

Spring Business Update

April 21, 2020

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Introduction

Rich
Fowler

Senior Vice President
Investor Relations

Agenda

Walt Bettinger, President and Chief Executive Officer

Peter Crawford, EVP and Chief Financial Officer

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,” “lead,” “consistent,” “investment,” “build,” “sustain,” “enhance,” “estimate,” “anticipate,” “opportunity,” “potential,” “target,” “increase,” “outlook,” “intend,” “assumption,” “maintain,” “insulate,” “ensure,” “on track,” “objective,” and other similar expressions. These forward-looking statements relate to: the company’s investments to fuel and support growth, serve clients, and drive scale and efficiency; growth in the client base, client accounts and assets; key initiatives; stockholder value; technology and system availability; digital transformation; pending transactions involving USAA’s Investment Management Company, TD Ameritrade Holding Corporation, and Wasmer Schroeder, including anticipated closing, status, and acquisition-related expenses; monetization and revenue diversification; client segmentation; the ability of the company’s platform to handle increased client volume; availability of and enrollment in advisory solutions; mortgage originations; RIA services and solutions; all-weather model; impacts related to the COVID-19 pandemic; balancing near-term profitability with continued reinvestment for long-term growth; Tier 1 leverage ratio operating objective; 2020 outlook, including macro factor assumptions, balance sheet dynamics and potential financial outcomes; expense growth; growth in revenues, earnings, and profits; net interest margin; estimated revenue impact from revenue sensitivities; capital and liquidity; dividend payment; and balance sheet management. 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; general market conditions, including the level of interest rates, equity valuations, and trading activity; 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 use of the company’s advisory solutions and other products and services; the company’s ability to support client activity levels; market volatility; failure of the parties to satisfy the closing conditions in the agreements for the pending acquisitions in a timely manner or at all, including stockholder and regulatory approvals, and the implementation of conversion or integration plans; disruptions to the parties’ businesses as a result of the announcement and pendency of the acquisitions; the risk that expected revenue, expense and other synergies and benefits from the acquisitions may not be fully realized or may take longer to realize than expected; 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; 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 impact of changes in market conditions on revenues, expenses, and pre-tax profit margin; the company’s ability to manage expenses; client cash sorting; LIBOR trends; spreads on securities; mix of excess reserves to AFS securities; 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 **April 21, 2020** (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

Additional Statements

Important Information About the TD Ameritrade Transaction and Where to Find it

In connection with the proposed transaction between The Charles Schwab Corporation (“Schwab”) and TD Ameritrade Holding Corporation (“TD Ameritrade”), on March 10, 2020, Schwab filed with the Securities and Exchange Commission (the “SEC”), a registration statement on Form S-4, which was amended on April 20, 2020. The registration statement includes a preliminary joint proxy statement of Schwab and TD Ameritrade that also constitutes a preliminary prospectus of Schwab, which will be mailed to stockholders of Schwab and TD Ameritrade once the registration statement becomes effective and the joint proxy statement/prospectus is in definitive form. The registration statement is not yet effective. INVESTORS AND SECURITY HOLDERS OF SCHWAB AND TD AMERITRADE ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of the registration statement and the joint proxy statement/prospectus and other documents filed with the SEC by Schwab or TD Ameritrade through the website maintained by the SEC at <http://www.sec.gov> or by contacting the investor relations department Schwab or TD Ameritrade at the following:

The Charles Schwab Corporation

211 Main Street
San Francisco, CA 94105
Attention: Investor Relations
(415) 667-7000
Investor.relations@schwab.com

TD Ameritrade Holding Corporation

200 South 108th Avenue
Omaha, Nebraska 68154
Attention: Investor Relations
(800) 669-3900

Schwab, TD Ameritrade, their respective directors and certain of their respective executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the directors and executive officers of Schwab is contained in Schwab’s Form 10-K for the year ended December 31, 2019, its definitive proxy statement relating to its 2020 Annual Meeting of Stockholders, and other documents subsequently filed by Schwab with the SEC. Information regarding the directors and executive officers of TD Ameritrade is contained in TD Ameritrade’s Form 10-K and Form 10-K/A for the year ended September 30, 2019, and other documents subsequently filed by TD Ameritrade with the SEC. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the preliminary joint proxy statement/prospectus and will be contained in the definitive joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

No Offer or Solicitation

This communication is not intended to and shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote of approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

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Walt
Bettinger

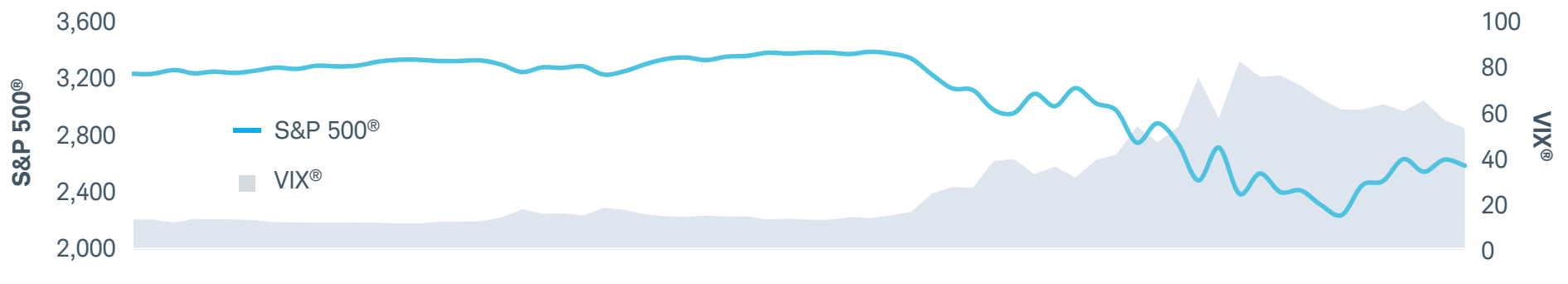
President and
Chief Executive Officer

Guided by our purpose and consistent strategy, we remain on offense through a challenging environment.

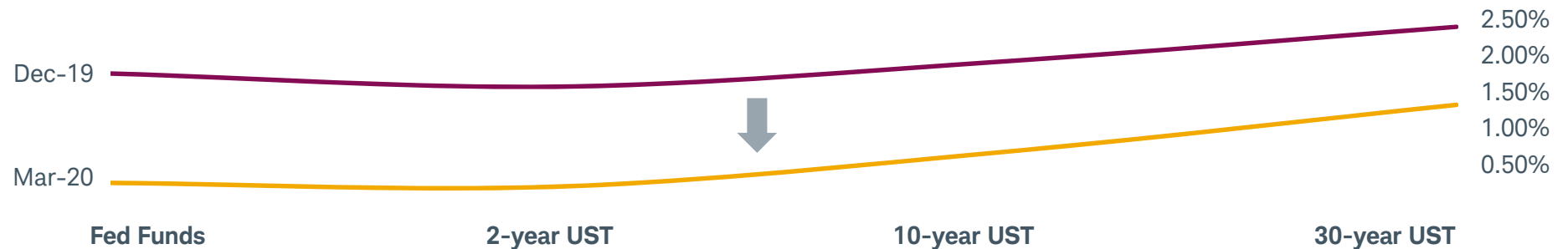
- Our clients and prospects have turned to us at record levels and we are there to serve them
- Schwab's underlying fundamentals remain firmly intact, with strong growth and engagement across our businesses
- Going forward, we will stay on course, pushing ahead on key initiatives that will benefit clients and support long-term stockholder value

Escalating concerns related to COVID-19 battered the global macroeconomic environment...

Equity market valuations faltered, volatility returned, and...



...rates dropped sharply across the curve following Fed cuts.



...which helped drive heightened engagement across our platform...

1Q20 vs. 1Q19



+98%

**Trades
per Day**



+16%

**Increase in Retail
Call Volumes**

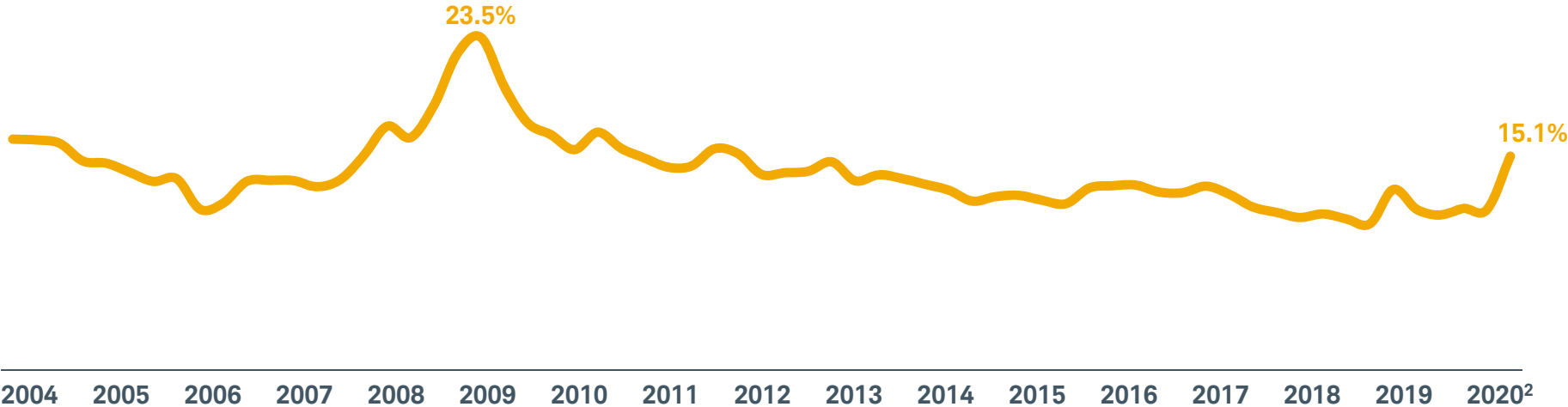


+30%

**Digital
Logons¹**

...and led clients to increase their allocations to cash.

Client Cash as a % of Total Client Assets¹



Note: 1. Amounts for 2004-2006 are estimated to exclude U.S. Trust. Client cash = Schwab One®, certain cash equivalents, bank deposits, and money market fund balances. 2. Cash as % of total client assets equaled 15.1% as of March 31, 2020.

Our people and systems handled unprecedented volumes with minimal disruption, consistent with third-party recognition of our service excellence...



Resilient systems had 99.9% availability¹



Opened ~7K new accounts per day on average



27 of top 30 trading days in our history

#1 in Investor Satisfaction with DIY Self-Directed Services



#1 in Customer Satisfaction with Direct Retail Banking

Note: 1. Represents external-facing system availability from 2/1/2020 through 4/13/2020. Charles Schwab received the highest numerical score in the DIY segment of the J.D. Power 2019-2020 U.S. Self-Directed Investor Satisfaction Studies of investors' satisfaction who use self-directed investment firms. Visit [jdpower.com/awards](https://www.jdpower.com/awards).

...and we prioritized the safety and health of our Schwab team.

We worked quickly to enable safe and productive remote access for employees...

>95% of employees working remotely

100% of client-facing professionals have full remote access

...while also supporting them in other ways during this time.



Non-officer employee award as well as temporary pay differential



Reimbursement for work from home equipment and supplies



Medical benefits, including no out-of-pocket costs for COVID-19 testing

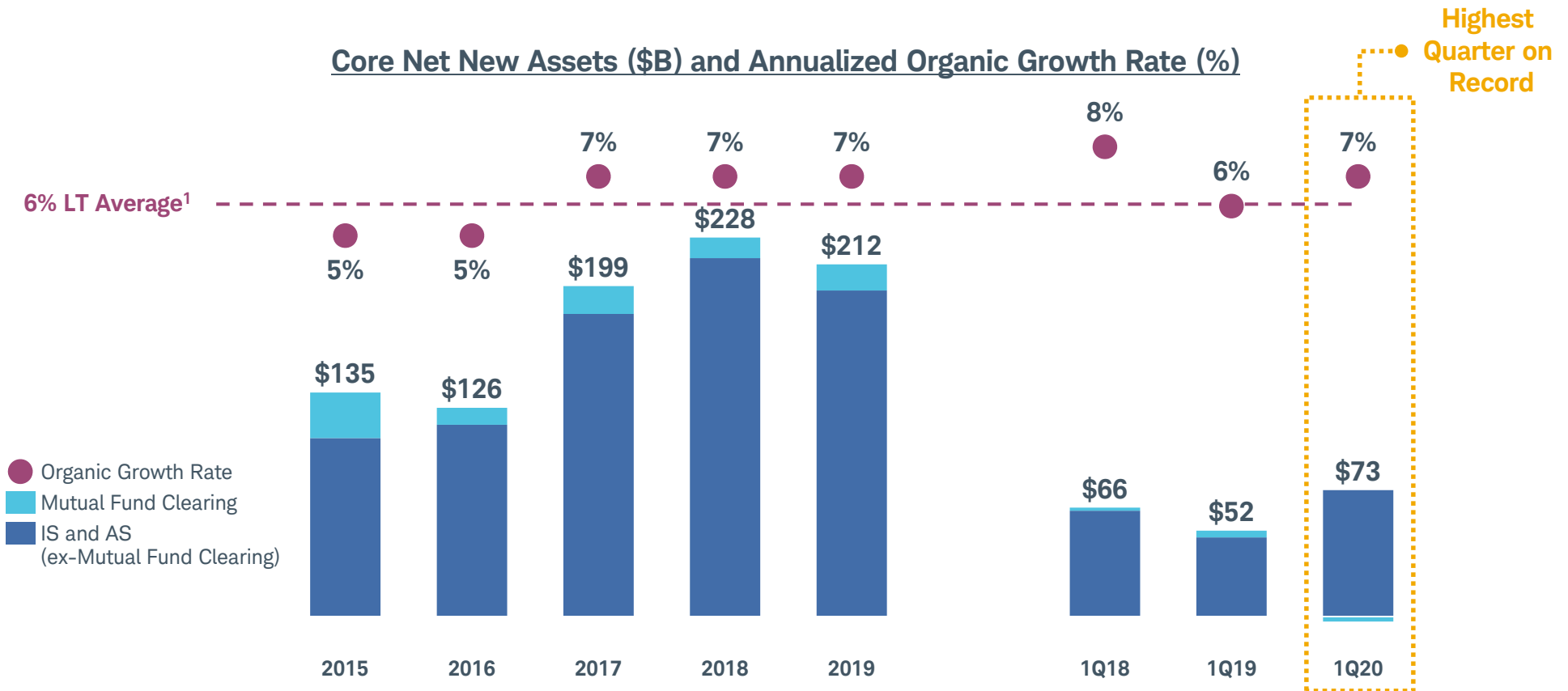


Temporary increase in vacation cap and sabbatical eligibility extension

From top to bottom, our employees balanced personal challenges while maintaining focus on our “Through Clients’ Eyes” strategy

Amidst this uncertainty, clients entrusted us with record levels of core net new assets.

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



Note: 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. Long-term (LT) average covers 10 years.

We've also pushed forward on key initiatives, strengthening our offer to clients to build long-term value.



Scale and Efficiency

Digital efforts, organic asset growth, disciplined approach to M&A



Monetization

Insulated asset-based fees, revenue diversification

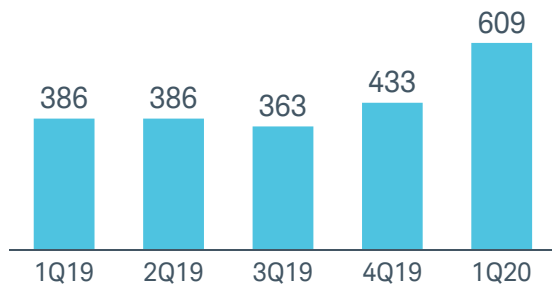


Client Segmentation

Enhanced product and services capabilities for our Retail and RIA clients

Our technology and digital transformation helped ensure our platform could handle record volumes.

New Brokerage Accounts (K)



Client Interactions Handled¹ (M)

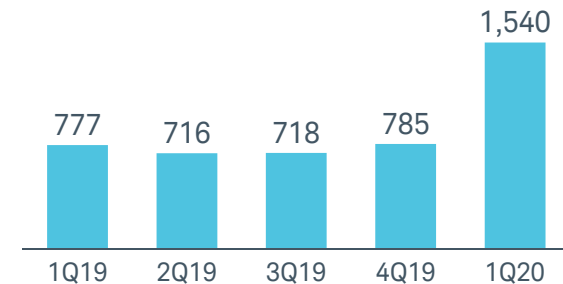


Straight-Through-Processing Rate

>90%

For trading, settlement, and custody workflow

Daily Average Trades (K)



Despite the environment, we continued building our advisory capabilities.

WASMER
SCHROEDER

- Pending acquisition of leading independent investment manager of fixed income SMAs
- Broad line-up of taxable and tax-exempt strategies
- \$10.5 billion in assets under management¹



Schwab Intelligent Income™

~2x

Avg. portfolio size
of other Schwab
Intelligent Portfolio
Solutions™

Retail Advisory Net Flows

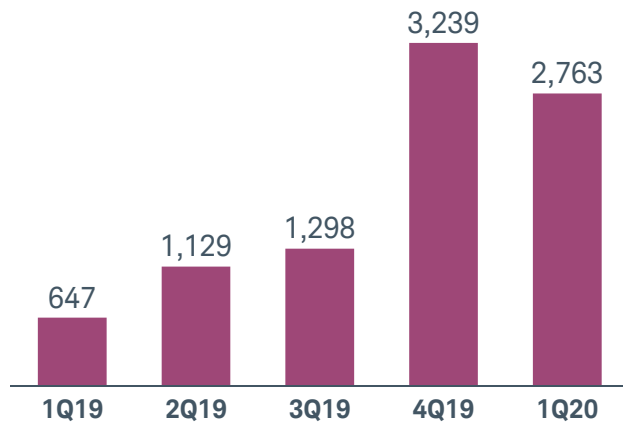
+11%

Y/Y increase
vs. 1Q19

Further enhancing our solutions will help deepen client relationships.

The environment and our strategic pricing have combined to sustain stronger mortgage originations

\$ millions



We continue to expand the services and solutions available to RIAs of all sizes

~8K+

Advisors participating in Market and Education Sessions relating to COVID - 19 market volatility¹







>100K

E-mails to Advisors in an effort to provide real-time updates and support resources

Additional Enhancements

- Virtual Practice Management
- Schwab Alternative Investments Marketplace™

All three pending transactions remain on track.

			
Announce Date	July 25, 2019	November 25, 2019	February 24, 2020
Anticipated Closing	Late 2Q / Early 3Q 2020	2H 2020	Mid-2020
Next Step	Closing / Conversion	Form S-4 Effective / Stockholder Meetings	Closing
Status	 On track	 On track	 On track

Guided by our purpose and consistent strategy, we remain on offense through a challenging environment.

- Our clients and prospects have turned to us at record levels and we are there to serve them
- Schwab's underlying fundamentals remain firmly intact, with strong growth and engagement across our businesses
- Going forward, we will stay on course, pushing ahead on key initiatives that will benefit clients and support long-term stockholder value

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Peter Crawford

Executive Vice President and
Chief Financial Officer

Our all-weather model is operating as intended during this challenging environment.

- A darker economic backdrop, along with strong client activity, shaped our first quarter results
- We are actively working to blunt the near-term impacts related to COVID-19, while leveraging our strengths to press ahead
- We remain focused on managing through the cycle: balancing current financial performance with investments to drive growth over the long-term

Today we'll discuss:

1Q20 Results
2020 Perspective
Capital Management

As we continued to attract new accounts and assets during the quarter,...

1Q20 vs. 1Q19 EOP

New Brokerage Accounts

609K  58%

Active Brokerage Accounts

12.7M  8%

Core Net New Assets

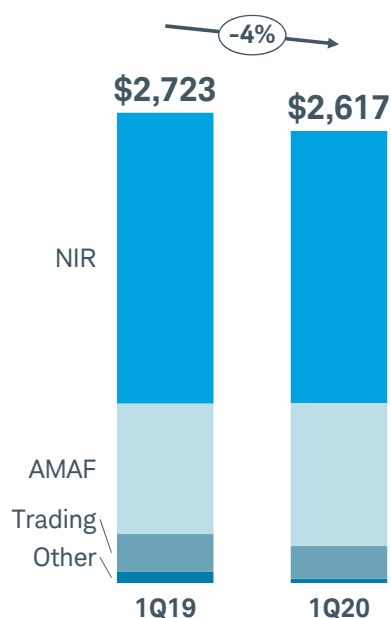
\$73.2B  42%

Total Client Assets

\$3.5T  (2%)

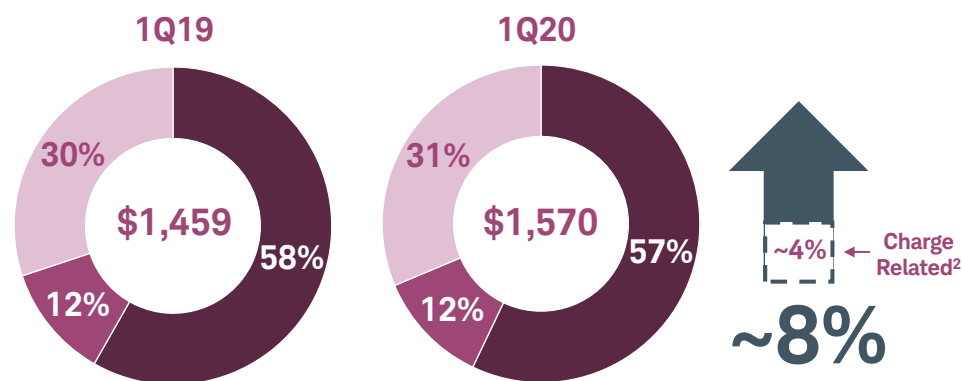
...the challenging pandemic backdrop weighed on 1Q20 results.

Total Net Revenues (\$M)



- **Net interest revenue declined 6%**, due to severe pressure on investment yields following the return of ZIRP
- **Asset management and administration fees increased 10%**, driven by increased utilization of advisory solutions and higher purchased money fund balances
- **Trading revenue fell 13%** as the significant increase in activity was more than offset by October 2019 pricing actions¹

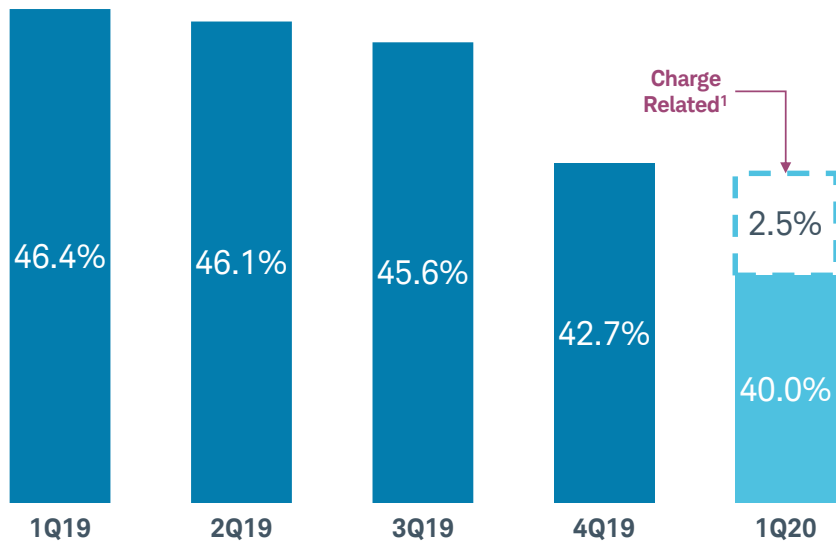
Total Expenses (\$M)



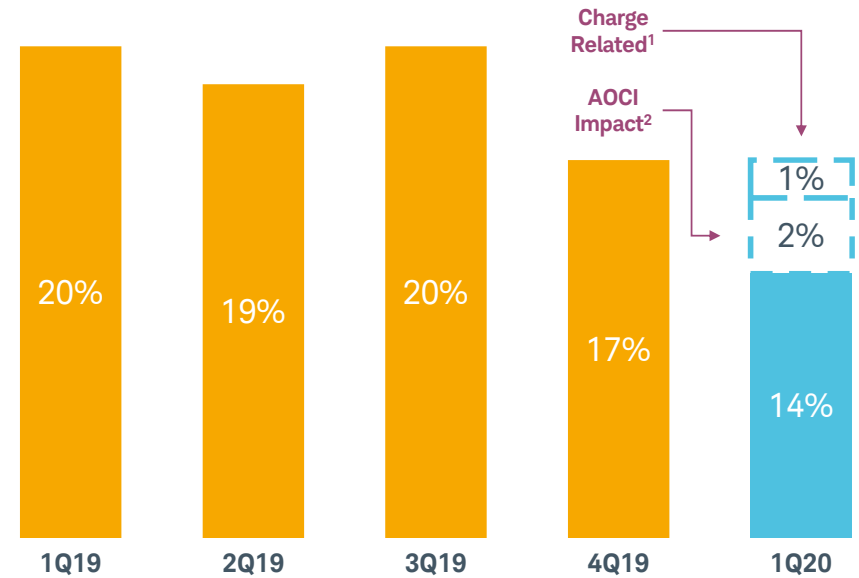
- Compensation and benefits included **~\$24 million in employee awards and pay differential** related to COVID-19
- Non-compensation expenses reflect **ongoing investments in the business as well as ~\$3 million of certain costs** related to our pandemic response
- **Expense relating to our pending acquisitions totaled \$37 million** for the quarter

We delivered solid profitability against a difficult backdrop.

Pre-tax Profit Margin (PTPM)



Return on Equity (ROE)



Represents the 15th consecutive quarter of 40%+ Pre-tax Profit Margin

The balance sheet expanded by 26% versus 4Q19 due to increased client allocations to cash.

(\$M, EOP)	1Q19	4Q19	1Q20*
Total Assets	\$282,815	\$294,005	\$370,779
Bank Deposits	\$219,454	\$220,094	\$277,477
Payables to Brokerage Clients	\$29,701	\$39,220	\$49,251
Long-term Debt	\$6,829	\$7,430	\$8,522
Stockholders' Equity	\$21,625	\$21,745	\$26,270
Parent Liquidity	\$4,613	\$4,834	\$5,460
Tier 1 Leverage Ratio	7.2%	7.3%	6.9%

- Significant balance sheet expansion was **driven by growth in client cash balances** concurrent with COVID-19 induced volatility
- Given the rapid accumulation of client cash late in the quarter, a **substantial portion was initially placed in excess reserves** with the Fed
- We **issued \$1.1 billion of senior notes** to optimize liquidity as well as for other general corporate purposes
- **Mark-to-market gains on AFS securities** helped lift Stockholders' Equity by ~\$4 billion in 1Q20
- The strong build-up in client cash on the balance sheet was supported by our existing capital buffers which kept the **Tier 1 Leverage Ratio within our target operating objective**

Note: Parent Liquidity equals Parent Working Capital plus Level 1 Securities (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 certain regulatory adjustments) divided by Average Total Consolidated Assets (less certain regulatory adjustments). CSC elected to opt-out of the requirement to include most components of Accumulated Other Comprehensive Income in Common Equity Tier 1 Capital. * Preliminary.

Client selling activity, particularly within fixed income, supported this accelerated lift in cash.

LTM Quarterly Organic Net Flows to Bank Sweep and Schwab One Balances (\$B)¹

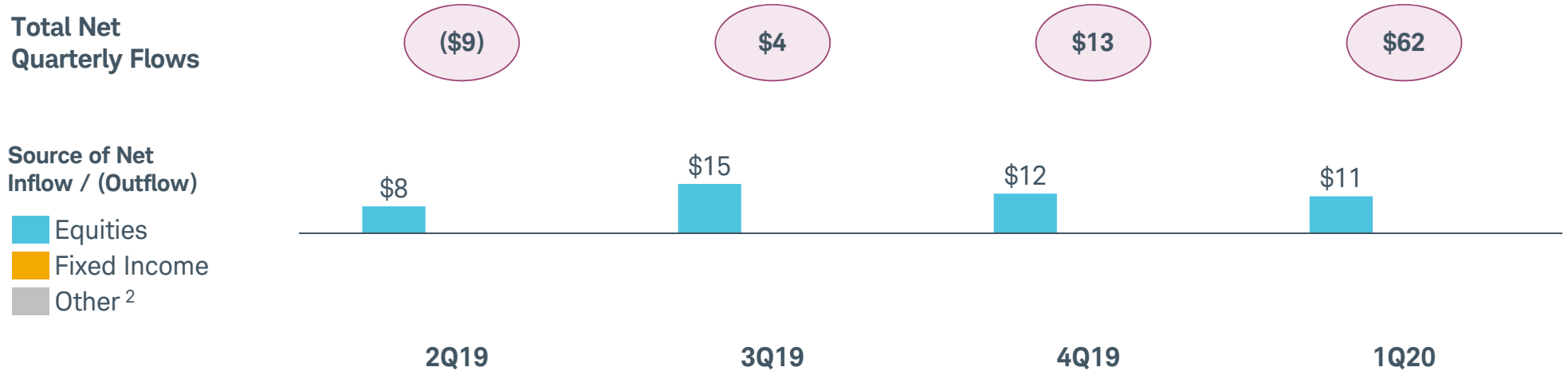
Total Net
Quarterly Flows



26 Note: LTM = Last 12 months. 1. Excludes the impact of 2019 bulk transfers. 2. "Other Flows" includes net new asset flows, dividends and interest as well as net movements of balance sheet client deposits to other alternatives, including Purchased Money Market Funds (PMMFs), Certificates of Deposit (CDs) and other income oriented investments.

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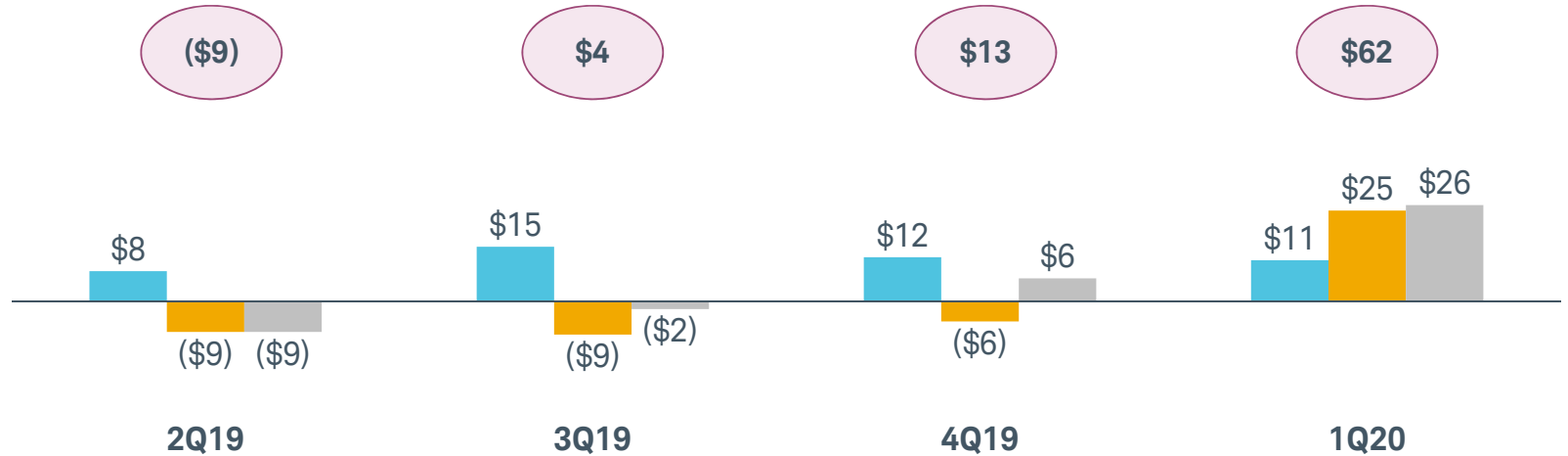
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LTM Quarterly Organic Net Flows to Bank Sweep and Schwab One Balances (\$B)¹

Total Net Quarterly Flows

Source of Net Inflow / (Outflow)

Equities
Fixed Income
Other²



Client Cash as % Total Client Assets

10.9%

11.4%

11.3%

15.1%

% Client Cash Held on the Balance Sheet

59%






57%

56%

61%

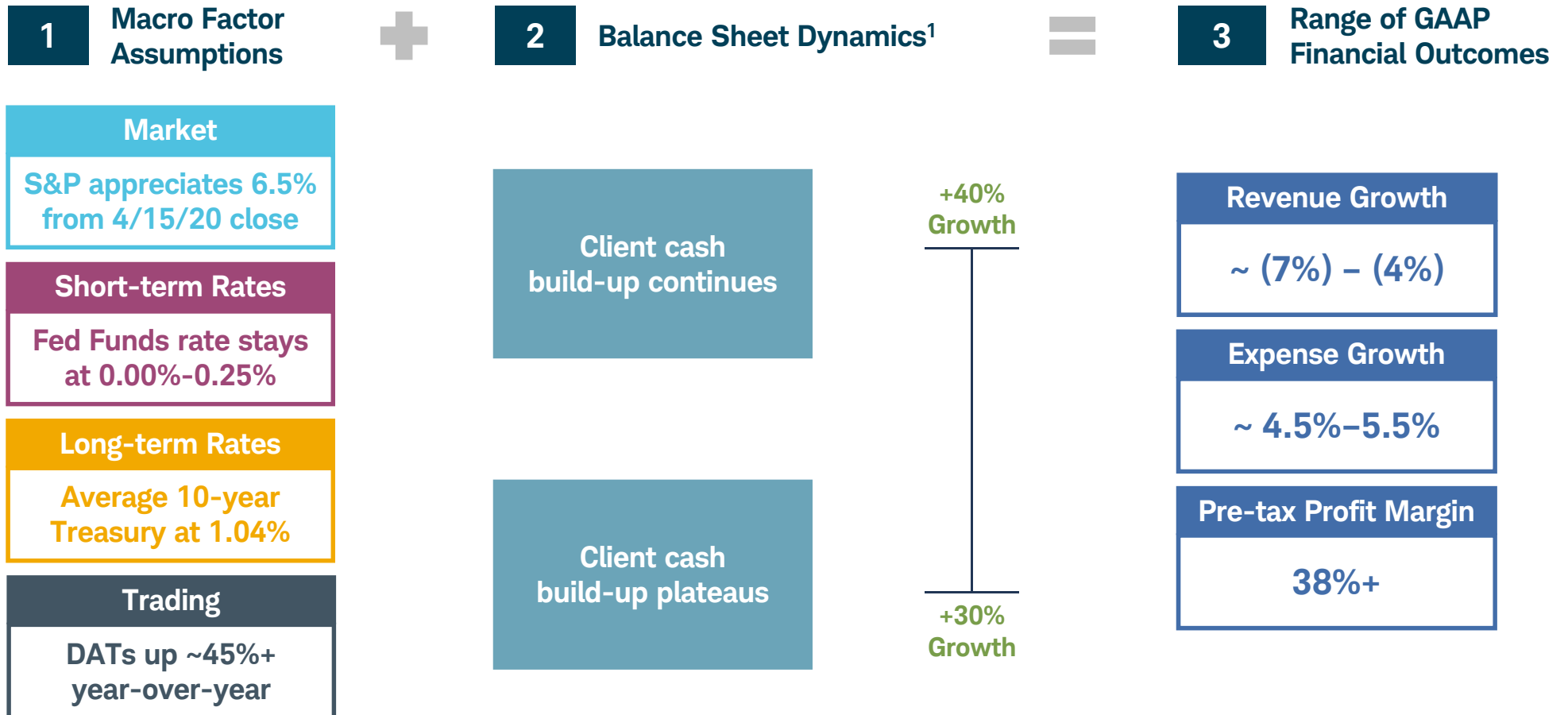
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The darker environment is impacting our key drivers.

	Scenario Drivers – Feb 2020	YTD 2020 Actual ²	Impact
Market	S&P appreciates 6.5% from 1/10/20 close	S&P down 20%	
Short-term Rates	Fed Funds rate stays flat at 1.50%-1.75%	Emergency cuts drop Fed Funds to 0.00%-0.25%	
Long-term Rates	Average 10-year Treasury at 1.93%	Average 10-year Treasury at 1.37%	
Trading	DATs up ~11% year-over-year	DATs up 98% year-over-year	
Balance Sheet ¹	Flat to 12% growth	Grew by 26%	

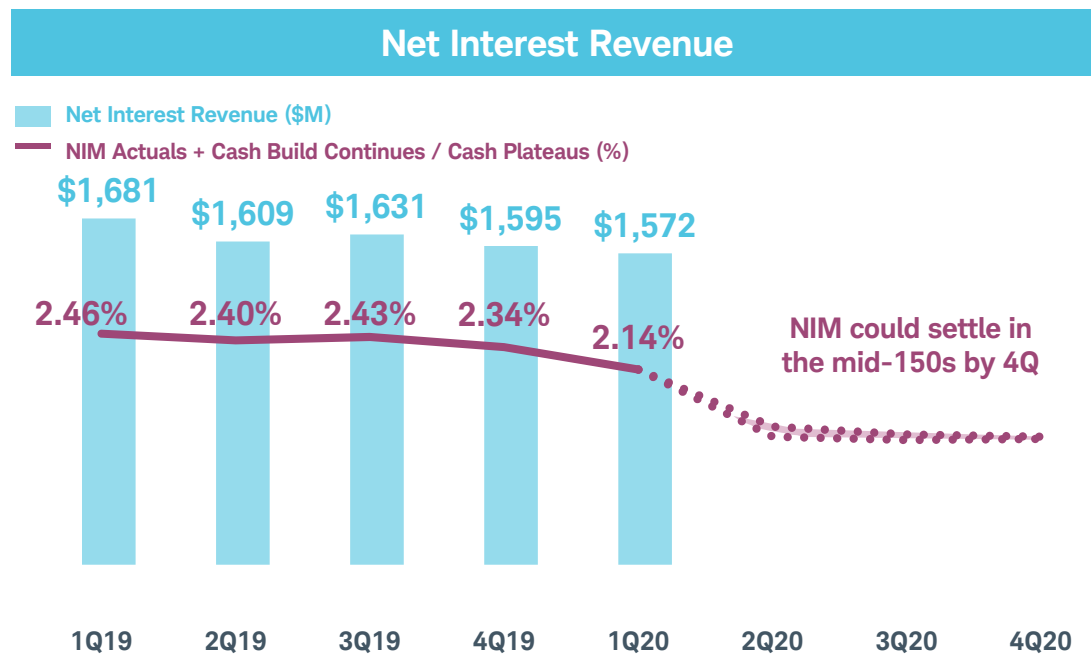
29 Note: YTD = Year-to-date. DAT = Daily average trades. 1. Based on end-of-period total balance sheet assets. 26% represents sequential growth from 4Q19 to 1Q20 2. Data as of March 31, 2020 unless otherwise stated.

Client cash dynamics will affect our 2020 outlook.



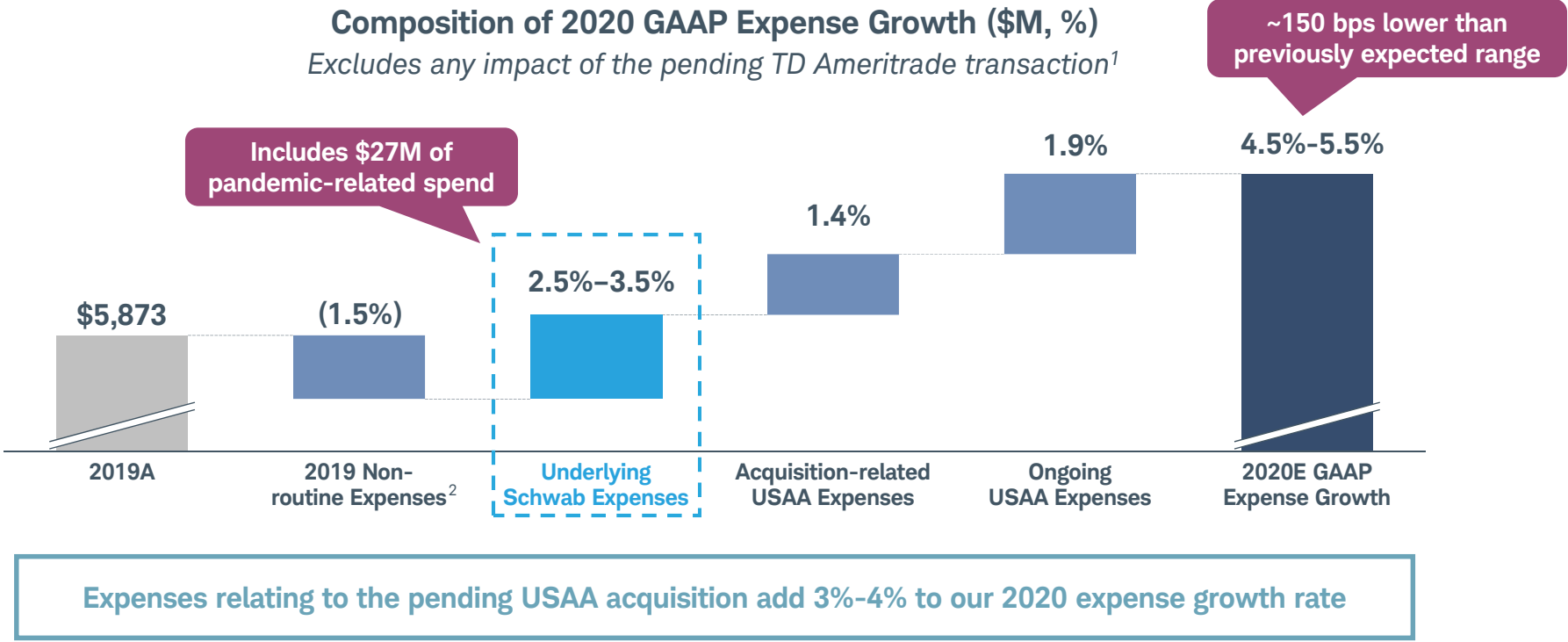
30 Note: Excludes any potential impact of pending TD Ameritrade transaction. 1. Represents potential range of total balance sheet growth vs. 12/31/2019 ending balance.

Assuming flat rates for the balance of 2020, we'd expect an average NIM of 1.70% for the year.



- Our 1Q20 NIM was impacted by lower rates across the yield curve
- During 2Q20, NIM could be further pressured by the full effect of recent Fed actions, expected normalization of LIBOR, and the pronounced run up in our balance sheet during March
- Going forward, full year NIM will also be influenced by:
 - Rate environment, particularly spreads on longer dated securities
 - Client cash allocation decisions
 - Mix of excess reserves to investment securities

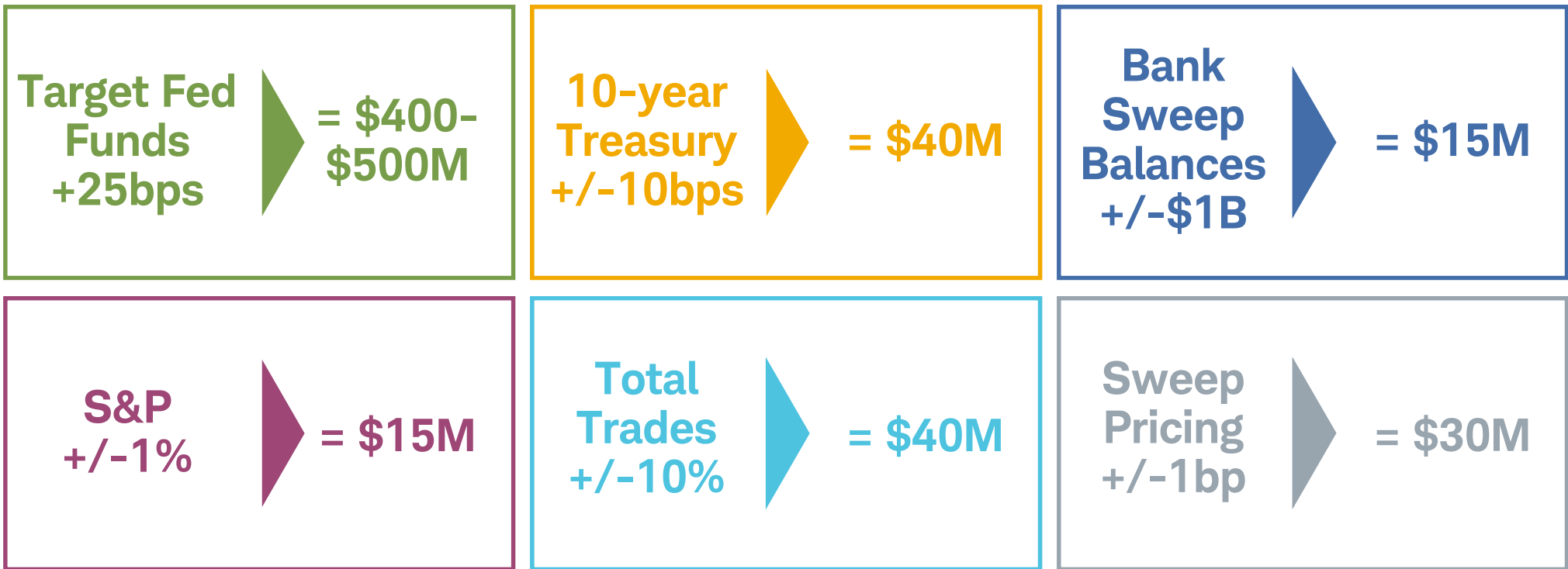
We expect underlying operating expense growth to continue trending towards a low-to-mid single digit long-run rate.



Note: 1. TD Ameritrade acquisition-related costs totaled ~\$20 million during 1Q20. 2. Certain non-routine expenses totaled \$87 million; items included \$62 million in severance charges related to position eliminations announced in 3Q19 and \$25 million in acquisition-related costs.

Revenue sensitivities:

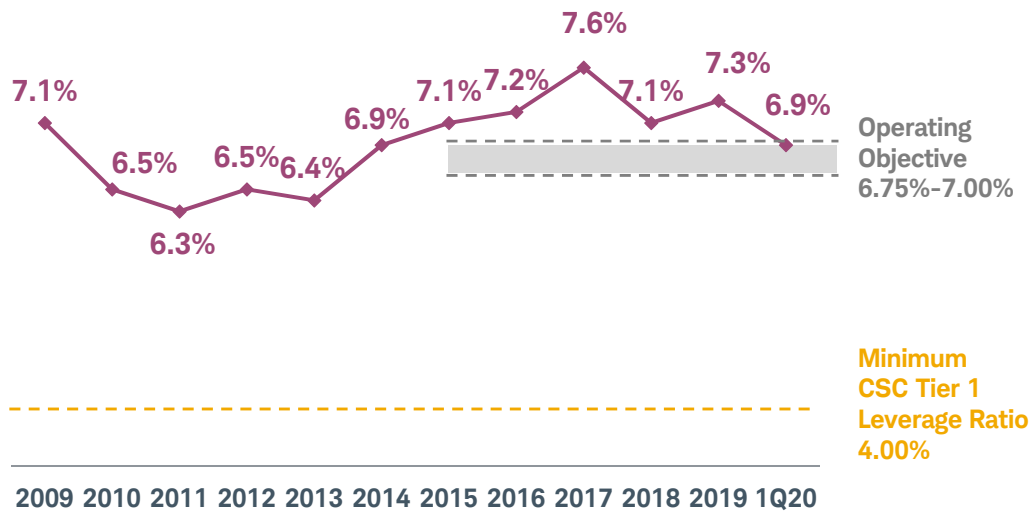
Key levers and estimated first year revenue impact:



Note: Excludes any potential impact of pending TD Ameritrade transaction. For Fed Funds and Treasury sensitivities, assumes static interest earning asset balances as of March 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. Sweep pricing includes impact to bank sweep deposits and Schwab One balances.

We have the flexibility and tools to maintain appropriate capitalization through this environment.

Consolidated Tier 1 Leverage Ratio



2020 Capital Management Considerations

- Support growth amidst volatile environment while managing capital levels within an appropriate range, including:
 - Utilize existing capital buffers
 - Evaluate opportunities within the preferred equity market
 - Maintain option of utilizing sweep MMF layer
- Sustain our current dividend payment
- Prepare for the close of USAA and other pending transactions

Our priorities for balance sheet management remain intact, including supporting our continued growth while also maintaining appropriate levels of capital and liquidity

Our all-weather model is operating as intended during this challenging environment.

- A darker economic backdrop, along with strong client activity, shaped our first quarter results
- We are actively working to blunt the near-term impacts related to COVID-19, while leveraging our strengths to press ahead
- We remain focused on managing through the cycle: balancing current financial performance with investments to drive growth over the long-term

Our overall priorities are simple:



Continued business growth through our client-first strategy



Solid revenue growth through multiple sources



Expense discipline leading to enhanced performance

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Spring Business Update

April 21, 2020

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