

Winter Business Update

February 4, 2020

charles
SCHWAB

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CORPORATION

Introduction

Rich
Fowler

Senior Vice President,
Investor Relations

Agenda

Walt Bettinger, President and Chief Executive Officer

Joe Martinetto, Senior Executive Vice President and Chief Operating Officer

Break

Jonathan Craig, Senior Executive Vice President, Investor Services and Marketing

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,” “remain,” “drive,” “lead,” “consistent,” “investment,” “build,” “sustain,” “enhance,” “estimate,” “anticipate,” “opportunity,” “potential,” “position,” “target,” “commitment,” “increase,” “enable,” “deliver,” “improve,” “outlook,” “intent,” “assumption,” “maintain,” and other similar expressions. These forward-looking statements relate to: Our “Through Clients’ Eyes” Strategy and no trade-offs approach; investments to fuel and support growth, serve clients, and drive scale and efficiency; harnessing monetization opportunities and strengthening offerings via client segmentation; stockholder value; digital transformation; the acquisition of certain assets of USAA’s Investment Management Company (IMCO), including timing of closing, entering into an exclusive referral agreement, related expenses, and capital requirements; the acquisition of TD Ameritrade, including expense and revenue synergies, timing of closing, integration, including integration planning and spend estimate; growth in balance-based revenue via enhanced asset management solutions; building the RIA experience of the future; growth in the client base, client accounts and assets; growth in revenues, earnings, and profits; disruptive actions; client value and pricing; capital returns to stockholders; market share opportunity; growth levers; 2020 outlook, including macro factor assumptions, balance sheet dynamics and potential financial outcomes; Tier 1 leverage ratio operating objective; net interest margin; expense growth; operating leverage; estimated revenue impact from revenue sensitivities; capital expenditures; target dividend payout ratio; and share repurchases.

These forward-looking statements, which reflect management’s beliefs, objectives, and expectations as of today, are estimates based on the best judgment of the company’s senior management. Achievement of the expressed beliefs, expectations, and objectives is subject to risks and uncertainties that could cause actual results to differ materially from those beliefs, expectations, or objectives. Important factors that may cause such differences are discussed in the company’s filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Other important factors include the company’s ability to develop and launch new and enhanced products, services, and capabilities, as well as enhance its infrastructure, in a timely and successful manner; failure of the parties to satisfy the closing conditions in the agreements for the pending acquisitions in a timely manner or at all, including stockholder and regulatory approvals, and the implementation of conversion plans (IMCO) and integration plans (TD Ameritrade); disruptions to the parties’ businesses as a result of the announcement and pendency of the acquisitions; the risk that expected revenue, expense and other synergies from the acquisitions may not be fully realized or may take longer to realize than expected; general market conditions, including the level of interest rates, equity valuations, and trading activity; the company’s ability to attract and retain clients and RIAs and grow those relationships and client assets; competitive pressures on pricing, including deposit rates; client use of the company’s advisory solutions and other products and services; client sensitivity to rates; the level of client assets, including cash balances; the company’s ability to monetize client assets; capital and liquidity needs and management; the impact of changes in market conditions on revenues, expenses, and pre-tax profit margin; the company’s ability to manage expenses; client cash sorting; net equity sales; investment in software and equipment; regulatory guidance; the effect of adverse developments in litigation or regulatory matters and the extent of any charges associated with legal matters; and any adverse impact of financial reform legislation and related regulations.

The information in this presentation speaks only as of **February 4, 2020** (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

Additional Statements

Important Information About the Transaction and Where to Find it

In connection with the proposed transaction between The Charles Schwab Corporation (“Schwab”) and TD Ameritrade Holding Corporation (“TD Ameritrade”), Schwab and TD Ameritrade will file relevant materials with the Securities and Exchange Commission (the “SEC”), including a Schwab registration statement on Form S-4 that will include a joint proxy statement of Schwab and TD Ameritrade that also constitutes a prospectus of Schwab, and a definitive joint proxy statement/prospectus will be mailed to stockholders of Schwab and TD Ameritrade. INVESTORS AND SECURITY HOLDERS OF SCHWAB AND TD AMERITRADE ARE URGED TO READ THE REGISTRATION STATEMENT, THE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR WILL BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS. Investors and security holders may obtain free copies of the registration statement and the joint proxy statement/prospectus (when available) and other documents filed with the SEC by Schwab or TD Ameritrade through the website maintained by the SEC at <http://www.sec.gov> or by contacting the investor relations department of Schwab or TD Ameritrade at the following:

The Charles Schwab Corporation

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

TD Ameritrade Holding Corporation

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

Schwab, TD Ameritrade, their respective directors and certain of their respective executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the directors and executive officers of Schwab, and their direct or indirect interests in the transaction, by security holdings or otherwise, is contained in Schwab’s Form 10-K for the year ended December 31, 2018, its proxy statement filed on March 29, 2019 and its Current Reports on Form 8-K filed on January 31, 2020; January 29, 2020, January 16, 2020, November 29, 2019, November 25, 2019, August 28, 2019, July 26, 2019 and May 16, 2019, which are filed with the SEC. Information regarding the directors and executive officers of TD Ameritrade, and their direct or indirect interests in the transaction, by security holdings or otherwise, is contained in TD Ameritrade’s Form 10-K and Form 10-K/A for the year ended September 30, 2019, and its Current Reports on Form 8-K filed on January 29, 2020, January 21, 2020, November 27, 2019, November 25, 2019, July 22, 2019, May 20, 2019 and February 19, 2019, which are filed with the SEC. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

No Offer or Solicitation

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



CORPORATION

Walt Bettinger

President and
Chief Executive Officer

Schwab's “Through Clients’ Eyes” strategy helps sustain our long-term success.

- We're proud of our track record in **building value** for clients and owners, yet we recognize we're in a **challenging environment** with intensifying competition and ongoing revenue pressure.
- We are on offense, pressing forward to enhance **scale and efficiency**, harness **monetization** opportunities, and reinforce our offerings via needs-based **segmentation**.
- Our **no trade-offs approach** guides our evolution – always **focused on our clients' needs**, helping serve them **where** and **how** they want to be served.

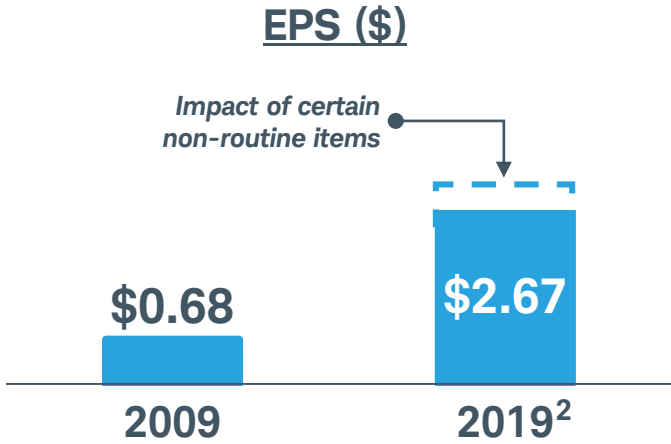
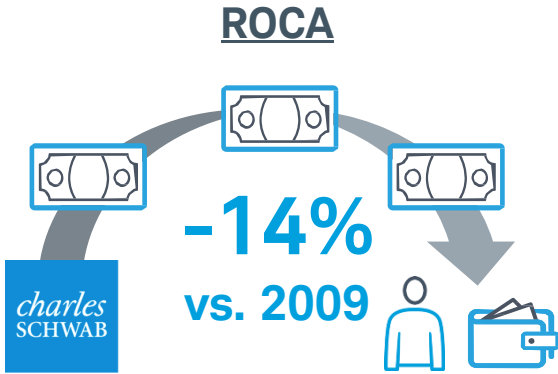
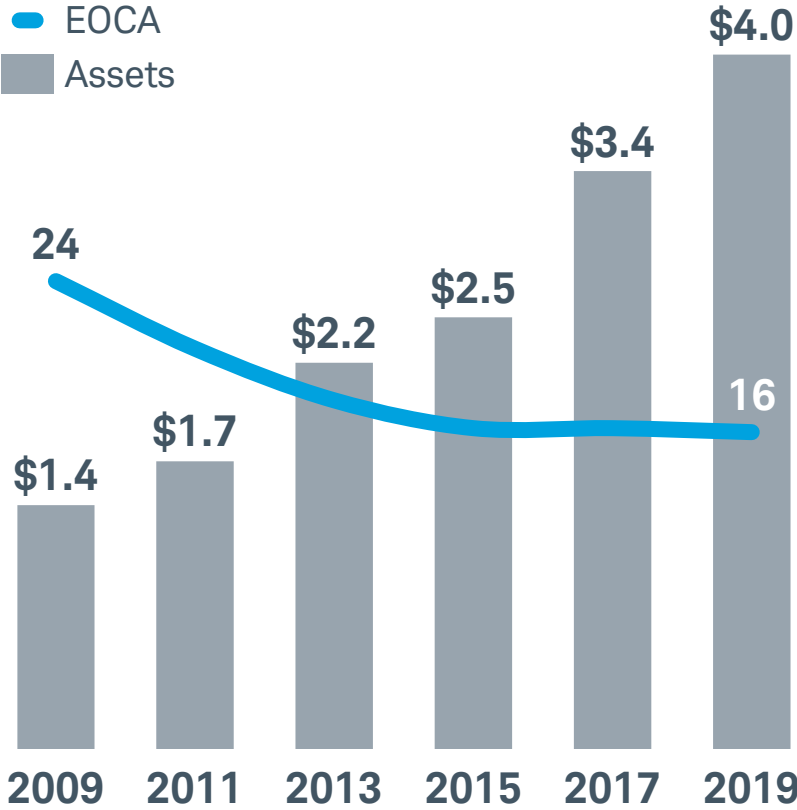
Over the years, we've driven profitable growth through a consistent focus on efficiency and investing in our clients...

We've built scale and sustained **efficiency** over time...

...allowing us to **drive value** for clients and owners...

...while taking **bold actions** to benefit individual investors and RIAs for the long-term.

Total Client Assets (\$T) and EOCA (bps)



\$0

Online Trading Commissions¹

Schwab Intelligent Portfolios Premium™

Schwab Intelligent Income™

TD Ameritrade

12M \$1.3T+

Brokerage Accounts Total Client Assets

USAA®

1M \$90B+

Brokerage Accounts Total Client Assets

Note: EOCA = expense on average client assets. ROCA = revenue on average client assets. RIA = Registered Investment Advisor. 1. Commissions for all U.S. and Canadian-listed stocks, ETFs, and options online and mobile trades reduced from \$4.95 to \$0.00; options trades are still subject to the standard \$0.65 per-contract fee. 2. Total impact of certain non-routine items = \$87 million, or \$0.05 of GAAP EPS for FY19; items included \$62 million in severance charges related to position eliminations in 3Q19 and \$25 million in acquisition-related expenses associated with the pending USAA and TD Ameritrade transactions. Charles Schwab Corporation

...yet we recognize longer-term industry trends present challenges for all financial services firms.



Determined Competitors

Competitors with different operating models are **entering the landscape** and challenging Schwab **across all business units**

- Large integrated banks
- Private companies operating at modest margins
- Venture capital backed startups
- Entities who do not pay corporate income tax



Pricing Dynamics

Increased competition has **accelerated downward pressure** on all undifferentiated revenue streams

- Free online equity and ETF trades are now the norm
- Escalating pressures in certain areas of asset management
- Extraordinary cash offers for client asset transfers

Our competitive landscape grows increasingly crowded...

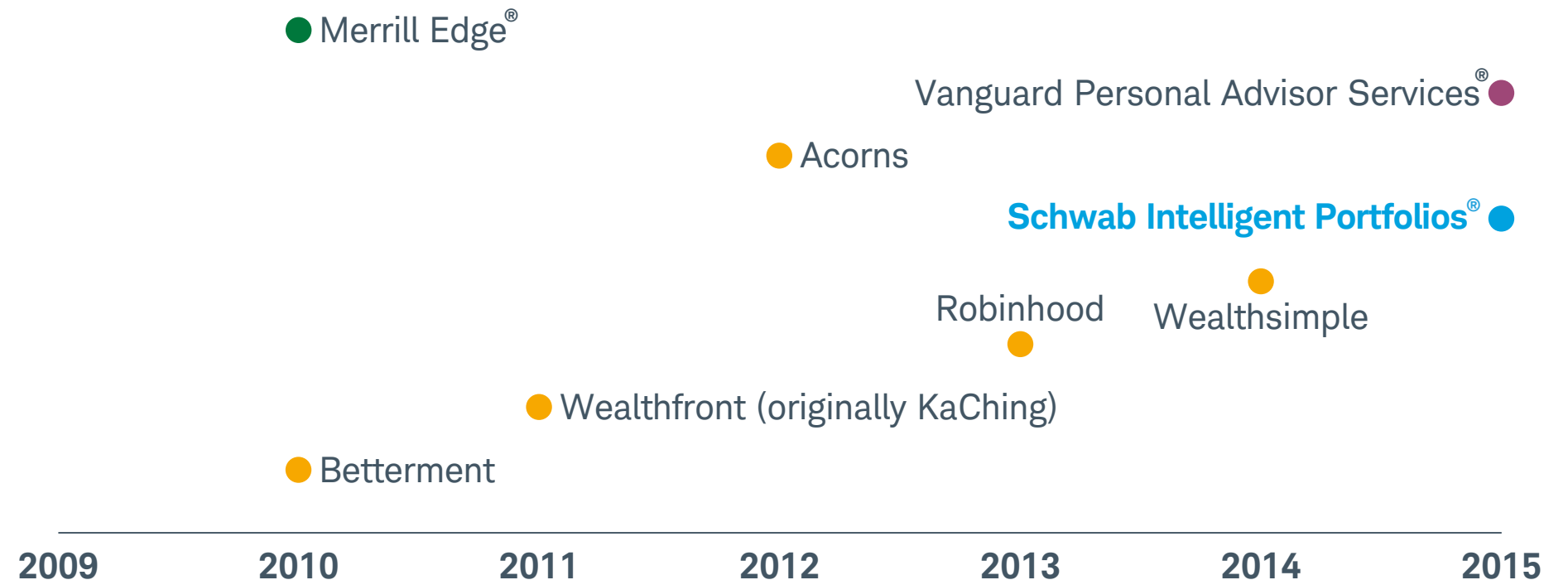
Select Digitally Enabled Platform¹ Launches 2009 - 2015



Determined Competitors

Competitors with different operating models are entering the landscape and challenging Schwab across all business units

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- Entities who do not pay corporate income tax



...with new models continuing to appear,...

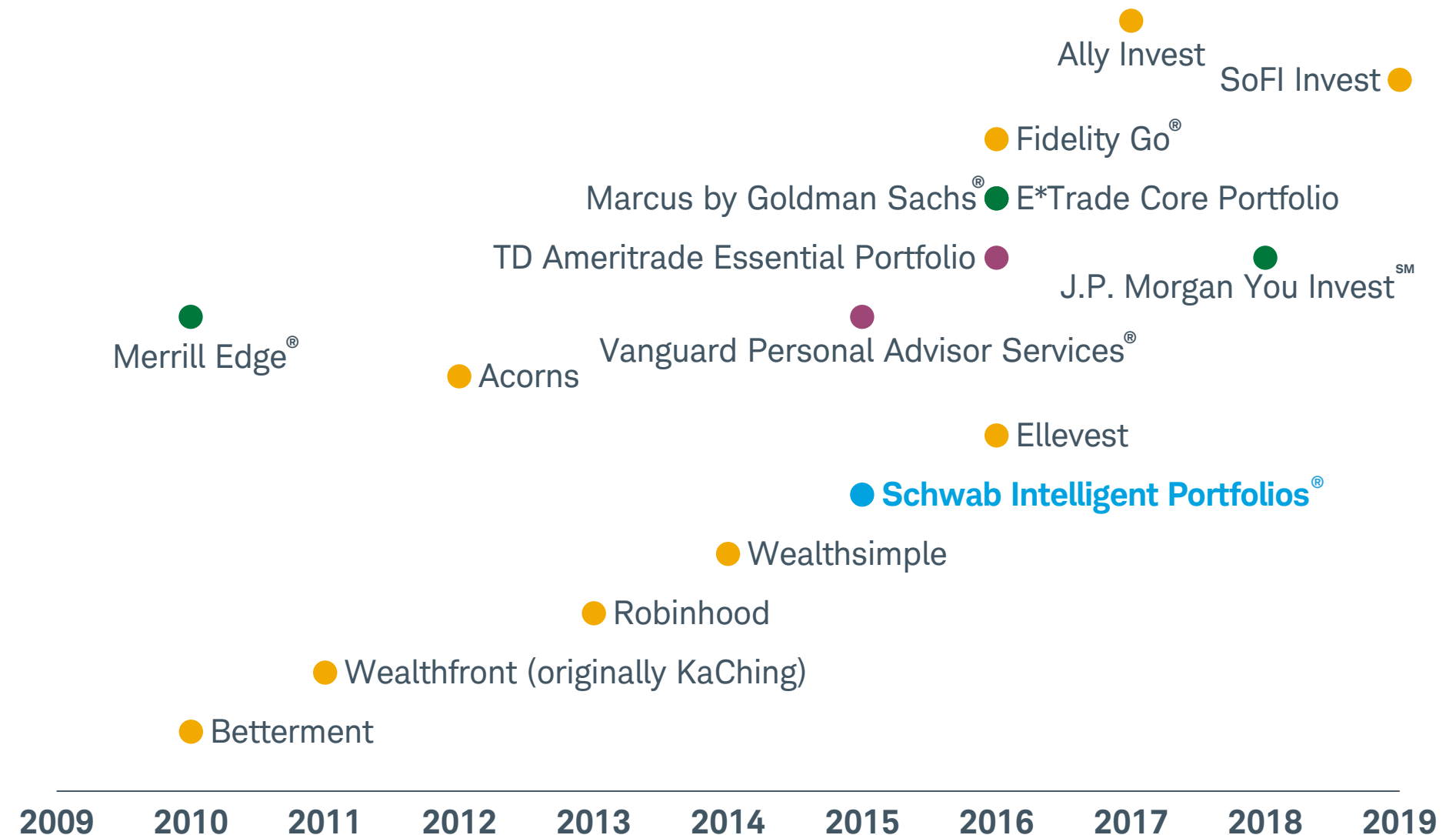


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Select Digitally Enabled Platform¹ Launches 2009 - 2019



...including the further evolution of larger banking platforms.

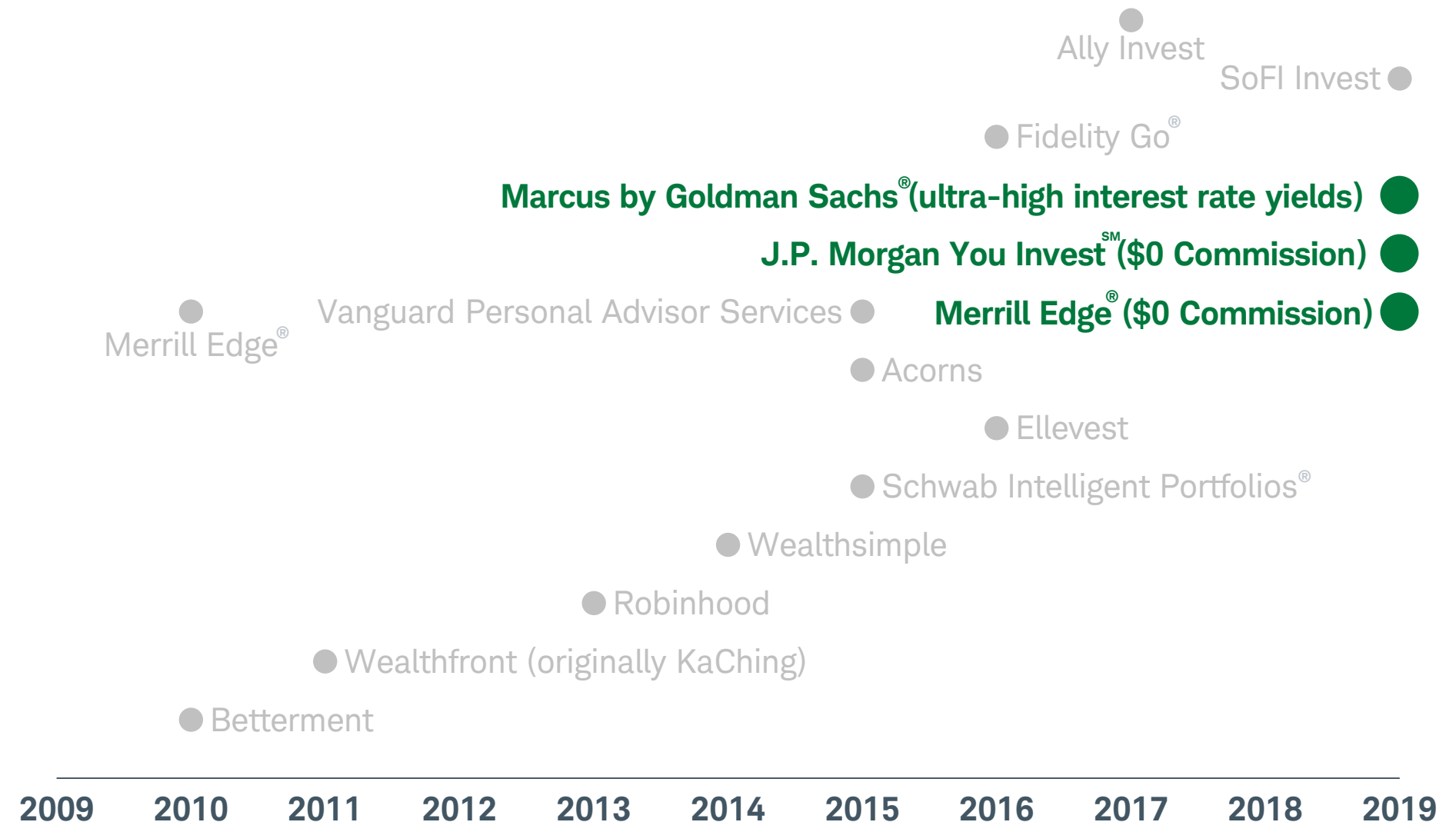


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Select Digitally Enabled Platform¹ Launches 2009 - 2019



The cost for clients to invest has fallen dramatically over the years...

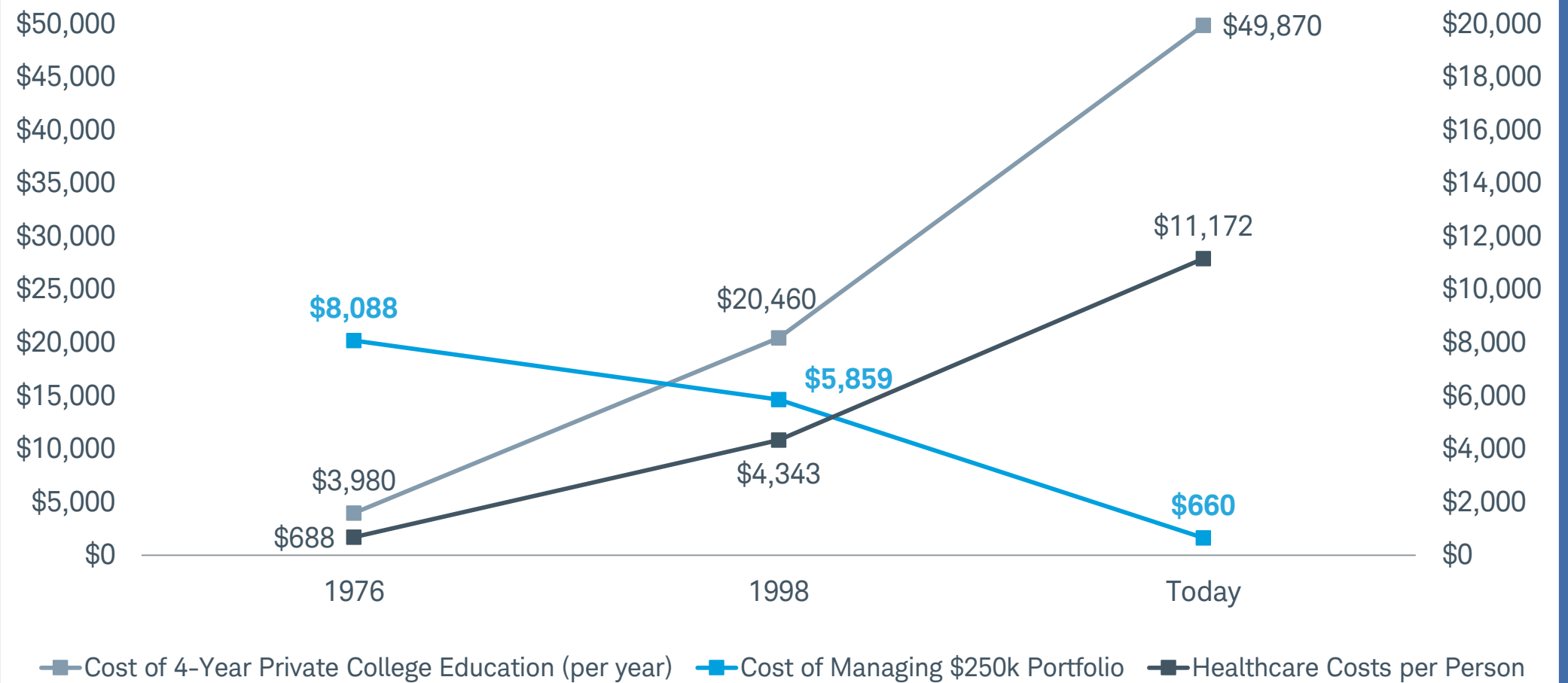


Pricing Dynamics

Increased competition has **accelerated downward pressure** on all undifferentiated revenue streams

- Free online equity and ETF trades are now the norm
- Escalating pressures in certain areas of asset management
- Extraordinary cash offers for client asset transfers

Changes in the Costs of Healthcare, College and Investing (\$)



...regardless of type, while client expectations continue to rise.



Pricing Dynamics

Increased competition has **accelerated downward pressure** on all undifferentiated revenue streams

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Cost to Client

Embedded \$



- Index Mutual Fund OERs
- ETF OERs
- Prime money market fund fees

Explicit \$



- Online equity commissions
- Online options commissions
- Equity managed accounts

Client Expectations



More than ever before, clients are **expecting high quality service at low cost**. Making it imperative for us to live by our **“no-trade offs”** approach

Competitors are aggressively courting assets.



Pricing Dynamics

Increased competition has **accelerated downward pressure** on all undifferentiated revenue streams

- Free online equity and ETF trades are now the norm
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Certain firms are increasing their utilization of cash rewards to drive flows



Maximum Cash Award Available¹

	<i>Previous</i>	<i>Current</i>	<i>Increase</i>
Competitor A	\$2,500	\$25,000	10x ↑
Competitor B	\$600	\$10,000	17x ↑

While these tactical moves must be addressed, we believe the sustainable path to long-term growth centers on our client strategy

We are on offense, moving to capitalize on these longer-term trends by operating “Through Clients’ Eyes”.



Scale and Efficiency

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



Monetization

Insulated asset-based fees, revenue diversification



Client Segmentation

Enhanced product and services capabilities for our Retail and RIA clients

Further strengthening our offer to clients positions us to continue building long-term stockholder value.



Enhancing incremental scale and efficiency within our existing business model,...

Clients are searching for the **best blend of people and technology**, highlighting the importance of the Digital Experience.

Digital Advisory Solutions¹

 **355K**
Accounts

 **\$47B**
AUM

Mobile App Usage²



~25% increase in mobile users to 1.2M+ per month



#1 J.D. Power
2019 U.S.
Wealth Management
Mobile App Satisfaction

Digital Transformation efforts drive **efficiency** for both the client and Schwab.



Password Reset and Account Recovery

Driving a **~50% reduction** in related call volumes



Advisor Services Digital Account Open

Seamless process takes **<10 minutes**



Digital Status Request Experience

Delivering **~15% decrease** in status-related call volumes

Ongoing investments in scale and efficiency allows us to lower our cost to serve, while enhancing the client experience

Pending acquisitions provide **incremental scale opportunities** and **supplement current capabilities**.



25M+

Brokerage Accounts

\$5T+

Total Client Assets

Enhanced client experience

Deeper resources for RIAs

Increased operating efficiency



...while harnessing new monetization opportunities,...

Utilizing **balance-based** revenue to drive diversification...

- ✓ Annuitized revenue that is not transaction-based
- ✓ Available on a standalone basis or embedded in an advisory solution
- ✓ Focused on areas of asset management that are growing

...by bolstering **differentiated asset management** capabilities.

3rd Party Providers

Examine current revenues to ensure proper allocation between Schwab and others

Schwab Intelligent Income™

Roughly **73%** of pre-retirees say they are comfortable using technology to manage their retirement income¹

Direct Indexing

Allows clients to mirror or customize indices by directly owning underlying equities

Environmental, Social, and Governance

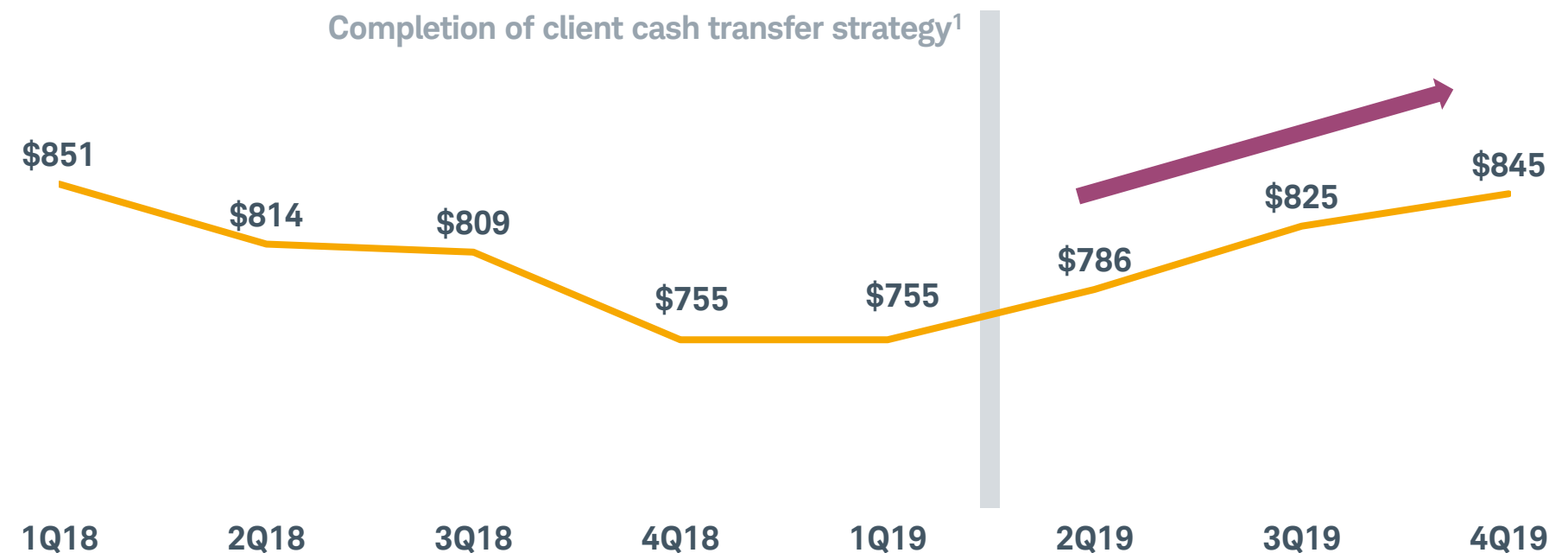
Net inflows to ESG-related mutual funds and ETFs increased 4x from 2018 to 2019²

...will enable our full-service model to support a diverse revenue mix over time.



Asset Management and Administration Fees, 1Q18 – 4Q19 (\$M)

The evolution of traditional revenue sources such as Commissions, Mutual Fund OneSource® and the shift toward low cost funds/ETFs, have made it important **to sustain diversification**



Driving growth in balance-based revenue via enhanced solutions will complement our spread revenue



Enhanced, needs-based segmentation allows us to better serve our Retail and RIA clients.

Continuing to grow our existing lending capabilities...

Pledged Asset Line®
\$5.2 billion ↑ **14%**

Outstanding mortgage and HELOC
\$12.8 billion ↑ **8%**

...as we build out more capabilities for our Retail High Net Worth clients,...



Enhanced relationship model for HNW and UHNW



CSIM-enabled discretionary portfolio management



Tailored lending solutions

...and provide RIAs with the tools to meet their clients' evolving needs.

Wealth & Legacy Planning

- Inheritance and philanthropy
- Tax and estate planning
- Trust services

Specialized Lending

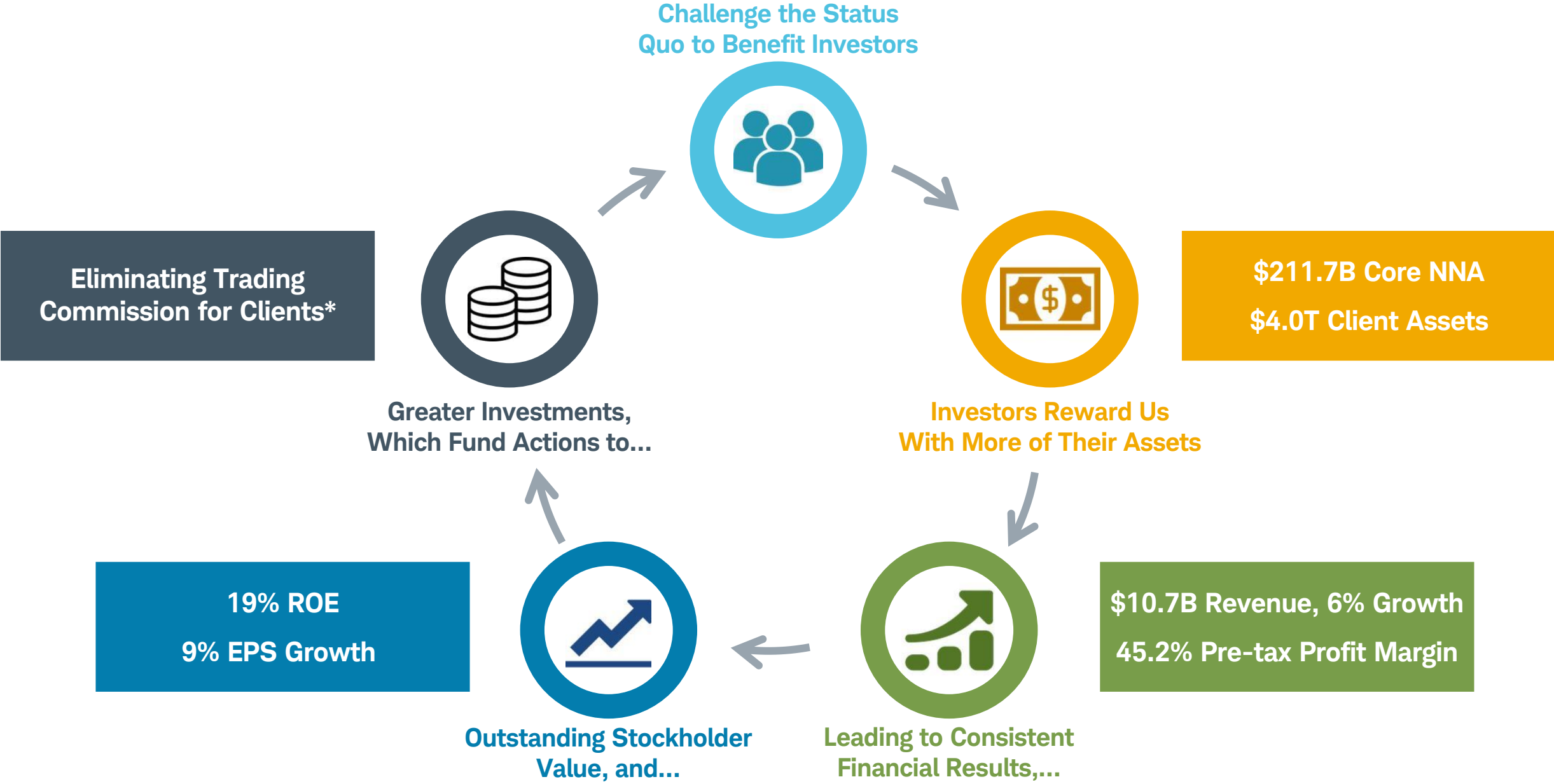
- Pledged asset lines
- Entity lending

Self-directed Offerings

- Alternative investments
- Organizational accounts (e.g., for LLCs)

Opportunity

The power of the Virtuous Cycle is visible in our recent performance, reinforcing our confidence in pressing ahead.

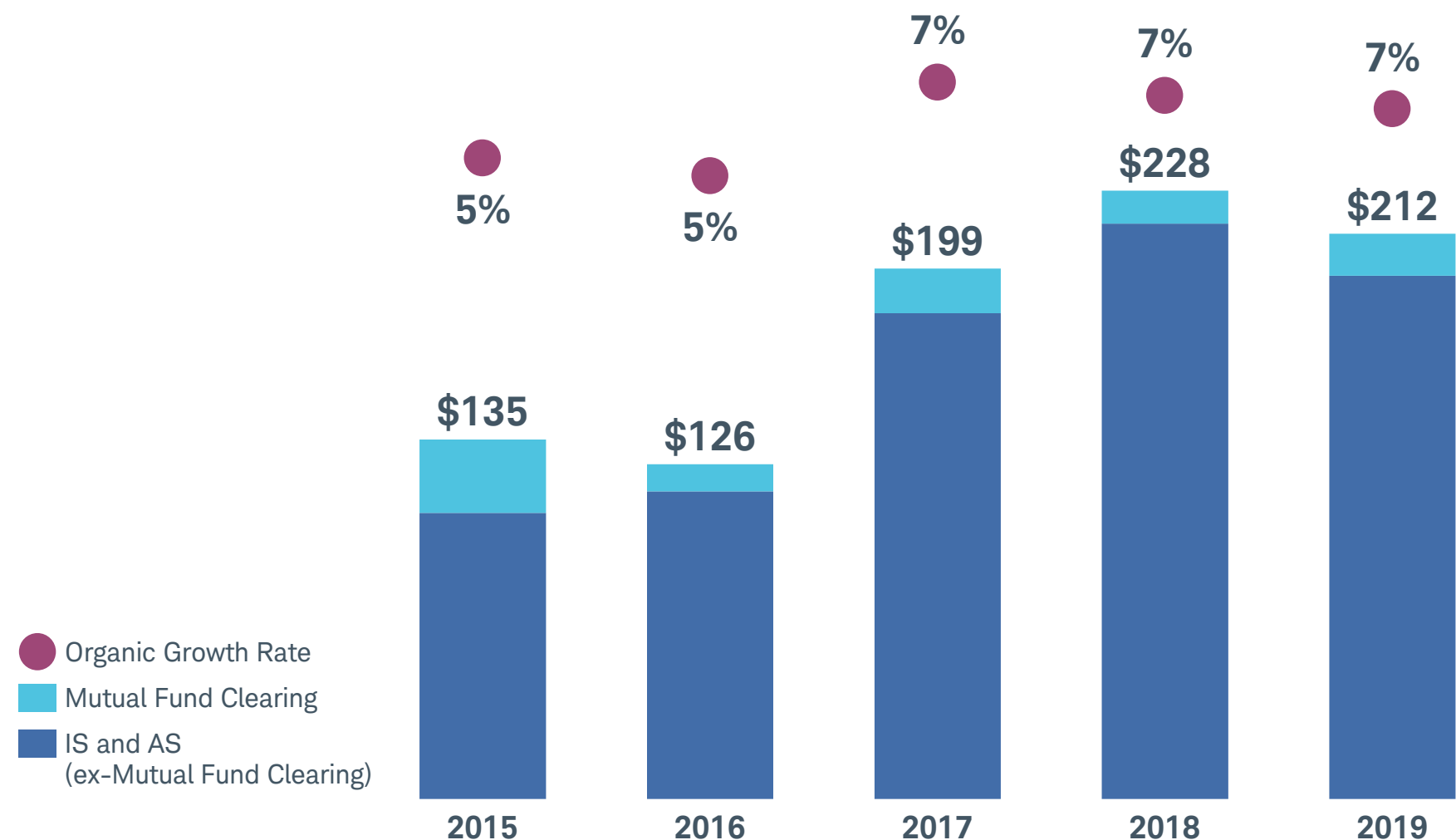


22 Note: Metrics indicate 2019 performance and growth metrics are 2019 vs. 2018.

*Commissions for all U.S. and Canadian-listed stocks, ETFs, and options online and mobile trades reduced from \$4.95 to \$0.00; options trades are still subject to the standard \$0.65 per-contract fee.

We drove robust organic asset growth...

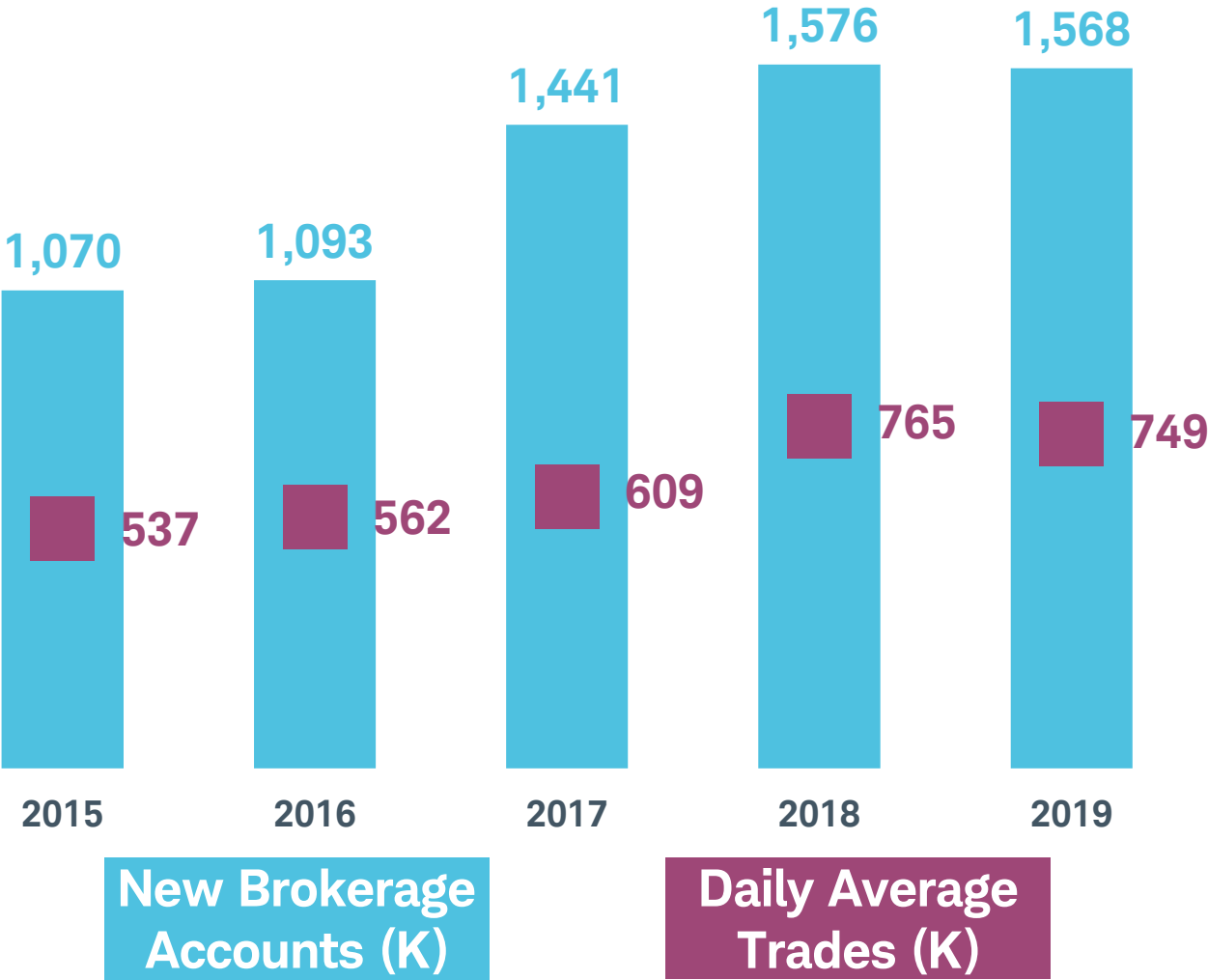
Core Net New Assets (\$B) and Organic Growth Rate (%)



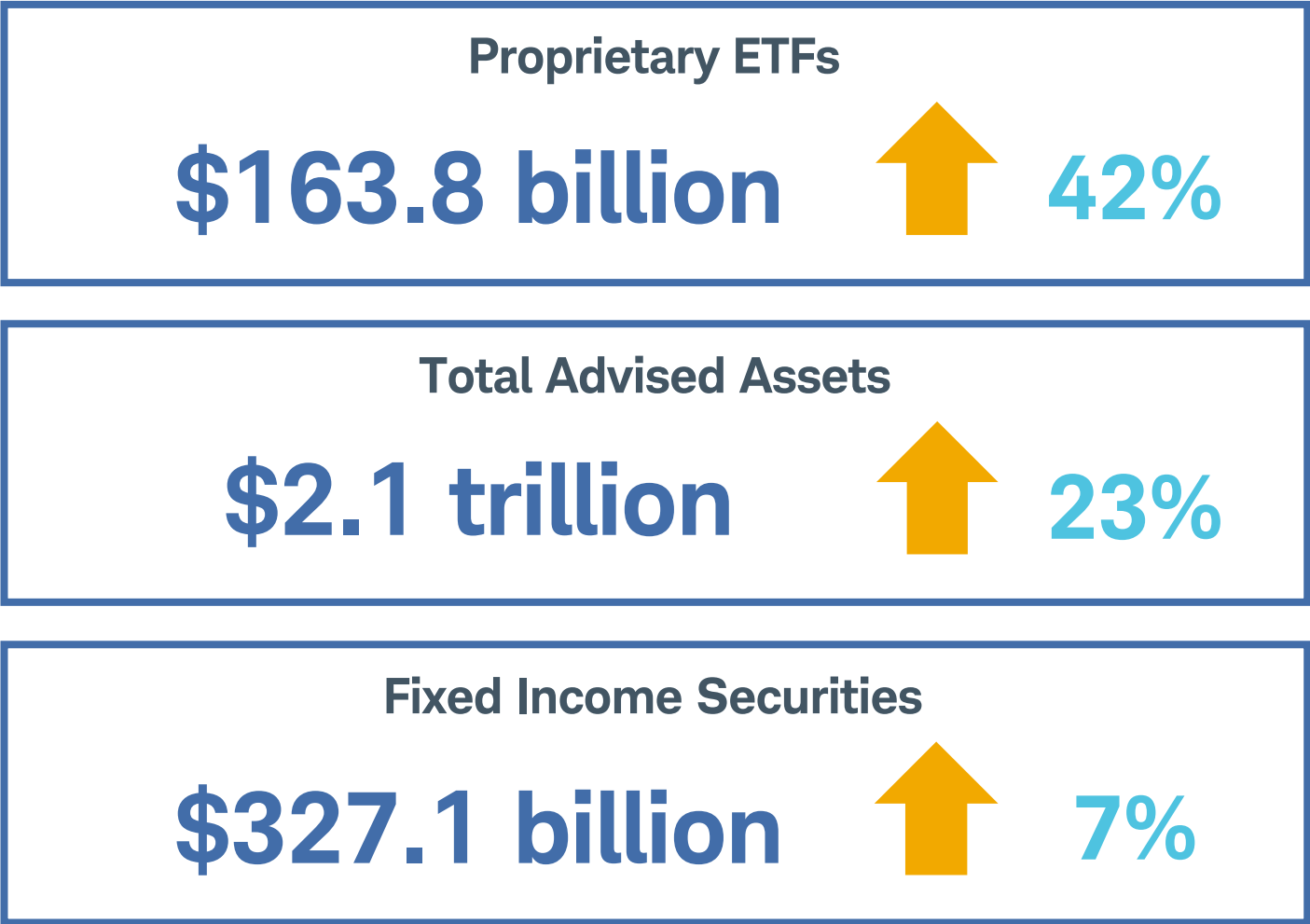
Last year, core NNA marked the second consecutive year above \$200 billion and third consecutive year above our long-term average of 6% organic growth

...while client utilization of our full-service capabilities increased.

Clients remained actively engaged...

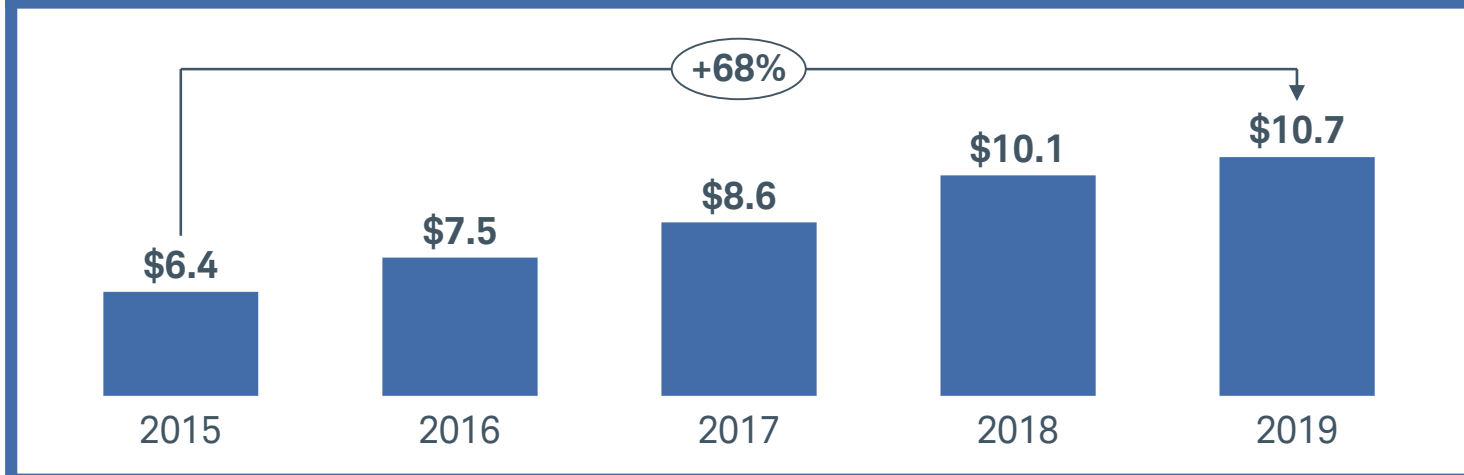


...across our broad spectrum of product offerings*

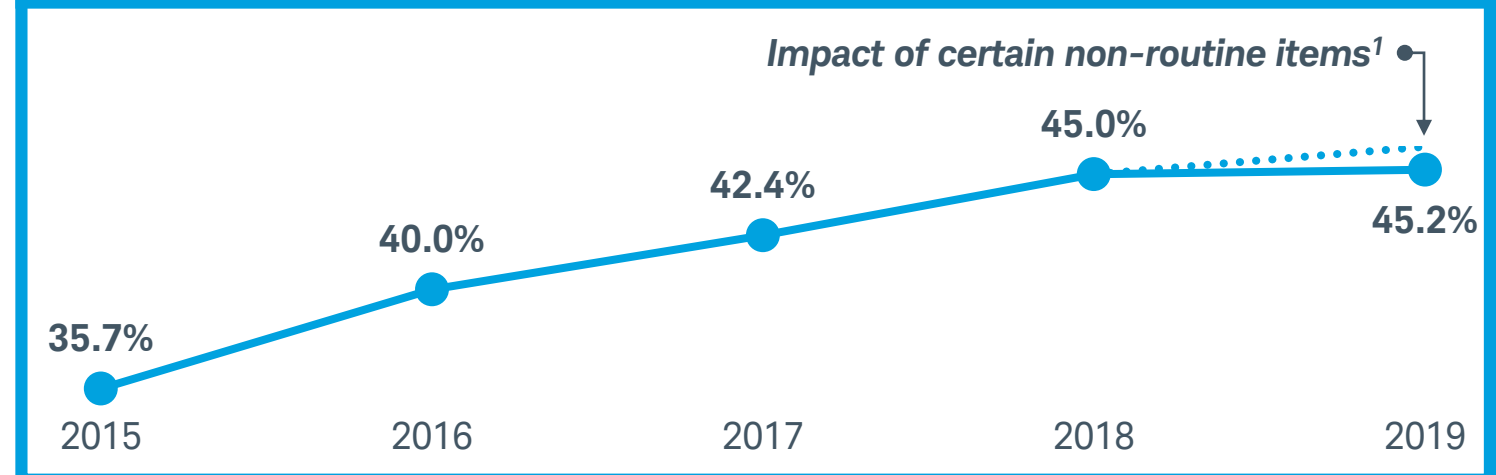


Our success with clients helped deliver solid financial performance.

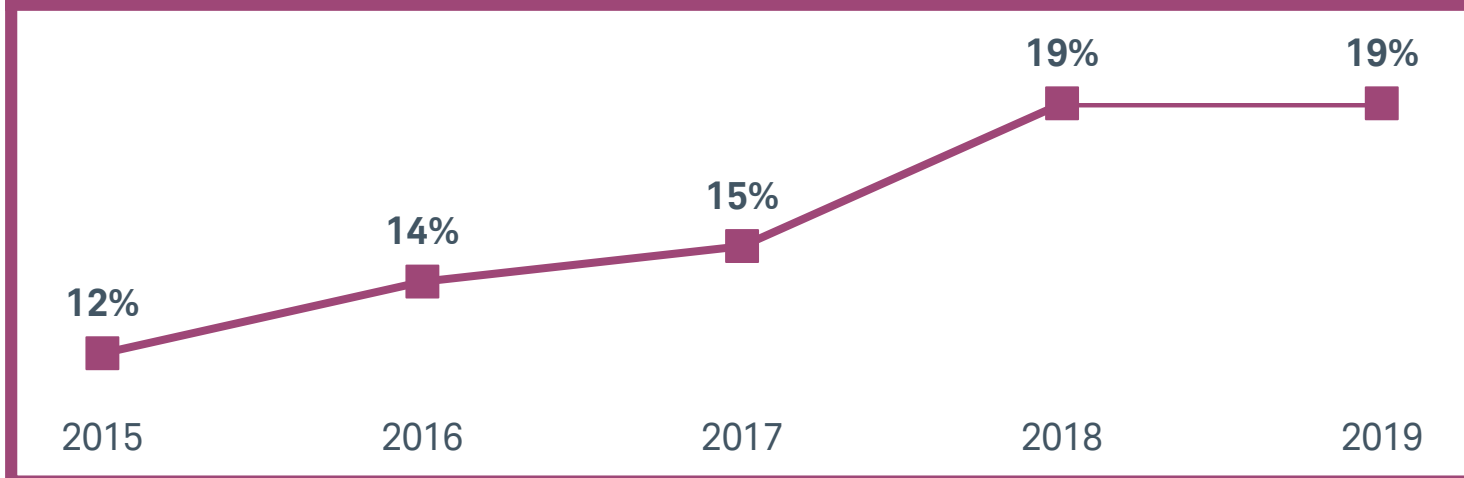
Revenue (\$B)



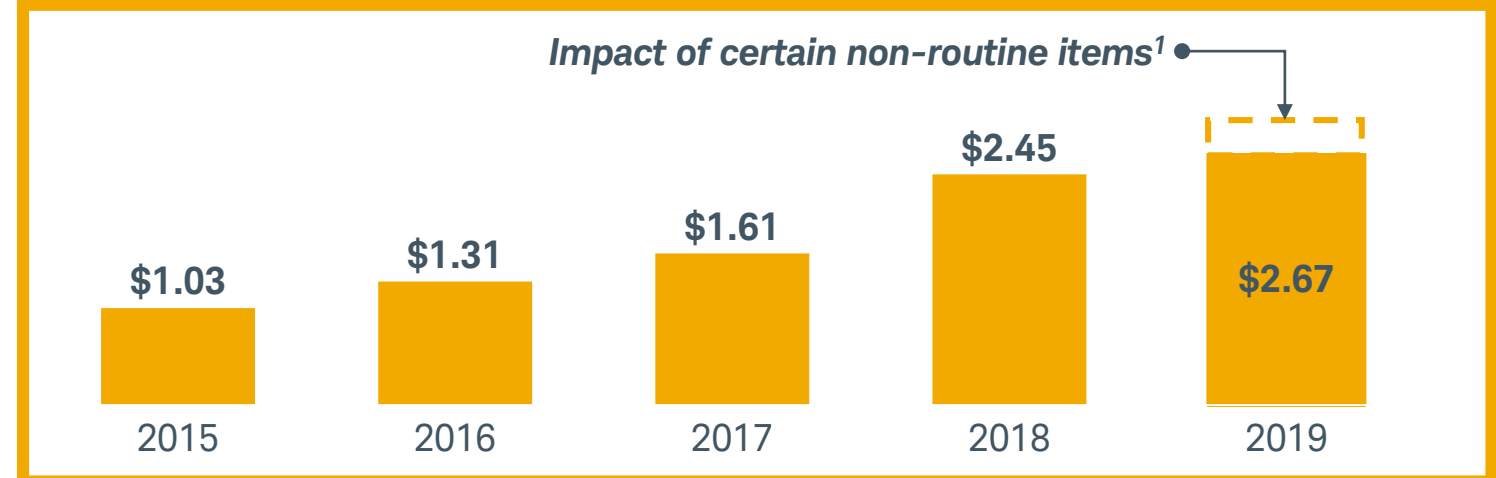
Pre-tax Profit Margin (%)



Return on Equity (%)



Diluted Earnings Per Share (\$)



Schwab's “Through Clients’ Eyes” strategy helps sustain our long-term success.

To drive growth in a challenging environment, we will press ahead to enhance scale and efficiency, harness monetization opportunities, and reinforce our offerings via needs-based segmentation...

...while our no trade-offs approach guides the way.

Value



Deliver industry-leading pricing to all of our clients

Service



Deliver world-class service to investors and advisors

Transparency



Ensure every client interaction is clear, simple, and easy

Trust



Treat clients the way we would like to be treated

Appendix

Slide 12

Cost of Managing \$250k Portfolio: Source: Morningstar Direct; Bloomberg; Strategic Management: An Integrated Approach (Hill, Jones, Schilling); industry conversations. Assumes a \$250,000 portfolio. Portfolio composition (1976, 1998) – 60% equities (represented by stocks, assumes 50 stocks in the portfolio and 50% annual turnover; cost reflects estimated stock trade commission rate at Schwab), 30% fixed income (represented by fixed income mutual funds; cost reflects asset-weighted net expense ratio), 10% cash (represented by money market funds; cost reflects asset-weighted net expense ratio); also assumes an advisory fee of 2.25% (1976) and 1.75% (1998). Portfolio composition (Today) – equities, fixed income, cash (represented by Schwab Intelligent Portfolio (SIP); cost reflects asset-weighted net expense ratio of a Moderate portfolio); also assumes ongoing cost of SIP Premium monthly subscription pricing model. Mutual funds (excludes mutual funds not reporting an annual report; includes obsolete funds) reflect those domiciled in the U.S. Mutual fund expenses based on asset-weighted average of calendar year-end assets and net expense ratio stated in that calendar year's fund's annual report.

Cost of 4-Year Private College Education (per year): Source: Trends in College Pricing 2019. 1987-88 and after: data from Annual Survey of Colleges, the College Board, weighted by full-time undergraduate enrollment; 1986-87 and prior: data from Integrated Postsecondary Education Data System (IPEDS), U.S. Department of Education, National Center for Education Statistics, weighted by full-time equivalent enrollment. Today reflects 2019-2020 school year. Data reflects tuition, fees, room and board in current dollars.

Healthcare Costs per Person: Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group; U.S. Department of Commerce, Bureau of Economic Analysis; and U.S. Bureau of the Census. Today reflects data for 2018; most recent year of available historical data. Dollar amounts shown are in current dollars.



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Q&A

Winter Business Update

February 4, 2020

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Joe Martinetto

Senior Executive Vice President
and Chief Operating Officer

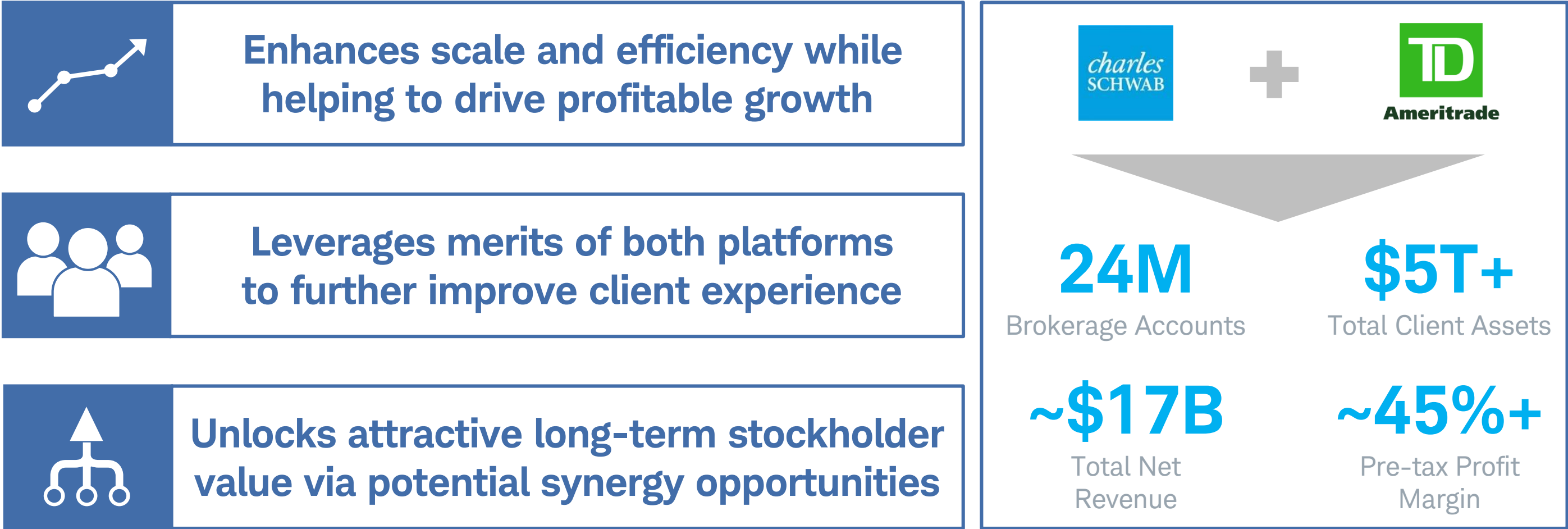
I'll focus on two areas today:

- 1 Update on the TD Ameritrade transaction
- 2 Update on how we've progressed our digital transformation over the past year

This transaction enables Schwab to press forward on behalf of clients while building the future of modern wealth management.



The combined firm will be positioned to meet the needs of investors and to support the independent advisors who serve them...



...and will create opportunity for significant expense synergies and revenue lift.

Potential Opportunities

Expense Synergies

- Potential cost savings of \$1.8–2.0 billion
- Approximately 60–65% of AMTD’s expense base or 18–20% of blended cost base
- Expected to achieve full run-rate by the end of Year 3

Revenue Synergies

- IDA restructuring offers improved net cash yields and balance sheet growth
- Opportunity to introduce AMTD customers to Schwab’s breadth and depth of capabilities
- Opportunity for Schwab clients to leverage AMTD’s trading capabilities
- Offer Schwab’s high-quality, low-cost investment products and solutions across an expanded client base

Illustrative Sources



Technology
and Marketing
Spend



Geographic
Footprint
Rationalization



Workforce
Overlap



Full Suite of
Advisory
Solutions



Fund Products
and Integrated
Trading
Platforms



Bank / IDA
Restructuring

Currently estimating integration spend of \$1.6 billion over 3 years post closing to support synergies

We have committed to a set of guiding principles that will govern our approach to the integration.

- 1 Minimize client disruption** through all phases of the integration to build trust and help meet or exceed retention targets.
- 2 Capture identified synergies as soon as possible**, across both revenue and expense, in order to meet or exceed targets.
- 3 Make decisions quickly**, even at the risk that some work may need to be revisited.
- 4 Implement Schwab as the default choice for systems and solutions** except where there is clear material advantage in the TD Ameritrade approach (potential examples: client trading capabilities, open API model for RIAs).
- 5 Evolve or accelerate existing efforts** to support scale versus starting up new programs; reprioritize resources where needed.
- 6 Reinforce aspects of the Schwab culture through the integration:** through clients' eyes, leadership imperatives, talent development, diversity, communication, transparency, and prudent risk management.

And we've created an Integration Management Office (IMO) that will provide governance over the entire process.

We're near complete with "Phase Zero" of integration planning, including standing up and staffing the IMO, establishing "clean room" protocols, and engaging Boston Consulting Group (BCG) for consulting and process support.



The work is organized into 14 tracks, with a substantial number of sub-tracks given the breadth of the effort.

We have identified business leads for the major work tracks.



While we have started some preliminary conversations with our counterparts at TD Ameritrade, our formal launch will be held in early February.

We've progressed our digital transformation through a keen focus and continued investment in our original multi-year objectives...

...which will enable our success in meeting the goals of the integration.

Create a **seamless, multi-channel experience**, removing friction and making Schwab “**easy to do business with**”

Reduce the cost of serving our clients, to allow us to **continue to reduce prices** and **make disruptive investments**

Drive growth and innovation that **widens our scale advantage** and allows us to reinvest in the business, while also rewarding employees and stockholders



Enhance scale and efficiency while helping to drive profitable growth

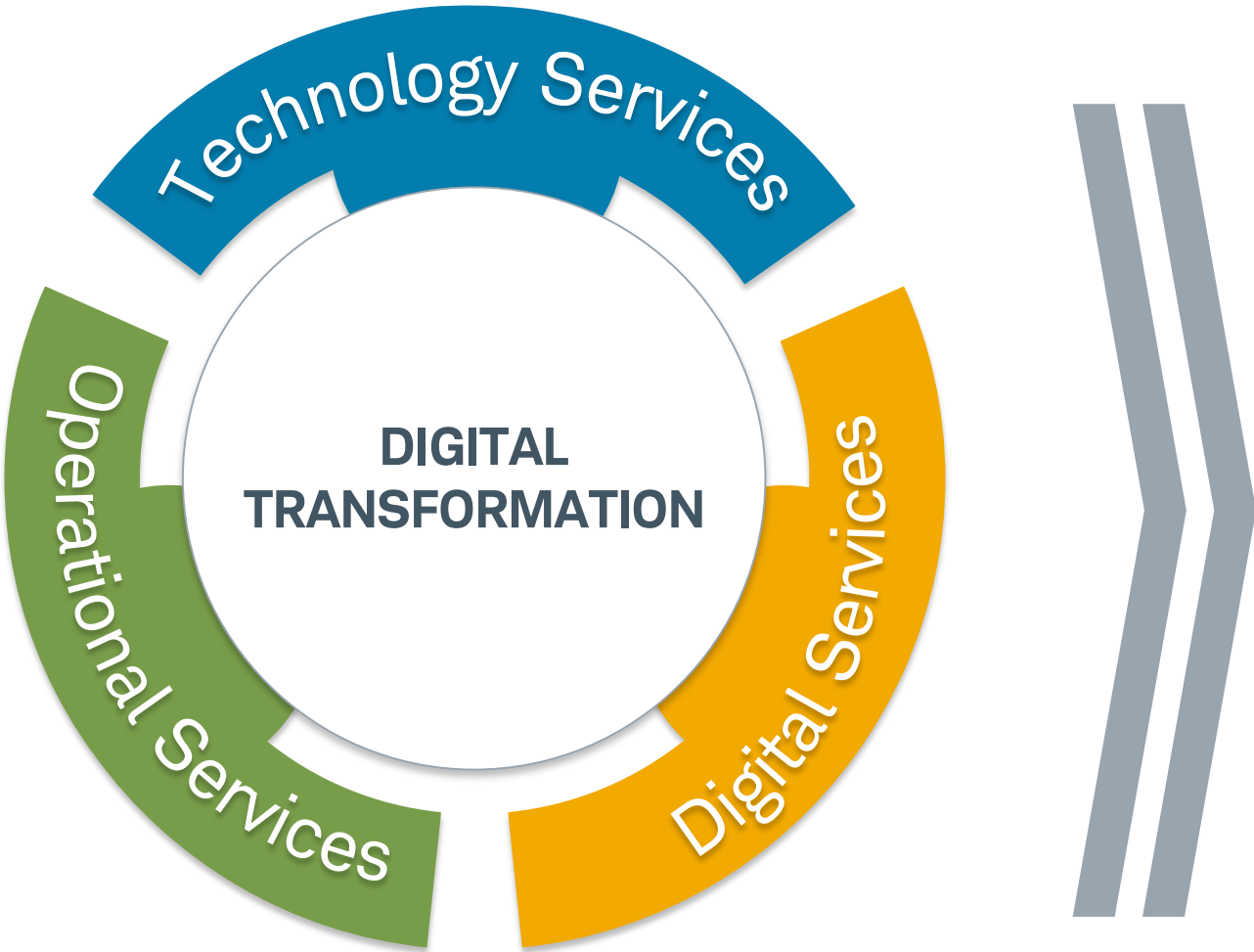


Leverage merits of both platforms to further improve client experience



Unlock attractive long-term stockholder value via potential synergy opportunities

The cross-enterprise, multi-channel approach we instituted in 2018 bore fruit in 2019 as we began or accelerated delivery on our objectives.



Select example initiatives



1099 Client Tax Dashboard



Google Assistant Action



Intelligent Assistant Pilot



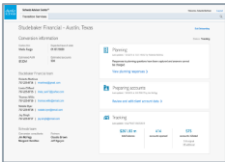
Schwab.com Investment Income View



Schwab Advisor Portfolio Connect™



Digital Account Open



Advisor Onboarding MVP



Institutional Intelligent Portfolios® Enhancements



Schwab Intelligent Portfolios Premium™ and Subscription Pricing



Schwab Intelligent Income™

A few examples of the impact our transformation efforts have had on the advisor and investor experience in 2019 alone:



Digital workflows
and status for
advisors



Schwab Mobile
app experience
enhancements



Digital experience
for clients nearing
or in retirement



We've launched new digital workflows for advisors that eliminate paper from the process.

For opening accounts...

- ✓ Key in data only once or import it from leading third-party systems
- ✓ Smart application helps reduce or eliminate errors
- ✓ Drag and drop recent contact information

...changing addresses...

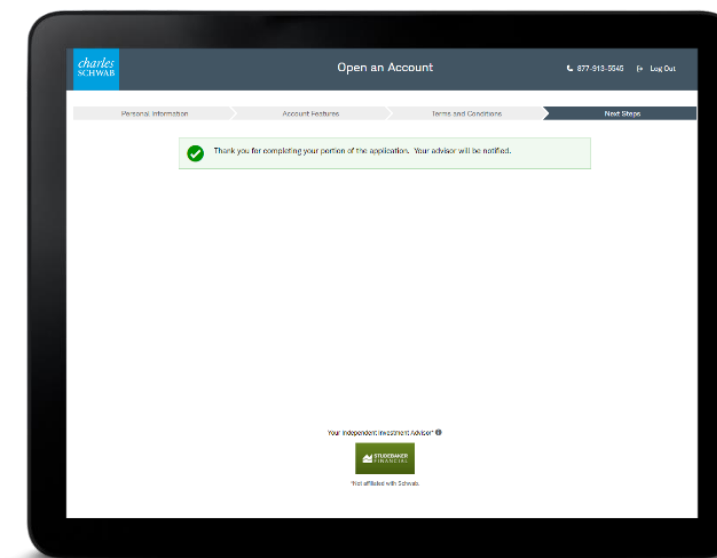
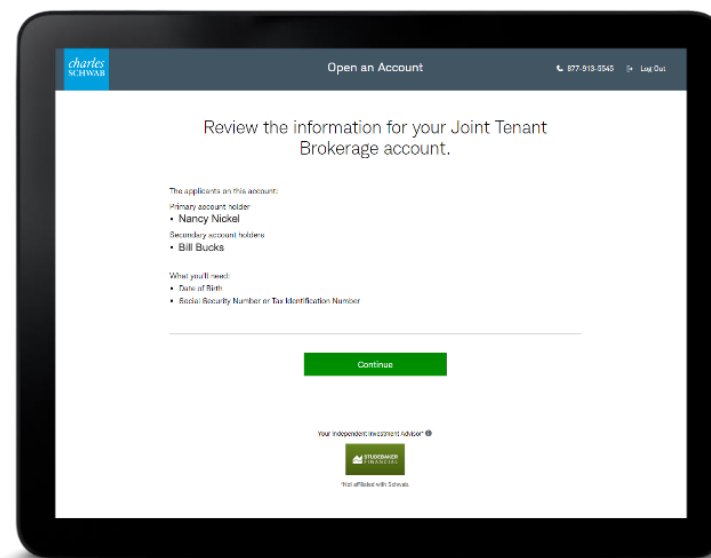
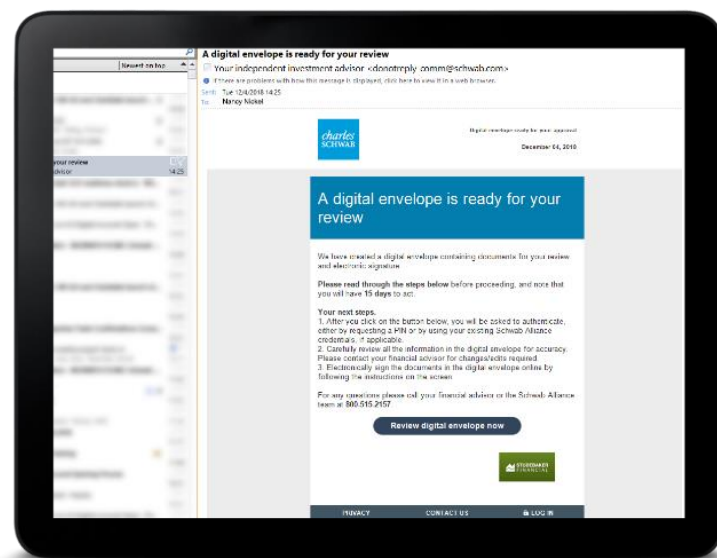
- ✓ Smart application helps reduce or eliminate errors
- ✓ Change an address across many accounts at one time
- ✓ Most address changes initiated and completed the same day

...and moving money

- ✓ Guided workflows for wire, journals, check, and Schwab MoneyLink®/ACH requests
- ✓ Initiate the request in minutes



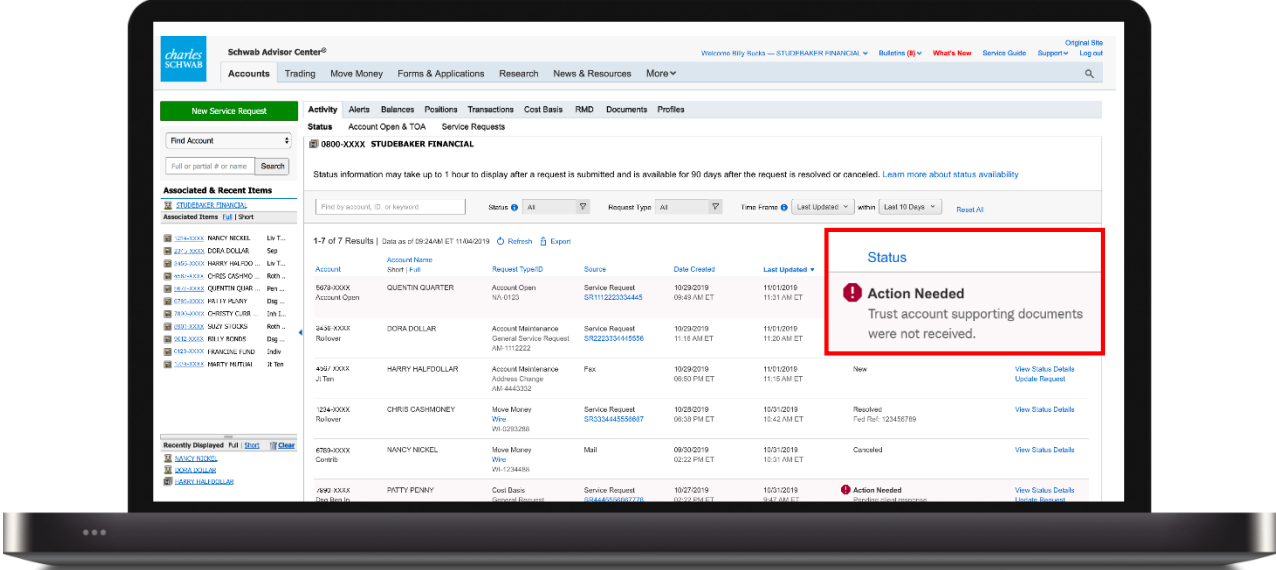
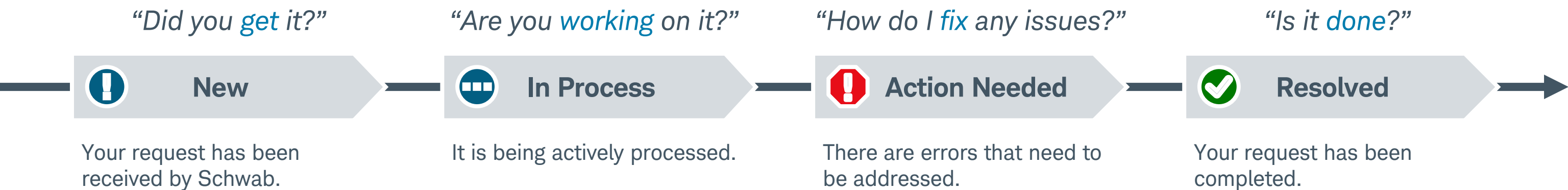
And the fully digital workflows make on-the-go end-client approvals easy.



Opening accounts, changing addresses, and moving money can be fully approved by an advisor's end-client in seconds.



Our focus on digital workflows has enabled a Status experience that gives advisors better insight into and tracking of submitted requests.



- ✓ View more detail and history
- ✓ Update requests that require action
- ✓ Insert documents and add notes
- ✓ Requests update in real time
- ✓ Dynamically search requests using any keyword
- ✓ Detailed confirmation for completed requests



These new digital workflows and status capabilities launched in 2019 are already driving client and operational impact.

ADOPTION 

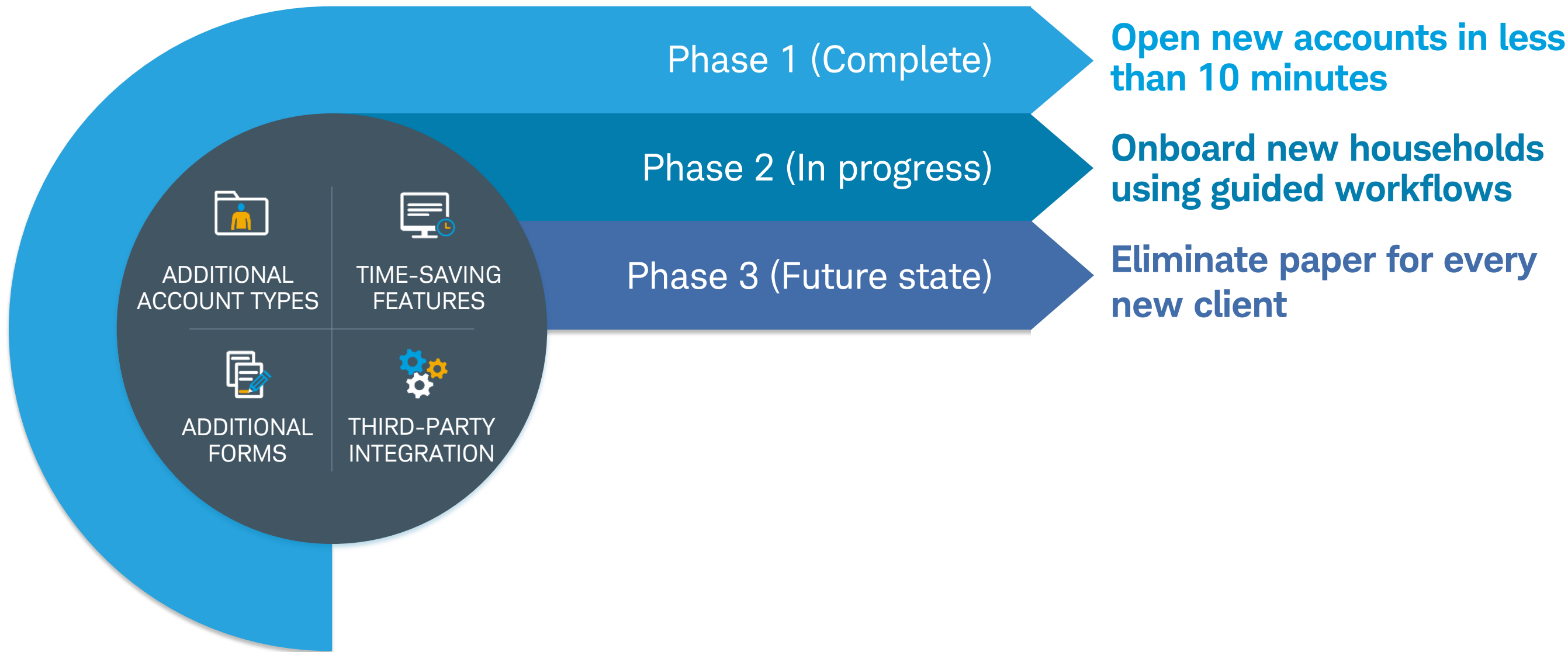
NIGO 

TIME 

- ✓ Over 50% of advisor firms are actively using the new Status experience, causing status-related call volumes into our Service teams to decline by 15%.
- ✓ Since its launch in June, the number of firms using our digital account open experience has more than doubled with over 20% of advisors leveraging it today.
- ✓ While roughly 30% of new accounts processed via paper result in some “not in good order” (NIGO) errors, only 3% of accounts opened via our digital account open workflow had such errors.
- ✓ Advisors utilizing our new digital account open workflow can now open a new account in less than 10 minutes.
- ✓ The weighted processing minutes per account open for our Operational teams is only 6 minutes for accounts opened via our digital workflows, compared to 19 minutes for accounts opened via other channels.



What's next for advisor-focused digital workflows? Acceleration.





We enhanced our Schwab Mobile app with new capabilities to enable better personalization, streamline functionality, and drive self-service.

Examples of the over 100 new features we released in 2019

We prioritized the development of capabilities that would lead to:

- ✓ Improved navigation and ease of use
- ✓ Reduced call volumes in our contact centers
- ✓ Mobile parity with our Schwab.com experience
- ✓ Increased client engagement



Tax Dashboard
View and see expected delivery of all 1099 tax forms



Document Uploader
Securely send documents to Schwab



Market Reports
Gain deeper insight into the markets via in-app market reports



Visa Debit Alerts
Set alerts for debit cards



Bank to IRA Transfers
Make transfers directly from bank accounts to an IRA



Me Menu
Increase ease of navigation by moving personal setting to an easy-to-find location



Trade Recent Symbols
See recently searched symbols when inputting a trade



Short Sale Automation
Clients who wish to trade Hard to Borrow securities now have an automated experience



Markets Settings
Rearrange content on the “Markets” screen via drag/drop functionality



Balance Letters
Instantly generate a balance letter to verify the status and balance of accounts



Edit Travel Notice
Edit previously submitted travel notices



New Deeplinks
Seamlessly link to your end destination within the app

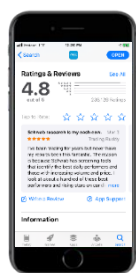


And while clients and the industry are already taking notice, we have work underway in 2020 to further improve the experience and drive scale.

By the numbers

>1.2 MM unique customers now using Schwab Mobile, up 25% year-over-year

30 - 40% of these unique customers on any given month are “mobile only” users



4.8 star rating out of five in the iOS App Store



#1 J.D. Power 2019 U.S. Wealth Management Mobile App Satisfaction

Select mobile capabilities on the 2020 roadmap

- ❑ Full rollout of Schwab Intelligent Assistant, a chat-bot experience aimed at reducing transactional call volume into our contact centers
- ❑ Further drive for parity between Schwab’s web and mobile experiences, progressing clients’ ability to self-serve in their channel of choice
- ❑ Enhance the pre-login mobile experience, including more integration of Schwab’s help and guidance and thought leadership content



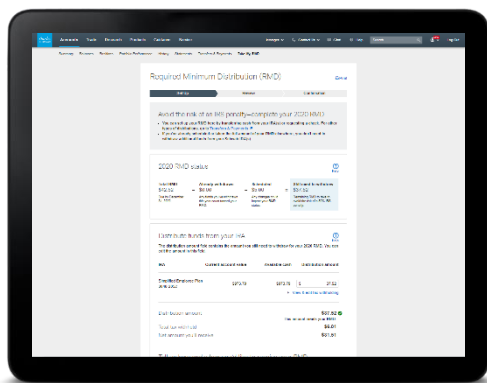
We've also significantly enhanced our digital experience for clients in or nearing retirement with a range of new multi-channel capabilities.

Investment income reporting and projection



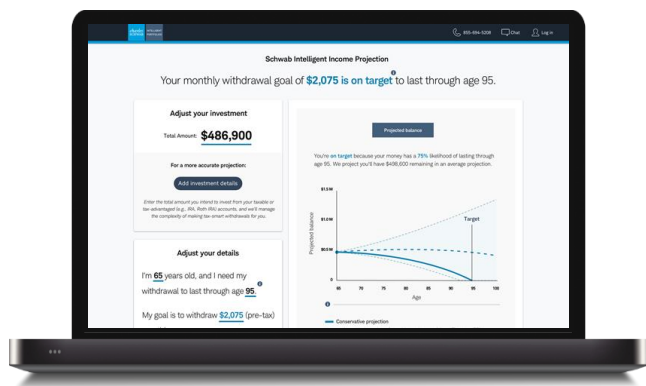
- ✓ Gives clients the ability to view the dividends and interest income generated by their Schwab accounts
- ✓ Simple export of robust investment income details
- ✓ Lays the groundwork for next-generation performance reporting experiences

Streamlined digital retirement journey



- ✓ Easy required minimum distribution (RMD) set-up provides RMD status and ability to modify RMD amount, tax withholding elections, and distribution method within the tool
- ✓ For inheritors, ability to digitally upload a death certificate using their mobile device or desktop, no login credentials required

Schwab Intelligent Income



- ✓ Enables clients to project, manage, and automate the creation of income in a tax-smart way
- ✓ Maximum flexibility to stop or liquidate investments at any time without penalties

Key takeaways

- ☑ Schwab's acquisition of TD Ameritrade enables Schwab to press forward on behalf of clients while building the future of modern wealth management:
 - » Enhances scale and efficiency while helping to drive profitable growth
 - » Leverages merits of both platforms to further improve client experience
 - » Unlocks attractive long-term stockholder value via potential synergy opportunities
- ☑ While we've been moving quickly to get the integration planning effort up and running, we've also been accelerating our major digital initiatives – which we began as part of our broader digital transformation aimed at helping to manage the ongoing growth of the company
- ☑ We're confident that many of the capabilities we've built as part of this digital transformation – particularly those focused on increasing automation – will contribute to making the integration process smooth and enable us to manage significant jumps in volume



CORPORATION

Q&A



CORPORATION

Break

Winter Business Update

February 4, 2020

charles
SCHWAB

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CORPORATION

Jonathan Craig

Senior Executive Vice President,
Investor Services and Marketing

2019 was a year of significant marketplace actions.

First major brokerage to offer zero commissions



First in industry to launch subscription pricing



Substantially enhanced bank relationship pricing



Announced breakthrough portfolio “paycheck” solution



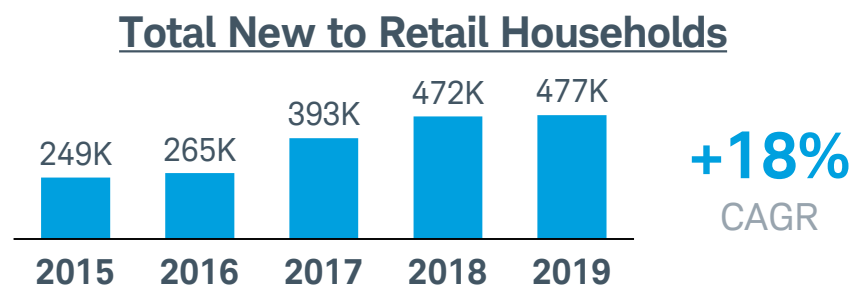
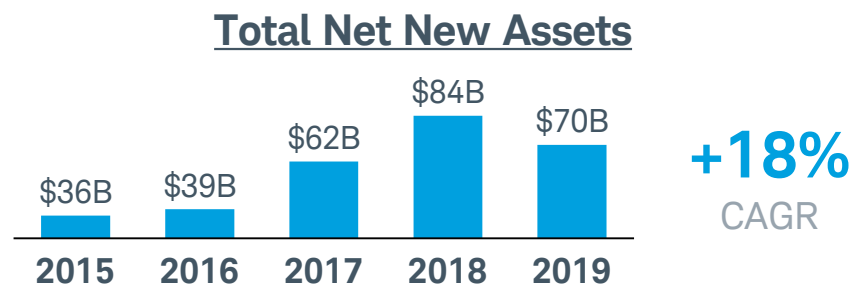
Expansion of independent branches



All of these actions are aimed at staying on offense, ensuring we continue our robust organic growth in the face of a strong competitive environment.

The result is a very healthy Retail business.

Strong multi-year growth in assets, households, and client satisfaction



Client Promotor Score

+15 vs. 2015
Points

We are attracting young, affluent clients who want advice

Young clients

55%

of NTR HHs are 40 years old or younger

Affluent clients

33%

of NTR HHs are Affluent¹

Client assets engaged in advice solutions

1.3x

more likely to engage in advice

We continued to receive strong industry recognition²



#1 in Investor Satisfaction for Self-Directed Investors (DIY), Direct Retail Banks³, and Large Retirement Plan Participants⁴

Other industry accolades:

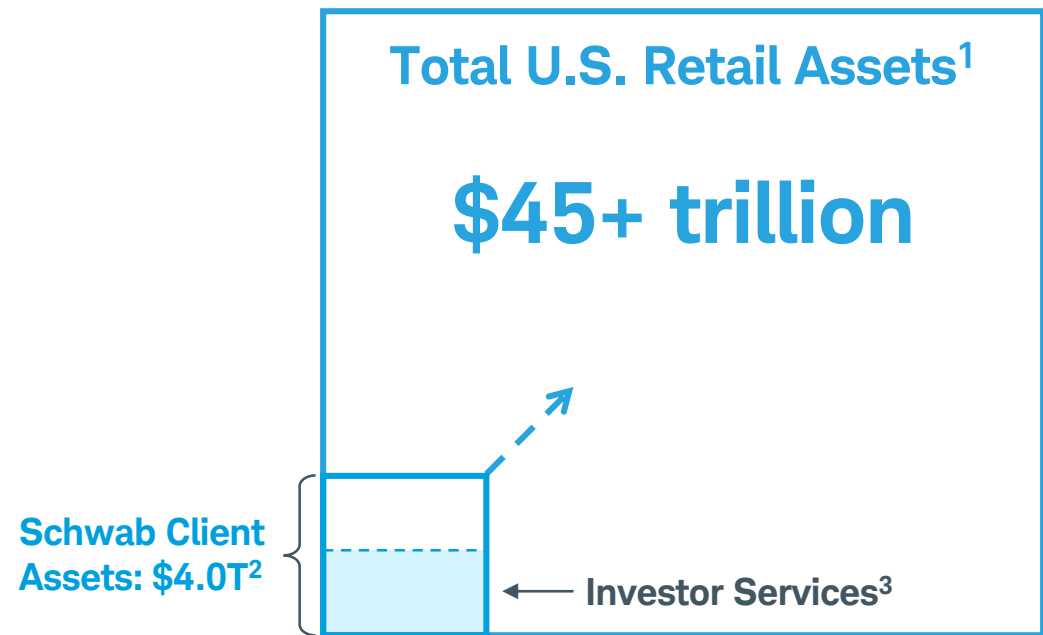
FORTUNE
WORLD'S MOST
ADMIRABLE
COMPANIES²⁰¹⁹

INVESTOR'S BUSINESS DAILY
2019 BEST ONLINE BROKERS
TOP BROKER OVERALL

StockBrokers.com
2019 ANNUAL REVIEW
BEST IN CLASS Overall

Despite our strength, we have only just scratched the surface of a big opportunity.

We have significant market share opportunity...



...and strong positioning against key trends.

Low cost

\$0 commissions, low cost / no-fee advisory offers, relationship pricing

Transparency

Industry's only Satisfaction Guarantee⁴

Omni-channel

Serving clients in their channel of choice across physical and digital

Scale

Operating with highly efficient cost structure, continuing Virtuous Cycle

Note: 1. Total U.S. Retail Assets based on Schwab estimates from Federal Reserve Flow of Funds. 2. Schwab total client assets as of December 31, 2019. 3. Schwab Investor Services includes retail and retirement plan services assets. 4. Please visit schwab.com/satisfaction-guarantee for more details.

We have a number of levers to drive net new assets and new households...

Inorganic growth levers

Announced intent to acquire:

USAA's investment management business

- ✓ 1M brokerage accounts and \$90B client assets
- ✓ Exclusive referral agreement to serve USAA members

TD Ameritrade

- ✓ 12M client accounts and \$1.3T client assets across both the retail and advisor businesses
- ✓ Potential access to award-winning technology

Select organic asset and household growth levers

Client segmentation

- ✓ New relationship and service models
- ✓ Enhanced Chairman's Circle

B2B2C¹ relationships

- ✓ New dedicated B2B2C¹ conversion team
- ✓ Financial wellness

Distribution and marketing

- ✓ Additional franchises
- ✓ Stop competitors from "buying" client assets with cash offers
- ✓ Continue strong, insights-driven marketing

Service and simplification

- ✓ Great service through simplicity and respect for people's time
- ✓ "Client Easy Score"

...in addition to monetization via new solutions.

Clients have proven a strong willingness to embrace new Schwab products...

Schwab Intelligent Portfolios Solutions™

\$47B AUM¹

Became largest pure robo just 10 months after launch

Schwab ETFs

\$164B AUM²

10 years after launch, became #5 ETF manager by assets and #3 by net flows (for 2019)

ThomasPartners

\$17B AUM

*vs. \$1.5B AUM in 2013
(more than 10.7x growth)*

We will leverage our brand equity and seek opportunities that build new solutions that...



Deliver great value to clients



Improve firm's economics



Fit with firm's risk appetite

Potential new product areas include...



Income generation and planning



More discretionary solutions



Additional lending products

Finally, we continue to invest in scaling our service model to support future growth.

In 2019, we launched a multi-year, franchise-wide effort to enhance scale and improve service.

2019 key service transformation areas and initiatives

Robust results to date¹

Digital	Launched broad set of capabilities to lower call volumes and allow clients to contact us in their channel of choice
Voice technology	Significant upgrade to IVR and launched virtual callback functionality
Risk management	Strengthened client authentication across digital and voice channels
Employees	Launched frontline development program and began rollout of cloud-based service desktop

Call volume ² ▼ 8%	Hold time saved 4K+ hours
Service levels ▲ 15%	Cost per household ▼ 6%

58 Note: IVR = Interactive voice response. 1. As of mid-December 2019. 2. Represents total call volume.

In summary, our business is healthy and we're focused on creating more client value in 2020.

We have strong momentum in the marketplace and remain well positioned for growth.

We are making significant investments to drive continued growth in assets and households.

Segmentation, monetization, as well as USAA / TD Ameritrade integration will be critical new focus areas in 2020.

Appendix

Disclosures: Charles Schwab received the highest numerical score in the J.D. Power 2019 Self-Directed Investor Satisfaction Study. 2019 study based on responses from 5,418 investors who make all their investment decisions without the counsel of a personal financial advisor, surveyed between November 2018 and January 2019. Your experiences may vary. Visit jdpower.com/awards. | Charles Schwab received the highest numerical score in the J.D. Power 2019 Direct Banking Satisfaction Study, among branchless banks. 2019 study based on responses from 2,138 direct bank customers, surveyed between January 2019 and February 2019. Your experiences may vary. Visit jdpower.com/awards. | Charles Schwab received the highest numerical score in the J.D. Power 2019 U.S. Retirement Plan Participant Satisfaction Study, in the large plan segment. 2019 study based on responses from 8,332 retirement plan participants, surveyed between February 2019 and March 2019. Your experiences may vary. Visit jdpower.com/awards. | From FORTUNE, ©2019 FORTUNE Media IP Limited. All rights reserved. Used under license. FORTUNE and FORTUNE World's Most Admired Companies are registered trademarks of FORTUNE Media IP Limited and are used under license. FORTUNE is not affiliated with and does not endorse the products or services of, Charles Schwab | From Investors' Business Daily, January 28, 2019, © 2000–2020 Investor's Business Daily, Inc. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited. Results based on a two-step process, with the first step involving survey respondents being asked which attributes of an online broker were most and least important to them, and the second step involving survey respondents rating their primary broker in the 14 most important criteria, with the top 3 overall and in each category being recognized. | From StockBrokers.com, February 18, 2019, © 2019 Reink Media Group LLC. All rights reserved. Used by permission and protected by the Copyright Laws of the United States. The printing, copying, redistribution, or retransmission of this Content without express written permission is prohibited. Results based on 4,544 data points collected over 6 months, including 284 different variables across 9 core areas: Commissions & Fees, Customer Service, Platforms & Tools, Research, Ease of Use, Offering of Investments, Education, Mobile Trading, and Banking.



CORPORATION

Bernie Clark

Executive Vice President,
Advisor Services

Agenda

Our **Industry**

Independent Registered Investment Advisors (RIAs) continue to represent a rapidly growing and increasingly sophisticated profession within financial services.

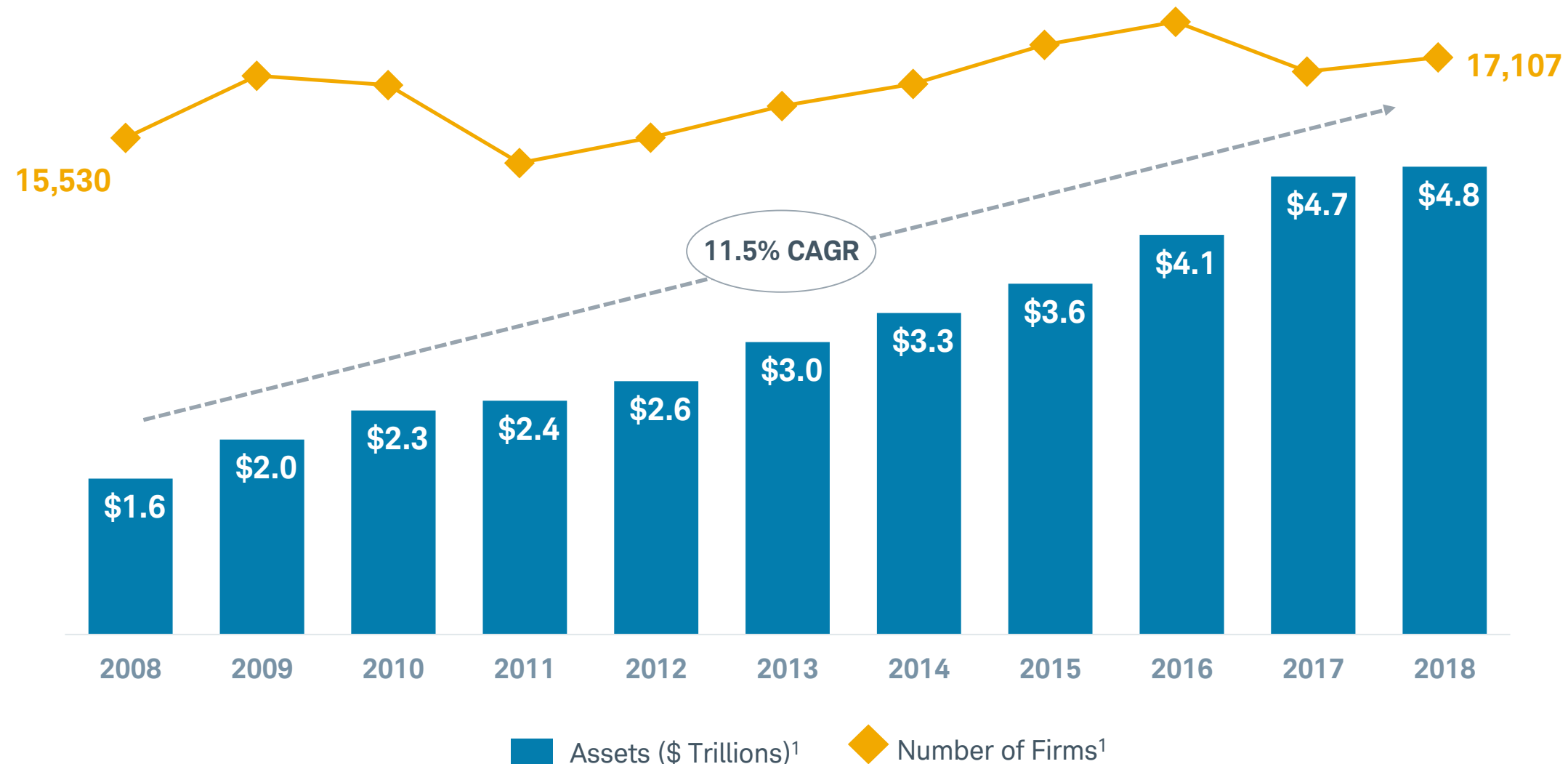
Our **2019 Results**

Schwab Advisor Services attracted over \$100B in NNA for the third year running, and on-boarded a record 235 Advisors in Transition (AITs).

Our **Vision for 2020**

The advisor experience of the future is simple, scalable, and consultative. We are focused on the three pillars of building that experience: digitization, specialization, and service evolution.

Assets managed by independent advisors have tripled in the last decade...



...contributing to an increasingly sophisticated ecosystem,...



Platforms

Allow RIAs to "rent" an end-to-end operating and support platform, and do not take an equity stake in affiliates



Financial Acquirers

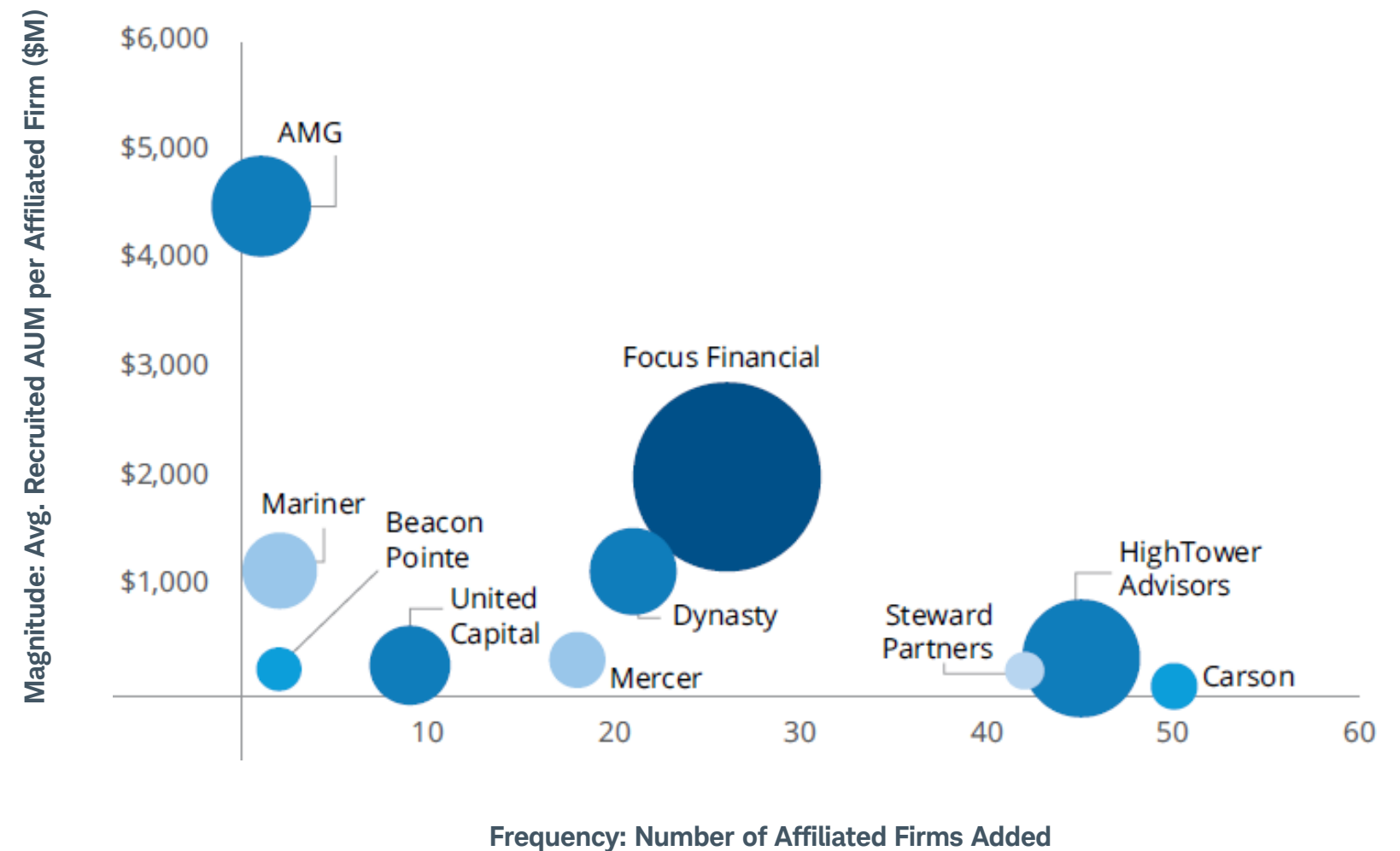
Systematically acquire RIAs to aggregate individual firms in a fragmented market and realize financial gains through a liquidity event or cash flow distributions



Strategic Acquirers

Large RIAs that systematically acquire advisory firms to grow market share, enter new geographic regions, and achieve other growth-oriented strategic objectives

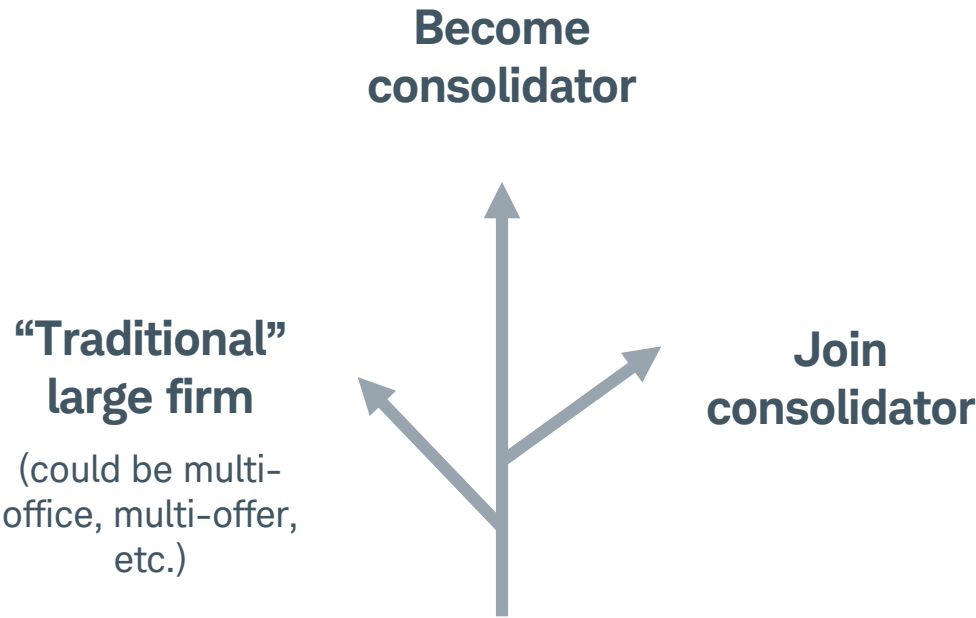
Major Consolidators: Acquisition Matrix 2016-2018¹



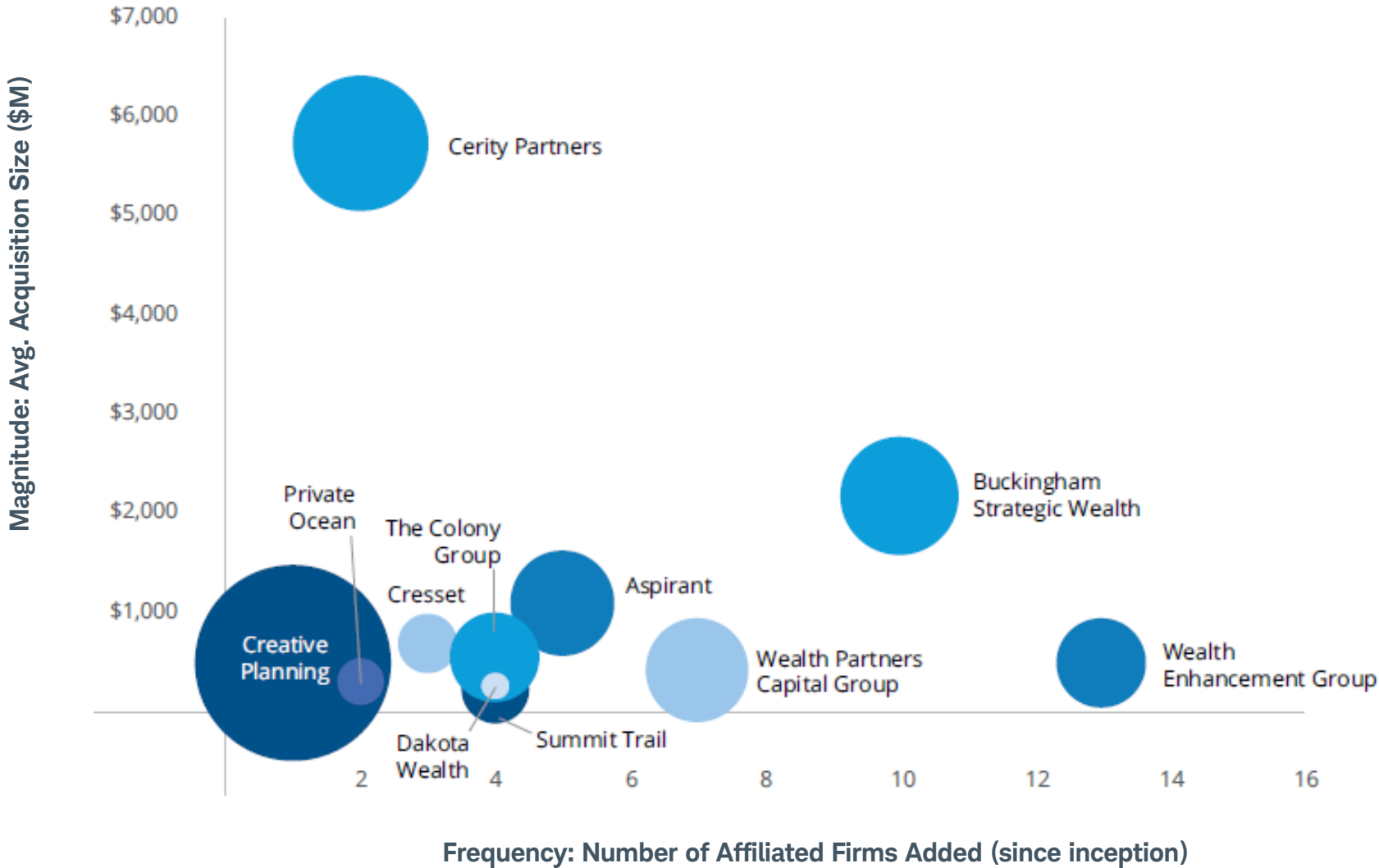
Source: The Cerulli Report, U.S. RIA Marketplace 2019. 1. The size of each circle represents that consolidator firm's assets custodied under the firm's RIA as of year-end 2018. Average AUM per affiliate firm and the number of affiliate firms added are evaluated over a three-year period from 2016 to 2018. Recruited AUM is based on assets announced at the time of affiliation.

...which is set up to address key objectives from scale to succession.

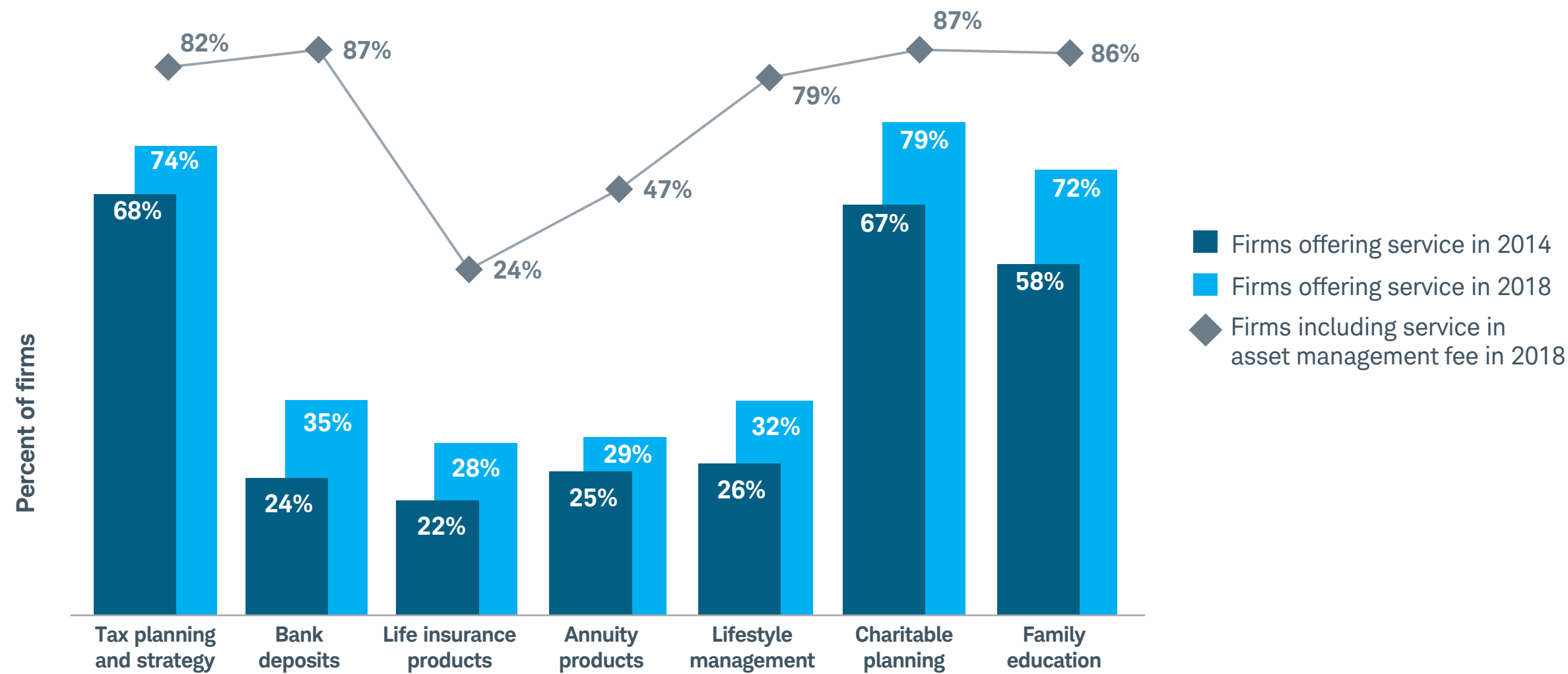
Trends among \$1B+ advisors



Emerging and Sub-Consolidators: Acquisition Matrix 2018¹



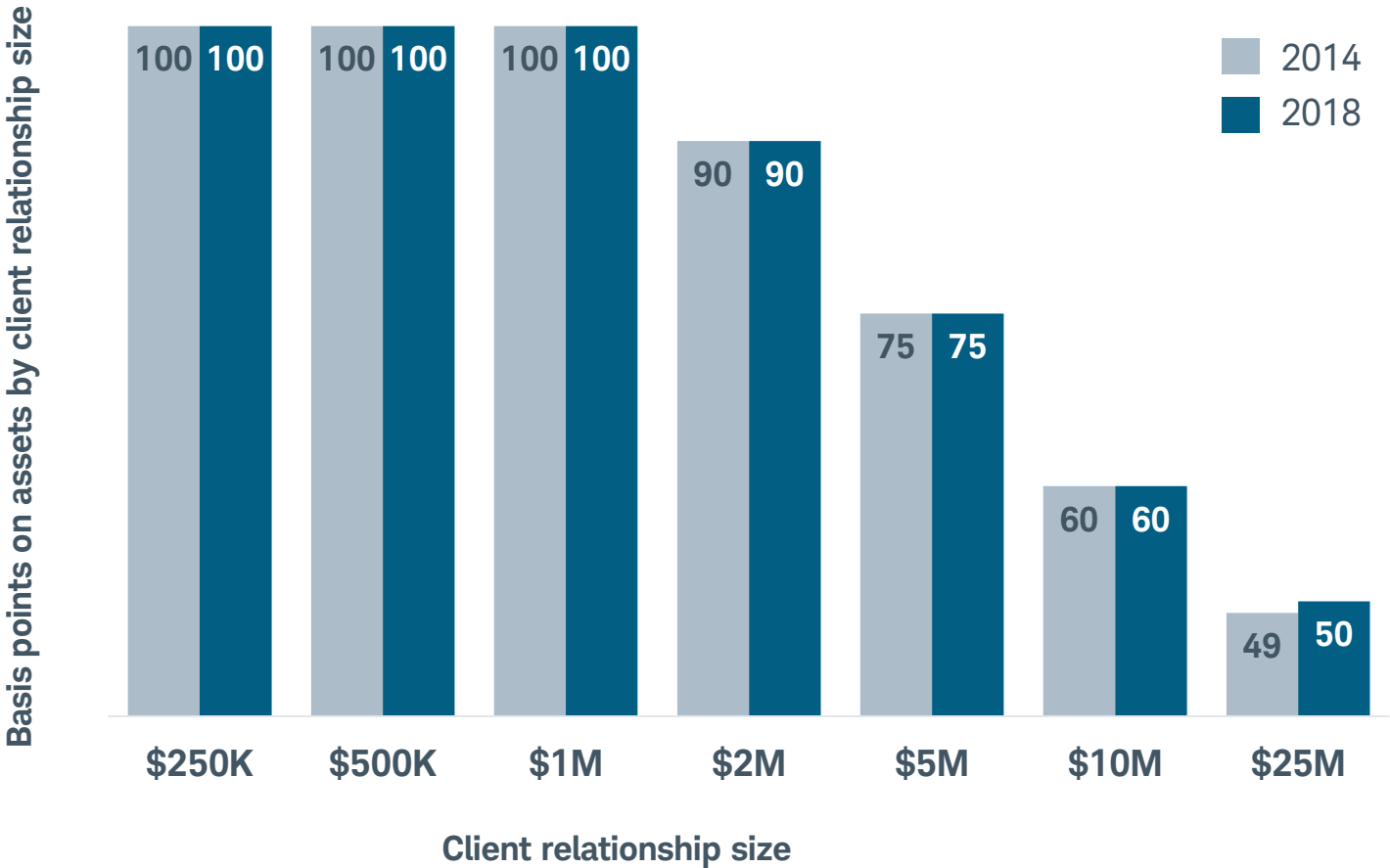
Firms continue to expand their offerings, to address client needs and differentiate,...



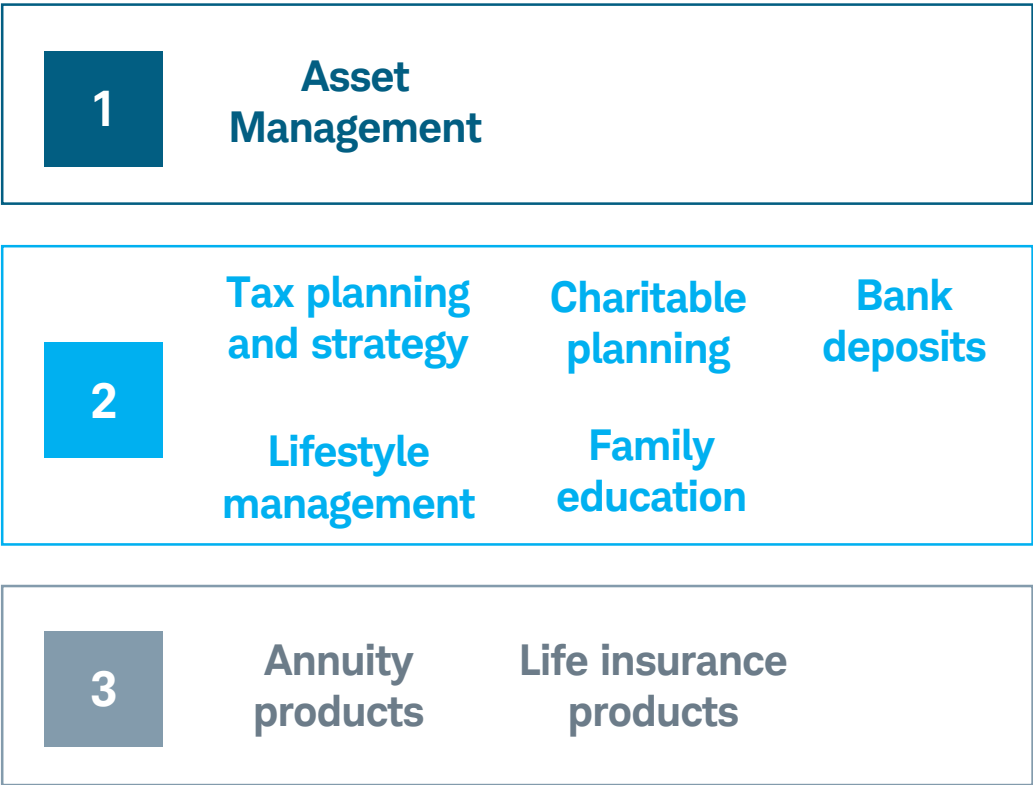
Source: Results from the 2015 and 2019 RIA Benchmarking Study from Charles Schwab. Results for all firms with \$250 million or more in AUM. Past performance is not an indicator of future results. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms. Participant firms represent various sizes and business models categorized into 12 peer groups – 7 wealth manager groups and 5 money manager groups – by AUM size.

...while all-in pricing holds steady.

Advisory fee in basis point by client relationship size



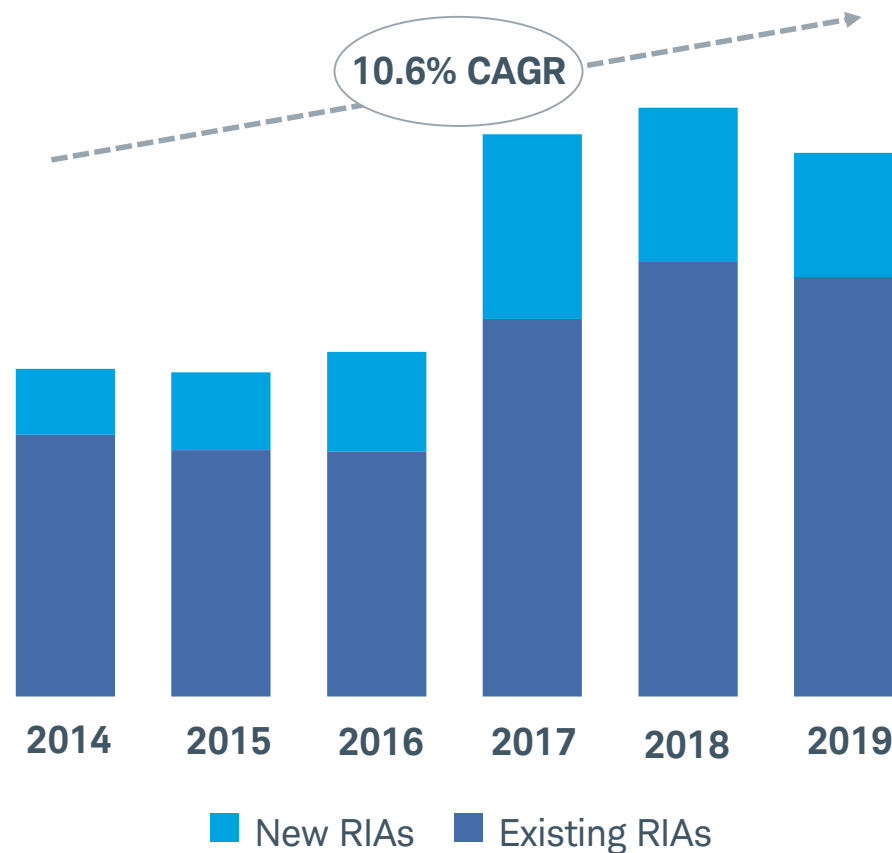
Advisory fees often include more than asset management



Source: Results from the 2015 and 2019 RIA Benchmarking Study from Charles Schwab. Median results for all firms with \$250 million or more in AUM. 2019 RIA Benchmarking Study from Charles Schwab, fielded January to March 2019. Study contains self-reported data from 1,310 firms. Participant firms represent various sizes and business models categorized into 12 peer groups – 7 wealth manager groups and 5 money manager groups – by AUM size.

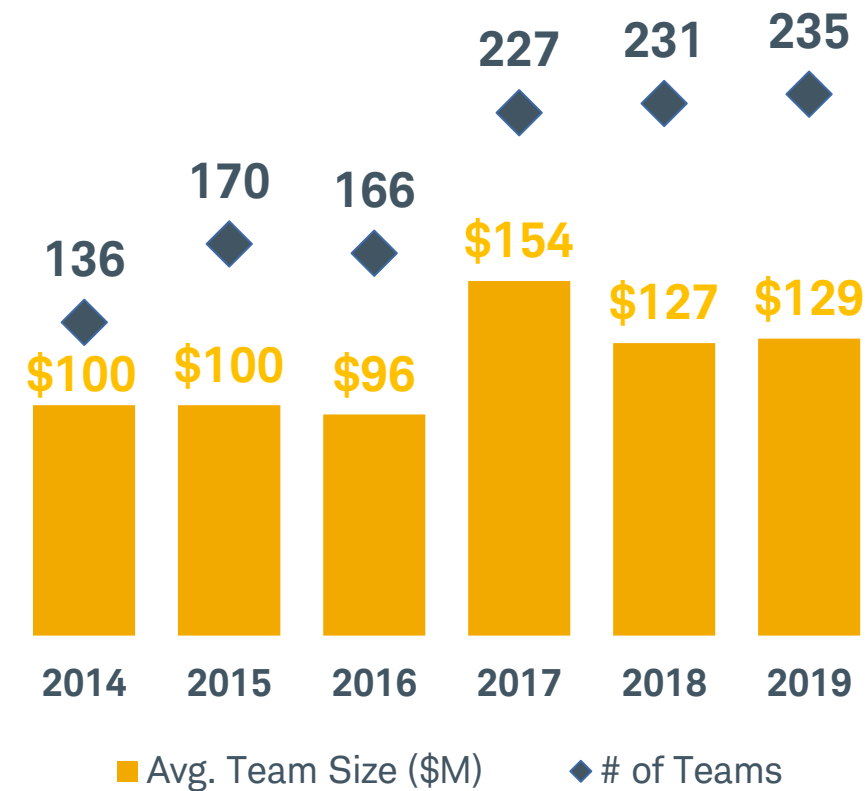
Advisor Services attracted over \$100B in NNA for the third year running...

Advisor Services Net New Assets (\$B)



Inflows from new and existing RIAs were solid despite environmental headwinds in 1Q 2019.

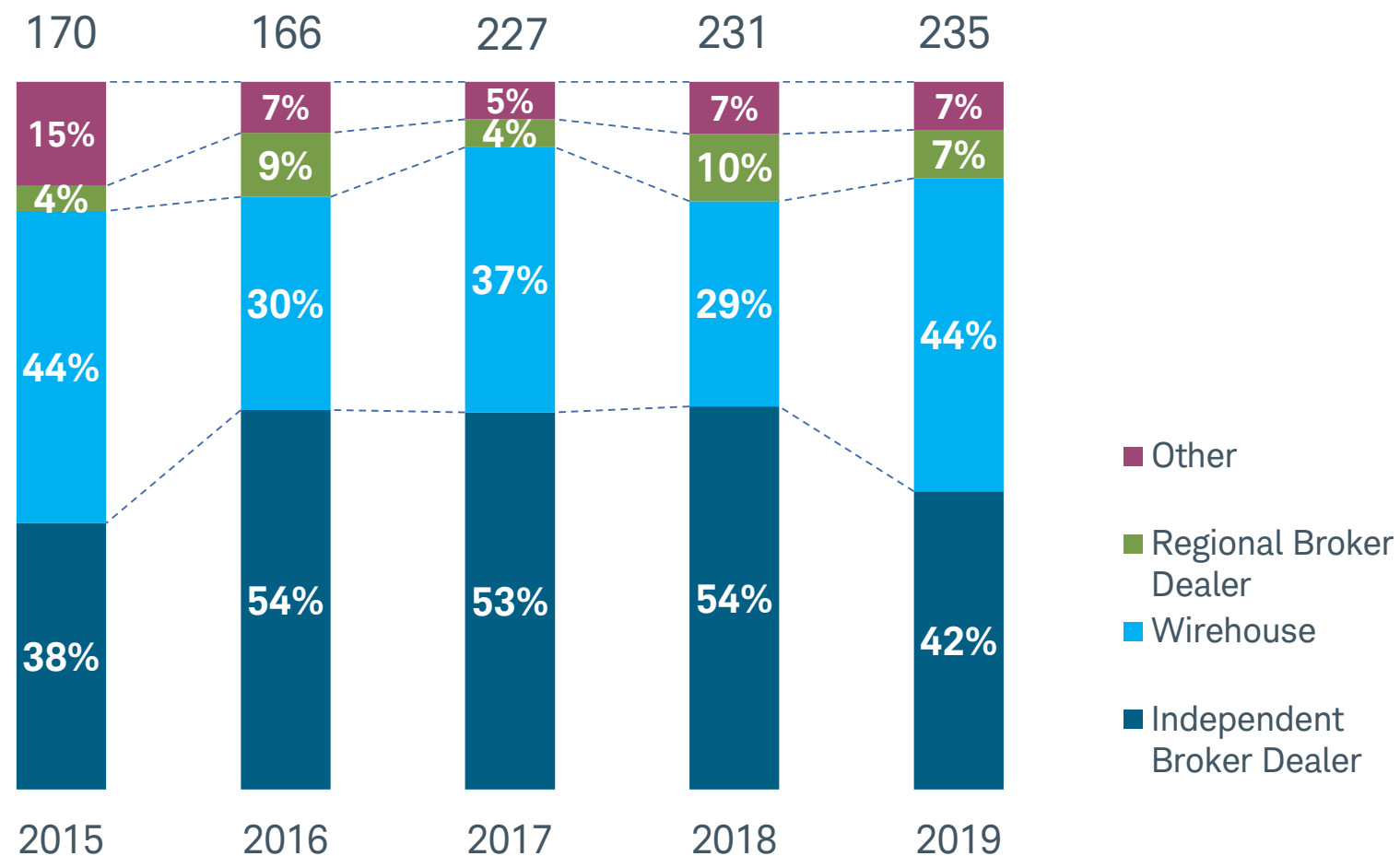
of AIT Teams and Average AIT Size (\$M)



A record high number of AIT teams became independent with Schwab.

...as the open-architecture, client-centric model continued to resonate.

Source of Advisors in Transition (AIT)



Record number of deals from AITs in 2019

- Strong results from the wirehouse channel, with number of deals up **70%** year-over-year
- Schwab has won **1,000+** AITs over the past 5 years

In 2020, we will continue on a multi-year journey to build the RIA experience of the future.

Digitization



Enhance digital tools that make it easier to do business, with an emphasis on increasing adoption of paperless workflows

Specialization



Continue developing specialized offers for an increasingly diverse client set based on size, complexity and volume needs

Service Evolution



Deliver technologies and structural enhancements focused on providing advisors with first call resolution

Tailoring our offerings across the spectrum of advisor size and need has delivered strong results.

The **Core Solutions Group** serves over 4,500 advisors with up to \$100M in assets under management.

Schwab Advisor Family Office has grown into an organization of 40 professionals and 20 additional dedicated support roles throughout Advisor Services and Schwab Bank.



NNA \$11.6B

+47% Y/Y organic growth



Advisors 4,559

+4% Y/Y organic growth



Assets \$153.0B

+25% Y/Y organic growth



NNA \$17.0B

From advisors serving ultra-high net worth households



Advisors 288

Single and multi-family offices custody with Schwab



Assets \$378.0B

in ultra high net worth

Q&A

**Jonathan
Craig**

**Senior Executive Vice President,
Investor Services and Marketing**

**Bernie
Clark**

**Executive Vice President,
Advisor Services**



CORPORATION

Lunch

Winter Business Update

February 4, 2020

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Peter Crawford

Executive Vice President and
Chief Financial Officer

We achieved impressive 2019 results in the face of a mixed environment and our own pricing decisions.

- During 2019, Schwab reached new records – in total client assets, revenue, net income, and EPS
- Our 2020 outlook puts the focus on efficiency and execution as we press ahead to build the future of wealth management
- We will remain on offense by continuing to prudently invest for the future while delivering on our near-term commitments

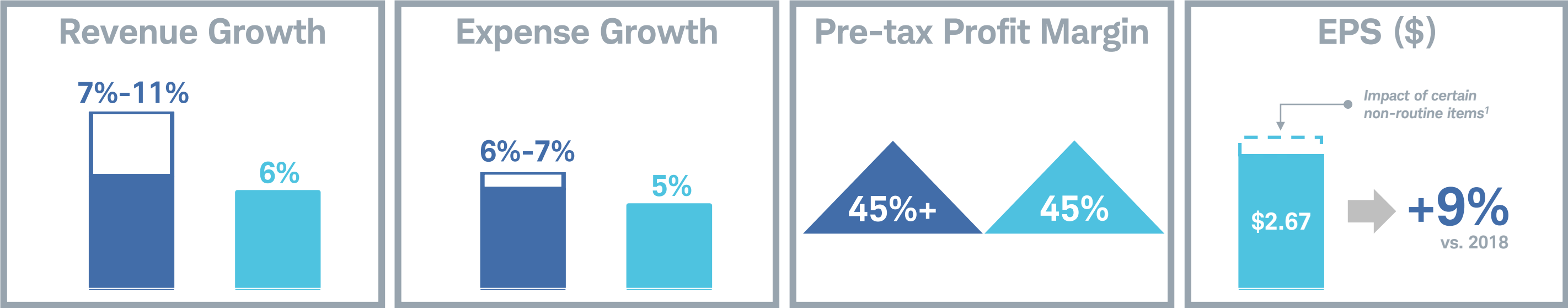
Today we'll discuss:

2019 Results
2020 Outlook
Capital Management

Though equity markets were strong, lower interest rates and our own pricing actions created headwinds...

	Key Scenario Drivers:	2019 Actual	Impact
Market	S&P appreciates 6.5% from mid-January 2019	S&P up 29%	+
Short-term Rates	One rate hike in June to 2.50% - 2.75%	Three rate cuts in July, September, and October to 1.50%-1.75%	-
Long-term Rates	Average 10-year Treasury at 2.80%	Average 10-year Treasury at 2.14%	-
Trading	DARTs up ~5% year-over-year	DARTs down 20% year-over-year	-
Balance Sheet ¹	8%-9% decline to 3%-4% growth	Contracted by 1%	+/-

...yet strong asset gathering and expense discipline enabled us to deliver strong results.



Note: 1. Total impact of certain non-routine items = \$87 million, or \$0.05 of GAAP EPS for FY19; items included \$62 million in severance charges related to position eliminations in 3Q19 and \$25 million in acquisition-related expenses associated with the pending USAA and TD Ameritrade transactions.

The balance sheet contracted 1%, which was within the anticipated range for the year.

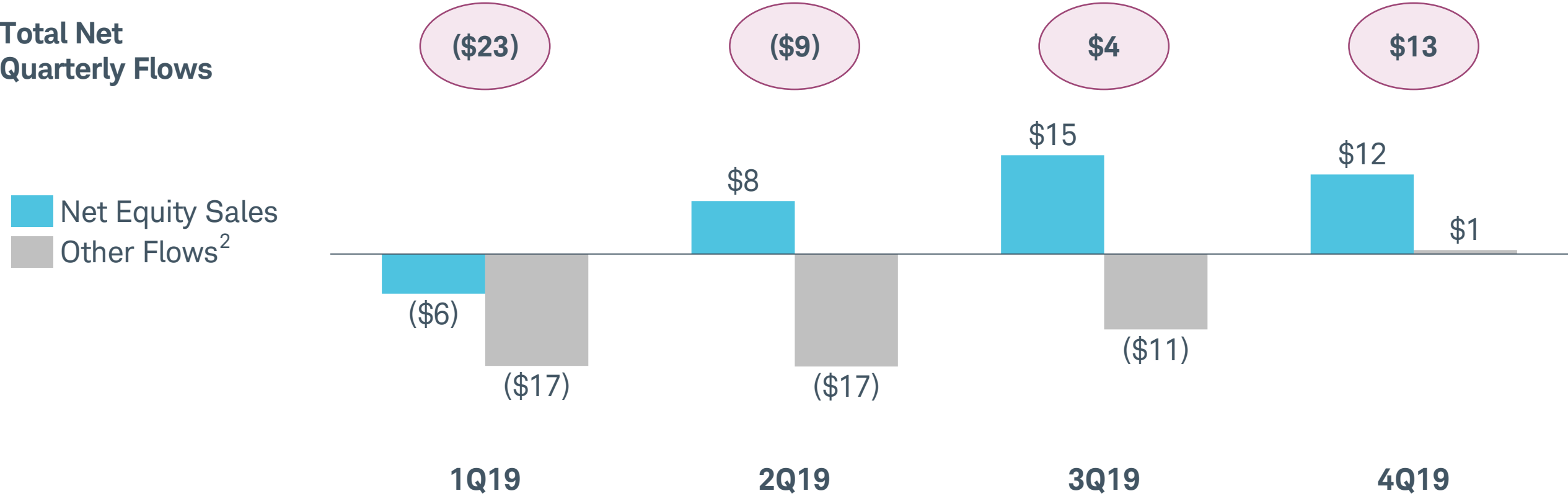
(\$M, EOP)	4Q18	4Q19*
Total Assets	\$296,482	\$294,005
Bank Deposits	\$231,423	\$220,094
Payables to Brokerage Clients	\$32,726	\$39,220
Long-term Debt	\$6,878	\$7,430
Stockholders' Equity	\$20,670	\$21,745
Parent Liquidity	\$4,070	\$4,834
Tier 1 Leverage Ratio	7.1%	7.3%

- **Balance sheet decline** was driven by lower bank deposits as client cash sorting continued throughout the year, albeit at a slowing pace
- We **completed a 12-year process of transferring approximately \$130 billion** of sweep money market funds to our bank and broker-dealer balance sheets
- We issued **\$600 million** in debt during 2Q19 for general corporate purposes
- During the year, **we repurchased more than 55 million shares for \$2.2 billion**, utilizing just over half of our outstanding \$4 billion authorization
- As we manage through seasonal client cash flows and prepare for pending transactions, **our intent to return excess capital above our long-term Tier 1 Leverage Ratio operating objective¹** remains in place

Note: Parent Liquidity equals Parent Working Capital plus Level 1 Securities (market value) as defined by the Liquidity Coverage Ratio rule. Tier 1 Leverage Ratio is based on Tier 1 Capital, which is End of Period Capital (Stockholders' Equity less AOCI and other regulatory adjustments), divided by Average Total Consolidated Assets. * Preliminary. 1. Tier 1 Leverage Ratio long-term operating object of 6.75% - 7.00%.

Net flows to the balance sheet from clients reducing equity market exposure partially offset other outflows.

2019 Quarterly Organic Net Flows for Bank Sweep and Schwab One Balances (\$B)¹



80 Note: 1. Excludes the impact of bulk transfer. 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), fixed income securities, and other income oriented investments.

As we look at 2020, there is, as always, much environmental uncertainty...

Market

Sustained market momentum
vs.
return of volatility

Interest Rate Outlook

Monetary policy decisions

Trading

Client behavior post price cuts

Client Cash Allocation

Pace of client sorting behavior, as well as net equity selling activity

Today's financial outlook discussion excludes any potential impact of the pending TD Ameritrade transaction

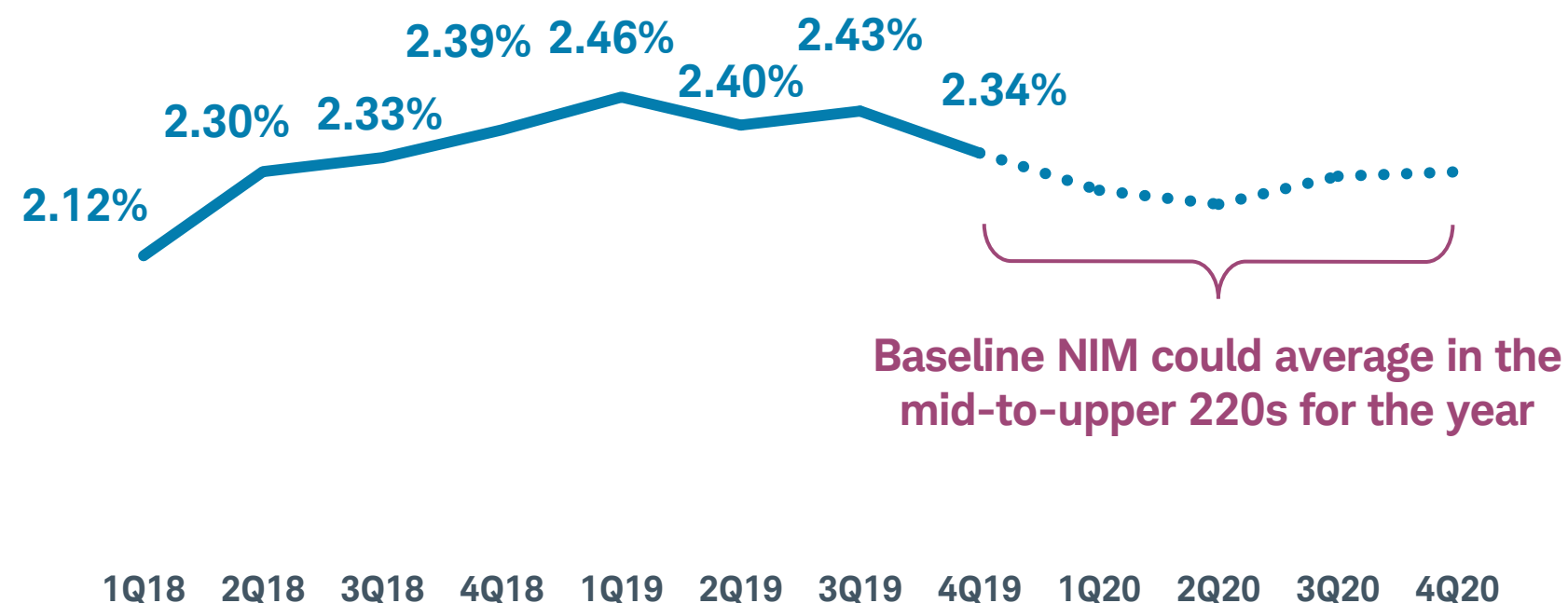
A stable rate environment implies baseline NIM should average in the mid-to-upper 220s.

Assumptions

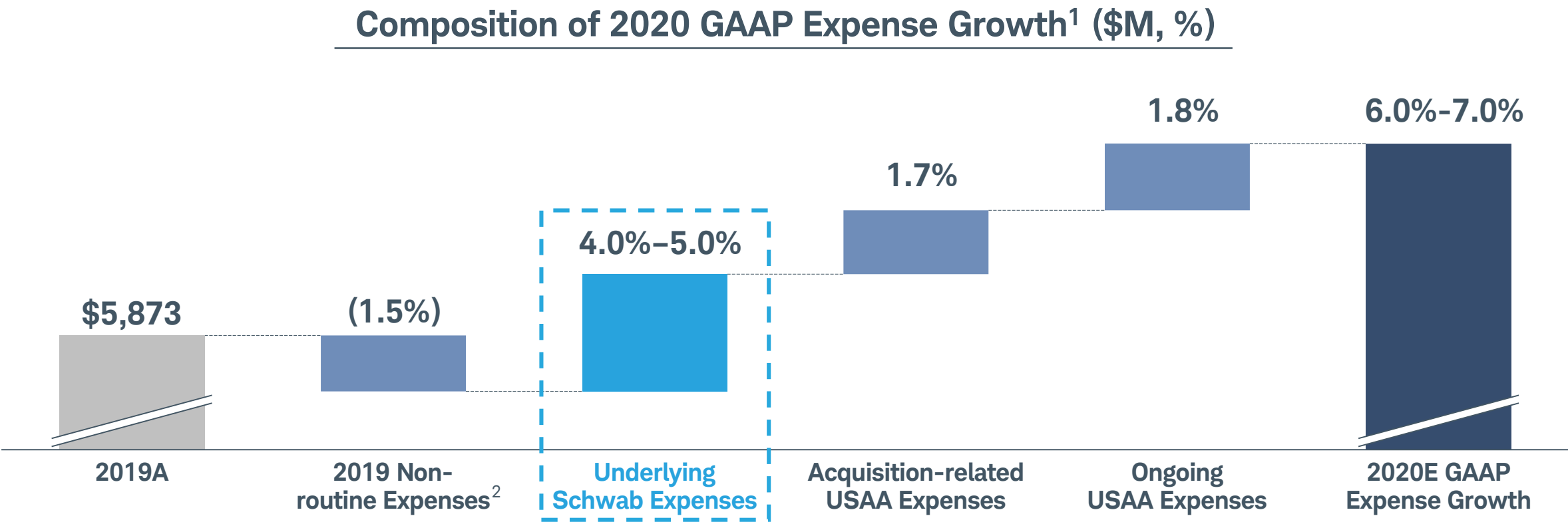
- Anticipate fixed investments to represent approximately 80% of the bank portfolio mix
- Plan to extend duration of fixed investments, given longer duration of Bank Sweep post sorting
- Expect to utilize some FHLB funding in advance of USAA closing targeted for late 2Q / early 3Q
- Our approach to deposit pricing will remain consistent in 2020
- All HTM bank portfolio investments reclassified as AFS securities effective 1/1/20

Net Interest Margin (NIM)

Illustrative



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



Expenses relating to the pending USAA acquisition add 3%-4% to our 2020 expense growth rate

Client cash dynamics will affect our 2020 outlook...

1

Macro Factor Assumptions

Market

S&P appreciates 6.5%
from 1/10/20 close

Short-term Rates

Fed Funds rate stays
at 1.50%-1.75%

Long-term Rates

Average 10-year
Treasury at 1.93%

Trading

DATs up ~11%
year-over-year

Client cash dynamics will affect our 2020 outlook...

1

Macro Factor Assumptions

Market

S&P appreciates 6.5%
from 1/10/20 close

Short-term Rates

Fed Funds rate stays
at 1.50%-1.75%

Long-term Rates

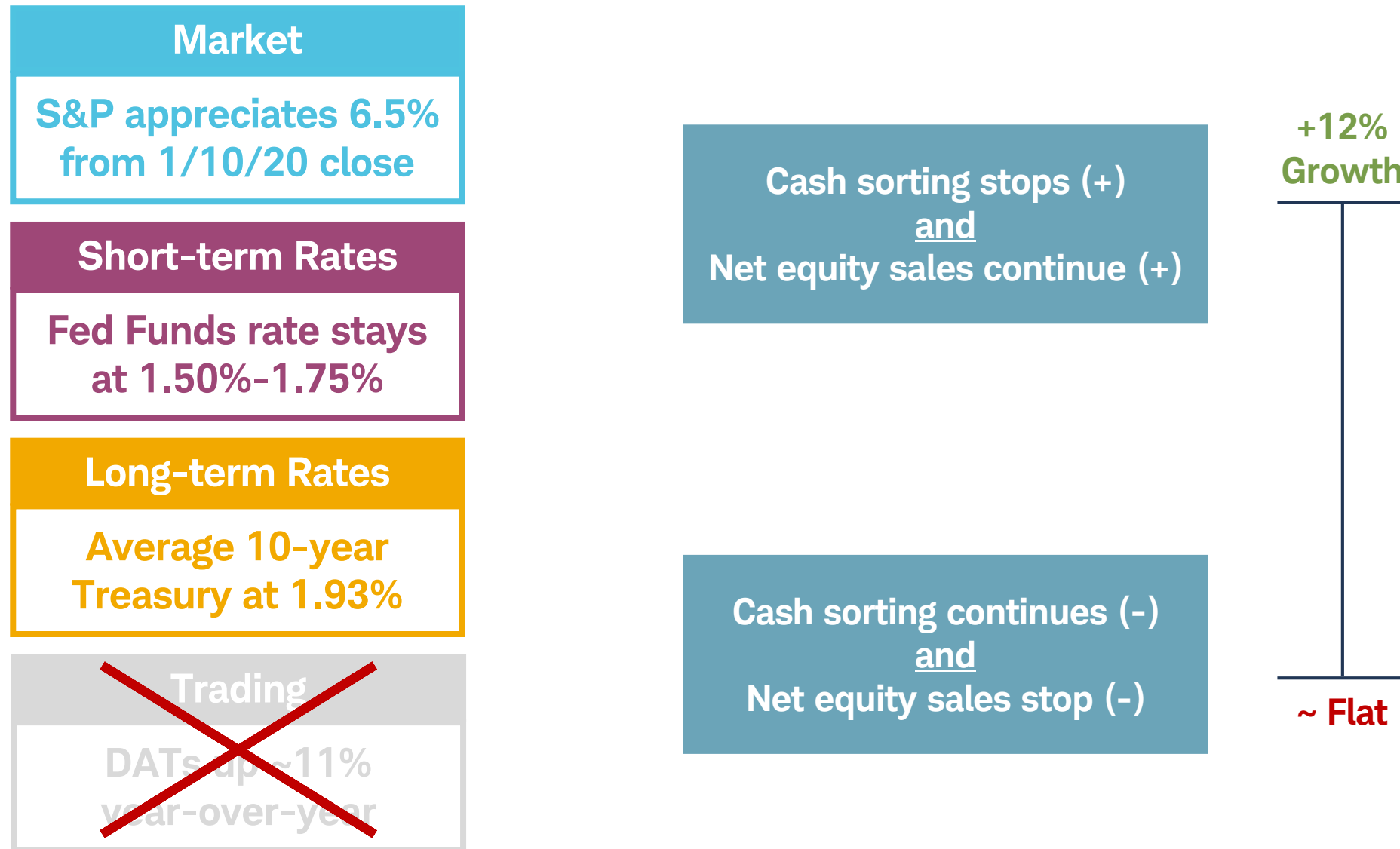
Average 10-year
Treasury at 1.93%

Trading

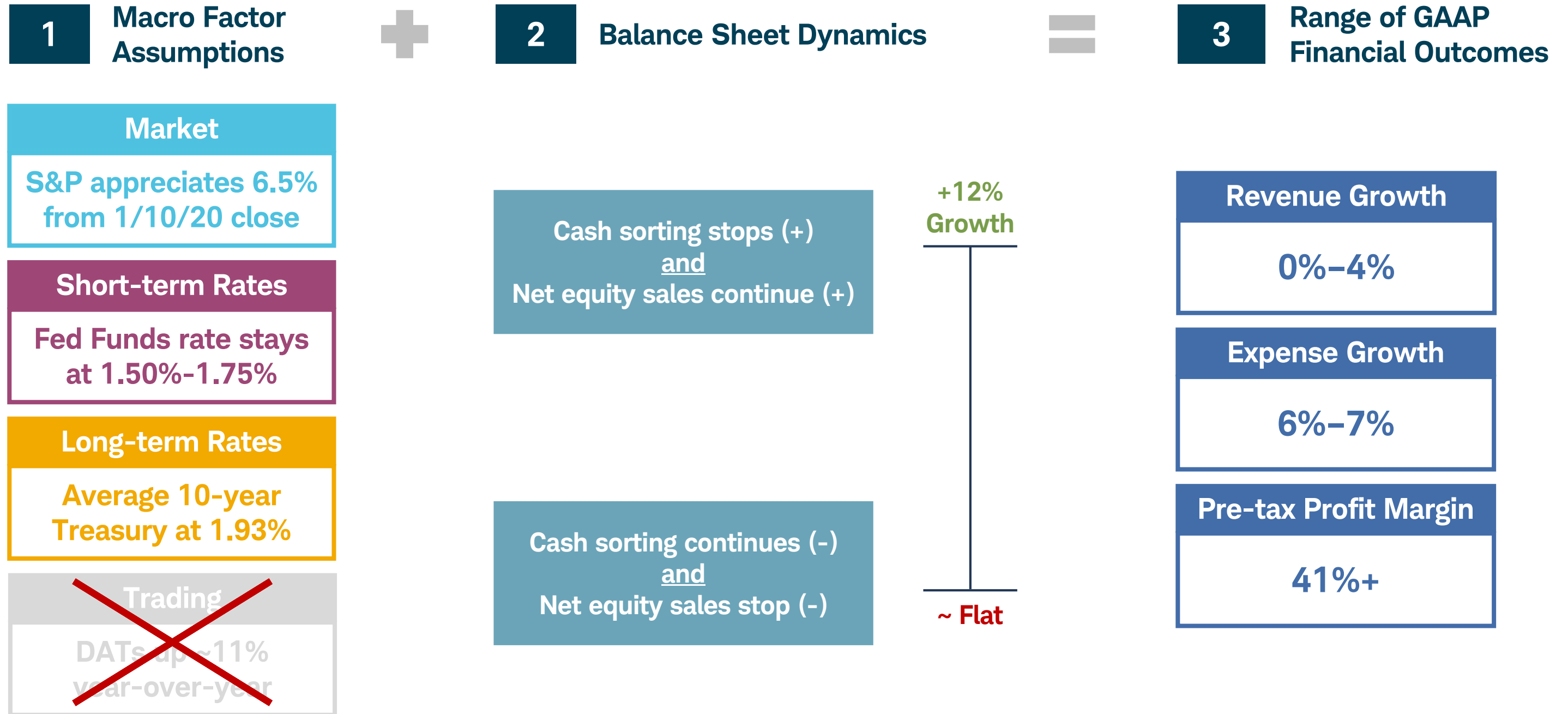
~~DATs up ~11%
year-over-year~~

Client cash dynamics will affect our 2020 outlook...

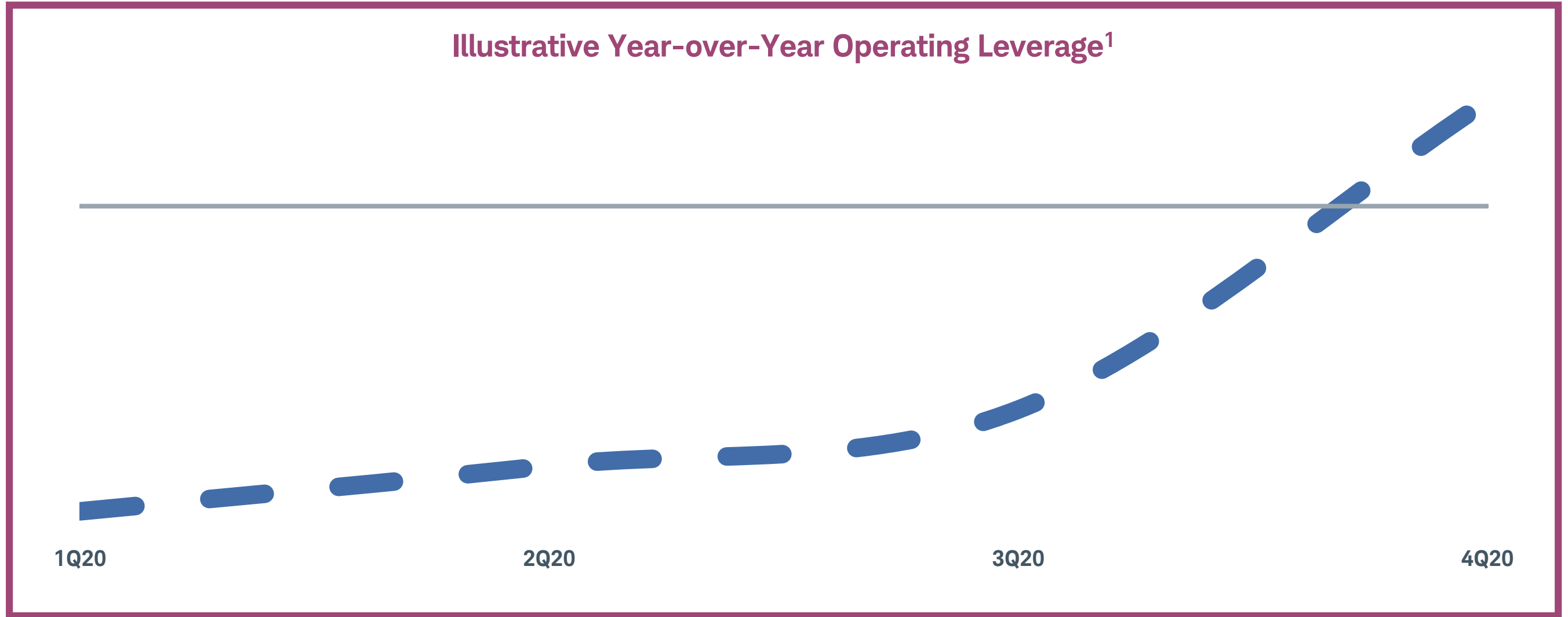
1 Macro Factor Assumptions + 2 Balance Sheet Dynamics



Client cash dynamics will affect our 2020 outlook...



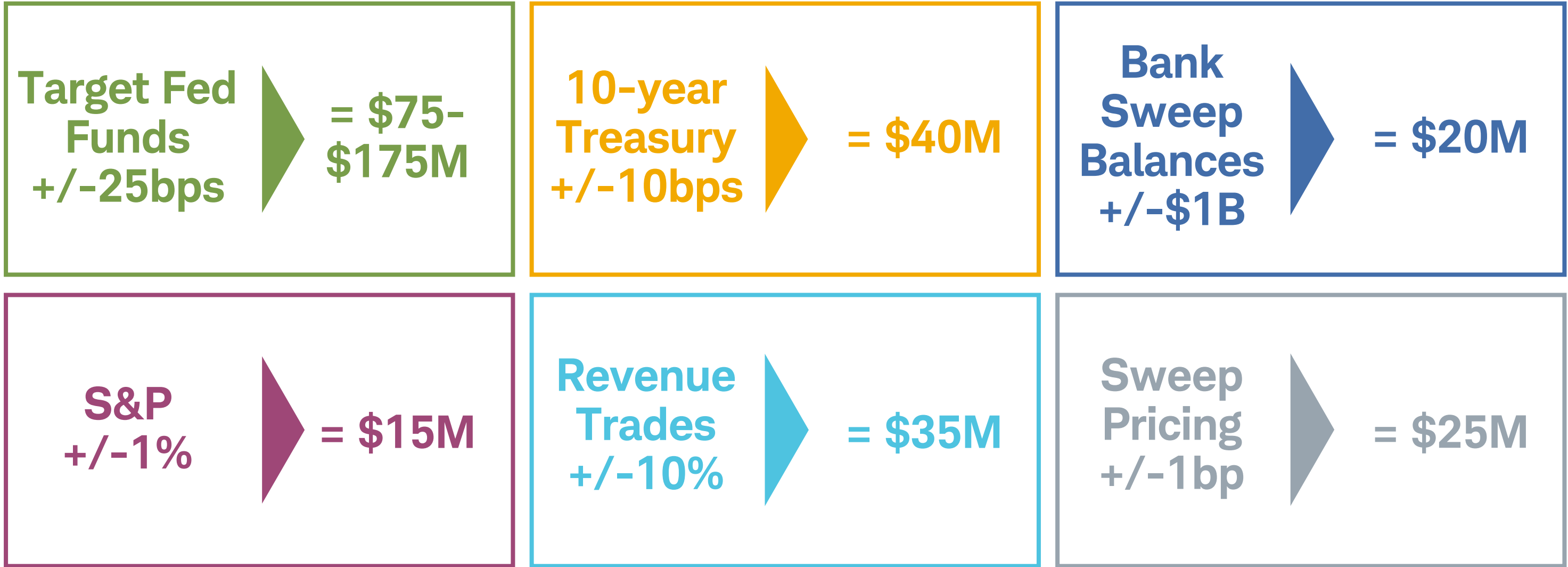
...with the potential for positive operating leverage as the year progresses.



Note: Operating leverage represents the difference between GAAP revenue growth and expense growth.

Revenue sensitivities:

Key levers and estimated first year revenue impact:



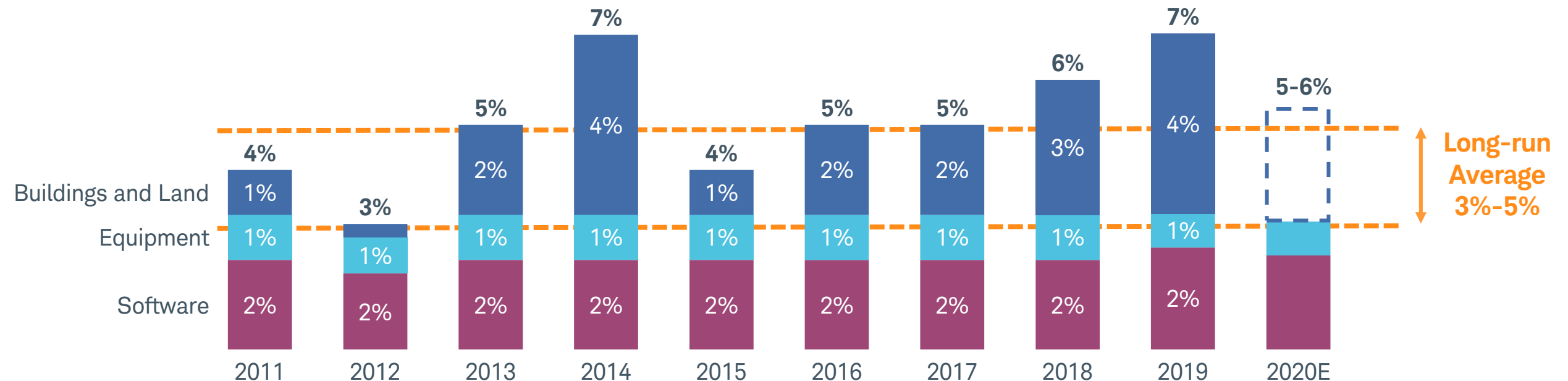
89

Note: Excludes any potential impact of pending TD Ameritrade transaction. For Fed Funds and Treasury sensitivities, assumes static interest earning asset balances as of December 31, 2019 and depends on the Bank investment portfolio mix and duration, to the extent there is a parallel shift in the yield curve, how quickly the fixed portfolio will reprice, and deposit betas. Sweep pricing includes impact to bank sweep deposits and Schwab One balances.

Charles Schwab Corporation

With both the Dallas campus and new data center in service, 2020 Capex should trend towards our long-run average.

Capital Expenditures as a % of Revenue

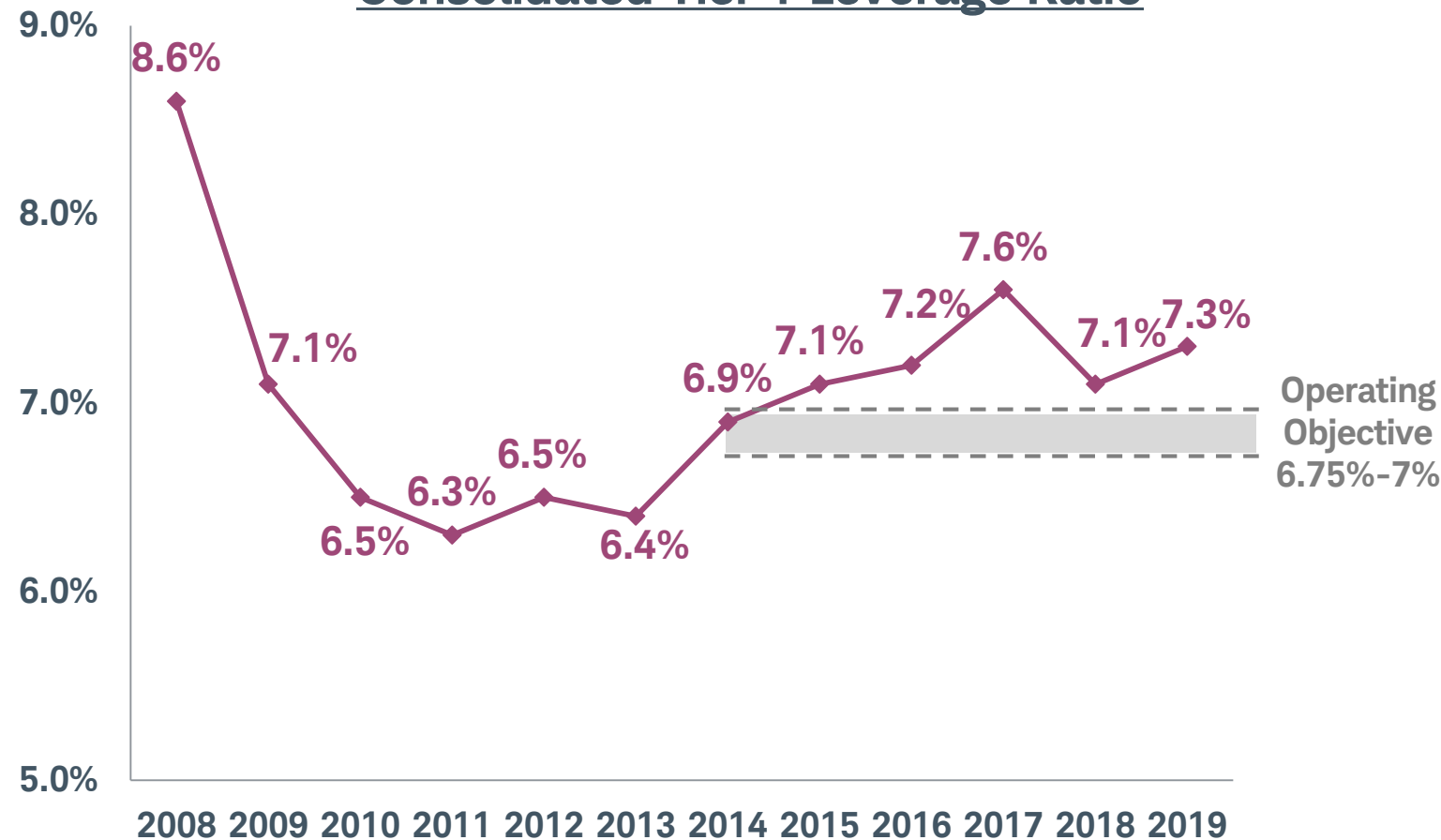


Key Land/Building Projects:	Phoenix	Denver	Denver & Austin	Phoenix, Denver, & Austin	Austin & Dallas	Austin & Dallas	Denver, Austin, & Dallas	Denver & Dallas
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- We adjust our CapEx as business conditions change, with a **long-term run-rate of 3%-5% of revenue**
- Since 2013, we have been **investing in our geographic strategy**, purchasing land and constructing buildings in Phoenix, Denver, Austin, and Dallas
- In 2020, we expect software and equipment to represent a relatively larger proportion of capex dollars than in recent years

We delivered meaningful capital return during 2019.

Consolidated Tier 1 Leverage Ratio



2019 Capital Management Highlights

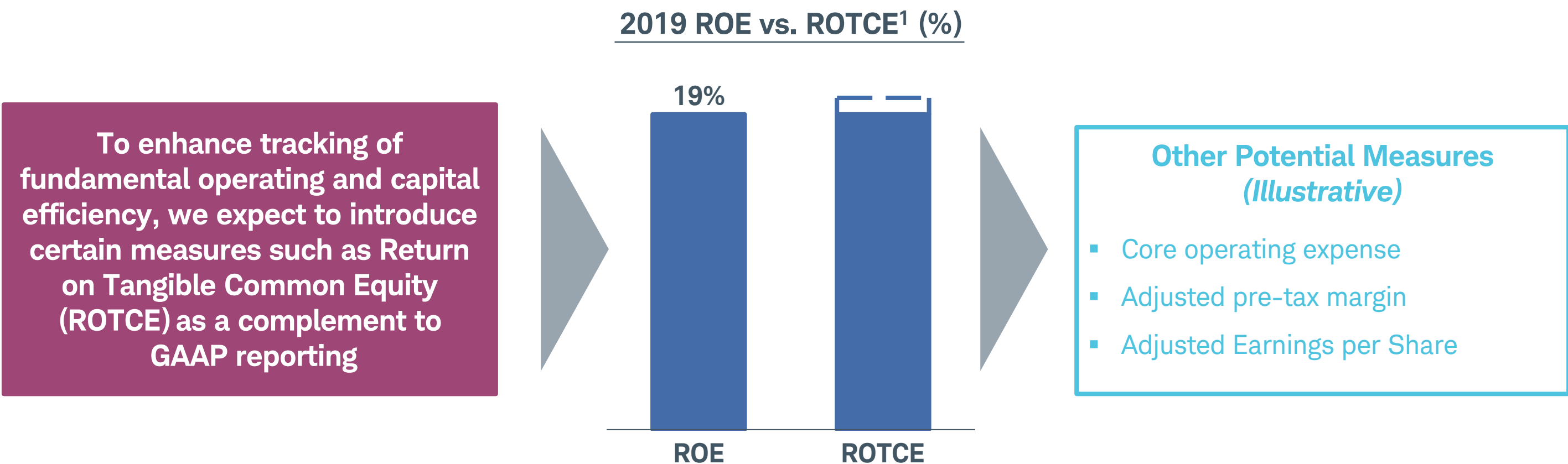
- Increased dividend by 31% to \$0.17 (in-line with 20-30% target payout ratio)¹
- Completed \$2.2 billion of share repurchases, utilizing just over half of Board authorization
- Began building excess capital to support USAA acquisition

2020 Capital Management Dynamics

- Prepare for closing of USAA and TD Ameritrade transactions (repurchase window considerations)
- Push forward on key business investments
- Execute on \$1.8 billion in remaining buyback capacity under authorized plan (as appropriate)

Supporting long-term growth remains our top priority, but we anticipate excess capital return to continue to play an important role in our financial story going forward

Following the close of our two pending acquisitions, our financial reporting will reflect a significant increase in Goodwill and intangibles.



We will continue to press forward on behalf of our clients.

- Our 2019 results emphasized the enduring nature of Schwab's financial model
- Going forward, we will apply judgment in maintaining appropriate investment levels to support our strong business momentum, while also implementing a thoughtful approach to transaction integration efforts
- Consistency is key – our commitment to operating efficiency, solid capital, strong liquidity, and managing risk spans all environments

Our priorities remain unchanged:



Continued business growth through our client-first strategy



Solid revenue growth through multiple sources



Expense discipline leading to sustainable performance



CORPORATION

Q&A

Winter Business Update

February 4, 2020

charles
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