

charles
SCHWAB
BANK

charles
SCHWAB

TRUST BANK

charles
SCHWAB

PREMIER BANK

Trusted
providers of
banking services



Charles Schwab Bank, Charles Schwab Trust Bank, and Charles Schwab Premier Bank (“Schwab-affiliated banks,” collectively) 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 both federal and state regulatory agencies. 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.

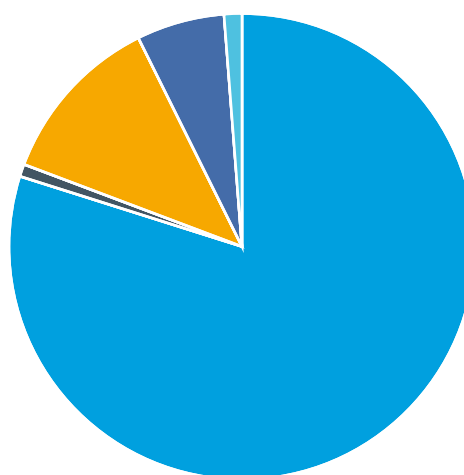
Conservative investments

As of December 31, 2019, more than 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

Charles Schwab Bank maintains a low loan-to-deposit ratio that has ranged between 7.7% and 9.8% over the past two years.² Schwab Bank's high-quality, low-risk loan portfolio is made up of three main loan products: first mortgages, HELOCs, and pledged asset lines. Charles Schwab Trust Bank does not originate loans, and Charles Schwab Premier Bank will have a similar low-risk portfolio once it begins to originate loans.

Charles Schwab Bank's Investment Portfolio³



SECURITIES

- U.S. agency mortgage-backed securities
- U.S. treasuries and U.S. agency debentures
- Asset-backed securities*
- Corporate debt securities*
- Other securities*

* Investment grade risk profile

Charles Schwab Trust Bank and Charles Schwab Premier Bank are managed with a similar risk profile and portfolio composition.



Sound capitalization

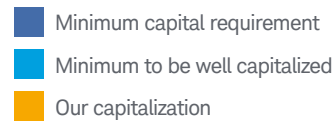
Schwab-affiliated banks are committed to staying financially strong. We maintain a sound capital structure and are positioned for long-term strength and stability.

To evaluate a bank’s financial strength and its ability to withstand economic stresses, regulators look at capital and liquidity. As of December 31, 2019, 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.

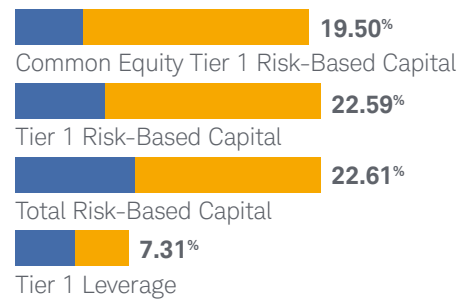
Our capitalization is further strengthened by the fact that neither Charles Schwab Bank, Charles Schwab Trust Bank, Charles Schwab Premier Bank, Charles Schwab, nor any other subsidiary of The Charles Schwab Corporation engages in investment banking or other high-risk speculative investment practices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

Charles Schwab Trust Bank was established to enhance our ability to meet the needs of Schwab’s workplace benefit plan clients, such as 401(k) plan sponsors, defined benefit plan sponsors, and the intermediaries who serve them. We believe these clients will value a fiduciary-oriented trust bank focused primarily on the retirement plan market. Charles Schwab Trust Bank (the “Trust Bank,” “CSTB”) does not engage in lending activity, and the Trust Bank’s assets are maintained under the same sound financial standards that Schwab Bank follows. The Trust Bank is dedicated to providing directed trust and custody services for employee benefit plans, bringing the benefits of their experience focused on the retirement plan marketplace.

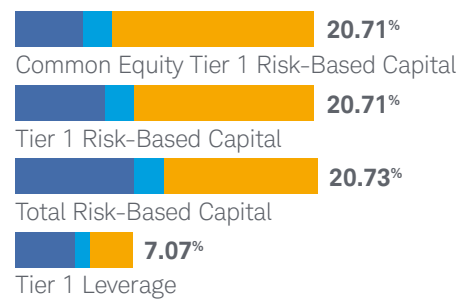
Capitalization for The Charles Schwab Corporation, Charles Schwab Bank, Charles Schwab Trust Bank, and Charles Schwab Premier Bank⁵:



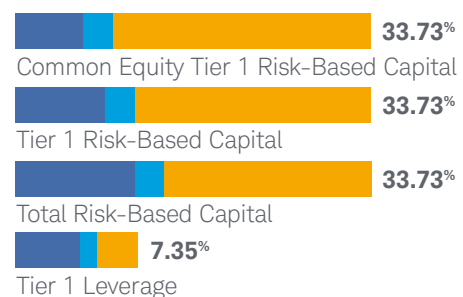
The Charles Schwab Corporation



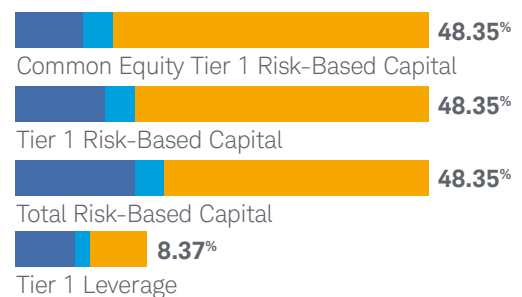
Charles Schwab Bank



Charles Schwab Premier Bank⁶



Charles Schwab Trust Bank



FDIC insurance

All deposit accounts held at Schwab-affiliated banks, including Bank Sweep deposit accounts for uninvested brokerage cash, Charles Schwab Bank High Yield Investor Checking® (linked to a Schwab One® Brokerage Account)⁷, and Charles Schwab Bank High Yield Investor Savings®, are insured up to allowable limits by the FDIC, a U.S. agency that protects depositors against the loss of their deposit accounts 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 contribution plans	Up to \$250,000 per owner for all deposits in such retirement accounts at each bank
Retirement plans	Defined contribution and defined benefit plans	Up to \$250,000 per each plan participant’s interest in the plan for deposits that qualify for pass-through coverage

*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 Charles Schwab Bank (e.g., checking and savings accounts) or on a pass-through basis (e.g., Schwab Bank Savings,⁸ Bank Sweep for Benefit Plans).

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 Sweep deposit accounts. If a depositor’s total funds on deposit at a Schwab-affiliated bank exceed the FDIC insurance limit, the FDIC will not insure funds in excess of that limit. Neither Schwab nor any Schwab-affiliated bank is responsible for monitoring the total amount of Bank Sweep or other deposits that a depositor has at the bank in order to determine the extent of deposit insurance coverage available.

Depositors can use the FDIC’s Electronic Deposit Insurance Estimator at fdic.gov/EDIE to calculate their FDIC insurance coverage.

The FDIC does not insure money invested in stocks, bonds, mutual funds (including money market 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 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.⁹

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 with two account holders. The cash is allocated and swept among two affiliated banks.

Cash sweep through Schwab-affiliated banks

Account Holder 1

\$249K

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

\$249K

FDIC-insured through another Schwab-affiliated bank (maximum \$250K)

Account Holder 2

\$249K

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

\$249K

FDIC-insured through another Schwab-affiliated bank (maximum \$250K)

FDIC-insured up to \$500K

FDIC-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 among two affiliated banks.

Cash sweep through Schwab-affiliated banks

Individual Account Holder

\$249K

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

\$249K

FDIC-insured through another Schwab-affiliated bank (maximum \$250K)

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

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

Charles Schwab Bank and Charles Schwab Trust Bank provide FDIC insurance to retirement plan account participants who have the sweep feature in their Schwab Personal Choice Retirement Accounts.

Our commitment to client privacy and security

The Charles Schwab Corporation, Charles Schwab Bank, Charles Schwab Trust Bank, and Charles Schwab Premier Bank are committed to clients' privacy and security, as described in our Privacy Notice, SchwabSafe®, and the Schwab Security Guarantee.

The Charles Schwab Corporation and Schwab-affiliated banks share a privacy notice that applies to consumers and retirement plan clients 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, schwab.com/schwabsafe, and schwab.com/securityguarantee to learn more about these important safeguards, including conditions and limitations.

At Charles Schwab Bank, Charles Schwab Trust Bank, and Charles Schwab Premier 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. Charles Schwab Bank December 31, 2019 Call Report. Supplemental Financial Data for Charles Schwab Bank and Charles Schwab Premier Bank (unaudited).
2. Federal Financial Institutions Examination Council (FFIEC), Reports of Condition and Income Call Report beginning September 2019. 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. Charles Schwab Bank December 31, 2019 Call Report. Supplemental Financial Data for Charles Schwab Bank and Charles Schwab Premier Bank (unaudited).
4. Charles Schwab Bank December 31, 2019 Call Report. Notes to Consolidated Financial Statements.
5. SEC Form 10-Q, as of December 31, 2019 for Charles Schwab Corporation and Charles Schwab Bank. Charles Schwab Bank December 31, 2019 Call Report for Charles Schwab Premier Bank. Notes to Consolidated Financial Statements.
6. These metrics are cited from the Charles Schwab Premier Bank December 31, 2019 Call Report.
7. The Charles 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.
8. Schwab Bank Savings ("SBS") is a money market deposit account ("MMDA") established by a retirement plan at Charles Schwab Trust Bank ("CSTB").
9. Bank Sweep and Bank Sweep for Benefit Plans deposits are held at one or more FDIC-insured banks ("Affiliated Banks") that are affiliated with Charles Schwab & Co., Inc. ("Schwab"). Investment products and services (including unswept or intra-day cash, net credit or debit balances, money market funds, and assets held in a Schwab Personal Choice Retirement Account[®]) 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.

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

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

Charles Schwab & Co., Inc., Charles Schwab Bank, Charles Schwab Trust Bank, and Charles Schwab Premier Bank are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Brokerage products are offered by Charles Schwab & Co., Inc., Member SIPC. Trust, custody, and deposit products and services are offered by Charles Schwab Bank, Charles Schwab Trust Bank, and Charles Schwab Premier Bank, Members of FDIC. Charles Schwab & Co., Inc. does not solicit, offer, endorse, negotiate, or originate any mortgage loan products and is neither a licensed mortgage broker nor a licensed mortgage lender. Home lending is offered and provided by Quicken Loans, Inc., Equal Housing Lender. NMLS #3030. Quicken Loans, Inc. is not affiliated with The Charles Schwab Corporation or its affiliates. Other lending products are offered by Charles Schwab Bank, an Equal Housing Lender.

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