



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

April 03, 2006

Community Reinvestment Act Performance Evaluation

**Charles Schwab Bank, National Association
Charter Number: 24366**

**5190 Neil Road, Suite 300
Reno, NV 89502**

Office of the Comptroller of the Currency

**San Francisco Field Office
One Front Street, Suite 1000
San Francisco, CA 94111**

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, and should not 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.

Table of Contents

OVERALL CRA RATING	1
DEFINITIONS AND COMMON ABBREVIATIONS	2
DESCRIPTION OF INSTITUTION	6
SCOPE OF THE EVALUATION.....	8
FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW.....	9
CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS.....	10
LENDING TEST	10
INVESTMENT TEST	15
SERVICE TEST	16
APPENDIX A: SCOPE OF EXAMINATION.....	A-1
APPENDIX B: MARKET PROFILES FOR FULL-SCOPE AREAS	B-1
APPENDIX C: TABLES OF PERFORMANCE DATA	C-1

Overall CRA Rating

Institution's CRA Rating: This institution is rated Satisfactory.

The following table indicates the performance level of **Charles Schwab Bank, National Association** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Charles Schwab Bank, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding			
High Satisfactory		X	X
Low Satisfactory	X		
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- A low but adequate level of lending activity.
- A good geographic distribution and an excellent borrower distribution of home mortgage loans throughout the AA that were mitigated by the low level of lending activity.
- \$18.6 million in qualified community development investments in the AA or in a greater statewide or regional area that included the AA.
- The bank's services are reasonably accessible to individuals of all income levels and all geographies.
- The bank provided an excellent level of community development services that are very responsive to the needs of the bank's assessment area.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation, including the CRA tables. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate: Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Census Tract (CT): A small subdivision of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan areas. Census tracts usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Community Development: Affordable housing (including multifamily rental housing) for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA): the statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family, which is further classified into 'male householder' (a family with a male householder and no wife present) or 'female householder' (a family with a female householder and no husband present).

Full Review: Performance under the Lending, Investment, and Service Tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower distribution, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applications, the amount of loan requested, and the disposition of the application (e.g., approved, denied, and withdrawn). Beginning in 2004, the reports also include additional data on loan pricing, the lien status of the collateral, any requests for preapproval and loans for manufactured housing.

Home Mortgage Loans: Such loans include home purchase, home improvement and refinancings, as defined in the HMDA regulation. These include loans for multifamily (five or more families) dwellings, manufactured housing and one-to-four family dwellings other than manufactured housing.

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Limited Review: Performance under the Lending, Investment, and Service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent, in the case of a geography.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the MA/assessment area.

Median Family Income (MFI): The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Area (MA): Any metropolitan statistical area or metropolitan division, as defined by the Office of Management and Budget and any other area designated as such by the appropriate federal financial supervisory agency.

Metropolitan Division: As defined by Office of Management and Budget, a county or group of counties within a Metropolitan Statistical Area that contains a population of at least 2.5 million. A Metropolitan Division consists of one or more counties that represent an

employment center or centers, plus adjacent counties associated with the main county or counties through commuting ties.

Metropolitan Statistical Area: An area, defined by the Office of Management and Budget, as having at least one urbanized area that has a population of at least 50,000. The Metropolitan Statistical Area comprises the central county or counties, plus adjacent outlying counties having a high degree of social and economic integration with the central county as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 percent and less than 120 percent, in the case of a geography

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 percent and less than 80 percent, in the case of a geography.

Multifamily: Refers to a residential structure that contains five or more units.

Other Products: Includes any unreported optional category of loans for which the institution collects and maintains data for consideration during a CRA examination. Examples of such activity include consumer loans and other loan data an institution may provide concerning its lending performance.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A qualified investment is defined as any lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multi-state metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multi-state metropolitan area, the institution will receive a rating for the multi-state metropolitan area.

Small Loan(s) to Business(es): A loan included in 'loans to small businesses' as defined in the Consolidated Report of Condition and Income (Call Report) and the Thrift Financial Reporting (TFR) instructions. These loans have original amounts of \$1 million or less and typically are either secured by nonfarm or nonresidential real estate or are classified as commercial and industrial loans.

Small Loan(s) to Farm(s): A loan included in 'loans to small farms' as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, or are classified as loans to finance agricultural production and other loans to farmers.

Tier One Capital: The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent, in the case of a geography.

Description of Institution

Charles Schwab Bank, National Association (“Schwab Bank” or the “bank”) is a federally chartered intrastate retail bank headquartered in Reno, Nevada. The bank is a wholly owned subsidiary of Charles Schwab Corporation (CSC), a \$46 billion holding company based in San Francisco, California. CSC is the 31st largest bank holding company in the United States.

CSC is a financial holding company engaged, through its subsidiaries, in securities brokerage, banking, and related financial services. Charles Schwab and Co., Inc. (CS and Co) is a securities broker-dealer with 296 branch offices in 45 states, as well as a branch in each of the Commonwealth of Puerto Rico and London, U.K. In addition CS and Co services clients in Hong Kong through one of CSC’s subsidiaries. U.S. Trust Corporation (USTC, and with its subsidiaries collectively referred to as U.S. Trust) is a wealth management firm that through its subsidiaries also provides fiduciary services and private banking services with 32 offices in 13 states. Other subsidiaries include Charles Schwab Investment Management, Inc. investment advisor for Schwab’s proprietary mutual funds, and CyberTrader, Inc. an electronic trading technology and brokerage firm providing services to highly active, online traders. CS and Co. is one of the leading retail brokerage firms in terms of assets, accounts, and trading activity. Active client accounts were 7.1 million and assets in client accounts were \$1.199 trillion at December 31, 2005. For the same period, CSC reported consolidated net income of \$725 million, with net revenues of \$4.5 billion.

As a subsidiary of CSC, Schwab Bank has substantial resources at its disposal. Affiliate investment and services activity of CSC and the Charles and Helen Schwab Foundation were considered under the Investment and Service Tests.

In February 2003, the Office of the Comptroller of the Currency (“OCC”) approved an application sponsored by CSC, to charter a new bank. According to the bank’s charter application, it would offer a full range of deposit products, including interest and non-interest bearing checking accounts, statement savings accounts, certificates of deposit, money market deposit accounts, and individual retirement accounts (IRAs). The bank will also offer retail loan products, including overdraft lines of credit, home equity lines of credit, residential mortgage loans for home purchase and refinance, and personal loans. The bank’s products and services will be marketed to new customers and existing Schwab customers, who are expected to provide a strong base, consistent with the federal fair lending laws. In addition, the bank was also expected to target lending efforts in its Reno assessment area to low-and moderate-income neighborhoods. The bank would not make commercial or small business loans, or offer credit cards. The Schwab core strategy involved cross marketing of banking and securities products and services of the bank and its U.S. broker-dealer affiliates. The bank did not intend to register as a broker-dealer, but would work with the principal registered U.S. broker-dealer affiliates of Schwab. The bank will service the vast majority of its customers by alternative delivery systems including the telephone, mail, a transactional Internet website, and other electronic means such as ATMs.

The bank's current composition of retail deposits include savings accounts, money market accounts, and certificates of deposit that are sourced through the Internet and the 296 offices of CS and Co. The main source of funding for the bank primarily consists of sweeps of excess brokerage funds into bank deposit accounts.

As of the bank's December 31, 2005 Consolidated Report of Income and Condition ("Call Report"), Schwab Bank reported total assets of \$6.8 billion, total liabilities of \$6.2 billion, and year to date net income of \$58 million. The bank's Tier 1 Capital of \$552 million represents 21.35% of its risk-weighted assets. Total assets primarily comprise \$1.9 billion in mortgage loans, \$3.7 billion in investment securities, and \$979 million in interest bearing bank balances and Federal Funds Sold. Total liabilities primarily consist of \$6.2 billion in demand, NOW and money market deposit accounts, of which \$10 million is received from depositors in the Reno-Sparks MSA.

This performance evaluation represents the bank's first CRA examination.

A review of OCC records and the bank's public file revealed no negative CRA-related comments received during the evaluation period.

Scope of the Evaluation

Evaluation Period/Products Evaluated

This Performance Evaluation considers the bank's home mortgage lending activities from January 1, 2004 through December 31, 2005. The evaluation period for other community development activities, including qualified investments and community development services, includes all activities from April 28, 2003 through April 3, 2006. Please refer to Appendix A for additional details of the examination scope.

Data Integrity

During September 2005, the OCC performed a data integrity examination to determine the accuracy of the bank's home mortgage lending data that is required to be reported publicly pursuant to the Home Mortgage Disclosure Act ("HMDA"). The data integrity examination found no errors in the reported data. The OCC also reviewed the bank's qualified investments and community development services to ensure each activity has community development as its primary purpose. A small number of items submitted by the bank for consideration were excluded because they did not meet the definition or purpose of community development.

Selection of Areas for Full-Scope Review

The OCC performed a full-scope review of the Reno-Sparks MSA, the bank's only assessment area.

Ratings

The bank's overall rating is based on the full scope review of the Reno-Sparks MSA. In arriving at the bank's overall record of performance, the OCC evaluated activities in the Reno-Sparks MSA under the Lending, Investment, and Service Tests. The rating method is structured such that the Lending Test weighs the most of the three tests.

Other

As part of this examination, the OCC conducted six community contact interviews with organizations representing affordable housing, economic development and small business issues within the Reno-Sparks MSA or a wider statewide area that included the MSA. None of the information obtained negatively impacted the evaluation of the bank's performance. Issues and needs identified from the community include barriers to affordable housing, such as high land costs, water rights, and lack of subsidy funds; a need for state intervention on behalf of non-profits and other affordable housing developers; a need for housing for the disabled; a stronger relationship between banks and non-profits; the limited availability of traditional small business financing opportunities and a need for the state's financial institutions to provide support for small businesses by making more loans, especially those guaranteed by the federal government.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "Low Satisfactory". Based on full-scope reviews, the bank's performance in the Reno-Sparks MSA is adequate.

Lending Activity

Refer to Table 1 - Lending Volume in Appendix C for the facts and data used to evaluate the bank's lending activity.

Lending activity measures the volume of lending in comparison to the bank's size and resources. It is one of five performance criteria considered in the Lending Test rating and is the foundation of the Lending Test conclusion. Generally, a primary way to put a financial institution's lending volume into perspective is to compare its market share and market rank of loans to its market share and market rank of deposits. However, due to the fact that the majority of the Bank's deposits come from outside the AA, a comparison of market shares and market ranks is only an estimate based on available data. Because of this, we also considered other performance contextual factors that impacted the bank's ability to lend in the AA.

The bank's lending activity within the Reno-Sparks MSA is low but reflects adequate responsiveness to the AA credit needs. During the two-year evaluation period, the bank originated or purchased 118 home mortgage loans in the Reno-Sparks MSA totaling over \$25 million. While generally we assess this factor based on the bank's size and capacity to lend, we also have taken into consideration performance context factors such as the new entry of the bank into the Reno-Sparks MSA, the bank's limited physical presence in the MSA, increasing housing prices versus stagnant incomes during the evaluation period, and the competition from other established lenders in the market. We also assess the bank's level of lending based on its deposit market share relative to its lending market share. The bank's market share of home mortgage loans was 0.11% by number and 0.13% by dollar, ranking it 118th among the 444 mortgage lenders reporting lending data in the AA during 2004. This is in contrast to its ranking of number one in deposit market share in the AA. As mentioned previously, this comparison is misleading because of the large volume of deposits coming from households outside the AA. Actual deposits from households located within the AA amount to about \$10 million based on verified bank data. Although a comparison can only be estimated based on available FDIC data, this level of deposits would give them a market share of between .24% and .07% and a ranking of 17th among banks with deposit taking branches in the AA.

The bank's low level of lending, although considered adequate based on performance context factors, will impact our assessment of the bank's geographic and borrower distribution. The low level of lending results in a smaller pool of loans to analyze. Small changes in the number of loans in each geographic or borrower income category would cause exaggerated swings in

the distribution percentages. Because of this, exceptionally good and exceptionally poor performance is not given significant weight.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3, 4 and 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases.

The overall geographic distribution of home mortgage loans by income level reflects good penetration throughout the assessment area. The bank's home purchase and home refinance mortgage lending in 2004 and 2005 compare favorably with the distribution of owner-occupied housing units according to the 2000 U.S. Census.

Home Purchase Loans

During 2004 and 2005, the bank originated 58 home purchase loans. As Table 2 depicts, the bank did not make any home purchase loans in low-income census tracts in the Reno-Sparks MSA. This level of lending would indicate poor performance although given the rising housing prices during the evaluation period and the fact that only .98% of owner occupied housing is in low-income census tracts, the performance is considered reasonable. Performance in moderate-income tracts was excellent. 34.69% of the bank's home purchase loans were to borrowers residing in moderate-income geographies while only 16.35% of the owner-occupied housing units available in the AA are located in moderate-income geographies. The bank's market share of home purchase loans in moderate-income tracts exceeded its overall market share while its market share of home purchase loans in low-income tracts was below.

Home Improvement

The bank originated or purchased too few home improvement loans in the assessment area to provide any meaningful analysis.

Home Refinance

In the evaluation period, the bank originated or purchased 57 home refinance loans within the assessment area. The distribution of refinance loans in low-income geographies is excellent. In low-income geographies, the percentage of the bank's home refinance loans exceeds the percentage of owner-occupied units. As Table 4 shows, only .98% of the owner-occupied housing units are located in low-income tracts while 1.75% of the bank's loans were in low-income tracts. In moderate-income geographies, the bank's distribution is poor as its percentage of home refinance loans is significantly below the percentage of owner-occupied housing units. The bank also performed significantly better in its market share of home refinance loans in low-income tracts when compared to its overall market share, although the market share for moderate-income tracts was below its overall market share.

Multi-Family

The bank originated or purchased too few multi-family loans in the assessment area to provide any meaningful analysis.

Small Loans to Businesses

As per the February 2003 charter application, the bank does not make commercial or small business loans.

Lending Gap Analysis

The OCC analyzed the bank's home mortgage lending patterns in the Reno-Sparks MSA by using maps and other reports. Examiners found no conspicuous gaps or geographic areas with abnormally low loan penetration that could not be adequately explained.

Inside/Outside Ratio

The ratio of loans made inside the AA to loans made outside the AA is low. The bank made only 1.02% by number of its home mortgage loans within the AA in 2004 and 2005. This level reflects the bank's strategic focus as a nationwide lender with only one retail branch in the AA. Therefore, minimal weight was given to the In/Out ratio in our analysis.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 8, 9, and 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases.

This section measures the bank's mortgage lending to borrowers of different income levels, with primary focus on low- and moderate-income borrowers. A bank's distribution of loans compared to the demographic information provides a strong indication of the bank's performance in lending to borrowers of different income levels.

The bank's overall distribution of home mortgage loans reflects excellent penetration among borrowers of different income levels, particularly those defined as low- and moderate-income.

Home Purchase

During the evaluation period, the bank's distribution of home purchase loans to low-income families was slightly less than the percentage of low-income families in its assessment area. Based on 2000 census data, 9% of the households in the AA live below the poverty level. A low-income person earns less than \$31,237. This low income, coupled with a median housing cost of \$178,684, makes it difficult for a low-income person to afford a home in the assessment

area. In consideration of these mitigating factors, performance in lending to low-income borrowers is excellent.

The bank's lending to moderate-income borrowers during the evaluation period exceeded the percentage of moderate-income families and is considered excellent. Approximately 31.03% of the bank's home purchase loans went to moderate-income families, while moderate-income families represented 18.9% of the AA population according to the 2000 U.S. Census.

The bank's market share of home purchase loans to low- and moderate-income borrowers is twice as high as its overall market share. This indicates the bank shows a greater responsiveness to low- and moderate-income borrowers than its overall market.

Home Improvement

The bank originated or purchased too few home improvement loans in the AA to provide any meaningful analysis.

Home Refinance

During the evaluation period, the bank's distribution of home refinance loans to low-income families was less than percentages of low-income families in the assessment area. This distribution of lending indicates good performance when considering the mitigating factors discussed above in lending to low-income borrowers. The percentage of loans improved significantly for moderate-income borrowers and was well above the percentage of moderate-income families in the AA indicating excellent performance. However, the bank's market share of loans to low- and moderate-income families was less than its overall market share indicating less responsiveness to low- and moderate-income families than to its overall market.

Small Loans to Businesses

As per the February 2003 charter application, the bank does not make commercial or small business loans.

Community Development (CD) Lending

Refer to Table 1 - Lending Volume in Appendix C for the facts and data used to evaluate the bank's level of community development lending. This table includes all CD loans, including multi-family loans that also qualify as CD loans. In addition, Table 5 includes geographic lending data on all multi-family loans, including those that also qualify as CD loans. Table 5 does not separately list CD loans, however.

The bank reported two community development qualified loans totaling \$1.444 million. These loans were a result of the bank's investment in two community development qualified loan funds. The bank chose to show these investments as loans as allowed under the FFIEC Interagency Questions and Answers Regarding Community Reinvestment. One loan, totaling \$1.03 million, represented the bank's share of loans in an L.L.C. that purchased Small Business Administration (SBA) 7(a) loans within the Reno-Sparks MSA. The pool consists of

loans that promote job creation, retention, and/or improvement in low- or moderate-income areas or for low-and moderate-income persons who are employed by small businesses.

One loan for \$414,000 represents the bank's pro rata share in loans made by a CDFI to finance affordable housing projects throughout a twelve state region that includes Nevada. The bank received the pro rata share as a result of a \$250,000 equity investment in the CDFI. The equity investment also resulted in the bank reporting an \$87,840 share of the CDFI's community development qualified investments.

Overall, CD lending had a neutral impact on the rating.

Product Innovation and Flexibility

The bank has not developed any innovative lending products during the evaluation period. However, they have shown great flexibility in their efforts to help meet the credit needs of low- and moderate-income borrowers in its assessment areas. Charles Schwab Bank, N.A. has offered down payment assistance, patient or silent second loans and in some cases a waiver of closing costs to qualified low- and moderate-income borrowers.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

Refer to Table 14 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments.

The bank's performance under the Investment Test in the Reno-Sparks MSA is rated "High Satisfactory." Based on a full-scope review, the bank's performance in the MSA is good.

According to interviews with local community groups, some of the greatest needs in the MSA include investments and grants that support loans for affordable housing, down payment assistance for first time homebuyers, and financial literacy program. There are limited investment opportunities in the assessment area. The area includes several nationwide banks, and large regional banks that are also subject to the CRA and aggressively pursue all available opportunities to purchase the larger community development investments.

As of this evaluation date, Schwab Bank made 154 qualified investments and grants totaling \$18.7 million in the AA or in a greater statewide or regional area that included the AA.

Of the 154 grants and investments, 118 totaling \$10.5 million directly benefited the AA. Examples of investments or grants directly benefiting the AA include the following:

- In response to the limited investment opportunities in the AA, the bank developed a capacity building and technical assistance grant program to assist in building the capacity of non-profit organizations and public agencies that work to support affordable housing and community development projects in the Reno-Sparks MSA. The bank has expended over \$330,000 in capacity building and technical assistance grants to non-profit organizations and public agencies.
- The bank made an \$8.5 million equity investment in a regional CDFI to fund eight specific affordable housing projects in the AA. The eight projects have provided an additional 378 units of affordable housing in the AA.

36 grants or investments totaling more than \$8.2 million were to qualified community development organizations that benefited a regional statewide area that included the AA. Examples of these include the following:

- Two donations, totaling \$1 million, were made to assist the victims of hurricane Katrina and considered a qualified community development investment as directed by OCC Bulletin 2006-6.
- The Charles Schwab Foundation, in partnership with the Bank, made four grants totaling \$1.6 million to the Boys and Girls Club of America for the specific purpose of developing Money Matters, a financial literacy program for underprivileged youth. The Money Matters program was then used at several Boys and Girls Clubs throughout the AA to provide needed financial literacy instructions to underprivileged youth in the area.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on full-scope reviews, the bank's performance in the Reno-Sparks MSA is adequate.

In forming our conclusions, we considered the unique structure of the bank, its OCC approved business model, and the limited number of staff that could be reasonably expected to perform community development services in the AA. In determining the rating for the Service Test, we placed equal weight on retail banking services and community development services. However, since the bank relies primarily on its alternative delivery systems to deliver its products and services, these alternative delivery systems are judged only for their availability and effectiveness in delivering retail banking products and services in low- and moderate-income geographies and to low- and moderate-income individuals. Consequently, we did not place significant weight on these services.

Retail Banking Services

Refer to Table 15 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings.

The bank's services are reasonably accessible to individuals of all income levels and all geographies.

Charles Schwab Bank, N.A.'s branch delivery system is reasonably accessible to geographies and individuals of different income levels. The bank's presence in the Reno-Sparks MSA consists of one branch, which is located in a moderate-income census tract in Reno, Nevada and is open Monday through Thursday from 9:00 AM to 5:00 PM, and on Friday's from 9:00 AM to 6:00PM. Rather than using traditional branches, a majority of the bank's customers access Charles Schwab Bank, N.A.'s services almost exclusively through its alternative delivery systems, such as its call centers, Charles Schwab and Company Brokerage Centers, and the Internet, to develop and obtain deposit and loan relationships on a national level. Consequently, the bank's locations are not a significant factor in determining accessibility to the bank's services for all individuals and geographies in its assessment area. The bank collects deposits primarily through mail or wire transfers. Although some of Charles Schwab Bank, N.A.'s deposits come from traditional customer relationships in the AA such as those noted above, the majority are from Charles Schwab and Company customers across the United States. The bank's product offerings take advantage of its relationship with Charles Schwab and Company and focus on serving costumers' housing-related credit and general savings needs.

From the bank's inception, the bank has employed a full time community development officer to help build stronger ties with local community groups. In addition, the bank has provided one ATM in a low- and moderate-income senior affordable housing complex. The bank has donated computers and provided funds to two organizations to provide Internet access for each unit of an affordable housing development. This will afford those individuals, who do not have a home computer, the opportunity to access the bank's services through the Internet.

Consistent with its business plan, the bank did not open or close any branches in the AA during this evaluation period.

Community Development Services

The bank provided an excellent level of community development services, which are very responsive to the needs of the bank's assessment area. The bank provided over 3,000 hours of community development services to more than 28 local organizations. The bank was a leader in providing some of its community development services. Highlights of those services are noted below:

- The bank identified the limited number of community development organizations and investments as an issue in the MSA. In response to this need, the bank worked to increase capacity within the Reno MSA and the larger Northern Nevada regional area. In coordination with their capacity building and technical assistance projects, they have spent many hours counseling potential organizations and coordinating community development efforts throughout northern Nevada. Several community groups have commented positively on the bank's efforts in this regard. The bank is viewed as a catalyst for mobilizing banks and community development organizations around issues and projects in Northern Nevada. The capacity building training program and the grants program have been essential to building the non-profit infrastructure in Northern Nevada.
- The bank has been an influential member of the Nevada Bankers Collaborative and is part of a dedicated core group of banks that are working to establish statewide Individual Development Account programs and capacity building training throughout the state.
- The bank, in collaboration with several other community service organizations, government agencies, developers and realtors put together a homebuyer's fair to bring a network of organizations dedicated to affordable housing together with potential homebuyers. The event marked the first time a financial institution in the AA brought these groups together.
- The bank is working in partnership with an organization that helps women with chemical dependencies to rehabilitate all aspects of their lives. Charles Schwab Bank, N.A. has helped the organization include a component in each individual's treatment plan that introduces them to mainstream financial management and enables them to achieve responsibility and capability. The bank also provides matching funds for their savings accounts.
- Bank employees provided homeownership and underwriting assistance counseling to residents and developers of an award winning affordable housing development in the AA.
- Bank employees have provided financial counseling to an organization providing service to the homeless.

- The Charles Schwab Foundation and the Boys and Girls Clubs of America have developed the Money Matters program to help teenagers from disadvantaged circumstances expand their knowledge of money management and learn skills that lead to financial independence and well-being. Through funding and employee participation, the bank has helped to bring this program to four Native American Reservations and Boys and Girls Clubs throughout the AA.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): (1/01/04 to 12/31/05) Investment and Service Tests and CD Loans: (04/28/2003 to 04/03/06)	
Financial Institution	Products Reviewed	
Charles Schwab Bank, National Association (Schwab Bank or CSB) Reno, Nevada	HMDA Loans, Deposits, CD Investments, Services and Loans	
Affiliate(s)	Affiliate Relationship	Products Reviewed
Charles Schwab Foundation Charles and Helen Schwab Foundation		Community Development Grants and Donations.
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
(Reno Sparks MSA) #39900	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Schwab Reno Sparks 39900

Demographic Information for Full Scope Area: Schwab Reno Sparks 39900						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	69	2.90	26.09	39.13	31.88	0.00
Population by Geography	342,885	3.61	29.33	40.08	26.98	0.00
Owner-Occupied Housing by Geography	79,483	0.98	16.35	44.30	38.38	0.00
Business by Geography	40,486	4.27	46.04	27.42	22.27	0.00
Farms by Geography	555	3.06	31.53	34.95	30.45	0.00
Family Distribution by Income Level	85,502	19.08	18.90	23.06	38.95	0.00
Distribution of Low and Moderate Income Families throughout AA Geographies	32,474	6.00	40.70	38.42	14.87	0.00
Median Family Income HUD Adjusted Median Family Income for 2005 Households Below Poverty Level		54,100 63,750 9%	Median Housing Value Unemployment Rate (2000 US Census)		157,544 2.64%	

(*) The NA category consists of geographies that have not been assigned an income classification.

Source: 2000 US Census and 2005 HUD updated MFI

Nevada's population is primarily centered in two areas: Las Vegas in the south and Reno/Sparks in the north. The Reno/Sparks MSA is comprised of the counties of Washoe and Storey. Geographically, Washoe is the 7th largest county, and Storey is the 2nd smallest county. Storey is located southeast of Washoe and has limited opportunities for community development activities as much of its land is either controlled by the Bureau of Land Management or is designated with historical landmark status. Northern Nevada has benefited from the migration of businesses and population from Northern California, especially the San Francisco Bay Area. Reno/Sparks had a population of 365,443 in 2005. The Economic Development Authority of Western Nevada estimates that the area experienced a 13% population growth in the period from 2000-2005. Almost 30% of the area's population is minority. The median income for the area is \$63,750 and the average wage is \$36,067. Unemployment hovered at 4.5% at the beginning of 2006.

There are 17 insured financial institutions (86 branches); six credit unions, and four CDFIs in the MSA that provide a competitive financing environment. However, financing for small businesses, especially startups is limited. There is only one CDFI that finances small businesses primarily in urban areas. Rural startups receive financing support from USDA's Rural Development. Most of the business growth has been with large employers in the leisure, service, and construction sectors.

According to FDIC economists, Nevada continues to be one of the fastest growing states in the country. The state's job market exceeded all others during the fourth quarter of 2005. Nevada has experienced record growth since the late 1990's. The credit for the extreme growth goes to Nevada's competitive business environment that is fueled by the state's tax structure.

Nevada relies heavily on sales and leisure taxes. It basically exports its taxes to other geographies. Business growth has been in the gaming industry, construction, business services, and manufacturing.

Most of the jobs that have been created are in the service sectors, although there has been growth in the manufacturing and construction sectors. Overall, income growth in all jobs has increased only 7%. The result of the increase in housing prices and the slower growth in incomes is that individuals and families are relocating to less expensive areas primarily in Lyons County. Lyons is also the site of more industrial and manufacturing growth. There are several large distribution centers that have located in Fernley including Amazon.Com and Barnes & Noble. Although there are large facilities in Washoe County, the lack of housing, and lower land prices in the surrounding counties is driving the growth of businesses in those areas.

There are an estimated 145,000 housing units in the MSA. Sixty-three percent of the units are owner occupied. The price of a home has doubled during the 2000-2005 period. The median price of a home is now \$339,500. Rentals have also been impacted, as many apartments have been converted to condominiums with steep homeowners association dues. Moderate- and middle-income residents are filling the remaining apartments. The average rent for an apartment is now \$858.

Although Reno only has two low-income census tracts, affordable housing is a major challenge in the area. There are several moderate-income tracts with homes evidencing deferred maintenance that would support development. However, high prices for land and existing structures are the major problem in urban areas. Nevada suffers from a water shortage. The cost of water rights, which have quadrupled in the last three years, drives up the cost of land and has resulted in the construction of fewer affordable housing units. The problem is aggravated by the fact that there are a limited number of affordable housing developers in Northern Nevada. The low population in the area limits the amount of Low Income Housing Tax Credits (LIHTCs) that are allocated. On average there are only one or two tax credit projects developed each year. Historically, affordable housing in rural areas of the state was primarily manufactured homes. Fannie Mae does not allow its "My Community Mortgage" program (one of its most popular products) to be used for financing manufactured housing. This has severely limited the development and number of loans for the product.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to Appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: (1) purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MA/assessment area; (2) Partially geocoded loans (loans where no census tract is provided) cannot be broken down by income geographies and, therefore, are only reflected in the Total Loans in Core Tables 2 through 7 and part of Table 13; and (3) Partially geocoded loans are included in the Total Loans and % Bank Loans Column in Core Tables 8 through 12 and part of Table 13. Tables without data are not included in this PE.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MA/assessment area. Community development loans to statewide or regional entities or made outside the bank’s assessment area may receive positive CRA consideration.
- Table 1. Other Products** - Presents the number and dollar amount of any unreported category of loans originated and purchased by the bank over the evaluation period by MA/assessment area. Examples include consumer loans or other data that a bank may provide, at its option, concerning its lending performance. This is a two-page table that lists specific categories.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Home Mortgage Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Multifamily Loans** - Compares the percentage distribution of the number of multifamily loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of multifamily housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.

- Table 6. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small business data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 7. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available. Because small farm data are not available for geographic areas smaller than counties, it may be necessary to use geographic areas larger than the bank's assessment area.
- Table 8. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 9. Borrower Distribution of Home Improvement Loans** - See Table 8.
- Table 10. Borrower Distribution of Refinance Loans** - See Table 8.
- Table 11. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.

Table 13. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL) - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MA/assessment area.

Table 14. Qualified Investments - Presents the number and dollar amount of qualified investments made by the bank in each MA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.

A bank may receive positive consideration for qualified investments in statewide/regional entities or made outside of the bank's assessment area.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MA/AA. The table also presents data on branch openings and closings in each MA/AA.

Table 1. Lending Volume

LENDING VOLUME 2005		Geography: RENO SPARKS MSA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 28,				
MA/Assessment Area (2004):	% of Rated Area Loans (#) in MA/AA	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MA/AA***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$(000's)	
Full Review:												
Schwab Reno-Sparks 39900	99.17	118	25,029	0	0	0	0	1	1,030	119	26,059	100.00
Greater Statewide Regional Area	0.83	0	0	0	0	0	0	1	414	1	414	0

* Loan Data as of December 28, 2005. Rated area refers to either state or multi-state MA rating area.

** The evaluation period for Community Development Loans is from April 28, 2003 to April 03, 2006.

*** Deposit Data as of April 13, 2006. Rated Area refers to either the state, multi-state MA, or institution, as appropriate.

Table2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE DECEMBER 28, 2005		Geography: RENO SPARKS MSA						Evaluation Period: JANUARY 1, 2004 TO							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% Bank loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over-all	Low	Mod	Mid	Upp
Full Review:															
Schwab Reno Sparks 39900	58	100.00	0.98	0.00	16.35	44.83	44.30	20.69	38.38	34.48	0.09	0.00	0.12	0.07	0.11

* Based on 2004 Peer Mortgage Data (Western)

** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT DECEMBER 28, 2005			Geography: RENO SPARKS MSA						Evaluation Period: JANUARY 1, 2004 TO						
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography				
	#	% of Total**	% Owner Occ Units***	% Bank loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full Review:															
Schwab Reno Sparks 39900	2	100.00	0.98	0.00	16.35	0.00	44.30	50.00	38.38	50.00	0.07	0.00	0.00	0.00	0.16

* Based on 2004 Peer Mortgage Data (Western)

** Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE DECEMBER 28, 2005			Geography: RENO SPARKS MSA								Evaluation Period: JANUARY 1, 2004 TO				
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% Owner Occ Units***	% Bank loans****	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	% Owner Occ Units***	% BANK Loans	Over-all	Low	Mod	Mid	Upp
Full Review:															
Schwab Reno Sparks 39900	57	100.0	0.98	1.75	16.35	7.02	44.30	28.07	38.38	63.16	0.14	1.41	0.09	0.08	0.21

* Based on 2004 Peer Mortgage Data (Western)

** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

*** Percentage of Owner Occupied Units is the number of owner occupied units in a particular geography divided by the number of owner occupied housing units in the area based on 2000 Census information.

**** Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 5. Geographic Distribution of Multifamily Loans

Geographic Distribution: MULTIFAMILY 28, 2005			Geography: RENO SPARKS MSA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER						
MA/Assessment Area:	Total Multifamily Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography*				
	#	% of Total**	% of MF Units***	% Bank loans***	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	% MF Units***	% BANK Loans	Over-all	Low	Mod	Mid	Upp
Full Review:															
Schwab Reno Sparks 39900	1	100.00	11.64	0.00	53.56	0.00	24.75	0.00	10.04	100.00	0.00	0.00	0.00	0.00	0.00

* Based on 2004 Peer Mortgage Data (Western)

** Multi-family loans originated and purchased in the MA/AA as a percentage of all multi-family loans originated and purchased in the rated area.

*** Percentage of Multi Family Units is the number of multi family units in a particular geography divided by the number of multifamily housing units in the area based on 2000 Census information.

**** Multifamily loan distribution includes Home Purchases, Home Improvement and Refinances.

Table 8. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE 28, 2005		Geography: RENO SPARKS MSA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER							
MA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total	% Families	% BANK Loans****	% BANK Loans ¹	% BANK Loans ^{**}	% Families ^{***}	% BANK Loans ^{****}	% Families ^{**}	% BANK Loans ^{****}	Over-all	Low	Mod	Mid	Upp
Full Review:															
Schwab Reno Sparks 39900	58	100.00	19.08	20.69	18.90	29.31	23.06	12.07	38.95	37.93	0.11	0.20	0.22	0.06	0.09

* Based on 2004 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home purchase loans originated and purchased in the MA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

¹ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 9. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT DECEMBER 28, 2005		Geography: RENO SPARKS MSA								Evaluation Period: JANUARY 1, 2004 TO DECEMBER 28, 2005					
MA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share [*]				
	#	% of Total ^{**}	% Famili es ^{***}	% BANK Loans ^{****}	% BANK Families ²	% BANK Loans ^{****}	% Families* **	% BANK Loans ^{****}	% Families* **	% BANK Loans ^{****}	Overall	Low	Mod	Mid	Upp
Full Review:															
Schwab Reno Sparks 39900	2	100.00	19.08	50.00	18.90	0.00	23.06	0.00	38.95	50.00	0.07	0.00	0.00	0.00	0.15

^{*} Based on 2004 Peer Mortgage Data (Western)

^{**} As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

^{***} Percentage of Families is based on the 2000 Census information.

^{****} Home improvement loans originated and purchased in the MA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

² Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 10. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE DECEMBER 28, 2005			Geography: RENO SPARKS MSA						Evaluation Period: JANUARY 1, 2004 TO DECEMBER 28, 2005						
MA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share				
	#	% of Total**	% Families***	% BANK Loans****	% Families ³	% BANK Loans****	% Families* **	% BANK Loans****	% Families* **	% BANK Loans** **	Over- all	Low	Mod	Mid	Upp
Full Review:															
Schwab Reno Sparks 39900	54	100.00	19.08	14.81	18.90	25.93	23.06	22.22	38.95	37.04	0.15	0.12	0.06	0.14	0.20

* Based on 2004 Peer Mortgage Data (Western)

** As a percentage of loans with borrower income information available. No information was available for 0.0% of loans originated and purchased by bank.

*** Percentage of Families is based on the 2000 Census information.

**** Home refinance loans originated and purchased in the MA/AA as a percentage of all home refinance loans originated and purchased in the rated area.

³ Data shown includes only One to Four-family and manufactured housing. (Property type of 1 or 2)

Table 14. Qualified Investments

QUALIFIED INVESTMENTS 2005		Geography: RENO SPARKS MSA				Evaluation Period: JANUARY 1, 2004 TO DECEMBER 28,			
MA/Assessment Area:	Prior Period Investments		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$(000's)	#	\$(000's)	#	\$(000's)	% of Total	#	\$(000's)
Full Review:									
Schwab Reno Sparks 39900	0	0	118	10,488	118	10,488	100.00	1	1,970
Greater Statewide/Regional Area			36	8,206	36	8,206	100.00	0	0

* 'Prior Period Investments' means investments made in a previous period that are outstanding as of the examination date.

** 'Unfunded Commitments' means legally binding investment commitments that are tracked and recorded by the institution's financial reporting system.

Table 15. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS JANUARY 1, 2004 TO DECEMBER 28, 2005								Geography: RENO SPARKS MSA				Evaluation Period:					
MA/Assessment Area:	Deposits	Branches						Branch Openings/Closings				Population					
	% of Rated Area Deposits in AA	# of BANK Branches	% of Rated Area Branches in AA	Location of Branches by Income of Geographies (%)				# of Branch Openings	# of Branch Closings	Net change in Location of Branches (+ or -)				% of Population within Each Geography			
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp
Full Review:																	
Schwab Reno Sparks 39900	100.00	1	100.00	0.00	100.0	0.00	0.00	0	0	0	0	0	0	3.61	29.33	40.08	26.98