



E*TRADE FINANCIAL INVESTOR PRESENTATION

July 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 ability to continue to grow and deliver value for its shareholders, including in various interest rate environments, the consummation of the proposed transaction with Morgan Stanley and the anticipated benefits thereof, and the extent to which the coronavirus pandemic (COVID-19), and measures taken in response thereto, has had, and could have, an adverse effect on our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of the outbreak and actions taken by governmental authorities to contain the financial and economic impact of the outbreak. 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 recently filed Form 10-K and subsequent reports on Forms 10-Q and 8-K that the Company files with the U.S. 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 by E*TRADE 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 June 30, 2020, 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.

On February 20, 2020, Morgan Stanley agreed to acquire E*TRADE in an all-stock transaction, through which E*TRADE stockholders will receive 1.0432 Morgan Stanley shares for each E*TRADE share at deal close. The deal received [E*TRADE shareholder approval](#) on July 17, 2020 and is expected to close in Q4 2020. View [press release](#) for more information.

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

566K

DARTs

162K

Derivative DARTs

\$398.6B

Retail assets

6MM

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

\$365.0B

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

\$18.2B

Advisor Services
assets

141K

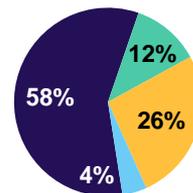
Advisor Services
accounts

Performance highlights

Financial highlights

• **Net revenue (\$ in MM): \$2,869**

- Net interest income: 1,658
- Commissions: 338
- Fees & service charges: 752
- Other non-interest income: 121



• **\$0.14** quarterly dividend

Financial strength

- **39%** adjusted operating margin²
- **\$3.46** diluted EPS
- **13%** ROE³

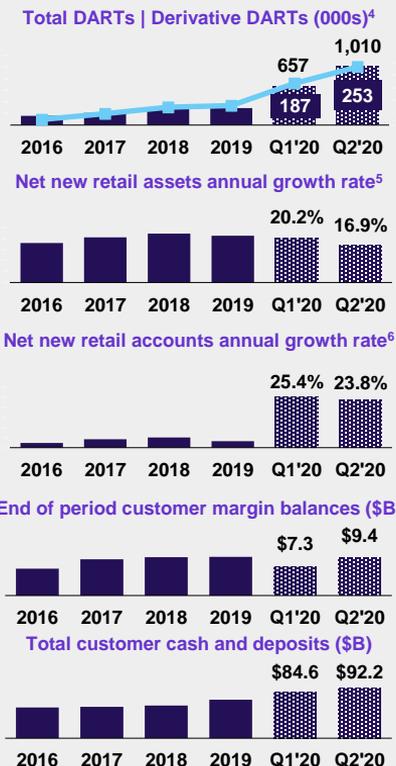
³ All performance and financial metrics presented on a trailing 12-month basis.

Q2 in review: Record trading volume and elevated growth

Delivered **unparalleled customer activity metrics**, capitalizing on the resurgence in equity markets and stay-at-home working conditions that continued to drive extremely robust levels of customer engagement.

- Executed **more than a million DARTs**, up more than 50% over last quarter's record volume.
- Executed **record derivative DARTs**, up over 35% sequentially, driven by wider adoption of E*TRADE's best-in-class trading tools.
- Generated the **second-strongest quarter of net new retail accounts**, following Q1'20.
- Generated **second-strongest quarter for net new retail assets**; April, May, and June represented three of our five best months on record.
- Improved **Corporate Services proceeds retention rate to 24%** (12 months post exercise), up from 15% in 2019, strongest retention ratio in Company history.
- **Customer cash grew by \$8 billion**, as strong net new asset flows and our highest quarter ever for Corporate Services domestic stock plan proceeds offset a record period of customer net buy activity.
- **Platform utilization is up significantly**, with customers logging in over 200 million times during the period, up over 100% from the year-ago quarter.

Pre-tax income of \$264 million increased \$8 million sequentially, as higher trading-related revenue offset pressure from the lower interest rate environment and higher expenses associated with marketing and increased trading volume.



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 on 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—among 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

Proven leader in retail and institutional channels

Platform and technology

E*TRADE named #1 Online Broker and Best for Mutual Fund Investors
August 2019



E*TRADE earned a rating of 4.2 out of 5 stars overall
March 2020

E*TRADE earned a rating of 4.5 out of 5 stars overall
February 2020



E*TRADE earned a rating of 4.5 out of 5 stars overall
January 2020

E*TRADE Core Portfolios named one of the Best Robo-Advisors for Beginners
September 2019



Equity Edge Online rated #1 in Loyalty and Overall Satisfaction for eight consecutive years
September 2019

Workplace and culture



E*TRADE recognized with a top score of 100% two years in a row
January 2020

E*TRADE named one of the Best Places to Work in 2020
December 2019



E*TRADE recognized as finalist for Excellence in Diversity & Inclusion
August 2019

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 leading 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 VALUE BY HARNESSING FULL VALUE OF CUSTOMER RELATIONSHIPS

- Deliver superior return on customer assets
- Harness customer cash growth through powerful deposit dynamics
- Generate resilient NIM, funded by low cost of liabilities

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 prospects⁷



Mobile

Industry leader in mobile applications
Integrations with leading mobile AI assistants



Active derivatives trading platform

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

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

~430 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 trades
- 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
 - **470+** IPOs/follow-ons since 2014

Advanced trading capabilities

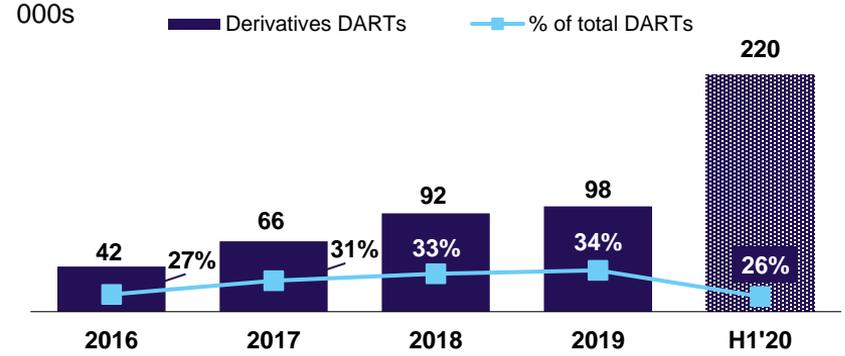
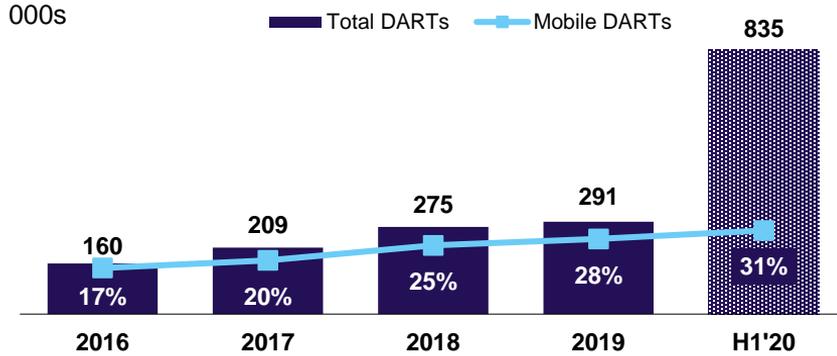
- **A dedicated Trader Service Team** comprised of many former floor traders and licensed Futures Specialists
- **The industry's #1 retail options trading platform⁸**, with leading-edge tools such as Spectral Analysis and a first-of-its kind automated pattern analysis and education tool
- **Customizable 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



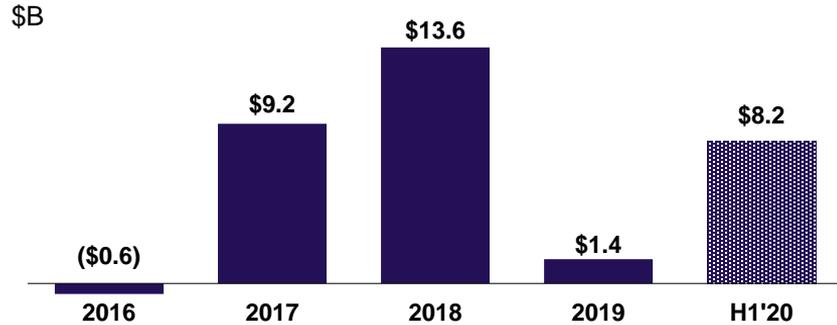
EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Maintain leading position among active and derivatives traders

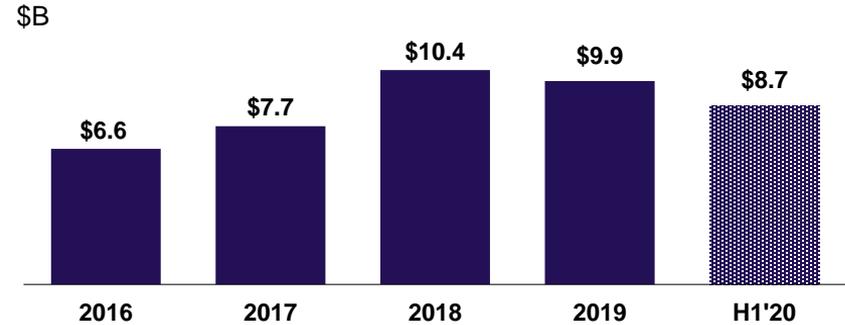
Daily average revenue trades (DARTs)⁴



Customer net buying (selling) activity



Average customer margin balances



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

- **~430** 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

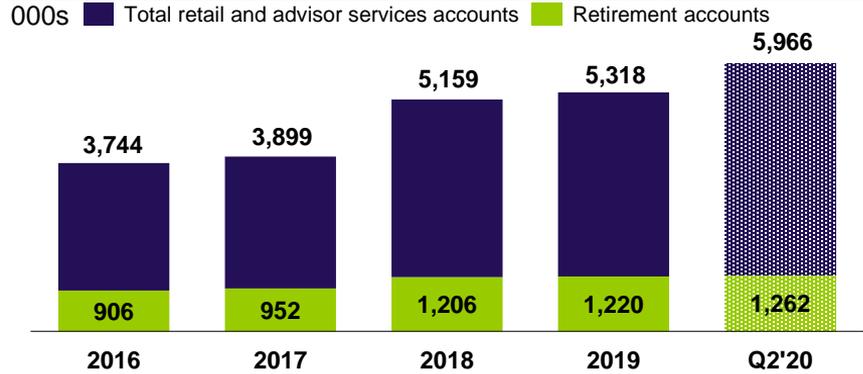
EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

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

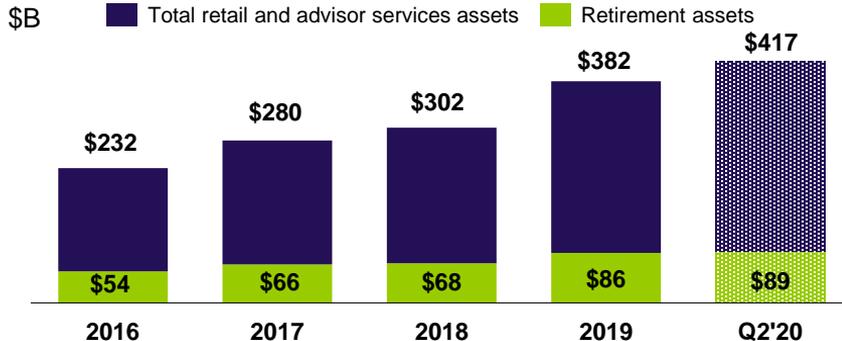
Retirement and investing

- Opportunity to increase engagement with existing customer base by expanding relationships beyond trading-based accounts to retirement- and investing-related assets
- **21%** of retail and advisor services accounts are retirement accounts
- **15%** of vested customer assets are in retirement accounts

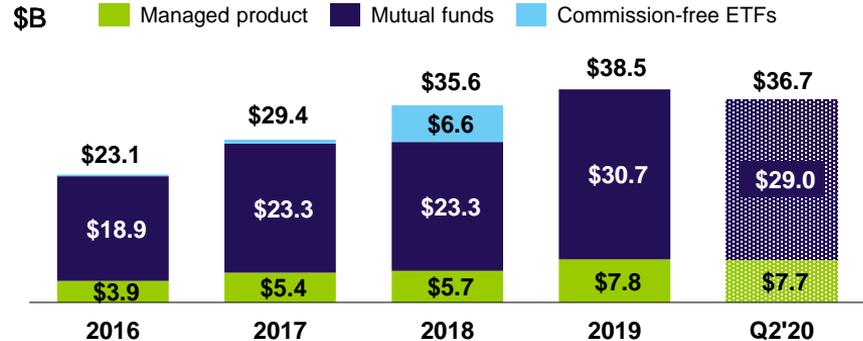
Total retail and advisor services accounts⁹



Total retail and advisor services assets



Fee-based retail assets¹⁰



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

- ~9,100 mutual funds
- +4,500 no-load, NTF mutual funds
- ~2,300 ETFs



Standard commissions and fees for mutual funds¹¹

Hybrid

Core Portfolios

- Automated investing with access to a dedicated team of specialists¹²
- 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



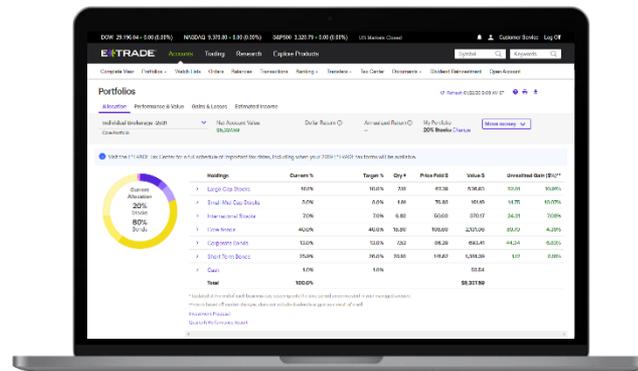
Blended annual fee: 0.75% to 0.35% of assets

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

E*TRADE LINE OF CREDIT

E*TRADE

Tap into your portfolio without emptying it

- Preserve investments
- Borrowing flexibility
- Fast decisions

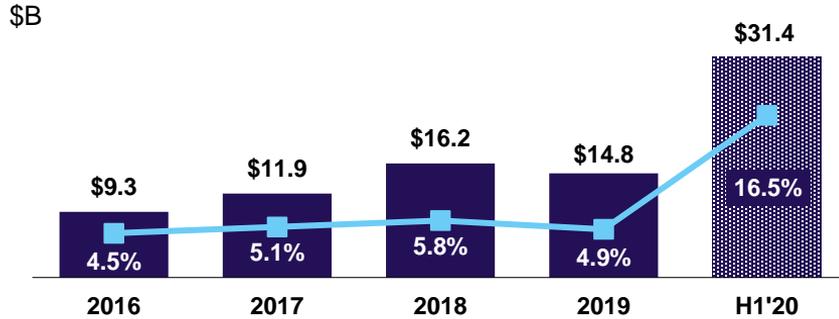


- **Premium Savings Account** offers an integrated cash management solution
- **Convenient banking solutions**
 - Free online Bill Pay services
 - Unlimited ATM fee refunds
 - Mobile check deposit
 - Fully supported by Apple Pay®
- **E*TRADE Line of Credit** is a securities-based lending solution allowing customers to borrow up to 50% against eligible assets in their E*TRADE brokerage account

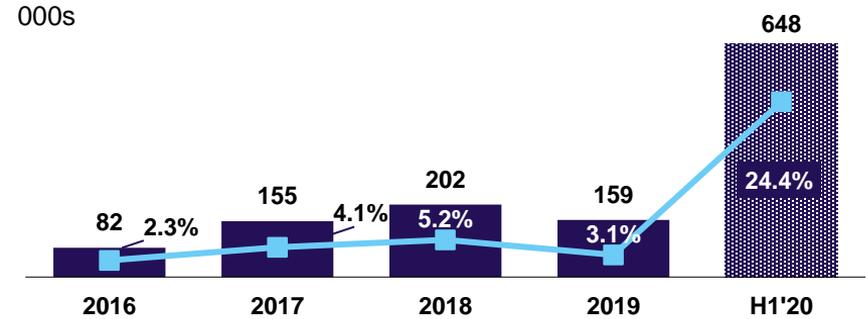
EMPOWER CUSTOMERS VIA POWERFUL DIGITAL OFFERING AND PROFESSIONAL GUIDANCE

Drive customer acquisition and deepen engagement

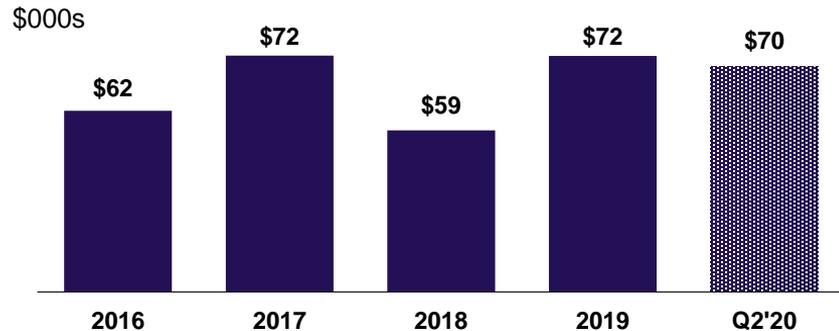
Net new retail and advisor services assets | Annual growth rate⁵



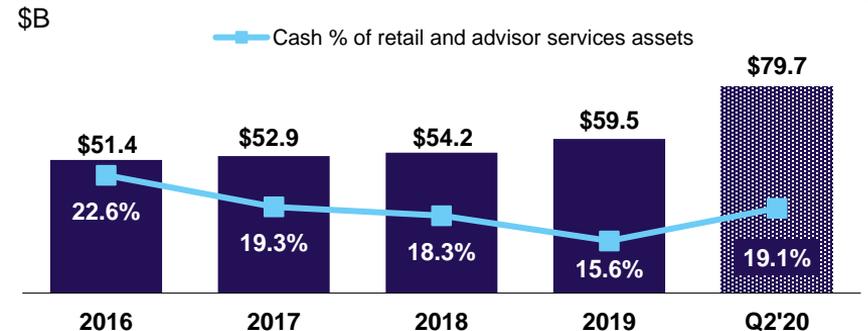
Net new retail and advisor services accounts | Annual growth rate⁶



Average retail and advisor services assets per account¹³



Retail and advisor services cash (excluding banking)



CAPITALIZE ON SYMBIOTIC INSTITUTIONAL CHANNELS TO DRIVE GROWTH

Expand on leading 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
- **\$365.0 billion in assets**
- Represents more than **20% of S&P 500®** companies
 - **~50%** of publicly traded US technology companies
 - **More than 50%** of publicly traded US healthcare companies
 - **834** 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 leading 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...

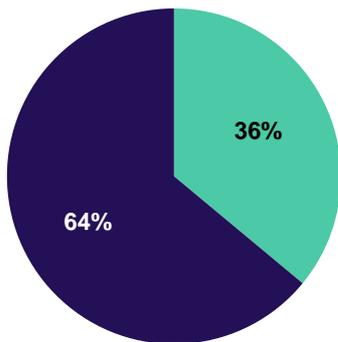
- **Engage, surprise, and delight:**
 - First-class user experience for 2 million stock plan accounts
 - Easy, intuitive interface helps participants manage, track, and learn about their equity compensation
 - In-person interactions with FCs at corporate offices



...to build long-term relationship

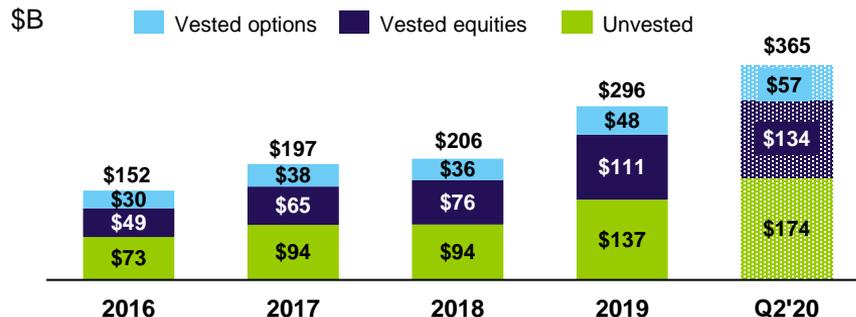
- **Sale proceeds converted into E*TRADE brokerage account:**
 - Currently retaining 24% of proceeds 12 months post exercise, up from 15% in 2019
 - Historically, contribute approximately 1/3 of gross new retail accounts
 - Leverage E*TRADE Advisor Network to attract and retain high-net-worth clients

+1/3 of customer cash is sourced from Corporate Services



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

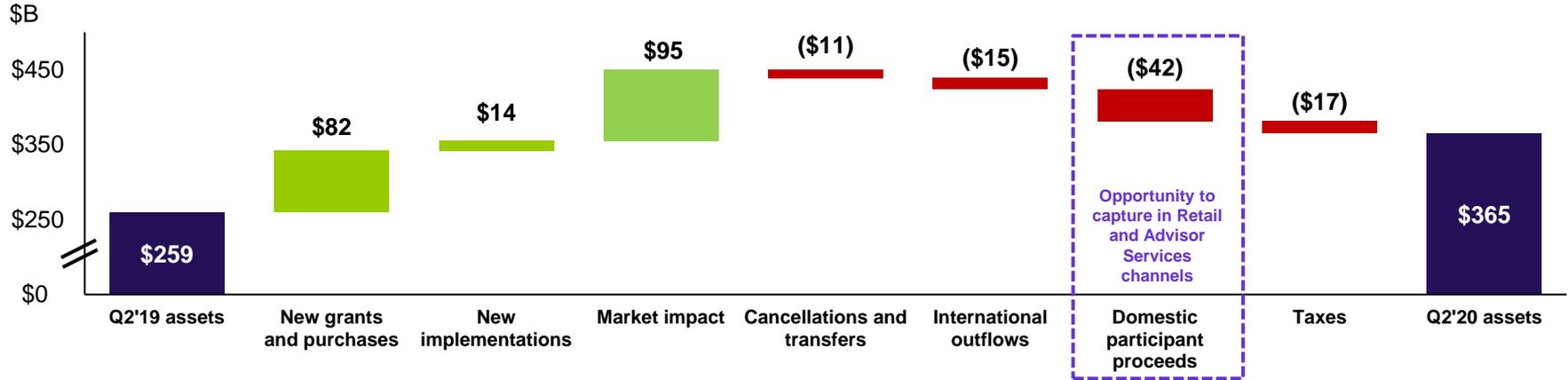
Corporate Services assets



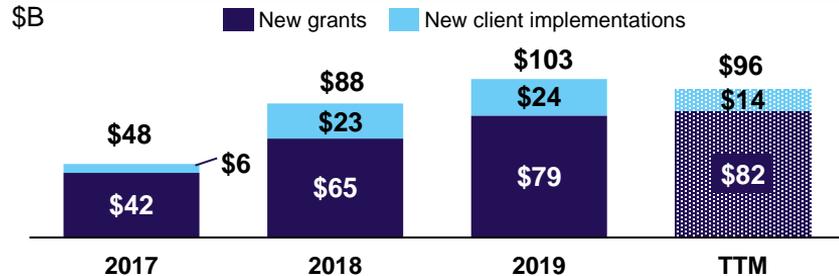
CAPITALIZE ON SYMBIOTIC INSTITUTIONAL CHANNELS TO DRIVE GROWTH

Steady growth in the franchise drives Corporate Services asset growth

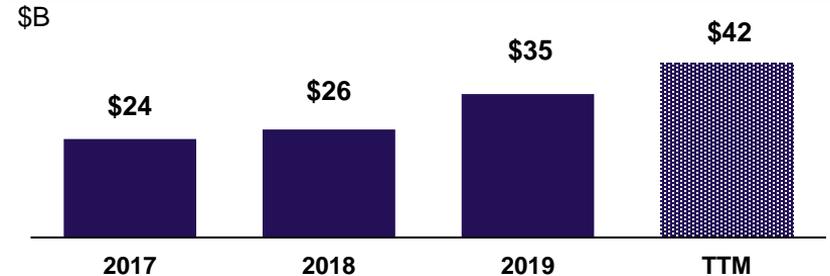
Corporate Services asset activity over the trailing 12 months



Corporate Services inflows



Corporate Services domestic participant proceeds



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
- **~220** RIAs and **\$18.2B** 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

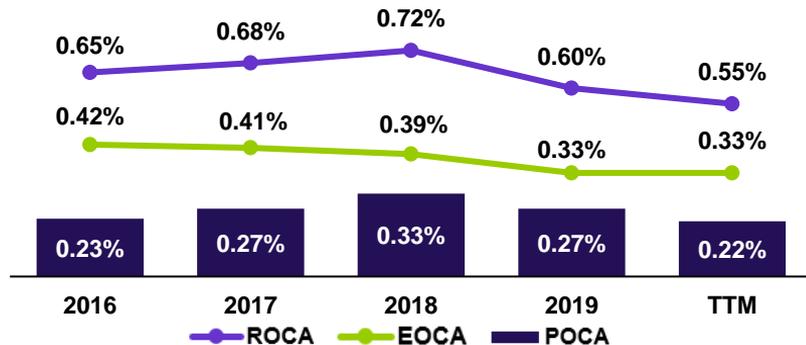
- **E*TRADE Advisor Network** is a national referral program that connects independent financial advisors to potential customers who need wealth management services beyond the scope of E*TRADE's in-house offerings
- E*TRADE utilizes top-tier national and regional advisors that offer their clients a wide 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 VALUE BY HARNESSING FULL VALUE OF CUSTOMER RELATIONSHIPS

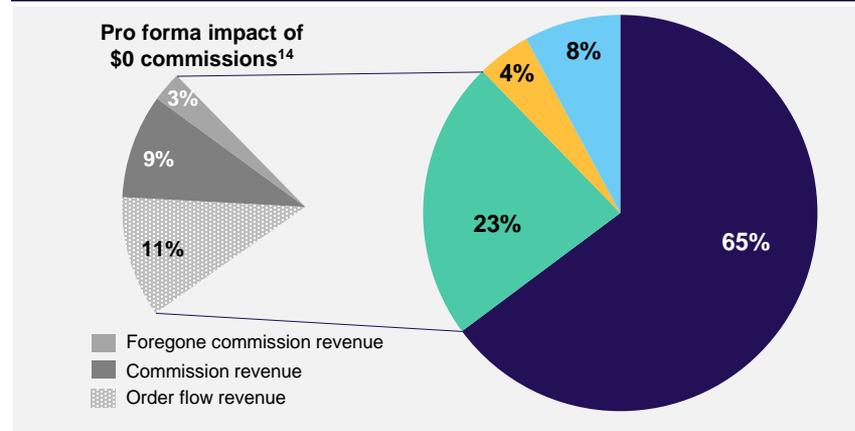
Deliver superior return on customer assets

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**



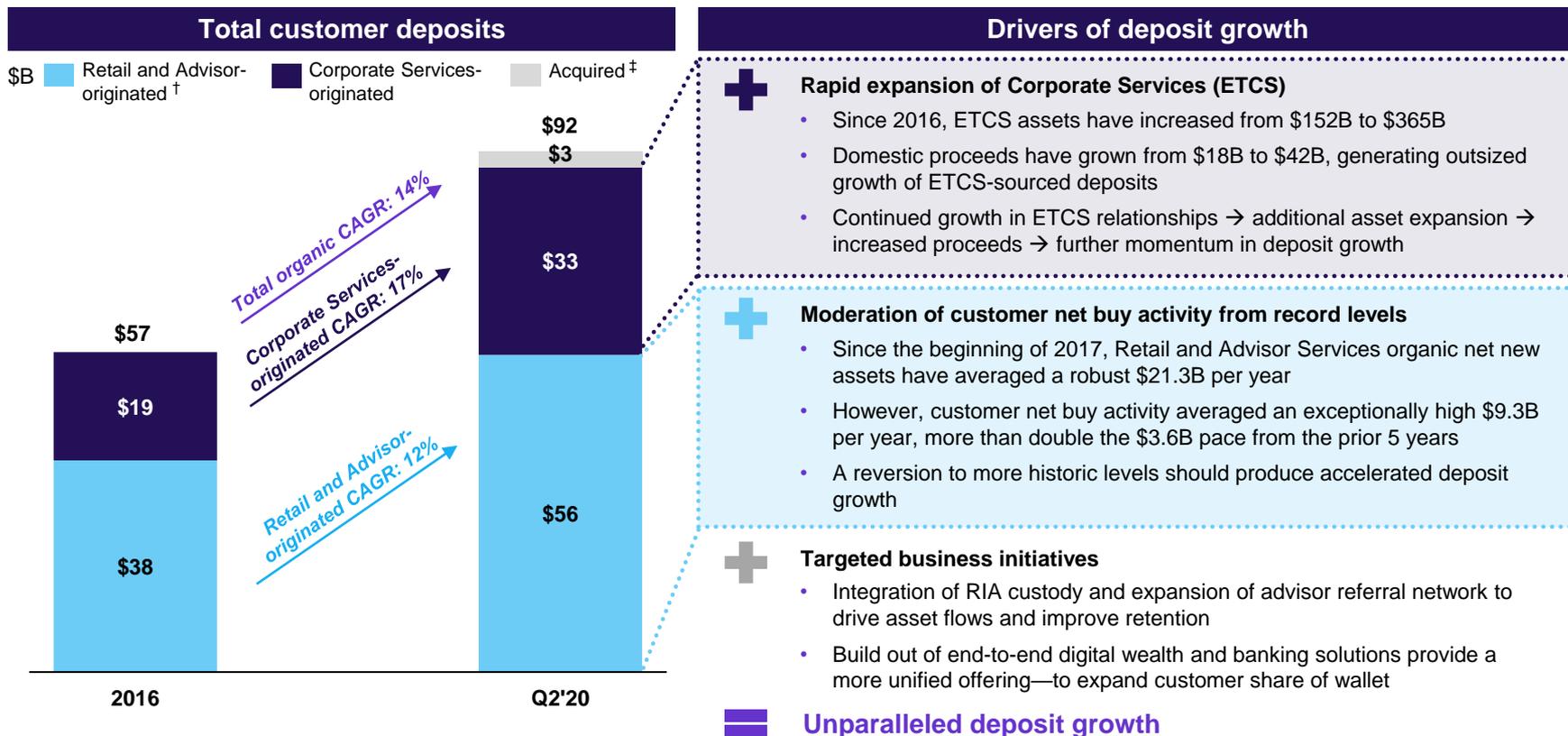
Trailing 12-month net revenue



- Spread based (\$1,871MM)**
 - Net interest income
 - Off balance sheet sweep revenue
- Trading based (\$643MM)**
 - Commissions
 - Order flow revenue
- Other (\$228MM)**
 - Foreign exchange revenue
 - Reorganization fees
 - Other revenue
 - Other fees and service charges
 - Securities gains
- Managed asset fees (\$127MM)**
 - Asset management and custody fees
 - Mutual fund service fees

MAXIMIZE SHAREHOLDER VALUE BY HARNESSING FULL VALUE OF CUSTOMER RELATIONSHIPS

Harness customer cash growth through powerful deposit dynamics



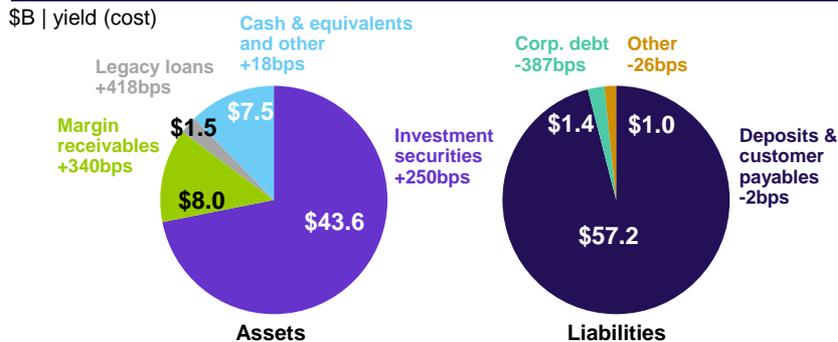
MAXIMIZE SHAREHOLDER VALUE BY HARNESSING FULL VALUE OF CUSTOMER RELATIONSHIPS

Generate resilient NIM, funded by low cost of liabilities

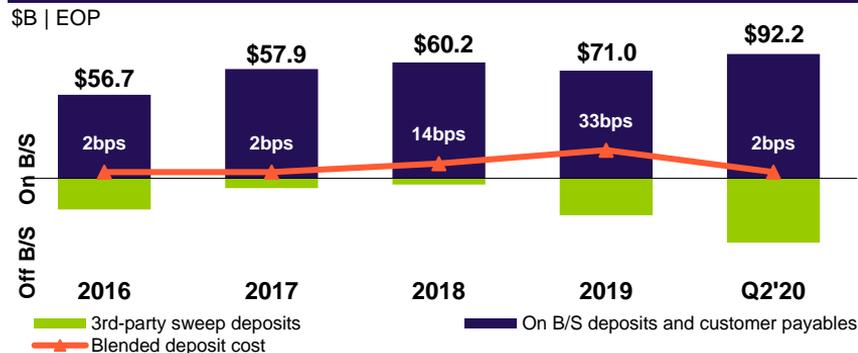
Balance sheet strategy

- Business generates stable, low-cost deposits
- On balance sheet investments primarily in agency securities—average duration of assets matched to liabilities at three to four years
- Company maintains control to grow balances on- or off-balance sheet, through third-party sweep program
- Net fees, after cost of deposits, of 34 bps for brokerage sweep deposits and 15 bps for bank sweep deposits in Q2'20¹⁵

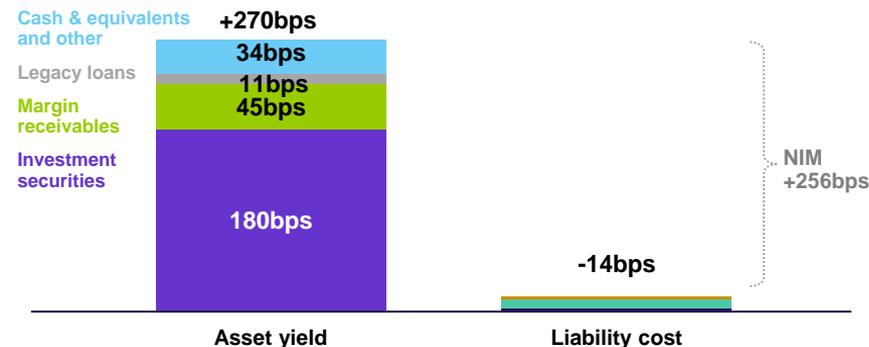
Low-risk assets | Low-cost liabilities



Steady deposit growth with flexible 3rd-party arrangement



Composition of Q2'20 NIM



E*TRADE is well positioned to deliver value for its customers, employees, and shareholders

Key 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 **digitally led model** provides significant operating leverage and allows for robust cash flow

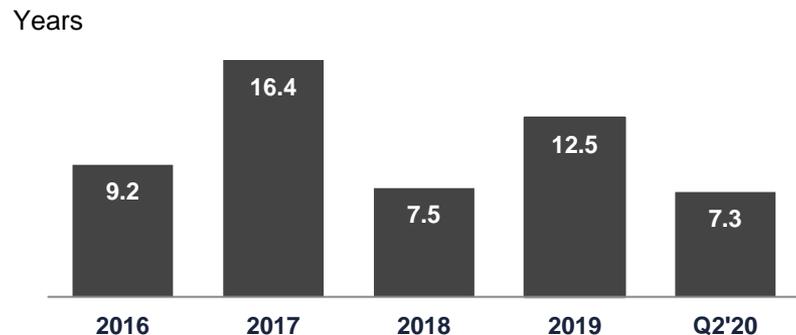
APPENDIX

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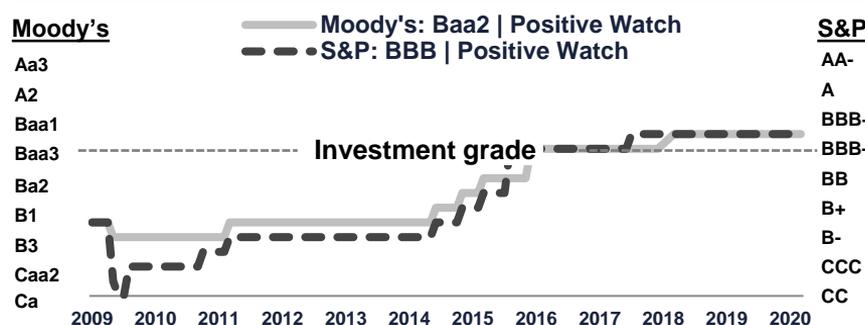
Corporate debt and preferred stock

Security:	Senior Notes due 2022	Senior Notes due 2027	Senior Notes due 2028	Non-Cumulative Perpetual Preferred Stock ¹⁶	Non-Cumulative Perpetual Preferred Stock ¹⁷
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



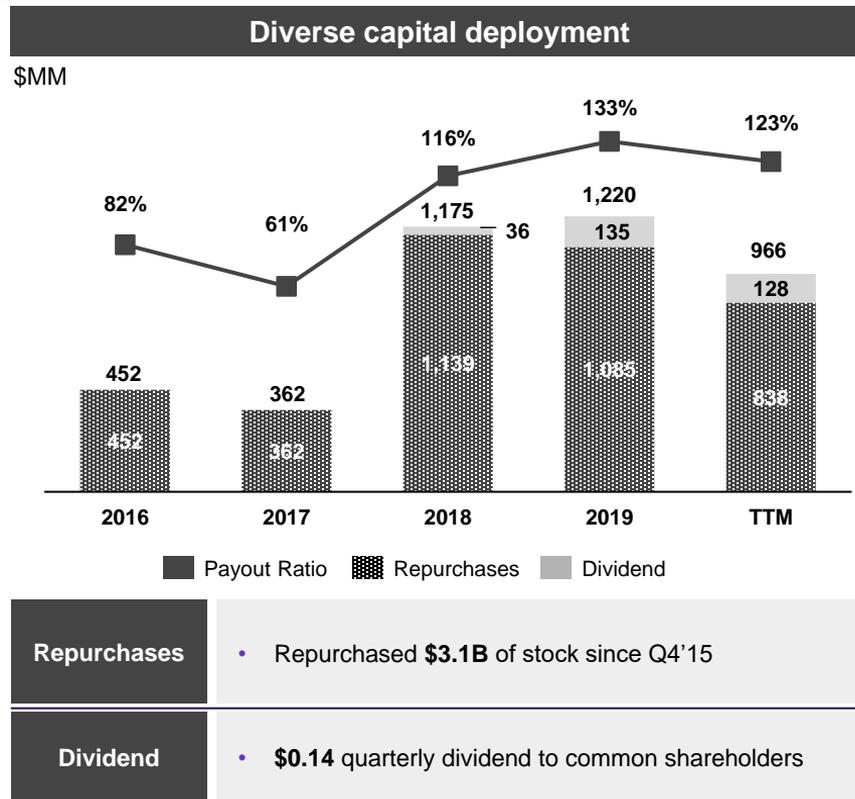
Credit ratings over time



APPENDIX

Acquisitions and shareholder distribution

Disciplined and strategic acquisitions	
Options House	<p>September 2016 – \$725MM¹⁸</p> <ul style="list-style-type: none"> ~150,000 accounts⁶ \$3.7B assets⁵ Leading options platform
Trust Company of America	<p>April 2018 – \$275MM¹⁸</p> <ul style="list-style-type: none"> ~150,000 accounts⁶ \$1.2B sweep deposits and \$18.4B in assets⁵ State-of-the-art RIA custody platform
Capital One Brokerage Accounts	<p>November 2018 – \$109MM¹⁸</p> <ul style="list-style-type: none"> ~1 million accounts⁶ \$1.6B sweep deposits and \$15.1B in assets⁵
Gradifi	<p>December 2019 – \$30MM¹⁸</p> <ul style="list-style-type: none"> ~800 corporate clients Pioneering student loan benefit provider



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):

	<u>Twelve months ended,</u>		<u>Year ended</u>		<u>Year ended</u>		<u>Year ended</u>		<u>Year ended</u>	
	<u>June 30, 2020</u>		<u>December 31, 2019</u>		<u>December 31, 2018</u>		<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>Amount</u>	<u>Operating Margin %</u>	<u>Amount</u>	<u>Operating Margin %</u>	<u>Amount</u>	<u>Operating Margin %</u>	<u>Amount</u>	<u>Operating Margin %</u>	<u>Amount</u>	<u>Operating Margin %</u>
Income before income tax expense and operating margin	\$ 1,152	40%	\$ 1,319	46%	\$ 1,418	49%	\$ 1,064	45%	\$ 838	43%
Add back impact of pre-tax items:										
Provision (benefit) for credit losses	(26)		(51)		(86)		(168)		(149)	
Losses on early extinguishment of debt	-		-		4		58		-	
Subtotal	<u>(26)</u>		<u>(51)</u>		<u>(82)</u>		<u>(110)</u>		<u>(149)</u>	
Adjusted income before income tax expense and adjusted operating margin	<u>\$ 1,126</u>	39%	<u>\$ 1,268</u>	44%	<u>\$ 1,336</u>	47%	<u>\$ 954</u>	40%	<u>\$ 689</u>	35%

- 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):

	<u>Twelve months ended,</u>		<u>Year ended</u>		<u>Year ended</u>		<u>Year ended</u>		<u>Year ended</u>	
	<u>June 30, 2020</u>		<u>December 31, 2019</u>		<u>December 31, 2018</u>		<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Net income available to common shareholders and return on common equity	\$ 783	13%	\$ 915	16%	\$ 1,016	17%	\$ 589	10%	\$ 552	10%
Add back impact of the following items:										
Provision (benefit) for credit losses	(26)		(51)		(86)		(168)		(149)	
Losses on early extinguishment of debt	-		-		4		58		-	
Subtotal	<u>(26)</u>		<u>(51)</u>		<u>(82)</u>		<u>(110)</u>		<u>(149)</u>	
Income tax impact of the items above	7		14		21		43		58	
Net of tax	<u>(19)</u>		<u>(37)</u>		<u>(61)</u>		<u>(67)</u>		<u>(91)</u>	
Adjusted net income available to common shareholders and return on common equity	<u>\$ 764</u>	13%	<u>\$ 878</u>	15%	<u>\$ 955</u>	16%	<u>\$ 522</u>	9%	<u>\$ 461</u>	8%

Appendix

- 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.
- 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 assets exclude \$3.7 billion of assets from the OptionsHouse acquisition in the third quarter of 2016 and \$15.1 billion of assets from the Capital One acquisition in the fourth quarter of 2018. Net new advisor services assets exclude \$18.4 billion of assets from the TCA acquisition in the second quarter of 2018.
- Net new retail accounts and end of period retail accounts exclude the addition of 147,761 accounts from the OptionsHouse acquisition in the third quarter of 2016 and the addition of 912,065 accounts from the acquisition of Capital One in the fourth quarter of 2018. Net new advisor services accounts and end of period advisor services accounts exclude the addition of 145,891 accounts from the acquisition of TCA in the second quarter of 2018.
- 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](#)".
- In Investopedia's [2020 Best Online Brokers Awards](#), E*TRADE earned a rating of 4.2 out of 5.0 stars overall. E*TRADE also earned "Best for Ease of Trading" and "Best for Beginning Options Traders".

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 2020](#) review of 10 firms, E*TRADE received 4.5 out of 5 stars overall. E*TRADE also earned "Best for Mobile Traders" (5.0 stars) and "Best for Investment-Oriented Traders" (4.5 stars) distinctions.

- Retail and advisor services accounts includes the following banking accounts:

	2016	2017	2018	2019	Q2'20
Banking accounts	281,039	264,313	262,244	295,596	308,997

Appendix

10. Excludes assets held in custody with E*TRADE Advisor Services.
11. 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.
12. 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.
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. 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.
17. 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.
18. Represents acquisition consideration but excludes working capital and other closing adjustments.

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