



E*TRADE FINANCIAL INVESTOR PRESENTATION

January 2020

Notice to investors

Safe Harbor Statement

This presentation contains certain forward-looking statements regarding E*TRADE Financial Corporation's (the "Company") future plans, objectives, outlook, strategies, expectations and intentions relating to its business and future financial and operating results and the assumptions that underlie these matters, including its outlook on the brokerage industry and the broader economic environment, the Company's strategic business initiatives, including bolstering customer acquisition and retention, the Company's capital plan, the Company's balance sheet plans and expected costs, the Company's ability to generate capital and pay additional dividends in the future, the Company's continued repurchases of outstanding shares, the Company's ability to continue to grow and deliver value for its shareholders, including in various interest rate environments, and any other statement that is not historical in nature. E*TRADE claims the protection of the safe harbor contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements. Such statements are not guarantees of future performance and are subject to risk, uncertainties and assumptions which are difficult to predict and outside of the Company's control. Various factors, including risks and uncertainties referred to in the Company's most recent Form 10-K, as amended, Form 10-Q, and other reports the Company periodically files with the Securities and Exchange Commission (SEC) and that are available for free by visiting EDGAR on the SEC website at www.sec.gov, could cause the Company's actual results to differ materially from those indicated by management's projections or other forward-looking statements.

Non-GAAP financial measures

In addition to financial results prepared in accordance with Generally Accepted Accounting Principles, or GAAP, this presentation also contains certain non-GAAP financial measures. Management believes that adjusting GAAP measures by excluding or including certain items is helpful to investors and analysts who may wish to use some or all of this information to analyze the Company's current performance, prospects, and valuation. Management uses this non-GAAP information internally to evaluate operating performance and in formulating the budget for future periods. Management believes that the non-GAAP measures discussed below are appropriate for evaluating the operating and liquidity performance of the Company. It is important to note these non-GAAP measures involve judgment by management and should be considered in addition to, not as a substitute for, the most directly comparable measures calculated and prepared in accordance with GAAP. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures with their most direct comparable GAAP financial measures included as an appendix to this presentation.

Important notices

E*TRADE, E*TRADE Financial, E*TRADE Bank, E*TRADE Savings Bank, E*TRADE Corporate Services, E*TRADE Advisor Network, E*TRADE Advisor Services, the E*TRADE logo, OptionsHouse, Equity Edge Online, Trust Company of America, Liberty, and Gradifi are trademarks of E*TRADE Financial Corporation in the United States and in other countries. All other trademarks are the property of their respective owners. All mentions of the bank and the Company's bank are in reference to E*TRADE Bank and E*TRADE Savings Bank, where applicable. All mentions of the parent are in reference to E*TRADE Financial Corporation.

This presentation presents data as of December 31, 2019, unless otherwise indicated. The Company disclaims any obligation to update this presentation or the information contained herein, except as required by law.

Company overview

E*TRADE is a leading financial services company and pioneer in the online brokerage industry. Having executed the first-ever online trade by an individual investor more than 30 years ago, the Company has long been at the forefront of the digital revolution, focused on delivering complete and easy-to-use solutions for traders, investors, stock plan participants, and registered investment advisors. Founded on the principle of innovation, E*TRADE aims to enhance the financial independence of traders and investors through a powerful digital offering and professional guidance—over the phone at two national branches and in person at 30 E*TRADE branches across the United States. E*TRADE operates a bank with the primary purpose of maximizing the value of retail deposits and providing transactional banking services.

Retail channel

Trading—platforms for the beginner to the active derivatives trader

Investing—digitally led capabilities and managed products

Banking—range of transaction-based and cash management solutions

291K

DARTs

98K

Derivative DARTs

\$361.7B

Retail assets

5MM

Retail accounts



Branches: 30

National branches: 2

Employees: ~4,100

Institutional channels

E*TRADE Corporate Services is the industry-leading stock plan administrator for plan sponsors and participants globally¹

\$295.8B

Corporate Services assets

2MM

Corporate Services accounts

E*TRADE Advisor Services is a seamless integration of powerful technology and specialized support, built to help registered investment advisors (RIAs) realize their full potential

\$20.0B

Advisor Services assets

148K

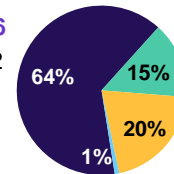
Advisor Services accounts

Performance highlights

Financial highlights

Net revenue (\$ in MMs): \$2,886

■ Net interest income:	1,852
■ Commissions:	421
■ Fees & service charges:	588
■ Other non-interest income:	25



Capital return

- \$1.2B capital paid out
- 25MM shares repurchased
- \$0.14 quarterly dividend

Financial strength

- 44% adjusted operating margin²
- \$3.85 diluted EPS
- 16% ROE³

³ All performance and financial metrics presented on a trailing 12-month basis.

Deep history of innovation and disruption

1982

E*TRADE GROUP incorporated in Palo Alto, CA

1983

E*TRADE founder Bill Porter processes the first online trade

1986

Develops groundbreaking quick ticket system to enable customers to obtain quotes in 15 seconds

1989

McGraw Hill begins offering its news services online through E*TRADE (then called TradePlus)

1992

Launches the first IVR service, allowing customers to automatically place trades over the phone

1993

First E*TRADE branch opens in Long Island, with two trading terminals

1996

E*TRADE IPO

1997

Launches pioneering online mutual fund center

1998

First financial services site to earn CPA WebTrust Seal of Assurance

2000

Launches first portal solution for mobile devices

2002

Professional-grade active trading software E*TRADE Pro launches

2003

Launches real-time transfers between bank and brokerage accounts

2005

Two-factor authentication offered—one of the first of its kind for retail investors

2008

Launches first ever mobile app for the digital brokerage industry, via Blackberry

2009

- First iPhone® app launches
- Online Advisor launches
- Equity Edge Online® launches

2010

- First to launch iPad® & Android apps
- CNBC live streaming offered on Pro

2012

- First to launch Windows Phone app
- First to offer mobile check deposit and voice recognition on iPhone

2014

- iOS8 app launch with biometric logon
- First-ever browser-based trading app

2015

First AppleWatch® app with account detail

2016

- Launches Core Portfolios robo-advisor as part of the managed account suite
- Acquires OptionsHouse and its #1-rated options platform

2017

Launches Power E*TRADE—combining advanced tools, discounted pricing, and dedicated service for experienced traders

2018

Acquires TCA—leading provider of technology solutions and custody services for RIAs

2019

- Launches Google Assistant voice commands
- Acquires Gradifi—pioneering student loan benefit provider

Strategy

LEVERAGE ICONIC BRAND, HYBRID SUPPORT MODEL, AND TECH FOR SCALE AND GROWTH

- Unrivaled and tech-forward brand drives outsized awareness and consideration
- Strong and scalable infrastructure serves peak volumes with capacity for growth
- Digitally led experiences, complemented by professional advice and support

EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

- Maintain leading position among active and derivatives traders
- Connect investors with a range of easy-to-use wealth management solutions
- Advance digital banking capabilities to increase engagement with customers

CAPITALIZE ON SYMBIOTIC INSTITUTIONAL CHANNELS

- Expand on #1 position in stock plans via intuitive platform and expert support¹
- Grow RIA custody channel utilizing brand, digital ethos, and customer base
- Connect customers in need of higher touch services to top-tier advisors

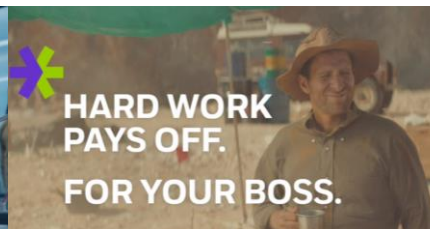
MAXIMIZE SHAREHOLDER RETURNS AND EARNINGS GROWTH VIA DYNAMIC MODEL

- Deliver superior return on customer assets by capturing full value of relationships
- Allocate capital in a manner that delivers optimal shareholder returns
- Generate double-digit annual earnings growth over time

LEVERAGE ICONIC BRAND, HYBRID SUPPORT MODEL, AND TECH FOR SCALE AND GROWTH

Unrivaled and tech-forward brand drives outsized awareness and consideration

Trust and credibility of established brand, while preserving the spirit of disruption and advocacy at its core



Heritage

Executed the first-ever electronic trade by an individual more than 30 years ago

Customer advocacy

Democratized investing and created a new category by advocating on behalf of individual investors

Expression

Commands attention like no other brand in the category

- Shaking up the establishment and challenging conventions are in the brand's DNA
- Rich history of iconic, famous advertising
- Results in strong and consistent overall brand awareness performance
- One of the highest brand awareness scores in the category

LEVERAGE ICONIC BRAND, HYBRID SUPPORT MODEL, AND TECH FOR SCALE AND GROWTH

Digitally led experiences, complemented by professional advice and support

Platforms for retail channel



Web

#1 online broker offering an extremely easy-to-use site for customers and the primary channel to interact with prospects⁴



Mobile

Industry leader in mobile applications
Integrations with leading mobile AI assistants



Active Derivatives Trading Platforms

Sophisticated trading tools, advanced portfolio and market tracking, with idea generation and analysis

Platforms for institutional channels



Equity Edge Online

#1 platform in the stock plan administration industry offering unrivaled automation and flexibility¹



Gradifi

Secure, scalable, and streamlined platform for student loan and college savings benefits



Liberty

Intuitive technology built for registered investment advisors that simplifies how RIAs invest and manage client assets

Professional advice and support across all channels



Customer Service

24/7 availability via phone, email, or chat from industry licensed representatives

White glove service for highest-tiered customers

Financial Consultants

~410 FCs available by phone or at branches to provide one-on-one investing advice

Active Trader Services

Specialized support for sophisticated high-tier customers with advanced knowledge and skills

Corporate Services

Personalized service on a global scale driven by a one-to-one client focus with dedicated relationship and service managers backed by comprehensive training and education

Advisor Services

Dedicated relationship manager acts as a single point of contact offering specialized support

EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Maintain leading position among active and derivatives traders



- Commission-free pricing for online US listed stock, ETF, and options
- Options per contract: **\$0.65** for all traders and **\$0.50** for active traders

Solutions for all investors

- A full range of investment vehicles across digital platforms
- Seamless trading experiences across mobile and online platforms
- Educational resources and independent research
- Fully integrated cash management solutions to easily fund trading ideas and strategies
- Access to IPO and follow-on offerings through New Issue Center
 - **450+** IPOs/follow-ons since 2014

Advanced trading capabilities

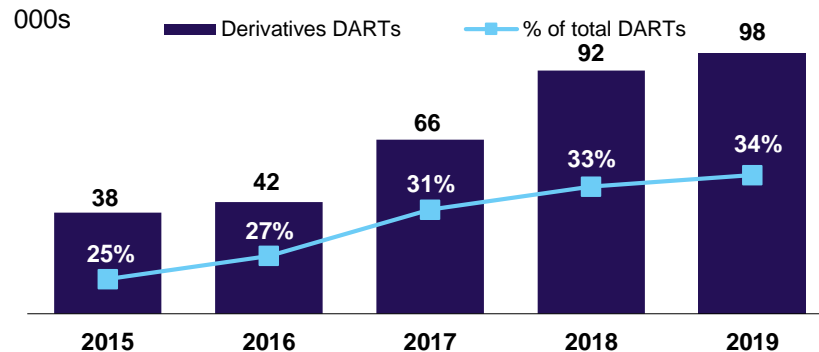
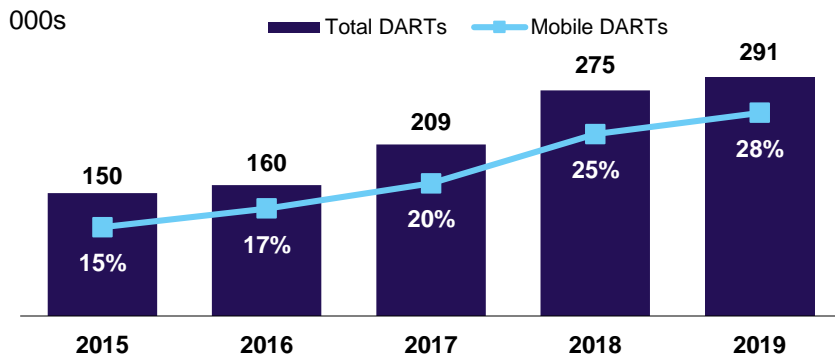
- **A dedicated Trader Service Team** comprised of many former floor traders and licensed Futures Specialists
- **The industry's #1 retail options trading platform⁵**, with leading-edge tools such as Spectral Analysis and a first-of-its kind automated pattern analysis and education tool
- **Customizable option chain views** that make it fast and easy to research, analyze, and take action
- **Proprietary Risk Slide tool** using powerful models to provide a theoretical P&L for every symbol/component in a portfolio



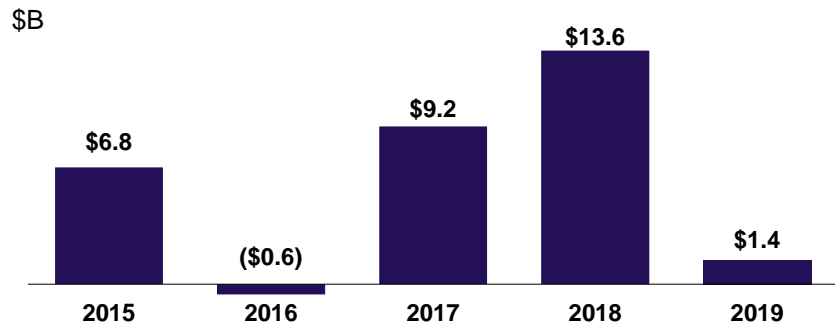
EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Maintain leading position among active and derivatives traders

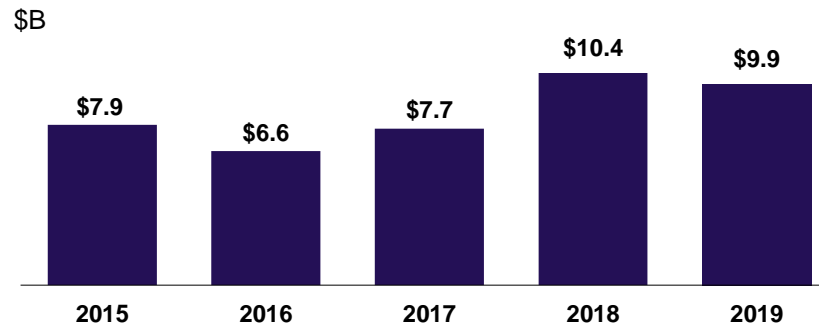
Daily average revenue trades (DARTs)⁶



Customer net buying (selling) activity⁶



Average customer margin balances⁶



EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Connect investors with a range of easy-to-use wealth management solutions



Easy-to-use digital platforms

- Simplified user experience allows customers to get invested in just a few clicks, from Thematic Investing ideas to Prebuilt Portfolios
- Life-stage planning resources to help investors plan for all phases of the retirement process
- Innovative and easy-to-understand solutions to help customers plan and stay on track for their investing goals



Education and insights

- Robust educational content—including live and on-demand webinars and events—provides relevant insight to customers
- Specialized tools help customers create plans and to-do lists to keep their goals on track
- Timely content helps with idea generation, trends, and actionable strategies



Professional guidance and support

- **~410** Financial Consultants available by phone or in person to provide guidance when customers want
- Complimentary portfolio reviews and personalized investment recommendations
- Chartered Retirement Planning CounselorsSM
- Rollover Specialists
- Managed portfolios

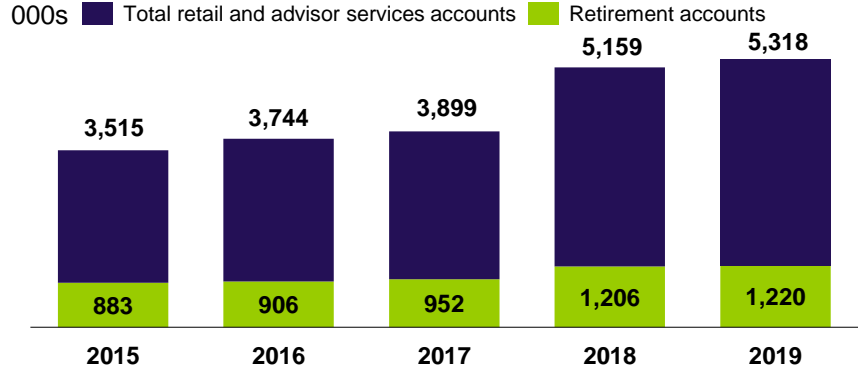
EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Connect investors with a range of easy-to-use wealth management solutions

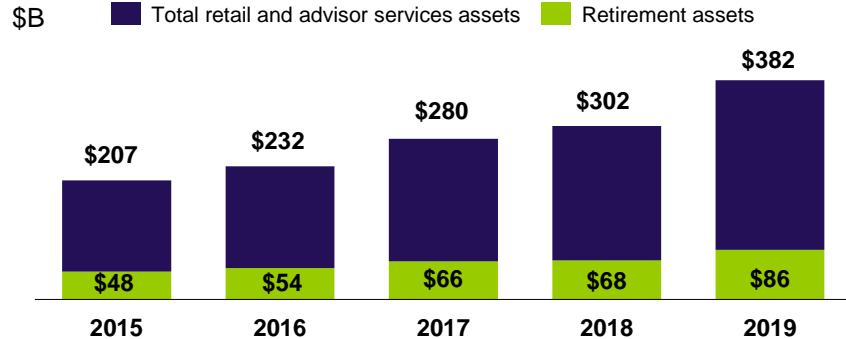
Retirement and investing

- Opportunity to increase engagement with existing customer base by expanding relationships beyond trading-based accounts to retirement- and investing-related assets
- **23%** of retail and advisor services accounts are retirement accounts
- **16%** of vested customer assets are in retirement accounts

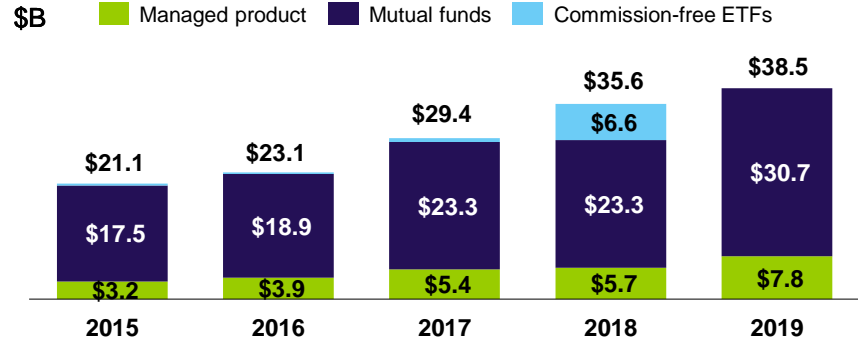
Total retail and advisor services accounts^{6,7}



Total retail and advisor services assets⁶



Fee-based retail assets^{6,8}



EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Connect investors with a range of easy-to-use wealth management solutions

Full range of investing solutions—from the self-directed to the fully managed



Digital

Screeners and All-Star lists

- +9,000 mutual funds
- +4,600 no-load, NTF mutual funds
- +2,350 ETFs



Standard commissions and fees for mutual funds⁹

Hybrid

Core Portfolios

- Automated investing with access to a dedicated team of specialists¹⁰
- Diversified, online managed portfolio of ETFs
- No proprietary products



Min: \$500



Flat annual fee: 0.30% of assets

FC-driven

Blend Portfolios

- FC guides customers to one of seven investment profiles
- Reviews progress quarterly



Min: \$25,000



Blended annual fee: 0.90% to 0.65% of assets

Dedicated Portfolios

- Dedicated FC creates a fully customized portfolio based on customer's needs



Min: \$150,000



Blended annual fee: 1.25% to 0.95% of assets

Fixed Income Portfolios

- Bond portfolio built to customer specifications by professional portfolio managers



Min: \$250,000



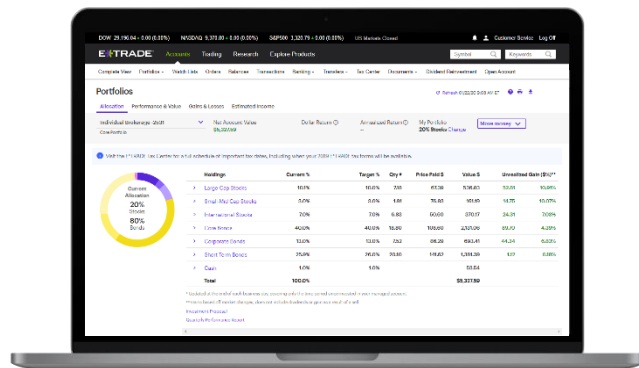
Blended annual fee: 0.75% to 0.35% of assets

Prebuilt Portfolios

- Deliver a diversified, self-directed portfolio free of commissions in just a few clicks



Min: \$2,500 (ETFs)
\$500 (MFs)



EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

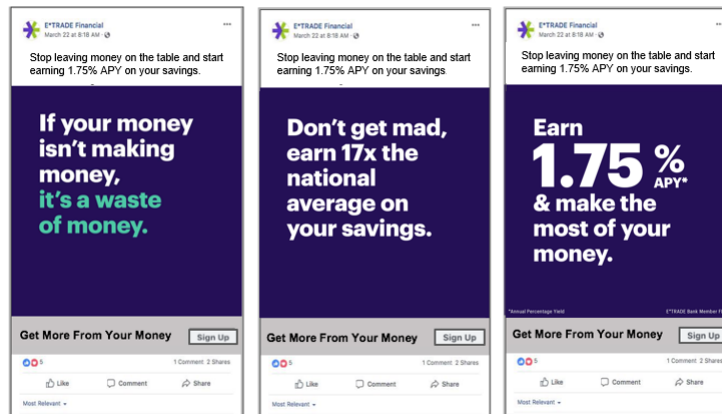
Advance digital banking capabilities to increase engagement with customers

Banking with E*TRADE

- Suite of digital banking products that fully integrates with brokerage accounts allowing customers to interact with their money
- Seamless transfers between brokerage and banking accounts allow customers to manage a wide range of financial needs at E*TRADE
- Convenient, secure, low-fee banking accounts backed by FDIC insurance

Range of banking solutions

- **Premium Savings Account** offers a high-yield cash management solution
- **Convenient banking solutions**
 - Free online Bill Pay services
 - Unlimited ATM fee refunds
 - Mobile check deposit
 - Fully supported by Apple Pay®



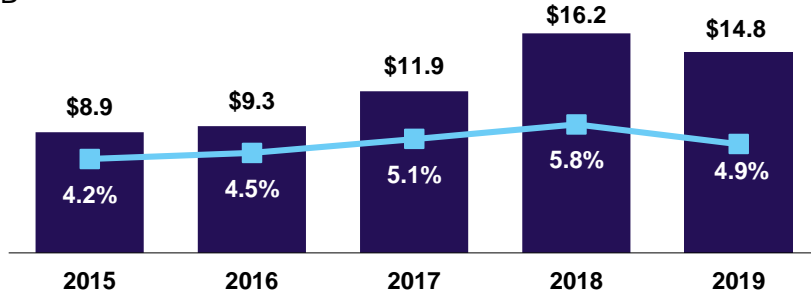
- **E*TRADE Line of Credit** is a securities-based lending solution allowing customers to borrow up to 50% against eligible assets in their E*TRADE brokerage account

EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Drive customer acquisition and deepen engagement

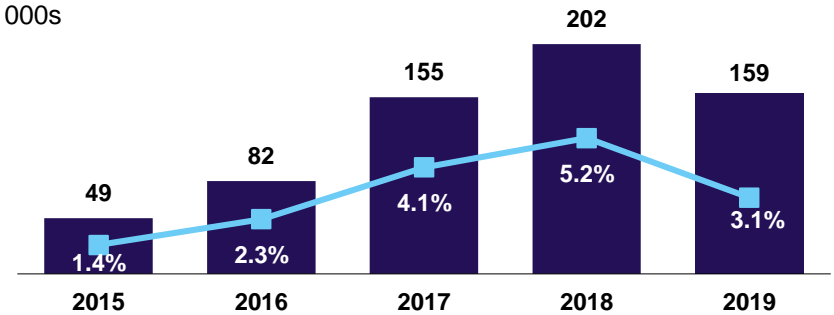
Net new retail and advisor services assets | Annual growth rate^{6,11}

\$B



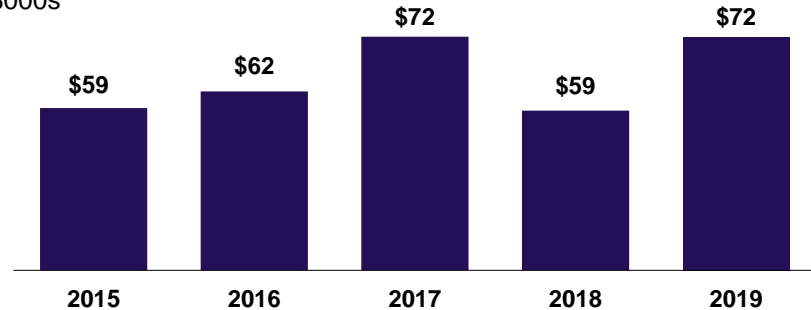
Net new retail and advisor services accounts | Annual growth rate^{6,12}

000s



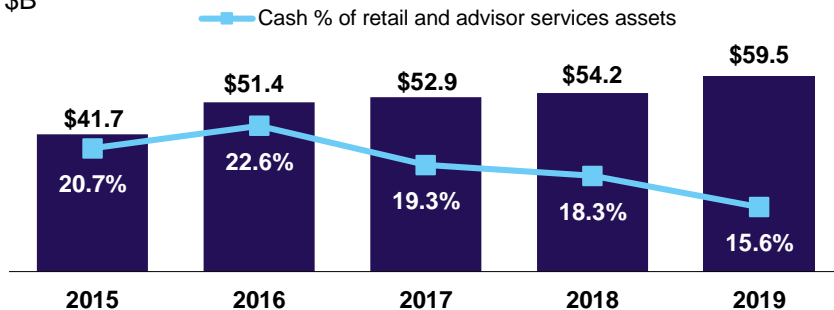
Average retail and advisor services assets per account^{6,13}

\$000s



Retail and advisor services cash (excluding banking)⁶

\$B



CAPITALIZE ON SYMBIOTIC INSTITUTIONAL CHANNELS TO DRIVE GROWTH

Expand on #1 position in stock plans via intuitive platform and expert support

Industry leading position



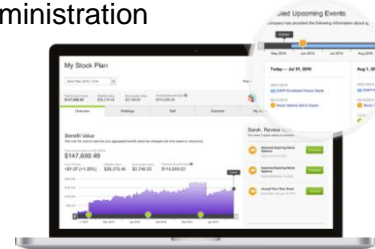
- **E*TRADE Corporate Services** is the industry's leading provider of stock plan administration services for public and private multinational companies
- **2 million stock plan participants** and language line translation in more than 140 languages
- **\$295.8 billion in assets**
- Represent more than **20% of S&P 500®** companies
 - **~50%** of publicly traded US technology companies
 - **~50%** of publicly traded US healthcare companies
 - **831** total US publicly traded companies

Award-winning platform

- **Equity Edge Online (EEO):** #1 in Loyalty and Overall Satisfaction by stock plan administrators eight years running¹; leading position is the result of more than 30 years of innovation

- Cloud-based platform offers sophisticated functionality built exclusively for plan administration

- **Dedicated implementation manager** for seamless onboarding and one-to-one client focus with a dedicated Relationship Manager and Service Manager



- **Premium executive services** delivers exemplary service to the most senior plan participants including restricted stock sales support and SEC filing assistance
 - First online automated 10b5-1 plan
- **Comprehensive benefits capabilities** that include financial wellness and student loan solutions

CAPITALIZE ON SYMBIOTIC INSTITUTIONAL CHANNELS TO DRIVE GROWTH

Expand on #1 position in stock plans via intuitive platform and expert support

B2B relationship...

- Corporation selects E*TRADE for plan administration
- Support for many equity vehicles
- Plan participants moved onto E*TRADE platform, stock plan account opened



...creates B2C opportunity...

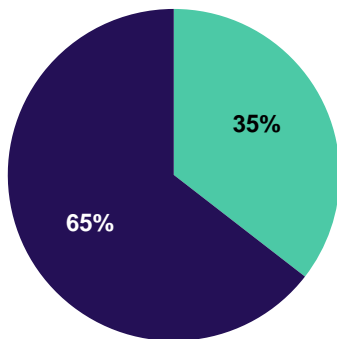
- **Engage, surprise, and delight:**
 - First-class user experience for 2 million stock plan accounts
 - Easy, intuitive interface helps participants manage, track, and learn about their equity compensation
 - In-person interactions with FCs at corporate offices



...to build long-term relationship

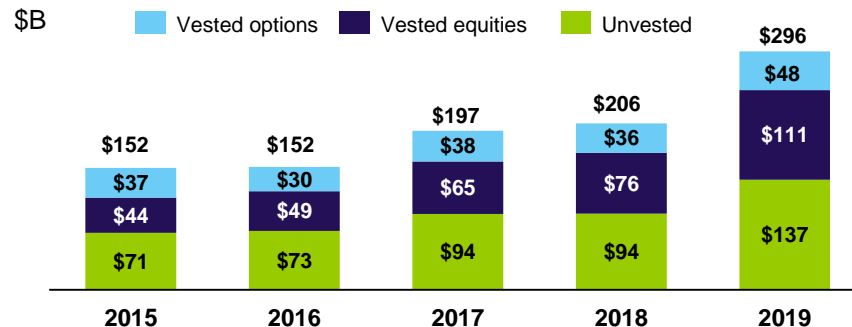
- **Sale proceeds converted into E*TRADE brokerage account:**
 - Currently retaining 15% of proceeds 12 months post exercise
 - Contributes nearly 1/3 of gross new retail accounts
 - Leverage E*TRADE Advisor Network to attract and retain high-net-worth clients

35% of customer cash is sourced from Corporate Services



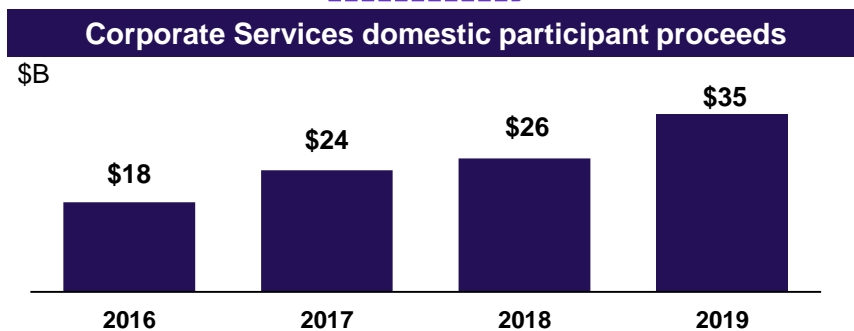
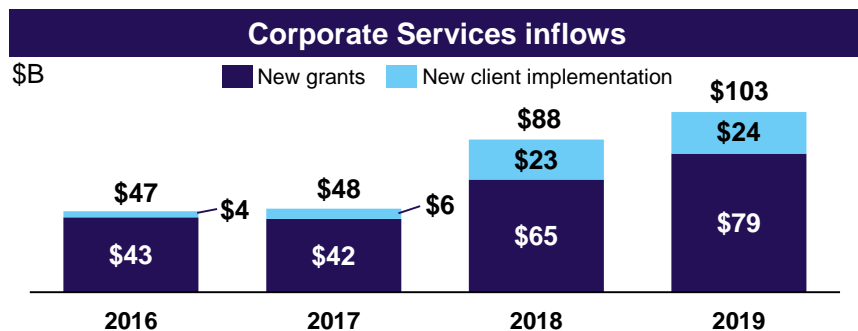
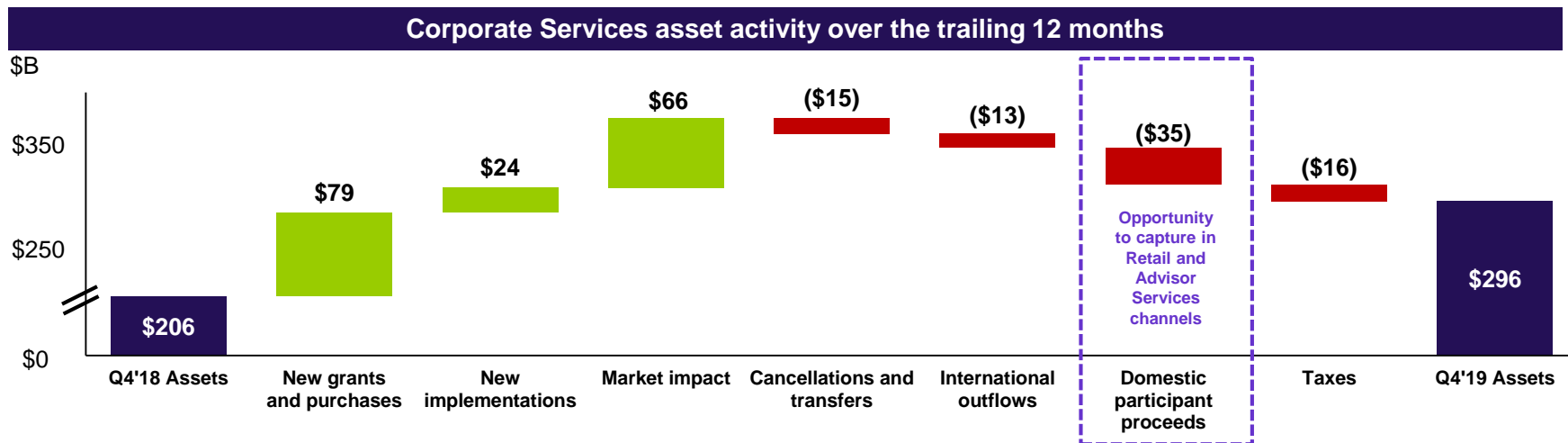
- Cash in accounts originally sourced from Corporate Services
- Other cash

Corporate Services assets⁶



CAPITALIZE ON SYMBIOTIC INSTITUTIONAL CHANNELS TO DRIVE GROWTH

Steady growth in the franchise drives Corporate Services asset growth



CAPITALIZE ON SYMBIOTIC INSTITUTIONAL CHANNELS TO DRIVE GROWTH

Grow RIA custody channel | Connect retail customers with top-tier advisors

Full breadth of RIA custody solutions



- **E*TRADE Advisor Services** provides technology solutions and custody services to the independent registered investment advisor
- **~230 RIAs** and **\$20.0B** investor assets under custody
- **Liberty platform**—a robust, mobile-ready technology platform that provides advisors access to sophisticated modeling, rebalancing, reporting, and practice management capabilities
- Fully customizable documents, statements, and mobile app for the RIA

Emerging advisor referral network

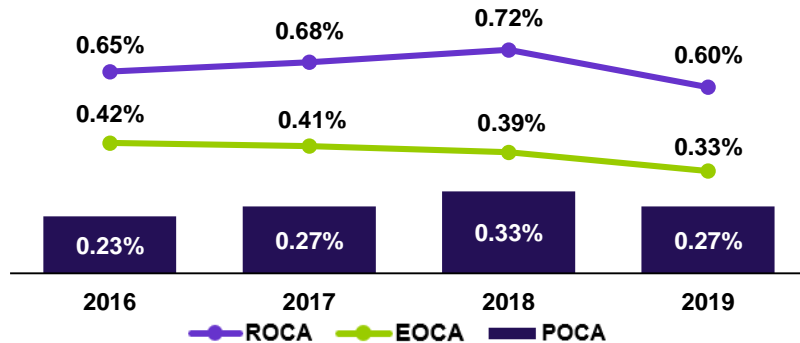
- **E*TRADE Advisor Network** is a national referral program that connects independent financial advisors to potential customers who need wealth management services beyond the scope of E*TRADE's in-house offerings
- E*TRADE utilizes top-tier national and regional advisors that offer their clients a wide variety of services and diverse specializations
- Provides an opportunity to better meet customers' diverse financial needs while growing customer wallet share
- Natural synergies with Corporate Services; advisors benefit from a unique pipeline of clients

MAXIMIZE SHAREHOLDER RETURNS AND EARNINGS GROWTH VIA DYNAMIC MODEL

Deliver superior return on customer assets by capturing full value of relationships

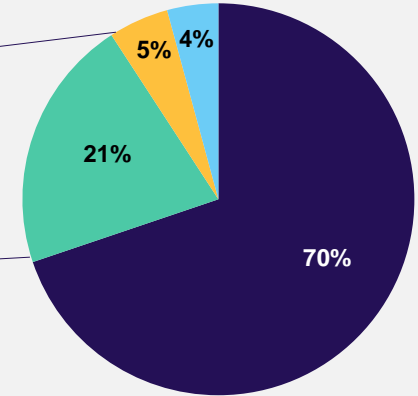
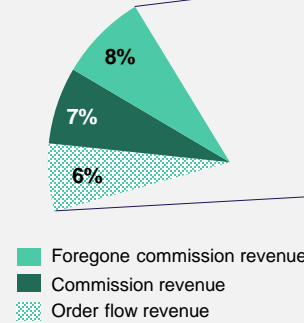
Consistent history of delivering superior ROCA

- E*TRADE's customer base, asset mix, and breadth of product offering provides an enormous opportunity to capture a leading **Revenue On Client Assets**
 - Skew to the self-directed retail channel drives an outsized ROCA
- High incremental margin on revenues leads to improvement in **Expense On Client Assets** over time
- Scalability of the business model coupled with efficient transformation of client assets into revenues drives leading **Profit On Client Assets**



Trailing 12-month net revenue

Pro forma impact of \$0 commissions¹⁴



- Spread based (\$2,027MM)**
 - Net interest income
 - Off balance sheet sweep revenue
- Trading based (\$609MM)**
 - Commissions
 - Order flow revenue

- Managed asset fees (\$128MM)**
 - Asset management and custody fees
 - Mutual fund service fees
- Other (\$122MM)**
 - Foreign exchange revenue
 - Reorganization fees
 - Other revenue
 - Other fees and service charges
 - Securities gains

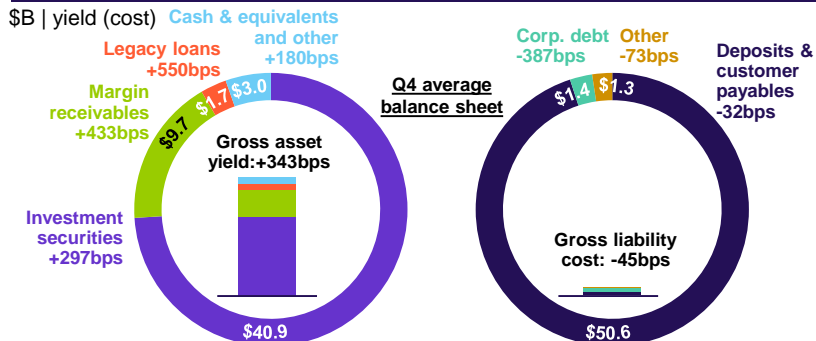
MAXIMIZE SHAREHOLDER RETURNS AND EARNINGS GROWTH VIA DYNAMIC MODEL

Deliver superior return on customer assets by capturing full value of relationships

Balance sheet strategy

- Business generates stable, low-cost deposits
- Company maintains ultimate control to grow balances on or off balance sheet, through third-party sweep program
- On balance sheet investments primarily in agency securities—average duration of assets matched to liabilities at three to four years
- Gross fees from third-party sweep program slightly above Fed funds rate; net fees, after cost of deposits, of 179 bps for brokerage sweep deposits and 6 bps for bank sweep deposits in Q4'19¹⁵
- In Q2'19, the Company began directing deposits off balance sheet to generate additional capital capacity to support share repurchases

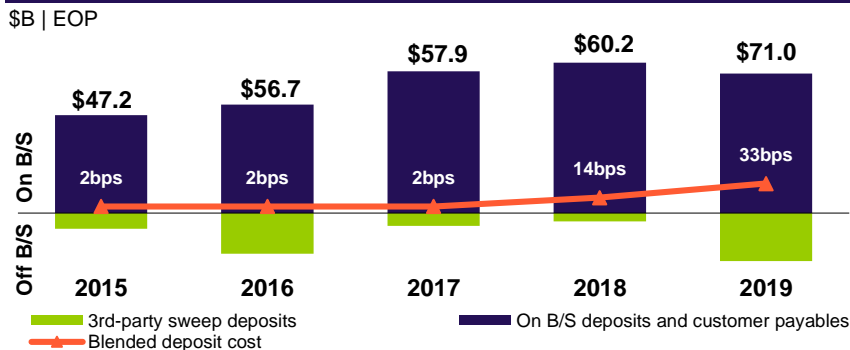
Low-risk assets | Low-cost liabilities



Sensitivity to changes in interest rates¹⁶

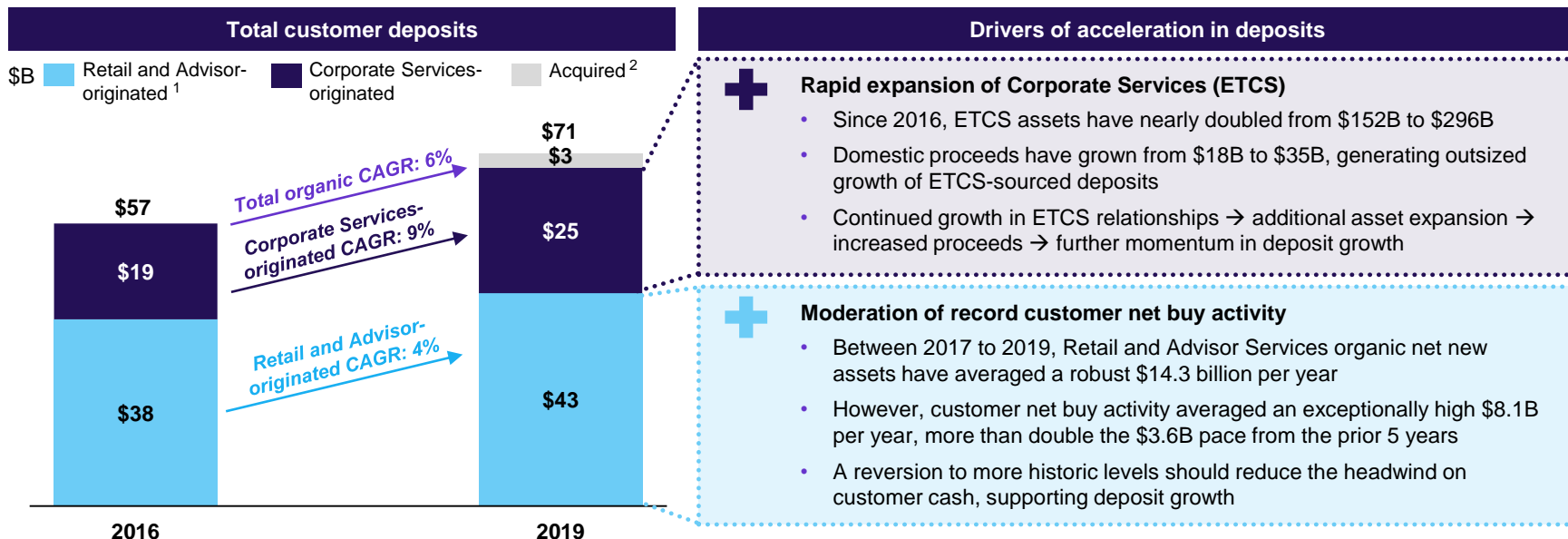
Long-term interest rate Δ	Short-term interest rate Δ			
	NIM	-25 bps	0 bps	+25 bps
-25 bps	(6)bps	(2)bps	1bps	1bps
0 bps	(4)bps	Baseline	3bps	3bps
+25 bps	(2)bps	2bps	5bps	5bps
3rd-party sweep fee sensitivity	(20)bps	0bps	20bps	

Steady deposit growth with flexible 3rd-party arrangement⁶



MAXIMIZE SHAREHOLDER RETURNS AND EARNINGS GROWTH VIA DYNAMIC MODEL

Unique deposit dynamics drive accelerated growth



- Total customer deposits have **grown organically by a 6% CAGR** over the last three years
- Corporate Services-originated deposits have grown at more than double the pace of Retail and Advisor-originated deposits



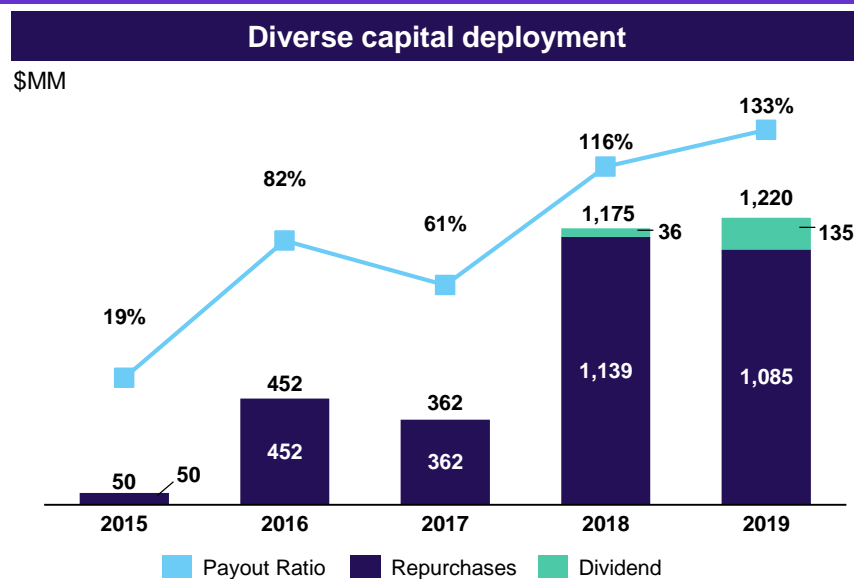
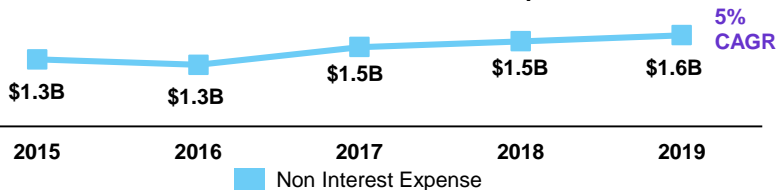
Acceleration of deposit growth to upper-single-digits

MAXIMIZE SHAREHOLDER RETURNS AND EARNINGS GROWTH VIA DYNAMIC MODEL

Allocate capital in a manner that delivers optimal shareholder returns

Disciplined and strategic acquisitions	
Options House	<p>September 2016 – \$725MM¹⁷</p> <ul style="list-style-type: none"> ~150,000 accounts¹² \$3.7B assets¹¹ Leading options platform
Trust Company of America	<p>April 2018 – \$275MM¹⁷</p> <ul style="list-style-type: none"> ~150,000 accounts¹² \$1.2B sweep deposits and \$18.4B in assets¹¹ State-of-the-art RIA custody platform
Capital One Brokerage Accounts	<p>November 2018 – \$109MM¹⁷</p> <ul style="list-style-type: none"> ~1 million accounts¹² \$1.6B sweep deposits and \$15.1B in assets¹¹
Gradifi	<p>December 2019 – \$30MM¹⁷</p> <ul style="list-style-type: none"> ~800 corporate clients Pioneering student loan benefit provider

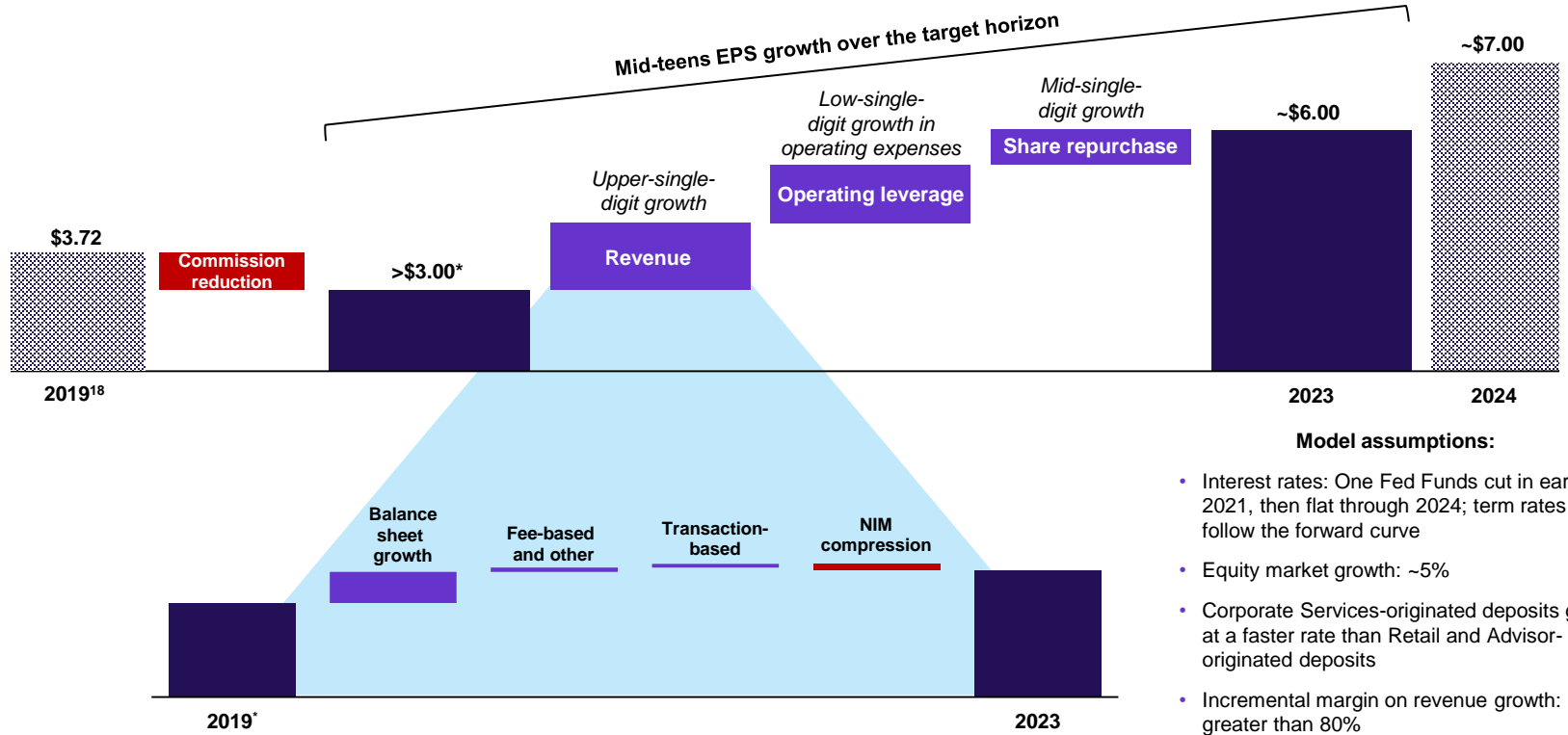
Scalable model allows for integration of channels, platforms, and blocks of business without material expense increase



Repurchases	<ul style="list-style-type: none"> Repurchased \$3.0B of stock since Q4'15 \$0.9B remaining on \$1.5B repurchase authorization
Dividend	<ul style="list-style-type: none"> \$0.14 quarterly dividend to common shareholders

MAXIMIZE SHAREHOLDER RETURNS AND EARNINGS GROWTH VIA DYNAMIC MODEL

Generate double-digit annual earnings growth over time



23 *Three quarters annualized impact from \$300MM estimated reduction to annual revenue and pre-tax earnings from October commission pricing change.

E*TRADE is well positioned to deliver long-term value for stakeholders

Key investment takeaways

Strong digital ethos and world-class product and service capabilities, optimally positioned for secular shift to digital

Leading retail offering, emerging wealth solutions, and institutional channels that offer significant synergies provide strong foundation for growth

Strong revenue yield on client assets coupled with scalable infrastructure and small physical footprint provide significant operating leverage and allow for robust cash flow

Financial plan centered in shareholder value creation delivers with **double-digit annual earnings growth over time and robust returns to shareholders**

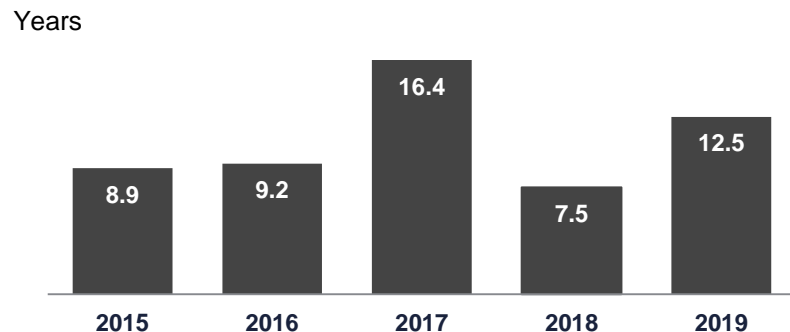
APPENDIX

APPENDIX

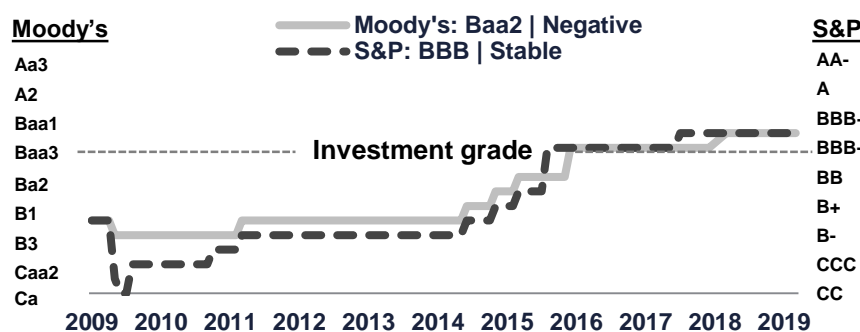
Corporate debt and preferred stock

Security:	Senior Notes due 2022	Senior Notes due 2027	Senior Notes due 2028	Non-Cumulative Perpetual Preferred Stock ¹⁹	Non-Cumulative Perpetual Preferred Stock ²⁰
Amount outstanding	\$600MM	\$400MM	\$420MM	\$400MM	\$300MM
Coupon	2.95%	3.80%	4.50%	5.875%	5.30%
Interest / dividend payable	Feb. 24 & Aug. 24	Feb. 24 & Aug. 24	Dec. 20 & Jun. 20	Mar. 15 & Sep. 15	Mar. 15 & Sep. 15
Issued	Aug. 24, 2017	Aug. 24, 2017	Jun. 20, 2018	Aug. 16, 2016	Nov. 27, 2017
Maturity	Aug. 24, 2022	Aug. 24, 2027	Jun. 20, 2028	N/A	N/A

Debt service coverage



Credit ratings over time



Appendix

- Equity Edge Online was rated #1 in Loyalty and Overall Satisfaction for the eighth-consecutive year in the Group Five Stock Plan Administration Study Industry Report. Group Five, Inc. is not affiliated with E*TRADE Financial Corporate Services, Inc. or its affiliates.
- Operating margin is the percentage of net revenue that results in income before income taxes. The percentage is calculated by dividing income before income taxes by total net revenue. The following table presents a reconciliation of GAAP operating margin percentage to non-GAAP adjusted operating margin percentage (dollars in millions):

	Year ended		Year ended		Year ended		Year ended		Year ended	
	December 31, 2019		December 31, 2018		December 31, 2017		December 31, 2016		December 31, 2015	
	Amount	Operating Margin %	Amount	Operating Margin %	Amount	Operating Margin %	Amount	Operating Margin %	Amount	Operating Margin %
Income before income tax expense and operating margin	\$ 1,319	46%	\$ 1,418	49%	\$ 1,064	45%	\$ 838	43%	\$ 91	7%
Add back impact of pre-tax items:										
Loss included in Gains (losses) on securities and other, net	-		-		-		-		370	
Provision (benefit) for loan losses	(51)		(86)		(168)		(149)		(40)	
Losses on early extinguishment of debt	-		4		58		-		112	
Subtotal	(51)		(82)		(110)		(149)		442	
Adjusted income before income tax expense and adjusted operating margin	\$ 1,268	44%	\$ 1,336	47%	\$ 954	40%	\$ 689	35%	\$ 533	31%

- Return on common equity is calculated by dividing net income available to common shareholders by average common shareholders' equity, which excludes preferred stock. The following table provides a reconciliation of GAAP return on common equity percentage to non-GAAP adjusted return on common equity percentage (dollars in millions):

	Year ended		Year ended		Year ended		Year ended		Year ended	
	December 31, 2019		December 31, 2018		December 31, 2017		December 31, 2016		December 31, 2015	
	Amount	Operating Margin %	Amount	Operating Margin %	Amount	Operating Margin %	Amount	Operating Margin %	Amount	Operating Margin %
Net income available to common shareholders and return on common equity	\$ 915	16%	\$ 1,016	17%	\$ 589	10%	\$ 552	10%	\$ 268	5%
Add back impact of the following items:										
Loss included in Gains (losses) on securities and other, net	-		-		-		-		370	
Provision (benefit) for loan losses	(51)		(86)		(168)		(149)		(40)	
Losses on early extinguishment of debt	-		4		58		-		112	
Subtotal	(51)		(82)		(110)		(149)		442	
Income tax impact of the items above	14		21		43		58		(175)	
Net of tax	(37)		(61)		(67)		(91)		267	
Adjusted net income available to common shareholders and return on common equity	\$ 878	15%	\$ 955	16%	\$ 522	9%	\$ 461	8%	\$ 535	9%

Appendix

4. In Kiplinger's annual [Best Online Brokers Review](#) of 10 firms across seven categories, E*TRADE was awarded first place with an overall score of 82.9 out of 100 and "Best for Mutual Fund Investors." E*TRADE's ratings for all category rankings include: Overall (#1), User Experience (#2), Investment Choices (#2), Advisory Services (#3), Mobile (#3), Research (#4), Commissions and Fees (#6), and Tools (#7). Read the full "[Best Online Brokers, 2019](#)".
5. In StockBrokers.com's 2020 Online Broker Review of 15 firms across 236 different variables, E*TRADE was awarded the #1 Mobile Trading, #1 Options Trading, and #1 Web Based Platform Awards. In addition, E*TRADE received 9 Best in Class distinctions: Overall, Mobile Trading, Options Trading, Education, Research, Beginners, IRA Accounts, Futures Trading, and Active Trading. E*TRADE's star ratings for all category rankings out of 5: Overall (4.5 stars), Mobile Trading (5 stars), Commissions & Fees (4.5 stars), Offering of Investments (4.5 stars), Platforms & Tools (4.5 stars), Research (4.5 stars), Customer Service (4.5 stars), Ease of Use (4.5 stars), and Education (4.0 stars). Read the [2020 Online Broker Review](#).

In Barron's [Best Online Brokers of 2019](#) review of 14 firms across six categories, E*TRADE received 4 out of 5 stars overall. E*TRADE also earned "Best for Mobile Traders" (4.5 stars), "Best for Retirement Investors" (3.5 stars), and "Best for Occasional Traders" (4 stars) distinctions.

6. Customer activity metrics for 2015 have been presented for illustrative purposes only. Beginning in November 2019, the definition of DARTs was updated to reflect all customer-directed trades. This includes trades associated with no-transaction-fee mutual funds, options trades through the Dime Buyback Program, and all exchange-traded funds transactions (including those formerly classified as commission-free). This update did not result in a significant impact to the presentation of DARTs, derivative DARTs, and derivative DARTs %. These measures have not been restated to conform with current period presentation for periods prior to 2017. Mobile DARTs % has not been restated for periods prior to 2018.
7. Retail and advisor services accounts includes the following banking accounts:

	2015	2016	2017	2018	Q1'19	Q2'19	Q3'19	Q4'19
Banking accounts	301,167	281,039	264,313	262,244	271,933	277,877	285,549	295,596

8. Excludes assets held in custody with E*TRADE Advisor Services.
9. To discourage short-term trading, E*TRADE Securities may charge a short-term trading fee on sales of participating ETFs held less than 30 days, and an early redemption fee on redemptions or exchanges of no-load, no-transaction-fee funds that are held for less than 90 days.

Appendix

10. For Core Portfolios clients, interaction with E*TRADE Capital Management will generally be limited to the web-based interface. A Core Portfolios client does not have an individual Financial Consultant or portfolio manager assigned to the account. E*TRADE Capital Management, through its Investment Policy Committee and with support of Investment Strategists, selects, removes, and adds portfolio holdings and determines the program's rebalancing methodology.

For more information on professionally managed portfolios offered by E*TRADE Capital Management (ETCM), please request a free copy of ETCM's Form ADV Part 2A, which describes, among other things, affiliations, services offered, and fees charged.

11. The net new retail and advisor services assets metrics treat asset flows between E*TRADE entities in the same manner as unrelated third-party accounts. Net new retail and advisor services assets exclude \$3.7 billion of assets from the OptionsHouse acquisition in the third quarter of 2016, \$18.4 billion of assets from the TCA acquisition in the second quarter of 2018, and \$15.1 billion of assets from the Capital One acquisition in the fourth quarter of 2018.
12. Net new retail and advisor services accounts and end of period retail and advisor services accounts exclude 147,761 accounts from the OptionsHouse acquisition in the third quarter of 2016, the addition of 145,891 accounts from the acquisition of TCA in the second quarter of 2018 and the addition of 912,065 accounts from the acquisition of Capital One in the fourth quarter of 2018. For the full year 2015, net new and end of period retail and advisor services accounts were impacted by the closure of 23,150 accounts related to the shutdown of the Company's global trading platform and the closure of 3,484 accounts related to the escheatment of unclaimed property.
13. Average retail and advisor services assets per account is calculated as the sum of retail and advisor services assets divided by end of period retail and advisor services accounts.
14. Non-recurring commissions includes base retail commissions for online US listed stock, ETF, and options, and applies the average contract revenue to separate the non-recurring base contract per trade from the recurring per contract portion.
15. The yield on third-party cash is based on the net interest earned on customer cash held by third parties inclusive of sweep deposit accounts.
16. For purposes of this sensitivity, long-term interest rates are defined as rates on any financial instrument with a maturity of over one year, and short-term interest rates are defined as rates on any financial instrument with a maturity of one year or shorter. The sensitivity assumes the end of period balance sheet, and our baseline assumption for the yield curve is based on our outlook over the course of the next twelve months as of December 31, 2019.
17. Represents acquisition consideration but excludes working capital and other closing adjustments.

Appendix

18. The following table presents a reconciliation of GAAP diluted earnings per share to non-GAAP diluted earnings per share (dollars in millions except per share amounts):

	<u>Year ended</u>	
	<u>December 31, 2019</u>	
Net income available to common shareholders and diluted earnings per share ⁽¹⁾	\$ 915	\$ 3.85
Add back impact of the following item:		
Preferred stock dividends	40	
Income tax expense	364	
Income before income tax expense	<u>1,319</u>	
Provision (benefit) for loan losses	(51)	
Losses on early extinguishment of debt	-	
Subtotal	<u>1,268</u>	
Income tax impact assuming 27% tax rate	<u>342</u>	
After-tax adjusted income	926	
Preferred stock dividends	40	
Adjusted net income available to common shareholders and diluted earnings per share ⁽¹⁾	<u>\$ 886</u>	\$ 3.72

(1) Diluted weighted-average shares outstanding (in thousands) were 237,931 for the last twelve months ended December 31, 2019.

19. Preferred stock is non-callable, fixed rate at 5.875% for 10 years. Thereafter, callable and floating rate at 3-month LIBOR + 4.435%. Redemption may be in whole or in part on any dividend payment date on or after September 15, 2026, at a redemption price equal to \$1,000 per share, plus any declared and unpaid dividends to, but excluding, the date fixed for redemption, without accumulation of any undeclared dividends.
20. Preferred stock is non-callable, fixed rate at 5.30% for 5 years. Thereafter, callable and floating rate at 3-month LIBOR + 3.16%. Redemption may be in whole or in part on any dividend payment date on or after March 15, 2023, at a redemption price equal to \$1,000 per share, plus any declared and unpaid dividends to, but excluding, the date fixed for redemption, without accumulation of any undeclared dividends.

For additional information, contact E*TRADE Investor Relations at: ir@etrade.com | 646-521-4406