



# Interactive Brokers Group Investor Presentation

First Quarter 2021

## 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.

## Financial Strength – Liquid and Growing

	At March 31, 2021	
Total membership interests	416.8 million	
Held by management	326.0 million	78.2%
Public shares	90.8 million	21.8%
Total market capitalization	\$30.4 billion	
Public float	\$6.6 billion	
Cash and equivalents	\$2.6 billion	
Total debt (0 long-term)	\$0.2 billion	
Total equity	\$9.4 billion	
Total Assets	\$103.8 billion, 99% liquid	

Capital in excess of regulatory requirement	\$6.7 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

25

Currencies

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

1,325,000

Client  
Accounts<sup>1</sup>

+74%

YoY<sup>1</sup> Account  
Growth

\$331B

Client  
Equity<sup>1</sup>

3.3mil

DARTs<sup>1,2</sup>

\$9.4B

Total  
Equity<sup>1</sup>

(1) 3/31/21 (2) DARTs are based on client orders

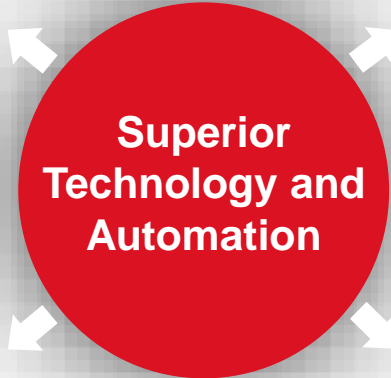
# The IBKR Advantage

## Versatile Platform

- 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

## Best Execution Prices: IBKR Pro

- IB SmartRouting<sup>SM</sup> is designed to achieve best price execution by routing directly to market centers. IBKR Pro **does not sell client order flow**.<sup>1</sup>
- IHS Markit, a third-party provider of transaction analysis, determined that IBKR's U.S. stock execution prices were **\$0.47 per 100 shares better than the industry average**.<sup>1</sup>



## Broad Product Offering

- 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 on over **135 market centers** in **33 countries** and in up to **25 currencies**

## Lowest Margin Rates<sup>3</sup>

- 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 **0.86%** to **1.59%** for IBKR Pro.<sup>2</sup>
- U.S. margin rates are **1.59%** for IBKR Lite.<sup>2</sup>

1. See [ibkr.com/bestexecution](http://ibkr.com/bestexecution)

2. As of February 1, 2021. See [ibkr.com/interest](http://ibkr.com/interest). U.S. margin interest priced at 30 to 150 basis points over benchmark Federal Funds rate, with 75 basis point minimum.

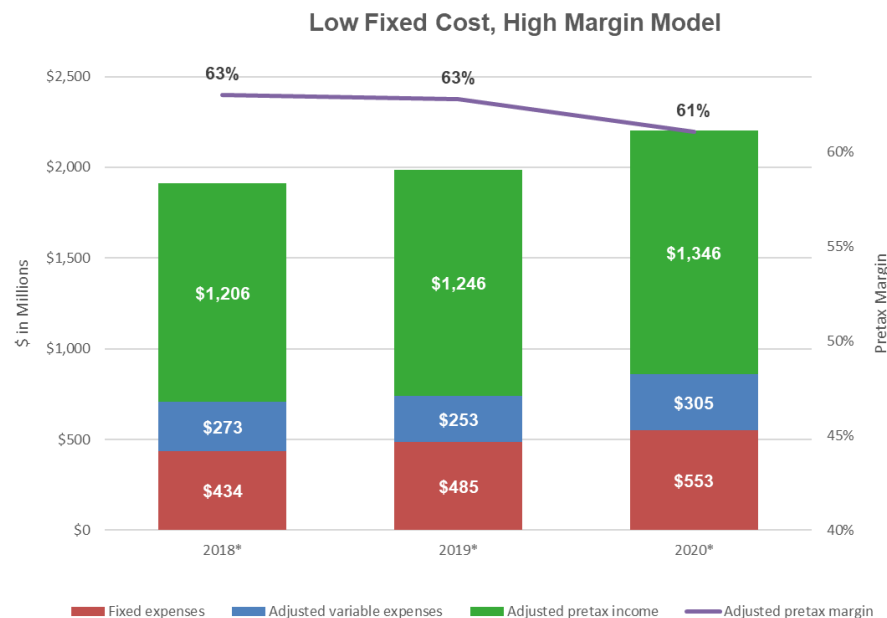
3. See [ibkr.com/awards](http://ibkr.com/awards)

## Automation allows IBKR to be one of the lowest cost processors 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 3 million trades per day in 1Q21, across multiple product classes and in multiple currencies, on over 135 market centers in 33 countries



- See reconciliation of non-GAAP measures at the end of this presentation.
- 2020 includes \$19 million in fixed expenses due to Brexit costs

## Continue to be “Low Cost Broker”

IBKR clients recognize that they can maximize returns by minimizing their costs  
Barron’s has recognized Interactive Brokers as the low cost broker 2002 through 2021<sup>1</sup>

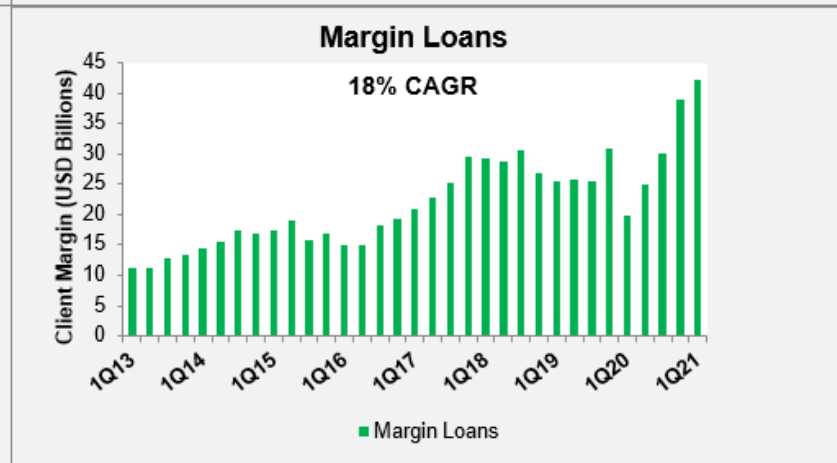
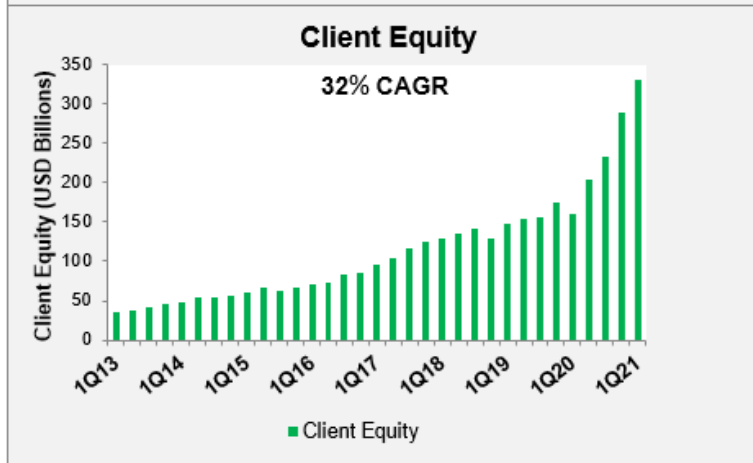
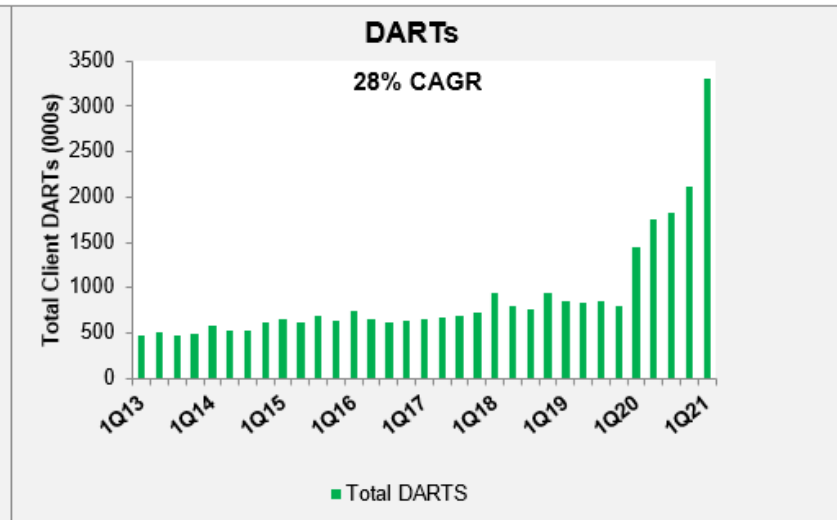
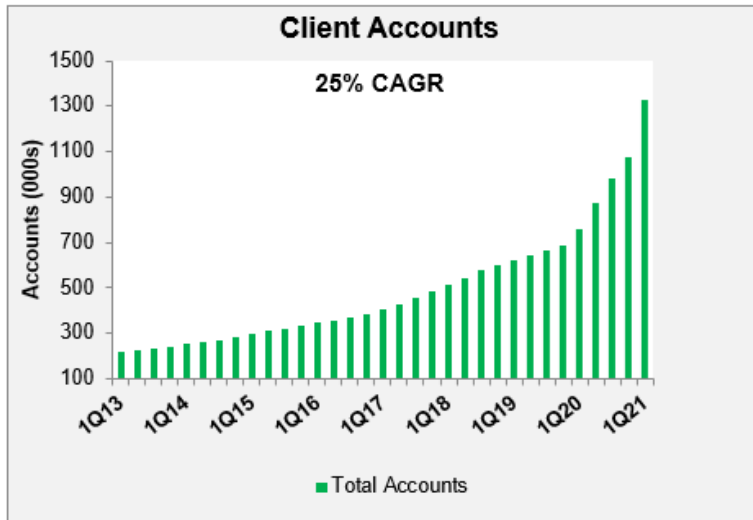
### U.S. Margin Loan Rates Comparison<sup>2</sup>

	\$25K	\$300K	\$1.5M	\$3.5M
<b>Interactive Brokers</b>	<b>1.59%</b>	<b>1.25%</b>	<b>1.01%</b>	<b>0.86%</b>
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. For additional information, see [ibkr.com/awards](http://ibkr.com/awards).

2. Annual Percentage Rate (APR) on USD margin loan balances for IBKR Pro as of 2/01/2021. 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 on margin loan rates, see [ibkr.com/interest](http://ibkr.com/interest).

# Automation and Focusing on the Client Lead to Growth



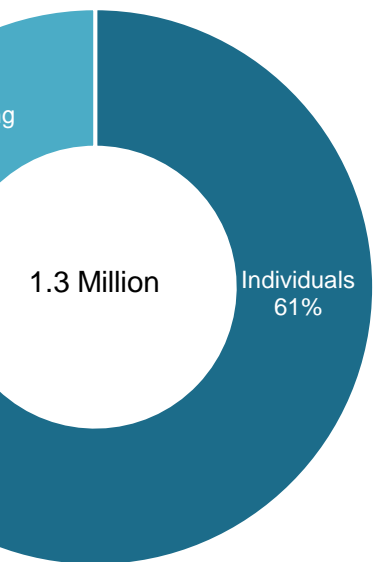
8-year compound annual growth rate



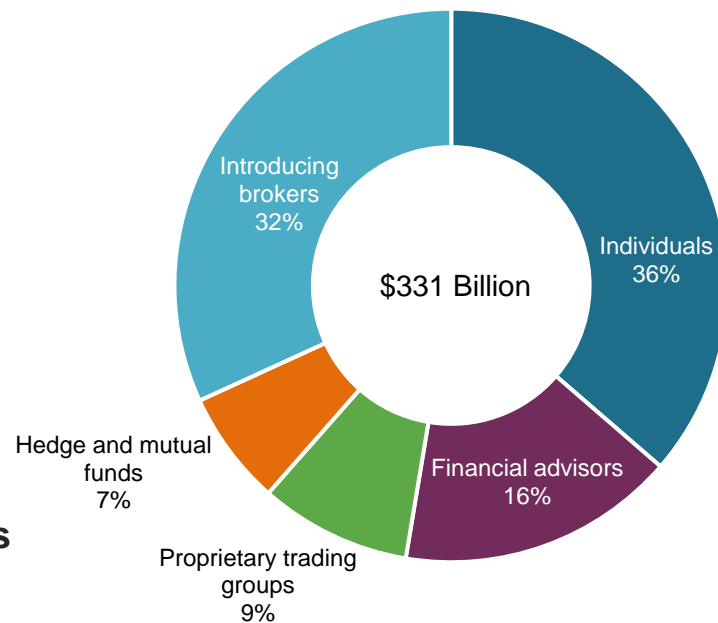
# Diversified Client Base – by Client Type

As of March 31, 2021

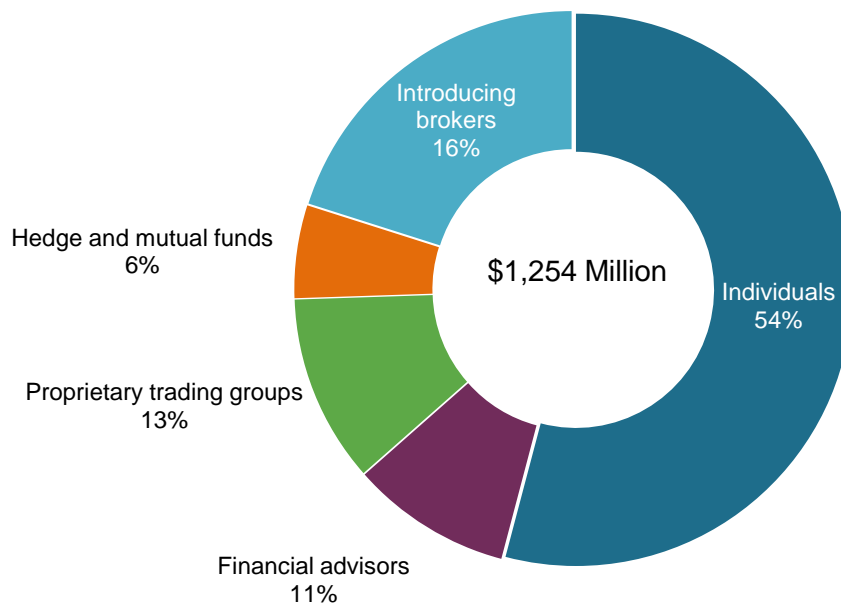
## Accounts



## Client Equity

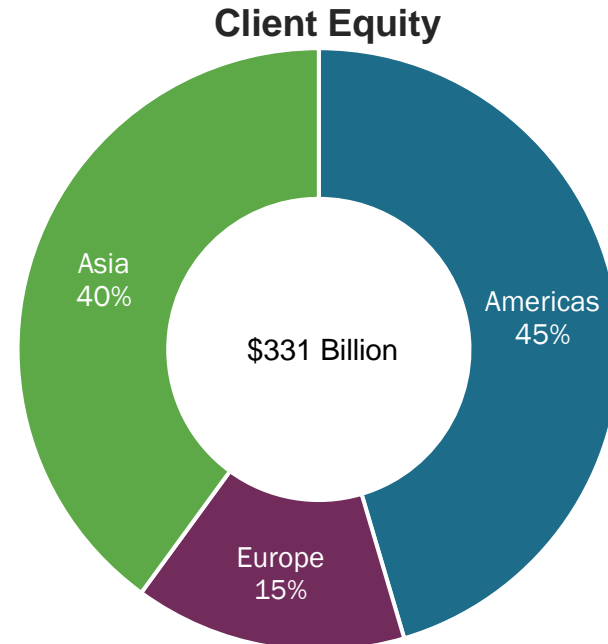
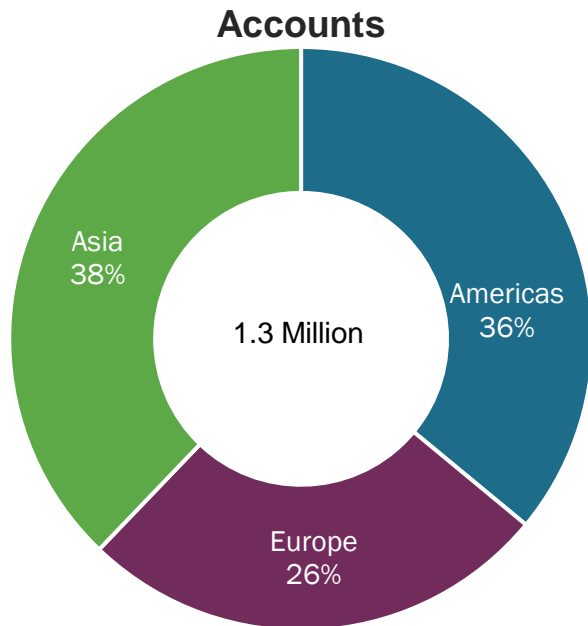


## Latest 12 Months Commissions

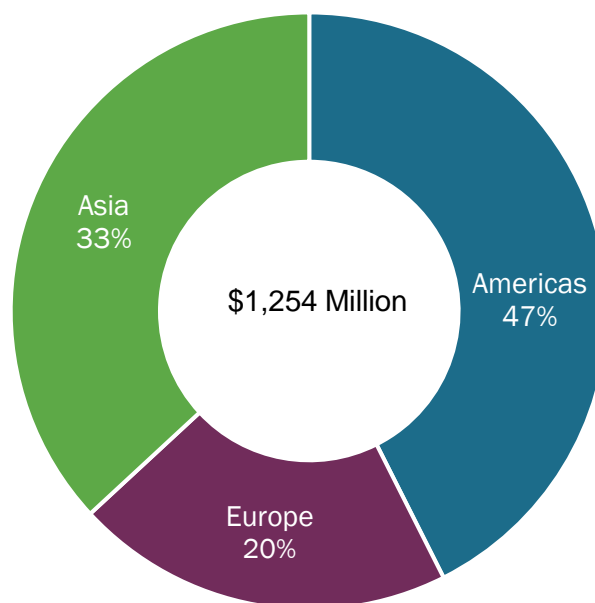


# Diversified Client Base – by Geography

As of March 31, 2021



### 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**

	<b>IBKR</b>		<b>SCHW</b>		<b>LPLA</b>	
	3 Year-		3 Year-		3 Year-	
	<u>1Q21</u>	<u>Change</u>	<u>1Q21</u>	<u>Change</u>	<u>1Q21</u>	<u>Change</u>
<b><u>1Q21 Brokerage Metrics (in thousands)</u></b>						
<b>Number of accounts</b> <sup>1</sup>	1,325	156%	31,902	190%	6,100	15%
<b>Client equity (in billions)</b> <sup>2</sup>	\$331	156%	\$7,069	114%	\$958	48%
<b>Total DARTs</b>	3,308	252%	8,414	NA	NA	NA
<b>DARTs per account (actual, annualized)</b>	622	42%	69	551%	NA	NA
<b>Number of employees</b> <sup>3</sup>	2,187	75%	32,000	76%	4,815	25%
<b><u>Trailing 12 Months' Financials (\$ in millions)</u></b>						
<b>Revenues per average employee</b>	\$1.3		\$0.5		\$1.3	
<b>Compensation per average employee (in thousands)</b>	\$172		\$166		\$133	
<b>Total adjusted pretax profit</b> <sup>4,5</sup>	\$1,531		\$6,075		\$608	
<b>Adjusted pretax profit margin</b>	63%		44%		10%	

(1) Charles Schwab's accounts include 14.5 million acquired from AMTD and 1.1 million acquired from USAA in 2020.

(2) Client equity for Charles Schwab and LPLA includes both advisory and brokerage assets.

(3) LPLA employee figure excludes 17,672 in both external and internal advisors as of 3/31/21.

(4) Interactive Brokers' pretax profit is adjusted for currency diversification, marks-to-market, remeasurement of TRA liability, customer compensation expense, and bad debt expense. See reconciliation of non-GAAP measures at the end of this presentation.

(5) Charles Schwab's pretax profit is adjusted for acquisition and integration related costs associated with AMTD purchase.

# Integrated Investment Management from One Account

## EARN

**Earn income on securities** by lending out fully paid shares.<sup>1</sup>

**Directly deposit** your paycheck and instantly earn interest.

**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 industry-low cost.<sup>2</sup>

1. For more information, see [ibkr.com/syep](http://ibkr.com/syep)

2. Barron's ranked Interactive Brokers #1 with 5 out of 5 stars in its February 27, 2021, Best Online Broker review. For complete information, see [ibkr.com/info](http://ibkr.com/info).

# Recent Enhancements and New Products



**ESG Impact Profile** – The ESG Impact Profile helps Advisors understand client preferences for socially responsible and impact investing. This tool allows you to invite clients to identify their personal investment criteria from 13 impact values and socially responsible investing principles.<sup>1</sup>



**Spot Gold Trading** – Clients can now trade U.S. spot gold in amounts as small as one ounce, side-by-side with other asset classes from a single, integrated account. U.S. clients will also be able to request physical delivery settlement of COMEX Gold and Silver futures directly from their accounts.<sup>1</sup>



**No Transaction Fees for ETF's** – This program will reimburse IBKR Pro clients and eligible non-US clients for commissions paid on eligible ETF shares held for at least 30 days.<sup>1</sup>

1. See [ibkr.com](http://ibkr.com) for further details

# 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

### 2021 Barron's Awards<sup>1</sup>:

Interactive Brokers was Rated #1 – Best Online Broker  
Rated #1 for Active Traders  
Rated #1 for Information  
Rated #1 for International Traders  
Rated #1 for Trading

## BENZINGA

### 2021 Benzinga Awards:

Best Online Broker for Bonds  
Best Online Broker for Mutual Funds

## @preqin

### 2020 Preqin Awards:

Top Prime Broker  
Top Hedge Fund Custodian

### 2021 BrokerChooser Best Online Brokers:

Best Online Broker - 2021  
Best Broker for Day Trading - 2021

### 2021 StockBrokers.com Awards:

5 out of 5 stars Overall  
#1 for Professionals  
#1 New Tool  
#1 for Offering of Investments  
#1 International Trading  
#1 Futures Trading

### 2021 ForexBrokers.com Awards:

4.5 out of 5 stars Overall  
5 stars Offering of Investments  
4.5 stars Commissions & Fees  
4.5 stars Platform & Tools  
4.5 stars Research



1. Barron's is a registered trademark of Dow Jones & Co. Inc.

Appendix

# Non-GAAP Reconciliation

	Year-Ended December 31,		
	2018	2019	2020
	(in millions)		
<b>Adjusted net revenues</b>			
Net revenues - GAAP	\$ 1,903	\$ 1,937	\$ 2,218
Non-GAAP adjustments			
Currency diversification strategy, net	19	60	19
Mark-to-market on investments	(9)	(13)	(36)
Remeasurement of TRA liability	-	-	3
Total non-GAAP adjustments	10	47	(14)
Adjusted net revenues	<u>\$ 1,913</u>	<u>\$ 1,984</u>	<u>\$ 2,204</u>
<b>Adjusted income before income taxes</b>			
Income before income taxes - GAAP	\$ 1,196	\$ 1,157	\$ 1,256
Non-GAAP adjustments			
Currency diversification strategy, net	19	60	19
Mark-to-market on investments	(9)	(13)	(36)
Remeasurement of TRA liability	-	-	3
Customer compensation expense	-	-	103
Bad debt expense	-	42	1
Total non-GAAP adjustments	10	89	90
Adjusted income before income taxes	<u>\$ 1,206</u>	<u>\$ 1,246</u>	<u>\$ 1,346</u>
Adjusted pre-tax profit margin	63%	63%	61%
<b>Adjusted net income available for common stockholders</b>			
Net income available for common stockholders - GAAP	\$ 169	\$ 161	\$ 195
Non-GAAP adjustments			
Currency diversification strategy, net	3	11	4
Mark-to-market on investments	(2)	(2)	(7)
Remeasurement of TRA liability	-	-	3
Customer compensation expense	-	-	20
Bad debt expense	-	8	0
Income tax effect of above adjustments	(1)	(3)	(3)
Remeasurement of deferred income taxes	-	-	(11)
Total non-GAAP adjustments	1	13	6
Adjusted net income available for common stockholders	<u>\$ 170</u>	<u>\$ 174</u>	<u>\$ 201</u>



# Non-GAAP Trailing 12 Months Financials Reconciliation

	Trailing 12 Months <u>March 31, 2021</u>
<b>Adjusted net revenues</b>	
Net revenues - GAAP	2,579
Non-GAAP adjustments	
Currency diversification strategy, net	(28)
Mark-to-market on investments	(135)
Remeasurement of TRA liability	3
Total non-GAAP adjustments	<u>(160)</u>
Adjusted net revenues	<u>2,419</u>
<b>Adjusted income before income taxes</b>	
Income before income taxes - GAAP	1,587
Non-GAAP adjustments	
Currency diversification strategy, net	(28)
Mark-to-market on investments	(135)
Remeasurement of TRA liability	3
Customer compensation expense	103
Bad debt expense	1
Total non-GAAP adjustments	<u>(56)</u>
Adjusted income before income taxes	<u>1,531</u>
Adjusted pre-tax profit margin	63%

# Non-GAAP Variable Expenses Reconciliation

	Year-Ended December 31,		
	2018	2019	2020
	(in millions)		
<b>Adjusted variable expenses</b>			
Execution, clearing and distribution fees	\$ 269	\$ 251	\$ 293
Customer bad debt	4	44	13
Variable expenses - GAAP	273	295	306
Non-GAAP adjustments			
Bad debt expense	-	(42)	(1)
Total non-GAAP adjustments	-	(42)	(1)
Adjusted variable expenses	<u>\$ 273</u>	<u>\$ 253</u>	<u>\$ 305</u>