

News Release



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CORPORATION

SCHWAB FOURTH QUARTER NET INCOME OF \$935 MILLION CAPS RECORD YEAR

2018 Revenues Rise 18% to \$10.1 Billion, Net Income Grows 49% to \$3.5 Billion, Both Records
Core Net New Assets Reach a Record \$227.8 Billion, up 15%

SAN FRANCISCO, January 16, 2019 – The Charles Schwab Corporation announced today that its net income for the fourth quarter of 2018 was \$935 million, up 57% from \$597 million for the fourth quarter of 2017. Net income for the twelve months ended December 31, 2018 was \$3.5 billion, up 49% year-over-year.

| Financial Highlights | Three Months Ended December 31, | | | Twelve Months Ended December 31, | | |
|---|------------------------------------|----------|-------------|-------------------------------------|----------|-------------|
| | 2018 | 2017 | % Change | 2018 | 2017 | % Change |
| Net revenues (in millions) | \$ 2,669 | \$ 2,242 | 19% | \$ 10,132 | \$ 8,618 | 18% |
| Net income (in millions) | \$ 935 | \$ 597 | 57% | \$ 3,507 | \$ 2,354 | 49% |
| Diluted earnings per common share | \$.65 | \$.41 | 59% | \$ 2.45 | \$ 1.61 | 52% |
| Pre-tax profit margin | 45.3% | 42.5% | | 45.0% | 42.4% | |
| Return on average common stockholders' equity (annualized) | 20% | 14% | | 19% | 15% | |

Note: All per-share results are rounded to the nearest cent, based on weighted-average diluted common shares outstanding.

CEO Walt Bettinger said, “Our ability to build stronger client relationships and set financial records through a volatile environment reaffirmed the power of Schwab’s ‘Virtuous Cycle’ in 2018. While the year began with strong market momentum, February saw a surge of volatility, including the largest-ever one-day increase in the Cboe Volatility Index[®]. After a relatively stable summer, the S&P 500[®] reached an all-time high in September, before dropping 580 points to ultimately end the year 6% lower than month-end December 2017. Throughout these ups and downs, disciplined execution of our ‘Through Clients’ Eyes’ strategy helped us succeed with clients – households new to Retail rose 20% compared to 2017, with 53% of those new clients under the age of 40. Another measure of our success is the willingness of new and existing clients to trust us with their hard-earned assets. Both of our primary businesses posted record inflows in 2018, with Retail and Advisor Services net new assets rising 37% and 7%, respectively. Altogether, investors rewarded Schwab with a record \$227.8 billion in core net new assets, up 15% from the previous record in 2017 and more than twice the 2008 total – clear evidence of our asset gathering capabilities. These impressive flows were driven, in part, by our ability to win in a competitive marketplace as we continued attracting more than two dollars of inflow for every dollar out in 2018. Our strong net new assets largely offset lower market valuations and we ended the year at \$3.25 trillion in total client assets.”

Mr. Bettinger continued, “We remain well-positioned to continue driving robust business growth; with less than 10% market share, we still have ample opportunity ahead of us even as our client base reaches new highs. Last year, clients opened a record 1.6 million new brokerage accounts, up 9% from the previous year. Record client activity and help from the broader environment contributed to our sixth straight year of record revenues, which totaled

\$10.1 billion, up 18% from 2017. Our ratio of expenses to client assets, a key measure of our efficiency and one of our core competitive advantages, remained at our all-time low of 16 basis points – the best we’ve seen among public investment services firms. By balancing near-term profitability with long-term investments for growth and efficiency, along with support from a more favorable tax rate, we achieved the fifth consecutive year of record net income, up 49% to \$3.5 billion. These results were made possible by our employees’ commitment to championing our clients’ goals every day, and in the fourth quarter we rewarded our non-officer employees with a one-time stock award totaling \$36 million.”

Mr. Bettinger added, “We seek to offer a ‘no trade-offs’ approach to investors and are dedicated to sharing the benefits of our scale with them. We expanded access to investing in the fourth quarter by removing minimums for individual U.S. brokerage and retirement accounts. We also lowered the operating expense ratios on five market cap index mutual funds, removed investment minimums, and consolidated share classes across a variety of our mutual funds. During 2018, we enhanced our product line-up, adding 23 ETFs to Schwab ETF OneSource™ to total 265 ETFs covering 70 Morningstar categories. Additionally, consistent with our focus on improving transparency in investing, we introduced order-by-order price improvement reporting, enabling our clients to see how much they save on their equity trades. As we continue to seek ways to enhance our value proposition, product offering, and transparency, we are also striving to serve our clients where and how they choose. Throughout the year we hired over 500 client-facing employees, relocated or renovated 21 company-owned branches, and expanded the number of independent branches from 40 to 53. And we were honored to receive the ‘Highest in Investor Satisfaction with Full Service Brokerage Firms’ by J.D. Power* for the third consecutive year. We see this recognition as an affirmation of the importance of building trust and loyalty with our clients. We know when we do right by them they will reward us by bringing their assets to Schwab, fueling our growth well into the future.”

CFO Peter Crawford commented, “Schwab’s 2018 record financial performance once again demonstrates the effectiveness of the company’s financial formula. By focusing on our clients’ needs, we attract assets, and then we translate that business growth into solid revenue growth while at the same time exercising expense discipline – all of which leads to enhanced bottom-line performance. With an organic asset growth rate of 7% and a supportive environment for much of the year, we crossed the \$10 billion revenue mark for the first time, producing 18% growth over 2017. Net interest revenue set a record at \$5.8 billion, up 36% year-over-year, due to the Fed’s rate normalization and higher interest-earning assets, which reflect growth from both client cash allocations and the transfer of sweep money market funds to bank and broker-dealer sweep. As we progressed with these transfers, the corresponding money fund revenue naturally declined, yet positive flows in our advice solutions kept asset management and administration fees at \$3.2 billion, down just 5% from last year. Record trading activity from our clients resulted in trading revenue reaching \$763 million, up 17% from 2017. Our 12% increase in expenses encompasses our expected investments to support and fuel our business growth, including additional client-facing employees and our 2018 priorities – Application Modernization, Business Process Transformation, and Digital Accelerator. Our spending also reflects our late-year decisions to increase marketing and reward our employees, somewhat offset by the elimination of the FDIC surcharge. Overall, we delivered a 550 basis point gap between revenue and expense growth and produced a record 45.0% pre-tax profit margin, a 260 basis point expansion over last year.”

Mr. Crawford concluded, “Throughout 2018 we effectively managed our balance sheet to drive a 19% return on equity – the company’s highest annual level in ten years. We grew our consolidated balance sheet 22% to end the year at \$297 billion, reflecting client cash allocations through the year – including a December surge in the midst of heightened market volatility – and \$72 billion of sweep transfers. We ended the year with \$30 billion remaining in sweep money market fund balances. Even with these transfers, we continued to generate more than enough capital to support our ongoing business growth and began accelerating returns to our stockholders. During 2018, our Board of Directors raised the quarterly cash dividend 63% and authorized a \$1 billion Share Repurchase Program in October, which we completed by year-end; our preliminary Tier 1 Leverage Ratio was 7.1% at December 31st, just above our operating objective of 6.75%-7%. We will continue to utilize capital, as necessary, to fund and support balance sheet growth. At the same time, we are working with our Board to implement an approach for returning excess capital to stockholders, as Schwab’s story evolves to include both strong business growth and more meaningful capital returns.”

Supporting schedules and selected balances are either attached or located at: <http://www.aboutschwab.com/investor-relations/financial-reports>.

*Disclaimer: Charles Schwab received the highest numerical score in the J.D. Power 2016-2018 Full Service Investor Satisfaction Study. 2018 study based on 4,419 total responses from 18 firms measuring opinions of investors who used full service investment institutions, surveyed November-December 2017. Your experiences may vary. Visit jdpower.com/awards.

Commentary from the CFO

Periodically, our Chief Financial Officer provides insight and commentary regarding Schwab's financial picture at: <http://www.aboutschwab.com/investor-relations/cfo-commentary>. The most recent commentary, which provides perspective on crossing the \$250 billion consolidated asset threshold for heightened regulatory requirements, was posted on August 14, 2018.

Business Update

The company has scheduled a Business Update for institutional investors on Tuesday, February 5, 2019. The Update is scheduled to run from approximately 8:30 a.m. - 12:15 p.m. PT, 11:30 a.m. - 3:15 p.m. ET. Participants will include members of the company's executive management. A simultaneous webcast of this Update will be accessible to the public at <http://schwabevents.com/corporation>.

Forward-Looking Statements

This press release contains forward-looking statements relating to growth in the client base, accounts and assets; growth in revenues, earnings and profits; expenses; capital returns to stockholders; Tier 1 Leverage Ratio operating objective; and balance sheet growth. Achievement of these expectations and objectives is subject to risks and uncertainties that could cause actual results to differ materially from the expressed expectations.

Important factors that may cause such differences include, but are not limited to, the company's ability to attract and retain clients and registered investment advisors and grow those relationships and client assets; general market conditions, including the level of interest rates, equity valuations, and trading activity; competitive pressures on pricing, including deposit rates; the company's ability to develop and launch new products, services, infrastructure and capabilities in a timely and successful manner; client use of the company's advisory solutions and other products and services; level of client assets, including cash balances; capital and liquidity needs and management; client sensitivity to interest rates; the company's ability to manage expenses; the timing and amount of transfers to bank sweep; and other factors set forth in the company's most recent report on Form 10-K.

About Charles Schwab

The Charles Schwab Corporation (NYSE: SCHW) is a leading provider of financial services, with more than 355 offices and 11.6 million active brokerage accounts, 1.7 million corporate retirement plan participants, 1.3 million banking accounts, and \$3.25 trillion in client assets as of December 31, 2018. Through its operating subsidiaries, the company provides a full range of wealth management, securities brokerage, banking, asset management, custody, and financial advisory services to individual investors and independent investment advisors. Its broker-dealer subsidiary, Charles Schwab & Co., Inc. (member SIPC, <http://www.sipc.org>), and affiliates offer a complete range of investment services and products including an extensive selection of mutual funds; financial planning and investment advice; retirement plan and equity compensation plan services; referrals to independent fee-based investment advisors; and custodial, operational and trading support for independent, fee-based investment advisors through Schwab Advisor Services. Its banking subsidiary, Charles Schwab Bank (member FDIC and an Equal Housing Lender), provides banking and lending services and products. More information is available at www.schwab.com and www.aboutschwab.com.

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THE CHARLES SCHWAB CORPORATION
Consolidated Statements of Income
(In millions, except per share amounts)
(Unaudited)

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|----------|-------------------------------------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| Net Revenues | | | | |
| Interest revenue | \$ 1,914 | \$ 1,266 | \$ 6,680 | \$ 4,624 |
| Interest expense | (288) | (119) | (857) | (342) |
| Net interest revenue | 1,626 | 1,147 | 5,823 | 4,282 |
| Asset management and administration fees | 755 | 863 | 3,229 | 3,392 |
| Trading revenue | 206 | 154 | 763 | 654 |
| Other | 82 | 78 | 317 | 290 |
| Total net revenues | 2,669 | 2,242 | 10,132 | 8,618 |
| Expenses Excluding Interest | | | | |
| Compensation and benefits | 805 | 711 | 3,057 | 2,737 |
| Professional services | 178 | 151 | 654 | 580 |
| Occupancy and equipment | 128 | 113 | 496 | 436 |
| Advertising and market development | 93 | 63 | 313 | 268 |
| Communications | 63 | 60 | 242 | 231 |
| Depreciation and amortization | 80 | 69 | 306 | 269 |
| Regulatory fees and assessments | 31 | 46 | 189 | 179 |
| Other | 81 | 76 | 313 | 268 |
| Total expenses excluding interest | 1,459 | 1,289 | 5,570 | 4,968 |
| Income before taxes on income | 1,210 | 953 | 4,562 | 3,650 |
| Taxes on income ⁽¹⁾ | 275 | 356 | 1,055 | 1,296 |
| Net Income | 935 | 597 | 3,507 | 2,354 |
| Preferred stock dividends and other | 50 | 47 | 178 | 174 |
| Net Income Available to Common Stockholders | \$ 885 | \$ 550 | \$ 3,329 | \$ 2,180 |
| Weighted-Average Common Shares Outstanding: | | | | |
| Basic | 1,343 | 1,343 | 1,348 | 1,339 |
| Diluted | 1,354 | 1,358 | 1,361 | 1,353 |
| Earnings Per Common Shares Outstanding: | | | | |
| Basic | \$.66 | \$.41 | \$ 2.47 | \$ 1.63 |
| Diluted | \$.65 | \$.41 | \$ 2.45 | \$ 1.61 |

⁽¹⁾ Taxes on income were increased by approximately \$46 million in December 2017 due to the enactment of the Tax Cuts and Jobs Act.

THE CHARLES SCHWAB CORPORATION

Financial and Operating Highlights

(Unaudited)

| | Q4-18 % change | | 2018 | | | | 2017 |
|---|----------------|--------------|-------------------|------------------|-------------------|------------------|-------------------|
| | vs. Q4-17 | vs. Q3-18 | Fourth Quarter | Third Quarter | Second Quarter | First Quarter | Fourth Quarter |
| (In millions, except per share amounts and as noted) | | | | | | | |
| Net Revenues | | | | | | | |
| Net interest revenue | 42% | 6% | \$ 1,626 | \$ 1,527 | \$ 1,407 | \$ 1,263 | \$ 1,147 |
| Asset management and administration fees | (13)% | (7)% | 755 | 809 | 814 | 851 | 863 |
| Trading revenue | 34% | 17% | 206 | 176 | 180 | 201 | 154 |
| Other | 5% | 22% | 82 | 67 | 85 | 83 | 78 |
| Total net revenues | 19% | 3% | 2,669 | 2,579 | 2,486 | 2,398 | 2,242 |
| Expenses Excluding Interest | | | | | | | |
| Compensation and benefits | 13% | 9% | 805 | 737 | 745 | 770 | 711 |
| Professional services | 18% | 9% | 178 | 164 | 156 | 156 | 151 |
| Occupancy and equipment | 13% | 3% | 128 | 124 | 122 | 122 | 113 |
| Advertising and market development | 48% | 33% | 93 | 70 | 77 | 73 | 63 |
| Communications | 5% | 7% | 63 | 59 | 58 | 62 | 60 |
| Depreciation and amortization | 16% | 3% | 80 | 78 | 75 | 73 | 69 |
| Regulatory fees and assessments | (33)% | (46)% | 31 | 57 | 50 | 51 | 46 |
| Other | 7% | 14% | 81 | 71 | 72 | 89 | 76 |
| Total expenses excluding interest | 13% | 7% | 1,459 | 1,360 | 1,355 | 1,396 | 1,289 |
| Income before taxes on income | 27% | (1)% | 1,210 | 1,219 | 1,131 | 1,002 | 953 |
| Taxes on income | (23)% | (7)% | 275 | 296 | 265 | 219 | 356 |
| Net Income | 57% | 1% | \$ 935 | \$ 923 | \$ 866 | \$ 783 | \$ 597 |
| Preferred stock dividends and other | 6% | 32% | 50 | 38 | 53 | 37 | 47 |
| Net Income Available to Common Stockholders | 61% | — | \$ 885 | \$ 885 | \$ 813 | \$ 746 | \$ 550 |
| Earnings per common share: | | | | | | | |
| Basic | 61% | — | \$.66 | \$.66 | \$.60 | \$.55 | \$.41 |
| Diluted | 59% | — | \$.65 | \$.65 | \$.60 | \$.55 | \$.41 |
| Dividends declared per common share | 63% | — | \$.13 | \$.13 | \$.10 | \$.10 | \$.08 |
| Weighted-average common shares outstanding: | | | | | | | |
| Basic | — | (1)% | 1,343 | 1,351 | 1,350 | 1,347 | 1,343 |
| Diluted | — | (1)% | 1,354 | 1,364 | 1,364 | 1,362 | 1,358 |
| Performance Measures | | | | | | | |
| Pre-tax profit margin | | | 45.3% | 47.3% | 45.5% | 41.8% | 42.5% |
| Return on average common stockholders' equity (annualized) ⁽¹⁾ | | | 20% | 20% | 19% | 18% | 14% |
| Financial Condition (at quarter end, in billions) | | | | | | | |
| Cash and investments segregated | (10)% | 60% | \$ 13.6 | \$ 8.5 | \$ 11.0 | \$ 12.8 | \$ 15.1 |
| Receivables from brokerage clients — net | 5% | (3)% | 21.7 | 22.4 | 22.4 | 21.2 | 20.6 |
| Bank loans — net | 1% | — | 16.6 | 16.6 | 16.6 | 16.4 | 16.5 |
| Total assets | 22% | 9% | 296.5 | 272.1 | 261.9 | 248.3 | 243.3 |
| Bank deposits | 36% | 8% | 231.4 | 213.4 | 199.9 | 190.2 | 169.7 |
| Payables to brokerage clients | 5% | 17% | 32.7 | 27.9 | 30.3 | 31.1 | 31.2 |
| Short-term borrowings | (100)% | — | — | — | — | — | 15.0 |
| Long-term debt | 44% | 19% | 6.9 | 5.8 | 5.8 | 4.1 | 4.8 |
| Stockholders' equity | 12% | — | 20.7 | 20.8 | 20.1 | 19.3 | 18.5 |
| Other | | | | | | | |
| Full-time equivalent employees (at quarter end, in thousands) | 11% | 2% | 19.5 | 19.1 | 18.7 | 18.2 | 17.6 |
| Capital expenditures — purchases of equipment, office facilities, and property, net (in millions) | 13% | 2% | \$ 159 | \$ 156 | \$ 126 | \$ 135 | \$ 141 |
| Expenses excluding interest as a percentage of average client assets (annualized) | | | 0.17% | 0.15% | 0.16% | 0.17% | 0.16% |
| Clients' Daily Average Trades (in thousands) | | | | | | | |
| Revenue trades ⁽²⁾ | 35% | 22% | 466 | 382 | 376 | 462 | 345 |
| Asset-based trades ⁽³⁾ | 57% | 46% | 188 | 129 | 149 | 139 | 120 |
| Other trades ⁽⁴⁾ | 31% | 24% | 213 | 172 | 179 | 211 | 163 |
| Total | 38% | 27% | 867 | 683 | 704 | 812 | 628 |
| Average Revenue Per Revenue Trade ⁽²⁾ | (3)% | (2)% | \$ 7.13 | \$ 7.27 | \$ 7.30 | \$ 7.24 | \$ 7.33 |

⁽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 December 31, | | | | | | Twelve Months Ended December 31, | | | | | |
|--|------------------------------------|---------------------------------|---------------------------|--------------------|---------------------------------|---------------------------|-------------------------------------|---------------------------------|---------------------------|--------------------|---------------------------------|---------------------------|
| | 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 | \$ 22,590 | \$ 131 | 2.27% | \$ 11,582 | \$ 37 | 1.27% | \$ 17,783 | \$ 348 | 1.93% | \$ 9,931 | \$ 109 | 1.10% |
| Cash and investments segregated | 9,854 | 57 | 2.28% | 15,307 | 46 | 1.19% | 11,461 | 206 | 1.78% | 18,525 | 166 | 0.90% |
| Broker-related receivables | 241 | 2 | 3.99% | 438 | 1 | 0.91% | 303 | 6 | 2.09% | 430 | 3 | 0.70% |
| Receivables from brokerage clients | 20,584 | 230 | 4.38% | 17,478 | 160 | 3.63% | 19,870 | 830 | 4.12% | 16,269 | 575 | 3.53% |
| Available for sale securities ⁽¹⁾ | 59,720 | 382 | 2.52% | 47,016 | 200 | 1.69% | 54,542 | 1,241 | 2.26% | 53,040 | 815 | 1.54% |
| Held to maturity securities | 138,629 | 928 | 2.66% | 115,694 | 663 | 2.27% | 131,794 | 3,348 | 2.53% | 103,599 | 2,354 | 2.27% |
| Bank loans | 16,649 | 149 | 3.55% | 16,378 | 125 | 3.03% | 16,554 | 559 | 3.37% | 15,919 | 472 | 2.97% |
| Total interest-earning assets | 268,267 | 1,879 | 2.77% | 223,893 | 1,232 | 2.18% | 252,307 | 6,538 | 2.57% | 217,713 | 4,494 | 2.06% |
| Other interest revenue | | 35 | | | 34 | | | 142 | | | 130 | |
| Total interest-earning assets | \$ 268,267 | \$ 1,914 | 2.82% | \$ 223,893 | \$ 1,266 | 2.24% | \$ 252,307 | \$ 6,680 | 2.63% | \$ 217,713 | \$ 4,624 | 2.12% |
| Funding sources | | | | | | | | | | | | |
| Bank deposits | \$ 217,325 | \$ 206 | 0.38% | \$ 165,552 | \$ 50 | 0.12% | \$ 199,139 | \$ 545 | 0.27% | \$ 163,998 | \$ 148 | 0.09% |
| Payables to brokerage clients | 19,953 | 19 | 0.38% | 23,038 | 5 | 0.09% | 21,178 | 56 | 0.27% | 25,403 | 16 | 0.06% |
| Short-term borrowings ⁽²⁾ | 5 | — | 1.69% | 9,520 | 30 | 1.25% | 3,359 | 54 | 1.59% | 3,503 | 41 | 1.17% |
| Long-term debt | 6,524 | 59 | 3.59% | 3,671 | 30 | 3.24% | 5,423 | 190 | 3.50% | 3,431 | 119 | 3.47% |
| Total interest-bearing liabilities | 243,807 | 284 | 0.46% | 201,781 | 115 | 0.23% | 229,099 | 845 | 0.37% | 196,335 | 324 | 0.17% |
| Non-interest-bearing funding sources | 24,460 | | | 22,112 | | | 23,208 | | | 21,378 | | |
| Other interest expense | | 4 | | | 4 | | | 12 | | | 18 | |
| Total funding sources | \$ 268,267 | \$ 288 | 0.43% | \$ 223,893 | \$ 119 | 0.21% | \$ 252,307 | \$ 857 | 0.34% | \$ 217,713 | \$ 342 | 0.15% |
| Net interest revenue | | \$ 1,626 | 2.39% | | \$ 1,147 | 2.03% | | \$ 5,823 | 2.29% | | \$ 4,282 | 1.97% |

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

⁽²⁾ Interest expense was less than \$500,000 in the period presented.

THE CHARLES SCHWAB CORPORATION
Asset Management and Administration Fees Information

(In millions)

(Unaudited)

| | Three Months Ended December 31, | | | | | | Twelve Months Ended December 31, | | | | | |
|--|------------------------------------|---------------|----------------|-----------------------------|---------------|----------------|-------------------------------------|-----------------|----------------|-----------------------------|-----------------|----------------|
| | 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 | \$ 137,541 | \$ 117 | 0.34% | \$ 162,249 | \$ 200 | 0.49% | \$ 141,018 | \$ 568 | 0.40% | \$ 160,735 | \$ 875 | 0.54% |
| Fee waivers | | — | | | — | | | — | | | (10) | |
| Schwab money market funds | 137,541 | 117 | 0.34% | 162,249 | 200 | 0.49% | 141,018 | 568 | 0.40% | 160,735 | 865 | 0.54% |
| Schwab equity and bond funds and ETFs | 211,367 | 63 | 0.12% | 179,764 | 60 | 0.13% | 207,385 | 258 | 0.12% | 158,625 | 223 | 0.14% |
| Mutual Fund OneSource [®] and other non-transaction fee funds | 191,620 | 156 | 0.32% | 219,157 | 178 | 0.32% | 210,429 | 680 | 0.32% | 215,333 | 706 | 0.33% |
| Other third-party mutual funds and ETFs ⁽¹⁾ | 325,497 | 71 | 0.09% | 309,007 | 69 | 0.09% | 328,150 | 287 | 0.09% | 286,111 | 251 | 0.09% |
| Total mutual funds and ETFs ⁽²⁾ | \$ 866,025 | 407 | 0.19% | \$ 870,177 | 507 | 0.23% | \$ 886,982 | 1,793 | 0.20% | \$ 820,804 | 2,045 | 0.25% |
| Advice solutions ⁽²⁾ | | | | | | | | | | | | |
| Fee-based | \$ 226,184 | 280 | 0.49% | \$ 216,546 | 278 | 0.51% | \$ 227,790 | 1,139 | 0.50% | \$ 203,794 | 1,043 | 0.51% |
| Non-fee-based | 64,085 | — | — | 55,368 | — | — | 62,813 | — | — | 48,936 | — | — |
| Total advice solutions | \$ 290,269 | 280 | 0.38% | \$ 271,914 | 278 | 0.41% | \$ 290,603 | 1,139 | 0.39% | \$ 252,730 | 1,043 | 0.41% |
| Other balance-based fees ⁽³⁾ | 380,193 | 59 | 0.06% | 451,310 | 66 | 0.06% | 398,495 | 250 | 0.06% | 417,659 | 258 | 0.06% |
| Other ⁽⁴⁾ | | 9 | | | 12 | | | 47 | | | 46 | |
| Total asset management and administration fees | | \$ 755 | | | \$ 863 | | | \$ 3,229 | | | \$ 3,392 | |

⁽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) | Q4-18 % Change | | 2018 | | | | 2017 |
|---|----------------|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | vs. Q4-17 | vs. Q3-18 | Fourth Quarter | Third Quarter | Second Quarter | First Quarter | Fourth Quarter |
| Assets in client accounts | | | | | | | |
| Schwab One [®] , certain cash equivalents and bank deposits | 32% | 9% | \$ 261.2 | \$ 239.5 | \$ 228.2 | \$ 219.4 | \$ 198.6 |
| Proprietary mutual funds (Schwab Funds [®] and Laudus Funds [®]) | | | | | | | |
| Money market funds ⁽¹⁾ | (6)% | 19% | 153.5 | 128.5 | 134.2 | 145.0 | 163.6 |
| Equity and bond funds ⁽²⁾ | (3)% | (13)% | 79.9 | 91.7 | 86.6 | 83.4 | 82.5 |
| Total proprietary mutual funds | (5)% | 6% | 233.4 | 220.2 | 220.8 | 228.4 | 246.1 |
| Mutual Fund Marketplace ^{®(3)} | | | | | | | |
| Mutual Fund OneSource [®] and other non-transaction fee funds | (20)% | (15)% | 180.5 | 212.6 | 212.5 | 221.6 | 225.2 |
| Mutual fund clearing services | (38)% | (10)% | 164.4 | 182.2 | 175.3 | 178.3 | 265.4 |
| Other third-party mutual funds | (5)% | (12)% | 650.4 | 740.1 | 716.1 | 693.4 | 682.6 |
| Total Mutual Fund Marketplace | (15)% | (12)% | 995.3 | 1,134.9 | 1,103.9 | 1,093.3 | 1,173.2 |
| Total mutual fund assets | (13)% | (9)% | 1,228.7 | 1,355.1 | 1,324.7 | 1,321.7 | 1,419.3 |
| Exchange-traded funds (ETFs) | | | | | | | |
| Proprietary ETFs ⁽²⁾ | 16% | (8)% | 115.2 | 125.2 | 114.8 | 104.5 | 99.1 |
| Schwab ETF OneSource ^{™(3)} | 7% | (8)% | 30.6 | 33.3 | 30.8 | 29.8 | 28.7 |
| Other third-party ETFs | — | (8)% | 309.9 | 338.6 | 322.1 | 314.7 | 308.8 |
| Total ETF assets | 4% | (8)% | 455.7 | 497.1 | 467.7 | 449.0 | 436.6 |
| Equity and other securities | (6)% | (15)% | 1,019.8 | 1,202.4 | 1,121.7 | 1,075.9 | 1,080.0 |
| Fixed income securities | 25% | 5% | 306.1 | 290.4 | 275.1 | 258.8 | 245.6 |
| Margin loans outstanding | 5% | (7)% | (19.3) | (20.8) | (20.4) | (19.4) | (18.3) |
| Total client assets | (3)% | (9)% | \$ 3,252.2 | \$ 3,563.7 | \$ 3,397.0 | \$ 3,305.4 | \$ 3,361.8 |
| Client assets by business | | | | | | | |
| Investor Services | (6)% | (9)% | \$ 1,701.7 | \$ 1,876.9 | \$ 1,784.8 | \$ 1,740.8 | \$ 1,810.9 |
| Advisor Services | — | (8)% | 1,550.5 | 1,686.8 | 1,612.2 | 1,564.6 | 1,550.9 |
| Total client assets | (3)% | (9)% | \$ 3,252.2 | \$ 3,563.7 | \$ 3,397.0 | \$ 3,305.4 | \$ 3,361.8 |
| Net growth in assets in client accounts (for the quarter ended) | | | | | | | |
| Net new assets by business | | | | | | | |
| Investor Services ⁽⁴⁾ | (38)% | 3% | \$ 28.7 | \$ 27.8 | \$ 13.7 | \$ (50.8) | \$ 46.4 |
| Advisor Services | (16)% | 4% | 26.6 | 25.7 | 30.2 | 32.0 | 31.7 |
| Total net new assets | (29)% | 3% | \$ 55.3 | \$ 53.5 | \$ 43.9 | \$ (18.8) | \$ 78.1 |
| Net market (losses) gains | N/M | N/M | (366.8) | 113.2 | 47.7 | (37.6) | 102.5 |
| Net (decline) growth | N/M | N/M | \$ (311.5) | \$ 166.7 | \$ 91.6 | \$ (56.4) | \$ 180.6 |
| New brokerage accounts (in thousands, for the quarter ended) | (2)% | 3% | 380 | 369 | 384 | 443 | 386 |
| Client Accounts (in thousands) | | | | | | | |
| Active Brokerage Accounts ⁽⁵⁾ | 8% | 1% | 11,593 | 11,423 | 11,202 | 11,005 | 10,755 |
| Banking Accounts | 9% | 1% | 1,302 | 1,283 | 1,250 | 1,221 | 1,197 |
| Corporate Retirement Plan Participants | 6% | 2% | 1,655 | 1,627 | 1,599 | 1,594 | 1,568 |

(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 December 31, 2018, off-platform equity and bond funds and ETFs were \$10.4 billion and \$30.1 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.

N/M Not meaningful.

The Charles Schwab Corporation Monthly Activity Report For December 2018

| | 2017 | 2018 | | | | | | | | | | | | Change | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|--------|--------|
| | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Mo. | Yr. |
| Market Indices (at month end) | | | | | | | | | | | | | | | |
| Dow Jones Industrial Average | 24,719 | 26,149 | 25,029 | 24,103 | 24,163 | 24,416 | 24,271 | 25,415 | 25,965 | 26,458 | 25,116 | 25,538 | 23,327 | (9)% | (6)% |
| Nasdaq Composite | 6,903 | 7,411 | 7,273 | 7,063 | 7,066 | 7,442 | 7,510 | 7,672 | 8,110 | 8,046 | 7,306 | 7,331 | 6,635 | (9)% | (4)% |
| Standard & Poor's 500 | 2,674 | 2,824 | 2,714 | 2,641 | 2,648 | 2,705 | 2,718 | 2,816 | 2,902 | 2,914 | 2,712 | 2,760 | 2,507 | (9)% | (6)% |
| Client Assets (in billions of dollars) ⁽¹⁾ | | | | | | | | | | | | | | | |
| Beginning Client Assets | 3,318.8 | 3,361.8 | 3,480.5 | 3,328.8 | 3,305.4 | 3,312.1 | 3,378.1 | 3,397.0 | 3,447.9 | 3,555.9 | 3,563.7 | 3,388.1 | 3,431.9 | | |
| Net New Assets ⁽¹⁾ | 27.0 | 11.5 | (50.5) | 20.2 | 0.4 | 19.4 | 24.1 | 16.3 | 20.8 | 16.4 | 14.9 | 15.6 | 24.8 | 59% | (8)% |
| Net Market Gains (Losses) | 16.0 | 107.2 | (101.2) | (43.6) | 6.3 | 46.6 | (5.2) | 64.6 | 57.2 | (8.6) | (190.5) | 28.2 | (204.5) | | |
| Total Client Assets (at month end) | 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 | 3,388.1 | 3,431.9 | 3,252.2 | (5)% | (3)% |
| Core Net New Assets ⁽²⁾ | 27.0 | 18.7 | 21.3 | 25.6 | 9.9 | 19.4 | 24.1 | 16.3 | 20.8 | 16.4 | 14.9 | 15.6 | 24.8 | 59% | (8)% |
| Receiving Ongoing Advisory Services (at month end) | | | | | | | | | | | | | | | |
| Investor Services | 268.7 | 278.6 | 273.0 | 273.2 | 274.7 | 279.1 | 280.0 | 287.0 | 292.0 | 292.7 | 280.3 | 284.7 | 272.4 | (4)% | 1% |
| Advisor Services ⁽³⁾ | 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 | 1,485.8 | 1,510.1 | 1,436.1 | (5)% | — |
| Client Accounts (at month end, in thousands) | | | | | | | | | | | | | | | |
| Active Brokerage Accounts ⁽⁴⁾ | 10,755 | 10,858 | 10,936 | 11,005 | 11,081 | 11,145 | 11,202 | 11,243 | 11,310 | 11,423 | 11,479 | 11,529 | 11,593 | 1% | 8% |
| Banking Accounts | 1,197 | 1,210 | 1,218 | 1,221 | 1,230 | 1,240 | 1,250 | 1,262 | 1,274 | 1,283 | 1,289 | 1,297 | 1,302 | — | 9% |
| Corporate Retirement Plan Participants | 1,568 | 1,580 | 1,580 | 1,594 | 1,599 | 1,599 | 1,599 | 1,611 | 1,621 | 1,627 | 1,634 | 1,639 | 1,655 | 1% | 6% |
| Client Activity | | | | | | | | | | | | | | | |
| New Brokerage Accounts (in thousands) | 147 | 165 | 138 | 140 | 141 | 122 | 121 | 118 | 132 | 119 | 133 | 115 | 132 | 15% | (10)% |
| Inbound Calls (in thousands) | 2,046 | 2,303 | 2,005 | 2,145 | 2,034 | 1,852 | 1,814 | 1,849 | 1,964 | 1,715 | 1,976 | 1,681 | 1,839 | 9% | (10)% |
| Web Logins (in thousands) | 54,486 | 64,488 | 60,830 | 58,906 | 55,980 | 56,234 | 56,491 | 57,137 | 62,797 | 53,923 | 59,261 | 54,654 | 53,920 | (1)% | (1)% |
| Client Cash as a Percentage of Client Assets ⁽⁵⁾ | 10.8% | 10.4% | 10.9% | 11.0% | 10.9% | 10.6% | 10.7% | 10.5% | 10.4% | 10.3% | 11.1% | 11.2% | 12.8% | 160 bp | 200 bp |
| Mutual Fund and Exchange-Traded Fund Net Buys (Sells) ^(6,7) (in millions of dollars) | | | | | | | | | | | | | | | |
| Large Capitalization Stock | 1,023 | 496 | 715 | (158) | 410 | 953 | 981 | 486 | 918 | 311 | 308 | 331 | 717 | | |
| Small / Mid Capitalization Stock | 274 | (125) | (167) | 130 | 359 | 753 | 1,195 | 768 | (186) | 151 | (1,344) | (456) | (1,414) | | |
| International | 1,852 | 4,306 | 2,685 | 1,546 | 809 | 372 | (498) | (529) | 186 | (88) | (109) | (418) | (2,163) | | |
| Specialized | 424 | 1,569 | 187 | 326 | 122 | (19) | 383 | 520 | (245) | 73 | (914) | (397) | (2,105) | | |
| Hybrid | 307 | 978 | (88) | 529 | (541) | (241) | (288) | (548) | (678) | (324) | (1,313) | (1,248) | (2,985) | | |
| Taxable Bond | 2,561 | 3,284 | 155 | 2,117 | 1,661 | 1,002 | 928 | 879 | 965 | 1,371 | (351) | (836) | (4,342) | | |
| Tax-Free Bond | 341 | 1,247 | 211 | 247 | (113) | 449 | 588 | 306 | 559 | 262 | (591) | (407) | (409) | | |
| Net Buy (Sell) Activity (in millions of dollars) | | | | | | | | | | | | | | | |
| Mutual Funds ⁽⁶⁾ | 775 | 4,843 | (417) | 1,976 | (36) | (88) | 555 | (522) | (1,936) | (1,538) | (5,734) | (7,955) | (21,372) | | |
| Exchange-Traded Funds ⁽⁷⁾ | 6,007 | 6,912 | 4,115 | 2,761 | 2,743 | 3,357 | 2,734 | 2,404 | 3,455 | 3,294 | 1,420 | 4,524 | 8,671 | | |
| Money Market Funds | 2,968 | (5,730) | (4,292) | (9,100) | (4,156) | (2,245) | (4,919) | (4,801) | 704 | (1,933) | 2,546 | 8,515 | 13,548 | | |
| Average Interest-Earning Assets ⁽⁸⁾ | | | | | | | | | | | | | | | |
| (in millions of dollars) | 228,540 | 234,619 | 239,922 | 241,049 | 239,833 | 242,584 | 249,432 | 254,211 | 259,137 | 261,741 | 264,156 | 265,648 | 274,913 | 3% | 20% |

⁽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.

⁽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.