Q3

Fiscal 2019 Quarter 3 Results

Management Commentary & Frequently Asked Questions

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TD Ameritrade

Safe Harbor Statement

This document contains forward-looking statements within the meaning of the federal securities laws. We intend these forward-looking statements to be covered by the safe harbor provisions of the federal securities laws. In particular, forward-looking statements contained in this discussion include our expectations regarding: the effect of client trading activity on our results of operations; the effect of changes in interest rates on our net interest spread; the amount of net revenues; average commissions per trade; the amounts of total operating expenses and advertising expense; our effective income tax rate; our capital and liquidity needs and our plans to finance such needs; and our plans to return capital to stockholders through cash dividends and share repurchases. These statements reflect only our current expectations and are not guarantees of future performance or results. These statements involve risks, uncertainties and assumptions that could cause actual results or performance to differ materially from those contained in the forward-looking statements. These risks, uncertainties and assumptions include, but are not limited to: economic, social and political conditions and other securities industry risks; interest rate risks; liquidity risks; credit risk with clients and counterparties; risk of liability for errors in clearing functions; systemic risk; systems failures, delays and capacity constraints; network security risks; competition; reliance on external service providers; new laws and regulations affecting our business; net capital requirements; extensive regulation, regulatory uncertainties and legal matters; difficulties and delays in integrating the Scottrade Financial Services, Inc. ("Scottrade") business or fully realizing cost savings and other benefits from the acquisition; disruptions from the Scottrade acquisition; or other factors making it more difficult to maintain relationships with employees, customers, other business partners or governmental entities; the inability to achieve synergies or to implement integration plans and other consequences associated with other acquisitions; and the other risks and uncertainties set forth under Item 1A. – Risk Factors of the Company's annual report on Form 10-K for the fiscal year ended September 30, 2018. These forward-looking statements speak only as of the date on which the statements were made. We undertake no obligation to publicly update or revise these statements, whether as a result of new information, future events or otherwise, except to the extent required by the federal securities laws.

About TD Ameritrade Holding Corporation

TD Ameritrade provides investing services and education to more than 11 million client accounts totaling approximately $1.3 trillion in assets, and custodial services to more than 7,000 registered investment advisors. We are a leader in U.S. retail trading, executing an average of approximately 800,000 trades per day for our clients, more than a quarter of which come from mobile devices. We have a proud history of innovation, dating back to our start in 1975, and today our team of 10,000-strong is committed to carrying it forward. Together, we are leveraging the latest in cutting edge technologies and one-on-one client care to transform lives, and investing, for the better. Learn more by visiting TD Ameritrade's newsroom at www.amtd.com, or read our stories at Fresh Accounts.

CEO Commentary

Growth and resiliency remain our focus as we move into the final quarter of our fiscal year. Our business fundamentals are solid, indicative of the strength of our business model, with net revenues up 8 percent from a year ago.

Clients averaged 825,000 trades per day – propelled in part by strong net buying and the most robust season of high profile IPOs that we've seen in some time. Five of our top 20 IPOs by Day 1 activity took place in the quarter. The interest in recent IPOs reinforces the broad-based desire of retail investors to invest in brands they know and trust. Month-to-date in July, we are averaging 780,000 trades per day.

We're pleased with our relative net new asset performance. Retail net new assets were 18 percent of the total net new assets in the quarter, up from a year ago on the heels of the Scottrade conversion, but down from last quarter due to tax season and a bit of weaker investor sentiment resulting in less money movement earlier in the quarter. It's a trend that had persisted across the industry for a few months amid macroeconomic uncertainty before starting to come back in the latter half of the quarter. Year-to-date, retail net new assets are up 30 percent and represent 22 percent of total net new assets.

As we've discussed many times before, the path forward for us is paved via a best-in-class client experience and a resilient approach to investment and resource management. We're taking a segmented approach, steeped in data and client insights, to build experiences that are attractive to specific trading and investing behaviors and better address how clients want to work with us.

In the meantime, client retention continues to improve. In fact, in what is usually a weak quarter given tax season, this was our best Third Quarter for retention in more than 10 years, and Retail net advocate scores continue to increase.

Efforts targeting digital simplification and self-service are paying off. A new program employing data analytics and machine learning to predict client attrition risk is enabling more strategic conversations with our clients. We can now more proactively engage with clients to head-off dis-satisfiers and enrich their experiences before they make the decision to leave.

A pilot program to simplify account opening for Personalized Portfolios is improving the speed and rate of funding. We also launched a simplified experience for TD Ameritrade Mobile users, driving greater mobile engagement and fewer questions to our service centers. Mobile adoption by retail clients was a record at nearly 33 percent at the end of the quarter.

We continue to expand the reach of our education and expert market insights available through the TD Ameritrade Network, adding a dedicated app for Apple iOS. Viewership across all channels is nearly double what it was a year ago. And, in Asia, we introduced new technology to facilitate faster, more

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efficient account funding. We're pleased with early trends, as new accounts and funding continue to increase.

We will continue to invest in initiatives that can most meaningfully impact the client experience. But to do so, we must also prune back or exit offerings that aren't performing as optimally as they could, or that aren't core to our strategy.

We had one such example of adjusting an offering in the interest of optimizing performance earlier today when we shared with our Associates plans to reduce our branch footprint by approximately 20 percent, or 80 branches. We still believe that the best retail client experience balances high tech with the right touch. Clients who regularly visit a branch report some of our highest levels of client satisfaction. But, since integrating Scottrade, we've carefully monitored performance as we continue to pivot toward a relationship-centric approach that is more aligned with our retail strategy. We can see that we are over-indexed in certain markets. After this reduction, our coverage map remains strong with 283 locations, with more than 80 percent of clients within 25 miles of a branch.

The decision largely impacts smaller, less productive branches, and many financial consultants, along with their client relationships, will be redeployed to larger neighboring branches. It was the right step to take in the interest of delivering a differentiated and sustainable best-in-class client experience.

This drive for greater efficiency and resiliency remains well ingrained within our Institutional strategy as well. We continue to see strength from existing clients adding new end-clients to our Institutional platform, and asset retention rates remain strong. We're committed to strengthening those relationships with best-in-class technology and white glove service.

Like the Retail channel, digital self-service is core to building that best-in-class client experience. We have new remediation processes in place for Associates to address and reduce client irritants. And, we launched a virtual agent and live chat for all advisors via VeoOne.

Programs designed to bring greater ease and simplicity to portfolio management continue to grow. Shares traded through our Block Desk, which helps execute large block ETF orders for RIAs, were up 37 percent from last year. And we expanded our ETF Market Center to include nearly 570 ETFs. Ending balances in the program are up 61 percent from last year and nearing $50B.

Institutional asset gathering was down slightly from a year ago, but well distributed across diverse segments including existing advisors bringing in new client accounts, new RIA relationships moving from competitors, and new breakaway brokers joining the RIA channel. We saw asset gathering improve versus the prior quarter, and we continue to win our share of money in motion. Long-term trends speak well for the continued strength and attractiveness of the independent advisor model.

Our investments in speed and agility have helped us deliver new things more quickly and efficiently

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than we could have five-to-10 years ago. For our clients, it's great because we can continue to introduce new, cutting-edge enhancements that make their experience easier, more personal and more enlightening than ever before. New technology bringing our capabilities into your car, including live audio broadcasts from TD Ameritrade Network for Apple CarPlay, and market performance, account balance and real-time quote information via Android Auto and Echo Auto interfaces launched just this week.

Speed and agility means it takes less time for us to identify and address client irritants. Our list of resolutions continues to grow… a point of pride for our people who are motivated by solving problems for our clients. It also improves our operational effectiveness. The more we can modernize and automate, the more we can do with the resources we already have. This makes prioritization and focus critical. We must align our costs with our strategy, and that's the rationale behind all of our efforts to improve our strategic resiliency.

Recently, someone internally likened this work to a fitness program. You want your results to be efficient and sustainable over time, so you shouldn't waste your energy – or investments – on the fad diets of the day. You need programs that target the core needs of your clients and organization, informed by data and analytics.

And the time to focus on organizational fitness is now. As tailwinds shift to headwinds, the fitter we are, the more endurance we'll have to weather potential revenue impacts and still have the "energy" to invest in the future growth of this company. We have demonstrated the ability of our business model to successfully navigate a variety of economic cycles, and we are committed to leaning into those things that can differentiate us as we plan for 2020. That, plus an institutional channel performing at the head of the pack, and a retail model gaining momentum, will enable us to continue driving long-term value to those who choose to invest in us.

CFO Commentary

The diversity of our business model was on display yet again this quarter. Market dynamics pressured BDA balances, yet trading and margin remained resilient. We remained focused on the long-term, while taking measured management actions as needed.

There were two notable items in the quarter. We completed the disposition of the retirement plan custody and trust assets of the Trust business, resulting in a gain of $0.08 EPS. We also had a very favorable legal settlement involving potentially large claims at a cost of $0.03 EPS.

Both revenue and expense comparisons to prior year remain a bit noisy due to the first year impact after the Scottrade integration, so we will continue to focus on sequential changes.

Revenue increased sequentially due to increases in asset-based and other revenue.

Commission revenue, excluding order routing, was down sequentially on modestly lower client trading volumes and a slight decline in commission rates.

Asset-based revenue increased sequentially, representing 64 percent of net revenue in the quarter.

Net interest margin increased sequentially due to average margin balance growth and strong net stock lending.

BDA revenue declined sequentially on lower average balances, slightly offset by higher net rates. While the long-end of the curve continued to decline, reinvestment rates remained higher than maturing rates for the majority of the quarter, still providing a net benefit to overall BDA net rates. Although our BDA “float versus fixed” split percentage at the end of the quarter was slightly down from last quarter, overall duration remained flat.

The yield curve remains flat, so we have been taking the opportunity to fill in holes at various points on the ladder, extending at shorter maturities. As a reminder, our extension strategy mitigates the revenue impacts when interest rates are declining, with steady benefits of the roll when rates are rising. The annual revenue run rate of the BDA portfolio remains significant, although it’s down slightly from the end of last quarter due to the decline in ending balances and lower long rates. We’ve provided this information in the FAQ on Page 9.

Client cash ended the quarter essentially flat from last quarter end. Client cash balances have been trending up since May as retail clients went from heavy buyers early in the quarter to sellers at the end of the quarter. Our monthly metrics’ disclosure reflects average BDA balances increasing from May to June, a trend that has continued month-to-date into July.

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Margin revenue increased sequentially with higher average balances, offset by lower rates due to a higher percentage of the book on negotiated schedules. Balances were resilient all quarter.

We updated our rate sensitivities for both an increase or decrease in rates to reflect the latest balances and pricing plans. Because our book is relatively price inelastic, we would expect ourselves and competitors to move deposit pricing down to mitigate earnings pressure. Actual changes will depend on competitive forces and mix, which we continue to monitor closely.

Net stock lending revenue increased sequentially with broad-based demand across the entire book, as well as continued strength from the top ten symbols. The month of June was a record month. We are encouraged by recent IPO strength.

Fee-based revenue increased sequentially on higher average balances from nearly all products and slightly higher net rates due to mix. With assets moving in the Trust business closing before quarter end, ending balances were lower than average balances for the quarter.

Other revenue increased sequentially primarily due to continued strong proxy income that peaked in May after starting to increase in March. Revenue and expense associated with proxy income are grossed-up by $6 million compared to last quarter due to revenue recognition impacts. Reorganization fees were also elevated, and the change in the mark-to-market on certain segregated cash investments was a small positive versus losses last quarter.

Operating Expenses increased sequentially due to the legal expenses noted earlier and a seasonal increase in advertising, slightly offset by less headcount.

Ad spend is expected to remain at these levels next quarter.

We remain focused on generating positive operating leverage over a cycle, even if we face revenue headwinds. "Over a cycle" is the key. We are taking a long-term view, and expense-adjusting initiatives generally take a few quarters to be realized.

We will continue to invest in strategic priorities and assess our long-term revenue forecast in determining annual expense plans. In a declining revenue environment scenario, we would be even more diligent on costs, cutting non-strategic spend. We have been preparing for that through strategic resiliency efforts. For example, the 2-4 percent core expense growth preliminary plan for fiscal 2020 mentioned last quarter, may need to decrease further given the interest rate environment when plans are finalized this fall. However, our planning is still in progress and we will provide more specifics next quarter.

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We do expect an expense item in the September quarter of $0.02 EPS to reduce our branch footprint by 80. These are generally smaller locations in larger markets and we believe they will not have a significant client experience or revenue impact.

Regarding capital deployment, we remain on pace to return a percentage of non-GAAP net income toward the high end of our full year expected range.

We have had a strong year thus far, successfully navigating through changes in the interest rate environment and client cash behaviors, demonstrating the diversity of our business model. Planning is well underway, as we are focused on the long-term. We are confident in our business model and strategy. We will provide our fiscal 2020 plans in October.

Frequently Asked Questions

Q1. What were the splits of derivatives and mobile as a percentage of total DARTs in the quarter?

- Within derivatives, options were 28 percent of total DARTs (up from 27 percent last quarter), futures were 7 percent of total DARTS (flat sequentially) and foreign exchange was 1 percent of total DARTs (flat sequentially last quarter). Mobile was 27 percent of total DARTs (flat sequentially).

Q2. What is the interest rate sensitivity of the next Fed actions, whether up or down?

- For the next two 25 basis points increases, we expect each move to generate an incremental $60 million to $85 million of pre-tax income on an annual basis, assuming a range of deposit betas of 15 to 20 percent.
- For the next two 25 basis points decreases, we expect each move to generate a decline of $0 million to $75 million in pre-tax income on an annual basis, assuming a range of deposit betas of 20 to 40 percent.

*Assumes parallel shift in the yield curve, impact over next 12 months

Q3. What were your interest earning asset ending balances as of June 30, 2019?

- Margin $20.7B (up from $20.5B), Segregated cash $7.1B (up from $5.6B), and Other $6.2B (up from $5.3B).
- Other consists of deposits paid on securities borrowing and other cash and interest earnings on investment balances.

Q4. What has been the trend of client cash?

- See table:

$B	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019
BDA	$114.2	$112.5	$122.1	$111.9	$110.0
Client Credits	$19.4	$19.6	$19.9	$19.0	$19.2
Sweep MMF	$4.5	$5.3	$6.7	$7.0	$8.2
Purchased MMF	$3.3	$4.1	$7.7	$8.7	$9.9
Total Client Cash	**$141.4**	**$141.4**	**$156.5**	**$146.6**	**$147.2**
Net buys/(sells)	$28.1	$24.6	$20.4	$37.2	$25.2

*Client cash metrics are period end balances

Q5. What has been the trend of the components of client assets?

- Fixed income includes CDs, government instruments and bonds, including bond MFs & ETFs.
- See table:

	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019
Equity	40.0%	40.7%	37.8%	39.3%	40.0%
ETFs	13.9%	14.2%	13.5%	14.3%	14.9%
Mutual Funds	17.6%	17.6%	16.8%	16.9%	15.1%
Equities Sub-Total	71.5%	72.4%	68.0%	70.6%	69.9%
Cash	11.5%	10.9%	13.5%	11.3%	11.3%
Fixed Income Alternatives	14.2%	14.2%	16.6%	16.0%	16.7%
Other	2.8%	2.5%	1.9%	2.2%	2.1%
Total	100%	100%	100%	100%	100%
Total Client Assets ($B)	$ 1,230	$ 1,298	$ 1,162	$ 1,297	$ 1,307

Q6. Can you provide more specifics on the Bank Deposit Account (BDA)?

- The ending mix of balances in floating rate investments vs. fixed rate investments is split 18%-to-82%. Given the shape of the yield curve in the quarter, recent extensions have been shorter than the typical 7 year. This results in a consolidated ending duration of 1.9 years. Floating rate balances earn the higher of effective Fed funds or the interest on excess reserves less certain fees. The effective Fed funds and interest on excess reserves rates were 2.40% and 2.35%, respectively, at period end. Approximately $15 billion of balances mature from the fixed ladder over the next twelve months, with the average net rate, after fees and client pay rates, on those balances of 1.23%. Based on the current yield curve and planned extensions, we would expect to reinvest at slightly lower basis points on extending these maturing balances, before contemplating any changes to deposit betas associated with interest rate changes.
- BDA breakout:

Jun Q ' 19 Average	Avg. Balance ($B)	Avg. Balance % of Total	Net Rate(i)	Revenue ($M)
Float Investments	$19.3	17%	1.90%	$92
Fixed Investments	$91.0	83%	1.43%	$329
Total	$110.3		1.51%	$421

Jun Q '19 Ending	Ending Balance ($B)	Ending Balance % of Total	Net Rate(i)	Annual Revenue Run-Rate ($M)
Float Investments	$19.4	18%	1.90%	$374
Fixed Maturities(ii):				
Year 1	$15.3	14%	1.23%	$191
Year 2	$16.5	15%	1.57%	$264
Year 3	$16.5	15%	1.39%	$233
Year 4	$17.5	16%	1.44%	$256
Year 5	$17.2	16%	1.43%	$249
Year 6	$7.5	7%	1.63%	$123
Fixed Investments(iii)	$90.5	82%	1.43%	$1,317
Total(iii)	$110.0		1.52%	$1,691

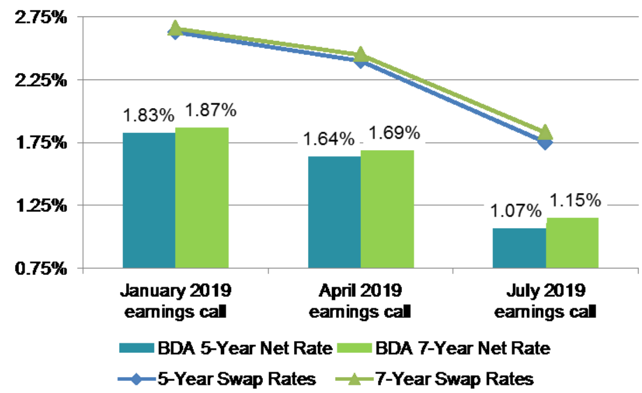
i. Average net rate of maturities after all fees and client pay rates.
ii. Balances maturing by remaining duration term. For example, Year 1 maturities are balances rolling off the fixed ladder over the next 12 months.
iii. Certain totals may not foot due to rounding.

Q7. What is the current extension strategy in light of the flat-to-inverted yield curve?

- We manage our asset liability strategy to create stable and predictable spread income, based upon expected client rate sensitivity.
- Before making extension decisions, we evaluate many factors, including the shape of the yield curve, source of balances and seasoning of balances. Given the current rate environment, extending at shorter maturities is not detrimental to net rates, which provides us flexibility. Over the long-term, we prefer to consistently execute on our strategy as it mitigates the threat of declining interest rates.

Q8. What were the 5-year/7-year gross and net rates earned on the BDA as of your most recent earnings calls?

- The spread between the 5-year and 7-year has been relatively small for the last several quarters.
- Please refer to the following chart for gross and net rates as of the last three earnings' calls:



Q9. What line items will the Branch closures expense hit in the September quarter, as well as the dollar impact, ongoing savings, timing of closure?

- Reducing branch footprint by 80 in the fourth quarter, resulting in an approximate $0.02 EPS impact, with higher expenses in employment and other operating expense.
- These are generally smaller locations with few Associates, in larger markets.
- The closures are not expected to have a significant client experience or revenue impact. Related expense reduction will be reflected in fiscal 2020 expense guidance to be provided in October.

Q10. What are the company's thoughts on capital return?

- Our FY19 guidance is to return 30 percent to 40 percent of Non-GAAP net income to shareholders in the form of dividends, and up to another 40 percent of Non-GAAP net income to shareholders in the form of share repurchases. That is for the full fiscal year as quarterly return percentages may vary.
- During the June quarter, we returned 71% of Non-GAAP net income to shareholders, and year-to-date, have returned 70%.
- As of 6/30/19, we have approximately 7 million shares remaining for share repurchases and could repurchase approximately 30 million shares before TD reaches their ownership limit of 45 percent.

Q11. Are there any changes to the FY19 guidance?

- Only metric of note is commission rates, which are down 6 percent year-to-date versus guidance of down 2 to 3 percent. Offsetting this decline, trading is up 7 percent year-to-date, resulting in commission revenue excluding order routing down less than 1 percent year-to-date.

Q12. Are there any sequential expense changes worth noting?

- Employment expense decreased primarily due to lower headcount.
- Clearing & execution expense increased primarily due to higher proxy charges, partially offset by lower trading volumes.
- Other operating expense increased primarily due to legal settlements.

Q13. What is the current size of the Asia business, and what is the potential opportunity over time?

- We do not publicly disclose the size of our business in Asia.
- We remain optimistic on the long-term prospects of this business.
- Anecdotally, the client base trades 7x on average more than US retail clients and have a higher use of mobile as well.

Q14. What details can you share about the sale of TD Ameritrade Trust Company's retirement plan custody and trust assets to Broadridge Financial Solutions?

- Exited a part of our retirement plan trust business, one that's better served by a scale player dedicated to expanding and investing in this space.
- It was immaterial to our financials - approximately $35 billion in assets, $35 million in annual revenue and $25 million in annual expense.
- Closing the sale before quarter end resulted in fee-based balances ending the quarter at $263B versus an average for the quarter of $291B.
- Since the balances were earning low single digit basis points, their removal will be slightly positive to the overall fee-based net rate.
- Sale resulted in an EPS gain of $0.08.

Please see the Glossary of Terms, located in "Investor Relations" section of www.amtd.com for more information on how these metrics are calculated.

See the reconciliation of non-GAAP financial measures in the published earnings materials.