

Company Registration Number: 01-10-141029

**Interactive Brokers Central Europe Zrt.**

Business Report

for the period from 23 September 2020 (date of incorporation)  
to 31 December 2020

# Interactive Brokers Central Europe Zrt.

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# Interactive Brokers Central Europe Zrt.

## Business Report

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### *Company overview*

Interactive Brokers Central Europe Zrt. (the “Company”) is part of the Interactive Brokers Group, is an automated global electronic broker specialising in executing and clearing trades in stocks, options, futures, foreign exchange instruments, bonds, mutual funds, and exchange traded funds (“ETFs”) on more than 135 electronic exchanges and market centres around the world and offering custody, prime brokerage, securities and margin lending services to clients.

Interactive Brokers Group was started 40 years ago as a proprietary trading and market making firm. The group have been offering brokerage services for 25 years and over that time have developed a state-of-the-art global technology platform and network that gives to the clients a low cost, highly efficient and safe way to trade and invest all around the world, allowing them to achieve superior returns through reduced trading costs and better execution prices.

The Company is regulated by the Hungarian National Bank (“MNB”) which is a member of the European System of Central Banks (“ESCB”). The Company holds an Investment Firm license under Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers.

The Company was incorporated on 23 September 2020. After the MNB license was obtained on 12 December 2020 the Company started its operations on 28 December 2020.

### *Business review*

The Company reported a net loss of €0.4 million for the period from 23 September 2020 (incorporation date) to 31 December 2020. The net loss for the year was mostly driven by administrative expenses incurred by the Company while working with the MNB to obtain its investment firm license, which was obtained on 12 December 2020.

The Company had €0.7 million in equity shareholders’ funds, and net assets which included €81.0 million in cash and cash equivalents as at 31 December 2020.

### *Future developments*

The Company intends to expand the number of clients following the Company’s approval to operate as an investment firm on 12 December 2020. At 17 May 2021 the Company had 52 thousand client accounts compared to 63 client accounts at 31 December 2020.

### *Capital management*

The Company is an investment firm and regulated by the Capital Requirements Regulation (CRR) – EU Regulation No 575/2013 of the European Parliament. The Company had regulatory excess capital of €77.2 million at 31 December 2020 considering the €80.0 million capital increase described below. The owner of the Company initiated an €80.0 million capital increase in 2020 to meet the Company’s regulatory capital requirements. The Company received the amount of this capital increase on 31 December 2020 but it was not registered with the Company Register until 2 March 2021, as a result this amount is presented in the statement of financial condition as a liability under “Paid but unregistered capital increase”.

### *Risk management*

The Company engages in activities which entail risk taking on a day-to-day basis. The Company is exposed to capital, liquidity, market, and credit risks in its financial management. The Company is also exposed to operational and technology risks arising from the highly automated nature of its business model and significant reliance on technology; and to regulatory compliance and financial crime and conduct risks arising from the Company’s interaction with its clients, the markets within which it operates, and all relevant legal and regulatory obligations.

These risks are managed in accordance with established risk management policies and procedures. To accomplish this, the Management has established a risk management process that includes:

- a regular review of the risk management process by executive management and the Supervisory Board as part of its oversight role;
- defined risk management policies and procedures supported by a rigorous analytic framework; and articulated risk tolerance levels as defined by executive management, and approved by the Supervisory Board, that are regularly reviewed to ensure

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that the Company's risk taking is consistent with its business strategy, its capital structure, and current and anticipated market conditions

### *Going concern*

The Management have reviewed the business activities and financial position of the Company and have a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Management have prepared the financial statements on the going concern basis.

### *Research and experimental development*

The Company did not make research and development activities in 2020.

### *Business premises*

The Company's seat is at Madách Trade Center, 1075 Budapest, Madách Imre út 13-14. A. ép. V. em., Hungary. All departments are located in this registered office, there are no other premises or branches of the Company.

### *Employment policy*

The Company had 14 full-time employees as at 31 December 2020. In 2020 the Company focused on working with the MNB to obtain its investment firm license with a lower level of employees. After the MNB license was obtained on 12 December 2020 the Company started its operation and its hiring process to provide sufficient workforce to service the expanding number of clients.

### *Events after the reporting period*

The Company has evaluated events after the reporting period through 28 May 2021, the issuing date of the financial statements. The Company did not note any events after the reporting period requiring disclosure in these financial statements, [except for the increase in the number of client accounts to 52 thousand at 17 May 2021 compared to 63 client accounts at 31 December 2020].

Budapest, 28 May 2021



Miklós Hanti  
Chief Executive Officer



Donát Szakmáry Ákos  
Deputy Chief Executive Officer