

Analyst Ben Jones
Website <https://benjonesinvestments.com/>
Email ben@benjonesinvestments.com
Date 23/04/2026

Ticker IBKR (Nasdaq)
Price USD 78.11
Sector Broker, Financials
Website <https://investors.interactivebrokers.com>



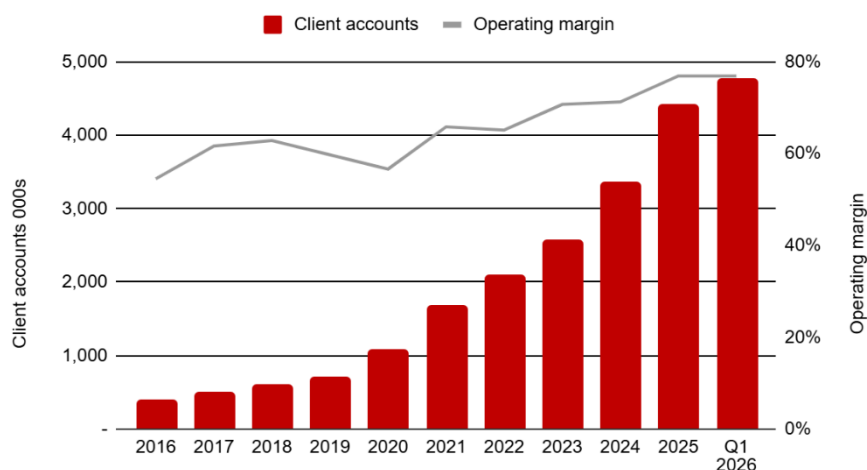
Interactive Brokers (IBKR) is an electronic brokerage firm based in the US, with clients in 200 countries across the globe. They offer trade execution and clearance services across 160 exchanges for over 4.7 million institutional and retail accounts.

Q1 2026 earnings

USD millions	Q1 2026	Q1 2025	% change
Client equity (USD bn)	789	574	37.5%
Client accounts (millions)	4.75	3.62	31.2%
Net interest income	904	770	17.4%
Commissions revenue	613	514	19.3%
Revenue	1,669	1,427	17.0%
Operating income	1,288	1,055	22.1%
Net income	1,171	964	21.5%
EPS common shareholders	0.59	0.48	22.9%
Operating margin	77.2%	73.9%	3.3%
Equity	21,260	17,483	21.6%
RoE (annualised)	22.0%	22.1%	-0.1%

Quarterly Results Trend

Client Accounts & Operating Margin



Financial Highlights

- Client accounts grew 31.2% YoY and client equity grew 37.5% YoY.
- Revenue grew at 17.0% YoY driven by both higher net interest income (NII) and commissions. Commission revenue increased 19.3% to \$613m on higher customer trading volumes.
- Customer trading volume in stocks, options and futures increased 25%, 16% and 20% respectively.

- Operating margin rose to 77.2%. This is an extraordinary result, and whilst the marginal cost of revenue generation can be close to 0, we would expect that growth in tech personnel and infrastructure required to continue business growth will limit the operating margin to little higher than where it is now.
- Commission revenue and fees were both lower since the SEC fee rate was reduced to zero in May 2025. However, SEC fees were raised again on 4th April 2026. The impact on profit is zero as fees are passed on but it will have a small effect by adding to commission revenue and execution and clearing fees. For context, SEC fees were \$20m in Q3 2024 and \$24m in Q1 2025. The new fee is about 26% lower than the pre-Q1 2025 fee.
- Other fees and services increased 10% to \$86 million, led by small increases in payments for order flow from exchange-mandated programs, FDIC sweep fees and market data fees, offset slightly by a reduction in risk exposure fees.
- Overnight trading volumes nearly tripled in Q1, increasing to 8.1m trades in Q1 2026, versus 2.8m trades in Q1 2025 and 6.2m trades in Q4 2025. The increase is largely driven by Asian investors accessing US markets during their own trading day.
- Customer margin loans increased 35% YoY, with risk appetite from clients remaining fairly firm. However, the increase is proportionate to the growth in client equity and keeps the risk profile to IBKR in line with last year.
- Balance sheet remains strong with \$12m of short-term borrowings and \$0 long-term debt against \$21.3bn of equity.

Operational Highlights

- Launched functionality to allow clients to transfer supported cryptocurrencies to their IBKR-linked crypto account, allowing them to access all IBKR global products without selling their crypto first.
- Launched nano bitcoin and nano ether futures contracts on the IBKR platform.
- Introduced 24/7 account funding via stablecoin.

Management Comments

- CEO Milan Galik mentioned that the pipeline for introducing brokers remains strong globally.
- The high-touch prime brokerage offering for hedge fund clients is gaining traction and IBKR is seeing more referrals from existing clients to new clients.
- Management estimates that a 25bps reduction in the Fed Funds rate will have an \$82m negative impact on annual net interest income, all else equal.
- IBKR will engage in M&A if opportunities present themselves. However, they currently see no targets at an attractive price.

Ben Jones Investments Outlook

- Revenue is a function of client equity, and as long as IBKR can continue to deliver exceptional client equity and client account growth, they will continue to deliver exceptional revenue and net income growth. Account and client equity growth of 40% YoY is superb, and compounds on a 24% client account CAGR since 2008, and 30% client equity CAGR since 2008.
- IBKR can provide the highest rates on cash, lowest rates on margin loans, and among the lowest commissions, all while maintaining an operating margin above 75%.
- IBKR have a wide moat as a low-cost broker. If any competitor attempted to compete on cash and margin rates, they would go under. This is because IBKR employ a low-touch, low-cost, highly electronic approach to brokerage. Major competitors (other brokers like Charles Schwab, Fidelity or large investment banks) all offer a

high-touch service at a higher price point. These are essentially two different business models, and nobody competes effectively with IBKR in the low-touch space.

- IBKR can also compete effectively in the high-touch space via white labelling. Essentially high-touch brokers outsource execution to IBKR while focusing on value-add services like wealth management, financial advice, research or pension advice.
- Given the wide moat in the low-touch brokerage space, we think IBKR can consistently generate annual double-digit growth in client equity and client accounts.
- IBKR have \$789bn in client equity despite the global securities markets being worth an estimated \$290tn – that's 0.3% of the market. Securities markets will continue to grow, and we believe IBKR are more than capable of picking up market share.
- IBKR's new prime broker offering will help attract large hedge fund and real money accounts. Their major advantage over incumbent investment banks is cost, the drawback (for now) is 'too big to fail' status. That said, if IBKR can continue to grow at such elevated rates, 'too big to fail' status can one day be achieved.
- IBKR are returning capital to investors via dividends. We would like to see share buybacks prioritised given growth potential and current valuation. Share buybacks have been shunned over management's concerns around stock liquidity given the float is about 25% of the business. Chairman Thomas Peterffy owns nearly all the remaining 75%. We think there is scope to repurchase stock without damaging liquidity.