

A trusted provider of banking services



Charles Schwab Bank and Charles Schwab Signature Bank (collectively “Schwab-affiliated banks”) provide high levels of safety and security to protect your clients’ assets.

How Schwab-affiliated banks protect your assets

Independent investment advisors who custody with Schwab can entrust Schwab-affiliated banks with their clients' trust and banking assets.

Regulatory protections

Schwab-affiliated banks are 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. The products we offer are properly structured and presented clearly and accurately, in accordance with rules designed to help safeguard client assets.

The federal government requires Schwab-affiliated banks to hold a portion of their customers' deposits in cash reserves in order to 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

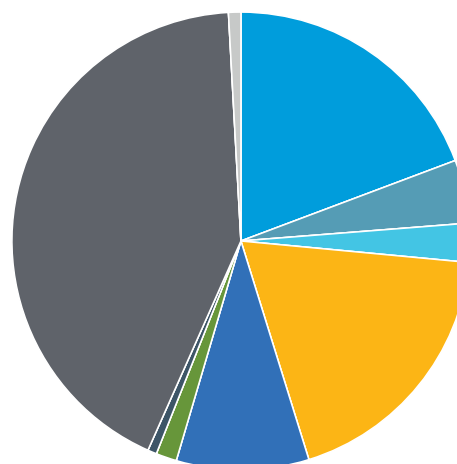
As of June 30, 2018, nearly half of Schwab-affiliated banks' investments in total securities were held in government-sponsored enterprise (GSE) securities.¹ Other investments include asset-backed securities, corporate debt, cash, long-term certificates of deposit, and non-GSE mortgage-backed securities.

Low-risk loan portfolio

Schwab Bank maintains a low loan-to-deposit ratio that has ranged between 8.7% and 10.1% over the past two years.² Our high-quality, low-risk loan portfolio is made up of three main loan products: first mortgages, HELOCs, and pledged asset lines. Although Schwab Signature Bank currently does not originate loans, it will have a similar low-risk portfolio.

Schwab Bank's Investment Portfolio³

Dollars in millions



SECURITIES

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

Charles Schwab Signature Bank is managed with a similar risk profile and portfolio composition.



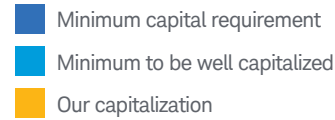
Sound capitalization

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

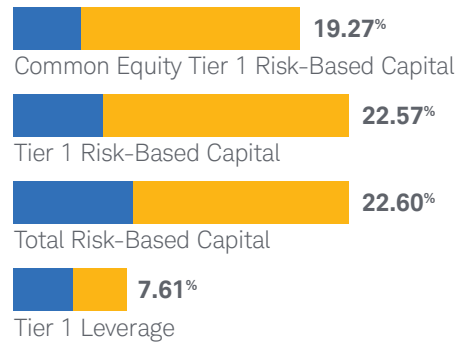
To evaluate a bank's financial strength and its ability to withstand economic stresses, regulators look at capital and liquidity. As of March 31, 2018, Schwab-affiliated banks maintained ratios for Tier 1 risk-based capital and common equity Tier 1 risk-based capital that were more than twice the required minimum levels that our regulators consider to be well capitalized.⁴ 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 Signature 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 higher risk during times of extraordinary market volatility.

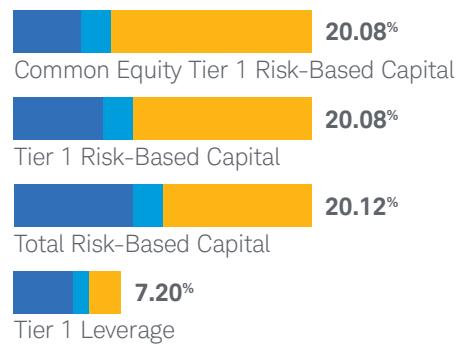
Capitalization for The Charles Schwab Corporation, Schwab Bank, and Schwab Signature Bank⁵:



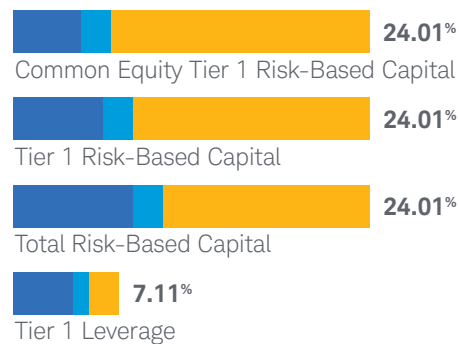
The Charles Schwab Corporation



Schwab Bank



Schwab Signature Bank



FDIC insurance

All deposit accounts held at Schwab-affiliated banks 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-affiliated banks, including Bank Sweep bank deposit accounts for uninvested brokerage cash, Schwab Bank High Yield Investor Checking^{®6}, and Schwab Bank High Yield Investor Savings[®], are FDIC-insured up to allowable limits.

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

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

Depositors are responsible for monitoring the total amount of deposits they hold with Schwab-affiliated banks, 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-affiliated banks 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).

Schwab's Enhanced Bank Sweep Feature

Through Schwab-affiliated banks, clients can obtain extended FDIC insurance coverage of up to \$500,000 for cash balances held in domestic accounts.

The multiple-bank version of Bank Sweep provides extended FDIC insurance by spreading an account's uninvested cash across multiple Schwab-affiliated banks. Each bank will provide FDIC insurance coverage up to \$250,000 per depositor for principal and accrued interest for all deposits held by that depositor in the same insurable capacity at the same affiliated bank.⁷

The distribution of cash across the banks is done seamlessly behind the scenes. Once the cash balance reaches a threshold near the maximum FDIC coverage for one bank, the excess funds will sweep to the next bank.

Example 1



\$1M of a client's uninvested cash is in a joint brokerage account. The cash is allocated and swept using additional charters.

Cash sweep through Schwab-affiliated banks

Account Holder 1

\$249K

FDIC-insured through Schwab Bank (maximum \$250K)

\$249K

FDIC-insured through Schwab Signature Bank (maximum \$250K)

Account Holder 2

\$249K

FDIC-insured through Schwab Bank (maximum \$250K)

\$249K

FDIC-insured through Schwab Signature Bank (maximum \$250K)

Insured up to \$500K.

Insured up to \$500K.



Combined cash is FDIC-insured up to \$1M.

Cash balance of \$1M may be available for immediate use, including making investments. Each account holder is FDIC-insured up to \$250K per bank, for a total of up to \$500K each. The more account holders, the higher the total FDIC coverage.

Example 2



\$500K of a client's uninvested cash is in an individual brokerage account. The cash is allocated and swept using additional charters.

Cash sweep through Schwab-affiliated banks

Individual Account Holder

\$249K

FDIC-insured through Schwab Bank (maximum \$250K)

\$249K

FDIC-insured through Schwab Signature Bank (maximum \$250K)

FDIC-insured up to \$500K.
(\$250K per bank).

Cash balance of \$500K may be available for immediate use, including making investments.

Our commitment to client privacy and security

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

Schwab-affiliated banks 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.

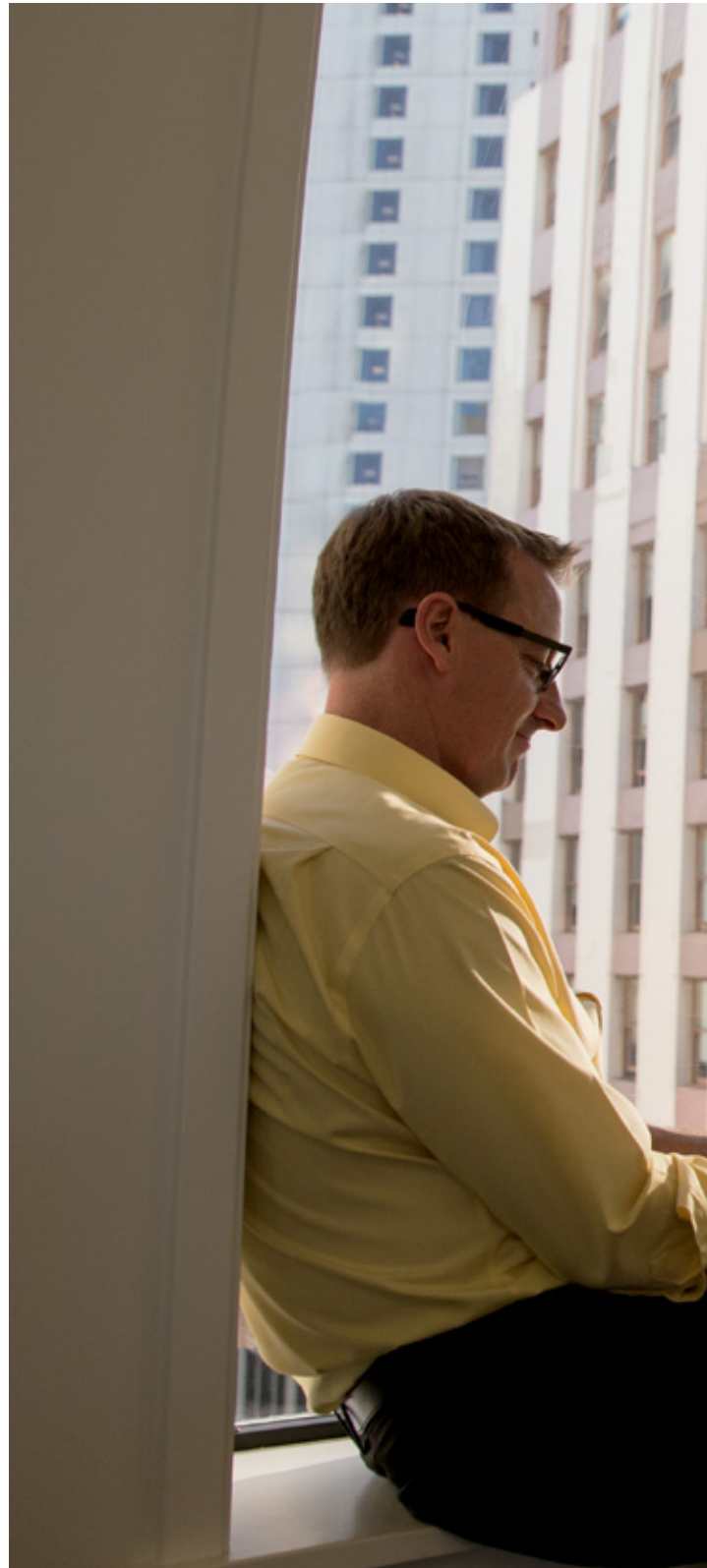
We also offer SchwabSafe—security measures we take to keep your clients' personal information safe, as well as guidance we offer on what your clients can do to protect their information. In addition, we offer the Schwab Security Guarantee, designed to protect your clients from losses if fraud were to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

Visit schwab.com/privacy and schwab.com/schwabsafe to learn more about these important safeguards.

At Charles Schwab Bank and Charles Schwab Signature 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.





Contact us

For more information about Schwab-affiliated banks, consult your relationship manager or dedicated service team.

1. SEC Form 10-Q, as of June 30, 2018. Supplemental Financial Data for Charles Schwab Bank and Schwab Signature Bank (unaudited).
2. Federal Financial Institutions Examination Council (FFIEC), Reports of Condition and Income Call Report beginning June 2018. Loan-to-deposit ratio is calculated by dividing total loans (Schedule RC - Balance Sheet, line 4b) by total deposits (Schedule RC - Balance Sheet, line 13a).
3. SEC Form 10-Q, as of June 30, 2018. Supplemental Financial Data for Charles Schwab Bank and Schwab Signature Bank (unaudited).
4. SEC Form 10-Q, as of June 30, 2018. Notes to Consolidated Financial Statements.
5. SEC Form 10-Q, as of June 30, 2018. Notes to Consolidated Financial Statements.
6. The Schwab Bank High Yield Investor Checking® account is available only as a linked account with a Schwab One® brokerage account. The Schwab One brokerage account has no minimum balance requirements, minimum balance changes, minimum trade requirements, and there is no requirement to fund this account, when opened with a High Yield Investor Checking account.
7. Bank Sweep deposits are held at one or more FDIC-insured banks that are affiliated with Charles Schwab & Co., Inc. ("Affiliated Banks"). Funds deposited at Affiliated Banks are insured, in aggregate, up to \$250,000 per Affiliated Bank, per depositor, for each account ownership category, by the Federal Deposit Insurance Corporation (FDIC). Securities products and services (including unswept or intra-day cash, net credit or debit balances, and money market funds) offered by Charles Schwab & Co., Inc. (Member SIPC) are not deposits or obligations of the Affiliated Banks, are subject to investment risk, are not FDIC insured, may lose value, and are not Affiliated Bank-guaranteed. Charles Schwab & Co., Inc. and the Affiliated Banks are separate entities and are all affiliates of The Charles Schwab Corporation.

View our full 10-K and most recent quarterly filings at aboutschwab.com.

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

Charles Schwab & Co., Inc. ("Schwab"), Charles Schwab Bank, and Charles Schwab Signature Bank are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Investment products are offered by Charles Schwab & Co., Inc. (Member SIPC). Deposit, lending, trust, and custody products and services are offered by Charles Schwab Bank, Member FDIC and an Equal Housing Lender.

Home lending is offered and provided by Quicken Loans Inc., an Equal Housing Lender. Quicken Loans Inc. is not affiliated with The Charles Schwab Corporation, Charles Schwab & Co., Inc., Schwab Bank, or Schwab Signature Bank.

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