

Company Registration Number: 01-10-141029

Interactive Brokers Central Europe Zrt.

Business Report

for the year ended 31 December 2022

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Company overview

Interactive Brokers Central Europe Zrt. (the “Company”) is part of the Interactive Brokers Group (the “Group”), which 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, offering custody, prime brokerage, securities and investment lending services to clients.

Interactive Brokers Group was started 40 years ago as a proprietary trading and market making firm. The Group has been offering brokerage services for 25 years and over that time has 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 Central Bank of Hungary (“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 profit of €42.8 million for the period from 1 January 2022 to 31 December 2022. The net profit for the year was mostly driven by the Company expanding the number of clients and higher net interest income.

The Company had €408.4 million in equity shareholders’ funds, and net assets which included €137.5 million in cash and cash equivalents as at 31 December 2022.

Russia Ukraine Conflict

Russia invaded Ukraine on February 24th, 2022, with the invasion came numerous challenges to IBCE from a regulatory and reporting aspect. The European Union implemented various sanctions against the Russian Government and included Russian citizens especially in the financial services sector. The MNB had requested multiple reports with regards to financial and AML risks in relation to both Russian and Ukrainian citizens including sanctioned individuals. All requests were complied with by IBCE.

During 2022, as part of the ongoing risk monitoring, a Russia/Ukraine stress test was developed by IBCE to assess the impact of the ongoing conflict. While the impact on IBCE financially was immaterial, IBCE recognises that any potential escalation of the situation may have severe impacts on global financial markets and is keeping the stress test under regular review. However, it is not anticipated that the ongoing geo-political tensions will have any material impact on the IBCE strategy or business model.

Future developments

The Company intends to further expand the number of clients following a substantial growth in 2022.

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 and the Investment Firm Regulation (IFR) – EU Regulation No 2019/2033 of the European Parliament. The Company had regulatory excess capital of €351.2 million at 31 December 2022. Regulatory capital requirements have been met throughout the year ending 31 December 2022.

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:

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

Going concern

The Directors 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 Directors have prepared the financial statements on the going concern basis.

Research and experimental development

The Company did not make research and development activities in 2022.

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 96 full-time employees as at 31 December 2022. 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 18 May 2023, the issuing date of the financial statements. The Company did not note any events after the reporting period requiring disclosure in the financial statements.

Budapest, 18 May 2023



Miklós Hanti
Chief Executive Officer



Gergely Gabler
Deputy Chief Executive Officer