



News Release

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SCHWAB CHARITABLE PIONEERS INNOVATIVE MICROFINANCE GUARANTEE PROGRAM

First of its kind service allows Schwab Charitable donors to support the world's poorest entrepreneurs

SAN FRANCISCO, Sept. 24, 2008 — Schwab Charitable, one of the country's largest and fastest growing nonprofits and facilitators of charitable giving with over \$2 billion in assets and \$350MM in annual grants, announced today the launch of an innovative microfinance guarantee program. It is the first program of its kind to enable donors to set aside a portion of their Charitable Gift Accounts to guarantee microfinance loans to the world's poorest entrepreneurs to start, maintain or expand small businesses. Guarantees are different from direct gifts to microfinance in that funds may never have to leave a donor's account. The new program is designed to allow donors to maximize their charitable impact by putting donated dollars to use as a microfinance guarantee while they are still held in their Charitable Gift Accounts and invested for growth and future granting.

"This program gives our donors an additional opportunity to make a difference in the lives of others," said Kim Wright-Violich, President of Schwab Charitable. "They have secured a tax deduction by making a gift to a donor-advised fund and now they can double their charitable impact by putting the funds to use once as a microfinance guarantee and then a second time as a grant to a completely different cause."

The Schwab Charitable microfinance guarantee program is expected to increase the availability and reduce the costs of microfinance loans in over 25 developing countries and will be launched in phases in response to interest, which is expected to be quite high. The first phase will begin with an estimated \$20-30 million in guarantees and could help make possible well over 100,000 microloans. The program is being launched in collaboration with Grameen Foundation, a leading microfinance network, and will evolve to include Developing World Markets, a leading lender to microfinance institutions, as it grows.

"We are excited to be partnering with Schwab Charitable to expand the reach of microfinance loan programs around the world," said Alex Counts, President of Grameen Foundation. "Historically, guarantee programs have only been open to large foundations or to the very wealthy. This program opens up participation to a much broader range of donors, democratizing access and building a solid base of ongoing support."

"This Schwab Charitable microfinance initiative will very efficiently deliver needed financing to the world's economically active poor, helping lift families out of poverty and spurring economic growth. It's an honor to join with Schwab Charitable to execute and deliver on this mission," said Peter Johnson, a founding partner of Developing World Markets.

The Schwab Charitable microfinance guarantee program is optional and available only to Schwab Charitable donors. Donors who agree to participate will recommend that up to 10 percent of their Charitable Gift Accounts be set aside for a period of 24-36 months to help guarantee microfinance loans. Any funds used to guarantee microloans will stay in their accounts, will continue to be invested for the entire period and will be applied to the guarantee only if the microfinance program has losses in excess of reserves. In addition, Schwab Charitable will report back to participating donors on the social and economic impact that these microfinance loans provide to their various recipients.

“Our clients have expressed increasing interest in supporting microfinance over the years,” said Debra Wetherby, CEO of Wetherby Asset Management, an independent investment advisory firm with more than \$3 billion under management “We love this program because it will enable our clients to keep their Charitable Gift Accounts prudently invested while also putting them to immediate work in a very meaningful way. It is a true win for everybody involved.”

“We are always looking for ways to help our donors maximize their charitable impact and we hope this is just the first in a series of innovative charitable ways to pledge assets held in charitable gift accounts,” said Ms. Wright-Violich. “Microfinance is the natural first step because it has a strong and successful track record, has proven to be sustainable and helps people move toward self-sufficiency.”

The Schwab Charitable Microfinance Guarantee Program is another in a series of innovations from Schwab Charitable. In 2007, Schwab Charitable made charitable gift accounts accessible to an even broader group of donors by lowering the minimum initial contribution from \$10,000 to \$5,000 and the minimum grant size from \$250 to \$100. In addition, its Charitable Asset Management program — a philanthropic option that allows high net worth donors who contribute \$250,000 or more to nominate an independent investment advisor to manage their donated funds — is the leading program of its kind. Schwab Charitable was the first leading national donor-advised fund to offer donors the option to have advisors manage the assets in their Charitable Gift Accounts.

For more information about Schwab Charitable or the Schwab Charitable microfinance program, visit www.schwabcharitable.org.

About Schwab Charitable

Created as a national donor-advised fund with a mission to increase charitable giving nationwide, Schwab Charitable has raised over \$3 billion and has facilitated more than \$1 billion grants to charity since inception. In 2007, the Fund received more than \$1 billion in donations, which is expected to place Schwab Charitable among the top ten fundraising charities in the United States and the largest in the State of California.

About Grameen Foundation

Grameen Foundation is a global non-profit organization that combines microfinance, technology, and innovation to empower the world's poorest people to escape poverty through its network of partners in 25 countries. For more information, visit www.grameenfoundation.org

About Developing World Markets

Developing World Markets is a fund manager and investment bank specialized in microfinance and other “double bottom line” financial products that aim to deliver both social and economic returns to investors. More information, visit www.dwmarkets.com

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