

Summer Business Update

July 16, 2024

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,” “grow,” “remain,” “sustain,” “enhance,” “estimate,” “potential,” “build,” “anticipate,” “lead,” “advance,” “ongoing,” “illustrative,” “opportunity,” “goal,” “focus,” “priority,” “confidence,” “formula,” “expand,” “drive,” “deliver,” “on track,” “achieve,” “bolster,” “consistent,” “position,” “gain,” “plan,” “intent,” “ability,” “diminish,” “improve,” “increase,” and other similar expressions.

These forward-looking statements relate to the company’s strategy; business momentum; diversified business model; positioning and opportunities; the integration of Ameritrade, including integration related attrition, the amount and timing of expense and revenue synergies, and the benefits of the combined platform; growth in the client base, client accounts, and assets; key strategic initiatives; competitive advantage; scale and efficiency, expense on client assets (EOCA) and cost per client account; client experience; demand for the company’s advice solutions and fixed income strategies; client engagement; meeting client needs; Artificial Intelligence; process transformation; technology enhancements; expense discipline; growth in revenues, earnings and profit margin; client transactional cash and realignment activity; sweep to third party banks; supplemental funding; credit risk; investment portfolio, reinvestment criteria, duration and yields; net interest margin; balance sheet management; capital position; capital efficiency; Tier 1 Leverage Ratio; financial outlook; financial illustrations, scenarios, assumptions and sensitivities; macro-economic trends, investor behavior and seasonality; trading volume; long term growth and earnings potential; and capital return, including dividends and share repurchases.

These forward-looking statements reflect management’s beliefs, expectations and objectives as of today and are subject to risks and uncertainties that could cause actual results to differ materially. Important factors that may cause such differences are discussed in the company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, which have been filed with the Securities and Exchange Commission and are available on the company’s website (<https://www.abouthschwab.com/financial-reports>) and on the Securities and Exchange Commission’s website (www.sec.gov). These include: the risk that Ameritrade client transitions may result in a negative client experience; expected expense and revenue synergies and other benefits from the Ameritrade acquisition may not be fully realized or may take longer to realize, and integration expense may be higher than expected; the company’s ability to attract and retain clients and RIAs and grow those relationships and associated client assets; investor engagement and interest in the company’s products and services; the company’s ability to monetize client assets; competitive pressures on pricing; the company’s ability to support client activity levels; the level and mix of client trading activity; general economic and market conditions, including interest rates, equity valuations and volatility; client asset levels and cash balances; client sensitivity to interest rates; balance sheet positioning relative to changes in interest rates; loan growth; interest earning asset mix and growth; margin balances; the migration of bank deposit account balances; capital and liquidity needs and management; the company’s ability to manage expenses; capital expenditures; adverse developments in litigation or regulatory matters and any charges associated with such matters; and any developments in legislation, regulation or regulatory guidance.

The information in this presentation speaks only as of July 16, 2024 (or such earlier date as may be specified herein). The company makes no commitment to update any forward-looking statements.

Strategic Update

Walt Bettinger

Co-Chairman of the Board and Chief Executive Officer

Rick Wurster

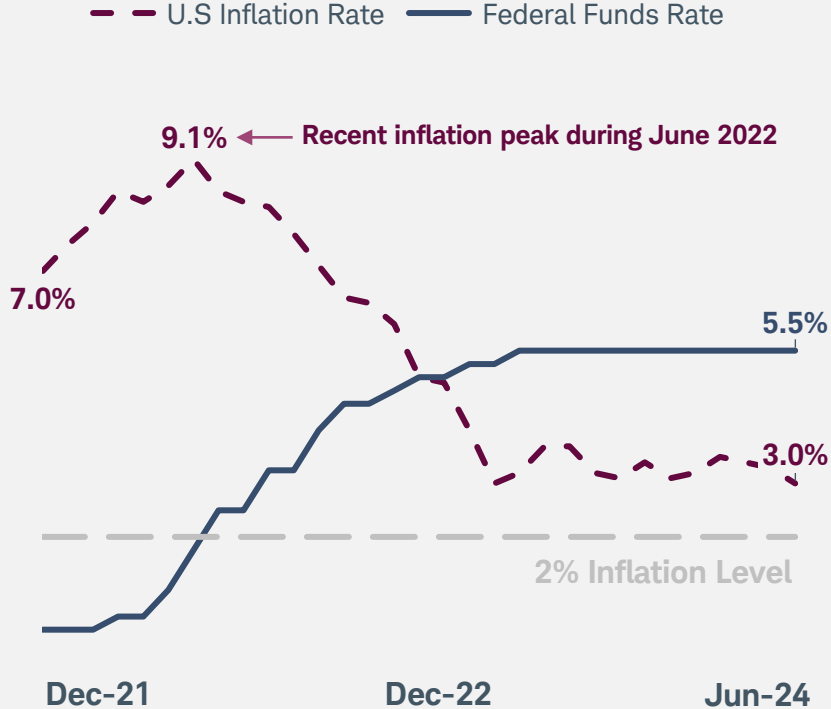
President

Schwab's organic growth rate begins to accelerate as Ameritrade-related acquisition attrition moderates.

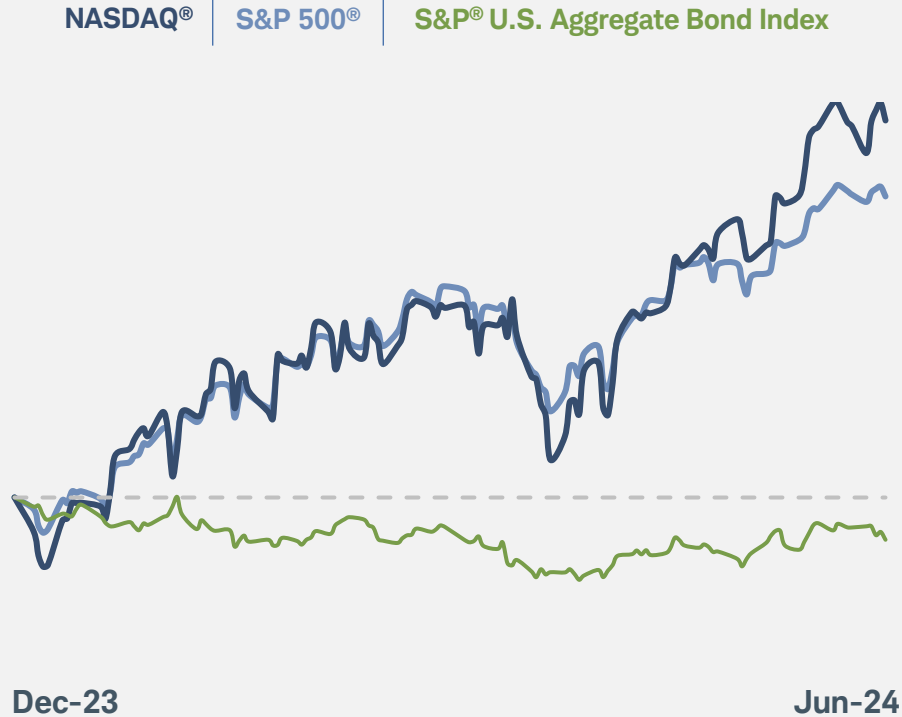
- During this transition year, client engagement remains strong as a growing number of individual investors and the independent advisors who serve them turned to Schwab
- In concert with the successful completion of the final Ameritrade client conversion, we are ramping efforts on our strategic client-focused initiatives
- As we move through this temporary period of transition, we remain well-positioned to deliver profitable long-term growth, while unlocking the tremendous integration-related opportunities still ahead

Signs of improving inflation trends reinforced the market's outlook for a soft landing, helping to sustain the recent tech-led rally,...

Federal Funds Rate and U.S. Inflation Rate (%)¹



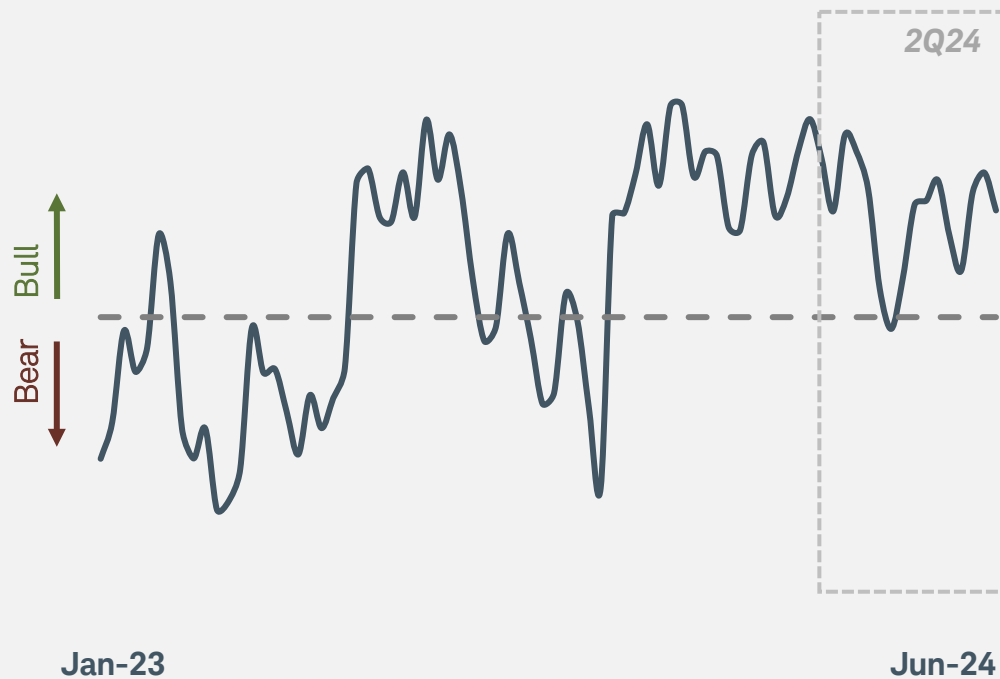
YTD 2024 Select Index Returns (%)²



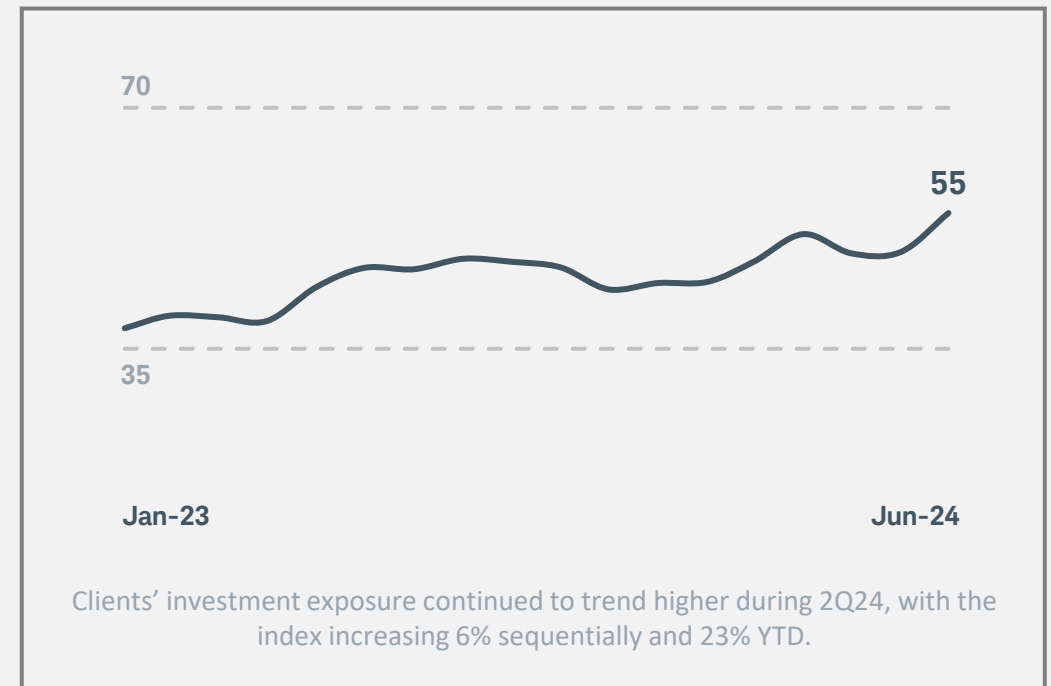
Note: U.S. = United States. Nasdaq® = NASDAQ Composite Index. YTD = Year to date. 1. U.S. Inflation Rate sources via U.S. Bureau of Labor Statistics. 2. Index returns sourced via FactSet. The "S&P 500® Index" is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJ"), and has been licensed for use by Charles Schwab & Co., Inc.

...and bolster overall investor sentiment.

||| AAI® Bull-Bear Spread Sentiment Survey¹

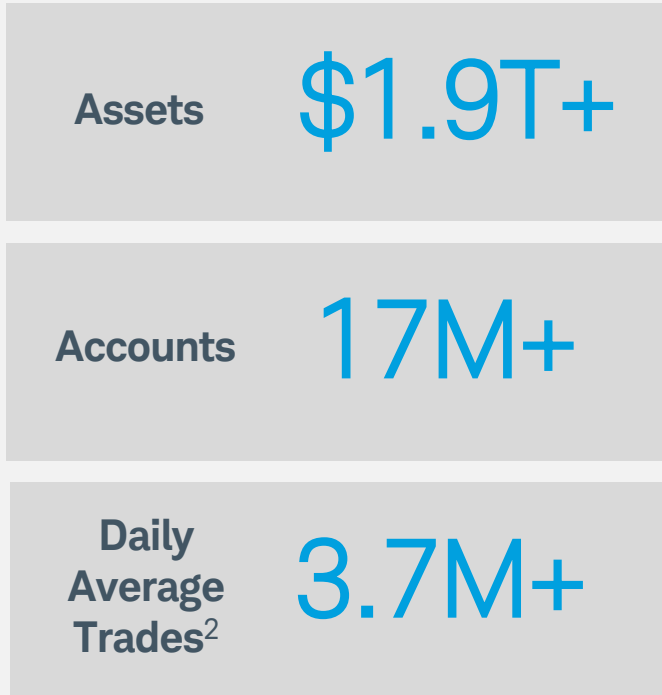


||| Schwab Trading Activity Index™ (STAX)²



Note: Q = Quarter. YTD = Year to date. 1. AAI® Bull-Bear Spread Sentiment Survey 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). 2. The STAX serves as a proxy to gauge Schwab clients' exposure to equity markets, generally ranging from 35 to 70. Over time, changes in this score serve as an indirect measure of sentiment, with a higher score indicating greater market exposure and a correlation to bullishness, and a lower score indicating lower market exposure associated with potential bearishness.

Against this backdrop, we completed the largest broker-dealer conversion in history and millions of clients are already utilizing the capabilities of the combined firm.



CPS for Ameritrade clients **continues to steadily build** following conversion,...

Retail

Improved ~50 points in the 9-months following conversion¹

Advisor Services

Returned to near pre-conversion and pre-regional banking crisis levels

...and clients continue to benefit from the **power of the combined platform.**

YTD NNA from Retail Ameritrade Clients¹

\$3.3B

% of YTD Managed Investing³ Net Flows from Retail Ameritrade Clients

~30%

Q/Q Increase in Legacy Schwab Thinkorswim[®] Users

~35%

Total asset attrition will finish favorable to our initial expectations of approximately 5% to 6% of Ameritrade client assets.

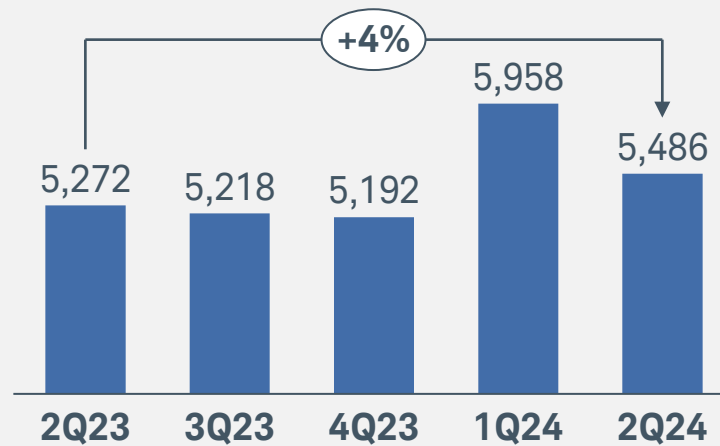
Note: YTD = Year to date. M = Million. B = Billion. T = Trillion. CPS = Client promoter score. Pts = Points. HH = Households. NNA = Net new assets. Q/Q= Quarter-over-quarter. 1. Includes Ameritrade clients converted in 2023; excludes May 2024 transition group. 2. Average for 6-month period leading up to conversion. 3. Includes Retail Managed Investing net flows from Schwab Wealth Advisory[™], ThomasPartners[®], Windhaven[®], Schwab Managed Products, Managed Account Select[®], USAA Managed Portfolios, Wasmer Schroeder[™] Retail, Schwab Advisor Network[®], AdvisorDirect[®], Schwab Intelligent Portfolios[®], Schwab Personalized Indexing[™] and Schwab Selective.

Client engagement remained healthy through the end of June,...

2Q24 Buy-Sell Ratio

1.1

Daily Average Trades (K)



2Q24 Managed Investing Net Flows (\$B)¹

+48%
vs. 2Q23

Note: Q = Quarter. K = Thousand. B = Billion. 1. Managed investing net flows includes Schwab Wealth Advisory, ThomasPartners, Windhaven, Schwab Managed Products, Managed Account Select, USAA Managed Portfolios, Wasmer Schroeder Retail, Wasmer Schroeder Off Platform & Advisor Services, Schwab Advisor Network, Schwab Intelligent Portfolios, Schwab Personalized Indexing, and Ameritrade. May include flows into more than one product.

...as an increasing number of investors turned to Schwab for their investing needs.

||| Asset Gathering

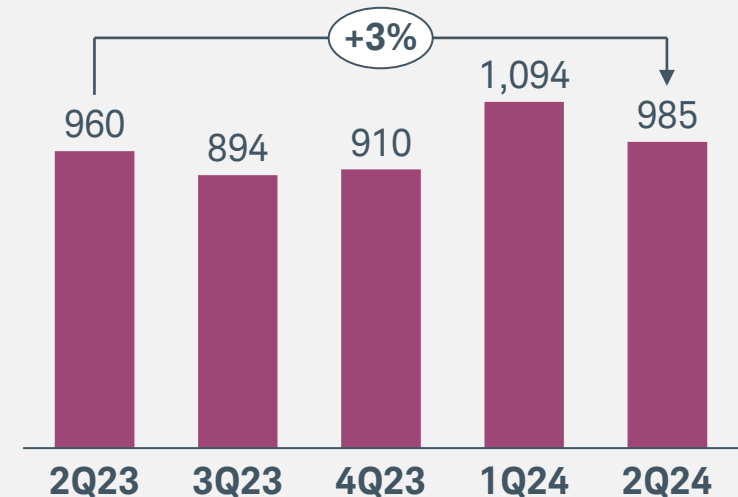
\$157B

YTD Core Net
New Assets

+17%

Y/Y Core NNA
Growth for 2Q24

||| New Brokerage Accounts (K)

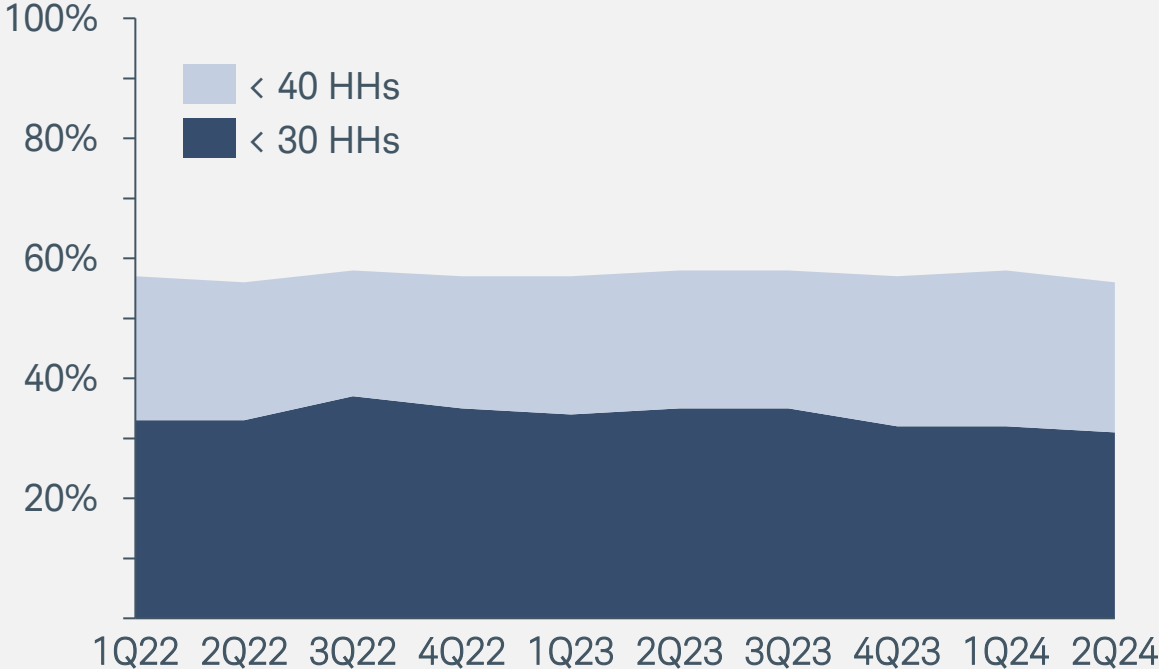


Note: Certain totals may not sum due to rounding. K = Thousand. Q = Quarter. B = Billion. YTD = Year to date. Y/Y = Year over year. Core NNA = Net new assets before significant one-time flows, such as acquisitions/divestitures or extraordinary flows (generally greater than \$10 billion) relating to a specific client, and activity from off-platform Schwab Bank Certificates of Deposit. These flows may span multiple reporting periods.

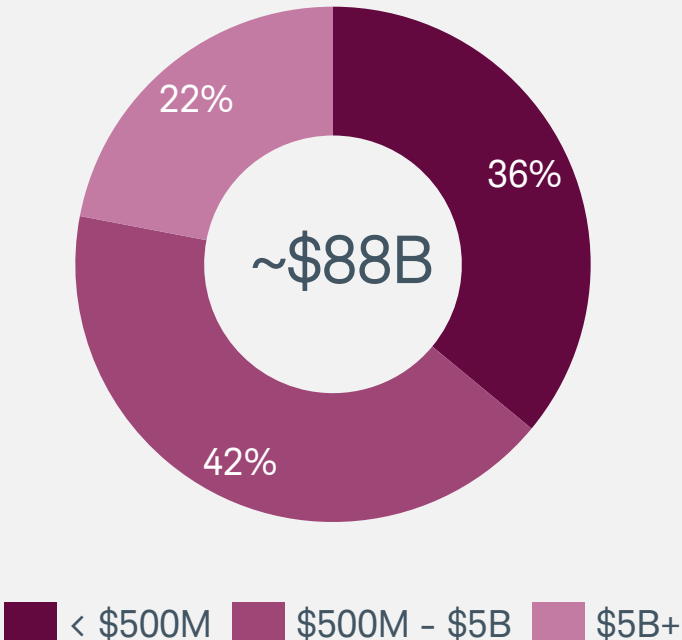
A broad range of individual investors and RIAs are contributing to the firm's organic growth trajectory.

Households under 40 accounted for ~56% of total new retail HHs on a YTD basis,...

...while RIAs of all sizes continue to trust Schwab to custody their clients' assets.



ASI NNA by Size, YTD 2024¹



We remain committed to servicing the financial needs of all investors.

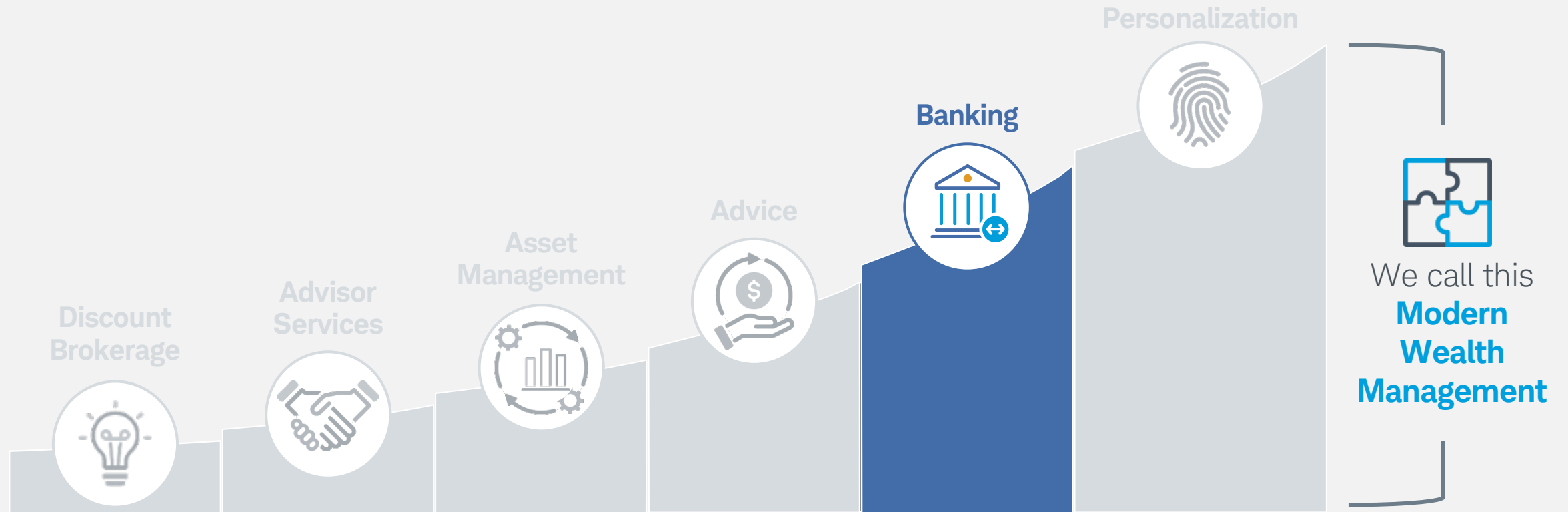
Note: Q = Quarter. M = Million. B = Billion. RIA = Registered Independent Advisor. HH = Households. ASI = Advisor Services Institutional. YTD = Year to date. NNA = Net new assets. All data presented on a pro forma combined company basis. 1. YTD metrics as of June 30, 2024.

Throughout our history, we have looked to provide clients more value and a leading experience across our full range of products and solutions,...



Our **unwavering commitment to clients** remains at the forefront of every decision we make.

...including an award-winning bank built specifically for investors.



Our **unwavering commitment to clients** remains at the forefront of every decision we make.

We are committed to operating a bank that provides a best-in-class experience for investors and enables strong returns for owners.

Banking the Schwab Way



Support wealth management offer by serving the **lending and cash management** needs of individual investors and RIAs

Further **evolve client experience**, including increased personalized service and support, streamlined processing, and omnichannel access

Modestly shorter investment portfolio duration to navigate a broad range of environments – potentially leading to modest earnings fluctuations during a rate cycle

Utilize deposits to **fund loans to clients**

Optimize excess deposits at third-party banks to offer **extended FDIC coverage, reduce capital intensity, and enhance capital efficiency while considering profitability**

Note: RIA = Registered investment advisor. FDIC = Federal Deposit Insurance Corporation.

As we begin our next chapter, we believe further advancing our strategic priorities will help power our long-term growth.



**Scale &
Efficiency**



**Win-Win
Monetization**



**Client
Segmentation**



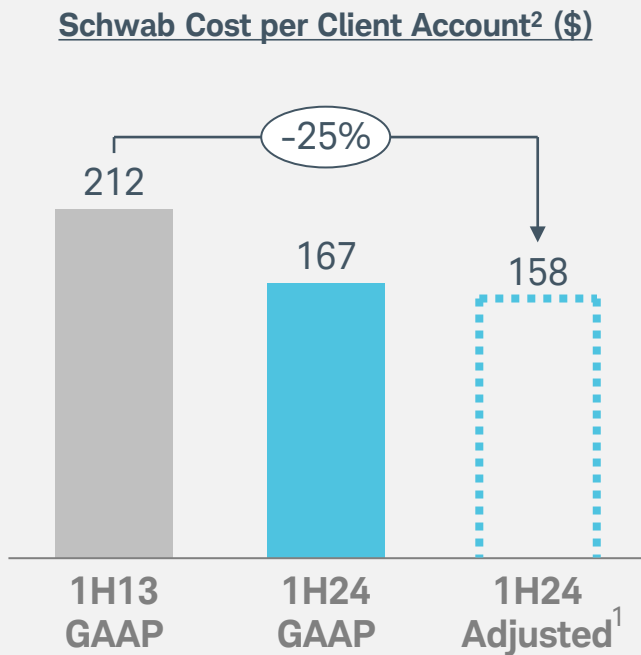
**Brilliant
Basics**

Scale and efficiency remains one of our biggest competitive advantages.

Our growing client base, expense discipline, and ongoing investments in technology have **materially lowered our cost per account** over time,...

...and we believe there are **many more opportunities** to grow this important competitive advantage.

~10%
Remaining Ameritrade
Run-Rate Expense Synergies³



Artificial Intelligence



Process Transformation



Technology Enhancements

We will continue to seek to further bend the cost curve while supporting long-term growth of the business.

Note: H = Half. GAAP = Generally Accepted Accounting Principles. 1. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 41-45 of this presentation. 2. Cost per client account is calculated by dividing GAAP or non-GAAP total expenses excluding interest by the average active brokerage accounts for the same period. 3 As of June 30, 2024.

Clients continue to take advantage of our broad array of advice solutions,...

Strong net flows into our **Managed Investing solutions**,...

~\$25B

YTD Managed Investing Net Flows¹

+56%

Y/Y Growth vs. 1H23

1H24 vs. 1H23

+40%

Schwab Wealth Advisory™

+53%

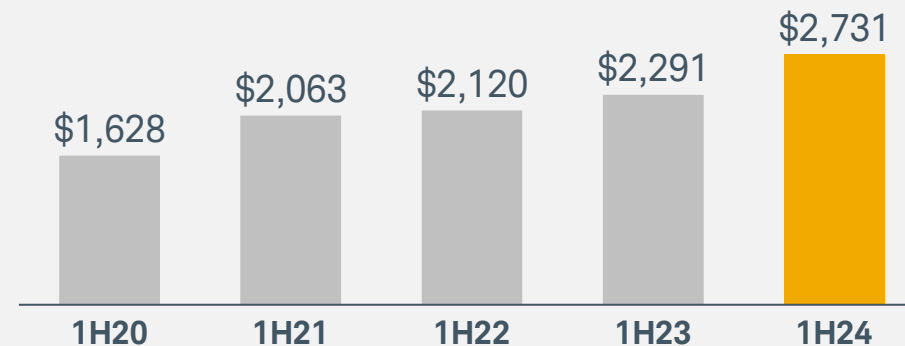
Wasmer Schroeder™

+127%

Schwab Personalized Indexing™

...are being **converted into revenue growth**.

Asset Management and Administration Fees (\$M)



Continued client interest in advice solutions **boosts AMAF revenue**, supporting growth in fee-based revenue streams.

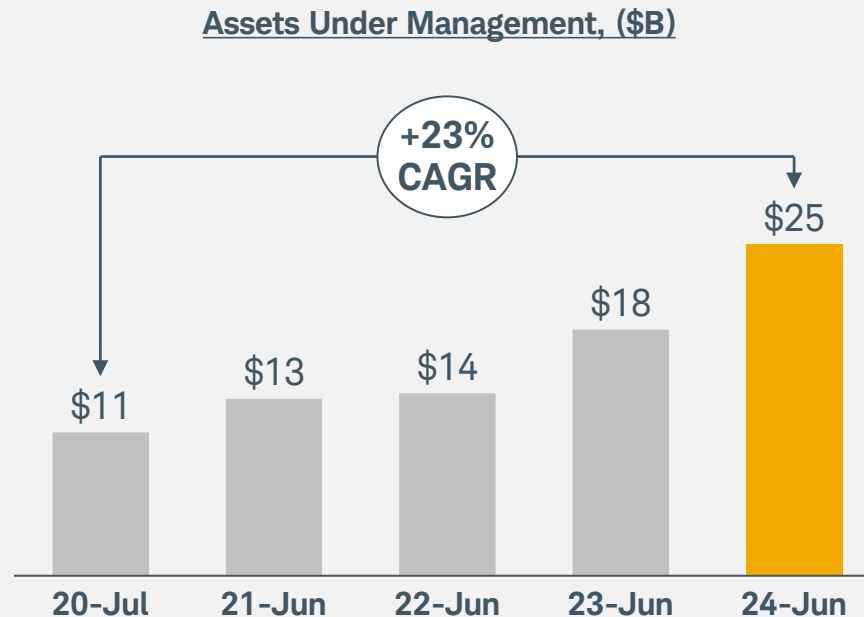
Note: M = Million. B = Billion. Q = Quarter. H = Half. Y/Y = Year over year. YTD = Year to date. AMAF = Asset Management and Administration Fees. 1. Managed Investing net flows includes Schwab Wealth Advisory™, ThomasPartners®, Windhaven®, Schwab Managed Products, Managed Account Select®, USAA Managed Portfolios, Wasmer Schroeder™ Retail, Wasmer Schroeder™ Off Platform & Advisor Services, Schwab Advisor Network®, AdvisorDirect®, Schwab Intelligent Portfolios®, Schwab Personalized Indexing™ and Schwab Selective. May include flows into more than one product.

...and have shown great interest in having access to lower-cost fixed income strategies.

**WASMER™
SCHROEDER
STRATEGIES**

- Wide range of tax-exempt and taxable fixed income solutions
- Access to a dedicated team of Portfolio Managers
- Portfolio personalization capabilities

Since the acquisition in July 2020, **client utilization** of Wasmer's capabilities **has continued to grow.**



400%+
Growth in
Total Accounts
Since Acquisition

~\$4B
2024 YTD Net Flows¹

Note: B = Billion. YTD = Year to date. CAGR = Compound annual growth rate. 1. Net flows includes Wasmer Schroeder™ Retail, Advisor Services, and Off Platform.



Strong relationships are the foundation of our leading client service model.

RIAs of all sizes look to Schwab to support their independence with the services and capabilities they need to **grow, compete and succeed.**

HNW Retail clients with Financial Consultants have enhanced results across a broad array of key metrics.



Strong Value Proposition

\$0

Custody fees



Turn-key Asset Management Solutions

500+

Model Market Center™ Asset allocation models



Flexible Technology Integrations

235+

Integrations with third-party technology platforms



Specialized Consulting Teams

~500

Annual consulting engagements

3.3X

Avg. HH NNA

+10 pts

Client Promotor Score

2.8X

Managed Investing Net Flows

+43%

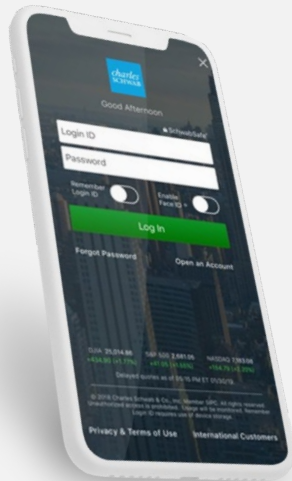
TOA

vs. unassigned HNW households¹

Note: NNA = Net new assets. RIA = Registered investment advisor. Pts = Points. Avg. = Average. HNW = High net worth. FC = Financial Consultant. CPS = Client promoter score. HH = Household. TOA = Transfer of assets.
1. Assigned versus unassigned HHs direct to consumer Retail HHs. Defined as households with \$1M - \$10M in assets. All data YTD 2024.

We continue to enhance our best-in-class Schwab mobile app to deliver an even better client experience.

Our mobile app is regarded as best-in-class by both clients and third-parties,...



Ranked #1 among in Retail investor digital experiences for mobile two years in a row

Awarded by Corporate Insight

...with enhancements focused on further customization and ease-of-use.

Recent

- Customizable dashboard
- Trade ticket settings
- Order status
- Enhanced options capabilities

Upcoming

- Personalized position monitoring
- Dividend reinvestment elections
- Day trade counter

Note: Charles Schwab leads in mobile and takes second in website rankings in Corporate Insight's 2024 Brokerage Experience Benchmarks (<https://corporateinsight.com/the-2024-brokerage-experience-benchmarks-find-hybrids-still-offer-best-experiences/>), which evaluate the individual investor experience offered by 20 leading brokerage websites and mobile apps. This research was independently conducted by Corporate Benchmarks' analytical frameworks that are built on over 25 years of research to and provide a clear view of how the nation's top brokerage websites and mobile apps stack up against one another in terms of functionality, design, navigation, and usability. Schwab paid a licensing fee to Corporate Insight for use of the award and logos.

Schwab's through-the-cycle growth recipe powers our long-term business momentum and success in the marketplace.

3-5%
NNA Growth from
Existing Clients



2-3%
NNA Growth from
New Clients



5-7%
Annualized **NNA**
growth rate

Near-term asset gathering can be influenced by the macroeconomic environment, seasonality, and combined firm client behavior.

Note: NNA = Net new assets.

Schwab's organic growth rate begins to accelerate as Ameritrade-related acquisition attrition moderates.

- During this transition year, client engagement remains strong as a growing number of individual investors and the independent advisors who serve them turned to Schwab
- In concert with the successful completion of the final Ameritrade client conversion, we are ramping efforts on our strategic client-focused initiatives
- As we move through this temporary period of transition, we remain well-positioned to deliver profitable long-term growth, while unlocking the tremendous integration-related opportunities still ahead

Financial Perspectives

Peter Crawford

Managing Director, Chief Financial Officer

Our continued success with clients keeps us positioned to deliver strong financial results through-the-cycle.

- As we navigate this transitional year, Schwab's diversified model converted sustained business momentum into year-over-year revenue growth and **healthy profitability for the second quarter**
- Looking ahead, we see the **opportunity for tailwinds to strengthen**:
 - Further progress back to **normalized organic growth** post-Ameritrade integration
 - Rate-sensitive client cash **realignment activity continues to decelerate** from peak levels
 - **Meaningful net interest margin expansion** over the next several years
 - **Strong capital levels** that continue to build
- While 2024 will serve as a transition year financially, we anticipate **long-term growth and earnings potential to come into sharper focus** by the end of 2024

Financial Priorities



Continued business growth through our client-first strategy



Long-term revenue growth through multiple sources



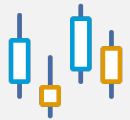
Expense discipline enabling sustainable performance

Although strong equity markets, sustained client engagement, and anticipated seasonal cash trends shaped the first half of 2024,...



Equity Markets

- Led by the technology sector, concentrated rally helped **key market indices reach new record levels**
- Relative to year-end 2023, the **NASDAQ Composite®** and **S&P 500®** are up **18% and 14%**, respectively, year-to-date in 2024



Investor Engagement

- **Margin balances up 15%** vs. December 2023 to end June at \$71.7 billion
- 1H24 **daily average trades equaled 5.7 million**, an increase of 2% vs. the first six months of 2023
- 1H24 **managed investing net flows grew by 56%** vs. the prior year period



Client Cash Trends

- Total **client cash allocations moved lower to start the year**, as improved investor sentiment helped bolster securities purchasing activity
- Client **transactional sweep cash influenced by typical first half seasonality**, including tax season

...we continue to navigate this transitional year while delivering strong profitability.

2Q 2024

Net Revenue	\$4.7B	
Expenses	\$2.9B <small>GAAP</small>	\$2.8B <small>Adjusted¹</small>
Pre-tax Profit Margin	37.2% <small>GAAP</small>	41.0% <small>Adjusted¹</small>
Earnings Per Share	\$0.66 <small>GAAP</small>	\$0.73 <small>Adjusted¹</small>

1H24 vs 1H23 Expense Commentary

- GAAP expenses down 1%
- Adjusted¹ expenses up 2%
- **Notable 1H24 expense items include:**
 - \$73 million for the incremental FDIC special assessment and the accrual related to the industry-wide regulatory review of off-channel communications
 - 3x increase in SEC exchange processing fee rate in May

Inclusive of 2Q, YTD financial outcomes are tracking well within the range of illustrations shared in January 2024.

Note: B = Billion. Q = Quarter. H = Half. FDIC = Federal Deposit Insurance Corporation. SEC = Securities Exchange Commission. GAAP = Generally accepted accounting principles. 1. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 41-45 of this presentation.

Our balance sheet declined by 4% sequentially.

(\$M, EOP)	2Q23	1Q24	2Q24
Total Assets	\$511,505	\$468,784	\$449,675
Bank Deposits	\$304,414	\$269,460	\$252,420
Payables to Brokerage Clients	\$84,795	\$84,005	\$79,966
Stockholders' Equity	\$37,147	\$42,412	\$43,953
Supplemental Funding ¹	\$90,199	\$70,833	\$73,704
Long-term Debt	\$22,482	\$22,865	\$22,449
Parent Liquidity	\$8,961	\$10,708	\$12,877
Consolidated Tier 1 Leverage Ratio*	7.5%	8.8%	9.4%
CSB Adjusted Tier 1 Leverage Ratio ^{2*}	4.0%	5.7%	6.2%

- **Total assets declined by 4% sequentially** due to anticipated tax seasonality and elevated net securities purchase activities by clients
- Outstanding **supplemental funding¹ increased by \$2.9B sequentially** as we redirected some available client cash from the bank to the broker-dealer to support margin balance growth
- Strong organic capital formation and the continued reversal of unrealized marks within AOCI helped **boost stockholders' equity by \$6.8B versus 2Q23**
- Quarter-end **consolidated Tier 1 Leverage Ratio*** was 9.4%, which is well above current minimums

Note: M = Million. B = Billion. EOP = End of period. Q = Quarter. *Preliminary. CSB = Charles Schwab Bank, SSB. AOCI = Accumulated other comprehensive income. 1. Supplemental funding includes repurchase agreements, Schwab Bank Certificates of Deposit, and Federal Home Loan Bank balances. 2. Preliminary CSB Tier 1 Leverage Ratio equals 10.9% as of June 30, 2024. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 41-45 of this presentation.

A number of factors reinforce our confidence in the long-term trajectory of client transactional sweep cash.

- **Slowing bank sweep outflows despite robust client engagement**
 - Excluding balances transitioned to support growth in margin debits, net client bank sweep outflows in 2Q have been less than the cash flows from the investment portfolio received in 2Q
 - YTD net client purchases of mutual funds and exchange-traded funds totaled \$77 billion – the 2nd highest start to the year ever
- **Limited rate-sensitive realignment activity**
 - % of PMMF purchases funded by client balance sheet cash was <20% – consistent with purchase activity observed during lower rate environments
 - “First-time” realignment activity and the size of those events are down 76% and 78% from peak levels, respectively
- **Rebounding organic growth and business momentum**
 - Nearly \$160 billion in YTD core NNA, including \$61 billion in 2Q24 – representing a 17% increase vs. 2Q23
 - Opened over 2 million new brokerage accounts through the end of June
- **Expectation for stable-to-declining short-term rates**
 - Fed Funds upper bound has remained at 5.50% for 12 months
 - Market currently pricing in at least one 25 bps reduction before year-end

As we transition through 2024, our financial outlook continues to be influenced by the path of interest rates and investor behavior.

- Utilizing the June Federal Reserve Dot Plot, we anticipate **full-year 2024 revenue to be flat to up 2%** versus the prior year
 - **NIM expands well into the 220s bps** by 4Q24 – on the way to approaching 3% by the end of 2025
 - Rate-sensitive client cash **realignment activity continues to moderate**
 - Outstanding **supplemental funding balances decrease** further
 - 4Q24 average interest-earning assets contract by 5%–10% relative to 4Q23
 - Daily average **trading volume remains generally in-line with 2Q24** levels
- **Full-year adjusted expenses¹ are expected to grow by ~2% year-over-year**, reflecting certain uncontrollable items such as the increase in the exchange processing fee rate, incremental FDIC special assessment, and accrual related to the industry-wide regulatory review of off-channel communications
- Continue to expect **4Q24 adjusted¹ quarterly earnings power to track towards the middle of the \$0.80 to \$0.90 range** – with meaningful opportunity for growth in 2025 and beyond

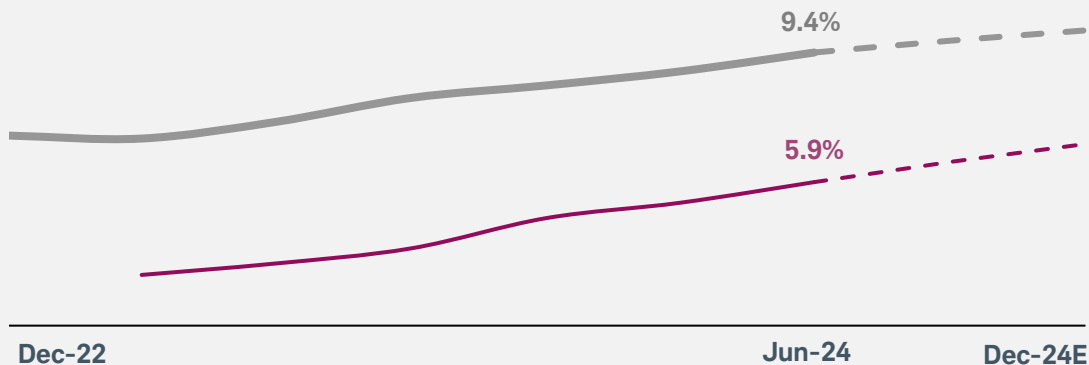
Note: Q = Quarter. NIM = Net interest margin. Bps = Basis points. FDIC = Federal Deposit Insurance Corporation. 1. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 41–45 of this presentation. Quarterly non-GAAP adjustments estimated to range between approximately \$150 – 200 million pre-tax during 2024.

Our capital position continues to strengthen as we make further progress toward our operating objective of 6.75% - 7.00%.

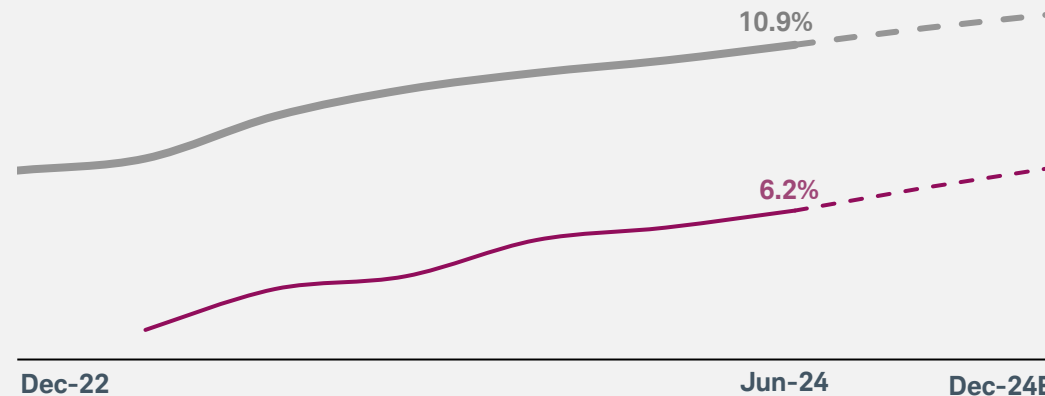
Tier 1 Leverage Ratio¹ (Illustrative)

■ GAAP T1LR ■ Adjusted T1LR²

Consolidated



Charles Schwab Bank



Factors Influencing Capital Return



Business Growth



Equity Capital Mix & Cost (Preferred vs. Common)



Supplemental Funding Balances³

We expect to deliver a combination of growth plus opportunistic capital return through-the-cycle.

Note: T1LR = Tier 1 Leverage Ratio. E = Estimated. GAAP = Generally accepted accounting principles. 1. All ratios preliminary as of June 30, 2024 2. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 41-45 of this presentation. 3. Supplemental funding includes repurchase agreements, Schwab Retail Certificates of Deposit, and Federal Home Loan Bank balances.

As our momentum continues to build, we remain on a path back towards Schwab's long-term growth and earnings potential.

Premier Asset Gatherer

- Competitive position in the **two fastest growing segments** in wealth management
- **High single-digit to low-double digit growth** in Total Client Assets through the cycle
- Significant **untapped opportunity** within the U.S. Retail market

Efficient Utilization of Capital

- **Attractive returns** on invested capital
- Common dividend payout ratio targeting **20-30% of GAAP earnings**
- **Opportunistic capital return over time** – though share repurchases currently on hold



Diversified Revenue Model

- **Business model** that combines brokerage, banking, advice, and asset management
- **Minimal credit exposure** through-the-cycle
- **Beneficiary of a higher-for-longer interest rate environment**

Disciplined Expense Management

- Ability to **leverage scale and efficiency** to drive down Expense on Client Assets
- Harness remaining **expense synergies**
- **Incremental efficiency opportunities** (e.g., Cloud, Artificial Intelligence)

Annualized NNA growth rate

5-7%



Pre-Tax Profit Margin

50%+



Dividend payout ratio

**20-30%
+ buybacks**

Q&A

Summer Business Update

July 16, 2024

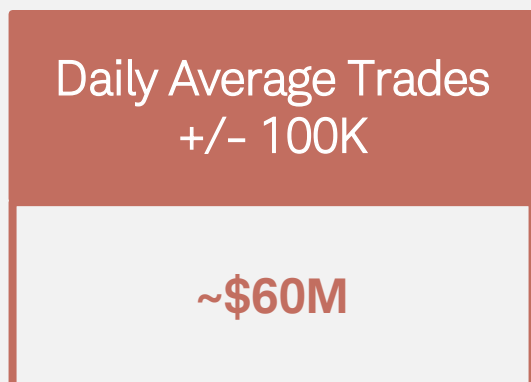
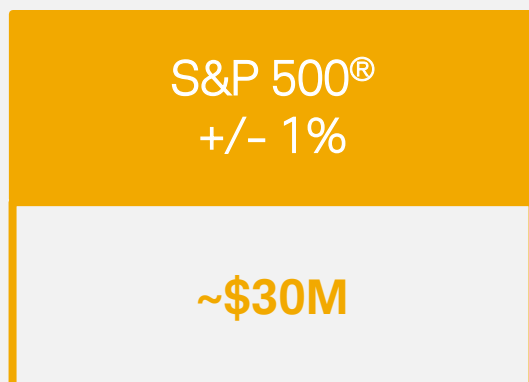
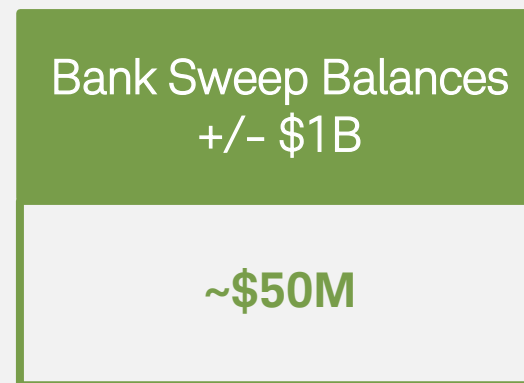
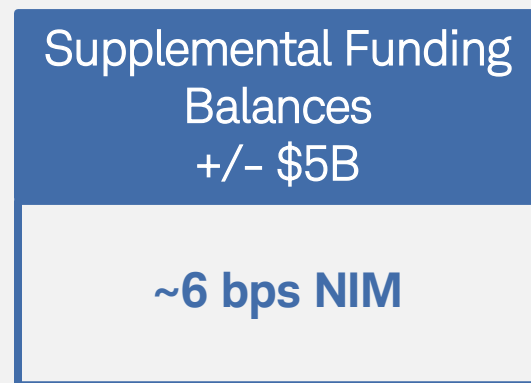
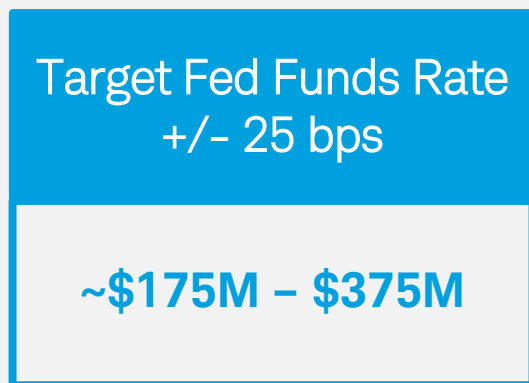
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Appendix

Appendix

Select Annualized Sensitivities (as of June 30, 2024)

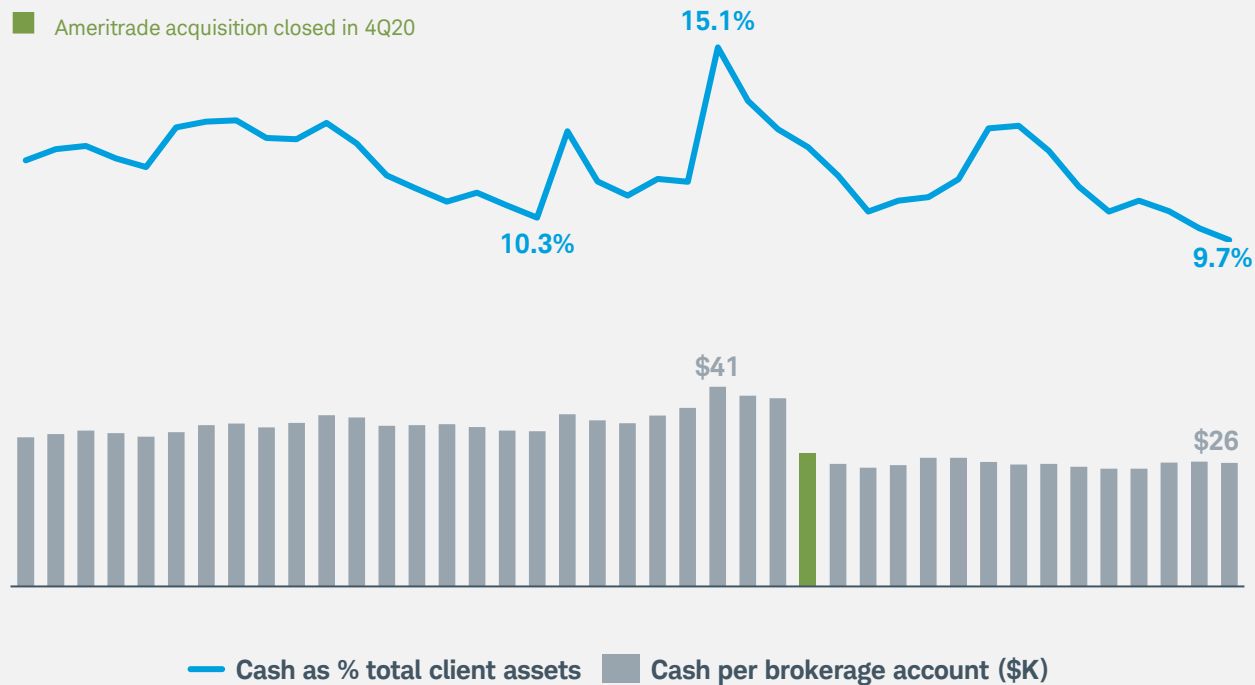


Note: Bps = Basis points. B = Billion. M = Million. K = Thousand. NIM = Net interest margin. BDA = Bank deposit account. For the Fed Funds and Treasury sensitivities, assumes static interest-earning asset balances as of June 30, 2024 and depends on the mix and duration of the bank investment portfolio, 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 25%. The "S&P 500® Index" is a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI"), and has been licensed for use by Charles Schwab & Co., Inc.

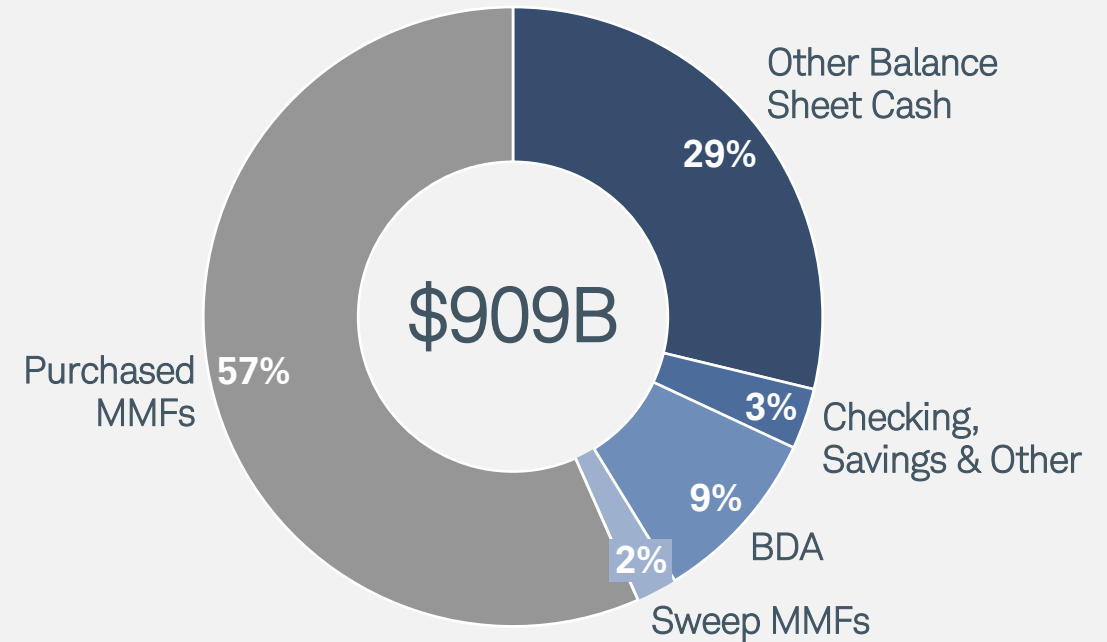
Appendix

Historical Client Cash Trends (as of June 30, 2024)

Select Client Cash Metrics, 2Q14 – 2Q24 (\$K, %)¹



Total Client Cash Mix, 2Q24 (%)^{1, 2, 3}

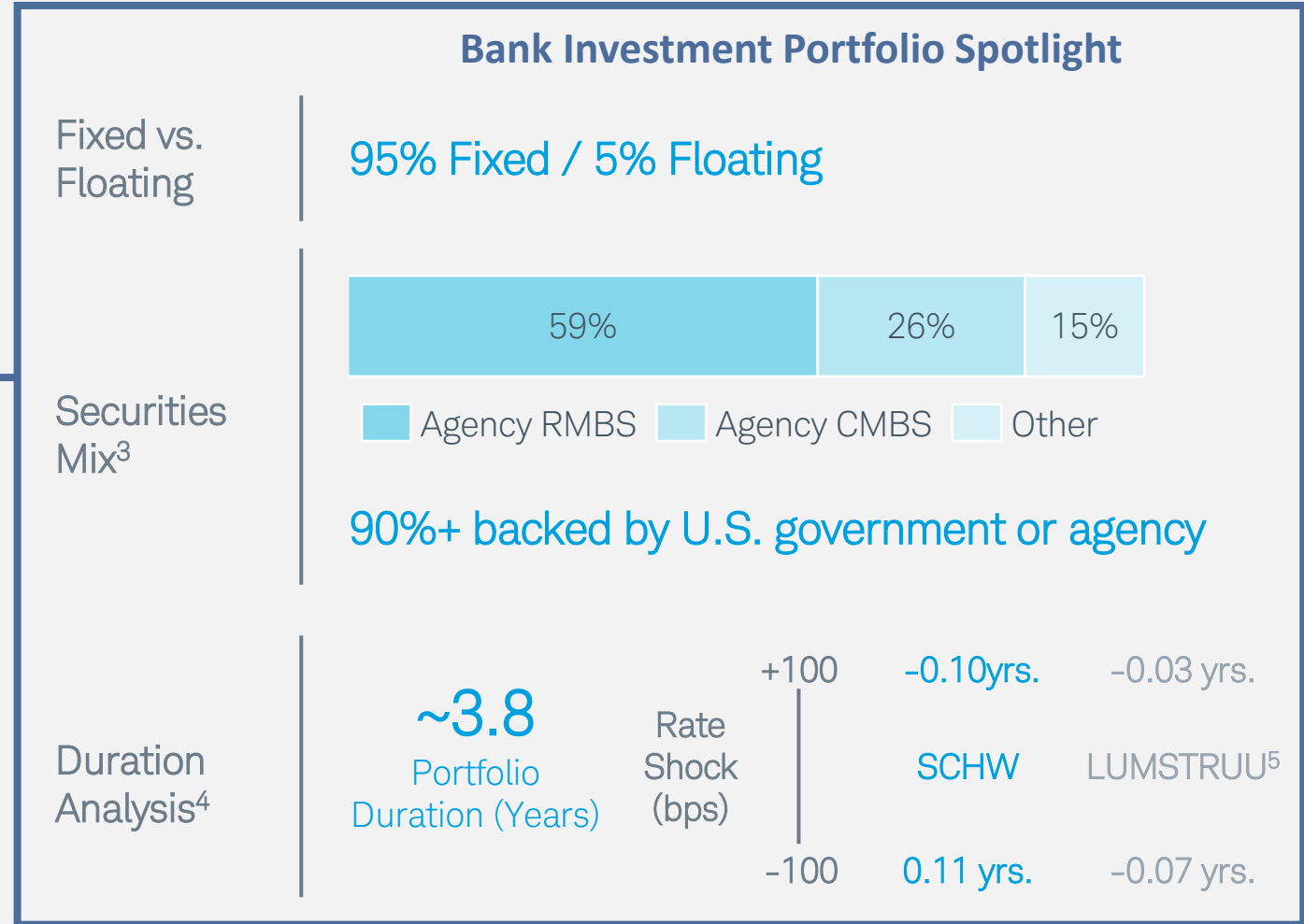
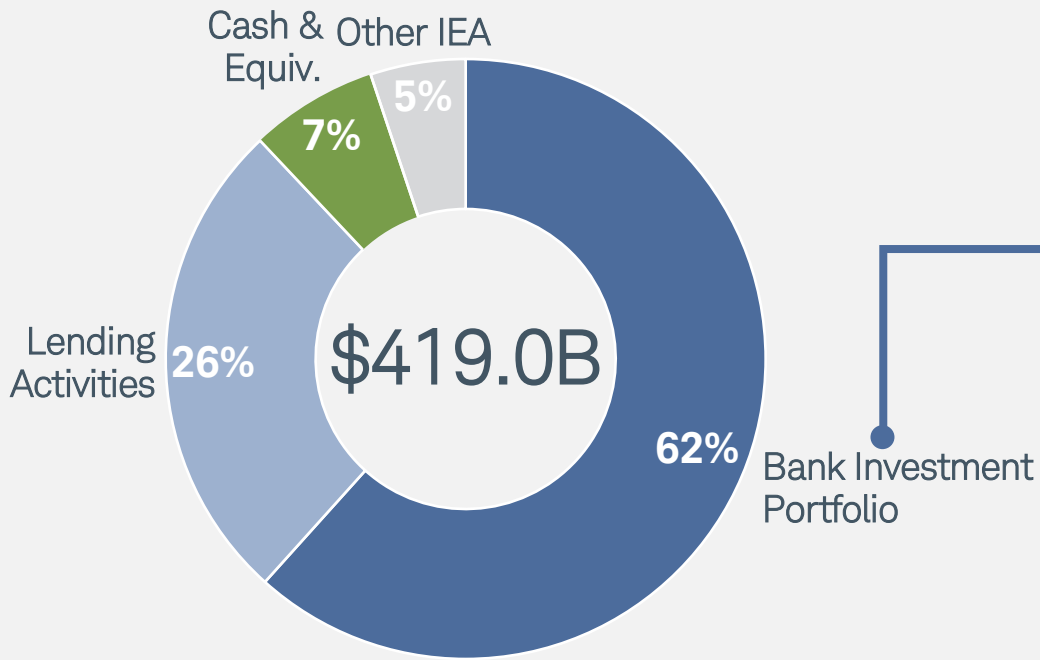


Note: K = Thousand. B = Billion. Q = Quarter. MMF = Money market fund. BDA = Bank deposit account. 1. Beginning July 2023, client cash metrics exclude brokered CDs issued by Charles Schwab Bank. Prior periods have been recast to reflect this change. 2. Other Balance Sheet Cash includes bank sweep deposits and Schwab One® balances. 3. Total may not sum to 100% due to rounding.

Appendix

Average Interest-earning Assets & Bank Investment Portfolio (as of June 30, 2024)

2Q24 Avg. Interest-earning Assets (%)^{1, 2}

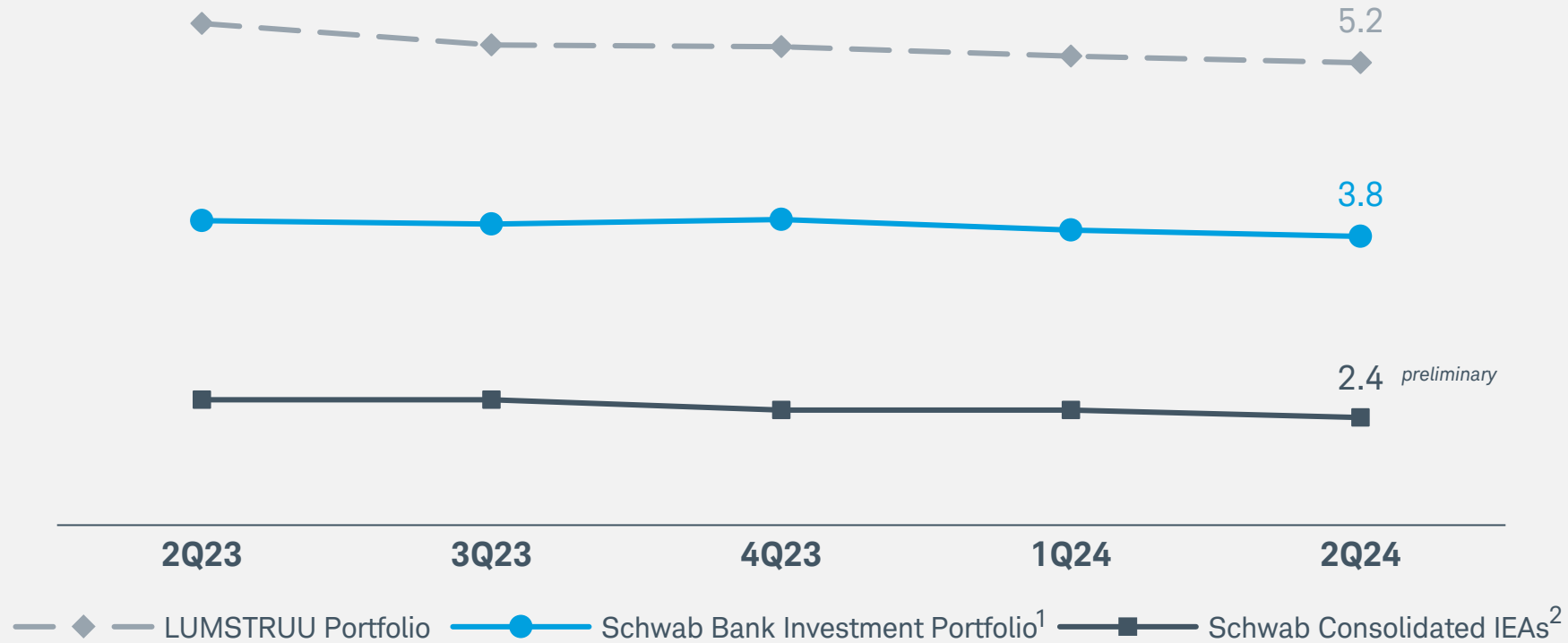


Note: Q = Quarter. B = Billion. Bps = Basis points. Avg. = Average. Yrs. = Years. IEA = Interest-earning assets. Cash & Equiv. = Cash and Equivalents. RMBS = Residential Mortgage-backed Security. CMBS = Commercial Mortgage-backed Security. U.S. = United States. 1. Bank Investment Portfolio includes available-for-sale 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, asset-backed securities, and other investment securities as appropriate. 4. Duration and rate shock analysis are presented on an option-adjusted basis, including the impact of hedging activity, as of June 30, 2024. 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

Duration Profiles

Option-adjusted Duration, Schwab vs. LUMSTRUU¹ (Years)



Note: Q = Quarter. IEA = Interest earning assets. 1. Schwab Securities Portfolio duration represents hedged duration beginning March 31, 2023. 2. The preliminary quarter-end consolidated asset duration is calculated using EOP figures as of June 30, 2024 and includes any impact from hedging activity.

Appendix

Reinvestment Opportunities (as of June 30, 2024)

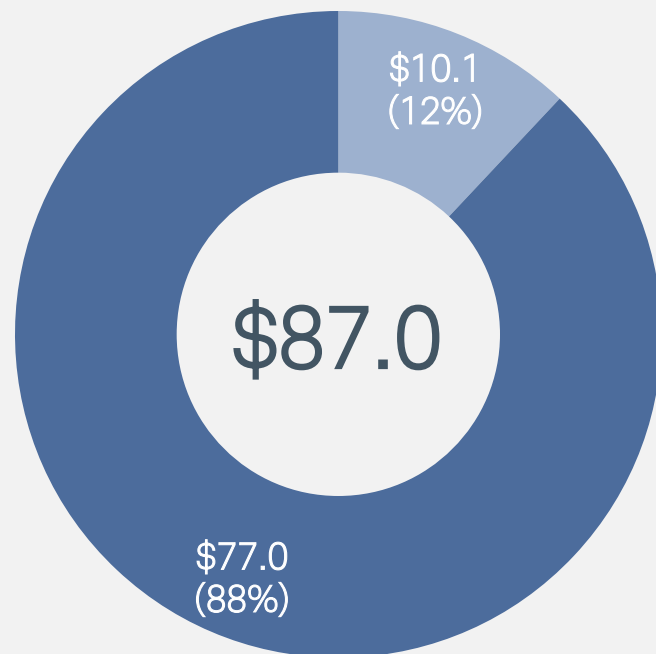


Note: Fwd = Forward. U.S. = United States. Yr = Year. MBS = Mortgage-backed security. IG = Investment grade. SOFR = Secured Overnight Financing Rate. 1. Illustrative future yields based on current market expectations as of July 5, 2024. 2. Illustrative durations shown on an option-adjusted basis.

Appendix

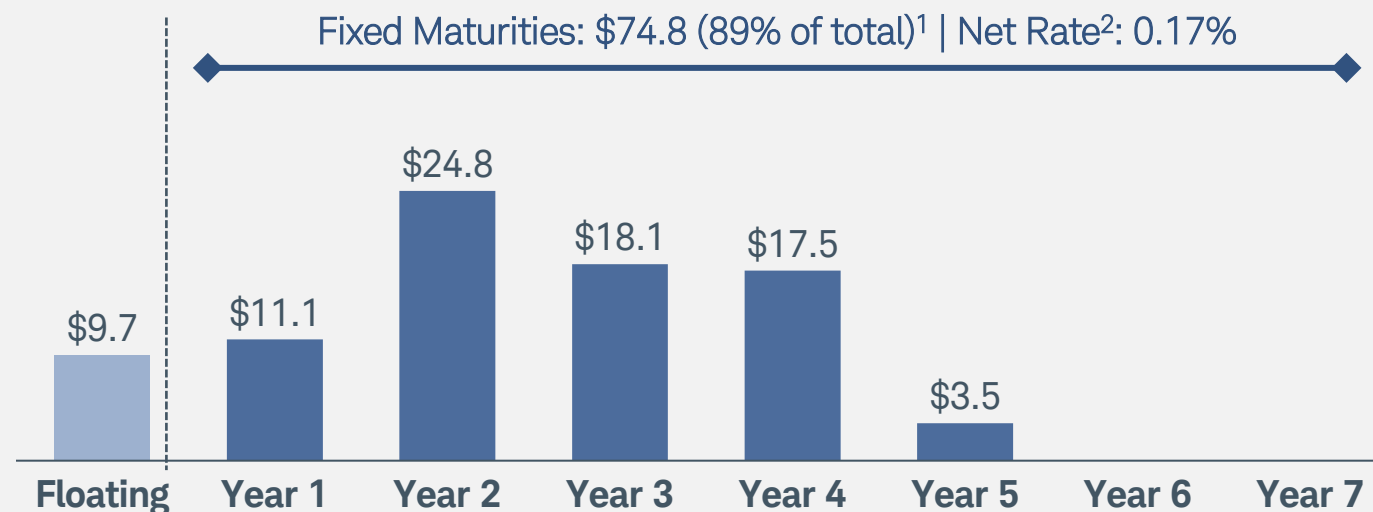
Bank Deposit Account Summary (as of June 30, 2024)

Mix of Average BDA Balances (\$B,%)¹



BDA Balances by Maturity, EOP (\$B)

Total Balance: \$84.5	Net Rate ² : 0.69%	Annual Revenue ³ : \$590.7M
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	Net Rate	2Q24 Revenue
Floating	4.68%	\$119M
Fixed	0.20%	\$34M

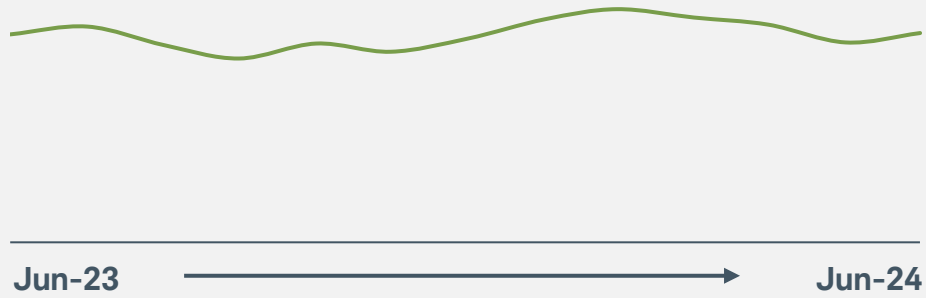
	Floating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Net Rate ²	4.67%	0.94%	(0.35%)	(0.22%)	0.45%	2.11%	--	--
Annual Revenue ³	\$459M	\$106M	(\$89M)	(\$41M)	\$81M	\$74M	--	--

Note: Certain totals may not sum due to rounding. M = Million. B = Billion. 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 June 30, 2024; includes all related fees and client pay rates as of June 30, 2024. 3. Revenue figures presented on an annualized run-rate basis per the amended 2023 Insured Deposit Agreement (IDA) arrangement.

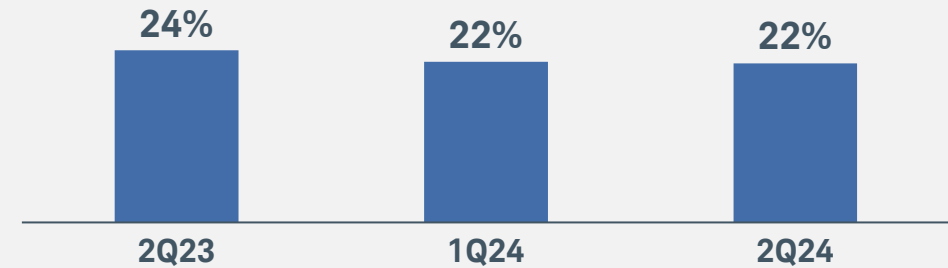
Appendix

Select Trading Information (as of June 30, 2024)

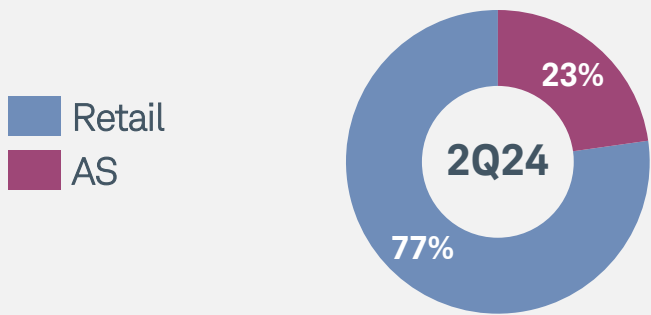
Monthly DATs (M)



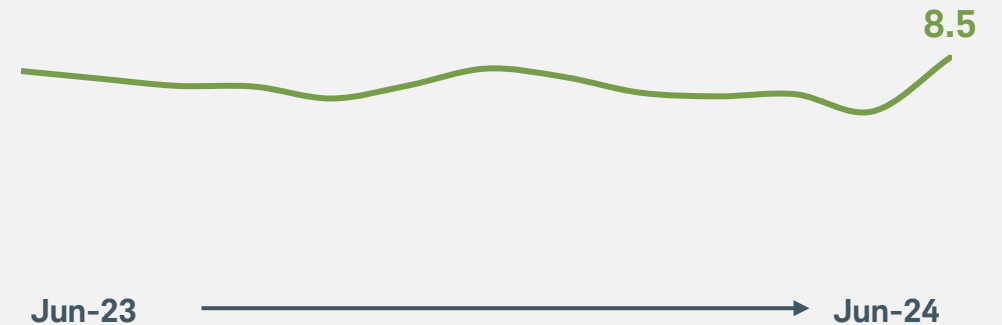
Derivatives as % of Trades



Quarterly DAT Mix (%)



Monthly Average Contracts per Option Trade



Note: Q = Quarter. M = Million. AS = Advisor Services. DATs = 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. Beginning in the third quarter of 2023, these adjustments also include restructuring costs, which the Company began incurring in connection with its previously announced plans to streamline its operations to prepare for post-integration of Ameritrade. See Part I – Item 1 – Note 10 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2024 for additional information.

Non-GAAP Adjustment or Measure	Definition	Usefulness to Investors and Uses by Management
Acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs	<p>Schwab adjusts certain GAAP financial measures to exclude the impact of acquisition and integration-related costs incurred as a result of the Company's acquisitions, amortization of acquired intangible assets, restructuring costs, and, where applicable, the income tax effect of these expenses.</p> <p>Adjustments made to exclude amortization of acquired intangible assets are reflective of all acquired intangible assets, which were recorded as part of purchase accounting. These acquired intangible assets contribute to the Company's revenue generation. Amortization of acquired intangible assets will continue in future periods over their remaining useful lives.</p>	<p>We exclude acquisition and integration-related costs, amortization of acquired intangible assets, and restructuring costs 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.</p> <p>Costs related to acquisition and integration or restructuring fluctuate based on the timing of acquisitions, integration and restructuring 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.</p>
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.
Adjusted Tier 1 Leverage Ratio	Adjusted Tier 1 Leverage Ratio represents the Tier 1 Leverage Ratio as prescribed by bank regulatory guidance for the consolidated company and for Charles Schwab Bank, SSB, adjusted to reflect the inclusion of accumulated other comprehensive income (AOCI) in the ratio.	Inclusion of the impacts of AOCI in the Company's Tier 1 Leverage Ratio provides additional information regarding the Company's current capital position. We believe Adjusted Tier 1 Leverage Ratio may be useful to investors as a supplemental measure of the Company's capital levels.

The Company also uses adjusted diluted EPS and return on tangible common equity as components of performance criteria 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

	Three Months Ended, June 30, 2024		Three Months Ended, June 30, 2023		Six Months Ended, June 30, 2024		Six Months Ended, June 30, 2023	
	Total Expenses Excluding Interest	Net Income	Total Expenses Excluding Interest	Net Income	Total Expenses Excluding Interest	Net Income	Total Expenses Excluding Interest	Net Income
<i>(In millions, except ratios and per share amounts)</i>								
Total expenses excluding interest (GAAP), Net income (GAAP)	\$ 2,943	\$ 1,332	\$ 2,965	\$ 1,294	\$ 5,885	\$ 2,694	\$ 5,971	\$ 2,897
Acquisition and integration-related costs	(36)	36	(130)	130	(74)	74	(228)	228
Amortization of acquired intangible assets	(129)	129	(134)	134	(259)	259	(269)	269
Restructuring costs	(10)	10	-	-	18	(18)	-	-
Income tax effects ⁽¹⁾	N/A	(42)	N/A	(64)	N/A	(75)	N/A	(120)
Adjusted total expenses (Non-GAAP), Adjusted net income (Non-GAAP)	\$ 2,768	\$ 1,465	\$ 2,701	\$ 1,494	\$ 5,570	\$ 2,934	\$5,474	\$3,274

Note: N/A = Not applicable. 1. 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,	
	June 30, 2024	
<i>(In millions, except ratios and per share amounts)</i>	Amount	% of Total Net Revenues
Income before taxes on income (GAAP), Pre-tax profit margin (GAAP)	\$ 1,747	37.2%
Acquisition and integration-related costs ⁽¹⁾	36	0.8%
Amortization of acquired intangible assets	129	2.8%
Restructuring costs ⁽²⁾	10	0.2%
Adjusted income before taxes on income (Non-GAAP), Adjusted pre-tax profit margin (Non-GAAP)	\$ 1,922	41.0%

Appendix

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

	Three Months Ended,	
	June 30, 2024	
<i>(In millions, except ratios and per share amounts)</i>	Amount	Diluted EPS
Net income available to common stockholders (GAAP), Earnings per common share – diluted (GAAP)	\$ 1,211	\$.66
Acquisition and integration-related costs	36	.02
Amortization of acquired intangible assets	129	.07
Restructuring costs	10	.01
Income tax effects	(42)	(.03)
Adjusted net income available to common stockholders (Non-GAAP), Adjusted diluted EPS (Non-GAAP)	\$ 1,344	\$.73

Note: EPS = Earnings per share.

Appendix

Non-GAAP Reconciliation: Adjusted Tier 1 Leverage Ratio

	Three Months Ended, (Preliminary)		Three Months Ended,		Three Months Ended,	
	June 30, 2024		March 31, 2024		June 30, 2023	
	CSC	CSB	CSC	CSB	CSC	CSB
<i>(In millions, except ratios and per share amounts)</i>						
Tier 1 Leverage Ratio (GAAP)	9.4%	10.9%	8.8%	10.4%	7.5%	8.9%
Tier 1 Capital	\$ 42,624	\$ 32,091	\$ 41,598	\$ 31,944	\$ 39,190	\$ 31,556
Plus: AOCI adjustment	(16,926)	(14,755)	(17,568)	(15,297)	(20,729)	(18,052)
Adjusted Tier 1 Capital	25,698	17,336	24,030	16,647	18,461	13,504
Average assets with regulatory adjustments	451,304	294,465	471,116	306,869	520,602	356,406
Plus: AOCI adjustment	(17,301)	(15,251)	(17,817)	(15,664)	(20,397)	(17,707)
Adjusted average assets with regulatory adjustments	\$ 434,003	\$ 279,214	\$ 453,299	\$ 291,205	\$ 500,205	\$ 338,699
Adjusted Tier 1 Leverage Ratio (non-GAAP)	5.9%	6.2%	5.3%	5.7%	3.7%	4.0%

Note: CSC = Charles Schwab Corporation. CSB = Charles Schwab Bank, SSB. AOCI = Accumulated other comprehensive income.

Summer Business Update

July 16, 2024

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