IBKR

Interactive Brokers Group Investor Presentation

Third Quarter 2016

Interactive Brokers

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.

Our company began as a market maker in 1977.
We launched our brokerage business in 1993.
Today, Brokerage accounts for 95%[1][4] of Group pretax profit.

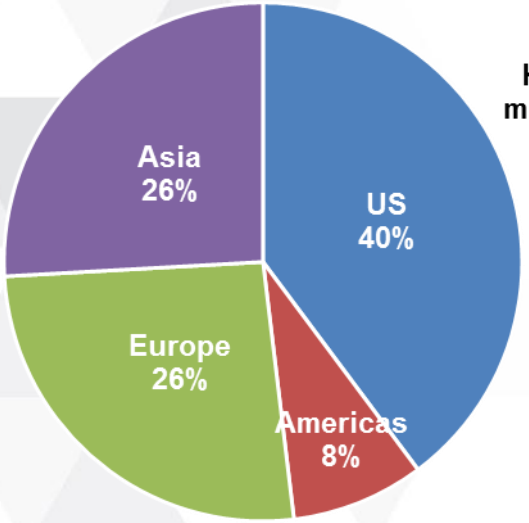
- **Largest U.S. electronic broker** *as measured by DARTs*
- **Fastest growing U.S. electronic broker** *as measured by client accounts, DARTs and equity*
- **Broad global reach –** *Access to over 100 markets in 24 countries*
- **Highly efficient, scalable business model –** *$1.2M net revenue / employee* [4][5]
- **Recognized industry leader -** *Rated as "Low Cost Broker" 15 years in a row by Barron's*

370,000	$5.9B	667,000	58%	15%
client accounts[3]	equity capital[3]	YTD daily avg. revenue trades[2]	brokerage pre-tax profit[1][4]	YoY[3] account growth

[1] 3Q16 [2] DARTs are based on client orders [3] 9/30/16 [4] Excludes MtM loss on U.S. Treasuries [5] Trailing twelve months to 9/30/16

Brokerage Accounts by Region 9/30/16

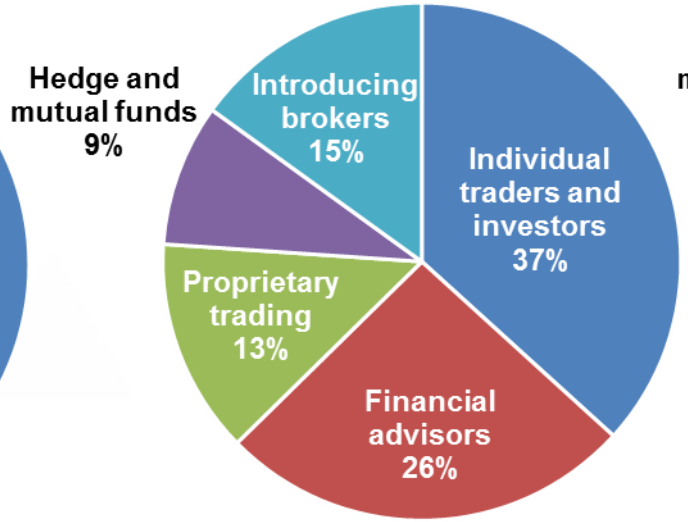
370K



Our clients reside in nearly 200 countries

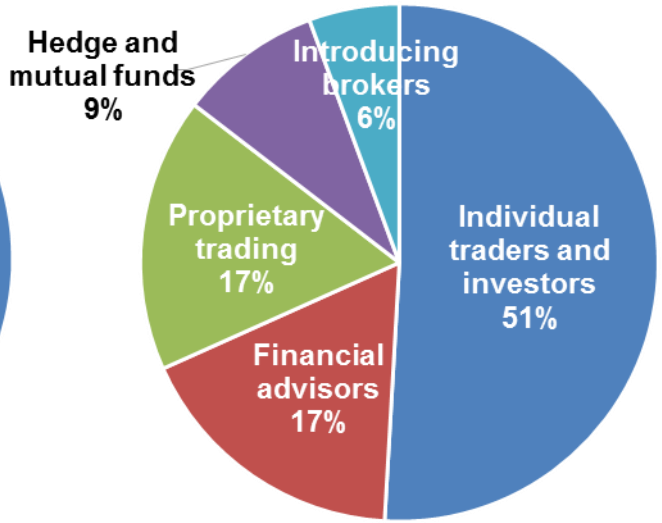
Brokerage Client Equity 9/30/16

$83B



Brokerage Commissions by Client YTD 9/30/16

$462M



Low Cost & Best Execution

- Low execution costs:
  - Stock $0.0005 to $0.005/ share
  - Options $0.15 to $0.70/ contract [1]
- U.S. margin tiers range from 0.66% to 1.91% [1]
- IB achieves the industry's best price improvement because we do not sell client order flow[1]

Breadth of Product

- Clients can trade on 100+ market centers in 24 countries and 23 currencies
- Electronic market access to stocks, options, futures, forex, bonds, funds and ETFs from a single IB Universal Account™

Superior Trading Technology

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

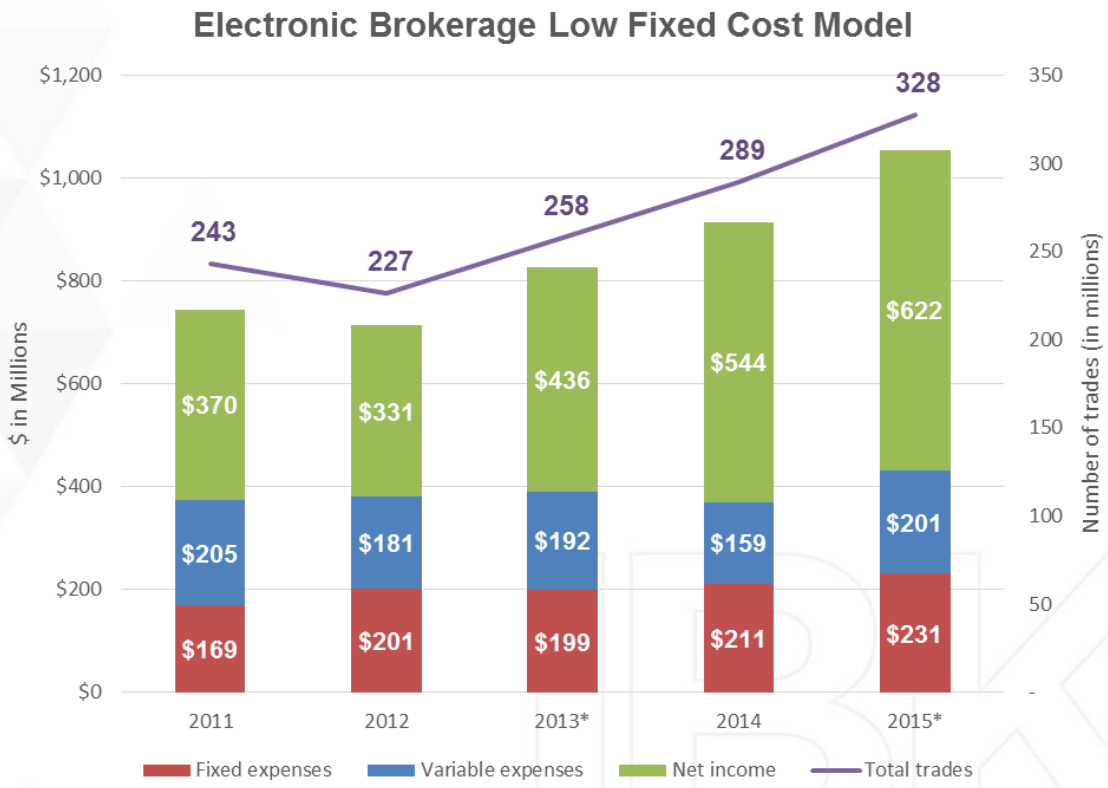
Clients

Registered Advisors | Hedge and Mutual Funds | Introducing Brokers | Prop Trading Groups
Individuals | Money Managers

[1] For additional information see www.interactivebrokers.com

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

- Majority of senior management are software engineers
- Starting with account opening, the entire transaction lifecycle is automated
- As a result, we were able to execute, clear and settle 1.3 million trades per day in 3Q 2016 across multiple product classes, at over 100 market centers in 24 countries with 1,194 employees
- Automated, real-time risk management



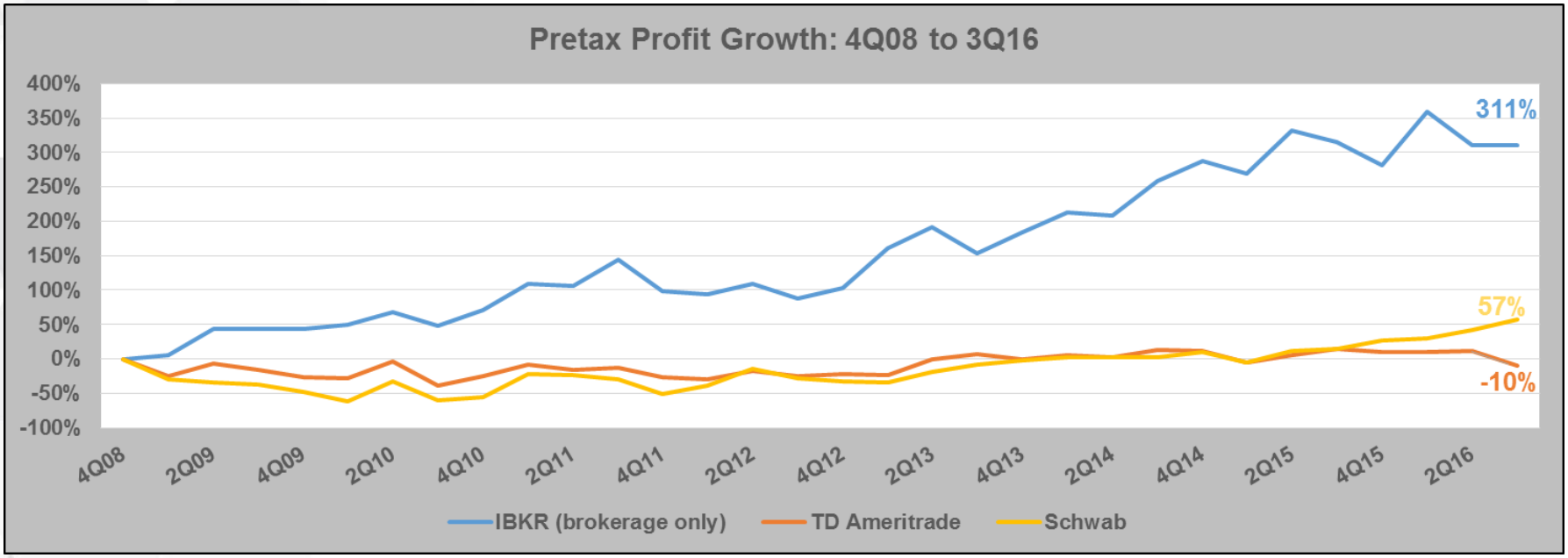
* Normalized for Swiss franc (2015) and Singapore events (2013), and for Treasury marks-to-market (2015)

Market Leading Growth

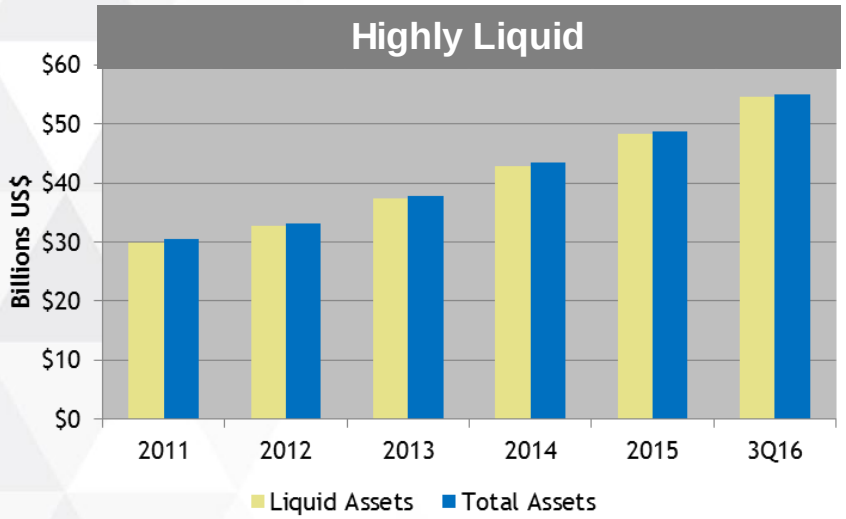
	IBKR		ETFC		AMTD		SCHW	
	3Q2016	3-year Change	3Q2016	3-year Change	3Q2016	3-year Change	3Q2016	3-year Change
3Q16 Brokerage Metrics *(in thousands)*								
Number of accounts [1]	370	60%	3,439	16%	6,950	16%	10,046	11%
Client equity *(in billions)* [2,3]	$83	100%	$270	35%	$774	39%	$2,725	27%
Average commission per DART (*actual*)	$3.91	-9%	$10.97	-2%	$11.82	-6%	$11.17	-10%
Average client equity per account	$224	25%	$79	16%	$111	20%	$271	14%
Total DARTs	609	29%	152	5%	444	16%	268	-5%
DARTs per account (*annualized*)	390	-17%	11	-7%	16	1%	7	-15%
Number of employees	1,194	36%	3,655	NA	6,010	11%	16,100	17%
Trailing 12 Months' Financials *($ in millions)*								
Total pretax profit	$860		$790		$1,265		$2,814	
Pretax profit margin	58%		42%		38%		39%	

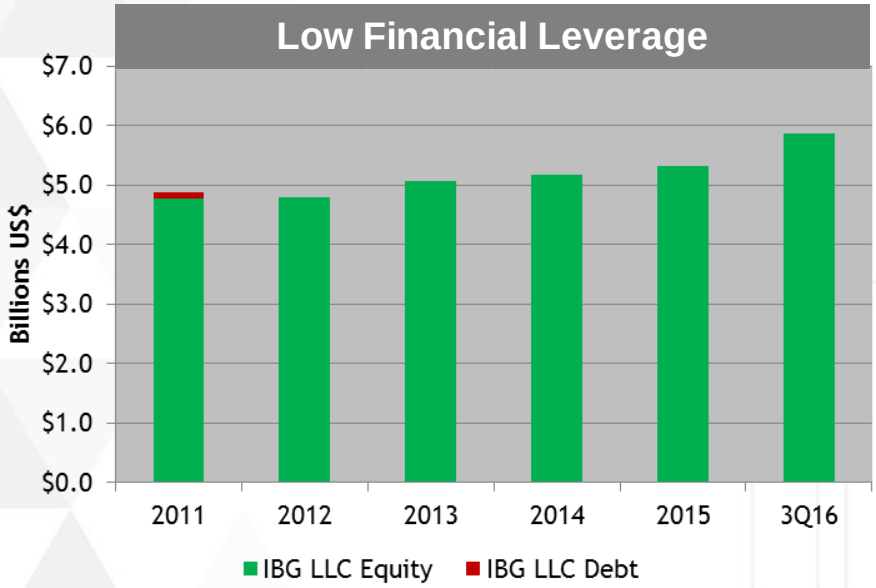
(1) E*Trade and Charles Schwab are brokerage accounts only
(2) Note that many of IBKR's clients' deposits and assets are not in USD and, accordingly, these numbers are affected by the strength of the USD, our reporting currency.
(3) Charles Schwab's client equity includes all client assets

Making strong progress towards our goal of being the largest broker by profits



(1) Normalized for Swiss franc and Singapore events





Solid balance sheet

- Sept. 30, 2016: $55 billion in total assets, 99% liquid
- Low financial leverage

Distributing capital from market making segment

- Quarterly dividend of $0.10 per share began June 2011 (represents ~10% after-tax return of market maker capital)
- Special dividends paid:
  - $1.00 per share December 2012
  - $1.79 per share December 2010

Appendix

Low Commissions and Financing Rates

Rated as "Low Cost Broker" 15 years in a row by Barron's

U.S. Margin Loan Rates Comparison*				U.S. Commission Rates Comparison*		
	Highest Tier	Middle Tier	Lowest Tier	100 Shares	1 Stock Option	1 E-mini S&P 500 Future
Interactive Brokers	**1.90%**	**0.90%**	**0.65%**	**$1.00**	**$1.00**	**$0.85**
E-Trade	8.69%	6.39%	4.14%	$7.99	$8.74	$2.99
Fidelity	8.58%	7.08%	3.75%	$7.95	$8.70	N/A
optionsXpress	8.25%	6.75%	6.00%	$8.95	$12.95	$3.50
Schwab	8.50%	6.88%	6.00%	$8.95	$9.70	N/A
TD Ameritrade	9.25%	7.75%	6.50%	$9.99	$10.74	$2.25

* Rates were obtained on November 22, 2016 from each firm's website. Some of the firms listed may have additional fees and some firms may reduce or waive commissions or fees, depending on account activity or total account value. Supporting documentation for any claims and statistical information will be provided upon request.

Interactive Brokers has lower commission rates for larger volumes and comparable rates worldwide. Services vary by firm.

IB calculates the interest charged on margin loans using the applicable rates for each interest rate tier listed on its website.

The IB SmartRoutingSM Advantage

Net Dollar Price Improvement vs. Best Bid/Offer[1] – 1st Half 2016

Execution Price Improvement Comparison*	US Stocks (per 100 shares)	US Options (per contract)
Interactive Brokers	$0.43	$0.86
Industry	$0.34	$0.61
IB Advantage	**$0.09**	**$0.25**

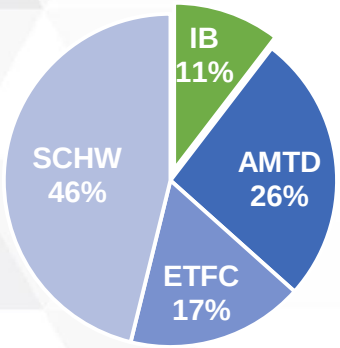
[1] **Net Dollar Improvement per Share Definition**: ((# of Price Improved Shares * Price Improvement Amount) - (# of Price Disimproved Shares * Price Disimprovement Amount)) / Total Number of Executed Shares

*For more information, visit www.interactivebrokers.com

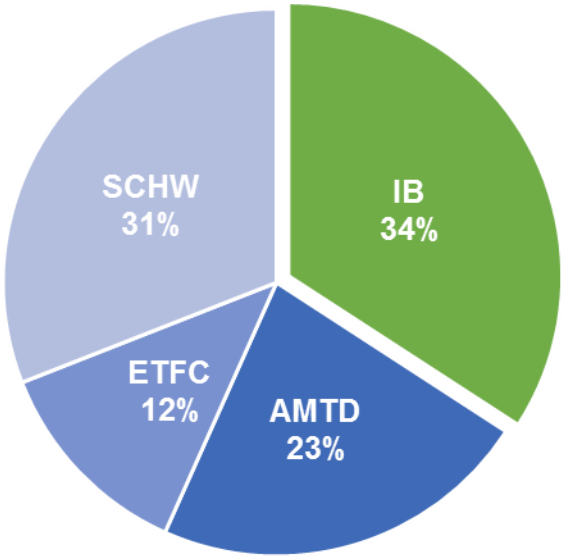
- Unlike other routers, IB SmartRoutingSM dynamically routes and re-routes all or parts of the order for optimal execution
- We do NOT sell order flow to internalizers
- The Transaction Auditing Group, Inc., (TAG), a third-party provider of transaction analysis, has determined that Interactive Brokers' U.S. stock and options, and EU stock price executions were significantly better than the industry's during the first half of 2016

Effect of IB's Low Margin Rates

December 2008
Industry margin loans = **$15 Billion**

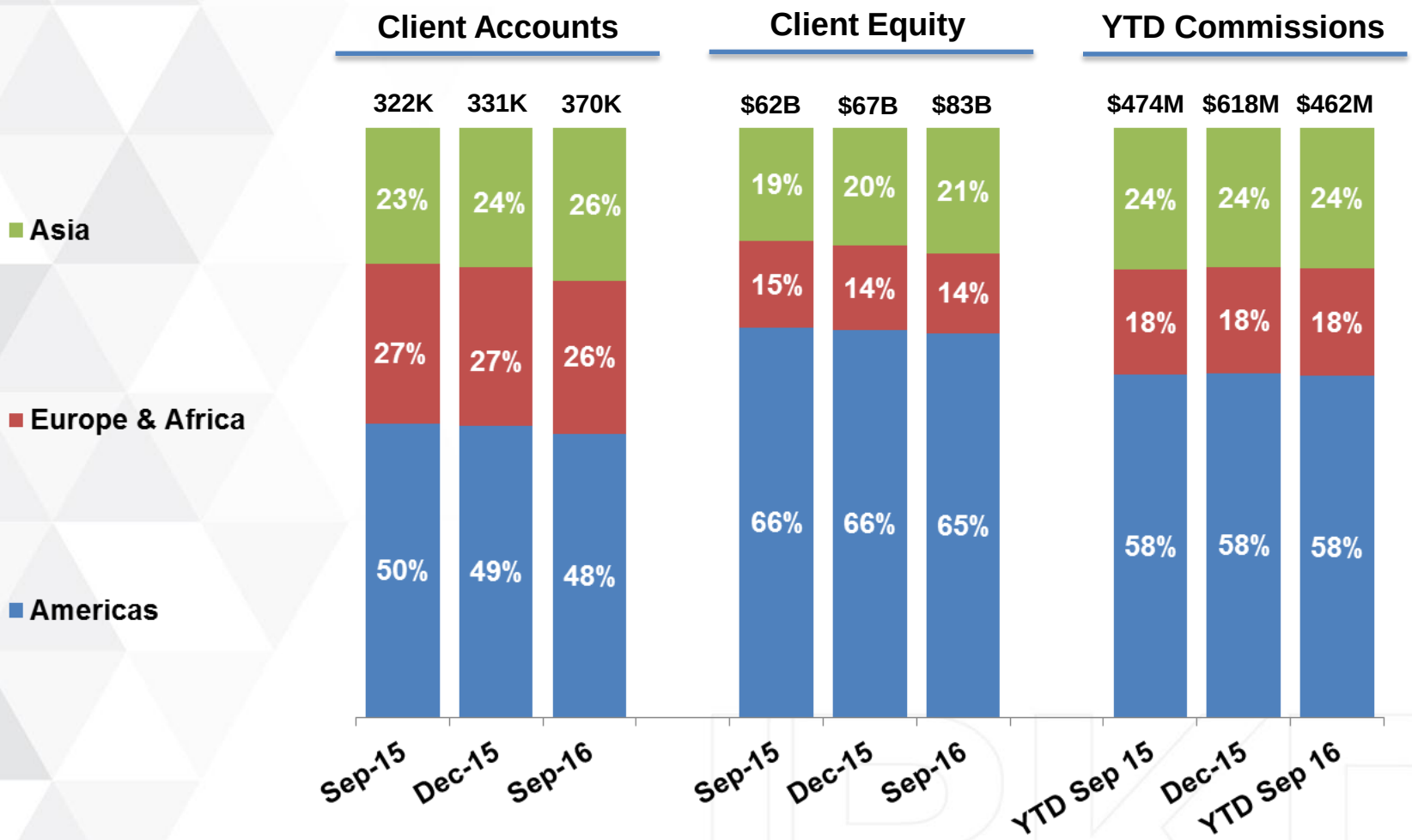


September 2016
Industry margin loans = **$53 Billion**

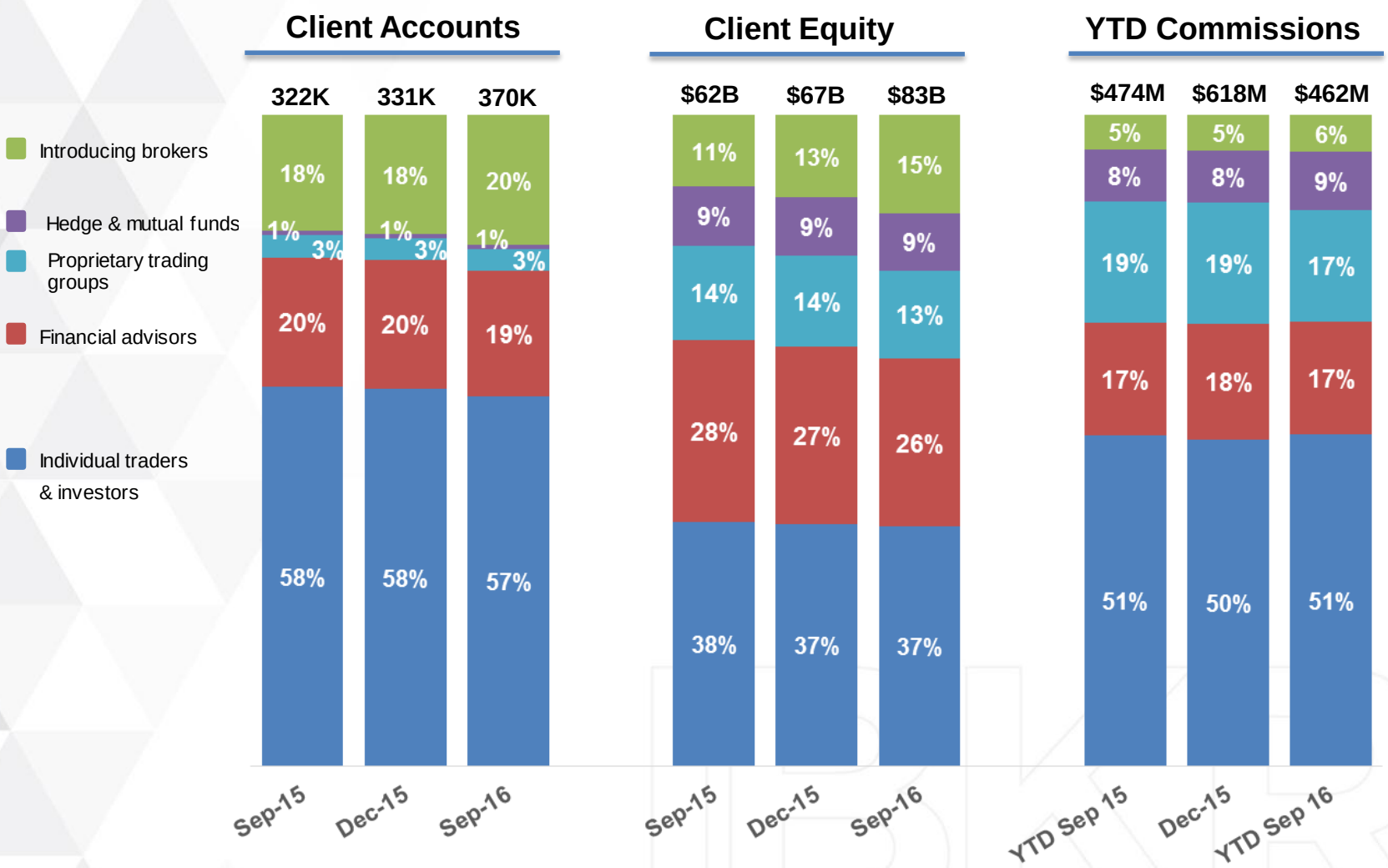


Total industry includes IB, AMTD, SCHW, and ETFC

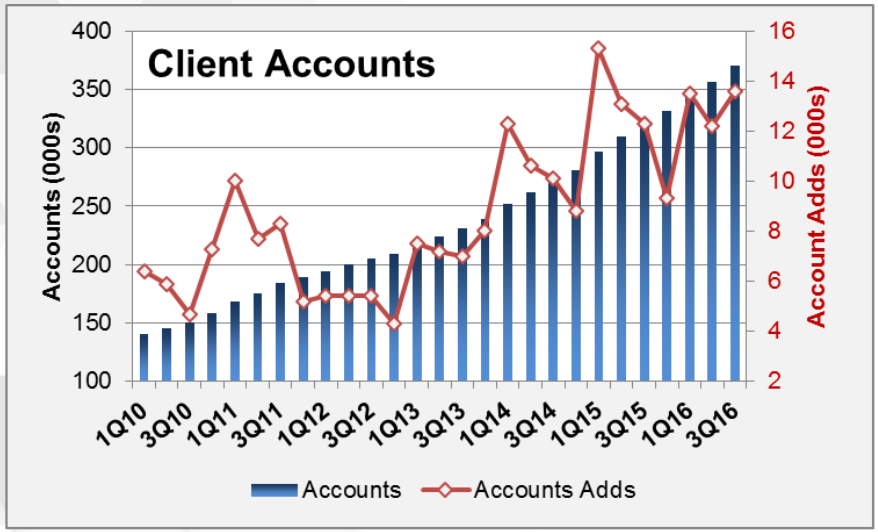
Client Geographic Distribution

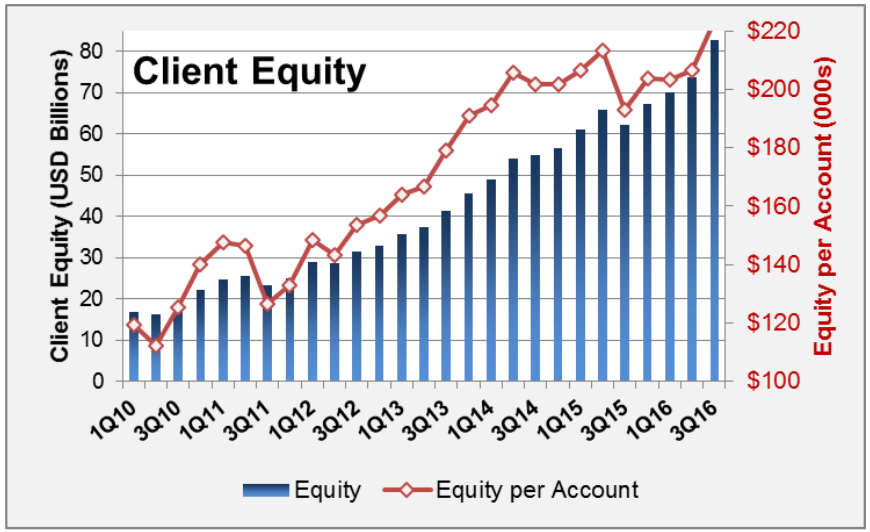


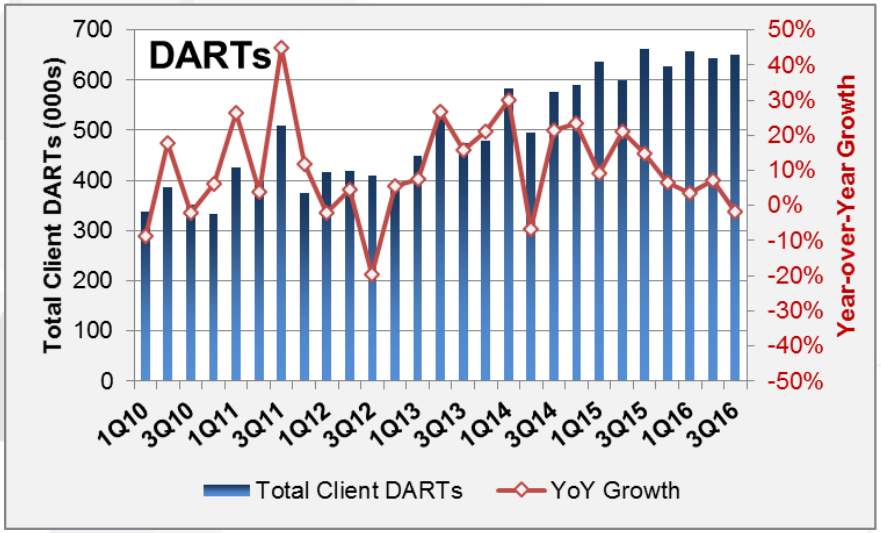
Client Segment Distribution

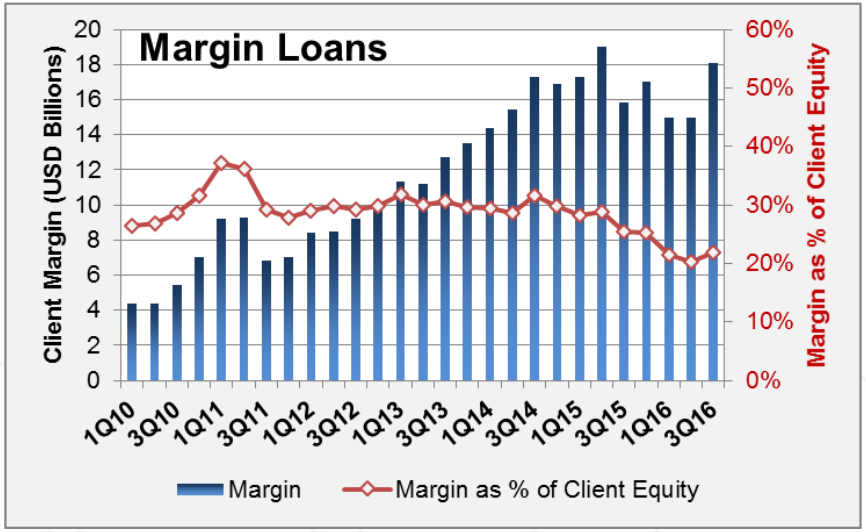


Growth in Business Drivers

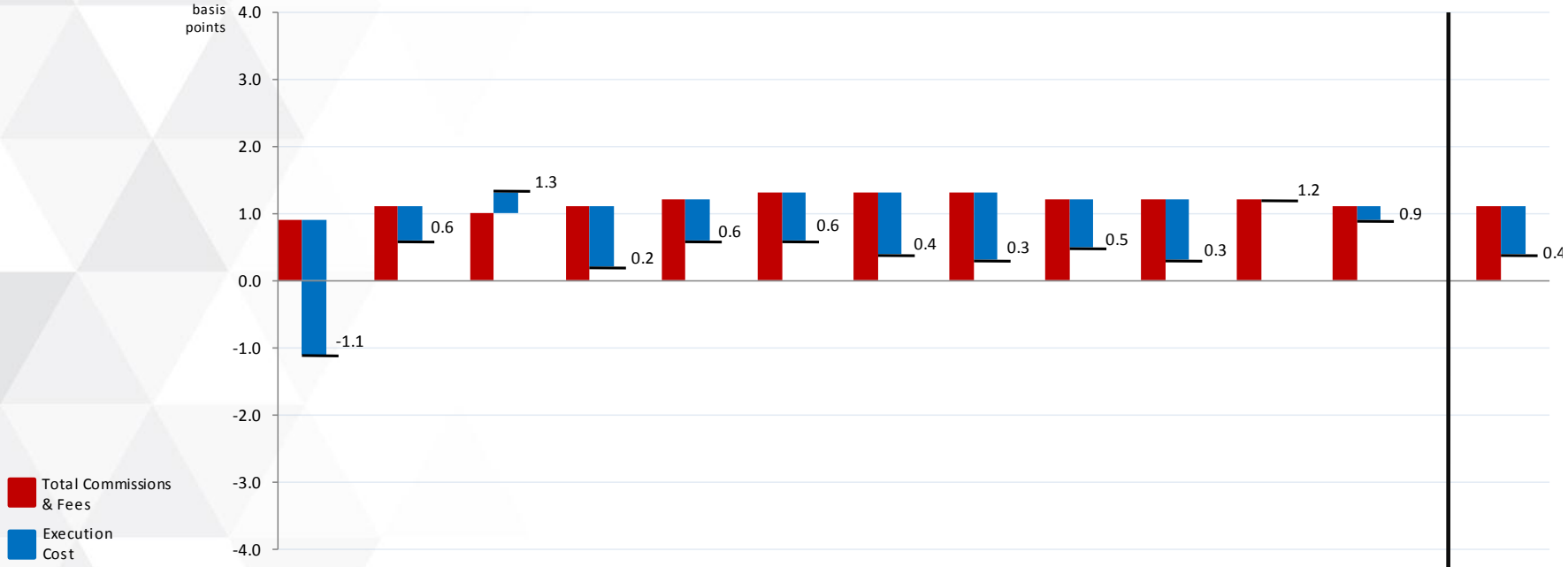








Interactive Brokers Reg.-NMS Stock Trading Expense Summary



	Oct '15	Nov '15	Dec '15	Jan '16	Feb '16	Mar '16	Apr '16	May '16	Jun '16	Jul '16	Aug '16	Sep '16	Previous 12 Months
Total Commissions & Fees	0.9	1.1	1.0	1.1	1.2	1.3	1.3	1.3	1.2	1.2	1.2	1.1	1.1
Execution Cost	-2.0	-0.5	0.3	-0.9	-0.6	-0.7	-0.9	-1.0	-0.7	-0.9	0.0	-0.2	-0.7
Net Expense (basis points)	**-1.1**	**0.6**	**1.3**	**0.2**	**0.6**	**0.6**	**0.4**	**0.3**	**0.5**	**0.3**	**1.2**	**0.9**	**0.4**

The above illustrates that the rolling twelve months' average all-in cost of a client U.S. Reg.-NMS stock trade was 0.4 basis points.[1]

[1] As measured against a daily VWAP (Volume Weighted Average Price) benchmark

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

RATED TOP ONLINE BROKER, AGAIN!

FOR THE SIXTH CONSECUTIVE YEAR!

- **Best for Options Traders**
- **Best Trading Experience & Technology**
- **Best for International Traders**
- **Best Range of Offerings**
- **Best for Frequent Traders**
- **Best Portfolio Analysis & Reports**
- **Low Cost for 15th consecutive year**

CTA Intelligence
US CTA SERVICES
AWARDS 2015
WINNER

- **Winner 2015 "Best FCM – Innovation Category"**

HFMWEEK
US Hedge Fund Services Awards 2016
Winner

- **Winner 2016 "Best Prime Broker – Start-ups"**

Winner
FX·Week
e-FX
Awards
2015

- **Winner 2015 "Best Retail FX Trading Platform"**

WSL Awards
INSTITUTIONAL TRADING

- **Winner 2016 "Best Options Trading Platform - Broker"**
- **Winner 2016 "Best Broker-Dealer Futures"**

We are creating a marketplace that brings investors, wealth managers and money managers together

Investing 491	Research 274	Technology 373	Administration 133	Business Development 17
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	

"We believe that the Investors' Marketplace can make it easier for the investment community to find valuable service providers, and for our partner service providers to more efficiently reach individual and institutional investors worldwide."

-Thomas Peterffy, Chairman and CEO

Recent Enhancements and New Products

- **Updated Website** – Responsive design, client-focused content based on account type, and improved user interface
- **Greenwich Advisor Compliance Services** – Offers direct expert registration and start-up compliance services, as well as answers to basic day-to-day compliance questions
- **PortfolioAnalyst Update** – Now able to see and drill down to the current performance of all financial accounts, including investment, checking, savings, annuity, incentive plan and credit card accounts, as well as heat maps and performance contribution charts
- **Portfolio Builder** – Allows client to create and invest in custom-designed strategies and track their performance in the existing portfolio
- **Mutual Fund/ETF Replicator** – Ability to find possible lower cost ETFs and mutual funds with comparable performance while considering liquidity
- **Expanded Mutual Fund Offering and No Transaction Fee (NTF) Mutual Funds**[1]
  - Now offer over 6,000 funds, including new exchange-traded managed funds
  - Select funds from over 100 mutual fund companies have trading commissions waived to continue delivering low trading costs to clients using our platform
- **Adaptive Algo** – Attempts to achieve the fastest fill at the best all-in price by adapting to market conditions

(1) IB receives remuneration from fund companies, including those participating in its no-load, no-transaction-fee program, for record-keeping, shareholder services, and other administrative and distribution services. The amount of IB's remuneration for these services is based in part on the amount of investments in such funds by IB clients. No-transaction-fee funds and other funds offered through IB have other fees and expenses that apply to a continued investment in the fund and are described in the prospectus.