InteractiveBrokers

Interactive Brokers Group Investor Presentation

Third Quarter 2020

Disclaimer

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 September 30, 2020	
Total membership interests	416.7 million	
Held by management	337.7 million	81.0%
Public shares	79.0 million	19.0%
Total market capitalization	$20.1 billion	
Public float	$3.8 billion	
Cash and equivalents	$3.3 billion	
Total debt (0 long-term)	$0.6 billion	
Total equity	$8.5 billion	
Total Assets	$84.0 billion, 99% liquid	

Capital in excess of regulatory requirement	$5.9 billion

Company Overview

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	33	23
Market Centers	Countries	Currencies

Stocks | Bonds | ETFs | Mutual Funds | Futures

Options | Currencies | Commodities

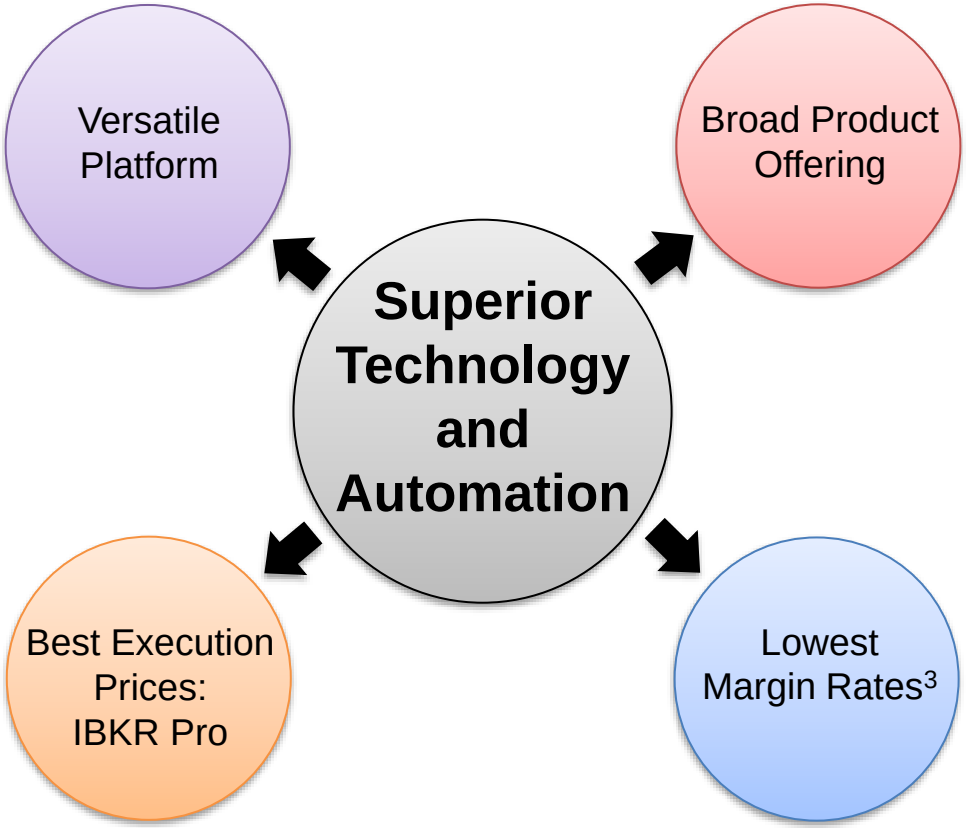
981,000	+47%	$233B	1.83mil	$8.5B
Client Accounts[1]	YoY[1] Account Growth	Client Equity[3]	DARTs[1,2]	Equity Capital[1]

(1) 9/30/20 (2) DARTs are based on client orders (3) 3Q20

InteractiveBrokers

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



- 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

- IB SmartRouting[SM] 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 $0.47 per 100 shares better than the industry average.[1]

- 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 1.59% for IBKR Pro.[2]
- U.S. margin rates are 2.59% for IBKR Lite.[2]

(1) See ibkr.com/bestexecution
(2) As of September 22, 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

InteractiveBrokers

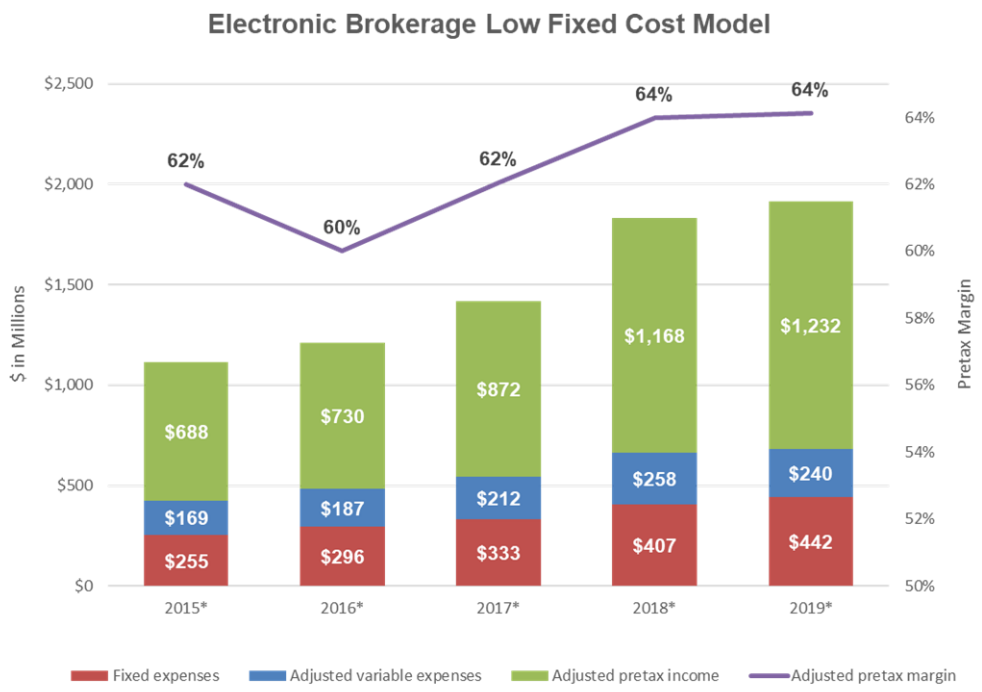
Impact of Automation

Automation allows IBKR 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 3Q20, across multiple product classes and in multiple currencies, at over 135 market centers in 33 countries



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

InteractiveBrokers

Cost Comparison

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 2020[1]

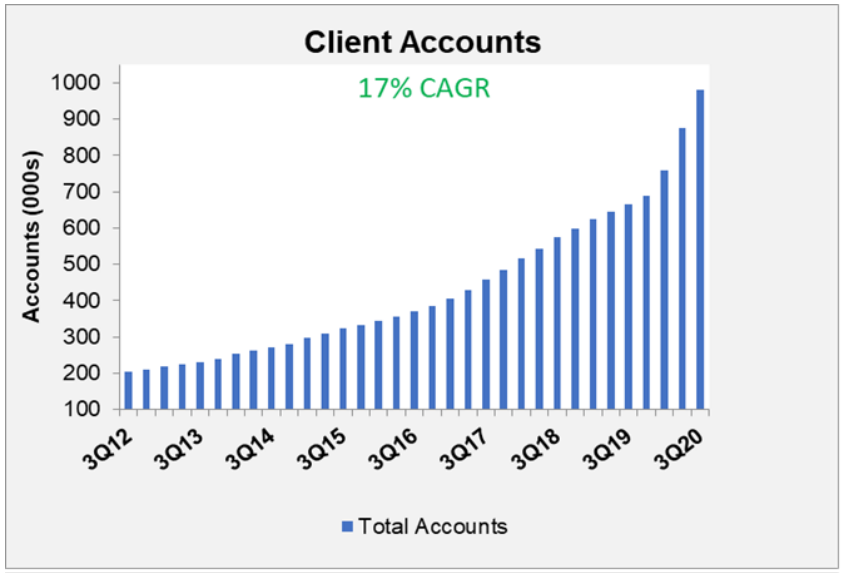
U.S. Margin Loan Rates Comparison[2]

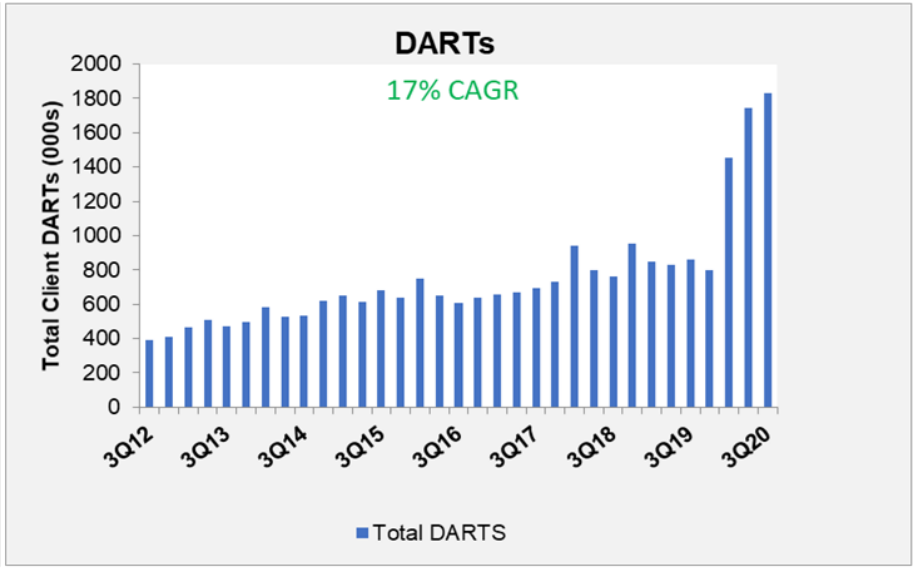
	$25K	$300K	$1.5M	$3.5M
Interactive Brokers	1.59%	1.25%	1.01%	0.86%
E-Trade	8.45%	6.95%	5.45%	5.45%
Fidelity	7.82%	6.57%	4.00%	4.00%
Schwab	7.82%	6.57%	N/A	N/A
TD Ameritrade	9.00%	7.50%	N/A	N/A

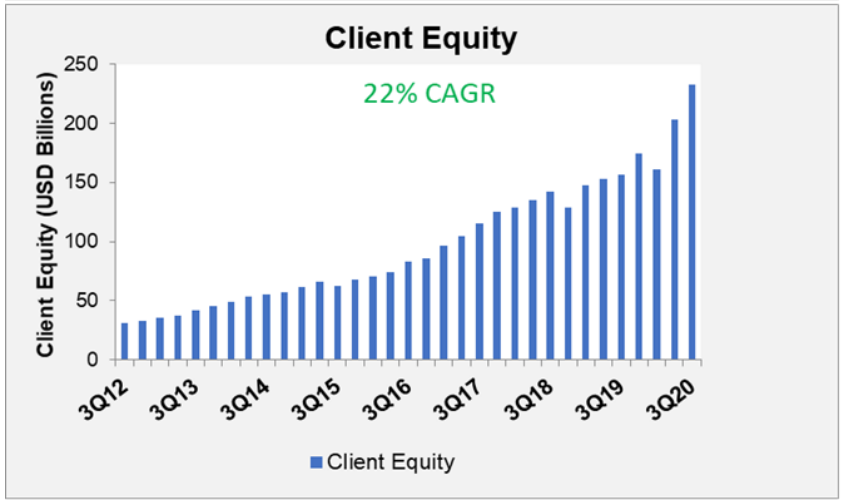
1 For additional information, see ibkr.com/awards.

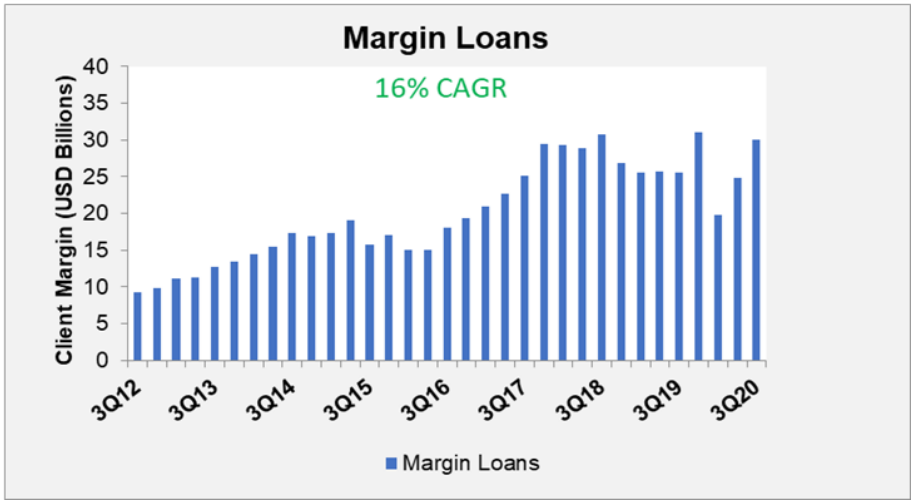
2 Annual Percentage Rate (APR) on USD margin loan balances for IBKR Pro as of 9/2/20. IBKR calculates the interest charged on margin loans using the applicable rates for each interest rate tier listed on its website. Rates subject to change without notice. Services vary by firm. For additional information, see ibkr.com/interest.

Automation and Focusing on the Client Lead to Growth









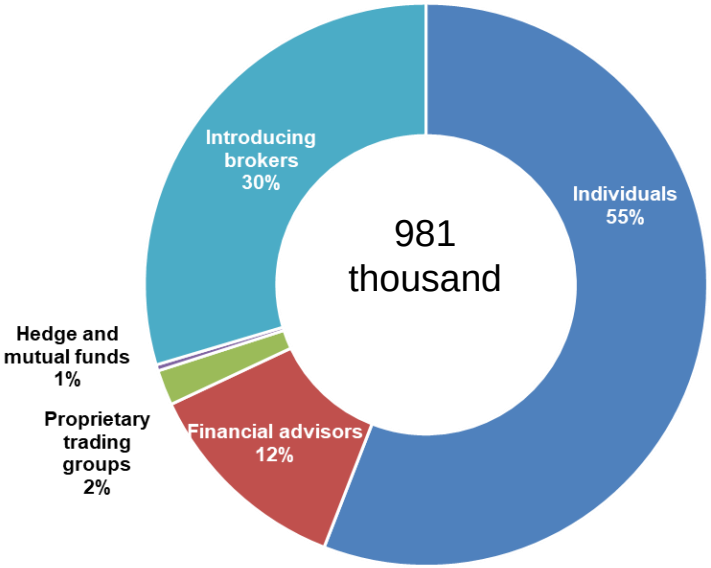
8-year compound annual growth rate

InteractiveBrokers

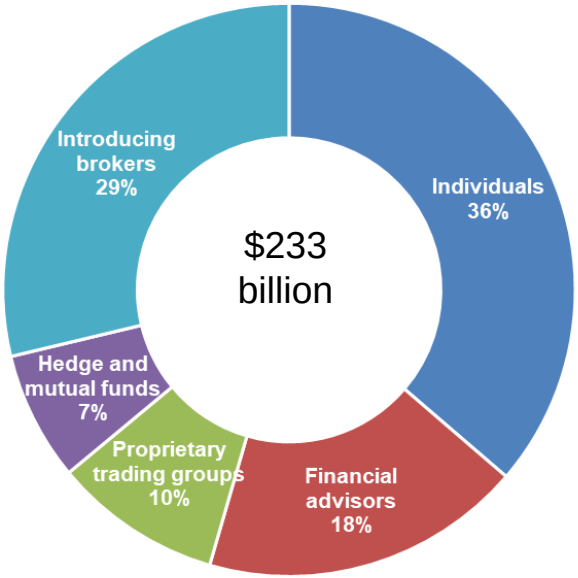
Diversified Client Base – by Client Type

As of September 30, 2020

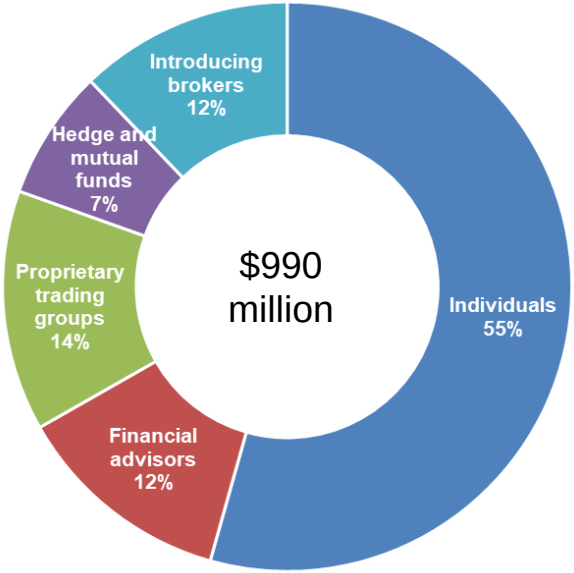
Accounts



Client Equity



Latest 12 Months Commissions

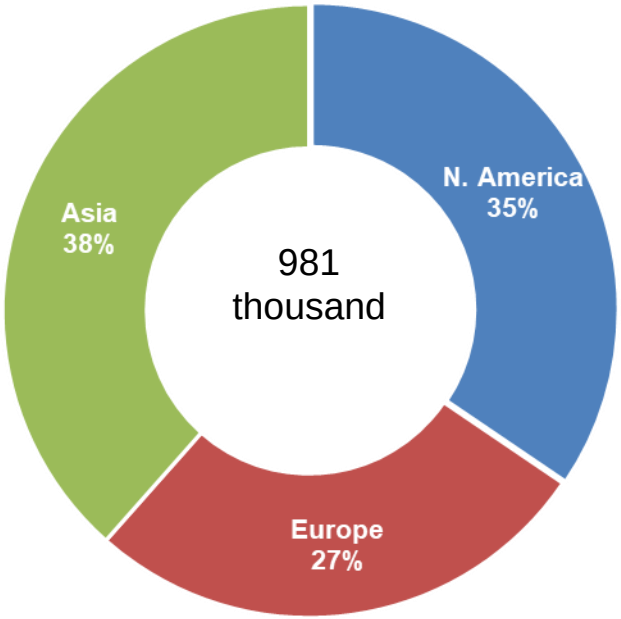


InteractiveBrokers

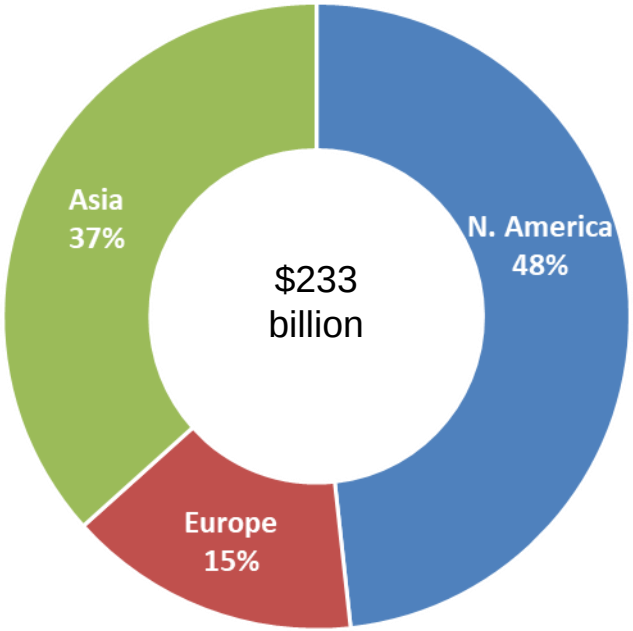
Diversified Client Base – by Geography

As of September 30, 2020

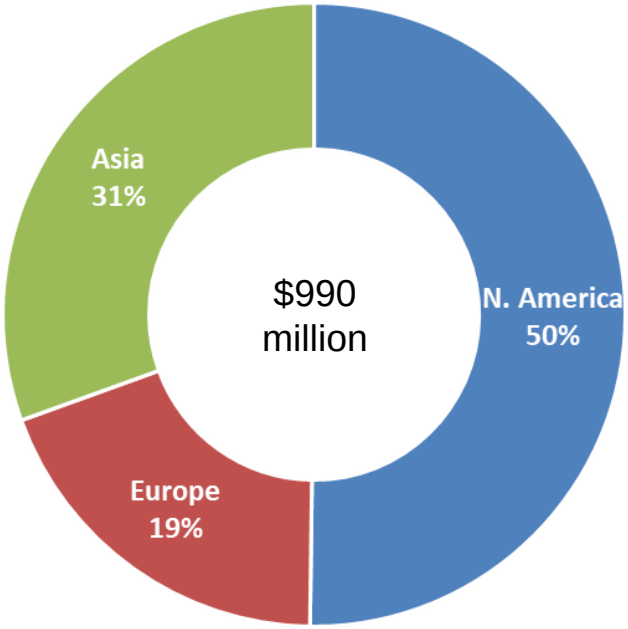
Accounts



Client Equity



Latest 12 Months Commissions



InteractiveBrokers

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		ETFC[1]		AMTD[2]		SCHW	
	2Q2020	3-year Change	2Q2020	3-year Change	2Q2020	3-year Change	2Q2020	3-year Change
2Q20 Brokerage Metrics *(in thousands)*								
Number of accounts [3]	876	105%	5,825	52%	13,292	83%	14,107	35%
Client equity *(in billions)* [4]	$203	94%	$417	64%	$1,461	66%	$4,110	35%
Average client equity per account	$232	-5%	$72	8%	$110	-9%	$291	0.5%
DARTs per account (*actual, annualized*)	480	29%	45	239%	66	274%	30	307%
Number of employees	1,815	37%	4,178	16%	8,939	39%	21,800	29%
Trailing 12 Months' Financials *($ in millions)*								
Revenues per employee	$1.3		$0.7		$0.6		$0.5	
Compensation per employee *(in thousands)*	$182		$162		$153		$160	
Total pretax profit [5]	$1,322		$1,152		$2,584		$4,283	
Pretax profit margin [5]	62%		40%		44%		41%	

(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 income on securities by lending out fully paid shares.[1]

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.

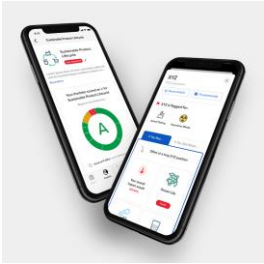
INVEST

Invest in stocks, options, futures, forex, commodities, bonds, mutual funds and ETFs on over 135 global market centers at industry-low cost.[2]

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

InteractiveBrokers

Recent Enhancements and New Products



Impact Dashboard – The Impact Dashboard allows investors to select the principles and practices most important to them, and then see how each investment in their portfolio moves them closer to or farther from their goals. The Dashboard helps investors evaluate their portfolios so they can make adjustments and invest in those companies whose ESG views correspond with their own.

Securities Class Action Recovery Service – This service is an automated solution that relieves investors of the administrative burden of recovering amounts due them from a securities class action lawsuit.

Tax Optimizer – The Tax Optimizer allows clients to try out different lot matching methods to optimize their trades' cost basis, and analyze long-term and short-term gains or losses.

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 Awards[1]:

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

nerdwallet BEST BROKERS FOR STOCK TRADING 2019

2019 Investopedia Awards:

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

Investopedia ONLINE BROKER AWARDS 2019

2019 ForexBrokers.com Awards:

Rated #1 for Professionals

ForexBrokers.com 2019 ANNUAL REVIEW

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

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

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	$ 1,112	$ 1,213	$ 1,417	$ 1,833	$ 1,914
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					
Unusal bad debt expense	(137)	-	-	-	(42)
Adjusted variable expenses	$ 169	$ 187	$ 212	$ 258	$ 240
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)
Unusal bad debt expense	137	-	-	-	42
Total non-GAAP adjustments	152	(26)	12	(9)	35
Adjusted income before income taxes	$ 688	$ 730	$ 872	$ 1,168	$ 1,232
Adjusted pre-tax profit margin	62%	60%	62%	64%	64%

IBKR Trailing 12 Months Financials Reconciliation

	Trailing 12 Months 2Q20
Adjusted net revenues[1]	
Net revenues - GAAP	2,037
Non-GAAP adjustments	
Currency diversification strategy, net	68
Mark-to-market on investments[2]	27
Total non-GAAP adjustments	95
Adjusted net revenues	2,132
Adjusted income before income taxes[1]	
Income before income taxes - GAAP	1,123
Non-GAAP adjustments	
Currency diversification strategy, net	68
Mark-to-market on investments[2]	27
Customer compensation expense[3]	103
Bad debt expense[4]	1
Total non-GAAP adjustments	199
Adjusted income before income taxes	1,322
Adjusted pre-tax profit margin	62%