

# Client Letter From Charles Schwab

**March 13, 2023**

Today, we released our regularly-scheduled Monthly Activity Report and commentary from our Chief Financial Officer. In that [release](#), you can read about the strength and resilience of the Charles Schwab Corporation. Though we do not normally comment on these monthly releases, given the market environment we find ourselves in, we thought it was appropriate to do so this time.

For over 50 years, Charles Schwab has prided itself on being a safe, secure, and strong financial institution, the result of managing the firm with a “Through Clients’ Eyes” strategy and effective, disciplined risk management practices. We understand, though, with the heightened attention in recent days, people may still have questions. To the extent there are questions about any impact on Schwab, we want to clarify a few important points:

- Schwab has a broad base of high-quality customers across multiple lines of business, capital well in excess of regulatory requirements, a high-quality and relatively small loan book, and a conservative investment portfolio that is 80% comprised of securities backed by the U.S. Treasury and various government agencies.
- We believe one of the best indicators of the strength and stability of the firm is our client activity. Our February results show that clients entrusted Schwab with more than \$41.7 billion in net new assets – our second-strongest February ever following our strongest January ever. Our growth and momentum have continued in March, with daily net new assets of over \$2 billion per trading day month-to-date, including Thursday and Friday of last week.
- Following the recent events in the banking industry, we are pleased to see the U.S. Treasury Department, Federal Reserve, and FDIC step in with decisive action to support depositors during this critical time. We think the steps announced today provide an additional layer of protection for individuals and will help boost confidence in the American banking system.
- Collectively, more than 80% of client cash held at Schwab Bank is insured dollar-for-dollar by the FDIC. According to S&P Global Market Intelligence, that percentage is among the highest of the top 100 U.S. banks. As a comparison, the banks in the news the last few days have between 2% and 20% of their deposits insured.
- As a further safeguard, Schwab has access to over \$80 billion in borrowing capacity with the Federal Home Loan Bank (FHLB), which is an amount greater than all our uninsured deposits. That helps provide the firm significant access to liquidity, so money is there when clients need it.
- Investments at Schwab are held in investors’ names at the Broker Dealer. Those are separate and not comingled with assets at Schwab’s Bank.
- Schwab does not have any direct business relationship with Silicon Valley Bank or Signature Bank, so we do not have exposure to any direct credit risk from either.

Schwab’s long-standing reputation as a safe port in a storm remains intact, driven by record-setting business performance, a conservative balance sheet, a strong liquidity position, and a diversified base of

34 million+ accountholders who invest with Schwab every day. As such, we remain confident in our approach and in our ability to help clients through all kinds of economic environments. We stand ready to support our clients with award-winning service and time-tested expertise.

**Charles Schwab** Founder and Co-chairman

**Walt Bettinger** CEO and Co-chairman