Winter Business Update

February 6, 2018

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Introduction

Rich Fowler

Senior Vice President
Investor Relations

Agenda

Walt Bettinger, President and Chief Executive Officer

Joe Martinetto, Senior Executive Vice President

Break

Terri Kallsen, Executive Vice President, Investor Services

Jonathan Craig, Executive Vice President, Client and Marketing Solutions

Bernie Clark, Executive Vice President, Advisor Services

Lunch

Peter Crawford, Executive Vice President and Chief Financial Officer

Close

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,” “deliver,” “scenario,” “remain,” “drive,” “estimate,” “lead,” “record,” “investment,” “expand,” “seek,” “intend,” “improve,” “target,” “pace,” “likely,” “prepare,” “anticipate,” “opportunity,” “intend,” “ensure,” “goal,” “progress,” “objective,” and other similar expressions. These forward-looking statements relate to: growth in the client base, accounts and assets; savings for clients; disruptive actions; growth in revenues, earnings and profits; stockholder value; investments to fuel and support growth, serve clients and drive scale and efficiency; the company’s “Through Clients’ Eyes” strategy; the company’s views of trends relating to client views, growth, competition and pricing; market share gains; client value and pricing; leadership position; bulk transfers; capital management; growth of sweep balances; deployment of excess capital; impact of fluctuations in the S&P 500 index, short-term interest rates, long-term interest rates, and trading activity on the company’s revenues and results of operations; gap between revenue and expense growth; pre-tax profit margin; baseline scenario assumptions and financial expectations; net interest margin; impact of Fed rate moves on revenue growth, gap between revenue and expense growth, and pre-tax profit margin; FHLB borrowing; deposit pricing; expenses; estimated 2018 corporate tax rate; target dividend payout ratio; balance sheet growth; timing for crossing the $250B asset threshold; operating objective for Tier 1 Leverage Ratio; and net bulk transfer opportunity. 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 general market conditions, including the level of interest rates, equity valuations and trading activity; the company’s ability to attract and retain clients and registered investment advisors and grow those relationships and client assets; competitive pressures on pricing, including deposit rates; the company’s ability to develop, implement, and launch new products, services, infrastructure, and capabilities in a timely and successful manner; client use of the company’s investment advisory services and other products and services; 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 margin; the company’s ability to manage expenses; regulatory guidance; client sensitivity to rates; the timing and amount of bulk transfers; the level of interest-earning assets; the impact of disallowed or reduced tax deductions and the timing and impact of ASU 2016-09; the quality of the company’s balance sheet assets; 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 6, 2018** (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

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Walt Bettinger

President and
Chief Executive Officer

Schwab's Virtuous Cycle continued to deliver strong business momentum.

$380M* in Annualized Cost Savings for Clients

Satisfaction Guarantee

Challenge the Status Quo to Benefit Investors

Investors Reward Us With More of Their Assets

$198.6B Core NNA

$3.4T Client Assets

Leading to Record Financial Results,...

$8.6B Revenue, 15% Growth

42.4% Pre-tax Profit Margin

Outstanding Stockholder Value, and...

15% ROE

23% EPS Growth

Greater Investments, Which Fund Actions to...

11% Expense Growth

19% Increase in Project Spending

Note: All metrics are 2017 vs. 2016. See appendix for important notes and disclosures.
*Estimated annualized cost savings for clients from strategic pricing moves announced in February 2017 and October 2017.

Our "Through Clients' Eyes" strategy – guiding principles for growth over the next decade.

Trust is everything. Earned over time. Lost in an instant.

Price matters. More than ever. And in our industry more than most.

Easy

Clients deserve efficient experiences. Every time.

Every prospective or existing client is critical to our future growth. No matter how large or small.

Actions matter more than words. Clients, press, influencers, and employees will give credit to what we do vs. what we say.

During 2017, we continued to challenge the status quo to benefit clients…

Online Equity, ETF, and Options Trade Commissions

$8.95 → $4.95

Also lowered option per contract fee to $0.65

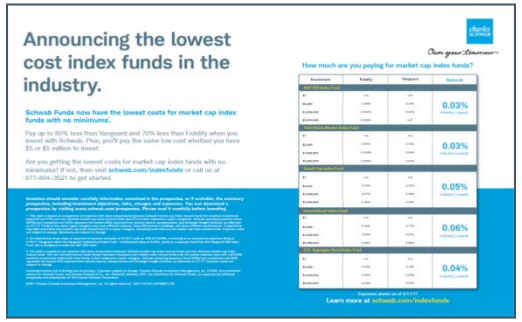
Schwab Purchased Money Fund Enhancements

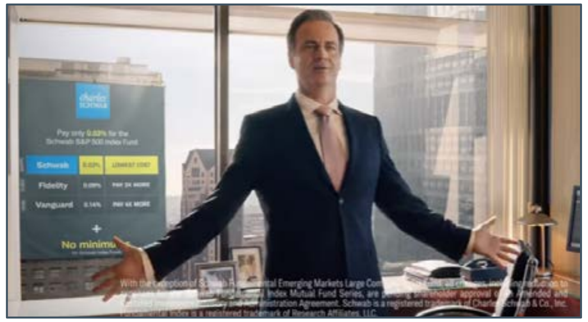
Lower Pricing with Reduced Expense Ratios

Increased Access with Lower Minimums

Streamlined Share Classes

Lowest Index Mutual Fund Pricing with No Minimums





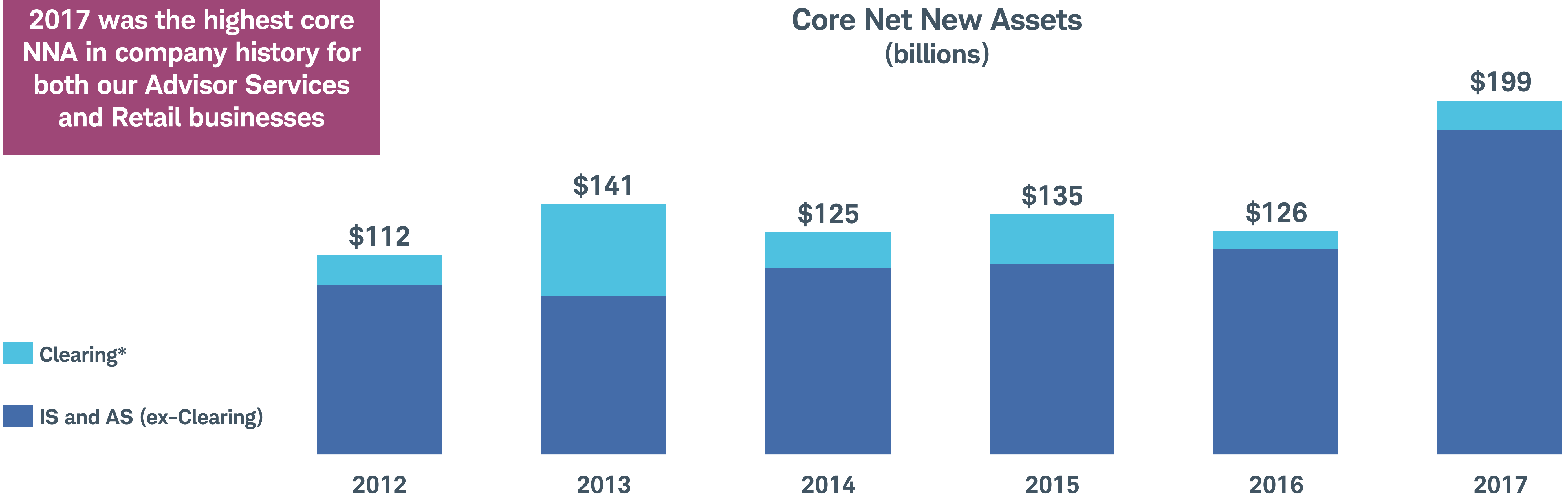
SATISFACTION GUARANTEE

If a Schwab client is not satisfied for any reason, Schwab will refund commissions, transaction fees, or advisory program fees paid to the firm

Note: See appendix for important notes and disclosures.

...and investors rewarded us with record core net new assets...

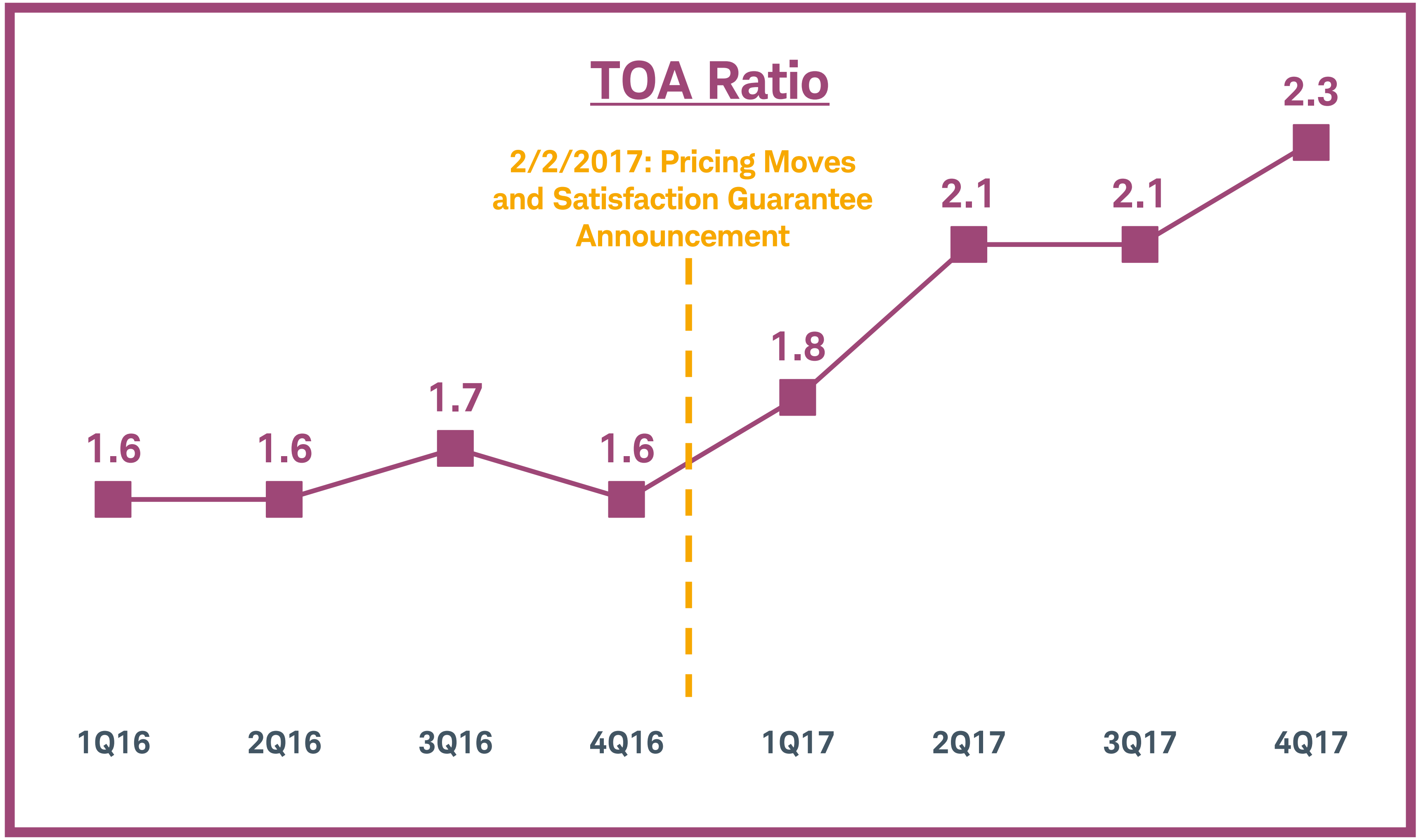
2017 was the highest core NNA in company history for both our Advisor Services and Retail businesses

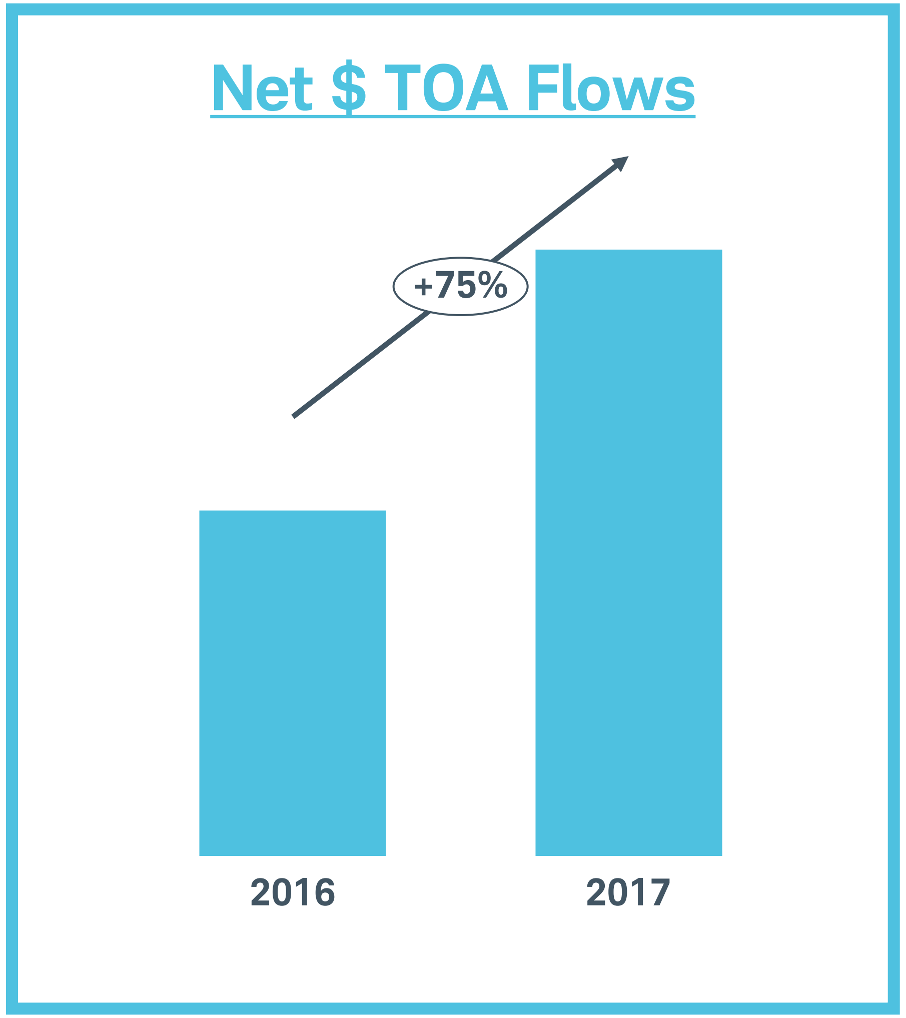


Fifth consecutive year at or above **$125 billion**

Note: Core net new assets is defined as 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.
* Includes all clearing flows under $10 billion.

...helped by stronger inflows from our competitors.

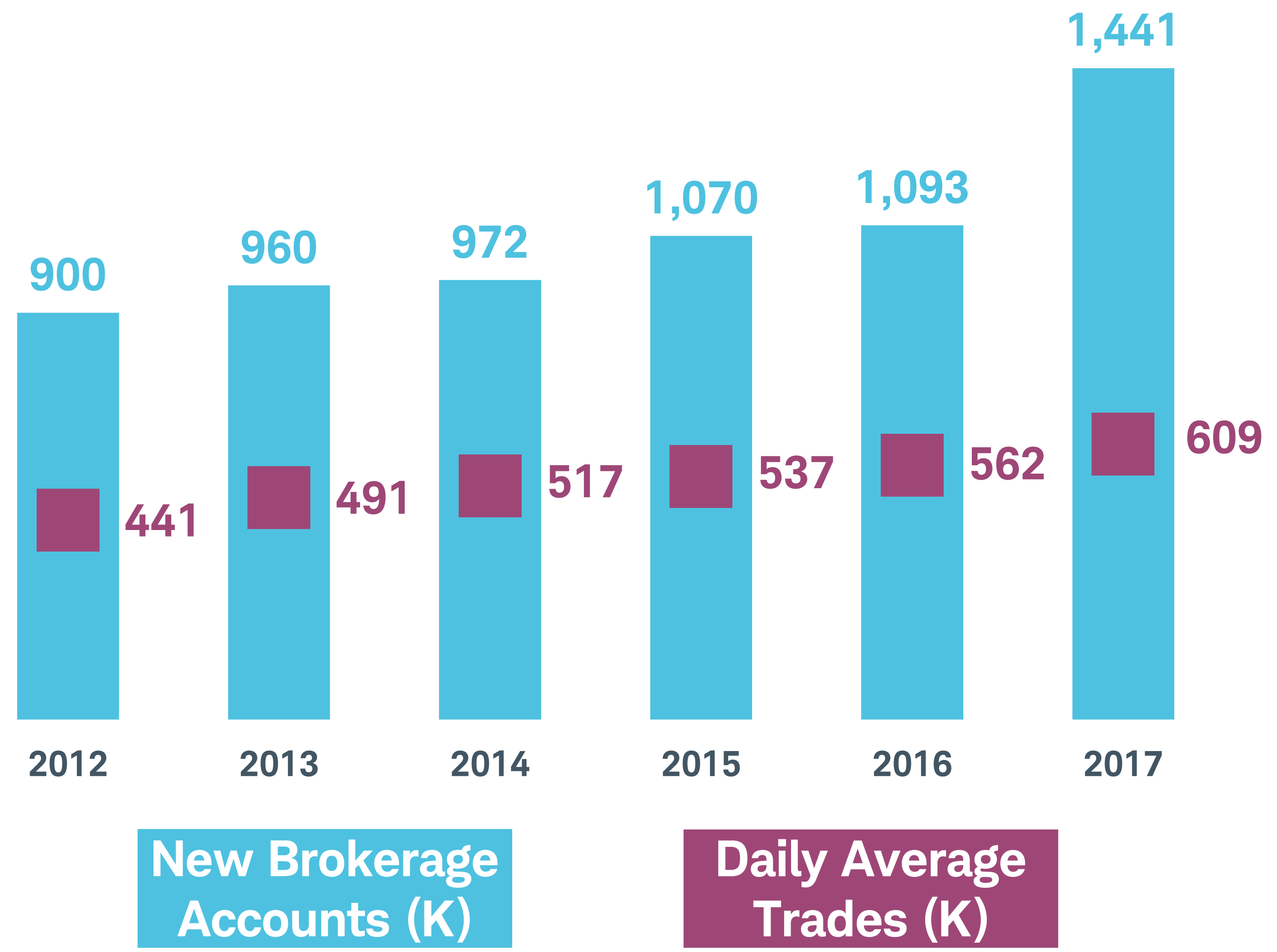




Note: TOA=Transfer of Accounts. TOA Ratio is total assets transferred in divided by total assets transferred out. Net TOA Flows represent total net TOA inflows from all competitors.

Client engagement increased, as reflected in utilization of our full service capabilities.

Highest new brokerage accounts in 17 years



Clients engaged across our broad product offerings*

Proprietary ETFs

$99.1 billion ↑ **66%**

Financial Planning Conversations

142,000 ↑ **7%**

Total Advised Assets

$1.7 trillion ↑ **21%**

Note: *Growth is 2017 versus 2016.

Looking further out – our views of longer-term trends that inform our strategy.

Client Views

- Traditional expectations of price/quality trade-offs are breaking down all across our economy. Firms offering world-class **relationships, digital experiences, service, and pricing will achieve market share gains**
- The concept of "beating the market" has given way to a client **focus on financial planning, asset allocation, tax efficiency, and low-cost investing**
- Clients view robo-advice as a credible investment product, but investors of all ages will place their long-term trust in firms that offer **a combination of people and digital experiences**

Growth

- Independent **Registered Investment Advisors (RIAs) 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
- Though active management will still gather flows in certain asset classes, **market cap and fundamental indexing will capture the majority of client asset flows**
- **Long-term growth in retail investor trading volumes will continue to be modest** and likely coupled with strategic pricing pressure

Competition

- **Fiduciary-standard advice, fee transparency, and increasingly lower advisory fees** will become "cost of entry" and represent an increasing challenge to traditional brokerage firms' growth and retention of their top brokers
- **Scale will play an increasingly large role** in determining the "winners," as costs related to cybersecurity, compliance, and regulatory oversight challenge the operational efficiency of sub-scale firms
- Although brand matters, **brand loyalty won't ensure retention** as consumers are more willing than ever to change providers in search of lower cost, greater transparency, and more objectivity

Pricing

- Higher profit margins and scale-driven operational efficiency will make **competition for self-directed investors and RIA custody services** more intense
- 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** to their employees

Traditional expectations of price vs. quality are breaking down. Firms offering a no trade-offs position will achieve market share gains.

Value

Deliver industry-leading pricing to all of our clients

Online Commission and Index Mutual Fund Pricing

Service

Deliver world-class service to investors and advisors

J.D. Power's "Highest in Investor Satisfaction with Full Service Brokerage Firms"

Transparency

Ensure every client interaction is clear, simple, and easy

Digital Experience

Trust

Treat clients the way we would like to be treated

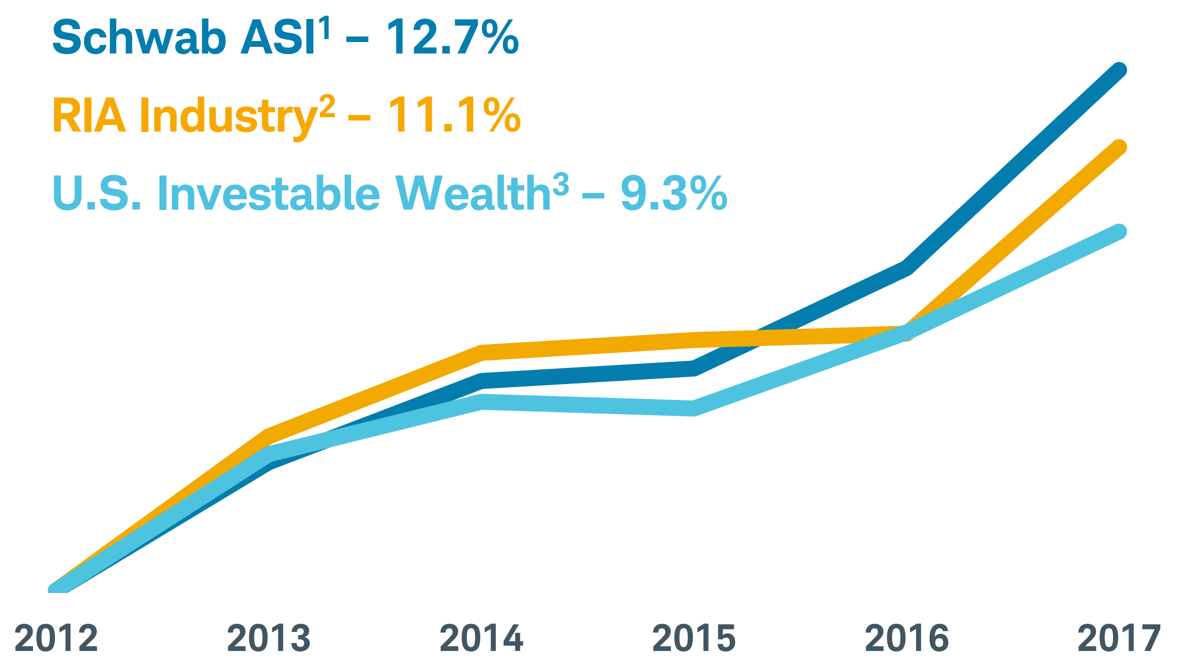
Satisfaction Guarantee

Claim: Charles Schwab was awarded "Highest in Investor Satisfaction with Full Service Brokerage Firms, Two Years in a Row" by J.D. Power.
Disclosure: Charles Schwab received the highest numerical score in the J.D. Power 2017 Full Service Investor Satisfaction Study, based on 6,579 responses from 20 firms measuring opinions of investors who used full service investment institutions and were surveyed in January 2017. Your experiences may vary. Visit jdpower.com.

RIAs will continue to grow faster than the industry overall. Market cap and fundamental indexing will capture the majority of client asset flows.

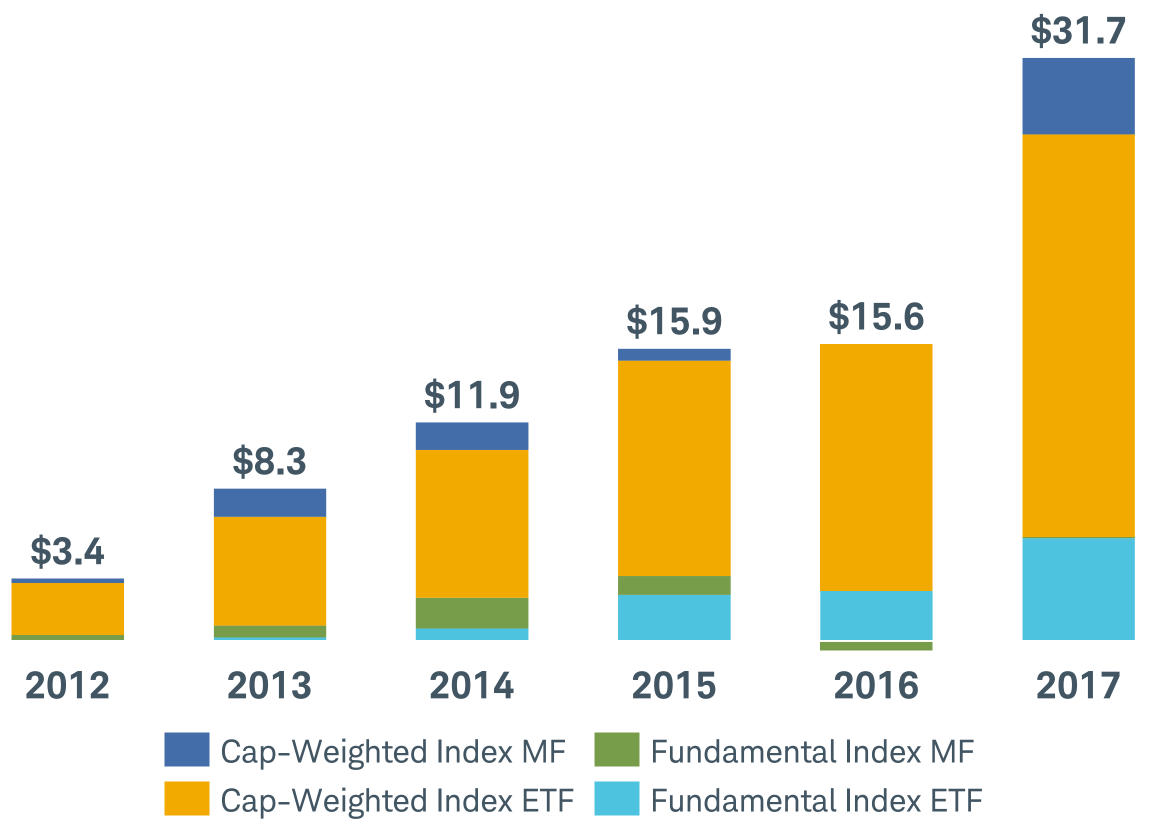
RIA assets have grown rapidly, and we've continued to outpace that growth

Asset Growth and 5-year CAGR



Schwab experienced record net flows in our index products

Schwab Index Product Net Flows (billions)

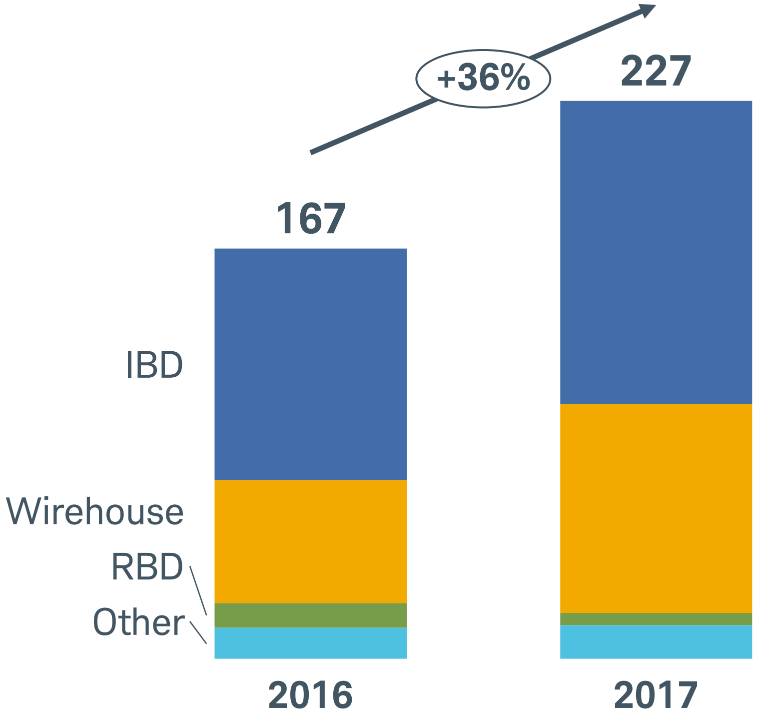


Note: CAGR is the compound annual growth rate from 2012-2017 Chart indexed to 2012 levels. Source: Charles Schwab and FactSet.
1. Schwab Advisor Services Institutional (ASI) assets exclude Retirement Business Services (RBS) assets. Excludes "Retail assets" resulting from Schwab Advisor Network® (SAN) and Advisor Source.
2. 2017 is a preliminary Schwab estimate – assumes 2017 RIA market growth was in line with ASI asset growth.
3. Excludes bank and defined contribution assets.

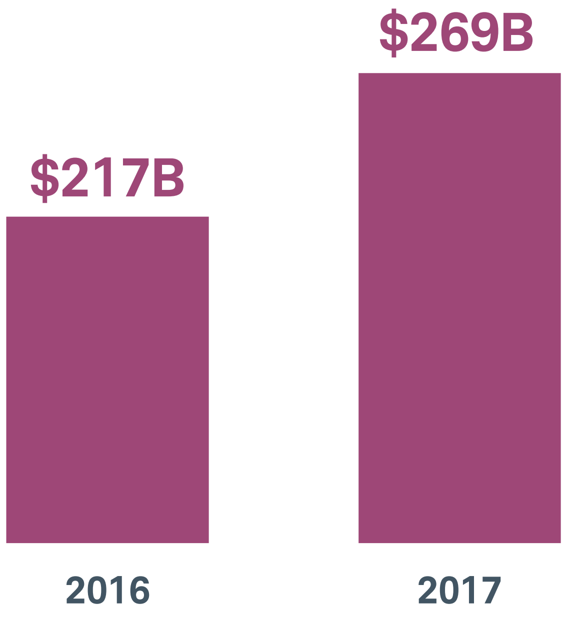
Fiduciary-standard advice, fee transparency, and increasingly lower advisory fees will become “cost of entry.”

Our 2017 number of AITs was 36% higher than 2016 and surpassed all prior years

Source of Advisors in Transition (AITs) Teams



Total assets in retail and other advisory solutions grew faster than total company assets



+24%

Our digital advisory solutions gathered ~$1 billion in net flows each month in 2017

$27B

total client assets in digital advisory solutions

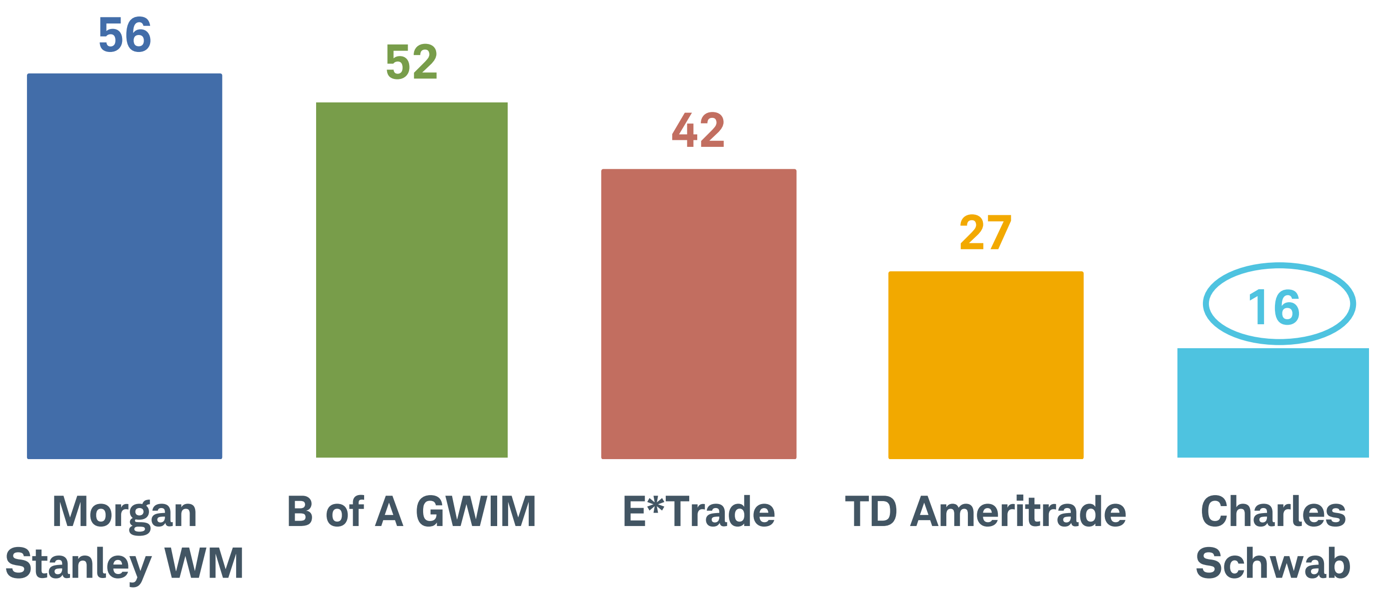
Note: AIT data excludes RBS. IBD=Independent Broker Dealer; RBD=Regional Broker Dealer; Other=Banks, Institutional BDs, Trusts, and Insurance. Digital advisory solutions include Schwab Intelligent Portfolios®, Institutional Intelligent Portfolios®, and Schwab Intelligent Advisory®.

Higher profit margins and scale-driven operational efficiency will make competition more intense.

Our **scale and efficiency** is a **competitive advantage**, making it difficult for competitors to replicate our client offerings because we have the:

- Ability and willingness to **disrupt**
- Flexibility to **enhance value and lower pricing** for clients
- Long-term perspective to **emphasize relationships** over product sales

Expense to Average Client Assets 2017 (bps)



	Morgan Stanley WM	B of A GWIM	E*Trade	TD Ameritrade	Charles Schwab
Client Assets (billions, EOP)	$2,373	$2,752	$383	$1,179	$3,362
Pre-tax Profit Margin	25.5%	26.7%	45.0%	33.3%	42.4%

Note: From publicly available company reports.

In view of these trends…

Client Views

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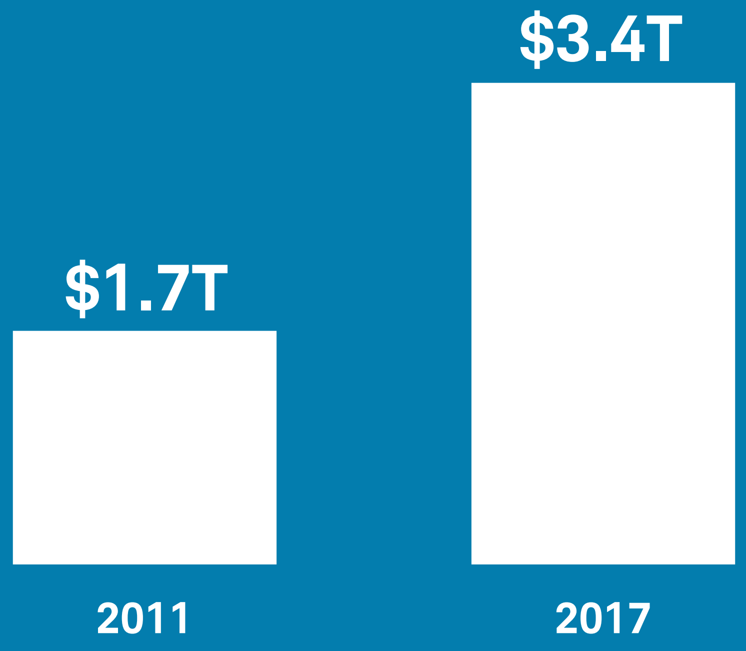
...we are positioning Schwab for the future.

We have **doubled** total client assets in just **6** years

Total Client Assets



Our goal: **Sustain** the growth **we've achieved** and **lay the foundation for ongoing success** in expanding our client base charles SCHWAB

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Q&A

Appendix

Pages 6 and 8:

Restrictions apply: Standard online $4.95 pricing does not apply to certain transactions. See schwab.com/pricing.

Charles Schwab Investment Management, Inc., the investment advisor for Schwab Funds, and Charles Schwab & Co., Inc., member SIPC, the distributor for Schwab Funds, are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation.

If you are not completely satisfied for any reason, at your request Charles Schwab & Co., Inc. or Charles Schwab Bank will refund any eligible fee. See schwab.com/satisfaction.

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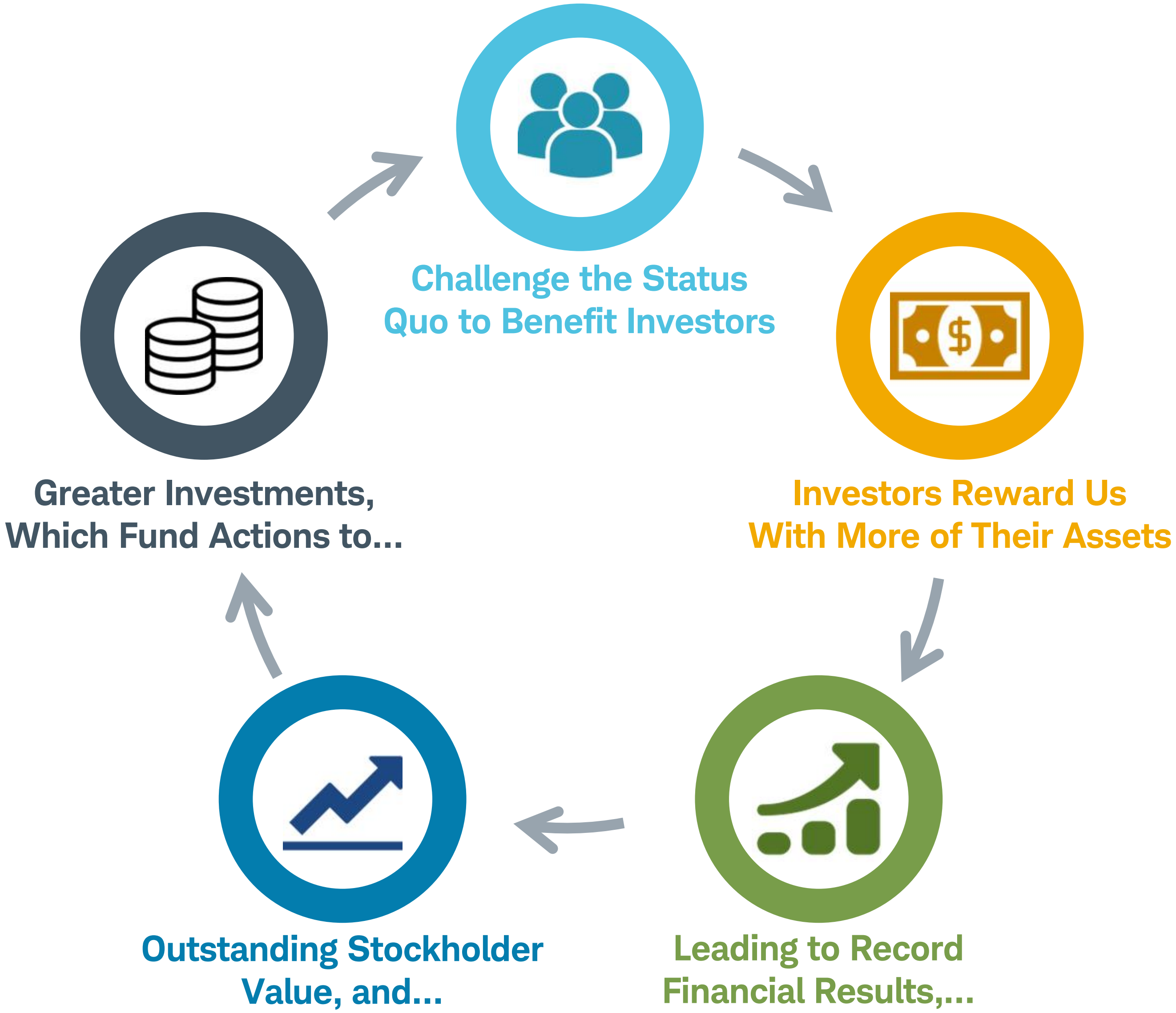
Joe Martinetto

Senior Executive Vice President

As we prepare Schwab for the future, we seek to support growth, serve clients, and drive scale and efficiency…



Our Goals:

Support the Business

Deliver on our core commitments to availability, capacity, and project execution – and innovate to help the business grow

Deepen Client Relationships

Supercharge our client relationships with high-value insights and capabilities through data, processes, and technology

Drive Operating Leverage

Improve our scale advantage by driving significant cross-enterprise operating leverage

Manage Risk

Act boldly to provide security and manage risk, safeguarding client trust and Schwab's reputation

...and we've developed a new structure to maximize our efforts.

A cross-enterprise and multi-channel approach:

Digital Services	Technology Services	Operational Services	Project Services
Neesha Hathi Chief Digital Officer	**Dennis Howard** Chief Information Officer	**Jason Clague** Head of Operations	**Tom O'Neill** Head of Project Management
▪ Digital Investor and Advisor Solutions ▪ Digital Advice and Innovation ▪ Global Data Solutions ▪ Digital Strategy	▪ Technology ▪ Infrastructure ▪ Information Security ▪ Technology R&D	▪ Operations ▪ Trading ▪ Custody ▪ Business Process Transformation	▪ Project Management Office ▪ Project Portfolio Oversight

We expect to be active on multiple fronts in 2018.

Our Goals:

- Support the Business
- Deepen Client Relationships
- Drive Operating Leverage
- Manage Risk

Key 2018 Efforts:

We will discuss today

- Application Modernization
- Business Process Transformation
- Digital Accelerator
- Cybersecurity
- Global Data
- Online Security Modernization
- Digital Advice
- Digital Services
- Web Services
- PortfolioConnect
- Messaging and Status
- Paperless
- Mobile
- Trading
- Account Open
- Asset Transfer

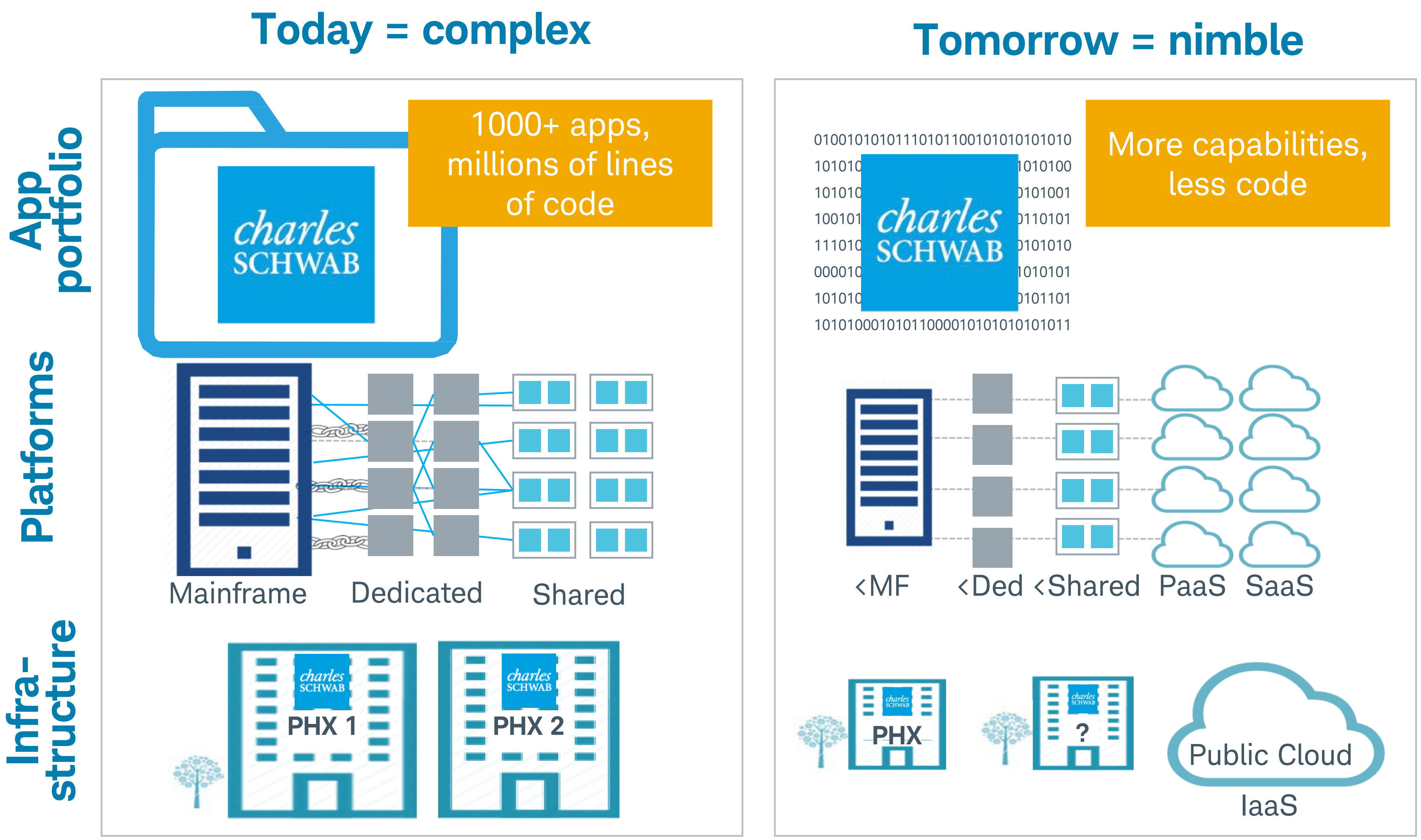
We are modernizing our core technology.

What we are doing:

- Application Modernization: Moving applications to targeted cloud-based or “as-a-service” platforms and detangling from the legacy mainframe environment

Key benefits:

- Makes it easier to develop and deploy new applications
- Supports ongoing business and future growth
- Reduces risk and costs; increases flexibility and scalability



Business process transformation (BPT) streamlines and enhances the way we do business.

What we are doing:

- Bringing a common approach, set of tools, capabilities, and workflow standards to make things easier

Key benefits:

- Provides an improved and consistent client and employee experience – quicker turnarounds, automation
- Reduces risk and increases scale
- Enables digital transformation

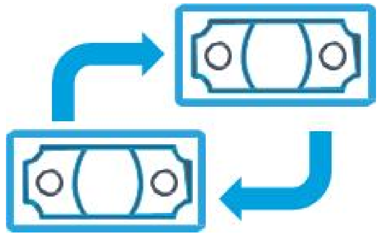
BPT work categories	BPT focus areas
Client Initiated Work	▪ **Straight-through processing** where possible ▪ **Elegant digital off-ramps** where necessary ▪ **Consistent experiences** across channels
Back-office Initiated Work	▪ Complete the **migration of workflows to a new platform** - retire old platform in 2018 ▪ **Semi-automate** a range of activities in operations, and more broadly across Schwab ▪ Drive towards **platform consolidation** across relevant workflows

BPT touches many important processes and capabilities.

Move Money

Account Open and Maintenance

Transfer of Assets



BPT Tools

Our digital strategy seeks to lead disruption on behalf of our clients.

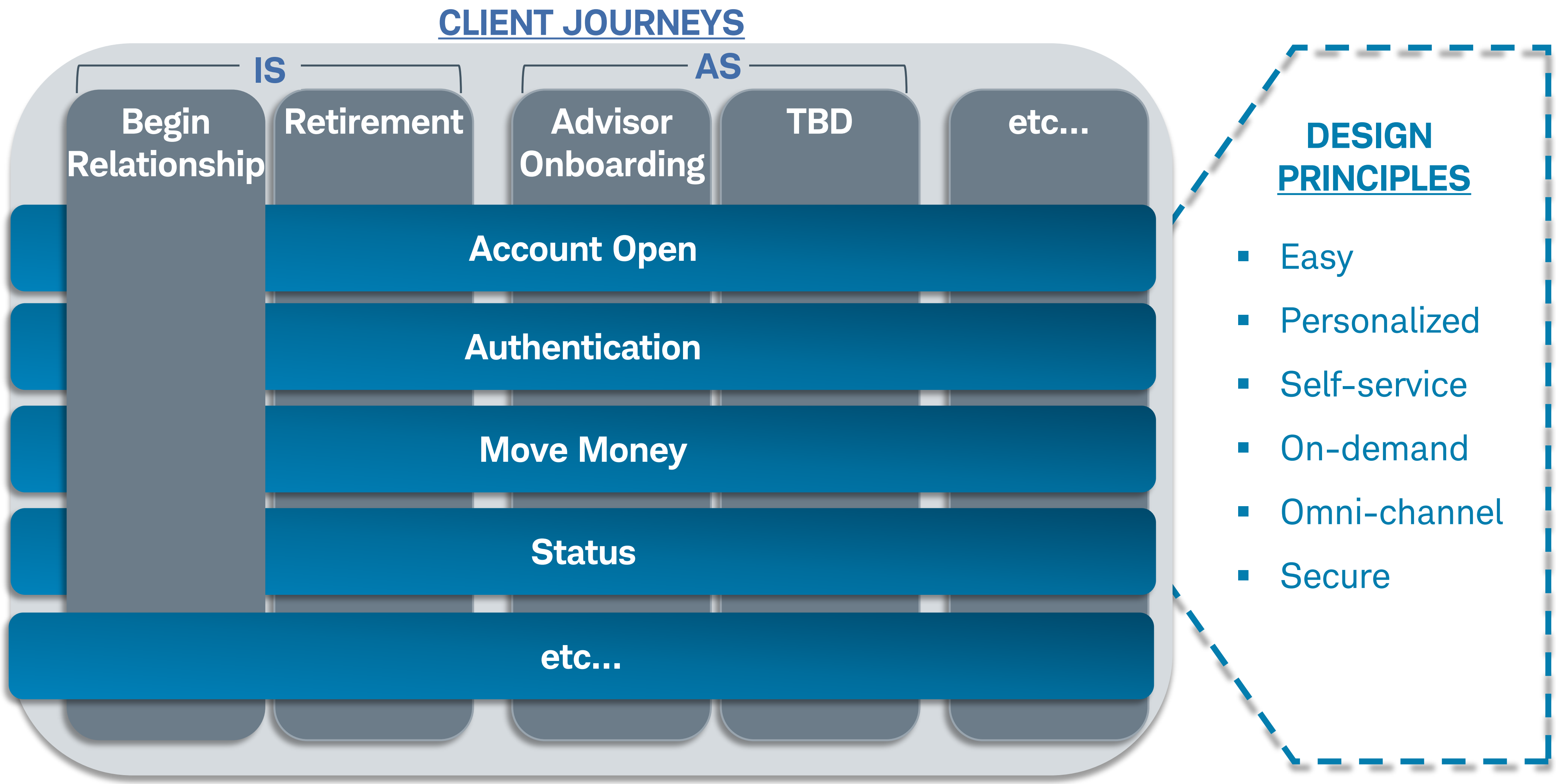
What we are doing:

- Advancing our digital and data capabilities for both incremental improvements on today's experiences and significant changes longer term

Key benefits:

- Drives growth of the business
- Improves the client experience
- Expands operating leverage and scale

Built on end-to-end client experiences, or "journeys," supported by cross-enterprise utilities:



The Digital Accelerator will adopt a new "Construction Model" and include Journey and Innovation Accelerators.

Construction Model:

Initiation

- **End-to-end** and **front-to-back** scope
- **Prototype** and minimal viable product scope

Construction

- **Design** thinking methodologies
- Collaborative and cross-functional **dedicated teams**

Impact / Adoption

- **Quicker initial product** releases and follow-up updates on shorter cycles
- **Teams** roll out after work is complete

Accelerators:

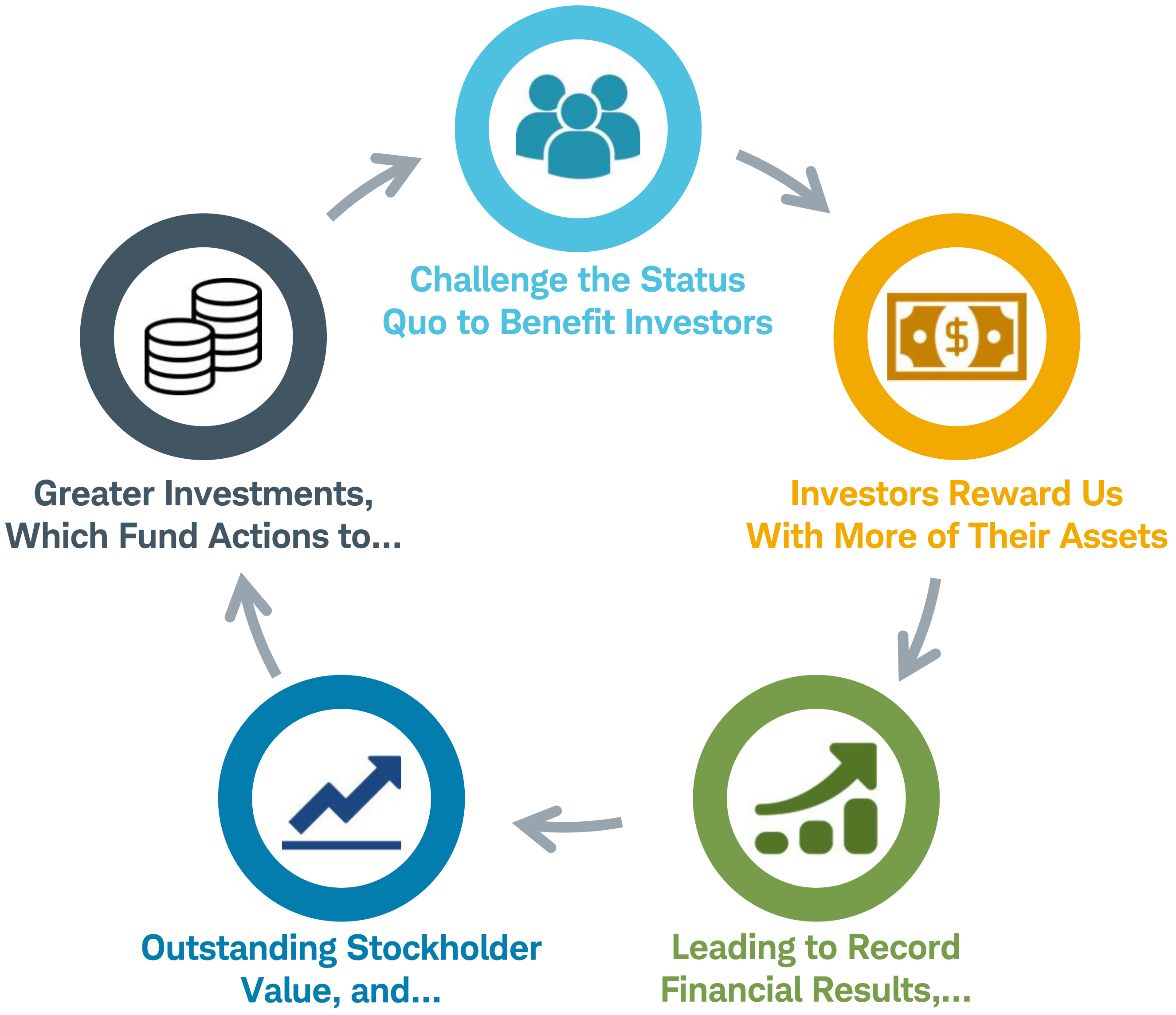
Journey Accelerator

Dedicated project resources to address the full scope of an end-to-end client journey – held to clear, team-based metrics

Innovation Accelerator

Teams that manage a portfolio of innovation projects spanning incremental improvements to dramatic technical or business changes

We are driving the next iteration of the Virtuous Cycle.



Our Goals:

Support the Business	Deepen Client Relationships
Deliver on our core commitments to availability, capacity, and project execution – and innovate to help the business grow	Supercharge our client relationships with high-value insights and capabilities through data, processes, and technology

Drive Operating Leverage	Manage Risk
Improve our scale advantage by driving significant cross-enterprise operating leverage	Act boldly to provide security and manage risk, safeguarding client trust and Schwab's reputation

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Q&A

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Break

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Business Q&A

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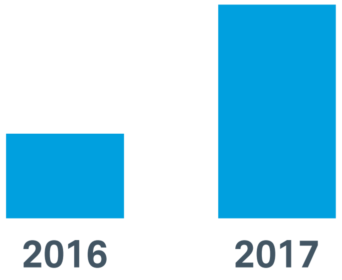
Terri Kallsen

Executive Vice President
Investor Services

Retail delivered record results in 2017.

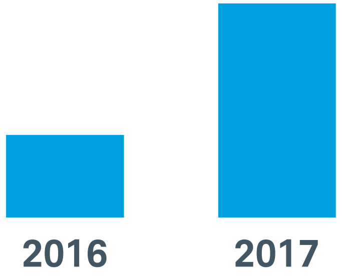
Record-breaking asset gathering led to record client asset levels

Total Client Assets



+18%

Total Net New Assets



+57%

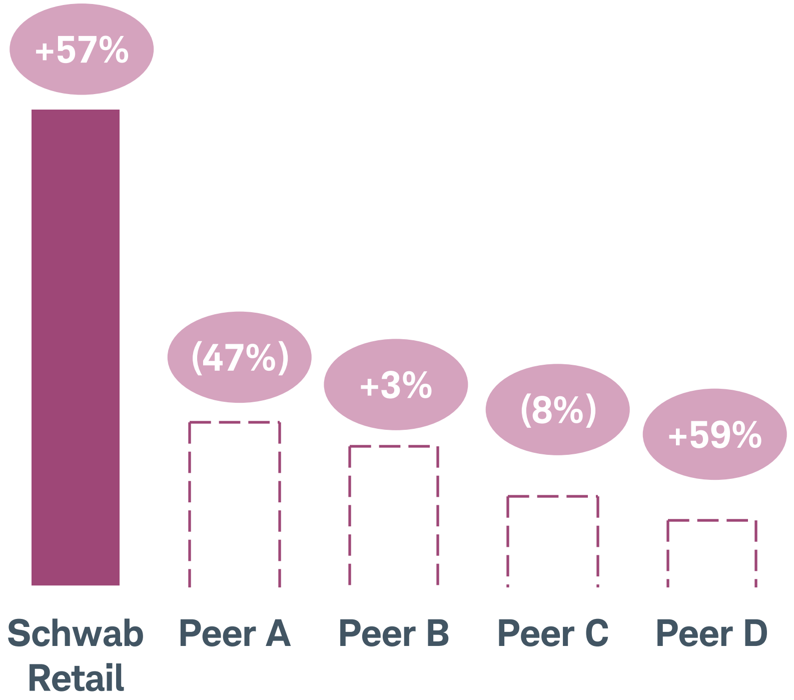
The breadth of our offer helps us win investors across the spectrum

Advised Assets	Increased advised penetration to **18.6%**, with total advised assets up **24%**
Active Traders	Grew new-to-Retail **active trader** households by nearly **170%**
Young Investors	**54%** of our new-to-Retail households were **under 40 years old**

~**80%** of new-to-Retail households opened accounts **online**

We attracted more assets than all of our publicly traded peers combined

Total Net New Assets

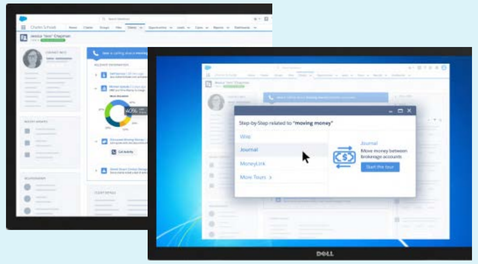


We continue to receive broad client and industry recognition with a record-breaking CPS score of 63 and consecutive #1 rankings from J.D. Power in Full Service Investing

Note: CPS=client promoter score. Claim: Charles Schwab was awarded "Highest in Investor Satisfaction with Full Service Brokerage Firms, Two Years in a Row" by J.D. Power.
Disclosure: Charles Schwab received the highest numerical score in the J.D. Power 2016-2017 Full Service Investor Satisfaction Studies. 2017 study based on 6,579 total responses from 20 firms measuring opinions of investors who used full service investment institutions, surveyed January 2017. Your experiences may vary. Visit jdpower.com.

We will continue to invest in driving growth in 2018.

Improve Scale Across All Service Channels

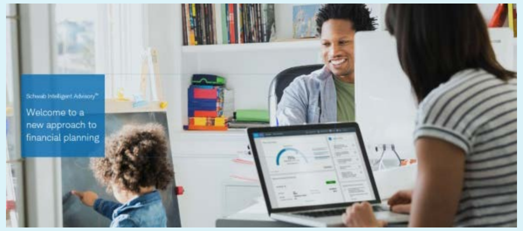


Increase service model scalability while continuing to deliver world-class service

Deliver Relationships to More Clients

Provide more eligible clients with a relationship via branches and virtual channels

Innovate and Democratize Our Modern Wealth Management Offer

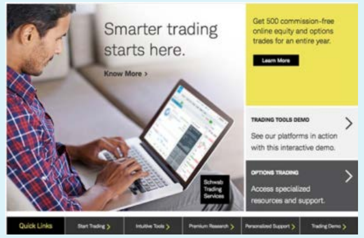


Make planning available to more clients and design full life cycle retirement planning experience

Create Best-in-class Self-directed Offer

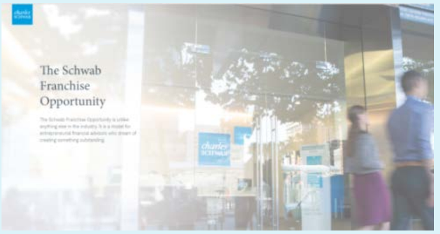
Provide more help and guidance by creating holistic, personalized, and customizable digital experiences

Build Upon Our Differentiated Trader Experience



Continue to enhance our platform and deepen relationships with traders

Expand Distribution Channels



Grow our direct-to-consumer, independent branch, and business-to-business channels to accelerate new client growth

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Jonathan Craig

Executive Vice President
Client and Marketing Solutions

Our marketing and acquisition strategy helped to gather record Retail NNA and households in 2017.

We delivered record new-to-Retail households…

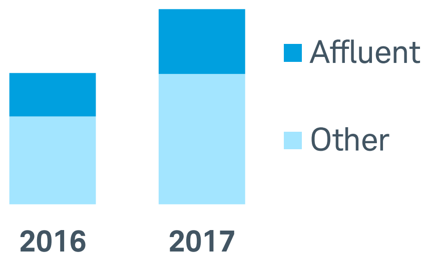
12 of 12

Every month was a record-setting month

…with more growth from clients who are:

- <40
- Engaged
- Digitally-oriented

The proportion of affluent new Retail clients remained the same

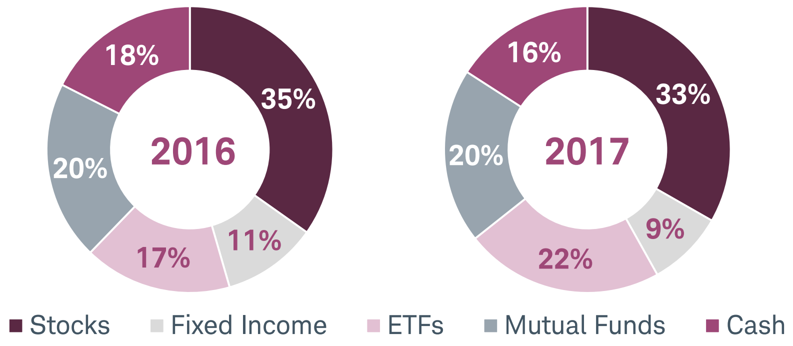


Multiple factors contributed to that growth

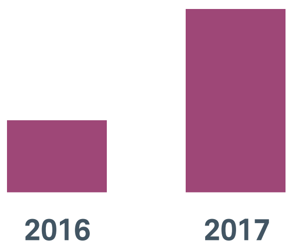
	Estimated Relative Importance in Driving Growth*
Positive External Environment	5.0x
Continued Disruptions on Behalf of Clients	2.5x
Strong Marketing and Sales Results	1.0x

We have not seen a change in portfolio mix, although advice is increasing

Distribution of Assets in the First 6 Months of a New Retail HH's Time at Schwab



New Retail Assets into Digital Advisory Solutions



+150%

We were able to deliver record growth with only a ~1% increase in advertising and market development spend

Note: *Based on marketing mix optimization model.

We will accelerate our momentum with investments in key areas in 2018.

Reach More Retail Investors

Invest more in marketing, expand B to B relationships, and drive greater efficiency

Amplify Our Value Proposition Across Channels

Aggressively message our tangible points of differentiation and connect on values

Make It Remarkably Easy to Become a Schwab Client

Continue to remove friction from account open process across the digital experience

Innovate to Meet Client Needs and Create Doors Into Schwab

Continue to build products and solutions that make it easier to establish an initial relationship with Schwab

CORPORATION

Bernie Clark

Executive Vice President
Advisor Services

Advisor Services remains the #1 custodian for RIAs.

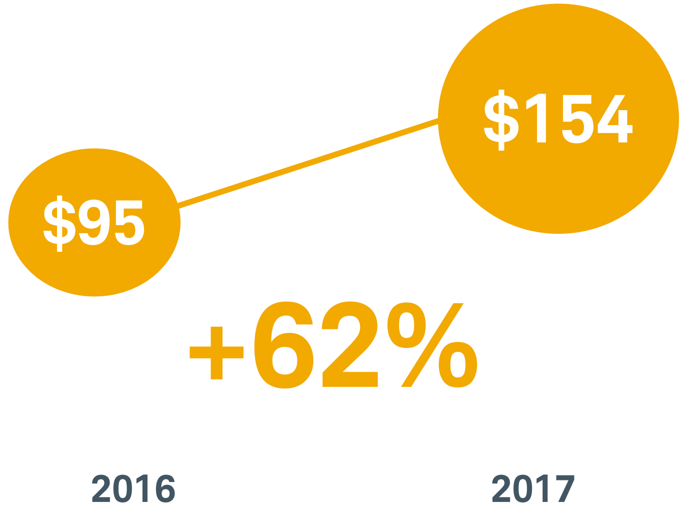
Strong inflows from both new and existing RIAs drove record results

Total Client Assets

Advisor Services Institutional Net New Assets

Our professionals and platform enable us to capture larger deals

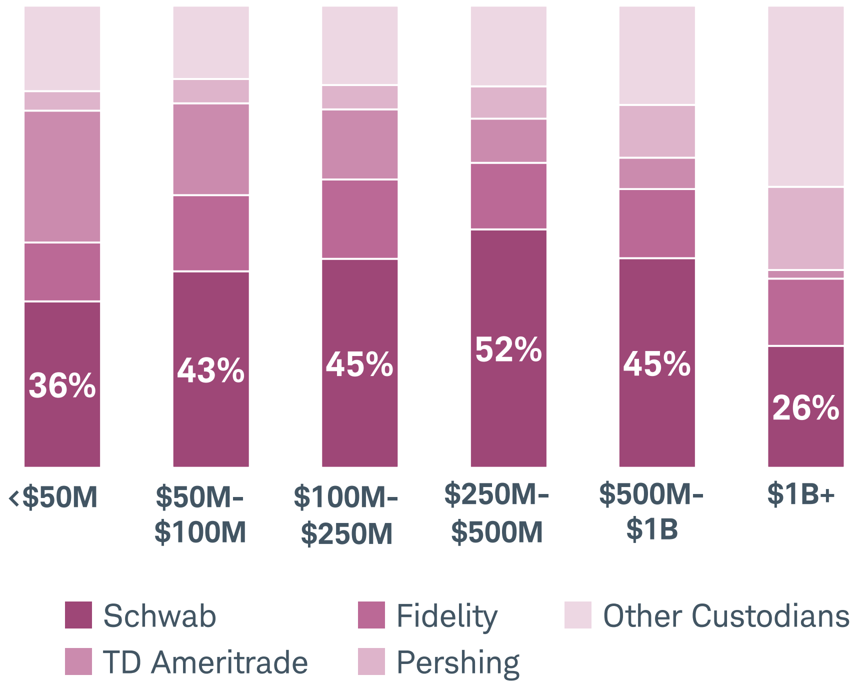
Average AIT Size (millions)



Highest share of newly registered single-custody firms and multi-custody deals for **5 consecutive years**[2]

AS continues to lead with capabilities and expertise across the spectrum

Market Share (2016)[1]

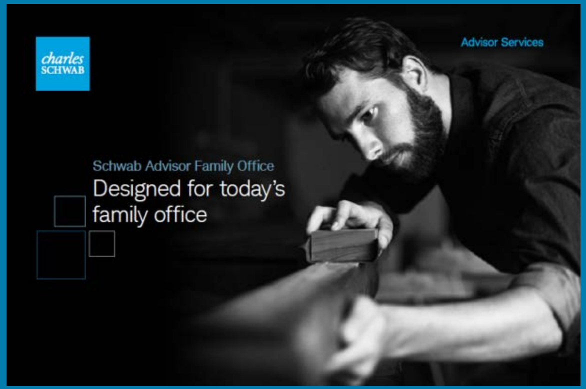


AS supports more advisors with more assets under management than anyone in the industry. We continue to lead competitors in CPS and are seen as a trusted partner.[3]

Note: 1. Discovery Database and Schwab estimates. Includes RIAs with single custodians who do not self custody. 2. Schwab analysis of SEC registration data. 3. AS CPS competitive survey, Lieberman Research Worldwide 2017. Telephone study conducted among 623 independent advisors during fall 2017.

In 2018, we will invest to strengthen our leadership position.

Offering the Most Complete Platform



Capturing industry growth from across the spectrum of advisory firm size and complexity

Enhancing Safety and Security

Helping clients implement best practices and constantly strengthening our custodial platform

Advancing Awareness of the Independent Difference

Expanding successful campaigns that attract advisors and educate affluent end investors

Investing in our Industry's Future

Attracting and developing advisor talent to fuel continued industry momentum

CORPORATION

Break

CORPORATION

Peter Crawford

Executive Vice President and
Chief Financial Officer

We had a remarkable 2017 and are preparing to sustain accelerated growth in 2018.

- By doing right by our clients, we gathered record NNA, which helped generate record revenues and pre-tax profit margin
- We ended 2017 and are heading into 2018 with macro tailwinds – we are investing to both fuel and support growth
- In 2018, we will make progress on bulk transfers and continue to effectively manage capital

Today we'll discuss:

- 2017 results
- 2018 outlook
- Capital picture

In 2017, the economic environment helped more than we expected.

	2017 Baseline Scenario	2017 Actual
Market	S&P appreciates 6.5%	S&P up 19.4%
Short-term Rates	Additional 25bps Fed Funds rate hike in June 2017 to 0.75%-1.00%	25bps hikes in March, June, and December Fed Funds now at 1.25%-1.50%
Long-term Rates	Average 10-year Treasury at 2.45%+	Average 10-year Treasury at 2.33%
Trading	DARTs flat year-over-year	Ended the year with DARTs up 10% from 2016

We experienced tremendous success with clients…

2017 vs. 2016 EOP

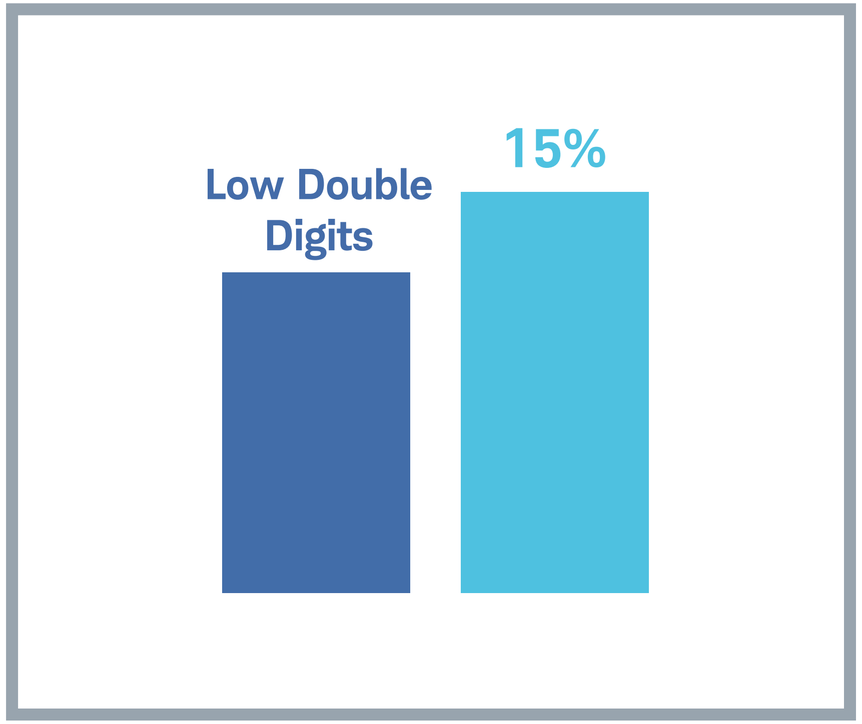
49%	6%	7%
Increase in Total New-to-Retail Households	Growth of Total Active Brokerage Accounts	Organic Growth Rate of Total Client Assets
↑ 43pts	↑ 2pts	↑ 2pts

…which, along with external factors, helped us to outperform our baseline scenario.

2017 Baseline Scenario

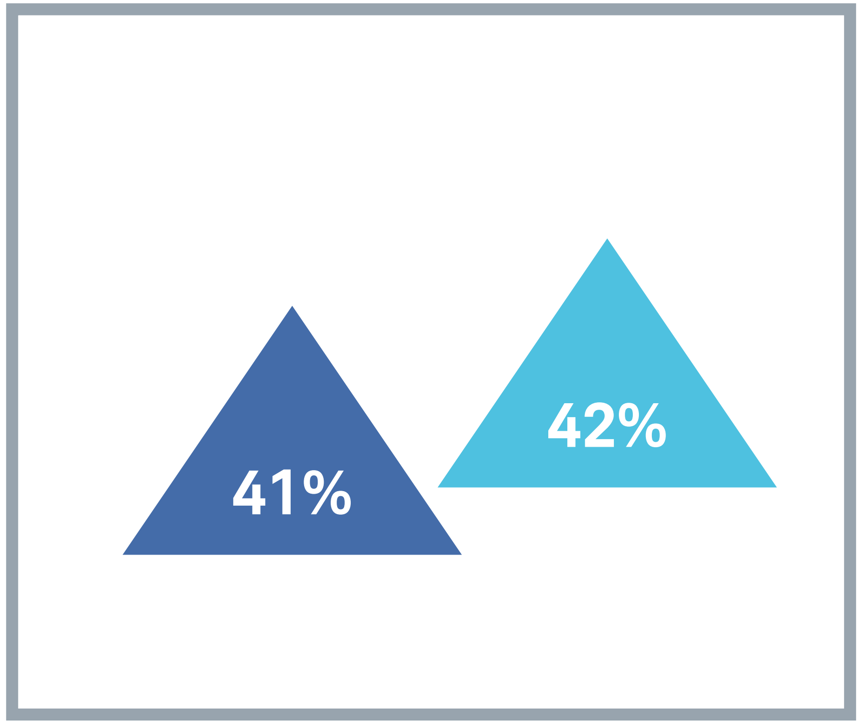
2017 Actual Results

Revenue Growth



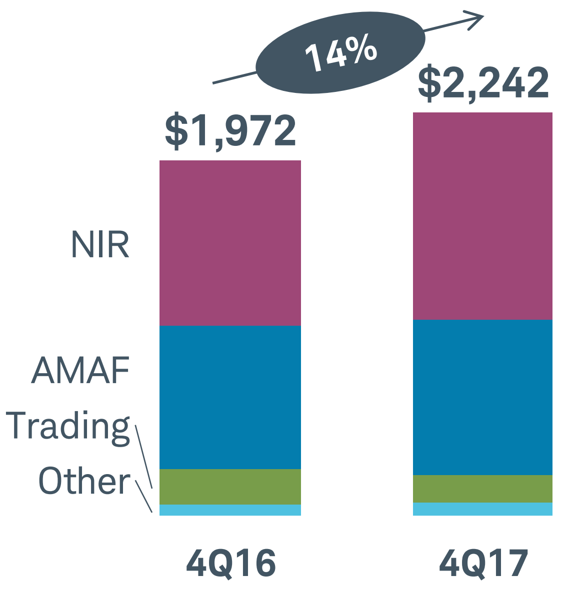
Gap between Revenue and Expense Growth

Pre-tax Profit Margin



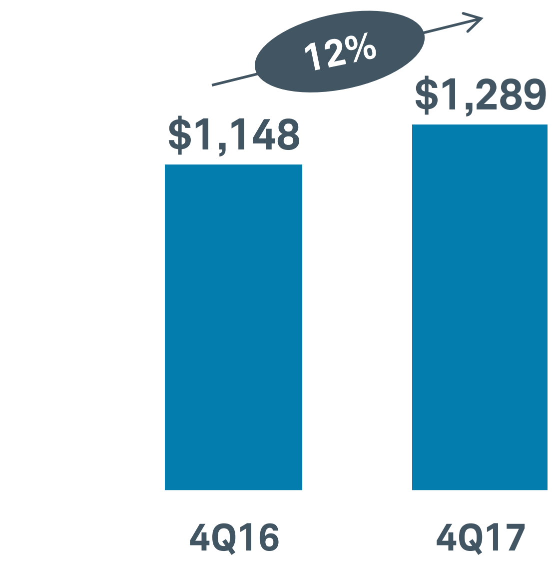
Quarterly results include record revenues and the third consecutive pre-tax profit margin above 42%.

Total Net Revenues (millions)



- **Tenth consecutive quarter of record** revenues
- Net interest revenue and asset management and administration fees also set new quarterly records at **$1.1 billion and $863 million**, respectively

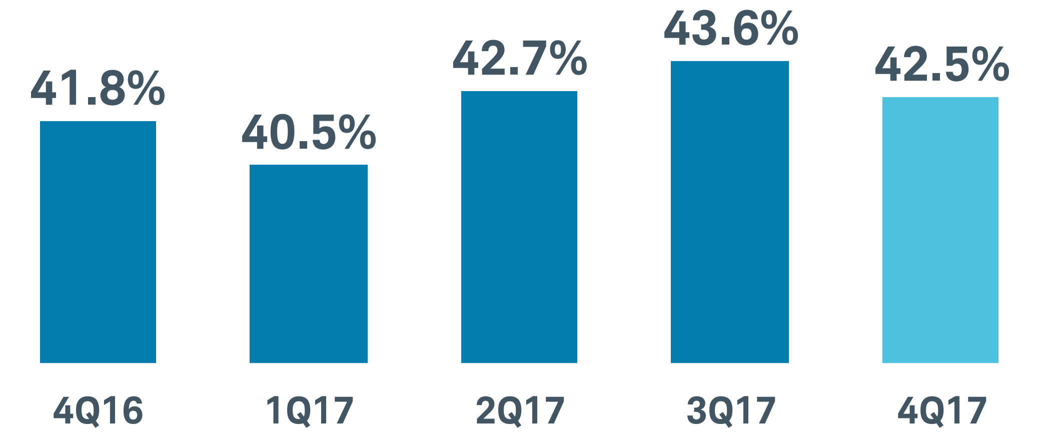
Total Expenses (millions)



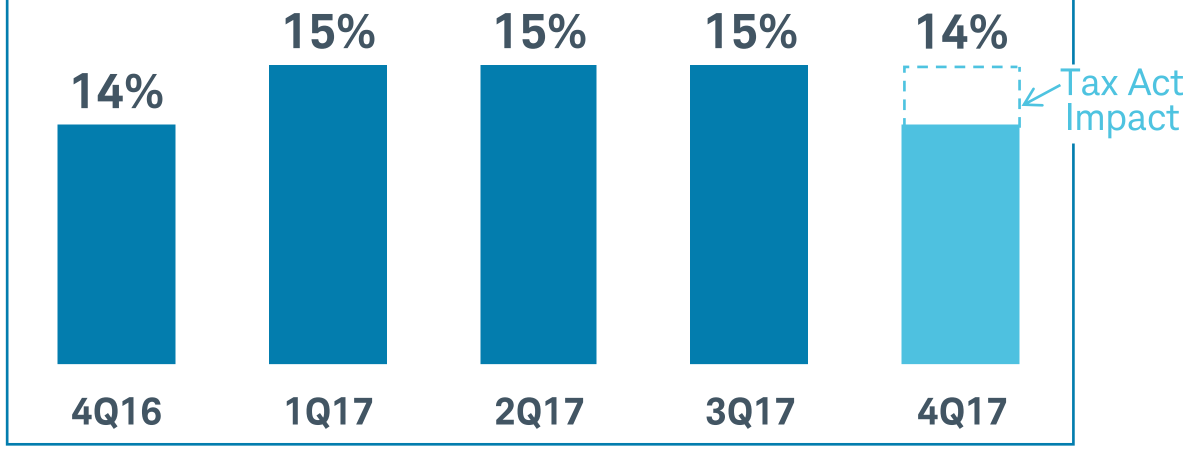
Expenses rose 12%, consistent with our expectations, primarily due to:

- Increased compensation and benefits as a result of **strong asset gathering** and as we hired more client-facing employees to **support growth**
- Higher **project spending** and other investments to help **meet client expectations** in the face of record volumes and lay the foundation for **growth in 2018** and beyond

Pre-tax Profit Margin



ROE



Note: Taxes on income were increased by approximately $46 million in December 2017 due to the enactment of the Tax Cuts and Jobs Act legislation resulting in the remeasurement of deferred tax assets (DTA) and other tax adjustments.

We managed the balance sheet in 2017 with the $250 billion threshold in mind.

(in millions, EOP)	4Q16	4Q17*
Total Assets	$223,383	$243,274
Bank Deposits	$163,454	$169,656
Payables to Brokerage Clients	$35,894	$31,243
Short-term Borrowings	$-	$15,000
Long-term Debt	$2,876	$4,753
Stockholders' Equity	$16,421	$18,525
Parent Liquidity	$1,961	$4,043
Tier 1 Leverage Ratio	7.2%	7.6%

Remained below the $250 billion consolidated asset threshold in 2017

Bank deposits grew in 2017, helped by organic cash and transfers of $2.9 billion in sweep deposits from Schwab One® to the Bank and $2.0 billion from money funds to the Bank

$15 billion of FHLB advances so investment could occur before sweep balances grow through deposits or bulk transfers

Issued $1.5 billion in senior notes in advance of 2018 maturities and for general corporate purposes

Ratio rose as we neared $250 billion;
We intend to more fully deploy excess capital in 2018

Note: FHLB is Federal Home Loan Bank of San Francisco. 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 AOCI and other regulatory adjustments) divided by Average Total Consolidated Assets.
* Preliminary.

Our baseline scenario reflects investments to both fuel and support growth for 2018 and beyond.

Key Drivers:

Market	Short-term Rates	Long-term Rates	Trading
S&P appreciates 6.5%	Additional 25bps Fed Funds rate hike in June 2018 to 1.50%-1.75%	Average 10-year Treasury at 2.55%	DARTs up slightly year-over-year

Expected Results:

Revenue Growth

Low Double Digit

Gap between Revenue and Expense Growth

200bps

100bps

Minimum Pre-tax Profit Margin

43%

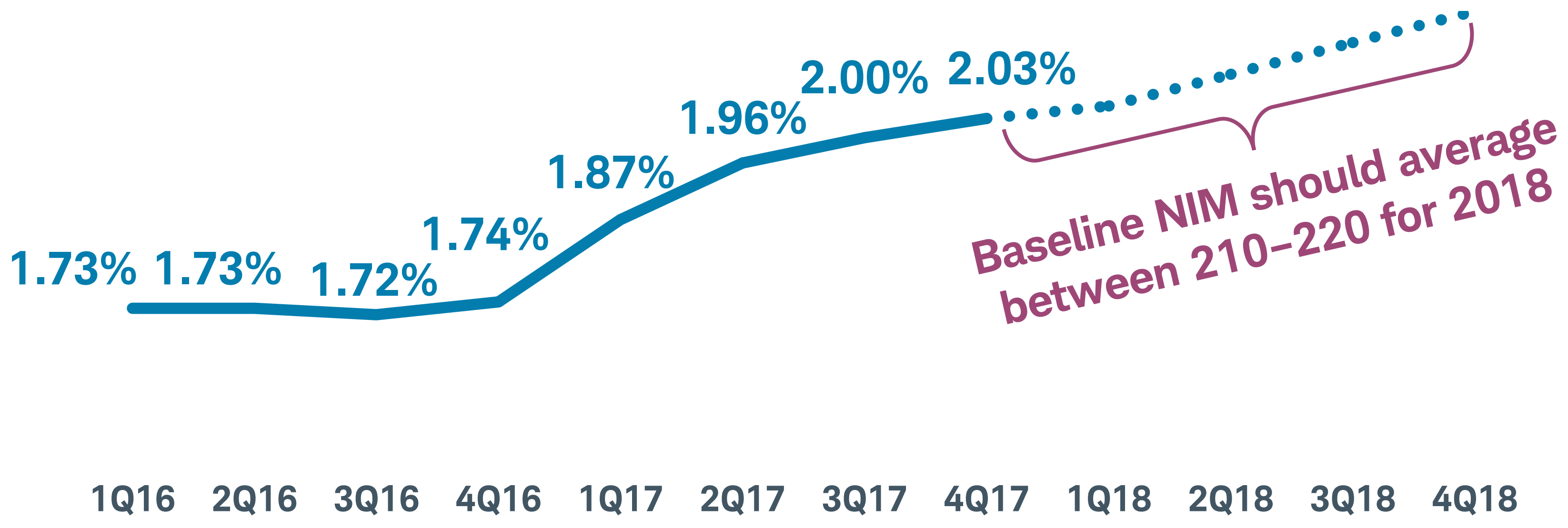
A June 2018 rate hike implies baseline NIM should average between 210-220.

Assumptions

- Likely to be some ongoing level of FHLB utilization throughout 2018
- We anticipate our approach to deposit pricing will remain consistent in 2018
- As we reach more normalized Fed Funds levels (2%+), we would expect to share more rate upside with clients

Net Interest Margin

Illustrative



Once we finish our bulk transfer opportunity, elevated rates could generate excess capital and we will evaluate options

Revenue sensitivities to the baseline scenario:

Key levers and estimated first year revenue impact to the baseline:

S&P +/-1% = **$15M**

DARTs +/-10% = **$60M**

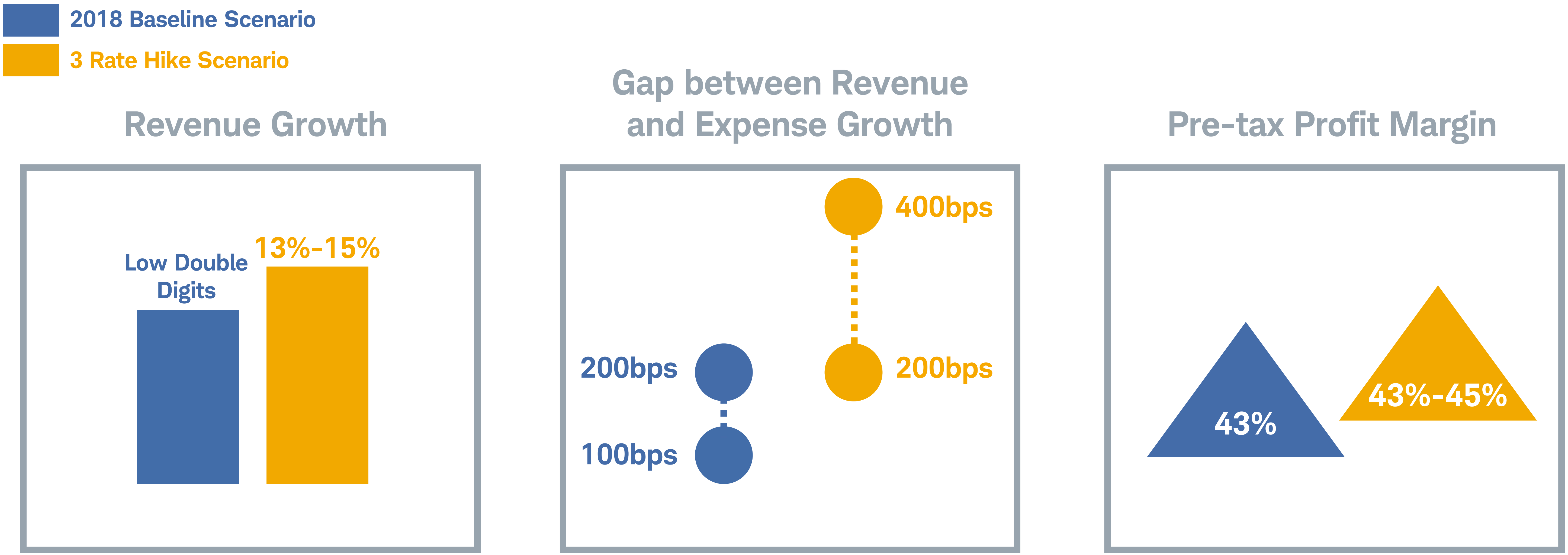
Target Fed Funds +/-25bps = **$200-$300M**

10-year Treasury +/-10bps = **$25M**

We anticipate the vast majority of any additional upside will fall to the bottom line

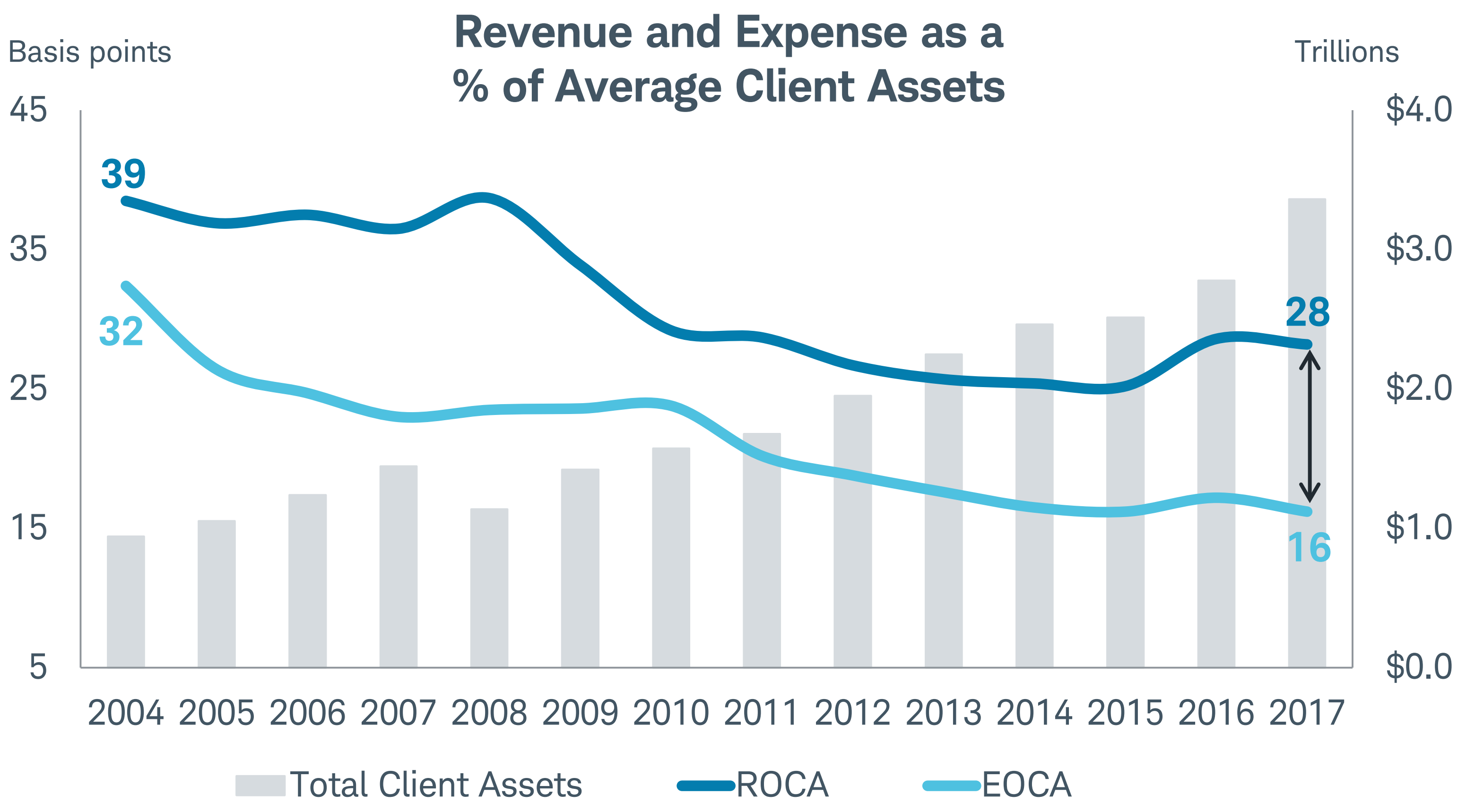
Note: Assumes static interest earning asset balances as of December 31, 2017 and depends on the Bank investment portfolio mix and duration, to the extent there is a parallel shift in the yield curve, how quickly the fixed portfolio will reprice, and deposit betas.

If we see the three rate hikes the Fed currently anticipates, there is meaningful upside to the baseline.

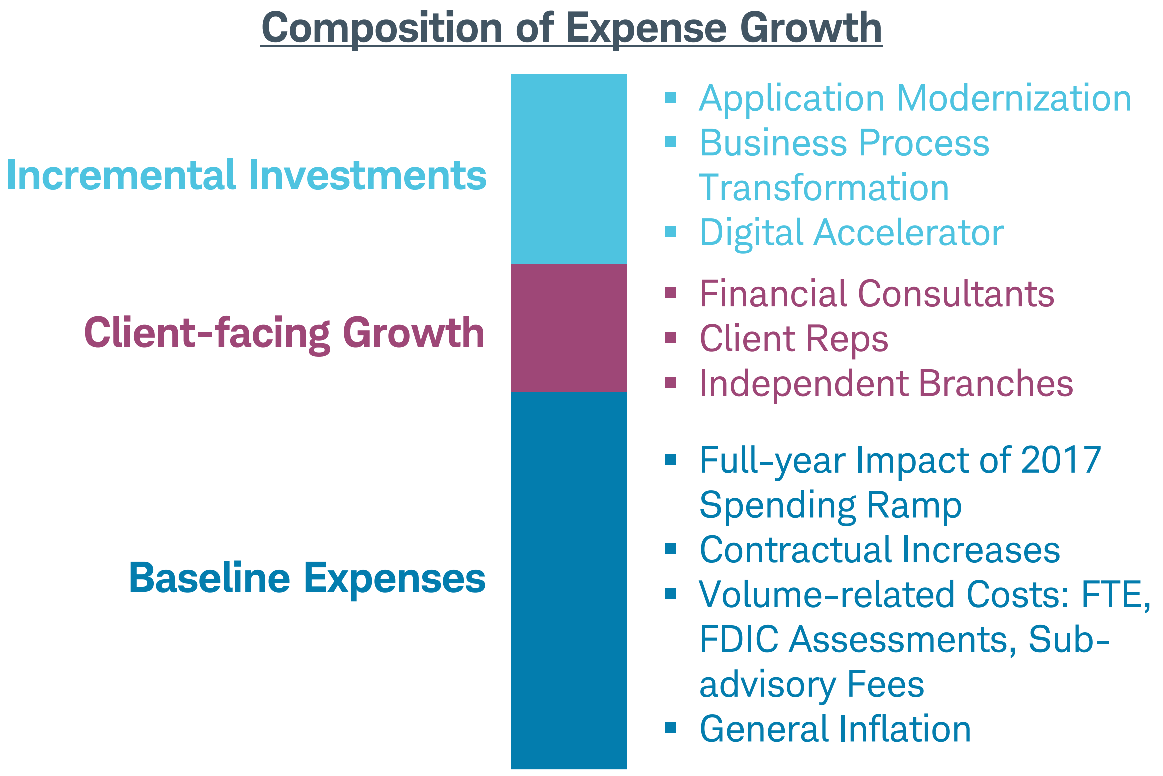


Expense discipline goes both ways – "the Schwab path" means knowing when to "flex" and when to push forward.

We have a history of making investments to grow the top line faster than expenses through efficiency and scale

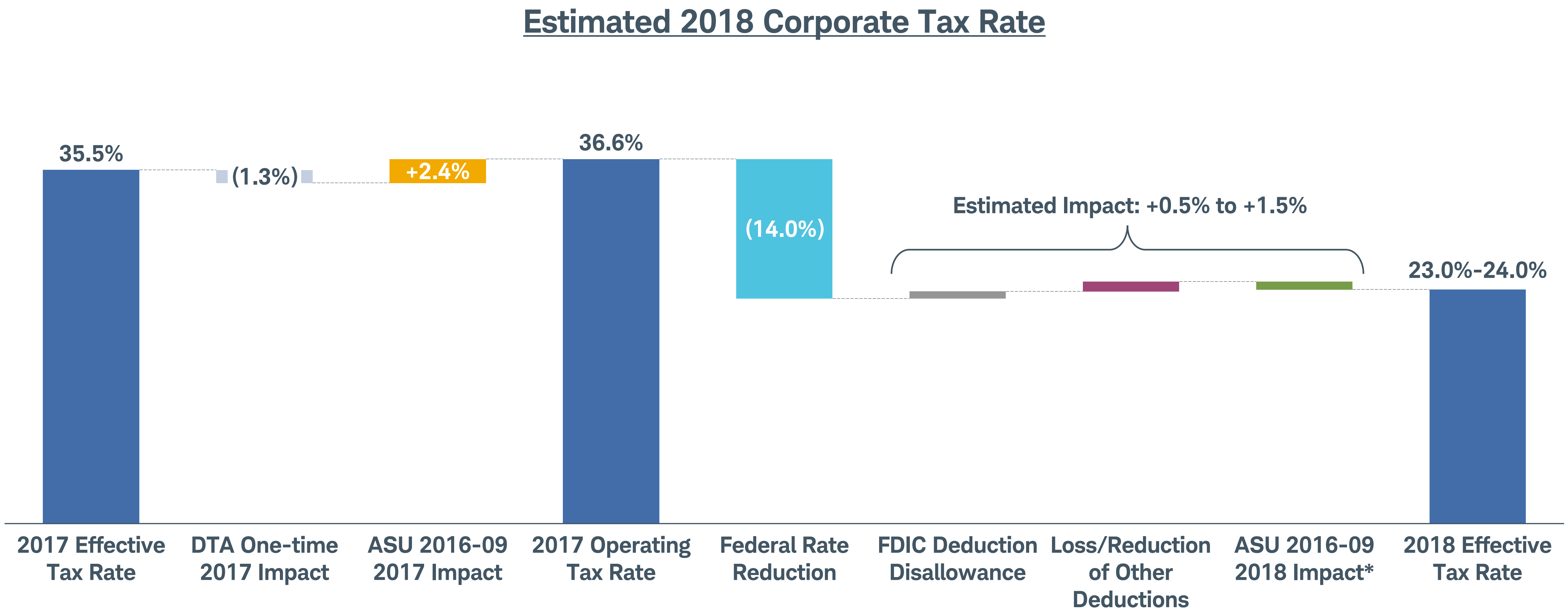


Our 2018 spending growth is focused on three primary areas



With these efforts, our intent is to improve our key metrics over time, including CPS, the NNA Organic Growth Rate, and EOCA

We expect a significant impact from tax reform.



Note: *ASU 2016-09 impact, relating to equity compensation tax deductions, is estimated for 2018. Any potential ASU 2016-09 tax benefit is likely to be highest in 1Q18 and 4Q18 and overall will likely be lower than 2017. Actual results will depend upon many factors, including the price of SCHW stock, restricted stock vesting, and the volume of equity incentive options exercised.

Other than maintaining our target dividend payout ratio, the bulk transfer opportunity is our capital priority for 2018.

We will continue to monitor client cash and supplement with bulk transfers

Illustrative

Determining Factors

New Client Activity + **Existing Client Activity**

We will continue to gather assets and clients will allocate some amount to cash

Clients will decide:
- how much to engage in the market
- how much cash to put in non-bank alternatives

+

Resulting Action

Bulk Transfers

=

Initial Expected Outcomes

We expect the balance sheet to **grow by at least 15%** in 2018

We anticipate crossing $250 billion in the **first half of 2018**

We will pace the deployment of capital so that our Tier 1 Leverage Ratio **gets closer to our operating objective of 6.75%-7.0% by year end**

We still believe that the **net bulk transfer opportunity** of the ~$120 billion in sweep money market funds is **$60-$80 billion**

We had a remarkable 2017 and are preparing to sustain accelerated growth in 2018.

- By doing right by our clients, we gathered record NNA, which helped generate record revenues and pre-tax profit margin
- We ended 2017 and are heading into 2018 with macro tailwinds – we are investing to both fuel and support growth
- In 2018, we will make progress on bulk transfers and continue to effectively manage capital

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

charles SCHWAB

CORPORATION

Q&A

We are raising our sights to build the Schwab of tomorrow – it’s time.

- 2017 was a remarkable year and demonstrates our “**Through Clients’ Eyes” strategy and Virtuous Cycle working as intended** – we take disruptive actions on behalf of our clients and they reward us
- Key to our success has been our discipline, and **exercising discipline means knowing when to “flex” and when to push forward**
- After gathering the most assets ever and posting record revenues and profitability, **it’s time** to invest more, to extend our competitive advantage, **to raise our sights**
- To prepare Schwab not just for 2018, but for 5, 10, or even 20 years beyond that, we must **make investments that both fuel and support growth**

Winter Business Update

February 6, 2018

charles SCHWAB CORPORATION

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