Summer Business Update

July 22, 2021

CORPORATION

Forward Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements that refer to expectations, projections or other characterizations of future events or circumstances and are identified by words such as "believe," "expect," "will," "may," "should," "could," "continue," "growth," "remain," "drive," "sustain," "enhance," "estimate," "potential," "target," "on track," "deliver," "outcome," "build," "progress," "maintain," "advance," "upside," "position," "investment," "opportunity," "assumptions," "illustrative," "focus," "trajectory," "increase," "enable," "trend," and other similar expressions.

These forward-looking statements relate to: the company's strategy and "no trade-offs" approach; business momentum; client engagement and activity levels; growth in the client base, client accounts and assets; key initiatives to add scale and efficiency, win-win monetization, and client segmentation; positioning; opportunities; RIA growth; investments and acquisitions to fuel and support growth, serve clients, and drive scale and efficiency; the integration of TD Ameritrade and other acquisitions, including current expectations regarding the timing and amount of expense and revenue synergies, and the timing of client conversion; digital transformation; the launch of personalized investing solutions; stockholder value; BDA transfers; USAA referral program; capital and liquidity management; Tier 1 Leverage Ratio operating objective; 2021 financial outlook, including underlying assumptions, investor behavioral drivers, and illustrative financial outcomes; growth in revenues, earnings, and profits; capital expenditures; expense growth; net interest margin; balance sheet growth; balancing near-term results and long-term investments; estimated revenue impact from revenue sensitivities; the company's views of broad industry trends, client views and the competitive landscape; and market share.

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 the Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Other important factors include general market conditions, including equity valuations, trading activity, the level of interest rates - which can impact money market fund fee waivers - and credit spreads; market volatility; the company's ability to attract and retain clients and RIAs and grow those relationships and associated client assets; competitive pressures on pricing; the company's ability to develop and launch new and enhanced products, services, and capabilities, as well as enhance its infrastructure, in a timely and successful manner; client use of the company's advisory solutions and other products and services; the company's ability to support client activity levels; the risk that expected revenue and expense synergies and other benefits from the TD Ameritrade and other acquisitions may not be fully realized or may take longer to realize than expected, and that integration expense may be higher than expected; client liquidity needs; asset-liability management considerations; daily average trades; margin balances; balance sheet cash; client cash allocations; client sensitivity to rates; the level of client assets, including cash balances; the company's ability to monetize client assets; capital and liquidity needs and management; the company's ability to manage expenses; the migration of BDA balances; integration-related and other technology projects; prepayment speeds for mortgage-backed securities; investment yields; interest earning asset mix and growth; securities lending; the scope and duration of the COVID-19 pandemic and actions taken by governmental authorities to contain the spread of the virus and the economic impact; regulatory guidance; the effect of adverse developments in litigation or regulatory matters and the extent of any charges associated with such matters; and any adverse impact of financial reform legislation and related regulations. The information in this presentation speaks only as of **July 22, 2021** (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

Walt Bettinger

Chief Executive Officer

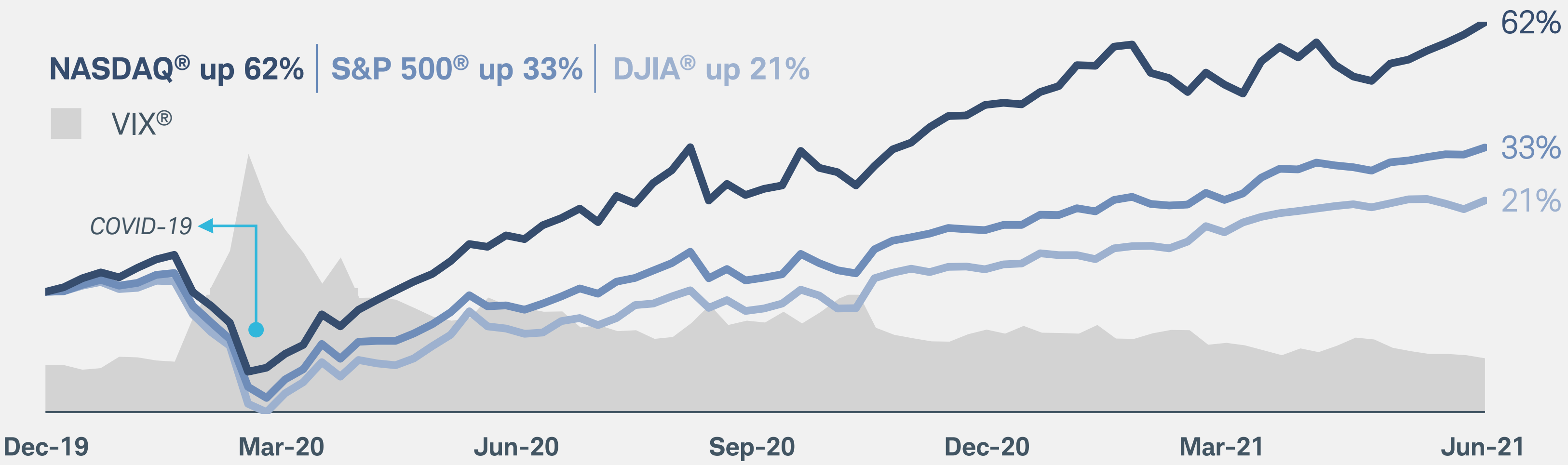
Clients remain at the center of our strategy as we build the future of modern wealth management.

- Overall business momentum and client engagement remains strong despite moderating trading and related activity from the heights of the first quarter
- Our contemporary full-service model continues to resonate across the spectrum of individual investors and the advisors who serve them
- We continue to progress on multiple key initiatives, including capturing initial benefits from our recent strategic acquisitions, which we believe will help maintain our favorable positioning relative to key industry themes – and therefore bolster our ability to capture the long-term growth opportunities still ahead

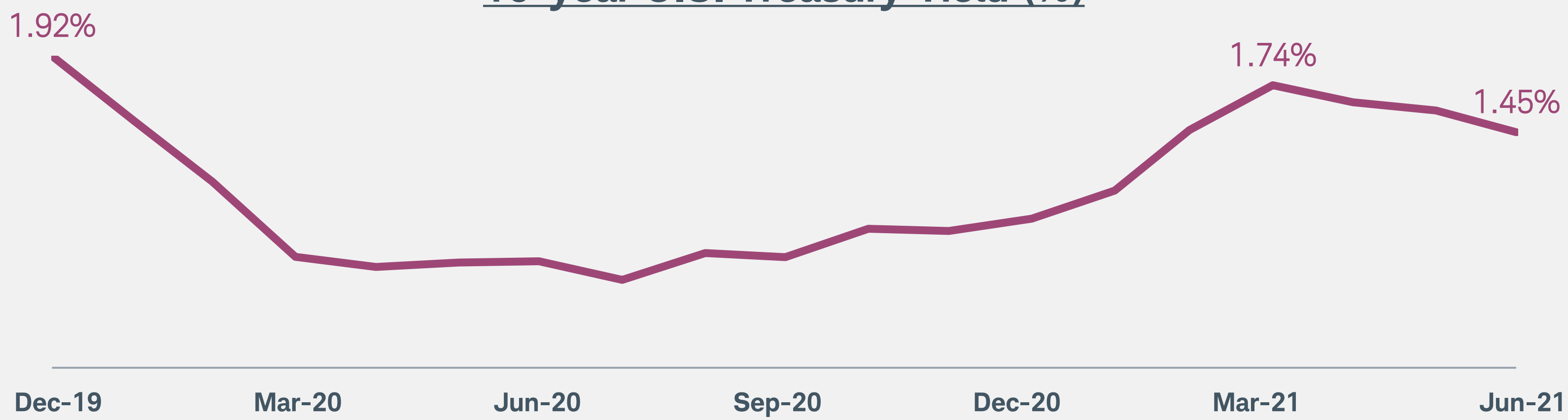
Evolving macro factors weighed on rates during the second quarter, as equity markets hit new highs.

While major market indices marched steadily higher as investor confidence was buoyed by further economic progress and contained volatility,...

Select Index Returns Since December 2019 (%)



10-year U.S. Treasury Yield (%)

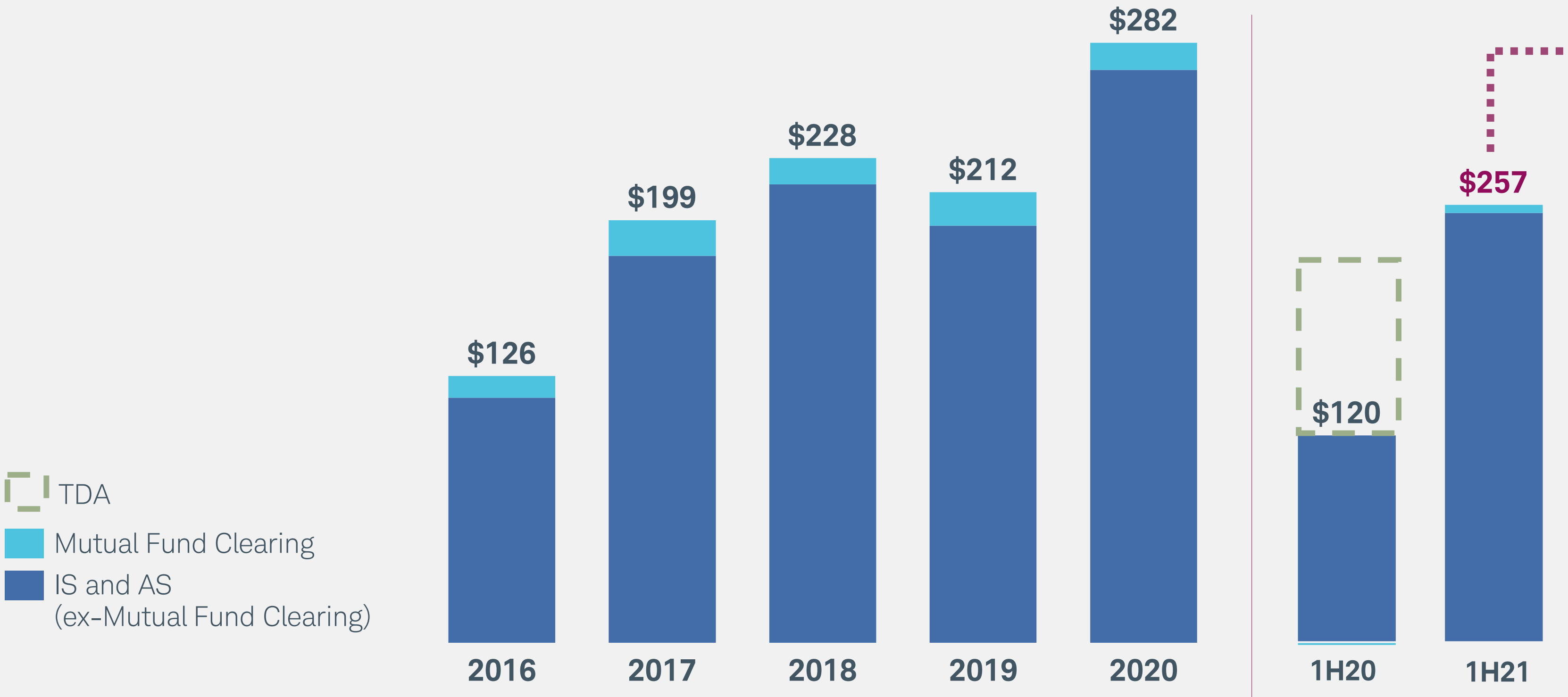


...longer-term interest rates stopped short of pre-pandemic levels, and even retreated, as inflation expectations tempered.

Note: NASDAQ® = NASDAQ Composite index. DJIA® = Dow Jones Industrial Average.

Clients continued to look to Schwab for their investing needs...

Core Net New Assets ($B)



	2016	2017	2018	2019	2020	1H20	1H21
Organic Growth Rate[1] (%)	5%	7%	7%	7%	7%	6%	8%
New Brokerage Accounts[2] (K)	1,093	1,441	1,576	1,568	3,027	1,167	4,810

Core Net New Assets

Record first half

Core NNA already surpassed all prior full-year results except 2020[3]

Up ~30% vs. pro forma combined 1H20[4]

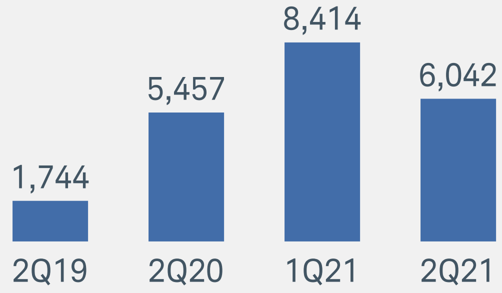
New brokerage accounts

Three consecutive quarters of 1M+ new accounts

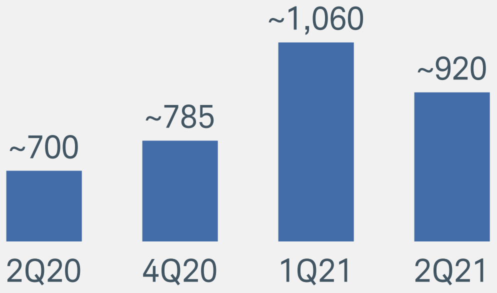
Note: TDA = TD Ameritrade. K = Thousands. M = Millions. B = Billions. Core net new assets = net new assets before significant one-time flows, such as acquisitions/divestitures or extraordinary flows (generally greater than $10 billion) relating to a specific client. These flows may span multiple reporting periods. 1. Organic growth rate shown on an annualized basis. 2. 2020 gross new brokerage accounts exclude 1.1 million accounts and 14.5 million accounts directly acquired as part of the USAA and TD Ameritrade transactions, respectively. 3. Full-year results only include TD Ameritrade from October 6, 2020 forward. 4. Pro forma combined includes both Schwab and TDA.

…and while trading activity moderated during 2Q, broader engagement remained robust.

Daily Average Trades[1] (K)



Total Digital Interactions[1,2] (M)



Schwab Bank Loans, EOP ($B)

$28.9B

With loan growth of 14% vs. 1Q21

Margin Balances, EOP[1] ($B)

Note: EOP = End-of-period. DATs = Daily average trades. 1. DATs, digital interactions, and EOP margin balances shown on a pro forma combined company basis. 2. Digital interactions include total web and mobile logins across both the Schwab and TDA platforms.

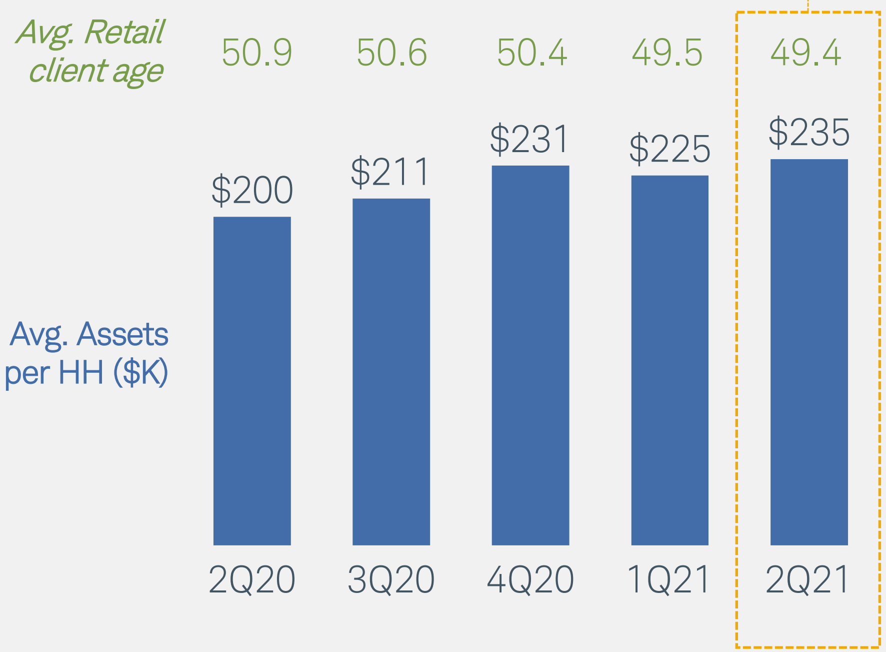
Schwab's "no trade-offs" approach attracts a wide range of Retail investors.

Retail asset gathering remains pronounced.

+65%

Increase in NNA versus 2Q20[1]

Our contemporary full-service model continues to help clients build their financial futures.[2]



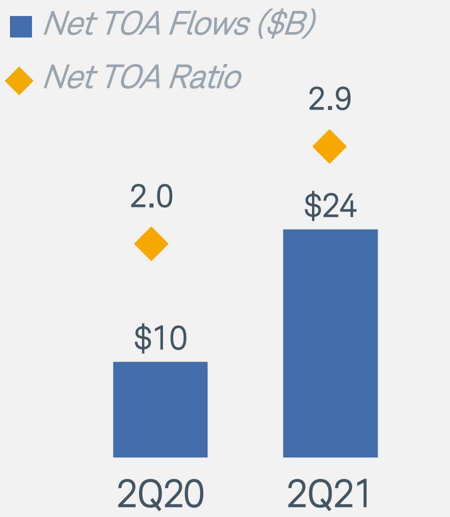
Select 2Q21 Household sizes

Avg. affluent HH Size	~$1.5M
Avg. assets per HH <40	~$45K
Avg. assets per HH <30	~$25K

Note: Avg. = Average. HH = Household. 1. Retail NNA excluding $80 billion in assets related to the acquisition of certain assets from USAA in May 2020. 2. As of June 30, 2021. All data shown on a pro forma combined company basis.

Our custody platform remains a destination of choice for RIAs.

Competitive positioning continues to be strong



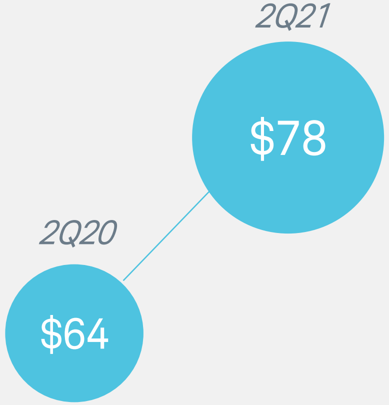
More Advisors are turning independent

+52%

Increase in **AIT teams** since 2Q20

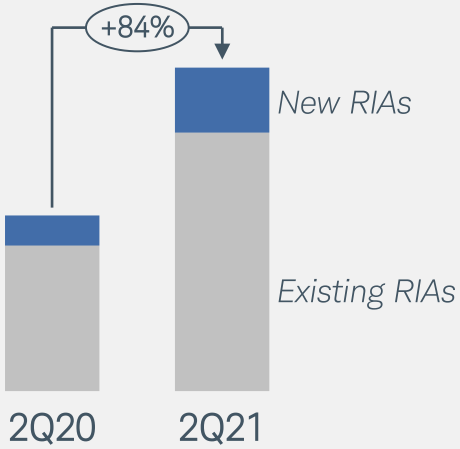
Deal sizes and volumes have increased

Average AIT Size ($M)



Asset gathering demonstrates success

ASI NNA ($B)



We remain favorably positioned in one of the fastest growing financial services channels.

Note: RIAs = Registered Investment Advisors. TOA = Transfer of Assets. AIT = Advisor in Transition. ASI = Advisor Services Institutional. All data shown on a pro forma combined company basis.

Consistency of focus and effort is paramount as we further advance against our key initiatives,...

Scale & Efficiency

- Advance acquisition integration efforts
- Continue technology and digital evolution
- Support business growth

Win-Win Monetization

- Launch personalized investing solutions
- Enhance fixed income offering
- Third-party fee arrangements

Client Segmentation

- Deliver tailored experiences to Retail and RIA clients
- Provide specialized lending solutions
- Empower self-directed traders and investors

Further **enhancing our offer** to clients positions us to continue **building long-term stockholder value**

...led by the integration of recent acquisitions.

TD Ameritrade

- On track to meet Year 1 expense synergy expectations and achieve client conversion within 30–36 months post-close
- Initiating early revenue synergies, including select balance transfers, order routing harmonization, and securities lending program

Wasmer Schroeder Strategies

- Launched 20 fixed income strategies, including six SMAs, two ultra-short funds, and 12 bond ladders
- YTD net flows of $3B+, or ~30% of total AUM acquired upon closing

USAA

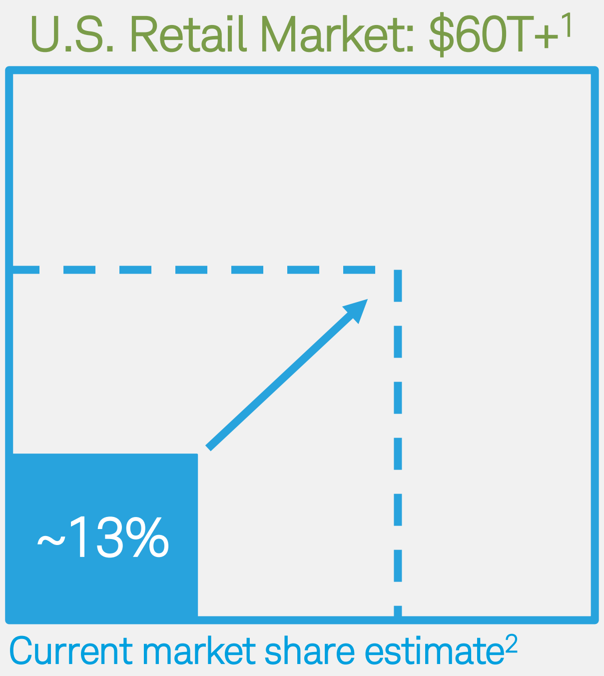
- On pace to deliver cost synergy targets outlined at deal announcement
- Nearly 70K accounts already referred to Schwab via our ongoing arrangement, with potentially more upside over time

With initial successes to date, along with the incremental opportunities to be unlocked by the Motif transaction, we believe our recent acquisitions will continue to benefit all stakeholders.

Note: SMA = Separately managed account. YTD = Year-to-date. AUM = Assets under management.

Schwab is well positioned to benefit from evolving industry themes.

Broad Trends	Relationships Matter	Low-cost beta products
	New "normal" for trading activity	Brand alone isn't enough
Client Views	Omni-channel experience	Personalized investing
	Best-in-class Service	Role of trading
	Financial planning	Financial wellness
Competitive Landscape	Scale	Continued rapid growth of RIAs
	Breadth of platform	People + technology
	Lending	Value-oriented advice



Note: See slides 35–37 in the appendix for the detailed view of these key themes initially presented at the Winter Business Update on February 2, 2021. 1. Total U.S. Retail Assets based on Schwab estimates from Federal Reserve Flow of Funds. 2. Market share estimate based on total client assets as of June 30, 2021.

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Peter Crawford

Chief Financial Officer

Our diversified model keeps us well positioned across a range of environments.

- Persistent business momentum through an extended tax season helped our all-weather model deliver strong financial performance even as trading activity subsided from 1Q21 levels
- Client engagement and certain external factors will continue to influence our full-year results
- Thoughtful balance sheet management enables us to support further growth, including initial BDA transfers which began in early 3Q21

Today we'll discuss:

2Q21 Results

Updated Illustrations

Capital Perspectives

Sustained success with clients, plus a favorable environment, helped us navigate post-peak trading…

2Q21 vs. 1Q21

Equity Markets (S&P 500®)
4,298 ↑ 8%

Trades per Day
6.0M ↓ 28%

Average 5-year Treasury Yield[1]
0.84% ↑ 22 bps

Client Margin Balances
$79.8B ↑ 11%

YTD 2021

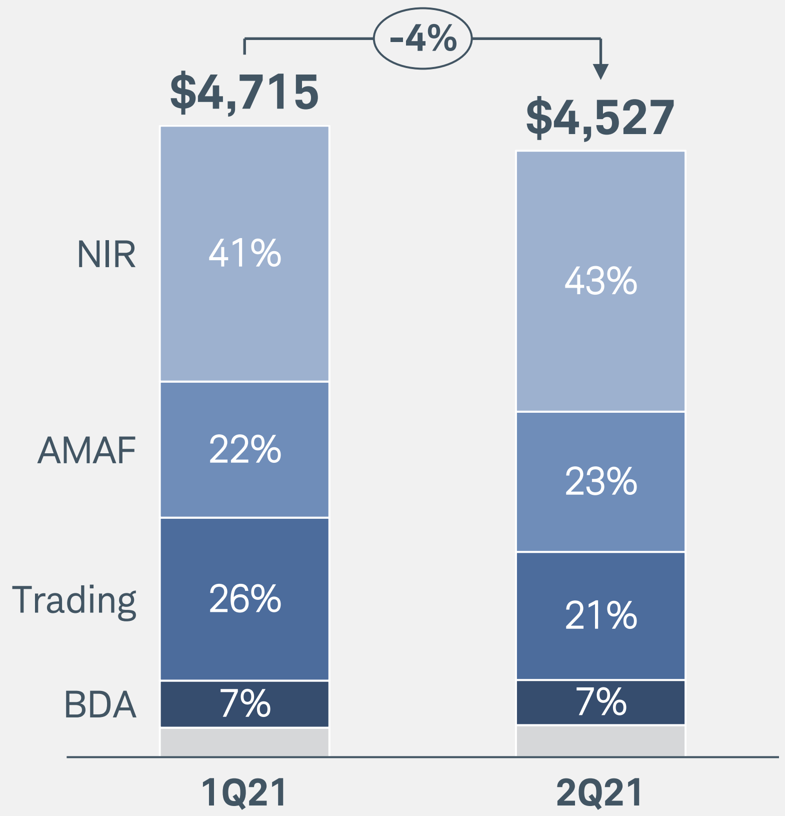
Core NNA ($B)
$257.0

New Brokerage Accounts (M)
4.8

Note: YTD = Year-to-date. NNA = Net new assets. Bps = Basis points. 1. 5-year Treasury Yield represents the daily average for 2Q21 and 1Q21, respectively.

…to produce solid top-line results for 2Q21.

Total Net Revenues ($M)



2Q21 vs. 1Q21

Net Interest Revenue (NIR)

2%

- Average interest-earning assets increased by ~3%
- Rebound in securities lending activity after an April slowdown
- Slower CPR speeds nudged premium amortization down

Asset Management and Administration Fees (AMAF)

3%

- Persistent equity market strength
- Record flows into our proprietary fund products and solutions[1]
- Lower short-term rates pushed MMF waivers slightly higher

Trading

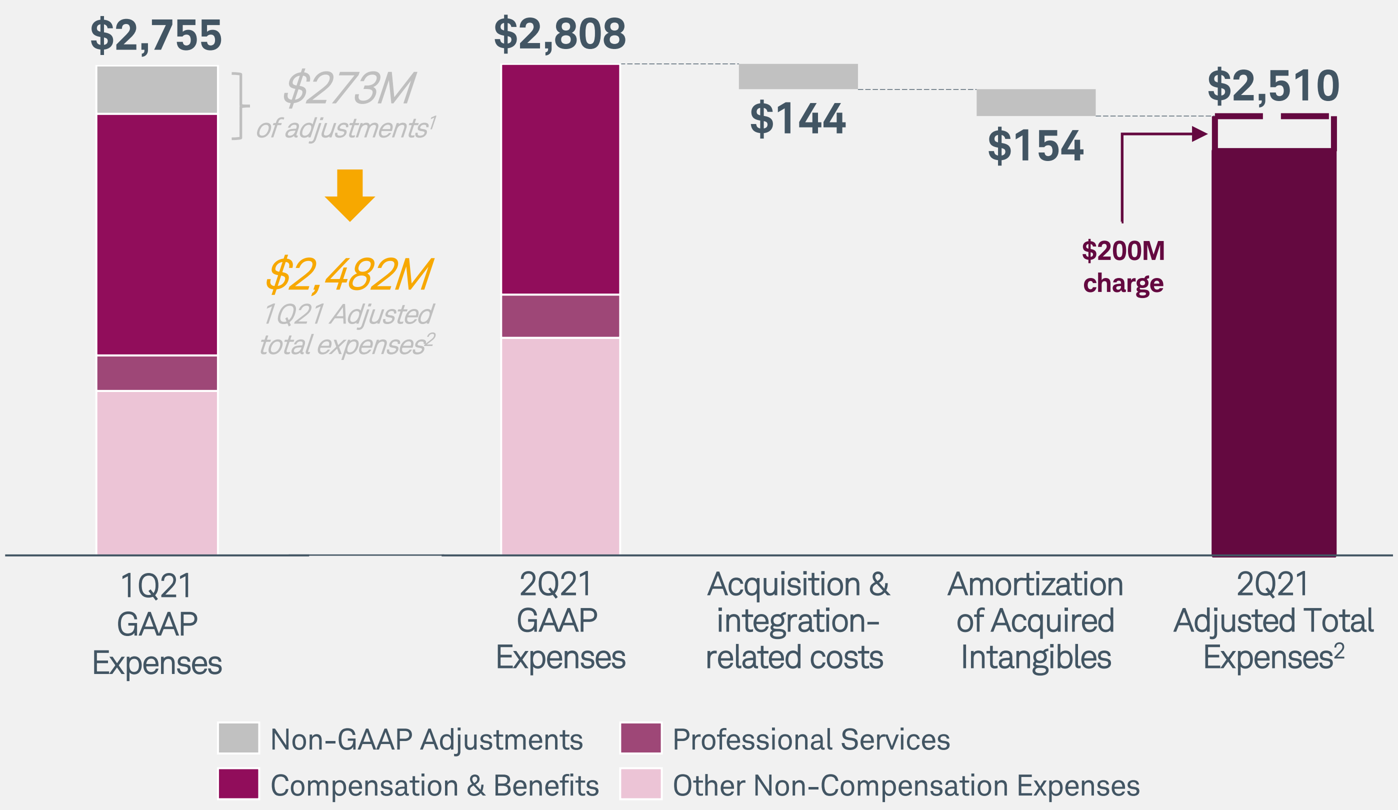
(21%)

- DATs declined 28% from 1Q21
- 6% increase in revenue per trade due to higher derivatives mix helped partially offset lower volume

Note: CPR = Conditional prepayment rate. MMF = Money market mutual funds. DATs = Daily average trades. 1. Excludes net flows related to Schwab Advisor Network and proprietary money market mutual funds.

Attentive expense management yielded a 2% sequential increase in GAAP expenses.

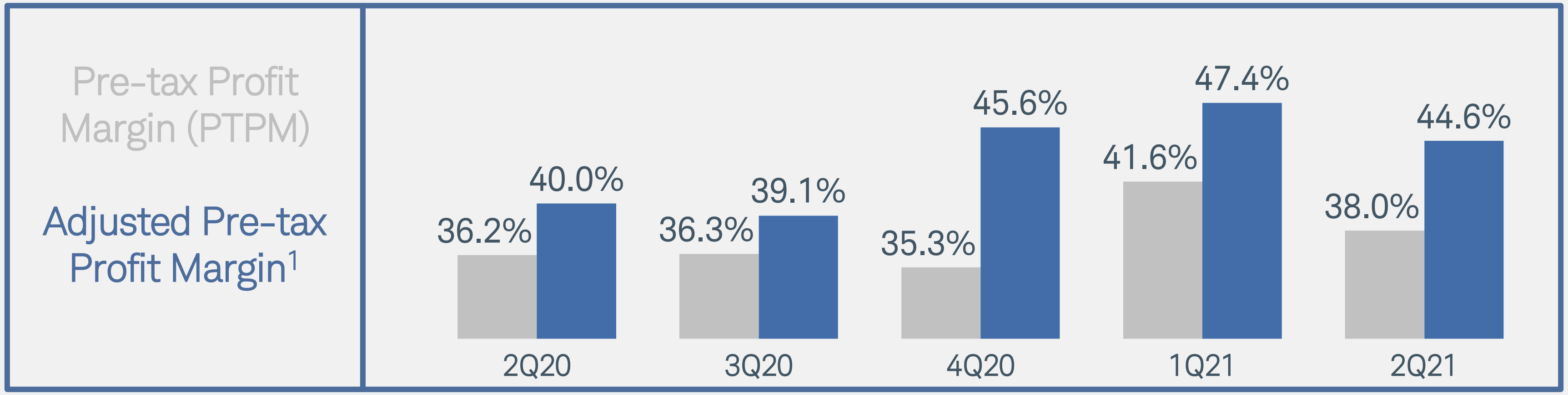
Composition of 2Q21 Expenses ($M)



- Adjusted total expenses up 1% vs. 1Q21
  - 2Q results include a non-recurring $200 million charge on both a GAAP and an adjusted basis *(expected to be non-deductible)*
  - Compensation & benefits costs declined 8% sequentially due primarily to seasonal factors
  - Advertising spend was up 10% vs. 1Q21 in support of continued strong NNA flows

Note: NNA = net new assets. 1. $273M of non-GAAP adjustments includes $119M in acquisition and integration-related costs as well as $154M in amortization of acquired intangibles. 2. Adjusted total expenses exclude acquisition and integration-related costs as well as amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 38. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 38–42 of this presentation.

Our profitability and return on capital remained quite healthy during the quarter.

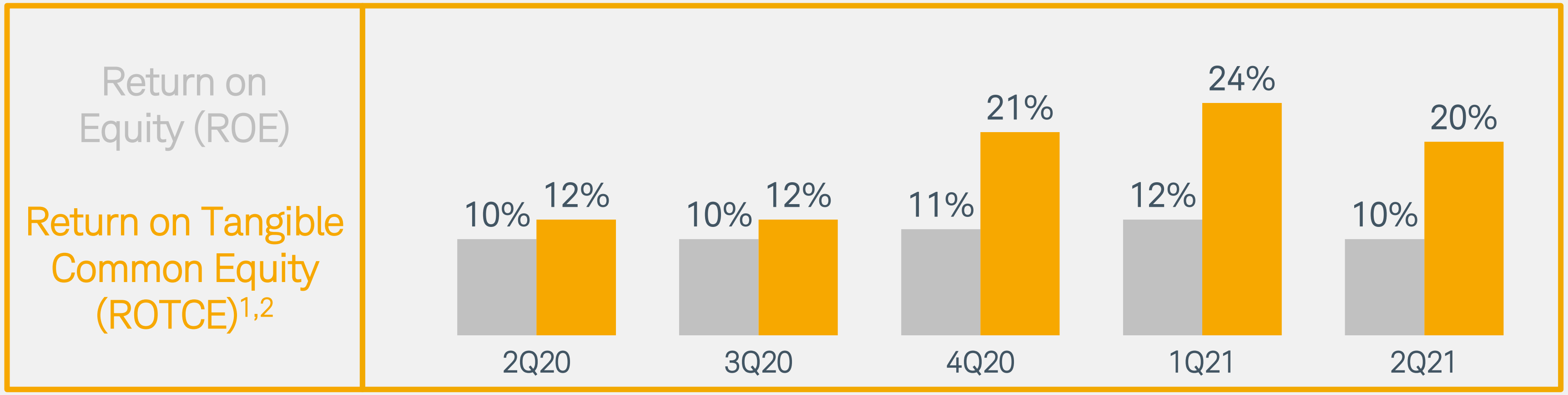


Adjusted PTPM

280 bps

vs. 1Q21

Impact of charge on PTPM = ~440 bps



ROTCE

400 bps

vs. 1Q21

Impact of charge on ROTCE = ~300 bps

Note: ROE = Return on Common Equity. 1. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 38–42 of this presentation. 2. Due to the timing of the TDA acquisition closing on October 6, 2020, the full quarterly impact of the purchase accounting adjustments were not reflected in the 4Q20 ROTCE measure.

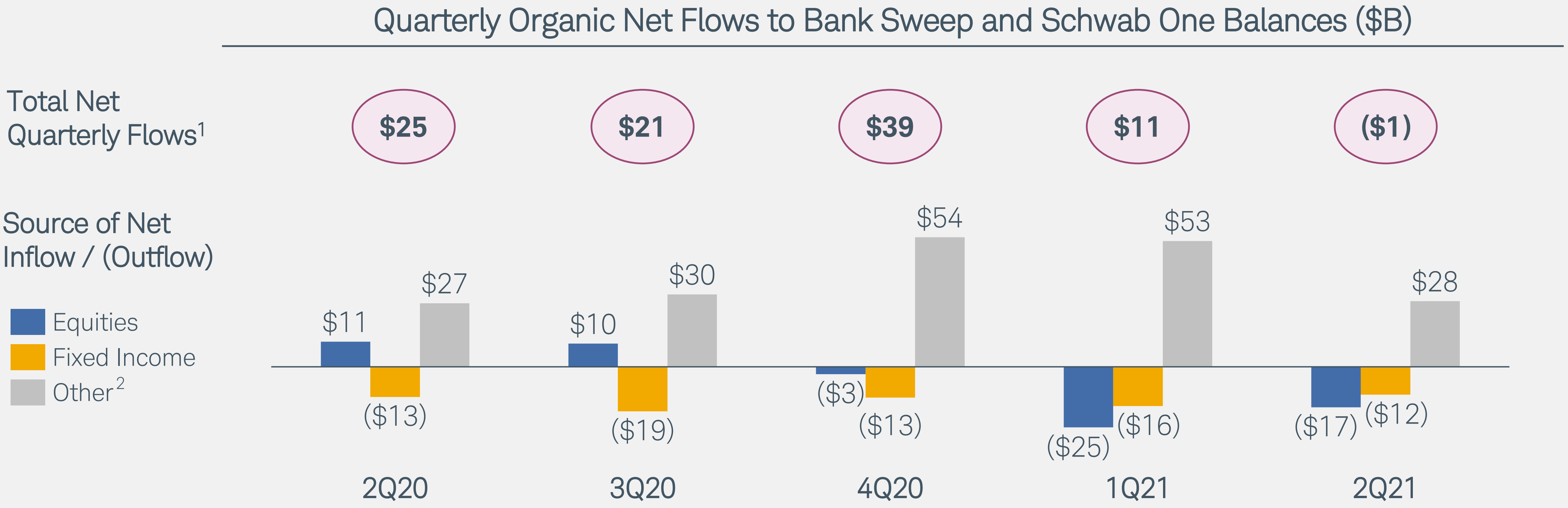
Our balance sheet grew ~2% sequentially.

($M, EOP)	2Q20	1Q21	2Q21*
Total Assets	$400,484	$563,457	$574,532
Receivables from Brokerage Clients	$21,421	$74,711	$82,245
Bank Deposits	$301,566	$369,898	$368,638
Payables to Brokerage Clients	$50,135	$101,339	$105,012
Long-term Debt	$8,526	$17,698	$18,708
Stockholders' Equity	$30,815	$55,594	$57,450
Parent Liquidity	$7,350	$14,345	$10,556
Tier 1 Leverage Ratio	5.9%	6.4%	6.4%

- Modest balance sheet growth was mainly attributable to growth in payables, borrowings, and stockholders' equity
- Receivables from brokerage clients increased 10% from the prior quarter driven by margin utilization
- Deposits were essentially flat compared to 1Q21 as investor net equity buying and tax disbursements offset cash inflows
- Long-term debt was up ~$1 billion sequentially as we issued $2.25 billion in new senior notes followed by $1.2 billion of scheduled maturities
- Completed the previously announced redemption of all $600 million of Series C preferred stock
- Stockholders' Equity increased ~3% sequentially due primarily to an increase in AOCI
- Tier 1 Leverage Ratio held steady at 6.4%, which is well above regulatory minimums, but still below our long-term operating objective of 6.75% – 7.00%

Note: AOCI = Accumulated Other Comprehensive Income. Results include TDA from October 6, 2020 forward. Parent Liquidity equals Parent Working Capital plus Level 1 Securities (at fair market value) as defined by the Liquidity Coverage Ratio rule. Tier 1 Leverage Ratio is based on Tier 1 Capital, which is End of Period Capital (Stockholders' Equity less AOCI and other regulatory adjustments), divided by Average Total Consolidated Assets. * Preliminary.

Net equity purchase activity reflects positive investor sentiment during 1H21.



Client Cash as % Total Client Assets[3]	13.6%	12.8%	12.3%	11.5%	10.5%

Note: 1. Net quarterly flows reflect changes in Schwab brokerage accounts; totals may not tie to underlying components due to rounding. 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. 3. Cash includes all bank and broker-dealer deposits and non-interest-bearing credits, plus sweep and purchased money market funds. As of October 6, 2020, all cash and assets in TDA accounts are included in the cash % assets figures.

During 2Q21, select macro drivers were broadly consistent with our underlying assumptions,...

	Underlying Assumptions[1]	YTD Actual Results[2]	Impact
Market	S&P appreciates 6.5% from December 31, 2020	S&P up 14.4% since end of 2020	+
Rates	Average 5-year Treasury yield of ~90 bps for FY 2021	Average 5-year Treasury yield of ~73 bps through 2Q21	–
Securities Lending	Average of the prior two quarters (~$200 million)	$187 million	+/–
Schwab B/S Cash[3]	Increase 10–12% versus balance as of December 31, 2020	Up 2.5% as of June 30, 2021	–
BDA	Initial migrations to begin on June 30, 2021	--	+/–

Note: YTD = Year-to-date. B/S = Balance sheet. EOP = end-of-period. 1. As presented during Spring Business Update on April 22, 2021. 2. YTD results as of June 30, 2021. 3. Schwab balance sheet cash represents existing bank deposits and payables to brokerage clients as of June 30, 2021 – excludes any potential BDA balance migrations that may occur starting in July 2021.

…while trading activity subsided from the 1Q surge – though remained elevated versus long-term trends.

Select Behavioral Drivers
(vs. 1Q21 EOP)

Illustrative Inputs	DATs	Margin Balances
1	+20%	+10%
2	Flat	Flat
3	-20%	-10%

Illustrative Inputs – 2Q21 Results vs. 1Q21

	DATs	Margin Balances
	6,042K	$79.8B
	(28%)	*+11%*

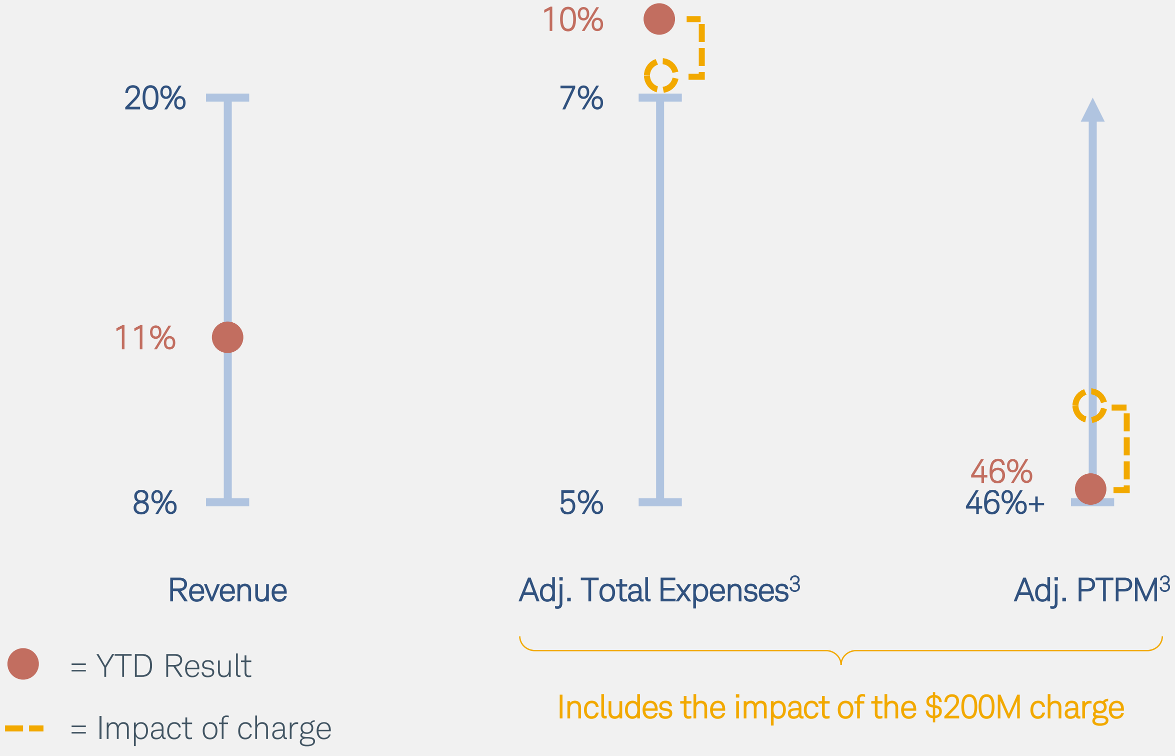
Note: DATs = Daily average trades. EOP = end-of-period. K = Thousands. B = Billions.

Year-to-date results also remain broadly consistent with the mathematical illustrations shared in April 2021[1].

Select Behavioral Drivers (vs. 1Q21 EOP)

Illustrative Inputs	DATs	Margin Balances
1	+20%	+10%
2	Flat	Flat
3	-20%	-10%

Financial Outcomes – YTD Results vs. 4Q20[2]



Note: DATs = Daily average trades. B/S = Balance sheet. EOP = end-of-period. K = Thousands. M = Millions. B = Billions. Adj. = Adjusted. YTD = Year=to-date. 1. April illustrative financial outcomes shared as part of the Spring Business Update on April 22, 2021. 2. Both YTD 2021 and 4Q20 results annualized for comparison purposes. 3. Further detail on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 38–42 of this presentation.

The progression of investor behavior will influence our 2021 financial performance.

Underlying Assumptions	
S&P 500®	+ 6.5%
Rates[1]	Forward Curve
Schwab B/S Cash[2]	+10–12% (vs. 4Q20)
Securities Lending	Average of prior 2 quarters (~$190M)
BDA	Migrations began on 7/1
Capex	~6–7% of total revenue

Note: DATs = Daily average trades and are based on the 2Q21 average for the purposes on the illustration. B/S = Balance sheet. EOP = end-of-period. 1. Forward curve data as of 07/07/21. 2. Schwab balance sheet cash represents existing bank deposits and payables to brokerage clients as of June 30, 2021 – excludes any potential BDA balance migrations that may occur starting in July 2021. 3. Illustrative revenue and expense growth rates relative to annualized 4Q20 results. Further details on non-GAAP financial measures are included on slides 38–42 of this presentation.

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Select Behavioral Drivers (vs. 2Q21 EOP)

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1	+20%	+10%
2	Flat	Flat
3	-20%	-10%

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Select Behavioral Drivers
(vs. 2Q21 EOP)

Illustrative Inputs	DATs	Margin Balances
1	+20%	+10%
2	Flat	Flat
3	-20%	-10%

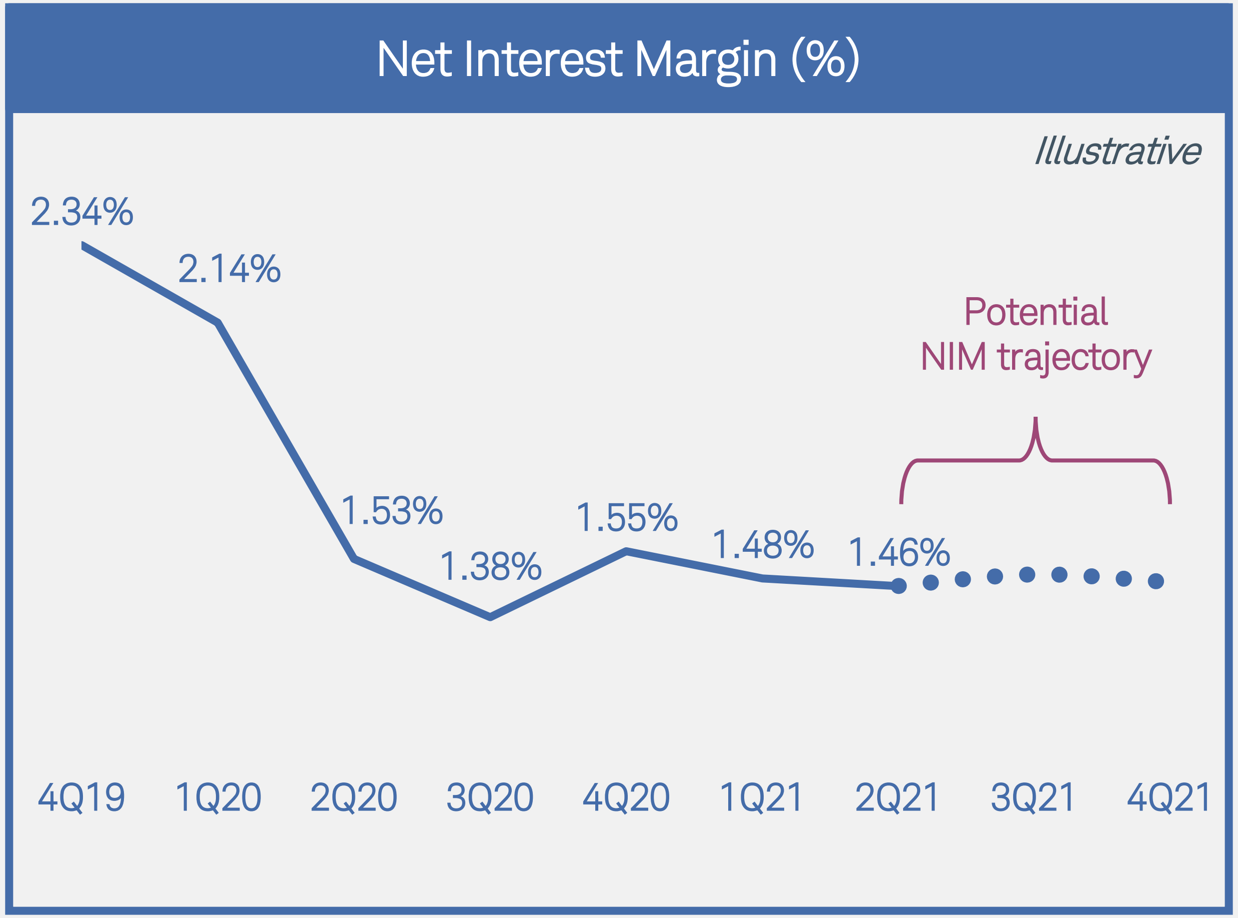
Illustrative Financial Outcomes[3]

Illustrative Growth (vs. 4Q20 annualized)	Revenue	Adjusted Total Expenses	Adjusted PTPM
1	11%–13%	8%	45%+
2	9%–11%		
3	6%–8%	6%	~14 bps Adj. EOCA (or better)

Range includes the impact of the $200M charge
(~2% of annualized 4Q20 adjusted total expenses)

Note: DATs = Daily average trades and are based on the 2Q21 average for the purposes on the illustration. B/S = Balance sheet. EOP = end-of-period. 1. Forward curve data as of 07/07/21. 2. Schwab balance sheet cash represents existing bank deposits and payables to brokerage clients as of June 30, 2021 – excludes any potential BDA balance migrations that may occur starting in July 2021. 3. Illustrative revenue and expense growth rates relative to annualized 4Q20 results. Further details on non-GAAP financial measures are included on slides 38–42 of this presentation.

Our illustrations suggest full-year NIM still tracking towards the mid-to-upper 140 bps range.



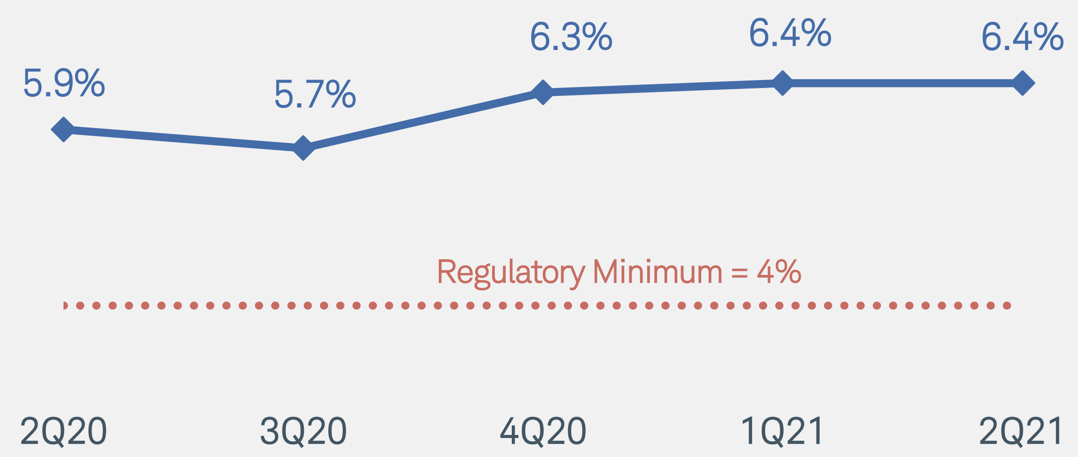
The continued evolution of certain factors may impact the 2021 NIM trajectory, including:

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

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

Our strong capital and liquidity positions enable us to support growth across a range of environments.

Consolidated Tier 1 Leverage Ratio (%)



Recent Capital & Liquidity Management Highlights[1]

- Remain on the path back towards our long-term operating objective of 6.75%–7.00%; which will depend on organic capital formation and the pace of balance sheet growth
- Redeemed the entire $600 million of Series C Preferred Stock in June
- At quarter-end, preferred equity was 28% of Tier 1 Capital
- Issued $2.25 billion in new senior long-term notes and repaid $1.20 billion in similar debt
- Executed initial BDA balance transfers totaling ~$10 billion

Supporting long-term growth through prudent capital and liquidity management remains a top priority

Note: MTD = Month-to-date. 1. Recent highlights include actions between April 1, 2021 and July 15, 2021.

Our diversified model keeps us well positioned across a range of environments.

- Our unwavering focus on serving the needs of individual investors helps bolster underlying business momentum and fuel healthy financial results
- We continue to make progress on key initiatives, including the TD Ameritrade integration, that we believe will unlock enhanced long-term value for both clients and stockholders
- Consistency is key – we must continue to strike an appropriate balance between delivering today and investing for tomorrow

Our priorities remain unchanged:

Continued business growth through our client-first strategy

Long-term revenue growth through multiple sources

Thoughtful expense discipline enabling sustainable performance

Q&A

Appendix

Revenue Sensitivities

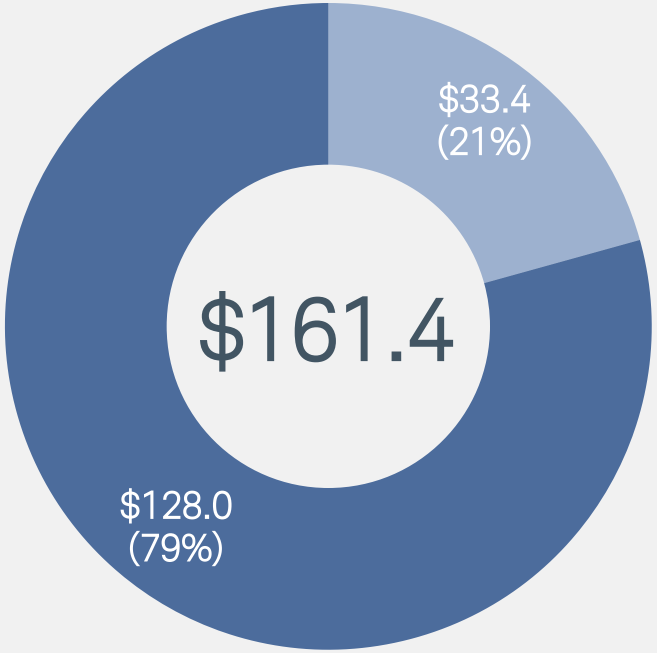
Sensitivity	Revenue impact
Target Fed Funds Rate + 25 bps	~$750M – $950M
5-Year Treasury +/- 10 bps	~$75M
Bank Sweep Balances +/- $1B	~$10M
S&P 500® +/- 1%	~$25M
Daily Average Trades +/- 100K	~$60M
Margin Balances +/- $1B	~$30M

Note: For the Fed Funds and Treasury sensitivities, assumes static interest-earning asset balances as of June 30, 2021 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, and deposit betas.

Appendix

Bank Deposit Account Summary (as of June 30, 2021)

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

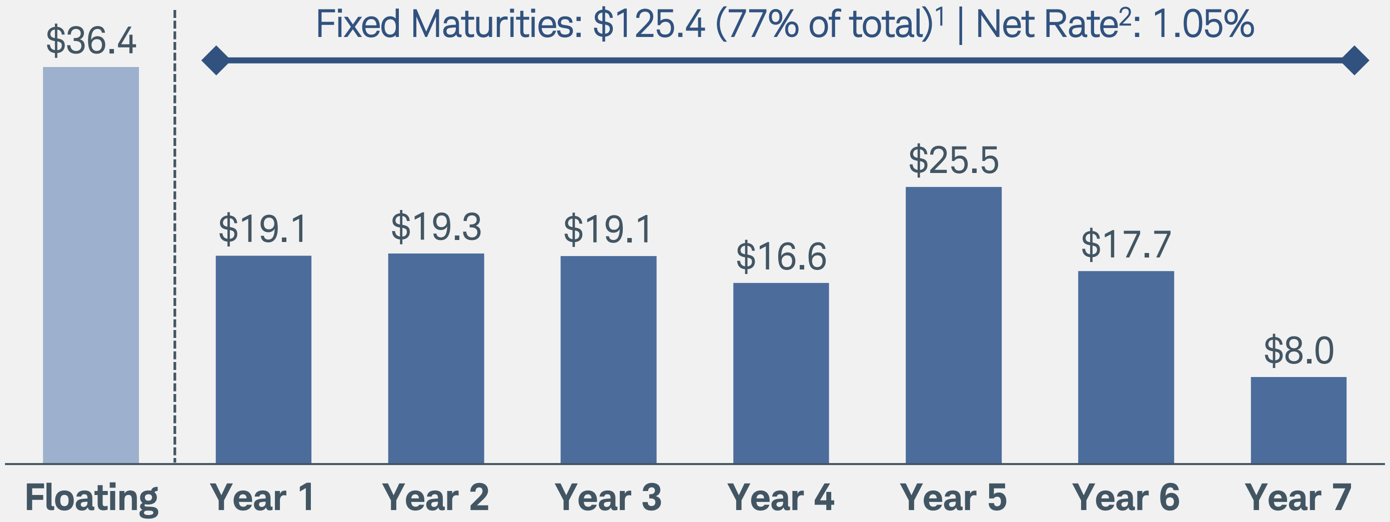


	Net Rate	2Q21 Revenue
Floating	(0.07%)	($6M)
Fixed	1.06%	$342M

Floating Fixed

BDA Balances by Maturity, EOP ($B)

Total Balance: $161.9B	Net Rate[2]: 0.80%	Annual Revenue[3]: $1,313M



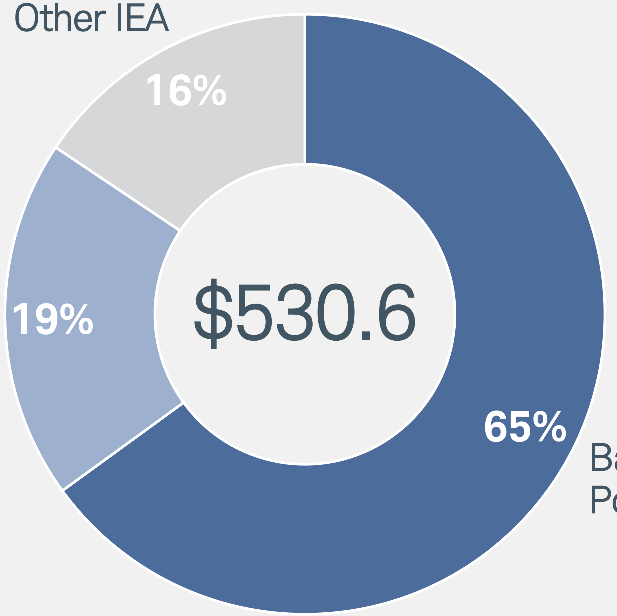
	Floating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Net Rate[2]	(0.07%)	1.66%	1.72%	1.71%	1.52%	0.11%	0.22%	0.32%
Annual Revenue[3]	($25M)	$321M	$336M	$331M	$256M	$29M	$40M	$26M

Note: Certain totals may not foot due to rounding. BDA = Bank Deposit Account. Net yields calculated on an actual/360 basis. 1. Balances maturing by remaining duration term (e.g., Year 1 maturities are balances rolling off the fixed-rate ladder over the next 12 months). 2. EOP net rate of maturities as of early July 2021 and includes all related fees and client pay rates. 3. Revenue figures presented on an annualized run-rate basis per the amended Insured Deposit Agreement (IDA) arrangement.

Appendix

Average Interest-earning Assets & Bank Investment Portfolio (as of June 30, 2021)

2Q21 Avg. Interest-earning Assets[1, 2]

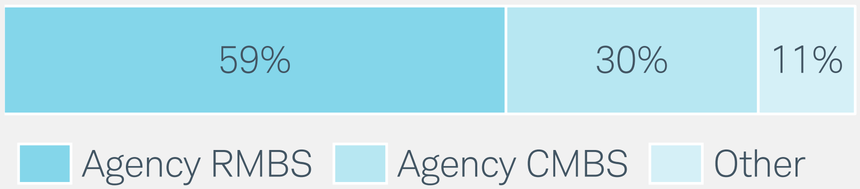


Bank Investment Portfolio Spotlight

Fixed vs. Floating

89% Fixed / 11% Floating

Securities Mix[3]



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

Duration Analysis[4]

~4.3
Portfolio Duration (Years)

Rate Shock (bps)	SCHW	LUMSTRUU[5]
+100	+0.36 yrs.	+0.60 yrs.
-100	-0.28 yrs.	-1.07 yrs.

Note: AIEA = Average interest-earning assets. RMBS = Residential Mortgage-backed Security. CMBS = Commercial Mortgage-backed Security. 1. Bank Investment Portfolio includes available-for-sale held within the consolidated bank investment portfolio, but excludes cash investments; please note percentage may be rounded and therefor may not round to 100%. 2. Lending Activities comprises of client margin debits and bank loans. 3. Total may not round to 100% due to rounding. "Other" includes U.S. Treasuries, corporate debt, ABS, and other investment securities as appropriate. 4. Rate shock analysis is presented on an option-adjusted basis as of June 2021. 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

Themes Shaping the Next Decade of Investing (1 of 3)

Broad Trends	
	▪ Client relationships and trust matter more than investment products. Firms with trusted end-client relationships will gain market share. ▪ Active management will gather flows in certain asset classes, but various forms of low-cost indexing will capture the majority of client asset flows. ▪ Pandemic-level trading volumes are not sustainable. Over time, retail trading volumes will moderate, but at higher levels than in the 2010s due to lower costs and ease of access. ▪ Although brand still matters, brand alone won't ensure retention as investors are more willing than ever to change providers in search of lower cost, better service, solution breadth, and greater transparency.

Appendix

Themes Shaping the Next Decade of Investing (2 of 3)

Client Views	
	▪ Clients will no longer accept compromises or trade-offs. Their core expectations include omni-channel service, availability of live interactions, digital solutions, great value, and financial stability from their providers. ▪ Client service expectations are formed by experiences often outside the investment industry – they expect service in the unique channel they want to engage in at that moment, that meets their needs, while respecting their time and offering ease of use. ▪ Although investment performance matters, the concept of "beating the market" has largely given way to a client focus on achieving investment goals via financial planning, asset allocation, tax efficiency, and low-cost investing. ▪ Personalized investing that reflects each investor's unique situation, values, and aspirations will become the norm – driven by technology, direct indexing, thematic investing, interest in ESG investing, and fractional share offerings. ▪ Active trading is an important investment strategy for many investors. These investors expect access to quality platforms, value-added insights, great pricing, and strong risk management tools. ▪ As a result of corporate fiduciary risks, 401(k) plan sponsors will grow ever more fee conscious while their paternalistic drive will ensure they look for ways to deliver more personalized advice and broader financial wellness to their employees.

Appendix

Themes Shaping the Next Decade of Investing (3 of 3)

Competitive Landscape

- Scale will play an increasingly large role in determining the "winners", as costs related to digital capabilities, omni-channel service, cyber security, compliance, and regulatory oversight challenge the operational efficiency of sub-scale firms.
- Investors will consider consolidation for convenience or preferential pricing/service, resulting in market share gains for firms with scale and broad capabilities.
- Large banks will compete aggressively for wealth management clients, increasingly utilizing balance sheet products as relationship levers.
- Firms offering world class relationships, live and digital advice and service, and great value will gain market share.
- Independent registered investment advisors will continue to grow faster than the industry overall due to an acceleration of brokers turning independent and affluent consumers' expectations for transparency and a fiduciary standard experience.
- Fiduciary standard advice, fee transparency, and downward pressure on advisory fees will become "cost of entry" and represent an increasing challenge to traditional brokerage firms' growth and retention of their top brokers.

Appendix
Non-GAAP Introduction

In addition to disclosing financial results in accordance with generally accepted accounting principles in the U.S. (GAAP), this presentation contains references to the non-GAAP financial measures described below. We believe these non-GAAP financial measures provide useful supplemental information about the financial performance of the Company, and facilitate meaningful comparison of Schwab's results in the current period to both historic and future results. These non-GAAP measures should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may not be comparable to non-GAAP financial measures presented by other companies.

Schwab's use of non-GAAP measures is reflective of certain adjustments made to GAAP financial measures as described below.

Non-GAAP Adjustment or Measure	Definition	Usefulness to Investors and Uses by Management
Acquisition and integration-related costs and amortization of acquired intangible assets	Schwab adjusts certain GAAP financial measures to exclude the impact of acquisition and integration-related costs incurred as a result of the Company's acquisitions, amortization of acquired intangible assets, and, where applicable, the income tax effect of these expenses. Adjustments made to exclude amortization of acquired intangible assets are reflective of all acquired intangible assets, which were recorded as part of purchase accounting. These acquired intangible assets contribute to the Company's revenue generation. Amortization of acquired intangible assets will continue in future periods over their remaining useful lives.	We exclude acquisition and integration-related costs and amortization of acquired intangible assets for the purpose of calculating certain non-GAAP measures because we believe doing so provides additional transparency of Schwab's ongoing operations, and is useful in both evaluating the operating performance of the business and facilitating comparison of results with prior and future periods. Acquisition and integration-related costs fluctuate based on the timing of acquisitions and integration activities, thereby limiting comparability of results among periods, and are not representative of the costs of running the Company's ongoing business. Amortization of acquired intangible assets is excluded because management does not believe it is indicative of the Company's underlying operating performance.
Return on tangible common equity	Return on tangible common equity represents annualized adjusted net income available to common stockholders as a percentage of average tangible common equity. Tangible common equity represents common equity less goodwill, acquired intangible assets – net, and related deferred tax liabilities.	Acquisitions typically result in the recognition of significant amounts of goodwill and acquired intangible assets. We believe return on tangible common equity may be useful to investors as a supplemental measure to facilitate assessing capital efficiency and returns relative to the composition of Schwab's balance sheet.

Beginning in 2021, the company also uses adjusted diluted EPS and return on tangible common equity as components of performance for employee bonus and certain executive management incentive compensation arrangements. The Compensation Committee of CSC's Board of Directors maintains discretion in evaluating performance against these criteria.

Appendix

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

	Three Months Ended,							
	June 30, 2021		March 31, 2021		June 30, 2020		March 31, 2020	
	Total Expenses Excluding Interest	Net Income	Total Expenses Excluding Interest	Net Income	Total Expenses Excluding Interest	Net Income	Total Expenses Excluding Interest	Net Income
Total expenses excluding interest (GAAP), Net income (GAAP)	$ 2,808	$ 1,265	$ 2,755	$ 1,484	$ 1,562	$ 671	$ 1,570	$ 795
Acquisition and integration-related costs (1)	(144)	144	(119)	119	(81)	81	(37)	37
Amortization of acquired intangible assets	(154)	154	(154)	154	(12)	12	(6)	6
Income tax effects (2)	N/A	(80)	N/A	(67)	N/A	(22)	N/A	(11)
Adjusted total expenses (Non-GAAP), Adjusted net income (Non-GAAP)	$ 2,510	$ 1,483	$ 2,482	$ 1,690	$ 1,469	$ 742	$ 1,527	$ 827

Note: N/A = Not applicable. 1. Acquisition and integration-related expenses are primarily included in compensation and benefits, professional services, occupancy and equipment, and other expense. 2. The income tax effect of the non-GAAP adjustments is determined using an effective tax rate reflecting the exclusion of non-deductible acquisition costs and is used to present the acquisition and integration-related costs and amortization of acquired intangible assets on an after-tax basis.

Appendix

Non-GAAP Reconciliation: Adjusted income before taxes on income and Adjusted pre-tax profit margin

	Three Months Ended,									
	June 30, 2021		March 31, 2021		December 31, 2020		September 30, 2020		June 30, 2020	
	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues	Amount	% of Total Net Revenues
Income before taxes on income (GAAP), Pre-tax profit margin (GAAP)	$ 1,719	38.0%	$ 1,960	41.6%	$ 1,476	35.3%	$ 889	36.3%	$ 888	36.2%
Acquisition and integration-related costs	144	3.2%	119	2.5%	282	6.8%	42	1.7%	81	3.3%
Amortization of acquired intangible assets	154	3.4%	154	3.3%	147	3.5%	25	1.1%	12	0.5%
Adjusted income before taxes on income (Non-GAAP), Adjusted pre-tax profit margin (Non-GAAP)	$ 2,017	44.6%	$ 2,233	47.4%	$ 1,905	45.6%	$ 956	39.1%	$ 981	40.0%

Appendix

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

	Three Months Ended,									
	June 30, 2021		March 31, 2021		December 31, 2020		September 30, 2020		June 30, 2020	
	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS
Net income available to common stockholders (GAAP), Earnings per common share — diluted (GAAP)	$ 1,117	$ .59	$ 1,388	$ .73	$ 1,050	$ .57	$ 615	$ .48	$ 621	$ .48
Acquisition and integration-related costs	144	.08	119	.06	282	.15	42	.03	81	.07
Amortization of acquired intangible assets	154	.08	154	.08	147	.08	25	.02	12	.01
Income tax effects	(80)	(.05)	(67)	(.03)	(105)	(.06)	(16)	(.02)	(22)	(.02)
Adjusted net income available to common stockholders (Non-GAAP), Adjusted diluted EPS (Non-GAAP)	$ 1,335	$ .70	$ 1,594	$ .84	$ 1,374	$ .74	$ 666	$ .51	$ 692	$ .54

Appendix

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

	Three Months Ended				
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Return on average common stockholders' equity (GAAP)	10%	12%	11%	10%	10%
Average common stockholders' equity	$ 46,276	$ 46,691	$ 37,198	$ 25,810	$ 24,515
Less: Average goodwill	(11,952)	(11,952)	(6,845)	(1,735)	(1,480)
Less: Average acquired intangible assets – net	(9,762)	(9,915)	(5,624)	(1,268)	(700)
Plus: Average deferred tax liabilities related to goodwill and acquired intangible assets – net	1,907	1,935	1,005	67	67
Average tangible common equity	$ 26,469	$ 26,759	$ 25,734	$ 22,874	$ 22,402
Adjusted net income available to common stockholders[1]	$ 1,335	$ 1,594	$ 1,374	$ 666	$ 692
Return on tangible common equity (Non-GAAP)	20%	24%	21%	12%	12%

Note: 1. See table on slide 41 for the reconciliation of net income available to common stockholders to adjusted net income available to common stockholders (non-GAAP).

Summer Business Update

July 22, 2021

CORPORATION