Fall Business Update

October 27, 2022

charles SCHWAB CORPORATION

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,” “sustain,” “enhance,” “estimate,” “potential,” “build,” “anticipate,” “lead,” “advance,” “assumption,” “enable,” “target,” “scenario,” “ongoing,” “illustrative,” “opportunity,” “formula,” “expand,” “drive,” “deliver,” “on track,” “achieve,” “bolster,” and other similar expressions.

These forward-looking statements relate to: the company’s strategy and approach; business momentum; key strategic initiatives to add scale and efficiency, win-win monetization, and client segmentation; the integration of Ameritrade, including current expectations regarding the timing of client conversions, the timing and amount of the annual expense synergy target, and the total integration spend; growth in revenues, earnings, and profits; growth in the client base, client accounts, and assets; stockholder value; capital returns; investments in people, technology, and platforms to fuel and support growth, serve clients, and drive scale and efficiency; positioning; opportunities; enhancing and expanding offerings and solutions for clients and RIAs; lending program utilization; business and financial models; balance sheet and liquidity management; expense growth; Tier 1 Leverage Ratio operating objective; benefits from higher interest rates; net interest margin and revenue; pace and magnitude of client cash sorting; sources of liquidity for client cash sorting activity, including supplemental funding; deposit betas; capital management; 2022 financial scenario assumptions, including macro and business factors; estimated impact from revenue sensitivities; investment portfolio; and reinvestment yields.

These forward-looking statements, which reflect management’s beliefs, expectations, and objectives 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 the 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 and lending solutions and other products and services; the risk that expected revenue and expense synergies and other benefits from the Ameritrade acquisition may not be fully realized or may take longer to realize than expected, and that integration expense may be higher than expected; general market conditions, including equity valuations and the level of interest rates; the level and mix of client trading activity; market volatility; the company’s ability to attract and retain clients and RIAs and grow those relationships and associated client assets; competitive pressures on pricing; client cash allocation decisions; 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 company’s ability to support client activity levels and attract and retain talent; the migration of bank deposit account balances; integration related and other technology projects; compensation; prepayment speeds for mortgage-backed securities; balance sheet positioning relative to changes in interest rates; loan growth; interest earning asset mix and growth; securities lending; daily average trades; margin balances; capital expenditures; regulatory guidance; the effect of adverse developments in litigation or regulatory matters and the extent of any charges associated with such matters; and any adverse impact from new legislation or rulemaking.

The information in this presentation speaks only as of October 27, 2022 (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

Strategic Update

Walt Bettinger

Co-Chairman of the Board and Chief Executive Officer

Rick Wurster

President

Our “Through Clients’ Eyes” strategy drives sustained business momentum.

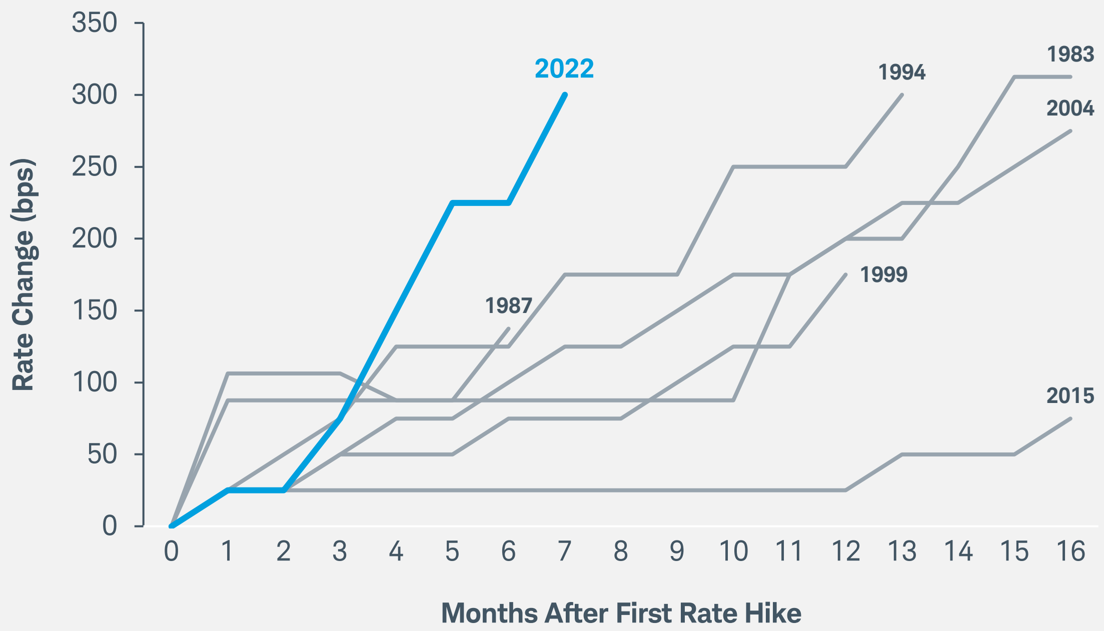
- Investors continued to turn to Schwab, remaining engaged in the midst of economic uncertainty and extended market weakness

- Challenging environments reinforce the importance of advancing our three strategic priorities: scale and efficiency, win-win monetization, and segmentation – including finalizing preparations to begin the Ameritrade conversion next year

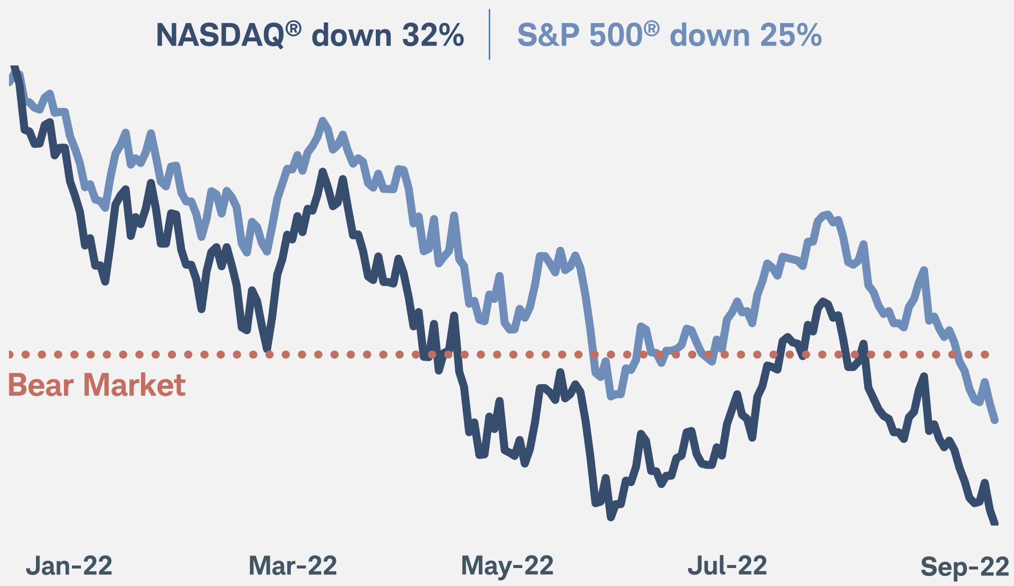
- We believe our strategic focus and disciplined execution will deliver long-term success – as we further enhance our modern wealth management experience for clients and build value for stockholders through growth and capital return

While macroeconomic headwinds persisted through the quarter,...

Fed Fund Effective Rate Hikes (bps)[1]



Select YTD Index Returns (%)[1]



The Fed continued to implement its fastest pace of rate hikes in 40 years...

...and equity markets experienced their third sequential quarter of negative returns.

Note: Bps = Basis points. YTD = Year-to-date 1. Fed Funds Target and index returns sourced via FactSet.

...investors continued to entrust us with their financial futures.

3Q22

Net New Assets

$115B

Core

+7%

Organic Growth[1]

Brokerage Accounts

33.9M

EOP Total

+4%

Y/Y Brokerage Account Growth

Retail NNA

+20%

Y/Y Growth

Advisor Services Institutional TOA

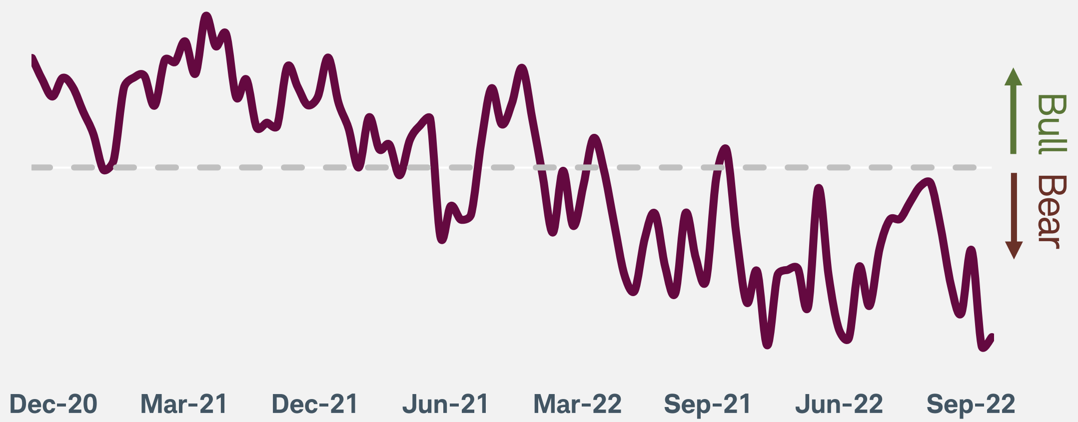
~2.2x

Note: M = Millions. B = Billions. NNA = Net new assets. Y/Y = Year-over-year. EOP = End of period. TOA = Transfer of Account. 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. Represents annualized 3Q22 core NNA growth rate.

As sentiment trended increasingly bearish, investors remained engaged,…

3Q22

AAII® Bull-Bear Spread Sentiment Survey[1]



Daily Average Trades

5.5M

Buy-Sell Ratio

1.2

Net Advised Flows

$8.3B

Note: M = Millions. B = Billions. Buy-Sell Ratio = Calculated as client buy orders divided by client sell orders. AAII Bull-Bear Spread Sentiment Survey = AAII® represents American Association of Individual Investors; Bull-Bear Spread is calculated as % of surveyed investors with a positive outlook on the stock market over the next six months versus % of surveyed investors with a more negative outlook (excludes investors with a neutral outlook). Net Advised Flows includes Schwab Wealth Advisory, ThomasPartners, Windhaven, Schwab Managed Products, Managed Account Select, USAA Managed Portfolios, Managed Account Select, Wasmer Schroeder Retail, Wasmer Schroeder Off & AS, Schwab Advisor Network, Schwab Intelligence Portfolios, Schwab Personalized Indexing, and TDA.

...and we have helped them refresh their cash allocations in the face of higher rates.

Our Cash Philosophy: Clients should have access to...

...**smart features** for all of their cash,...

...with **categorically attractive yields**,...

...and **transparency** from us, giving them information to make informed decisions.

Cash Product Lineup

Everyday Cash

Bank / B-D Sweep	0.40%[1]
High Yield Investor Checking	0.40%[1]
High Yield Investor Savings	0.43%[1]

Investment Cash

Certificates of Deposit (CDs)	3.91% to 4.60%[1]
Money Market Funds	1.83% to 3.09%[2]
Fixed Income	3.56% to 4.60%[3]

Supporting Client Cash Decisions

Low-cost, multichannel access

Proactive outreach and marketing

Educational events, tools, and analytics

+100% Q/Q increase for cash solutions page views on Schwab.com

+500% Y/Y increase for both fixed income trades and service calls

Multiple **webcast** and **local branch events** covering **fixed income**.

Note: K = Thousands. B-D = Broker-dealer. APY = Annual Percentage Yield. Y/Y = Year-over-year. Q/Q = Quarter-over-quarter. 1. APY as of October 25, 2022; see Cash Investments - Sweeps, CDs, Money Funds & More | Charles Schwab for more information and disclosures. 2. Based on the 7-Day Yield as of October 25, 2022; see Money Fund Yields | Taxable & Tax Exempt | Schwab Money Funds (schwabassetmanagement.com) for more information and disclosures. 3. Yields for 1-month and 1-year Treasuries as of October 25, 2022.

We are on track to begin the Ameritrade client conversion as soon as February 2023.

- 2020 — Schwab acquires Ameritrade
- 2021 — Spin up integration efforts
- 2022 — **Prepare for client day one**
- 2023 — **Begin client conversions**
- 2024 — **Finalize client transitions, wind down, & consolidate**

Building the future of modern wealth management

- Leading trading and investing experiences
- Value-oriented pricing
- Exceptional service
- Comprehensive advisory and lending solutions
- Satisfaction Guarantee

Total Integration Spend

$2.4B to $2.5B

~10% increase[1] to anticipated total spend primarily attributable to:

Inflationary pressures
+
Software development costs

Annual Expense Synergy Target

$1.8B to $2.0B

Set to achieve the vast majority of remaining synergies by the end of 2024

We will prioritize client experience across all conversion groups.

Note: B = Billions. 1. Relative to integration spend provided during the Spring Business Update on April 22, 2021.

Schwab remains well-positioned to capitalize on key opportunities across our strategic focus areas.

Scale & Efficiency

- Advance integration efforts
- Continue to make it easier for clients to 'do business' with us
- Enhance our operating model to support future growth

Win-Win Monetization

- Deliver a continuum of wealth management experiences
- Grow our asset management offerings
- Expand lending activity and capabilities

Client Segmentation

- Meet the evolving needs of our higher net worth clients
- Build on our strengths in key client segments (e.g., traders)
- Provide tailored solutions and experiences for RIAs

Note: RIA = Registered Investment Advisor.

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Deliver a continuum of wealth management experiences

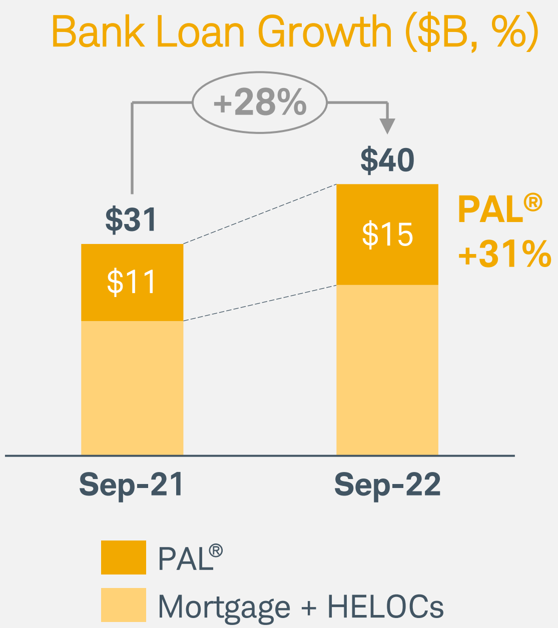
Wasmer Schroeder™ Strategies	Schwab Wealth Advisory™	Schwab Advisor Network®
$1.0B	**$2.6B**	**$5.2B**
3Q22 Net Flows	3Q22 Net Flows	3Q22 Net Flows

Clients continue to turn to our wealth solutions for help and guidance.

Note: B = Billions. Q = Quarter.

Schwab remains well-positioned to capitalize on key opportunities across our strategic focus areas.

Expand lending activity and capabilities



"No trade-offs" approach to lending

- Attractive Rates
- Enhanced Digital Experience
- Tailored Service Model

With utilization at **~2%** of our client base, we have plenty of opportunity ahead of us.

Further enhancements to our lending program position us to drive incremental utilization.

Note: B = Billions. PAL = Pledged Asset Line®. HELOC = Home Equity Line of Credit.

Schwab remains well-positioned to capitalize on key opportunities across our strategic focus areas.

Provide tailored solutions and experiences for RIAs

Institutional No Transaction Fee (INTF) Mutual Funds

- Direct, one-stop access
- Frequently selected institutional funds
- Available to RIAs at Schwab & TDAI

$0
Transaction Fees

900+
Institutional Funds

16
Third-party asset managers

Note: RIA = Registered Investment Advisor. TDAI = TD Ameritrade Institutional.

Our “Through Clients’ Eyes” strategy drives sustained business momentum.

- Investors continued to turn to Schwab, remaining engaged in the midst of economic uncertainty and extended market weakness
- Challenging environments reinforce the importance of advancing our three strategic priorities: scale and efficiency, win-win monetization, and segmentation – including finalizing preparations to begin the Ameritrade conversion next year
- We believe our strategic focus and disciplined execution will deliver long-term success – as we further enhance our modern wealth management experience for clients and build value for stockholders through growth and capital return

Financial Update

Peter Crawford

Chief Financial Officer

During the third quarter, our "all-weather" model delivered spectacular results.

- We converted robust asset gathering, healthy client engagement, and higher rates into **record financial performance**
- Diligent balance sheet and liquidity management enables us to navigate a rapidly evolving environment while bolstering Schwab's **growth plus capital return** story
- The **durability of our financial model** over time gives us confidence that we remain well-positioned to continue delivering value to owners through the cycle

Our priorities remain unchanged:

Continued business growth through our client-first strategy

Long-term revenue growth through multiple sources

Thoughtful expense management enabling sustainable performance

Sustained business momentum through an increasingly challenging environment…

3Q22 vs. 2Q22

Equity Markets (S&P 500®)
3,586 ↓ 5%

Daily Average Trades
5.5M ↓ 11%

Average 5-year Treasury Yield[1]
3.23% ↑ 28 bps

Client Margin Balances, EOP
$71.5B ↓ 3%

Sept. YTD 2022

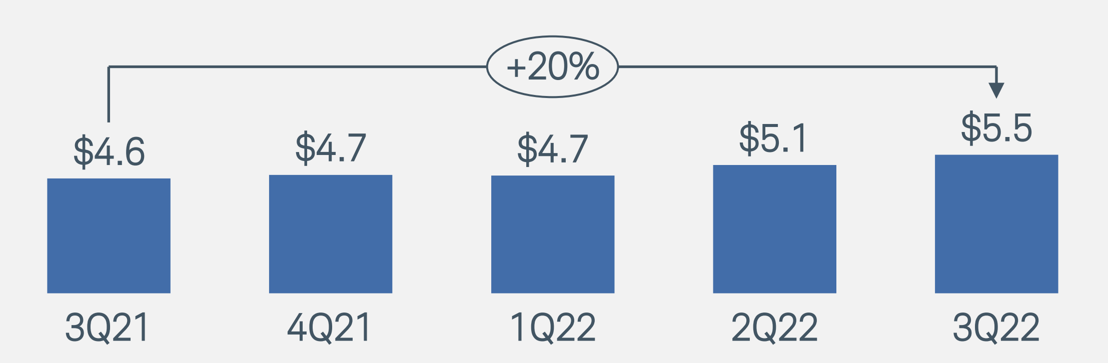
Core NNA ($B)
$299.3

New Brokerage Accounts (M)
3.1

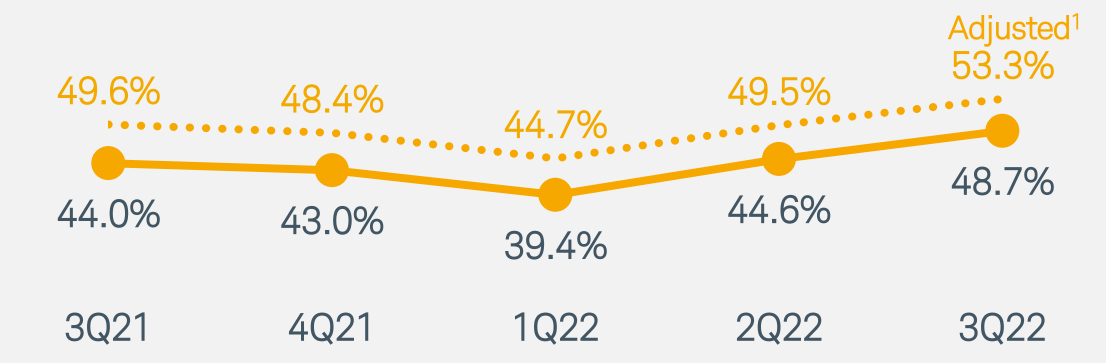
Note: Q = Quarter. M = Millions. B = Billions. YTD = Year-to-date. NNA = Net new assets. Bps = Basis points. EOP = End of period. Y/Y = Year-over-year. 1. 5-year Treasury Yield represents the daily average for 3Q22 and 2Q22, respectively.

...helped push Schwab's third quarter financial performance to record levels.

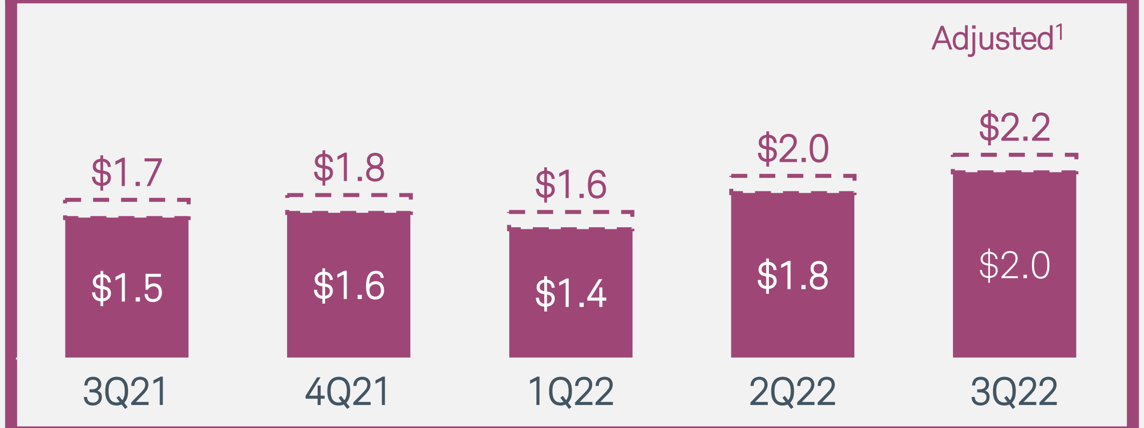
Revenue ($B)



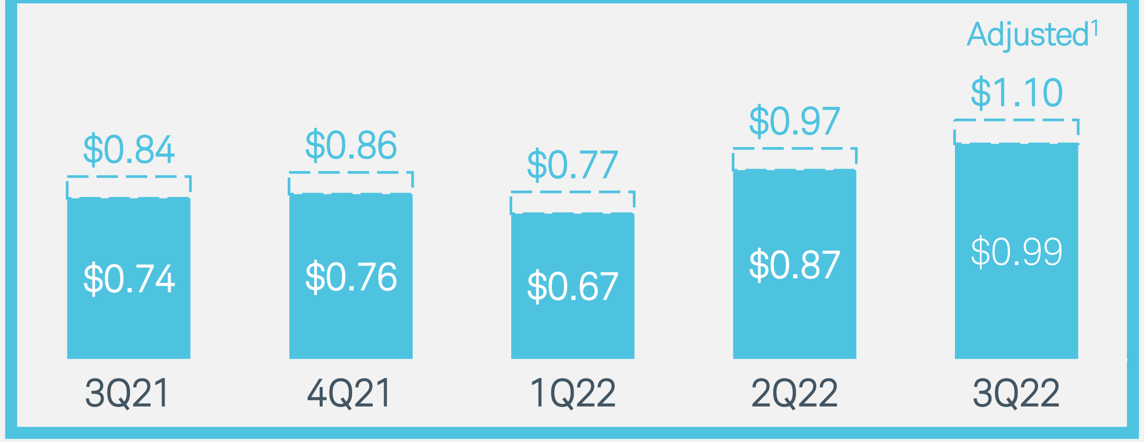
Pre-tax Profit Margin (%)



Net Income ($B)



Diluted Earnings Per Share ($)



Note: B = Billions. Q = Quarter. 1. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 42–46 of this presentation.

While the balance sheet contracted 5% year-over-year, we sustained robust capital and liquidity levels.

($M, EOP)	3Q21	2Q22	3Q22
Total Assets	$607,548	$637,557	$577,563
Bank Deposits	$395,275	$442,003	$395,715
Payables to Brokerage Clients	$113,052	$114,880	$110,012
Stockholders' Equity	$57,442	$44,513	$37,041
Parent Liquidity	$10,101	$10,341	$10,794
Tier 1 Leverage Ratio*	6.3%	6.4%	6.8%

- Bank deposits were flat versus the prior year, and down 10% quarter-over-quarter, due to expected client cash sorting and continued net buying activity
- The combination of incremental AOCI impact, share repurchases, and the announced redemption of our Series A preferred pushed Stockholders' Equity down sequentially
- Quarter-end "spot" Tier 1 Leverage Ratio was approximately 7.1%[1], which is above our long-term operating objective of 6.50%-6.75%

Note: * Preliminary. Q = Quarter. M = Millions. EOP = End-of-period. AOCI = Accumulated other comprehensive income. 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. 1. The preliminary "spot" Tier 1 Leverage Ratio is calculated using EOP figures as of September 30, 2022.

We expect to continue benefitting from higher rates, supporting our **growth plus capital return** story.

4Q22 / FY 2022

- Assuming the market's forward rate expectations as of early October, we'd anticipate delivering full year **revenue growth between 11%–13%**
  - Q4 **NIM could expand into the mid-210 bps zone**
  - Anticipate **NIR to reach $3 billion in Q4** even as deposits decline from the prior quarter, and we allow for limited FHLB utilization
- Despite an inflationary environment, ongoing **expense discipline is helping us stay well within our full-year spending plan of 7%–8%** growth on an adjusted basis[1]

2023 and Beyond

- Continue to believe the overall magnitude of **sorting is unlikely to exceed our experience through the prior cycle** and we have ample sources of liquidity
- Under the current forward curve, we could see **NIM rising above 2.50% by the end of 2023** – with further expansion **beyond 3.00% during the back half of 2025**
- We expect to **continue opportunistic return of excess capital** via share repurchases and/or the redemption of preferred stock (as appropriate)

Note: Bps = basis points. Q = Quarter. FY = Full year. NIM = Net interest margin. NIR = Net interest revenue. FHLB = Federal Home Loan Bank. 1. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 42–46 of this presentation.

We continue to believe the magnitude of sorting will be similar to our experience during prior cycles.

		Observation	Support
Pace	A	Bank sweep deposit betas have minimal influence over the pace of sorting	▪ Pace of sorting is driven by available yield on investment cash alternatives ▪ During the last rising rate cycle, clients in sweep money funds behaved similarly to those in bank sweep
Pace	B	Sorting 'burns out' through the cycle	▪ Sorting decelerates – or reverses – as you move past peak rates, and can be offset by organic cash increases
Magnitude	C	Clients continue to utilize transactional cash, regardless of rates	▪ Through past cycles, we have observed that most sweep cash tends to find its level
Magnitude	D	Higher cash balance accounts are the most yield sensitive	▪ Accounts with $1M+ in cash have accounted for ~75% of cycle to-date sorting
Magnitude	E	A growing portion of our client base is less prone to sorting	▪ Since 2020, we have added ~4 million new-to-firm Retail HHs ▪ Trading oriented and HHs with <$250K in total assets represented the vast majority of that growth[1] ▪ As of 9/30, this group currently represents more than 60% of Retail cash on the balance sheet

__Note__: additional support materials on slides 31–34 in the Appendix

Note: Sweep cash = Bank deposits, broker-dealer balances, and sweep money market funds. HH = Households. K = Thousand. M = Millions. Q = Quarter. 1. Trading oriented includes Ameritrade brokerage clients plus Schwab Retail Trading Services cohort.

We have access to various sources of liquidity to help facilitate client cash allocation decisions.

1 **Organic**
- Existing Cash on Hand
- Cash via NNA
- Portfolio Cashflows
  - Coupon Payments
  - Portfolio Maturities

$100 – $150B
Estimated Cashflows Through 2023

2 **Supplemental**
- Retail Certificate of Deposit
- FHLB Advances
- Wholesale Funding
  - CDs, Repo

$100 – $150B
Potential Capacity Through 2023

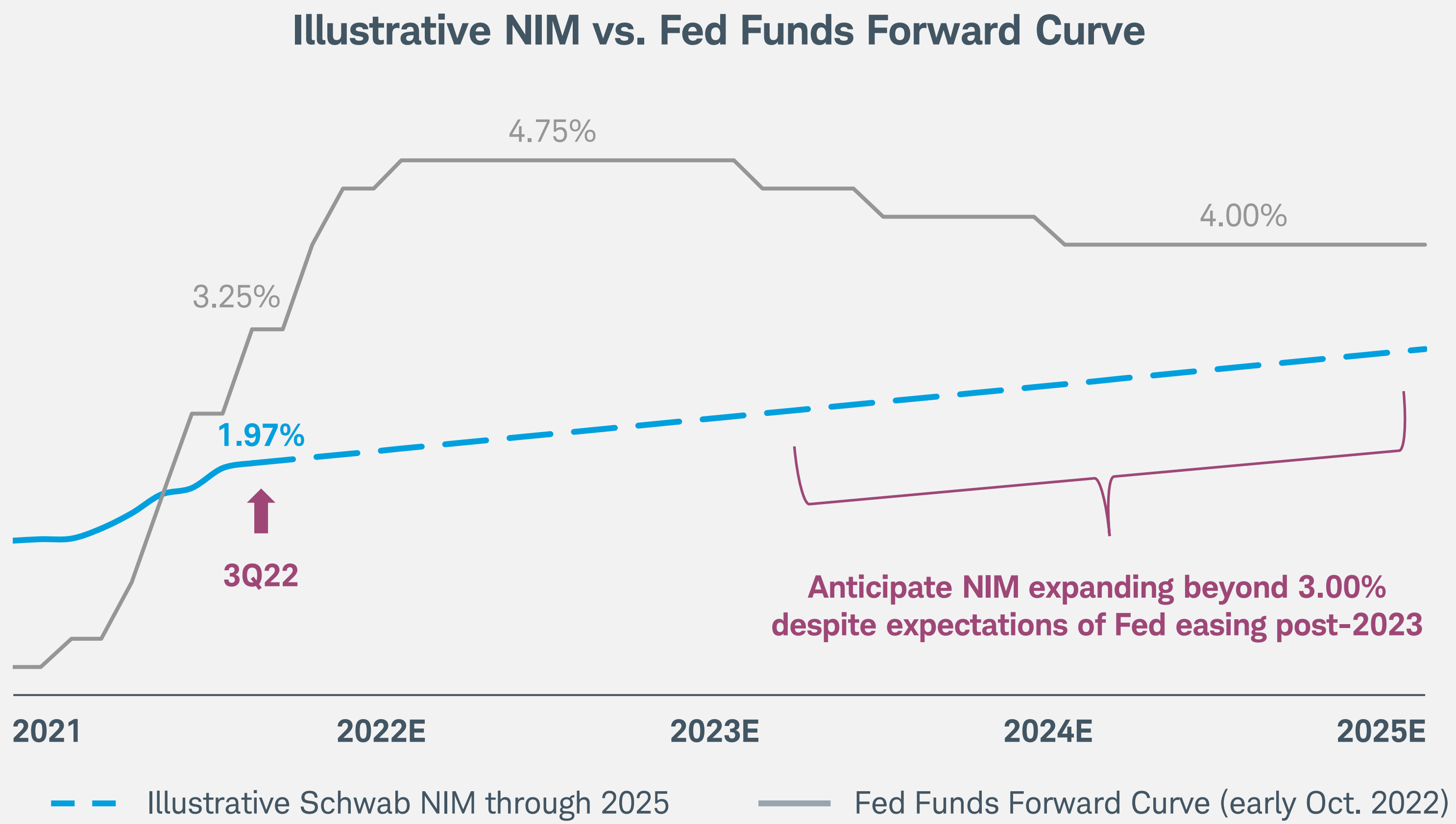
We expect to **prioritize organic, and then supplemental,** sources to navigate through client cash sorting

3 **Other**
- AFS Security Sales
  - Portfolio only consists of Level 1 and Level 2 assets

89% of our bank portfolio investments are Level 1 and/or Level 2 securities

Note: B = Billions. NNA = Net new assets. FHLB = Federal Home Loan Bank. HQLA = High-quality liquid assets. CP = Commercial Paper. CDs = Certificates of Deposit. AFS = Available for Sale. Repo = Repurchase Agreements.

Using current rate expectations, we could see our net interest margin exceeding 3.00% by the end of 2025.



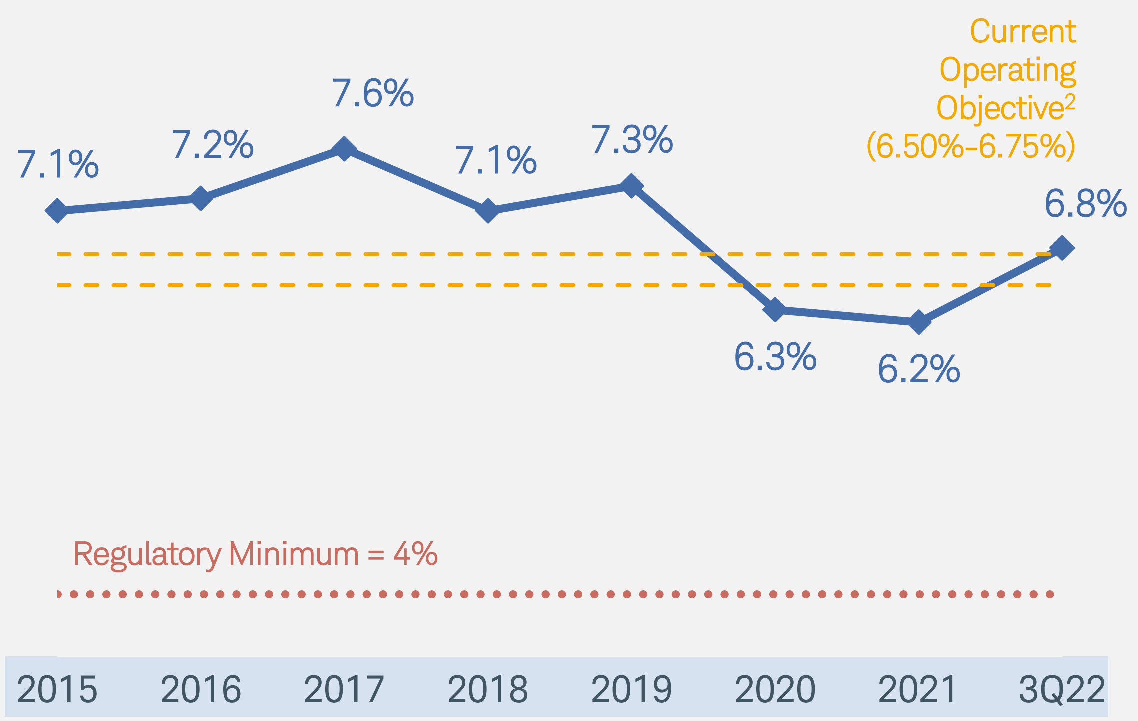
Select Assumptions

- Forward curve as of early Oct.
- Cash sorting ends during 2023
- Deposit betas remain in-line with expectations
- Utilize select amounts of supplemental funding during 2023 (e.g., FHLB and/or Retail CD)

Note: NIM = Net interest margin. CD = Certificates of Deposit. FHLB = Federal Home Loan Bank.

We initiated meaningful return of excess capital for the first time in over two years.

Consolidated Tier 1 Leverage Ratio, %



10% Common Dividend Increase

21.9M 3Q22 Shares Repurchased

$1B[1] Preferred Redemptions

Capital Management Priorities

- Support growth of business
- Enable clients' cash allocation decisions
- Manage capital well above required levels
- Seek opportunistic return of excess capital

Note: BDA = Bank deposit account. M = Millions. B = Billions. YTD = Year to date. 1. Preferred Redemptions include Series A and Series E, which have been announced, but not yet redeemed. Redemption will occur on November 1,2022 for Series A ($400M) and December 1, 2022 for Series E ($600M). 2. Per CFO Comment included within August SMART release on September 14, 2022, Operating Objective moved to 6.50% - 6.75%.

Schwab's "through the cycle" financial formula has delivered over the past two decades.

Macroeconomic Backdrop

- Two full rate cycles
- 2008 financial crisis
- Global pandemic
- Current inflationary environment

Schwab-led Disruption

- $0 commission equity trades
- Largest broker-dealer acquisition
- Value-oriented pricing across advice and asset management

Financial Formula: 2002 – 2022E

Client Asset Growth[1]

~12%

Compound Annual Growth Rate

Revenue Growth[2]

~8%

Compound Annual Growth Rate

Pre-tax Profit Margin

2002	3Q22
6.3% GAAP	48.7% GAAP
	53.3% Adjusted[1]

GAAP Diluted EPS[2]

~21%

Compound Annual Growth Rate

Note: EPS = Earnings Per Share. GAAP = Generally Accepted Accounting Principles. 1. Calculated from December 31, 2002 to September 30, 2022. 2. Calculated from full year 2002 to annualized full year 2022.
Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 42-46 of this presentation.

During the third quarter, our "all-weather" model delivered spectacular results.

- We converted robust asset gathering, healthy client engagement, and higher rates into **record financial performance**
- Diligent balance sheet and liquidity management enables us to navigate a rapidly evolving environment while bolstering Schwab's **growth plus capital return** story
- The **durability of our financial model** over time gives us confidence that we remain well-positioned to continue delivering value to owners through the cycle

Our priorities remain unchanged:

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Long-term revenue growth through multiple sources

Thoughtful expense management enabling sustainable performance

Q&A

Appendix

Underlying Full Year 2022 Scenario Assumptions (as of September 30, 2022)

Macro Factors	
Short Rates	*Fed Funds finishes FY 2022 at 4.50%*
Long Rates	*Avg. 5-year UST for 2022 of ~3.00%*
S&P 500®	*Down ~22% versus 12/31/21 close*

Business Factors	
DATs	*6.1M for full year 2022*
Securities Lending	*Rebate revenues soften from 1H22 levels*
Bal. Sheet Positioning	*Margin balances remain flat relative to 3Q22 EOP levels; investment strategy continues to prioritize flexibility / liquidity*
Bal. Sheet Decline	*December 2022 average IEA decline by 8% – 12% versus the December 2021 average*
Capex	*Running at 4%–5% of total revenues*

Note: FY = Full year. H = Half. M = Millions. EOP = End-of-period. Avg. = Average. UST = U.S. Treasury. DAT = Daily average trades. Capex = Capital expenditures. Bal. sheet = Balance sheet. YE = Year-end. IEA = Interest-earning assets.

Appendix

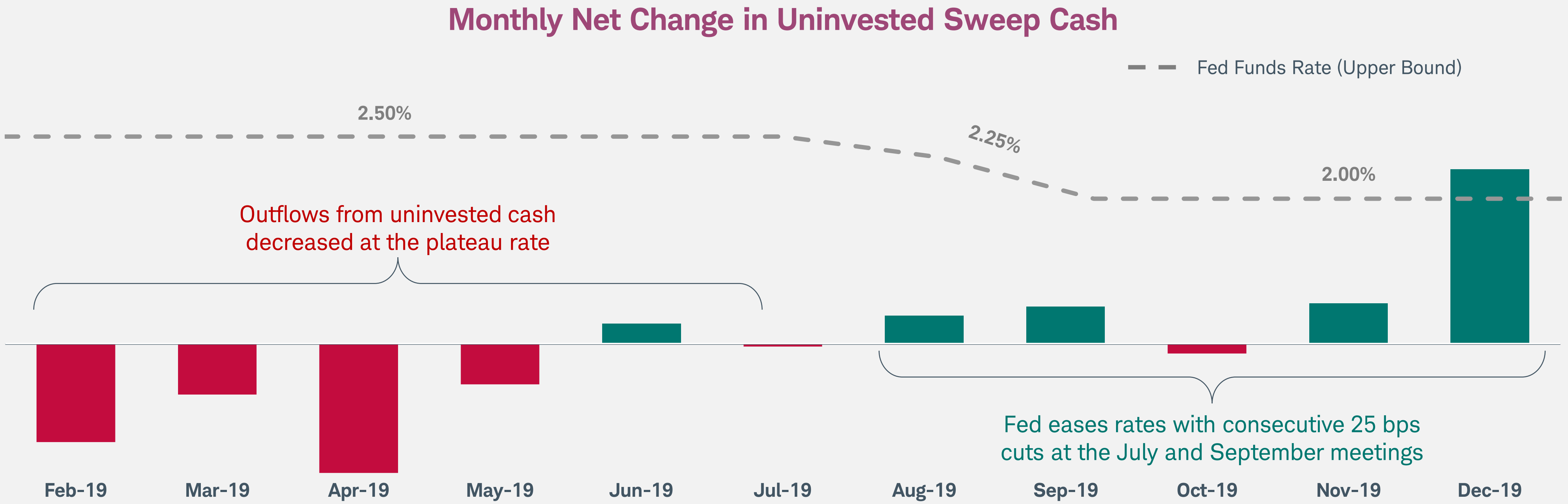
Select Revenue Sensitivities (as of September 30, 2022)

Target Fed Funds Rate +/- 25 bps	~$350M – $550M
5-Year Treasury +/- 10 bps	~$90M
Bank Sweep Balances +/- $1B	~$30M
S&P 500® +/- 1%	~$25M
Daily Average Trades +/- 100K	~$60M
Margin Balances +/- $1B	~$50M

Note: Bps = Basis points. B = Billions. M = Millions. K = Thousands. For the Fed Funds and Treasury sensitivities, assumes static interest-earning asset balances as of September 30, 2022 and depends on the mix and duration of the bank investment portfolio, to the extent there is a parallel shift in the yield curve, how quickly the fixed portfolio reprices; for purposes of the analysis, the deposit beta is assumed to be 20%. Every $5 billion of FHLB borrowings outstanding per quarter equals approximately 1 basis point of NIM drag.

Appendix
Cash Sorting Support (1 of 4)

Sorting 'burns out' through the cycle B



Sorting decelerates – or reverses - as you move past peak rates, and can be offset by organic cash increases

Note: Uninvested Sweep Cash = Schwab One®, Bank Sweep, other balance sheet cash, and sweep money market funds.

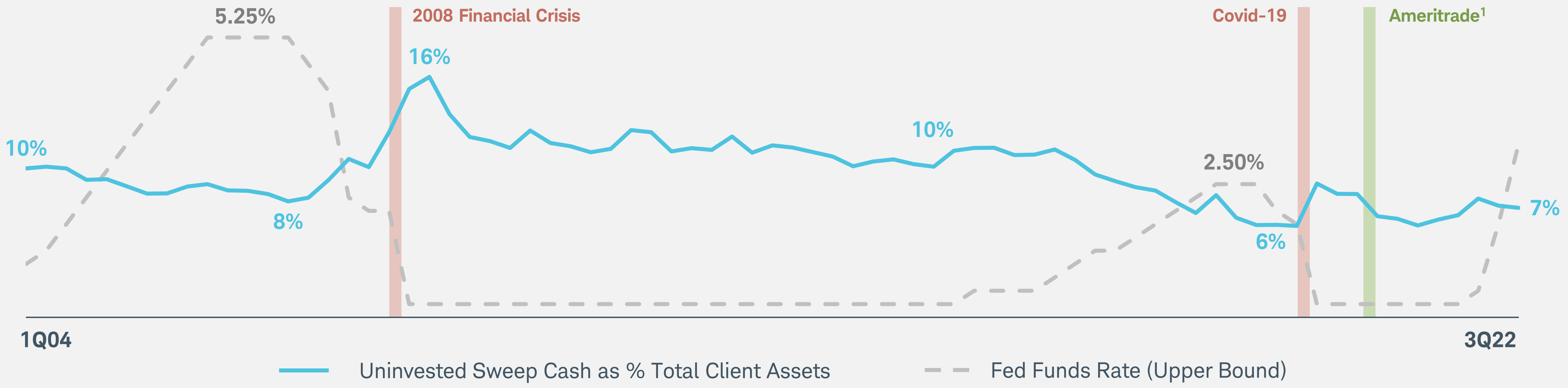
Appendix

Cash Sorting Support (2 of 4)

Clients continue to utilize transactional cash, regardless of rates

C

Uninvested Sweep Cash as a % of Total Client Assets is currently 1% above the lowest point since 1Q04



Note: Q = Quarter. Uninvested Sweep Cash = Schwab One®, Bank Sweep, other balance sheet cash, and sweep money market funds; excludes off-balance sheet BDA balances. 1. Includes appropriate Ameritrade client balances from the acquisition closing date of October 6, 2020 forward.

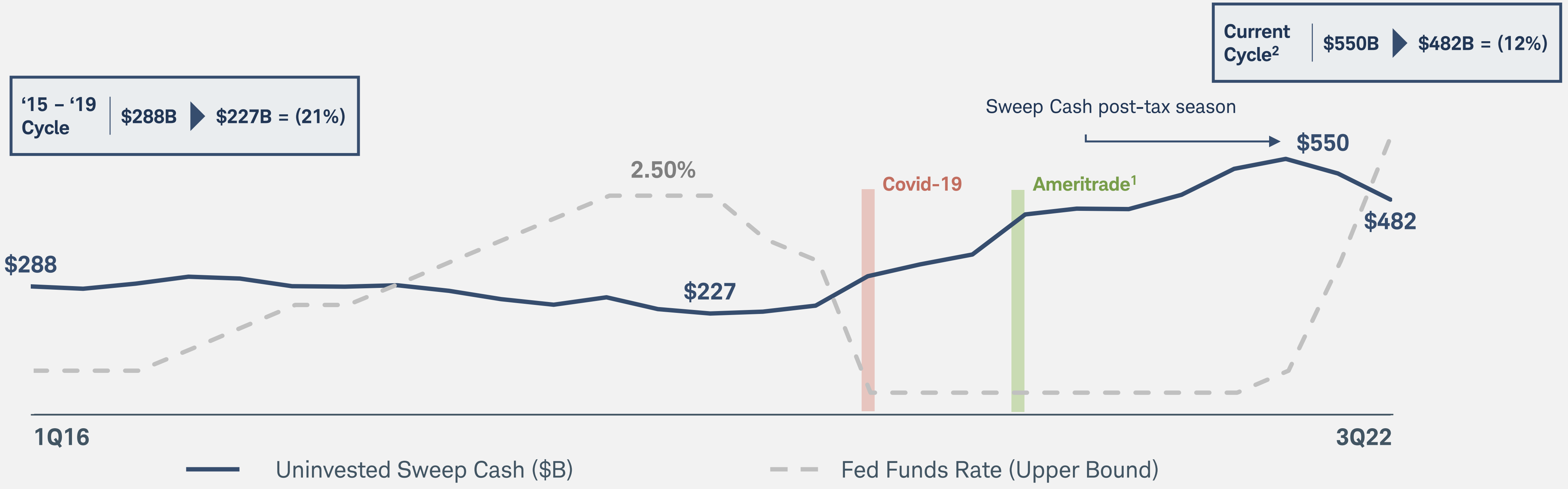
Appendix

Cash Sorting Support (3 of 4)

Clients continue to utilize transactional cash, regardless of rates

C

Uninvested Sweep Cash Balances, 1Q16 – 3Q22 ($B)



We have experienced roughly half of the drawdown in total sweep cash we observed during the last rising rate cycle

Note: Q = Quarter. Uninvested Sweep Cash = Schwab One®, Bank Sweep, other balance sheet cash, and sweep money market funds; excludes off-balance sheet BDA balances. 1. Includes appropriate Ameritrade client balances from the acquisition closing date of October 6, 2020 forward. 2. Current cycle represents period from 4/30/22 to 9/30/22.

Appendix

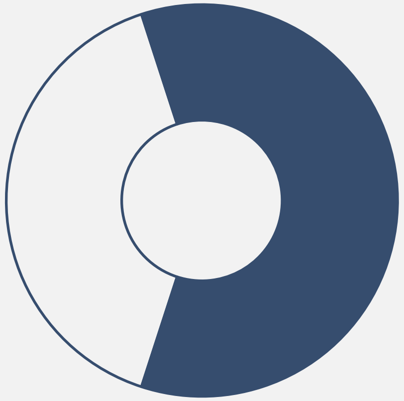
Cash Sorting Support (4 of 4)

A growing portion of our client base is less prone to sorting

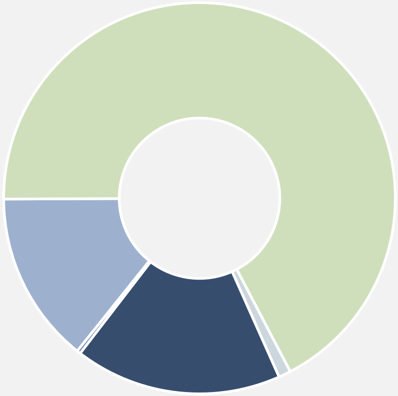
E

Select Retail Client Demographics

New-to-Firm Households
(1Q21–3Q22)



Since the end of 2020, trading oriented accounts have accounted for the vast majority of NTF HHs

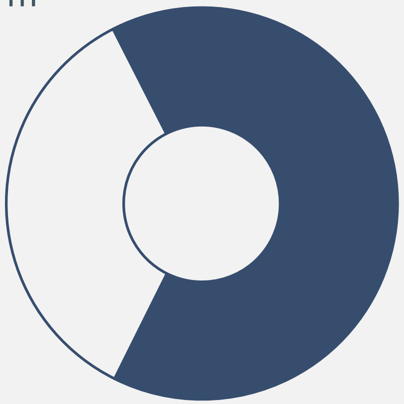


Retail Cohorts

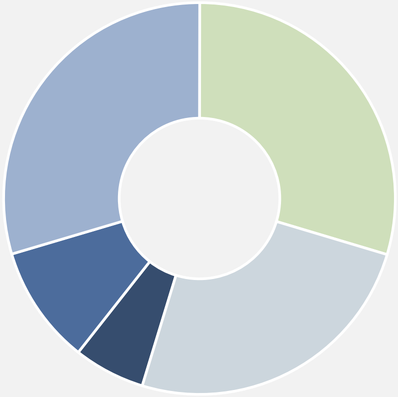
- <$250K
- $250K - $1M
- Trading & Int’l
- Ameritrade
- Other Cohorts

- Retail
- Rest of the Firm

Client Cash
(as of 9/30/22)



Retail client cash represents the majority of total client cash



Retail Cohorts

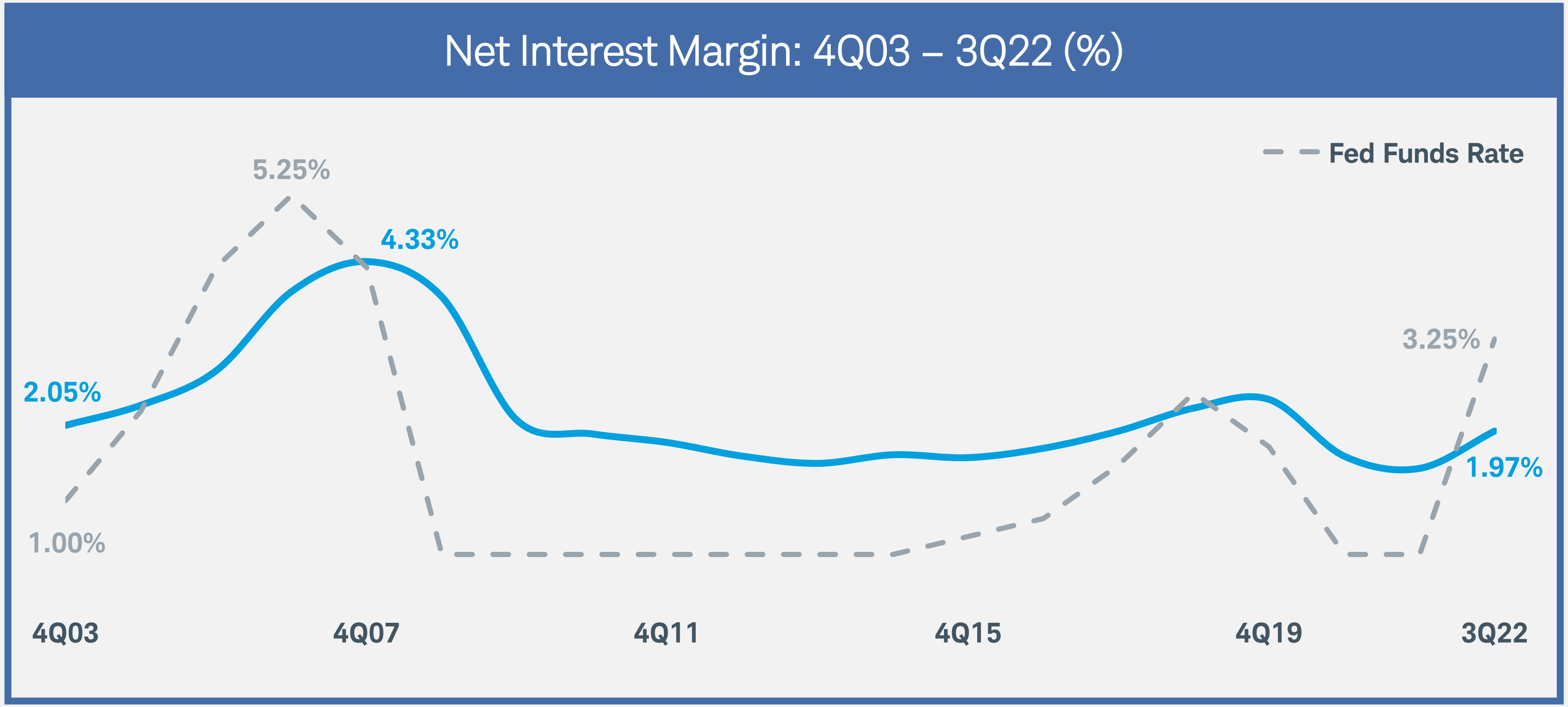
- <$250K
- $250K - $1M
- Trading & Int’l
- Ameritrade
- Other Cohorts

The majority of Retail client cash is concentrated in trading oriented and/or smaller balance accounts

Note: M = Million. K = Thousands. Q = Quarter. Int’l = International. Trading oriented = Ameritrade plus Schwab Trading Services cohort. NTF = New to firm. HH = Households.

Appendix

Historical Net Interest Margin Trends (as of September 30, 2022)



Select Considerations

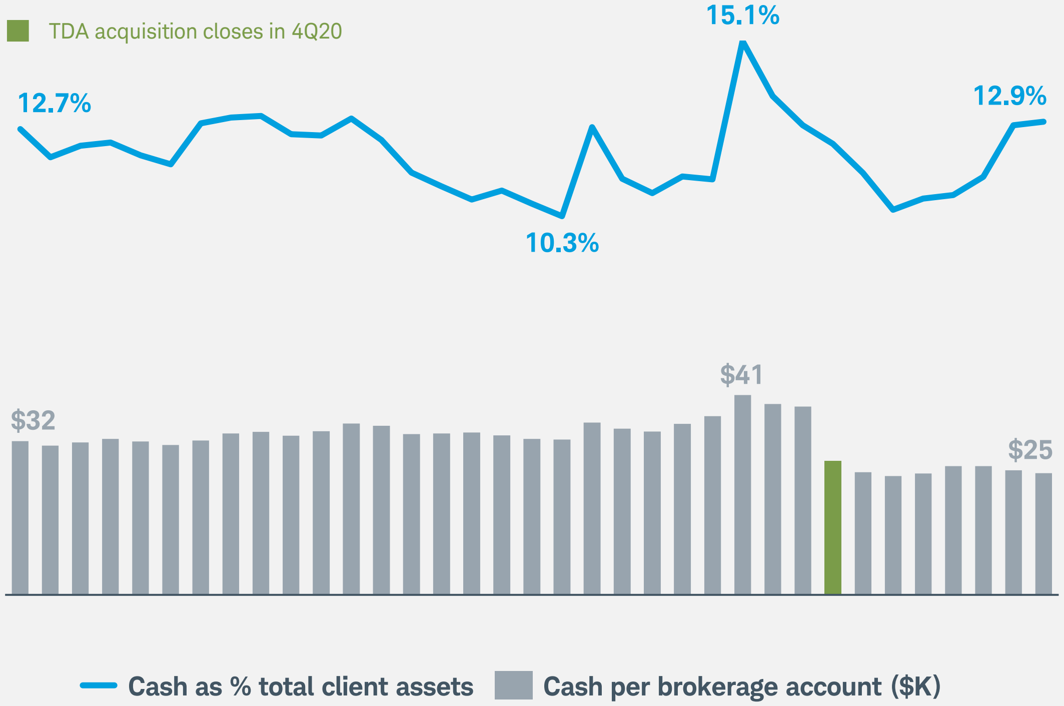
- Investment Yields and ALM Parameters
- Interest-Earning Asset Mix and Growth
- Securities Lending

Note: Q = Quarter. US Federal Funds Target Rate data from FactSet. ALM = Asset and Liability Management.

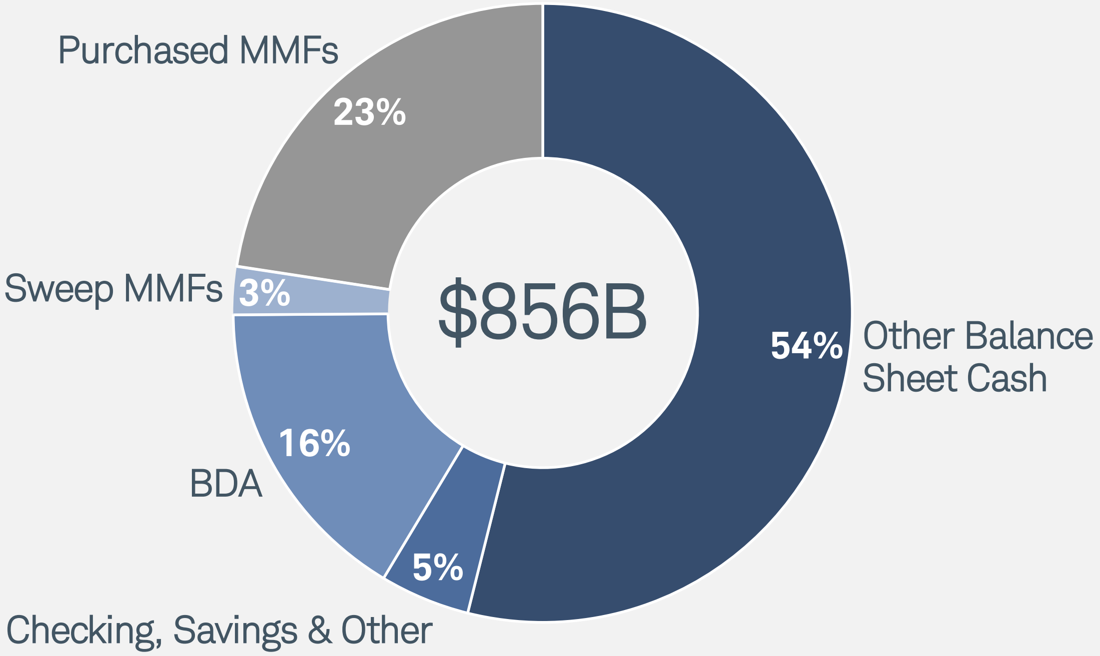
Appendix

Historical Client Cash Trends (as of September 30, 2022)

Select Client Cash Metrics, 1Q14 – 3Q22 ($K, %)



Total Client Cash Mix, 3Q22 (%)[1, 2]

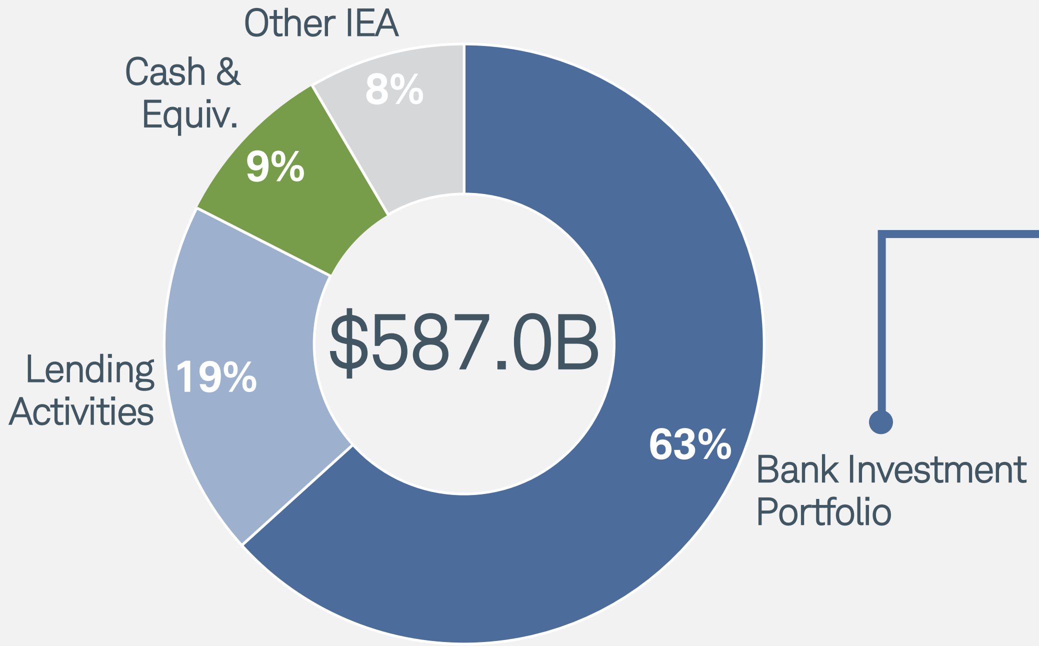


Note: K = Thousands. B = Billions. Q = Quarter. TDA = TD Ameritrade. MMF = Money market fund. BDA = Bank deposit account. 1. Other Balance Sheet Cash includes bank sweep deposits and Schwab One balances. 2. Total may not sum to 100% due to rounding.

Appendix

Average Interest-earning Assets & Bank Investment Portfolio (as of September 30, 2022)

3Q22 Avg. Interest-earning Assets (%)[1, 2]

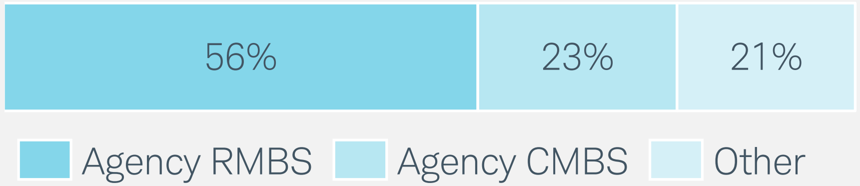


Bank Investment Portfolio Spotlight

Fixed vs. Floating

93% Fixed / 7% Floating

Securities Mix[3]



85-90% backed by U.S. government or agency

Duration Analysis[4]

~4.0 Portfolio Duration (Years)

Rate Shock (bps)	SCHW	LUMSTRUU[5]
+100	-0.12 yrs.	-0.22 yrs.
-100	0.10 yrs.	0.13 yrs.

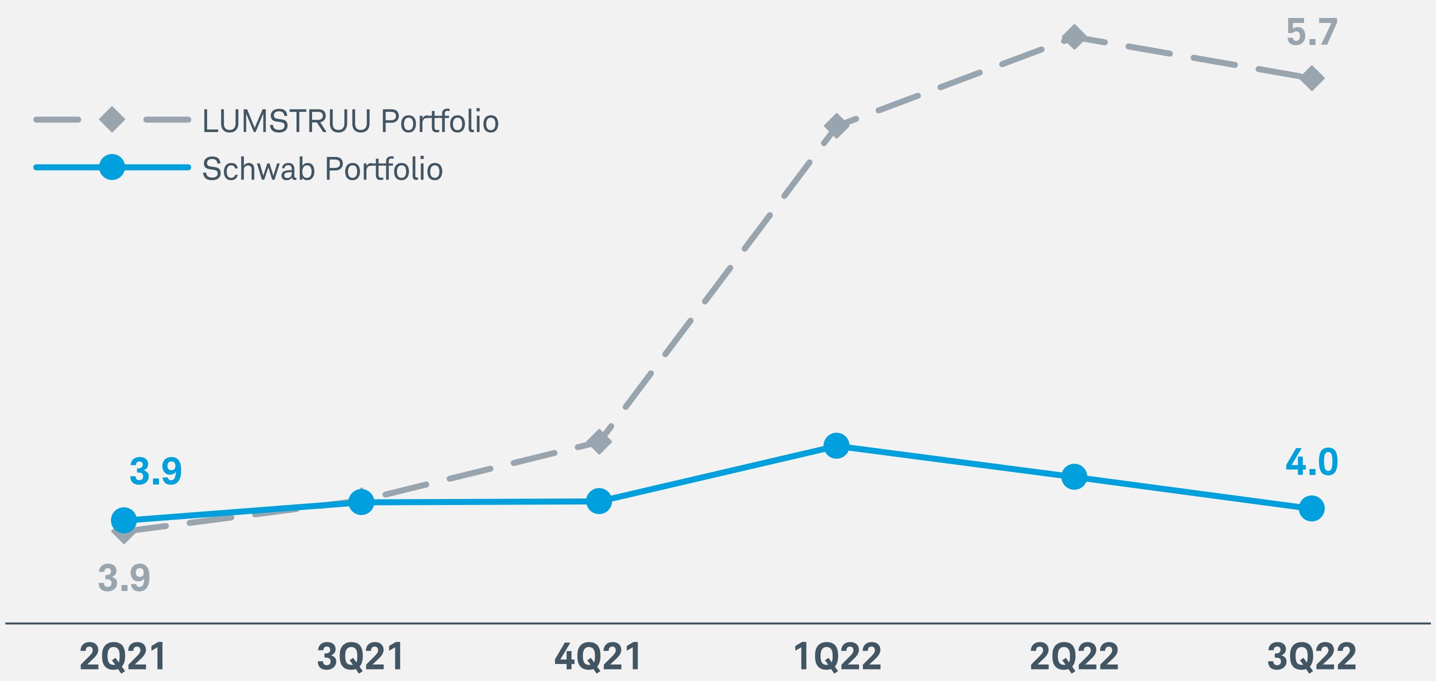
Note: B = Billions. Bps = Basis points. Avg. = Average. IEA = Interest-earning assets. Cash & Equiv = Cash and Equivalents. RMBS = Residential Mortgage-backed Security. CMBS = Commercial Mortgage-backed Security.
1. Bank Investment Portfolio includes available-for-sale and held-to-maturity securities within the consolidated bank investment portfolio, but excludes cash investments; please note percentage may be rounded and therefore may not round to 100%. 2. Lending Activities is comprised of client margin debits and bank loans. 3. Total may not sum to 100% due to rounding. "Other" includes U.S. Treasuries, corporate debt, ABS, and other investment securities as appropriate. 4. Rate shock analysis is presented on an option-adjusted basis as of September 2022. 5. LUMSTRUU is a Bloomberg Barclays index composed of investment grade pass-through MBS issued and/or guaranteed by a U.S. government agency.

Appendix

Securities Portfolio Duration Profile

Option-adjusted Duration, Schwab vs. LUMSTRUU[1]

(Years)



We have focused on buying securities with relatively stable cash flows, including **less likelihood of slower paydowns** in a rising rate environment

Note: OA = Option-adjusted. OA Durations prior to June 2022 are estimated retrospectively utilizing a third-party prepayment model (ADCo LDM v3.0.1) to be consistent with metrics since June 2022.
1. LUMSTRUU is a Bloomberg Barclays index composed of investment grade pass-through MBS issued and/or guaranteed by a U.S. government agency.

Appendix

Reinvestment Opportunities (as of September 30, 2022)

Illustrative

Potential Reinvestment Opportunities

		Cash & Equivalents	U.S. Treasuries	MBS Securities	Other IG Securities
Security					
Yield	Current	~3.15%	~4.65%	~5.20%	~5.30%
	1-yr Fwd[1]	~4.90%	~4.52%	~5.00%	~5.17%
Duration[2]		< 1 month	~ 1-1.5 years	~4-5 years	~ 1-1.5 years

Selection Criteria

- Shorter duration
- Front-loaded cash flows
- Lower convexity
- Risk appropriate credit exposure
- Investment grade

Potential Blended Reinvestment Yield

Floating: SOFR +75

Fixed: 5.00%–5.25%

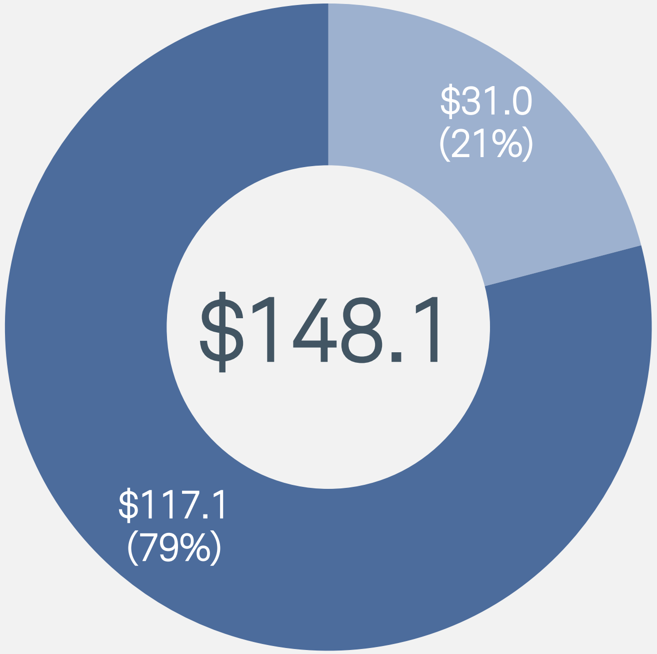
Going forward, we are **prioritizing flexibility and liquidity** to efficiently **accommodate client cash allocation decisions**

Note: Fwd = Forward. MBS = Mortgage-backed security. IG = Investment grade. SOFR = Secured Overnight Financing Rate. 1. Illustrative future yields based on current market expectations as of October 20, 2022. 2. Illustrative durations shown on an option-adjusted basis.

Appendix

Bank Deposit Account Summary (as of September 30, 2022)

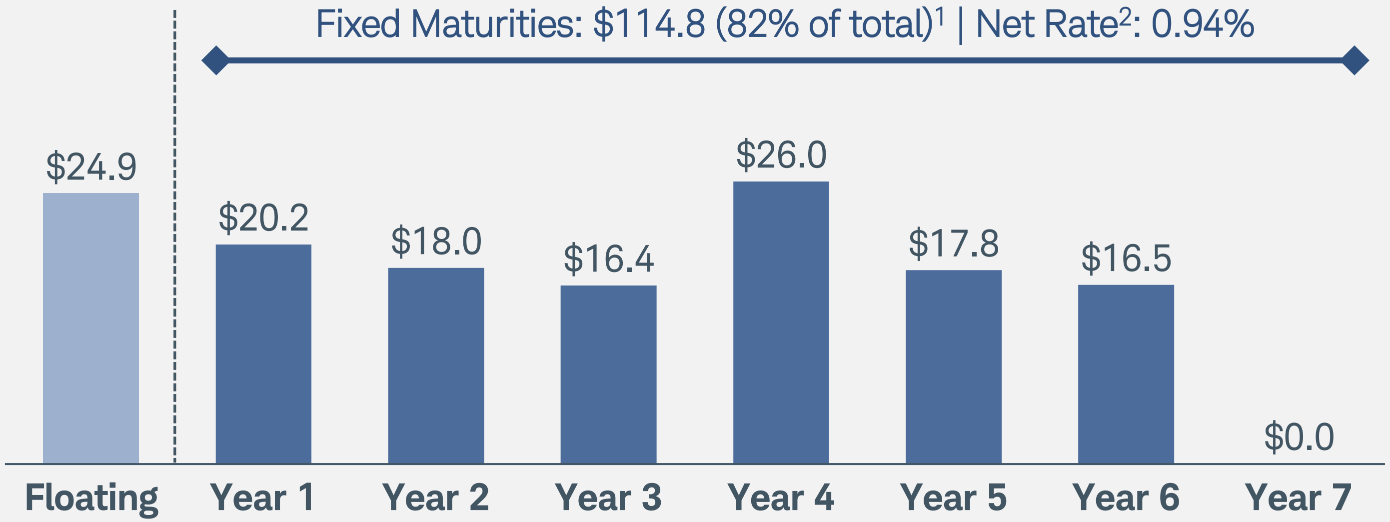
Mix of Average BDA Balances ($B,%)[1]



	Net Rate	3Q22 Revenue
Floating	1.85%	$147M
Fixed	0.89%	$267M

BDA Balances by Maturity, EOP ($B)

Total Balance: $139.6B	Net Rate[2]: 1.27%	Annual Revenue[3]: $1,797.8M



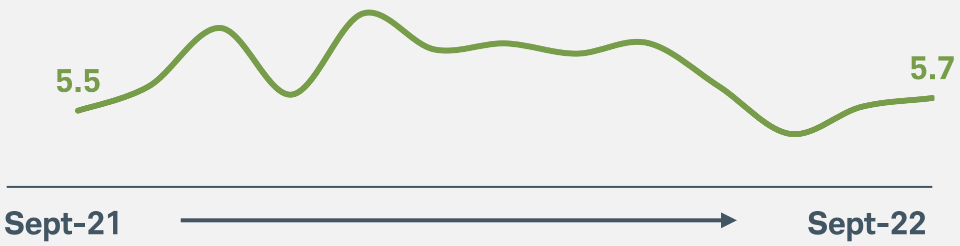
	Floating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Net Rate[2]	2.78%	1.73%	1.50%	1.02%	-0.02%	0.13%	1.35%	0.00%
Annual Revenue[3]	$701M	$353M	$274M	$169M	($6M)	$23M	$225M	$0M

Note: Certain totals may not sum due to rounding. M = Millions. B = Billions. Q = Quarter. BDA = Bank Deposit Account. EOP = End-of-period. Net yields calculated on an actual/360 basis. 1. Balances maturing by remaining duration term (e.g., Year 1 maturities are balances rolling off the fixed-rate ladder over the next 12 months). 2. EOP net rate of maturities as of early October 2022 and includes all related fees and client pay rates. 3. Revenue figures presented on an annualized run-rate basis per the amended Insured Deposit Agreement (IDA) arrangement.

Appendix

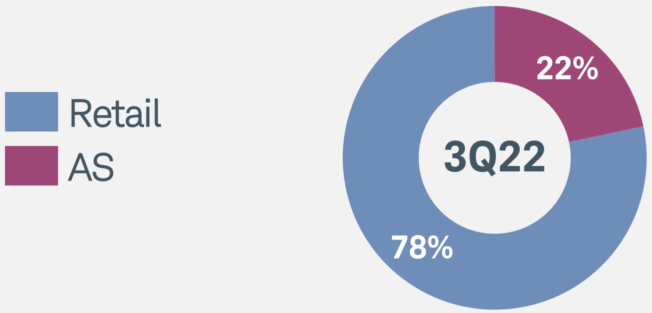
Select Trading Information (as of September 30, 2022)

Monthly DATs (M)

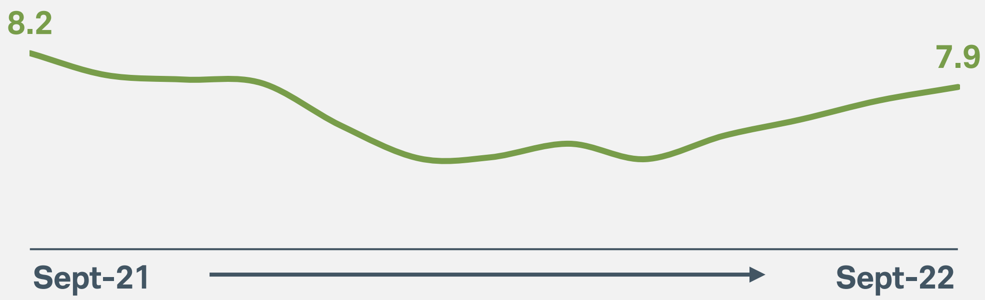


Futures as % Derivatives Trading

Quarterly DAT Mix (%)



Monthly Average Contracts per Option Trade



Note: Q = Quarter. M = Millions. AS = Advisor Services. DAT = Daily average trades.

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 Investors and Uses by Management
Acquisition and integration-related costs and amortization of acquired intangible assets	Schwab adjusts certain GAAP financial measures to exclude the impact of acquisition and integration-related costs incurred as a result of the Company's acquisitions, amortization of acquired intangible assets, and, where applicable, the income tax effect of these expenses. Adjustments made to exclude amortization of acquired intangible assets are reflective of all acquired intangible assets, which were recorded as part of purchase accounting. These acquired intangible assets contribute to the Company's revenue generation. Amortization of acquired intangible assets will continue in future periods over their remaining useful lives.	We exclude acquisition and integration-related costs 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 is 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 ongoing business. Amortization of acquired intangible assets is excluded because management does not believe it is indicative of the Company's underlying operating performance.
Return on tangible common equity	Return on tangible common equity represents annualized adjusted net income available to common stockholders as a percentage of average tangible common equity. Tangible common equity represents common equity less goodwill, acquired intangible assets – net, and related deferred tax liabilities.	Acquisitions typically result in the recognition of significant amounts of goodwill and acquired intangible assets. We believe return on tangible common equity may be useful to investors as a supplemental measure to facilitate assessing capital efficiency and returns relative to the composition of Schwab's balance sheet.

The company also uses adjusted diluted EPS and return on tangible common equity as components of performance for employee bonus and certain executive management incentive compensation arrangements. The Compensation Committee of CSC's Board of Directors maintains discretion in evaluating performance against these criteria.

Appendix

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

(In millions, except ratios and per share amounts)	Three Months Ended, September 30, 2022 Total Expenses Excluding Interest	September 30, 2022 Net Income	June 30, 2022 Total Expenses Excluding Interest	June 30, 2022 Net Income	March 31, 2022 Total Expenses Excluding Interest	March 31, 2022 Net Income	December 31, 2021 Total Expenses Excluding Interest	December 31, 2021 Net Income	September 30, 2021 Total Expenses Excluding Interest	September 30, 2021 Net Income
Total expenses excluding interest (GAAP), Net income (GAAP)	$ 2,823	$ 2,020	$ 2,819	$ 1,793	$ 2,833	$ 1,402	$ 2,685	$ 1,580	$ 2,559	$ 1,526
Acquisition and integration-related costs (1)	(101)	101	(94)	94	(96)	96	(101)	101	(104)	104
Amortization of acquired intangible assets	(152)	152	(154)	154	(154)	154	(154)	154	(153)	153
Income tax effects (2)	N/A	(62)	N/A	(60)	N/A	(61)	N/A	(60)	N/A	(61)
Adjusted total expenses (Non-GAAP), Adjusted net income (Non-GAAP)	$ 2,570	$ 2,211	$ 2,571	$ 1,981	$ 2,583	$ 1,591	$ 2,430	$ 1,775	$ 2,302	$ 1,722

Note: N/A = Not applicable. 1. Acquisition and integration-related expenses are primarily included in compensation and benefits, professional services, occupancy and equipment, 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,									
	September 30, 2022		June 30, 2022		March 31, 2022		December 31, 2021		September 30, 2021	
(In millions, except ratios and per share amounts)	Amount	% of Total Net Revenues	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)	$ 2,677	48.7%	$ 2,274	44.6%	$ 1,839	39.4%	$ 2,023	43.0%	$ 2,011	44.0%
Acquisition and integration-related costs	101	1.8%	94	1.8%	96	2.1%	101	2.1%	104	2.3%
Amortization of acquired intangible assets	152	2.8%	154	3.1%	154	3.2%	154	3.3%	153	3.3%
Adjusted income before taxes on income (Non-GAAP), Adjusted pre-tax profit margin (Non-GAAP)	$ 2,930	53.3%	$ 2,522	49.5%	$ 2,089	44.7%	$ 2,278	48.4%	$ 2,268	49.6%

Appendix

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

	Three Months Ended,									
	September 30, 2022		June 30, 2022		March 31, 2022		December 31, 2021		September 30, 2021	
(In millions, except ratios and per share amounts)	Amount	Diluted EPS	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)	$ 1,884	$ .99	$ 1,652	$ .87	$ 1,278	$ .67	$ 1,449	$ .76	$ 1,406	$ .74
Acquisition and integration-related costs	101	.05	94	.05	96	.05	101	.05	104	.05
Amortization of acquired intangible assets	152	.08	154	.08	154	.08	154	.08	153	.08
Income tax effects	(62)	(.02)	(60)	(.03)	(61)	(.03)	(60)	(.03)	(61)	(.03)
Adjusted net income available to common stockholders (Non-GAAP), Adjusted diluted EPS (Non-GAAP)	$ 2,075	$ 1.10	$ 1,840	$ .97	$ 1,467	$ .77	$ 1,644	$ .86	$ 1,602	$ .84

Appendix

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

(In millions, except ratios and per share amounts)	Three Months Ended,				
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021	September 30, 2021
Return on average common stockholders' equity (GAAP)	25%	19%	12%	12%	12%
Average common stockholders' equity	$ 30,282	$ 35,611	$ 41,856	$ 46,898	$ 47,492
Less: Average goodwill	(11,951)	(11,952)	(11,952)	(11,952)	(11,952)
Less: Average acquired intangible assets — net	(8,999)	(9,151)	(9,303)	(9,456)	(9,609)
Plus: Average deferred tax liabilities related to goodwill and acquired intangible assets — net	1,848	1,868	1,886	1,889	1,895
Average tangible common equity	$ 11,180	$ 16,376	$ 22,487	$ 27,379	$ 27,826
Adjusted net income available to common stockholders[1]	$ 2,075	$ 1,840	$ 1,467	$ 1,644	$ 1,602
Return on tangible common equity (Non-GAAP)	74%	45%	26%	24%	23%

Note: 1. See table on slide 45 for the reconciliation of net income available to common stockholders to adjusted net income available to common stockholders (non-GAAP).

Fall Business Update

October 27, 2022

CORPORATION