



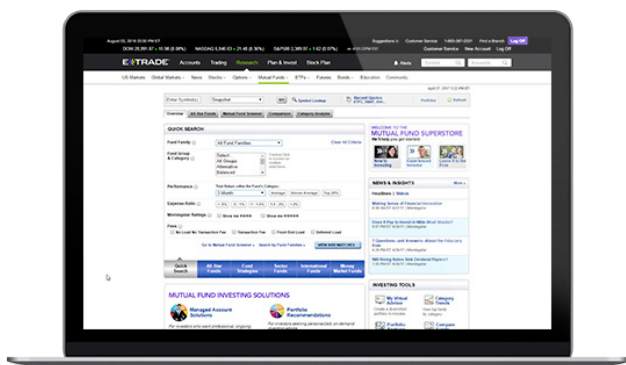
# CORPORATE REPORT 2017

EXTRADE®

# > Overview

We are a financial services company that provides online brokerage and related products and services primarily to individual retail investors. Founded on the principle of innovation, we aim to enhance the financial independence of traders and investors through a powerful digital experience that includes tools and educational material, supported by professional guidance, to help individual investors and traders meet their near- and long-term investing goals. We provide these services to customers through our digital platforms and network of industry-licensed customer service representatives and financial consultants, over the phone, by email and online via two national financial centers and in-person at 30 regional financial centers across the United States. We operate federally chartered savings banks with the primary purpose of maximizing the value of deposits generated through our brokerage business.

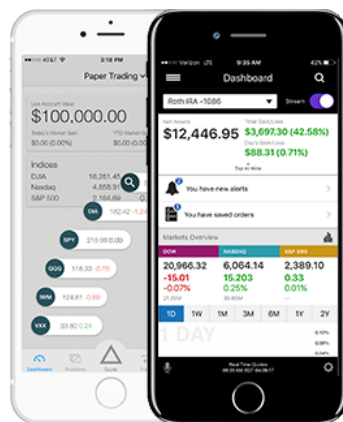
Delivering a powerful digital offering to our customers is a core pillar of our business strategy and we believe our focus on being a digital leader in the financial services industry is a competitive advantage. Our hybrid delivery model is available through the following award-winning digital platforms:



**Web**

Our leading-edge sites for customers and our primary channel to interact with prospects

- Access to a broad range of trading solutions
- Actionable ideas and information
- Research and education for decision making



**Mobile**

Powerful trading applications for smartphones, tablets and watches

- Award-winning mobile apps
- Platforms to manage accounts on the move
- Stock and portfolio alerts



**Active Trading Platforms**

Powerful software and web-based trading solutions

- Sophisticated trading tools
- Idea generation and analysis
- Advanced portfolio and market tracking

# > Strategy

Our business strategy is centered on two key objectives: accelerating the growth of our core brokerage business to improve market share, and generating robust earnings growth and healthy returns on capital to deliver long-term value for our shareholders.

## Accelerate Growth of Core Brokerage Business

### **Enhance overall customer experience**

We are focused on delivering cutting-edge trading solutions while improving our market position in investing products. Through these offerings, we aim to continue growing our customer base while deepening engagement with our existing customers.

### **Capitalize on value of corporate services channel**

Our corporate services channel is a strategically important driver of brokerage account and asset growth. We leverage our industry-leading position in corporate stock plan administration to improve client acquisition and engage with plan participants to bolster awareness of our full suite of offerings.

## Generate Robust Earnings Growth and Healthy Returns on Capital

### **Utilize balance sheet to enhance returns**

We utilize our bank structure to effectively monetize brokerage relationships by investing stable, low-cost deposits primarily in agency mortgage-backed securities. Meanwhile, we continue to manage down the size and risk associated with our legacy loan portfolio.

### **Put capital to work for shareholders**

As we continue to deliver on our capital plan initiatives, we are focused on generating and effectively deploying excess capital, including through our share repurchase program, for the benefit of our shareholders.



# > Products and Services

We offer a broad range of products and services to our customers. Our core brokerage business is organized into three product areas: Trading, Investing and Corporate Services. Additionally, we offer banking and cash management capabilities, including FDIC-insured deposit accounts, which are fully integrated into customer brokerage accounts. Among other features, customers have access to debit cards with ATM fee refunds, online and mobile bill pay, mobile check deposits, Apple Pay and E\*TRADE Line of Credit.

## **Trading**

The Company delivers automated trade order placement and execution services, offering our customers a full range of investment vehicles, including US equities, exchange-traded funds (ETFs), options, bonds, futures, American depository receipts (ADRs) and non-proprietary mutual funds. Margin accounts are also available to qualifying customers, enabling them to borrow against their securities. We help customers plan and execute margin trades through robust margin solutions, including calculators and requirement lookup and analysis tools. The Company also offers a fully paid lending program, which allows our customers to be compensated for lending certain securities in their account.

The Company markets trading products and services to self-directed investors and active traders. Products and services are delivered through web, desktop and mobile digital channels. Trading and investing tools are supported by guidance, including fixed income, options and futures specialists available on-call for customers. Other tools and resources include independent research and analytics, live and on-demand education, and strategies, trading ideas and screeners for major asset classes.

## **Investing**

The Company endeavors to help investors build wealth and address their long-term investing needs. Products and services include individual retirement accounts (IRAs), including Roth IRAs, and a suite of managed products and asset allocation models. These include our Core Portfolios, Blend Portfolios, Dedicated Portfolios, and Fixed Income Portfolios. Investors are provided a full breadth of digital

tools across the Company's web and mobile channels to address their investing needs. These include planning and allocation tools, education, and editorial content.

The Company also offers guidance through a team of licensed financial consultants and Chartered Retirement Planning Counselors<sup>SM</sup> at our 30 regional financial centers across the country. Guidance is also accessible through our two national financial centers by phone, email and online channels. Customers can receive complimentary portfolio reviews and personalized investment recommendations.

## **Corporate Services**

The Company provides stock plan administration services for both public and private companies. Through our industry-leading platform, Equity Edge Online™, the Company offers management of employee stock option plans, employee stock purchase plans and restricted stock plans with fully-automated stock plan administration. Accounting, reporting and scenario modeling tools are also available. The integrated stock plan solutions include multi-currency settlement and delivery, disbursement in international countries and streamlined tax calculation. Additionally, corporate clients are offered 10b5-1 plan design and implementation and SEC filing assistance. The Company's digital platforms allow participants in corporate client stock plans to view and manage their holdings. Additionally, participants have access to education tools, restricted stock sales support and dedicated stock plan service representatives. The Corporate Services channel is an important driver of brokerage account and asset growth, serving as an introductory channel to the Company, with approximately 1.5 million individual stock plan accounts across nearly 1,000 corporate clients that represent approximately 20% of S&P 500 companies.





## > Sales and Customer Service

We believe providing superior sales and customer service is fundamental to our business. We strive to maintain a high standard of customer service by staffing the customer support team with appropriately trained personnel who are equipped to handle customer inquiries in a prompt and thorough manner. Our customer service representatives utilize technology solutions that enable our team to reduce the number of touch-points required to answer customer inquiries. We also have specialized customer service programs that are tailored to the needs of each core customer group. We provide sales and customer support through the following channels:

### **Online**

Our Online Service Center serves as a portal for customer requests, providing answers to frequently asked questions, a secure message portal, and live chat capabilities to engage directly with our customer service representatives. In addition, our Investor Education Center provides customers with access to a variety of live and on-demand educational content and courses.

### **Phone**

We have a toll-free number that connects customers to the appropriate department where an investment advisor or customer service representative can assist with the customer's inquiry.

### **Financial Centers**

We have 30 financial centers located across the US where retail investors can get face-to-face support and guidance. Financial consultants are available on-site to help customers assess their current asset allocation and develop plans to help them achieve their investment goals. Customers can also contact our financial consultants via phone or e-mail.

## E\*TRADE Financial Board of Directors

### **Rodger A. Lawson**

Executive Chairman, E\*TRADE Financial Corporation

### **Kevin T. Kabat, Lead Independent Director**

Retired Banking Executive

### **Richard J. Carbone**

Retired Financial Services Executive

### **James P. Healy**

Chief Executive Officer, Capra Ibex Advisors

### **Frederick W. Kanner**

Retired Corporate Lawyer

### **James Lam**

President, James Lam & Associates

### **Shelley B. Leibowitz**

Technology Advisor

### **Karl A. Roessner**

Chief Executive Officer,  
E\*TRADE Financial Corporation

### **Rebecca Saeger**

Retired Marketing Executive

### **Joseph L. Sclafani**

Retired Banking Executive

### **Gary H. Stern**

Retired Financial Services Regulator

### **Donna L. Weaver**

Retired Corporate Executive

## E\*TRADE Financial Executive Leadership

### **Karl A. Roessner**

Chief Executive Officer

### **Paul W. Brandow**

Chief Risk Officer

### **Lance M. Braunstein**

Chief Information Officer

### **Michael J. Curcio**

Chief Brokerage Officer

### **Glory DeSimone**

Chief Human Resources Officer

### **Brett H. Goodman**

Chief Communications Officer

### **Michael A. Pizzi**

Chief Financial Officer

### **Lori S. Sher**

General Counsel

### **Lea K. Stendahl**

Chief Marketing Officer

## Shareholder Services

### **Corporate Headquarters**

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New York, NY 10036-9992

### **Investor Relations & Shareholder Information**

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646-521-4340

### **Media Relations**

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646-521-4418

### **Transfer Agent and Registrar**

American Stock Transfer & Trust Company  
6201 15th Avenue  
Brooklyn, NY 11219  
1-800-937-5449

### **Independent Auditors**

Deloitte & Touche LLP  
McLean, VA

#### **Forward-Looking Statements**

The statements contained in this report that are forward looking, including statements regarding: our future plans, objectives, outlook, strategies, expectations and intentions relating to our business and future financial and operating results and the assumptions that underlie these matters, the achievement of synergies across our channels, our ability to return a significant portion of our earnings to shareholders, our ability to execute our business plans, including further expanding our digital wealth management offering and improving our banking capabilities, future sources of revenue and market share positions, the ability of our technology solution for advisors and our referral program to attract and retain customers seeking specialized services and sophisticated advice, and any other statement that is not historical in nature, are “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, and are subject to a number of uncertainties and risks. Actual results may differ materially from those indicated in the forward-looking statements. The uncertainties and risks include, but are not limited to, changes in business, economic or political conditions, performance, volume and volatility in the equity and capital markets, changes in interest rates or interest rate volatility, our ability to manage our balance sheet size and capital levels, disruptions or failures of our information technology systems or those of our third party service providers, cyber security threats, system disruptions and other potential security breaches or incidents, customer demand for financial products and services, our ability to continue to compete effectively and respond to aggressive competition within our industry, our ability to participate in consolidation opportunities in our industry, to complete consolidation transactions and to realize synergies or implement integration plans, our ability to manage our significant risk exposures effectively, the occurrence of risks associated with our advisory services, our ability to manage credit risk with customers and counterparties, our ability to service our corporate debt and, if necessary, to raise additional capital, changes in government regulation, including interpretations, or actions by our regulators, including those that may result from the implementation and enforcement of regulatory reform legislation, and adverse developments in any investigations, disciplinary actions or litigation. Further information about these risks and uncertainties can be found in the annual, quarterly, and current reports on Form 10-K, as amended, Form 10-Q, and Form 8-K previously filed by E\*TRADE Financial Corporation with the Securities and Exchange Commission (including information in these reports under the caption “Risk Factors”). Any forward-looking statement included in this report speaks only as of the date of this communication; the Company disclaims any obligation to update any information, except as required by law.