InteractiveBrokers

Interactive Brokers Group Investor Presentation

Third Quarter 2019

Disclaimer

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.

Who we are, Where we are going

We began as a market maker in 1977, and grew into the largest market maker of exchange-listed, equity-based options in the world.

We used this technology and knowledge of markets to launch our brokerage business in 1993.

Today We Are:

- **One of the largest U.S. electronic brokers** as measured by DARTs.
- **Fastest organically-growing, publicly-traded U.S. electronic broker** as measured by client accounts and client equity.
- **Broad global reach** – Access to over 125 markets in 33 countries.
- **Seamless access to products worldwide** – Trade stocks, options, futures, commodities, FX and fixed income in up to 22 currencies.
- **Highly efficient, scalable business model** – $1.3M net revenue / employee [(4) (5)].

666,000
Client Accounts [3]

$7.7B
Equity Capital [3]

859,000
DARTs [1,2]

66%
Brokerage Pretax Margin [1,4]

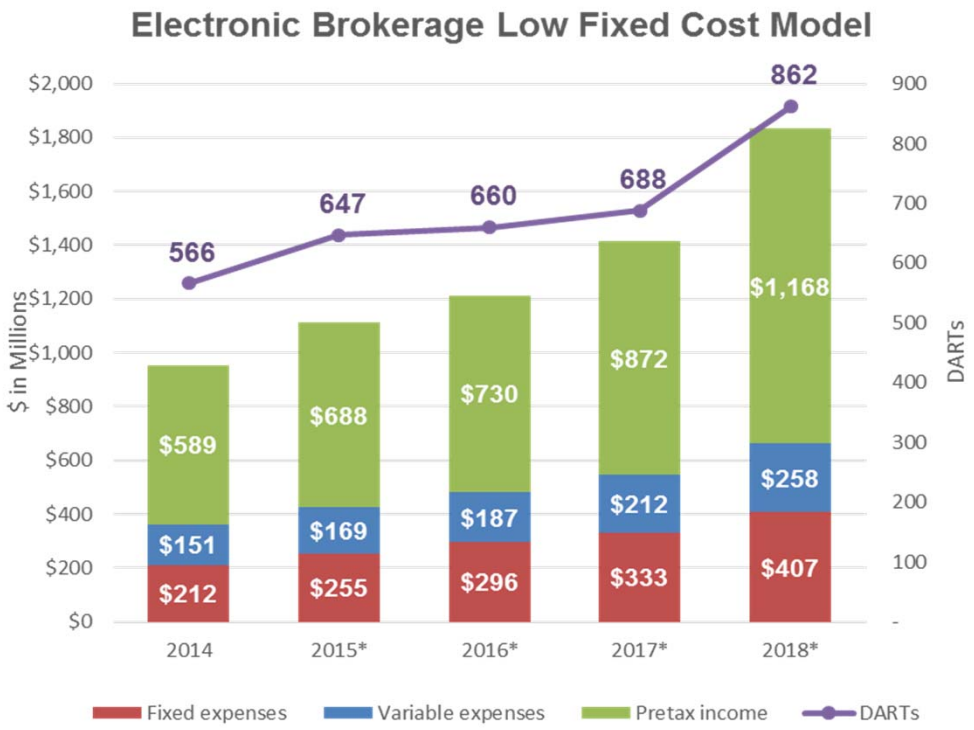
16%
YoY[3] Account Growth

(1) 3Q19 (2) DARTs are based on client orders (3) 9/30/19 (4) Excludes MtM on US Treasuries, one-time gains and currency diversification (5) Trailing twelve months to 9/30/19

Corporate Strategy

Automation allows IBKR to be the lowest cost provider of global brokerage services

- Majority of senior management are software engineers
- From account opening through the entire transaction lifecycle, our processes are automated
- As a result, we were able to execute, clear and settle 859,000 trades per day on average in 3Q19, across multiple product classes and in multiple currencies, at over 125 market centers in 33 countries with 1,581 (3Q19) employees
- Automated, real-time risk management



* Excludes MtM on Treasuries and CHF client losses in 2015 and MtM on Treasuries in 2016-2018.

InteractiveBrokers

Strong Balance Sheet

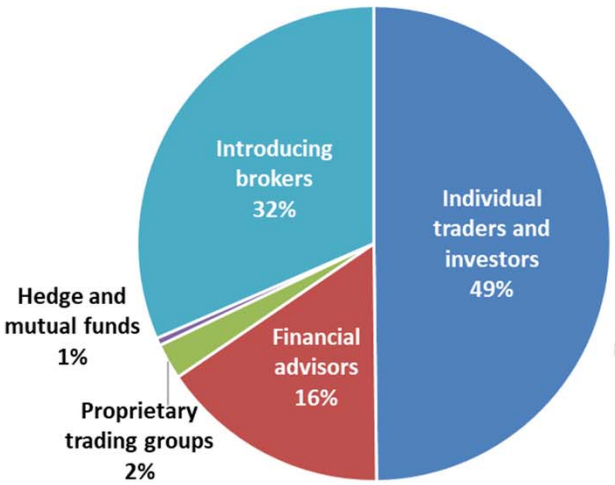
We maintain a strong and growing balance sheet

	At September 30, 2014	At September 30, 2019
Long-term debt	$0	$0
Total equity	$5.2 billion +$2.7 billion in dividends distributed	$7.7 billion + $4.3 billion in dividends distributed
Excess regulatory capital	$3.3 billion	$6.3 billion
Public shares	55 million 14%	76 million 18%
Private ownership	347 million 86%	339 million 82%
Total	402 million 100%	415 million 100%

Diversified Enterprise

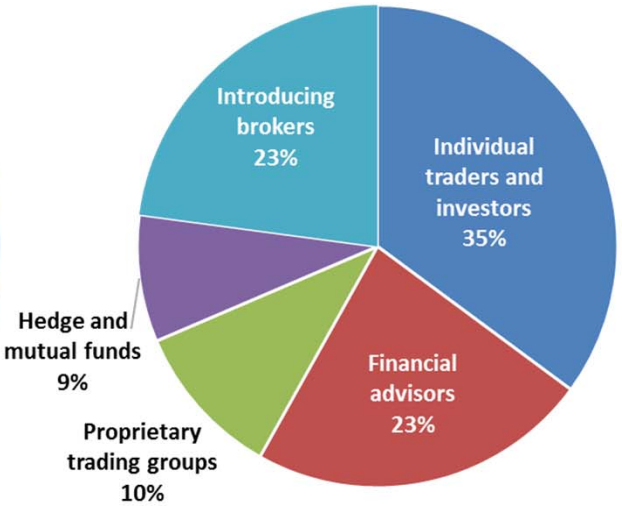
Brokerage Accounts

666K



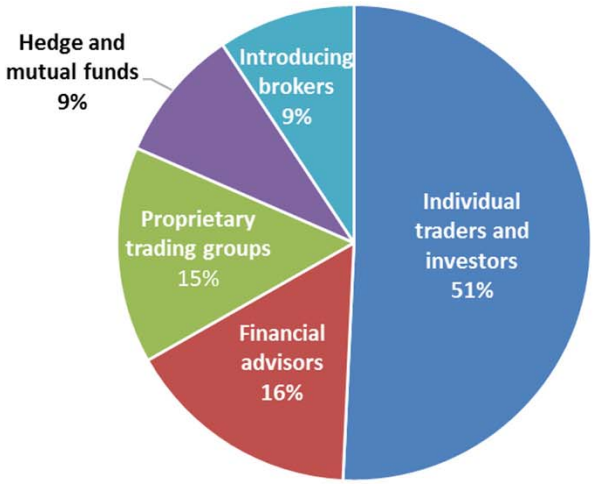
Brokerage Client Equity

$157B



Brokerage Year To Date Commissions by Client

$538M



As of September 30, 2019

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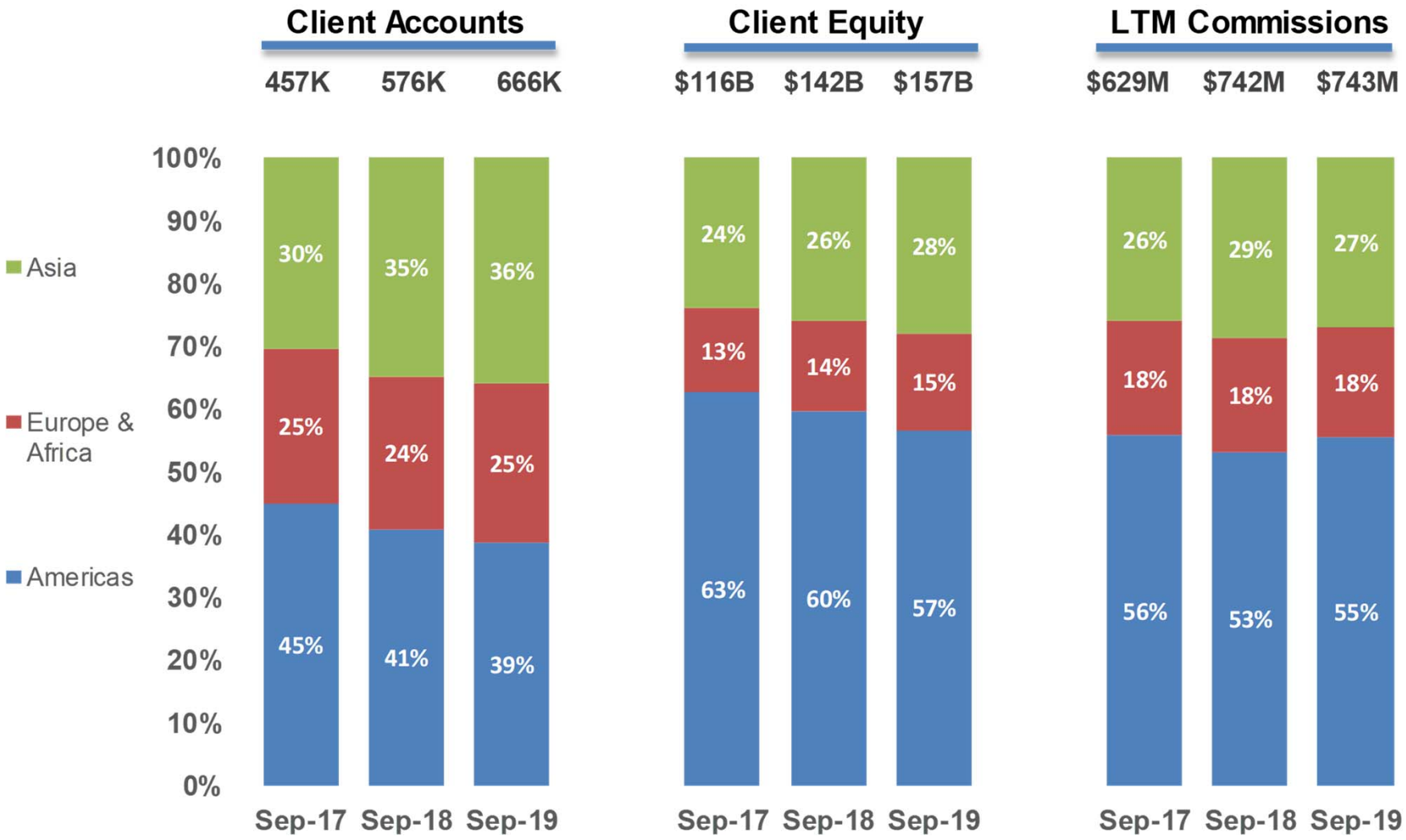
Geographic Distribution



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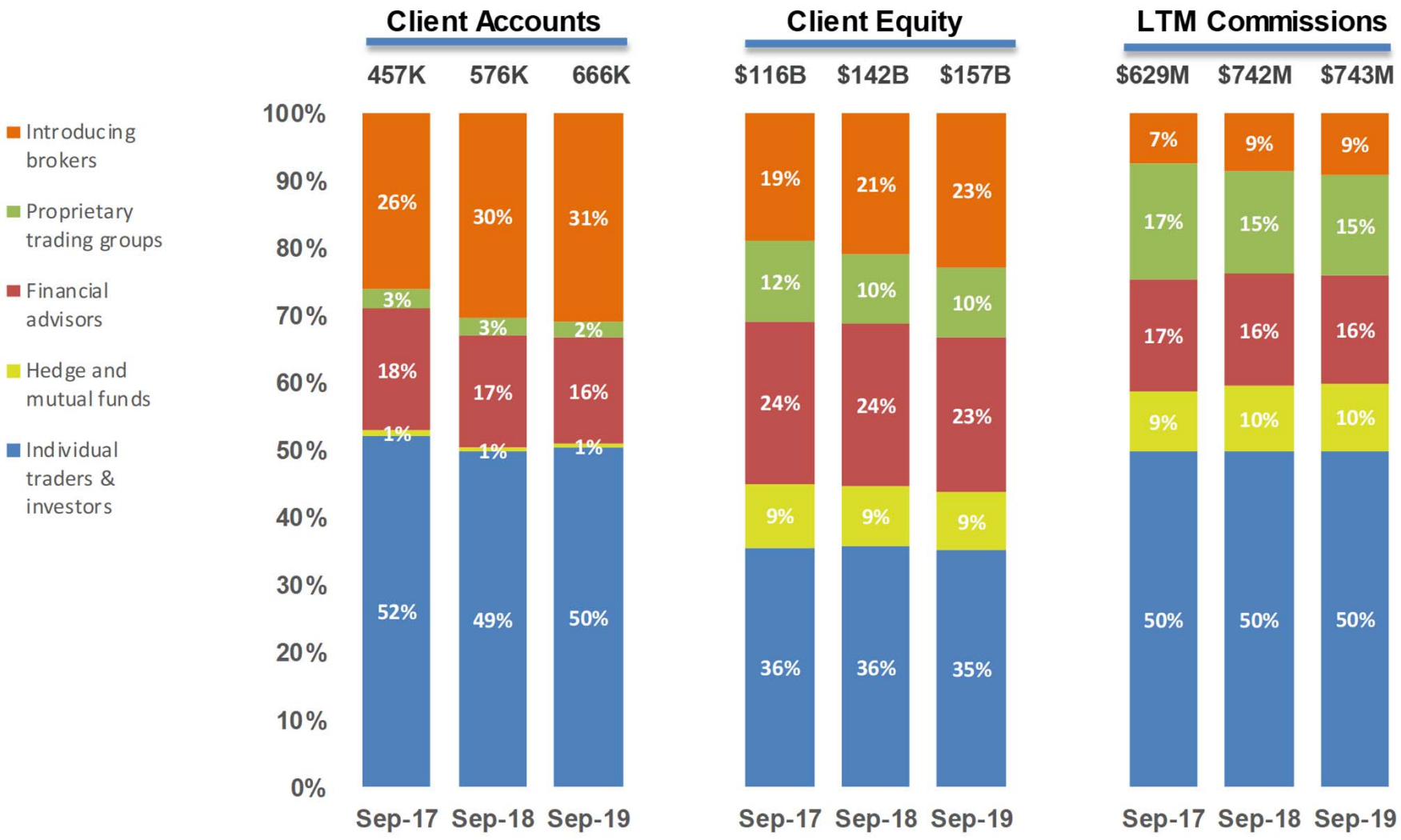
Client Segment Distribution



InteractiveBrokers

Our Competitive Strengths

Best Execution for IBKR Pro

- U.S. margin rates range from 1.85% to 3.05%.[1]
- IB SmartRouting℠ is designed to achieve best price execution by routing directly to market centers. IBKR Pro does not sell client order flow.[2]
- IHS Markit, a third-party provider of transaction analysis, determined that IBKR's U.S. stock price executions (were $0.43 per 100 shares better than the industry average.[2]

Zero Commissions for IBKR Lite

- U.S. customers pay zero commissions for U.S. equities and ETFs.
- One margin rate of 4.05%.[3]
- Revenue neutral

Breadth of Product

- Clients can trade on over 125 market centers in 33 countries and up to 22 currencies
- Seamless electronic market access to stocks, options, futures, forex, commodities, bonds, funds and ETFs from a single IB Universal Account®

Superior Trading Technology

- Sophisticated technology
- Multiple desktop and mobile trading platforms
- Advanced trading tools
- 60+ order types and algos
- API solutions

(1) As of December 2, 2019. U.S. margin interest priced at 30 to 150 basis points over benchmark Federal Funds rate. See ibkr.com/interest.

(2) See ibkr.com/bestexecution

(3) As of December 2, 2019. See ibkr.com/interest.

Cost Comparison

Rated as "Low Cost Broker" 18 years in a row by Barron's[1]

US Margin Loan Rates Comparison [2,3]

	$25K	$300K	$1.5M	$3.5M
Interactive Brokers [2]	**3.06%**	**2.72%**	**2.42%**	**2.18%**
E-Trade	9.75%	8.25%	6.75%	6.75%
Fidelity	8.82%	7.57%	5.00%	5.00%
Schwab	8.82%	7.57%	NA	NA
TD Ameritrade	9.75%	8.25%	NA	NA

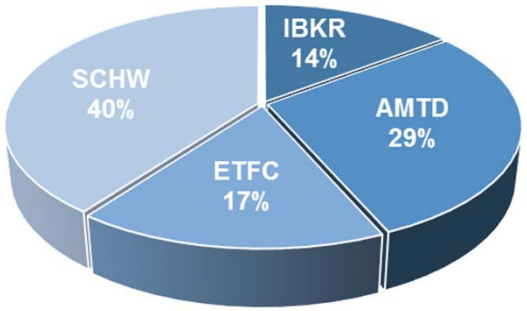
[1] Low Cost Broker 2002 through 2019 according to Barron's "Annual Best Online Brokers - "Best Online Brokers of 2019." For additional information, see ibkr.com/awards. Barron's is a registered trademark of Dow Jones & Co. Inc.

[2] 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

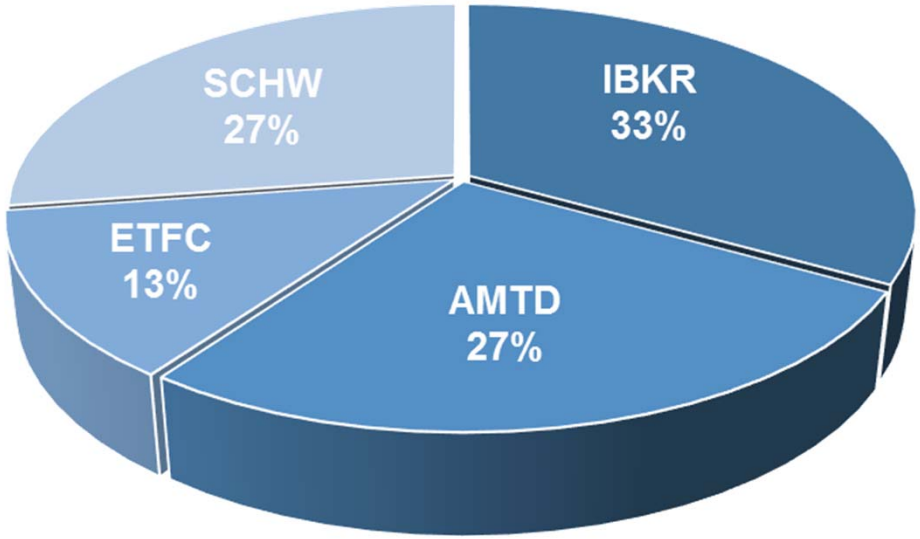
[3] Rates were obtained on December 2, 2019 from each firm's website and are subject to change without notice. Services vary by firm. For more information, see ibkr.com/compare

Impact of IBKR's Low Margin Rates

September 2009
E-Broker margin loans: $20 billion



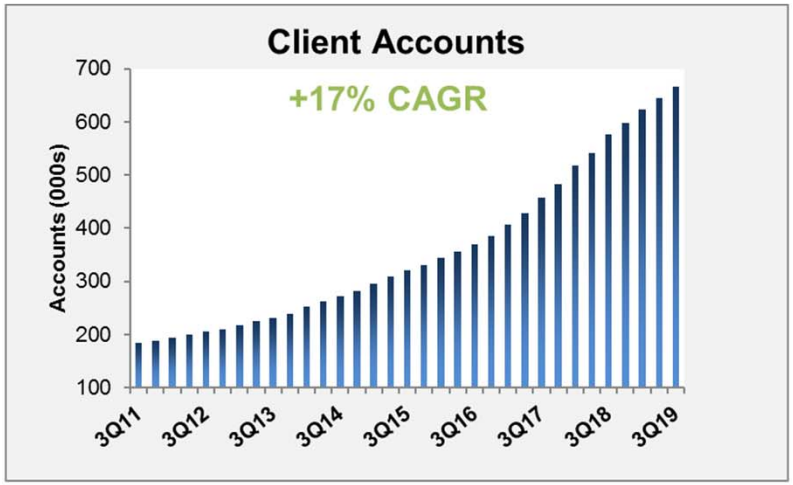
September 2019
E-Broker margin loans: $77 billion

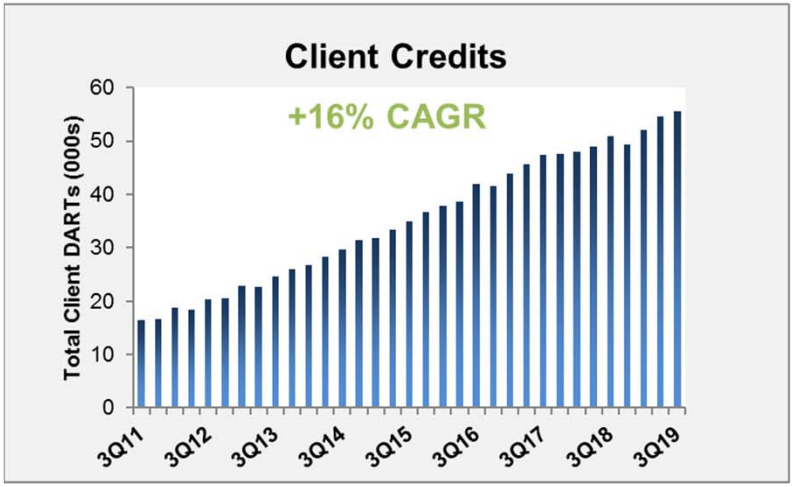


E-Brokers defined as IBKR, AMTD, SCHW, and ETFC

Brokerage Expansion

Market leading growth in every key metric





8 year compound annual growth, 3Q11 – 3Q19

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Competition Metrics

	IBKR		ETFC[1]		AMTD[2]		SCHW	
	3Q2019	3-year Change	3Q2019	3-year Change	3Q2019	3-year Change	3Q2019	3-year Change
3Q19 Brokerage Metrics *(in thousands)*								
Number of accounts [3]	666	80%	5,130	38%	11,971	72%	12,118	21%
Client equity *(in billions)* [4]	$157	89%	$350	54%	$1,328	72%	$3,768	38%
Average commission per DART (*actual*)	$3.69	-6%	$7.18	-36%	$7.04	-40%	$6.94	-38%
Average client equity per account	$235	5%	$68	12%	$111	0%	$311	15%
Total DARTs	859	41%	267	81%	837	89%	395	47%
DARTs per account	297	-24%	13	28%	18	9%	8	22%
Number of employees	1,581	32%	4,297	18%	9,226	54%	19,800	23%
Trailing 12 Months' Financials *($ in millions)*								
Revenues per employee	$1.3		$0.7		$0.7		$0.6	
Compensation per employee *(in thousands)*	$186		$155		$144		$171	
Total pretax profit [5]	$1,244		$1,432		$2,930		$4,946	
Pretax profit margin [5]	63%		49%		49%		46%	

(1) E*Trade bought Trust Co. of America and 1 million Capital One 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

IBKR Lite Impact: *Revenue Neutral*

	IBKR Pro	IBKR Lite	Impact to IBKR of Lite
Order Routing	• Directly to a venue • Best price execution • No payment for order flow	• To a liquidity provider • IBKR receives payment for order flow	+ Payment for Order Flow
Commissions	• Low, with tiered rates	• Zero	− Commissions
Interest paid on customer cash	• Benchmark (Federal Funds rate), less 50 basis points	• Benchmark (Federal Funds rate), less 150 basis points	+ Lower Interest Expense
Interest earned on margin lending	• Tiered: Benchmark + 30 basis points to Benchmark + 150 basis points	• Benchmark + 250 basis points on all loans	+ Higher Interest Income

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.

Directly deposit your paycheck and instantly earn high 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, commodities, forex and fixed income on over 125 global markets at low cost.[2]

1) Credit interest as of 12/2/2019. USD credit interest is paid on balances over USD 10,000 in securities accounts. For more information, see ibkr.com/interest.
2) According to Barron's "Annual Best Online Brokers - "Best Online Brokers of 2019." For complete information, see ibkr.com/info.

InteractiveBrokers

Security and Confidence

Financial Strength

- **Strong and growing balance sheet,** with $7.7 billion equity capital and no debt
- $1.2 billion in pre-tax profit in 2018

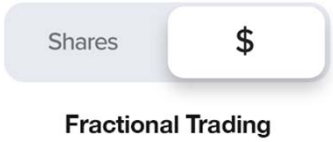
Security

- **Real-time margining system** risk-manages all client accounts continuously
- **Automated controls** allow us to provide the highest level of client asset protection

Client Data

- **Secure Login System** allows clients to trade and manage their accounts in a protected environment
  - Two-factor authentication to confirm identity at point of login
  - Mobile App uses IB Key, our two-factor security system that includes Fingerprint and Face ID in place of a physical device
- **Encrypted communications** for sensitive client data

Recent Enhancements and New Products



Fractional Shares – Interactive Brokers now offers the ability to invest in fractional shares, allowing investors to diversify by investing lower amounts in a larger selection of stocks.

MOSCOW EXCHANGE

Access to the Moscow Exchange – Interactive Brokers clients around the world can now trade on the Moscow Exchange.

Micro E-mini Equity Index Futures – After being ready on the first day of trading of the E-mini futures contract, Interactive Brokers now offers the Micro E-mini, which at 1/10 the size of the E-mini allows more traders a simple way to access the equity index futures market.

Mutual Fund/ETF Parser – The Parser, part of our robust PortfolioAnalyst™ application, 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.

InteractiveBrokers

Investors' Marketplace

Introductions to More than Capital

Interactive Brokers clients can reach hundreds of thousands of individual and institutional investors worldwide, and find service providers among the over 1,500 listed that can help grow their businesses.

Investing	Research	Technology	Administration	Business Development
Advisors	Research	Software Vendors	Administrators	Advertising Firms
Hedge Funds	Education & Coaches	Programming Consultants	Auditing Firms	Business Analysts
Money Managers	News Feeds		Compliance Firms	Careers
Brokers	Trading Publications		Legal Firms	Corporate Access Providers
			Tax Firms	

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

2019 Barron's Awards[1]:

Interactive Brokers was Rated #1 – Best Online Broker
Rated 4.5 for Best for Mobile Traders
Rated 5 for Best for International Traders
Rated 4.5 for Best for Frequent Traders

2019 Investopedia Awards:

Best Overall
Best for Low Costs
Best for International Trading
Best for Options Trading

Investopedia ONLINE BROKER AWARDS 2019

preqin

2019 Preqin Prime Broker Awards:

Top 10 Prime Broker for Single-Manager Hedge Funds
Top 10 Broker for CTAs
Top 10 Prime Broker for North America
Top 5 Prime Broker by Proportion of 2019 Hedge Fund Launches

2019 ForexBrokers.com Awards:

Rated #1 for Professionals

ForexBrokers.com 2019 ANNUAL REVIEW

2019 Streetwise Reports Awards:

Best for Research (both US and Canada)

STREETWISE REPORTS

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

HFM WEEK

2019 HFM Week US Hedge Fund Services Awards:

Best Mobile Application

2019 HFM Week European Hedge Fund Services Awards:

Best Prime Broker – Technology

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