

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: E*TRADE Savings Bank
Arlington, Arlington County, Virginia
Application for Federal Deposit Insurance
(Deposit Insurance Fund)

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation (FDIC) pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act relating to the application for Federal deposit insurance for E*TRADE Savings Bank (the Bank), a proposed new Federal savings bank to be located at 671 North Glebe Road, Arlington, Arlington County, Virginia, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be, and the same is, hereby approved subject to the following conditions:

1. That beginning paid-in capital funds of not less than \$22,100,000 be provided;
2. That the Tier 1 capital to assets ratio (as defined in the appropriate capital regulation and guidance from the Bank's primary Federal regulator) be maintained at not less than eight percent throughout the first three years of operation and that an adequate ALLL be provided;
3. That any changes in proposed management or proposed ownership (10 percent or more of stock), including new acquisitions of or subscriptions to 10 percent or more of stock, will render this commitment null and void unless such proposal is approved by the Regional Director of the FDIC's Atlanta Regional Office prior to opening the bank;
4. That Federal deposit insurance shall not become effective unless and until the applicant has been established as a Federal savings bank, that it has authority to conduct a banking business, and that its establishment and operation as a bank have been fully approved by the Office of Thrift Supervision;
5. That if Federal deposit insurance has not become effective within twelve months from the date of the ORDER, or unless, in the meantime, the FDIC approves a request for an extension of time, consent granted shall expire at the end of the said twelve-month period; and

6. That until the conditional commitment herein granted for deposit insurance becomes effective, the FDIC shall have the right to alter, suspend, or withdraw said commitment should any interim development be deemed by the FDIC to warrant such action.

Dated at Washington D.C. this 24th day of APRIL, 2006

/s/

By:

Lisa K. Roy
Associate Director
Division of Supervision and Consumer Protection

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: E*TRADE Savings Bank
Arlington, Arlington County, Virginia
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(Deposit Insurance Fund)

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Corporation Act (12 U.S.C § 1815), an application for Federal deposit insurance has been filed for E*TRADE Savings Bank, a proposed new Federal savings bank to be located at 671 North Glebe Road, Arlington, Arlington County, Virginia.

E*TRADE Savings Bank (Bank) will be wholly owned by E*TRADE Bank, Arlington, Virginia, a federally chartered savings bank that provides deposit and consumer lending products to retail customers nationwide primarily via the internet. E*TRADE Bank is a fourth-tier subsidiary of E*TRADE Financial Corporation, a global financial services company that offers investing, trading, banking and lending services and products to retail and institutional customers.

The Bank plans to accept deposits and loan applications on behalf of E*TRADE Bank and serve as a physical access point for E*TRADE Bank customers. The Bank's primary deposits will be sweep deposit accounts obtained from an affiliate, E*TRADE Securities. The Bank will originate retail mortgage loans and conduct wholesale mortgage operations through its proposed wholly-owned subsidiary, E*TRADE Wholesale Lending Corporation (Wholesale). Wholesale will be incorporated in Delaware and will operate out of E*TRADE Bank regional operating centers.

The Bank will rely on its parent organization for financial support and for a wide variety of services for operations. In addition, the Bank will adopt most of the policies and procedures currently in place at E*TRADE Bank. The Bank will adopt policies to address transactions with affiliates and a management services agreement to address service fees.

For the purposes of this proposal, capital is adequate, projections for future earnings prospects are favorable, management is considered satisfactory, and the investment in fixed assets is reasonable. Corporate powers to be exercised are consistent with the purpose of the Federal Deposit Insurance Act. No formal objections have been filed and no undue risk to the insurance fund is apparent.

Accordingly, based upon careful evaluation of all available facts and information, the Associate Director, acting under delegated authority, has concluded that approval of the application is warranted, subject to certain prudential conditions.

ASSOCIATE DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION