Interactive Brokers Group's (IBKR)

Q1 2025 Results - Earnings Call Transcript

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Executives

Thomas Peterffy - Chairman

Milan Galik - President, CEO & Director

Paul Brody - CFO

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Analysts

James Yaro, *Goldman Sachs*

Craig Siegenthaler, *Bank of America/Merrill Lynch*

Patrick Moley, *Piper Sandler*

Chris Allen, *Citi*

Ben Budish, *Barclays*

Daniel Fannon, *Jefferies*

Kyle Voigt, *KBW*

Operator

Good day and thank you for standing by. Welcome to Interactive Brokers Group First Quarter 2025 earnings conference call. (Operator Instructions) Please be advised that today's conference is being recorded. I would now like to hand the conference over to Nancy Stuebe, Director of Investor Relations. Please go ahead.

Nancy Stuebe

Thank you. Good afternoon and thank you for joining us for our first quarter 2025 earnings call. Joining us today are Thomas Peterffy, our Founder and Chairman; Milan Galik, our President and CEO; and Paul Brody, our CFO. I will be presenting Milan's comments on the business, and all three will be available at our Q&A.

As a reminder, today's call may include forward-looking statements, which represent the company's belief regarding future events, which by their nature are not certain and are outside of the company's control. Our actual results and financial condition may differ, possibly materially, from what is indicated in these forward-looking statements. We ask that you refer to the disclaimers in our press release. You should also review a description of risk factors contained in our financial reports filed with the SEC.

We saw in the first quarter the value of a global automated platform that can leverage its low costs and offer a broad range of products and markets.

After a solid January buoyed by post-US election enthusiasm, market indexes around the world reached peaks in February (in the US) and early March (everywhere else), after two years of nearly unbroken market increases. After that, cracks in the market began to show: news of Deepseek and its less capital-intensive AI caused the market to give back half its gains in February. Talk about tariffs further accelerated the decline in March. The S&P 500 ended the quarter down 5%, but it was off 9% from its February peak. Six of the Magnificent 7, the seven stocks that have dominated investor attention, fell significantly more than the market this quarter.

However, Interactive Brokers does not need up markets to generate revenue. Our customers were active and remained faithful to their favorite names. Of our 25 most active names, 22 saw net buying activity. We also saw global interest from investors, both institutional and individual, in opening accounts. Internationally, it remains the case that investors want broad portfolios, with some invested in securities in their home markets and a more significant portion overseas.

Product-wise, the popularity of options continued, with our contract volumes up 25% to a quarterly record. Futures volumes were up 16%, also to a record, and stock share volumes were up 47%. Our volume growth rates were ahead of industry volumes.

What all of the above has meant for our business starts with strong account growth as we add more investors to our platform. In the first quarter, we added 279,000 new accounts, a record that

well surpassed even the meme stock days of the first quarter 2021. Total account growth was 32%, with even faster growth internationally.

New accounts meant more cash in those accounts, which helped raise our client credit balances 19% to a record $125.2 billion. Our client equity rose 23% versus 2024 to $573.5 billion, and was up 1% in the quarter despite the drop in the market.

This translated into strong financial results. Quarterly commission revenue was a record, reaching half a billion dollars for the first time, as were total net revenues.

We do not only focus on the top line, however. Our expenses remained well-controlled and our adjusted pretax profit margin was an industry-leading 74%, the eighth time our adjusted pretax margin reached 70% or more.

In recognition of this, and as a sign of confidence in the strength of our business model, its growth potential, and of our capital base, we revisited our allocation of capital and decided to increase the amount of dividend we pay to $0.32 a quarter. We will also split the stock 4 for 1, to achieve greater liquidity in our float, and to make it more affordable for shareholders to buy round lots in the company.

With respect to M&A, we have not stopped looking at potential acquisitions. Realistically, there is a dearth of opportunities at a price that makes sense for us. In most cases, because target companies charge more and pay less interest than we do, when we run their accounts using our pricing, the income we estimate and put a multiple on is lower than what they wish. We will keep looking, but in the meantime, for now returning capital to shareholders via the dividend makes sense.

In terms of how the business looked on the client front, our accounts and client equity once again grew fastest in Asia, with Europe a close second. Again, the trend of growing numbers of investors worldwide wanting access to international, and particularly US markets, has not waned.

Individuals saw the fastest account growth among our 5 client segments, with introducing brokers and proprietary traders not far behind. On the client equity side, individuals grew fastest, with introducing brokers and proprietary trading clients just behind them.

Commission-wise, individuals saw the fastest growth, followed closely by proprietary traders; while net interest growth was led by individuals, followed by financial advisors.

Regarding introducing brokers, our pipeline of potential clients remains healthy. We are onboarding i-brokers to the platform and adding prospective ones to it at a steady pace.

Onboarding i-brokers can take time, since we offer a variety of ways for them to come onto our platform: the more complex the i-broker, the more time needed. We customize our offering for larger i-brokers' needs, with many needing special programming on our part to make sure their clients' investment, tax, and compliance needs are met. We are up to the task.

In terms of new product introductions, we had a busy quarter.

We began offering our ForecastEx contracts in Canada, as well as across the EEA for professional clients (and we will soon roll them out to the general EEA population).

We added to our growing portfolio of country-specific savings and investment accounts, launching Canadian First-Home Savings Accounts this quarter.

We added 4 new cryptocurrencies – Solana, Cardano, Ripple and Dogecoin – and last week introduced 3 more: Chainlink, Avalanche and Sui, bringing our total offering to 11 cryptocurrencies.

We launched trading of Nifty 50 Index Futures in Singapore and of equities in Slovenia.

We recently made ForecastTrader available so clients using our IBKR Desktop or Trader Workstation platforms can simultaneously use ForecastTrader side by side.

We continue to see increasing activity in our overnight trading hours. We offer over 10,000 US stocks and ETFs, as well as US equity index futures and options, and on the fixed income side, global corporate bonds plus US Treasuries and European and UK government bonds. We added a focused “Overnight + Day” order type so clients can submit an order in the overnight hours that will remain open until the end of the next regular trading session.

Overall, our overnight volumes grew 250% from first quarter 2024 to first quarter 2025.

We spent significant time this quarter on our client service and onboarding projects, our compliance and regulatory projects, and on further automating our internal operations to make them run more efficiently. We are as busy as we have ever been, with multiple projects touching all client types and geographic regions. We are excited to introduce them to you in the quarters ahead.

Automating substantial parts of the brokerage business for client success is the heart of what we do. While market direction may appear significant in the short-run, the long-term trend towards more global investing across multiple customer types and jurisdictions continues. This trend, and our ability to serve it with a much lower cost structure and a much broader product and tool set, is what sets us apart, and will continue to do so in the years ahead.

With that, I will turn the call over to Paul Brody. Paul?

Paul Brody

Thank you, Nancy. Thanks, everyone, for joining the call again. We'll start with our revenue items on page 3 of the release. We are pleased with the financial results this quarter as we again produced record net revenues and pretax income.

Commissions rose 36% versus last year’s 1st quarter, reaching over a half-billion dollars for the first time. We saw higher trading volumes from our growing base of active customers, with stock share volume up 47%, and new quarterly volume records in both options and futures.

Net interest income rose 3% year-on-year to $770 million, driven by higher balances and partially offset by lower benchmark interest rates. We saw strength from margin borrowing and from a decline in interest paid to customers, partially offset by lower yields on our segregated cash portfolio.

Other fees and services generated $78 million, up 32% from the prior year, primarily driven by higher risk exposure fees, with contributions from ForecastEx fees and from payments for order flow from options exchange-mandated programs.

Other income includes gains and losses on our investments, our currency diversification strategy and principal transactions. Note that many of these non-core items are excluded in our adjusted earnings. Without these excluded items, Other income was $34 million for the quarter.

Turning to expenses, Execution, Clearing and Distribution costs were $121 million in the quarter, up 20% over the year-ago quarter on higher volumes across all product classes.

Execution & Clearing costs were 19% of commission revenues in the first quarter for a Gross Transactional Profit margin of 81%.

- We calculate this by excluding from "Execution, Clearing and Distribution" $19 million of non-transaction-based costs, predominantly market data fees, which do not have a direct commission revenue component.
- And as a note for the upcoming quarters, the SEC reduced its fee rate to zero, effective this coming May 15, which should be a tailwind for execution and clearing costs thereafter. SEC fees totaled $27 million for the current quarter.

Compensation & Benefits expense was $154 million for the quarter, for a ratio of Compensation expense to Adjusted Net Revenues of 11%, down slightly from last year's quarter. We remain focused on expense discipline, as reflected in our modest staff increase of 3% over the prior year.

- Our headcount at March 31st was 3,027.

G&A expenses were $62 million, up from the year-ago quarter mainly on expansion of advertising.

Our pretax margin was 74% for the quarter as reported and 73% as adjusted.

Income Taxes of $91 million reflects the sum of the public company's $47 million and the operating companies' $44 million. This quarter, the public company's adjusted effective tax rate was 18.2%, within its usual range. This is a return to expected tax levels from the 4th quarter, which benefitted from the annual revaluation of our deferred tax asset and from some foreign tax credits.

Moving to the balance sheet on page 5 of the release,

- The consistent strength of our business and our healthy balance sheet support our raising the dividend from $1.00 per year to $1.28, returning capital to shareholders while still maintaining an ample capital base for the current business and future opportunities.
- Our total assets ended the quarter 19% higher at $158 billion, with growth driven by margin lending and rising cash balances.
- We have no long-term debt.
- Profit growth drove our firm equity up 19% to $17.5 billion. We maintain a balance sheet geared towards supporting growth in our existing business and helping us win new business by demonstrating our strength to prospective clients and partners, while also considering overall capital allocation.

Turning our operating data, on pages 6 and 7,

- Our trading volumes for all customers outpaced industry growth over the prior-year quarter in all three major product classes. Options and futures contract volumes rose 25% and 16%, respectively, and stock share volume rose 47%.

On page 7, you can see that:

- Total Customer DARTs were 3.5 million trades per day, up 50% from the prior year and strong in all product classes.

- Commission per Cleared Commissionable Order of $2.76 was down from last year, due to both smaller average order sizes and earning higher rebates, which reduced the cost of a trade and are generally passed through to the customer.

Page 8 shows our Net Interest Margin numbers.

Total GAAP net interest income was $770 million for the quarter, up 3% on the year-ago quarter and our NIM table net interest income was $794 million, up 4%. We include for NIM purposes certain income that is more appropriately considered interest, but that for GAAP purposes is classified as Other Fees & Services or as Other Income.

Our NII reflects both the strong increases in balances and the decline in benchmark rates, resulting in a rise in margin loan interest income and lower interest expense on customer cash balances, partially offset by lower interest income on segregated cash.

- Regarding rates, central banks in most major markets lowered their benchmarks, several held theirs constant, and a few raised.
- Reflecting the decline in benchmark rates versus last year, including 100 basis points of cuts in the average US Fed Funds rate -- which represents a 19% decline in the rate -- our segregated cash interest income was down 13%, while margin loan interest rose by 14% on a 38% increase in average balances.
- At a high level, in the 1st quarter of 2024 we estimated that a 1% decrease in all benchmark rates would decrease our annual net interest income by $304 million. In the past year, the US Fed funds benchmark did, in fact, fall 1%, and other countries' rates moved more or less than that. But driven by higher balances, this quarter's NII represented an annualized increase of $128 million.

The average duration of our investment portfolio remained at less than 30 days. The US dollar yield curve remains inverted through the medium term, so that we continue to maximize what we earn by focusing on short-term yields, rather than accept the lower yields and significantly higher duration risk of longer maturities, particularly in an unpredictable economic environment. This

strategy also allows us to maintain a relatively tight maturity match between our assets and liabilities.

Securities lending net interest remained muted for a couple of reasons:

- There are fewer names that are "hard to borrow" industry-wide, as some of the typical drivers of securities lending, including IPOs and merger & acquisition activities, have remained subdued. Despite this, we've been consistently successful in raising the total notional dollar value of securities we lend.
- As benchmark interest rates rose from near zero in 2022, more of what we earned from securities lending became classified as interest on "segregated cash". We estimate that if the additional interest earned and paid on cash collateral were included under "Securities Borrowed and Loaned", then securities lending net revenue would have been $186 million this quarter versus $167 million in the prior year quarter.

Interest on Customer Credit Balances, the interest we pay to our customers on the cash in their accounts, declined on lower benchmark rates, despite higher balances from new account growth. As we have noted in the past, the high interest rates we pay on customer cash – currently 3.83% on qualified US dollar balances - is a significant attraction to new customers.

- Fully rate-sensitive customer balances ended the current quarter at $20.3 billion, versus $18.5 billion in the year ago quarter and $19.1 billion at year-end.

Now, for our estimates of the impact of changes in rates:

- Given market expectations of further rate cuts in the future, we estimate the effect of a 25-basis point decrease in the benchmark Fed Funds rate to be a $65 million reduction in annual net interest income.

Our starting point for this estimate is March 31st, with the Fed Funds effective rate at 4.33%, and balances as of that date. Any growth in our balance sheet and interest-earning assets would reduce this impact.

About 25% of our customer cash balances is not in US dollars, so estimates of a US rate change exclude those currencies. We estimate the effect of decreases in all the relevant non-USD

benchmark rates would reduce annual net interest income by about $29 million for each 25-basis point decrease in those benchmarks.

At a high level, a full 1% decrease in all benchmark rates would decrease our annual net interest income by $364 million.

In conclusion, we started the year with another financially strong quarter, reflecting our continued ability to grow our customer base and deliver on our core value proposition to customers while scaling the business. We raised our dividend in recognition of our financial strength. Our business strategy continues to be effective: Automating as much of the brokerage business as possible and expanding what we offer while minimizing what we charge.

And with that, we will turn it over to the moderator and take questions.

Question and Answer Session

Operator

(Operator Instructions) The first question that we have today is coming from James Yaro, Goldman Sachs.

James Yaro

Sorry. Hello? Can you hear me? Oh hi, it's James. Sorry, the moderator got cut off there.

So just two questions here. The first one, could you just speak to the impact of retail pressure on equity market levels on your business in April? Has there been any notable deleveraging across your client base? And what has this meant for trading activity? And then separately, could you just speak to a shift in client allocations to cash versus in risk assets? And then the impact on margin loans.

Milan Galik

I'll take it. Thank you for your question. So we have seen very significant volumes as the market dropped and then it bounced back up, we saw record volumes.

There were some shifts that we noticed. Our clients traded less -- fewer options. They traded more futures than usual. And as you would expect, we saw more trading in fixed income instruments and foreign exchange. I think our customers are very happy that from a single platform, they can access all these asset classes. And as there are market dislocations like we noticed a week ago, they can seamlessly trade from a single account, all these asset classes. I think it's a great benefit that our customers enjoy and appreciate.

As far as the deleveraging is concerned, we saw a slight decrease, around 10% or so, 10% to 12% decrease in margin loans, which is something you would expect when there is such a large move downward, you would expect the customers to reduce their risk posture. We also saw somewhat less aggressive positions in options and futures. I think that roughly summarizes what we've recently seen.

James Yaro

Thank you, Milan. That's very helpful. Just one other one here. I know you talked a little bit about continued appetite for US investments by non-US customers. But any change in the appetite for US stocks since the tariff news began? And then, I guess, just your longer-term expectations for what tariffs could mean for that non-US appetite for trading US stocks given that of course, the fact that you do offer US markets is a key aspect of your value proposition versus local brokers?

Milan Galik

So as I mentioned earlier, we saw a very significant influx of new accounts, and most of them were coming from overseas. So we do not yet see any decrease in the appetite of our non-US clients for opening an account and trading mostly the US markets. As to what the tariffs can mean in the long run, I mean it is very difficult to gauge, because I think we see a lot of inconsistency as to what's announced, what goes into effect and then it gets reversed a few days later. So I don't think anybody can guess as to what the tariffs will ultimately mean.

But I think the investors probably remember that there are other tenets of the administration posture. They did announce tariff increases, but the plans call for lower taxes and lower regulation. So these two effects should help the markets and should continue generating a lot of appetite in our customers for investing in the United States.

Operator

And our next question will be coming from the line of Craig Siegenthaler, Bank of America.

Craig Siegenthaler

Good evening, Thomas, Milan. Hope everyone is doing well. I wanted to ask that last question a different way. But we view IBKR's model as the ability to provide global assets to mostly individual investors around the world at a low cost. But given this new emerging trade conflict, we could see a period where investors, especially individuals, focus more domestically and less on the US market. Even though you haven't seen this yet, as you pointed out, how do you think this could impact IBKR's global model, with most of your accounts coming from outside the US?

Milan Galik

We do not think that it will impact our model because as you recall, our aim is always offer not just US markets, but the local market side by side on the same platform to our clients so that they can have their assets in a single account and be able to deploy their capital to investments outside their home country or region as well as in the United States.

So we do not think that it will negatively affect us in any way. But more importantly, something that I explained a little earlier, something that we noticed last week was, we are very well positioned, exceptionally well positioned for volatility and the type of market movement like we saw last week.

As our customers notice changes in yields, they were able to act on them. They were able to trade sovereign bonds as they saw changes in the currencies. If the fear is that the US dollar is weakening, they can buy other currencies on the same platform or do the investments via ForEx futures. If they think oil or copper is undervalued, they can buy them through futures. If they

want to increase their allocation in gold, they can buy bullion on our platform. So we think that we are very well positioned for markets that are as uncertain as we have seen last week.

Craig Siegenthaler

Thanks, Milan. And I actually had a follow-up on James' first question too, but I wanted to go outside of trading. We wanted to see if you could provide any insight on how client activity was tracking month to date. Specifically, we're curious if you saw any deviations to your 1Q trajectory for account growth, customer credit balances and margin loans?

Milan Galik

We saw very significant client inflows. So our department that approves new accounts, saw significant increase in the number of approved accounts. These were obviously -- not all of them were funded. The funding event happens days later. So there was an influx of new accounts. And I'm sorry, what was the other part of your question?

Craig Siegenthaler

So what I wanted to get at is, account growth, customer credit balances and margin loans, did you see any deviation in the trajectory of those three in the first two weeks of April?

Milan Galik

There was the drop in the margin loans by around 12%. There was greater than I would expect inflow of cash, which could be somewhat related to deleveraging, but could also be related to new funds coming in. We do not separate these two numbers. So it's hard for me to tell. But as far as the trading activity is concerned, the values that we see roughly correspond to average volume levels in the previous quarter. So we're back to the normal trading.

Operator

And our next question will come from the line of Patrick Moley, Piper Sandler.

Patrick Moley

Good afternoon, thank you for taking the question. Maybe shifting to the product side of things. You nearly -- or you're on pace to nearly triple the size of your crypto offering this year. So can you talk about what drove the decision and your comfortability with expanding that offering? And then going forward, how are you thinking about the growth opportunity here? Is this something you could think could be a significant growth driver? Or is this more of just -- you're plugging a previous -- or what you view as a previous product gap?

Milan Galik

So we have added seven currencies. We mentioned in one of the previous earnings calls that we would do that as soon as we see changes in the regulatory environment by the SEC. And we indeed see that there were several changes that took place, the accounting guidance that requires that we record the obligation associated with safeguarding crypto assets on the balance sheet has been rescinded by the SEC. That's one change that we saw.

Another change that we saw was, there was an announcement that the SEC tends to decrease the regulation by enforcement going forward in crypto. We also saw that the Coinbase lawsuits have been dismissed. So all these changes gave us -- we increased our appetite for the crypto space, and we added the seven currencies, as well as we increased the limit that governs how much assets a client account can hold in cryptocurrencies. We went from 10% to 30% of NLV. So these are the changes that we have made.

As far as what the crypto space means to us, we would obviously like it to grow. It's not growing as fast as we would like, which, to me, personally, is somewhat of a surprise because if you look at the cost of trading of crypto assets on our platform, it is significantly lower than the cost that our competitors charge, yet we do not see a huge influx of cryptocurrency traders to our platform. So I would expect more. For now, we just have to be satisfied with rounding out our offering, giving our clients and financial advisers access to the crypto cash so that they can access this asset class for themselves and for their clients as well.

Patrick Moley

All right. Great. And then just a follow-up on the ForecastEx platform and maybe event contracts more broadly. We've seen -- one of your competitors has really leaned into event contracts, specifically sports events contracts. I know that IBKR in the past has been a little bit more hesitant to pursue launching sports-related event contracts. But just curious on your thoughts about expanding that offering and maybe whether you could in the future, look to maybe rethink about sports contracts?

Milan Galik

So I would answer the question in two parts. So Interactive Brokers is the owner of the ForecastEx Exchange, which ForecastEx Exchange can have other FCM members. ForecastEx Exchange will be listing sports contracts so that other FCMs can offer them to their clients. We at Interactive Brokers, we have not yet made a decision as to whether we will or will not offer them. That is where we currently are.

Operator

And our next question will come from the line of Chris Allen, Citi.

Chris Allen

Good afternoon guys. I wanted to ask actually about Europe. Over the course of the first quarter, we saw really strong overall European equity volumes. Anecdotally, it sounds like European retail investors are starting to increase their activity and becoming a little bit more like US-based customers. I'm just wondering, are you seeing similar things from that region? Where do things stand from adoption of options as well? Any color on that front would be helpful.

Milan Galik

Well, our international clients are busy trading options, mostly US options because that's where the volumes are. But we are offering European options as well as Asian options. And we see significant volumes in Asian options being traded by Asian clients. I am sort of curious whether Europe is going to have their own Magnificent Seven or Six, I don't know how many it is, based on talk of the defense stocks in Europe taking up that role. So it's going to be interesting to see whether that happens.

Chris Allen

Thanks. And just maybe on net interest income related to seg cash, just the sequential movement. When you -- just given the color last quarter, it seems -- I mean, it basically implies that you saw an overall decline, about 100 basis points across central banks. Is that correct? Is this just driven by movements in benchmark rates? Or was there anything else underneath the surface, maybe shorten the duration or anything like that that impacts the seg cash NII?

Paul Brody

Yeah, I'll take that. So yes, primarily, the drop in rates, there were several drops by the Fed in late fourth quarter. So the fourth quarter itself carried some higher rates from earlier, really right through the middle of the quarter. So the full impact of those decreases were felt in the first quarter and some of the foreign rates dropped at least that much on a percentage basis. So for example, I think the euro went from a 3% benchmark to 2.5%. So that does impact all of the seg cash. But as well, it impacts what we're paying our customers on the other side. So we do have offsets there.

Operator

And the next question will be coming from the line of Benjamin Budish, Barclays.

Benjamin Budish

Hi, good evening, and thanks for taking the question. I wanted to follow back up on the earlier comment on margin balances. Just want to make sure we're kind of clear. When you commented that margins declined 12% from the end of the quarter, is that as of sort of the lowest point, perhaps a week ago? Or is that as of yesterday? Just hoping to get a better sense of kind of where we are currently.

Milan Galik

The drop happened very quickly, and then it remained the same for several days. So no further decreases. There was a significant reaction. I wouldn't even call it significant, 12% is not that bad. There was a reaction by our clients initially, and then they remained the same.

Benjamin Budish

Understood. Very helpful. One other kind of modeling nuance, maybe for Paul. In terms of making sure we kind of calibrate our models correctly given the SEC fee reduction, I think you said $27 million for the current quarter. Should it be fair to assume those kind of equally come out of commissions and transaction-based expenses? Is that the way to think about the impact going forward?

Paul Brody

Yeah, the regulatory fees are passed through, right. And it was about $27 million out of that total number for execution, clearing and distribution line.

Benjamin Budish

Very helpful. And then maybe one other like super kind of small one, but just curious, for the market data fees, I think you said $19 million of expense in the quarter. If I recall, that was $21 million last quarter. I know that line goes up very, very gradually over time. And I think it's kind of assumed there's constant inflation. Curious if there's any reason that number went down? Anything you can kind of comment on there?

Paul Brody

You're saying just the market data fees?

Benjamin Budish

Yeah, the $19 million.

Paul Brody

That's fairly even with prior quarter and up a little bit from the -- it's actually up a little bit from the prior quarter and maybe $2 million from the year ago quarter.

Operator

And our next question will be coming from the line of Dan Fannon, Jefferies.

Junshi Wu

This is Jun on behalf of Dan. Could you maybe just remind us what your excess capital was as of March 31, that's the capital available for M&A? And any changes in terms of your inorganic priorities or maybe like progress in sourcing a new deal?

Paul Brody

Yeah, it kind of remains in the $6 billion to $7 billion range. As this business grows, we earn more and we have more capital and more of it is devoted into the business to support things like customer trading and clearing fund deposits where we are self-clearing in most places and various buffers that have to be maintained both for regulatory purposes and for standard operating liquidity buffers. It does take a lot of capital, which is why we maintain it. And -- but we're profitable enough that we determined we could raise the dividend and still grow that capital.

Junshi Wu

And just in terms of M&A, has there been any progress on sourcing a new deal, any new prospective talks there?

Milan Galik

Not really. We still look at all the opportunities that arrive on our desks. We haven't yet found anything that would work. The last significant one, we did not succeed in purchasing the competitor. We tried -- actually -- we were able to offer a very significant and attractive price. The deal did not happen because we were interested in buying the entire ownership, 100%. And one of the sellers was not interested. So we were only -- we would be able to only acquire 70%, which was a deal breaker. That's why we didn't do it. It's difficult for us to find an acquisition that we would like. Obviously, it cannot be too small because it would be just a distraction. But so far, we haven't succeeded.

Operator

And our next question will be coming from the line of Kyle Voigt, KBW.

Kyle Voigt

Hi, good evening. Maybe I could ask a question about your dividend policy. You increased the dividend again this year after an increase at the same time last year. Can you just speak a bit more about your policy? Should investors expect an annual increase in the dividend going forward, whether you would be open to targeting a specific dividend payout ratio over time or whether you're instead targeting a certain implied dividend yield on the shares?

Thomas Peterffy

Yes, we target our dividends to be between 0.5% and 1% of the stock price.

Kyle Voigt

Okay. Understood, Thomas. Thank you. And then, Milan, you spoke about the 12% pullback in margin balances in April. Just given the equity market volatility and a move towards less risky positioning by your clients more broadly, within your other fees and services line, it looks like your risk exposure fees fell sequentially in 1Q for the first time in over two years. Is it also fair to assume that those fees moved lower throughout the first quarter and also will likely move lower into April as well? Or is there anything else to note that's driving that line and the decline in the first quarter?

Milan Galik

The exposure fees, they fluctuate more than the margin balances. The margin balances tend to be very steady and they obviously reflect the income from shares that the customers buy on margin. The exposure fees are generated based on the exposure that we as the firm can have from clients' options and futures positions, not only the leveraged stock positions. So they tend to fluctuate more. These clients of ours are very nimble. They reduce their options exposure quickly as the market falls. So I -- we expect these exposure fees to fluctuate more than the margin balances.

Operator

Thank you. And that does conclude today's Q&A session. I would like to turn the call back over to Nancy for closing remarks. Please go ahead.

Nancy Stuebe

Thank you, everyone, for participating today. As a reminder, this call will be available for replay on our website, and we will also be posting a clean version of our transcript on the site tomorrow. Thank you again, and we will talk to you next quarter end.

Operator

Thank you for joining today's conference call. You may all disconnect.