has reduced bank supplemental funding by \$50.0 billion, or 77%.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

The following table presents net interest revenue information corresponding to interest-earning assets and funding sources on the condensed consolidated balance sheets:

Three Months Ended September 30,	2025			2024		
	Average Balance	Interest Revenue/Expense	Average Yield/Rate	Average Balance	Interest Revenue/Expense	Average Yield/Rate
Interest-earning assets						
Cash and cash equivalents	\$ 24,298	\$ 264	4.26%	\$ 27,623	\$ 369	5.24%
Cash and investments segregated	46,046	494	4.20%	26,220	345	5.15%
Receivables from brokerage clients	90,121	1,490	6.47%	73,102	1,431	7.66%
Available for sale securities ⁽¹⁾	69,794	360	2.05%	98,645	531	2.14%
Held to maturity securities ⁽¹⁾	137,672	587	1.70%	151,004	650	1.71%
Bank loans	51,849	557	4.27%	42,653	484	4.52%
Total interest-earning assets	419,780	3,752	3.52%	419,247	3,810	3.58%
Securities lending revenue		183			87	
Other interest revenue		21			31	
Total interest-earning assets	\$ 419,780	\$ 3,956	3.71%	\$ 419,247	\$ 3,928	3.69%
Funding sources						
Bank deposits	\$ 229,281	\$ 248	0.43%	\$ 248,405	\$ 841	1.35%
Payables to brokers, dealers, and clearing organizations ⁽²⁾	19,131	188	3.84%	9,825	118	4.68%
Payables to brokerage clients	96,064	97	0.40%	72,700	79	0.43%
Other short-term borrowings	7,593	87	4.56%	10,821	150	5.52%
Federal Home Loan Bank borrowings	7,103	79	4.35%	22,621	310	5.38%
Long-term debt	20,204	207	4.01%	22,446	208	3.71%
Total interest-bearing liabilities ⁽²⁾	379,376	906	0.94%	386,818	1,706	1.75%
Non-interest-bearing funding sources ⁽²⁾	40,404			32,429		
Other interest expense		—			—	
Total funding sources	\$ 419,780	\$ 906	0.85%	\$ 419,247	\$ 1,706	1.61%
Net interest revenue		\$ 3,050	2.86%		\$ 2,222	2.08%

Nine Months Ended September 30,	2025			2024		
	Average Balance	Interest Revenue/Expense	Average Yield/Rate	Average Balance	Interest Revenue/Expense	Average Yield/Rate
Interest-earning assets						
Cash and cash equivalents	\$ 27,571	\$ 897	4.29%	\$ 30,128	\$ 1,205	5.26%
Cash and investments segregated	44,104	1,412	4.22%	25,744	1,014	5.18%
Receivables from brokerage clients	84,317	4,204	6.57%	68,557	4,042	7.75%
Available for sale securities ⁽¹⁾	77,324	1,198	2.06%	104,830	1,680	2.13%
Held to maturity securities ⁽¹⁾	141,032	1,811	1.71%	154,231	1,998	1.72%
Bank loans	48,882	1,568	4.28%	41,585	1,384	4.44%
Total interest-earning assets	423,230	11,090	3.47%	425,075	11,323	3.52%
Securities lending revenue		339			258	
Other interest revenue		71			105	
Total interest-earning assets	\$ 423,230	\$ 11,500	3.60%	\$ 425,075	\$ 11,686	3.63%
Funding sources						
Bank deposits	\$ 237,488	\$ 1,010	0.57%	\$ 260,254	\$ 2,602	1.34%
Payables to brokers, dealers, and clearing organizations ⁽²⁾	16,673	492	3.89%	7,004	230	4.31%
Payables to brokerage clients	92,909	217	0.31%	69,586	229	0.44%
Other short-term borrowings	7,314	256	4.68%	9,164	382	5.57%
Federal home loan bank borrowings	9,180	322	4.62%	24,347	988	5.36%
Long-term debt	21,029	625	3.92%	23,299	640	3.66%
Total interest-bearing liabilities ⁽²⁾	384,593	2,922	1.01%	393,654	5,071	1.71%
Non-interest-bearing funding sources ⁽²⁾	38,637			31,421		
Other interest expense		—			2	
Total funding sources	\$ 423,230	\$ 2,922	0.92%	\$ 425,075	\$ 5,073	1.59%
Net interest revenue		\$ 8,578	2.68%		\$ 6,613	2.04%

⁽¹⁾ Amounts have been calculated based on amortized cost. Interest revenue on investment securities is presented net of related premium amortization.

⁽²⁾ Beginning in the fourth quarter of 2024, payables to brokers, dealers, and clearing organizations is presented separately from non-interest-bearing funding sources and included in total interest-bearing liabilities. This line item includes securities loaned and related interest expense. Prior period amounts have been reclassified to reflect this change.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Net interest revenue increased \$828 million, or 37%, and \$2.0 billion, or 30%, in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024. These increases were primarily due to lower balances of bank supplemental funding, lower average rates paid on funding sources, growth in margin and bank lending, and increases in securities lending, partially offset by lower yields on floating-rate assets due to lower market rates. Average interest-earning assets remained relatively flat, increasing slightly in the third quarter of 2025, and decreasing slightly in the first nine months of 2025, compared to the same periods in 2024. Both the third quarter and first nine months of 2025 saw higher balances of cash and investments segregated, growth in margin lending supported by higher payables to brokerage clients, and an increase in bank loans compared to the same periods in 2024. The decrease in average interest-earning assets during the first nine months of 2025 was due primarily to lower average balances in AFS and HTM securities, as cash inflows from investment securities were used to pay down bank supplemental funding.

Net interest margin increased to 2.86% and 2.68% in the third quarter and first nine months of 2025, respectively, compared to 2.08% and 2.04% during the same periods in 2024, as reduced balances of bank supplemental funding and lower rates paid on funding sources more than offset lower yields on floating-rate assets due to lower market interest rates.

Schwab's diversified funding strategy includes the use of wholesale funding. With the paydowns of bank supplemental funding in the first nine months of 2025, the outstanding balance of \$14.8 billion is within a range generally consistent with our diversified funding strategy. Our use and the financial impacts of wholesale funding are dependent on a number of market and client activity factors. See also Risk Management – Liquidity Risk, Capital Management, Item 1 – Notes 8, 9, and 12, and Part II – Item 7 – Results of Operations – Net Interest Revenue in the 2024 Form 10-K for additional information on these and other funding sources.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Asset Management and Administration Fees

The following table presents asset management and administration fees, average client assets, and average fee yields:

	2025			2024		
	Average Client Assets	Revenue	Average Fee	Average Client Assets	Revenue	Average Fee
Three Months Ended September 30,						
Schwab money market funds	\$ 663,218	458	0.2%	\$ 551,945	379	0.27
Schwab equity and bond funds, ETFs, and CTFs	735,519	132	0.07	603,314	118	0.08
Mutual Fund OneSource® and other no-transaction-fee (NTF) funds	443,660	259	0.23	354,664	224	0.25
Other third-party mutual funds and ETFs	618,032	97	0.06	611,555	106	0.07
Total mutual funds, ETFs, and CTFs ⁽¹⁾	\$ 2,460,429	946	0.1%	\$ 2,121,478	827	0.16
Managed investing solutions ⁽¹⁾						
Fee-based	\$ 654,220	619	0.9%	\$ 554,726	559	0.90
Non-fee-based	127,592	—	—	114,307	—	—
Total managed investing solutions	\$ 781,812	619	0.9%	\$ 669,033	559	0.93
Other balance-based fees ⁽²⁾	922,030	81	0.03	795,737	72	0.04
Other ⁽³⁾	27	—	—	18	—	—
Total asset management and administration fees	\$ 1,673	\$ 1,476				
Nine Months Ended September 30,						
Schwab money market funds	\$ 643,168	1,318	0.2%	\$ 525,166	1,072	0.27
Schwab equity and bond funds, ETFs, and CTFs	685,300	376	0.07	569,608	337	0.08
Mutual Fund OneSource and other NTF funds ⁽⁴⁾	384,614	699	0.24	335,813	647	0.26
Other third-party mutual funds and ETFs ⁽⁴⁾	617,441	302	0.07	606,026	314	0.07
Total mutual funds, ETFs, and CTFs ⁽¹⁾	\$ 2,330,523	2,695	0.1%	\$ 2,036,613	2,370	0.16
Managed investing solutions ⁽¹⁾						
Fee-based	\$ 613,303	1,777	0.9%	\$ 528,850	1,572	0.90
Non-fee-based	122,920	—	—	110,191	—	—
Total managed investing solutions	\$ 736,223	1,777	0.9%	\$ 639,041	1,572	0.93
Other balance-based fees ⁽²⁾	870,045	233	0.04	759,645	210	0.04
Other ⁽³⁾	68	—	—	55	—	—
Total asset management and administration fees	\$ 4,773	\$ 4,207				

⁽¹⁾ Average client assets for managed investing solutions may also include the asset balances contained in the mutual fund and/or ETF categories listed above.

⁽²⁾ Includes various asset-related fees, such as trust fees, 401(k) recordkeeping fees, and mutual fund clearing fees and other service fees.

⁽³⁾ Includes miscellaneous service and transaction fees relating to mutual funds and ETFs that are not balance-based.

⁽⁴⁾ The first nine months of 2025 include transfers from other third-party mutual funds and ETFs to Mutual Fund OneSource® and other NTF funds.

Asset management and administration fees increased by \$197 million, or 13%, and \$566 million, or 13%, in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024. These increases were primarily a result of continued growth in Schwab money market funds amid the ongoing elevated interest rate environment. These increases were also due to growth in fee-based managed investing solutions, Mutual Fund OneSource®, and Schwab equity and bond funds, ETFs, and CTFs, reflecting the Company's asset gathering and net inflows into managed investing solutions, as well as year-over-year equity market appreciation.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

The following tables present a roll forward of client assets for the Schwab money market funds, Schwab equity and bond funds, ETFs, and CTFs, and Mutual Fund OneSource® and other NTF funds. These funds generated 51% and 50% of the asset management and administration fees earned in the third quarter and first nine months of 2025, respectively, compared with 49% in both the third quarter and first nine months of 2024:

	Schwab Money Market Funds		Schwab Equity and Bond Funds, ETFs, and CTFs		Mutual Fund OneSource® and Other NTF funds	
	2025	2024	2025	2024	2025	2024
Three Months Ended September 30,						
Balance at beginning of period	\$ 653,473	\$ 533,586	\$ 689,355	\$ 564,002	\$ 453,919	\$ 344,813
Net inflows (outflows)	6,253	26,829	11,176	13,238	(7,639)	(6,555)
Net market gains (losses) and other	6,696	1,664	45,165	37,537	27,255	19,733
Balance at end of period	\$ 666,422	\$ 562,079	\$ 745,696	\$ 614,777	\$ 473,535	\$ 357,991
Nine Months Ended September 30,						
Balance at beginning of period	\$ 596,531	\$ 476,409	\$ 627,166	\$ 506,149	\$ 347,798	\$ 306,222
Net inflows (outflows)	50,163	69,064	36,379	29,751	(22,489)	(17,579)
Net market gains (losses) and other ⁽¹⁾	19,728	16,606	82,151	78,877	148,226	69,348
Balance at end of period	\$ 666,422	\$ 562,079	\$ 745,696	\$ 614,777	\$ 473,535	\$ 357,991

⁽¹⁾ Includes \$63.3 billion of transfers from other third-party mutual funds and ETFs to Mutual Fund OneSource® and other NTF Funds for the nine months ended September 30, 2025.

Trading Revenue

The following tables present trading revenue, client trading activity, and related information:

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
Commissions	\$ 453	\$ 388	17%	\$ 1,315	\$ 1,184	11%
Order flow revenue						
Options	299	250	20%	837	740	13%
Equities	191	107	79%	562	326	72%
Total order flow revenue	490	357	37%	1,399	1,066	31%
Principal transactions	52	52	—	141	141	—
Total trading revenue	\$ 995	\$ 797	25%	\$ 2,855	\$ 2,391	19%

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
DATs (in thousands)	7,421	5,697	30%	7,461	5,711	31%
Product as a percentage of DATs						
Equities	55%	52%		55%	52%	
Derivatives	22%	21%		21%	22%	
ETFs	17%	20%		18%	19%	
Mutual funds	5%	6%		5%	6%	
Fixed income	1%	1%		1%	1%	
Number of trading days	63.5	63.5	—	185.5	187.5	(1) %
Revenue per trade ⁽¹⁾	\$ 2.11	\$ 2.20	(4) %	\$ 2.06	\$ 2.23	(8) %

⁽¹⁾ Revenue per trade is calculated as trading revenue divided by the product of DATs multiplied by the number of trading days.

Trading revenue increased \$198 million, or 25%, and \$464 million, or 19%, in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024, driven by an increase in order flow and commissions revenue reflecting higher volume.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Bank Deposit Account Fees

The Company earns bank deposit account fee revenue from TD Bank USA, National Association and TD Bank, National Association (together, the TD Depository Institutions), in accordance with the Second Amended and Restated Insured Deposit Account Agreement (2023 IDA agreement). These fees are affected by changes in interest rates and the composition of balances designated as fixed- and floating-rate obligation amounts. See Item 1 – Note 10 for additional information.

The following table presents bank deposit account fee revenue and related information:

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
Bank deposit account fees	\$ 247	\$ 152	63%	\$ 739	\$ 488	51%
Average bank deposit account balances	\$ 80,030	\$ 83,099	(4) %	\$ 82,145	\$ 87,641	(6) %
Average net yield	1.21%	0.72%		1.19%	0.73%	
Percentage of average BDA balances designated as:						
Fixed-rate balances	77%	87%		78%	88%	
Floating-rate balances	23%	13%		22%	12%	

Bank deposit account fees increased \$95 million, or 63%, and \$251 million, or 51%, in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024, primarily due to a decrease in the amount paid to clients as a result of lower interest rates, partially offset by lower average BDA balances. The decrease in average BDA balances in the third quarter and first nine months of 2025 compared to the same periods in 2024 was primarily due to client cash allocation decisions in 2024 in response to elevated short-term market interest rates through most of 2024, as well as the transfer of \$3.0 billion of BDA balances to Schwab's balance sheet in September 2025. Pursuant to the 2023 IDA agreement, after September 10, 2025, Schwab has broader discretion to withdraw balances, subject to certain constraints, as described in Item 1 – Note 10. Transfers of BDA balances to Schwab's balance sheet result in lower balances upon which bank deposit account fee revenue is earned but provide a source of funding to invest in interest-earning assets or pay down borrowings to increase net interest revenue.

Average net yield increased in the third quarter and first nine months of 2025 compared to the same periods in 2024 due to an increase in the average amount of floating-rate BDA balances, which was partially offset by a decrease in the average net yields on fixed-rate and floating-rate BDA balances. The percentages of BDA balances designated as fixed-rate and floating-rate obligation amounts as of September 30, 2025 were 76% and 24%, respectively.

Other Revenue

Other revenue includes industry fees, certain service fees, other gains and losses from the sale of assets, and the provision for credit losses on bank loans.

Other revenue decreased \$30 million, or 15%, in the third quarter of 2025 compared to the same period in 2024, primarily due to lower industry fees, partially offset by higher other service fees. Effective May 14, 2025, the SEC decreased the fee rate applicable to most securities transactions to zero from the rate in effect since May 22, 2024. This change resulted in lower industry fees in the third quarter of 2025 compared to the same period in 2024. Other revenue increased \$62 million, or 11%, in the first nine months of 2025 compared to the same period in 2024, primarily due to a gain from the sale of an equity investment, higher other service fees, and higher industry fees. Industry fees increased primarily due to higher DATs, partially offset by the decrease in SEC fee rates.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Total Expenses Excluding Interest

The following table presents a comparison of expenses excluding interest:

	Three Months Ended September 30,		Percent Change	Nine Months Ended September 30,		Percent Change
	2025	2024		2025	2024	
Compensation and benefits						
Salaries and wages	\$ 952	\$ 893	7%	\$ 2,802	\$ 2,633	6%
Incentive compensation	424	384	10%	1,187	1,100	8%
Employee benefits and other	277	245	13%	872	777	12%
Total compensation and benefits	\$ 1,653	\$ 1,522	9%	\$ 4,861	\$ 4,510	8%
Professional services	293	256	14%	853	756	13%
Occupancy and equipment	280	271	3%	824	784	5%
Advertising and market development	101	101	—	305	296	3%
Communications	149	147	1%	478	460	4%
Depreciation and amortization	212	231	(8)%	644	692	(7)%
Amortization of acquired intangible assets	127	130	(2)%	385	389	(1)%
Regulatory fees and assessments	59	88	(33)%	225	309	(27)%
Other	240	259	(7)%	731	694	5%
Total expenses excluding interest	\$ 3,114	\$ 3,005	4%	\$ 9,306	\$ 8,890	5%
Expenses as a percentage of total net revenues						
Compensation and benefits	27%	31%		28%	32%	
Advertising and market development	2%	2%		2%	2%	
Full-time equivalent employees (in thousands)						
At quarter end	32.7	32.1	2%			
Average	32.8	32.3	2%	32.4	32.4	—

Expenses excluding interest increased \$109 million, or 4%, and \$416 million, or 5%, in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024. Adjusted total expenses, which excludes acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs, increased 5% and 6% in the third quarter and first nine months of 2025, respectively, compared to the same periods in 2024. See Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results. There were no acquisition and integration-related costs or restructuring costs in the third quarter and first nine months of 2025.

Total compensation and benefits expense increased in the third quarter and first nine months of 2025 compared to the same periods in 2024, primarily due to annual merit increases, higher incentive compensation, and higher other employee-related costs. Compensation and benefits included a \$34 million benefit in the first nine months of 2024 due to a change in estimated restructuring costs. Compensation and benefits also included acquisition and integration-related costs of \$9 million and \$44 million in the third quarter and first nine months of 2024, respectively.

Professional services expense increased in the third quarter and first nine months of 2025 compared to the same periods in 2024, reflecting overall growth of the business and increased utilization of technology and other professional services. Professional services included acquisition and integration-related costs of \$3 million and \$32 million in the third quarter and first nine months of 2024, respectively.

Occupancy and equipment expense increased in the third quarter and first nine months of 2025 compared to the same periods in 2024, primarily driven by higher technology equipment and software costs, as well as building expenses, related to growth of the business, and a benefit related to property taxes reflected in 2024.

Advertising and market development expense remained consistent in the third quarter and increased in the first nine months of 2025 compared to the same periods in 2024. In the third quarter of 2025, higher digital advertising costs were largely offset by lower client promotional spending, and the increase in the first nine months of 2025 primarily reflected higher digital advertising costs.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Communications expense increased in the third quarter and first nine months of 2025 compared to the same periods in 2024. The increase in the third quarter was primarily due to higher proxy-related expenses reflecting growth in the business, partially offset by lower printing and telecommunications expenses. The increase in the year-to-date period primarily reflected higher proxy-related expenses and exchange quotation services, partially offset by lower telecommunications expenses.

Depreciation and amortization expense decreased in the third quarter and first nine months of 2025 compared to the same periods in 2024, primarily due to finance lease terminations in 2024 and lower depreciation on equipment due to abandonment of certain data centers in 2024 related to the integration of Ameritrade Holding LLC (Ameritrade Holding) and its consolidated subsidiaries (collectively, Ameritrade). Depreciation and amortization expense included acquisition and integration-related costs of \$8 million and \$13 million in the third quarter and first nine months of 2024, respectively.

Amortization of acquired intangible assets was largely consistent in the third quarter and first nine months of 2025 compared to the same periods in 2024.

Regulatory fees and assessments decreased in the third quarter and first nine months of 2025 compared to the same periods in 2024. The decrease in the third quarter of 2025 was primarily due to a \$13 million reduction in the FDIC special assessment coupled with lower FDIC deposit insurance assessments. The decrease in the first nine months of 2025 was primarily due to a \$30 million incremental FDIC special assessment in the first nine months of 2024 and the \$13 million reduction in the special assessment in the third quarter of 2025, coupled with lower FDIC deposit insurance assessments reflecting a decrease in brokered CDs and a lower assessment base.

Other expense decreased in the third quarter and increased in the first nine months of 2025 compared to the same periods in 2024. The decrease in the third quarter of 2025 was primarily driven by lower industry fees, partially offset by certain higher costs in 2025 related to growth of the business and increased client trading volume. Effective May 14, 2025, the SEC decreased the fee rate applicable to most securities transactions to zero from the rate in effect since May 22, 2024, resulting in lower industry fees in the third quarter of 2025 compared to the same period in 2024. The increase in the first nine months of 2025 from the same period in 2024 was primarily due to higher industry fees in the first half of the year and certain higher costs resulting from growth of the business and increased trading volume. The increase was also partially offset by a charge recognized in the second quarter of 2024 for the SEC's industry-wide review of off-channel communications. Other expense included restructuring costs of \$13 million in the first nine months of 2024.

Capital expenditures were \$152 million and \$135 million in the third quarter of 2025 and 2024, respectively, and \$444 million and \$349 million in the first nine months of 2025 and 2024, respectively. Capital expenditures increased in the third quarter and first nine months of 2025 compared to the same periods in 2024, primarily due to higher investment in purchased software and telecommunications and other equipment, partially offset by lower internally developed software for the year-to-date period. The completion of certain construction projects resulted in a decrease of building-related capital expenditures during the third quarter of 2025. As a result of higher year-to-date total net revenues and lower spending, we now estimate capital expenditures for full-year 2025 will be on the lower end of our previously disclosed expected range of approximately 3-5% of total net revenues.

Taxes on Income

Taxes on income were \$663 million and \$434 million for the third quarter of 2025 and 2024, respectively, resulting in effective tax rates of 21.9% and 23.6%, respectively. Taxes on income were \$1.9 billion and \$1.3 billion for the first nine months of 2025 and 2024, respectively, resulting in tax rates of 22.8% and 23.9%, respectively. The decrease in the effective tax rate in the third quarter of 2025 compared to the same period in 2024 was primarily due to a decrease in state taxes and in non-deductible FDIC deposit insurance assessments, partially offset by a decrease in certain tax credits. The decrease in the effective tax rate in the first nine months of 2025 compared to the same period in 2024 was primarily due to a decrease in the state tax rate and in non-deductible FDIC deposit insurance assessments, and an increase in equity compensation tax deduction benefits, partially offset by a decrease in certain tax credits.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Segment Information

Financial information for our segments is presented in the following table ⁽¹⁾:

Three Months Ended September 30,	Investor Services			Advisor Services			Total		
	Percent Change	2025	2024	Percent Change	2025	2024	Percent Change	2025	2024
Net Revenues									
Net interest revenue	36%	\$ 2,424	\$ 1,777	41%	\$ 626	\$ 445	37%	\$ 3,050	\$ 2,222
Asset management and administration fees	14%	1,221	1,074	12%	452	402	13%	1,673	1,476
Trading revenue	28%	906	710	2%	89	87	25%	995	797
Bank deposit account fees	66%	196	118	50%	51	34	63%	247	152
Other	(20)%	136	169	10%	34	31	(15)%	170	200
Total net revenues	27%	4,883	3,848	25%	1,252	999	27%	6,135	4,847
Expenses Excluding Interest									
Compensation and benefits	10%	\$ 1,284	\$ 1,169	5%	\$ 369	\$ 353	9%	\$ 1,653	\$ 1,522
Professional services	16%	235	202	7%	58	54	14%	293	256
Occupancy and equipment	4%	220	211	—	60	60	3%	280	271
Advertising and market development	2%	60	59	(2)%	41	42	—	101	101
Communications	2%	105	103	—	44	44	1%	149	147
Depreciation and amortization	(8)%	161	175	(9)%	51	56	(8)%	212	231
Amortization of acquired intangible assets	(1)%	104	105	(8)%	23	25	(2)%	127	130
Regulatory fees and assessments	(27)%	51	70	(56)%	8	18	(33)%	59	88
Other	(6)%	207	221	(13)%	33	38	(7)%	240	259
Total expenses excluding interest	5%	2,427	2,315	—	687	690	4%	3,114	3,005
Income before taxes on income	60%	\$ 2,456	\$ 1,533	83%	\$ 565	\$ 309	64%	\$ 3,021	\$ 1,842
Net New Client Assets (in billions) ⁽²⁾									
	42%	\$ 52.7	\$ 37.2	52%	\$ 81.7	\$ 53.6	48%	\$ 134.4	\$ 90.8
Nine Months Ended September 30,									
Net Revenues									
Net interest revenue	29%	\$ 6,826	\$ 5,279	31%	\$ 1,752	\$ 1,334	30%	\$ 8,578	\$ 6,613
Asset management and administration fees	14%	3,479	3,050	12%	1,294	1,157	13%	4,773	4,207
Trading revenue	21%	2,563	2,115	6%	292	276	19%	2,855	2,391
Bank deposit account fees	54%	581	378	44%	158	110	51%	739	488
Other	7%	514	479	27%	126	99	11%	640	578
Total net revenues	24%	13,963	11,301	22%	3,622	2,976	23%	17,585	14,277
Expenses Excluding Interest									
Compensation and benefits	8%	\$ 3,760	\$ 3,480	7%	\$ 1,101	\$ 1,030	8%	\$ 4,861	\$ 4,510
Professional services	13%	680	602	12%	173	154	13%	853	756
Occupancy and equipment	6%	647	610	2%	177	174	5%	824	784
Advertising and market development	2%	194	191	6%	111	105	3%	305	296
Communications	5%	338	321	1%	140	139	4%	478	460
Depreciation and amortization	(11)%	488	546	7%	156	146	(7)%	644	692
Amortization of acquired intangible assets	(7)%	314	339	42%	71	50	(1)%	385	389
Regulatory fees and assessments	(24)%	183	240	(39)%	42	69	(27)%	225	309
Other	6%	618	583	2%	113	111	5%	731	694
Total expenses excluding interest	4%	7,222	6,912	5%	2,084	1,978	5%	9,306	8,890
Income before taxes on income	54%	\$ 6,741	\$ 4,389	54%	\$ 1,538	\$ 998	54%	\$ 8,279	\$ 5,387
Net New Client Assets (in billions) ⁽²⁾									
	34%	\$ 153.4	\$ 114.9	35%	\$ 187.0	\$ 138.3	34%	\$ 340.4	\$ 253.2

⁽¹⁾ In connection with certain changes in Schwab's organizational management structure, in the fourth quarter of 2024, the Retirement Business Services business unit was transferred from the Advisor Services segment to the Investor Services segment. Accordingly, amounts related to the Retirement Business Services business unit are included within Investor Services for the third quarter and nine months ended September 30, 2025, and prior-year amounts have been recast to reflect this new basis of segmentation.

⁽²⁾ In the third quarter and first nine months of 2025, Investor Services includes net outflows of \$3.1 billion and \$15.1 billion, respectively, from off-platform brokered CDs issued by CSB. In the third quarter and first nine months of 2024, Investor Services includes net outflows of \$4.4 billion and \$9.1 billion, respectively, from off-platform brokered CDs issued by CSB and an outflow of \$0.1 billion from a large international relationship. Also, in the first nine months of 2024, Investor Services includes an inflow of \$10.3 billion from a mutual fund clearing services client.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Segment Net Revenues

Investor Services and Advisor Services total net revenues increased by 27% and 25%, respectively, in the third quarter of 2025, and increased by 24% and 22%, respectively, in the first nine months of 2025, compared to the same periods in 2024. Changes in Schwab's net revenues were driven by similar factors for both segments in the third quarter and first nine months of 2025 compared to the same periods in 2024. Net interest revenue increased primarily due to reductions in bank supplemental funding, lower average rates paid on funding sources, and growth of bank and margin lending balances, partially offset by lower yields on interest-earning assets. Asset management and administration fees increased primarily as a result of higher balances in money market funds, Schwab equity and bond funds, ETFs, and CTFs, and Mutual Fund OneSource[®], and, additionally for Investor Services, managed investing solutions. Trading revenue increased primarily due to higher order flow revenue and commission revenue reflecting higher volume. Bank deposit account fees increased primarily due to improved net yields partially offset by lower average BDA balances. Other revenue increased for both segments in the first nine months of 2025, and in the third quarter of 2025 decreased for Investor Services while slightly increasing for Advisor Services. Both segments saw growth in other revenue due to higher industry fees in the first half of 2025, higher other service fees, and a recognized gain on the sale of an equity investment, offset by lower industry fees in the third quarter of 2025.

Segment Expenses Excluding Interest

Investor Services total expenses excluding interest increased by 5% and Advisor Services total expenses excluding interest remained consistent in the third quarter of 2025 compared to the same period in 2024. Investor Services and Advisor Services total expenses excluding interest increased by 4% and 5%, respectively, in the first nine months of 2025 compared to the same periods in 2024. Changes in expenses were driven by similar factors for the two segments in the third quarter and first nine months of 2025 compared to the same periods in 2024. Compensation and benefits expense increased primarily due to annual merit increases, higher incentive compensation, and higher employee-related costs. Professional services expense increased due to overall growth of the business and increased utilization of technology and other professional services. Occupancy and equipment expense increased in the first nine months of 2025 primarily due to higher technology equipment and software costs related to growth of the business and a property tax benefit reflected in 2024, while in the third quarter of 2025, both segments were relatively flat. Regulatory fees and assessments decreased during the third quarter and first nine months of 2025 compared to the same periods in 2024, primarily due to lower FDIC assessments.

RISK MANAGEMENT

Schwab's business activities expose it to a variety of risks, including operational, compliance, credit, market, and liquidity risks. The Company has a comprehensive risk management program to identify and manage these risks and their associated potential for financial and reputational impact.

For a discussion of our risk management programs, see Part II – Item 7 – Risk Management in the 2024 Form 10-K.

Market Risk

Market risk is the potential for 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. Schwab is exposed to market risk primarily from changes in interest rates within our interest-earning assets relative to changes in the costs of funding sources that finance these assets.

To manage interest rate risk, we have established policies and procedures, which include setting limits on net interest revenue risk and EVE risk. To remain within these limits, we manage the maturity, repricing, and cash flow characteristics of the investment portfolios. Management monitors established guidelines to stay within the Company's risk appetite. The Company utilizes interest rate swap derivative instruments to assist with managing interest rate risk, the effects of which are incorporated into the Company's net interest revenue and EVE analyses. For further information on our interest rate risk management strategies utilizing interest rate swaps, see Item 1 – Note 11.

Our measurement of interest rate risk involves assumptions that are inherently uncertain and, as a result, cannot precisely estimate the impact of changes in interest rates on net interest revenue, bank deposit account fees, or EVE. Actual results may differ from simulated results due to balance growth or decline and the timing, magnitude, and frequency of interest rate changes, as well as changes in market conditions and management strategies, including changes in asset and liability mix. Financial instruments are also subject to the risk that valuations will be negatively affected by changes in demand and the underlying market for a financial instrument.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

We are indirectly exposed to option, futures, and equity market fluctuations in connection with client option and futures accounts, securities collateralizing margin loans to brokerage customers, and client securities loaned out as part of the brokerage securities lending activities. Equity market valuations may also affect the level of brokerage client trading activity, margin borrowing, and overall client engagement with Schwab. Additionally, we earn mutual fund and ETF service fees and asset management fees based upon daily balances of certain client assets. Fluctuations in these client asset balances caused by changes in equity valuations directly impact the amount of fee revenue we earn. Our market risk related to financial instruments held for trading is not material.

Net Interest Revenue Simulation

For our net interest revenue sensitivity analysis, we use net interest revenue simulation modeling techniques to evaluate and manage the effect of changing interest rates. The simulations include all balance sheet interest rate-sensitive assets and liabilities, and include derivative instruments. Key assumptions include the projection of interest rate scenarios with rate floors, rates and balances of non-maturity client cash held on the balance sheet, prepayment speeds of mortgage-related investments, repricing of financial instruments, and reinvestment of matured or paid-down securities and loans. We use both proprietary and independent third-party models to simulate net interest revenue sensitivity and related analyses. Fixed income analytical vendors provide term structure models, prepayment speed models for mortgage-backed securities and mortgage loans, and cash flow projections based on interest income, contractual maturities, and prepayments. The Company's net interest revenue sensitivity analyses utilize gradual parallel increases/decreases in interest rates over a twelve month period, though we also regularly simulate the effects of non-parallel shifts and instantaneous shifts of interest rates on net interest revenue.

Net interest revenue is affected by various factors, such as the distribution and composition of interest-earning assets and interest-bearing liabilities, the spread between yields earned on interest-earning assets and rates paid on interest-bearing liabilities, which may reprice at different times or by different amounts, and the spread between short- and long-term interest rates. Interest-earning assets include investment securities, margin loans, bank loans, cash and investments segregated, and cash and cash equivalents. These assets are sensitive to changes in interest rates and changes in prepayment levels that tend to increase in a declining rate environment and decrease in a rising rate environment. Because we establish the rates paid on certain brokerage client cash balances and bank deposits and the rates charged on certain margin and bank loans, and control the composition of our investment securities, we have some ability to manage our net interest spread, depending on competitive factors and market conditions. When we have liquidity needs that exceed our primary sources of funding, the Company has needed to utilize higher-cost funding sources, which can reduce net interest margin and net interest revenue.

Higher prevailing short-term interest rates generally improve yields on shorter duration interest-earning assets. During periods of rapidly rising interest rates, clients tend to reallocate cash out of sweep products into higher-yielding, off-balance sheet, fixed income investments and money market funds within Schwab's product offerings. This can result in lower interest-earning assets and/or may require supplemental funding with higher funding costs, which therefore tend to constrain net interest revenue when interest rates are moving rapidly higher. A decline in short-term interest rates could negatively impact the yield on the Company's investment and loan portfolios to a greater degree than any offsetting reduction in interest expense from funding sources, compressing net interest margin.

Net interest revenue sensitivity analyses assume both statically and dynamically-sized balance sheet composition. Statically-sized balance sheet modeling assumes the asset and liability structure of the consolidated balance sheet would not be changed as a result of the simulated changes in interest rates. While this approach is useful to isolate the impact of changes in interest rates on a statically-sized asset and liability structure, it does not capture changes to client cash allocations. We therefore also conduct dynamically-sized balance sheet compositions as a function of interest rates. Dynamic net interest revenue simulations assume runoff of bank deposit and payables to brokerage client balances is supplemented with wholesale borrowing when needed to fund assets through the simulation horizon. We also conduct similar simulations on EVE to capture the impact of client cash allocation changes on our balance sheet. As we actively manage the consolidated balance sheet and interest rate exposure, we have taken and would typically seek to take steps to manage additional interest rate exposure that could result from changes in the interest rate environment.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

The following table assumes a statically-sized balance sheet with simulated changes to net interest revenue over the next twelve months beginning September 30, 2025 and December 31, 2024 of a gradual increase or decrease in market interest rates relative to prevailing market rates at the end of each reporting period:

	September 30, 2025	December 31, 2024
Increase of 200 basis points	8.5%	8.6%
Increase of 100 basis points	4.6%	4.6%
Increase of 50 basis points	2.3%	2.5%
Decrease of 50 basis points	(2.1)%	(2.3)%
Decrease of 100 basis points	(4.2)%	(4.6)%
Decrease of 200 basis points	(8.2)%	(9.3)%

The Company's simulated incremental increases and decreases in market interest rates had a smaller impact on net interest revenue as of September 30, 2025 compared to December 31, 2024, primarily due to the use of cash flow hedges related to Schwab's PALs beginning in the second quarter of 2025, and lower cash balances.

Effective Duration

Effective duration measures price sensitivity relative to a change in prevailing interest rates, taking account of amortizing cash flows and prepayment optionality for mortgage-related securities and loans. Duration is measured in years and commonly interpreted as the average timing of principal and interest cash flows. We seek to manage the Company's asset duration in relation to management's estimate of the Company's liability duration. The Company's liability duration is impacted by the composition of funding sources, and typically decreases in periods of rising market interest rates and increases in periods of declining market interest rates. The Company also utilizes derivative hedging instruments such as interest rate swaps in managing its asset and liability duration.

The following table presents the Company's estimated effective durations, which reflect anticipated future payments, by category:

	September 30, 2025	September 30, 2024
	In years	
Estimated effective duration, exclusive of derivatives:		
Consolidated total assets	2.0	2.3
AFS investment securities portfolio	2.5	2.3
AFS and HTM investment securities portfolio	4.0	3.9
Pledged asset lines ⁽¹⁾	0.1	—
Long-term debt CSC Senior Notes	2.9	3.4
Estimated effective duration, inclusive of derivatives ⁽²⁾ :		
Consolidated total assets	2.0	2.3
AFS investment securities portfolio	2.0	2.0
AFS and HTM investment securities portfolio	3.8	3.8
Pledged asset lines ⁽¹⁾	1.3	—
Long-term debt CSC Senior Notes	1.6	3.4

⁽¹⁾ The duration of PALs was less than 0.1 years at September 30, 2024.

⁽²⁾ See Item 1 – Note 11 for additional discussion of the Company's derivatives.

AFS and HTM securities comprised approximately 43% and 51% of the Company's consolidated total assets as of September 30, 2025 and 2024, respectively. The estimated effective duration of the remaining balance sheet assets, excluding the effect of hedging, in aggregate was less than one year as of both September 30, 2025 and 2024.

Economic Value of Equity Simulation

Management also uses EVE simulations to measure interest rate risk. EVE sensitivity measures the long-term impact of interest rate changes on the net present value of assets and liabilities, and includes the impact of derivative instruments. While EVE does not have a direct accounting relationship, the measure aims to capture a theoretical value of assets and liabilities under a variety of interest rate environments. EVE is calculated by subjecting the balance sheet to hypothetical instantaneous shifts in the level of interest rates. This analysis is highly dependent upon asset and liability assumptions based on historical and certain

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

expected behaviors. Key assumptions in our EVE calculation include projection of interest rate scenarios with rate floors, prepayment speeds of mortgage-related investments, term structure models of interest rates, behavior of non-maturity client cash held on the balance sheet, and pricing assumptions. We use both proprietary and independent third-party models to simulate EVE sensitivity and related analyses. We develop and maintain client credits and deposits run-off models internally based on historical experience and prevailing client cash realignment behaviors. We rely on third-party models for interest rate term structure modeling, prepayment speed modeling for mortgage-backed securities and mortgage loans, and cash flow projections based on interest income, and contractual maturities.

Schwab's EVE profile is characterized by a more stable asset duration relative to liabilities in both higher and lower interest rate environments. Currently, the EVE exposure to rates increasing or decreasing in a similar magnitude shows that there is greater exposure to rates decreasing.

Bank Deposit Account Fees Simulation

Consistent with the presentation on the consolidated statement of income, the sensitivity of bank deposit account fee revenue to interest rate changes is assessed separately from the net interest revenue simulation described above. As of September 30, 2025 and December 31, 2024, simulated changes in bank deposit account fee revenue from gradual changes in market interest rates relative to prevailing market rates, under the interest rate scenarios described above for net interest revenue, did not have a significant impact on the Company's total net revenues.

Our net interest revenue, EVE, and bank deposit account fee revenue simulations reflect the assumption of non-negative investment yields.

Liquidity Risk

Liquidity risk is the potential that Schwab will be unable to sell assets or meet cash flow obligations when they come due without incurring unacceptable losses.

Due to its role as a source of financial strength, CSC's liquidity needs are primarily driven by the liquidity and capital needs of: CS&Co, our principal broker-dealer subsidiary; the capital needs of the banking subsidiaries; principal and interest due on corporate debt; and dividend payments on CSC's preferred and common stock. The liquidity needs of our broker-dealer subsidiary are primarily driven by client activity, including trading and margin lending activities, and capital expenditures. The capital needs of the banking subsidiaries are primarily driven by client deposit levels and other borrowings. We have established liquidity policies to support the successful execution of business strategies, while ensuring ongoing and sufficient liquidity to meet operational needs and satisfy applicable regulatory requirements under both normal and stressed conditions. We seek to maintain client confidence in the balance sheet and the safety of client assets by maintaining liquidity and diversity of funding sources to allow the Company to meet its obligations. To this end, we have established limits and contingency funding plans to support liquidity levels during both business as usual and stressed conditions.

We employ a variety of metrics to monitor and manage liquidity. We conduct regular liquidity stress testing to develop a view of liquidity risk exposures and to ensure our ability to maintain sufficient liquidity during market-related or company-specific liquidity stress events. Liquidity sources are also tested periodically and results are reported to the Financial Risk Oversight Committee. A number of early warning indicators are monitored to help identify emerging liquidity stresses in the market or within the organization and are reviewed with management periodically.

Funding 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, FHLB borrowings, borrowings under repurchase agreements with external financial institutions and the Fixed Income Clearing Corporation (FICC), issuance of CDs, cash provided by securities issuances by CSC in the capital markets, and other facilities described below.

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.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Our clients' bank deposits and brokerage cash balances primarily originate from our 38.0 million active brokerage accounts. More than 80% of our bank deposits qualified for FDIC insurance as of September 30, 2025. Our clients' allocation of cash held on our balance sheet as bank deposits or payables to brokerage clients is sensitive to interest rate levels, with clients typically increasing their utilization of investment cash solutions, such as purchased money market funds and certain fixed income products when those yields are higher than those of cash sweep features.

As a participant in the financial services industry, Schwab relies on access to external financing in the normal course of business. Schwab's use of external debt facilities may arise from timing differences between cash flow requirements, such as client cash outflows, cash flows from operations, payments on interest-earning assets, movements of cash to meet regulatory brokerage client cash segregation requirements, and general corporate purposes. Rollover risk is the risk that we will not be able to refinance or payoff borrowings as they mature. We maintain policies and procedures necessary to access funding, and test borrowing procedures on a periodic basis. We manage rollover risk on borrowings, taking into account expected principal paydowns on our investment and loan portfolios along with expected deposit flows.

The following table describes certain external debt facilities available at September 30, 2025:

Description	Borrower	Outstanding	Available	Maturity of Amounts Outstanding	Weighted-Average Interest Rate on Amounts Outstanding
FHLB secured credit facilities	Banking subsidiaries	\$ 850	\$ 75,342 ⁽¹⁾	February 2026	4.11%
Federal Reserve discount window	Banking subsidiaries	—	29,706 ⁽¹⁾	N/A	—
Repurchase agreements	Banking subsidiaries, CSC	3,995	— ⁽²⁾	October 2025 - November 2025	4.45%
Unsecured uncommitted lines of credit with various external banks	CSC, CS&Co	—	1,692	N/A	—
Unsecured commercial paper	CSC	800	4,200 ⁽³⁾	October 2025 - November 2025	4.52%
Secured uncommitted lines of credit with various external banks	CS&Co	1,750	— ⁽⁴⁾	December 2025 - January 2026	4.51%

⁽¹⁾ Amounts shown as available from the FHLB and Federal Reserve facilities represent remaining capacity based on assets pledged as of September 30, 2025. Incremental borrowing capacity may be made available by pledging additional assets, subject to applicable facility terms. See below and Item 1 – Note 9 for additional information.

⁽²⁾ Secured borrowing capacity is made available based on our borrower's ability to provide collateral deemed acceptable by each respective counterparty. See below and Item 1 – Note 12 for additional information.

⁽³⁾ Outstanding balance of unsecured commercial paper as of September 30, 2025 represents the gross par value before discount of \$4 million.

⁽⁴⁾ Secured borrowing capacity is made available based on CS&Co's ability to provide acceptable collateral to the lenders as determined by the credit agreements.

N/A Not applicable.

Available borrowing capacity from the FHLB and Federal Reserve facilities maintained by our banking subsidiaries is dependent on the value of assets pledged and the terms of the borrowing arrangements. As of September 30, 2025, the Company had additional investment securities with a par value of approximately \$99 billion, or a fair value of approximately \$93 billion, available to be pledged to obtain additional capacity. Additional details regarding availability and use of these facilities is described below.

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 value of certain of our investment securities that are pledged as collateral. These credit facilities are also available as backup financing in the event the outflow of client cash from the banking subsidiaries' respective balance sheets is greater than maturities and paydowns on investment securities and bank loans. CSC's banking subsidiaries must each maintain positive tangible capital, as defined by the Federal Housing Finance Agency, in order to place new draws upon these credit facilities, and the Company manages capital with consideration of minimum tangible capital ratios at our banking subsidiaries. Tangible capital pursuant to the requirements of the FHLB borrowing facilities for our banking subsidiaries is common equity less goodwill and intangible assets.

Our banking subsidiaries also have access to short-term secured funding through the Federal Reserve discount window. Amounts available under the Federal Reserve discount window are dependent on the value of certain investment securities that are pledged as collateral. Our banking subsidiaries may also engage with external financial institutions and the FICC in repurchase agreements collateralized by investment securities as another source of short-term liquidity.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

In addition, our banking subsidiaries are counterparties to the Standing Repo Facility with the Federal Reserve Bank of New York; other than de minimis tests performed to satisfy the Federal Reserve Bank of New York's testing requirements, this facility was not used during the first nine months of 2025 and there were no amounts outstanding at September 30, 2025. CSC maintains standing bilateral repurchase agreements with external banks. Other than de minimis tests, these facilities were not used during the first nine months of 2025 and there were no amounts outstanding under these facilities at September 30, 2025.

CSC's ratings for Commercial Paper Notes were P1 by Moody's Investor Service (Moody's), A2 by Standard & Poor's Rating Group (Standard & Poor's), and F1 by Fitch Ratings, Inc. (Fitch) at September 30, 2025.

CSC has a universal automatic shelf registration statement on file with the SEC, which enables it to issue debt, equity, and other securities.

CS&Co maintains unsecured uncommitted bank credit lines with a group of banks as a source of short-term liquidity, which can also be accessed by CSC. CS&Co also maintains secured uncommitted lines of credit, under which CS&Co may borrow on a short-term basis and pledge either client margin securities or firm securities as collateral, based on the terms of the agreements. Additionally, CS&Co is able to lend eligible securities held in client brokerage accounts in exchange for cash collateral as a source of short-term liquidity. As of September 30, 2025, liabilities for securities loaned totaled \$21.7 billion and are included in payables to brokers, dealers, and clearing organizations on the condensed consolidated balance sheet. As of September 30, 2025, \$18.7 billion of securities loaned had overnight and continuous remaining contractual maturities; \$3.0 billion of securities loaned had contractual maturities of 35 - 95 days and had a weighted-average interest rate of 4.46%. See Item 1 – Note 12 for additional information on securities lending activities.

CSB issues brokered CDs as a supplemental funding source. The following table provides information about brokered CDs issued by CSB and outstanding as of September 30, 2025:

	Amount Outstanding	Maturity	Weighted-Average Interest Rate
Brokered CDs	\$ 9,936	October 2025 - January 2026	4.21%

Cash Flow Activity

The Company's cash and cash equivalents decreased \$11.5 billion from year-end 2024 to \$30.6 billion at September 30, 2025; cash and cash equivalents, including amounts restricted, decreased \$10.6 billion from year-end 2024 to \$54.9 billion at September 30, 2025. These decreases reflected a reduction of bank supplemental funding of \$35.1 billion, maturities of long-term debt of \$2.2 billion, repurchases of common and nonvoting common stock for \$4.6 billion, and the redemption of Series G preferred stock for \$2.5 billion. Bank deposits decreased during the first nine months of 2025 by \$20.1 billion primarily due to a decrease of \$17.8 billion in brokered CDs and a \$1.4 billion decrease in deposits swept from brokerage accounts. The Company reduced FHLB borrowings and other short-term borrowings by a net total of \$15.3 billion. Partially offsetting the repayment of borrowings and other financing activities, net investing cash inflows were \$25.7 billion, driven by net inflows of \$34.1 billion from our AFS and HTM securities partially offset by net outflows of \$8.4 billion due to strong growth in bank loans; net cash inflows from operations totaled \$10.1 billion.

Liquidity Coverage Ratio

Schwab is subject to the full LCR rule, which requires the Company to hold high quality liquid assets (HQLA) in an amount equal to at least 100% of the Company's projected net cash outflows over a prospective 30-calendar-day period of acute liquidity stress, calculated on each business day. See Part I – Item 1 – Business – Regulation in the 2024 Form 10-K for additional information. The Company was in compliance with the LCR rule at September 30, 2025, and the table below presents information about our average daily LCR:

	Average for the Three Months Ended			
	September 30, 2025		June 30, 2025	
Total eligible HQLA	\$	53,281	\$	54,707
Net cash outflows		39,814		38,361
LCR		134%		143%

To support growth in margin loan balances at our broker-dealer subsidiary while meeting our LCR requirements, the Company may issue commercial paper, draw on secured lines of credit, or engage in securities lending, in addition to capital markets

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

issuances. In managing compliance with our LCR requirements, the broker-dealer subsidiary may also retain client cash balances rather than sweeping such balances to our banking subsidiaries.

Net Stable Funding Ratio

Schwab is subject to disclosure requirements under the NSFR rule, which requires the semi-annual public disclosure of its NSFR levels. The NSFR rule stipulates that the Company's available stable funding (ASF) must be at least 100% of the Company's required stable funding (RSF). ASF is calculated by assessing the stability of the Company's funding sources and RSF is calculated by evaluating the characteristics of the Company's assets, derivatives, and off-balance-sheet exposures. The Company was in compliance with the NSFR rule at September 30, 2025.

Long-Term Borrowings

The Company's long-term debt is primarily comprised of Senior Notes and totaled \$20.2 billion and \$22.4 billion at September 30, 2025 and December 31, 2024, respectively.

The following table provides information about our Senior Notes outstanding at September 30, 2025:

September 30, 2025	Par Outstanding	Maturity	Weighted-Average Interest Rate ⁽¹⁾	Moody's	Standard & Poor's	Fitch
CSC Senior Notes	\$ 20,119	2026 - 2034	3.66%	A2	A-	A
Ameritrade Holding Senior Notes	81	2027 - 2029	3.13%	A2	A-	—

⁽¹⁾ Weighted-average interest rates presented here exclude the impact of derivatives. See Item 1 – Note 11 for information on the Company's hedging of Senior Notes.

New Debt Issuances

There were no new debt issuances of senior unsecured obligations in the first nine months of 2025.

Equity Issuances and Redemptions

There were no new issuances of preferred stock in the first nine months of 2025.

On June 2, 2025, the Company redeemed all of the 24,580 outstanding shares of its fixed-rate reset non-cumulative perpetual preferred stock, Series G, and the corresponding 2,457,964 depositary shares. The depositary shares were redeemed at a redemption price of \$1,000 per depositary share for a total of \$2.5 billion.

Schwab enters into guarantees and other similar arrangements in the ordinary course of business. For information on these arrangements, see Item 1 – Notes 6, 7, 9, 10, and 12. Pursuant to the 2023 IDA agreement, certain brokerage accounts are required to be swept off-balance sheet to the TD Depository Institutions. See Item 1 – Note 10 for additional information.

Additional information regarding our sources and uses of liquidity and management of liquidity risk is included in Part II – Item 7 – Risk Management – Liquidity Risk in our 2024 Form 10-K. See also Item 1 – Condensed Consolidated Statements of Cash Flows, Item 1 – Note 8 for the Company's bank deposits, Item 1 – Note 9 for the Company's debt and borrowing facilities, Item 1 – Note 12 for the Company's securities lending activities, and Item 1 – Note 14 for the Company's equity outstanding balances and activity.

CAPITAL MANAGEMENT

Schwab seeks to manage capital to a level and composition sufficient to support execution of our business strategy, inclusive of balance sheet growth, financial support to our subsidiaries, sustained access to the capital markets, and regulatory capital requirements. Schwab also seeks to return excess capital to stockholders. We may return excess capital through dividends, repurchases of common shares, preferred stock redemptions, and repurchases of our preferred stock represented by depositary shares. Schwab's primary sources of capital are funds generated by the operations of subsidiaries and securities issuances by CSC in the capital markets. To ensure that Schwab has sufficient capital to absorb unanticipated losses or declines in asset values, we have adopted a policy to remain well capitalized even in stressed scenarios.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Regulatory Capital Requirements

CSC and certain subsidiaries, including our banking and broker-dealer subsidiaries, are subject to various capital requirements set by regulatory agencies as discussed in further detail in Part II – Item 7 – Capital Management of the 2024 Form 10-K and in Item 17. As of September 30, 2025, CSC and our banking subsidiaries are considered well capitalized, and CS&Co is in compliance with its net capital requirements.

The following table details the capital ratios for CSC (consolidated) and CSB:

	September 30, 2025		December 31, 2024	
	CSC	CSB	CSC	CSB
Total stockholders' equity	\$ 49,384	\$ 21,328	\$ 48,375	\$ 19,700
Less:				
Preferred stock	6,763	—	9,191	—
Common Equity Tier 1 Capital before regulatory adjustments	\$ 42,621	\$ 21,328	\$ 39,184	\$ 19,700
Less:				
Goodwill, net of associated deferred tax liabilities	\$ 11,720	\$ 13	\$ 11,746	\$ 13
Other intangible assets, net of associated deferred tax liabilities	5,917	—	6,232	—
Deferred tax assets, net of valuation allowances and deferred tax liabilities	50	41	50	41
AOCI adjustment ⁽¹⁾	(11,794)	(10,240)	(14,839)	(12,938)
Common Equity Tier 1 Capital	\$ 36,728	\$ 31,514	\$ 35,995	\$ 32,584
Tier 1 Capital	\$ 43,491	\$ 31,514	\$ 45,186	\$ 32,584
Total Capital	43,552	31,537	45,218	32,606
Risk-Weighted Assets	111,898	77,218	113,648	78,134
Average Assets with regulatory adjustments	447,094	253,874	458,119	280,701
Total Leverage Exposure	450,445	256,117	461,200	282,629
Common Equity Tier 1 Capital/Risk-Weighted Assets	32.8%	40.8%	31.7%	41.7%
Tier 1 Capital/Risk-Weighted Assets	38.9%	40.8%	39.8%	41.7%
Total Capital/Risk-Weighted Assets	38.9%	40.8%	39.8%	41.7%
Tier 1 Leverage Ratio	9.7%	12.4%	9.9%	11.6%
Supplementary Leverage Ratio	9.7%	12.3%	9.8%	11.5%

⁽¹⁾ Changes in market interest rates can result in unrealized gains or losses on AFS securities, which are included in AOCI. As a Category III banking organization, CSC has elected to exclude most components of AOCI from regulatory capital.

The Company's consolidated Tier 1 Leverage Ratio was 9.7% at September 30, 2025, down slightly from 9.8% at June 30, 2025 and 9.9% at year-end 2024. These changes reflect returns of excess capital, partially offset by organic growth from net income and lower average assets in the third quarter and first nine months of 2025. The Company repurchased \$2.7 billion of common stock in the third quarter and \$4.6 billion total voting and nonvoting common stock in the first nine months of 2025. The Company also increased its common dividend by 8% to \$.27 per share in the first quarter and redeemed its Series G preferred stock for \$2.5 billion in the second quarter of 2025. CSB's Tier 1 Leverage Ratio increased from 12.2% at June 30, 2025 and 11.6% at year-end 2024, ending the third quarter of 2025 at 12.4%, primarily as a result of lower total assets as well as net income during the third quarter and first nine months of 2025.

As a supplemental measure of capital, the Company utilizes an adjusted Tier 1 Leverage Ratio, which is a non-GAAP financial measure that includes AOCI in the ratio. The primary component of AOCI for Schwab is unrealized gains and losses on our AFS investment securities portfolio and on securities transferred from AFS to the HTM category.

The Company maintains a long-term operating objective for its consolidated adjusted Tier 1 Leverage Ratio of 6.75% - 7.00%. As of September 30, 2025, our adjusted Tier 1 Leverage Ratio was 7.3% for CSC (consolidated) and 8.7% for CSB (see Non-GAAP Financial Measures for further details and a reconciliation of such measures to GAAP reported results).

The Company continues to manage its capital as described above and in Part II – Item 7 – Capital Management of the 2024 Form 10-K. In evaluating returns of excess capital to stockholders, we will consider the amount of bank supplemental funding outstanding, and may choose to utilize the liquidity we would otherwise use for capital returns to repay outstanding bank supplemental funding balances.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Dividends

On January 29, 2025, the Board of Directors of the Company declared a two cent, or 8%, increase in the quarterly cash dividend to \$.27 per common share.

Cash dividends paid and per share amounts for the first nine months of 2025 and 2024 are as follows:

Nine Months Ended September 30,	2025		2024	
	Cash Paid	Per Share Amount	Cash Paid	Per Share Amount
Common and Nonvoting Common Stock ⁽¹⁾	\$ 1,477	\$.81	\$ 1,379	\$.75
Preferred Stock:				
Series D ⁽²⁾	33	44.64	33	44.64
Series F ⁽³⁾	12	2,500.00	12	2,500.00
Series G ⁽⁴⁾	66	2,687.50	99	4,031.25
Series H ⁽²⁾	67	3,000.00	67	3,000.00
Series I ⁽²⁾	62	3,000.00	62	3,000.00
Series J ⁽²⁾	20	33.39	20	33.39
Series K ⁽²⁾	28	3,750.00	28	3,750.00

⁽¹⁾ The Company had no nonvoting common stock outstanding as of the record date for the Company's 2025 dividends and accordingly, no dividends were paid on nonvoting common stock during the nine months ended September 30, 2025.

⁽²⁾ Dividends paid quarterly.

⁽³⁾ Dividends paid semi-annually until December 1, 2027 and quarterly thereafter.

⁽⁴⁾ Series G was redeemed on June 2, 2025. Prior to redemption, dividends were paid quarterly. The final dividend was paid on June 2, 2025.

Share Repurchases

On February 12, 2025, TD Group US Holdings LLC, an affiliate of TD Bank, completed a secondary public offering of the Company's common shares through which TD Group US Holdings LLC sold 133.8 million shares of the Company's common stock and 31.7 million shares of the Company's nonvoting common stock, which automatically converted into common stock, for an aggregate amount of \$13.1 billion. The Company did not receive any of the proceeds from the sale of shares.

Concurrent with the completion of the secondary offering, and pursuant to a repurchase agreement dated February 9, 2025, the Company repurchased directly from TD Group US Holdings LLC its remaining 19.2 million shares of nonvoting common stock at a price of \$77.982 per share for an aggregate repurchase amount of \$1.5 billion, which settled on February 12, 2025. The shares of nonvoting common stock automatically converted into common stock upon repurchase and are now held in treasury stock, reducing the number of shares outstanding. These shares were purchased under CSC's \$15.0 billion share repurchase authorization.

Through the completion of the secondary offering and the Company's repurchase of nonvoting common stock, TD Bank disposed of all of its common shares of CSC and the Company has no remaining nonvoting common stock outstanding.

CSC repurchased an additional 3.9 million shares of its common stock for \$351 million during the three months ended June 30, 2025. These shares were purchased under CSC's \$15.0 billion share repurchase authorization. On July 24, 2025, CSC publicly announced that its Board of Directors terminated the \$15.0 billion share repurchase authorization and replaced it with a new authorization to repurchase up to \$20.0 billion of common stock. The new share repurchase authorization does not have an expiration date. During the three months ended September 30, 2025, CSC repurchased 28.9 million shares of its common stock under the new authorization for \$2.7 billion. As of September 30, 2025, approximately \$17.3 billion remained on the new authorization.

There were no repurchases of CSC's common stock during the three and nine months ended September 30, 2024.

Common stock repurchases, net of issuances, are subject to a nondeductible 1% excise tax which is recognized as a direct and incremental cost associated with these transactions. The tax is recorded as part of the cost basis of the treasury stock repurchased, resulting in no impact to the condensed consolidated statements of income.

See Item 1 – Note 14 for additional information.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

OTHER

Foreign Exposure

At September 30, 2025, Schwab had exposure to non-sovereign financial and non-financial institutions in foreign countries. At September 30, 2025, the fair value of these holdings totaled \$15.0 billion, with the top three exposures being to issuers and counterparties domiciled in France at \$8.4 billion, the United Kingdom at \$5.1 billion, and Japan at \$600 million. At December 31, 2024, the fair value of these holdings totaled \$10.6 billion, with the top three exposures being to issuers and counterparties domiciled in France at \$5.1 billion, the United Kingdom at \$2.1 billion, and Canada at \$889 million. In addition, Schwab had outstanding margin loans to foreign residents of \$4.2 billion and \$3.5 billion at September 30, 2025 and December 31, 2024, respectively.

CRITICAL ACCOUNTING ESTIMATES

Certain of our accounting policies that involve a higher degree of judgment and complexity are discussed in Part II – Item 7 – Critical Accounting Estimates in the 2024 Form 10-K. There have been no changes to critical accounting estimates during the first nine months of 2025.

NON-GAAP FINANCIAL MEASURES

In addition to disclosing financial results in accordance with generally accepted accounting principles in the U.S. (GAAP), Management's Discussion and Analysis of Financial Condition and Results of Operations contain references to the non-GAAP financial measures described below. We believe these non-GAAP financial measures provide useful supplemental information about the financial performance of the Company, and facilitate meaningful comparison of Schwab's results in the current period to both historic and future results. These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may not be comparable to non-GAAP financial measures presented by other companies.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

Schwab's use of non-GAAP measures is reflective of certain adjustments made to GAAP financial measures as described below.

Non-GAAP Adjustment or Measure	Definition	Usefulness to Investors and Uses by Management
Acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs	Schwab adjusts certain GAAP financial measures to exclude the impact of acquisition and integration-related costs incurred as a result of the Company's acquisitions, amortization of acquired intangible assets, restructuring costs, and, where applicable, the income tax effect of these expenses. Adjustments made to exclude amortization of acquired intangible assets are reflective of all acquired intangible assets, which were recorded as part of purchase accounting. These acquired intangible assets contribute to the Company's revenue generation. Amortization of acquired intangible assets will continue in future periods over their remaining useful lives.	We exclude acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs for the purpose of calculating certain non-GAAP measures because we believe doing so provides additional transparency of Schwab's ongoing operations, and is useful in both evaluating the operating performance of the business and facilitating comparison of results with prior and future periods. Costs related to acquisition and integration or restructuring fluctuate based on the timing of acquisitions, integration and restructuring activities, thereby limiting comparability of results among periods, and are not representative of the costs of running the Company's ongoing business. Amortization of acquired intangible assets is excluded because management does not believe it is indicative of the Company's underlying operating performance.
Return on tangible common equity	Return on tangible common equity represents annualized adjusted net income available to common stockholders as a percentage of average tangible common equity. Tangible common equity represents common equity less goodwill, acquired intangible assets – net, and related deferred tax liabilities.	Acquisitions typically result in the recognition of significant amounts of goodwill and acquired intangible assets. We believe return on tangible common equity may be useful to investors as a supplemental measure to facilitate assessing capital efficiency and returns relative to the composition of Schwab's balance sheet.
Adjusted Tier 1 Leverage Ratio	Adjusted Tier 1 Leverage Ratio represents the Tier 1 Leverage Ratio as prescribed by bank regulatory guidance for the consolidated company and for CSB, adjusted to reflect the inclusion of AOCI in the ratio.	Inclusion of the impacts of AOCI in the Company's Tier 1 Leverage Ratio provides additional information regarding the Company's current capital position. We believe Adjusted Tier 1 Leverage Ratio may be useful to investors as a supplemental measure of the Company's capital levels.

The Company also uses adjusted diluted EPS and return on tangible common equity as components of performance criteria for employee bonus and certain executive management incentive compensation arrangements. The Compensation Committee of CSC's Board of Directors maintains discretion in evaluating performance against these criteria. Additionally, the Company uses adjusted Tier 1 Leverage Ratio in managing capital, including its use of the measure as its long-term operating objective.

The following tables present reconciliations of GAAP measures to non-GAAP measures:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Total expenses excluding interest (GAAP)	\$ 3,114	\$ 3,005	\$ 9,306	\$ 8,890
Amortization of acquired intangible assets	(127)	(130)	(385)	(389)
Acquisition and integration-related costs ⁽¹⁾	—	(23)	—	(97)
Restructuring costs ⁽²⁾	—	—	—	18
Adjusted total expenses (non-GAAP)	\$ 2,987	\$ 2,852	\$ 8,921	\$ 8,422

⁽¹⁾ There were no acquisition and integration-related costs for the three and nine months ended September 30, 2025. Acquisition and integration-related costs for the three and nine months ended September 30, 2024 primarily consist of \$9 million and \$44 million of compensation and benefits, \$3 million and \$32 million of professional services, and \$8 million and \$13 million of depreciation and amortization.

⁽²⁾ There were no restructuring costs for the three and nine months ended September 30, 2025 and three months ended September 30, 2024. Restructuring costs for the nine months ended September 30, 2024 reflect a benefit due to a change in estimate of \$34 million in compensation and benefits, offset by \$3 million of occupancy and equipment expense and \$13 million of other expense.

THE CHARLES SCHWAB CORPORATION
Management's Discussion and Analysis of Financial Condition and Results of Operations
(Tabular Amounts in Millions, Except Ratios, or as Noted)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS
Net income available to common stockholders (GAAP), Earnings per common share — diluted (GAAP)	\$ 2,27	\$ 1.26	\$ 1,29	\$.71	\$ 6,05	\$ 3.3	\$ 3,76	\$ 2.05
Amortization of acquired intangible assets	127	.07	130	.07	385	.21	389	.21
Acquisition and integration-related costs	—	—	23	.01	—	—	97	.05
Restructuring costs	—	—	—	—	—	—	(18)	(.01)
Income tax effects ⁽¹⁾	(29)	(.02)	(36)	(.02)	(92)	(.05)	(111)	(.05)
Adjusted net income available to common stockholders (non-GAAP), Adjusted diluted EPS (non-GAAP)	\$ 2,37	\$ 1.3	\$ 1,41	\$.7	\$ 6,34	\$ 3.4	\$ 4,11	\$ 2.25

⁽¹⁾ The income tax effects of the non-GAAP adjustments are determined using an effective tax rate reflecting the exclusion of non-deductible acquisition costs and are used to present the acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs on an after-tax basis.

	Three Months Ended September 30,		Nine Months Ended September 30,		
	2025	2024	2025	2024	
Return on average common stockholders' equity (GAAP)		21%	14%	20%	14%
Average common stockholders' equity	\$ 42,655	\$ 36,393	\$ 40,903	\$ 34,895	
Less: Average goodwill	(11,951)	(11,951)	(11,951)	(11,951)	
Less: Average acquired intangible assets — net	(7,423)	(7,938)	(7,552)	(8,067)	
Plus: Average deferred tax liabilities related to goodwill and acquired intangible assets — net	1,695	1,735	1,695	1,747	
Average tangible common equity	\$ 24,976	\$ 18,239	\$ 23,095	\$ 16,624	
Adjusted net income available to common stockholders ⁽¹⁾	\$ 2,375	\$ 1,416	\$ 6,343	\$ 4,118	
Return on tangible common equity (non-GAAP)		38%	31%	37%	33%

⁽¹⁾ See table above for the reconciliation of net income available to common stockholders to adjusted net income available to common stockholders (non-GAAP).

	September 30, 2025		December 31, 2024		
	CSC	CSB	CSC	CSB	
Tier 1 Leverage Ratio (GAAP)		97	124	99	116
Tier 1 Capital	\$ 43,49	\$ 31,514	\$ 45,186	\$ 32,584	
Plus: AOCI adjustment	(11,826)	(10,272)	(14,839)	(12,938)	
Adjusted Tier 1 Capital	31,665	21,242	30,347	19,646	
Average assets with regulatory adjustments	447,094	253,874	458,119	280,701	
Plus: AOCI adjustment	(12,176)	(10,613)	(14,831)	(13,037)	
Adjusted average assets with regulatory adjustments	\$ 434,918	\$ 243,261	\$ 443,288	\$ 267,664	
Adjusted Tier 1 Leverage Ratio (non-GAAP)		73	87	68	73

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For discussion of the quantitative and qualitative disclosures about market risk, see Risk Management in Item 2.

Part I - FINANCIAL INFORMATION
Item 1. Condensed Consolidated Financial Statements

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Income
(In Millions, Except Per Share Amounts)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net Revenues				
Interest revenue	\$ 3,956	\$ 3,928	\$ 11,500	\$ 11,686
Interest expense	(906)	(1,706)	(2,922)	(5,073)
Net interest revenue	3,050	2,222	8,578	6,613
Asset management and administration fees	1,673	1,476	4,773	4,207
Trading revenue	995	797	2,855	2,391
Bank deposit account fees	247	152	739	488
Other	170	200	640	578
Total net revenues	6,135	4,847	17,585	14,277
Expenses Excluding Interest				
Compensation and benefits	1,653	1,522	4,861	4,510
Professional services	293	256	853	756
Occupancy and equipment	280	271	824	784
Advertising and market development	101	101	305	296
Communications	149	147	478	460
Depreciation and amortization	212	231	644	692
Amortization of acquired intangible assets	127	130	385	389
Regulatory fees and assessments	59	88	225	309
Other	240	259	731	694
Total expenses excluding interest	3,114	3,005	9,306	8,890
Income before taxes on income	3,021	1,842	8,279	5,387
Taxes on income	663	434	1,886	1,285
Net Income	2,358	1,408	6,393	4,102
Preferred stock dividends and other	81	109	343	341
Net Income Available to Common Stockholders	\$ 2,277	\$ 1,299	\$ 6,050	\$ 3,761
Weighted-Average Common Shares Outstanding:				
Basic	1,806	1,829	1,815	1,827
Diluted	1,811	1,834	1,820	1,833
Earnings Per Common Shares Outstanding ⁽¹⁾:				
Basic	\$ 1.26	\$.71	\$ 3.33	\$ 2.06
Diluted	\$ 1.26	\$.71	\$ 3.33	\$ 2.05

⁽¹⁾ For additional information on earnings per common shares outstanding for both voting and nonvoting common stock, see Note 16.

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Comprehensive Income
(In Millions)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net income	\$ 2,358	\$ 1,408	\$ 6,393	\$ 4,102
Other comprehensive income (loss), before tax:				
Change in net unrealized gain (loss) on available for sale securities:				
Net unrealized gain (loss)	592	2,434	2,270	2,807
Other reclassifications included in other revenue	10	10	50	30
Change in net unrealized gain (loss) on held to maturity securities:				
Amortization of amounts previously recorded upon transfer to held to maturity from available for sale	545	576	1,644	1,723
Change in net unrealized gain (loss) on derivatives designated as cash flow hedging instruments:				
Net unrealized gain (loss)	11	—	(4)	—
Reclassifications included in interest revenue	28	—	45	—
Other	(1)	11	5	1
Other comprehensive income (loss), before tax	1,185	3,031	4,010	4,561
Income tax effect	(392)	(713)	(960)	(1,048)
Other comprehensive income (loss), net of tax	793	2,318	3,050	3,513
Comprehensive Income (Loss)	\$ 3,151	\$ 3,726	\$ 9,443	\$ 7,615

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Balance Sheets
(In Millions, Except Per Share and Share Amounts)
(Unaudited)

	September 30, 2025	December 31, 2024
Assets		
Cash and cash equivalents	\$ 30,572	\$ 42,083
Cash and investments segregated and on deposit for regulatory purposes (including resale agreements of \$22,245 and \$10,075 at September 30, 2025 and December 31, 2024, respectively)	47,754	38,221
Receivables from brokers, dealers, and clearing organizations	4,728	2,440
Receivables from brokerage clients — net	93,788	85,374
Available for sale securities (amortized cost of \$66,698 and \$89,704 at September 30, 2025 and December 31, 2024, respectively; including assets pledged of \$311 and \$378, respectively)	62,308	82,994
Held to maturity securities (including assets pledged of \$2,047 and \$5,920 at September 30, 2025 and December 31, 2024, respectively)	136,693	146,453
Bank loans — net	53,570	45,215
Equipment, office facilities, and property — net	3,136	3,338
Goodwill	11,951	11,951
Acquired intangible assets — net	7,360	7,743
Other assets	13,395	14,031
Total assets	\$ 465,255	\$ 479,843
Liabilities and Stockholders' Equity		
Bank deposits	\$ 239,057	\$ 259,121
Payables to brokers, dealers, and clearing organizations	22,407	13,336
Payables to brokerage clients	115,397	101,559
Accrued expenses and other liabilities	11,420	12,325
Other short-term borrowings	6,541	5,999
Federal Home Loan Bank borrowings	850	16,700
Long-term debt	20,199	22,428
Total liabilities	415,871	431,468
Stockholders' equity:		
Preferred stock — \$.01 par value per share; aggregate liquidation preference of \$6,871 and \$9,329 at September 30, 2025 and December 31, 2024, respectively	6,763	9,191
Common stock — 3 billion shares authorized; \$.01 par value per share; 2,074,188,875 and 2,023,295,180 shares issued at September 30, 2025 and December 31, 2024, respectively	21	20
Nonvoting common stock — 300 million shares authorized; \$.01 par value per share; no shares issued at September 30, 2025 and 50,893,695 shares issued at December 31, 2024	—	1
Additional paid-in capital	27,910	27,639
Retained earnings	42,170	37,568
Treasury stock, at cost — 287,497,378 and 242,977,194 shares at September 30, 2025 and December 31, 2024, respectively	(15,682)	(11,196)
Accumulated other comprehensive income (loss)	(11,798)	(14,848)
Total stockholders' equity	49,384	48,375
Total liabilities and stockholders' equity	\$ 465,255	\$ 479,843

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Stockholders' Equity
(In Millions)
(Unaudited)

	Preferred Stock	Common Stock		Nonvoting Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock, at cost	Accumulated Other Comprehensive Income (Loss)	Total
		Shares	Amount	Shares	Amount					
Balance at June 30, 2024	\$ 9,191	2,023	\$ 20	51	\$ 1	\$ 27,470	\$ 35,458	\$ (11,251)	\$ (16,936)	\$ 43,953
Net income	—	—	—	—	—	—	1,408	—	—	1,408
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	2,318	2,318
Dividends declared on preferred stock	—	—	—	—	—	—	(103)	—	—	(103)
Dividends declared on common stock — \$.25 per share	—	—	—	—	—	—	(460)	—	—	(460)
Stock option exercises and other	—	—	—	—	—	(6)	—	16	—	10
Share-based compensation	—	—	—	—	—	59	—	—	—	59
Other	—	—	—	—	—	25	—	5	—	30
Balance at September 30, 2024	\$ 9,191	2,023	\$ 20	51	\$ 1	\$ 27,548	\$ 36,303	\$ (11,230)	\$ (14,618)	\$ 47,215
Balance at June 30, 2025	\$ 6,763	2,074	\$ 21	—	\$ —	\$ 27,813	\$ 40,374	\$ (12,929)	\$ (12,591)	\$ 49,451
Net income	—	—	—	—	—	—	2,358	—	—	2,358
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	793	793
Dividends declared on preferred stock	—	—	—	—	—	—	(70)	—	—	(70)
Dividends declared on common stock — \$.27 per share	—	—	—	—	—	—	(492)	—	—	(492)
Repurchase of common stock, inclusive of tax	—	—	—	—	—	—	—	(2,777)	—	(2,777)
Stock option exercises and other	—	—	—	—	—	13	—	19	—	32
Share-based compensation	—	—	—	—	—	56	—	—	—	56
Other	—	—	—	—	—	28	—	5	—	33
Balance at September 30, 2025	\$ 6,763	2,074	\$ 21	—	\$ —	\$ 27,910	\$ 42,170	\$ (15,682)	\$ (11,798)	\$ 49,384
Balance at December 31, 2023	\$ 9,191	2,023	\$ 20	51	\$ 1	\$ 27,330	\$ 33,901	\$ (11,354)	\$ (18,131)	\$ 40,958
Net income	—	—	—	—	—	—	4,102	—	—	4,102
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	3,513	3,513
Dividends declared on preferred stock	—	—	—	—	—	—	(321)	—	—	(321)
Dividends declared on common stock — \$.75 per share	—	—	—	—	—	—	(1,379)	—	—	(1,379)
Stock option exercises and other	—	—	—	—	—	(122)	—	175	—	53
Share-based compensation	—	—	—	—	—	249	—	—	—	249
Other	—	—	—	—	—	91	—	(51)	—	40
Balance at September 30, 2024	\$ 9,191	2,023	\$ 20	51	\$ 1	\$ 27,548	\$ 36,303	\$ (11,230)	\$ (14,618)	\$ 47,215
Balance at December 31, 2024	\$ 9,191	2,023	\$ 20	51	\$ 1	\$ 27,639	\$ 37,568	\$ (11,196)	\$ (14,848)	\$ 48,375
Net income	—	—	—	—	—	—	6,393	—	—	6,393
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—	—	3,050	3,050
Redemption of preferred stock	(2,428)	—	—	—	—	—	(30)	—	—	(2,458)
Dividends declared on preferred stock	—	—	—	—	—	—	(288)	—	—	(288)
Dividends declared on common stock — \$.81 per share	—	—	—	—	—	—	(1,477)	—	—	(1,477)
Repurchase of common stock, inclusive of tax	—	—	—	—	—	—	—	(3,130)	—	(3,130)
Repurchase of nonvoting common stock, inclusive of tax	—	19	—	(19)	—	—	—	(1,512)	—	(1,512)
Conversion of nonvoting common stock to common stock	—	32	1	(32)	(1)	—	—	—	—	—
Stock option exercises and other	—	—	—	—	—	(76)	—	217	—	141
Share-based compensation	—	—	—	—	—	237	—	—	—	237
Other	—	—	—	—	—	110	4	(61)	—	53
Balance at September 30, 2025	\$ 6,763	2,074	\$ 21	—	\$ —	\$ 27,910	\$ 42,170	\$ (15,682)	\$ (11,798)	\$ 49,384

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Cash Flows ⁽¹⁾
(in Millions)
(Unaudited)

	Nine Months Ended September 30,	
	2025	2024
Cash Flows from Operating Activities		
Net income	\$ 6,393	\$ 4,102
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Share-based compensation	259	267
Depreciation and amortization	644	692
Amortization of acquired intangible assets	385	389
Provision (benefit) for deferred income taxes	397	(163)
Premium amortization, net, on available for sale and held to maturity securities	524	618
Other	525	370
Net change in:		
Investments segregated and on deposit for regulatory purposes	(8,671)	(818)
Receivables from brokers, dealers, and clearing organizations	(2,288)	(119)
Receivables from brokerage clients	(8,509)	(5,387)
Other assets	(1,038)	288
Payables to brokers, dealers, and clearing organizations	9,071	9,776
Payables to brokerage clients	13,838	4,378
Accrued expenses and other liabilities	(1,456)	(896)
Net cash provided by (used for) operating activities	10,074	13,497
Cash Flows from Investing Activities		
Purchases of available for sale securities	(2,746)	(2,250)
Proceeds from sales of available for sale securities	5,411	2,929
Principal payments on available for sale securities	20,405	19,582
Purchases of held to maturity securities	(676)	—
Principal payments on held to maturity securities	11,707	10,888
Net change in bank loans	(8,426)	(2,935)
Purchases of equipment, office facilities, and property	(390)	(366)
Purchases of FHLB stock	(589)	(786)
Proceeds from sales of FHLB stock	1,262	1,005
Purchases of Federal Reserve stock	(9)	(134)
Proceeds from sales of Federal Reserve stock	8	—
Other investing activities	(268)	(236)
Net cash provided by (used for) investing activities	25,689	27,697
Cash Flows from Financing Activities		
Net change in bank deposits	(20,064)	(43,491)
Proceeds from FHLB borrowings	16,760	20,001
Repayments of FHLB borrowings	(32,610)	(23,801)
Proceeds from other short-term borrowings	27,528	18,225
Repayments of other short-term borrowings	(27,023)	(14,185)
Repayments of long-term debt	(2,243)	(3,676)
Redemption of preferred stock	(2,458)	—
Repurchases of common stock and nonvoting common stock	(4,581)	—
Dividends paid	(1,765)	(1,700)
Proceeds from stock options exercised	141	53
Other financing activities	(97)	(90)
Net cash provided by (used for) financing activities	(46,412)	(48,664)
Increase (Decrease) in Cash and Cash Equivalents, including Amounts Restricted	(10,649)	(7,470)
Cash and Cash Equivalents, including Amounts Restricted at Beginning of Year	65,514	74,473
Cash and Cash Equivalents, including Amounts Restricted at End of Period	\$ 54,865	\$ 67,003

Continued on following page.

THE CHARLES SCHWAB CORPORATION
Condensed Consolidated Statements of Cash Flows ⁽¹⁾
(in Millions)
(Unaudited)

Continued from previous page.

	Nine Months Ended September 30,	
	2025	2024
Supplemental Cash Flow Information		
Non-cash investing activity:		
Changes in accrued equipment, office facilities, and property purchases	\$ 54	\$ (17)
Non-cash financing activity:		
Common stock repurchased during the period but settled after period end	\$ 20	\$ —
Other Supplemental Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 3,572	\$ 5,213
Income taxes	\$ 955	\$ 1,313
Amounts included in the measurement of lease liabilities	\$ 186	\$ 193
Leased assets obtained in exchange for new operating lease liabilities	\$ 239	\$ 126
	September 30, 2025	September 30, 2024
Reconciliation of cash, cash equivalents and amounts reported within the balance sheet ⁽²⁾		
Cash and cash equivalents	\$ 30,572	\$ 34,850
Restricted cash and cash equivalents amounts included in cash and investments segregated and on deposit for regulatory purposes	24,293	32,153
Total cash and cash equivalents, including amounts restricted shown in the statement of cash flows	\$ 54,865	\$ 67,003

⁽¹⁾ Certain prior year amounts have been reclassified to conform to the current year presentation. See Note 1 for additional information.

⁽²⁾ For more information on the nature of restrictions on restricted cash and cash equivalents, see Note 17.

See Notes to Condensed Consolidated Financial Statements.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

1. Introduction and Basis of Presentation

The Charles Schwab Corporation (CSC) is a savings and loan holding company. 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.

Principal business subsidiaries of CSC include the following:

- Charles Schwab & Co., Inc. (CS&Co), incorporated in 1971, a securities broker-dealer;
- Charles Schwab Bank, SSB (CSB), our principal banking entity; and
- Charles Schwab Investment Management, Inc. (CSIM), the investment advisor for Schwab’s proprietary mutual funds (Schwab Funds®) and for Schwab’s exchange-traded funds (Schwab ETFs).

Unless otherwise indicated, the terms “Schwab,” “the Company,” “we,” “us,” or “our” mean CSC together with its consolidated subsidiaries.

These unaudited condensed consolidated financial statements have been prepared in conformity with GAAP, which require management to make certain estimates and assumptions that affect the reported amounts in the accompanying financial statements and in the related disclosures. These estimates are based on information available as of the date of the condensed consolidated financial statements. While management makes its best judgment, actual amounts or results could differ from these estimates. In the opinion of management, all normal, recurring adjustments have been included for a fair statement of this interim financial information.

These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto, included in Schwab’s 2024 Form 10-K.

Reclassifications: Beginning in the fourth quarter of 2024, receivables from brokers, dealers, and clearing organizations and payables to brokers, dealers, and clearing organizations are presented separately from other assets and accrued expenses and other liabilities, respectively, in the consolidated balance sheets.

Correspondingly, interest expense related to securities lending is now presented as interest expense on payables to brokers, dealers, and clearing organizations. Prior period amounts have been reclassified to reflect these changes. Corresponding presentation changes have been made to the condensed consolidated statements of cash flows and related notes also impacted.

The significant accounting policies are included in Item 8 – Note 2 in the 2024 Form 10-K. There have been no significant changes to these accounting policies during the first nine months of 2025.

2. New Accounting Standards

Adoption of New Accounting Standards

Standard	Description	Date of Adoption	Effects on the Financial Statements or Other Significant Matters
Accounting Standards Update (ASU) 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”	Expands annual income tax disclosures, primarily by enhancing the rate reconciliation table and requiring additional disaggregated information about income taxes paid. Adoption allows retrospective or prospective application.	January 1, 2025	The Company does not expect this guidance will have a material impact on its financial statements or related disclosures. This guidance will be reflected in the annual financial statements for 2025.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

New Accounting Standards Not Yet Adopted

Standard	Description	Required Date of Adoption	Effects on the Financial Statements or Other Significant Matters
ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"	Requires additional disclosures about certain expenses including, but not limited to, employee compensation, depreciation, amortization of intangible assets, and selling expenses. Also requires annual disclosure of how selling expenses are defined. Adoption allows retrospective or prospective application, with early adoption permitted.	January 1, 2027 (applies to the annual financial statements for 2027 and interim periods thereafter)	The Company is evaluating the impact of this guidance on its financial statement disclosures.
ASU 2025-06, "Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software"	Removes references to prescriptive and sequential software development stages. Requires an entity to begin capitalizing software costs when both of the following occur: 1) management has authorized and committed to funding the software project, and 2) it is probable that the project will be completed and the software will be used to perform the function intended. Adoption allows retrospective, prospective, or modified transition application, with early adoption permitted.	January 1, 2028 (applies to the annual financial statements and interim periods within those annual reporting periods)	The Company is evaluating the impact of this guidance on its financial statements.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

3. Revenue Recognition

Disaggregation of Schwab's revenue by major source is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net interest revenue				
Cash and cash equivalents	\$ 264	\$ 369	\$ 897	\$ 1,205
Cash and investments segregated	494	345	1,412	1,014
Receivables from brokerage clients	1,490	1,431	4,204	4,042
Available for sale securities	360	531	1,198	1,680
Held to maturity securities	587	650	1,811	1,998
Bank loans	557	484	1,568	1,384
Securities lending revenue	183	87	339	258
Other interest revenue	21	31	71	105
Interest revenue	3,956	3,928	11,500	11,686
Bank deposits	(248)	(841)	(1,010)	(2,602)
Payables to brokers, dealers, and clearing organizations ⁽¹⁾	(188)	(118)	(492)	(230)
Payables to brokerage clients	(97)	(79)	(217)	(229)
Other short-term borrowings	(87)	(150)	(256)	(382)
Federal Home Loan Bank borrowings	(79)	(310)	(322)	(988)
Long-term debt	(207)	(208)	(625)	(640)
Other interest expense	—	—	—	(2)
Interest expense	(906)	(1,706)	(2,922)	(5,073)
Net interest revenue	3,050	2,222	8,578	6,613
Asset management and administration fees				
Mutual funds, ETFs, and CTFs	946	827	2,695	2,370
Managed investing solutions	619	559	1,777	1,572
Other	108	90	301	265
Asset management and administration fees	1,673	1,476	4,773	4,207
Trading revenue				
Commissions	453	388	1,315	1,184
Order flow revenue	490	357	1,399	1,066
Principal transactions	52	52	141	141
Trading revenue	995	797	2,855	2,391
Bank deposit account fees	247	152	739	488
Other	170	200	640	578
Total net revenues	\$ 6,135	\$ 4,847	\$ 17,585	\$ 14,277

⁽¹⁾ Beginning in the fourth quarter of 2024, this line item includes interest expense related to securities loaned. Prior period amounts have been reclassified to reflect this change. See Note 1 for additional information.

For a summary of revenue provided by our reportable segments, see Note 18. The recognition of revenue is not impacted by the operating segment in which revenue is generated.

Contract balances: Receivables from contracts with customers within the scope of Accounting Standards Codification (ASC) 606 *Revenue From Contracts With Customers* (ASC 606), are included in other assets on the condensed consolidated balance sheets, and totaled \$823 million and \$694 million at September 30, 2025 and December 31, 2024, respectively.

The Company had net contract assets of \$199 million and \$216 million at September 30, 2025 and December 31, 2024, respectively, related to the buy down of fixed-rate obligation amounts pursuant to the 2023 IDA agreement. These amounts are included in other assets on the condensed consolidated balance sheets and are amortized on a straight-line basis over the remaining contractual term as a reduction to bank deposit account fee revenue. For additional discussion of the 2023 IDA agreement, see Note 10.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Unsatisfied performance obligations: We do not have any unsatisfied performance obligations other than those that are subject to an elective practical expedient under ASC 606. The practical expedient applies to and is elected for contracts where we recognize revenue at the amount to which we have the right to invoice for services performed.

4. Receivables from and Payables to Brokers, Dealers, and Clearing Organizations

Receivables from and payables to brokers, dealers, and clearing organizations are detailed below:

	September 30, 2025	December 31, 2024
Receivables		
Securities borrowed	\$ 2,342	\$ 695
Receivables from clearing organizations	2,313	1,670
Receivables for securities failed to deliver	45	40
Other receivables from broker-dealers	28	35
Receivables from brokers, dealers, and clearing organizations	\$ 4,728	\$ 2,440
Payables		
Deposits for securities loaned	\$ 21,690	\$ 13,068
Payables for securities failed to receive	262	104
Other payables to broker-dealers	240	37
Payables to clearing organizations	215	127
Payables to brokers, dealers, and clearing organizations	\$ 22,407	\$ 13,336

See Note 12 for additional information regarding securities lending and borrowing activities.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

5. Investment Securities

The amortized cost, gross unrealized gains and losses, and fair value of the Company's AFS and HTM investment securities are as follows:

September 30, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available for sale securities				
U.S. agency mortgage-backed securities	\$ 48,011	\$ —	\$ 3,555	\$ 44,456
U.S. Treasury securities	8,009	3	226	7,786
Corporate debt securities ⁽¹⁾	5,502	—	411	5,091
Asset-backed securities ⁽²⁾	4,429	—	148	4,281
U.S. state and municipal securities	597	—	35	562
Non-agency commercial mortgage-backed securities	121	—	8	113
Other	21	—	2	19
Unallocated portfolio layer method (PLM) fair value basis adjustments ⁽³⁾	8	—	8	—
Total available for sale securities	\$ 66,698	\$ 3	\$ 4,393	\$ 62,308
Held to maturity securities				
U.S. agency mortgage-backed securities	\$ 136,693	\$ 1,672	\$ 10,106	\$ 128,259
Total held to maturity securities	\$ 136,693	\$ 1,672	\$ 10,106	\$ 128,259
December 31, 2024				
Available for sale securities				
U.S. agency mortgage-backed securities	\$ 57,262	\$ —	\$ 5,429	\$ 51,833
U.S. Treasury securities	14,939	1	471	14,469
Corporate debt securities ⁽¹⁾	10,166	—	587	9,579
Asset-backed securities ⁽²⁾	6,106	—	196	5,910
U.S. state and municipal securities	603	—	54	549
Foreign government agency securities	533	—	6	527
Non-agency commercial mortgage-backed securities	121	—	12	109
Other	21	—	3	18
Unallocated PLM fair value basis adjustments ⁽³⁾	(47)	—	(47)	—
Total available for sale securities	\$ 89,704	\$ 1	\$ 6,711	\$ 82,994
Held to maturity securities				
U.S. agency mortgage-backed securities	\$ 146,453	\$ 146	\$ 13,994	\$ 132,605
Total held to maturity securities	\$ 146,453	\$ 146	\$ 13,994	\$ 132,605

⁽¹⁾ As of September 30, 2025 and December 31, 2024, approximately 15% and 35%, respectively, of the total AFS in corporate debt securities were issued by institutions in the financial services industry. Approximately 25% and 16% of the holdings of these securities were issued by institutions in the information technology industry as of September 30, 2025 and December 31, 2024, respectively. Approximately 24% and 18% of the holdings of these securities were issued by companies in the consumer staples industry as of September 30, 2025 and December 31, 2024, respectively.

⁽²⁾ Approximately 71% and 62% of asset-backed securities held as of September 30, 2025 and December 31, 2024, respectively, were Federal Family Education Loan Program Asset-Backed Securities. Asset-backed securities collateralized by credit card receivables represented approximately 21% and 25% of the asset-backed securities held as of September 30, 2025 and December 31, 2024, respectively.

⁽³⁾ This represents the amount of PLM fair value hedge basis adjustments related to AFS securities hedged in a closed portfolio. See Note 11 for more information on PLM hedge accounting.

At September 30, 2025, our banking subsidiaries had pledged investment securities with a fair value of \$60.7 billion (collateral value of \$56.3 billion) as collateral to secure borrowing capacity on secured credit facilities with the FHLB (see Note 9). Our banking subsidiaries also pledge investment securities as collateral to secure borrowing capacity at the Federal Reserve discount window, and had pledged securities with a fair value of \$30.8 billion (collateral value of \$29.7 billion) as collateral for this facility at September 30, 2025. The Company also pledges investment securities issued by federal agencies to secure certain trust deposits. The fair value and collateral value of these pledged securities was \$1.7 billion at September 30, 2025.

At September 30, 2025, our banking subsidiaries had pledged HTM securities as collateral under repurchase agreements with external financial institutions and the FICC. HTM securities pledged were U.S. agency mortgage-backed securities with an aggregate amortized cost of \$4.1 billion, of which \$2.0 billion may be sold, repurchased, or otherwise used by the counterparties. See Notes 9 and 12 for additional information on these repurchase agreements.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

At September 30, 2025, the Company had pledged AFS securities consisting of U.S. Treasury securities with an aggregate fair value of \$311 million as initial margin on interest rate swaps (see Notes 11 and 12). All of Schwab's interest rate swaps are cleared through central counterparty (CCP) clearing houses which require the Company to post initial margin as collateral against potential losses. Initial margin is posted through futures commission merchants (FCM) which serve as the intermediary between the CCPs and Schwab. The FCM agreements governing our swaps allow for securities pledged as initial margin to be sold, repledged, or otherwise used by the FCM.

AFS securities with unrealized losses, aggregated by category and period of continuous unrealized loss, are as follows:

September 30, 2025	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Available for sale securities						
U.S. agency mortgage-backed securities ⁽¹⁾	\$ 4	\$ —	\$ 44,416	\$ 3,555	\$ 44,420	\$ 3,555
U.S. Treasury securities ⁽¹⁾	757	—	5,380	226	6,137	226
Corporate debt securities	—	—	5,092	411	5,092	411
Asset-backed securities ⁽¹⁾	114	—	4,164	148	4,278	148
U.S. state and municipal securities	27	3	535	32	562	35
Non-agency commercial mortgage-backed securities	—	—	113	8	113	8
Other	—	—	19	2	19	2
Total ⁽²⁾	\$ 902	\$ 3	\$ 59,719	\$ 4,382	\$ 60,621	\$ 4,385
December 31, 2024						
Available for sale securities						
U.S. agency mortgage-backed securities	\$ —	\$ —	\$ 51,833	\$ 5,429	\$ 51,833	\$ 5,429
U.S. Treasury securities ⁽¹⁾	243	—	12,727	471	12,970	471
Corporate debt securities	—	—	9,579	587	9,579	587
Asset-backed securities ⁽¹⁾	12	—	5,888	196	5,900	196
U.S. state and municipal securities	—	—	549	54	549	54
Foreign government agency securities	—	—	527	6	527	6
Non-agency commercial mortgage-backed securities	—	—	109	12	109	12
Other	—	—	18	3	18	3
Total ⁽²⁾	\$ 255	\$ —	\$ 81,230	\$ 6,758	\$ 81,485	\$ 6,758

⁽¹⁾ Unrealized losses less than 12 months amounts were less than \$500 thousand.

⁽²⁾ For purposes of this table, unrealized losses on AFS securities excludes the unallocated PLM fair value hedge basis adjustments of \$8 million and \$(47) million at September 30, 2025 and December 31, 2024, respectively.

At September 30, 2025, substantially all rated securities in the investment portfolios were investment grade. U.S. agency mortgage-backed securities do not have explicit credit ratings; however, management considers these to be of the highest credit quality and rating given the guarantee of principal and interest by the U.S. government or U.S. government-sponsored enterprises.

For a description of management's quarterly evaluation of AFS securities in unrealized loss positions, see Item 8 – Note 2 in the 2024 Form 10-K. No amounts were recognized as credit loss expense and no securities were written down to fair value through earnings for the nine months ended September 30, 2025 and the year ended December 31, 2024. None of the Company's AFS securities held as of September 30, 2025 and December 31, 2024 had an allowance for credit losses. All HTM securities as of September 30, 2025 and December 31, 2024 were U.S. agency mortgage-backed securities and therefore had no allowance for credit losses because expected nonpayment of the amortized cost basis is zero.

The Company had \$372 million and \$455 million of accrued interest for AFS and HTM securities as of September 30, 2025 and December 31, 2024, respectively. These amounts are excluded from the amortized cost basis and fair market value of AFS and HTM securities and included in other assets on the condensed consolidated balance sheets. There were no writeoffs of accrued interest receivable on AFS and HTM securities during the nine months ended September 30, 2025, or for the year ended December 31, 2024.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

The following table presents the Company's estimated effective duration, which reflects anticipated future payments, by category at September 30, 2025:

	In years
Estimated effective duration, exclusive of derivatives:	
AFS investment securities portfolio	2.5
AFS and HTM investment securities portfolio	4.0
Estimated effective duration, inclusive of derivatives ⁽¹⁾ :	
AFS investment securities portfolio	2.0
AFS and HTM investment securities portfolio	3.8

⁽¹⁾ See Note 11 for additional discussion of the Company's derivatives.

In the table below, mortgage-backed securities and other asset-backed securities have been allocated to maturity groupings based on final contractual maturities. As borrowers may have the right to call or prepay certain obligations underlying our investment securities, actual maturities may differ from the scheduled contractual maturities presented below.

The maturities of AFS and HTM investment securities are as follows:

September 30, 2025	Within 1 year	After 1 year through 5 years	After 5 years through 10 years	After 10 years	Total
Available for sale securities					
U.S. agency mortgage-backed securities	\$ 1,433	\$ 7,445	\$ 14,476	\$ 21,102	\$ 44,456
U.S. Treasury securities	4,021	3,765	—	—	7,786
Corporate debt securities	877	3,744	470	—	5,091
Asset-backed securities	132	1,001	446	2,702	4,281
U.S. state and municipal securities	2	231	318	11	562
Non-agency commercial mortgage-backed securities	—	—	—	113	113
Other	—	—	—	19	19
Total fair value	\$ 6,465	\$ 16,186	\$ 15,710	\$ 23,947	\$ 62,308
Total amortized cost ⁽¹⁾	\$ 6,543	\$ 17,192	\$ 16,981	\$ 25,974	\$ 66,690
Held to maturity securities					
U.S. agency mortgage-backed securities	\$ 588	\$ 19,789	\$ 26,519	\$ 81,363	\$ 128,259
Total fair value	\$ 588	\$ 19,789	\$ 26,519	\$ 81,363	\$ 128,259
Total amortized cost	\$ 592	\$ 20,357	\$ 27,439	\$ 88,305	\$ 136,693

⁽¹⁾ For purposes of this table, the amortized cost of AFS securities excludes the unallocated PLM fair value hedge basis adjustments of \$8 million at September 30, 2025.

Proceeds and gross realized gains and losses from sales of AFS investment securities are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Proceeds	\$ 1,206	\$ 886	\$ 5,411	\$ 2,929
Gross realized gains	—	—	—	—
Gross realized losses	10	10	50	30

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

6. Bank Loans and Related Allowance for Credit Losses

The composition of bank loans and delinquency analysis by portfolio segment and class of financing receivable is as follows:

September 30, 2025	Current	30-59 days past due	60-89 days past due	≥90 days past due and other nonaccrual loans ⁽³⁾	Total past due and other nonaccrual loans	Total loans	Allowance for credit losses	Total bank loans – net
Residential real estate:								
First Mortgages ^(1,2)	\$ 29,304	\$ 18	\$ 6	\$ 33	\$ 57	\$ 29,361	\$ 15	\$ 29,346
HELOCs ^(1,2)	417	1	—	3	4	421	1	420
Total residential real estate	29,721	19	6	36	61	29,782	16	29,766
Pledged asset lines	23,380	4	3	3	10	23,390	—	23,390
Other	419	—	—	1	1	420	6	414
Total bank loans	\$ 53,520	\$ 23	\$ 9	\$ 40	\$ 72	\$ 53,592	\$ 22	\$ 53,570

December 31, 2024

Residential real estate:								
First Mortgages ^(1,2)	\$ 27,321	\$ 37	\$ 6	\$ 25	\$ 68	\$ 27,389	\$ 14	\$ 27,375
HELOCs ^(1,2)	421	—	—	3	3	424	1	423
Total residential real estate	27,742	37	6	28	71	27,813	15	27,798
Pledged asset lines	17,010	8	—	6	14	17,024	—	17,024
Other	398	—	—	1	1	399	6	393
Total bank loans	\$ 45,150	\$ 45	\$ 6	\$ 35	\$ 86	\$ 45,236	\$ 21	\$ 45,215

⁽¹⁾ First Mortgages and HELOCs include unamortized premiums and discounts and direct origination costs of \$125 million and \$112 million at September 30, 2025 and December 31, 2024, respectively.

⁽²⁾ At September 30, 2025 and December 31, 2024, 41% and 42%, respectively, of the First Mortgage and HELOC portfolios were concentrated in California. These loans have performed in a manner consistent with the portfolio as a whole.

⁽³⁾ There were no loans accruing interest that were contractually 90 days or more past due at September 30, 2025 or December 31, 2024.

At September 30, 2025, CSB had pledged the full balance of First Mortgages and HELOCs pursuant to a blanket lien status collateral arrangement to secure borrowing capacity on a secured credit facility with the FHLB (see Note 9).

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Changes in the allowance for credit losses on bank loans were as follows:

	First Mortgages	HELOCs	Total residential real estate	Pledged asset lines	Other	Total
Balance at June 30, 2024	\$ 14	\$ 1	\$ 15	\$ —	\$ 5	\$ 20
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provision for credit losses	—	—	—	—	—	—
Balance at September 30, 2024	\$ 14	\$ 1	\$ 15	\$ —	\$ 5	\$ 20
Balance at June 30, 2025	\$ 15	\$ 1	\$ 16	\$ —	\$ 6	\$ 22
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provision for credit losses	—	—	—	—	—	—
Balance at September 30, 2025	\$ 15	\$ 1	\$ 16	\$ —	\$ 6	\$ 22
Balance at December 31, 2023	\$ 32	\$ 2	\$ 34	\$ —	\$ 4	\$ 38
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provision for credit losses	(18)	(1)	(19)	—	1	(18)
Balance at September 30, 2024	\$ 14	\$ 1	\$ 15	\$ —	\$ 5	\$ 20
Balance at December 31, 2024	\$ 14	\$ 1	\$ 15	\$ —	\$ 6	\$ 21
Charge-offs	—	—	—	—	—	—
Recoveries	—	—	—	—	—	—
Provision for credit losses	1	—	1	—	—	1
Balance at September 30, 2025	\$ 15	\$ 1	\$ 16	\$ —	\$ 6	\$ 22

Consistent with Schwab's loan charge-off policy for PALs as disclosed in Item 8 – Note 2 of the 2024 Form 10-K, the Company charges off any unsecured balances no later than 90 days past due. As of September 30, 2025, substantially all PALs are also subject to the collateral maintenance practical expedient under ASC 326 *Financial Instruments — Credit Losses*. All PALs were fully collateralized by securities with fair values in excess of borrowings as of September 30, 2025 and December 31, 2024, and no allowance for credit losses for PALs as of those dates was required.

The U.S. economy saw lower hiring, a modest inflation gain at the end of the third quarter of 2025, and continued to face a moderately restrictive monetary policy and geopolitical unrest amid a backdrop of elevated uncertainty relating to economic impacts of emerging trade policy. Management's macroeconomic outlook reflects sustained current benchmark lending rates, with a softening labor market and modest home price appreciation. Though higher mortgage rates are easing demand and reducing borrower affordability, we expect constrained housing supply to keep home prices relatively stable. Furthermore, credit quality metrics in the Company's bank loans portfolio remain very strong. As a result of these factors, we held projected loss rates constant at September 30, 2025, as compared to December 31, 2024.

Bank loan-related nonperforming assets consisted of nonaccrual loans of \$40 million and \$35 million at September 30, 2025 and December 31, 2024, respectively. Nonaccrual loans include nonaccrual troubled debt restructurings recorded prior to the adoption of ASU 2022-02, "*Financial Instruments — Credit Losses: Troubled Debt Restructurings and Vintage Disclosures*" on January 1, 2023. At both September 30, 2025 and December 31, 2024, loan modifications to borrowers experiencing financial difficulty were not material.

Credit Quality

In addition to monitoring delinquency, Schwab monitors the credit quality of First Mortgages and HELOCs by stratifying the portfolios by the following:

- Year of origination;
- Borrower Fair Isaac Corporation (FICO) scores at origination (Origination FICO);
- Updated borrower FICO scores (Updated FICO);
- Loan-to-value (LTV) ratios at origination (Origination LTV); and
- Estimated Current LTV ratios (Estimated Current LTV).

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Borrowers' FICO scores are provided by an independent third-party credit reporting service and are generally updated quarterly. The Origination LTV and Estimated Current LTV for a HELOC include any first lien mortgage outstanding on the same property at the time of the HELOC's origination. The Estimated Current LTV for each loan is updated on a monthly basis by reference to a home price appreciation index.

The credit quality indicators of the Company's First Mortgages and HELOCs are detailed below:

September 30, 2025	First Mortgages Amortized Cost Basis by Origination Year							Total First Mortgages	Revolving HELOCs amortized cost basis	HELOCs converted to term loans	Total HELOCs
	2025	2024	2023	2022	2021	pre-2021					
Origination FICO											
<620	\$ —	\$ —	\$ —	\$ 3	\$ 1	\$ 1	\$ 5	\$ —	\$ —	\$ —	
620 – 679	19	23	4	24	28	22	120	—	1	1	
680 – 739	363	306	230	680	1,032	513	3,124	50	25	75	
≥740	3,716	2,777	1,667	4,631	9,274	4,047	26,112	251	94	345	
Total	\$ 4,098	\$ 3,106	\$ 1,901	\$ 5,338	\$ 10,335	\$ 4,583	\$ 29,361	\$ 301	\$ 120	\$ 421	
Origination LTV											
≤70%	\$ 2,738	\$ 2,130	\$ 1,286	\$ 3,960	\$ 8,990	\$ 3,753	\$ 22,857	\$ 284	\$ 84	\$ 368	
>70% – ≤90%	1,360	976	615	1,378	1,345	829	6,503	17	35	52	
>90% – ≤100%	—	—	—	—	—	1	1	—	1	1	
Total	\$ 4,098	\$ 3,106	\$ 1,901	\$ 5,338	\$ 10,335	\$ 4,583	\$ 29,361	\$ 301	\$ 120	\$ 421	
Updated FICO											
<620	\$ 3	\$ 4	\$ 5	\$ 26	\$ 28	\$ 23	\$ 89	\$ 3	\$ 4	\$ 7	
620 – 679	36	34	34	64	103	64	335	6	6	12	
680 – 739	355	248	167	491	790	352	2,403	41	20	61	
≥740	3,704	2,820	1,695	4,757	9,414	4,144	26,534	251	90	341	
Total	\$ 4,098	\$ 3,106	\$ 1,901	\$ 5,338	\$ 10,335	\$ 4,583	\$ 29,361	\$ 301	\$ 120	\$ 421	
Estimated Current LTV⁽¹⁾											
≤70%	\$ 2,567	\$ 2,205	\$ 1,552	\$ 4,796	\$ 10,225	\$ 4,570	\$ 25,915	\$ 298	\$ 120	\$ 418	
>70% – ≤90%	1,527	901	345	534	109	13	3,429	3	—	3	
>90% – ≤100%	4	—	4	8	1	—	17	—	—	—	
Total	\$ 4,098	\$ 3,106	\$ 1,901	\$ 5,338	\$ 10,335	\$ 4,583	\$ 29,361	\$ 301	\$ 120	\$ 421	
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Percent of Loans on Nonaccrual Status	0.01%	0.05%	0.11%	0.14%	0.11%	0.24%	0.11%	0.06%	2.01%	0.71%	

⁽¹⁾ Represents the LTV for the full line of credit (drawn and undrawn) for revolving HELOCs.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

First Mortgages Amortized Cost Basis by Origination Year										
December 31, 2024	2024	2023	2022	2021	pre-2021	Total First Mortgages	Revolving HELOCs amortized cost basis	HELOCs converted to term loans	Total HELOCs	
Origination FICO										
<620	\$ 1	\$ —	\$ 2	\$ 1	\$ 2	\$ 6	\$ —	\$ —	\$ —	\$ —
620 – 679	24	4	26	29	28	111	—	1	1	1
680 – 739	361	249	724	1,091	576	3,001	47	30	77	77
≥740	3,203	1,895	4,902	9,796	4,475	24,271	241	105	346	346
Total	\$ 3,589	\$ 2,148	\$ 5,654	\$ 10,917	\$ 5,081	\$ 27,389	\$ 288	\$ 136	\$ 424	\$ 424
Origination LTV										
≤70%	\$ 2,471	\$ 1,445	\$ 4,197	\$ 9,479	\$ 4,159	\$ 21,751	\$ 267	\$ 95	\$ 362	\$ 362
>70% – ≤90%	1,118	703	1,457	1,438	920	5,636	21	40	61	61
>90% – ≤100%	—	—	—	—	2	2	—	1	1	1
Total	\$ 3,589	\$ 2,148	\$ 5,654	\$ 10,917	\$ 5,081	\$ 27,389	\$ 288	\$ 136	\$ 424	\$ 424
Updated FICO										
<620	\$ —	\$ 3	\$ 25	\$ 15	\$ 21	\$ 64	\$ 1	\$ 5	\$ 6	\$ 6
620 – 679	34	31	74	97	74	310	6	7	13	13
680 – 739	339	191	574	871	435	2,410	48	24	72	72
≥740	3,216	1,923	4,981	9,934	4,551	24,605	233	100	333	333
Total	\$ 3,589	\$ 2,148	\$ 5,654	\$ 10,917	\$ 5,081	\$ 27,389	\$ 288	\$ 136	\$ 424	\$ 424
Estimated Current LTV⁽¹⁾										
≤70%	\$ 2,402	\$ 1,660	\$ 4,942	\$ 10,747	\$ 5,057	\$ 24,808	\$ 285	\$ 136	\$ 421	\$ 421
>70% – ≤90%	1,187	487	693	166	20	2,553	3	—	3	3
>90% – ≤100%	—	1	17	3	4	25	—	—	—	—
>100%	—	—	2	1	—	3	—	—	—	—
Total	\$ 3,589	\$ 2,148	\$ 5,654	\$ 10,917	\$ 5,081	\$ 27,389	\$ 288	\$ 136	\$ 424	\$ 424
Gross charge-offs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Percent of Loans on Nonaccrual Status	0.01%	0.12%	0.16%	0.04%	0.18%	0.09%	0.07%	2.33%	0.71%	0.71%

⁽¹⁾ Represents the LTV for the full line of credit (drawn and undrawn) for revolving HELOCs.

At September 30, 2025, \$25.1 billion of First Mortgage loans had adjustable interest rates. Substantially all of these mortgages have initial fixed interest rates for three to ten years and interest rates that typically adjust every six to twelve months pursuant to the terms of the loan thereafter. Approximately 24% of the balance of these mortgages consisted of loans with interest-only payment terms. The interest rates on approximately 71% of the balance of these interest-only loans are not scheduled to reset for three or more years.

At September 30, 2025 and December 31, 2024, Schwab had \$211 million and \$171 million, respectively, of accrued interest on bank loans, which is excluded from the amortized cost basis of bank loans and included in other assets on the condensed consolidated balance sheets.

The HELOC product has a 30-year loan term with an initial draw period of ten years from the date of origination. After the initial draw period, the balance outstanding at such time is converted to a 20-year amortizing loan. The interest rate during the initial draw period and the 20-year amortizing period is a floating-rate based on the prime rate plus a margin.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

The following table presents when current outstanding HELOCs will convert to amortizing loans:

September 30, 2025	Balance
Converted to an amortizing loan by period end ⁽¹⁾	\$ 120
Within 1 year	15
> 1 year – 3 years	38
> 3 years – 5 years	48
> 5 years	200
Total	\$ 421

⁽¹⁾ Includes \$3 million and \$11 million of HELOCs converted to amortizing loans during the three and nine months ended September 30, 2025, respectively.

At September 30, 2025, \$328 million of the HELOC portfolio was secured by second liens on the associated properties. Second lien mortgage loans typically possess a higher degree of credit risk given the subordination to the first lien holder in the event of default. In addition to the credit monitoring activities described previously, Schwab also monitors credit risk by reviewing the delinquency status of the first lien loan on the associated property. At September 30, 2025, the borrowers on approximately 64% of HELOC loan balances outstanding only paid the minimum amount due.

7. Variable Interest Entities

As of September 30, 2025 and December 31, 2024, substantially all of Schwab's involvement with variable interest entities (VIEs) is through CSB's Community Reinvestment Act (CRA) related investments and most of these are related to Low-Income Housing Tax Credit (LIHTC) investments. As part of CSB's community reinvestment initiatives, CSB invests in funds that make equity investments in multifamily affordable housing properties and receives tax credits and other tax benefits for these investments. During the three months ended September 30, 2025 and 2024, CSB recorded amortization of \$48 million and \$37 million, respectively, and recognized tax credits and other tax benefits of \$62 million and \$48 million, respectively, associated with these investments. During the nine months ended September 30, 2025 and 2024, CSB recorded amortization of \$142 million and \$117 million, respectively, and recognized tax credits and other tax benefits of \$188 million and \$150 million, respectively, associated with these investments. The amortization, as well as the tax credits and other tax benefits, are included in taxes on income on the condensed consolidated statements of income. Tax credits and other tax benefits are reflected as cash flows from operating activities on the condensed consolidated statements of cash flows.

Aggregate assets, liabilities, and maximum exposure to loss

The aggregate assets, liabilities, and maximum exposure to loss from those VIEs in which Schwab holds a variable interest, but is not the primary beneficiary, are summarized in the table below:

	September 30, 2025			December 31, 2024		
	Aggregate assets	Aggregate liabilities	Maximum exposure to loss	Aggregate assets	Aggregate liabilities	Maximum exposure to loss
LIHTC investments ⁽¹⁾	\$ 2,032	\$ 1,109	\$ 2,032	\$ 1,729	\$ 947	\$ 1,729
Other investments ⁽²⁾	248	—	341	224	—	340
Total	\$ 2,280	\$ 1,109	\$ 2,373	\$ 1,953	\$ 947	\$ 2,069

⁽¹⁾ Aggregate assets and aggregate liabilities are included in other assets and accrued expenses and other liabilities, respectively, on the condensed consolidated balance sheets.

⁽²⁾ Other investments include non-LIHTC CRA investments that are accounted for as loans at amortized cost, equity method investments, AFS securities, or using the adjusted cost method. Aggregate assets are included in AFS securities, bank loans – net, or other assets on the condensed consolidated balance sheets.

Schwab's maximum exposure to loss would result from the loss of the investments, including any committed amounts. Schwab's funding of these remaining commitments is dependent upon the occurrence of certain conditions, and Schwab expects to pay substantially all of these commitments between 2025 and 2028. During the nine months ended September 30, 2025 and year ended December 31, 2024, Schwab did not provide or intend to provide financial or other support to the VIEs that it was not contractually required to provide.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

8. Bank Deposits

Bank deposits consist of interest-bearing and non-interest-bearing deposits as follows:

	September 30, 2025	December 31, 2024
Interest-bearing deposits:		
Deposits swept from brokerage accounts	\$ 209,205	\$ 210,575
Checking	15,124	15,593
Time certificates of deposit ⁽¹⁾	9,936	27,701
Savings and other	3,569	4,015
Total interest-bearing deposits	237,834	257,884
Non-interest-bearing deposits	1,223	1,237
Total bank deposits	\$ 239,057	\$ 259,121

⁽¹⁾ Time certificates of deposit consist of brokered CDs. The weighted-average interest rates on outstanding time certificates of deposit at September 30, 2025 and December 31, 2024 were 4.21% and 4.90%, respectively. As of September 30, 2025 and December 31, 2024, there were no time deposits that were in excess of FDIC insurance limits or otherwise uninsured.

Time certificates of deposit outstanding at September 30, 2025 mature between October 2025 and January 2026.

9. Borrowings

CSC Senior Notes

CSC's Senior Notes are unsecured obligations. CSC may redeem some or all of the Senior Notes of each series prior to their maturity, subject to certain restrictions, and the payment of an applicable make-whole premium in certain instances. Interest is payable semi-annually for the fixed-rate Senior Notes and quarterly for the floating-rate Senior Notes. Interest for the fixed-to-floating rate Senior Notes is payable semi-annually during the fixed-rate period of the notes and quarterly during the floating-rate period of the notes.

Ameritrade Holding Senior Notes

Ameritrade Holding's Senior Notes are unsecured obligations. Ameritrade Holding may redeem some or all of the Senior Notes of each series prior to their maturity, subject to certain restrictions, and the payment of an applicable make-whole premium in certain instances. Interest is payable semi-annually for the fixed-rate Senior Notes.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

The following table lists long-term debt by instrument outstanding as of September 30, 2025 and December 31, 2024:

	Date of Issuance	Principal Amount Outstanding	
		September 30, 2025	December 31, 2024
CSC Fixed-rate Senior Notes:			
3.000% due March 10, 2025	03/10/15	\$ —	\$ 375
4.200% due March 24, 2025	03/24/20	—	600
3.625% due April 1, 2025	09/24/21	—	418
3.850% due May 21, 2025	05/22/18	—	750
3.450% due February 13, 2026	11/13/15	350	350
0.900% due March 11, 2026	12/11/20	1,250	1,250
1.150% due May 13, 2026	05/13/21	1,000	1,000
5.875% due August 24, 2026	08/24/23	1,000	1,000
3.200% due March 2, 2027	03/02/17	650	650
2.450% due March 3, 2027	03/03/22	1,500	1,500
3.300% due April 1, 2027	09/24/21	744	744
3.200% due January 25, 2028	12/07/17	700	700
2.000% due March 20, 2028	03/18/21	1,250	1,250
4.000% due February 1, 2029	10/31/18	600	600
3.250% due May 22, 2029	05/22/19	600	600
2.750% due October 1, 2029	09/24/21	475	475
4.625% due March 22, 2030	03/24/20	500	500
1.650% due March 11, 2031	12/11/20	750	750
2.300% due May 13, 2031	05/13/21	750	750
1.950% due December 1, 2031	08/26/21	850	850
2.900% due March 3, 2032	03/03/22	1,000	1,000
CSC Floating-rate Senior Notes:			
SOFR + 0.520% due May 13, 2026	05/13/21	500	500
SOFR + 1.050% due March 3, 2027	03/03/22	500	500
CSC Fixed-to-Floating rate Senior Notes:			
5.643% due May 19, 2029 ⁽¹⁾	05/19/23	1,200	1,200
6.196% due November 17, 2029 ⁽²⁾	11/17/23	1,300	1,300
5.853% due May 19, 2034 ⁽³⁾	05/19/23	1,300	1,300
6.136% due August 24, 2034 ⁽⁴⁾	08/24/23	1,350	1,350
Total CSC Senior Notes		20,119	22,262
Ameritrade Holding Fixed-rate Senior Notes:			
3.625% due April 1, 2025	10/22/14	—	82
3.300% due April 1, 2027	04/27/17	56	56
2.750% due October 1, 2029	08/16/19	25	25
Total Ameritrade Holding Senior Notes		81	163
Finance lease liabilities		30	49
Unamortized premium — net		37	54
Debt issuance costs		(74)	(93)
Fair value hedging basis adjustments ⁽⁵⁾		6	(7)
Total long-term debt		\$ 20,199	\$ 22,428

⁽¹⁾ The May 2029 fixed-to-floating rate Senior Notes bear interest at a fixed rate of 5.643%, payable semi-annually, until the interest reset date on May 19, 2028. On and after this date, these notes will bear interest at an annual floating rate of SOFR plus 2.210%, payable quarterly.

⁽²⁾ The November 2029 fixed-to-floating rate Senior Notes bear interest at a fixed rate of 6.196%, payable semi-annually, until the interest reset date on November 17, 2028. On and after this date, these notes will bear interest at an annual floating rate of SOFR plus 1.878%, payable quarterly.

⁽³⁾ The May 2034 fixed-to-floating rate Senior Notes bear interest at a fixed rate of 5.853%, payable semi-annually, until the interest reset date on May 19, 2033. On and after this date, these notes will bear interest at an annual floating rate of SOFR plus 2.500%, payable quarterly.

⁽⁴⁾ The August 2034 fixed-to-floating rate Senior Notes bear interest at a fixed rate of 6.136%, payable semi-annually, until the interest reset date on August 24, 2033. On and after this date, these notes will bear interest at an annual floating rate of SOFR plus 2.010%, payable quarterly.

⁽⁵⁾ This represents the amount of fair value hedge basis adjustments related to Senior Notes hedged. See Note 11 for more information on hedging of Senior Notes.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Annual maturities on all long-term debt outstanding at September 30, 2025 are as follows:

	Maturities
2025	\$ 5
2026	4,112
2027	3,463
2028	1,950
2029	4,200
Thereafter	6,500
Total maturities	20,230
Unamortized premium—net	37
Debt issuance costs	(74)
Fair value hedging basis adjustments ⁽¹⁾	6
Total long-term debt	\$ 20,199

⁽¹⁾ This represents the amount of fair value hedge basis adjustments related to long-term debt hedged. See Note 11 for more information on hedging of long-term debt.

FHLB borrowings: Our banking subsidiaries maintain secured credit facilities with the FHLB. Amounts available under these facilities are dependent on the amount of bank loans and the value of certain investment securities that are pledged as collateral. There was \$850 million and \$16.7 billion outstanding under these facilities as of September 30, 2025 and December 31, 2024, respectively, and these borrowings had a weighted-average interest rate of 4.11% and 5.11%, respectively. As of September 30, 2025 and December 31, 2024, the collateral pledged provided additional borrowing capacity of \$75.3 billion and \$59.8 billion, respectively.

Other short-term borrowings: Total other short-term borrowings outstanding at September 30, 2025 and December 31, 2024 were \$6.5 billion and \$6.0 billion, respectively, and had a weighted-average interest rate of 4.48% and 5.21%, respectively. Additional information regarding our other short-term borrowings facilities is described below.

The Company may engage with external financial institutions and the FICC in repurchase agreements collateralized by investment securities as another source of short-term liquidity. The Company had \$4.0 billion and \$5.5 billion outstanding pursuant to such repurchase agreements at September 30, 2025 and December 31, 2024, respectively. Repurchase agreements outstanding at September 30, 2025 mature between October 2025 and November 2025.

Our banking subsidiaries have access to funding through the Federal Reserve discount window. Amounts available are dependent upon the value of certain investment securities that are pledged as collateral. As of September 30, 2025 and December 31, 2024, our collateral pledged provided total borrowing capacity of \$29.7 billion and \$30.5 billion, respectively, of which no amounts were outstanding at the end of either period.

CSC has the ability to issue up to \$5.0 billion of commercial paper notes with maturities of up to 270 days. There was \$800 million gross par value before discount of \$4 million outstanding at September 30, 2025, and no amounts outstanding at December 31, 2024. CSC and CS&Co also have access to unsecured uncommitted lines of credit with external banks with total borrowing capacity of \$1.7 billion; no amounts were outstanding as of September 30, 2025 or December 31, 2024.

CS&Co maintains secured uncommitted lines of credit, under which CS&Co may borrow on a short-term basis and pledge either client margin securities or firm securities as collateral, based on the terms of the agreements, under which there was \$1.8 billion and \$500 million outstanding at September 30, 2025 and December 31, 2024, respectively.

Annual maturities on FHLB borrowings and other short-term borrowings outstanding at September 30, 2025 are as follows:

	2025	2026	Total
FHLB borrowings	\$ —	\$ 850	\$ 850
Other short-term borrowings	5,541	1,000	6,541
Total	\$ 5,541	\$ 1,850	\$ 7,391

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

10. Commitments and Contingencies

Loan portfolio: CSB provides a co-branded loan origination program for CSB clients (the Program) with Rocket Mortgage, LLC. Pursuant to the Program, Rocket Mortgage, LLC originates and services First Mortgages and HELOCs for CSB clients. Under the Program, CSB purchases certain First Mortgages and HELOCs that are originated by Rocket Mortgage, LLC. CSB purchased First Mortgages of \$1.7 billion and \$1.1 billion during the third quarter of 2025 and 2024, respectively, and \$4.4 billion and \$2.6 billion during the first nine months of 2025 and 2024, respectively. CSB purchased HELOCs with commitments of \$52 million and \$38 million during the third quarter of 2025 and 2024, respectively, and \$181 million and \$121 million during the first nine months of 2025 and 2024, respectively.

The Company's commitments to extend credit on lines of credit and to purchase First Mortgages are as follows:

	September 30, 2025		December 31, 2024	
Commitments to extend credit related to unused HELOCs and other lines of credit	\$	1,819	\$	1,895
Commitments to purchase First Mortgage loans		1,215		511
Total	\$	3,034	\$	2,406

Guarantees and indemnifications: Schwab has clients that sell (i.e., write) listed option contracts that are cleared by the Options Clearing Corporation – a clearing house that establishes margin requirements on these transactions. We satisfy the margin requirements of these transactions through pledging certain client securities. For additional information on these pledged securities, refer to Note 12. In connection with its securities lending activities, Schwab is required to provide collateral to certain brokerage clients. The Company satisfies the collateral requirements by providing cash as collateral.

The Company also provides guarantees to securities clearing houses and exchanges under standard membership agreements, which require members to guarantee the performance of other members. Under the agreements, if another member becomes unable to satisfy its obligations to the clearing houses and exchanges, other members would be required to meet shortfalls. The Company's liability under these arrangements is not quantifiable and may exceed the amounts it has posted as collateral. The Company also engages third-party firms to clear clients' futures and options on futures transactions and to facilitate clients' foreign exchange trading, and has agreed to indemnify these firms for any losses that they may incur from the client transactions introduced to them by the Company. The potential requirement for the Company to make payments under these arrangements is remote. Accordingly, no liability has been recognized for these guarantees and indemnifications.

IDA agreement: The 2023 IDA agreement with the TD Depository Institutions specifies responsibilities, including certain contingent obligations, of the Company. Pursuant to the 2023 IDA agreement, uninvested cash within eligible brokerage client accounts is swept off-balance sheet to deposit accounts at the TD Depository Institutions. Schwab provides recordkeeping and support services to the TD Depository Institutions with respect to the deposit accounts for which Schwab receives an aggregate monthly fee. Under the 2023 IDA agreement, the service fee on client cash deposits held at the TD Depository Institutions is 15 basis points. The Company's ability to migrate these balances to its balance sheet is dependent on multiple factors including having sufficient capital levels to sustain these incremental deposits and certain binding limitations specified in the 2023 IDA agreement.

The 2023 IDA agreement extends the term to sweep balances to the TD Depository Institutions through July 1, 2034, and requires that Schwab maintain certain minimum and maximum insured deposit account balances (IDA balances). Pursuant to the terms of the agreement, after September 10, 2025, withdrawals of IDA balances are permitted at Schwab's discretion, subject to an obligation to maintain IDA balances above a minimum of \$60 billion, with a maximum of \$90 billion. In accordance with the agreement, in September 2025, Schwab moved \$3.0 billion of IDA balances to its balance sheet.

Designation of deposit balances for investment in fixed- or floating-rate instruments under the 2023 IDA agreement is at Schwab's sole discretion with certain limitations on the amount of fixed-rate obligation amounts. If IDA balances decline below the required IDA balance minimum as described above, Schwab would be required to make a nonperformance payment to the TD Depository Institutions pursuant to the terms of the 2023 IDA agreement.

As of September 30, 2025, the total ending IDA balance was \$78.6 billion, of which \$59.7 billion was fixed-rate obligation amounts and \$18.9 billion was floating-rate obligation amounts. As of December 31, 2024, the total ending IDA balance was \$87.6 billion, of which \$66.6 billion was fixed-rate obligation amounts and \$21.0 billion was floating-rate obligation amounts.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Legal contingencies: Schwab is subject to claims and lawsuits in the ordinary course of business, including arbitrations, class actions and other litigation, some of which include claims for substantial or unspecified damages. The Company is also the subject of inquiries, investigations, and proceedings by regulatory and other governmental agencies.

Predicting the outcome of a litigation or regulatory matter is inherently difficult, requiring significant judgment and evaluation of various factors, including the procedural status of the matter and any recent developments; prior experience and the experience of others in similar cases; available defenses, including potential opportunities to dispose of a case on the merits or procedural grounds before trial (e.g., motions to dismiss or for summary judgment); the progress of fact discovery; the opinions of counsel and experts regarding potential damages; and potential opportunities for settlement and the status of any settlement discussions. It may not be reasonably possible to estimate a range of potential liability until the matter is closer to resolution – pending, for example, further proceedings, the outcome of key motions or appeals, or discussions among the parties. Numerous issues may have to be developed, such as discovery of important factual matters and determination of threshold legal issues, which may include novel or unsettled questions of law. Reserves are established or adjusted or further disclosure and estimates of potential loss are provided as the matter progresses and more information becomes available.

Schwab believes it has strong defenses in all significant matters currently pending and is contesting liability and any damages claimed. Nevertheless, some of these matters may result in adverse judgments or awards, including penalties, injunctions or other relief, and the Company may also determine to settle a matter because of the uncertainty and risks of litigation. Described below are any matters in which there is a reasonable possibility that a material loss could be incurred or where the matter may otherwise be of significant interest to stockholders. Unless otherwise noted, the Company is unable to provide a reasonable estimate of any potential liability given the stage of proceedings in the matter. With respect to all other pending matters, based on current information and consultation with counsel, it does not appear reasonably possible that the outcome of any such matter would be material to the financial condition, operating results, or cash flows of the Company.

Corrente Antitrust Litigation: On June 6, 2022, CSC was sued in the U.S. District Court for the Eastern District of Texas on behalf of a putative class of customers who purchased or sold securities through CS&Co or TD Ameritrade, Inc. (now Ameritrade of New York, Inc.) from October 26, 2020 to the present. The lawsuit alleges that CSC's acquisition of Ameritrade violated Section 7 of the Clayton Act because it has resulted in an anticompetitive market for the execution of retail customer orders. Plaintiffs seek unspecified damages, as well as injunctive and other relief. A motion by the Company to dismiss the lawsuit was denied by the court on February 24, 2023. On December 12, 2024, the parties filed a joint stipulation proposing a settlement of the lawsuit on a class basis under which defendants would commit to certain non-monetary undertakings and payments of plaintiffs' attorneys' fees and costs in an amount that would be immaterial. Approval of the settlement remains pending with the court.

11. Derivative Instruments and Hedging Activities

Risk Management Objective of Using Derivatives

The Company utilizes derivative instruments to manage interest rate risk exposures that arise from business activities related to changes in fair values or the receipt and payment of future known and uncertain cash amounts due to changes in interest rates. The Company uses derivative instruments to manage changes in the fair values of, as well as changes in the amounts and/or timing of known or expected cash receipts and payments related to, our AFS investment portfolio, PALs, and Senior Notes.

For a description of how the Company accounts for derivative instruments, see Item 8 – Note 2 in the 2024 Form 10-K. For additional information on the basis of presentation for derivative instruments on the Company's condensed consolidated balance sheets and related offsetting considerations, see Note 12. Cash flows associated with derivative instruments are reflected as cash flows from operating activities in the condensed consolidated statements of cash flows consistent with the treatment and nature of the items being hedged.

Fair Value Hedges of Interest Rate Risk

The Company is exposed to changes in the fair value of its fixed-rate AFS securities and Senior Notes, as well as its fixed-to-floating rate Senior Notes during the fixed-rate period, due to changes in benchmark interest rates. The Company uses cleared interest rate swaps to manage its exposure to changes in fair value of these instruments attributable to changes in the designated benchmark interest rate. Cleared interest rate swaps designated as fair value hedges of AFS securities involve the payment of fixed-rate amounts to a CCP in exchange for the Company receiving floating-rate payments over the life of the agreements.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Cleared interest rate swaps designated as fair value hedges of Senior Notes involve the receipt of fixed-rate amounts from a CCP in exchange for the Company's floating-rate payments over the life of the agreements.

The Company had outstanding interest rate swaps with aggregate notional amounts of \$40.8 billion and \$30.9 billion at September 30, 2025 and December 31, 2024, respectively, that were designated as fair value hedges of interest rate risk. The notional amount is the basis upon which the pay-fixed/receive-float and receive-fixed/pay-float payments are determined; however, the amount is not exchanged.

Cash Flow Hedges of Interest Rate Risk

Beginning in the second quarter of 2025, the Company uses cleared interest rate swaps designated as cash flows hedges as part of its interest rate risk management strategy to add stability to interest revenue and to manage its exposure to interest rate movements. Interest rate swaps designated as cash flow hedges involve the receipt of fixed-rate amounts from a CCP in exchange for the Company's floating-rate payments over the life of the agreements without exchange of the underlying notional amount. Such derivatives are used to hedge the variable cash flows associated with Schwab's PALs.

The Company had outstanding interest rate swaps with aggregate notional amounts of \$16.1 billion at September 30, 2025 that were designated as cash flow hedges of interest rate risk.

Fair Values of Derivative Instruments

The table below presents the gross fair values of the Company's interest rate swaps designated as hedging instruments on the condensed consolidated balance sheets:

	September 30, 2025		December 31, 2024	
	Assets	Liabilities	Assets	Liabilities
interest rate swaps ^(1,2)	\$	—\$	—\$	—\$

⁽¹⁾ Derivative assets are included in other assets and derivative liabilities are included in accrued expenses and other liabilities on the condensed consolidated balance sheets. Derivative assets and liabilities as of September 30, 2025 and December 31, 2024 were less than \$500 thousand.

⁽²⁾ Includes reductions related to variation margin settlements. Settlements on derivative positions cleared through CCPs are reflected as reductions to the associated derivative asset and liability balances. As of September 30, 2025, there was a \$69 million reduction of derivative assets and a \$139 million reduction of derivative liabilities related to variation margin settlements. As of December 31, 2024, there was a \$295 million reduction of derivative assets and a \$10 million reduction of derivative liabilities related to variation margin settlements.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Effects of Fair Value Hedge Accounting

The following amounts are included on the condensed consolidated balance sheets related to fair value hedges:

	Carrying Amount of the Hedged Assets/(Liabilities)		Cumulative Fair Value Hedging Adjustment Included in the Carrying Amount of the Hedged Assets and Liabilities	
	September 30, 2025	December 31, 2024	September 30, 2025	December 31, 2024
Line item in which the hedged item is included:				
Available for sale securities ^(1,2)	\$ 14,389	\$ 15,686	\$ 113	\$ (292)
Long-term debt ⁽³⁾	\$ (18,733)	\$ (14,908)	\$ —	\$ 7

⁽¹⁾ Includes the amortized cost basis of closed portfolios of AFS securities used to designate hedging relationships in which the hedged item is the stated amount of assets in the closed portfolios anticipated to be outstanding for the designated hedge period. At September 30, 2025 and December 31, 2024, the amortized cost basis of the closed portfolios used in these hedging relationships was \$2.6 billion and \$2.5 billion, respectively, of which \$2.1 billion and \$2.0 billion was designated in a portfolio layer hedging relationship at September 30, 2025 and December 31, 2024, respectively. The cumulative basis adjustments associated with these hedging relationships were an increase of \$8 million and a reduction of \$47 million of the amortized cost basis of the closed portfolios at September 30, 2025 and December 31, 2024, respectively.

⁽²⁾ Excludes the amortized cost and fair value hedging adjustment of AFS securities for which hedge accounting has been discontinued. The cumulative amount of fair value hedging adjustments remaining for these securities was a reduction of the amortized cost basis of \$141 million at September 30, 2025 and \$2 million at December 31, 2024, which are recorded in AFS securities on the condensed consolidated balance sheets and amortized to interest revenue as a yield adjustment over the lives of the securities.

⁽³⁾ Excludes the carrying amount and fair value hedging adjustment of long-term debt for which hedge accounting has been discontinued. The cumulative amount of fair value hedging adjustments remaining for long-term debt was an increase of the carrying amount of \$5 million at September 30, 2025, which is recorded in long-term debt on the condensed consolidated balance sheets and amortized to interest expense over the lives of the borrowings.

The table below presents the effect of the Company's interest rate swaps designated as fair value hedges on the condensed consolidated statements of income:

	Location and Amount of Gain (Loss) Recognized in Income			
	Interest Revenue		Interest Expense	
	2025	2024	2025	2024
Three Months Ended September 30,				
Gain (loss) on fair value hedging relationships:				
Hedged items	\$ (3)	\$ 216	\$ 4	\$ —
Derivatives designated as hedging instruments ⁽¹⁾	3	(214)	(4)	—
Nine Months Ended September 30,				
Gain (loss) on fair value hedging relationships:				
Hedged items	\$ 252	\$ 19	\$ (12)	\$ —
Derivatives designated as hedging instruments ⁽¹⁾	(252)	(19)	14	—

⁽¹⁾ Interest revenue excludes net income (expense) from periodic interest accruals and receipts (payments) of \$2 million and \$34 million for the three and nine months ended September 30, 2025, respectively, and \$20 million and \$36 million for the three and nine months ended September 30, 2024, respectively. Interest expense excludes net income (expense) from periodic interest accruals and receipts (payments) of \$(20) million and \$(44) million, respectively, for the three and nine months ended September 30, 2025. We began designating swaps as fair value hedges of Senior Notes in the fourth quarter of 2024. As such, there was no impact to interest expense from periodic interest accruals and receipts (payments) for the three and nine months ended September 30, 2024.

Effects of Cash Flow Hedge Accounting

The table below presents the effect of the Company's interest rate swaps designated as cash flow hedges on AOCI and the condensed consolidated statements of income:

	Three Months Ended September 30, 2025	Nine Months Ended September 30, 2025
Gain (loss) recognized in other comprehensive income ⁽¹⁾	\$ 11	\$ (4)
Gain (loss) reclassified from AOCI to interest revenue	(28)	(45)

⁽¹⁾ Included in net unrealized gain (loss) on derivatives designated as cash flow hedging instruments on the condensed consolidated statements of comprehensive income.

For the twelve months following September 30, 2025, the Company estimates that an additional \$11 million will be reclassified from AOCI as a reduction to interest revenue.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

12. Financial Instruments Subject to Off-Balance Sheet Credit Risk

Resale agreements: Schwab enters into collateralized resale agreements principally with other broker-dealers, which could result in losses in the event the counterparty fails to purchase the securities held as collateral for the cash advanced and the fair value of the securities declines. To mitigate this risk, Schwab requires that the counterparty deliver securities to a custodian, to be held as collateral, with a fair value at or in excess of the resale price. Schwab also sets standards for the credit quality of the counterparty, monitors the fair value of the underlying securities as compared to the related receivable, including accrued interest, and requires additional collateral where deemed appropriate. The collateral provided under these resale agreements is utilized to meet obligations under broker-dealer client protection rules, which place limitations on our ability to access such segregated securities. For Schwab to repledge or sell this collateral, we would be required to deposit cash and/or securities of an equal amount into our segregated reserve bank accounts in order to meet our segregated cash and investments requirement. Schwab's resale agreements as of September 30, 2025 and December 31, 2024 were not subject to master netting arrangements.

Securities lending: Schwab loans brokerage client securities temporarily to other broker-dealers and clearing houses in connection with its securities lending activities and receives cash as collateral for the securities loaned. Increases in security prices may cause the fair value of the securities loaned to exceed the amount of cash received as collateral. In the event a counterparty to these transactions does not return the loaned securities or provide additional cash collateral, we may be exposed to the risk of acquiring the securities at prevailing market prices in order to satisfy our client obligations. Schwab mitigates this risk by requiring credit approvals for counterparties, monitoring the fair value of securities loaned, and requiring additional cash as collateral when necessary. In addition, most of our securities lending transactions are through a program with a clearing organization, which guarantees the return of cash to us. We also borrow securities from other broker-dealers to fulfill short sales by brokerage clients and deliver cash to the lender in exchange for the securities. The fair value of these borrowed securities was \$2.3 billion and \$674 million at September 30, 2025 and December 31, 2024, respectively. Our securities lending transactions are subject to enforceable master netting arrangements with other broker-dealers; however, we do not net securities lending transactions. Therefore, amounts related to securities loaned and securities borrowed are presented gross in the condensed consolidated balance sheets.

Repurchase agreements: Schwab enters into collateralized repurchase agreements with external financial institutions and the FICC in which the Company sells securities and agrees to repurchase these securities on a specified future date at a stated repurchase price. These repurchase agreements are collateralized by investment securities with a fair value equal to or in excess of the secured borrowing liability. Decreases in security prices posted as collateral for repurchase agreements may require Schwab to transfer cash and/or additional securities deemed acceptable by the counterparty. To mitigate this risk, Schwab monitors the fair value of underlying securities pledged as collateral compared to the related liability. Our collateralized repurchase agreements with each external financial institution are considered to be enforceable master netting arrangements. However, we do not net these arrangements. As such, the secured short-term borrowings associated with these collateralized repurchase agreements are presented gross in the condensed consolidated balance sheets.

Interest rate swaps: Schwab uses interest rate swaps to manage certain interest rate risk exposures. Schwab's interest rate swaps are cleared through CCPs which require the Company to post initial margin as collateral against potential losses. Schwab pledges investment securities as collateral in order to meet the CCP's initial margin requirements. Initial margin is posted through FCMs which serve as the intermediary between CCPs and Schwab. Our interest rate swaps are subject to enforceable master netting arrangements allowing a right of setoff within each FCM-CCP relationship; however, we do not net these positions. Therefore, interest rate swaps are presented gross in the condensed consolidated balance sheets. See Note 11 for additional information on the Company's interest rate swaps.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

The following table presents information about our interest rate swaps, resale agreements, securities lending, repurchase agreements, and other activity depicting the potential effect of rights of setoff between these recognized assets and liabilities:

	Gross Assets/ Liabilities	Gross Amounts Offset in the Condensed Consolidated Balance Sheets	Net Amounts Presented in the Condensed Consolidated Balance Sheets	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheets		Net Amount
				Counterparty Offsetting	Collateral	
September 30, 2025						
Assets						
Resale agreements ⁽¹⁾	\$ 22,245	\$ —	\$ 22,245	\$ —	\$ (22,245) ⁽²⁾	\$ —
Securities borrowed ⁽³⁾	2,342	—	2,342	(1,615)	(713)	14
Interest rate swaps ⁽⁴⁾	—	—	—	—	— ⁽⁵⁾	—
Total	\$ 24,587	\$ —	\$ 24,587	\$ (1,615)	\$ (22,958)	\$ 14
Liabilities						
Repurchase agreements ⁽⁶⁾	\$ 3,995	\$ —	\$ 3,995	\$ —	\$ (3,995)	\$ —
Securities loaned ⁽⁷⁾	21,690	—	21,690	(1,615)	(19,449)	626
Secured short-term borrowings ⁽⁸⁾	1,750	—	1,750	—	(1,750)	—
Interest rate swaps ⁽⁴⁾	—	—	—	—	— ⁽⁵⁾	—
Total	\$ 27,435	\$ —	\$ 27,435	\$ (1,615)	\$ (25,194)	\$ 626
December 31, 2024						
Assets						
Resale agreements ⁽¹⁾	\$ 10,075	\$ —	\$ 10,075	\$ —	\$ (10,075) ⁽²⁾	\$ —
Securities borrowed ⁽³⁾	695	—	695	(617)	(77)	1
Interest rate swaps ⁽⁴⁾	—	—	—	—	— ⁽⁵⁾	—
Total	\$ 10,770	\$ —	\$ 10,770	\$ (617)	\$ (10,152)	\$ 1
Liabilities						
Repurchase agreements ⁽⁶⁾	\$ 5,499	\$ —	\$ 5,499	\$ —	\$ (5,499)	\$ —
Securities loaned ⁽⁷⁾	13,068	—	13,068	(617)	(11,795)	656
Secured short-term borrowings ⁽⁸⁾	500	—	500	—	(500)	—
Interest rate swaps ⁽⁴⁾	—	—	—	—	— ⁽⁵⁾	—
Total	\$ 19,067	\$ —	\$ 19,067	\$ (617)	\$ (17,794)	\$ 656

⁽¹⁾ Included in cash and investments segregated and on deposit for regulatory purposes in the condensed consolidated balance sheets.

⁽²⁾ Actual collateral was greater than or equal to the value of the related assets. At September 30, 2025 and December 31, 2024, the fair value of collateral received in connection with resale agreements that are available to be repledged or sold was \$22.7 billion and \$10.3 billion, respectively.

⁽³⁾ Included in receivables from brokers, dealers, and clearing organizations in the condensed consolidated balance sheets.

⁽⁴⁾ Derivative assets are included in other assets and derivative liabilities are included in accrued expenses and other liabilities in the condensed consolidated balance sheets. Derivative assets and liabilities as of September 30, 2025 and December 31, 2024 were less than \$500 thousand.

⁽⁵⁾ At September 30, 2025 and December 31, 2024, the fair value of initial margin pledged as collateral related to interest rate swaps was \$311 million and \$378 million, respectively. See Notes 5 and 11 for additional information.

⁽⁶⁾ Included in other short-term borrowings in the condensed consolidated balance sheets. Actual collateral value was greater than or equal to the value of the related liabilities. At September 30, 2025 and December 31, 2024, the fair value of collateral pledged in connection with repurchase agreements was \$4.2 billion and \$5.9 billion, respectively. See Note 9 for additional information.

⁽⁷⁾ Included in payables to brokers, dealers, and clearing organizations in the condensed consolidated balance sheets. Securities loaned are predominantly comprised of equity securities held in client brokerage accounts. At September 30, 2025, \$18.7 billion of securities loaned had overnight and continuous remaining contractual maturities and \$3.0 billion of securities loaned had contractual maturities of 35 - 95 days. At December 31, 2024, \$8.8 billion of securities loaned had overnight and continuous remaining contractual maturities and \$4.3 billion of securities loaned had contractual maturities of 35 - 95 days. The cash collateral received from counterparties under securities lending transactions was equal to or greater than the market value of the securities loaned at September 30, 2025 and December 31, 2024.

⁽⁸⁾ Included in other short-term borrowings in the condensed consolidated balance sheets. See below for collateral pledged and Note 9 for additional information.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Margin lending: Clients with margin loans have agreed to allow Schwab to pledge collateralized securities in their brokerage accounts in accordance with federal regulations. The following table summarizes the fair value of client securities that were available, under such regulations, that could have been used as collateral, as well as the fair value of securities that we had pledged to third parties under such regulations and from securities borrowed transactions:

	September 30, 2025		December 31, 2024	
Fair value of client securities available to be pledged	\$	134,727	\$	116,258
Fair value of securities pledged for:				
Fulfillment of requirements with the Options Clearing Corporation ⁽¹⁾	\$	41,004	\$	24,011
Fulfillment of client short sales		12,117		5,179
Securities lending to other broker-dealers		20,768		12,282
Collateral for secured short-term borrowings		2,048		618
Total collateral pledged to third parties	\$	75,937	\$	42,090

Note: Excludes amounts available and pledged for securities lending from fully-paid client securities. The fair value of fully-paid client securities available and pledged was \$237 million and \$105 million at September 30, 2025 and December 31, 2024, respectively.

⁽¹⁾ Securities pledged to fulfill client margin requirements for open option contracts established with the Options Clearing Corporation.

13. Fair Values of Assets and Liabilities

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Schwab's assets and liabilities measured at fair value on a recurring basis include: certain cash equivalents, certain investments segregated and on deposit for regulatory purposes, AFS securities, certain other assets, interest rate swaps, and certain accrued expenses and other liabilities. The Company uses the market approach to determine the fair value of assets and liabilities. When available, the Company uses quoted prices in active markets to measure the fair value of assets and liabilities. Quoted prices for investments in exchange-traded securities represent end-of-day close prices published by exchanges. Quoted prices for money market funds and other mutual funds represent reported net asset values. When utilizing market data and bid-ask spread, the Company uses the price within the bid-ask spread that best represents fair value. When quoted prices in active markets do not exist, the Company uses prices obtained from independent third-party pricing services to measure the fair value of investment assets, and we generally obtain prices from three independent third-party pricing sources for such assets recorded at fair value.

Our primary independent pricing service provides prices for our fixed income investments such as commercial paper; certificates of deposit; U.S. government and agency securities; state and municipal securities; corporate debt securities; asset-backed securities; foreign government agency securities; and non-agency commercial mortgage-backed securities. Such prices are based on observable trades, broker/dealer quotes, and discounted cash flows that incorporate observable information such as yields for similar types of securities (a benchmark interest rate plus observable spreads) and weighted-average maturity for the same or similar "to-be-issued" securities. We compare the prices obtained from the primary independent pricing service to the prices obtained from the additional independent pricing services to determine if the price obtained from the primary independent pricing service is reasonable. Schwab does not adjust the prices received from independent third-party pricing services unless such prices are inconsistent with the definition of fair value and result in material differences in the amounts recorded.

Liabilities measured at fair value on a recurring basis include interest rate swaps, securities sold but not yet purchased, and repurchase liabilities related to client-held fractional shares of equities, ETFs, and other securities, which are included in other assets on the condensed consolidated balance sheets. The fair values of securities sold but not yet purchased are based on quoted market prices or other observable market data. The Company has elected the fair value option pursuant to ASC 825 *Financial Instruments* for the repurchase liabilities to match the measurement and accounting of the related client-held fractional shares. The fair values of the repurchase liabilities are based on quoted market prices or other observable market data consistent with the related client-held fractional shares. Unrealized gains and losses on client-held fractional shares offset the unrealized gains and losses on the corresponding repurchase liabilities, resulting in no impact to the condensed consolidated statements of income. The Company's liabilities to repurchase client-held fractional shares do not have credit risk, and, as a result, the Company has not recognized any gains or losses in the condensed consolidated statements of income or comprehensive income attributable to instrument-specific credit risk for these repurchase liabilities. The repurchase liabilities are included in accrued expenses and other liabilities on the condensed consolidated balance sheets.

The fair values of interest rate swaps are based on market observable interest rate yield curves. Fair value measurements are priced considering the coupon rate of the fixed leg of the contract and the variable coupon rate on the floating leg of the

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

contract. Valuation is based on both spot and forward rates on the swap yield curve. See Note 11 for additional information on the Company's interest rate swaps.

For a description of the fair value hierarchy and Schwab's fair value methodologies, see Item 8 – Note 2 in the 2024 Form 10-K. The Company did not adjust prices received from the primary independent third-party pricing service at September 30, 2025 or December 31, 2024.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following tables present the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis:

September 30, 2025	Level 1	Level 2	Level 3	Balance at Fair Value
Cash equivalents:				
Money market funds	\$ 10,954	\$ —	\$ —	\$ 10,954
Total cash equivalents	10,954	—	—	10,954
Investments segregated and on deposit for regulatory purposes:				
U.S. government securities	—	22,910	—	22,910
Total investments segregated and on deposit for regulatory purposes	—	22,910	—	22,910
Available for sale securities:				
U.S. agency mortgage-backed securities	—	44,456	—	44,456
U.S. Treasury securities	—	7,786	—	7,786
Corporate debt securities	—	5,091	—	5,091
Asset-backed securities	—	4,281	—	4,281
U.S. state and municipal securities	—	562	—	562
Non-agency commercial mortgage-backed securities	—	113	—	113
Other	—	19	—	19
Total available for sale securities	—	62,308	—	62,308
Other assets:				
Other securities owned:				
Equity, corporate debt, and other securities	1,637	106	—	1,743
Mutual funds and ETFs	1,219	—	—	1,219
State and municipal debt obligations	—	38	—	38
U.S. government securities	—	13	—	13
Total other securities owned	2,856	157	—	3,013
Total other assets	2,856	157	—	3,013
Total assets	\$ 13,810	\$ 85,375	\$ —	\$ 99,185
Accrued expenses and other liabilities:				
Other	\$ 2,647	\$ 35	\$ —	\$ 2,682
Total accrued expenses and other liabilities	2,647	35	—	2,682
Total liabilities	\$ 2,647	\$ 35	\$ —	\$ 2,682

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

December 31, 2024	Level 1	Level 2	Level 3	Balance at Fair Value
Cash equivalents:				
Money market funds	\$ 11,005	\$ —	\$ —	\$ 11,005
Total cash equivalents	11,005	—	—	11,005
Investments segregated and on deposit for regulatory purposes:				
U.S. government securities	—	25,740	—	25,740
Total investments segregated and on deposit for regulatory purposes	—	25,740	—	25,740
Available for sale securities:				
U.S. agency mortgage-backed securities	—	51,833	—	51,833
U.S. Treasury securities	—	14,469	—	14,469
Corporate debt securities	—	9,579	—	9,579
Asset-backed securities	—	5,910	—	5,910
U.S. state and municipal securities	—	549	—	549
Foreign government agency securities	—	527	—	527
Non-agency commercial mortgage-backed securities	—	109	—	109
Other	—	18	—	18
Total available for sale securities	—	82,994	—	82,994
Other assets:				
Other securities owned:				
Equity, corporate debt, and other securities	1,395	73	—	1,468
Mutual funds and ETFs	1,019	—	—	1,019
State and municipal debt obligations	—	38	—	38
U.S. government securities	—	18	—	18
Total other securities owned	2,414	129	—	2,543
Total other assets	2,414	129	—	2,543
Total assets	\$ 13,419	\$ 108,863	\$ —	\$ 122,282
Accrued expenses and other liabilities:				
Other	\$ 2,161	\$ 37	\$ —	\$ 2,198
Total accrued expenses and other liabilities	2,161	37	—	2,198
Total liabilities	\$ 2,161	\$ 37	\$ —	\$ 2,198

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Fair Value of Other Financial Instruments

The following tables present the fair value hierarchy for other financial instruments:

September 30, 2025	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value
Assets					
Cash and cash equivalents	\$ 19,618	\$ 19,618	\$ —	\$ —	\$ 19,618
Cash and investments segregated and on deposit for regulatory purposes	24,729	2,594	22,135	—	24,729
Receivables from brokers, dealers, and clearing organizations	4,728	—	4,728	—	4,728
Receivables from brokerage clients — net	93,754	—	93,754	—	93,754
Held to maturity securities:					
U.S. agency mortgage-backed securities	136,693	—	128,259	—	128,259
Total held to maturity securities	136,693	—	128,259	—	128,259
Bank loans — net:					
First Mortgages	29,346	—	27,134	—	27,134
HELOCs	420	—	438	—	438
Pledged asset lines	23,390	—	23,390	—	23,390
Other	414	—	413	—	413
Total bank loans — net	53,570	—	51,375	—	51,375
Other assets	723	—	723	—	723
Liabilities					
Bank deposits	\$ 239,057	\$ —	\$ 239,057	\$ —	\$ 239,057
Payables to brokers, dealers, and clearing organizations	22,407	—	22,407	—	22,407
Payables to brokerage clients	115,397	—	115,397	—	115,397
Accrued expenses and other liabilities	1,359	—	1,359	—	1,359
Other short-term borrowings	6,541	—	6,541	—	6,541
Federal Home Loan Bank borrowings	850	—	850	—	850
Long-term debt	20,169	—	20,002	—	20,002

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

December 31, 2024	Carrying Amount	Level 1	Level 2	Level 3	Balance at Fair Value
Assets					
Cash and cash equivalents	\$ 31,078	\$ 31,078	\$ —	\$ —	\$ 31,078
Cash and investments segregated and on deposit for regulatory purposes	12,416	2,401	10,015	—	12,416
Receivables from brokers, dealers, and clearing organizations	2,440	—	2,440	—	2,440
Receivables from brokerage clients — net	85,343	—	85,343	—	85,343
Held to maturity securities:					
U.S. agency mortgage-backed securities	146,453	—	132,605	—	132,605
Total held to maturity securities	146,453	—	132,605	—	132,605
Bank loans — net:					
First Mortgages	27,375	—	24,336	—	24,336
HELOCs	423	—	441	—	441
Pledged asset lines	17,024	—	17,024	—	17,024
Other	393	—	393	—	393
Total bank loans — net	45,215	—	42,194	—	42,194
Other assets	1,405	—	1,405	—	1,405
Liabilities					
Bank deposits	\$ 259,121	\$ —	\$ 259,121	\$ —	\$ 259,121
Payables to brokers, dealers, and clearing organizations	13,336	—	13,336	—	13,336
Payables to brokerage clients	101,559	—	101,559	—	101,559
Accrued expenses and other liabilities	1,076	—	1,076	—	1,076
Other short-term borrowings	5,999	—	5,999	—	5,999
Federal Home Loan Bank borrowings	16,700	—	16,700	—	16,700
Long-term debt	22,379	—	21,621	—	21,621

14. Stockholders' Equity

Common and Nonvoting Common Stock

On February 12, 2025, TD Group US Holdings LLC, an affiliate of TD Bank, completed a secondary public offering of the Company's common shares through which TD Group US Holdings LLC sold 133.8 million shares of the Company's common stock and 31.7 million shares of the Company's nonvoting common stock, which automatically converted into common stock. The offering was completed at a price of \$79.25 per share, for an aggregate amount of \$13.1 billion. The Company did not receive any of the proceeds from this sale.

Concurrent with the completion of the secondary offering, and pursuant to a repurchase agreement dated February 9, 2025, the Company repurchased directly from TD Group US Holdings LLC its remaining 19.2 million shares of nonvoting common stock at a price of \$77.982 per share for an aggregate repurchase amount of \$1.5 billion, which settled on February 12, 2025. The shares of nonvoting common stock automatically converted into common stock upon repurchase and are now held in treasury stock, reducing the number of shares outstanding. These shares were purchased under CSC's \$15.0 billion share repurchase authorization.

Through the completion of the secondary offering and the Company's repurchase of nonvoting common stock, TD Bank disposed of all of its common shares of CSC and as of February 12, 2025, the Company had no remaining nonvoting common stock outstanding.

CSC repurchased an additional 3.9 million shares of its common stock for \$351 million during the three months ended June 30, 2025. These shares were purchased under CSC's \$15.0 billion share repurchase authorization. On July 24, 2025, CSC publicly announced that its Board of Directors terminated the \$15.0 billion share repurchase authorization and replaced it with a new authorization to repurchase up to \$20.0 billion of common stock. The new share repurchase authorization does not have an expiration date. During the three months ended September 30, 2025, CSC repurchased 28.9 million shares of its common stock under the new authorization for \$2.7 billion. As of September 30, 2025 approximately \$17.3 billion remained on the new authorization.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

There were no repurchases of CSC's common stock during the three and nine months ended September 30, 2024.

Common stock repurchases, net of issuances, are subject to a nondeductible excise tax which is recognized as a direct and incremental cost associated with these transactions. The tax is recorded as part of the cost basis of the treasury stock repurchased, resulting in no impact to the condensed consolidated statements of income.

Preferred Stock

On June 2, 2025, the Company redeemed all of the 24,580 outstanding shares of its fixed-rate reset non-cumulative perpetual preferred stock, Series G, and the corresponding 2,457,964 depository shares, each representing a 1/100th interest in a share of the Series G preferred stock. The depository shares were redeemed at a redemption price of \$1,000 per depository share for a total of \$2.5 billion. The difference between the total redemption price and the prior carrying value of the Series G preferred stock resulted in a \$30 million deemed dividend that was included in the calculation of EPS.

There were no redemptions of CSC's preferred stock during the three and nine months ended September 30, 2024.

The Company's preferred stock issued and outstanding is as follows:

	Shares Issued and Outstanding (in ones) at		Liquidation Preference Per Share	Carrying Value at		Issue Date	Dividend Rate in Effect at September 30, 2025	Earliest Redemption Date	Date at Which Dividend Rate Resets or Becomes Floating	Reset / Floating- Rate	Margin Over Reset / Floating-Rate
	September 30, 2025	December 31, 2024		September 30, 2025	December 31, 2024						
Fixed-rate:											
Series D	750,000	750,000	\$ 1,000	\$ 728	\$ 728	03/07/16	5.95%	06/01/21	N/A	N/A	N/A
Series J	600,000	600,000	1,000	584	584	03/30/21	4.450%	06/01/26	N/A	N/A	N/A
Fixed-to-floating rate/Fixed-rate reset:											
Series F	4,884	4,884	100,000	481	481	10/31/17	5.000%	12/01/27	12/01/27	3MLIBOR ⁽⁵⁾	2.575%
Series G ⁽²⁾	—	24,580	—	—	2,428	04/30/20	—	—	—	—	—
Series H ⁽³⁾	22,267	22,267	100,000	2,200	2,200	12/11/20	4.000%	12/01/30	12/01/30	10-Year Treasury	3.079%
Series I ⁽⁴⁾	20,554	20,554	100,000	2,030	2,030	03/18/21	4.000%	06/01/26	06/01/26	5-Year Treasury	3.168%
Series K ⁽⁴⁾	7,500	7,500	100,000	740	740	03/04/22	5.000%	06/01/27	06/01/27	5-Year Treasury	3.256%
Total preferred stock	1,405,205	1,429,785	\$	6,763	\$ 9,191						

⁽¹⁾ Represented by depository shares.

⁽²⁾ Series G was redeemed on June 2, 2025.

⁽³⁾ The dividend rate for Series H resets on each ten-year anniversary from the first reset date.

⁽⁴⁾ The dividend rate for Series I and Series K resets on each five-year anniversary from the first reset date.

⁽⁵⁾ The reset/floating-rate for Series F will be determined by the calculation agent prior to the commencement of the floating-rate period using what the calculation agent determines to be the industry-accepted substitute or successor base rate to LIBOR.

N/A Not applicable.

Dividends declared on the Company's preferred stock are as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2025		2024		2025		2024	
	Total Declared	Per Share Amount	Total Declared	Per Share Amount	Total Declared	Per Share Amount	Total Declared	Per Share Amount
Series D ⁽¹⁾	\$ 11.2	\$ 14.88	\$ 11.2	\$ 14.88	\$ 33.5	\$ 44.64	\$ 33.5	\$ 44.64
Series F ⁽²⁾	—	—	—	—	12.2	2,500.00	12.2	2,500.00
Series G ⁽³⁾	—	—	33.0	1,343.75	66.0	2,687.50	99.0	4,031.25
Series H ⁽¹⁾	22.2	1,000.00	22.2	1,000.00	66.7	3,000.00	66.7	3,000.00
Series I ⁽¹⁾	20.6	1,000.00	20.6	1,000.00	61.8	3,000.00	61.8	3,000.00
Series J ⁽¹⁾	6.7	11.13	6.7	11.13	20.1	33.39	20.1	33.39
Series K ⁽¹⁾	9.3	1,250.00	9.3	1,250.00	28.1	3,750.00	28.1	3,750.00
Total	\$ 70.0	\$	103.0	\$	288.4	\$	321.4	\$

⁽¹⁾ Dividends paid quarterly.

⁽²⁾ Dividends paid semi-annually until December 1, 2027 and quarterly thereafter.

⁽³⁾ Series G was redeemed on June 2, 2025. Prior to redemption, dividends were paid quarterly. The final dividend was paid on June 2, 2025.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

15. Accumulated Other Comprehensive Income

AOCI represents cumulative gains and losses that are not reflected in earnings. AOCI balances and the components of other comprehensive income (loss) are as follows:

	Total AOCI
Balance at June 30, 2024	\$ (16,936)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of \$577	1,857
Other reclassifications included in other revenue, net of tax expense (benefit) of \$2	8
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of \$134	442
Other ⁽¹⁾	11
Balance at September 30, 2024	\$ (14,618)
Balance at June 30, 2025	\$ (12,591)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of \$173	419
Other reclassifications included in other revenue, net of tax expense (benefit) of \$2	8
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of \$207	338
Derivatives designated as cash flow hedging instruments:	
Net unrealized gain (loss), net of tax expense (benefit) of \$3	8
Reclassifications included in interest revenue, net of tax expense (benefit) of \$7	21
Other ⁽¹⁾	(1)
Balance at September 30, 2025	\$ (11,798)
Balance at December 31, 2023	\$ (18,131)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of \$654	2,153
Other reclassifications included in other revenue, net of tax expense (benefit) of \$7	23
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of \$387	1,336
Other ⁽¹⁾	1
Balance at September 30, 2024	\$ (14,618)
Balance at December 31, 2024	\$ (14,848)
Available for sale securities:	
Net unrealized gain (loss), net of tax expense (benefit) of \$542	1,728
Other reclassifications included in other revenue, net of tax expense (benefit) of \$12	38
Held to maturity securities:	
Amortization of amounts previously recorded upon transfer from available for sale, net of tax expense (benefit) of \$396	1,248
Derivatives designated as cash flow hedging instruments:	
Net unrealized gain (loss), net of tax expense (benefit) of \$(1)	(3)
Reclassifications included in interest revenue, net of tax expense (benefit) of \$11	34
Other ⁽¹⁾	5
Balance at September 30, 2025	\$ (11,798)

⁽¹⁾ Tax expense (benefit) was less than \$500 thousand.

As of September 30, 2025, the total remaining unamortized loss on securities transferred from AFS to HTM included in AOCI was \$8.5 billion net of tax effect (\$11.1 billion pre-tax). This loss is being amortized over the remaining lives of the securities, offsetting amortization of the securities' premiums or discounts, and resulting in no impact to net income.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

16. Earnings Per Common Share

As described in Note 14, TD Bank disposed of all of its common shares of CSC during the first quarter of 2025, including its holdings of nonvoting common stock. As of February 12, 2025, the Company had no remaining nonvoting common stock outstanding and accordingly, no dividends were paid on nonvoting common stock during the nine months ended September 30, 2025.

For the computations of basic and diluted EPS, undistributed net income of the Company was allocated on a proportionate basis to the voting and nonvoting common stock, as the distribution rights of the two classes were identical. Diluted EPS was calculated using the treasury stock method for outstanding stock options and non-vested restricted stock units and the if-converted method for the nonvoting common stock, which assumed conversion of all outstanding nonvoting common stock to common stock. For further details surrounding the EPS computations, see Item 8 – Note 26 in the 2024 Form 10-K.

The computations of basic and diluted EPS for common stock and nonvoting common stock for the three and nine months ended September 30, 2025 are as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2025			2025		
	Common Stock	Nonvoting Common Stock	Consolidated Common Stock	Common Stock	Nonvoting Common Stock	Consolidated Common Stock
Basic earnings per share:						
Numerator						
Net income	\$ 2,358	\$ —	\$ 2,358	\$ 6,373	\$ 20	\$ 6,393
Preferred stock dividends and other ⁽¹⁾	(81)	—	(81)	(342)	(1)	(343)
Net income available to common stockholders	\$ 2,277	\$ —	\$ 2,277	\$ 6,031	\$ 19	\$ 6,050
Denominator						
Weighted-average common shares outstanding—basic	1,806	—	1,806	1,807	51	1,815
Basic earnings per share	\$ 1.26	\$ —	\$ 1.26	\$ 3.33	\$.37	\$ 3.33
Diluted earnings per share:						
Numerator						
Net income available to common stockholders	\$ 2,277	\$ —	\$ 2,277	\$ 6,031	\$ 19	\$ 6,050
Reallocation of net income available to common stockholders as a result of conversion of nonvoting to voting shares	—	—	—	19	—	—
Allocation of net income available to common stockholders:	\$ 2,277	\$ —	\$ 2,277	\$ 6,050	\$ 19	\$ 6,050
Denominator						
Weighted-average common shares outstanding—basic	1,806	—	1,806	1,807	51	1,815
Conversion of nonvoting shares to voting shares	—	—	—	8	—	—
Common stock equivalent shares related to stock incentive plans	5	—	5	5	—	5
Weighted-average common shares outstanding—diluted ⁽²⁾	1,811	—	1,811	1,820	51	1,820
Diluted earnings per share	\$ 1.26	\$ —	\$ 1.26	\$ 3.33	\$.37	\$ 3.33

⁽¹⁾ Includes preferred stock dividends and undistributed earnings and dividends allocated to non-vested restricted stock units.

⁽²⁾ Antidilutive stock options and restricted stock units excluded from the calculation of diluted EPS totaled 9 million and 13 million for the three and nine months ended September 30, 2025, respectively.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

As of September 30, 2024, the Company had voting and nonvoting common stock outstanding. The computations of basic and diluted EPS for the two classes for the three and nine months ended September 30, 2024 are as follows:

	Three Months Ended September 30, 2024		Nine Months Ended September 30, 2024	
	Common Stock	Nonvoting Common Stock	Common Stock	Nonvoting Common Stock
Basic earnings per share:				
Numerator				
Net income	\$ 1,369	\$ 39	\$ 3,988	\$ 114
Preferred stock dividends and other ⁽¹⁾	(106)	(3)	(332)	(9)
Net income available to common stockholders	\$ 1,263	\$ 36	\$ 3,656	\$ 105
Denominator				
Weighted-average common shares outstanding — basic	1,778	51	1,776	51
Basic earnings per share	\$.71	\$.71	\$ 2.06	\$ 2.06
Diluted earnings per share:				
Numerator				
Net income available to common stockholders	\$ 1,263	\$ 36	\$ 3,656	\$ 105
Reallocation of net income available to common stockholders as a result of conversion of nonvoting to voting shares	36	—	105	—
Allocation of net income available to common stockholders:	\$ 1,299	\$ 36	\$ 3,761	\$ 105
Denominator				
Weighted-average common shares outstanding — basic	1,778	51	1,776	51
Conversion of nonvoting shares to voting shares	51	—	51	—
Common stock equivalent shares related to stock incentive plans	5	—	6	—
Weighted-average common shares outstanding — diluted ⁽²⁾	1,834	51	1,833	51
Diluted earnings per share	\$.71	\$.71	\$ 2.05	\$ 2.05

⁽¹⁾ Includes preferred stock dividends and undistributed earnings and dividends allocated to non-vested restricted stock units.

⁽²⁾ Antidilutive stock options and restricted stock units excluded from the calculation of diluted EPS totaled 14 million and 18 million for the three and nine months ended September 30, 2024, respectively.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

17. Regulatory Requirements

At September 30, 2025, CSC and its banking subsidiaries met all of their respective capital requirements. Regulatory capital and ratios for CSC (consolidated) and CSB are as follows:

September 30, 2025	Actual		Minimum to be Well Capitalized		Minimum Capital Requirement	
	Amount	Ratio	Amount	Ratio	Amount	Ratio ⁽¹⁾
CSC						
Common Equity Tier 1 Risk-Based Capital	\$ 36,728	32.8%	N/A		\$ 5,035	4.5%
Tier 1 Risk-Based Capital	43,491	38.9%	N/A		6,714	6.0%
Total Risk-Based Capital	43,552	38.9%	N/A		8,952	8.0%
Tier 1 Leverage	43,491	9.7%	N/A		17,884	4.0%
Supplementary Leverage Ratio	43,491	9.7%	N/A		13,513	3.0%
CSB						
Common Equity Tier 1 Risk-Based Capital	\$ 31,514	40.8%	\$ 5,019	6.5%	\$ 3,475	4.5%
Tier 1 Risk-Based Capital	31,514	40.8%	6,177	8.0%	4,633	6.0%
Total Risk-Based Capital	31,537	40.8%	7,722	10.0%	6,177	8.0%
Tier 1 Leverage	31,514	12.4%	12,694	5.0%	10,155	4.0%
Supplementary Leverage Ratio	31,514	12.3%	N/A		7,684	3.0%
December 31, 2024						
CSC						
Common Equity Tier 1 Risk-Based Capital	\$ 35,995	31.7%	N/A		\$ 5,114	4.5%
Tier 1 Risk-Based Capital	45,186	39.8%	N/A		6,819	6.0%
Total Risk-Based Capital	45,218	39.8%	N/A		9,092	8.0%
Tier 1 Leverage	45,186	9.9%	N/A		18,325	4.0%
Supplementary Leverage Ratio	45,186	9.8%	N/A		13,836	3.0%
CSB						
Common Equity Tier 1 Risk-Based Capital	\$ 32,584	41.7%	\$ 5,079	6.5%	\$ 3,516	4.5%
Tier 1 Risk-Based Capital	32,584	41.7%	6,251	8.0%	4,688	6.0%
Total Risk-Based Capital	32,606	41.7%	7,813	10.0%	6,251	8.0%
Tier 1 Leverage	32,584	11.6%	14,035	5.0%	11,228	4.0%
Supplementary Leverage Ratio	32,584	11.5%	N/A		8,479	3.0%

⁽¹⁾ Under risk-based capital rules, CSC and CSB are also required to maintain additional capital buffers above the regulatory minimum risk-based capital ratios. As of September 30, 2025, CSC was subject to a stress capital buffer of 2.5%. In addition, 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. If a buffer falls below the minimum requirement, CSC and CSB would be subject to increasingly strict limits on capital distributions and discretionary bonus payments to executive officers. At September 30, 2025, the minimum capital ratio requirements for both CSC and CSB, inclusive of their respective buffers, were 7.0%, 8.5%, and 10.5% for Common Equity Tier 1 Risk-Based Capital, Tier 1 Risk-Based Capital, and Total Risk-Based Capital, respectively.

N/A Not applicable.

Based on its regulatory capital ratios at September 30, 2025, CSB is considered well capitalized (the highest category) under its respective regulatory capital rules. There are no conditions or events since September 30, 2025 that management believes have changed CSB's capital category.

CSC's other banking subsidiaries are Charles Schwab Premier Bank, SSB (CSPB) and Charles Schwab Trust Bank (Trust Bank). CSPB is a Texas-chartered state savings bank that provides banking and custody services, and Trust Bank is a Nevada state-chartered savings bank that provides trust and custody services. At September 30, 2025, the balance sheets of CSPB and Trust Bank consisted primarily of investment securities, and the entities held total assets of \$25.1 billion and \$9.7 billion, respectively. Based on their regulatory capital ratios, at September 30, 2025, CSPB and Trust Bank are considered well capitalized under their respective regulatory capital rules.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Net capital and net capital requirements for CS&Co are as follows:

	September 30, 2025	December 31, 2024
CS&Co		
Net capital	\$ 11,977	\$ 11,112
Minimum dollar requirement	0,250	0,250
2% of aggregate debit balances	2,567	2,049
Net capital in excess of required net capital	9,410	9,063

Pursuant to the SEC's Customer Protection Rule and other applicable regulations, Schwab had cash and investments segregated for the exclusive benefit of clients at September 30, 2025. The SEC's Customer Protection Rule requires broker-dealers to segregate client fully-paid securities and cash balances not collateralizing margin positions and not swept to money market funds or bank deposit accounts. Amounts included in cash and investments segregated and on deposit for regulatory purposes represent actual balances on deposit. Cash and cash equivalents included in cash and investments segregated and on deposit for regulatory purposes are presented as part of Schwab's cash balances in the condensed consolidated statements of cash flows.

18. Segment Information

Schwab's two reportable segments are Investor Services and Advisor Services. Schwab structures the operating segments according to its clients and the services provided to those clients. The Investor Services segment provides retail brokerage, investment advisory, and banking and trust services to individual investors, and retirement plan and business services, as well as other corporate brokerage services, to businesses and their employees. The Advisor Services segment provides custodial, trading, banking and trust, and support services to independent RIAs, independent retirement advisors, and recordkeepers. Revenues and expenses are attributed to the two segments based on which segment services the client. Schwab's chief operating decision makers (CODMs) are the President and Chief Executive Officer, and the Managing Director and Chief Financial Officer.

The accounting policies of the segments are the same as those described in Item 8 – Note 2 in the 2024 Form 10-K. For the computation of its segment information, Schwab utilizes an activity-based costing model to allocate traditional income statement line item expenses (e.g., compensation and benefits, depreciation and amortization, and professional services) to the business activities driving segment expenses (e.g., client service, opening new accounts, or business development) and a funds transfer pricing methodology to allocate certain revenues.

The CODMs evaluate the performance of the segments on a pre-tax basis and use income before taxes on income to allocate resources, including employees and capital, to the segments during the annual budgeting process. The CODMs consider budget-to-actual variances on a monthly basis when making decisions about allocating resources to the segments throughout the year. Segment assets and liabilities are not used for evaluating segment performance or in deciding how to allocate resources to segments. There are no revenues from transactions between the segments.

THE CHARLES SCHWAB CORPORATION
Notes to Condensed Consolidated Financial Statements
(Tabular Amounts in Millions, Except Per Share Data, Ratios, or as Noted)
(Unaudited)

Financial information for the segments is presented in the following table ⁽¹⁾:

Three Months Ended September 30,	Investor Services		Advisor Services		Total	
	2025	2024	2025	2024	2025	2024
Net Revenues						
Net interest revenue	\$ 2,424	\$ 1,777	\$ 626	\$ 445	\$ 3,050	\$ 2,222
Asset management and administration fees	1,221	1,074	452	402	1,673	1,476
Trading revenue	906	710	89	87	995	797
Bank deposit account fees	196	118	51	34	247	152
Other	136	169	34	31	170	200
Total net revenues	4,883	3,848	1,252	999	6,135	4,847
Expenses Excluding Interest						
Compensation and benefits	1,284	1,169	369	353	1,653	1,522
Professional services	235	202	58	54	293	256
Occupancy and equipment	220	211	60	60	280	271
Advertising and market development	60	59	41	42	101	101
Communications	105	103	44	44	149	147
Depreciation and amortization	161	175	51	56	212	231
Amortization of acquired intangible assets	104	105	23	25	127	130
Regulatory fees and assessments	51	70	8	18	59	88
Other	207	221	33	38	240	259
Total expenses excluding interest	2,427	2,315	687	690	3,114	3,005
Income before taxes on income	\$ 2,456	\$ 1,533	\$ 565	\$ 309	\$ 3,021	\$ 1,842

Nine Months Ended September 30,

Net Revenues						
Net interest revenue	\$ 6,826	\$ 5,279	\$ 1,752	\$ 1,334	\$ 8,578	\$ 6,613
Asset management and administration fees	3,479	3,050	1,294	1,157	4,773	4,207
Trading revenue	2,563	2,115	292	276	2,855	2,391
Bank deposit account fees	581	378	158	110	739	488
Other	514	479	126	99	640	578
Total net revenues	13,963	11,301	3,622	2,976	17,585	14,277
Expenses Excluding Interest						
Compensation and benefits	3,760	3,480	1,101	1,030	4,861	4,510
Professional services	680	602	173	154	853	756
Occupancy and equipment	647	610	177	174	824	784
Advertising and market development	194	191	111	105	305	296
Communications	338	321	140	139	478	460
Depreciation and amortization	488	546	156	146	644	692
Amortization of acquired intangible assets	314	339	71	50	385	389
Regulatory fees and assessments	183	240	42	69	225	309
Other	618	583	113	111	731	694
Total expenses excluding interest	7,222	6,912	2,084	1,978	9,306	8,890
Income before taxes on income	\$ 6,741	\$ 4,389	\$ 1,538	\$ 998	\$ 8,279	\$ 5,387

⁽¹⁾ In connection with certain changes in Schwab's organizational management structure, in the fourth quarter of 2024, the Retirement Business Services business unit was transferred from the Advisor Services segment to the Investor Services segment. Accordingly, amounts related to the Retirement Business Services business unit are included within Investor Services for the third quarter and nine months ended September 30, 2025, and prior-year amounts have been recast to reflect this new basis of segmentation.

19. Subsequent Events

On November 6, 2025, Schwab announced that it has entered into a definitive agreement to acquire Forge Global Holdings, Inc. (Forge), operator of a leading private market platform and trading marketplace, in a transaction valued at approximately \$660 million. The Company anticipates that incorporating Forge's private markets capabilities will enhance Schwab's ability to meet the evolving needs of investors across our growing client base. The transaction is expected to close in the first half of 2026, subject to customary closing conditions, including approval by Forge's stockholders and regulatory approvals.

THE CHARLES SCHWAB CORPORATION

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures: The management of the Company, with the participation of the Company’s Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of September 30, 2025. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer have concluded that the Company’s disclosure controls and procedures were effective as of September 30, 2025.

Changes in internal control over financial reporting: No change in the Company’s internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) was identified during the quarter ended September 30, 2025, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a discussion of legal proceedings, see Part I – Item 1 – Note 10.

Item 1A. Risk Factors

During the first nine months of 2025, there have been no material changes to the risk factors in Part I – Item 1A – Risk Factors in the 2024 Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

On July 27, 2022, CSC publicly announced that its Board of Directors authorized the repurchase of up to \$15.0 billion of common stock. On July 24, 2025, CSC publicly announced that its Board of Directors terminated the existing share repurchase authorization and replaced it with a new authorization to repurchase up to \$20.0 billion of common stock. The new authorization does not have an expiration date. See also Part I – Item 1 – Note 14.

The following table summarizes purchases made by or on behalf of CSC of its common stock for each calendar month in the third quarter of 2025 (in millions, except number of shares, which are in thousands, and per share amounts):

Month	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Publicly Announced Program
July:				
Share repurchase program	—	\$ —	—	\$ 20,000
Employee transactions ⁽¹⁾	15	\$ 91.22	N/A	N/A
August:				
Share repurchase program	13,773	\$ 96.55	13,773	\$ 18,670
Employee transactions ⁽¹⁾	18	\$ 97.97	N/A	N/A
September:				
Share repurchase program	15,136	\$ 93.80	15,136	\$ 17,250
Employee transactions ⁽¹⁾	2	\$ 95.12	N/A	N/A
Total:				
Share repurchase program	28,909	\$ 95.11	28,909	\$ 17,250
Employee transactions ⁽¹⁾	35	\$ 95.01	N/A	N/A

⁽¹⁾ Includes restricted shares withheld (under the terms of grants under employee stock incentive plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. CSC may receive shares delivered or attested to pay the exercise price and/or to satisfy tax withholding obligations by employees who exercise stock options granted under employee stock incentive plans, which are commonly referred to as stock swap exercises.

N/A Not applicable.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended September 30, 2025, no director or officer of the Company adopted or terminated a Rule 10b5-1 or non-Rule 10b5-1 trading arrangement as defined in Item 408 of Regulation S-K.

THE CHARLES SCHWAB CORPORATION

Item 6. Exhibits

The following exhibits are filed as part of this Quarterly Report on Form 10-Q:

Exhibit Number	Exhibit	
31.1	Certification Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.	
31.2	Certification Pursuant to Rule 13a-14(a)/15d-14(a), As Adopted Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002.	
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.	(1)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002.	(1)
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	(2)
101.SCH	Inline XBRL Taxonomy Extension Schema	(2)
101.CAL	Inline XBRL Taxonomy Extension Calculation	(2)
101.DEF	Inline XBRL Extension Definition	(2)
101.LAB	Inline XBRL Taxonomy Extension Label	(2)
101.PRE	Inline XBRL Taxonomy Extension Presentation	(2)
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	
(1)	<i>Furnished as an exhibit to this Quarterly Report on Form 10-Q.</i>	
(2)	<i>Attached as Exhibit 101 to this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2025 are the following materials formatted in Inline XBRL (Extensible Business Reporting Language) (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.</i>	

THE CHARLES SCHWAB CORPORATION

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE CHARLES SCHWAB CORPORATION
(Registrant)

Date: November 7, 2025

/s/ Michael Verdeschi
Michael Verdeschi
Managing Director and Chief Financial Officer