

Statement of Financial Strength

The Charles Schwab Corporation is one of the nation's leading providers of financial services. Through our operating subsidiaries, we provide securities brokerage, banking, money management, and financial advisory services to individual investors, independent investment advisors, and corporate and retirement plan sponsors and participants.

The Charles Schwab Corporation is financially strong, and we are committed to our continued financial health. Our capital structure and liquidity are sound, our investment portfolio is diversified, and our internal controls and business standards are designed to keep client assets safe. We maintain a disciplined focus on risk management and operate the firm conservatively to minimize investment risks. We know that our success ultimately depends on how well we serve all our clients and their confidence in us.

Key Financial Data as of September 30, 2013

For The Charles Schwab Corporation:

- **Stockholders' Equity:** \$10.1 billion¹
- **Available Liquidity:** Approximately \$1.2 billion¹ in freely available cash
- **Long-Term Debt-to-Equity Ratio:** 18.9%¹
- **Net Income:** \$290 million over the last 3 months²
- **Total Client Assets:** \$2.15 trillion³
- **Net New Assets:** \$42.8 billion (reported total over the last 3 months)³
- **Credit Ratings:** Moody's (A2), S&P (A) and Fitch (A)⁴

1. Condensed Consolidated Balance Sheets, The Charles Schwab Corporation Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013, p. 3.

2. Condensed Consolidated Statements of Income, The Charles Schwab Corporation Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013, p. 1.

3. Management's Discussion and Analysis of Financial Condition and Results of Operations, The Charles Schwab Corporation Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013, p. 23.

4. Management's Discussion and Analysis of Financial Condition and Results of Operations, The Charles Schwab Corporation Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013, p. 37.

5. Notes to Condensed Consolidated Financial Statements, The Charles Schwab Corporation Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013, p. 5-8.

6. Management's Discussion and Analysis of Financial Condition and Results of Operations, The Charles Schwab Corporation Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013, p. 38.

7. Quarterly earnings press release for the period ended September 30, 2013, p. 2.

8. Management's Discussion and Analysis of Financial Condition and Results of Operations, The Charles Schwab Corporation Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2013, p. 42.

While The Charles Schwab Corporation is not subject to specific statutory capital requirements, it is required to maintain capital that is sufficient to support the holding company and its subsidiaries' business activities. The Corporation maintains an \$800 million committed, unsecured credit facility.⁴ Additionally, the Corporation has direct access to \$647 million in uncommitted, unsecured bank credit lines.⁴

For Charles Schwab & Co., Inc. (the brokerage subsidiary of The Charles Schwab Corporation):

- **Net Capital:** \$1.4 billion (9% of aggregate debit balances), which was \$1.1 billion in excess of its minimum required net capital.⁴

For Charles Schwab Bank (The banking subsidiary of The Charles Schwab Corporation):

- **Assets:** \$97.9 billion, including \$10.9 billion in outstanding mortgages and home equity lines of credit (HELOCs).⁷
- **Payment Delinquencies:** representing a very small fraction of outstanding loan balances (approximately 0.51%)⁸ for mortgages and HELOCs combined. Rest of Market delinquency rates as of September 2013 were 4.17% for mortgages and 3.10% for HELOCs.⁹
- **Credit Quality:** The strong credit quality of the bank's portfolio of mortgages and HELOCs, with credit scores and loan-to-value ratios significantly better than industry averages, reflects our solid underwriting discipline.
- **Investment Portfolio:** Charles Schwab Bank also maintains a high-quality investment portfolio with no subprime securities or collateralized debt obligations (CDOs).⁵

Charles Schwab Bank is subject to specific capital requirements specified by federal banking laws and regulations. Charles Schwab Bank is considered well-capitalized (the highest category) with a Tier 1 Risk-Based Capital Ratio of 18.5%, a Total Risk-Based Capital Ratio of 18.7%, and a Tier 1 Core Capital Ratio of 6.5%.⁶

Our Commitment to Our Clients

Ongoing developments in the market highlight the importance of choosing wisely among financial services firms. That's just one of the reasons our clients should continue to feel good about doing business with Schwab. We are highly focused on maintaining our financial health. We deeply appreciate and value the trust our clients have placed in us and look forward to continuing to help them achieve their financial goals.

Financial results and more information about The Charles Schwab Corporation's business and financial condition can be viewed at any time at www.aboutschwab.com.

9. Rest of Market data is from CoreLogic Loan Performance Prime Mortgage Servicing TrueStandings Database, which consists of data contributed by many top servicers including Fannie Mae and Freddie Mac (GSEs). It is estimated to cover 85 percent of the overall Prime Mortgage Market. Industry 30+ Delinquency is based on the data from CoreLogic Loan Performance Home Equity Servicing TrueStandings Database. This database consists of the data contributed by many of the top servicers and is estimated to cover 57% of the overall Home Equity Market. TrueStandings data shown here includes only performance of loans with FICO scores of 680+ and LTVs up to 80%. This industry data covers outstanding loans originated between 2003 and 2013 and includes performance of loans with loan status of Active, In Foreclosure, and In Bankruptcy but excludes REOs.

Charles Schwab & Co., Inc. and Charles Schwab Bank are separate but affiliated companies and subsidiaries of The Charles Schwab Corporation. Brokerage products offered by Charles Schwab & Co., Inc., Member SIPC, are not insured by the FDIC, are not deposits or obligations of Charles Schwab Bank, and are subject to investment risk, including the possible loss of principal invested. Deposit and lending products and services are offered by Charles Schwab Bank, Member FDIC and an Equal Housing Lender.