

INVESTOR SERVICES (2023 Net Revenues: \$14.405 Billion)

Provides (1) retail brokerage, investment advisory, and banking and trust services to individual investors, (2) retirement plan and trade monitoring services to businesses (on behalf of their employees), (3) securities trading and settlement services to financial institutions that sponsor their own mutual funds, and (4) off-platform sales of proprietary mutual funds and exchange traded funds (ETFs).

ADVISOR SERVICES (2023 Revenues: \$4.432 Billion)

Provides (1) custodial, trading, banking and trust, and support services to Registered Investment Advisors and their clients and (2) retirement business services to independent retirement advisors and recordkeepers.

RETAIL INVESTOR

WORKPLACE FINANCIAL SERVICES

OFF-PLATFORM SERVICES

MUTUAL FUND CLEARING SERVICES

ADVISORY SERVICES

RETIREMENT BUSINESS SERVICES

Wealth and Advice Solutions

Financial Planning and Education Tools

Trading

Banking

WORKPLACE RETIREMENT

Off-Platform Sales

Charles Schwab Platform Sales

Use of Schwab Platform and Website and Access to Schwab Products and Services

Outside Relationships
Regulators: Public Debt Holders, Hedge Counterparties, Federal Reserve System (Fed), FDIC, SEC, etc.
Capital: Hedge Counterparties, Federal Reserve System (Fed), etc.
Suppliers: Deloitte & Touche, PwC, etc.
Customers: Significant Shareholders, U.S. Securities and Exchange Commission, etc.

The Charles Schwab Corporation (a Delaware corporation)
Debt Structure: Long-term Debt: \$26.128 Billion (12/31/2023)
Equity Structure: Total Equity: \$100.00 Billion
Corporate: Operations, Finance, Human Resources, Technology, Information, Marketing, Banking
Investor Services (2023 Revenue: \$14.405 Billion)
Advisor Services (2023 Revenue: \$4.432 Billion)
Retail Investor Services: Wealth and Advice Solutions, Education Tools, Financial Planning, Trading Services, Banking
Workplace Financial Services: Retirement Plan Services, Designated Brokerage, Off-Platform Sales, Mutual Fund Transaction Services

Outside Relationships
Customers: Deloitte & Touche, PwC, etc.
Suppliers: Deloitte & Touche, PwC, etc.
Capital: Significant Shareholders, U.S. Securities and Exchange Commission, etc.
Regulators: U.S. Securities and Exchange Commission, SEC, etc.
Key Subjects of Regulation: Securities, Investment Management, Broker-Dealers, etc.
Key Company Data: Business Overview, Financial Highlights, Statement of Income, Balance Sheet, Cash Flow, Return

GLOSSARY

Annuities: An annuity is a contract between the annuitant and an insurance company that requires the insurer to make payments to the annuitant, either immediately or in the future. The annuitant gets a fixed amount of money for the rest of his or her life in return for a lump sum payment or a series of instalments.

Cryptocurrency: Cryptocurrency is digital money created using encryption algorithms/cryptography. Cryptocurrency can be used for purchases or as an investment. Transactions are then verified and recorded on a blockchain, an unchangeable ledger that tracks and records assets and trades in a decentralized system, rather than by a centralized financial authority.

CTF: CTA stands for a collective trust fund (or Collective Investment Trust), a legal trust administered by a bank or trust company in which the assets in multiple client accounts are pooled according to the requirements in its declaration of trust.

Designated Brokerage Services: Providers of Designated Brokerage Services offer sophisticated tools to help employers easily monitor their employees' trading activities within their 401(k) plans. Under these services, employees receive access to a wide selection of investment options, affordable pricing, and powerful educational tools.

Defined Benefit Plan: A defined-benefit plan is an employer-sponsored retirement plan where employee benefits are computed using a formula that considers several factors, such as length of employment and age, and salary history (as opposed to depending directly on individual investment returns). The company is responsible for managing the plan's investments and risk and will usually hire an outside investment manager to do this. Typically, an employee cannot just withdraw funds as with a 401(k) plan. Rather, they become eligible to take their benefit as a lifetime annuity or in some cases as a lump sum at an age defined by the plan's rules.

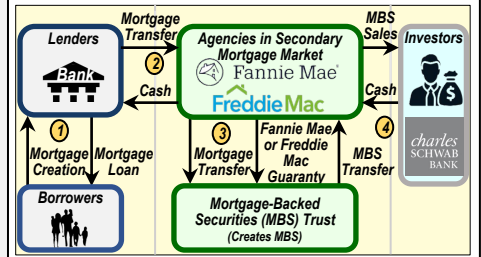
Equity Compensation Plan: An employer plan that offers equity compensation (e.g., company stock) to incentivize certain employees to achieve a company's annual financial goals. Also known as share-based compensation, to certain employees. Some examples of the equity-related compensation are stock options, restricted stock, stock appreciation rights (or SARs), restricted stock, and ESPPs.

ESPPs: An employee stock purchase plan (ESPP) is an employer-run program in which participating employees can purchase company stock directly, at a discounted price. Employees contribute to the plan through payroll deductions that build up between the offering date and the purchase date.

ETF: An ETF, or exchange-traded fund, is a type of investment fund whose shares are traded on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. They offer investors a way to pool their money in a fund that makes investments in stocks, bonds, or other assets and, in return, to receive an interest in that investment pool. Unlike mutual funds shares, which are priced at the end of each trading day and can only be redeemed by the fund, shares in ETFs are priced and can be bought and sold throughout the trading day. ETFs typically offer lower fees and more versatility than mutual funds, making them an attractive choice for many investors.

Federal Home Loan Banks: The Federal Home Loan Bank Act of 1932 created the Federal Home Loan Bank system of government sponsored enterprises (FHLBanks) that encourage homeownership by providing a source of low-cost funds to member banks to be used for mortgage lending and community-related economic development. The system consists of 11 FHLBanks, more than 6,500-member financial institutions (i.e., thrift institutions, commercial banks, credit unions, insurance companies), and the system's fiscal agent, the Office of Finance. Each FHLBank is a separate, government-chartered, member-owned corporation. A financial institution joins the FHLBank district that serves the state where the institution's home office or principal place of business is located.

Federal National Mortgage Association and Federal Home Loan Mortgage Corporation: Established in 1938, the Federal National Mortgage Association (Fannie Mae, established in 1938) and Federal Home Loan Mortgage Corporation (Freddie Mac, established in 1970) are U.S. government-sponsored entities created to expand the liquidity to the residential mortgage market. Fannie Mae buys qualifying mortgage loans from larger commercial banks, pools and securitizes them, and then offers and sells them on the open market to private investors seeking safe investments. Both Fannie Mae and Freddie Mac guarantee the payment of the underlying loan principal and interest. This "secondary mortgage market" has the effect of increasing the supply of money available for (1) mortgage lending and new home purchases. In general, Fannie Mae tends to buy loans from larger commercial banks and lenders, and Freddie Mac buys loans from smaller banks or credit unions.



Federal Reserve Discount Window: The discount window is a central bank facility that offers commercial banks very short-term loans (often overnight). The Federal Reserve discount window is considered an instrument of monetary policy that allows eligible financial institutions to borrow money from the central bank to meet temporary shortages of liquidity caused by internal or external disruptions.

FINRA: In the United States, the Securities and Exchange Commission (SEC) has authorized the Financial Industry Regulatory Authority (FINRA), a self-regulatory organization (SRO), and the national stock exchanges to set forth rules and regulations on trading securities and enforcing them. However, it is the SEC that is the highest regulating body in the US in terms of securities. FINRA's aim is to protect investors and ensure that the operations of the securities industry are done in fairness and honesty. There are more than 4,250 brokerage firms and about 162,155 branch offices which all must be overseen by the FINRA.

Forex: Forex refers to foreign exchange trading—i.e., exchanging one currency for another to profit from the trade. The foreign exchange market—also known as forex or FX—is the world's most traded market. Forex trading is how individuals, businesses, central banks and governments pay for goods and services in other economies. Whenever an individual buys a product in another currency, or exchanges cash to go on holiday, he or she is trading forex. However, a significant proportion of forex trades aren't for practical purposes. For example, speculative FX traders seek to profit from fluctuations in the exchange rates between currencies, speculating on whether one will go up or down in value compared to another.

Forex is traded in pairs, meaning that when an individual trades forex, he or she is exchanging one currency for another. When buying EUR/USD, for example, the trader is buying euros while selling the US dollar. If the euro strengthens against the dollar, the trader's position will increase in value. If the euro weakens against the dollar, it will decrease in value. FX traders weigh up whether a currency looks likely to strengthen or weaken against another, then trade that pair accordingly. Currency markets never decline in absolute terms—for one currency to go up, there will be others weakening against it. All currencies cannot go up at the same time. There is always going to be a winner and a loser.

Global forex trading is dominated by just ten banks, who are responsible for around two-thirds of the world's volume. The five largest forex dealers are Deutsche Bank, UBS, Citi, Barclays, and JPMorgan.



Futures: Futures (aka future contracts) are a type of derivative contract to buy or sell a specific commodity or security at a set future date for a set price. That is, these contracts have expiration dates and set prices that are known upfront. Futures, which allow traders to lock in the price of the underlying asset or commodity, are traded on futures exchanges like the CME Group and require a brokerage account that is approved to trade futures. Futures are identified by their expiration month; e.g., a December gold futures contract expires in December.

IDA: Under an insured deposit account agreement (as amended and restated, effective October 6, 2020) between The Charles Schwab Corporation and the TD Depository Institutions:

1. cash held in eligible brokerage client accounts is swept off-balance sheet to FDIC-insured deposit accounts at the TD Depository Institutions; and
2. Schwab provides recordkeeping and support services to the TD Depository Institutions with respect to the deposit accounts in exchange for an aggregate monthly bank deposit account fee.

Index Funds: Index funds are investment funds that follow a benchmark index, such as the S&P 500 or the Nasdaq 100. When an investor puts money in an index fund, that cash is then used to invest in all the companies that make up the particular index, which gives the investor a more diverse portfolio than if he or she was buying individual stocks.

Introducing Broker: An introducing broker acts as a middleman by matching an entity seeking access to markets with a counterparty willing to take the other side of the transaction. Generally speaking, introducing brokers make recommendations while delegating the task of executing trades to someone who operates on a trading floor. The introducing broker and whoever executes a transaction split the fees and commissions according to some agreed upon arrangement. Schwab's introducing broker is TD Ameritrade, Inc.

IRAs: IRA refers to individual retirement account. An individual retirement account (IRA) is a long-term savings account that individuals with earned income can use to save for the future while enjoying certain tax advantages. With a traditional IRA, contributions may be fully or partially deductible from the contributor's taxable income, which reduces one's income taxes. Contributions are invested in securities, and any money (i.e., dividends, interest or capital appreciation on those securities) grows tax-deferred until it's withdrawn in retirement, at which time it's taxed as ordinary income.

Mutual Funds: A mutual fund is a type of investment vehicle that pools money from many investors to purchase a diversified portfolio of stocks, bonds, or other securities. Managed by professional money managers, mutual funds aim to produce capital gains and income for the fund's investors. Each shareholder participates proportionally in the gains or losses of the fund. Mutual funds offer an affordable way for individuals to access a diversified, professionally managed portfolio. The value of a mutual fund is determined at the end of each trading day and is known as the net asset value (NAV), which is calculated by dividing the total value of all the securities in the portfolio by the total number of the fund's shares. Mutuals may not be sold on a market, like ETF. Instead, to exit one's investment in mutual fund, the investor must request the mutual to redeem the shares at the NAV at the close of business on the date of the request. Mutual funds are popular among investors for their simplicity, diversification, and access to professional management.

Mutual Fund Clearing Services: Clearing is the correct and timely transfer of funds to the seller and securities to the buyer. Charles Schwab acts as an intermediary known between the sellers of mutual funds and buyers of mutual funds and assumes the role of tacit buyer and seller to reconcile orders between transacting parties.

Net Asset Value: For mutual funds, the NAV is calculated at the end of each trading day based on the closing market prices of the portfolio's securities. This value determines the price at which investors buy and sell shares in the fund. While ETFs also have a NAV, they differ from mutual funds in that ETFs are traded throughout the day on stock exchanges at market prices that can differ from the NAV.

Nonqualified Plan: Nonqualified plans are retirement savings plans. They are called nonqualified because unlike qualified plans they do not adhere to Employee Retirement Income Security Act (ERISA) guidelines. Nonqualified plans are generally used to provide high-paid executives with an additional retirement savings option.

Off Platform Sales: Most sales at Charles Schwab are transacted through the Charles Schwab website. Off platform sales are the sales of products and services offered to individual investors but are not transacted on the Schwab website. For example, if the customer is an organization such as a family office or an ultra-wealthy individual, the customer may prefer or require personalized service.

Options: An option is a financial instrument known as a derivative that conveys to the purchaser (the option holder) the right, but not the obligation, to buy or sell a set quantity or dollar value of a particular asset at a fixed price by a set date. When an investor trades options, the investor is essentially placing a bet on if a stock will decrease, increase or remain the same in value, how much it will deviate from its current price, and in what time those changes will occur. Based on those parameters, you can choose to enter into a contract to buy or sell a company's stock.

Performance Shares: Performance shares, as a form of stock compensation, are allocations of company stock given to managers and executives granted only if certain company-wide performance criteria are met.

Profit Sharing Plan: A profit-sharing plan gives employees a share in their company's profits based on its earnings. It is up to the company to decide how much of its profits it shares. Contributions to a profit-sharing plan are made by the company only, not by employees.

Restricted Stock: Shares in a company issued to employees as part of their pay, but which cannot be fully transferred to them until certain conditions are met.

RIA: Registered Investment Advisor is someone that advises clients on securities investments and may manage their investment portfolios. RIAs are registered with the U.S. Securities and Exchange Commission (under the Investment Advisers Act of 1940) or state securities administrators. RIAs have fiduciary obligations to their clients to always and only provide investment advice that is in their client's best interests.

Roth 401(k) Accounts: A Roth 401(k) is an employer-sponsored retirement savings account funded using after-tax dollars. Income tax is paid on the money that is deposited into the account. Withdrawals are tax-free upon retirement.

SARs: Stock appreciation rights are a type of employee compensation linked to the company's stock price during a predetermined period. SARs are profitable for employees when the company's stock price rises. Employees do not pay the exercise price with SARs. Instead, they receive the sum of the increase in stock or cash.

SIPC: The Securities Investor Protection Corporation is a federally mandated, non-profit, member-funded, United States government corporation created under the Securities Investor Protection Act of 1970 that mandates membership of most US-registered broker-dealers. The SIPC protects customers if their brokerage firm fails. Brokerage firm failures are rare. If it happens, SIPC protects the securities and cash in client brokerage accounts up to \$500,000.

Stock Option: A benefit in the form of an option given by a company to an employee to buy shares in a company at a discount or at a stated fixed price.

TD Depository Institutions: TD Bank USA, National Association, and TD Bank, National Association, which are members of the multinational TD Bank Group, also known as Toronto Dominion Bank.

401(k) Plan: In the United States, a 401(k) plan is an employer-sponsored, defined-contribution, personal pension account, as defined in subsection 401(k) of the U.S. Internal Revenue Code. Periodic employee contributions come directly out of their pay checks and may be matched by the employer. An employee's elective salary deferrals are excluded from the employee's taxable income (except for designated Roth deferrals).

B

Charles Schwab offers substantially the same products and services to clients in the Investor Segment and the Advisor Segment: (1) banking accounts and loans, (2) financial advisory services, (3) trust custody services, (4) proprietary and third-party mutual funds and ETFs, and (5) brokerage and trading services for stocks and fixed-income securities. Revenues and expenses from the sale of these products and services are attributed to the two segments based on which segment services the client.

Banking: Checking and savings accounts, first lien residential real estate mortgage loans (First Mortgages), home equity lines of credit, and pledged asset lines

Investment Advice: Managed portfolios of both proprietary and third-party mutual funds and ETFs, separately managed accounts, customized personal advice for tailored portfolios, specialized planning, and full-time portfolio management

Trust: Trust custody services, personal trust reporting services, and administrative trustee services

Mutual Funds: Third-party mutual funds through the Mutual Fund Marketplace®, including no-transaction-fee mutual funds through the Mutual Fund OneSource® service, which also includes proprietary mutual funds, plus mutual fund trading and clearing services to broker-dealers

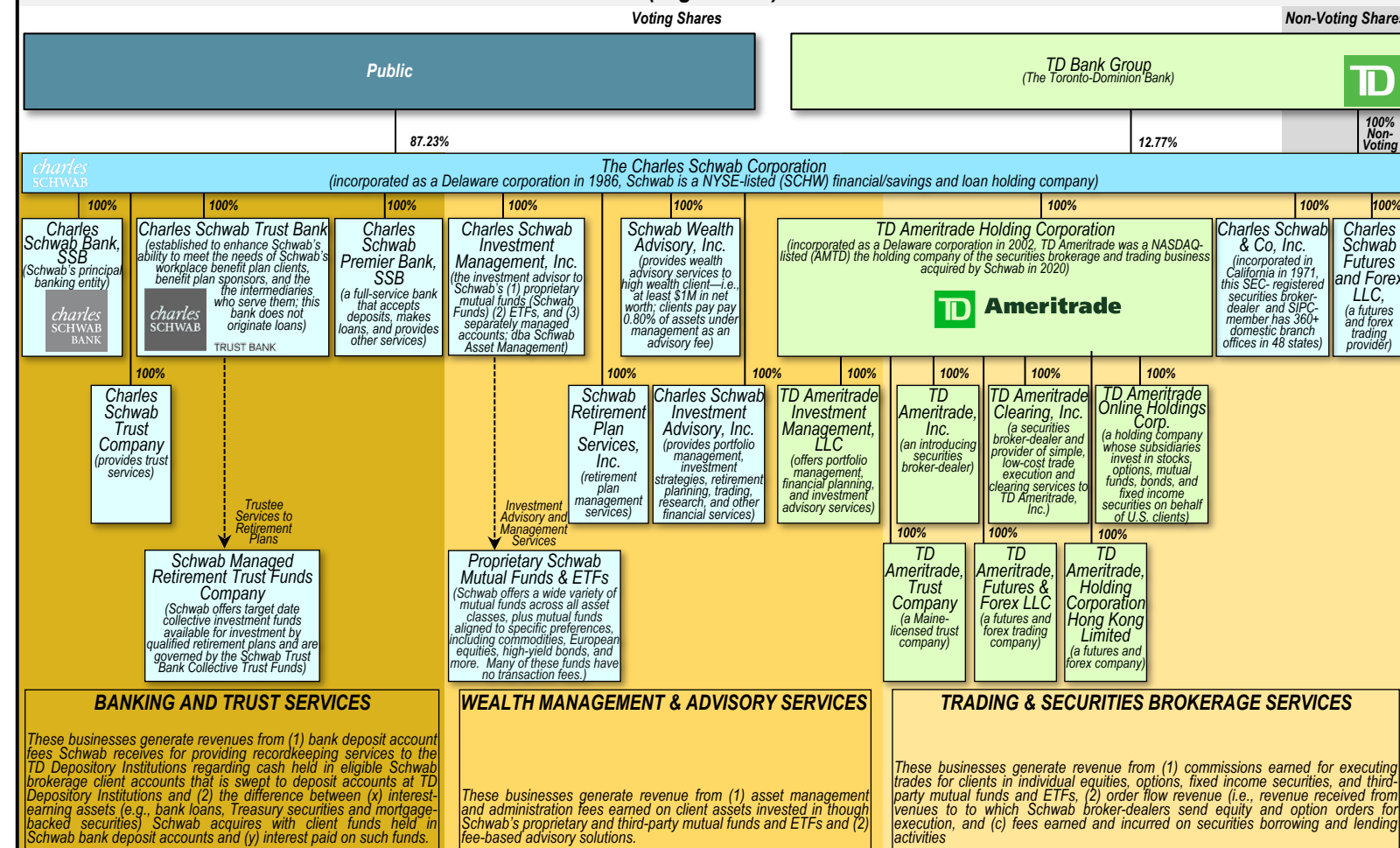
Exchange Traded Funds (ETFs): An extensive offering of ETFs, including both proprietary and third-party ETFs

Brokerage: An array of full-feature brokerage accounts with equity and fixed income trading, margin lending, options trading, futures and forex trading, and cash management capabilities including certificates of deposit

PRODUCT AND SERVICE OFFERINGS (Available to Both Segments)

C

LEGAL ENTITY STRUCTURE (High-Level)



D

U.S. WEALTH (\$156 Trillion in U.S. Assets by Generation)

