

# Sandler O'Neill

## Global Exchange & Brokerage Conference

June 6, 2013

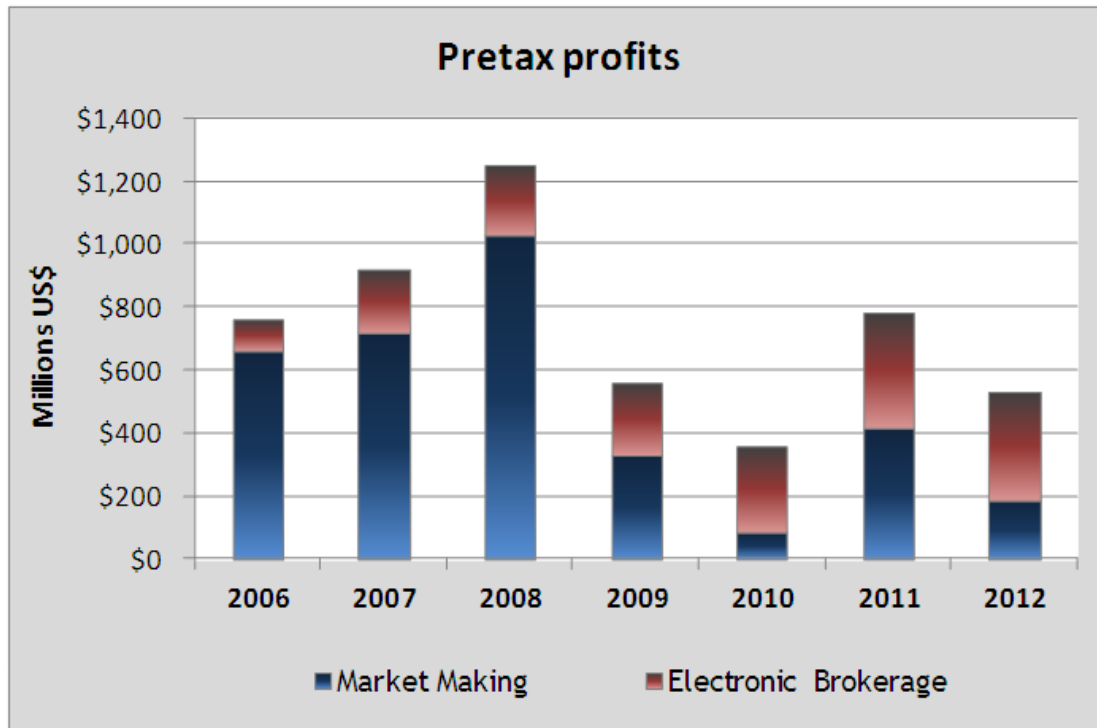
## Disclaimer

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.

- ***Business transformation - Brokerage is our focus***
  - Our brokerage segment is growing at a rapid pace
  - Market maker is a mature business in a challenging environment, yet highly complementary to brokerage
  
- ***Highly diversified enterprise***
  - Broad global reach and breadth of products
  - Serving multiple customer segments and geographies
  
- ***Largest U.S. electronic broker by number of trades***
  
- ***Strong value proposition*** is fueling industry-leading growth
  
- ***Financial Strength***
  - \$4.8B consolidated equity capital at 3/31/12
  - IB LLC is rated 'A-/A-2'; Outlook Stable by Standard & Poor's

# Business Transformation

Our electronic brokerage segment, born 20 years ago, now the driving force of our business

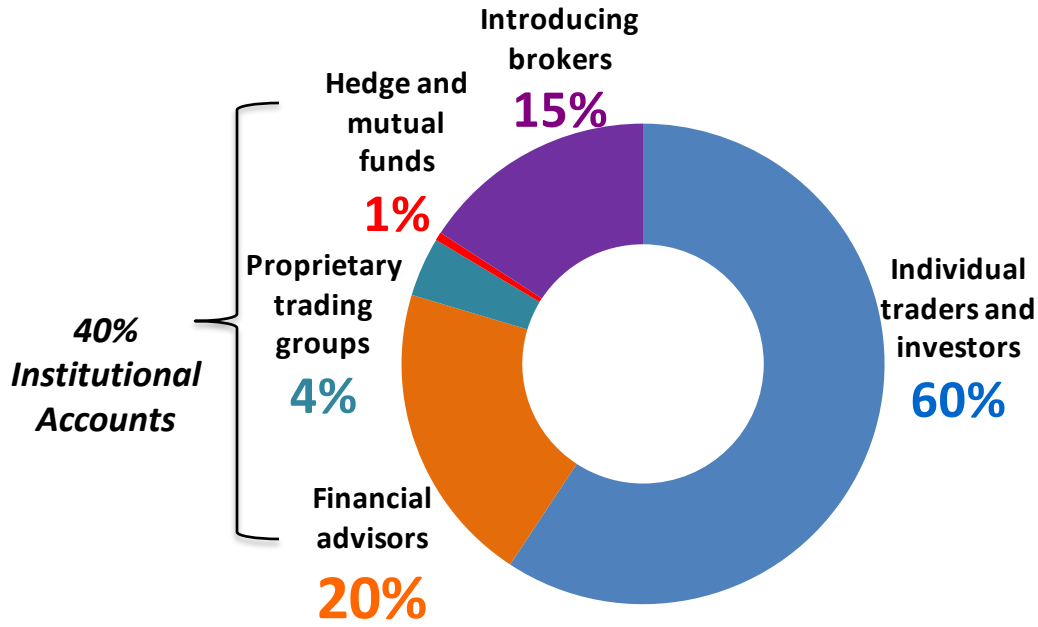


- **2008** Highest annual earnings ever
- **2009** - Market activity slows substantially, HFT's begin to compete
- **2010** - Market making business bottoms amid intense HFT competition
- **2011** - Market making stabilizes and brokerage continues to grow
- **2012** - Trading volumes slowed, yet continued focus is on expanding the brokerage business
- **1Q13** - Brokerage accounts for 78% of consolidated pretax profits (ex-currency translation effects)

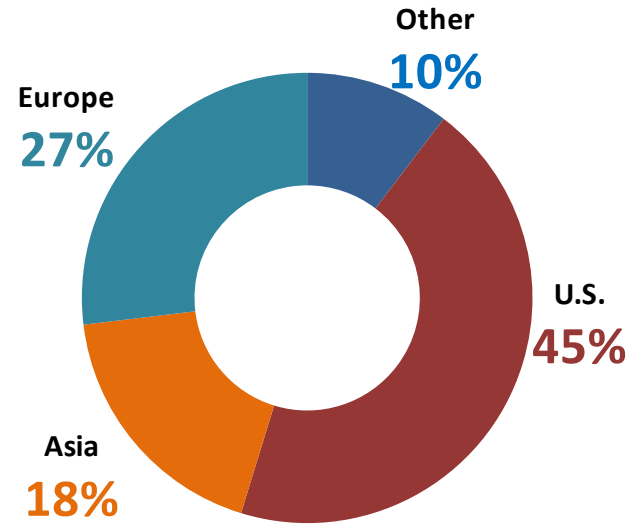
# Diversified Enterprise

We serve a broad array of customers across the globe

Customer Accounts - by Segment



Customer Accounts - by Region<sup>1</sup>

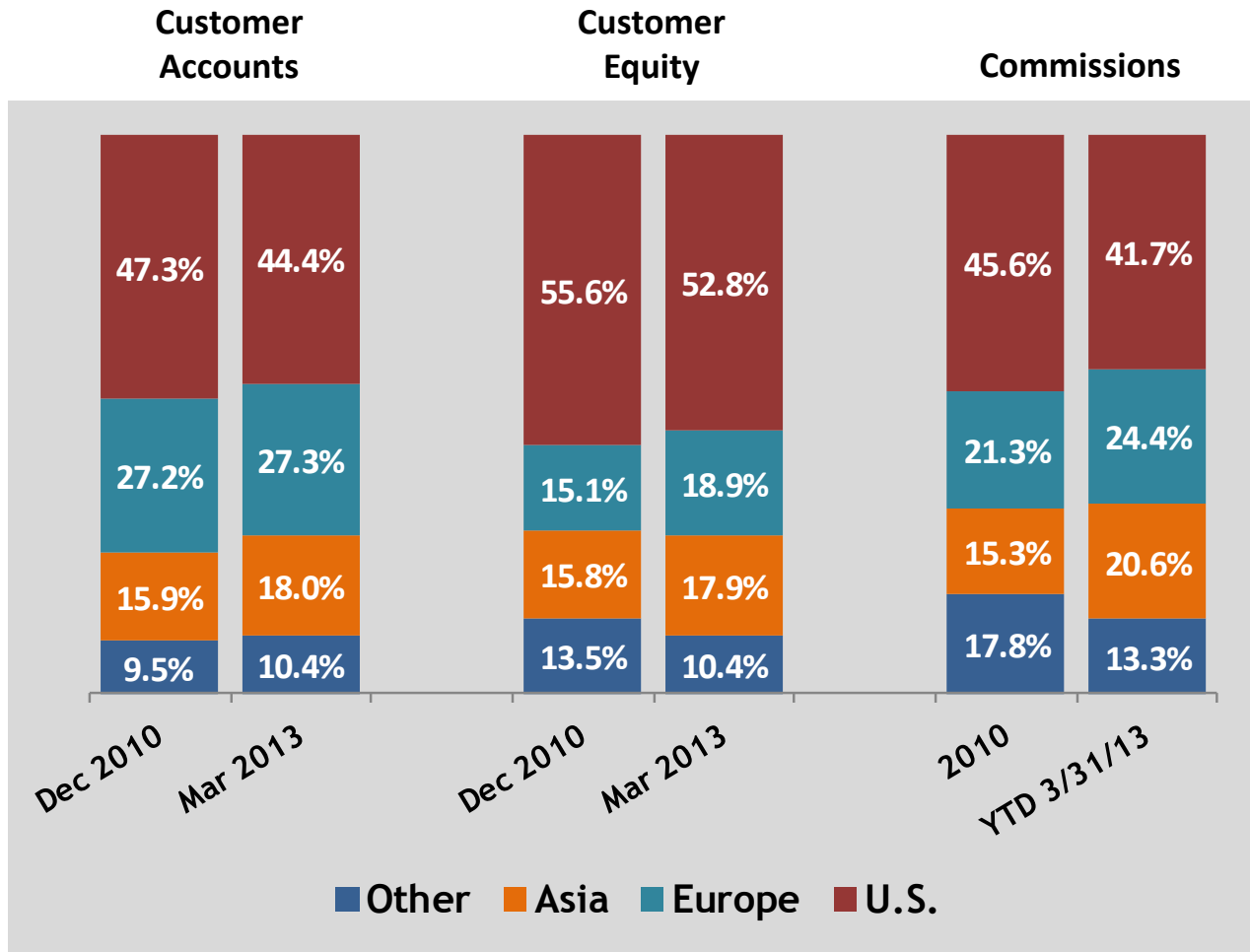


*Our customers reside in 180+ countries*

<sup>1</sup> Based on country of residence, as of Apr 2013

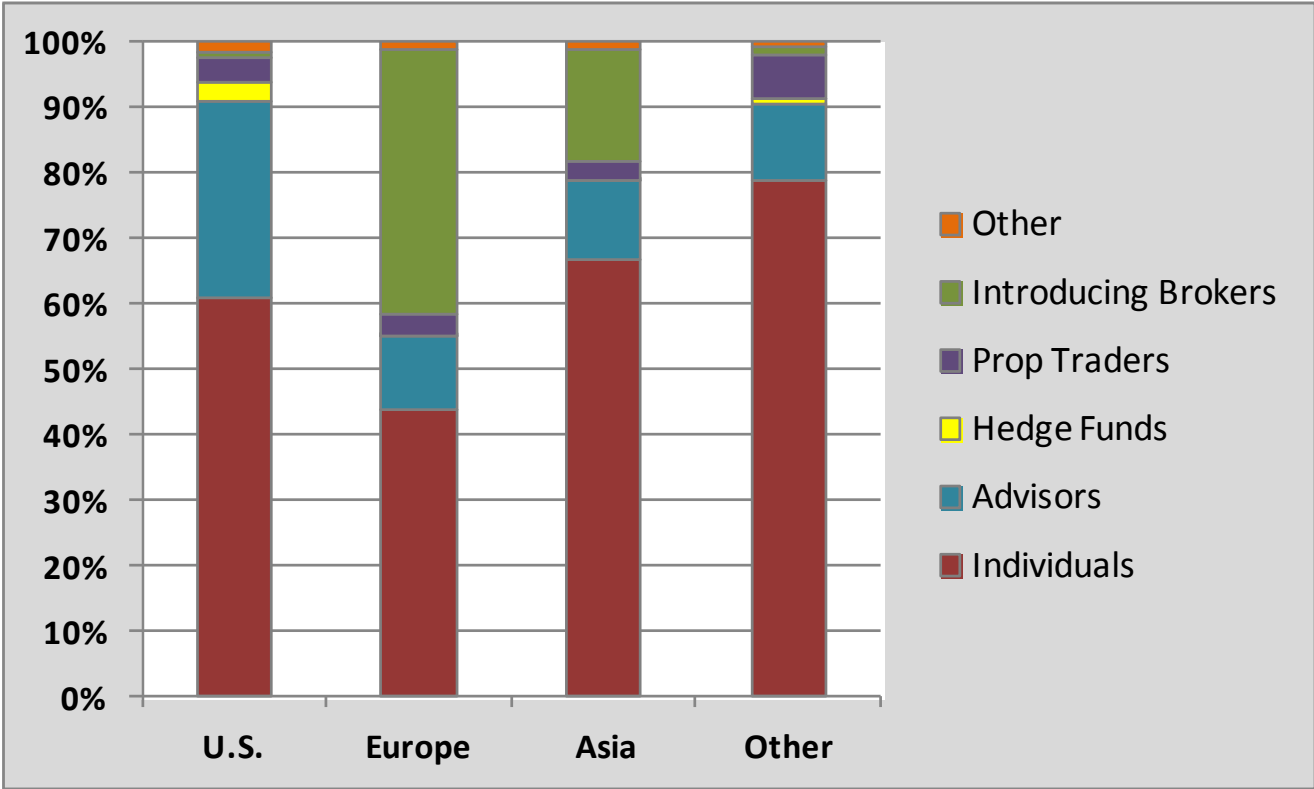
# Diversified Enterprise

Asia is driving our strongest growth abroad



# Diversified Enterprise

## Account segment by geography



Includes countries with >300 accounts, as of Apr 2013

# *Diversified Enterprise*

Multi-product, country and currency



**Our customers can trade on over 100 market centers in 20 countries and 21 currencies.  
Direct market access to stocks, options, futures, forex, bonds, ETFs and CFDs from a  
single IB Universal Account™.**



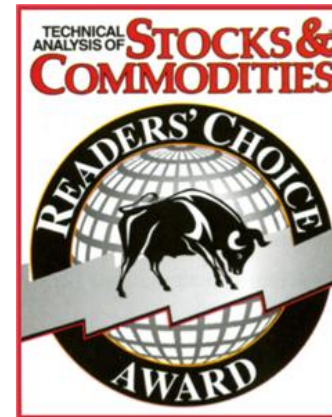
# Recognized Industry Leader

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

Rated **#1** by BARRON'S 2013

BEST ONLINE BROKER – TWO YEARS IN A ROW!

- ✓ Best for Options Traders
- ✓ Best Trading Experience & Tech
- ✓ Best for International Traders
- ✓ Best Range of Offerings
- ✓ Best for Frequent Traders
- ✓ Best Portfolio Analysis & Reports
- ✓ Low Cost for the 9th year in a row \*
- ✓ Best Overall



- Winner 2013 Stock Brokerage
- Winner 2013 Futures Brokerage
- Winner 2013 Forex Brokerage
- 1st Runner Up 2013 Institutional Platform
- 1st Runner Up 2013 Professional Platform
- 1st Runner Up 2013 Options Analysis Software



- Winner 2013 "Best Broker-Dealer Options"
- Winner 2013 "Best Broker-Dealer Futures"

\* Supporting documentation for any claims and statistical information will be provided upon request. For additional information see [www.interactivebrokers.com/compare](http://www.interactivebrokers.com/compare).

# Recognized Industry Leader

We strive to offer the best price execution and lowest trading and financing costs so our customers can realize more profits

## Forex - Our customers are more profitable

Percentage of profitable and unprofitable accounts as reported to the NFA				
Q1 2013	% Profit	% Loss	Total Accounts	Spread Markups
<b>Interactive Brokers</b>	<b>43.3%</b>	<b>56.7%</b>	<b>19,666</b>	<b>NO</b>
CitiFX Pro	41.0%	59.0%	652	YES
OANDA	38.1%	61.9%	22,121	YES
FXDD	36.2%	63.9%	5,707	YES
Gain Capital	33.0%	67.0%	12,384	YES
IBFX/TradeStation	33.0%	67.0%	9,792	YES
ILQ	30.3%	69.7%	1,021	YES
Alpari	29.9%	70.1%	2,212	YES <sup>1</sup>
FXCM	29.9%	71.0%	21,775	YES
MB Trading	26.9%	73.1%	3,877	YES

Data provided by forexmagnates.com, includes the impact of any commissions

**Everybody says they provide best executions but only one can be best and only we can prove it.**

*The same philosophy and technology that enables our clients to achieve superior forex trading results also drives our clients' trading and investing of stocks, options, futures, and bonds worldwide on over 100 markets.*

# Value Proposition: Low Costs



Rated Lowest Margin Rates and Low Cost Broker  
9 years in a row by Barron's

US Margin Loan Rates Comparison					US Commission Rates Comparison		
	\$25K	\$200K	\$1.5M	\$3.5M	100 Shares	1 Stock Option	1 E-mini S&P 500 Future
Interactive Brokers	1.58%	1.33%	0.95%	0.73%	\$1.00	\$1.00	\$0.85
E-Trade	7.94%	6.14%	3.89%	3.89%	\$7.99	\$8.74	\$2.99
Fidelity	7.58%	6.58%	3.75%	3.75%	\$7.95	\$8.70	N/A
optionsXpress	8.25%	7.00%	6.00%	6.00%	\$8.95	\$12.95	\$3.50
Schwab	8.00%	6.88%	6.25%	6.00%	\$8.95	\$9.70	N/A
TD Ameritrade	8.50%	7.25%	6.25%	6.25%	\$9.99	\$10.74	\$2.25
thinkorswim	8.50%	7.25%	6.25%	6.25%	\$9.99	\$10.74	\$2.25

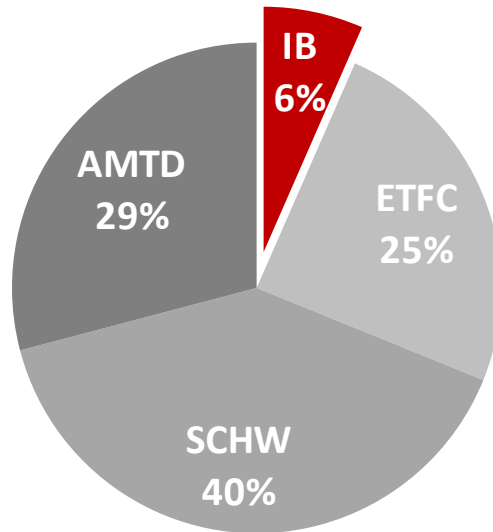
Interactive Brokers has lower commission rates for larger volumes and comparable rates worldwide. Services vary by firm.

\* Supporting documentation for any claims and statistical information will be provided upon request. For additional information see [www.interactivebrokers.com/compare](http://www.interactivebrokers.com/compare).

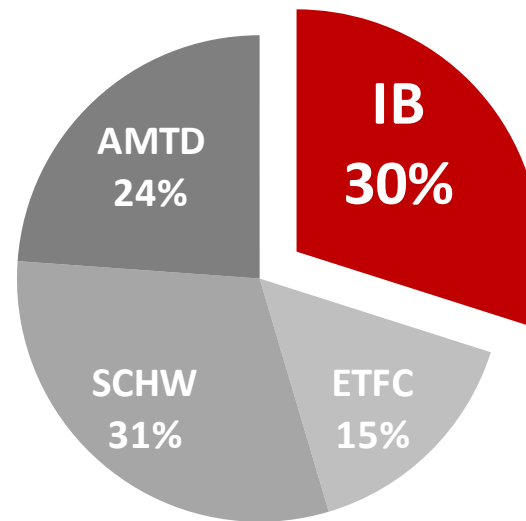
# Value Proposition: Low Costs

Our industry low margin rates have increased our market share of total margin borrowing

**Dec 2007**  
**Total - \$29 Billion**



**Mar 2013**  
**Total - \$37 Billion**



# Value Proposition: Best Execution

## The IB SmartRouting<sup>SM</sup> Advantage

Net Dollar Price Improvement <sup>(1)</sup> – 2nd Half 2012

Execution Price Comparison*			
	Interactive Brokers	Industry	IB Advantage
<b>US Stocks</b> (per 100 shares)	\$0.72	\$0.31	\$0.41
<b>US Options</b> (per contract)	\$0.86	\$0.62	\$0.24
<b>European Stocks</b> (per 100 shares)	€0.37	€-1.39	€1.76

<sup>(1)</sup> **Net \$ 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](http://www.interactivebrokers.com)

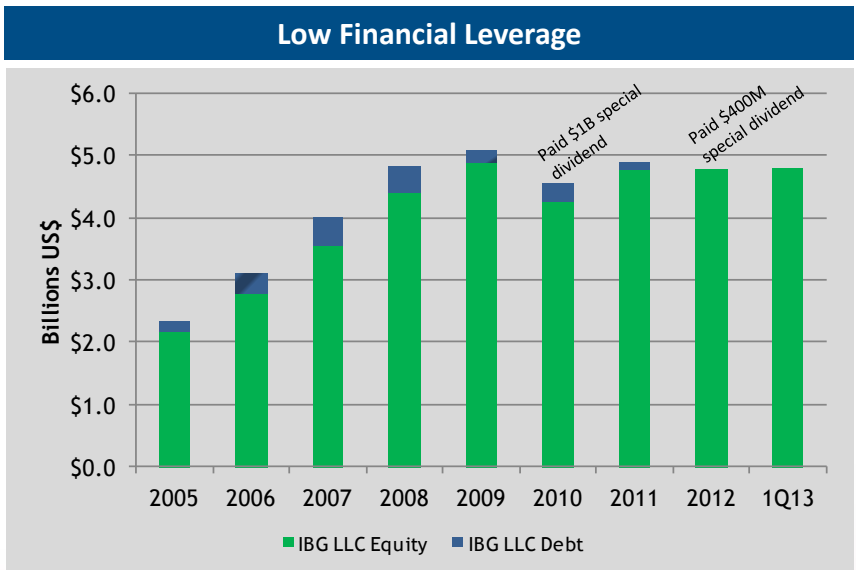
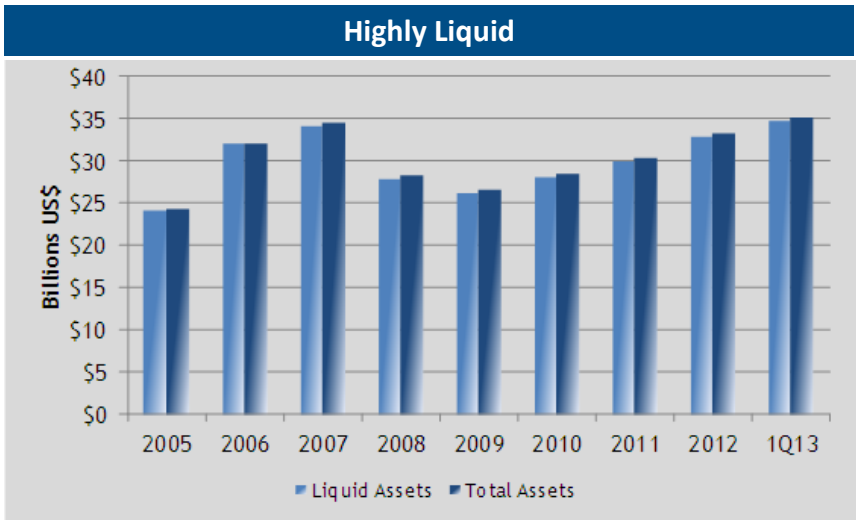
➤ Unlike other routers, IB SmartRouting<sup>SM</sup> dynamically routes and re-routes all or parts of the order for optimal execution.

➤ We do NOT sell order flow to internalizers.

➤ Transaction Auditing Group, Inc., (TAG), a third-party provider of transaction analysis, has determined that Interactive Brokers U.S. stock and options price executions and European stock price executions were significantly better than the industry during 2012.

# Financial Strength

## Liquid balance sheet and low financial leverage



### Solid balance sheet

- Mar 31, 2013 - \$35 billion total assets, 98.8% liquid
- Low financial leverage

### Distributing capital from market making segment

- Quarterly dividend of \$0.10/share started June 2011 (represents ~10% post-tax return of MM capital)
- Special dividends paid: \$1.00 in Dec 2012; \$1.79 in Dec 2010

### S&P Credit Ratings Comparison<sup>1</sup>:

Broker Dealer	Rating	Outlook
JPMorgan Chase & Co.	A	Stable
<b>Interactive Brokers</b>	<b>A-</b>	<b>Stable</b>
Bank of America Corp.	A-	Negative
Citigroup Inc.	A-	Negative
Goldman Sachs	A-	Negative
Merrill Lynch & Co., Inc.	A-	Negative
Morgan Stanley	A-	Negative
Jefferies	BBB	Stable

[1] Ratings were obtained on April 1, 2013 from each firm's website. Supporting documentation for any claims and statistical information will be provided upon request.

## Brokerage Expansion

- Maintaining our lead as largest eBroker by number of trades
  - Strong progress towards goal to be largest eBroker by profits
  - Industry leading growth in all key metrics
- 

## Institutional Branding

- Institutions: 40% of accounts; 60% of customer equity
  - Targeted marketing to increase market share amongst advisors, hedge funds, prop traders, introducing brokers
- 

## Technology Enhancements

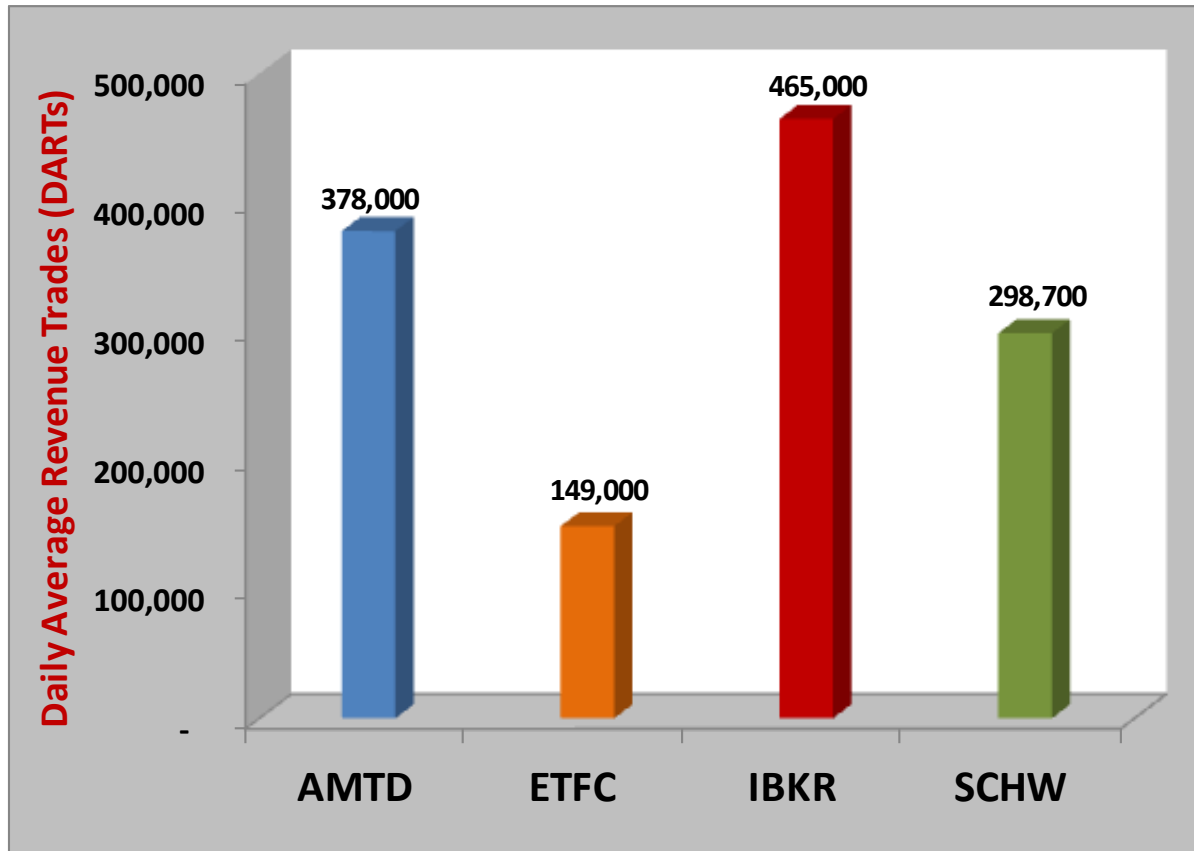
- Continuously optimizing our platform and trading tools
  - Latest improvements: mobile, Mosaic trading workspace, market scanners, Money Manager Marketplace
- 

## Profitable Growth

- 57% pretax profit margin for brokerage - 1Q13
- \$4.8B consolidated equity capital at 3/31

# Brokerage Expansion

Maintaining position as largest eBroker by number of DARTs



Very active customer base:

- Our customers trade on average 500 times/year
- Daily average revenue trades grew 9% YoY

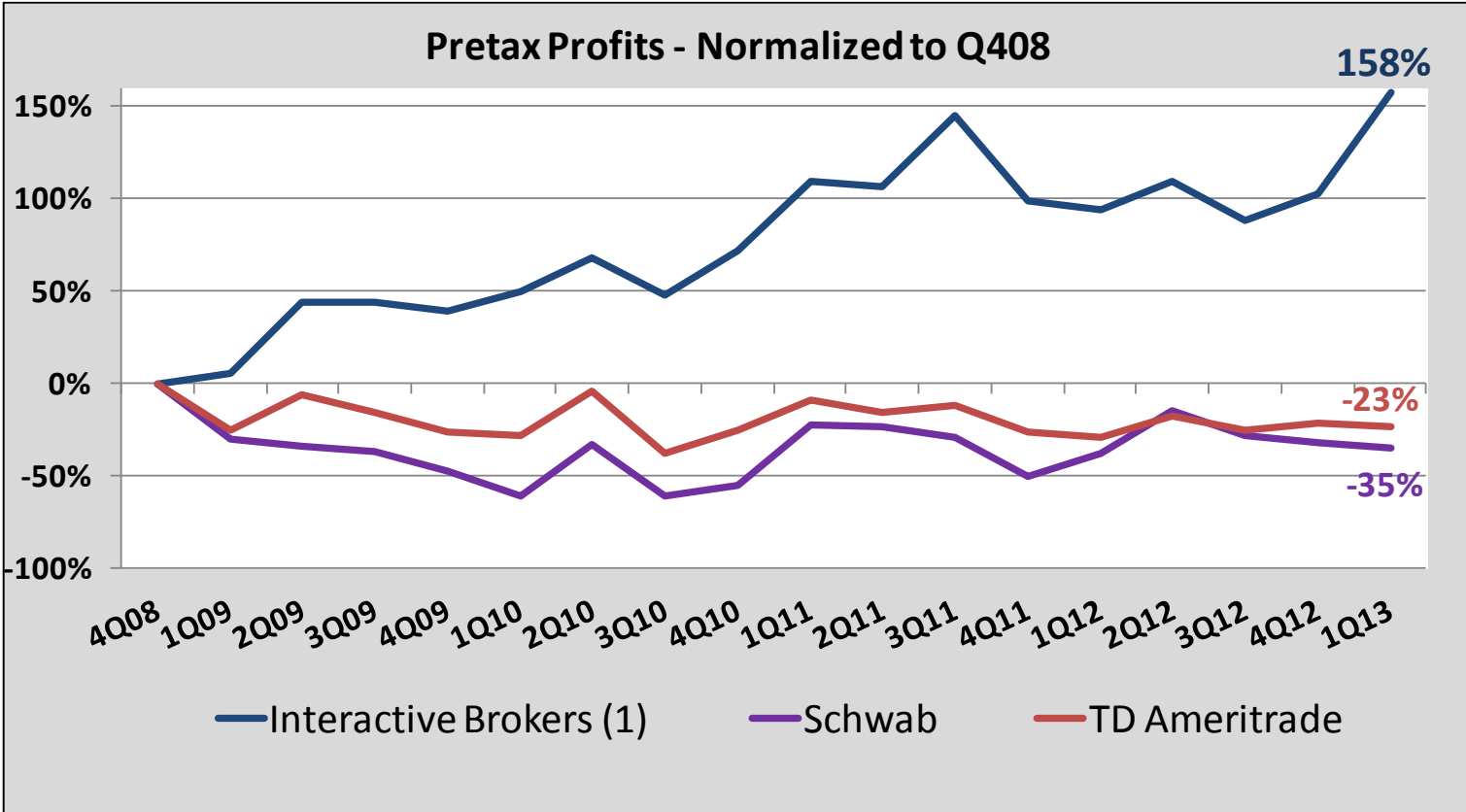
1Q13 Results



# Brokerage Expansion



Strong progress towards our goal to be the largest broker by profits—  
Rapidly gaining on the competition

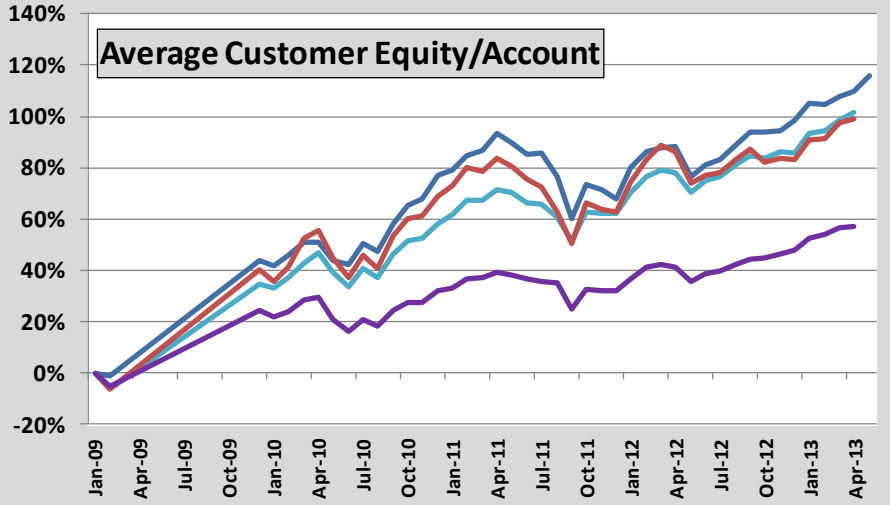
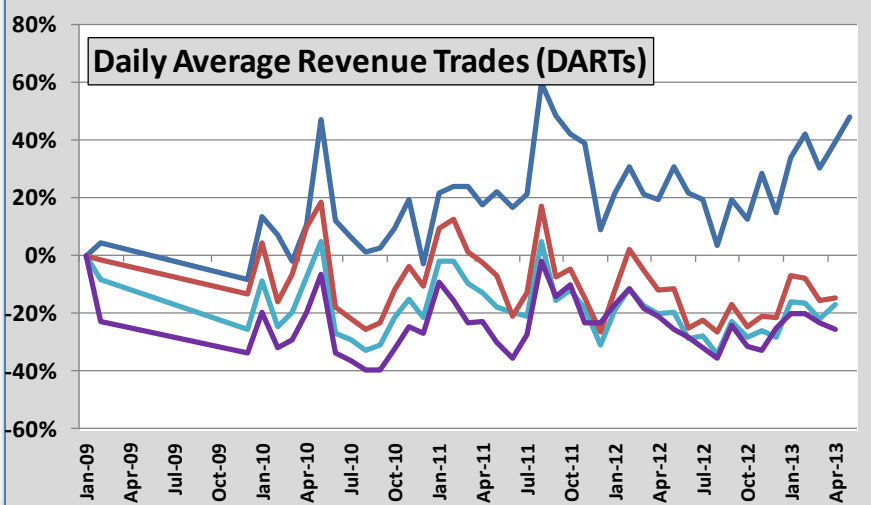
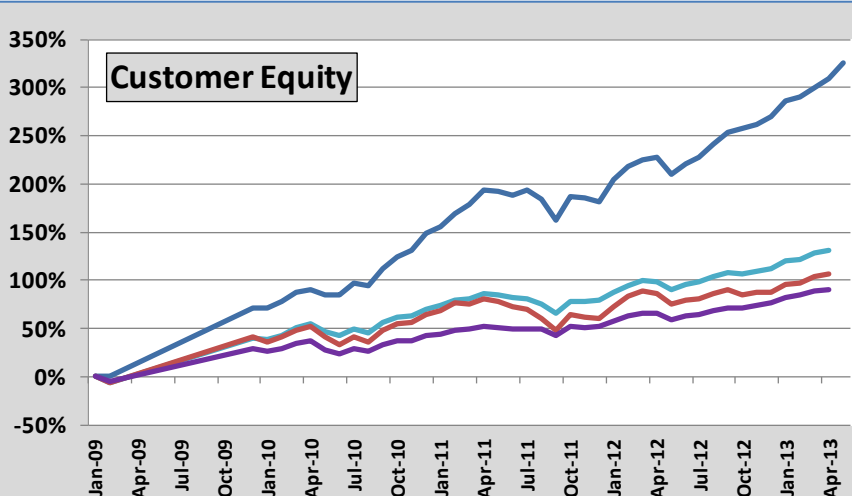
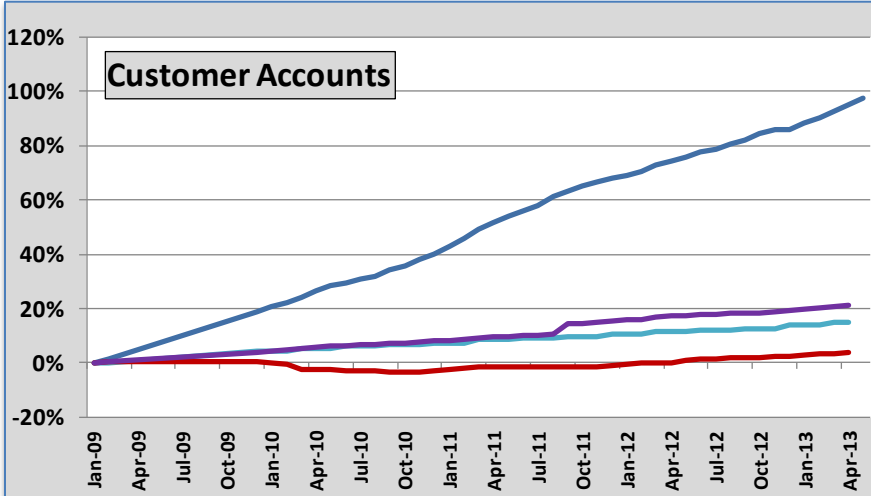


(1) Brokerage segment only

# Brokerage Expansion



Market leading growth in every key metric



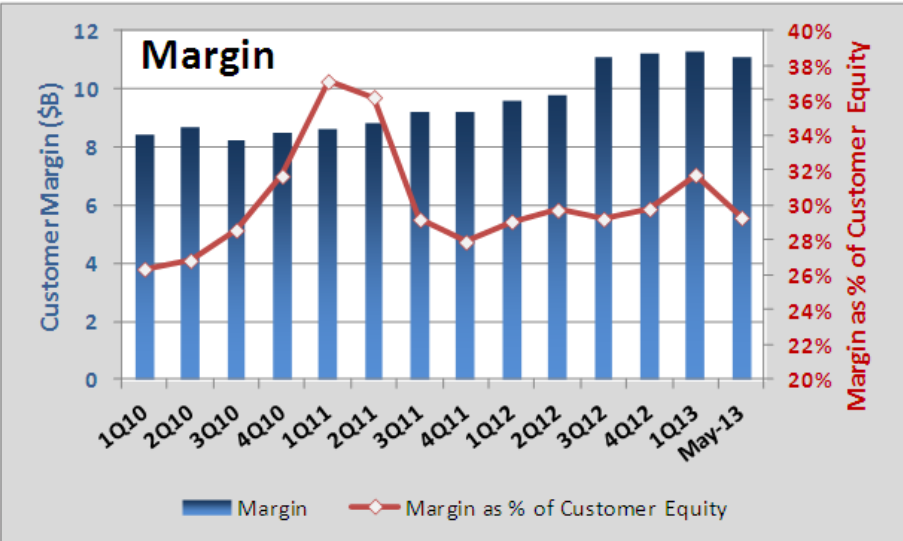
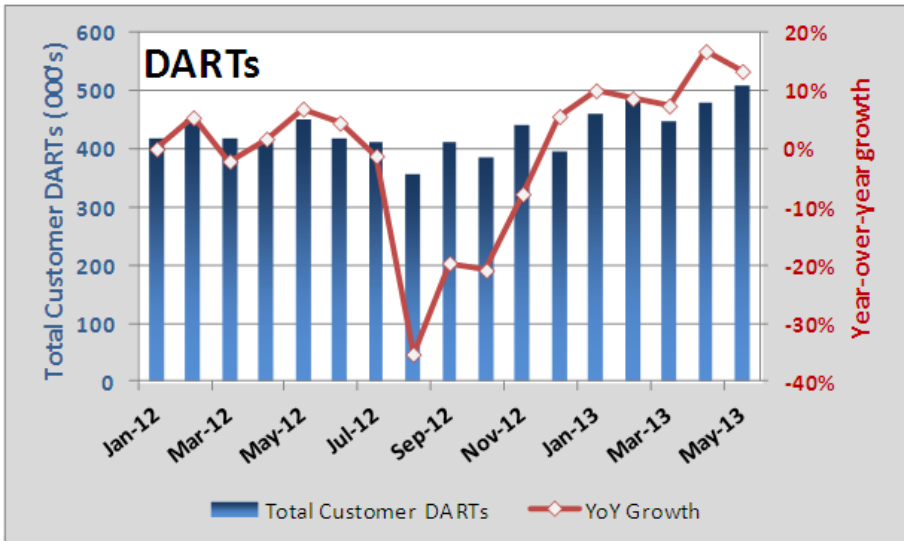
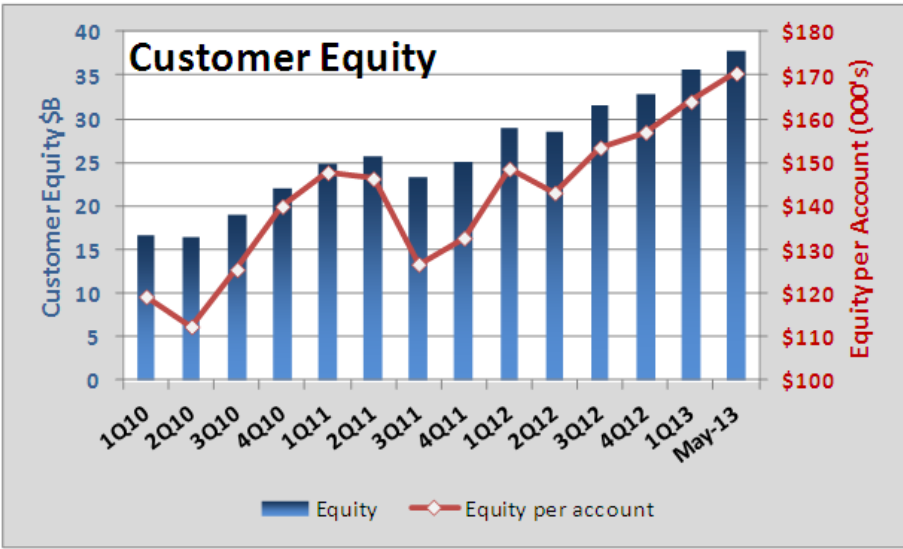
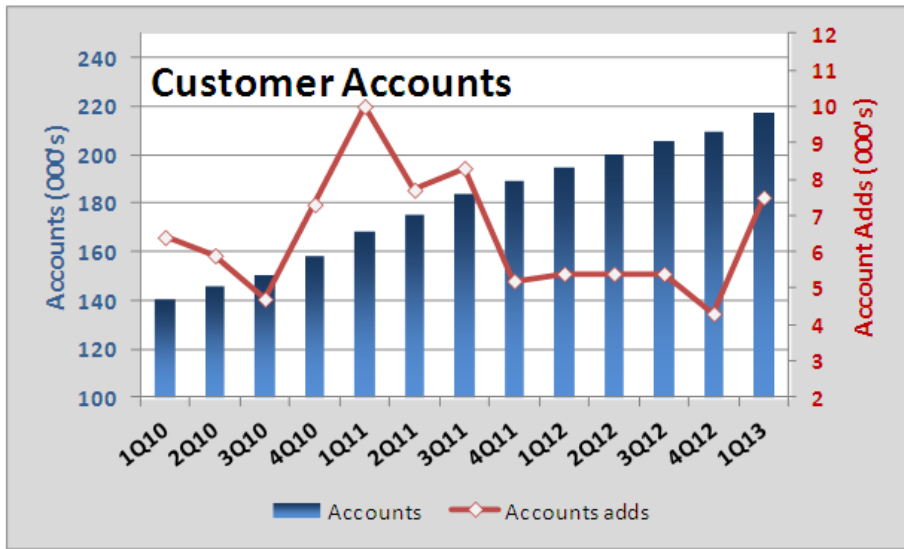
IB includes metrics reported through May 2013

— IB — AMTD — ETFC — SCHW

# Brokerage Expansion

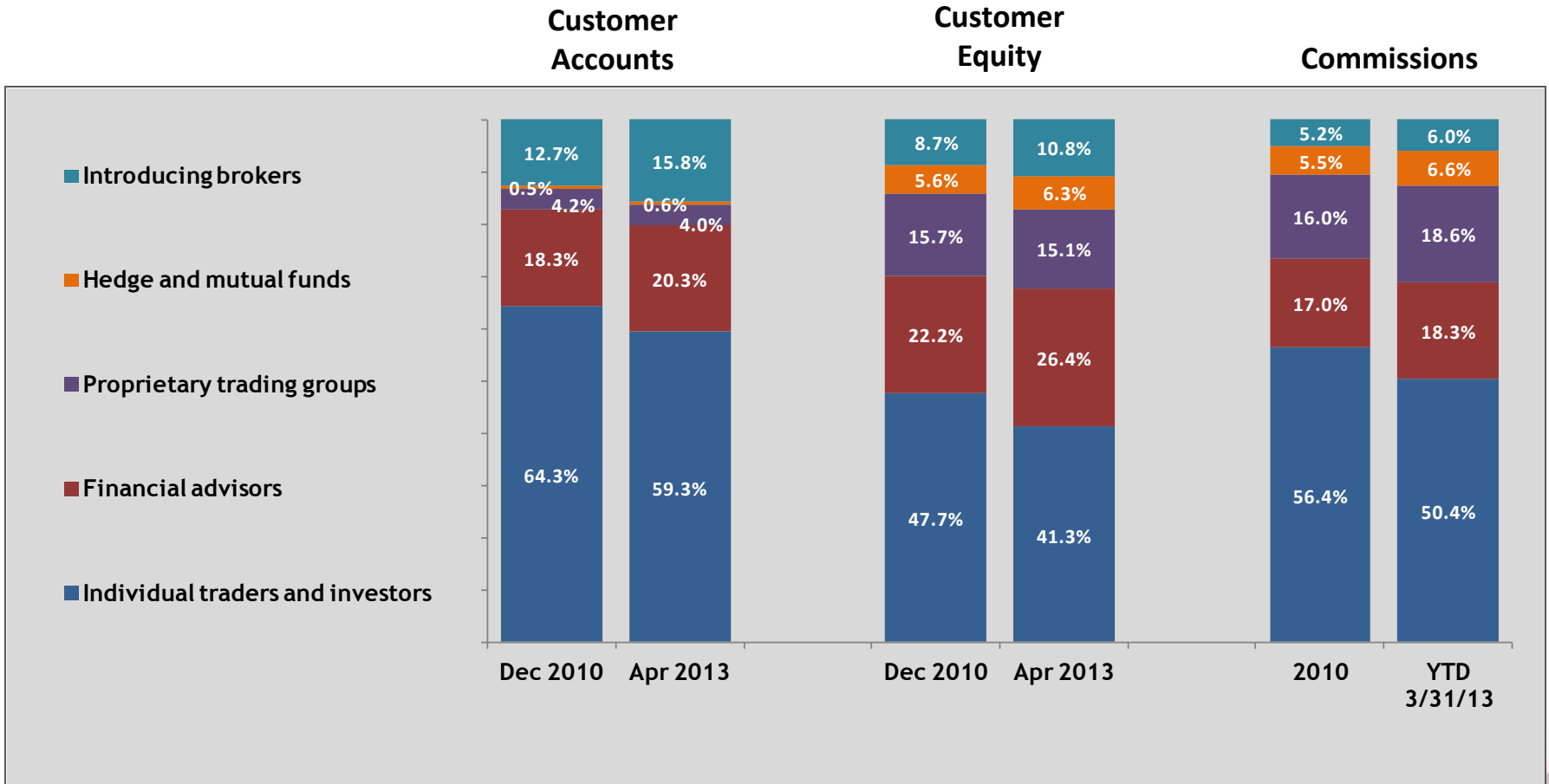


## IB Brokerage Statistics



# Institutional Branding

Focused marketing and specialized institutional tools and services are driving the shift in customer segments



# Technology Enhancements

## Our latest developments



Professional Advisors who function as Wealth Managers can shop for registered Money Managers, then assign them to client accounts for trading purposes.

Wealth Managers can view background information for each registered Money Manager, including location, certification, education, products traded, and much more.

### *Mosaic Market Scanners*

Allows customers to quickly and easily scan global markets for the top performing contracts, including stocks, options, futures, bonds, indexes and more, in numerous categories.

- Scan multiple products around the world
- Choose from popular scan parameters
- Save your favorites
- Create custom scans
- Redefine a scan in two clicks
- Run scans after market hours



# Technology Enhancements



Our latest developments, cont.

The screenshot shows the 'IB Daily Lineup' dashboard for the North American edition on Friday, September 21, 2012. It features several sections: 'World Markets' with charts for North America and Europe; 'Briefing.com Market Update' with a news snippet about Questor; 'Economic Event Calendar' with a table of events; 'Earnings Calendar' with a table of earnings; 'Today's Top Ten' with a list of news items; and 'Analyst Activity' and 'Portfolio News' sections.

Index	Value	Change	%
ES Dec12	1459.00	+5.25	0.36%
DAX Dec12	7464.50	+77.50	1.05%

Time	Event	Period	Consensus	Actual	Surprise
10:00	Philadelphia Fed	SEP	-4.00	-1.90	2.10
10:00	Leading Indicators	AUG	-0.1%	-0.1%	0%
08:30	Continuing Claims	SEP 9	3.3M	3.27M	-0.03M
08:30	Initial Jobless Claims	SEP 9	375K	382K	7K

Company	EST	ACT	Post-Close	Today	EST	ACT	
CTAS	0.59	0.60	0.01	DRI	0.84	0.85	0.01
TIBX	0.27	0.15	-0.14	KBH	-0.16	0.04	-0.20
MILL	-0.14	-0.14	-0.14	PKE	0.27	0.16	-0.11
DVOX	0.08	-0.47	-0.35	SSY	0.54	0.54	0.00

- Global Sales of iPhone 5 Kick Off
- Darden Net Up 3.9% on Specialty Restaurants Growth
- KB Home Swings To Surprise Profit
- API: U.S. August Oil Demand -4.3% vs Year Earlier
- Canadian Court Clears Cnooc's Nexen Buy
- Canada Annual CPI Remains Tepid in August at 1.2%
- Sharp Denies Report of Capital Tie-Up with Intel
- CAW Reaches New Labor Pact With General Motors
- Canada July Wholesale Sales Decline 0.6%
- Oracle Profit Up 11% as Software Revenue Improves

## IB Daily Lineup

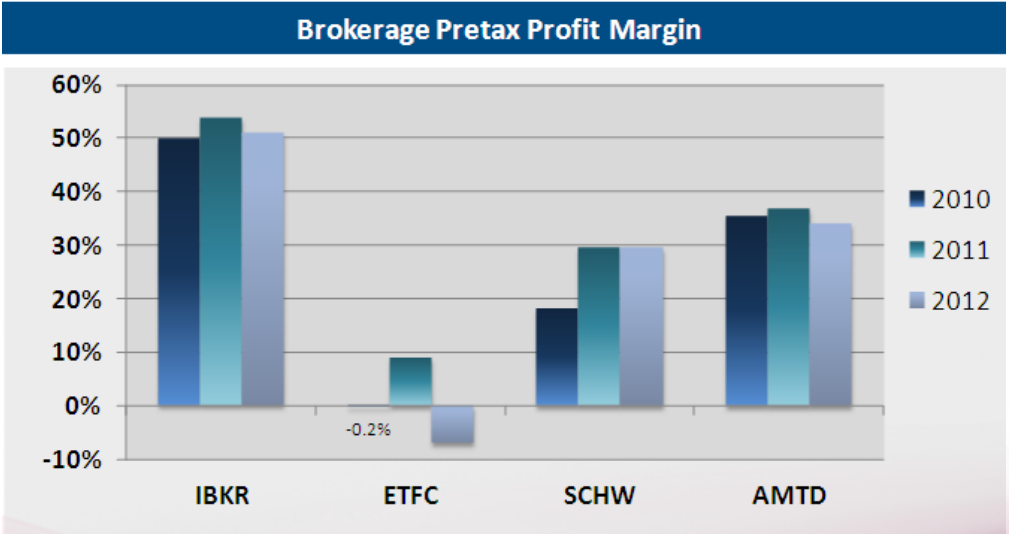
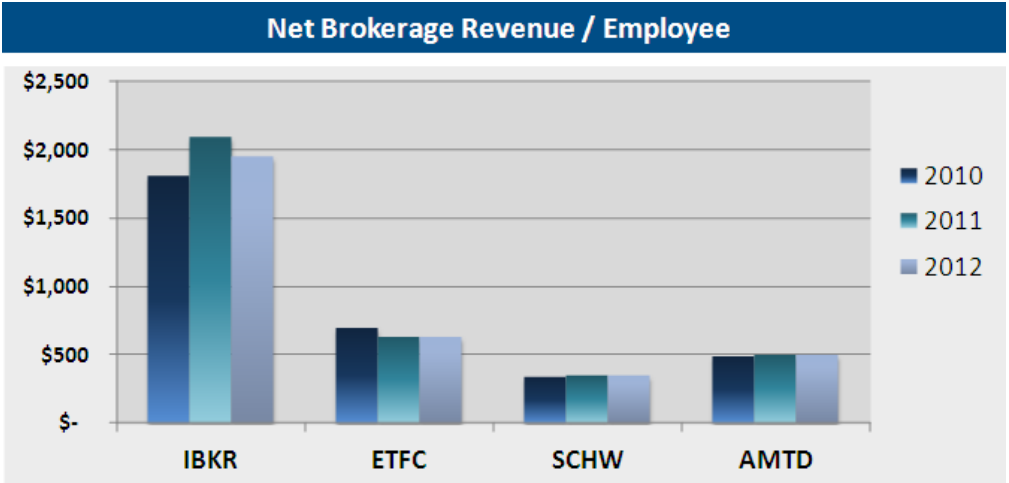
Subscribers to IBIS "Research Essentials" start their day with full market coverage including:

- Economic Events: Timing, consensus estimates, and instantly updating actual values.
- Corporate Earnings: Earnings events since the prior close, with a focus on companies in your portfolio and their competitors.
- Dow Jones "Today's Top 10": Dow Jones editorial team selects the most important news stories today.
- Portfolio news: Portfolio-related headlines from Dow Jones, Reuters, and many more news sources.



# Comparative Profitability

Despite charging such low costs, IB ranks highest



### High profitability is driven by:

- High level of automation throughout the business to reduce manual activities
- Automated risk management system minimizes risk of large customer losses
- Savings passed along to customers in the form of low commissions and financing rates