About TD Ameritrade

Transforming lives and investing for the better

TD Ameritrade

AMTD

Born of disruption

In 1975, the SEC allowed brokers, for the first time, to choose how much they charged to place a trade. Many established firms held fast to their old, exclusive ways, while new startups, like TD Ameritrade, opted for something different. We lowered costs and removed a key barrier to entry for millions of American investors, unlocking Wall Street to Main Street. Since then, doing something different has been the core of what we aim to do. Today, TD Ameritrade provides investing services and education to more than 12 million client accounts with approximately $1.2 trillion in assets and custodial services to more than 7,000 independent registered investment advisors (RIAs). With a digitally-led service philosophy, a nationwide brand network, an industry-leading investor education offering, and approximately 2 million daily average revenue trades per day for our clients, we are on a mission to leverage our size, scale, and the very best of who we are to make investing simpler and more personal than ever before.

Passion for innovation

The very industry we occupy was founded on innovation, and we have remained on the leading edge of its growth and development ever since. We've expanded our pipeline for ideas so we can bring them to life more quickly — and efficiently — than ever before. The vast majority of our development teams utilize Agile methods, which has instilled a culture that prioritizes nimbleness, and speedy, iterative improvement across the organization. We're also investing in an enhanced digital workplace — or the channels our employees use to seek, share, and contribute information — to further break down silos across the firm and improve workflow.

A greater responsibility

We exist to transform lives and investing for the better, because we believe investing is a pathway to a better life. Through our people, technology, and expertise, we're committed to contributing to the greater good. We are here to provide more people with the access, education, and help they need to confidently navigate and build a more sustainable financial future for themselves, their families, and their communities.

Highlight Reel

#1 broker in *StockBrokers.com 2020 Online Broker Review*

1st U.S. retail broker - dealer to offer trading of select securities 24 hours a day, five days a week

Account information and education available on Amazon, Apple, Twitter, Facebook, and WeChat

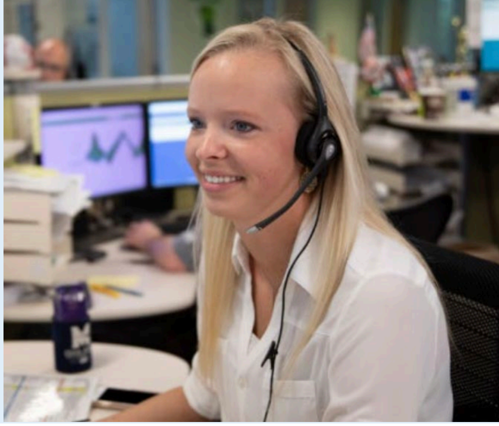
Expanded access to ESG investing

More than 80% of development teams use Agile methods

First to market with $0.00 commissions on U.S. exchange-listed stock, ETF, and option trades

About TD Ameritrade

Fiscal 2020 Priorities



Our **priorities** will guide our progress

We are competing every day for the trust of empowered retail investors and independent registered investment advisors (RIAs) via our commitment to deliver differentiated, **best-in-class client experiences** that are high-tech, with a right touch aligned to client needs.

This commitment determines which products and services we offer, how we offer them, and the investments we make. It inspires the development and transformation of our digital platforms. And, most importantly, it inspires how we **accelerate efforts to grow revenue and achieve greater operational efficiency** in light of the recent shift to $0.00 commissions.*

TD Ameritrade continually took market share with a premium price point, and with price no longer clouding the comparison, our value proposition relative to peers is stronger than ever. We are well-positioned to compete, with experiences that are easy, personal and enlightening — for investors, traders and RIAs looking to grow their money and their minds. Our outstanding products, platforms, technology and education, augmented by the most passionate and capable people in the business, set us apart from the competition.

For our Retail business, we are tightly focused on traders and investors who are confident and enjoy managing their own finances — building capabilities that help us deliver an efficient, scalable, **digital-first** client experience, both in the U.S. and internationally as we expand our **Asia** strategy. We are leaning into client **education** — poised to deliver when clients need it most, and in the formats they prefer — to enhance their financial acumen and inform confident decision making.

For our Institutional business, we are helping independent RIAs grow and run their businesses. Our value proposition relative to competitors is stronger than ever: our technology advantage, world-class service, industry advocacy, expert business consulting, education, and our **commitment to not compete with RIAs** stand above the rest.

The path to a best-in-class client experience requires a concentrated commitment, constant collaboration, and an environment that breeds ideation. To get there, we will continue to make investments in ourselves. We are modernizing our digital workplace to drive greater Associate engagement and efficiency. And we are growing an **innovation ecosystem** that empowers our Associates to be innovators in our quest to achieve greater scale and efficiency as we remain on the leading edge of the next phase of growth in our industry.

** $0.00 commission applies to online U.S. exchange-listed stocks, ETFs, and option trades. $0.65 per options contract fee applies to options trades, with no exercise or assignment fees. A $6.95 commission applies to online trades of over-the-counter (OTC) stocks which includes stocks not listed on a U.S. exchange.*

Fiscal 2020 2nd Quarter Results

Highlights

Our financial results for the quarter ended March 31, 2020, include the following:

NON-GAAP DILUTED EPS[1]
$0.86
▼ 7% YOY

DAILY AVERAGE REVENUE TRADES (DARTS)
2,102K
▲ 144% YOY

GAAP DILUTED EPS
$0.82
▼ 7% YOY

NET NEW CLIENT ASSETS[2]
$45.4B
▲ 131% YOY

ANNUALIZED GROWTH RATE[3]
13%

GROSS NEW FUNDED RETAIL ACCOUNTS
608K
▲ 249% YOY

CLIENT ASSETS
$1.2T
▼ 5% YOY

INTEREST-RATE-SENSITIVE ASSETS[4]
$206B
▲ 37% YOY

NET REVENUES
$1.5B
▲ 2% YOY

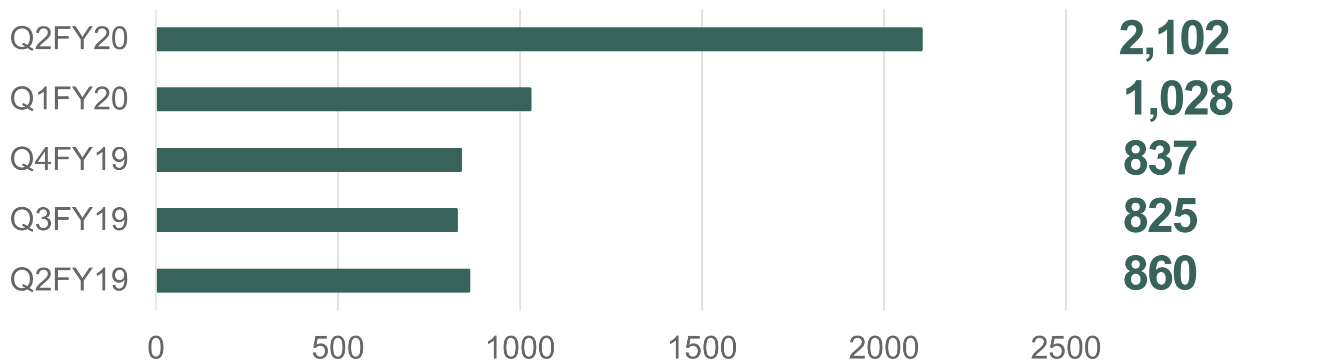
See “Important Information” on page 13.

Fiscal 2020 2nd Quarter Results

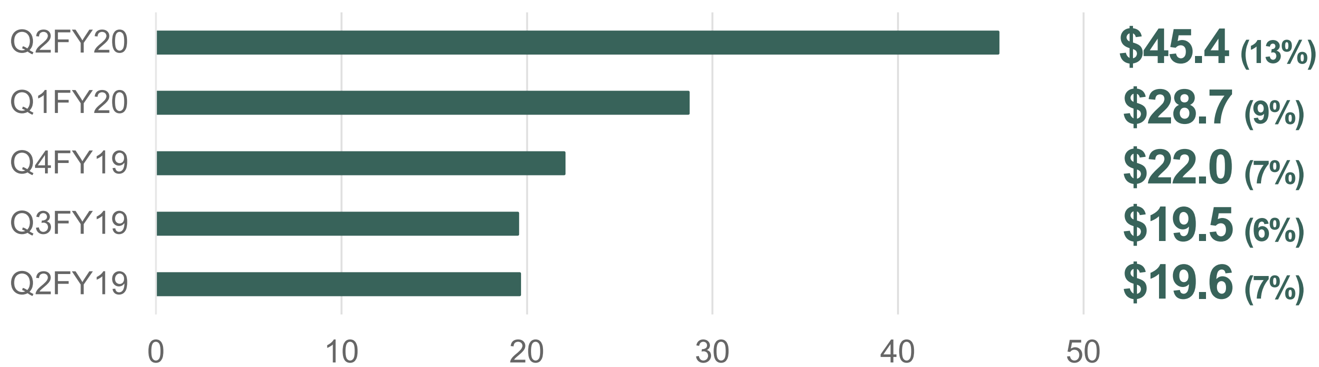
Financial Trends

Our financial results for our most recently completed quarter ended March 31, 2020, include the following:

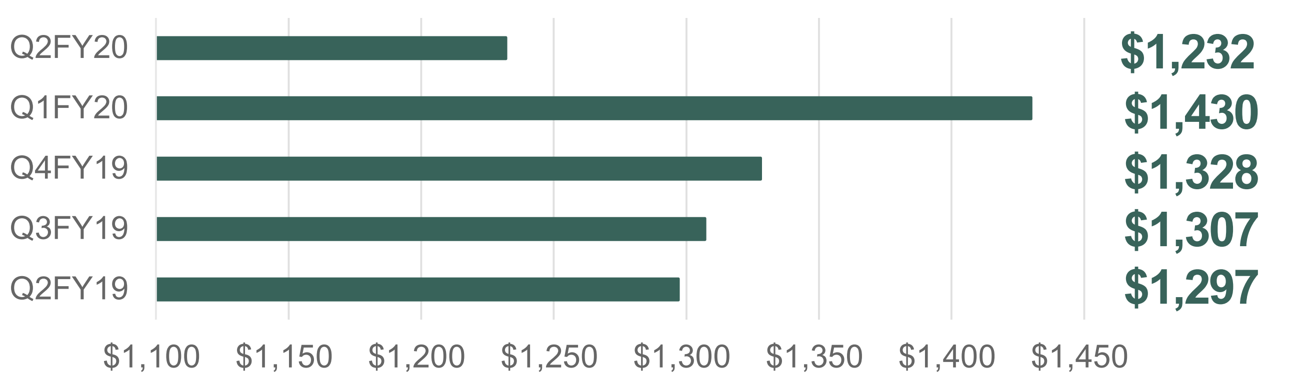
DARTs (K)



Net New Client Assets ($B)[2] Annualized Growth Rate (%)[3]



Total Client Assets ($B)



See “Important Information” on page 13.
Past performance is no guarantee of future results.

Fiscal Year 2020

Guidance

These projections are as of April 22, 2020 and should not be considered current as of any later dates, unless otherwise noted.

Metric	FY20 Outlook
NNA growth rate	7%-10%
Revenue	$4.9B-$5.3B
GAAP operating expense[(1)]	$3.0B-$3.1B
Advertising	$250M-$300M
Intangible Amortization	$115M-$120M
Effective tax rate	24%-26%
Dividends per share per quarter	$0.31

**See "Forward-looking Statements Subject to Risks, Uncertainties and Assumptions" on page 13.*

1. *Includes advertising and intangible amortization.*

Long-Term

Guiding Principles

We strive for the following aspirational goals, though not all may be achievable every fiscal year:

Grow Earnings Power

- ✓ Improve client experience
- ✓ NNA growth faster than competition
- ✓ Enhanced platform and education superiority
- ✓ Growth in most profitable clients
- ✓ Best-in-class expense management

Rewards to Shareholders

- ✓ Positive operating leverage over a cycle
- ✓ Strong pretax margins
- ✓ EPS growth
- ✓ Significant capital return

TD Ameritrade

Fiscal 2020 2nd Quarter Results

Historical Financial Results

	2016	2017	2018	2019	2020 YTD
Net Revenues ($M)	$3,327	$3,676	$5,452	$6,016	$2,772
GAAP Earnings per Share (diluted)	$1.58	$1.64	$2.59	$3.96	$1.52
Non-GAAP Earnings per Share (diluted)(i)	$1.68	$1.84	$3.34	$4.13	$1.60
Net New Client Assets ($B)	$60	$80	$92	$93	$74
DARTs (K)	463	511	811	862	1,561
Total Client Assets ($B)	$774	$1,119	$1,298	$1,328	1,232
Weighted Avg. Shares Outstanding (Diluted) (M)	534	531	569	557	543
Dividends + Share Repurchases ($B)	$0.7	$0.4	$0.7	$1.7	$0.5
Market Cap ($B)	$19	$28	$30	$26	$19
Return of Capital as a % of Non-GAAP Net Income(i)	79%	39%	38%	72%	55%

i. Includes dividends and share repurchases. Excluding intangible amortization and acquisition costs. See Non-GAAP reconciliation on page 14.

TD Ameritrade

Fiscal 2020 2nd Quarter Results

Frequently Asked Questions

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

- Options were 22 percent of total DARTs (down from 28 percent last quarter), futures were 6 percent of total DARTS (up from 5 percent last quarter) and foreign exchange was 0.3 percent of total DARTs (flat quarter-over-quarter).
- Derivatives from our Asia operation are generally ~70-80 percent of DARTs versus generally ~30-40 percent of DARTs from our US operation.
- Mobile was 33 percent of total DARTs (up from 29 percent last quarter).

Q2. What changed in commission and order routing rates this quarter vs. last quarter?

- Base commission rates declined by $0.61 per trade due to a decline in derivative mix and lower option contracts per trade. Order routing rates declined by $0.41 per trade due to the decline in derivative mix as well as lower equity shares per trade and lower option contracts per trade.
- Transaction-based revenue from record trading levels more than offset the decline in commission rates.

Q3. How did you adjust margin pricing and cash pay rates with the March Fed moves? And what is the Interest rate sensitivity of the next interest rate change, whether up or down?

- Following the March Fed cuts, we adjusted negotiated margin rates down 90 basis points and rack margin rates down 75 basis points, and reduced BDA pay rates down by approximately 5 basis points.
- For the next 25 basis point increase, we expect an impact of $180 million to $275 million of higher pre-tax income on an annual basis, assuming a range of deposit betas of 0 to 20 percent. For the next 25 basis point decrease, we expect an impact of $85 million to $105 million of lower pre-tax income on an annual basis, assuming a range of deposit betas of 0 to 5 percent.

*Assumes parallel shift in the yield curve, impact over next 12 months, a Fed funds and interest on excess reserves floor of 0%, and no floor on U.S. Treasury and SWAP rates.

Q4. What were your interest earning asset ending balances as of March 31, 2020?

- Margin $15.8B (down from $20.8B), Segregated Cash $19.5B (up from $8.5B), and Other $7.5B (up from $6.6B).
- Other consists of deposits paid on securities borrowing and other cash and interest earnings on investment balances.

Q5. What were the relative contributions to NNA and assets for Retail versus Institutional channels?

- For the March fiscal 2020 quarter, the NNA split was 58 percent Retail / 42 percent Institutional.
- As of March 31, 2020, the ending client asset split was 52 percent Retail / 48 percent Institutional.

TD Ameritrade

Fiscal 2020 2nd Quarter Results

Frequently Asked Questions

Q6. Are there any revenue/expense variances vs. last quarter and/or items worth noting?

- Other revenue was up primarily due to a favorable mark-to-market adjustment on certain investments, proxy income and other fees.
- Employment expense was up primarily due to notable items, incentive on record NNA as well as usual seasonal increases. Higher sales incentive accounted for approximately $13 million of the increase, while the annual payroll tax reset and compensation increases accounted for approximately $20 million of the increase, partially offset by lower average workforce.
- Clearing & execution expense was up primarily due to higher trading volumes, as well as higher proxy and prospectus charges.
- Professional services expense declined primarily due to lower consulting and legal spend.
- Other expense was primarily volume and market related driving a $20 million increase as operational and credit losses flexed higher with massive inflows in a down market. Month-to-date through April 21, similar losses are approximately $1 million.
- Advertising expense remained elevated primarily due to higher media spend, particularly digital.
- Notable items:
  - Mark-to-market gain of approximately $27 million impacting other revenue.
  - Associate stipend of approximately $9 million impacting employment expense.
  - Executive transition costs of approximately $5 million impacting employment expense.
  - Branch closure costs of approximately $2 million impacting employment and other operating expense. The branch closures reflected our ongoing review of our branch footprint. Ending branch count is now 261.
  - Deal-related costs of approximately $8 million impacting professional services.

Q7. What has been the trend of client cash?

$B	Mar-2019	Jun-2019	Sep-2019	Dec-2019	Mar-2020
BDA	$111.9	$110.0	$114.0	$120.2	$153.8
Client Credits	$19.0	$19.2	$20.4	$22.0	$29.4
Sweep MMF	$7.0	$8.2	$9.1	$9.4	$9.8
Purchased MMF	$8.7	$9.9	$12.2	$13.5	$16.4
Total Client Cash	**$146.6**	**$147.2**	**$155.6**	**$165.1**	**$209.5**
Net buys/(sells)	$37.2	$25.2	$22.4	$30.5	$13.2

*Client cash metrics are period end balances

Q8. What has been the trend of the components of client assets?

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

	Mar-2019	Jun-2019	Sep-2019	Dec-2019	Mar-2020
Equity	39.2%	40.0%	39.2%	40.0%	36.6%
ETFs	14.3%	14.9%	15.0%	15.4%	13.8%
Mutual Funds	16.9%	15.1%	14.9%	15.0%	13.2%
Equities Sub-Total	70.5%	69.9%	69.1%	70.3%	63.7%
Cash	11.3%	11.3%	11.7%	11.5%	17.0%
Fixed Income Alternatives	16.0%	16.7%	17.0%	16.1%	17.7%
Other	2.3%	2.1%	2.1%	2.0%	1.6%
Total	100%	100%	100%	100%	100%
Total Client Assets ($B)	1,297	1,307	1,328	1,430	1,232

*Client asset metrics are calculated off of period end balances

Fiscal 2020 2nd Quarter Results

Frequently Asked Questions

Q9. Can you provide more specifics on the Bank Deposit Account (BDA)?

- The ending mix of balances in floating rate investments versus fixed rate investments is split 35 percent to 65 percent. Given the shape of the yield curve in the quarter, recent extensions have resumed at the typical 7 year. Consolidated balance sheet duration ended the quarter at 1.5 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 0.08% and 0.10% percent, respectively, at period end. Approximately $18.8 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 1.65 percent. Based on the current yield curve and planned extensions, we would expect to reinvest between a range of 0.07% - 0.18% (5Y to 7Y) on extending these maturing balances, before contemplating any changes to deposit betas associated with interest rate changes.

- BDA breakout:

Mar Q '20 Average	Avg. Balance ($B)	Avg. Balance % of Total	Net Rate[i]	Revenue ($M)
Float Investments	$28.1	22%	0.79%	$56
Fixed Investments	$98.1	78%	1.57%	$389
Total	$126.3		1.39%	$444

Mar Q '20 Ending	Ending Balance ($B)	Ending Balance % of Total	Net Rate[i]	Annual Revenue Run-Rate ($M)
Float Investments	$53.3	35%	(0.05)%	$(27)
Fixed Maturities[ii]:				
Year 1	$18.8	12%	1.65%	$314
Year 2	$19.8	13%	1.57%	$315
Year 3	$18.4	12%	1.59%	$296
Year 4	$20.3	13%	1.65%	$339
Year 5	$19.2	12%	1.50%	$292
Year 6	$1.6	1%	1.28%	$21
Year 7	$2.4	2%	1.00%	$25
Fixed Investments[iii]	$100.5	65%	1.57%	$1,601
Total[iii]	$153.8		1.01%	$1,574

i. *Average net rate of maturities after all fees and client pay rates as of mid-April 2020.*
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.*

Fiscal 2020 2nd Quarter Results

Frequently Asked Questions

Q10. Can you provide more specifics on the mechanics of the Bank Deposit Account (BDA) in this lower rate environment?

- Please see our IDA agreement as filed with the SEC in January 2013.
- The first $20 billion of IDA float with TD bank incurs a management fee of 3bps-25bps, while balances above $20 billion incur a management fee of 25bps. Due to the significant growth in BDA balances during the quarter and the significant drop in interest rates, BDA floating rate balances grew significantly, with some balances earning negative net yields.
- The ending float balance of $53B includes approximately $29B earning a net yield of negative 21bps. After balances season to a point where there is reduced risk of outflows from the BDA, we intend to extend much of this into the fixed ladder to earn higher net yields.

Q11. Can you provide more color on your latest forecast assumptions as compared to your FY20 guidance ranges, particularly revenue, given the significant changes in the market?

- We are not adjusting our original FY20 guidance ranges, except for GAAP operating expense.
- Revenue is currently projected above the midpoint of the range. In that scenario, for the next two quarters, we forecast DARTs of 1.7 million, base commission rates of $2.25-$2.30 per trade with derivatives at 33 percent of DARTs, order routing rates of $1.80-$1.85 per trade, BDA net rates of 1.00% on balances of $146B-$150B, margin rates of approximately 2.65% and fee-based rates of 0.30%. This scenario also assumes the forward rate curve as of late-March 2020.
- Due to notable items and higher client engagement, the GAAP operating expense range is now slightly higher than the original range.

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.

Journalist and Analyst Inquiries

Get the latest news right from the source

Investor sentiment, trends, and research. The latest TD Ameritrade news. We have our fingers on the pulse of the individual investor, and if it changes, we're already working to find out why—so you never miss a beat. Follow us for the latest company news and information **@TDAmeritradePR**, or read our stories about life at TD Ameritrade at **http://freshaccounts.amtd.com.**

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Important Information

1. See attached reconciliation of non-GAAP financial measures.
2. Net new assets (NNA) consist of total client asset inflows, less total client asset outflows, excluding activity from business combinations. Client asset inflows include interest and dividend payments and exclude changes in client assets due to market fluctuations. NNA are measured based on the market value of the assets as of the date of the inflows and outflows.
3. NNA growth rate is annualized net new assets as a percentage of client assets as of the beginning of the period.
4. Interest-rate-sensitive assets consist of spread-based assets and money market mutual funds. Ending balances as of March 31, 2020.

Forward-looking statements subject to risks, uncertainties and assumptions.

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; 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. 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: risks related to the pending acquisition of TD Ameritrade by Charles Schwab, as disclosed under Part II, Item 1A, Risk Factors, in our quarterly report on Form 10-Q for the quarterly period ended December 31, 2019, including, among others: the risk that anticipated benefits and cost savings from the transaction may not be realized fully or at all or may take longer to realize than expected; the risk that the parties will be unable to successfully implement their integration strategies; the possible failure of the parties to satisfy the closing conditions in the merger agreement (including stockholder and regulatory approvals) in a timely manner or at all; disruptions to the parties' businesses as a result of the announcement and pendency of the transaction; and the risk that failure to complete the transaction for any reason could negatively impact our stock price and our future business and financial results. We are also subject to risks, uncertainties and assumptions relating to the spread of the 2019 novel coronavirus and the resulting market volatility and related disruption to local, regional and global economic activity, including actual and potential adverse impacts on our business, customers, workforce, operating results and financial condition, as well as the risks, uncertainties and assumptions disclosed under Part I, Item 1A, Risk Factors in our annual report on Form 10-K for the fiscal year ended September 30, 2019, including, among others, economic, social and political conditions and other securities industry risks; interest rate risks; liquidity risks; client and counterparty credit risks; clearing function risks; systemic risk; aggressive competition; information system risks, network security risks; investment advisory services risks; merger and acquisition risks; external service provider risks; employee misconduct risks; LIBOR phase-out risks; new laws, rules, regulations and regulatory guidance affecting our business; net capital requirements; extensive regulation and regulatory uncertainties; and litigation, investigations and proceedings involving our business as well as the risk that our risk management practices may leave us exposed to unidentified or unanticipated risks.   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 approximately 12 million client accounts totaling approximately $1.2 trillion in assets, and **custodial services** to more than 7,000 registered investment advisors. We are a leader in U.S. retail trading, executing approximately 2 million daily average revenue trades per day for our clients, nearly one-third 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 nearly 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**. Brokerage services provided by TD Ameritrade, Inc., member FINRA (**http://www.finra.org**)/SIPC (**www.SIPC.org**).

Fiscal 2020 2nd Quarter Results

Non-GAAP Reconciliation

TD AMERITRADE HOLDING CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
Dollars in millions, except per share amounts
(Unaudited)

	Six Months Ended		Fiscal Year Ended							
	Mar. 31, 2020		Sept. 30, 2019		Sept. 30, 2018		Sept. 30, 2017		Sept. 30, 2016	
Non-GAAP Net Income and Non-GAAP Diluted EPS (1)	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS	Amount	Diluted EPS
Net income and diluted EPS - (GAAP)	$ 824	$ 1.52	$ 2,208	$ 3.96	$ 1,473	$ 2.59	$ 872	$ 1.64	$ 842	$ 1.58
Non-GAAP adjustments:										
Amortization of acquired intangible assets	60	0.11	125	0.22	141	0.25	79	0.15	86	0.16
Acquisition-related expenses	-	-	-	-	445	0.78	88	0.17	6	0.01
Income tax effect of above adjustments	(15)	(0.03)	(32)	(0.05)	(158)	(0.28)	(63)	(0.12)	(35)	(0.07)
Non-GAAP net income and non-GAAP diluted EPS	$ 869	$ 1.60	$ 2,301	$ 4.13	$ 1,901	$ 3.34	$ 976	$ 1.84	$ 899	$ 1.68

(1) Non-GAAP net income and non-GAAP diluted earnings per share (EPS) are non-GAAP financial measures as defined by SEC Regulation G. We define non-GAAP net income as net income adjusted to remove the after-tax effect of: (1) amortization of acquired intangible assets and (2) acquisition-related expenses associated with the Company's business acquisitions. We consider non-GAAP net income and non-GAAP diluted EPS as important measures of our financial performance because they exclude certain items that may not be indicative of our core operating results and business outlook and may be useful in evaluating the operating performance of the business and facilitating a meaningful comparison of our results in the current period to those in prior and future periods. Amortization of acquired intangible assets is excluded because management does not believe it is indicative of our underlying business performance. Acquisition-related expenses are excluded as these costs are not representative of the costs of running the Company's on-going business. Non-GAAP net income and non-GAAP diluted EPS should be considered in addition to, rather than as a substitute for, GAAP net income and GAAP diluted EPS.

(1) Non-GAAP net income and non-GAAP diluted earnings per share (EPS) are non-GAAP financial measures as defined by SEC Regulation G. We define non-GAAP net income as net income adjusted to remove the after-tax effect of amortization of acquired intangible assets and acquisition-related expenses. We consider non-GAAP net income and non-GAAP diluted EPS as important measures of our financial performance because they exclude certain items that may not be indicative of our core operating results and business outlook and may be useful in evaluating the operating performance of the business and facilitating a meaningful comparison of our results in the current period to those in prior and future periods. Amortization of acquired intangible assets is excluded because management does not believe it is indicative of our underlying business performance. Acquisition-related expenses are excluded, as these costs are not representative of the costs of running the company's ongoing business. Non-GAAP net income and non-GAAP diluted EPS should be considered in addition to, rather than as a substitute for, GAAP net income and diluted EPS.

TD Ameritrade