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**E*TRADE FINANCIAL CORPORATION REPORTS
MONTHLY ACTIVITY FOR AUGUST 2012;
PROVIDES UPDATES TO ITS LOAN DELINQUENCIES**

NEW YORK, September 19, 2012 – E*TRADE Financial Corporation (NASDAQ: ETFC) today released its Monthly Activity Report for August 2012.

Daily Average Revenue Trades (“DARTs”) for August were 121,570, a five percent decrease from July and a 37 percent decrease from the year-ago period. The Company added 33,303 gross new brokerage accounts in August, ending the month with approximately 2.9 million brokerage accounts – an increase of 18,034 from July. Total accounts ended the month at approximately 4.4 million.

Net new brokerage assets were positive \$1.1 billion in the month. During the month, customer security holdings increased by three percent, or \$4.0 billion, and brokerage-related cash increased by \$1.8 billion to \$31.4 billion, as customers were net sellers of approximately \$1.2 billion in securities. Bank-related cash and deposits ended the month unchanged, at \$7.3 billion.

The Company also updated delinquency statistics in its loan portfolio. For the Company’s entire loan portfolio; total special mention delinquencies (30 to 89 days delinquent) decreased three percent from June 30, 2012 to August 31, 2012 and decreased six percent from July 31, 2012 to August 31, 2012, while total “at risk” delinquencies (30 to 179 days delinquent) decreased four percent from June 30, 2012 to August 31, 2012 and decreased six percent from July 31, 2012 to August 31, 2012. Additional loan delinquency data is provided in the second table of this release.

(more)

Monthly Activity Data

	Aug-12	Jul-12	Aug-11	% Chg. M/M	% Chg. Y/Y
Trading days	23.0	20.5	23.0	N.M.	N.M.
DARTs	121,570	128,594	193,546	(5.5)%	(37.2)%
Gross new brokerage accounts	33,303	22,432	36,105	48.5 %	(7.8)%
Gross new stock plan accounts	26,649	18,060	15,455	47.6 %	72.4 %
Gross new banking accounts	1,365	1,222	1,780	11.7 %	(23.3)%
Total gross new accounts	61,317	41,714	53,340	47.0 %	15.0 %
Net new brokerage accounts	18,034	(4,363)	10,148	N.M.	N.M.
Net new stock plan accounts	9,478	5,308	4,123	N.M.	N.M.
Net new banking accounts	(2,507)	(3,345)	(6,002)	N.M.	N.M.
Net new accounts	25,005	(2,400)	8,269	N.M.	N.M.
End of period brokerage accounts	2,888,276	2,870,242	2,770,837	0.6 %	4.2 %
End of period stock plan accounts	1,119,088	1,109,610	1,065,941	0.9 %	5.0 %
End of period banking accounts	440,296	442,803	475,629	(0.6)%	(7.4)%
End of period total accounts	4,447,660	4,422,655	4,312,407	0.6 %	3.1 %
Customer Assets (\$B)					
Security holdings	\$ 139.3	\$ 135.3	\$ 119.9	3.0 %	16.2 %
Customer payables (cash)	5.8	5.3	5.3	9.4 %	9.4 %
Customer cash balances held by third parties	3.9	3.7	3.3	5.4 %	18.2 %
Unexercised stock plan customer options (vested)	22.3	21.4	18.9	4.2 %	18.0 %
Customer assets in brokerage and stock plan accounts	171.3	165.7	147.4	3.4 %	16.2 %
Sweep deposits	21.7	20.6	17.4	5.3 %	24.7 %
Savings, transaction and other	7.3	7.3	8.0	0.0 %	(8.8)%
Customer assets in banking accounts	29.0	27.9	25.4	3.9 %	14.2 %
Total customer assets	\$ 200.3	\$ 193.6	\$ 172.8	3.5 %	15.9 %
Net new brokerage assets (\$B) ⁽¹⁾	\$ 1.1	\$ 0.3	\$ 1.6	N.M.	N.M.
Net new banking assets (\$B) ⁽¹⁾	0.0	(0.1)	(0.4)	N.M.	N.M.
Net new customer assets (\$B) ⁽¹⁾	\$ 1.1	\$ 0.2	\$ 1.2	N.M.	N.M.
Brokerage related cash (\$B)	\$ 31.4	\$ 29.6	\$ 26.0	6.1 %	20.8 %
Other customer cash and deposits (\$B)	7.3	7.3	8.0	0.0 %	(8.8)%
Total customer cash and deposits (\$B)	\$ 38.7	\$ 36.9	\$ 34.0	4.9 %	13.8 %
Customer net (purchase) / sell activity (\$B)	\$ 1.2	\$ 0.2	\$ (2.6)	N.M.	N.M.

(1) Net new customer assets are total inflows to all new and existing customer accounts less total outflows from all closed and existing customer accounts. The net new banking assets and net new brokerage assets metrics treat asset flows between E*TRADE entities in the same manner as unrelated third party accounts.

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Loan Delinquency Data

	Aug-12	Jul-12	Jun-12	% Chg. Aug 12 - Jul 12	% Chg. Jul 12 - Jun 12	% Chg. Aug 12 - Jun 12
<u>One- to Four-Family (\$MM)</u>						
Current	\$ 5,196	\$ 5,249	\$ 5,329	(1)%	(2)%	(2)%
30-89 days delinquent	222	237	227	(6)%	4 %	(2)%
90-179 days delinquent	108	116	119	(7)%	(3)%	(9)%
Total 30-179 days delinquent	330	353	346	(7)%	2 %	(5)%
180+ days delinquent	315	326	338	(3)%	(4)%	(7)%
Total delinquent loans ⁽¹⁾	645	679	684	(5)%	(1)%	(6)%
Gross loans receivable ⁽²⁾	\$ 5,841	\$ 5,928	\$ 6,013	(1)%	(1)%	(3)%
<u>Home Equity (\$MM)</u>						
Current	\$ 4,388	\$ 4,464	\$ 4,543	(2)%	(2)%	(3)%
30-89 days delinquent	100	105	104	(5)%	1 %	(4)%
90-179 days delinquent	69	70	71	(1)%	(1)%	(3)%
Total 30-179 days delinquent	169	175	175	(3)%	0 %	(3)%
180+ days delinquent	42	41	43	2 %	(5)%	(2)%
Total delinquent loans ⁽¹⁾	211	216	218	(2)%	(1)%	(3)%
Gross loans receivable ⁽²⁾	\$ 4,599	\$ 4,680	\$ 4,761	(2)%	(2)%	(3)%
<u>Consumer and Other (\$MM)</u>						
Current	\$ 917	\$ 934	\$ 957	(2)%	(2)%	(4)%
30-89 days delinquent	17	20	18	(15)%	11 %	(6)%
90-179 days delinquent	4	4	3	0 %	33 %	33 %
Total 30-179 days delinquent	21	24	21	(13)%	14 %	0 %
180+ days delinquent	-	-	-	N.M.	N.M.	N.M.
Total delinquent loans	21	24	21	(13)%	14 %	0 %
Gross loans receivable ⁽²⁾	\$ 938	\$ 958	\$ 978	(2)%	(2)%	(4)%
<u>Total Loans Receivable (\$MM)</u>						
Current	\$ 10,501	\$ 10,647	\$ 10,829	(1)%	(2)%	(3)%
30-89 days delinquent	339	362	349	(6)%	4 %	(3)%
90-179 days delinquent	181	190	193	(5)%	(2)%	(6)%
Total 30-179 days delinquent	520	552	542	(6)%	2 %	(4)%
180+ days delinquent	357	367	381	(3)%	(4)%	(6)%
Total delinquent loans ⁽¹⁾	877	919	923	(5)%	(0)%	(5)%
Total gross loans receivable ⁽²⁾	\$ 11,378	\$ 11,566	\$ 11,752	(2)%	(2)%	(3)%

(1) Delinquent loans include charge-offs for loans that are in bankruptcy or are 180 days past due which have been written down to their expected recovery value.

(2) Includes unpaid principal balances and premiums (discounts).

Historical metrics and financials can be found on E*TRADE Financial's investor relations website at <https://investor.etrade.com>.

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