



Interactive Brokers Group Investor Presentation

First Quarter 2020





Cautionary Note Regarding Forward-Looking Statements

The following information contains certain forward-looking statements that reflect the Company's current views with respect to certain current and future events and financial performance. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the Company's operations and business environment which may cause the Company's actual results to be materially different from any future results, expressed or implied, in these forward-looking statements. Any forward-looking statements are based upon information available to the Company on the date of this presentation. The Company does not undertake to publicly update or revise its forward-looking statements even if experience or future changes make it clear that any statements expressed or implied therein will not be realized. Additional information on risk factors that could potentially affect the Company's financial results may be found in the Company's filings with the Securities and Exchange Commission.

Non-GAAP Financial Measures

We use certain non-GAAP financial measures as additional measures to enhance the understanding of our financial results. This presentation includes the following non-GAAP financial measures: adjusted net revenues, adjusted variable expenses, and adjusted income before income taxes. We believe that these non-GAAP financial measures are important measures of our financial performance because they exclude certain items that may not be indicative of our core operating results and business outlook and may be useful to investors and analysts in evaluating the operating performance of the business and facilitating a meaningful comparison of our results in the current period to those in prior and future periods. These non-GAAP measures should be considered in addition to, rather than as a substitute for, measures of financial performance prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). A reconciliation of these non-GAAP measures to the most comparable financial measure presented in accordance with GAAP is included at the end of this presentation.

Capitalization and Balance Sheet

We maintain a strong and growing balance sheet

	At March 31, 2020	
Total membership interests	415.4 million	
Held by management	338.6 million	81.5%
Public shares	76.8 million	18.5%
Total market capitalization	\$17.9 billion	
Public float	\$3.3 billion	
Cash and equivalents	\$3.1 billion	
Total debt (0 long-term)	\$0.01 billion	
Total equity	\$8.1 billion	

Capital in excess of regulatory requirement	\$6.4 billion
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We are a highly automated electronic broker

We use our proprietary technology and international experience to offer **low cost, seamless global access** to multiple types of securities for both institutional and individual investors.

135

Market Centers

33

Countries

23

Currencies

**Stocks | Bonds | ETFs | Mutual Funds | Futures
Options | Currencies | Commodities**

760,000

Client
Accounts¹

+22%

YoY¹ Account
Growth

\$161B

Client
Equity³

1.45mil

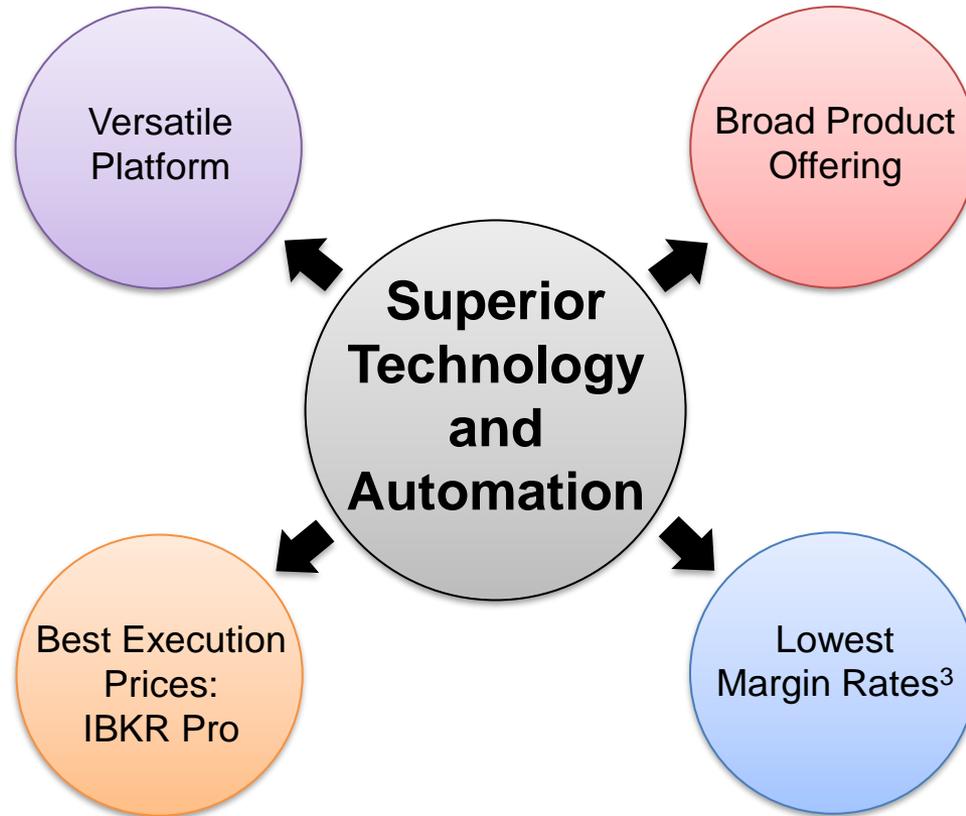
DARTs^{1,2}

\$8.1B

Equity
Capital¹

(1) 3/31/20 (2) DARTs are based on client orders (3) 1Q20

The IBKR Advantage



- Seamless electronic market access to **stocks, options, futures, forex, commodities, bonds, mutual funds and ETFs** from a single Integrated Investment Management Account
- Multiple desktop and mobile trading platforms
- Advanced trading tools
- Over 100 order types and algos
- API solutions

- IB SmartRoutingSM is designed to achieve best price execution by routing directly to market centers. IBKR Pro **does not sell client order flow**.¹
- IHS Markit, a third-party provider of transaction analysis, determined that IBKR's U.S. stock execution prices were \$0.43 per 100 shares better than the industry average.¹

- Access to multiple products in multiple currencies from a single Integrated Investment Management Account requires experience and the ability to operate in many jurisdictions, while complying with all regulatory requirements
- Clients can trade at over **135 market centers** in **33 countries** and in up to **23 currencies**

- IBKR provides technology to help its clients grow assets: those investors with the lowest drag from investing costs can show better performance and attract more business.
- U.S. margin rates range from **0.75% to 1.55%** for IBKR Pro.²
- U.S. margin rates are **2.55%** for IBKR Lite.²

(1) See ibkr.com/bestexecution

(2) As of May 1, 2020. See ibkr.com/interest. U.S. margin interest priced at 30 to 150 basis points over benchmark Federal Funds rate, with 75 basis point minimum.

(3) See ibkr.com/awards

Impact of Automation

Automation allows IB to be the lowest cost processor in the industry

Majority of senior management are software engineers, committed to automating as many processes as possible

From account opening through the entire transaction lifecycle, our processes are automated, including real-time risk management

We executed, cleared and settled over 2 million trades per day in 1Q20, across multiple product classes and in multiple currencies, at over 135 market centers in 33 countries

Electronic Brokerage Low Fixed Cost Model



Low margin rates help drive our business

IBKR clients recognize that they can maximize returns by minimizing their costs

U.S. Margin Loan Rates Comparison²

	\$25K	\$300K	\$1.5M	\$3.5M
Interactive Brokers ³	1.55%	1.21%	0.98%	0.85%
E-Trade	8.45%	6.95%	5.45%	5.45%
Fidelity	7.82%	6.57%	4.00%	4.00%
Schwab	7.82%	6.57%	N/A	N/A
TD Ameritrade	9.00%	7.50%	N/A	N/A

¹ According to StockBrokers.com Online Broker Survey 2020: Online Broker Reviews, February 12, 2020, "Interactive Brokers leads the industry with the lowest margin rates". For additional information, see ibkr.com/awards

² Annual Percentage Rate (APR) on USD margin loan balances for IBKR Pro as of 5/1/20. IBKR calculates the interest charged on margin loans using the applicable rates for each interest rate tier listed on its website. For additional information, see ibkr.com/interest

³ Interactive Brokers calculates the interest charged on margin loans using the applicable rates for each interest rate tier listed on its website. For additional information, see ibkr.com/interest. Rates were obtained on September 25, 2019 from each firm's website and are subject to change without notice. Services vary by firm. For more information, see ibkr.com/compare

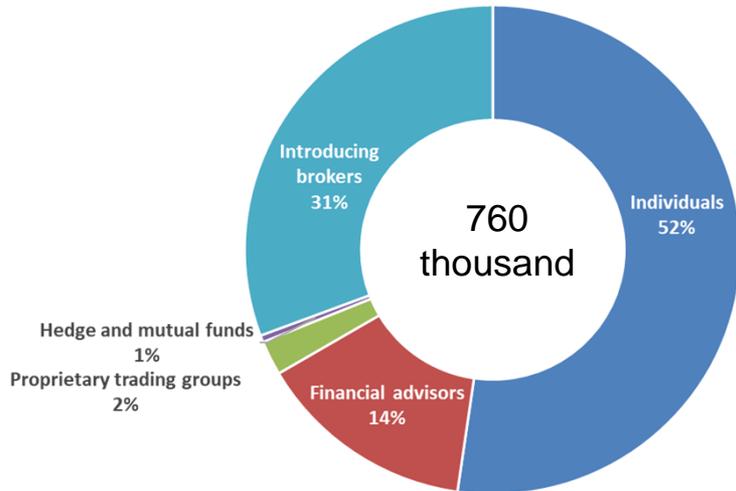
Automation and Focusing on the Client Lead to Growth



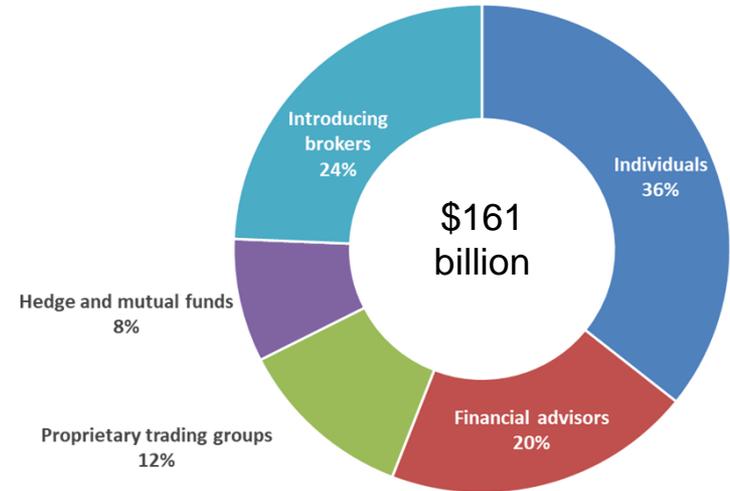
Diversified Client Base – by Client Type

As of March 31, 2020

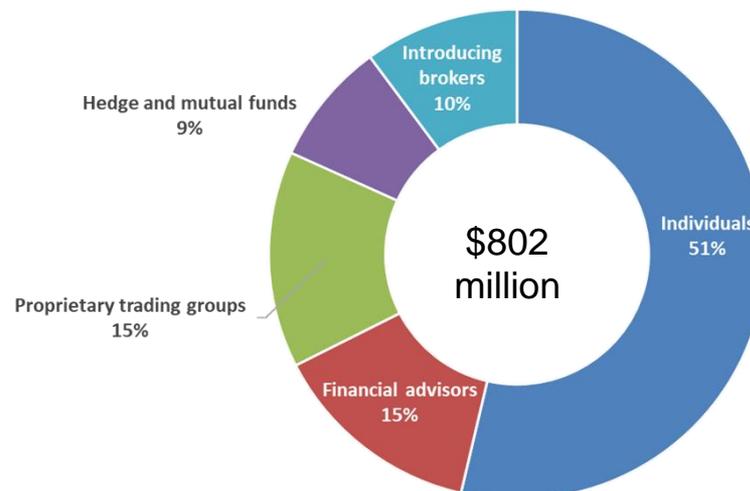
Accounts



Client Equity



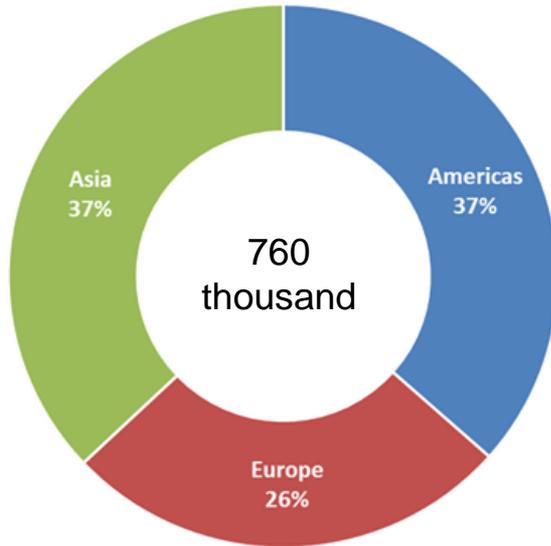
Latest 12 Months Commissions



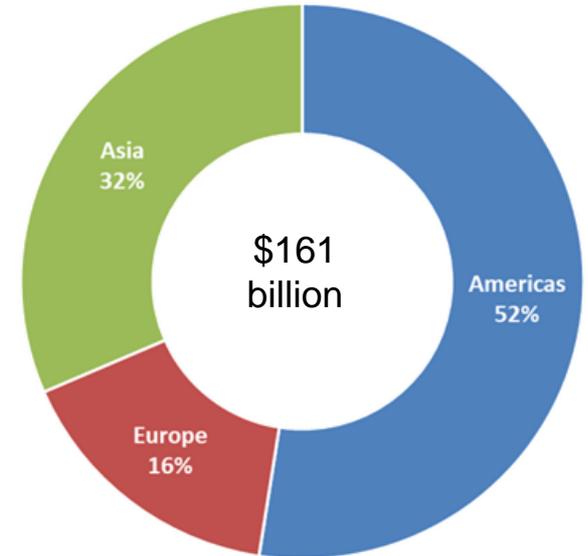
Diversified Client Base – by Geography

As of March 31, 2020

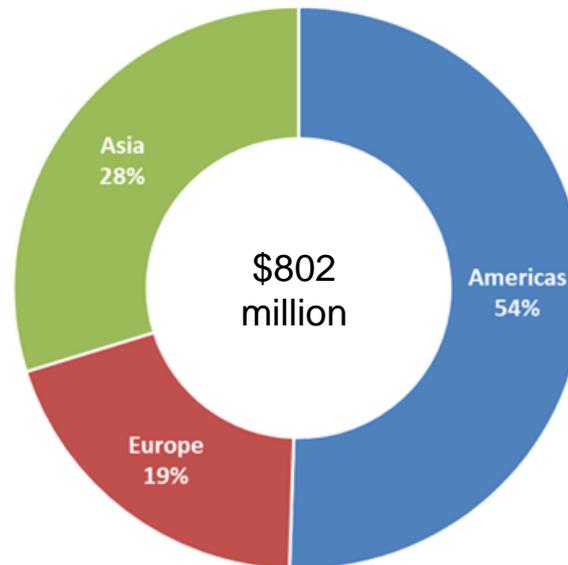
Accounts



Client Equity



Latest 12 Months Commissions



Comparative Metrics

A **sophisticated client base** on a **highly automated platform** leads to more active accounts and lower costs, generating **industry-leading profit margins**

	IBKR	ETFC¹	AMTD²	SCHW
	<u>1Q2020</u>	<u>1Q2020</u>	<u>1Q2020</u>	<u>1Q2020</u>
<u>1Q20 Brokerage Metrics (in thousands)</u>				
Number of accounts³	760	5,499	12,671	12,736
Client equity (in billions)⁴	\$161	\$338	\$1,232	\$3,497
Average client equity per account	\$212	\$61	\$97	\$275
Total DARTs	1,454	652	2,102	1,540
DARTs per account (actual, annualized)	505	31	43	31
Number of employees	1,702	4,116	9,068	20,200
<u>Trailing 12 Months' Financials (\$ in millions)</u>				
Revenues per employee	\$1.3	\$0.7	\$0.6	\$0.5
Total pretax profit⁵	\$1,312	\$1,183	\$2,574	\$4,631
Pretax profit margin⁵	63%	42%	44%	44%

(1) E*Trade bought Trust Co. of America and 1 million CapitalOne accounts, 2018

(2) Ameritrade bought Scottrade, 2017

(3) E*Trade and Charles Schwab are brokerage accounts only

(4) Charles Schwab's client equity includes all client assets

(5) Interactive Brokers' pretax profit is adjusted for currency diversification, one-time gains and Treasury marks-to-market.

See reconciliation of non-GAAP measures at the end of this presentation.

Integrated Investment Management from One Account

EARN

Earn Market Rate Interest on idle cash balances and earn income on securities by lending out fully paid shares.^{1,2}

Directly deposit your paycheck and instantly earn interest.¹

Use our Insured Bank Deposit Sweep Program

to get up to \$2.75 million of SIPC and FDIC insurance on the cash in your accounts, and still earn the same market rate interest.

BORROW

Borrow against your account whenever needed at our extremely low, market-based rates.

SPEND

Spend using our Bill Pay to pay any expense, or use our Debit Mastercard® to make purchases anywhere.

INVEST

Invest in stocks, options, futures, forex, commodities, bonds, mutual funds and ETFs on over 135 global market centers at low cost.³

1) USD credit interest is paid on balances over USD 10,000 in securities accounts with Net Asset Value exceeding USD 100,000. For more information, see ibkr.com/interest.

2) For more information, see ibkr.com/syep

3) Barron's ranked Interactive Brokers #1 with 5 out of 5 stars in its February 24, 2020, Best Online Broker review. For complete information, see ibkr.com/info.

Recent Enhancements and New Products

Shares

\$

Fractional Shares – Investors can now buy and sell fractions of shares, which allows them to **transact a specific dollar amount, as low as \$1.00** of a security or ETF. Those who prefer to invest a certain dollar amount, and investors who are handling smaller amounts of money but still want to invest in a particular group of securities, can participate.

Mutual Fund/ETF Parser – The Parser categorizes the individual component stocks within mutual funds and ETFs. Customers can get an accurate, granular picture of their overall exposure to asset classes, industry sectors, and companies.

Access to the Moscow Exchange – Interactive Brokers clients around the world can now trade on the Moscow Exchange, expanding our global access.

Singapore – Interactive Brokers continues to broaden its global presence, with an office now open in Singapore.

Recognized Industry Leader

IBKR's multiple trading platforms, extensive suite of advanced trading tools, algos and order types continue to earn awards, year after year.

BARRON'S

2020 Barron's Awards¹:

Interactive Brokers was Rated #1 – Best Online Broker

Rated #1 for Active Traders

Rated #1 for International Traders

Rated #1 for Retirement Investors

@preqin

2019 Preqin Service Provider Awards:

Rated Top Performing Broker

Rated Top Performing Custodian

INVESTOR'S BUSINESS DAILY[®]

2019 Investor's Business Daily Awards:

Rated #1 for Low Commissions and Fees

Rated #1 for Mobile Trading Platform/Apps

Rated #1 for Range of Products

Rated #1 for Website Security

2020 NerdWallet Awards:

Best for Low-Cost Investing

Best for Stock Trading Platform and Research



2019 Investopedia Awards:

Best Overall

Best for Low Costs

Best for International Trading

Best for Options Trading



2019 ForexBrokers.com Awards:

Rated #1 for Professionals



HFM WEEK

2019 HFM Week US Hedge Fund Services Awards:

Best Mobile/Remote Working Application

2019 HFM Week European Hedge Fund Services Awards:

Best Prime Broker – Technology



Appendix

Electronic Brokerage Non-GAAP Reconciliation

	Year Ended December 31,				
	2015	2016	2017	2018	2019
	(in millions)				
Adjusted net revenues					
Net revenues - GAAP	\$ 1,097	\$ 1,239	\$ 1,405	\$ 1,842	\$ 1,921
Non-GAAP adjustments					
Gain from hedging activities to offset losses related to the Swiss franc event	(18)	-	-	-	-
Mark-to-market on U.S. government securities portfolio	33	(26)	12	(9)	(7)
Total non-GAAP adjustments	15	(26)	12	(9)	(7)
Adjusted net revenues	<u>\$ 1,112</u>	<u>\$ 1,213</u>	<u>\$ 1,417</u>	<u>\$ 1,833</u>	<u>\$ 1,914</u>
Adjusted variable expenses					
Variable expenses					
Execution, clearing and distribution fees	\$ 160	\$ 181	\$ 210	\$ 254	\$ 238
Customer bad debt	146	6	2	4	44
Total variable expense	306	187	212	258	282
Non-GAAP adjustments					
Unusual bad debt expense	(137)	-	-	-	(42)
Adjusted variable expenses	<u>\$ 169</u>	<u>\$ 187</u>	<u>\$ 212</u>	<u>\$ 258</u>	<u>\$ 240</u>
Adjusted income before income taxes					
Income before income taxes	\$ 536	\$ 756	\$ 860	\$ 1,177	\$ 1,197
Non-GAAP adjustments					
Gain from hedging activities to offset losses related to the Swiss franc event	(18)	-	-	-	-
Mark-to-market on U.S. government securities portfolio	33	(26)	12	(9)	(7)
Unusual bad debt expense	137	-	-	-	42
Total non-GAAP adjustments	152	(26)	12	(9)	35
Adjusted income before income taxes	<u>\$ 688</u>	<u>\$ 730</u>	<u>\$ 872</u>	<u>\$ 1,168</u>	<u>\$ 1,232</u>
Adjusted pre-tax profit margin	62%	60%	62%	64%	64%

IBKR Trailing 12 Months Financials Reconciliation

**Trailing 12 Months
March 31, 2020**

(in millions)

Adjusted net revenues	
Net revenues - GAAP	\$ 1,911
Non-GAAP adjustments	
Currency diversification strategy, net	90
Mark-to-market on investments	96
Total non-GAAP adjustments	186
Adjusted net revenues	<u>\$ 2,097</u>
Adjusted income before income taxes	
Income before income taxes	\$ 1,126
Non-GAAP adjustments	
Currency diversification strategy, net	90
Mark-to-market on investments	96
Unusual bad debt expense	-
Total non-GAAP adjustments	186
Adjusted income before income taxes	<u>\$ 1,312</u>
Adjusted pre-tax profit margin	63%