Fall Business Update

October 29, 2020

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Own your tomorrow®

Introduction

Rich Fowler

Senior Vice President
Investor Relations

Agenda

Walt Bettinger, President and Chief Executive Officer

Joe Martinetto, SEVP and Chief Operating Officer

Peter Crawford, EVP and Chief Financial Officer

Forward-Looking Statements

This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include statements that refer to expectations, projections or other characterizations of future events or circumstances and are identified by words such as "believe," "expect," "will," "may," "should," "could," "continue," "growth," "remain," "drive," "sustain," "enhance," "estimate," "anticipate," "potential," "target," "on track," "objective," "progress," "enable," "deliver," "scenario," "outcome," "build," "increase," "goal," "assume," and other similar expressions. These forward-looking statements relate to: the company's "Through Clients' Eyes" Strategy and no trade-offs approach; momentum; key initiatives focused on scale, monetization, revenue diversification, and client segmentation; growth in the client base, client accounts and assets; expense synergy targets and integration strategy related to the TD Ameritrade acquisition and the timing for achieving; investments and acquisitions to fuel and support growth, serve clients, and drive scale and efficiency; digital transformation; stockholder value; growth in revenues, earnings, and profits; balancing near-term profitability with ongoing investment for long-term growth; target range for amount of deposits held in excess reserves; Tier 1 Leverage Ratio operating objective; 2020 scenarios and outcomes, including macro factor assumptions, balance sheet dynamics, potential financial results, and TD Ameritrade impact; net interest margin; balance sheet growth; 2021 plan; expense growth; and capital returns.

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; client use of the company's advisory solutions and other products and services; general market conditions, including equity valuations, trading activity, the level of interest rates - which can impact money market fund fee waivers - and credit spreads; 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; the company's ability to support client activity levels; the risk that expected revenue, expense and other synergies and benefits from acquisitions may not be fully realized or may take longer to realize than expected; the ability to successfully implement integration strategies and plans; 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 volume of prepayments in the company's mortgage-backed securities portfolio; 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 legal matters; and any adverse impact of financial reform legislation and related regulations. The information in this presentation speaks only as of **October 29, 2020** (or such earlier date as may be specified herein). The company makes no commitment to update any of this information.

CORPORATION

Walt Bettinger

President and
Chief Executive Officer

Our "Through Clients' Eyes" strategy has helped sustain strong momentum and is guiding us into the next chapter of Schwab's story.

- The TD Ameritrade acquisition will play a pivotal role in helping further advance our key initiatives to drive scale, monetization, and segmentation
- As Schwab continues to grow, we remain committed to utilizing our omni-channel capabilities as we offer thoughtfully designed products and solutions in serving all investors
- Our "no trade-offs" approach reinforces our competitive positioning and sustains our long-term success in drawing clients to the firm

With TD Ameritrade, we have now closed on all previously announced acquisitions.

Closed

USAA

May 26, 2020

Acquired **1M+ new accounts** with **~$80 billion in assets**

Referral program is live and **first product made available** at Schwab

Scale & Efficiency

motif.

June 23, 2020

Acquired **technology** & **intellectual property** related to customized thematic portfolios

~30 new employees across technology and investments

Monetization

WASMER SCHROEDER

July 1, 2020

Acquired a **leader in fixed income SMAs** with an established track record

$10.7B of client assets[1] across a line-up of tax-exempt and taxable strategies

Monetization

TD Ameritrade

October 6, 2020

Added **14.5M accounts** with **$1.6 trillion in assets** as of 09/30/20

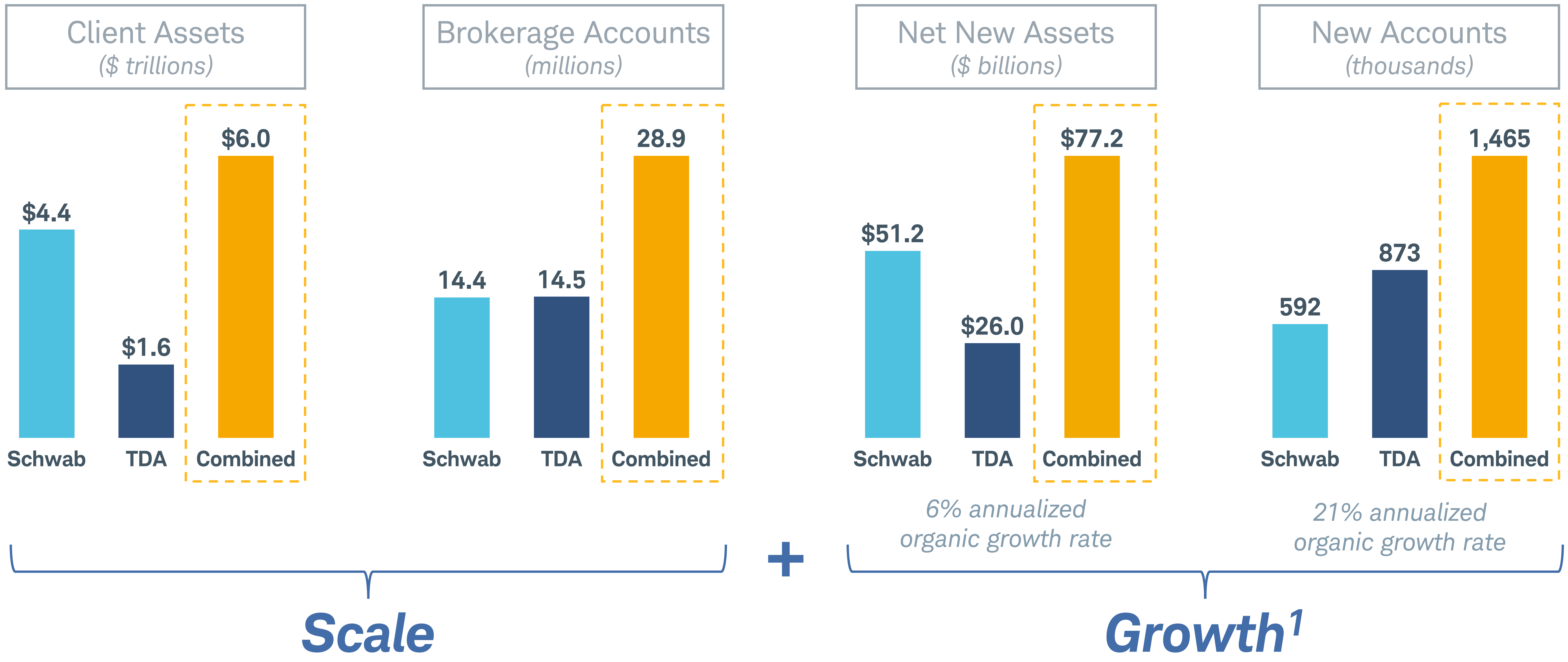
Integration underway and continue to **target expense saves of $1.8–$2.0B**

Scale & Efficiency

Note: SMA = Separately Managed Account. B = billions. M = millions. 1. As of May 31, 2020.

TD Ameritrade further enhances our scale and bolsters long-term growth prospects.

**As of 3Q20*



Note: TDA = TD Ameritrade. Utilizes Schwab methodology for calculation of client metrics. 1. Annualized organic growth rates calculated on a combined basis using September quarter net new asset and account metrics versus respective June quarter end of period balances.

M&A is one aspect of advancing our three key strategic initiatives,…

Scale and Efficiency

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

Monetization

Client-focused solutions, supporting sustainable asset-based fees and revenue diversification

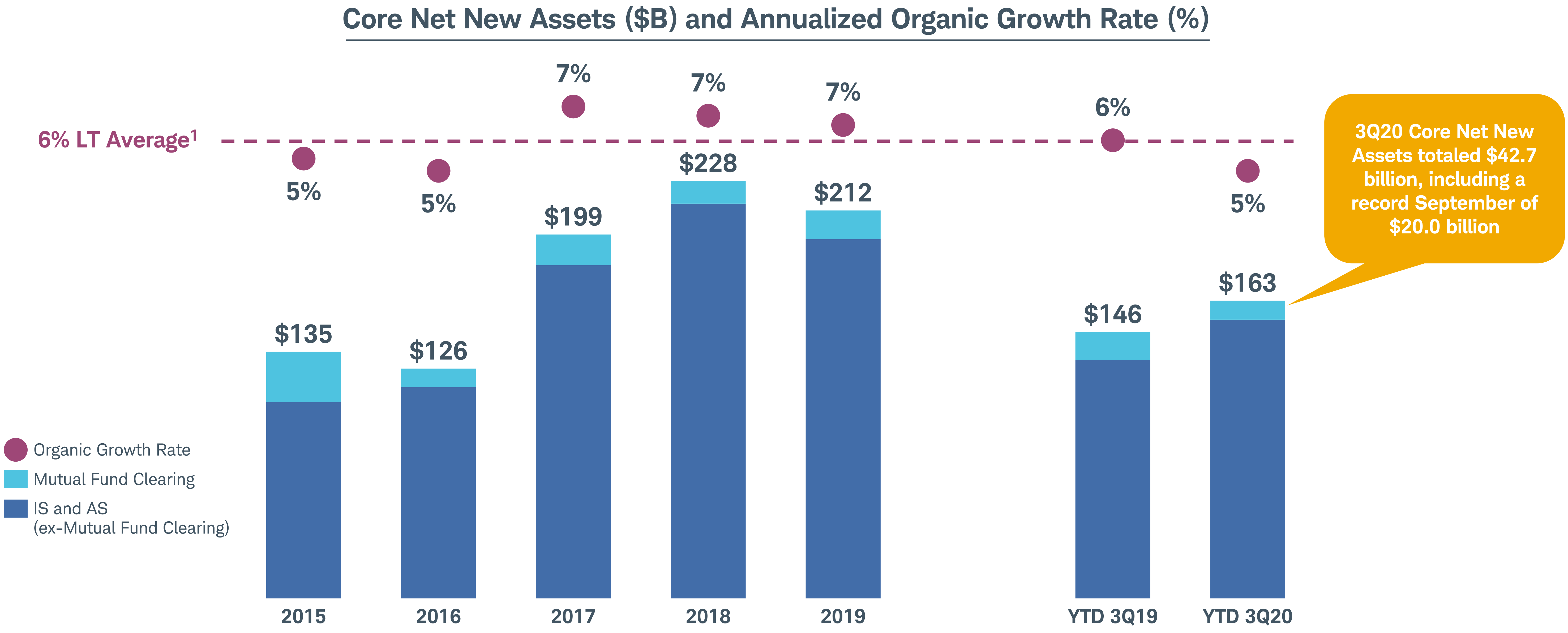
Client Segmentation

Enhanced product and service capabilities for more affluent clients within both the Retail and RIA channels

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

Note: M&A = Mergers and acquisitions. RIA = Registered Independent Advisor.

...which will help deliver sustained strength in asset gathering.



Note: Core net new assets = net new assets before significant one-time flows, such as acquisitions/divestitures or extraordinary flows (generally greater than $10 billion) relating to a specific client. These flows may span multiple reporting periods. 1. Long-term (LT) average covers 10 years.

Efficiency initiatives are gaining traction with clients.

Digitally Active Households	Digitally Active Advisors	Accounts Enrolled in Paperless
64%	52%	76%

+26% in digital account open funded with straight-through processing

+62% in client interactions across various digital platforms[1]

+56% in unique Retail mobile users

+37% in savings related to paperless adoption

Note: Utilization rates represent digital active households and advisors, as well as accounts enrolled in paperless program. Growth rates are 3Q20 vs. 3Q19. 1. Client interactions represent total Schwab.com logons, Mobile App logons, Direct Messaging Sessions, and Chat Sessions.

Client utilization of our broad array of solutions remains robust...

3Q20 vs. 3Q19 EOP

Proprietary ETFs

$168.9 billion

12%

Investor Services Advised Assets

$361.2 billion

13%

Schwab Bank Loans[1]

$22.3 billion

32%

Note: 1. Schwab Bank Loans include First Mortgages, HELOCs, and Pledged Asset Lines®.

...as we emphasize initiatives that support revenue diversification...

Third-Party Arrangements

35%

of non-OneSource fund assets generating a servicing fee today

Continuing to negotiate **arrangements** with fund families regarding non-OneSource assets

Personalized Investing

$1T+

Estimated addressable market for Thematic and Direct Index investing[1]

Leveraging Motif's technology to develop **unique digital experiences** and incorporate **direct indexing** in an accessible way

Advisory Solutions

19%

Retail advice utilization vs. ~40% at wirehouses[2]

Driving **greater awareness** for historically self-directed clients and **increasing adoption** across our combined base

Fixed Income

100%

of fixed income SMA flows vectored to third-party managers[3]

Further **enhancing our fixed income offering** to capture incremental flows in-house via Wasmer Schroeder solutions

Note: T = trillions. 1. Based on Company and third party estimates. 2. Based on 2019 Cerulli market data. 3. Prior to adding Wasmer Schroeder at the beginning of 3Q20.

...as well as enable us to meet specific needs across client segments.

Expanding financial access for all clients...

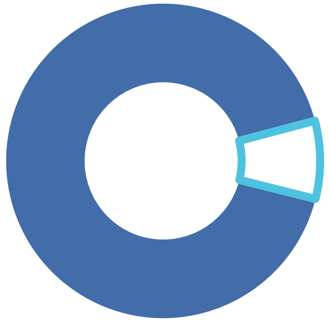
Building upon our existing set of accessible, low-cost capabilities:

- **Schwab Plan™**
- **Schwab Intelligent Portfolios®**
- **Schwab Stock Slices™**

While progressing towards future offerings:

- **Direct Indexing**
- **Thematic Investing**

...while addressing the unique needs of HNW & UHNW...



Represent ~10% of Retail HH and are the two fastest growing client segments[1]

- **Branded** & tiered experiences
- Delivering **compelling value**
- **Dedicated** professionals & **specialized** services
- **Holistic solutions**: investment & wealth management

...and providing differentiated Advisor experiences

- **Specialized** lending solutions
- **Firm-level** status dashboard

Advisor Experience Evolution

Evolving our approach to serving advisors by creating **focused segments** that will also align to the service teams that support them

*Organizing teams & resources around **advisors' needs***	*Providing **tailored** advice, services, & platforms*	*Delivering **value without losing scale** and cost-effectiveness*

Note: HNW = High Net Worth ($1M - $10M). UHNW = Ultra High Net Worth ($10M+). HH = Households. 1. As of September 30, 2020.

The combination of our "no trade-offs" approach and a robust lineup of capabilities positions us favorably,...

Secular trends clearly demonstrate what clients want...

- Low cost
- Transparency and Trust
- Omni-channel experiences
- One Stop Solutions

...and support our "no trade-offs" approach...

Great price	*and*	Great service
People	*and*	Technology
Straightforward curated solutions	*and*	Sophisticated customized solutions
Self-directed capabilities	*and*	Advised offers
Proprietary products	*and*	Third party products

All delivered with an approachable "through clients' eyes" philosophy

...that can be uniquely delivered by Schwab due to our size and focus

- $6T in combined total client assets in Brokerage
- $300B+ in Banking
- Leading asset manager

We Call it "Modern Wealth Management"

Note: $6T in combined total client assets includes Schwab plus TDA as of September 30, 2020.

...allowing us to leverage our key competitive advantages to succeed in the marketplace.

Key Competitive Advantages

Size and Scale	Operating Efficiency	Service Culture
Operating Structure	Brand and Corp. Reputation	Willingness to Disrupt

3Q20 TOA Ratio Against Select Peers

Banks / Wirehouses	2.2
IBDs	1.8
Mono-Line / Fintechs	200+

Total Company TOA Ratio: **2.0**

Note: TOA = transfer of accounts. TOA Ratio is total assets transferred in divided by total assets transferred out. Net TOA Flows represent total net TOA inflows from select competitors. IBDs = Independent Broker-Dealers.

Our “Through Clients’ Eyes” strategy has helped sustain strong momentum and is guiding us into the next chapter of Schwab’s story.

- The TD Ameritrade acquisition will play a pivotal role in helping further advance our key initiatives to drive scale, monetization, and segmentation
- As Schwab continues to grow, we remain committed to utilizing our omni-channel capabilities as we offer thoughtfully designed products and solutions in serving all investors
- Our “no trade-offs” approach reinforces our competitive positioning and sustains our long-term success in drawing clients to the firm

CORPORATION

Joe Martinetto

Senior Executive Vice President and Chief Operating Officer

I’ll focus on two areas today:

1. Update on progress against synergy targets and early wins
2. Update on our platform strategy and work underway

We are on-track to achieve expense synergy targets.

Expense synergy target
$1.8 – $2.0B by end of Year 3

- ✓ **Robust plans are being developed at a detailed level** to meet our expense synergy goals (~10 months of detailed planning conducted by teams across Schwab and TDA)
- ✓ We are **confident in our ability to deliver synergy value** within our target range
- ✓ **Value realization will take place over 3 years,** and detailed timing will be shared at a later point in time
- ✓ We are off to a very strong start – teams have **started to implement plans and secure early wins**

We have implemented 5 early actions enabling $250M - $300M in synergy value without impacting client experience

- **Closure of ~500 previously open management positions**
- **Changes to ~10+ Senior leadership roles**
- **1st wave of team consolidations impacting ~1,000 roles**
- **Consolidation of ~200 Schwab & TDA branches**
- **Initial ramp down of TDA marketing & advertising spend**

We are executing against our platform strategy to combine Schwab and TDA capabilities.

Combined "best-in-class" capabilities

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Highly recognized across the industry *for their robust capabilities*

Retail Platforms	Advisor Platforms
Schwab.com	Schwab Advisor Center™
Schwab mobile	Schwab Alliance
Schwab Intelligent Portfolios®	Institutional Intelligent Portfolios™
+	+
thinkorswim	thinkpipes
thinkorswim mobile	iRebal®

Supports ***more RIAs than any other platform in the industry*** *and includes a broad range of functionality for RIAs of all sizes*

TD Ameritrade

Industry leading platforms for ***active traders***

Offers ***highly recognized trading and rebalancing capabilities*** *and help to fill key gaps in the Schwab ecosystem*

We **initiated detailed design and planning to integrate the four TDA platforms** into Schwab's ecosystem within 18-24 months

We are also making investments to deliver the "best of both" Schwab and TDA platforms, including:

- **Enhanced trading capabilities and features** on Schwab.com and Schwab mobile
- **Digital onboarding for Institutional Advisors** and modernization of Schwab Advisor Center for improved navigation and third party relationships
- **Improved digital experiences for Retail clients on web and app** (e.g., digital forms, status and alerts, trading education, etc.)

We are developing and executing a large-scale conversion plan, which unlocks client and stockholder value.

We are preparing for one of the largest client & account conversions in wealth management…

Initial planning and development is underway to support conversion of TD Ameritrade's ~14M+ client accounts, ~7,000 RIAs, and ~$1.6T assets to Schwab

We are leveraging a deep base of internal expertise from prior conversions (e.g., Scottrade, USAA, optionsXpress), alongside expert consulting support

Our goal is to optimize revenue and expense synergy realization while minimizing client disruption and delivering key platform enhancements

…and making targeted investments to enable a step-change in scale and support future volumes

3X — **Account Volume**
(~12M to ~36M capacity)

4X — **Peak web & app logins**
(~3M to ~14M per day)

6X — **Peak transaction volumes**
(~3M to ~20M trades per day)

CORPORATION

Peter Crawford

Executive Vice President and
Chief Financial Officer

We continue to press ahead in building the future of modern wealth management.

- Our persistent focus on clients and commitment to operating resilience is helping produce healthy financial results
- We are entering the next chapter in Schwab's story with strong momentum
- We will continue to balance near-term profitability with ongoing investment to support long-term growth through all environments

Today we'll discuss:

3Q20 Schwab Results

TD Ameritrade

Scenario Update

The third-quarter was marked by robust client engagement, recovering equity markets, and the persistence of a challenging rate environment.

3Q20 vs. 3Q19

Client Cash on Balance Sheet
$370 billion
52%

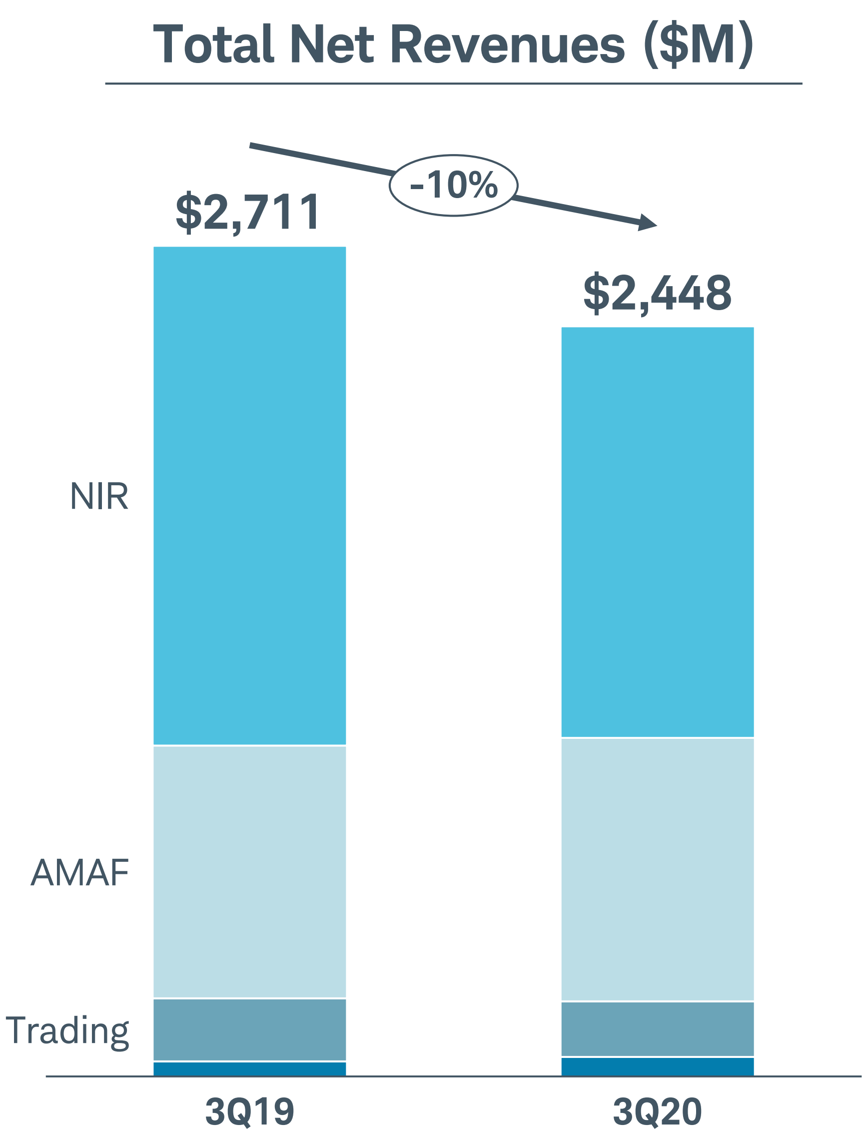
New-to-Retail Households
220 thousand
101%

Equity Markets (S&P 500®)
3,363
13%

10-Year Treasury
65 bps
115 bps

Fed Funds Rate
0-25 bps
175 bps

Strong business momentum helped partially mitigate the effect of low interest rates on 3Q results,...



3Q20 vs. 3Q19

Net Interest Revenue (NIR)

↓ 18%

- Average interest-earning asset levels continue to rise, up 45% year-over-year
- Accelerated prepayment activity during the quarter caused an incremental mid-teens bps drag on AFS securities yields

Asset Management and Administrative Fees (AMAF)

↑ 4%

- Growth in advisory solutions balances, helped by our recent acquisitions
- Money market fund fee waivers increased 3x sequentially, producing ~8 bps of revenue drag

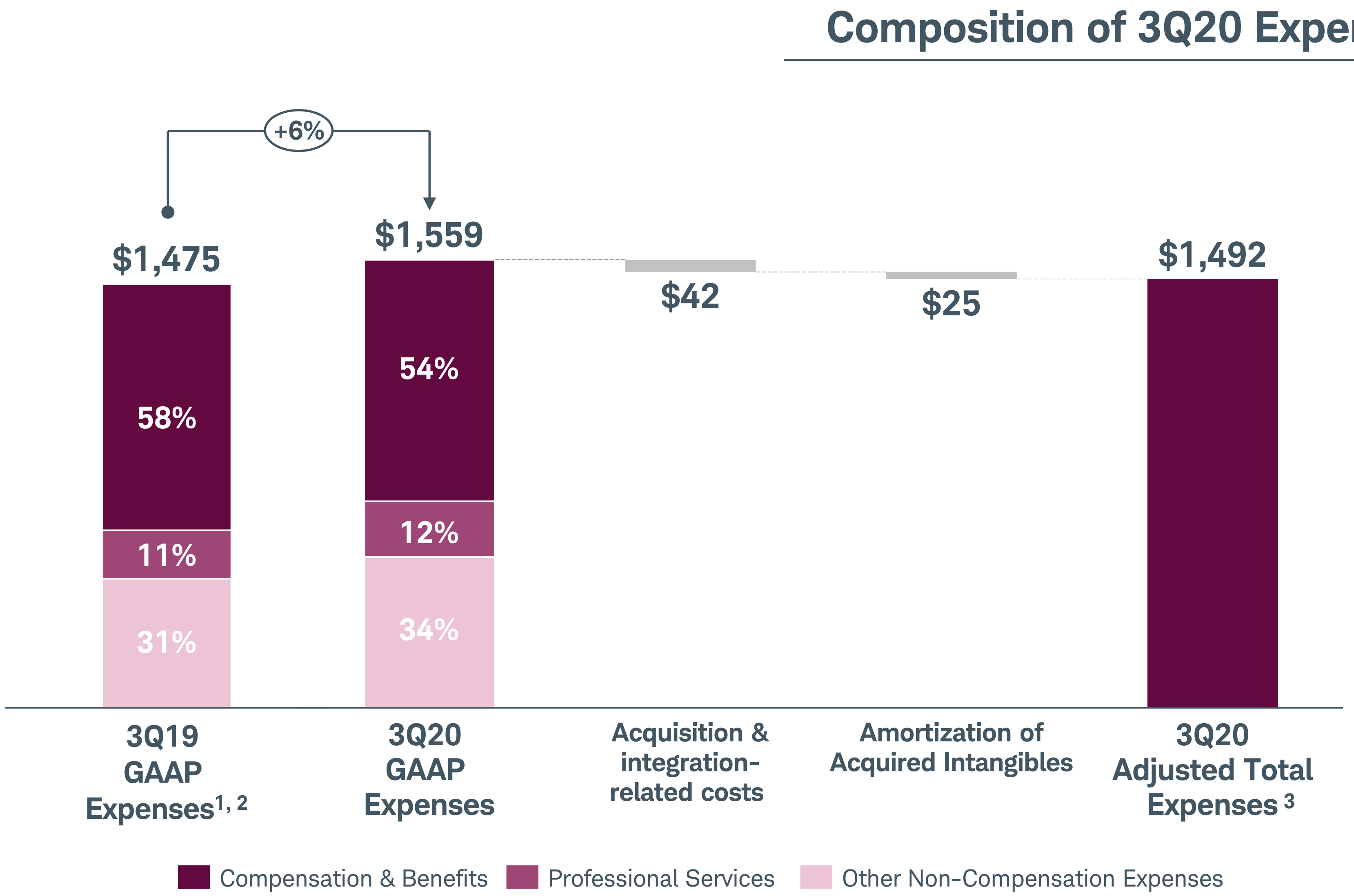
Trading Revenue[1]

↓ 12%

- Client activity remained strong, though off peak levels observed in the first half of 2020, with slightly higher utilization of derivatives vs. prior quarters
- October 2019 pricing actions still weigh on results

Note: Bps = Basis points. AFS = Available for sale. 1. As of 1Q20, order flow revenue was reclassified from other revenue to trading revenue.

...which in conjunction with expense discipline,...

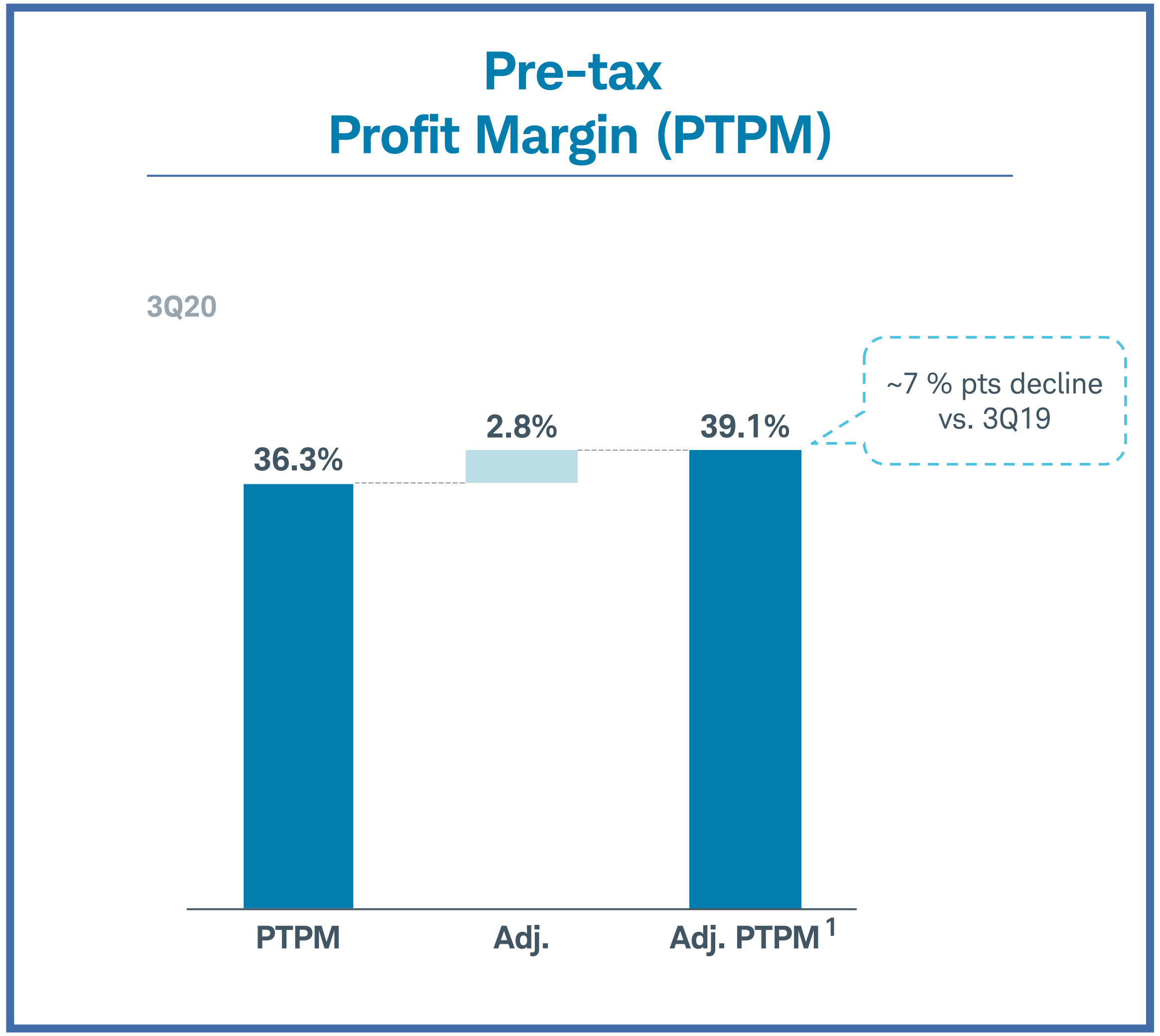


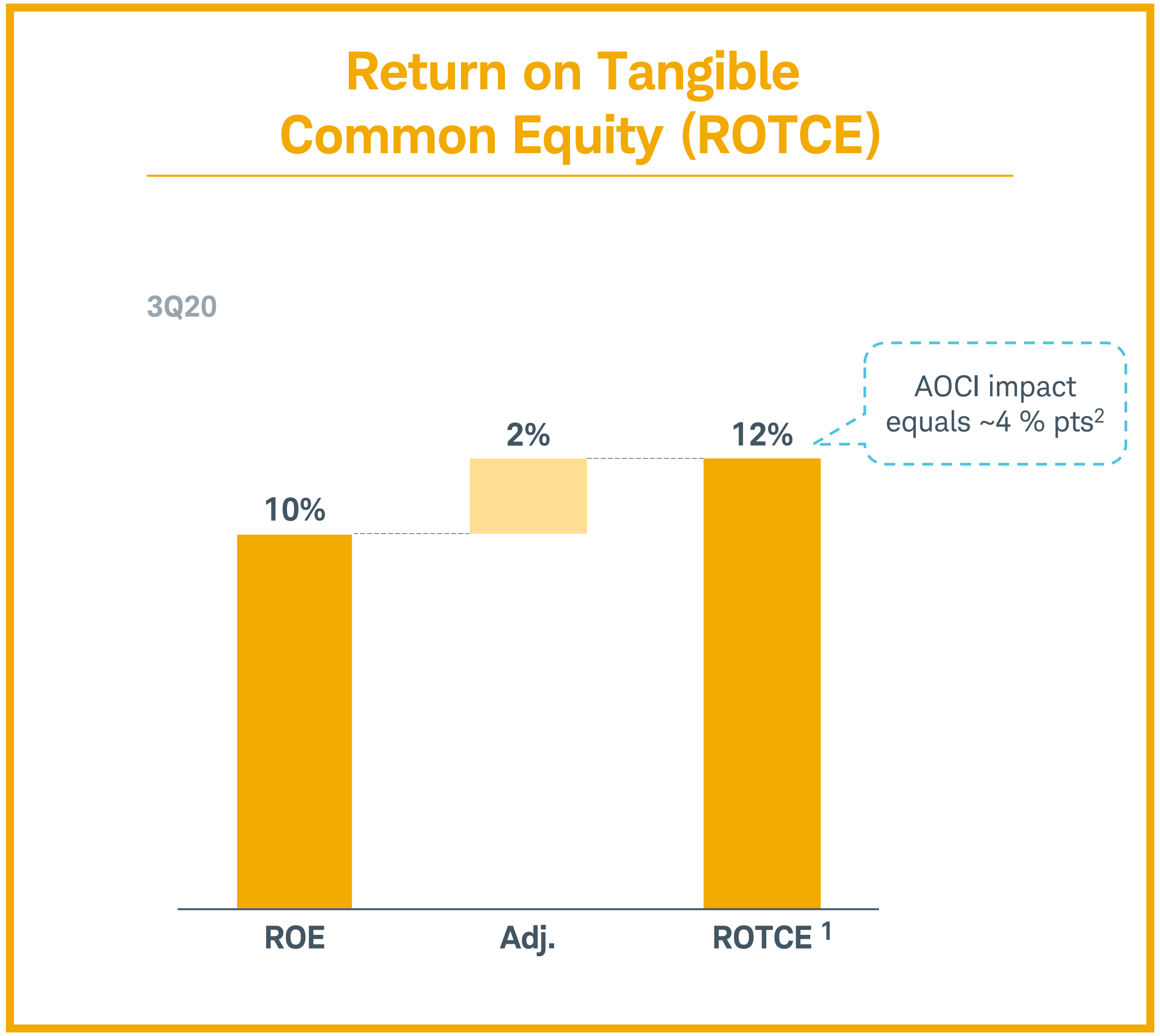
- 3Q19 GAAP compensation and benefits expense reflects the impact of the **September 2019 position eliminations**
- **Professional services** increase related to aforementioned acquisition-related expenses
- **Expenses relating to our acquisition and integration efforts totaled $42 million** for the quarter, with the TD Ameritrade transaction accounting for the vast majority of the costs
- **Ongoing costs** associated with our three closed transactions totaled $39 million for the quarter

Total adjusted expenses were up only 2% year-over-year[2]

Note: 1. $62M in severance expense relating to position eliminations. 2. GAAP expense for 3Q19 included $4M and $6M of acquisition and integration-related and amortization of acquired intangibles expense, respectively. 3. Further details on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 43-47 of this presentation as well as within our 3Q20 Earnings Release.

…helped deliver solid profitability against a mixed macroeconomic backdrop.





Note: Adj. = non-GAAP adjustments. ROE = Return on Equity. AOCI = Accumulated Other Comprehensive Income. 1. Further details on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 43-47 of this presentation as well as within our 3Q20 Earnings Release. 2. Represents the impact of the unrealized gain on AFS securities recorded to AOCI as of September 30, 2020.

Balance sheet assets edged 5% higher sequentially and are up 43% year-to-date.

($M, EOP)	3Q19	2Q20	3Q20*
Total Assets	$278,987	$400,484	$419,355
Bank Deposits	$209,327	$301,566	$320,717
Payables to Brokerage Clients	$35,622	$50,135	$52,006
Long-term Debt	$7,427	$8,526	$7,836
Stockholders' Equity	$21,354	$30,815	$31,331
Parent Liquidity	$5,109	$7,350	$6,139
Tier 1 Leverage Ratio	7.3%	5.9%	5.7%

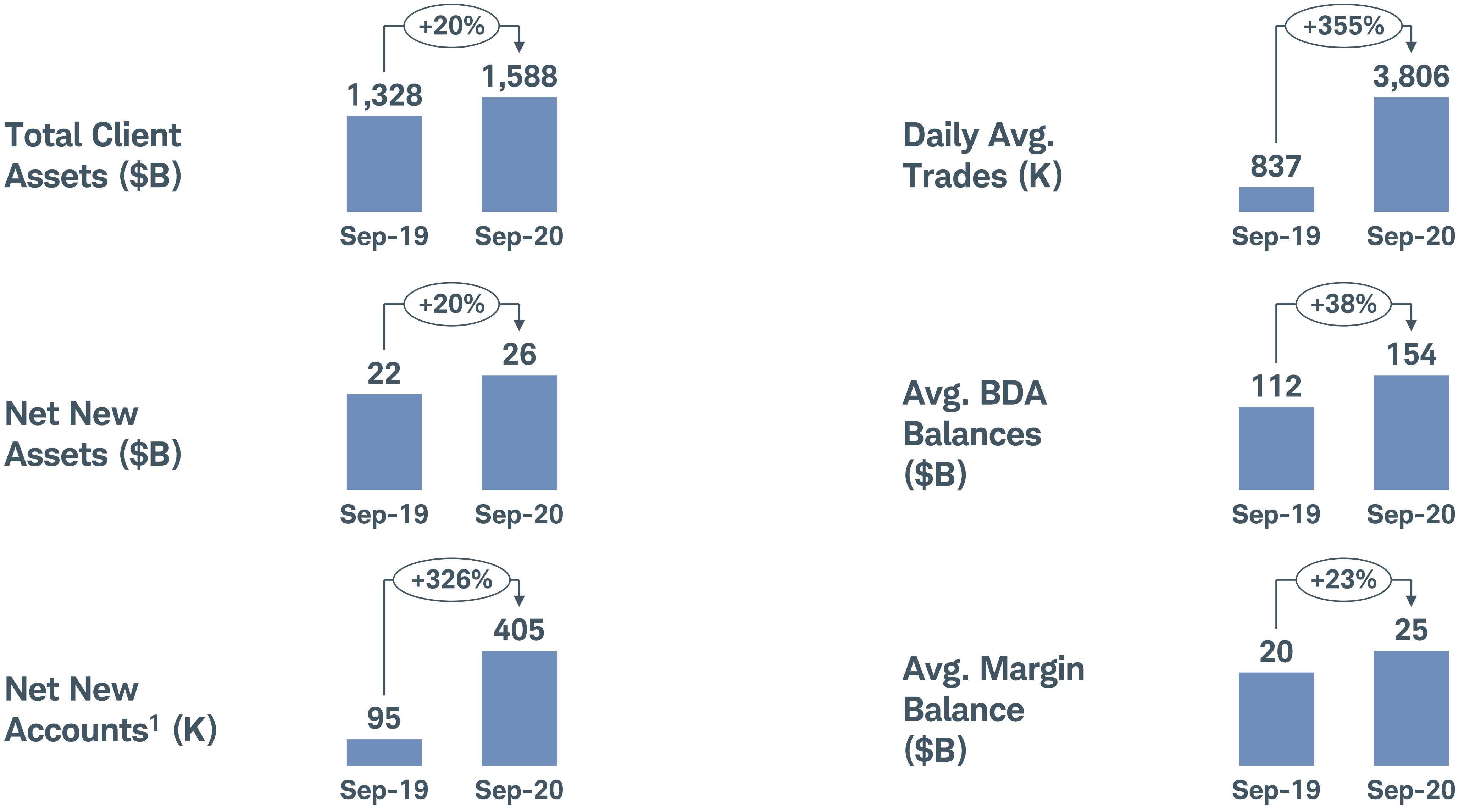
- **Continued growth in client cash,** driven by asset allocation decisions, fueled further balance sheet expansion
- Excess reserves finished the quarter within our target range of approximately 5%–7% of total deposits
- Sequential decline in **long-term debt** reflects a $700 million maturity during July
- **AOCI was relatively unchanged** versus the prior quarter
- Our **Tier 1 Leverage Ratio remains substantially above regulatory minimums**

Note: Parent Liquidity equals Parent Working Capital plus Level 1 Securities (market value) as defined by the Liquidity Coverage Ratio rule. Tier 1 Leverage Ratio is based on Tier 1 Capital, which is End of Period Capital (Stockholders' Equity less certain regulatory adjustments) divided by Average Total Consolidated Assets (less certain regulatory adjustments). CSC elected to opt-out of the requirement to include most components of Accumulated Other Comprehensive Income (AOCI) in Common Equity Tier 1 Capital. * Preliminary.

TD Ameritrade finished its FY20 with strong results.

Metrics for quarter ending September 30th

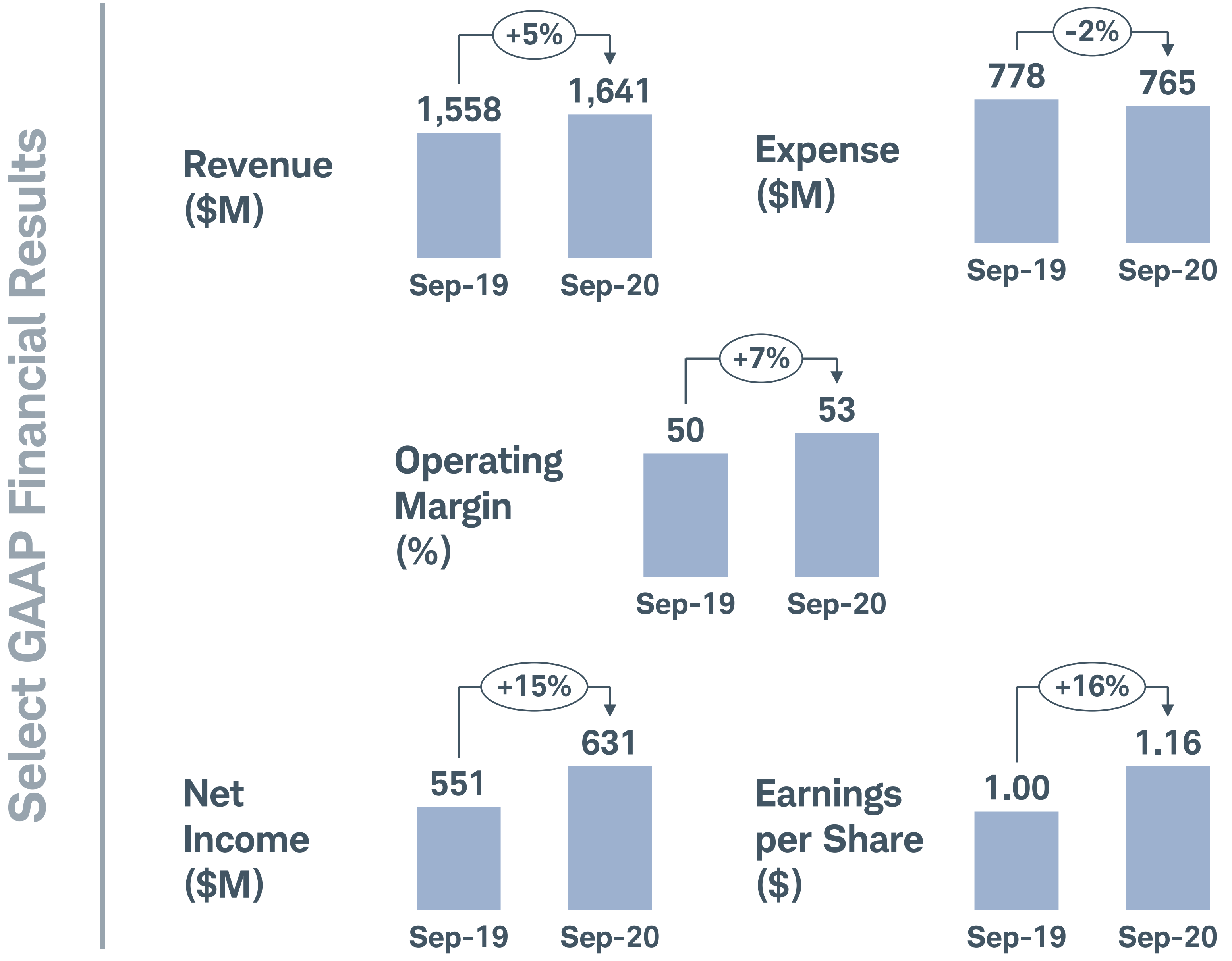
Select Operating Metrics



Note: FY = Fiscal Year. TD Ameritrade's fiscal year ends on September 30th. BDA = Bank Deposit Account. Additional details regarding TDA's September quarter and full year 2020 results are available at https://www.aboutschwab.com/financial-reports. 1. Represents the change in funded accounts.

TD Ameritrade finished its FY20 with strong results.

Results for quarter ending September 30th



Select September Quarter Commentary

Revenue

- Total Revenue for the quarter increased by 5%, powered by increased client activity
- Transaction-based revenue up over 30% as substantial increases in client trading volumes more than offset October 2019 pricing actions
- Lower interest rates weighed on spread-based revenue, partially offset by strong balance growth within the BDA and margin balances

Expense

- Employee-related costs were essentially flat as increases in workforce and incentive pay were offset by the impact of certain costs incurred in 2019[1]
- Elevated volumes pushed clearing and execution up 54% versus September quarter 2019
- Professional Services were up 13%, primarily due to transaction-related spend and certain outsourced technology expenses

Operating Margin

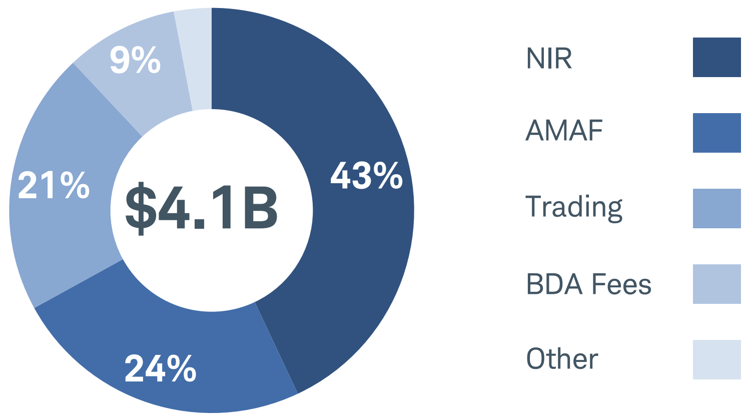
- GAAP operating margin increased ~3 % points to 53.4% for the quarter

Note: FY = Fiscal Year. TD Ameritrade's fiscal year ends on September 30th. BDA = Bank Deposit Account. Additional details regarding TDA's September quarter and full year 2020 results are available at https://www.aboutschwab.com/financial-reports. 1. 2019 includes executive transition costs as well as expenses relating to branch severance.

Our combined firm is starting from a position of strength.

As of September 2020 Quarter-end

Revenues[1]



Adjusted PTPM[1,2]

45.3%

Excludes any benefits from anticipated synergies

Stockholders' Equity[3]

~$53 Billion

TD Ameritrade increased Tier 1 Leverage Ratio by ~35-40 bps upon closing

Note: 1. Revenues and pre-tax profit margin (PTPM) represent combined results for Schwab and TD Ameritrade as though the acquisition was effective for the quarter-ended September 30th. 2. TD Ameritrade adjusted total expenses used to calculate the combined adjusted PTPM excludes $27 million in amortization of acquired intangible assets as well as $13 million in acquisition and integration-related costs. 3. Combined Stockholders' Equity is as of October 6, 2020.

Thus far, we have tracked within our potential range of scenarios for 2020[1].

	Scenario Drivers – April 2020	YTD 2020 Actual[3]	Impact
Market	S&P appreciates 6.5% from 4/15/20 close	S&P up 21% since 4/15/20	
Short-term Rates	Fed Funds rate stays flat at 0.00%-0.25%	Fed Funds rate stays flat at 0.00%-0.25%	
Long-term Rates	Average 10-year Treasury at 1.04%	Average 10-year Treasury at 0.65%	
Trading	DATs up ~45% year-over-year	DATs up 109% year-over-year	
Balance Sheet[2]	Up 30%-40% Y/Y	Grew by 43%	

Note: YTD = Year-to-date. DAT = Daily average trades. 1. As presented during the Spring Business Update on April 21, 2020. 2. Based on end-of-period total balance sheet assets. 43% represents growth from 4Q19 to 3Q20. 3. YTD data as of September 30, 2020 unless otherwise stated.

Thus far, we have tracked within our potential range of scenarios for 2020[1].

	Adjusted Scenario Ranges[1, 2]	YTD 2020 Calculation[1, 3]
Revenue Growth	~ (7%) – (4%)	(7.4%)
Adjusted Total Expense Growth[1]	~ 3.5% - 4.5%	3.1%
Adjusted Pre-tax Profit Margin[1]	39%+	40.3%

Note: YTD = Year-to-date. 1. Beginning with 2Q20, Schwab introduced certain non-GAAP, or adjusted, measures. Going forward, we anticipate tracking our progress versus our previously provided 2020 financial scenarios using adjusted ranges and calculations. 2. Adjusted total expense growth and adjusted pre-tax profit margin exclude acquisition and integration-related costs as well as the amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 42. 3. YTD data as of September 30, 2020, unless otherwise stated. Further details on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 43-47 of this presentation as well as within our 3Q20 Earnings Release.

Looking ahead through the end of 2020…

	Range of 2020 Outcomes[1]	Commentary
Revenues	**~ 7.5% – 8.0%** *year-over-year growth*	▪ While interest rate headwinds will continue to weigh on yields, addition of TDA interest-earning assets will elevate **NIM to around 150 basis points** for 4Q20 ▪ Assumes **modest market appreciation, stabilizing prepayments, and continued elevated trading**
Adjusted Total Expenses[2]	**~ 15.5% – 16.5%** *year-over-year growth*	▪ **Adjusted total expense growth includes ~4% from legacy Schwab**, in-line with previous scenarios ▪ TDA Integration spend during the first 12-months to approach **30-35% of total spend** ▪ Estimate **4Q20 amortization of acquired intangibles of ~$145M** ▪ Expect to begin **realizing synergies as soon as the 4th quarter**
Capital	▪ We anticipate our **2020 balance sheet growth to be approximately 70-75%**, based on the TDA acquisition as well as the continuation of modest client cash build ▪ TDA expected to be **accretive to capital levels while also creating additional flexibility** going forward	

TDA Impact on Full Year 2020[1]

+15%
Revenue

+19 bps
NIM

+12%
Adjusted Total Expense

+24%
Total Assets

Note: FY = Fiscal Year. TDA = TD Ameritrade. Y/Y = Year-over-year. NIM = Net interest margin. 1. Includes TDA from October 6, 2020 forward. 2. 2019 adjusted total expenses were ~$5,820M, excluding $25M in acquisition and integration-related costs as well as $27M in amortization of acquired intangible assets, consistent with the non-GAAP adjustments discussed on slide 42. Further details on non-GAAP financial measures and a reconciliation of such measures to reported results are included on slides 43-47 of this presentation as well as within our 3Q20 Earnings Release.

...and starting to prepare for 2021.

Revenues

- We are currently developing our 2021 plan and will continue to assess the revenue outlook as we work to **incorporate TD Ameritrade into our combined range of outcomes for the year**

Expenses

- Expense planning is underway, with a priority placed on progress against our key objectives:
  - Supporting ongoing **business growth**, effecting seamless **TD Ameritrade integration**, and unlocking initial **synergy value**
  - Pushing ahead on **scale, monetization, and segmentation initiatives**
- Continue on our trajectory towards **lower long-run expense growth** through the cycle
- Given recent acquisition activity, our **focus will be on adjusted total expenses** which excludes acquisition and integration-related costs as well as the amortization of acquired intangibles

Capital

- Our approach to **capital management remains unchanged:**
  - Support ongoing business growth
  - Prepare to migrate initial BDA balances to Schwab
  - Progress on our path towards our long-term operating objective of 6.75%-7.00% Tier 1 Leverage
    - Potentially resume capital return as we eventually approach our objective

We continue to press ahead in building the future of modern wealth management.

- Our persistent focus on clients and commitment to operating resilience is helping produce healthy financial results
- We are entering the next chapter in Schwab's story with strong momentum
- We will continue to balance near-term profitability with ongoing investment to support long-term growth through all environments

Our overall priorities are simple:

- Continued business growth through our client-first strategy
- Solid revenue growth through multiple sources
- Expense discipline leading to enhanced performance

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Q&A

Fall Business Update

October 29, 2020

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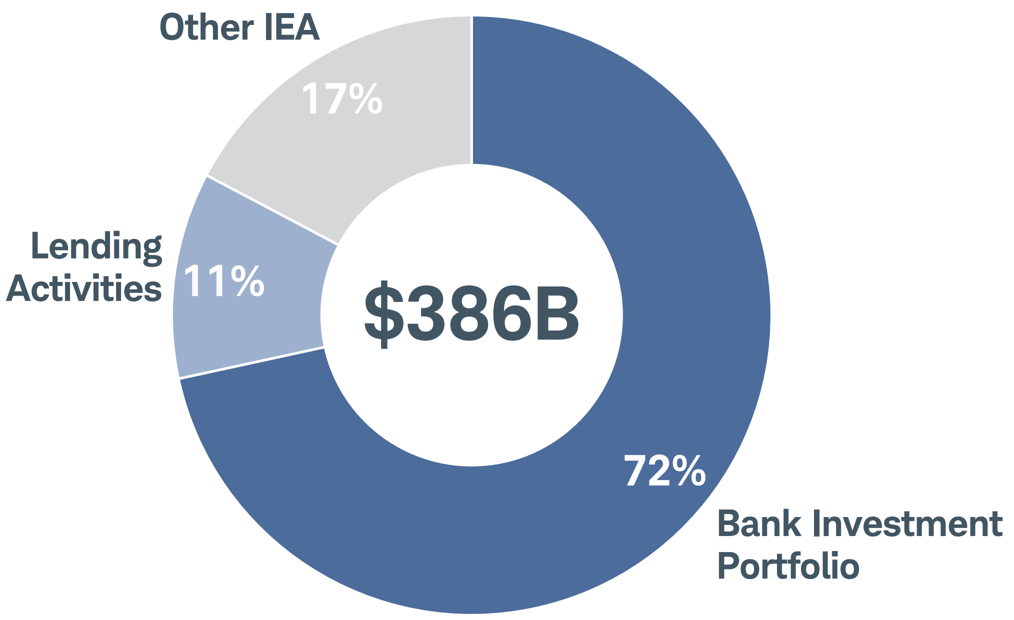
Appendix

Appendix

Average Interest-earning Assets & Bank Investment Portfolio (as of September 30, 2020)

3Q20 Avg. Interest-earning Assets[1, 2]



Bank Investment Portfolio Spotlight

Fixed vs. Floating

85% Fixed / 15% Floating

Securities Mix

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

Duration Analysis[4]

~3.8
Portfolio Duration (Years)

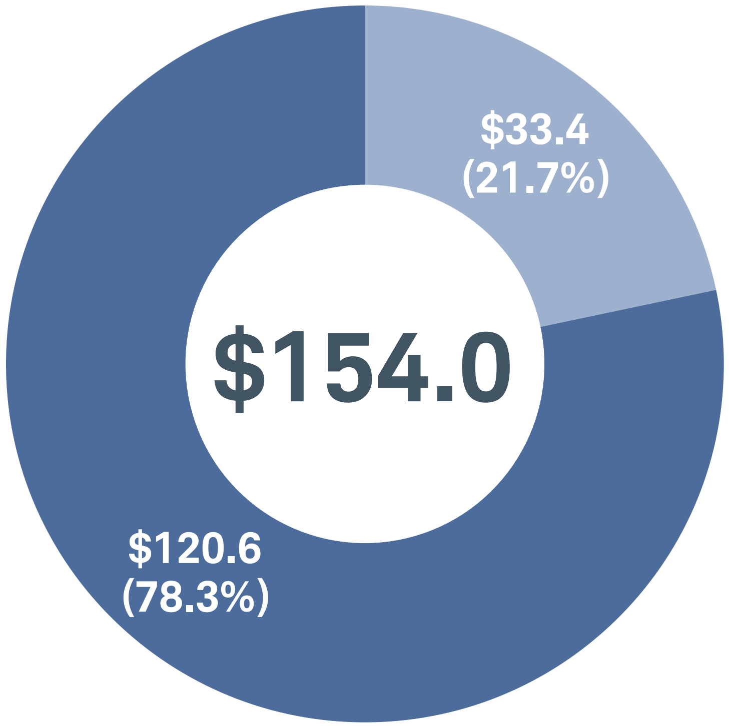
Rate Shock (bps)	SCHW	LUMSTRUU[5]
+100	+0.30 yrs.	+0.85 yrs.
-100	-0.15 yrs.	-1.40 yrs.

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. 2. Lending Activities comprises of client margin debits and bank loans. 3. 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 September 2020. 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

Bank Deposit Account Summary (as of September 30, 2020)

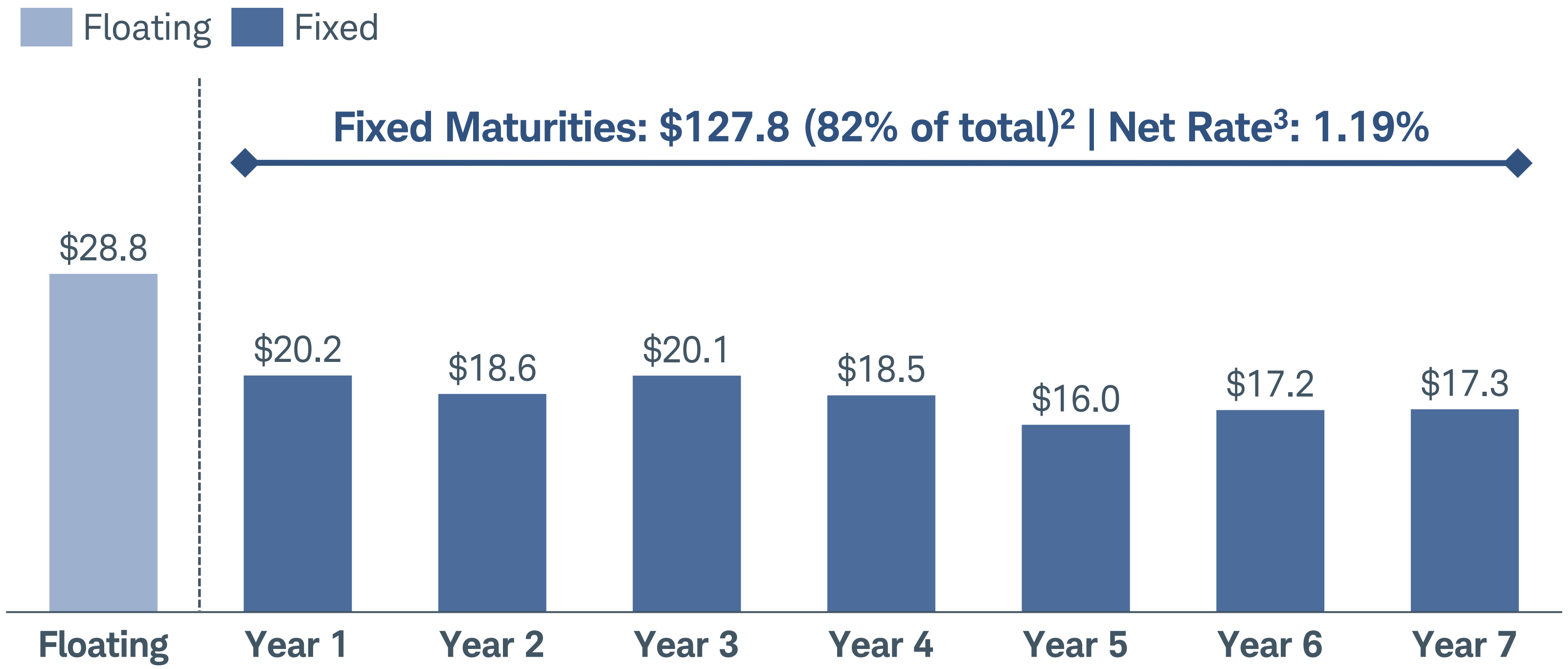
Mix of Average BDA Balances ($B,%)



	Net Rate[1]	3Q20 Revenue
Floating	0.05%	$4M
Fixed	1.22%	$376M

BDA Balances by Maturity, EOP ($B)

Total Balance: $156.6B	Net Rate[3]: 0.97%	Annual Revenue[4]: $1,534M



	Floating	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Net Rate[3]	(0.04%)	1.81%	1.59%	1.69%	1.58%	1.12%	0.12%	0.20%
Annual Revenue[4]	($13M)	$371M	$300M	$345M	$296M	$181M	$21M	$35M

Note: Certain totals may not foot due to rounding. BDA = Bank Deposit Account. Net yields calculated on an actual/360 basis. This detail is also available at https://www.aboutschwab.com/investor-relations. 1. Average net rate of maturities as of September 2020 and includes all related fees and client pay rates. 2. Balances maturing by remaining duration term (e.g., Year 1 maturities are balances rolling off the fixed-rate ladder over the next 12 months). 3. EOP net rate of maturities as of mid-October 2020 and includes all related fees and client pay rates. 4. Revenue figures presented on an annualized run-rate basis per the amended Insured Deposit Agreement (IDA) arrangement.

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 Management and Investors
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 business 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 may be 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 on-going 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.

Appendix

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
	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)	$ 1,559	$ 698	$ 1,475	$ 951	$ 4,691	$ 2,164	$ 4,379	$ 2,852
Acquisition and integration-related costs [(1)]	(42)	42	(4)	4	(160)	160	(8)	8
Amortization of acquired intangible assets	(25)	25	(6)	6	(43)	43	(20)	20
Income tax effects [(2)]	N/A	(16)	N/A	(3)	N/A	(49)	N/A	(7)
Adjusted total expenses (Non-GAAP), Adjusted net income (Non-GAAP)	$ 1,492	$ 749	$ 1,465	$ 958	$ 4,488	$ 2,318	$ 4,351	$ 2,873

[(1)] Acquisition and integration-related expenses are primarily included in professional services, compensation and benefits, 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.

N/A Not applicable.

Appendix

Non-GAAP Reconciliation: Adjusted income before taxes on income <u>and</u> Adjusted pre-tax profit margin

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
	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)	$ 889	36.3 %	$ 1,236	45.6 %	$ 2,824	37.6 %	$ 3,736	46.0 %
Acquisition and integration-related costs	42	1.7 %	4	0.1 %	160	2.1 %	8	0.1 %
Amortization of acquired intangible assets	25	1.1 %	6	0.3 %	43	0.6 %	20	0.3 %
Adjusted income before taxes on income (Non-GAAP), Adjusted pre-tax profit margin (Non-GAAP)	$ 956	39.1 %	$ 1,246	46.0 %	$ 3,027	40.3 %	$ 3,764	46.4 %

Appendix

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2020		2019		2020		2019	
	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)	$ 615	$ .48	$ 913	$ .70	$ 1,993	$ 1.54	$ 2,725	$ 2.05
Acquisition and integration-related costs	42	.03	4	—	160	.12	8	.01
Amortization of acquired intangible assets	25	.02	6	—	43	.03	20	.02
Income tax effects	(16)	(.02)	(3)	—	(49)	(.03)	(7)	(.01)
Adjusted net income available to common stockholders (Non-GAAP), Adjusted diluted EPS (Non-GAAP)	$ 666	$ .51	$ 920	$ .70	$ 2,147	$ 1.66	$ 2,746	$ 2.07

Appendix

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

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Return on average common stockholders' equity (GAAP)	10 %	20 %	12 %	20 %
Average common stockholders' equity	$ 25,810	$ 18,544	$ 22,511	$ 18,219
Less: Average goodwill	(1,735)	(1,227)	(1,482)	(1,227)
Less: Average acquired intangible assets — net	(1,268)	(137)	(693)	(143)
Plus: Average deferred tax liabilities related to goodwill and acquired intangible assets — net	67	67	67	67
Average tangible common equity	$ 22,874	$ 17,247	$ 20,403	$ 16,916
Adjusted net income available to common stockholders[1]	$ 666	$ 920	$ 2,147	$ 2,746
Return on tangible common equity (Non-GAAP)	12 %	21 %	14 %	22 %

(1) See table on slide 45 for the reconciliation of net income available to common stockholders to adjusted net income available to common stockholders (non-GAAP).

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