

Winter Business Update

February 2, 2021



CORPORATION

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

Agenda

1	Walt Bettinger, Strategic Update	
2	Joe Martinetto, Scale and TD Ameritrade Integration	
3	Neesha Hathi, Accelerating Schwab’s Digital Transformation	Combined Q&A following SAMS Update
4	Rick Wurster, Schwab Asset Management Solutions (SAMS) Update	
15 Minute Break at 9:55 a.m.		
5	Jonathan Craig, Retail Update	Combined Q&A following Retail Client Acquisition 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

A screenshot of a webcast interface titled "Q&A". It features a large text area for questions, a smaller input field with the placeholder text "Enter your question" and a red asterisk, and a "Submit" button.

**Console within Webcast*

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 risk that expected revenue and expense synergies and other benefits from the TD Ameritrade and other recent acquisition may not be fully realized or may take longer to realize than expected; the ability to successfully implement integration strategies and plans; general market conditions, including equity valuations, trading activity, the level of interest rates – which can impact money market fund fee waivers – and credit spreads; the company’s ability to attract and retain clients and RIAs and grow those relationships and client assets; competitive pressures on pricing, including deposit rates; client cash allocations; client sensitivity to rates; the level of client assets, including cash balances; the company’s ability to monetize client assets; 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.

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Strategic Update

Walt Bettinger

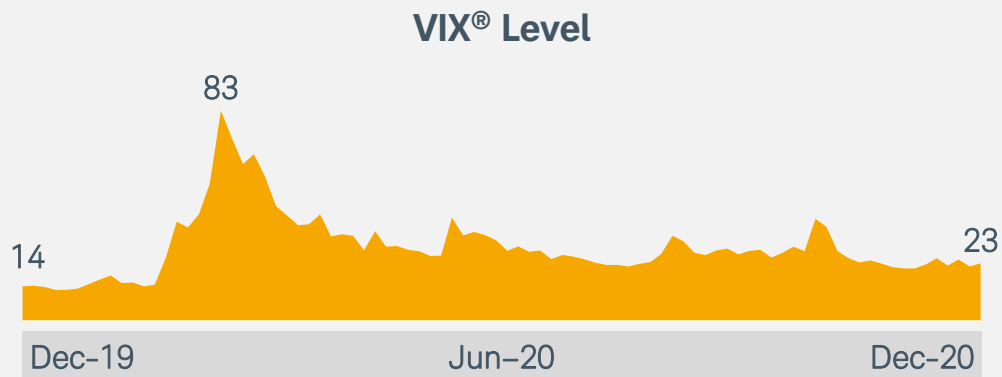
President and Chief Executive Officer

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

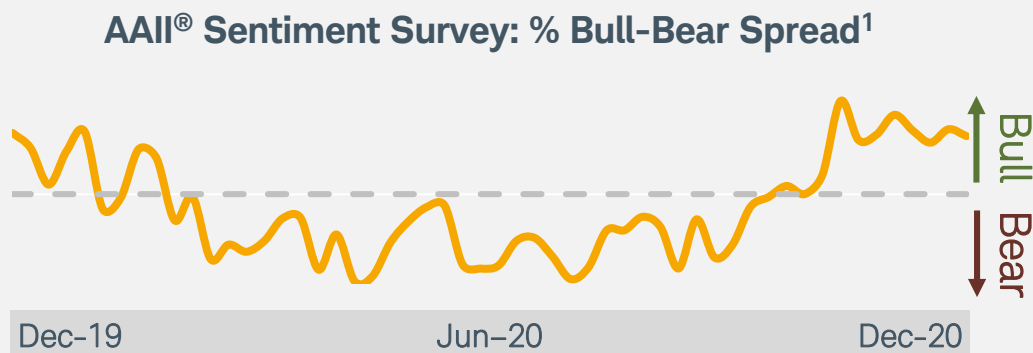
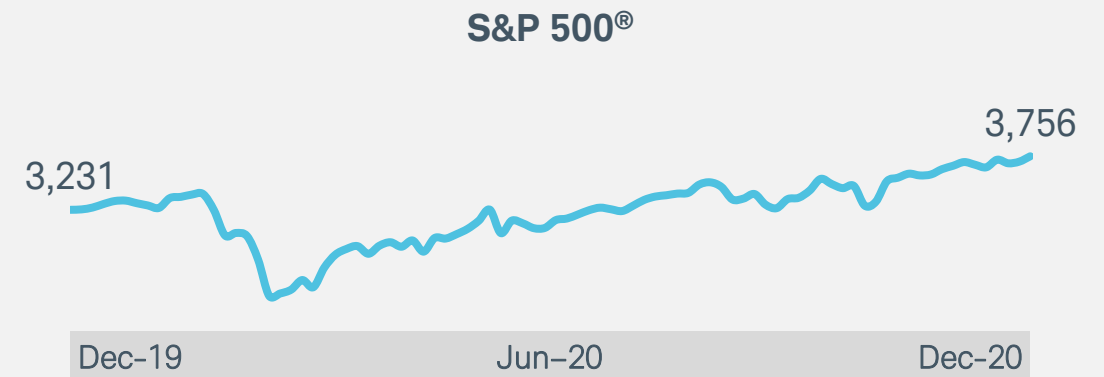
- Schwab's core strategy and "no trade-offs" approach resonated with both investors and independent advisors in 2020 as we helped them navigate unprecedented challenges.
- Our consistent focus enabled us to deliver solid results, while also pushing forward on key initiatives to add scale, unlock client-friendly 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.

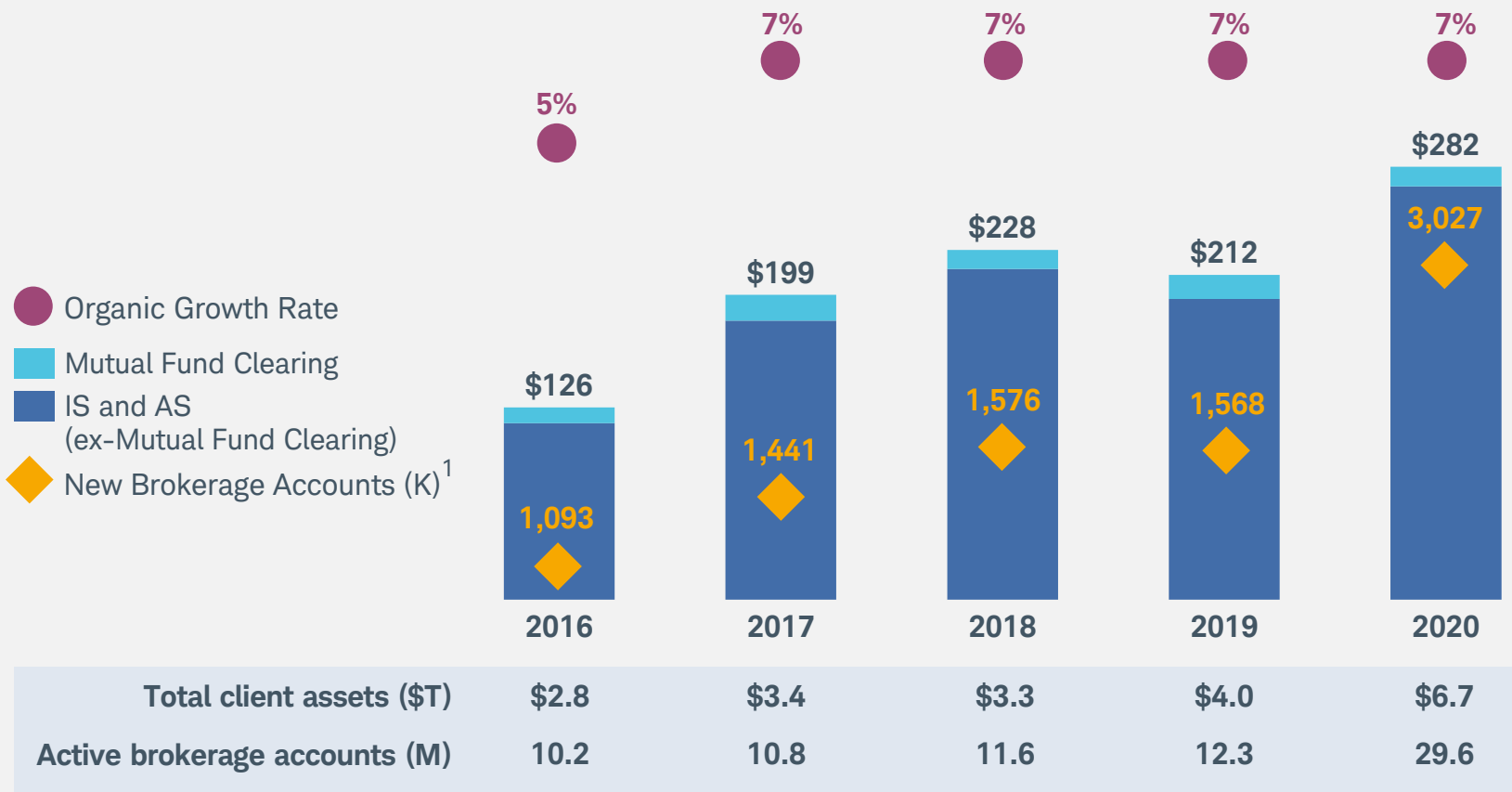


Note: IPO = Initial public offering. S&P®, VIX®, and AAIL® % Bull-Bear Spread data shown 12/31/2019 through 12/31/2020. AAIL® = The American Association of Individual Investors. 1. % Bull-Bear Spread is calculated as the difference between the percentage of weekly survey respondents denoting negative versus positive stock market sentiment for the next six months.

Charles Schwab Corporation

...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 (%)



TDA Contribution to FY 2020²

\$27.2B Core net new assets

\$1.8T Total client assets

14.9M Active brokerage accounts

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.

Charles Schwab Corporation

Client engagement was strong across our diverse set of products and solutions,...

2020 vs. 2019



Elevated Trading¹

Schwab

100%+

TDA

240%+



21% growth in
proprietary ETFs



31% bank loan
growth

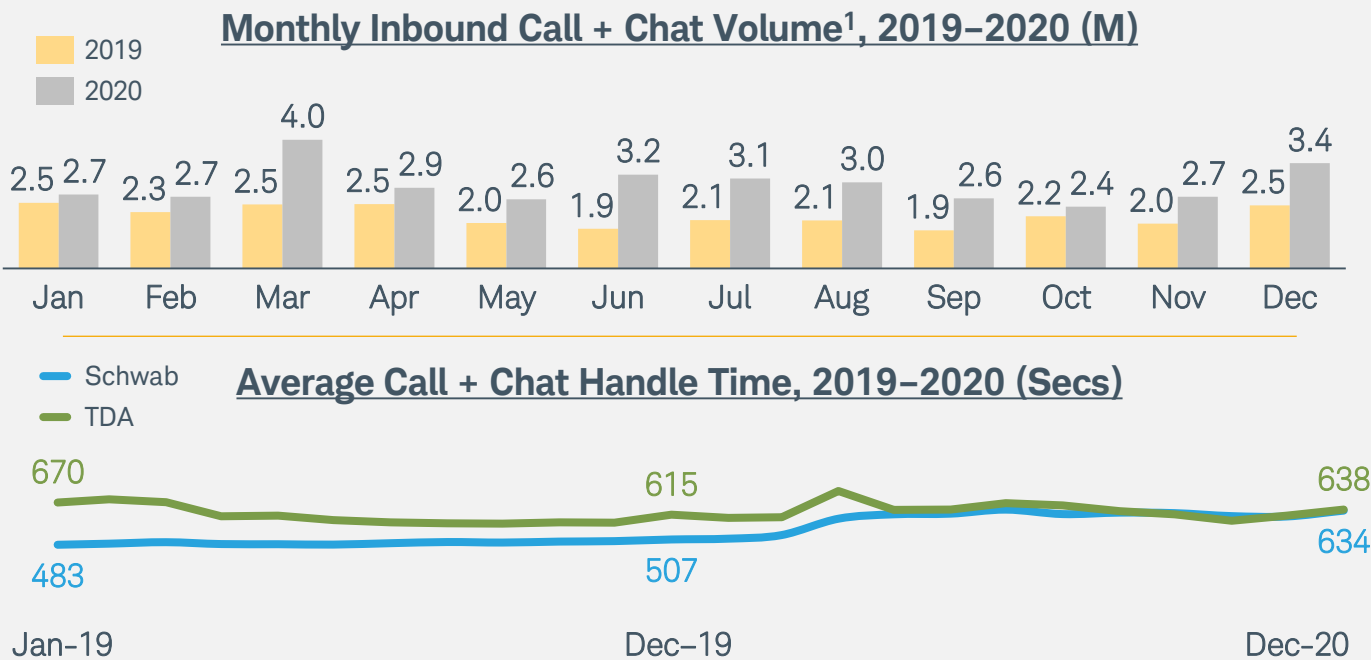


~40% increase in
Investor Services
advisory assets²

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.



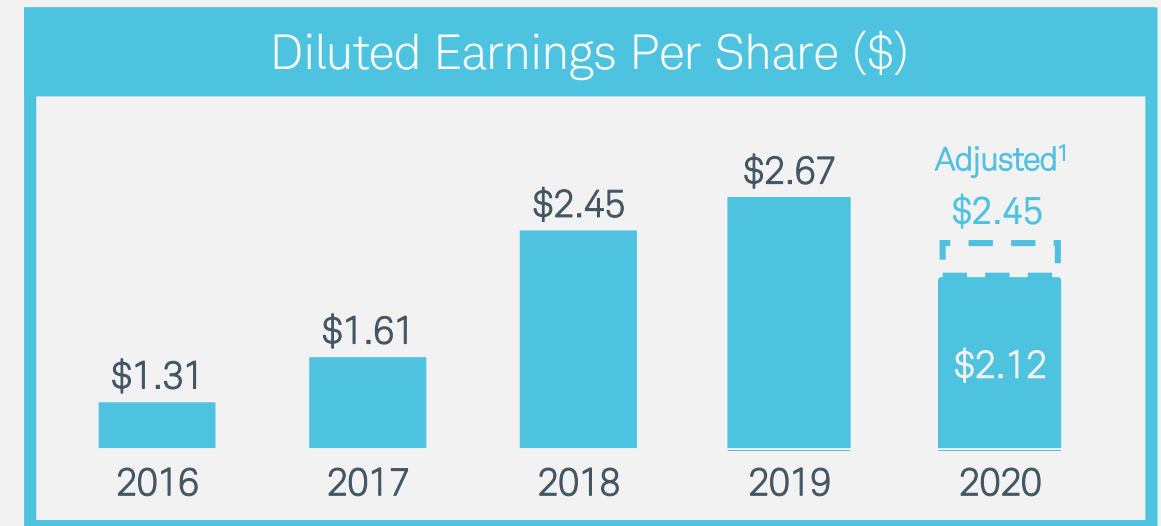
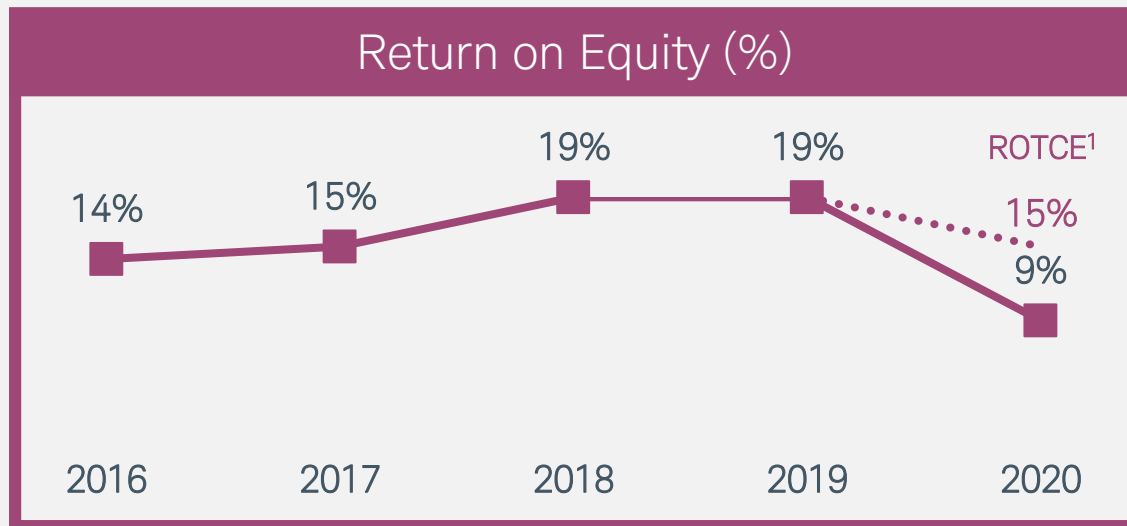
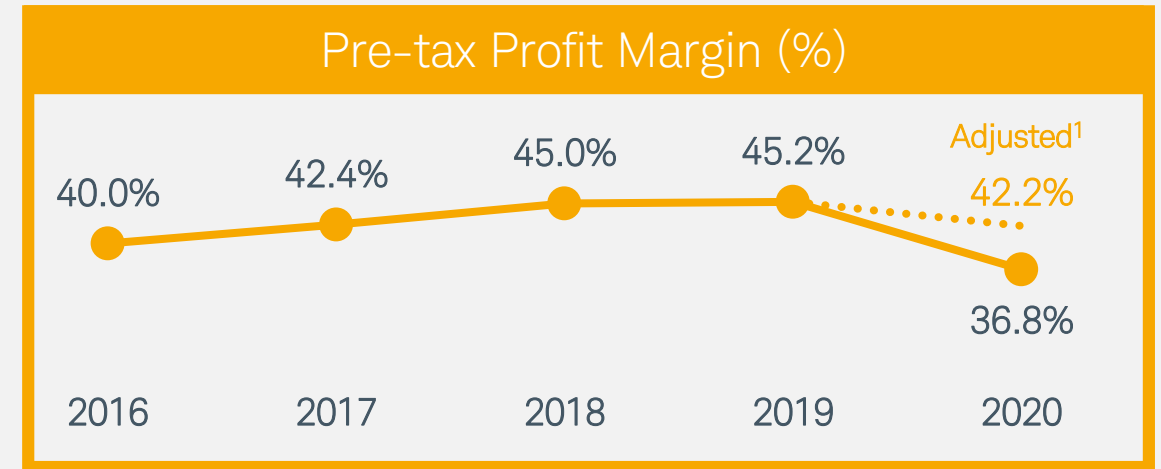
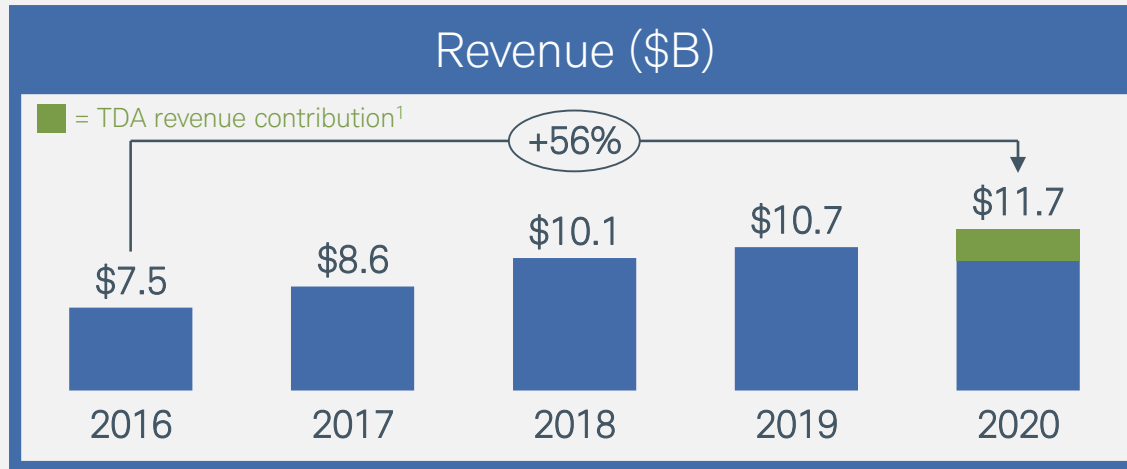
Clients also engaged with our digital channels more than ever.

	Schwab	TDA
Mobile Unique Users ²	2.6M	4.6M
Growth in Mobile utilization	+54%	+71%
Growth in web log-ins ³	+39%	+44%

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

Note: M = Millions. Secs = Seconds. Growth metrics represent 2020 vs. 2019. 1. Monthly inbound call and chat volume shown on a pro forma combined company basis. 2. Represents full-year 2020 unique users on the Schwab Mobile App and TDA Mobile App. 3. Represents growth in average monthly log-ins to Schwab.com and TDA.com for 2020 vs. 2019.

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



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



Schwab
Stock Slices™



Lending
Solutions



High net worth
Services

We remain focused on our commitment to clients, while continuing to build the future of modern wealth management.



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

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

Schwab is well-positioned to benefit from the themes we believe will shape the next decade of investing,...



**Broad
Trends**

**Client
Views**

**Competitive
Landscape**

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.

Schwab is well-positioned to benefit from the themes we believe will shape the next decade of investing,...

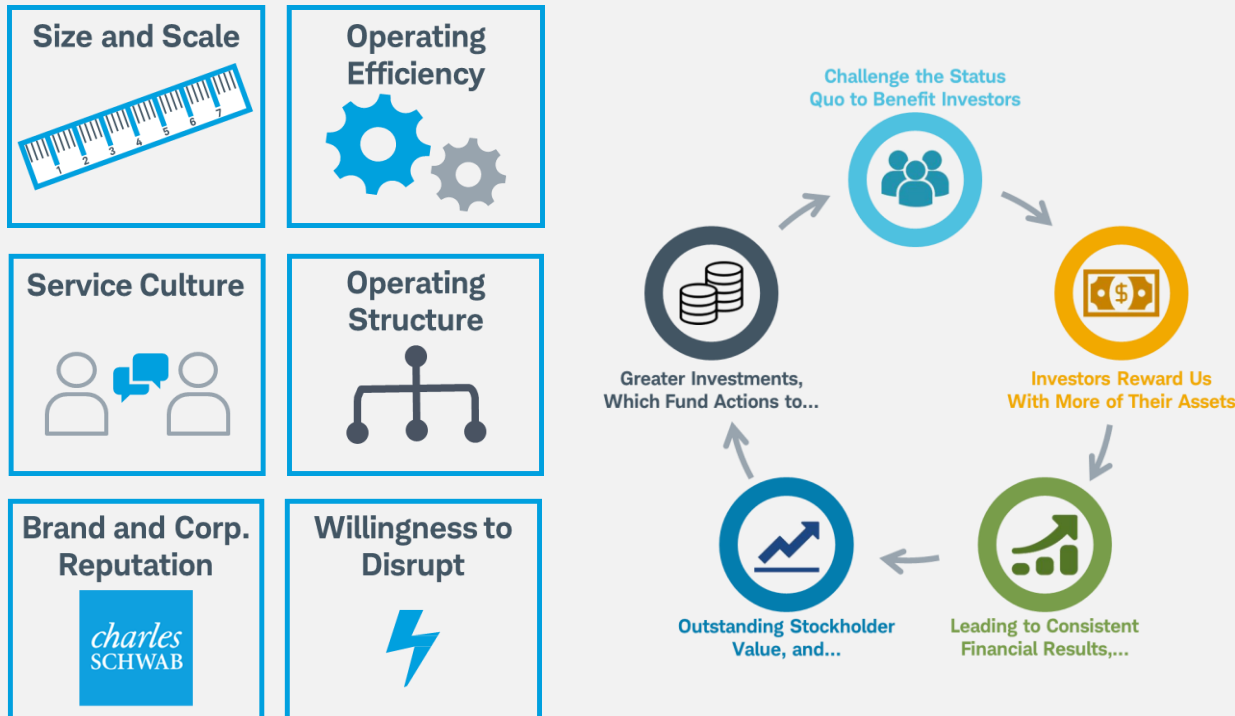
Competitive Landscape

- **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.
- **Investors will consider consolidation for convenience or preferential pricing/service**, resulting in market share gains for firms with scale and broad capabilities.
- **Large banks will compete aggressively** for wealth management clients, **increasingly utilizing balance sheet products** as relationship levers.
- Firms offering world class **relationships, live and digital advice and service, and great value** will gain market share.
- 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.
- **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.

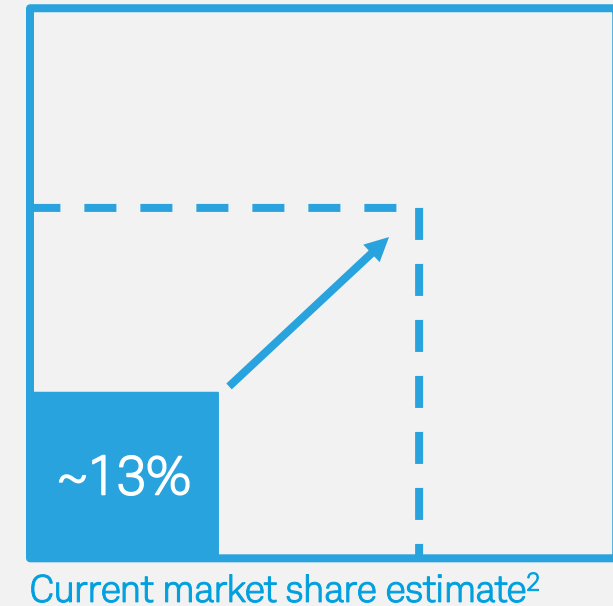
...giving us confidence that there is still plenty of opportunity ahead of us.

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.



U.S. Retail Market: \$50T+¹



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.
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Q&A

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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.



Note: SMA = Separately Managed Account. B = Billions. M = Millions. 1. As of May 31, 2020.

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)



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

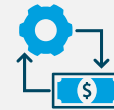


Further reduction in outside vendor and consulting expenditures

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

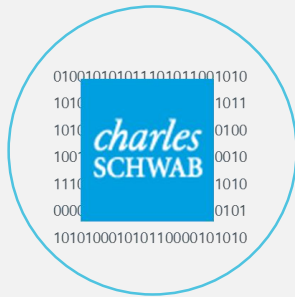


Q2 transition to a more harmonized order routing model with continued focus on execution quality



Migration of IDA balances to Schwab Bank beginning in July

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

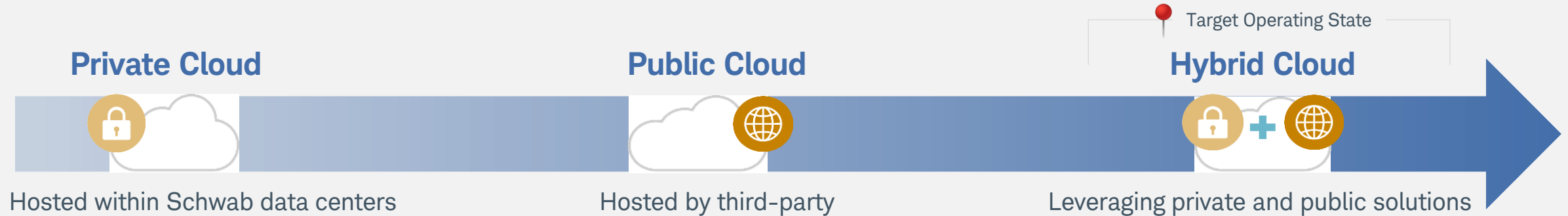


Enhanced Data Centers

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



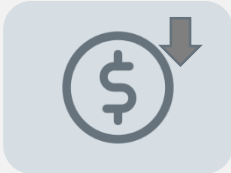
Increased data safety and security



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.



Increase Digital Self-Service

- Evolve policies to reduce paper acceptance and encourage clients to utilize digital channels
- Provide visibility into transaction status, allowing clients to self-service on demand

Transaction status available to clients for inbound asset transfers, expected to reduce related calls by 10%

Supported 52% increase in new account verification in 2020 with no add to staff from 2019

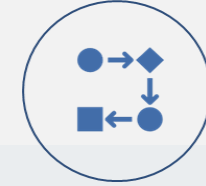


Maximize Process Automation

- Automate processes in-house to reduce processing times
- Increase scale while limiting reliance on manual labor
- Complement efforts with third party vendors with specialized expertise

Processing ~80% of inbound bank wires with no human touch

Applied Optical Character Recognition technology to 75% of our top utilized forms to enable automation of paper form processing



Optimize Human Service & Processing

- Intelligent routing of processing issues to optimal resolution path
- Engage client/advisor for appropriate self resolution
- Reserve rep intervention for resolving true issues requiring subject matter expertise

Reduced manual research and routing of processing issues by 67% for Account Open & Maintenance functions, providing flex staffing capacity

Efficiency Drivers

Levers & Tools

Examples of Recent Wins

Q&A

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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.

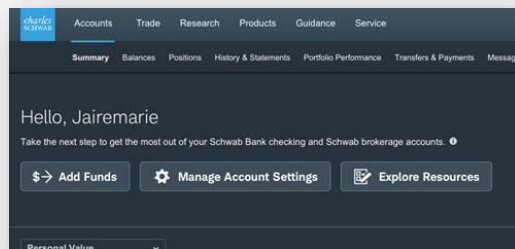
Efficiency & Scale

Innovation & Growth

Select Highlights

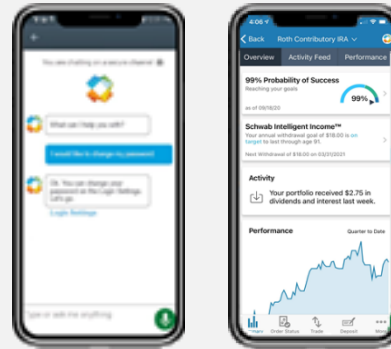
Retail investors

Retail onboarding



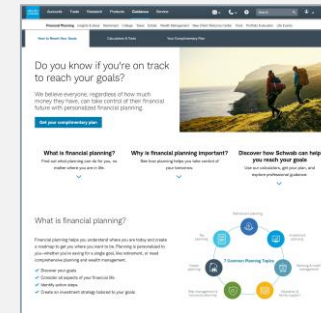
92% of accounts opened online and **11%** decline in call ratios YoY

Mobile



300+ releases to enhance capabilities and experiences

Digital planning



18,000+ free digital financial plans initiated

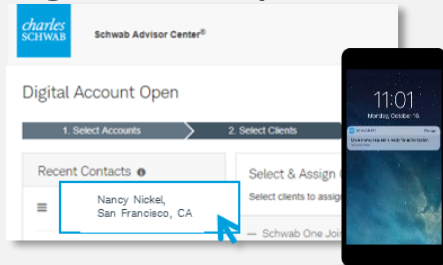
Schwab Stock Slices™



~100K households; average **age 45**

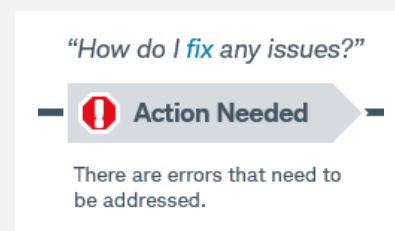
Advisors

Digital account open



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

Status



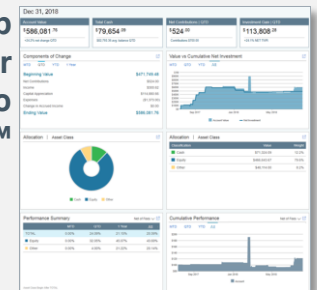
5,000+ advisors using status to help reduce calls

Third-party integration



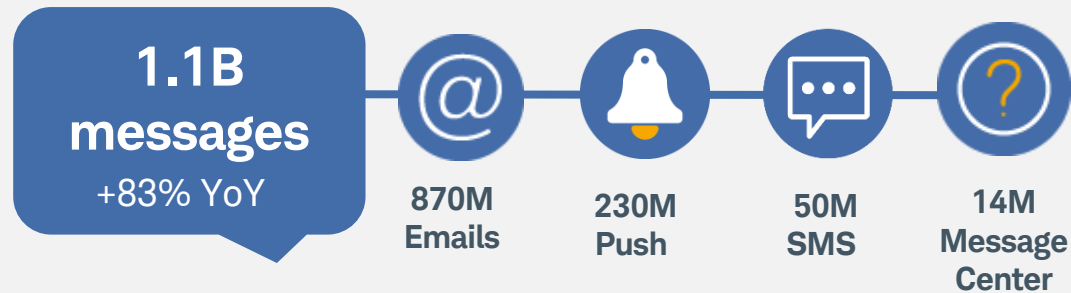
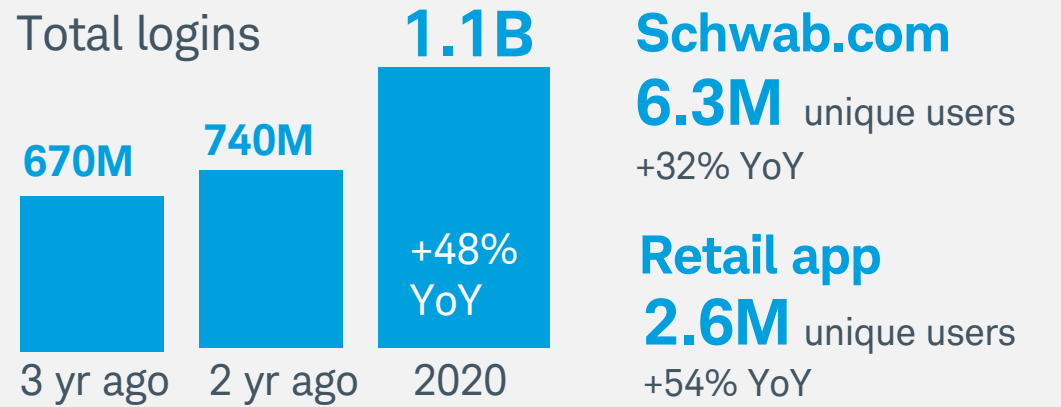
160+ providers to choose from

Schwab Advisor Portfolio Connect™



1,600+ firms using free portfolio management

In 2020, we saw a significant increase in digital engagement across retail investors...



The move to mobile

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

...along with advisors and their clients, who increasingly leveraged our growing suite of digital capabilities.

Schwab



74% increase in new accounts opened digitally



Almost half of client-approved wire transfers used eAuthorization (+18% YoY)



>20% adoption across 16 new digital actions



40% increase in API usage across 3,000 firms (11M total in 2020)

TD Ameritrade



62% increase in new accounts opened digitally

thinkpipes®

Advisor usage increased **20%**, with **120%** increase in equity trades

iRebal®

550 firms using Model Market Center, with **\$6B** in program assets



Successful migration to Veo One and Advisorclient.com for existing firms and their clients

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.



“**87%** of consumers plan to continue their increased use of digital tools after the pandemic.”¹

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.”²

Investors will seek out more personalized experiences.

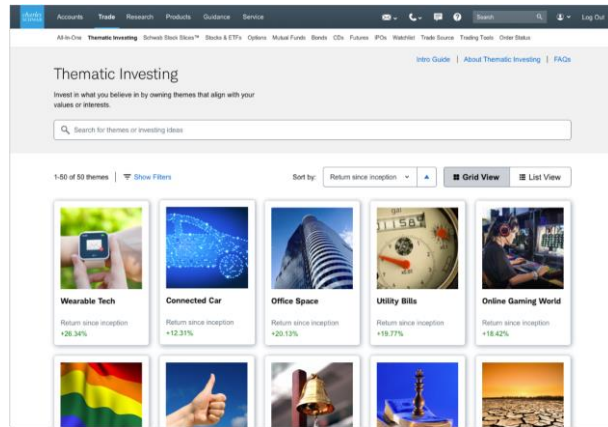


“**48%** of retail investors would be willing to pay more for personalized financial products and services.”³

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



Who is the design target?



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

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



CORPORATION

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 **\$2.3T²** 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



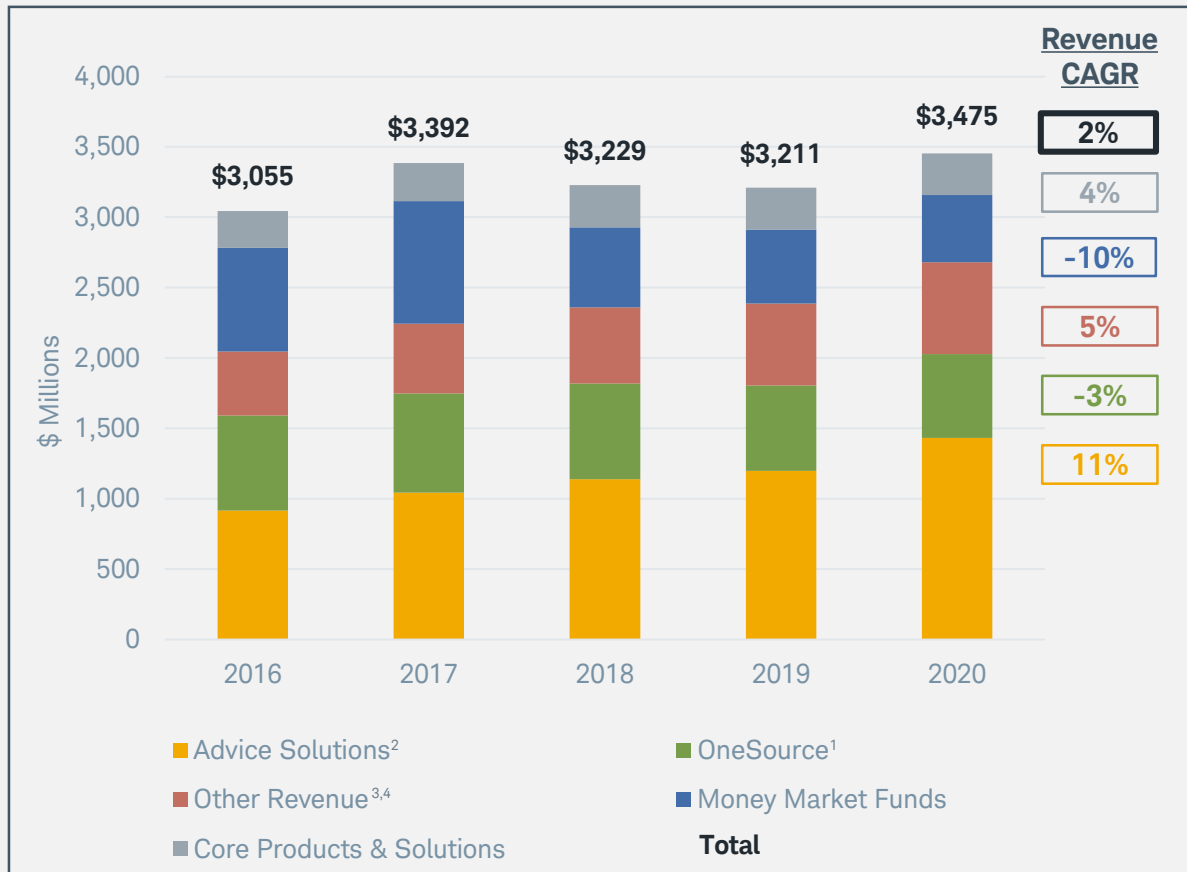
Solutions

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

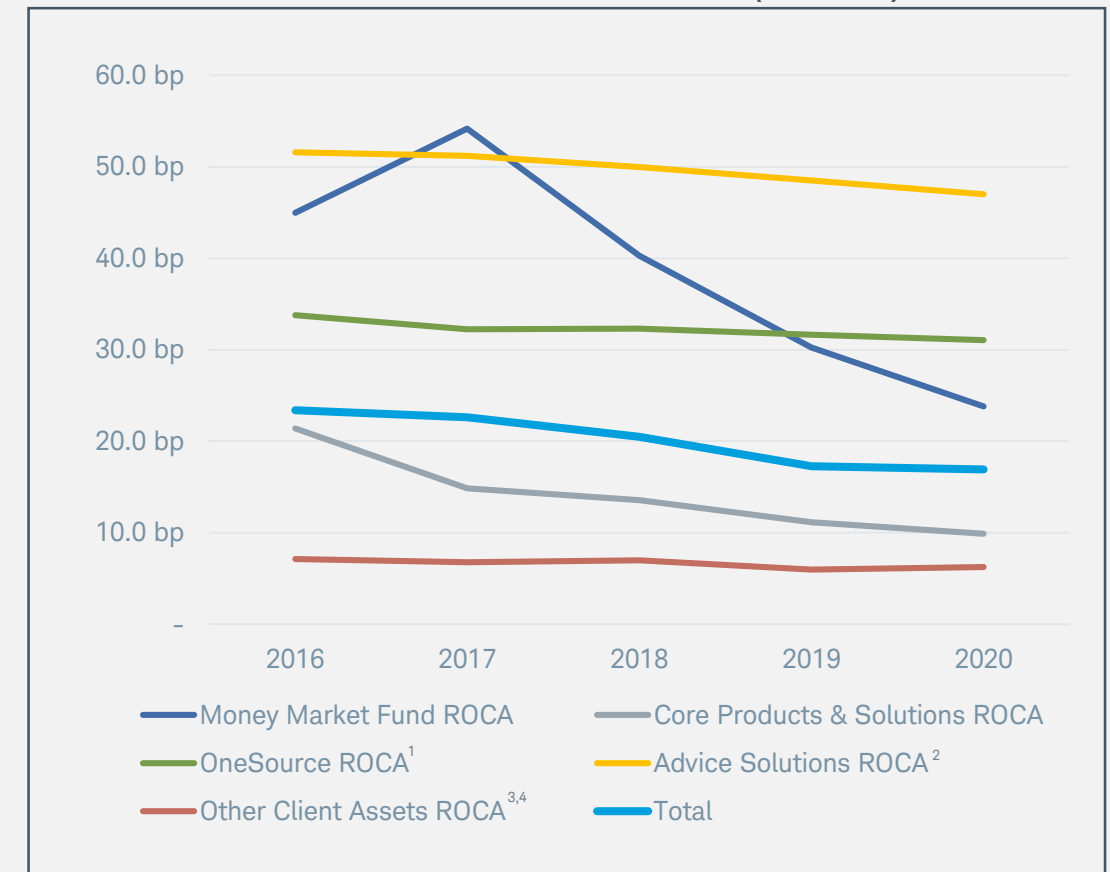
Note: 1. As of 12/31/20 for trailing 12 months. 2. As of 12/31/20. Fixed income assets as of 11/30/20 due to data availability. 3. Excludes affiliated products from fund of fund products and managed investing offers. 4. Schwab Private Client includes portions of MAS Advised, ThomasPartners, Windhaven, 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.

Asset Management and Advisory Fee Revenue



Asset Management and Advisory Fee Revenue on Client Assets (ROCA)



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.

Acquisitions and
Integrations

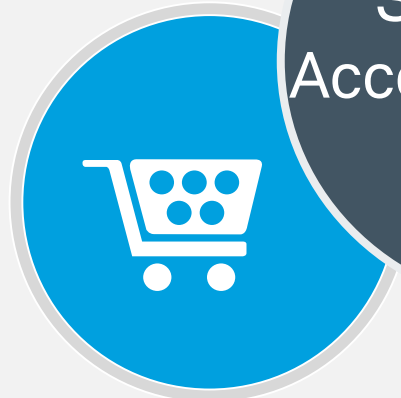


Personalized
Outcomes



SAMS 2020
Accomplishments

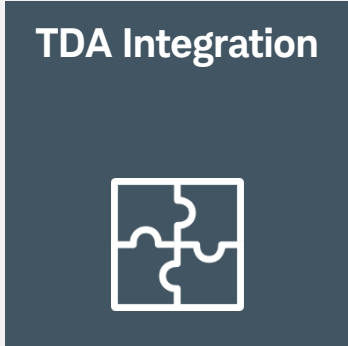
Product
Distribution



Regulatory Change
Responsiveness



Our 2021 initiatives support Schwab's objectives of building scale, client-friendly monetization, and supporting client segments



Scale

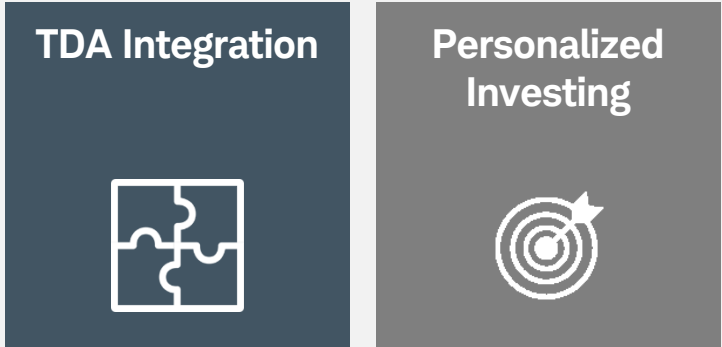


Win-Win
Monetization



Segmentation

Our 2021 initiatives support Schwab's objectives of building scale, client-friendly monetization, and supporting client segments



Scale






Win-Win
Monetization



Segmentation



Our 2021 initiatives support Schwab's objectives of building scale, client-friendly monetization, and supporting client segments

	TDA Integration	Personalized Investing	Fixed Income Expansion
 <u>Scale</u>	✓		✓
 <u>Win-Win Monetization</u>	✓	✓	✓
 <u>Segmentation</u>		✓	✓

Our 2021 initiatives support Schwab's objectives of building scale, client-friendly monetization, and supporting client segments

	TDA Integration	Personalized Investing	Fixed Income Expansion	Operating Platform Modernization
 <u>Scale</u>	✓		✓	✓
 <u>Win-Win Monetization</u>	✓	✓	✓	✓
 <u>Segmentation</u>		✓	✓	

Our 2021 initiatives support Schwab's objectives of building scale, client-friendly monetization, and supporting client segments



Scale

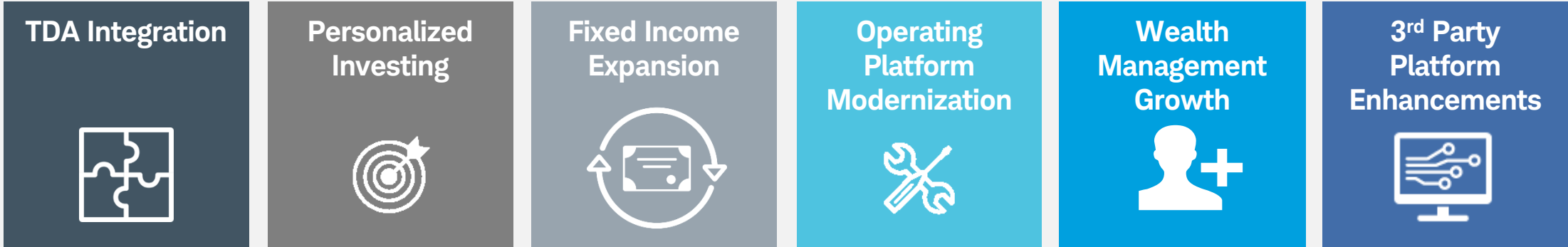


Win-Win
Monetization



Segmentation

Our 2021 initiatives support Schwab's objectives of building scale, client-friendly monetization, and supporting client segments



Scale



Win-Win
Monetization



Segmentation



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

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Break

Winter Business Update

February 2, 2021



CORPORATION

Retail Update

Jonathan Craig

Senior Executive Vice President, Investor Services and Marketing

2020 was a year of significant accomplishments for the Schwab Retail business.

Launched New Capabilities Across the Client Spectrum



Schwab Intelligent Income™



Stock Slices™



Schwab Plan

Expanded Schwab Dedicated Client Relationships



Independent Branch Expansion



Additional Investment in Financial Consultant model

Investment in Largely Self-Directed Ultra High Net Worth Offering



Launch of Wealth Services Team



Building Out New Products and Pricing for UHNW

Continued Investment in Client Service



Launch of Virtual Assistant



Scaling of Virtual Call Back



Enhanced Chat and App Experiences

Historic M&A and Integration for the Firm



WASMER SCHROEDER



Ameritrade

motif.

Implemented Major Regulatory Changes



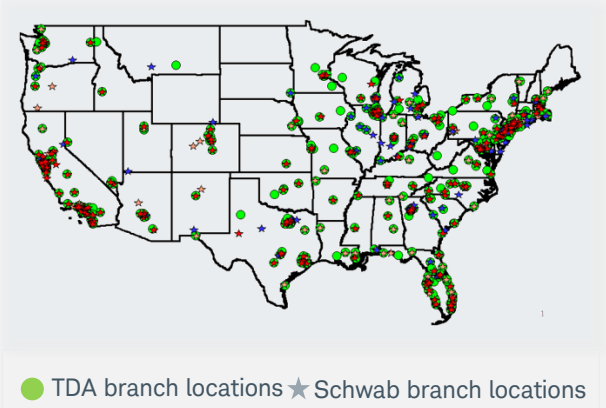
Regulation Best Interest

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

We also made significant progress blending the Schwab and TDA branch networks.

Meaningful opportunity to consolidate branch footprint...

Schwab and TDA standalone branch locations



~90% of branches within 10 miles of each other

...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%¹

of \$1M+ TDA clients with a local relationship

~140 of 417²

of total branches are **co-located**



Co-located signage

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

Note: 1. Reflects organic growth and excludes one-time impacts from acquisitions. 2020 vs. 2019 growth on a pro forma combined basis for Schwab and TDA. 2. 2020 vs. 2019 growth on a pro forma combined basis. 3. As of December 2020, for Schwab and TDA. 4. Q4 2020 Schwab and TDA Daily Average Trades. 5. Among branchless banks.

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





Emerging Affluent / Affluent

-  Modern and intuitive web and app experiences
-  24/7 support with industry-leading service
-  No fee charged for digital advisory¹ and digital planning
-  Subscription pricing for comprehensive financial planning

High Net Worth / Ultra High Net Worth

-  Dedicated financial consultants, wealth advisors, and specialists
-  Preferential pricing and product access
-  Comprehensive wealth management specialized solutions
-  Premier servicing teams and branded experiences

Traders

-  Innovative trading tools, platforms, and products
-  Commission-free stock and ETF trading online and high-quality order execution
-  Dedicated trader service teams
-  Comprehensive education, research, and insights

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

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



Best-in-class trader platforms¹ with proven track-record of attracting and supporting traders



Leading customer service and strength in building client relationships



Extensive live and digital content designed to build relationships with traders and investors



Heritage of disruption around delivering client value at scale



Rich history of **product and digital innovations**



Growth model closely tied to **interest rates and asset levels**



Growth model driven by **trading and market volatility**

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

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**

Winter Business Update

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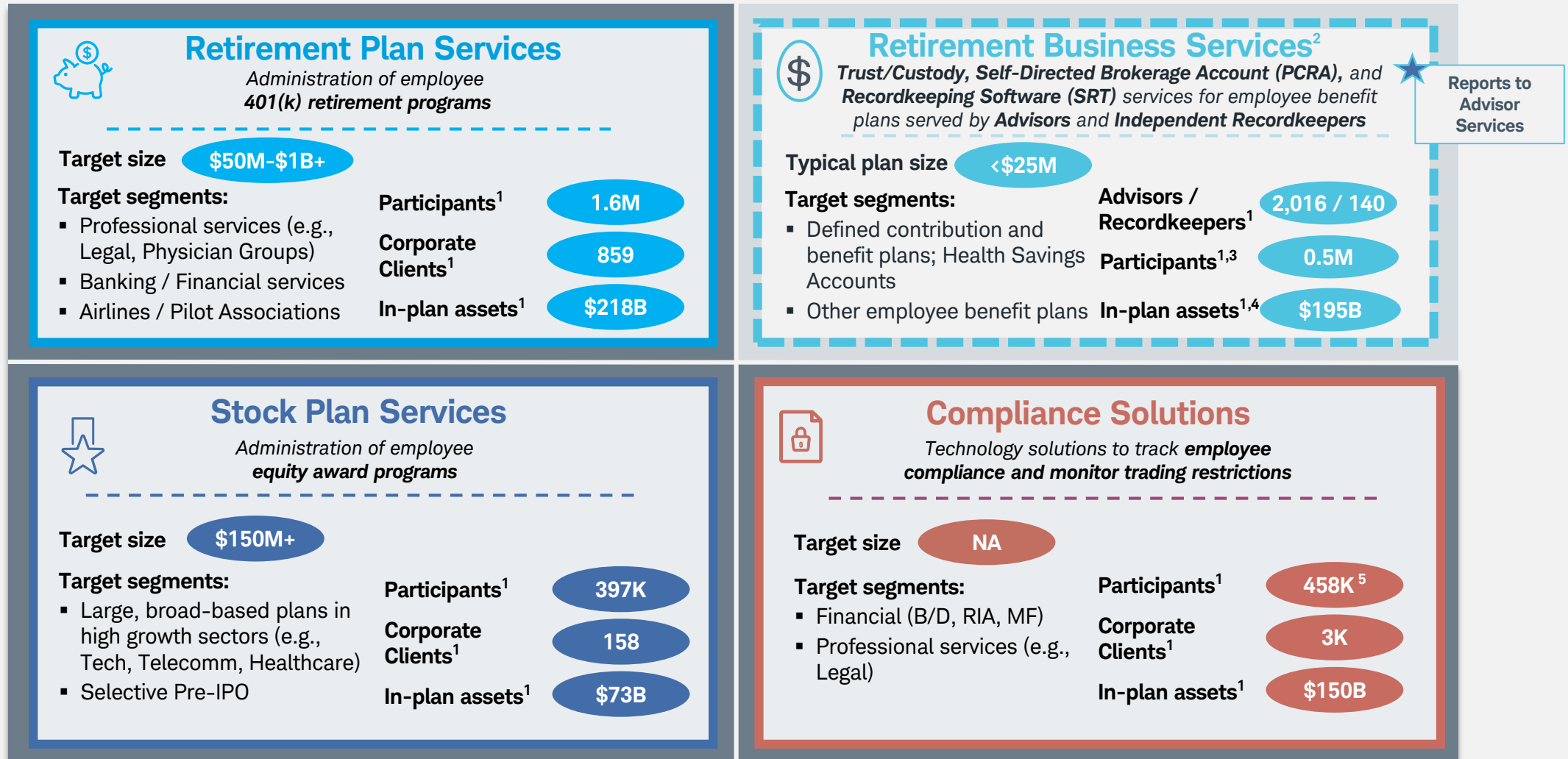
CORPORATION

WFS Update

Catherine Golladay

Executive Vice President, Workplace Financial Services

Workplace Financial Services includes three employer-focused businesses.



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



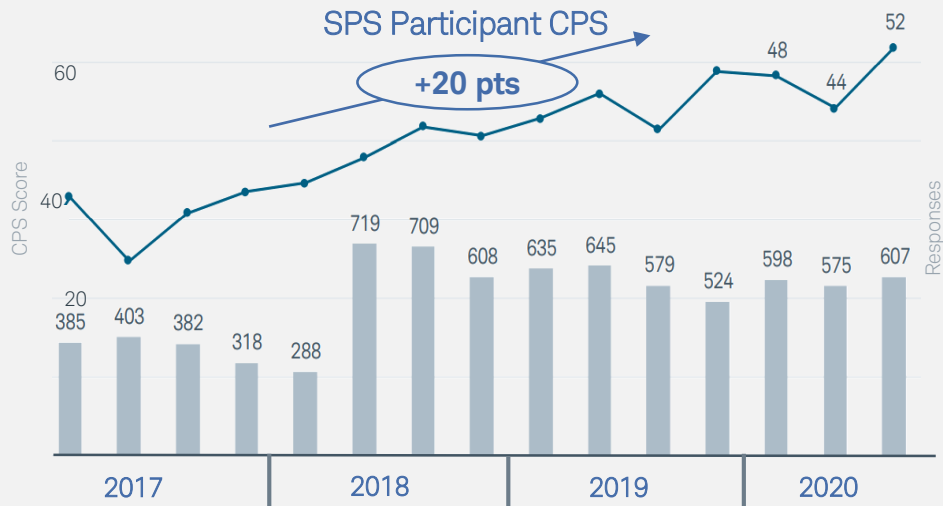
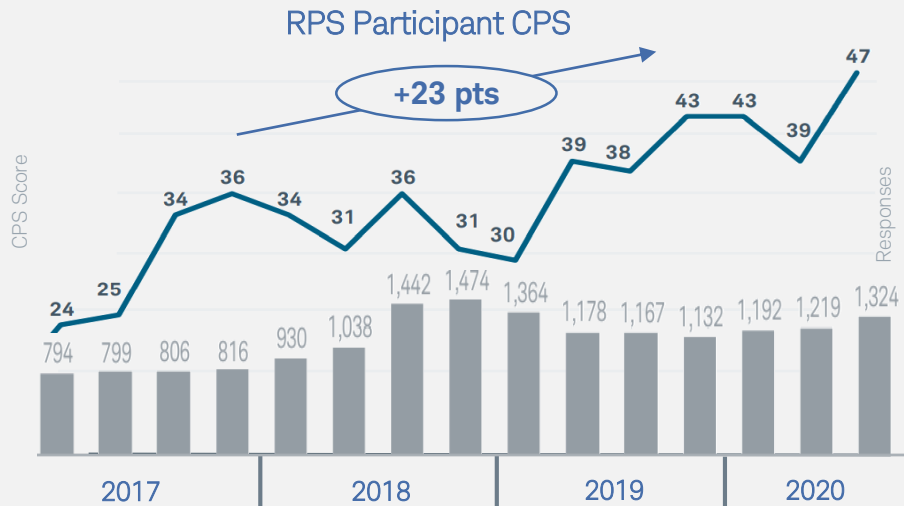
We're proud to have been rated by participants as a **top leader across key categories for 401(k) providers**, including overall satisfaction, trust, confidence and education.³



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



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



Note: RPS = Retirement Plan Services. SPS = Stock Plan Services. CPS = Client Promoter Score. 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



TDA Integration for Stock Plan Services and Compliance Solutions



TD Ameritrade

Ongoing Investment in Client Relationship Service Model



Adapted to Major Regulatory Changes



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

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

Slide 71: 1. Charles Schwab received the highest numerical score in the large plan segment in the J.D. Power 2018-2019 and tied in the 2020 U.S. Retirement Plan Participant Satisfaction Studies of participants' satisfaction with their retirement plan provider. The 2020 study was based on 10,159 responses from retirement plan participants surveyed in February and March 2020. Your experiences may vary. Visit jdpower.com/awards. "Charles Schwab" is Charles Schwab & Co., Inc. for purposes of this award. 2020 Defined Contribution Survey, PLANSPONSOR. 2. Best in Class awards received by Schwab Retirement Plan Services for fourth year in a row: 102 in the PLANSPONSOR® 2020 Defined Contribution (DC) Survey, 88 in the PLANSPONSOR® 2019 Defined Contribution (DC) Survey, 74 in the PLANSPONSOR® 2018 Defined Contribution (DC) Survey. Each year a total of 23 providers qualified for inclusion in the published results. Each study covered six asset-based markets and five broad categories. More information regarding the survey can be found at <https://www.plansponsor.com/research/2020-best-class-dc-providers/>. 3. "A Strategic Analysis: Drivers of Engagement and Loyalty, NARPP 2017 Participant Trust Study, Edition v4.0, 2017; NARPP 2018 Participant Trust Study, Edition v5 2018; NARPP 2019 Participant Trust Study, Edition v6, 2019; NARPP 2020 Participant Trust Study, Edition v7, 2020. The data was collected through digital surveys, representing a nationwide sample. 'Top leader', 'top 3', 'top performer' and 'top rated' are all defined as 401(k) providers rated either 1st, 2nd or 3rd on the National Association of Retirement Plan Participants (NARPP) Leaderboard that received the top 3 highest percentage scores rated by participants in the 2017, 2018, 2019 & 2020 NARPP studies. The key categories include: overall satisfaction, trust, confidence, education and participant knowledge. Contact @NARPP.org for a copy of the study.

Winter Business Update



CORPORATION

Retail Client Acquisition

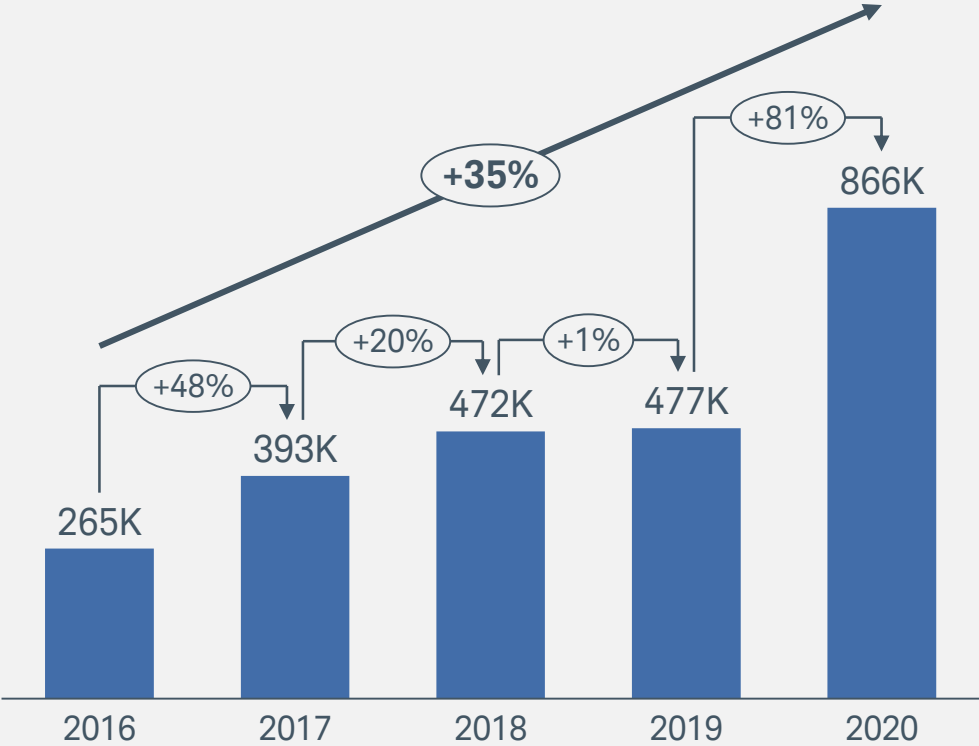
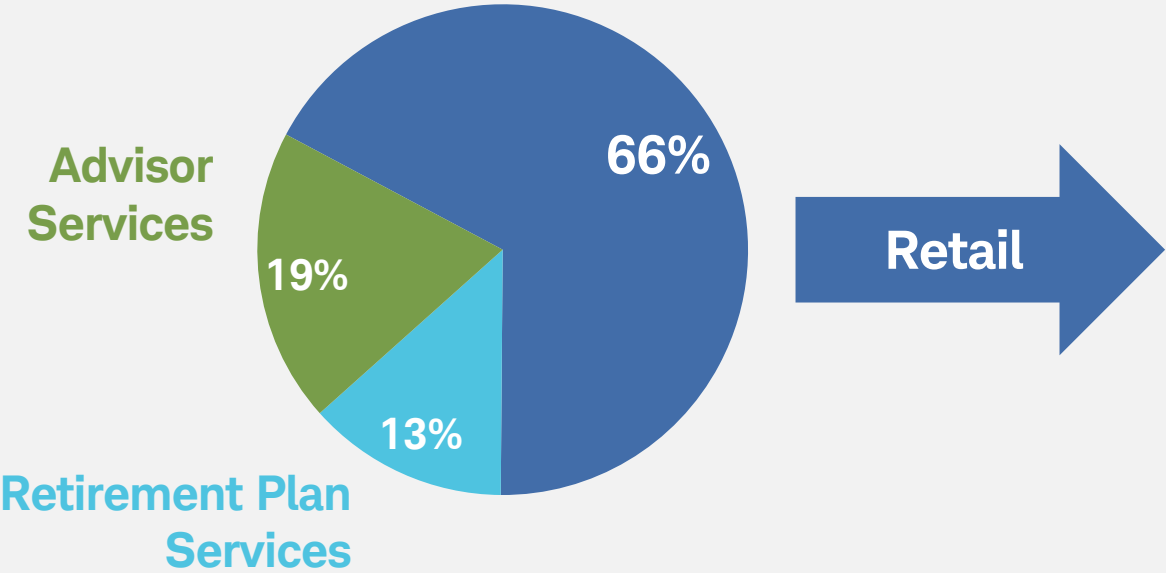
Stacy Hammond

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 growth¹

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

HHs <41 years old



53%
2016-2020 avg.

Affluent clients
\$250k+



33%
2016-2020 avg.

Managed investing
enrollment



4.2%
2016-2020 avg.

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

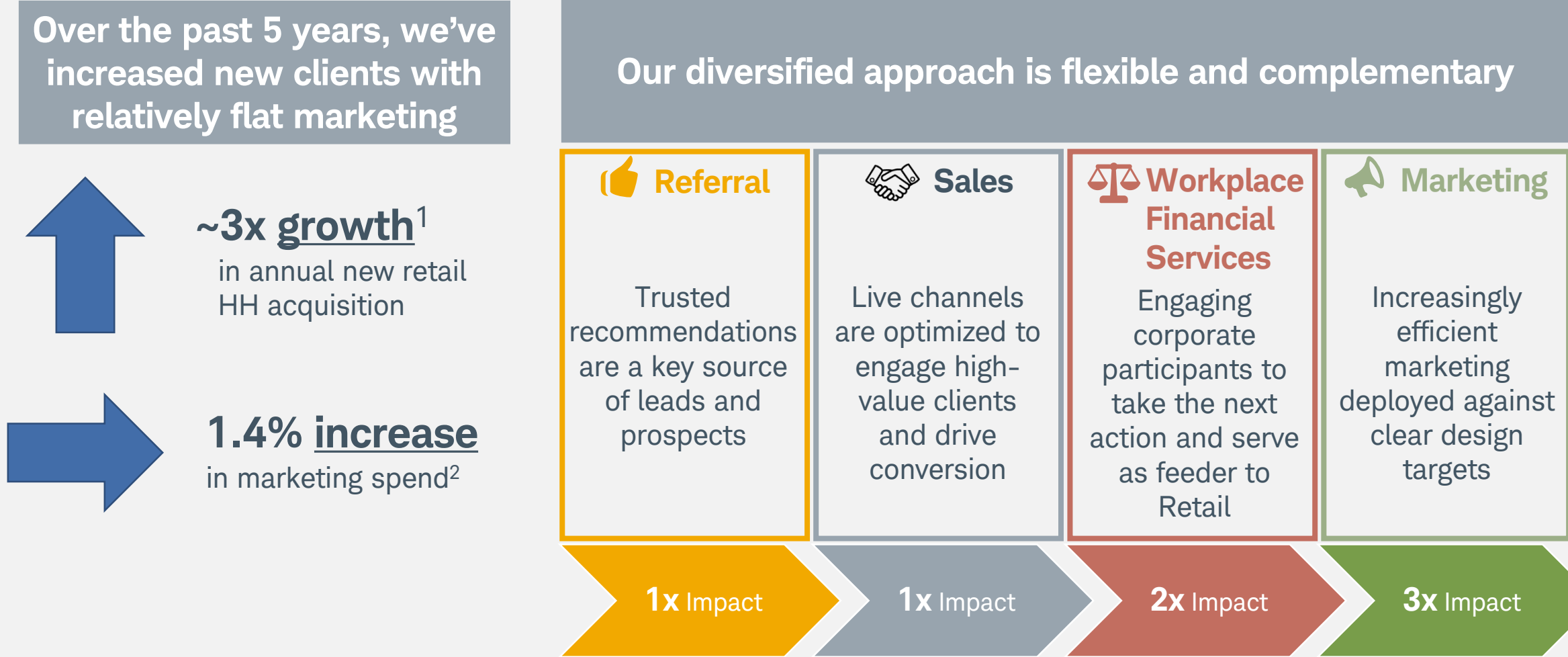
44%
Less funding in first 3
months year-over-year

More **self-directed**
investors

52%
Indicated interest in
trading vs 38% in 2019

And new clients represent an increasing share of overall NNA

We have an approach to acquisition that is both diversified and increasingly efficient.



Our strategy is designed to leverage the strengths of each channel.

Referral

We are focused on organic client referrals

... which start with delivering **exceptional client experiences**. . .

... and are enabled by programs that **make it easier for clients to refer**

And our USAA referral program

...which seeks to:

- **Optimize** the digital experience
- **Expand** member marketing
- **Maximize** the live channel

Sales

Company-managed branches continue to drive affluent new client growth with local marketing and 1000s of events every year

Independent Branch Network provides significant source of new client growth in underpenetrated markets

Prospect Conversion Phone Team dedicated to nurture and unlock leads from all digital and live channels

Multi-channel approach continues to **drive affluent leads to branches** through thousands of events and scalable media

WFS

We are focused on accelerating the 401(k) and Stock Plan connection to Retail

Retirement Plan Services


+ Introduce more participants to retail earlier in their tenure

Stock Plan Services

+ Drive asset retention of vested equity awards

Marketing

Marketing has delivered results through:



Clear **design targets**



Best-in-class **creative**



and a focus on **measurement and analytics**

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

Q&A

**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

Winter Business Update

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CORPORATION

Advisor Services Update

Bernie Clark

Executive Vice President, Advisor Services

Agenda

Our **Industry**

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

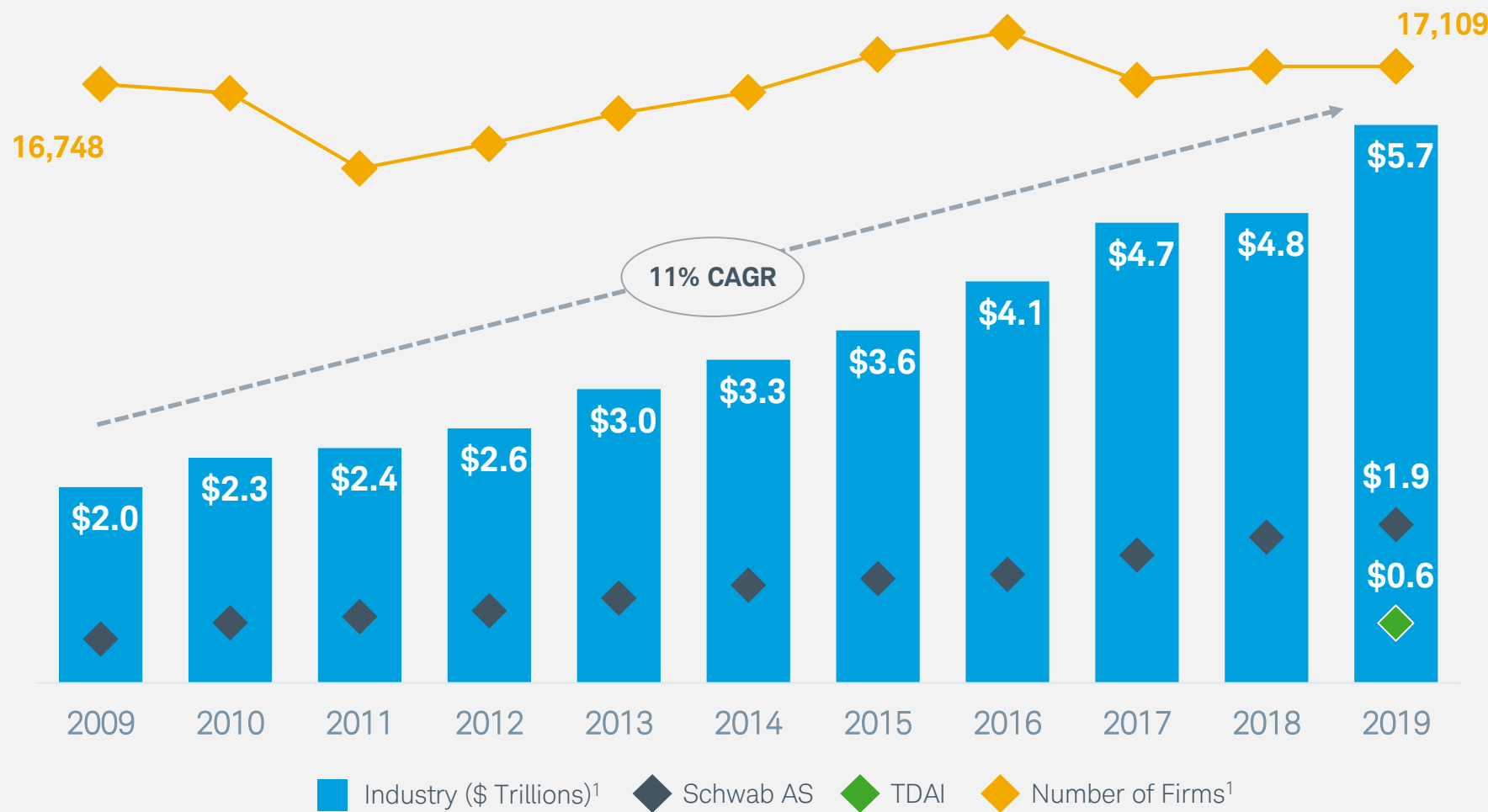
Our **2020 Results**

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.



Note: CAGR = Compound annual growth rate. AS = Advisor Services. TDAI = TD Ameritrade Institutional. Source: The Cerulli Report, U.S. RIA Marketplace 2020. 1. Includes both independent and hybrid RIAs. Charles Schwab Corporation

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

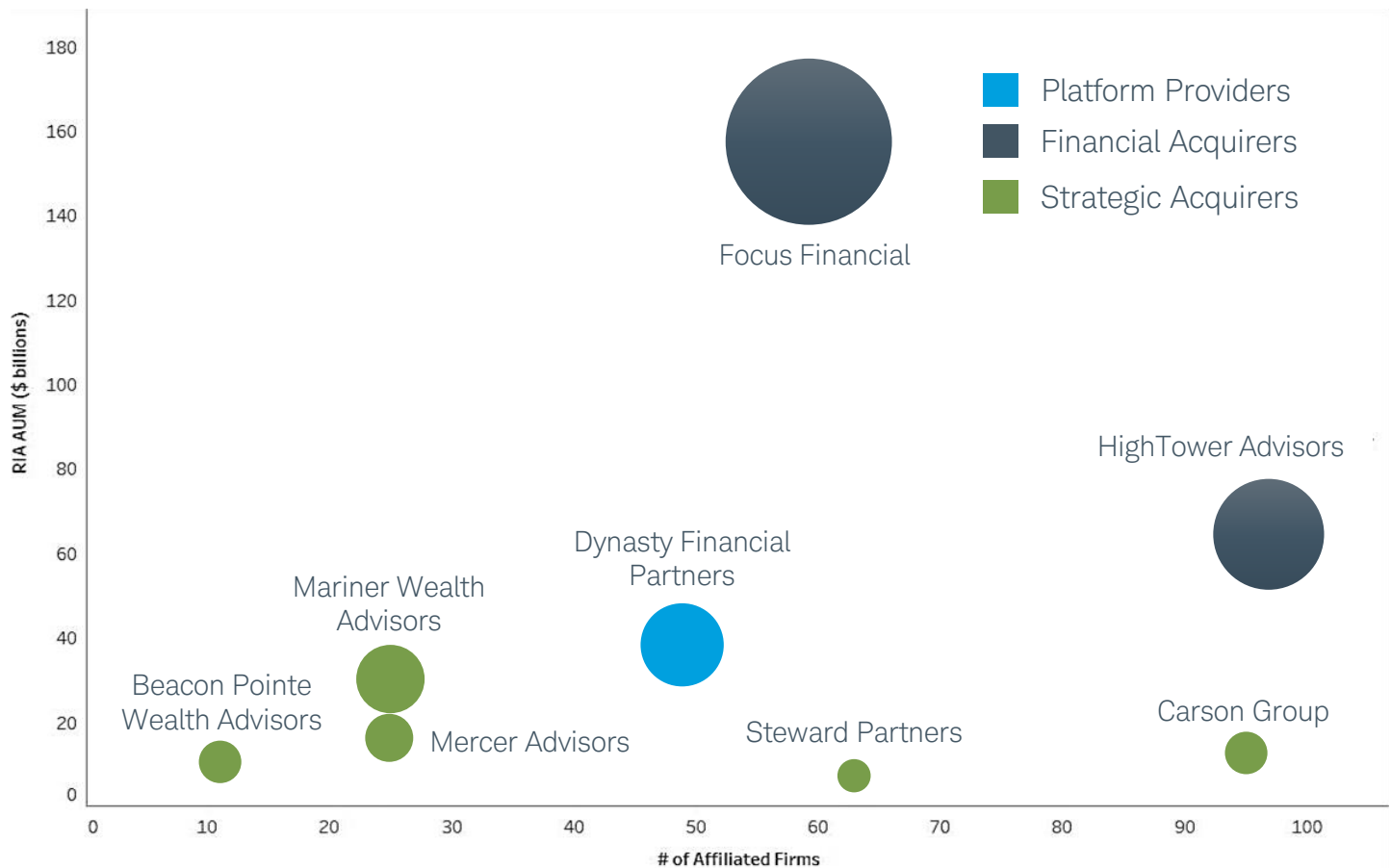
Large RIAs that systematically acquire advisory firms to grow market share, enter new geographic regions, and achieve other growth-oriented strategic objectives



Emerging Consolidators

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

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



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.

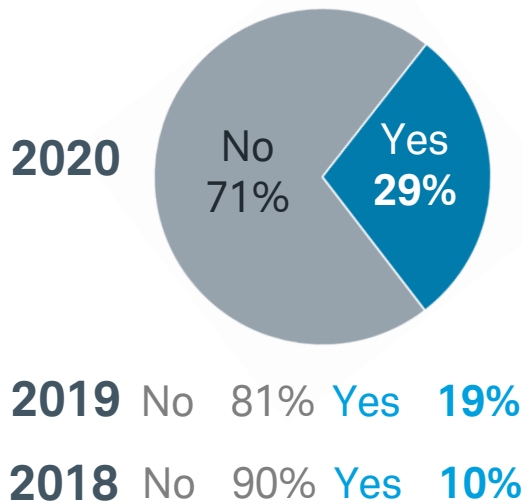
The desire to maximize client-facing time is driving delegation of investment selection to third-parties.

How Advisors Spend Their Time



RIA Delegation of Investment Selection

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



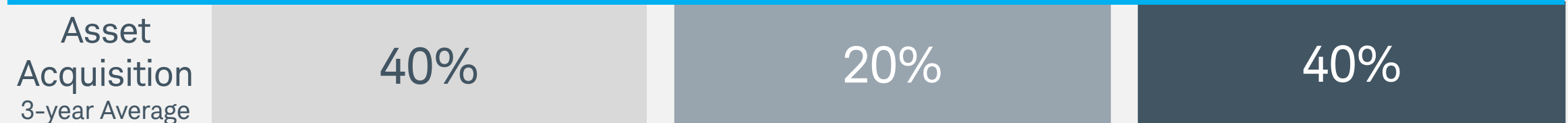
The percent of RIA firms delegating investment selection has **nearly tripled** since 2018.

Note: Source: The Cerulli Report | U.S. RIA Marketplace 2020. RIA Delegation of Investment Source: RIA Sentiment Survey (January 2020).

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

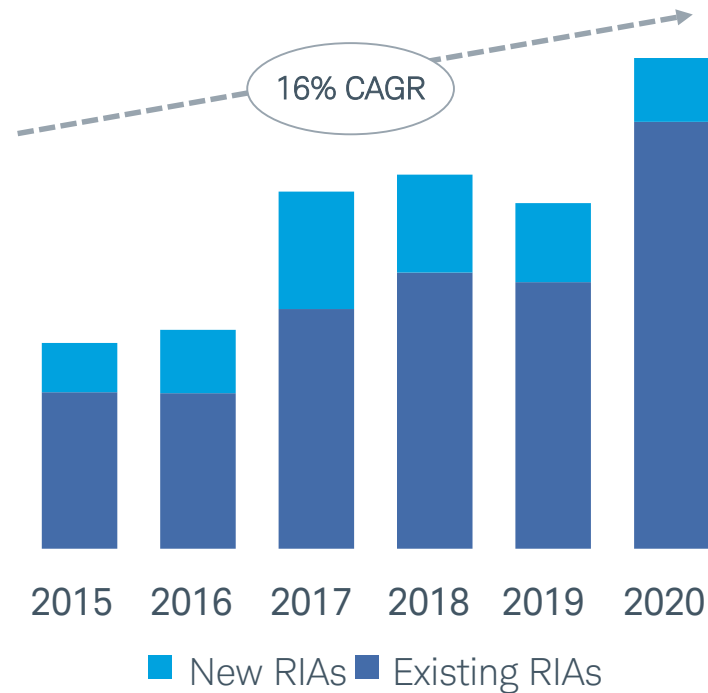


Advisor Services continues to acquire assets from all segments.



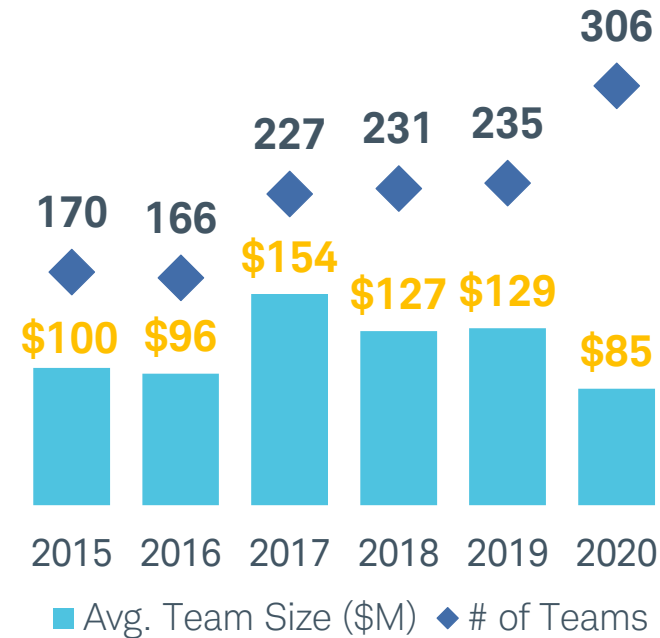
In 2020, Schwab Advisor Services and TD Ameritrade Institutional attracted over \$200B in NNA¹.

Advisor Services Net New Assets² (\$B)



Inflows from new and existing RIAs were solid despite headwinds in 2Q 2020.

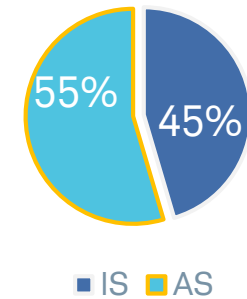
of Advisor in Transition Teams and Average AIT Size (\$M)



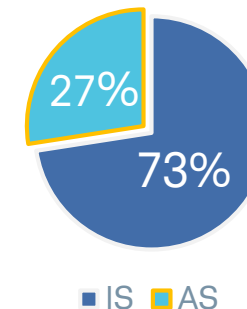
A record high number of AIT teams became independent with Schwab.

Advisor Services continues to drive results for Schwab

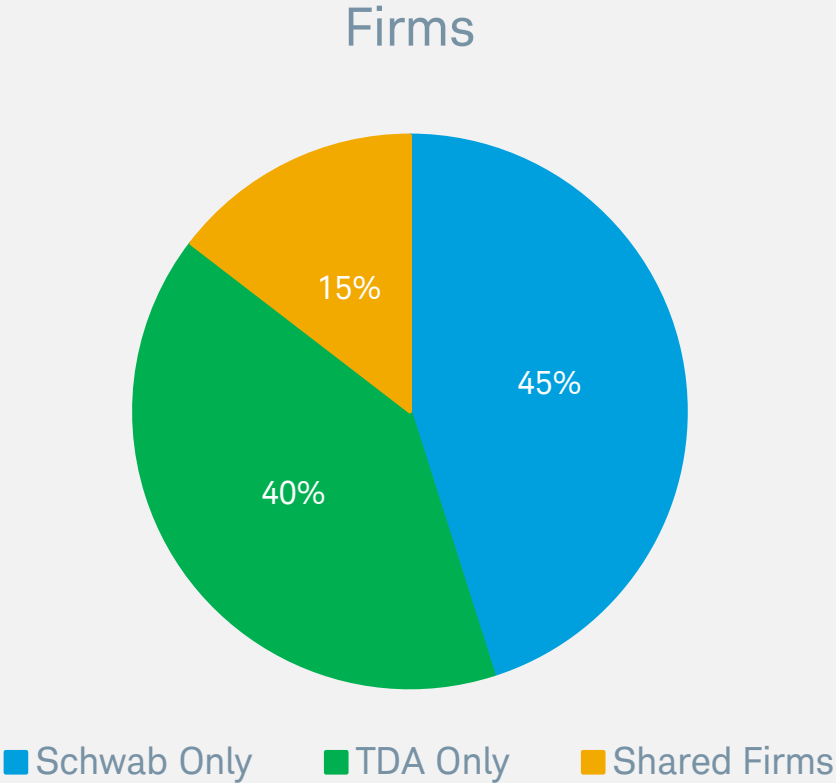
Core NNA²



Revenue²



The combined strength of Advisor Services and TD Ameritrade Institutional uniquely positions us to serve clients of all sizes.



	Schwab Pre-Conversion	Combined Post Conversion
Firms	~7,500	~13,000
AUM	\$1.9T	\$3.1T
Accounts	3.5M	6.3M

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

Note: Account and Firm data as of September 2020. AUM as of December 31, 2021.

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.**



Our pledge to advisors just got stronger.

Beginning today, our two organizations are coming together, combining the extraordinary knowledge and energy of our people and companies, united in our passion for serving independent advisors and their clients. No matter if you're just beginning your journey or you're well on your way, we pledge that you will get our very best.

See our full pledge at advisorservices.schwab.com/pledge



Advisor Services



Schwab Advisor Services™ serves independent investment advisors and includes the custody, trading, and support services of Charles Schwab & Co., Inc. ("Schwab"). Independent investment advisors are not owned by, affiliated with, or supervised by Schwab. Schwab is a separate but affiliated company and subsidiary of The Charles Schwab Corporation. ©2020 Charles Schwab & Co., Inc. All rights reserved. Member SIPC. (0020-0118) ADP112134-00 / 00245983

Stasia Washington
Independent since 2013

Q&A

Winter Business Update



CORPORATION

Break

Winter Business Update

February 2, 2021



CORPORATION

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





Resilient equity markets, high client engagement, and acquisitions helped mitigate the return of ZIRP,...

	Scenario Drivers – April 2020 ¹	2020 Actual Results ²	TDA Impact ⁴	+ / -
Market	S&P appreciates 6.5% from April 15, 2020	S&P up 35% since mid-April		+
Short-term Rates	Fed Funds target rate stays flat at 0.00% – 0.25%	Fed Funds target rate stays flat at 0.00% – 0.25%		+ / -
Long-term Rates	Average 10-year Treasury at 1.04%	Average 10-year Treasury at 0.89%		-
Trading	DATs up ~45% year-over-year	DATs up more than 200% year-over-year ⁵	+57%	+
Balance Sheet ³	Up 30% – 40% for the year	Up 87% for the year	+26%	+

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 expectations¹.

● = Full year 2020 result

Full Year 2020 Results²

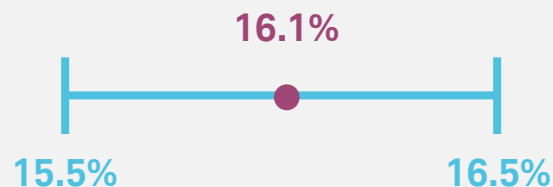
Select Commentary

Revenue Growth



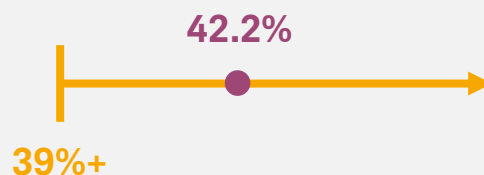
- Strong IEA growth offset by lower interest rates and heightened prepayment speeds
- Higher trading revenue driven by increased client engagement

Adjusted Total Expenses³



- Elevated client engagement and asset levels drove an increase in volume-related expenses
- Began capturing initial cost synergies from TDA acquisition

Adjusted Pre-tax Profit Margin³



- Excludes the pre-tax impact of acquisition and integration-related and amortization of acquired intangibles
- Organizational flexibility enabled us to still produce solid margins against a darkened backdrop

Earnings per Share³



- Issued ~\$5 billion of preferred equity to support growth
- Share count increased by ~590 million following TDA closing

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.

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

- 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 notes²
- 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 TDA²
- Our Tier 1 Leverage Ratio finished the year substantially above regulatory minimums, while supporting unprecedented asset growth

Note: Results include TD Ameritrade from October 6, 2020 forward. Parent Liquidity equals Parent Working Capital plus Level 1 Securities (at fair market value) as defined by the Liquidity Coverage Ratio rule.

Tier 1 Leverage Ratio is based on Tier 1 Capital, which is End of Period Capital (Stockholders' Equity less AOCI and other regulatory adjustments), divided by Average Total Consolidated Assets. * Preliminary.

1. Tier 1 Leverage Ratio long-term operating objective of 6.75% - 7.00%. 2. Estimated fair market value at the time of closing.



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.

S&P 500®	+ 6.5% <i>(from 12/31/20 close)</i>	Rates ¹	Forward Curve <i>(as of 01/07/21)</i>	BDA	Initial migrations <i>(start on 06/30/21)</i>	Capex	~6%–7% <i>of total revenue</i>
Underlying Assumptions							



Investor behavior will shape our outlook.

Select Behavioral Drivers (vs. 4Q20 EOP)				
		DATs	Margin Balances	SCHW B/S Cash ²
Illustrative Inputs	1	+20%	+10%	+10%
	2	Flat		
	3	-20%	-10%	-10%

S&P 500 [®]	+ 6.5% (from 12/31/20 close)	Rates ¹	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 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.

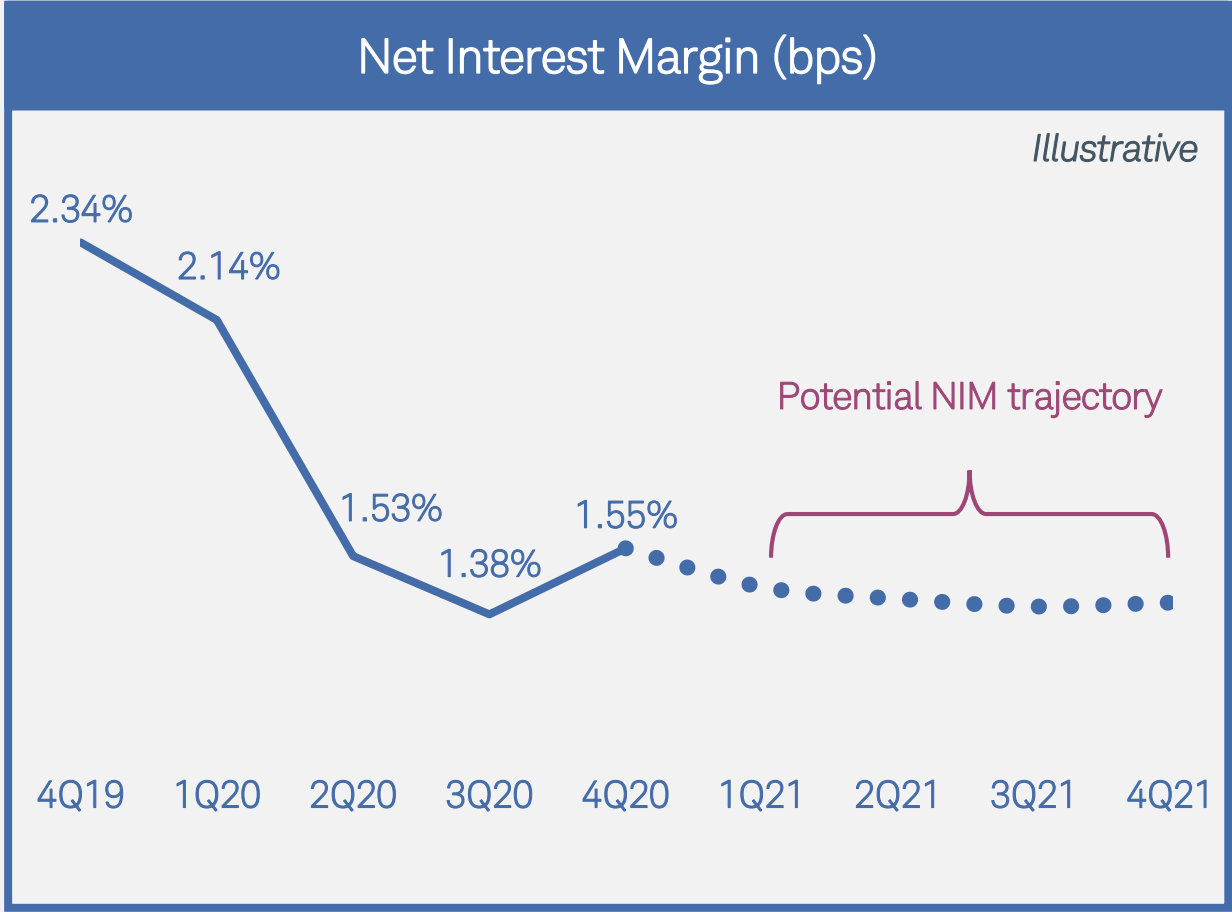
Select Behavioral Drivers (vs. 4Q20 EOP)				
Illustrative Inputs		DATs	Margin Balances	SCHW B/S Cash ²
	1	+20%	+10%	+10%
	2	Flat		
	3	-20%	-10%	-10%



Illustrative Financial Outcomes ³				
Illustrative Growth		Revenue	Adjusted Total Expenses	Adjusted PTPM
	1	5%–7%	4% — 1%	40%+
	2	(1%)–1%		
	3	(8%)–(6%)		

S&P 500 [®]	+ 6.5% (from 12/31/20 close)	Rates ¹	Forward Curve (as of 01/07/21)	BDA	Initial migrations (start on 06/30/21)	Capex	~6%–7% of total revenue
Underlying Assumptions							

Depending on the evolution of certain factors, NIM could move towards the low 140s for the year.

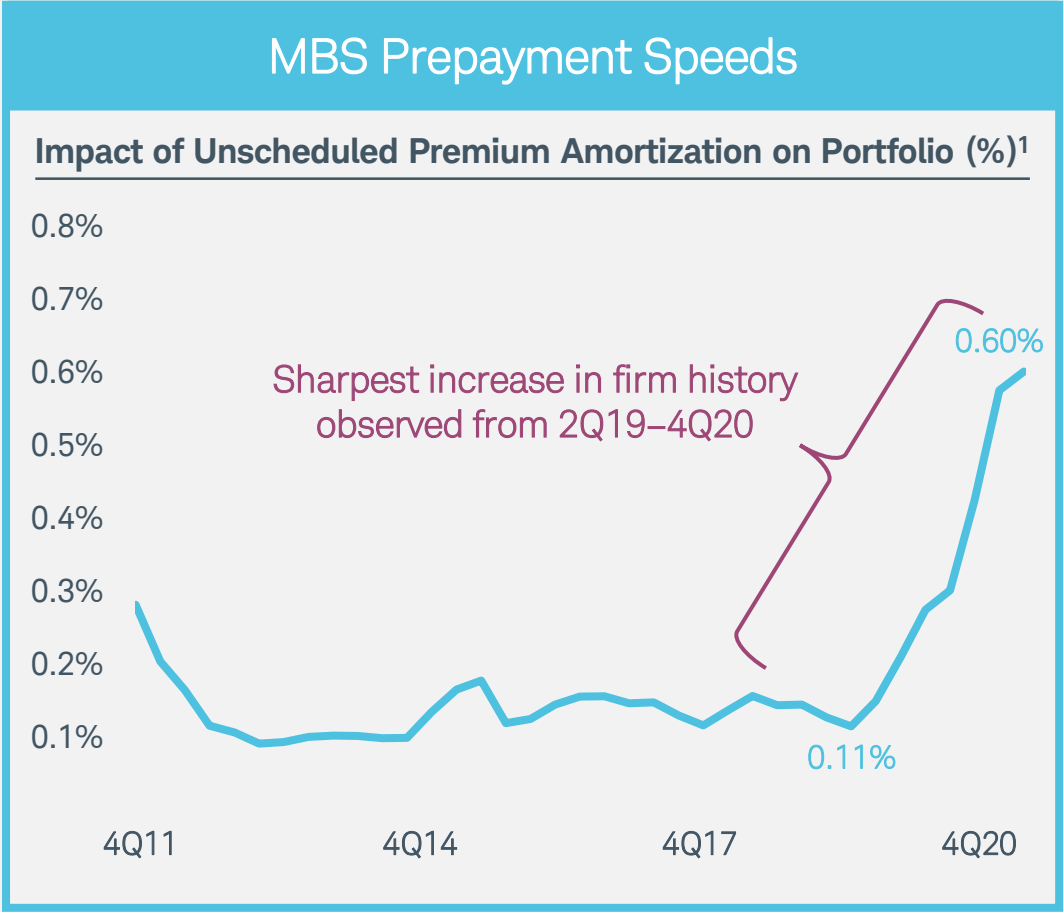
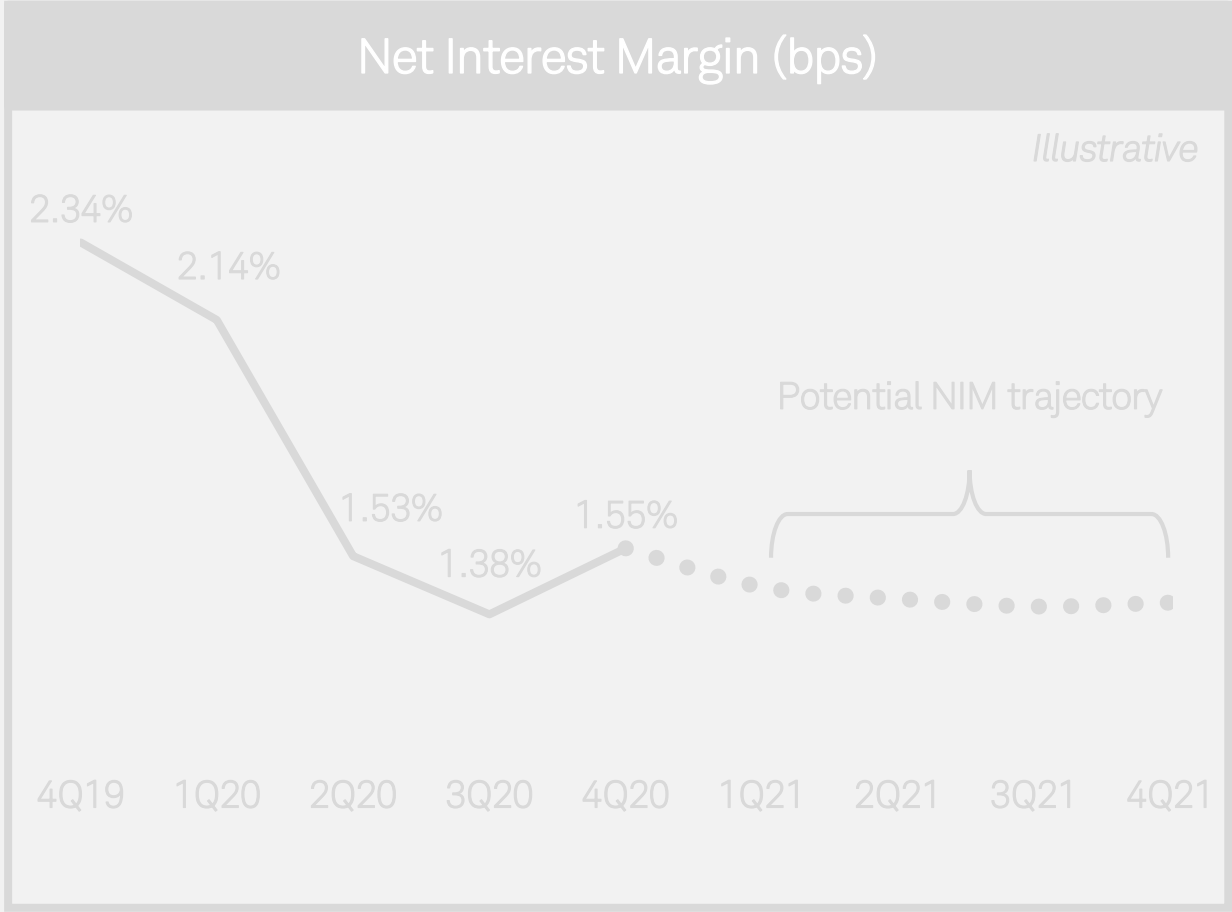


Select factors that may impact potential 2021 NIM



Note: NIM = Net interest Margin. Bps = Basis points. MBS = Mortgage-backed security.

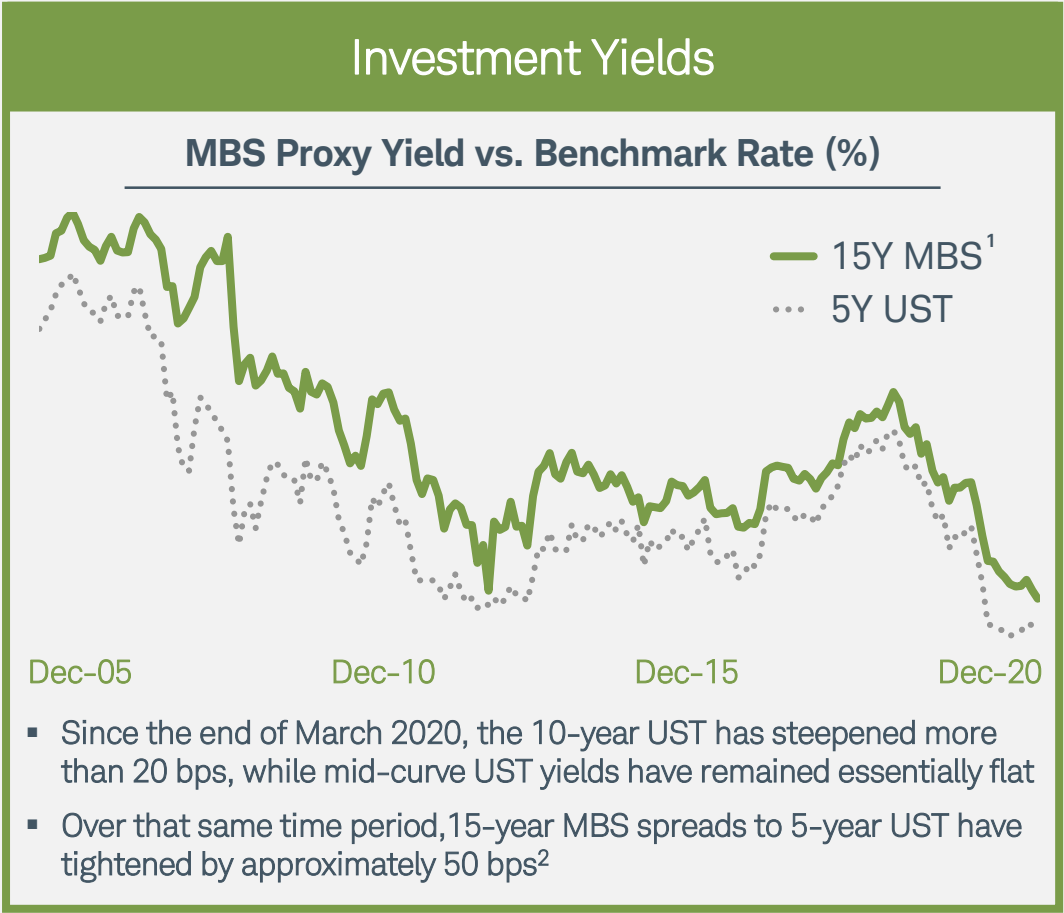
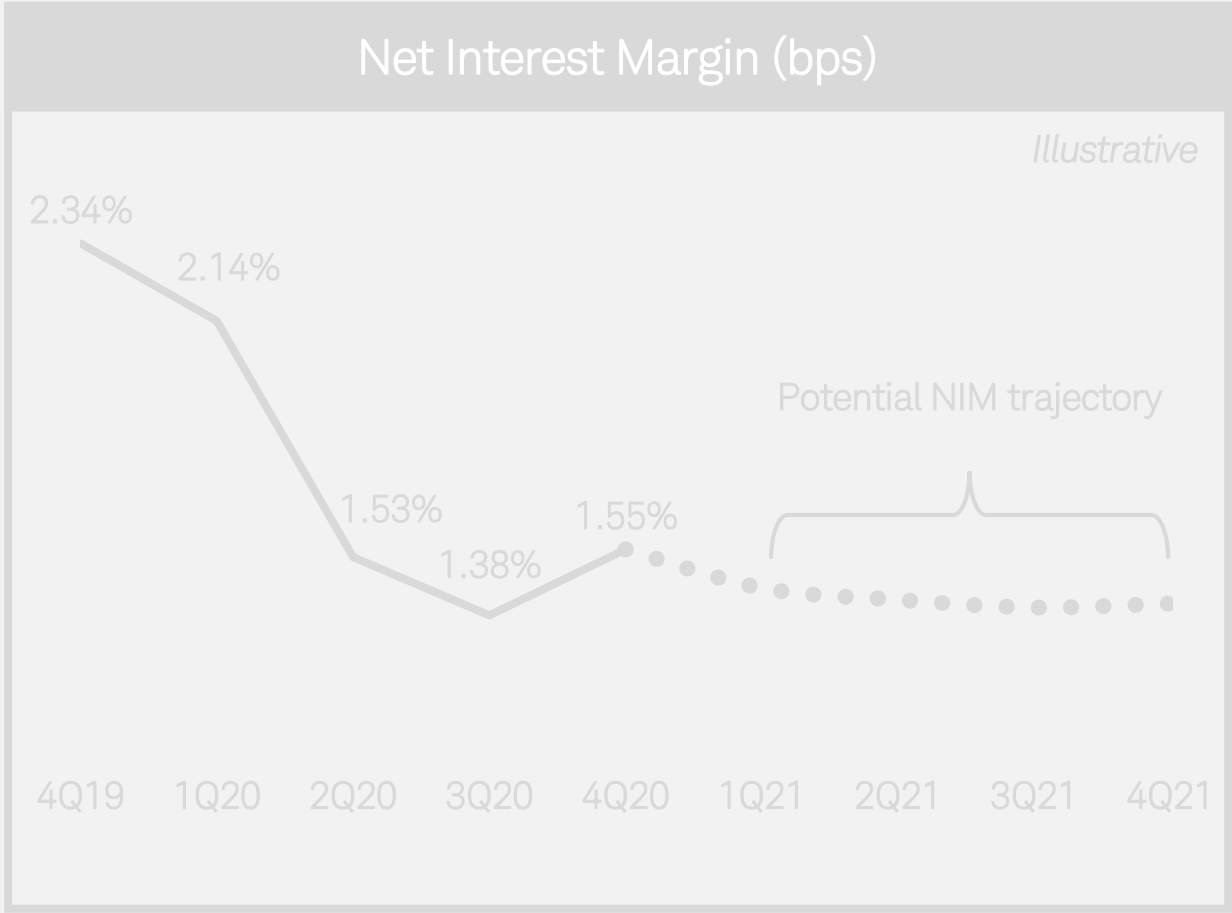
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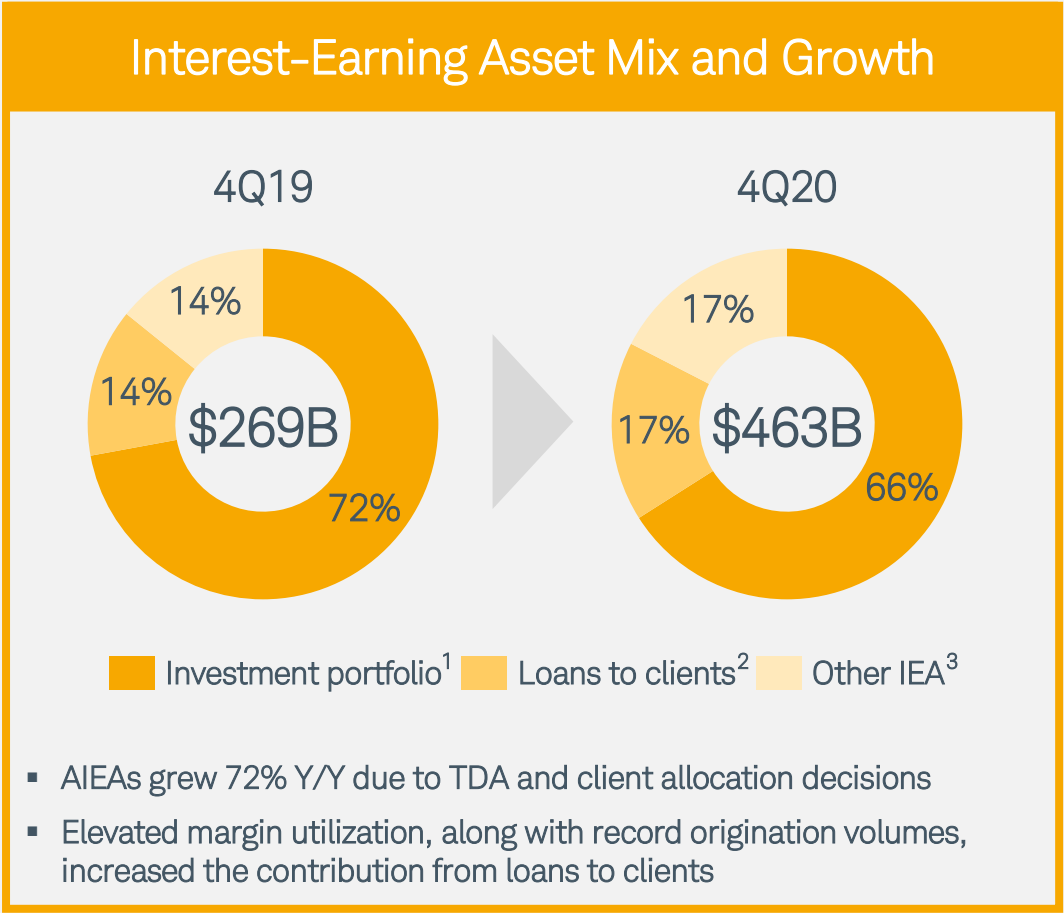
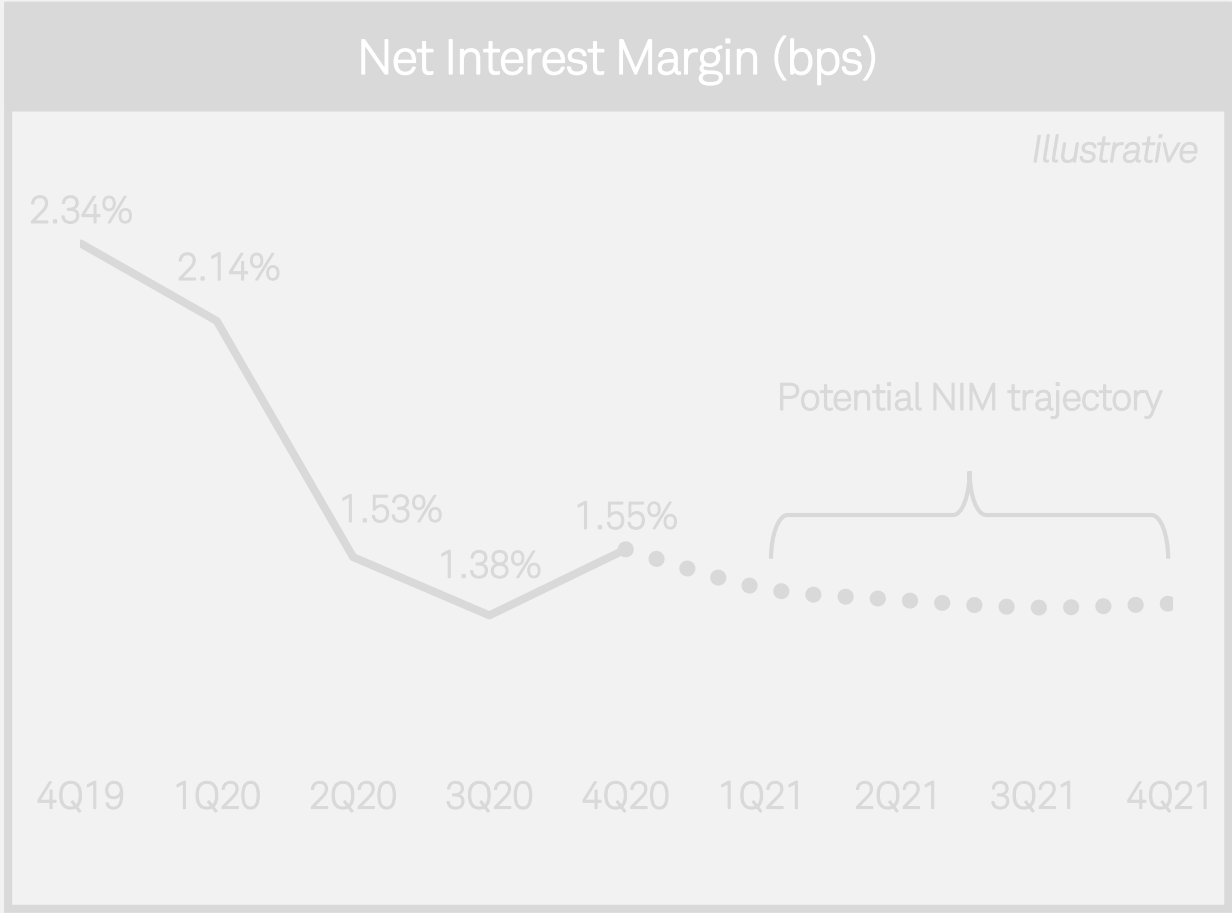
Note: Portfolio = available-for-sale and held-to-maturity securities within Schwab's consolidated bank investment portfolio. 1. Unscheduled premium amortization represents accelerated FAS 91 (now ASC 310-20) amortization expense recognized due to principal prepayments.

Charles Schwab Corporation

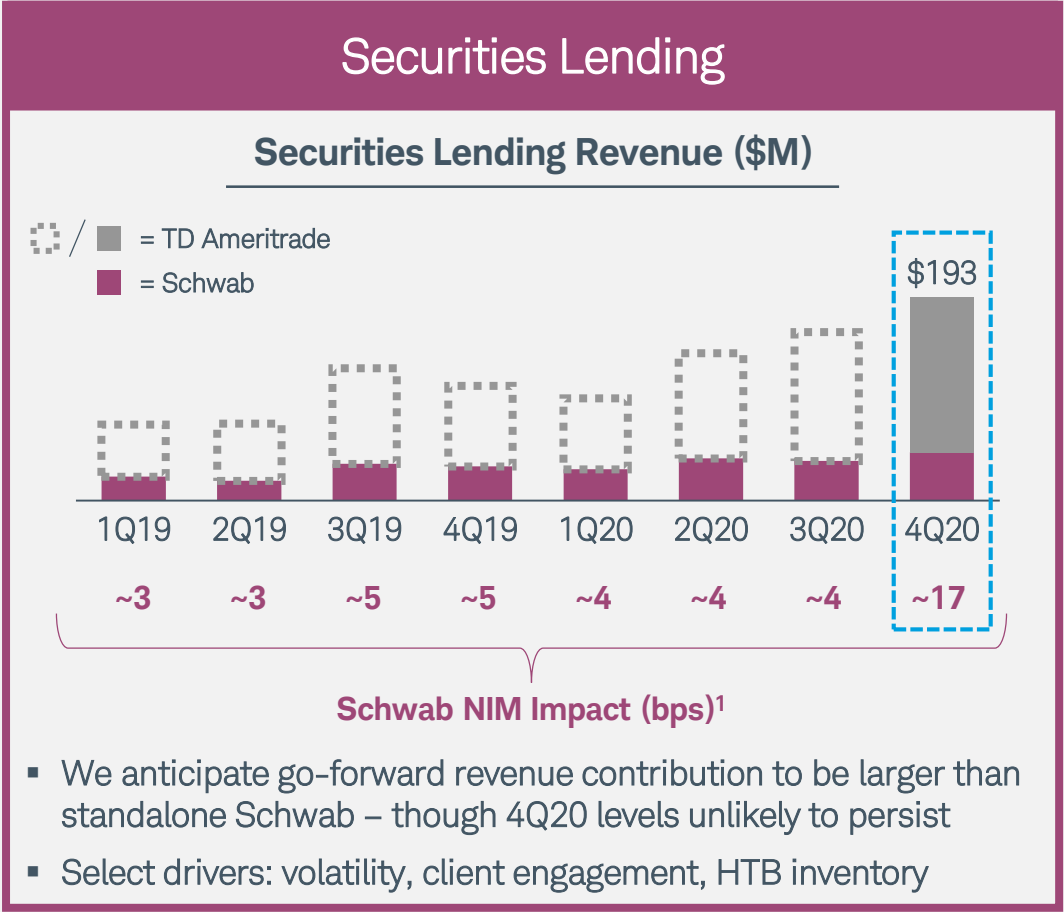
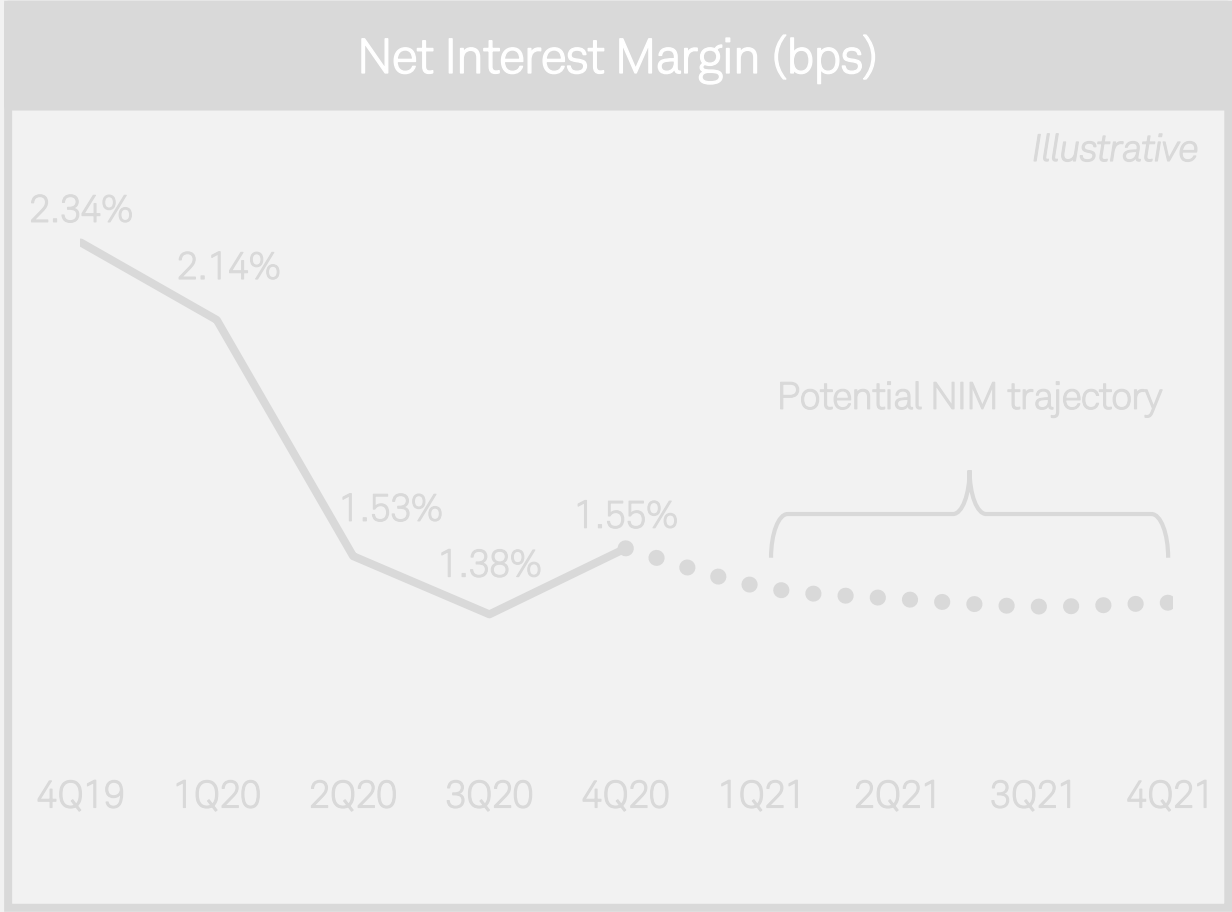
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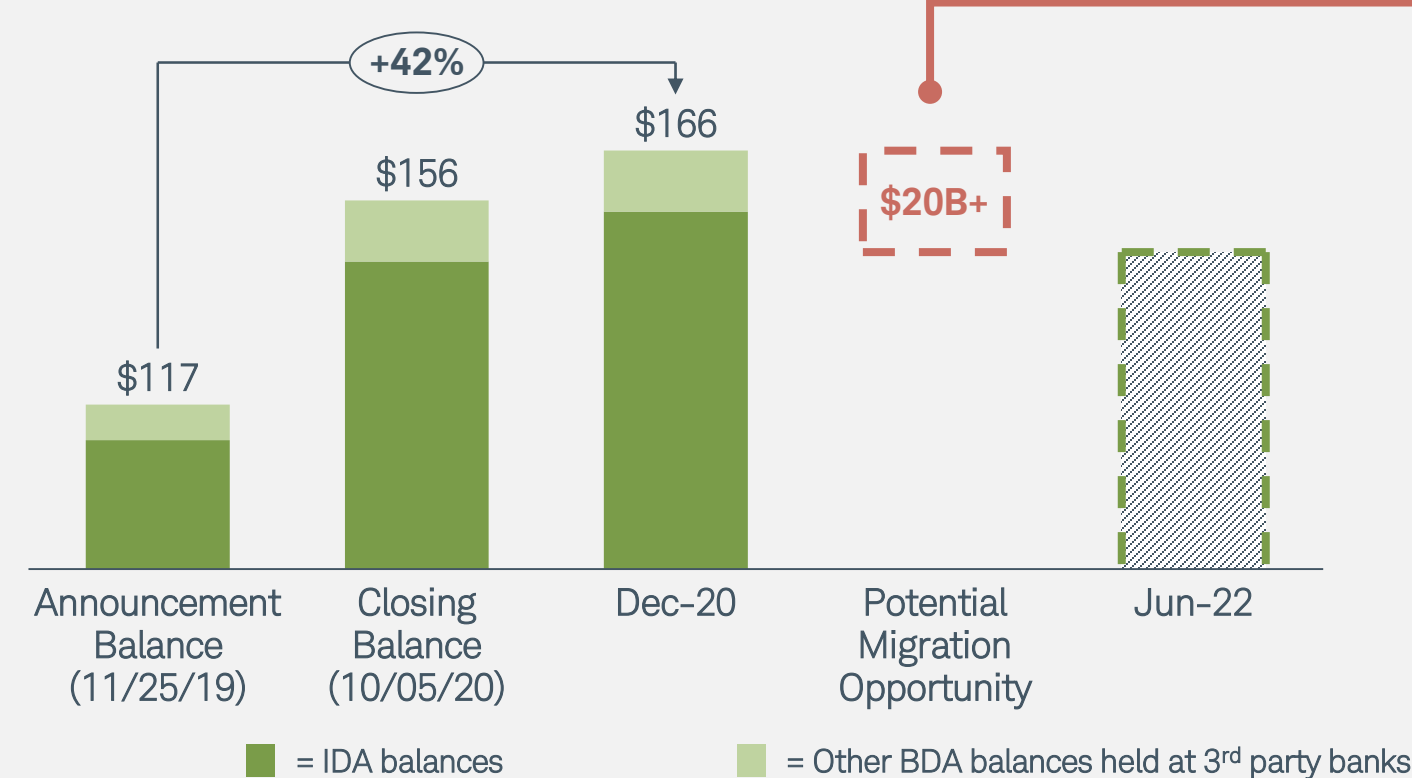
Depending on the evolution of certain factors, NIM could move towards the low 140s for the year.



BDA synergy opportunity has increased since announcement.

Potential BDA Opportunity During Initial Migration Period¹

Subject to change



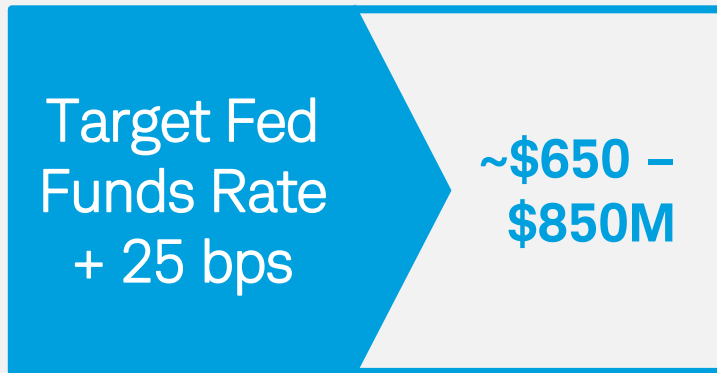
Migration Considerations¹

- 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.



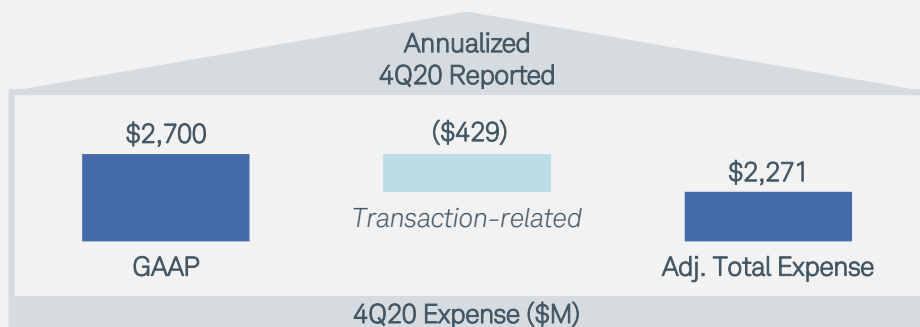
Revenue Sensitivities:



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.

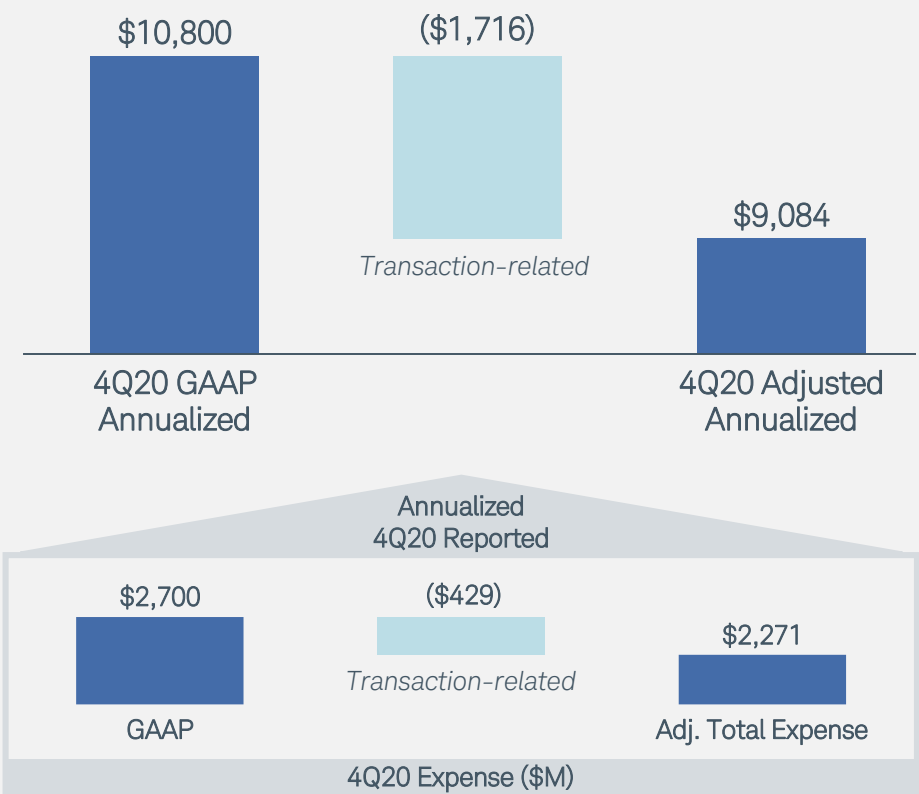


Investor engagement will also inform our expense picture.



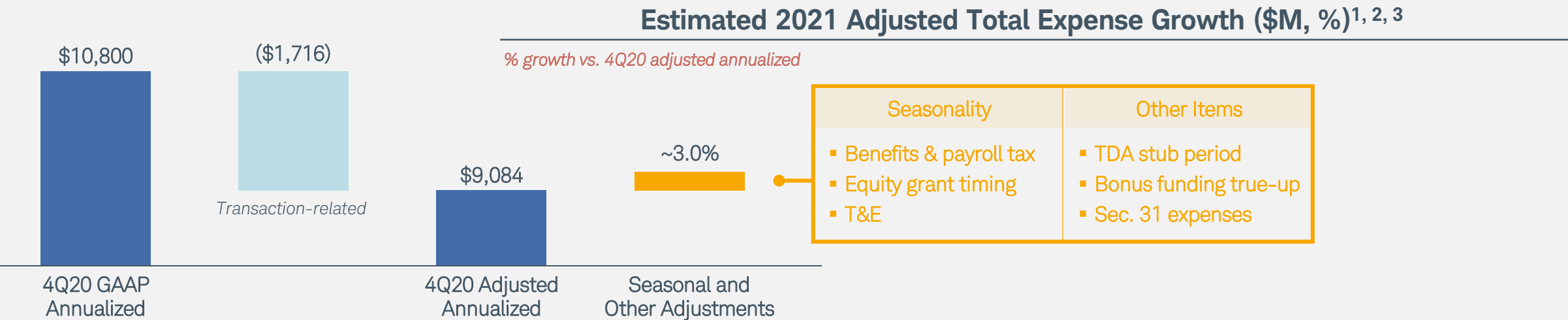
Note: Adj. = Adjusted. FC = Financial Consultants. 1. 4Q20 Adjusted Annualized equals actual 4Q20 adjusted total expenses multiplied by four. 2. Transaction-related expenses include acquisition and integration-related expenses as well as amortization of acquired intangibles. 3. Adjusted total expenses 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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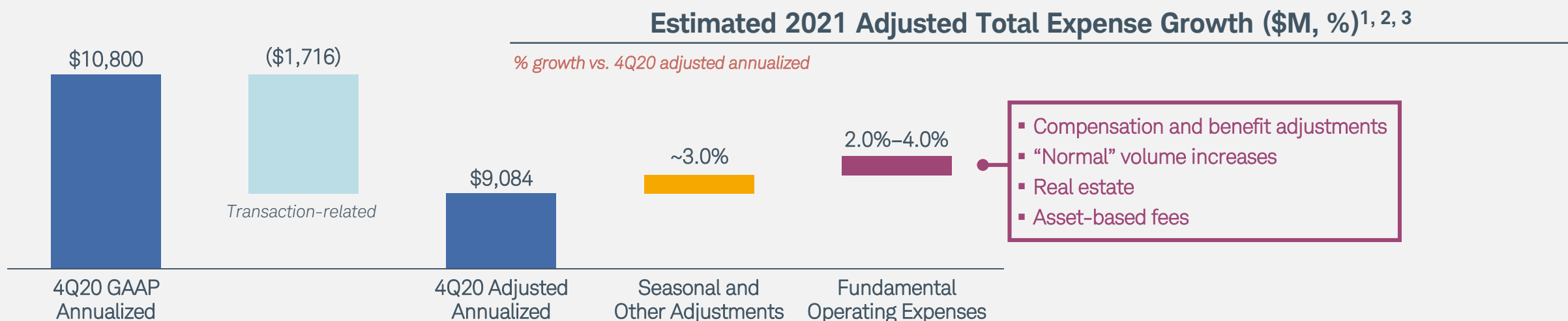


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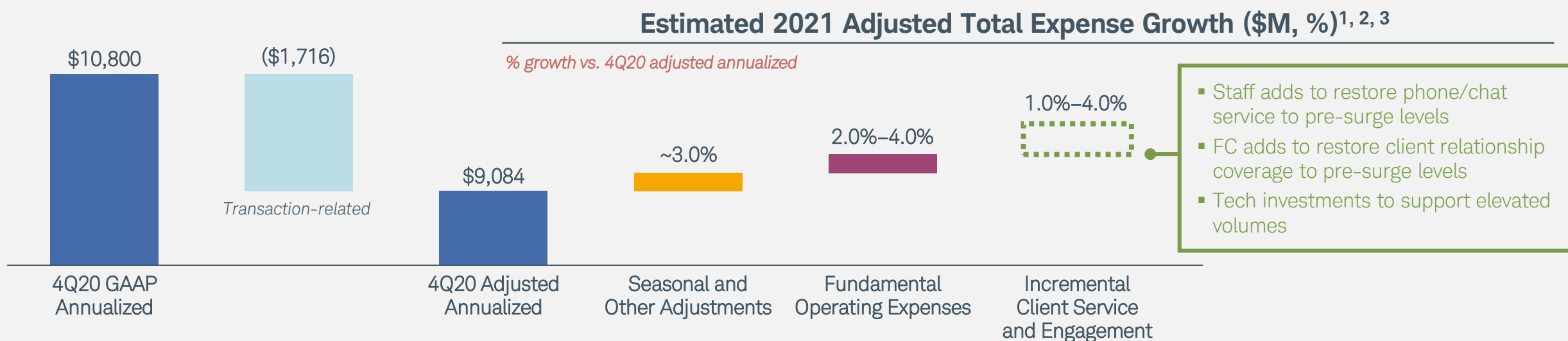


Investor engagement will also inform our expense picture.



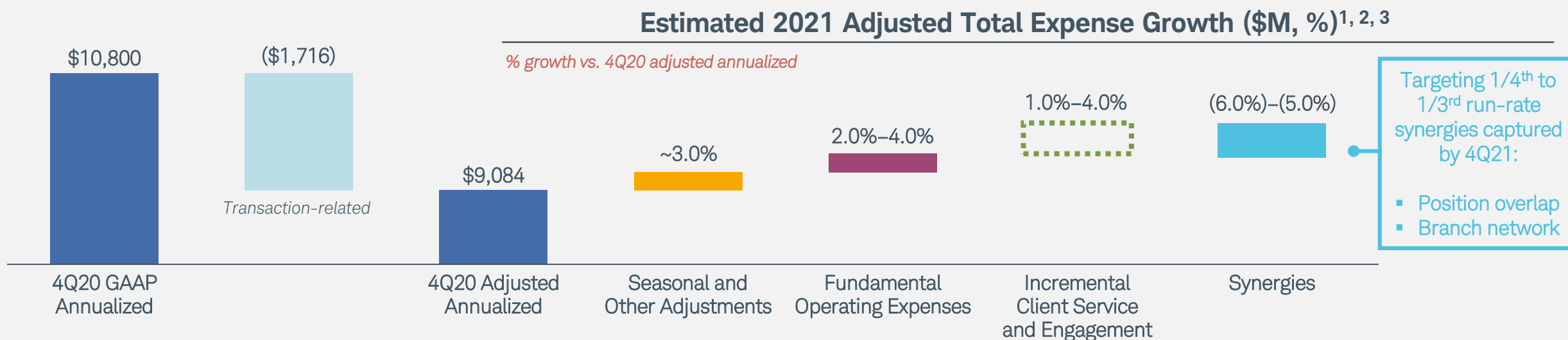
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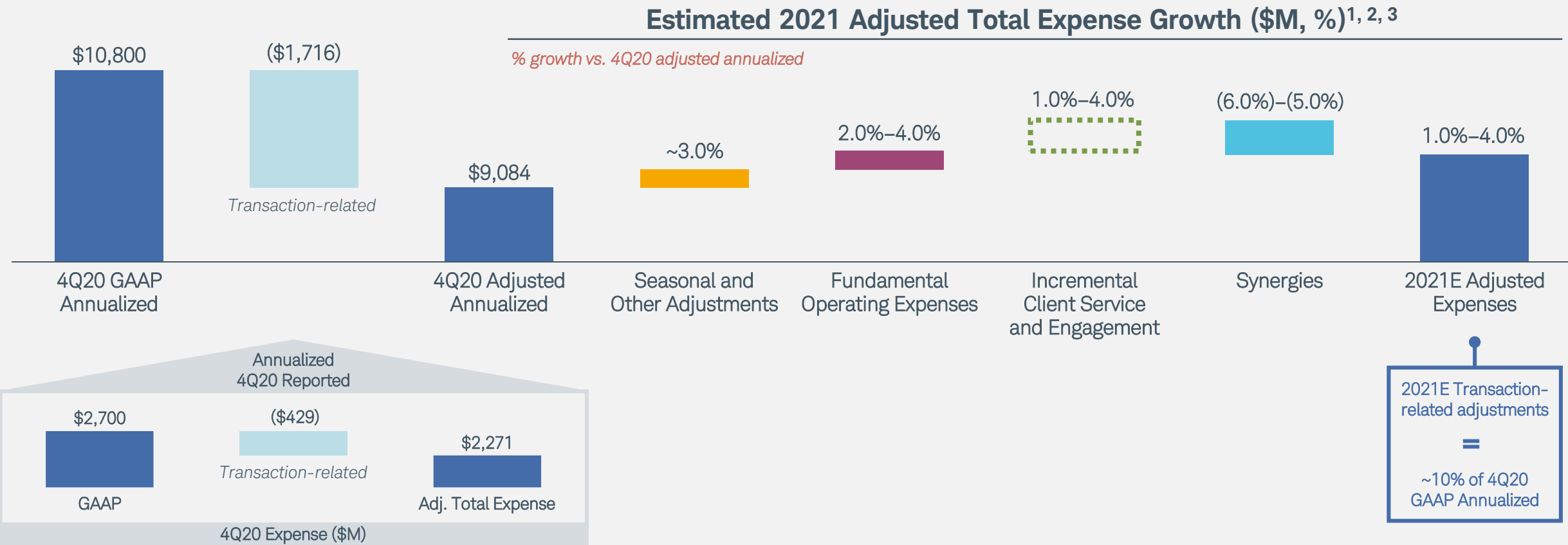
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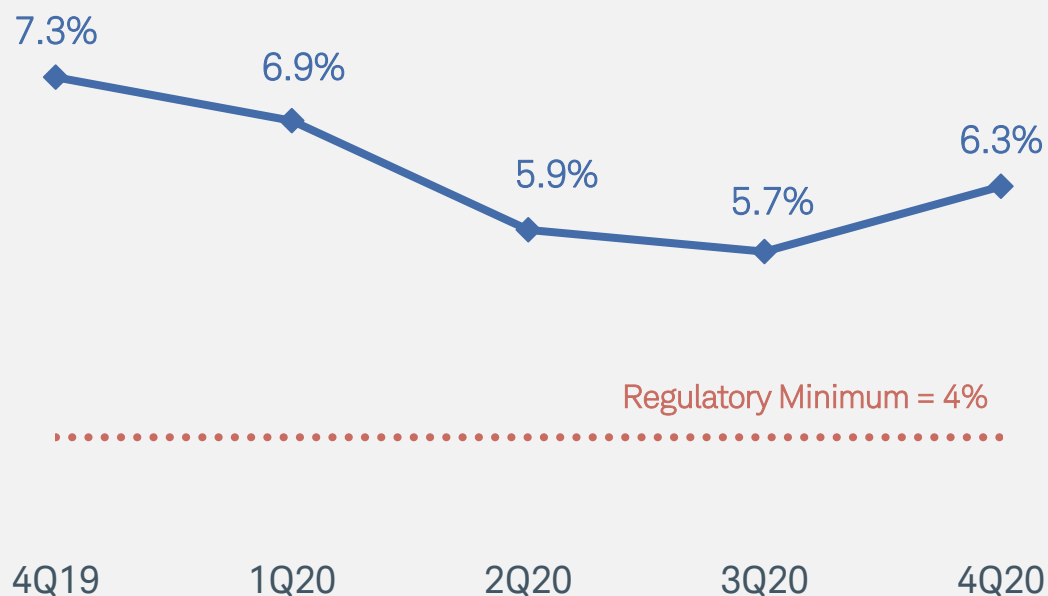


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We are well capitalized with the flexibility to support future growth.

Consolidated Tier 1 Leverage Ratio, %



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	<ul style="list-style-type: none">▪ Annual organic growth of 5%–7%▪ Long-term equity market appreciation▪ Market engagement

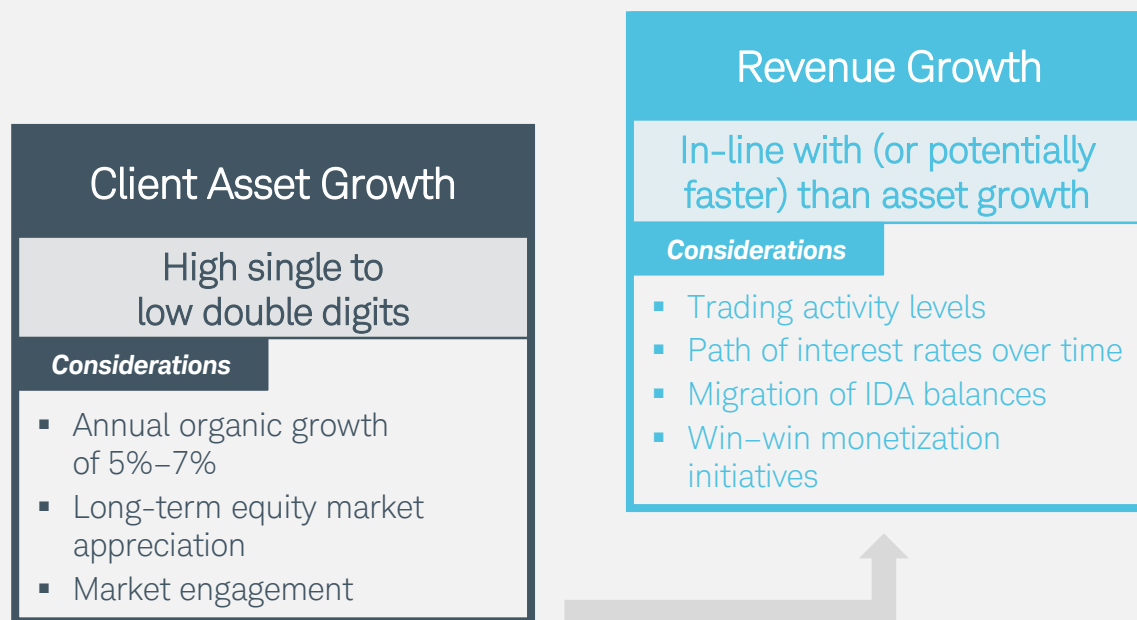
Note: IDA = Insured Deposit Account.



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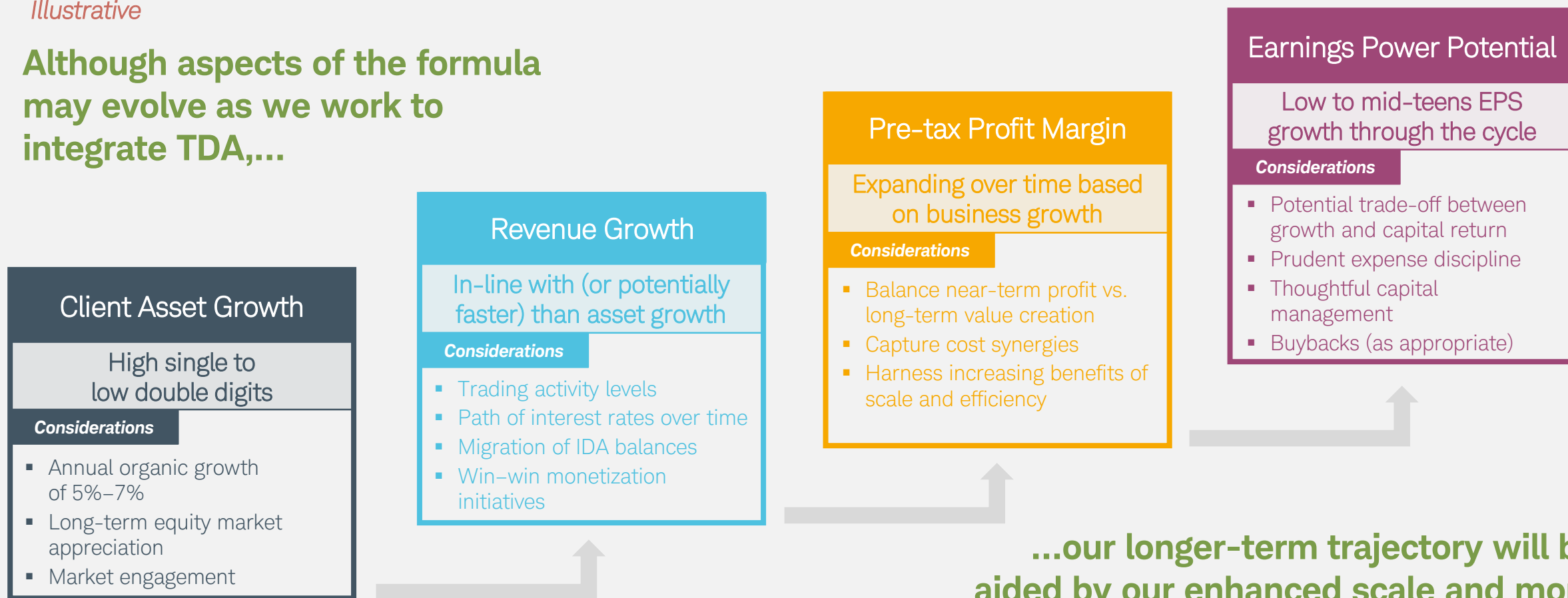




Following integration, we believe Schwab's "through the cycle" financial formula remains firmly intact,...

Illustrative

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



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



...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.

Non-GAAP Adjustment or Measure	Definition	Usefulness to Management and Investors
Acquisition and integration-related costs and amortization of acquired intangible assets	<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
Return on tangible common equity	<p>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.</p>	<p>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.</p>

Appendix

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

	Three Months Ended December 31,				Twelve Months Ended December 31,											
	2020		2019		2020		2019									
	Total Expenses Excluding Interest		Net Income		Total Expenses Excluding Interest		Net Income		Total Expenses Excluding Interest		Net Income					
Total expenses excluding interest (GAAP), Net income (GAAP)	\$	2,700	\$	1,135	\$	1,494	\$	852	\$	7,391	\$	3,299	\$	5,873	\$	3,704
Acquisition and integration-related costs ⁽¹⁾		(282)		282		(18)		18		(442)		442		(26)		26
Amortization of acquired intangible assets		(147)		147		(7)		7		(190)		190		(27)		27
Income tax effects ⁽²⁾		N/A		(105)		N/A		(6)		N/A		(154)		N/A		(13)
Adjusted total expenses (Non-GAAP), Adjusted net income (Non-GAAP)	\$	2,271	\$	1,459	\$	1,469	\$	871	\$	6,759	\$	3,777	\$	5,820	\$	3,744

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

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2020		2019		2020		2019	
	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues
Income before taxes on income (GAAP), Pre-tax profit margin (GAAP)	\$ 1,476	35.3%	\$ 1,112	42.7%	\$ 4,300	36.8%	\$ 4,848	45.2%
Acquisition and integration-related costs	282	6.8%	18	0.7%	442	3.8%	26	0.2%
Amortization of acquired intangible assets	147	3.5%	7	0.2%	190	1.6%	27	0.3%
Adjusted income before taxes on income (Non-GAAP), Adjusted pre-tax profit margin (Non-GAAP)	\$ 1,905	45.6%	\$ 1,137	43.6%	\$ 4,932	42.2%	\$ 4,901	45.7%

Appendix

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

	Three Months Ended December 31,				Twelve Months Ended December 31,			
	2020		2019		2020		2019	
	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)	\$ 1,050	\$.57	\$ 801	\$.62	\$ 3,043	\$ 2.12	\$ 3,526	\$ 2.67
Acquisition and integration-related costs	282	.15	18	.01	442	.31	26	.02
Amortization of acquired intangible assets	147	.08	7	.01	190	.13	27	.02
Income tax effects	(105)	(.06)	(6)	(.01)	(154)	(.11)	(13)	(.01)
Adjusted net income available to common stockholders (Non-GAAP), Adjusted diluted EPS (Non-GAAP)	\$ 1,374	\$.74	\$ 820	\$.63	\$ 3,521	\$ 2.45	\$ 3,566	\$ 2.70

Appendix

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

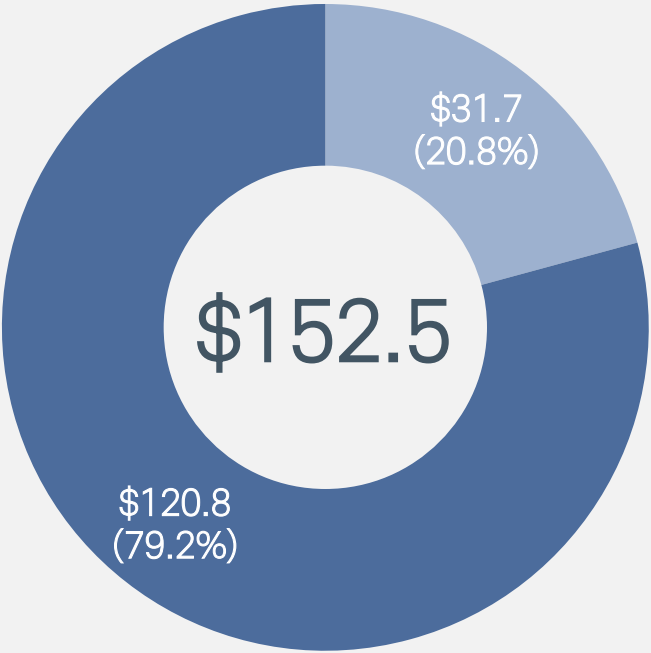
	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
Return on average common stockholders' equity (GAAP)	11%	17%	9%	19%
Average common stockholders' equity	\$ 37,198	\$ 18,757	\$ 33,640	\$ 18,415
Less: Average goodwill	(6,845)	(1,227)	(6,590)	(1,227)
Less: Average acquired intangible assets – net	(5,624)	(130)	(5,059)	(140)
Plus: Average deferred tax liabilities related to goodwill and acquired intangible assets – net	1,005	67	1,005	67
Average tangible common equity	\$ 25,734	\$ 17,467	\$ 22,996	\$ 17,115
Adjusted net income available to common stockholders ¹	\$ 1,374	\$ 820	\$ 3,521	\$ 3,566
Return on tangible common equity (Non-GAAP)	21%	19%	15%	21%

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



4Q20
Revenue

\$355M
(October 6 onwards)

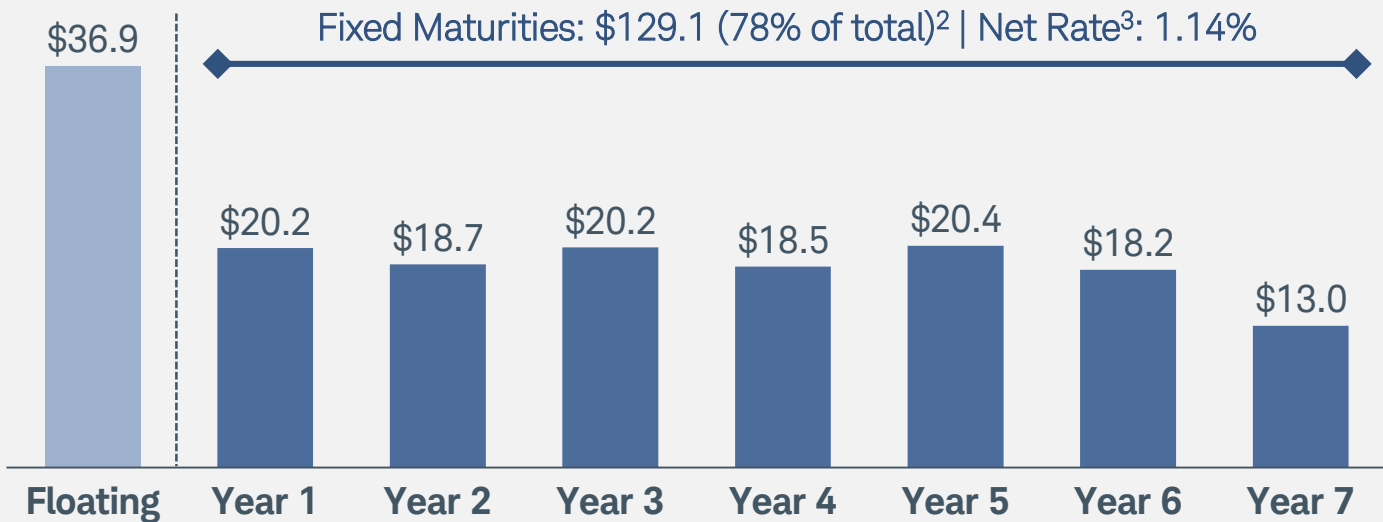
Floating Fixed

BDA Balances by Maturity, EOP (\$B)

Total Balance: \$165.9B

Net Rate³: 0.87%

Annual Revenue⁴: \$1,467M



	Floating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Net Rate ³	(0.07%)	1.73%	1.66%	1.75%	1.62%	0.55%	0.10%	0.23%
Annual Revenue ⁴	(\$13M)	\$353M	\$314M	\$358M	\$303M	\$114M	\$19M	\$30M

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



CORPORATION