Introduction

Rich Fowler
Senior Vice President, Investor Relations
Presenters

Walt Bettinger
President and Chief Executive Officer

Joe Martinetto
Senior Executive Vice President and Chief Operating Officer

Neesha Hathi
Executive Vice President and Chief Digital Officer

Rick Wurster
Executive Vice President, Schwab Asset Management Solutions

Jonathan Craig
Senior Executive Vice President, Investor Services and Marketing

Catherine Golladay
Executive Vice President, Workplace Financial Services

Stacy Hammond
Senior Vice President, Acquisition and Enterprise Marketing

Bernie Clark
Executive Vice President, Advisor Services

Peter Crawford
Executive Vice President and Chief Financial Officer
<table>
<thead>
<tr>
<th></th>
<th>Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Walt Bettinger, Strategic Update</td>
</tr>
<tr>
<td>2</td>
<td>Joe Martinetto, Scale and TD Ameritrade Integration</td>
</tr>
<tr>
<td>3</td>
<td>Neesha Hathi, Accelerating Schwab’s Digital Transformation</td>
</tr>
<tr>
<td>4</td>
<td>Rick Wurster, Schwab Asset Management Solutions (SAMS) Update</td>
</tr>
</tbody>
</table>

15 Minute Break at 9:55 a.m.

| 5 | Jonathan Craig, Retail Update                                          |
| 6 | Catherine Golladay, Workplace Financial Services (WFS) Update         |
| 7 | Stacy Hammond, Retail Client Acquisition                               |
| 8 | Bernie Clark, Advisor Services Update                                  |

5 Minute Break at 11:40 a.m.

| 9 | Peter Crawford, Financial Review and 2021 Outlook                      |

*All time are PST*
Question and Answer Segments

Q&A Reminders

▪ Please plan to submit all questions via the console located on the upper right-hand side of your webcast screen.

▪ Questions can be submitted during each speaker’s prepared remarks as well as during the live Q&A sessions.

▪ For any additional questions, please email the Schwab Investor Relations team: InvestorRelations.Sfo@schwab.com
Forward Looking Statements

This presentation contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements that refer to expectations, projections or other characterizations of future events or circumstances and are identified by words such as “believe,” “expect,” “will,” “may,” “should,” “could,” “continue,” “growth,” “remain,” “drive,” “sustain,” “enhance,” “estimate,” “anticipate,” “potential,” “target,” “on track,” “objective,” “deliver,” “outcome,” “build,” “plan,” “commitment,” “position,” “lead,” “consistent,” “investment,” “outlook,” “improve,” “opportunity,” “maintain,” “assumptions,” “illustrative,” “focus,” “trajectory,” and other similar expressions.

These forward-looking statements relate to: the company's “Through Clients' Eyes” Strategy and no trade-offs approach; positioning; key initiatives to add scale, win-win monetization, and client segmentation; the company's views of themes relating to broad trends, client views, and the competitive landscape; opportunities; investments to fuel and support growth, serve clients, and drive scale and efficiency; the integration of TD Ameritrade and the timing and amount of expense and revenue synergies; digital transformation; growth in the client base, client accounts and assets; the launch of personalized investing solutions; the company's views of themes relating to broad trends, client views and the competitive landscape; market share; RIA growth; disruptive actions; growth in revenues, earnings, and profits; stockholder value; BDA migration and synergy opportunities; technology strategy to improve scale, resiliency and digital readiness; capital returns to stockholders; demand for financial advice; momentum; financial formula; Tier 1 Leverage Ratio operating objective; 2021 outlook, including underlying assumptions, investor behavioral drivers, and illustrative financial outcomes; capital expenditures; expense growth; net interest margin; estimated revenue impact from revenue sensitivities; investor engagement; 2021 transaction-related adjustments; capital management; balancing near-term profit against long-term value creation; and share repurchases.

These forward-looking statements, which reflect management's beliefs, objectives, and expectations as of today, are estimates based on the best judgment of the company's senior management. Achievement of the expressed beliefs, expectations, and objectives is subject to risks and uncertainties that could cause actual results to differ materially from those beliefs, expectations, or objectives. Important factors that may cause such differences are discussed in the company's filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Other important factors include the company's ability to develop and launch new and enhanced products, services, and capabilities, as well as enhance its infrastructure, in a timely and successful manner; client use of the company's advisory solutions and other products and services; the company's ability to support client activity levels; the ability to develop and launch new and enhanced products, services, and capabilities, as well as enhance its infrastructure, in a timely and successful manner; capital and liquidity needs and management; the company's ability to manage expenses; the migration of BDA balances; client liquidity needs; capital; asset-liability management considerations; daily average trades; margin balances; balance sheet cash; integration-related and other technology projects; prepayment speeds for mortgage-backed securities; investment yields; interest earning asset mix and growth; securities lending; market volatility; client service levels; the scope and duration of the COVID-19 pandemic and actions taken by governmental authorities to contain the spread of the virus and the economic impact; regulatory guidance; the effect of adverse developments in litigation or regulatory matters and the extent of any charges associated with legal matters; and any adverse impact of financial reform legislation and related regulations. The information in this presentation speaks only as of February 2, 2021 (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.
Our unwavering commitment to seeing through clients’ eyes keeps us well-positioned regardless of the environment.

- Schwab’s core strategy and “no trade-offs” approach resonated with both investors and independent advisors in 2020 as we helped them navigate unprecedented challenges.

- Our consistent focus enabled us to deliver solid results, while also pushing forward on key initiatives to add scale, unlock client-friendly monetization opportunities, and bolster our ability to meet specific needs across segments.

- We’ve identified key trends we believe will shape the investing landscape; they’ll help guide our actions as we pursue the tremendous growth opportunities still ahead of us.
The 2020 environment was unique, creating both uncertainty and opportunity for investors,…

As the impact of COVID-19 began to escalate in early March – volatility spiked and sentiment turned bearish.

After the initial pandemic-induced slide, equity markets recovered and achieved new heights – including record IPOs.

Note: IPO = Initial public offering. S&P®, VIX®, and AAII® % Bull-Bear Spread data shown 12/31/2019 through 12/31/2020. AAII® = The American Association of Individual Investors. 1. % Bull-Bear Spread is calculated as the difference between the percentage of weekly survey respondents denoting negative versus positive stock market sentiment for the next six months.
...and we were honored that a growing number of clients entrusted us with their financial futures.

Core Net New Assets ($B) and Annualized Organic Growth Rate (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$126</td>
<td>$199</td>
<td>$228</td>
<td>$212</td>
<td>$282</td>
</tr>
<tr>
<td>Organic Growth Rate (%)</td>
<td>5%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Mutual Fund Clearing</td>
<td>$1,093</td>
<td>$1,441</td>
<td>$1,576</td>
<td>$1,568</td>
<td>$3,027</td>
</tr>
<tr>
<td>IS and AS (ex-Mutual Fund Clearing)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Brokerage Accounts (K)</td>
<td>1,441</td>
<td>1,576</td>
<td>1,568</td>
<td>3,027</td>
<td></td>
</tr>
</tbody>
</table>

TDA Contribution to FY 2020

- Core net new assets: $27.2B
- Total client assets: $1.8T
- Active brokerage accounts: 14.9M

Note: TDA = TD Ameritrade. Core net new assets = net new assets before significant one-time flows, such as acquisitions/divestitures or extraordinary flows (generally greater than $10 billion) relating to a specific client. These flows may span multiple reporting periods. 1. 2020 gross new brokerage accounts exclude 1.1 million accounts and 14.5 million accounts directly acquired as part of the USAA and TD Ameritrade transactions, respectively. 2. TDA contribution to FY20 results are from October 6, 2020 forward.
Client engagement was strong across our diverse set of products and solutions,...

2020 vs. 2019

Elevated Trading\(^1\)
- Schwab: 100%+
- TDA: 240%+

21\% growth in proprietary ETFs

31\% bank loan growth

~40\% increase in Investor Services advisory assets\(^2\)

Note: ETF = Exchange-traded fund. 1. Based on Daily Average Trades (DATs). TDA trading activity is based on standalone TDA 2020 vs. 2019. 2. Retail advisory assets includes existing Schwab advice solutions plus advice solution balances incorporated as part of the USAA and TD Ameritrade acquisitions.
...as they utilized our omni-channel service model at record levels.

Our client service teams handled record call volumes, driven by more involved new account and trading-related conversations.

Clients also engaged with our digital channels more than ever.

Servicing these extraordinary volumes was made possible by the hard work and dedication of our employees.

We delivered solid financial results against a challenging backdrop,...

### Revenue ($B)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue ($B)</th>
<th>TDA revenue contribution¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$7.5</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>$8.6</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>$10.1</td>
<td>+56%</td>
</tr>
<tr>
<td>2019</td>
<td>$10.7</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>$11.7</td>
<td></td>
</tr>
</tbody>
</table>

### Pre-tax Profit Margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>40.0%</td>
</tr>
<tr>
<td>2017</td>
<td>42.4%</td>
</tr>
<tr>
<td>2018</td>
<td>45.0%</td>
</tr>
<tr>
<td>2019</td>
<td>45.2%</td>
</tr>
<tr>
<td>2020</td>
<td>36.8%</td>
</tr>
</tbody>
</table>

### Return on Equity (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on Equity (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>14%</td>
</tr>
<tr>
<td>2017</td>
<td>15%</td>
</tr>
<tr>
<td>2018</td>
<td>19%</td>
</tr>
<tr>
<td>2019</td>
<td>19%</td>
</tr>
<tr>
<td>2020</td>
<td>15%</td>
</tr>
</tbody>
</table>

### Diluted Earnings Per Share ($)

<table>
<thead>
<tr>
<th>Year</th>
<th>Diluted Earnings Per Share ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1.31</td>
</tr>
<tr>
<td>2017</td>
<td>$1.61</td>
</tr>
<tr>
<td>2018</td>
<td>$2.45</td>
</tr>
<tr>
<td>2019</td>
<td>$2.67</td>
</tr>
<tr>
<td>2020</td>
<td>Adjusted¹ $2.12</td>
</tr>
</tbody>
</table>

Note: ROTCE = Return on tangible common equity. ¹ Full-year 2020 results include TD Ameritrade from October 6, 2020 forward; adjusted measures, including ROTCE, exclude acquisition and integration-related costs as well as the amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133–136 of this presentation as well as within our 4Q20 Earnings Release.
…while pushing ahead on key strategic initiatives.

**Scale and Efficiency**
Digital efforts, organic asset growth, disciplined approach to M&A

- Completed TD Ameritrade transaction
- Completed USAA transaction
- New digital capabilities

**Win-Win Monetization**
Client-focused solutions, supporting sustainable asset-based fees and revenue diversification

- Completed Wasmer Schroeder transaction
- Completed Motif asset purchase
- Third-party fee arrangements

**Client Segmentation**
Enhanced product and service capabilities for more affluent clients within both the Retail and RIA channels

- Completed Motif asset purchase
- High net worth Services

Note: M&A = Mergers and Acquisitions.
We remain focused on our commitment to clients, while continuing to build the future of modern wealth management.

The further evolution of industry trends informs our near-term priorities.

**Scale & Efficiency**
- Advance transaction integration efforts
- Continue technology and digital evolution
- Support business growth

**Win-Win Monetization**
- Launch personalized investing solutions
- Enhance fixed income offering
- Third-party fee arrangements

**Client Segmentation**
- Deliver tailored experiences to Retail and RIA clients
- Provide specialized lending solutions
- Empower self-directed traders and investors

Note: RIAs = Registered Investment Advisors.
Schwab is well-positioned to benefit from the themes we believe will shape the next decade of investing,...
Schwab is well-positioned to benefit from the themes we believe will shape the next decade of investing,…

**Broad Trends**

- **Client relationships and trust matter more than investment products.** Firms with trusted end-client relationships will gain market share.

- **Active management will gather flows in certain asset classes, but various forms of low-cost indexing will capture the majority of client asset flows.**

- **Pandemic-level trading volumes are not sustainable.** Over time, retail trading volumes will moderate, but at higher levels than in the 2010s due to lower costs and ease of access.

- **Although brand still matters, brand alone won’t ensure retention** as investors are more willing than ever to change providers in search of lower cost, better service, solution breadth, and greater transparency.
Schwab is well-positioned to benefit from the themes we believe will shape the next decade of investing,…

Client Views

- Clients will no longer accept compromises or trade-offs. Their core expectations include omni-channel service, availability of live interactions, digital solutions, great value, and financial stability from their providers.

- Client service expectations are formed by experiences often outside the investment industry – they expect service in the unique channel they want to engage in at that moment, that meets their needs, while respecting their time and offering ease of use.

- Although investment performance matters, the concept of “beating the market” has largely given way to a client focus on achieving investment goals via financial planning, asset allocation, tax efficiency, and low-cost investing.

- Personalized investing that reflects each investor’s unique situation, values, and aspirations will become the norm – driven by technology, direct indexing, thematic investing, interest in ESG investing, and fractional share offerings.

- Active trading is an important investment strategy for many investors. These investors expect access to quality platforms, value-added insights, great pricing, and strong risk management tools.

- As a result of corporate fiduciary risks, 401(k) plan sponsors will grow ever more fee conscious while their paternalistic drive will ensure they look for ways to deliver more personalized advice and broader financial wellness to their employees.
<table>
<thead>
<tr>
<th>Competitive Landscape</th>
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<tbody>
<tr>
<td>▪ Scale will play an increasingly large role in determining the “winners”, as costs related to digital capabilities, omni-channel service, cyber security, compliance, and regulatory oversight challenge the operational efficiency of sub-scale firms.</td>
</tr>
<tr>
<td>▪ Investors will consider consolidation for convenience or preferential pricing/service, resulting in market share gains for firms with scale and broad capabilities.</td>
</tr>
<tr>
<td>▪ Large banks will compete aggressively for wealth management clients, increasingly utilizing balance sheet products as relationship levers.</td>
</tr>
<tr>
<td>▪ Firms offering world class relationships, live and digital advice and service, and great value will gain market share.</td>
</tr>
<tr>
<td>▪ Independent registered investment advisors will continue to grow faster than the industry overall due to an acceleration of brokers turning independent and affluent consumers expectations for transparency and a fiduciary standard experience.</td>
</tr>
<tr>
<td>▪ Fiduciary standard advice, fee transparency, and downward pressure on advisory fees will become “cost of entry” and represent an increasing challenge to traditional brokerage firms' growth and retention of their top brokers.</td>
</tr>
</tbody>
</table>

Schwab is well-positioned to benefit from the themes we believe will shape the next decade of investing,...
...giving us confidence that there is still plenty of opportunity ahead of us.

The combination of our competitive advantages and Virtuous Cycle, along with our ‘Through Clients’ Eyes’ strategy,...

...should enable us to continue attracting more retail investors and independent advisors.

Size and Scale

Operating Efficiency

Service Culture

Operating Structure

Brand and Corp. Reputation

Willingness to Disrupt

Our unwavering commitment to seeing through clients’ eyes keeps us well-positioned regardless of the environment.

- Schwab’s core strategy and “no trade-offs” approach resonated with both investors and independent advisors in 2020 as we helped them navigate unprecedented challenges.

- Our consistent focus enabled us to deliver solid results, while also pushing forward on key initiatives to add scale, unlock client-friendly monetization opportunities, and bolster our ability to meet specific needs across segments.

- We’ve identified key trends we believe will shape the investing landscape; they’ll help guide our actions as we pursue the tremendous growth opportunities still ahead of us.
Q&A
Scale and TD Ameritrade Integration

Joe Martinetto
Senior Executive Vice President and Chief Operating Officer
Recent acquisitions have complemented Schwab’s growth across accounts, assets, and capabilities.

**Completed May 2020**
- **+1M** New Accounts
- **+$80B** Client Assets

**Completed June 2020**
- **WASMER SCHROEDER**
  - Provider of fixed income SMAs
- **+ Intellectual Property and Thematic Investing Capabilities**

**Completed July 2020**
- **+$10.7B** Client Assets

**Completed October 2020**
- **+14.5M** New Accounts
- **+$1.6T** Client Assets
- **+1M** Daily Avg. Trades
- **New Platforms and Capabilities**

The TDA integration remains on track to deliver expected expense and revenue synergies over the first three years.

We will achieve 25-35% of our $1.8-2.0 billion expense synergy target within the first year of TDA deal close by eliminating further redundancies as we continue to run separate broker dealers through Client Day 1 (18-36 months). We will revise revenue synergy projections as appropriate over time, beginning with a more positive outlook than the deal model initially assumed on order routing revenue.

- Continued team consolidations, redeployment of TDA staff to Schwab roles, and real estate footprint optimization while maintaining client experience
- Gradual ramp-down of TDA marketing, advertising, and media spend without jeopardizing asset acquisition efforts
- Migration of IDA balances to Schwab Bank beginning in July
- Q2 transition to a more harmonized order routing model with continued focus on execution quality

Further reduction in outside vendor and consulting expenditures

Note: IDA = Insured Deposit Account.
We continue to implement our strategy to scale technology in support of sustained growth,...

**Updated Software**
Reduce architectural complexity while implementing modern code ready for cloud

**Modern Hosting**
Leverage public and private cloud capabilities to reduce reliance on mainframe and dedicated environments

**Enhanced Data Centers**
Improve resiliency across new Data Center ‘at distance’ as well as public cloud

Simplification & Standardization to improve **scale**, **resiliency**, and **digital readiness**
...landing in a scalable hybrid environment that is more secure, resilient, and efficient.

Cloud computing, whether internally or third party hosted: optimizes infrastructure utilization and automates processes, allowing for on-demand resource provisioning

Key Benefits of Moving to Cloud-based Environments

- Increased data safety and security
- Instant software, security, and hardware updates
- New Capabilities (e.g., machine learning)
- Reduced capital expenditure; no setup or fixed infrastructure costs
- Pay-for-use model pairs demand with capacity expense

Security & Resiliency

Efficiency
We are activating three efficiency drivers to build the scale required to support TDA volume and deliver on synergies.

<table>
<thead>
<tr>
<th>Efficiency Drivers</th>
<th>Increase Digital Self-Service</th>
<th>Maximize Process Automation</th>
<th>Optimize Human Service &amp; Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levers &amp; Tools</td>
<td>• Evolve policies to reduce paper acceptance and encourage clients to utilize digital channels</td>
<td>• Automate processes in-house to reduce processing times</td>
<td>• Intelligent routing of processing issues to optimal resolution path</td>
</tr>
<tr>
<td></td>
<td>• Provide visibility into transaction status, allowing clients to self-service on demand</td>
<td>• Increase scale while limiting reliance on manual labor</td>
<td>• Engage client/advisor for appropriate self resolution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Complement efforts with third party vendors with specialized expertise</td>
<td>• Reserve rep intervention for resolving true issues requiring subject matter expertise</td>
</tr>
<tr>
<td>Examples of Recent Wins</td>
<td>Transaction status available to clients for inbound asset transfers, expected to reduce related calls by 10%</td>
<td>Processing ~80% of inbound bank wires with no human touch</td>
<td>Reduced manual research and routing of processing issues by 67% for Account Open &amp; Maintenance functions, providing flex staffing capacity</td>
</tr>
<tr>
<td></td>
<td>Supported 52% increase in new account verification in 2020 with no add to staff from 2019</td>
<td>Applied Optical Character Recognition technology to 75% of our top utilized forms to enable automation of paper form processing</td>
<td></td>
</tr>
</tbody>
</table>
Q&A
Winter Business Update
Accelerating Schwab’s Digital Transformation

Neesha Hathi
Executive Vice President and Chief Digital Officer
Our digital transformation journey began a few years ago and has positioned us well during the pandemic.

Digital transformation objectives

- **Create a seamless, multi-channel experience**, removing friction and making Schwab “easy to do business with”
- **Reduce the cost** of serving our clients, to allow us to continue to reduce prices and make disrupting investments
- **Drive growth and innovation** that widens our scale advantage and allows us to reinvest in the business, while also rewarding employees and stockholders
We’ve delivered hundreds of client experience enhancements that also improve operating efficiency for Schwab.

Efficiency & Scale

Retail onboarding
92% of accounts opened online and 11% decline in call ratios YoY

Mobile
300+ releases to enhance capabilities and experiences

Innovation & Growth

Digital planning
18,000+ free digital financial plans initiated

Schwab Stock Slices™
~100K households; average age 45

Select Highlights

Retail investors

Digital account open
40,000+ accounts opened online; <4% not-in-good-order delays

Status
“Action Needed”
There are errors that need to be addressed.

Advisors

Third-party integration
160+ providers to choose from

Schwab Advisor Portfolio Connect™
1,600+ firms using free portfolio management

Note: YoY = Year-over-year.
In 2020, we saw a significant increase in digital engagement across retail investors...

- **Total logins**:
  - 670M 3 yr ago
  - 740M 2 yr ago
  - 1.1B in 2020

- **Schwab.com**:
  - 6.3M unique users
  - +32% YoY

- **Retail app**:
  - 2.6M unique users
  - +54% YoY

- **Messages**:
  - 1.1B messages
  - +83% YoY

- **Emails**: 870M
- **Push**: 230M
- **SMS**: 50M
- **Message Center**: 14M

- **Chat sessions**:
  - 1.6M
  - +29% YoY

- **Unique users**:
  - 1M
  - +25% YoY

- **Accounts**
  - 3x Account Open
  - 2.5x Move Money
  - 4.2x Trades

Dec. 2020 vs. Dec. 2019

- **Schwab**: 1.1M Trades per day; 24% of trades on mobile
- **TDA**: 3.2M TDA Trades per day; 35% of trades on mobile

Note: Yr = Year. M = Millions. B = Billions.
...along with advisors and their clients, who increasingly leveraged our growing suite of digital capabilities.

<table>
<thead>
<tr>
<th>Schwab</th>
<th>TD Ameritrade</th>
</tr>
</thead>
<tbody>
<tr>
<td>74% increase in new accounts opened digitally</td>
<td>62% increase in new accounts opened digitally</td>
</tr>
<tr>
<td><strong>Almost half</strong> of client-approved wire transfers used eAuthorization (+18% YoY)</td>
<td>Advisor usage increased <strong>20%</strong>, with <strong>120%</strong> increase in equity trades</td>
</tr>
<tr>
<td>&gt;20% adoption across 16 new digital actions</td>
<td><strong>550 firms</strong> using Model Market Center, with $6B in program assets</td>
</tr>
<tr>
<td>40% increase in API usage across 3,000 firms (11M total in 2020)</td>
<td><strong>Successful migration</strong> to Veo One and Advisorclient.com for existing firms and their clients</td>
</tr>
</tbody>
</table>

Note: API = Application programming interface.
As the world begins to see the benefits of COVID-19 vaccines, some digital trends are likely to stick.

The leap in digital adoption is here to stay.

“The leap in digital adoption is here to stay.”

The demand for financial advice will continue to grow; both digital and human interaction are key.

“Client satisfaction doubles when both digital and human interaction are used.”

Investors will seek out more personalized experiences.

“48% of retail investors would be willing to pay more for personalized financial products and services.”

We plan to introduce offers that enable clients to further personalize their investing to fit their individual needs, preferences, and circumstances.

**What is Thematic Investing?**
Thematic Investing lets our clients easily invest in ideas that they believe in.

**Benefits**
- **Access to New Investing Ideas**
  Investing can range from tech trends like “the rise of artificial intelligence” to ESG trends like “climate change”
- **Algorithm-led Automation**
  Data science-driven research platform that regularly updates themes
- **Ability to Personalize**
  Customize weights or holdings to reflect client’s unique goals
- **Accessible to Any Investor**
  Low minimums; invest in dollar amounts with fractional shares

**Features**
- Searchable catalog of investing ideas made up of intelligently-weighted baskets of stocks
- Intuitive theme pages that offer descriptions and clear views of holdings and performance
- Streamlined ability to trade a group of stocks
- Uses proprietary algorithms to mine terabytes of data to find stocks with exposure to a specific theme/trend
- Fee-based with low minimums
- Powered by technology from our Motif acquisition

Who is the design target?
Self-directed Full service
Appendix

Important Information:

All expressions of opinion are subject to change without notice in reaction to shifting market conditions. Data contained herein from third-party providers is obtained from what are considered reliable sources. However, its accuracy, completeness or reliability cannot be guaranteed. Supporting documentation for any claims or statistical information is available upon request.

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Winter Business Update
SAMS Update

Rick Wurster
Executive Vice President, Schwab Asset Management Solutions
We have unified numerous entities to deliver for our clients.
SAMS provides knowledge, products and solutions to help meet our clients’ investment needs.

**Knowledge**
Provides over 2,000 pieces\(^1\) of content on timely and relevant investment research and financial planning support

**Platform and Products**
Manages platforms where investors can access thousands of investment products

- Support $2.3T\(^2\) of 3rd Party Products: Mutual Funds, ETFs, fixed income securities, separately managed accounts, annuities, and alternative products
- Schwab-managed products exceed $600B\(^2,3\) in AUM: Money Funds, Exchange Traded Funds, mutual funds, and separately managed accounts

**Solutions**
Provides advisory services, investment research, discretionary portfolio management and decision-making tools, including $148B in Schwab’s private wealth management offering\(^2,4\)

Note: 1. As of 12/31/20 for trailing 12 months. 2. As of 12/31/20. Fixed income assets as of 11/30/20 due to data availability. 3. Excludes affiliated products from fund of fund products and managed investing offers. 4. Schwab Private Client includes portions of MAS Advised, ThomasPartners, Windhaven, SMP and UMP and invests in Schwab-managed mutual funds and ETFs, as well as products contained on the 3rd Party platform.
While assets have grown ~60% since 2016, fee compression has kept revenue relatively flat.

Note: Revenue and ROCA calculations reflect impact of TDA from October 6, 2020 forward. For 1, 2, 3, and 4 please see appendix on slide 55 for more detail.
Actions over the past year have positioned us for future growth.
Our 2021 initiatives support Schwab’s objectives of building scale, client-friendly monetization, and supporting client segments.
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- **TDA Integration**
- **Personalized Investing**
- **Fixed Income Expansion**
- **Operating Platform Modernization**
- **Wealth Management Growth**
- **3rd Party Platform Enhancements**

**Scale**
- ✓
- ✓
- ✓
- ✓
- ✓
- ✓

**Win–Win Monetization**
- ✓
- ✓
- ✓
- ✓
- ✓
- ✓

**Segmentation**
- ✓
- ✓
- ✓
- ✓
- ✓
- ✓

Charles Schwab Corporation
Schwab Asset Management Solutions
Q&A

Neesha Hathi
Executive Vice President
and Chief Digital Officer

Rick Wurster
Executive Vice President,
Schwab Asset Management Solutions
Appendix

Slide 45: 1. Beginning in the fourth quarter of 2019, Schwab ETF OneSource™ was discontinued as a result of the elimination of online trading commissions for U.S. and Canadian-listed ETFs. 2. Advice solutions include managed portfolios, specialized strategies, and customized investment advice such as Schwab Private Client™, Schwab Managed Portfolios™, Managed Account Select®, Schwab Advisor Network®, Windhaven® Strategies, ThomasPartners® Strategies, Schwab Index Advantage® advised retirement plan balances, Schwab Intelligent Portfolios®, Institutional Intelligent Portfolios®, and Schwab Intelligent Portfolios Premium™; as well as legacy non-fee advice solutions including Schwab Advisor Source and certain retirement plan balances. Average client assets for advice solutions may also include the asset balances contained in the mutual fund and/or ETF categories listed above. 3. Includes various asset-related fees, such as trust fees, 401(k) recordkeeping fees, and mutual fund clearing fees and other service fees. 4. Includes miscellaneous service and transaction fees relating to mutual funds and ETFs that are not balance-based.
Winter Business Update
Break
Retail Update

Jonathan Craig
Senior Executive Vice President, Investor Services and Marketing
2020 was a year of significant accomplishments for the Schwab Retail business.

<table>
<thead>
<tr>
<th>Launched New Capabilities Across the Client Spectrum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schwab Intelligent Income™</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expanded Schwab Dedicated Client Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Branch Expansion</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment in Largely Self-Directed Ultra High Net Worth Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch of Wealth Services Team</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Continued Investment in Client Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Launch of Virtual Assistant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Historic M&amp;A and Integration for the Firm</th>
</tr>
</thead>
<tbody>
<tr>
<td>USAA</td>
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</table>

<table>
<thead>
<tr>
<th>Implemented Major Regulatory Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation Best Interest</td>
</tr>
</tbody>
</table>

All achieved in the context of a challenging and dynamic external environment.

Note: UHNW = Ultra high net worth
We also made significant progress blending the Schwab and TDA branch networks.

Meaningful opportunity to consolidate branch footprint...

Schwab and TDA standalone branch locations

- Schwab branch locations
- TDA branch locations

Meaningful opportunity to consolidate branch footprint...

- Schwab and TDA standalone branch locations

...being implemented with a clear set of guiding principles...

- Move quickly to minimize disruption and achieve synergy realization
- Choose most modern branches in best locations
- Co-locate where it makes sense through the transition
- Maximize client coverage

...while preserving strong client experience and realizing large savings

- ~90% of clients within 25 miles of a branch
- ~95% of $1M+ TDA clients with a local relationship
- ~140 of 417 branches are co-located
- 215 branches closed

Note: TDA = TD Ameritrade. 1. Clients who had a relationship at the time of branch actions - excludes existing National Branch relationships, foreign clients, employees, etc. 2. Total U.S. physical branches; excludes LAC Coral Gables.
The result is a very healthy combined Retail business.

Both Schwab and TDA had incredible momentum last year...

2020 was a historic year

93% Net New Assets¹

175%+ New-to-Retail Households¹

247% Daily Average Trades²

...yielding a combined Retail business of tremendous size and scale...

~$3T+ Total Retail Assets³

~22M+ Total Retail Accounts³

~5M+ Total Retail Daily Average Trades⁴

...that is recognized as a market leader in serving clients

Charles Schwab J.D. Power awards

#1 for Self-Directed Investor Satisfaction

#1 in Customer Satisfaction Direct Retail Banking⁵

#1 in Large Retirement Plan Participant Satisfaction

TDA - Top-Ranked Broker

We now act as one firm but go to market as two Retail businesses until client conversion.

**Act as one and harmonize where possible...**
- Align operating model and practices
- Stop competing with each other in the marketplace
- Make it easy to interact between Firms
- Recognize dual relationships

...while having two Retail businesses in the market

- Drive **client acquisition** and **retention** with existing retail value proposition
- Introduce TDA clients to **Schwab capabilities** not offered at TDA
- Focus **marketing** primarily, though not exclusively, on **trader segment**
- Continue to **invest in our “no trade-offs” approach across the client spectrum**
- Continue to **acquire, grow, and retain** clients with current and new capabilities
- Prepare for TDA client **conversion**
For TDA Retail, heavy focus will be on solidifying relationships and readying for conversion.

**Several initiatives launched in 2020...**

- Assigned all TDA $1M+ clients to Financial Consultants; actively engaging all clients impacted by branch changes
- Began process of re-opening TDA branches – consistent with Schwab approach – with focus on health and safety of employees and clients
- Set-up dedicated Conversion Concierge Team for clients interested in early conversion

...with more planned as we continue our journey to conversion

- Launched TDA Satisfaction Guarantee to all TDA clients
- Protect and grow TDA leadership position in trading
- Introduce Schwab products and capabilities to close gaps
- Engage ultra high net worth clients with Wealth Advisors to introduce Schwab’s HNW capabilities
- Develop a comprehensive “welcome experience” for client conversion that introduces strength of combined firm
For Schwab Retail, we will continue to build on our value proposition.

Offering outstanding combination of people AND technology at a great value across the client spectrum

<table>
<thead>
<tr>
<th>Emerging Affluent / Affluent</th>
<th>High Net Worth / Ultra High Net Worth</th>
<th>Traders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modern and intuitive web and app experiences</td>
<td>Dedicated financial consultants, wealth advisors, and specialists</td>
<td>Innovative trading tools, platforms, and products</td>
</tr>
<tr>
<td>24/7 support with industry-leading service</td>
<td>Preferential pricing and product access</td>
<td>Commission-free stock and ETF trading online and high-quality order execution</td>
</tr>
<tr>
<td>No fee charged for digital advisory¹ and digital planning</td>
<td>Comprehensive wealth management specialized solutions</td>
<td>Dedicated trader service teams</td>
</tr>
<tr>
<td>Subscription pricing for comprehensive financial planning</td>
<td>Premier servicing teams and branded experiences</td>
<td>Comprehensive education, research, and insights</td>
</tr>
</tbody>
</table>

We plan to bring to market exciting new capabilities, including thematic investing, direct indexing, and more

Note: ETF = Exchange Traded Fund. 1. Does not include operating expenses of ETFs used in Schwab Intelligent Portfolios™.
Ultimately, we are building a Retail leader with a compelling fusion of advice, trading, and relationships.

- **Broad suite of advised solutions with strong track-record** of engaging clients with advice
- **Leading customer service** and strength in building client relationships
- **Heritage of disruption around delivering client value at scale**
- **Growth model closely tied to interest rates and asset levels**

+ **Best-in-class trader platforms**¹ with proven track-record of attracting and supporting traders
+ **Extensive live and digital content** designed to build relationships with traders and investors
+ **Rich history of product and digital innovations**
+ **Growth model driven by trading and market volatility**

Result is an even stronger value proposition for clients across the spectrum.

---

¹ TDA’s StockBrokers.com 2021 award for #1 Overall Broker, #1 Active Trading, #1 Platform and Tools, #1 Desktop Trading, #1 Education and #1 Beginners.
In summary...

We have **strong momentum** in the marketplace and remain **well-positioned for growth**.

We have plans in place to **manage two Retail businesses** in advance of conversion while **delivering synergies**.

Ultimately, we are creating a **one-stop retail solution** that offers the best combination of **relationships, advice, and trading**.
WFS Update

Catherine Golladay
Executive Vice President, Workplace Financial Services
Workplace Financial Services includes three employer-focused businesses.

**Retirement Plan Services**
Administration of employee 401(k) retirement programs

- **Target size**: $50M-$1B+
- **Participants**: 1.6M
- **Corporate Clients**: 859
- **In-plan assets**: $218B

**Target segments:**
- Professional services (e.g., Legal, Physician Groups)
- Banking / Financial services
- Airlines / Pilot Associations

**Retirement Business Services**
Trust/Custody, Self-Directed Brokerage Account (PCRA), and Recordkeeping Software (SRT) services for employee benefit plans served by Advisors and Independent Recordkeepers

- **Target size**: $150M+
- **Participants**: 397K
- **Corporate Clients**: 158
- **In-plan assets**: $73B

**Target segments:**
- Large, broad-based plans in high growth sectors (e.g., Tech, Telecom, Healthcare)
- Selective Pre-IPO

**Compliance Solutions**
Technology solutions to track employee compliance and monitor trading restrictions

- **Target size**: NA
- **Participants**: 458K
- **Corporate Clients**: 3K
- **In-plan assets**: $150B

**Target segments:**
- Financial (B/D, RIA, MF)
- Professional services (e.g., Legal)

Note: WFS = Workplace Financial Services. EOP = End of period. 1. As of EOP 4Q20. 2. Retirement Business Services reports to Advisor Services. 3. Retirement participants under Self-Directed Brokerage Accounts. 4. In-plan assets include total of Trust and Custody assets in Retirement Business Services. 5. 180K of these accounts are also included in Stock Plan Services.
We are a leader in customer satisfaction.

**Delivering best-in-class service**

Ranked #1 in **Retirement Plan Participant Satisfaction** in the large plan segment by J.D. Power for the third year in a row.¹

Received **102 Best in Class awards**, in the 2020 PLANSPONSOR Defined Contribution Survey, the most of any plan provider rated for the fourth year in a row.²

We’re proud to have been rated by participants as a **top leader across key categories for 401(k) providers**, including overall satisfaction, trust, confidence and education.³

**Highest ever RPS and SPS Client Promoter Scores** from both **Participants and Plan Sponsors** highlighting **service, brand and trust**.

---

¹ Please see appendix on slide 76 for notes 1, 2, and 3.
2020 was a significant year for Workplace Financial Services.

- Introduced New Capabilities to Better Serve Clients
- Cross-Enterprise Focus on Expanding Retail Experience
- Ongoing Investment in Client Relationship Service Model
- Adapted to Major Regulatory Changes
- TDA Integration for Stock Plan Services and Compliance Solutions

Actions achieved in the backdrop of a challenging external environment while facing a strong competitive marketplace in 2020.
How Workplace Financial Services wins...

Service, trust, flexibility for corporate clients...

- Reasons we win: Brand, team fit, sales process, fees, and service
- 97% plan sponsor retention rate in Retirement Plan Services
- 2020 was a strong year of new stock plan sales, and robust annual growth over last 4 years
- 2019 & 2020 proved our two best RPS sales years of the last decade

...with a focus on a holistic approach for participants...

- 80% engagement across all 3 lines of business
- Strong 401(k) rollover retention rates – creating long-term Schwab clients
- Launched new digital and human financial wellness tools
- Introduced Schwab Essentials – exclusive offer to select Workplace Financial Services clients

...while supporting and building consultant relationships.

- 90% of New-to-Schwab assets brought in by consultant
- 85% of current client assets associated with a consultant
- Focus on helping consultants succeed and thrive
- 54% of wins came from 10 of our top-tier firms

Note: Schwab Essentials Program and its associated benefits are made available by Charles Schwab & Co., Inc. to employees and plan participants of participating corporate clients. Data as of end-of-period 4Q20.
Building on strong momentum and looking ahead to 2021.

**Continue to Focus on Sales Effectiveness** through scalable marketing and expanded set of employer prospects

**Introduce Participants to all Schwab** has to offer through expanded offers and improved experience

**TDA Stock Plan Services business** provides opportunity to expand market segment to include Broker-only models

**Focus on New Participant Experience** through enhanced digital tools and technology investments

**Optimize Operating Model for WFS** to accelerate growth, scalability, and One Schwab approach

**Emphasize Simplicity** and ease of doing business

---

**Grow, Retain, Extend**
In summary...

Continue to deepen client relationships to bolster plan sponsor sales and retention

Through our strengths of service, trust and brand, we continue to have some of the most satisfied participants in the industry

Act as a key acquisition channel to connect participants to greater Schwab
Appendix

Winter Business Update
Retail Client Acquisition

Stacy Hammond
Senior Vice President, Acquisition and Enterprise Marketing
New retail HH acquisition is an important and growing part of firm performance.

In 2020, Retail represented ~2/3rd of annual new HH growth\(^1\)

In the past 5 years, we have tripled our annual new retail HHs

Note: HH = Household. 1. Reflects organic growth and excludes one-time impacts from acquisitions. Remaining ~2% of new HH growth comes from Retirement Business Services.
With that growth, we have maintained an attractive client profile.

### Many of our new clients are young and affluent

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Percentage</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>HHs &lt;41 years old</td>
<td>53%</td>
<td>2016-2020 avg.</td>
</tr>
<tr>
<td>Affluent clients $250k+</td>
<td>33%</td>
<td>2016-2020 avg.</td>
</tr>
<tr>
<td>Managed investing enrollment</td>
<td>4.2%</td>
<td>2016-2020 avg.</td>
</tr>
</tbody>
</table>

### In 2020, we saw some changes in new HH behavior

- Fund more with **cash** than securities: 60% vs. 49% in 2019
- Initially fund with **lower** amounts: 44% Less funding in first 3 months year-over-year
- More **self-directed** investors: 52% Indicated interest in trading vs 38% in 2019

And new clients represent an increasing share of overall NNA.

---

Note: Avg. = Average. Based on New to Retail Household profile, first 3 months of tenure.
We have an approach to acquisition that is both diversified and increasingly efficient.

Over the past 5 years, we’ve increased new clients with relatively flat marketing:

- **~3x growth**\(^1\) in annual new retail HH acquisition
- **1.4% increase** in marketing spend\(^2\)

Our diversified approach is flexible and complementary:

- **Referral**
  - Trusted recommendations are a key source of leads and prospects
- **Sales**
  - Live channels are optimized to engage high-value clients and drive conversion
- **Workplace Financial Services**
  - Engaging corporate participants to take the next action and serve as feeder to Retail
- **Marketing**
  - Increasingly efficient marketing deployed against clear design targets

Note:
- WFS = Workplace Financial Services.
- 1. Based on 2020 vs 2016 New to Retail annual households.
- 2. CAGR 2016-2020. Based on Total Schwab Marketing Communications expense.
Our strategy is designed to leverage the strengths of each channel.

<table>
<thead>
<tr>
<th>Referral</th>
<th>Sales</th>
<th>WFS</th>
<th>Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are focused on <strong>organic client referrals</strong></td>
<td><strong>Company-managed branches</strong> continue to drive affluent new client growth with local marketing and 1000s of events every year</td>
<td><strong>We are focused on accelerating the 401(k) and Stock Plan connection to Retail</strong></td>
<td>Marketing has delivered results through:</td>
</tr>
<tr>
<td>. . . which start with delivering <strong>exceptional client experiences</strong>. . .</td>
<td><strong>Independent Branch Network</strong> provides significant source of new client growth in underpenetrated markets</td>
<td><strong>Retirement Plan Services</strong></td>
<td><strong>Clear design targets</strong></td>
</tr>
<tr>
<td>. . . and are enabled by programs that <strong>make it easier for clients to refer</strong></td>
<td><strong>Prospect Conversion Phone Team dedicated</strong> to nurture and unlock leads from all digital and live channels</td>
<td><strong>Stock Plan Services</strong></td>
<td><strong>Best-in-class creative</strong></td>
</tr>
<tr>
<td>And our <strong>USAA referral program</strong></td>
<td><strong>Multi-channel approach continues to</strong> <strong>drive affluent leads to branches</strong> through thousands of events and scalable media</td>
<td></td>
<td><strong>and a focus on measurement and analytics</strong></td>
</tr>
<tr>
<td>...which seeks to:</td>
<td></td>
<td><strong>Introduce more participants to retail earlier in their tenure</strong></td>
<td></td>
</tr>
<tr>
<td>• <strong>Optimize</strong> the digital experience</td>
<td></td>
<td><strong>Drive asset retention of vested equity awards</strong></td>
<td></td>
</tr>
<tr>
<td>• <strong>Expand</strong> member marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• <strong>Maximize</strong> the live channel</td>
<td></td>
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</tr>
</tbody>
</table>
With the TDA Acquisition, we will further diversify our approach to attracting new retail HHs.

Steady, consistent growth across external environments from Schwab

Outsized new household growth during moments of volatility and key market events from TDA

Schwab’s “No Trade-offs” approach

Demonstrated leadership in attracting active traders and driving growth through content and education

Result is an even more diversified growth engine
In summary...

We have efficiently **delivered strong growth** with an attractive client profile.

We have **diversified our approach** across referrals, sales, WFS, and marketing.

With the TDA integration, we are positioned to **unlock future growth potential** by leveraging our collective strengths.
Winter Business Update
Advisor Services Update

Bernie Clark
Executive Vice President, Advisor Services
Our Industry

Independent Registered Investment Advisors (RIAs) continue to represent a rapidly growing and increasingly sophisticated profession within financial services.

Our 2020 Results

The combined performance of Schwab Advisor Services and TD Ameritrade helps illustrate the strength of bringing these firms together.

Our Vision for 2021

Advisor Services will focus on building on the combined firm of the future, while continuing to deliver on the promises to our clients.
Assets managed by independent advisors have nearly tripled in the last decade.
An increasingly sophisticated ecosystem continues to evolve. Scale and the advantages it affords will be critical to future success.

Platform Providers
Allow RIAs to "rent" an end-to-end operating and support platform, and do not take an equity stake in affiliates.

Financial Acquirers
Systematically acquire RIAs to aggregate individual firms in a fragmented market and realize financial gains through a liquidity event or cash flow distributions.

Strategic Acquirers
Large RIAs that systematically acquire advisory firms to grow market share, enter new geographic regions, and achieve other growth-oriented strategic objectives.

Emerging Consolidators
Have demonstrated recent pattern of consolidation, but have yet to reach substantial scale.

Major RIA Consolidators: Total AUM, 2010-2019 ($ billions)

Platform Providers
Financial Acquirers
Strategic Acquirers

Focus Financial

HighTower Advisors

Carson Group

Beacon Pointe Wealth Advisors

Mariner Wealth Advisors

Mercer Advisors

Dynasty Financial Partners

Steward Partners

Note: AUM = Assets under management. Source: The Cerulli Report, U.S. RIA Marketplace 2020. 1. The size of each circle represents that consolidator firm's assets custodied under the firm's RIA as of year-end 2019. Average AUM per affiliate firm and the number of affiliate firms added are evaluated over a three-year period from 2016 to 2018. Recruited AUM is based on assets announced at the time of affiliation.
The desire to maximize client-facing time is driving delegation of investment selection to third-parties.

How Advisors Spend Their Time

- 55% Client-facing Activities
- 23% Administrative
- 18% Investment Management
- 5% Training & Professional Development

RIA Delegation of Investment Selection

Does your firm delegate investment selection to a third-party?

2020
- No 71%
- Yes 29%

2019
- No 81%
- Yes 19%

2018
- No 90%
- Yes 10%

The advisory market is estimated to be over $20 trillion, and we continue to win assets across all segments.

Market Size
- Registered Investment Advisors: ~$6T, 11% 5-year CAGR
- Independent Broker-Dealers & Regional Broker-Dealers: ~$7T, 7%
- Banks & Wirehouses: ~$10T, 5%

Advisor Services continues to acquire assets from all segments.
- Asset Acquisition: 3-year Average
  - Registered Investment Advisors: 40%
  - Independent Broker-Dealers & Regional Broker-Dealers: 20%
  - Banks & Wirehouses: 40%

In 2020, Schwab Advisor Services and TD Ameritrade Institutional attracted over $200B in NNA\(^1\).

Note: AIT = Advisor in Transition. 1. $200B NNA reflects pro forma, combined NNA for Schwab Advisor Services and TD Ameritrade Institutional from January 1, 2020 through December 31, 2020. 2. Reflects Schwab Advisor Services and TDAI from October 6, 2020 forward.
The combined strength of Advisor Services and TD Ameritrade Institutional uniquely positions us to serve clients of all sizes.

We are building the **Advisor Services firm of the future** with our combined strengths:

- Brand position
- Advisor technology innovation
- RIA industry advocacy
- Advanced trading capabilities
- Our people & culture

### Comparison

<table>
<thead>
<tr>
<th>Firms</th>
<th>Schwab Pre-Conversion</th>
<th>Combined Post Conversion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firms</td>
<td>~7,500</td>
<td>~13,000</td>
</tr>
<tr>
<td>AUM</td>
<td>$1.9T</td>
<td>$3.1T</td>
</tr>
<tr>
<td>Accounts</td>
<td>3.5M</td>
<td>6.3M</td>
</tr>
</tbody>
</table>

In 2021, we will focus on building the combined firm of the future, while continuing to deliver on our promises.

- **Build the combined firm of the future**
  - Rationalize technology offering
  - Retain top talent
  - Create a single client base

- **Deliver on our promises to clients**
  - Serve clients through specialization
  - Deliver scale and efficiency
  - Hold pricing steady – no intent to create custodial fee
  - Continue to build out third-party technologies
We will target specific priorities in order to reach our goals.

Welcome TD Ameritrade clients to Schwab
- Close gaps and harmonize offering
- Evolve offering for small-to-mid advisors
- Retain relationships
- Prepare for conversion

Build long-term leverage for our clients & our operating model
- Deliver high-quality & efficient interactions
- Deliver digital solutions
- Improve operational effectiveness

Develop differentiated offers for the future that drive outsized economics
- Integrate trading services
- Build enhanced Enterprise offering

Deliver on our promise to provide a World-Class Client Experience
- Continue to build trust with clients & empower our people to deliver a great experience
- Continue to accelerate our asset gathering momentum
We will continue to demonstrate what our clients already know – we are for all advisors.
Q&A
Winter Business Update
Break
Financial Review and 2021 Outlook

Peter Crawford
Executive Vice President and Chief Financial Officer
We delivered solid 2020 financial results amidst a tumultuous macroeconomic environment.

- This past year was unprecedented on multiple fronts – our client-first strategy enabled Schwab to push through to maintain strong organic business momentum while also closing four acquisitions.

- In addition to macroeconomic factors, our 2021 financial picture will be influenced by client engagement and asset allocation decisions.

- As current headwinds eventually subside, we are confident that our ‘through the cycle’ financial formula remains intact.

**Today’s Agenda**

- 2020 Results
- 2021 Outlook & Considerations
- Longer-term Perspective
Resilient equity markets, high client engagement, and acquisitions helped mitigate the return of ZIRP,…

<table>
<thead>
<tr>
<th>Scenario Drivers – April 2020¹</th>
<th>2020 Actual Results²</th>
<th>TDA Impact⁴</th>
<th>+ / –</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S&amp;P appreciates 6.5% from April 15, 2020</td>
<td>S&amp;P up 35% since mid-April</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Short-term Rates</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fed Funds target rate stays flat at 0.00% – 0.25%</td>
<td>Fed Funds target rate stays flat at 0.00% – 0.25%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Long-term Rates</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average 10-year Treasury at 1.04%</td>
<td>Average 10-year Treasury at 0.89%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Trading</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DATs up ~45% year-over-year</td>
<td>DATs up more than 200% year-over-year⁵</td>
<td>+57%</td>
<td></td>
</tr>
<tr>
<td><strong>Balance Sheet³</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up 30% – 40% for the year</td>
<td>Up 87% for the year</td>
<td>+26%</td>
<td></td>
</tr>
</tbody>
</table>

Note: ZIRP = Zero Interest Rate Policy. DAT = Daily Average Trades. TDA = TD Ameritrade. 1. As last presented at the Fall Business Update on October 29, 2020. 2. Actual results include contributions from TD Ameritrade following the transaction close on October 6, 2020. 3. Based on end-of-period total balance sheet assets. 4. Represents impact of TDA on year-over-year percentage growth. TDA trading impact calculated as a percentage of year-over-year change in DATs. 5. Year-over-year growth in Schwab only DATs equaled 106%.
...enabling us to produce results within our updated range of expectations\(^1\).

<table>
<thead>
<tr>
<th>Revenue Growth</th>
<th>Full Year 2020 Results(^2)</th>
<th>Select Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Adjusted Total Expenses(^3)</td>
<td>15.5%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Adjusted Pre-tax Profit Margin(^3)</td>
<td>39%+</td>
<td>42.2%</td>
</tr>
<tr>
<td>Earnings per Share(^3)</td>
<td>$2.12</td>
<td>$0.33</td>
</tr>
</tbody>
</table>

Note: IEA = Interest-earning assets. 1. Based on full-year 2020 range of outcomes presented in the Fall Business Update on October 29, 2020. 2. Full year results include TD Ameritrade from October 6, 2020 forward. 3. 2019 adjusted total expenses equaled ~$5,820M, which excludes ~$25M in acquisition and integration-related costs as well as $27M in amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133-136 of this presentation as well as within our 4Q20 Earnings Release.
Including TDA, the balance sheet grew 87% in 2020.

<table>
<thead>
<tr>
<th>($M, EOP)</th>
<th>4Q19</th>
<th>4Q20*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$294,005</td>
<td>$549,009</td>
</tr>
<tr>
<td>Receivables from Brokerage Clients</td>
<td>$21,767</td>
<td>$64,440</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>$220,094</td>
<td>$358,022</td>
</tr>
<tr>
<td>Payables to Brokerage Clients</td>
<td>$39,220</td>
<td>$104,201</td>
</tr>
<tr>
<td>Long-term Debt</td>
<td>$7,430</td>
<td>$13,632</td>
</tr>
<tr>
<td>Stockholders’ Equity</td>
<td>$21,745</td>
<td>$56,060</td>
</tr>
<tr>
<td>Parent Liquidity</td>
<td>$4,834</td>
<td>$9,666</td>
</tr>
<tr>
<td>Tier 1 Leverage Ratio</td>
<td>7.3%</td>
<td>6.3%</td>
</tr>
</tbody>
</table>

- Outsized balance sheet growth due to client asset allocation decisions amidst the pandemic as well as the completion of our four acquisitions
- Including the addition of TDA, margin balances nearly tripled year-over-year
- Long-term debt increased by a net $6.2B, including new Schwab senior debt issuances, as well as the addition of $3.8B of TDA senior notes
- Schwab issued ~$5B of preferred equity during the year
- AOCI was up $5B+ due to the sharp decline in rates during 1H20
- Stockholders’ Equity was further bolstered during the year following the ~$21.8B all-stock acquisition of TDA
- Our Tier 1 Leverage Ratio finished the year substantially above regulatory minimums, while supporting unprecedented asset growth
Heading into 2021, there’s plenty of uncertainty across a number of key drivers.

- **Market**
  - Persistence of market momentum?

- **Rate Dynamics**
  - Trajectory for benchmark rates, credit spreads, prepayment speeds?

- **Trading**
  - Sustainability of client trading and margin levels?

- **Client Cash Allocation**
  - Potential for shift in investor sentiment?
Investor behavior will shape our outlook.

<table>
<thead>
<tr>
<th>S&amp;P 500®</th>
<th>+ 6.5% (from 12/31/20 close)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates¹</td>
<td>Forward Curve (as of 01/07/21)</td>
</tr>
<tr>
<td>BDA</td>
<td>Initial migrations (start on 06/30/21)</td>
</tr>
<tr>
<td>Capex</td>
<td>~6%–7% of total revenue</td>
</tr>
</tbody>
</table>

Underlying Assumptions

Note: DATs = Daily average trades. B/S = Balance sheet. EOP = end-of-period. 1. Forward curve data as of 01/07/21. 2. Schwab balance sheet cash represents existing bank deposits and payables to brokerage clients as of December 31, 2020 – excludes any year-to-date grow thus far any potential BDA balance migrations that may occur starting in July 2021. 3. Illustrative revenue and expense growth rates relative to annualized 4Q20 results. Further details on non-GAAP financial measures are included on slide 132 of this presentation.
Investor behavior will shape our outlook.

Select Behavioral Drivers
(vs. 4Q20 EOP)

<table>
<thead>
<tr>
<th>Illustrative Inputs</th>
<th>DATs</th>
<th>Margin Balances</th>
<th>SCHW B/S Cash²</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>+20%</td>
<td>+10%</td>
<td>+10%</td>
</tr>
<tr>
<td>2</td>
<td>Flat</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>-20%</td>
<td>-10%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

**Underlying Assumptions**

<table>
<thead>
<tr>
<th>S&amp;P 500®</th>
<th>Rates¹</th>
<th>Forward Curve (as of 01/07/21)</th>
<th>BDA</th>
<th>Initial migrations (start on 06/30/21)</th>
<th>Capex</th>
</tr>
</thead>
<tbody>
<tr>
<td>+ 6.5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>~6%–7%</td>
</tr>
</tbody>
</table>

| Note: DATs = Daily average trades. B/S = Balance sheet. EOP = end-of-period. 1. Forward curve data as of 01/07/21. 2. Schwab balance sheet cash represents existing bank deposits and payables to brokerage clients as of December 31, 2020 – excludes any year-to-date growth thus far any potential BDA balance migrations that may occur starting in July 2021. 3. Illustrative revenue and expense growth rates relative to annualized 4Q20 results. Further details on non-GAAP financial measures are included on slide 132 of this presentation. |
Investor behavior will shape our outlook.

Select Behavioral Drivers (vs. 4Q20 EOP)

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<thead>
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<td>+10%</td>
</tr>
<tr>
<td>2</td>
<td>Flat</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>-20%</td>
<td>-10%</td>
<td>-10%</td>
</tr>
</tbody>
</table>

Illustrative Financial Outcomes

<table>
<thead>
<tr>
<th>Illustrative Growth</th>
<th>Revenue</th>
<th>Total Expenses</th>
<th>PTPM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>5%–7%</td>
<td>4%</td>
<td>40%+</td>
</tr>
<tr>
<td>2</td>
<td>(1%)–1%</td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>(8%)–(6%)</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

S&P 500®

| + 6.5% | Rates¹ | Forward Curve (as of 01/07/21) | BDA | Initial migrations (start on 06/30/21) | Capex | ~6%–7% of total revenue |

Underlying Assumptions

Note: DATs = Daily average trades. B/S = Balance sheet. EOP = end-of-period. 1. Forward curve data as of 01/07/21. 2. Schwab balance sheet cash represents existing bank deposits and payables to brokerage clients as of December 31, 2020 – excludes any year-to-date growth through any potential BDA balance migrations that may occur starting in July 2021. 3. Illustrative revenue and expense growth rates relative to annualized 4Q20 results. Further details on non-GAAP financial measures are included on slide 132 of this presentation.
Depending on the evolution of certain factors, NIM could move towards the low 140s for the year.

Select factors that may impact potential 2021 NIM

- MBS Prepayment Speeds
- Investment Yields
- Interest-Earning Asset Mix and Growth
- Securities Lending

Note: NIM = Net interest Margin. Bps = Basis points. MBS = Mortgage-backed security.
Depending on the evolution of certain factors, NIM could move towards the low 140s for the year.

Net Interest Margin (bps)

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>4Q19</td>
<td>2.34%</td>
</tr>
<tr>
<td>1Q20</td>
<td>2.14%</td>
</tr>
<tr>
<td>2Q20</td>
<td>1.53%</td>
</tr>
<tr>
<td>3Q20</td>
<td>1.38%</td>
</tr>
<tr>
<td>4Q20</td>
<td>1.55%</td>
</tr>
<tr>
<td>1Q21</td>
<td>1.34%</td>
</tr>
<tr>
<td>2Q21</td>
<td>1.55%</td>
</tr>
<tr>
<td>3Q21</td>
<td>1.35%</td>
</tr>
<tr>
<td>4Q21</td>
<td>1.34%</td>
</tr>
</tbody>
</table>

Potential NIM trajectory

Illustrative

MBS Prepayment Speeds

Impact of Unscheduled Premium Amortization on Portfolio (%)

- 0.11%
- 0.2%
- 0.3%
- 0.4%
- 0.5%
- 0.6%
- 0.7%
- 0.8%

4Q11 4Q14 4Q17 4Q20

Sharpest increase in firm history observed from 2Q19–4Q20

0.60%
0.11%

Note: Portfolio = available-for-sale and held-to-maturity securities within Schwab’s consolidated bank investment portfolio. 1. Unscheduled premium amortization represents accelerated FAS 91 (now ASC 310-20) amortization expense recognized due to principal prepayments.
Depending on the evolution of certain factors, NIM could move towards the low 140s for the year.

<table>
<thead>
<tr>
<th>Net Interest Margin (bps)</th>
<th>15Y MBS</th>
<th>5Y UST</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.34%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.14%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.38%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.55%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Investment Yields**

**MBS Proxy Yield vs. Benchmark Rate (%)**

- Since the end of March 2020, the 10-year UST has steepened more than 20 bps, while mid-curve UST yields have remained essentially flat.
- Over that same time period, 15-year MBS spreads to 5-year UST have tightened by approximately 50 bps.

Note: UST = U.S. Treasury. 1. For our MBS Proxy Yield, we used Bloomberg ticker: MTGEFNCI. 2. Change in benchmark rates and MBS spreads measured from the end of March 2020 through December 2020.
Depending on the evolution of certain factors, NIM could move towards the low 140s for the year.

### Potential NIM Trajectory

![Potential NIM trajectory graph]

### Interest-Earning Asset Mix and Growth

#### 4Q19
- Investment portfolio: $269B (72%)
- Loans to clients: $269B (14%)
- Other IEA: $269B (14%)

#### 4Q20
- Investment portfolio: $463B (66%)
- Loans to clients: $463B (17%)
- Other IEA: $463B (17%)

- AIEAs grew 72% Y/Y due to TDA and client allocation decisions
- Elevated margin utilization, along with record origination volumes, increased the contribution from loans to clients

#### Net Interest Margin (bps)

<table>
<thead>
<tr>
<th>Period</th>
<th>4Q19</th>
<th>1Q20</th>
<th>2Q20</th>
<th>3Q20</th>
<th>4Q20</th>
<th>1Q21</th>
<th>2Q21</th>
<th>3Q21</th>
<th>4Q21</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM</td>
<td>2.34%</td>
<td>2.14%</td>
<td>1.53%</td>
<td>1.38%</td>
<td>1.55%</td>
<td>1.51%</td>
<td>1.49%</td>
<td>1.50%</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

**Illustrative**

1. AIEA = Average Interest-earning Assets. 1. Investment portfolio includes all available-for-sale and held-to-maturity securities held by the company. 2. Loans to clients includes bank loans as well as margin loan extended by both the CS&Co and TD Ameritrade broker-dealers. 3. Other includes all other IEA balances (e.g., cash & equivalents and special reserve portfolio).
Depending on the evolution of certain factors, NIM could move towards the low 140s for the year.

- We anticipate go-forward revenue contribution to be larger than standalone Schwab – though 4Q20 levels unlikely to persist
- Select drivers: volatility, client engagement, HTB inventory

**Securities Lending**

<table>
<thead>
<tr>
<th>Securities Lending Revenue ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q19</td>
</tr>
<tr>
<td>~3</td>
</tr>
</tbody>
</table>

$193\text{M}$ includes consolidated results of Schwab + TDA from October 6, 2020 forward.

Note: HTB = Hard-to-borrow. 1. For the periods of 1Q19 through 3Q20, NIM impact represents Schwab only; 4Q20 net securities lending revenue of $193M includes consolidated results of Schwab + TDA from October 6, 2020 forward.
BDA synergy opportunity has increased since announcement.

### Potential BDA Opportunity During Initial Migration Period\(^1\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA balances</td>
<td>$117</td>
<td>$156</td>
<td>$166</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other BDA balances</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^{1}\) Subject to change

- **Initial migrations can begin as soon as June 30, 2021**
- **Based on post-closing balance growth thus far, current opportunity far exceeds $10B for the first 12-month window**
- **Ongoing changes in balances will impact amount migrated**
- **Timing for migrations will be determined by numerous factors, including, but not limited to: client liquidity needs, capital, and ALM considerations**

Note: ALM = Asset-Liability Management. BDA = Bank Deposit Account. 1. For additional information regarding the agreement between Schwab and Toronto-Dominion Bank’s two U.S. bank subsidiaries, please see the CFO Commentary posted on October 6, 2020 and/or Exhibit 10.407 to our 10-K filed February 26, 2020.
Revenue Sensitivities:

- **Target Fed Funds Rate** + 25 bps: $650 - $850M
- **5-Year Treasury** +/- 10 bps: $60M
- **Bank Sweep Balances** +/- $1B: $10M
- **S&P 500®** +/- 1%: $20M
- **Daily Average Trades** +/- 100K: $60M
- **Margin Balances** +/- $1B: $30M

Note: For Fed Funds and Treasury sensitivities, assumes static interest-earning asset balances as of December 31, 2020 and depends on the Bank investment portfolio mix and duration, to the extent there is a parallel shift in the yield curve, how quickly the fixed portfolio will reprice, and deposit betas.
Investor engagement will also inform our expense picture.

Note: Adj. = Adjusted. FC = Financial Consultants. 1. 4Q20 Adjusted Annualized equals actual 4Q20 adjusted total expenses multiplied by four. 2. Transaction–related expenses include acquisition and integration-related expenses as well as amortization of acquired intangibles. 3. Adjusted total expenses exclude acquisition and integration-related costs as well as amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133-136 of this presentation as well as within our 4Q20 Earnings Release.
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Investor engagement will also inform our expense picture.

Estimated 2021 Adjusted Total Expense Growth ($M, %)\textsuperscript{1, 2, 3}

<table>
<thead>
<tr>
<th>4Q20 GAAP Annualized</th>
<th>4Q20 Adjusted Annualized</th>
<th>Seasonal and Other Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,800</td>
<td>$9,084</td>
<td></td>
</tr>
<tr>
<td>($1,716)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\textbf{Seasonality}:
- Benefits & payroll tax
- Equity grant timing
- T&E

\textbf{Other Items}:
- TDA stub period
- Bonus funding true-up
- Sec. 31 expenses

Note: Adj. = Adjusted. FC = Financial Consultants. 1. 4Q20 Adjusted Annualized equals actual 4Q20 adjusted total expenses multiplied by four. 2. Transaction-related expenses include acquisition and integration-related expenses as well as amortization of acquired intangibles. 3. Adjusted total expenses exclude acquisition and integration-related costs as well as amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133-136 of this presentation as well as within our 4Q20 Earnings Release.
Investor engagement will also inform our expense picture.

Estimated 2021 Adjusted Total Expense Growth ($M, %)$^{1,2,3}$

<table>
<thead>
<tr>
<th>Transaction-related</th>
<th>4Q20 GAAP Annualized</th>
<th>4Q20 Adjusted Annualized</th>
<th>Seasonal and Other Adjustments</th>
<th>Fundamental Operating Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,800</td>
<td>($1,716)</td>
<td>$9,084</td>
<td>~3.0%</td>
<td>2.0%–4.0%</td>
</tr>
</tbody>
</table>

% growth vs. 4Q20 adjusted annualized

- Compensation and benefit adjustments
- “Normal” volume increases
- Real estate
- Asset-based fees

Note: Adj. = Adjusted. FC = Financial Consultants. 1. 4Q20 Adjusted Annualized equals actual 4Q20 adjusted total expenses multiplied by four. 2. Transaction-related expenses include acquisition and integration-related expenses as well as amortization of acquired intangibles. 3. Adjusted total expenses exclude acquisition and integration-related costs as well as amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133-136 of this presentation as well as within our 4Q20 Earnings Release.
Investor engagement will also inform our expense picture.

Estimated 2021 Adjusted Total Expense Growth ($M, %)\(^1, 2, 3\)

<table>
<thead>
<tr>
<th>Component</th>
<th>4Q20 GAAP Annualized</th>
<th>4Q20 Adjusted Annualized</th>
<th>Seasonal and Other Adjustments</th>
<th>Fundamental Operating Expenses</th>
<th>Incremental Client Service and Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction-related</td>
<td>$10,800</td>
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<td>$9,084</td>
<td>~3.0%</td>
<td>2.0%–4.0%</td>
</tr>
</tbody>
</table>

\(^1\) Staff adds to restore phone/chat service to pre-surge levels
\(^2\) FC adds to restore client relationship coverage to pre-surge levels
\(^3\) Tech investments to support elevated volumes

Note: Adj. = Adjusted. FC = Financial Consultants. 1. 4Q20 Adjusted Annualized equals actual 4Q20 adjusted total expenses multiplied by four. 2. Transaction-related expenses include acquisition and integration-related expenses as well as amortization of acquired intangibles. 3. Adjusted total expenses exclude acquisition and integration-related costs as well as amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133-136 of this presentation as well as within our 4Q20 Earnings Release.
Investor engagement will also inform our expense picture.

Estimated 2021 Adjusted Total Expense Growth ($M, %)$^{1, 2, 3}$

<table>
<thead>
<tr>
<th>Category</th>
<th>4Q20 GAAP Annualized</th>
<th>4Q20 Adjusted Annualized</th>
<th>Seasonal and Other Adjustments</th>
<th>Fundamental Operating Expenses</th>
<th>Incremental Client Service and Engagement</th>
<th>Synergies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction-related</td>
<td>$10,800</td>
<td>($1,716)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0%–4.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.0%–4.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6.0%)–(5.0%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Targeting 1/4th to 1/3rd run-rate synergies captured by 4Q21:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Position overlap</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>- Branch network</td>
<td></td>
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</tr>
</tbody>
</table>

Note: Adj. = Adjusted. FC = Financial Consultants. 1. 4Q20 Adjusted Annualized equals actual 4Q20 adjusted total expenses multiplied by four. 2. Transaction-related expenses include acquisition and integration-related expenses as well as amortization of acquired intangibles. 3. Adjusted total expenses exclude acquisition and integration-related costs as well as amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133-136 of this presentation as well as within our 4Q20 Earnings Release.
Investor engagement will also inform our expense picture.

Note: Adj. = Adjusted; FC = Financial Consultants. 1. 4Q20 Adjusted Annualized equals actual 4Q20 adjusted total expenses multiplied by four. 2. Transaction-related expenses include acquisition and integration-related expenses as well as amortization of acquired intangibles. 3. Adjusted total expenses exclude acquisition and integration-related costs as well as amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 132. Further details on non-GAAP financial measures and a reconciliation of such measures to report results are included on slides 133-136 of this presentation as well as within our 4Q20 Earnings Release.
We are well capitalized with the flexibility to support future growth.

**2020 Capital Management Highlights**
- Supported balance sheet growth of 87%, including assets brought over from USAA and TD Ameritrade
- Issued ~$5 billion of incremental preferred equity at very attractive rates
- Maintained common dividend payment of $0.18 per share

**2021 Capital Management Focus**
- Supporting growth remains our top priority
- Progressing towards our long-term objective (6.75%–7.00%)
- Preparing for initial BDA balance migrations
- Enabling clients’ asset allocation decisions
Following integration, we believe Schwab’s “through the cycle” financial formula remains firmly intact,...

**Illustrative**

Although aspects of the formula may evolve as we work to integrate TDA,...

### Client Asset Growth

| High single to low double digits |

### Considerations
- Annual organic growth of 5%–7%
- Long-term equity market appreciation
- Market engagement

Note: IDA = Insured Deposit Account.
Following integration, we believe Schwab’s “through the cycle” financial formula remains firmly intact,...

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- **High single to low double digits**

### Considerations

- Annual organic growth of 5%–7%
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- Market engagement

### Revenue Growth

- In-line with (or potentially faster) than asset growth

#### Considerations

- Trading activity levels
- Path of interest rates over time
- Migration of IDA balances
- Win–win monetization initiatives

---

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### Pre-tax Profit Margin
- Expanding over time based on business growth

**Considerations**
- Balance near-term profit vs. long-term value creation
- Capture cost synergies
- Harness increasing benefits of scale and efficiency

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**Client Asset Growth**
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**Pre-tax Profit Margin**
- Expanding over time based on business growth

**Considerations**
- Balance near-term profit vs. long-term value creation
- Capture cost synergies
- Harness increasing benefits of scale and efficiency

**Earnings Power Potential**
- Low to mid-teens EPS growth through the cycle

**Considerations**
- Potential trade-off between growth and capital return
- Prudent expense discipline
- Thoughtful capital management
- Buybacks (as appropriate)

...our longer-term trajectory will be aided by our enhanced scale and more diversified operating model.

Note: IDA = Insured Deposit Account.
...allowing us to push through current headwinds into our next chapter.

- 2020 highlighted the resiliency of Schwab’s business model
- While advancing the TDA integration is our prime objective, we will continue to maintain appropriate levels of investment to support our strong business momentum
- During times of uncertainty, clarity and commitment are paramount; our focus on delivering stockholder value through the cycle – via a combination of profitable growth and prudent capital management – is unwavering

Our priorities remain unchanged:

- Continued business growth through our client-first strategy
- Long-term revenue growth through multiple sources
- Thoughtful expense discipline enabling sustainable performance
Q&A
Appendix
Non-GAAP Introduction

In addition to disclosing financial results in accordance with generally accepted accounting principles in the U.S. (GAAP), this presentation contains 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.

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

<table>
<thead>
<tr>
<th>Non-GAAP Adjustment or Measure</th>
<th>Definition</th>
<th>Usefulness to Management and Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition and integration-related costs and amortization of acquired intangible assets</td>
<td>Schwab adjusts certain GAAP financial measures to exclude the impact of acquisition and integration-related costs incurred as a result of the Company’s business acquisitions, amortization of acquired intangible assets, 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.</td>
<td>We exclude acquisition and integration-related costs and amortization of acquired intangible assets for the purpose of calculating certain non-GAAP measures because we believe doing so provides additional transparency of Schwab’s ongoing operations, and may be useful in both evaluating the operating performance of the business and facilitating comparison of results with prior and future periods. Acquisition and integration-related costs fluctuate based on the timing of acquisitions and integration activities, thereby limiting comparability of results among periods, and are not representative of the costs of running the Company’s on-going business. Amortization of acquired intangible assets is excluded because management does not believe it is indicative of the Company’s underlying operating performance.</td>
</tr>
<tr>
<td>Return on tangible common equity</td>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>
## Appendix

### Non-GAAP Reconciliation: Adjusted total expenses and Adjusted net income

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31, 2020</th>
<th>Twelve Months Ended December 31, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Expenses Excluding Interest</td>
<td>Total Expenses Excluding Interest</td>
</tr>
<tr>
<td></td>
<td>Net Income</td>
<td>Net Income</td>
</tr>
<tr>
<td>Total expenses excluding interest (GAAP), Net income (GAAP)</td>
<td>$2,700 $1,135 $1,494 $852</td>
<td>$7,391 $3,299 $5,873 $3,704</td>
</tr>
<tr>
<td>Acquisition and integration-related costs (1)</td>
<td>(282) 282 (18) 18</td>
<td>(442) 442 (26) 26</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>(147) 147 (7) 7</td>
<td>(190) 190 (27) 27</td>
</tr>
<tr>
<td>Income tax effects (2)</td>
<td>N/A (105) N/A (6)</td>
<td>N/A (154) N/A (13)</td>
</tr>
<tr>
<td>Adjusted total expenses (Non-GAAP), Adjusted net income (Non-GAAP)</td>
<td>$2,271 $1,459 $1,469 $871</td>
<td>$6,759 $3,777 $5,820 $3,744</td>
</tr>
</tbody>
</table>

Note: N/A = Not applicable. 1. Acquisition and integration-related expenses are primarily included in professional services, compensation and benefits, and other expense. 2. The income tax effect of the non-GAAP adjustments is determined using an effective tax rate reflecting the exclusion of non-deductible acquisition costs and is used to present the acquisition and integration-related costs and amortization of acquired intangible assets on an after-tax basis.
## Appendix

### Non-GAAP Reconciliation: Adjusted income before taxes on income and Adjusted pre-tax profit margin

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Income before taxes on income (GAAP), Pre-tax profit margin (GAAP)</td>
<td>$ 1,476</td>
<td>35.3%</td>
</tr>
<tr>
<td></td>
<td>$ 4,300</td>
<td>36.8%</td>
</tr>
<tr>
<td>Acquisition and integration-related costs</td>
<td>282</td>
<td>6.8%</td>
</tr>
<tr>
<td></td>
<td>442</td>
<td>3.8%</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>147</td>
<td>3.5%</td>
</tr>
<tr>
<td></td>
<td>190</td>
<td>1.6%</td>
</tr>
<tr>
<td>Adjusted income before taxes on income (Non-GAAP), Adjusted pre-tax profit margin (Non-GAAP)</td>
<td>$ 1,905</td>
<td>45.6%</td>
</tr>
<tr>
<td></td>
<td>$ 4,932</td>
<td>42.2%</td>
</tr>
</tbody>
</table>
# Appendix

## Non-GAAP Reconciliation: Adjusted net income to common stockholders and Adjusted diluted EPS

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td></td>
<td>Amount</td>
<td>Diluted EPS</td>
</tr>
<tr>
<td>Net income available to common stockholders (GAAP), Earnings per common share — diluted (GAAP)</td>
<td>$1,050</td>
<td>$.57</td>
</tr>
<tr>
<td>Acquisition and integration-related costs</td>
<td>282</td>
<td>.15</td>
</tr>
<tr>
<td>Amortization of acquired intangible assets</td>
<td>147</td>
<td>.08</td>
</tr>
<tr>
<td>Income tax effects</td>
<td>(105)</td>
<td>(.06)</td>
</tr>
<tr>
<td>Adjusted net income available to common stockholders (Non-GAAP), Adjusted diluted EPS (Non-GAAP)</td>
<td>$1,374</td>
<td>$.74</td>
</tr>
</tbody>
</table>
## Appendix

Non-GAAP Reconciliation: Return on average tangible common stockholders’ equity

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended December 31,</th>
<th>Twelve Months Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>2019</td>
</tr>
<tr>
<td>Return on average common stockholders' equity (GAAP)</td>
<td>11%</td>
<td>17%</td>
</tr>
<tr>
<td>Average common stockholders' equity</td>
<td>$37,198</td>
<td>$18,757</td>
</tr>
<tr>
<td>Less: Average goodwill</td>
<td>(6,845)</td>
<td>(1,227)</td>
</tr>
<tr>
<td>Less: Average acquired intangible assets – net</td>
<td>(5,624)</td>
<td>(130)</td>
</tr>
<tr>
<td>Plus: Average deferred tax liabilities related to goodwill and acquired intangible assets – net</td>
<td>1,005</td>
<td>67</td>
</tr>
<tr>
<td>Average tangible common equity</td>
<td>$25,734</td>
<td>$17,467</td>
</tr>
<tr>
<td>Adjusted net income available to common stockholders¹</td>
<td>$1,374</td>
<td>$820</td>
</tr>
<tr>
<td>Return on tangible common equity (Non-GAAP)</td>
<td>21%</td>
<td>19%</td>
</tr>
</tbody>
</table>

Note: 1. See table on slide 135 for the reconciliation of net income available to common stockholders to adjusted net income available to common stockholders (non-GAAP).
Appendix
Bank Deposit Account Summary (as of December 31, 2020)

Mix of Average BDA Balances ($B,%)\(^1\)

- **Floating**: $31.7 (20.8%)
- **Fixed**: $120.8 (79.2%)

**$152.5**

BDA Balances by Maturity, EOP ($B)

- **Total Balance**: $165.9B
- **Net Rate\(^3\)**: 0.87%
- **Annual Revenue\(^4\)**: $1,467M

- **Fixed Maturities**: $129.1 (78% of total)\(^2\)
- **Net Rate\(^3\)**: 1.14%

- **Floating**: $36.9
- **Year 1**: $20.2
- **Year 2**: $18.7
- **Year 3**: $20.2
- **Year 4**: $18.5
- **Year 5**: $20.4
- **Year 6**: $18.2
- **Year 7**: $13.0

**4Q20 Revenue**

- **$355M**
  - (October 6 onwards)

<table>
<thead>
<tr>
<th>Year</th>
<th>2020 Revenue</th>
<th>Net Rate(^3)</th>
<th>Annual Revenue(^4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$13M</td>
<td>0.07%</td>
<td>($13M)</td>
</tr>
<tr>
<td>Year 2</td>
<td>$35M</td>
<td>1.73%</td>
<td>$353M</td>
</tr>
<tr>
<td>Year 3</td>
<td>$314M</td>
<td>1.66%</td>
<td>$314M</td>
</tr>
<tr>
<td>Year 4</td>
<td>$358M</td>
<td>1.75%</td>
<td>$358M</td>
</tr>
<tr>
<td>Year 5</td>
<td>$303M</td>
<td>1.62%</td>
<td>$303M</td>
</tr>
<tr>
<td>Year 6</td>
<td>$114M</td>
<td>0.55%</td>
<td>$114M</td>
</tr>
<tr>
<td>Year 7</td>
<td>$19M</td>
<td>0.10%</td>
<td>$19M</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$30M</td>
</tr>
</tbody>
</table>

Note: Certain totals may not foot due to rounding. BDA = Bank Deposit Account. Net yields calculated on an actual/360 basis. 1. 4Q20 average BDA balance, and associated revenue, calculated from the closing of the TDA acquisition of October 6 onwards. 2. Balances maturing by remaining duration term (e.g., Year 1 maturities are balances rolling off the fixed-rate ladder over the next 12 months). 3. EOP net rate of maturities as of early January 2021 and includes all related fees and client pay rates. 4. Revenue figures presented on an annualized run-rate basis per the amended Insured Deposit Agreement (IDA) arrangement.
Winter Business Update

February 2, 2021