

A trusted  
provider of  
banking services



Schwab Bank provides some of the highest levels of safety and security available to protect your clients' assets.



Charles Schwab Bank® is a full-service bank that offers a range of competitive deposit and lending products. Since our founding in 2003, Schwab Bank has become the 14th-largest bank in the United States and a trusted provider of banking services.

We've built Schwab Bank® as a bank for investors. Our goal is to offer your clients a banking experience that complements the Schwab brokerage investment accounts that you manage, providing banking products tailored to meet their unique needs as investors.

**Visit [schwab.com/bankforinvestors](https://schwab.com/bankforinvestors) to learn more about how Schwab Bank has been built as a bank for investors >**

Our products and services include:

- Deposit accounts—Interest-bearing checking and savings accounts.
- Schwab Bank Sweep—Your eligible Schwab brokerage clients can have their uninvested brokerage account cash automatically “swept” to deposit accounts at Schwab Bank to earn variable-rate interest and receive Federal Deposit Insurance Corporation (FDIC) coverage while it's held on deposit. Cash is automatically transferred back to their Schwab brokerage accounts whenever it's needed to cover liabilities such as securities purchases, check and debit card transactions, and other payments. Sweep balances and transaction activity are reported on your clients' brokerage account statements and also included in your firm's Schwab Advisor Center® client account details.
- Pledged Asset Line® of credit—Securities-based revolving line of credit that allows your clients to leverage the value of their eligible Schwab brokerage assets by using them as collateral.
- Home lending—First mortgages and home equity lines of credit (HELOCs), provided by Quicken Loans®.
- Retirement plan trust and custody services—Trust and custody services for retirement plan sponsors, coupled with services and investment platforms to support retirement programs designed by sponsors' chosen independent retirement plan advisors and recordkeeping providers.

# How Schwab Bank protects your assets

Independent investment advisors who custody with Schwab can entrust Schwab Bank with their clients' trust and banking assets. To preserve their confidence, we protect client assets by maintaining a balance sheet centered on a conservative, low-risk investment and lending strategy.

## Regulatory protections

Schwab Bank is subject to the rules and regulations of the Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau, among other regulatory entities. These rules are designed to help safeguard client assets and ensure that the products we offer are properly structured and presented clearly and accurately.

The federal government requires each bank to hold a portion of its customers' deposits in cash reserves to be sure that the bank can meet withdrawal needs. In addition, our conservative approach to investments and lending and our highly liquid balance sheet are the first lines of protection for clients.

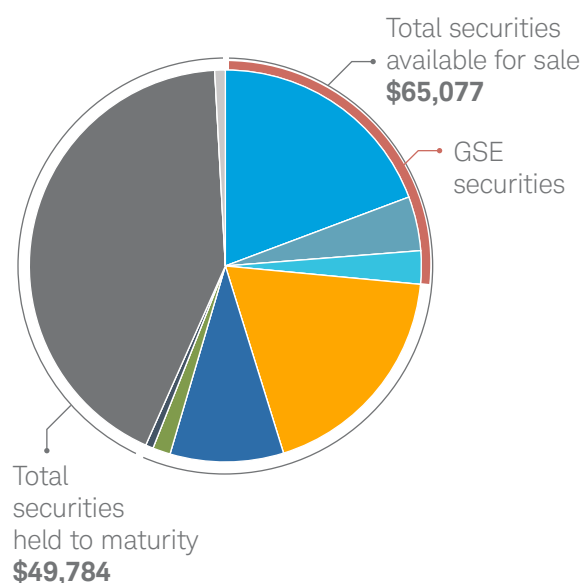
## Conservative investments

As of December 31, 2015, nearly half of Schwab Bank's investments in total securities available for sale were held in government-sponsored enterprise (GSE) securities.<sup>1</sup> Other investments include asset-backed securities, corporate debt, cash, long-term certificates of deposit, and non-GSE mortgage-backed securities.

## Low-risk loans

Schwab Bank maintains a low loan-to-deposit ratio that has ranged between 10.6% and 13.5% over the past two years.<sup>2</sup> Our high-quality, low-risk loan portfolio is made up of three main loan products: first mortgages, HELOCs, and pledged asset lines.

Schwab Bank's Investment Portfolio<sup>3</sup>  
Dollars in millions



### SECURITIES AVAILABLE FOR SALE

- U.S. agency mortgage-backed securities
- U.S. Treasury securities
- U.S. agency notes
- Asset-backed securities
- Corporate debt securities
- Certificates of deposit
- U.S. state and municipal securities and other securities

### SECURITIES HELD TO MATURITY

- U.S. agency mortgage-backed securities
- Non-agency commercial mortgage-backed securities



# Sound capitalization

Schwab Bank is committed to staying financially strong. We maintain a sound capital structure and are positioned for long-term strength and stability.

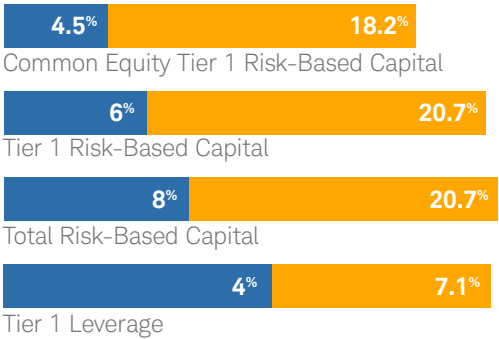
To evaluate a bank's financial strength and its ability to withstand economic stresses, regulators look at capital and liquidity. As of December 31, 2015, Schwab Bank's ratios for Tier 1 risk-based capital and common equity Tier 1 risk-based capital were more than twice the required minimum levels that our regulators consider to be well capitalized.<sup>4</sup> We currently have no long-term debt, and our assets are primarily funded by deposits and common equity.

Our capitalization is further strengthened by the fact that neither Schwab Bank, Schwab, nor any other subsidiaries of The Charles Schwab Corporation engage in investment banking, proprietary trading, or other high-risk speculative investment practices that could put client deposits at risk during times of extraordinary market volatility.

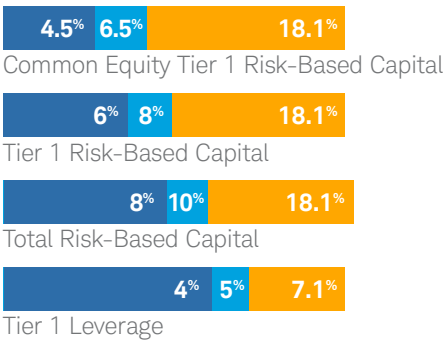
During the 2008 financial crisis, Schwab Bank did not apply for—and was not required by our regulators to accept—a taxpayer-subsidized capital infusion from the U.S. Treasury's Troubled Asset Relief Program (TARP).

# Capitalization for The Charles Schwab Corporation and Schwab Bank:<sup>5</sup>

## The Charles Schwab Corporation



## Schwab Bank



\$0 \$5,000 \$10,000 \$15,000  
Amounts in millions

- Minimum capital requirement
- Minimum to be well capitalized
- Our capitalization

## FDIC insurance

All deposit accounts held at Schwab Bank are insured by the FDIC, a U.S. agency that protects depositors against the loss of their deposit accounts (such as checking and savings) in the event of the failure of an FDIC-insured bank.

The FDIC insurance coverage limits apply to each account holder at each FDIC-insured bank. Here is how the FDIC defines coverage for different account holders by some common “ownership” types:

Account type	Description	Available FDIC coverage*
Single accounts	Deposit accounts owned by one person	Up to \$250,000 per owner for all single accounts at each bank
Joint accounts	Deposit accounts owned by two or more people	Up to \$250,000 per owner for all joint accounts at each bank
Certain retirement accounts	Accounts such as IRAs and self-directed defined benefit contribution plans	Up to \$250,000 per owner for all deposits in such retirement accounts at each bank

All deposit accounts held at Schwab Bank, including Schwab Bank Sweep bank deposit accounts for uninvested brokerage cash, Schwab Bank High Yield Investor Checking®, and Schwab Bank High Yield Investor Savings®, are FDIC-insured.

\*Coverage includes principal and accrued interest. Funds deposited at Schwab Bank are insured, in aggregate, up to \$250,000 based on account ownership type, by the FDIC.

All deposits held at Schwab Bank—whether depositors hold accounts directly with us (e.g., checking and savings accounts) or Schwab brokerage holds the deposits on their behalf (e.g., bank deposit accounts for Schwab Bank Sweep)—are aggregated per depositor for FDIC insurance purposes.

Depositors are responsible for monitoring the total amount of deposits they hold with Schwab Bank, directly or through an intermediary, in order to determine the extent of FDIC insurance coverage available, including deposits held in Bank Deposit Accounts. Neither Schwab Bank nor Schwab is responsible for any insured or uninsured portion of the bank deposit accounts or any other deposits.

Depositors can use the FDIC’s Electronic Deposit Insurance Estimator at [fdic.gov/EDIE](https://www.fdic.gov/EDIE) to calculate their FDIC insurance coverage.

The FDIC does not insure money invested in stocks, bonds, mutual funds, life insurance policies, annuities, or municipal securities, even if such investments were bought from an insured bank.

For more information about FDIC coverage, visit [fdic.gov](https://www.fdic.gov) or contact the FDIC at 877-ASK-FDIC (877-275-3342).



## Our commitment to client privacy and security

Schwab Bank is committed to clients' privacy and security, as described in our Privacy Notice, SchwabSafe®, and the Schwab Security Guarantee.

Schwab Bank and Schwab share a [Privacy Notice](#) that applies to consumers who are current or former account holders. Our Privacy Notice includes our commitments regarding the sharing, collection, and protection of clients' personal information and their options for limiting sharing.

We also offer [SchwabSafe](#)—security measures we take to keep your clients' personal information safe, as well as guidance we offer on what your clients can do to protect their information. In addition, we offer the [Schwab Security Guarantee](#), designed to protect your clients from losses if fraud were to occur.

Visit [schwab.com/privacy](https://schwab.com/privacy) and [schwab.com/schwabsafe](https://schwab.com/schwabsafe) to learn more about these important safeguards.

At Charles Schwab Bank, we're proud to be positioned for long-term strength and stability. We continuously strive to improve and strengthen our security program in order to give clients peace of mind about the safety of their accounts and personal information.

## Financial results

Information about Schwab's business and financial condition can be viewed at any time at [aboutschwab.com](https://aboutschwab.com).

## Contact us

For more information about Schwab Bank, consult your relationship manager or dedicated service team.



1. SEC Form 10-K, as of 12/31/15. Supplemental Financial Data for Charles Schwab Bank (Unaudited).
2. Federal Financial Institutions Examination Council (FFIEC), Reports of Condition and Income, FFIEC 041 Call Report. Range taken from quarterly reports filed between 3/31/14 and 3/31/16. Loan-to-deposit ratio is calculated by dividing total loans (Schedule RC - Balance Sheet, line 4d) by total deposits (Schedule RC - Balance Sheet, line 13a).
3. SEC Form 10-K, as of 12/31/15. Supplemental Financial Data for Charles Schwab Bank (Unaudited).
4. SEC Form 10-K, as of 12/31/15. Notes to Consolidated Financial Statements.
5. SEC Form 10-K, as of 12/31/15. Notes to Consolidated Financial Statements.

View our full 10-K and most recent quarterly filings at [aboutschwab.com](http://aboutschwab.com).

**Brokerage Products: Not FDIC-Insured ▪ No Bank Guarantee ▪ May Lose Value**

Charles Schwab & Co., Inc. ("Schwab") and Charles Schwab Bank ("Schwab Bank") are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Charles Schwab & Co., Inc. (Member SIPC) provides brokerage products and services. Charles Schwab Bank (Member FDIC and an Equal Housing Lender) provides trust, custody, deposit, and lending products and services. Home lending is offered by Quicken Loans Inc., Equal Housing Lender. Quicken Loans Inc. is not affiliated with Charles Schwab Bank.

Independent investment advisors are not owned by, affiliated with, or supervised by Schwab or Schwab Bank.

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JUT (0816-KFYT) MKT92932-00 (08/16)



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