

THE CHARLES SCHWAB CORPORATION

Financial and Operating Highlights

(Unaudited)

(In millions, except per share amounts and as noted)	Q3-18 % change		2018			2017	
	vs. Q3-17	vs. Q2-18	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Net Revenues							
Net interest revenue	41%	9%	\$ 1,527	\$ 1,407	\$ 1,263	\$ 1,147	\$ 1,082
Asset management and administration fees	(6)%	(1)%	809	814	851	863	861
Trading revenue	17%	(2)%	176	180	201	154	151
Other	(6)%	(21)%	67	85	83	78	71
Total net revenues	19%	4%	2,579	2,486	2,398	2,242	2,165
Expenses Excluding Interest							
Compensation and benefits	11%	(1)%	737	745	770	711	662
Professional services	8%	5%	164	156	156	151	152
Occupancy and equipment	12%	2%	124	122	122	113	111
Advertising and market development	11%	(9)%	70	77	73	63	63
Communications	5%	2%	59	58	62	60	56
Depreciation and amortization	13%	4%	78	75	73	69	69
Regulatory fees and assessments	33%	14%	57	50	51	46	43
Other	11%	(1)%	71	72	89	76	64
Total expenses excluding interest	11%	—	1,360	1,355	1,396	1,289	1,220
Income before taxes on income	29%	8%	1,219	1,131	1,002	953	945
Taxes on income	(9)%	12%	296	265	219	356	327
Net Income	49%	7%	\$ 923	\$ 866	\$ 783	\$ 597	\$ 618
Preferred stock dividends and other	(12)%	(28)%	38	53	37	47	43
Net Income Available to Common Stockholders	54%	9%	\$ 885	\$ 813	\$ 746	\$ 550	\$ 575
Earnings per common share:							
Basic	53%	10%	\$.66	\$.60	\$.55	\$.41	\$.43
Diluted	55%	8%	\$.65	\$.60	\$.55	\$.41	\$.42
Dividends declared per common share	63%	30%	\$.13	\$.10	\$.10	\$.08	\$.08
Weighted-average common shares outstanding:							
Basic	1%	—	1,351	1,350	1,347	1,343	1,339
Diluted	1%	—	1,364	1,364	1,362	1,358	1,353
Performance Measures							
Pre-tax profit margin			47.3%	45.5%	41.8%	42.5%	43.6%
Return on average common stockholders' equity (annualized) ⁽¹⁾			20%	19%	18%	14%	15%
Financial Condition (at quarter end, in billions)							
Cash and investments segregated	(47)%	(23)%	\$ 8.5	\$ 11.0	\$ 12.8	\$ 15.1	\$ 15.9
Receivables from brokerage clients — net	21%	—	22.4	22.4	21.2	20.6	18.5
Bank loans — net	2%	—	16.6	16.6	16.4	16.5	16.2
Total assets	18%	4%	272.1	261.9	248.3	243.3	230.7
Bank deposits	29%	7%	213.4	199.9	190.2	169.7	165.3
Payables to brokerage clients	(11)%	(8)%	27.9	30.3	31.1	31.2	31.5
Short-term borrowings	(100)%	—	—	—	—	15.0	5.0
Long-term debt	76%	—	5.8	5.8	4.1	4.8	3.3
Stockholders' equity	16%	3%	20.8	20.1	19.3	18.5	18.0
Other							
Full-time equivalent employees (at quarter end, in thousands)	10%	2%	19.1	18.7	18.2	17.6	17.3
Capital expenditures — purchases of equipment, office facilities, and property, net (in millions)	32%	24%	\$ 156	\$ 126	\$ 135	\$ 141	\$ 118
Expenses excluding interest as a percentage of average client assets (annualized)			0.15%	0.16%	0.17%	0.16%	0.16%
Clients' Daily Average Trades (in thousands)							
Revenue trades ⁽²⁾	22%	2%	382	376	462	345	312
Asset-based trades ⁽³⁾	(6)%	(13)%	129	149	139	120	137
Other trades ⁽⁴⁾	(7)%	(4)%	172	179	211	163	184
Total	8%	(3)%	683	704	812	628	633
Average Revenue Per Revenue Trade ⁽²⁾	(6)%	—	\$ 7.27	\$ 7.30	\$ 7.24	\$ 7.33	\$ 7.74

⁽¹⁾ Return on average common stockholders' equity is calculated using net income available to common stockholders divided by average common stockholders' equity.

⁽²⁾ Includes all client trades that generate trading revenue (i.e., commission revenue or principal transaction revenue); also known as DART.

⁽³⁾ Includes eligible trades executed by clients who participate in one or more of the Company's asset-based pricing relationships.

⁽⁴⁾ Includes all commission-free trades, including Schwab Mutual Fund OneSource® funds and ETFs, and other proprietary products.

THE CHARLES SCHWAB CORPORATION
Net Interest Revenue Information
(In millions)
(Unaudited)

	Three Months Ended September 30,						Nine Months Ended September 30,					
	2018			2017			2018			2017		
	Average Balance	Interest Revenue/ Expense	Average Yield/ Rate	Average Balance	Interest Revenue/ Expense	Average Yield/ Rate	Average Balance	Interest Revenue/ Expense	Average Yield/ Rate	Average Balance	Interest Revenue/ Expense	Average Yield/ Rate
Interest-earning assets												
Cash and cash equivalents	\$ 18,623	\$ 94	1.98%	\$ 10,498	\$ 33	1.25%	\$ 16,164	\$ 217	1.78%	\$ 9,375	\$ 72	1.03%
Cash and investments segregated	10,253	51	1.94%	17,355	44	1.01%	12,002	149	1.64%	19,609	120	0.82%
Broker-related receivables	307	1	1.94%	459	1	0.96%	324	4	1.62%	428	2	0.74%
Receivables from brokerage clients	20,224	217	4.19%	16,498	151	3.63%	19,629	600	4.03%	15,861	415	3.50%
Available for sale securities ⁽¹⁾	55,283	328	2.34%	45,906	187	1.62%	52,797	859	2.16%	55,070	615	1.49%
Held to maturity securities	137,065	887	2.57%	107,557	606	2.24%	129,490	2,420	2.48%	99,523	1,691	2.27%
Bank loans	16,579	142	3.43%	16,058	122	3.01%	16,522	410	3.31%	15,764	347	2.94%
Total interest-earning assets	258,334	1,720	2.63%	214,331	1,144	2.12%	246,928	4,659	2.50%	215,630	3,262	2.02%
Other interest revenue		35			32			107			96	
Total interest-earning assets	\$ 258,334	\$ 1,755	2.69%	\$ 214,331	\$ 1,176	2.18%	\$ 246,928	\$ 4,766	2.56%	\$ 215,630	\$ 3,358	2.08%
Funding sources												
Bank deposits	\$ 208,666	\$ 158	0.30%	\$ 163,039	\$ 49	0.12%	\$ 193,010	\$ 339	0.23%	\$ 163,475	\$ 98	0.08%
Payables to brokerage clients	20,595	16	0.31%	24,833	6	0.10%	21,591	37	0.23%	26,198	11	0.06%
Short-term borrowings	—	—	—	1,695	6	1.40%	4,488	54	1.59%	1,475	11	1.00%
Long-term debt	5,790	51	3.52%	3,436	30	3.46%	5,053	131	3.46%	3,349	89	3.55%
Total interest-bearing liabilities	235,051	225	0.38%	193,003	91	0.19%	224,142	561	0.33%	194,497	209	0.14%
Non-interest-bearing funding sources	23,283			21,328			22,786			21,133		
Other interest expense		3			3			8			14	
Total funding sources	\$ 258,334	\$ 228	0.36%	\$ 214,331	\$ 94	0.18%	\$ 246,928	\$ 569	0.31%	\$ 215,630	\$ 223	0.14%
Net interest revenue		\$ 1,527	2.33%		\$ 1,082	2.00%		\$ 4,197	2.25%		\$ 3,135	1.94%

⁽¹⁾ Amounts have been calculated based on amortized cost.

THE CHARLES SCHWAB CORPORATION
Asset Management and Administration Fees Information

(In millions)

(Unaudited)

	Three Months Ended September 30,						Nine Months Ended September 30,					
	2018			2017			2018			2017		
	Average Client Assets	Revenue	Average Fee	Average Client Assets	Revenue	Average Fee	Average Client Assets	Revenue	Average Fee	Average Client Assets	Revenue	Average Fee
Schwab money market funds before fee waivers	\$ 130,202	\$ 122	0.37%	\$ 158,927	\$ 220	0.55%	\$ 142,177	\$ 451	0.42%	\$ 160,230	\$ 675	0.56%
Fee waivers		—			(1)			—			(10)	
Schwab money market funds	130,202	122	0.37%	158,927	219	0.55%	142,177	451	0.42%	160,230	665	0.55%
Schwab equity and bond funds and ETFs	219,137	67	0.12%	164,011	56	0.14%	206,058	195	0.13%	151,579	163	0.14%
Mutual Fund OneSource [®] and other non-transaction fee funds	209,560	171	0.32%	219,076	179	0.32%	216,699	524	0.32%	214,058	528	0.33%
Other third-party mutual funds and ETFs ⁽¹⁾	342,316	75	0.09%	291,307	65	0.09%	329,033	216	0.09%	278,479	182	0.09%
Total mutual funds and ETFs ⁽²⁾	\$ 901,215	435	0.19%	\$ 833,321	519	0.25%	\$ 893,967	1,386	0.21%	\$ 804,346	1,538	0.26%
Advice solutions ⁽²⁾												
Fee-based	\$ 234,338	294	0.50%	\$ 206,854	265	0.51%	\$ 228,326	859	0.50%	\$ 199,500	765	0.51%
Non-fee-based	65,146	—	—	50,758	—	—	62,377	—	—	46,785	—	—
Total advice solutions	\$ 299,484	294	0.39%	\$ 257,612	265	0.41%	\$ 290,703	859	0.40%	\$ 246,285	765	0.42%
Other balance-based fees ⁽³⁾	400,048	63	0.06%	424,280	67	0.06%	404,596	191	0.06%	406,442	192	0.06%
Other ⁽⁴⁾		17			10			38			34	
Total asset management and administration fees		\$ 809			\$ 861			\$ 2,474			\$ 2,529	

⁽¹⁾ Includes Schwab ETF OneSource[™].

⁽²⁾ Advice solutions include managed portfolios, specialized strategies, and customized investment advice such as Schwab Private Client, Schwab Managed Portfolios, Managed Account Select[®], Schwab Advisor Network[®], Windhaven[®] Strategies, ThomasPartners[®] Strategies, Schwab Index Advantage[®] advised retirement plan balances, Schwab Intelligent Portfolios[®], Institutional Intelligent Portfolios[®], and Schwab Intelligent Advisory[®], launched in March 2017; as well as legacy non-fee advice solutions including Schwab Advisor Source and certain retirement plan balances. Beginning the fourth quarter of 2017, a prospective change was made to add non-fee based average assets from managed portfolios. Average client assets for advice solutions may also include the asset balances contained in the mutual fund and/or ETF categories listed above. For the total end of period view, please see the Monthly Activity Report.

⁽³⁾ Includes various asset-related fees, such as trust fees, 401(k) recordkeeping fees, and mutual fund clearing fees and other service fees.

⁽⁴⁾ Includes miscellaneous service and transaction fees relating to mutual funds and ETFs that are not balance-based.

THE CHARLES SCHWAB CORPORATION
Growth in Client Assets and Accounts
(Unaudited)

(In billions, at quarter end, except as noted)	Q3-18 % Change		2018			2017	
	vs. Q3-17	vs. Q2-18	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter
Assets in client accounts							
Schwab One [®] , certain cash equivalents and bank deposits	23%	5%	\$ 239.5	\$ 228.2	\$ 219.4	\$ 198.6	\$ 195.0
Proprietary mutual funds (Schwab Funds [®] and Laudus Funds [®])							
Money market funds ⁽¹⁾	(19)%	(4)%	128.5	134.2	145.0	163.6	159.2
Equity and bond funds ⁽²⁾	19%	6%	91.7	86.6	83.4	82.5	77.3
Total proprietary mutual funds	(7)%	—	220.2	220.8	228.4	246.1	236.5
Mutual Fund Marketplace ^{®(3)}							
Mutual Fund OneSource [®] and other non-transaction fee funds	(4)%	—	212.6	212.5	221.6	225.2	221.2
Mutual fund clearing services	(23)%	4%	182.2	175.3	178.3	265.4	236.5
Other third-party mutual funds	13%	3%	740.1	716.1	693.4	682.6	652.5
Total Mutual Fund Marketplace	2%	3%	1,134.9	1,103.9	1,093.3	1,173.2	1,110.2
Total mutual fund assets	1%	2%	1,355.1	1,324.7	1,321.7	1,419.3	1,346.7
Exchange-traded funds (ETFs)							
Proprietary ETFs ⁽²⁾	43%	9%	125.2	114.8	104.5	99.1	87.8
Schwab ETF OneSource ^{™(3)}	25%	8%	33.3	30.8	29.8	28.7	26.6
Other third-party ETFs	18%	5%	338.6	322.1	314.7	308.8	286.7
Total ETF assets	24%	6%	497.1	467.7	449.0	436.6	401.1
Equity and other securities	18%	7%	1,202.4	1,121.7	1,075.9	1,080.0	1,016.9
Fixed income securities	22%	6%	290.4	275.1	258.8	245.6	238.4
Margin loans outstanding	23%	2%	(20.8)	(20.4)	(19.4)	(18.3)	(16.9)
Total client assets	12%	5%	\$ 3,563.7	\$ 3,397.0	\$ 3,305.4	\$ 3,361.8	\$ 3,181.2
Client assets by business							
Investor Services	10%	5%	\$ 1,876.9	\$ 1,784.8	\$ 1,740.8	\$ 1,810.9	\$ 1,707.0
Advisor Services	14%	5%	1,686.8	1,612.2	1,564.6	1,550.9	1,474.2
Total client assets	12%	5%	\$ 3,563.7	\$ 3,397.0	\$ 3,305.4	\$ 3,361.8	\$ 3,181.2
Net growth in assets in client accounts (for the quarter ended)							
Net new assets by business							
Investor Services ⁽⁴⁾	19%	103%	\$ 27.8	\$ 13.7	\$ (50.8)	\$ 46.4	\$ 23.4
Advisor Services	(9)%	(15)%	25.7	30.2	32.0	31.7	28.2
Total net new assets	4%	22%	\$ 53.5	\$ 43.9	\$ (18.8)	\$ 78.1	\$ 51.6
Net market gains (losses)	27%	137%	113.2	47.7	(37.6)	102.5	89.0
Net growth (decline)	19%	82%	\$ 166.7	\$ 91.6	\$ (56.4)	\$ 180.6	\$ 140.6
New brokerage accounts (in thousands, for the quarter ended)	10%	(4)%	369	384	443	386	336
Clients (in thousands)							
Active Brokerage Accounts ⁽⁵⁾	8%	2%	11,423	11,202	11,005	10,755	10,565
Banking Accounts	9%	3%	1,283	1,250	1,221	1,197	1,176
Corporate Retirement Plan Participants	5%	2%	1,627	1,599	1,594	1,568	1,552

(1) Total client assets in purchased money market funds are located at: <http://www.aboutschwab.com/investor-relations>.

(2) Includes proprietary equity and bond funds and ETFs held on and off the Schwab platform. As of September 30, 2018, off-platform equity and bond funds and ETFs were \$11.9 billion and \$30.4 billion, respectively.

(3) Excludes all proprietary mutual funds and ETFs.

(4) Second quarter of 2018 includes outflows of \$9.5 billion from certain mutual fund clearing services clients. First quarter of 2018 includes outflows of \$84.4 billion from certain mutual fund clearing services clients. Fourth quarter of 2017 includes an inflow of \$16.2 billion from a mutual fund clearing services client.

(5) In September 2018, the definition of active brokerage accounts was standardized across all account types as accounts with activity within the preceding 270 days. This change increased active accounts by approximately 63,000.

The Charles Schwab Corporation Monthly Activity Report For September 2018

	2017				2018									Change	
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Mo.	Yr.
Market Indices (at month end)															
Dow Jones Industrial Average	22,405	23,377	24,272	24,719	26,149	25,029	24,103	24,163	24,416	24,271	25,415	25,965	26,458	2%	18%
Nasdaq Composite	6,496	6,728	6,874	6,903	7,411	7,273	7,063	7,066	7,442	7,510	7,672	8,110	8,046	(1)%	24%
Standard & Poor's 500	2,519	2,575	2,648	2,674	2,824	2,714	2,641	2,648	2,705	2,718	2,816	2,902	2,914	—	16%
Client Assets (in billions of dollars) ⁽¹⁾															
Beginning Client Assets	3,122.3	3,181.2	3,256.5	3,318.8	3,361.8	3,480.5	3,328.8	3,305.4	3,312.1	3,378.1	3,397.0	3,477.9	3,555.9		
Net New Assets ⁽¹⁾	17.8	35.4	15.7	27.0	11.5	(50.5)	20.2	0.4	19.4	24.1	16.3	20.8	16.4	(21)%	(8)%
Net Market Gains (Losses)	41.1	39.9	46.6	16.0	107.2	(101.2)	(43.6)	6.3	46.6	(5.2)	64.6	57.2	(8.6)		
Total Client Assets (at month end)	3,181.2	3,256.5	3,318.8	3,361.8	3,480.5	3,328.8	3,305.4	3,312.1	3,378.1	3,397.0	3,477.9	3,555.9	3,563.7	—	12%
Core Net New Assets ⁽²⁾	17.8	19.2	15.7	27.0	18.7	21.3	25.6	9.9	19.4	24.1	16.3	20.8	16.4	(21)%	(8)%
Receiving Ongoing Advisory Services (at month end)															
Investor Services	255.0	259.8	265.1	268.7	278.6	273.0	273.2	274.7	279.1	280.0	287.0	292.0	292.7	—	15%
Advisor Services ⁽³⁾	1,358.6	1,382.6	1,410.8	1,431.1	1,483.7	1,449.5	1,444.4	1,451.6	1,478.0	1,488.7	1,525.5	1,555.3	1,559.2	—	15%
Client Accounts (at month end, in thousands)															
Active Brokerage Accounts ⁽⁴⁾	10,565	10,603	10,671	10,755	10,858	10,936	11,005	11,081	11,145	11,202	11,243	11,310	11,423	1%	8%
Banking Accounts	1,176	1,181	1,192	1,197	1,210	1,218	1,221	1,230	1,240	1,250	1,262	1,274	1,283	1%	9%
Corporate Retirement Plan Participants	1,552	1,556	1,564	1,568	1,580	1,580	1,594	1,599	1,599	1,599	1,611	1,621	1,627	—	5%
Client Activity															
New Brokerage Accounts (in thousands)	106	117	122	147	165	138	140	141	122	121	118	132	119	(10)%	12%
Inbound Calls (in thousands)	1,709	1,988	1,804	2,046	2,303	2,005	2,145	2,034	1,852	1,814	1,849	1,964	1,715	(13)%	—
Web Logins (in thousands)	39,639	51,454	50,583	54,486	64,488	60,830	58,906	55,980	56,234	56,491	57,137	62,797	53,923	(14)%	36%
Client Cash as a Percentage of Client Assets ⁽⁵⁾	11.1%	10.9%	10.8%	10.8%	10.4%	10.9%	11.0%	10.9%	10.6%	10.7%	10.5%	10.4%	10.3%	(10) bp	(80) bp
Mutual Fund and Exchange-Traded Fund															
Net Buys (Sells) ^(6,7) (in millions of dollars)															
Large Capitalization Stock	(138)	(51)	85	1,023	496	715	(158)	410	953	981	486	918	311		
Small / Mid Capitalization Stock	45	378	(144)	274	(125)	(167)	130	359	753	1,195	768	(186)	151		
International	1,549	1,913	2,627	1,852	4,306	2,685	1,546	809	372	(498)	(529)	186	(88)		
Specialized	465	655	58	424	1,569	187	326	122	(19)	383	520	(245)	73		
Hybrid	460	(118)	(263)	307	978	(88)	529	(541)	(241)	(288)	(548)	(678)	(324)		
Taxable Bond	3,809	3,466	2,389	2,561	3,284	155	2,117	1,661	1,002	928	879	965	1,371		
Tax-Free Bond	494	452	371	341	1,247	211	247	(113)	449	588	306	559	262		
Net Buy (Sell) Activity (in millions of dollars)															
Mutual Funds ⁽⁶⁾	3,002	2,401	882	775	4,843	(417)	1,976	(36)	(88)	555	(522)	(1,936)	(1,538)		
Exchange-Traded Funds ⁽⁷⁾	3,682	4,294	4,241	6,007	6,912	4,115	2,761	2,743	3,357	2,734	2,404	3,455	3,294		
Money Market Funds	(374)	213	1,166	2,968	(5,730)	(4,292)	(9,100)	(4,156)	(2,245)	(4,919)	(4,801)	704	(1,883)		
Average Interest-Earning Assets ⁽⁸⁾															
(in millions of dollars)	216,472	219,658	223,292	228,540	234,619	239,922	241,049	239,833	242,584	249,432	254,211	259,137	261,741	1%	21%

⁽¹⁾ April, March, February, and January 2018 include outflows of \$9.5 billion, \$5.4 billion, \$71.8 billion, and \$7.2 billion, respectively, from certain mutual fund clearing services clients. October 2017 includes an inflow of \$16.2 billion from a mutual fund clearing services client.

⁽²⁾ Net new assets before significant one-time inflows or outflows, such as acquisitions/divestitures or extraordinary flows (generally greater than \$10 billion) relating to a specific client. These flows may span multiple reporting periods.

⁽³⁾ Excludes Retirement Business Services.

⁽⁴⁾ In September 2018, the definition of active brokerage accounts was standardized across all account types as accounts with activity within the preceding 270 days. This change increased active accounts by approximately 63,000.

⁽⁵⁾ Schwab One[®], certain cash equivalents, bank deposits, and money market fund balances as a percentage of total client assets.

⁽⁶⁾ Represents the principal value of client mutual fund transactions handled by Schwab, including transactions in proprietary funds. Includes institutional funds available only to Investment Managers. Excludes money market fund transactions.

⁽⁷⁾ Represents the principal value of client ETF transactions handled by Schwab, including transactions in proprietary ETFs.

⁽⁸⁾ Represents average total interest-earning assets on the Company's balance sheet.