



PUBLIC DISCLOSURE

January 6, 2014

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Charles Schwab Bank, Federal Savings Association
Charter Number: 718077

5190 Neil Road Suite 300
Reno, Nevada 89502

Office of the Comptroller of the Currency

Midsized Bank Supervision
400 7th Street SW, Suite 3E-218
Washington, DC 20219

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

General Information and Overall CRA Rating

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority, when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income (LMI) neighborhoods, consistent with the safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of Charles Schwab Bank issued by the OCC, the institution's supervisory agency, for the evaluation period ending December 31, 2013. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 CFR Part 25.

Institution's CRA Rating: This institution is rated **Outstanding**.

We rated Charles Schwab Bank (CSB) under the Strategic Plan Criteria. For this Performance Evaluation, we evaluated the Bank under two Strategic Performance Plans spanning 39 months. These Performance Plans have measurable goals to meet the Community needs through Lending, Investments and Services.

CONCLUSIONS:

The Bank's performance under the Lending Test is Outstanding based on the following factors:

- Community development lending significantly exceeded the 2009 and 2012 Plan thresholds for outstanding performance
- The percentage of low- and moderate-income (LMI) loans originated or purchased exceeded the 2009 Plan thresholds for satisfactory performance and met the 2012 goals for satisfactory performance.

The Bank's performance under the Investment Test is Outstanding based on the following factor:

- Community development investments exceeded the threshold for satisfactory performance in the 2009 Plan and substantially exceeded the 2012 Plan thresholds for outstanding performance.

The Bank's performance under the Service Test is Outstanding based on the following factor:

- Community development services exceeded the goals set forth for outstanding performance for the 2009 Plan and substantially exceeded the outstanding performance goals in the 2012 Plan.

Examples of investments include the following highly responsive investments and grants:

- CSB supported small business development primarily through relationships with third party lending and investment intermediaries. For the evaluation period the Bank maintained, and/or renewed EQ2s and/or other investments with such longstanding partners as Rural Nevada Development Corporation, Idaho-Nevada CDFI, Rural Community Assistance Corporation, DBL Fund, CRA Fund, and **Solomon Hess Capital Management**.
- CSB made a \$20,000 grant to Children's Cabinet, a qualified community services organization. Services provided include food, shelter, crisis intervention for youth, childcare resource, and emergency shelter for homeless youth.
- CSB made a \$20,000 grant to the city of Reno Housing and Neighborhood Development. The funding helped to support the entities neighborhood stabilization program including foreclosure mitigation in the AA.
- CSB made a \$15,000 grant to Restart, a qualified community services organization. The entity provides mental health and life skills training to mental ill homeless individuals in the AA.

Service Goal - Outstanding

Overall, the bank exceeded its outstanding performance goals for performing community development services. CSB is a CD service leader in the Reno-Sparks AA as indicated by the capacity building initiatives carried out by the CSB team. CSB's community development services exceeded the satisfactory performance goals for Plan Year 2 and 3 of the 2009 Plan.

CSB's 2012 performance significantly exceeded the Level 3 performance goals for Plan Year 1 of the 2012 Plan. CSB's quantitative performance accounted for the maximum points of 7.5. The bank's use of several innovative services, often in a leadership role, that were highly responsive to identified needs in the AA, accounted for an additional 2.5 qualitative points being assigned.

CSB far exceeded 2009 Plan targets for a Satisfactory rating, achieving 26 board and committee positions for both AAs in Plan Year 2 and 34 in Plan Year 3, versus the 10 positions required by the Plan. The 2009 Plan did not establish targets for an outstanding rating in this category, nor did it provide a broader target for community development service. However, the Bank's records show that CSB employees committed close to 6,000 non-board-related CRA-eligible service hours during these two Plan Years. A significant number of service initiatives were innovative, demonstrated leadership, and reflected a high level of responsiveness to community needs.

Below are examples of community development services that exhibit bank leadership and were highly responsive to identified needs in the AA.

Financial Stability Partnership of Northern Nevada

In response to the severe economic downturn, in 2008 CSB began an innovative partnership