



# Piper Sandler Global Exchange & Fintech Conference

June 7, 2023



# Disclaimer

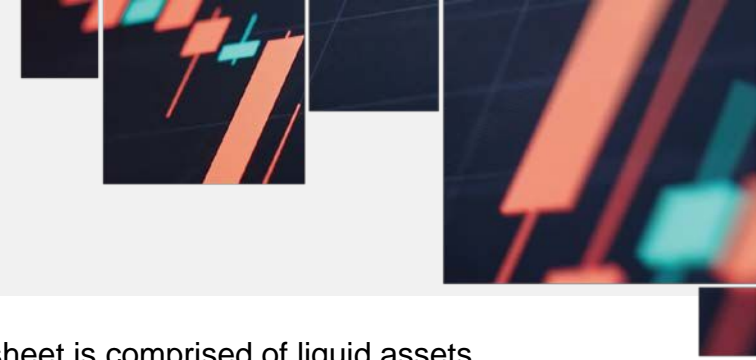
## Non-GAAP Financial Measures

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, adjusted fixed 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 are useful to investors and analysts in evaluating the operating performance of the business. 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.

## Cautionary Note Regarding Forward-Looking Statements

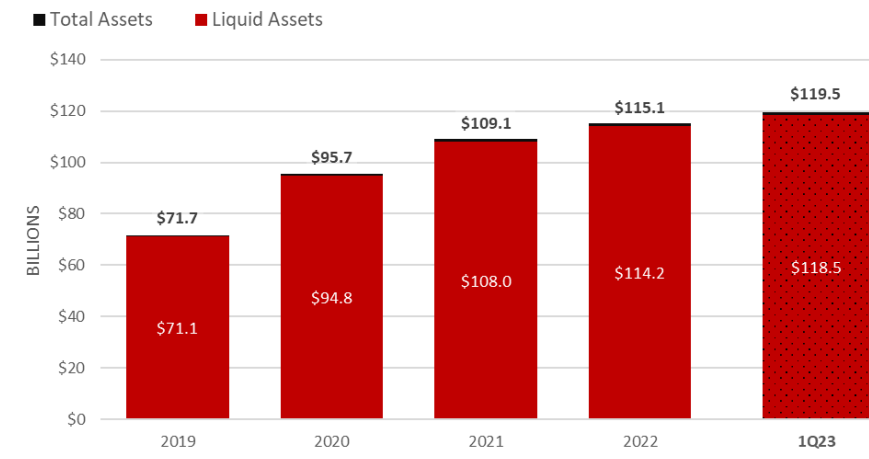
The following information contains certain forward-looking statements that reflect the Company’s current views with respect to certain current and future events and financial performance. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors 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.

# Financial Strength – Liquid and Growing

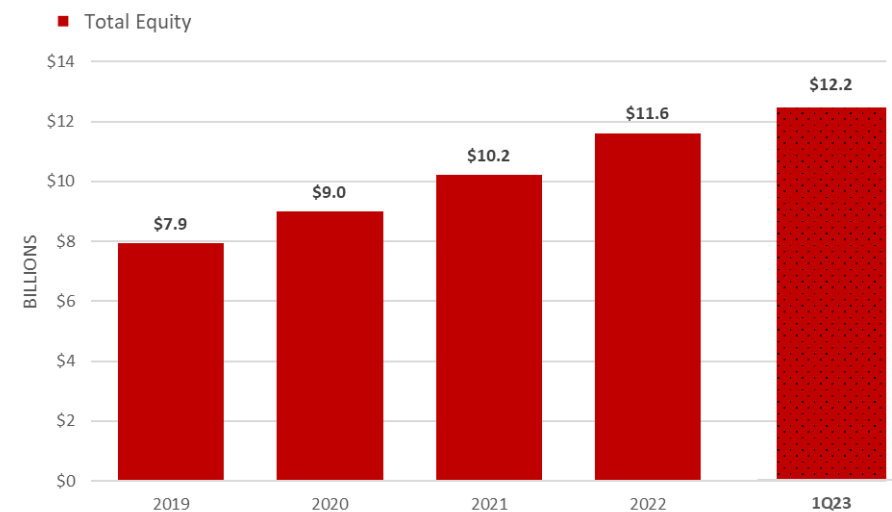


	<b>March 2023</b>	
<b>Total Membership Interests</b>	<b>419.6 million</b>	
Held by management & their affiliates	316.6	75.5%
Publicly held	103.0	24.5%
<b>Total Market Capitalization</b>	<b>\$34.6 billion</b>	
Public float	\$8.5	
Cash and Equivalents	\$3.2	
Total Debt	\$0.01	
Total Equity	\$12.2	
<b>Total Assets</b>	<b>\$119.5 billion</b>	

- Over **99%** of our balance sheet is comprised of liquid assets.



- No long-term debt.**



# Strength and Security



## Significantly low duration risk

- 60% of all client funds are in **Treasury securities with low duration**, all of which matured within 3 months as of March 31, 2023.
- The remaining 40% are held in **bank deposits at the largest banks** around the world.



## No external debt



## No off-balance sheet valuations

- IB LLC marks its portfolio to market **daily** and posts this on its website.
- Worldwide consolidated marks to market are disclosed in public company reporting **quarterly**.

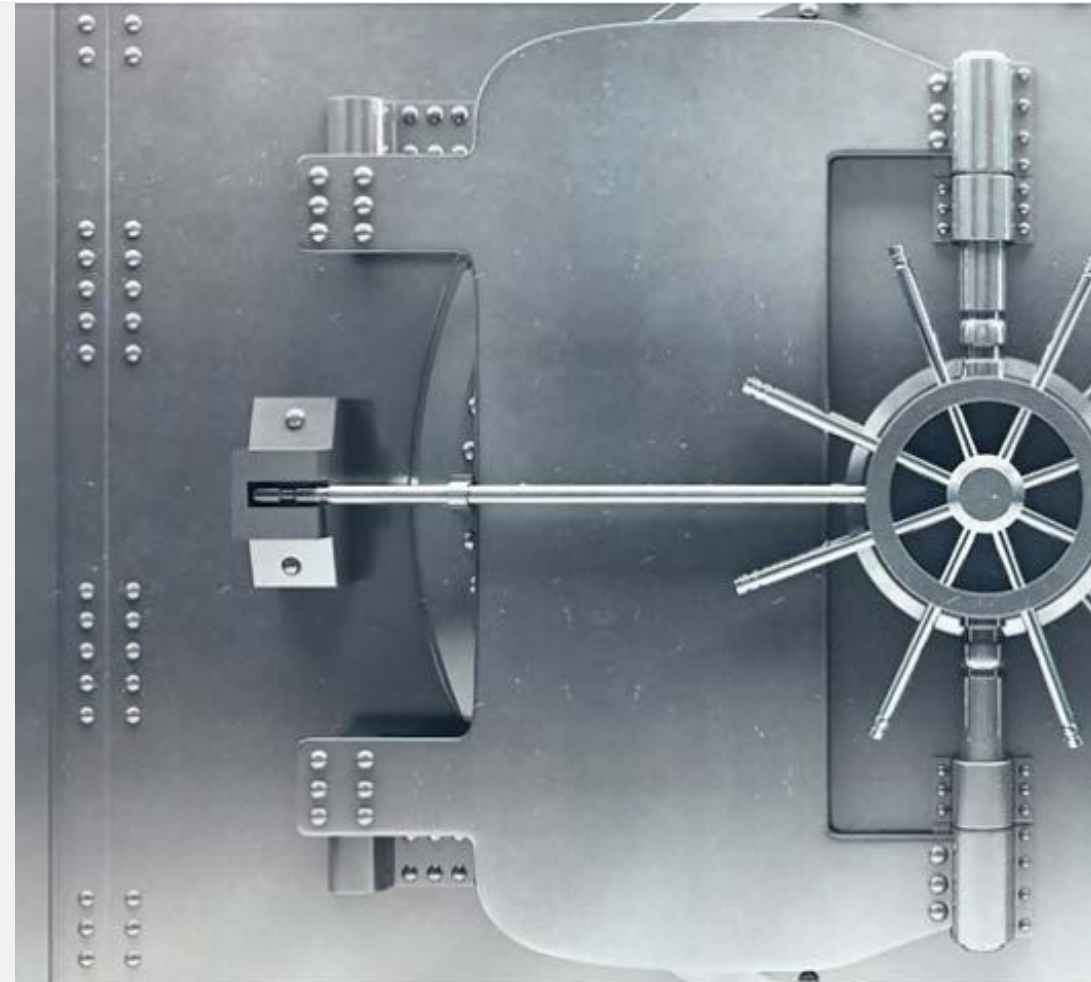


## Carefully selected and diverse counterparties

- All client funds held in deposits are with **investment-grade banks**.
- **No single bank holds more than 5%** of total client funds, to avoid concentration risk.



## IB LLC is rated 'A- / Outlook Stable' by Standard & Poor's<sup>1</sup>



1. As of 05/31/2023



# Company Overview

## We Are a Highly Automated Electronic Broker

We use our proprietary technology and international market-maker experience to offer the **lowest cost,<sup>1</sup>** **seamless global access** to multiple types of securities for both institutional and individual investors.

**2.2mil**

Client Accounts<sup>2</sup>

**+21%**

YoY<sup>2</sup> Account Growth

**\$343B**

Client Equity<sup>2</sup>

**2.1mil**

DARTs<sup>3,4</sup>

**\$12.2B**

Total Equity<sup>2</sup>

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

**150+**

Market Centers

**33**

Countries

**26**

Currencies

1. For more information see [ibkr.com/info](https://ibkr.com/info). Lower investment costs will increase your overall return on investment, but lower costs do not guarantee that your investment will be profitable.  
2. 03/31/23  
3. DARTs are based on client orders  
4. YTD through 03/31/23

# The IBKR Advantage



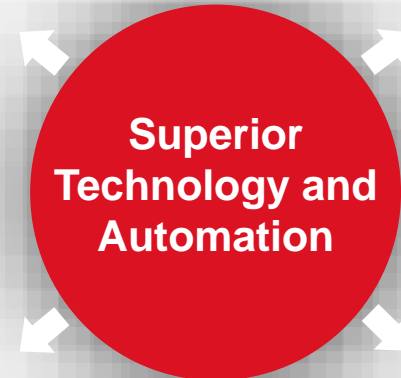
## Superior Technology

- Multiple desktop and mobile trading platforms **powerful enough for professional traders but designed for everyone**
- Technology built and developed in-house by leading computer programmers
- **Advanced trading tools**, including over 100 order types and algos, as well as API solutions



## IBKR BestX™ maximizes execution quality

- IB BestX™ is a powerful suite of advanced trading technologies, and includes:
  - **IB SmartRoutingSM**, designed to search for the best available prices for stocks, options, and combinations across exchanges and dark pools
  - **IBKR ATS**, an ATS for US stock and ETF orders where customers can interact with other customers so that both sides receive better prices
  - **IBUSOPT**, a destination for US options orders where customers can interact with other customers so that both sides receive better prices



## Broad Product Offering

- Access to multiple products in multiple currencies
- Universal Account to fund and trade in up to 26 currencies, giving clients the ability to operate in many jurisdictions, while complying with all regulatory requirements
- Seamless electronic market access to **stocks, options, futures, forex, commodities, bonds, crypto<sup>1</sup>, mutual funds and ETFs** from a single platform
- Clients can trade on over **150 market centers** in **33 countries**



## Lowest Margin & High Cash Interest Rates

- 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 **5.58%** to **6.58%** for IBKR Pro <sup>2</sup>
- Credit interest on instantly available cash is up to **4.58%** for IBKR Pro <sup>3</sup>

1. Paxos Trust Co. provides trading and custody services  
2. As of 05/05/2023. See [ibkr.com/marginrates](https://ibkr.com/marginrates). U.S. margin interest priced at 50 to 150 basis points over benchmark Federal Funds rate  
3. Credit Interest rate as of 05/05/2023. Restrictions apply. For additional information, see [ibkr.com/interestrates](https://ibkr.com/interestrates)

# Cost Comparison

## IBKR Continues to be the “Lowest Cost Broker”<sup>1</sup>

- 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 2022<sup>1</sup>

### US Margin Loan Rates Comparison <sup>2</sup>

	\$ 25K	\$ 300K	\$ 1.5M	\$ 3.5M
<b>Interactive Brokers</b>	<b>6.58%</b>	<b>6.25%</b>	<b>6.03%</b>	<b>5.92%</b>
E-Trade	13.45%	11.95%	N/A	N/A
Fidelity	12.83%	11.58%	9.00%	9.00%
Schwab	12.83%	11.58%	N/A	N/A
TD Ameritrade	14.00%	12.50%	N/A	N/A

Margin borrowing is **only for experienced investors** with high risk tolerance. You may lose more than your initial investment.

For additional information about margin trading including risks please see the Margin Risk Disclosure at [ibkr.com/info](https://ibkr.com/info)

1. For additional information, see [ibkr.com/awards](https://ibkr.com/awards)

2. Annual Percentage Rate (APR) on USD margin loan balances for IBKR Pro as of 05/05/2023. 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/marginrates](https://ibkr.com/marginrates)

# Earn Interest on Instantly Available Cash Balances

- The U.S. credit interest rate is up to **4.58%** for **IBKR Pro** and **3.58%** for **IBKR Lite** <sup>1</sup>
- Clients can earn market rate interest on their **instantly available** cash balances <sup>2, 3</sup>

## USD Interest Rate Comparison

<b>Interactive Brokers</b>	<b>4.58%</b> <sup>4</sup>
E-Trade	0.01%
Schwab	0.45%
TD Ameritrade	0.35%



1. Credit Interest rate as of 05/05/2023

2. Accounts with a Net Asset Value (NAV) of \$100,000 (or equivalent) or greater are paid interest at the full rate. Accounts with a NAV lower than \$100,000 (or equivalent) receive interest payments at rates proportional to the account size, and no interest is paid on the first \$10,000 of cash in the account. Please note that interest is earned on positive settled cash balances held in the securities segment of an account but not on cash held in the commodities segment of the account.

3. Restrictions apply. For additional information, see [ibkr.com/interestrates](https://ibkr.com/interestrates)

4. Rate shown applies to IBKR Pro clients only.

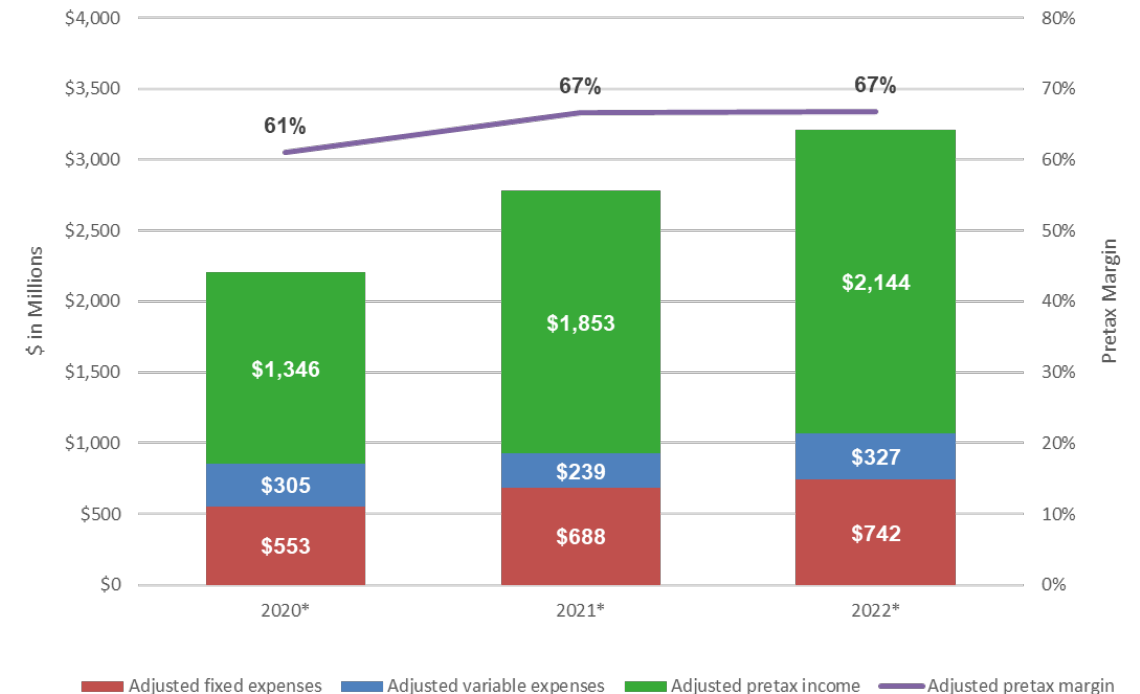


# Impact of Automation

## 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 **3.3 million<sup>1</sup>** trades per day year-to-date through 1Q23, across multiple product classes and in multiple currencies, on over 150 market centers in 33 countries

Low Fixed Cost, High Margin Model



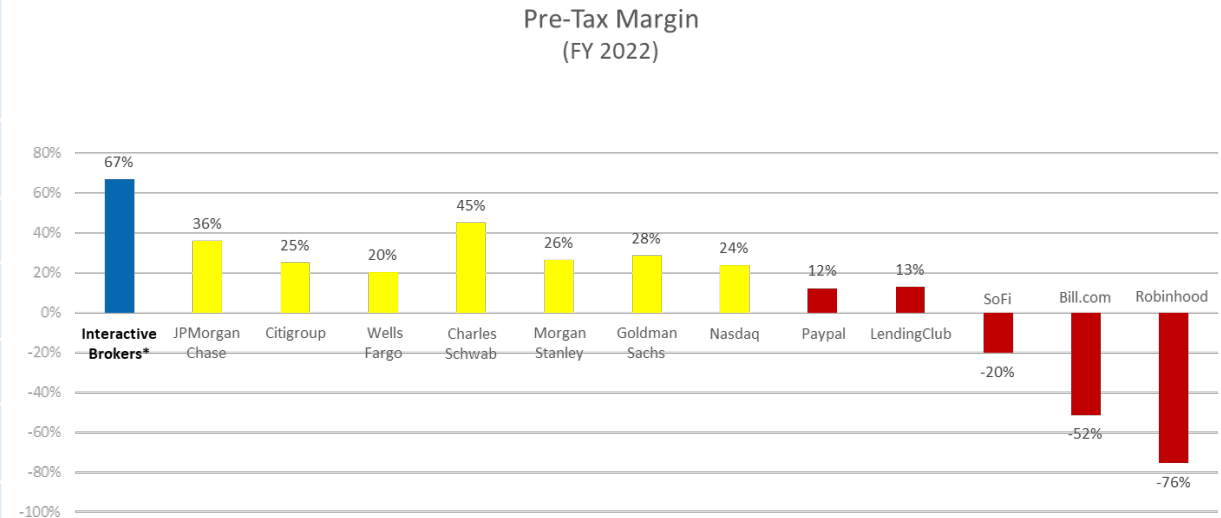
- See reconciliation of non-GAAP measures at the end of this presentation
- 2020 includes \$19 million in fixed expenses due to Brexit costs

1. See First Quarter 2023 Form 10-Q at [ibkr.com/earnings](https://ibkr.com/earnings)

# FinTech vs Financial Services



	Financial Services	FinTech	IBKR
	Technology assists existing business model	Changes an existing business model in finance in a material way	A class of its own, combining the best from both industries
Established Business	✓		✓
Sustained Growth	✓	✓	✓
> 50% Pre-tax Margins			✓
Domain Knowledge	✓		✓
Experience with Policy & Regulation	✓		✓
Many Active Users		✓	✓
Brick and Mortar Presence	✓		
Technology	Slow to adopt	Heavy use	Heavy use
Workforce	Large	Lean	Lean
Customers	Institutional & Retail	Mostly Retail	Institutional & Retail

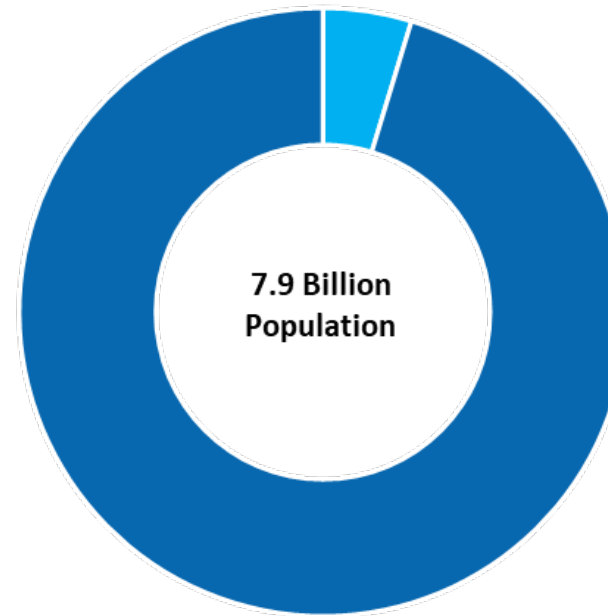


\* Represents adjusted pre-tax margin. See the reconciliation of non-GAAP measures at the end of this presentation.

# Broad, Global Addressable Market



- Interactive Brokers operates globally, in multiple currencies across multiple client segments, which significantly enhances our addressable market size
- IBKR currently has customers in over 200 countries and territories, with over three-quarters located internationally
- Non-North American markets have the majority of global population, with many regions showing accelerating financial asset growth

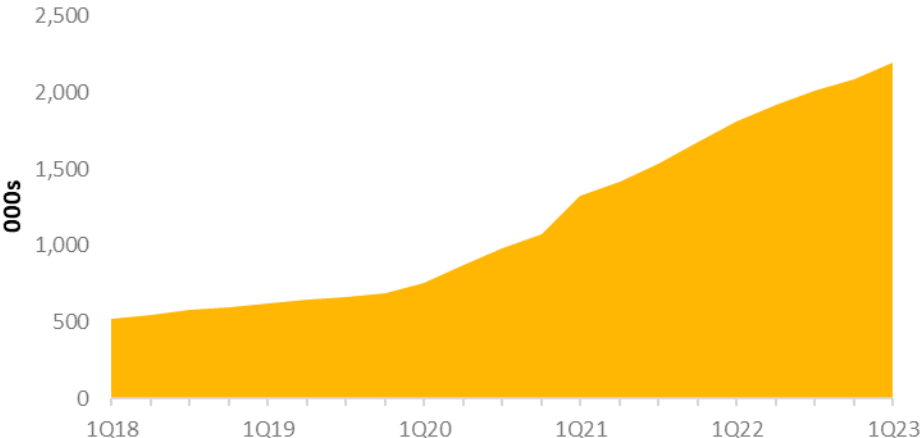


■ North American  
■ Non-North American

# IBKR Growth Continues

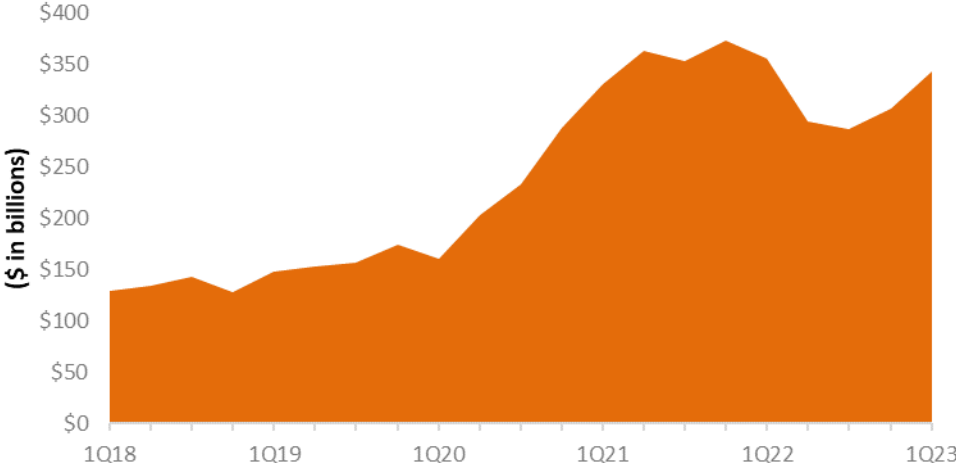
Multiple factors, including increased interest in the financial markets and the growing interconnectedness of investors worldwide, have propelled account growth.

### Client Accounts



More accounts on our platform has led to more client assets held at IBKR.

### Client Equity



# IBKR Growth Continues

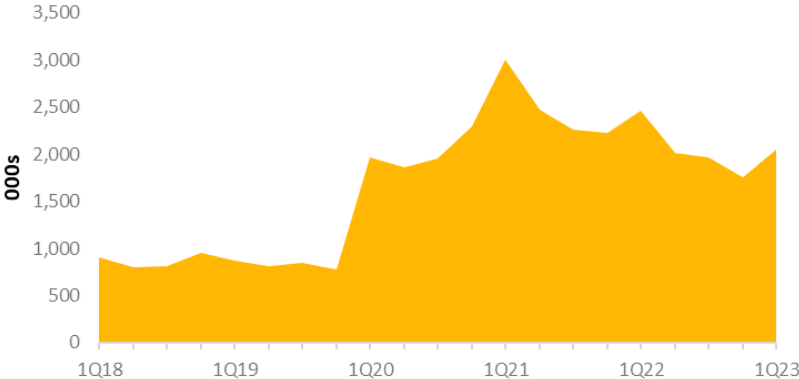


More accounts and client equity on our highly automated platform mean higher activity, as seen in increased DART levels that remain above pre-pandemic levels...

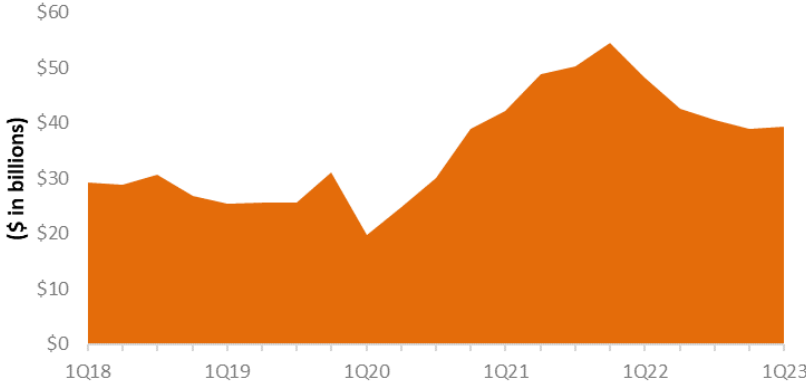
...as are margin loans.

This drives our superior, industry-leading profit margins.

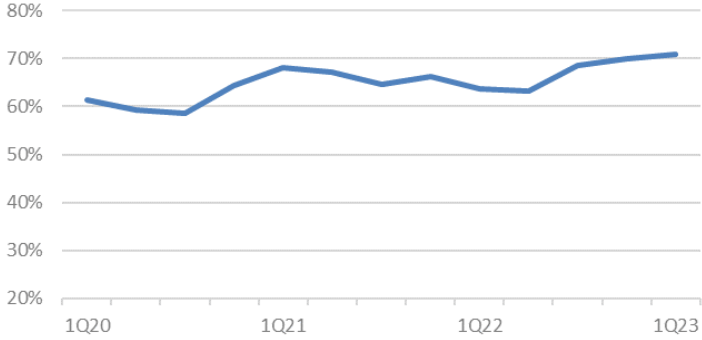
Total DARTs



Margin Loans



Adjusted Pretax Profit Margin <sup>1</sup>



1. See reconciliation of non-GAAP measures at the end of this presentation. Non-GAAP reporting began in 1Q20.

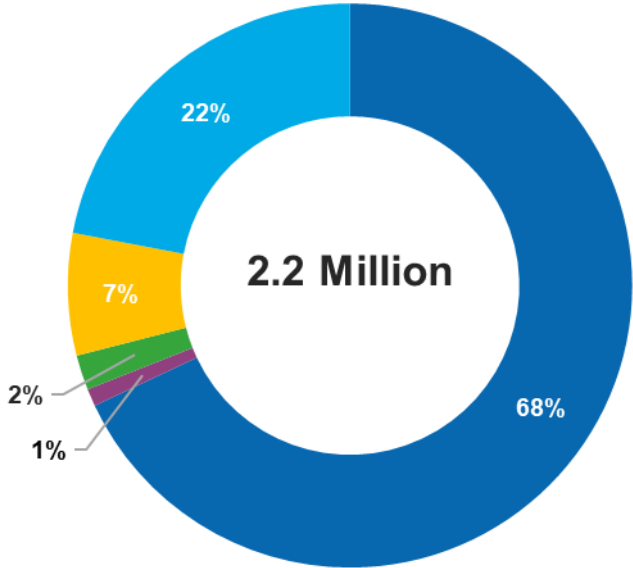


# Diversified Client Base – by Client Type

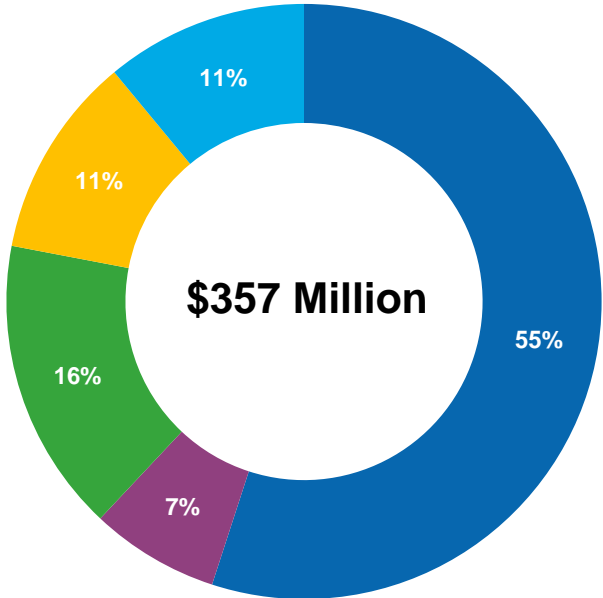
As of March 31, 2023



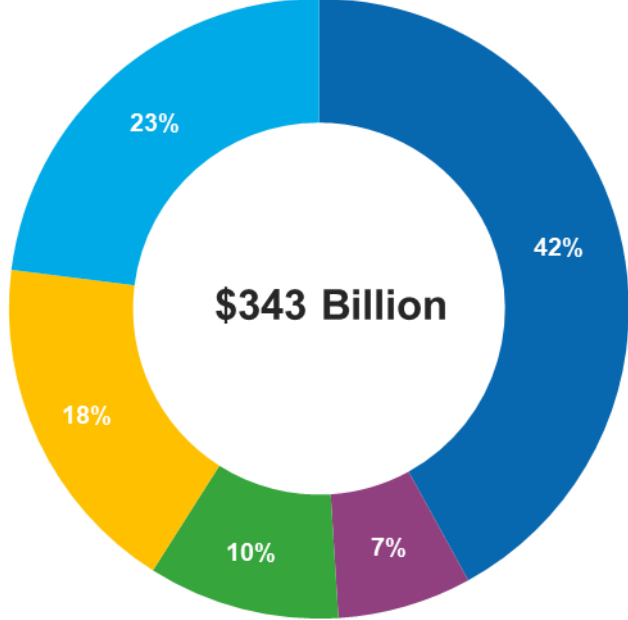
### Accounts



### Year to Date Commissions



### Client Equity



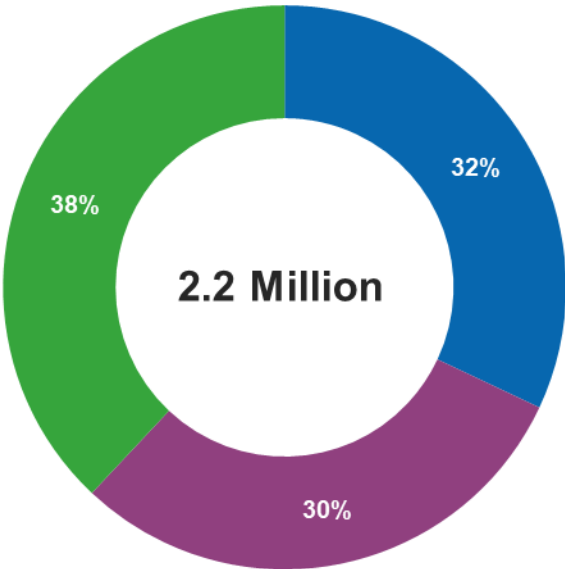
- Individuals
- Hedge and Mutual Funds
- Proprietary Trading Groups
- Financial Advisors
- Introducing Brokers

# Diversified Client Base – by Geography

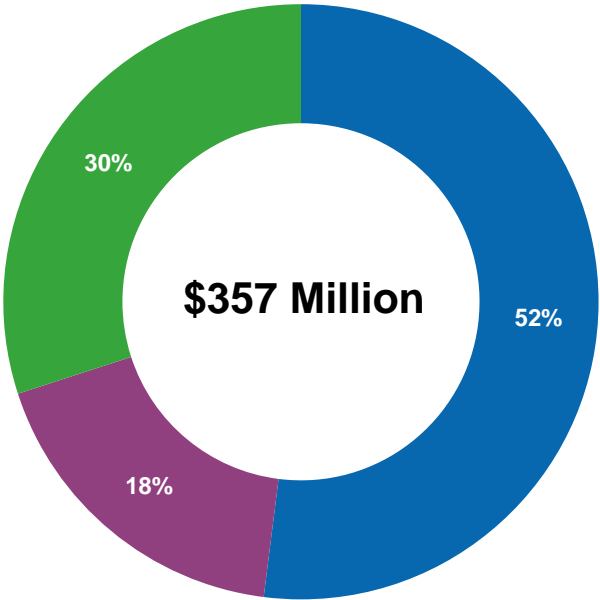
As of March 31, 2023



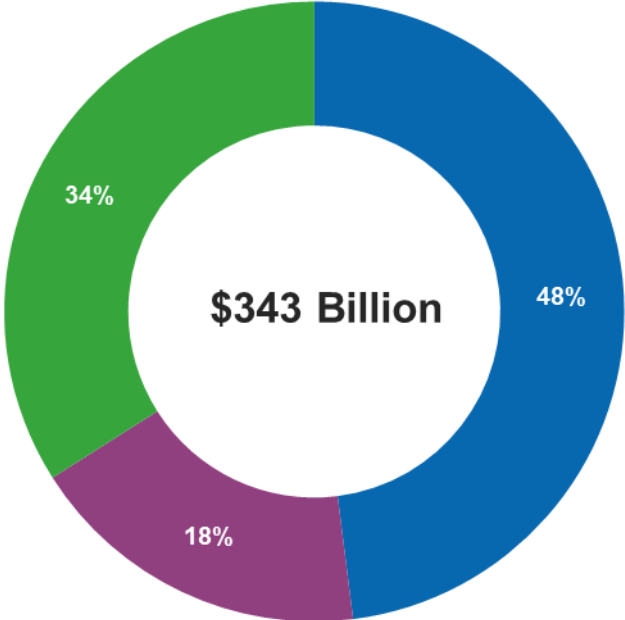
**Accounts**



**Year to Date Commissions**



**Client Equity**



- Americas
- Europe
- Asia-Pacific

# Sustainable Investing

Interactive Brokers has a suite of environmental, social and governance (ESG) tools to develop a conscientious investing plan. Clients can align their investments with what they care about most.<sup>1</sup>

## ESG Scores

**Invest Responsibly.** ESG scores are available on all of our platforms. Alerts are sent when ESG news may affect the scores of the companies followed by investors.

The Impact Dashboard ensures that a client's investments is aligned with their **values**.

## Impact Dashboard

## IMPACT App

This standalone app adds **flexibility, portability and a simplified trading interface**. When ESG scores change, it allows instant swapping of stocks to keep the investor's values and investments aligned. U.S. users can add cryptocurrencies for new degrees of diversification.<sup>2</sup>

1. For additional information, see [ibkr.com/esg-tools](https://ibkr.com/esg-tools)  
2. The projections or other information generated by IMPACT app regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Please note that results may vary with use of the tool over time

# IBKR GlobalTrader



**Simple.**  
**Worldwide.**  
**Stock trading.<sup>1</sup>**

**IBKR  
Global  
Analyst**

Scan the Globe for **Undervalued Stocks**. This helps in identifying new investment opportunities by comparing the prices and financial metrics of global stocks using the same currency.

**Deposit  
Local**

Make deposits in up to **26 different currencies**, and automatically convert into the currency you need in the country where you want to invest.

**Trade  
Global**

Trade **stocks on 90+ stock markets** from around the world, and access cryptocurrencies like Bitcoin, Bitcoin Cash, Ethereum and Litecoin,<sup>2</sup> and **options on 30+ market centers** around the world.

**\$0  
Fees**

Enjoy **\$0 Commissions** on US Stocks and ETFs.<sup>3</sup>  
No Inactivity Fees or Account Minimums.

**Trade in  
Fractions**

No trade is too small, and no stock is too expensive. With **fractional shares**, clients can invest with as little as \$1, regardless of the price of the stock. Even small cash balances can be quickly put to work to maximize returns.

1. See [globaltrader.ibkr.com](https://globaltrader.ibkr.com) for further details  
2. See [ibkr.com/crypto](https://ibkr.com/crypto) for further details. Paxos Trust Co. provides trading and custody services  
3. For additional information, visit [ibkr.com/lite](https://ibkr.com/lite)

# Recent Enhancements and New Products



**Overnight Trading Hours** – Since November 2022, clients can trade select US stocks and ETFs around the clock, enabling them to react immediately to market-moving news and conveniently trade at almost any time, and will give clients in Asia access to US Equity Markets during their trading day.<sup>1</sup>



**Dynamic Analytics Dashboard** – PortfolioAnalyst now includes an integrated, real-time reporting dashboard with a snapshot view of a broad range of charts and tools. Clients can quickly drill into GIPS® verified performance and analyze portfolio movers, allocations, risk measures, position concentrations and more without downloading PDF/CSV reports.<sup>2, 3</sup>



**Recurring Investments** – Clients can now use the Recurring Investments tool to setup and execute a predetermined investment strategy by automatically investing funds on a recurring schedule. This also allows multiple recurring investments using different products to build a portfolio over time and enables dollar cost averaging to remove worry about timing the market.<sup>4</sup>

1. For more details see [ibkr.com/overnight-trading](https://ibkr.com/overnight-trading)

2. For more details see [portfolioanalyst.com](https://portfolioanalyst.com). The projections or other information generated by PortfolioAnalyst regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Please note that results may vary with use of the tool over time.

3. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

4. For more details see [ibkr.com/recurring-investments](https://ibkr.com/recurring-investments)



# Recent Enhancements and New Products



**IBKR Campus** – Revamped the IBKR Campus website to make it simple to use and easier to find topics of interest. IBKR Campus includes courses, webinars, podcasts, and market commentaries to help investors learn about trading, financial markets, and Interactive Brokers' trading tools. <sup>1</sup>



**IBUSOPT** – a new order destination for US equity and index options, so both institutional and retail clients can interact with IBKR SmartRouting<sup>SM</sup> order flow and aim to improve their executions. The IBUSOPT destination provides clients with an opportunity to compete with major liquidity providers for marketable orders prior to the orders being routed to an exchange. Orders on IBUSOPT will wait for an offsetting order from another IBKR client and are not shown to the market. Once there is an offsetting order on IBUSOPT, the orders will be used to start an auction at the exchange. The exchange auction provides price improvement opportunities over the current matched price and lets the orders from IBUSOPT execute against each other or other participants responding to the auction – thereby potentially enhancing execution rates and quality. <sup>2, 3</sup>

1. For more details see [ibkrcampus.com](http://ibkrcampus.com)
2. For more details see [ibkr.com/ibusopt](http://ibkr.com/ibusopt)
3. For more information about options and the associated risk see [ibkr.com/occ](http://ibkr.com/occ)

# 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.<sup>2</sup>**



## 2022 Barron's Awards<sup>1</sup>:

Rated #1 - Best Online Broker (5 out of 5 stars)  
Rated #1 for Active Traders  
Rated #1 for Information



## 2022 Investopedia Awards:

4.6 out of 5 stars Overall  
Best Broker for International Trading  
Best Online Broker for Advanced Traders



## 2022 Prequin Awards:

Top Prime Broker  
Top Hedge Fund Custodian



## 2022 StockBrokers.com Awards:

#1 for Professional Tools  
#1 for Futures Trading  
#1 for Offering of Investments  
#1 International Trading  
5 out of 5 stars Offering of Investments  
5 out of 5 stars Research



## 2023 ForexBrokers.com Awards:

#1 Offering of Investments  
#1 Professional Trading  
#1 Institutional Clients  
#1 ESG Offerings  
5 out of 5 stars Overall  
5 out of 5 stars Commissions & Fees  
5 out of 5 stars Offering of Investments  
5 out of 5 stars Platforms and Tools  
5 out of 5 stars Research



## 2023 BrokerChooser Best Online Brokers:

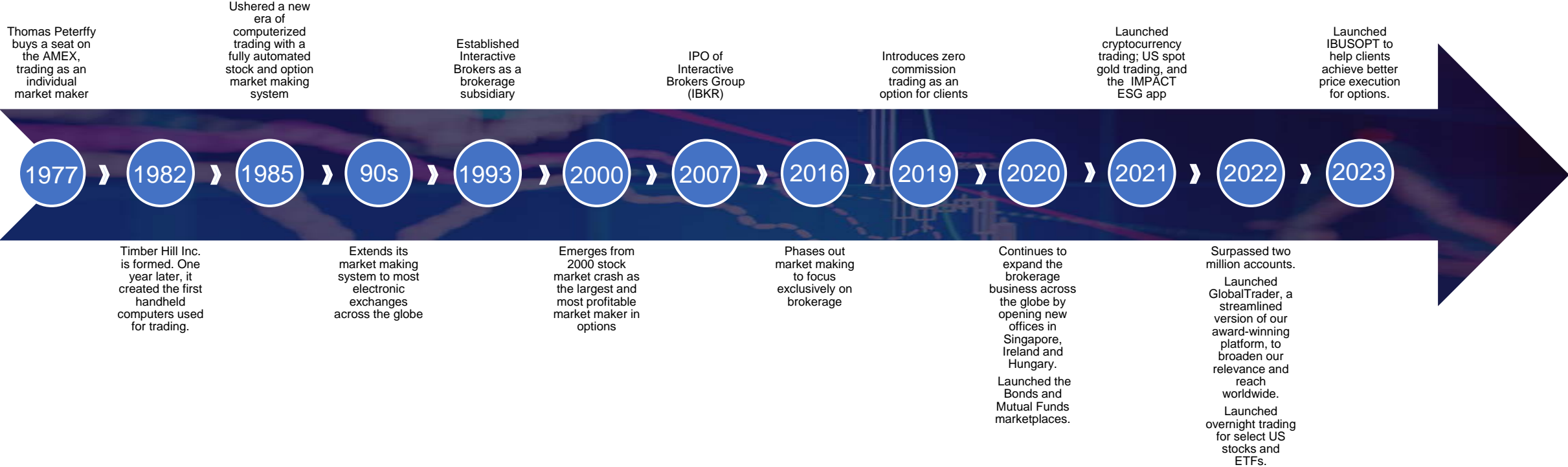
Best Online Broker  
Best Stock Broker  
Best Broker for Day Trading  
Best Broker for Investing  
#1 for Best Online Broker in Singapore  
#1 for Online Brokers & Trading Platforms in the UK  
#1 for Best Online Brokers in India  
#1 for Best Brokers for ESG Investing

1. Barron's is a registered trademark of Dow Jones & Co. Inc.  
2. See [ibkr.com/awards](https://ibkr.com/awards)

# APPENDIX

# Pioneer in technology throughout the years

*Over four decades of developing our automated trading platforms allow us to be the lowest cost broker-dealer*



# Non-GAAP Reconciliation

Year Ended December 31,

	2020	2021	2022
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(in millions)

## Adjusted net revenues

Net revenues - GAAP	\$ 2,218	\$ 2,714	\$ 3,067
Non-GAAP adjustments			
Currency diversification strategy, net	19	37	100
Mark-to-market on investments	(36)	30	52
Remeasurement of TRA liability	3	(1)	(6)
Total non-GAAP adjustments	(14)	66	146
Adjusted net revenues	\$ 2,204	\$ 2,780	\$ 3,213

## Adjusted income before income taxes

Income before income taxes - GAAP	\$ 1,256	\$ 1,787	\$ 1,998
Non-GAAP adjustments			
Currency diversification strategy, net	19	37	100
Mark-to-market on investments	(36)	30	52
Remeasurement of TRA liability	3	(1)	(6)
Customer compensation expense	103	-	-
Bad debt expense	1	-	-
Total non-GAAP adjustments	90	66	146
Adjusted income before income taxes	\$ 1,346	\$ 1,853	\$ 2,144
Pre-tax profit margin	57%	66%	65%
Adjusted pre-tax profit margin	61%	67%	67%

Year Ended December 31,

	2020	2021	2022
--	------	------	------

(in millions)

## Adjusted variable expenses

Execution, clearing and distribution fees	\$ 293	\$ 236	\$ 324
Bad debt expense	13	3	3
Variable expenses	306	239	327
Non-GAAP adjustments			
Bad debt expense	(1)	-	-
Total non-GAAP adjustments	(1)	-	-
Adjusted variable expenses	\$ 305	\$ 239	\$ 327

## Adjusted fixed expenses

Employee compensation and benefits	\$ 325	\$ 399	\$ 454
Occupancy, depreciation and amortization	69	80	90
Communications	26	33	33
General and administrative	236	176	165
Fixed expenses	656	688	742
Non-GAAP adjustments			
Customer compensation expense	(103)	-	-
Total non-GAAP adjustments	(103)	-	-
Adjusted fixed expenses	\$ 553	\$ 688	\$ 742



# Non-GAAP Reconciliation



	Quarter Ended												
	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23
	(in millions)												
<b>Adjusted net revenues</b>													
Net revenues - GAAP	\$ 532	\$ 539	\$ 548	\$ 599	\$ 893	\$ 754	\$ 464	\$ 603	\$ 645	\$ 656	\$ 790	\$ 976	\$ 1,056
Non-GAAP adjustments													
Currency diversification strategy, net	49	(16)	(27)	13	2	9	3	23	18	53	40	(11)	(1)
Mark-to-market on investments	-	-	(3)	(33)	(99)	(113)	184	57	29	8	17	(1)	(40)
Remeasurement of TRA liability	-	-	-	3	-	-	(1)	-	-	-	-	(6)	-
Total non-GAAP adjustments	49	(16)	(30)	(17)	(97)	(104)	186	80	47	61	57	(18)	(41)
Adjusted net revenues	\$ 581	\$ 523	\$ 518	\$ 582	\$ 796	\$ 650	\$ 650	\$ 683	\$ 692	\$ 717	\$ 847	\$ 958	\$ 1,015
<b>Adjusted income before income taxes</b>													
Income before income taxes - GAAP	\$ 308	\$ 222	\$ 334	\$ 392	\$ 639	\$ 541	\$ 234	\$ 373	\$ 394	\$ 392	\$ 523	\$ 689	\$ 761
Non-GAAP adjustments													
Currency diversification strategy, net	49	(16)	(27)	13	2	9	3	23	18	53	40	(11)	(1)
Mark-to-market on investments	-	-	(3)	(33)	(99)	(113)	184	57	29	8	17	(1)	(40)
Remeasurement of TRA liability	-	-	-	3	-	-	(1)	-	-	-	-	(6)	-
Customer compensation expense	-	103	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	1	-	-	-	-	-	-	-	-	-	-	-
Total non-GAAP adjustments	49	88	(30)	(17)	(97)	(104)	186	80	47	61	57	(18)	(41)
Adjusted income before income taxes	\$ 357	\$ 310	\$ 304	\$ 375	\$ 542	\$ 437	\$ 420	\$ 453	\$ 441	\$ 453	\$ 580	\$ 671	\$ 720
Pre-tax profit margin	58%	41%	61%	65%	72%	72%	50%	62%	61%	60%	66%	71%	72%
Adjusted pre-tax profit margin	61%	59%	59%	64%	68%	67%	65%	66%	64%	63%	68%	70%	71%