



International Bancshares Corporation (IBOC)

Updated July 6th, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	\$71	5 Year CAGR Estimate:	11.5%	Market Cap:	\$4.43 B
Fair Value Price:	\$77	5 Year Growth Estimate:	8.0%	Ex-Dividend Date:	08/14/2025 ¹
% Fair Value:	92%	5 Year Valuation Multiple Estimate:	1.6%	Dividend Payment Date:	08/28/2025 ²
Dividend Yield:	2.0%	5 Year Price Target	\$113	Years Of Dividend Growth:	16
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

Overview & Current Events

International Bancshares Corporation (IBOC) is a financial holding company based in Laredo, Texas. Founded in 1966, International Bancshares is a multi-bank financial holding company that provides banking and financial services through its subsidiary banks in Texas and Oklahoma. International Bancshares has a diverse customer base, including individuals, small businesses, and large corporations. International Bancshares operates in several revenue segments, including commercial and retail banking, wealth management, insurance, and international trade finance.

On May 6th, 2025, the company announced results for the first quarter of 2025. IBOC reported Q1 FY GAAP EPS of \$1.56 and net income of \$96.9 million for the quarter.

International Bancshares Corporation, one of Texas' largest independent bank holding companies, kicked off 2025 with stable earnings despite a slight dip in net income. For the first quarter, IBOC posted net income of approximately \$96.9 million, translating to \$1.56 per diluted share, unchanged from last year's Q1 on a per-share basis but marking a modest 0.5% decline in overall profit compared to the same period in 2024. Total assets climbed to about \$16.3 billion, while net loans and deposits also saw healthy upticks, reflecting continued balance sheet expansion.

Interest income remained a bright spot, bolstered by the growth in both investment and loan portfolios and the still-elevated rate environment. However, the benefit was partially offset by higher interest expenses as the bank adjusts deposit rates to stay competitive and retain customer funds. CEO Dennis E. Nixon emphasized IBOC's commitment to disciplined asset and liability management, tight cost controls, and ongoing efficiency improvements. Despite broader economic uncertainty, Nixon says the company's long-standing practices and new initiatives position it well for continued strong performance, aiming to keep IBOC near the top of the nation's publicly held bank rankings.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.06	\$2.03	\$2.38	\$3.27	\$3.13	\$2.63	\$4.01	\$4.79	\$6.62	\$6.57	\$7.00	\$10.29
DPS	\$0.58	\$0.60	\$0.66	\$0.75	\$1.05	\$1.10	\$1.15	\$1.20	\$1.26	\$1.32	\$1.40	\$2.25
Shares³	66.6	66.3	66.8	66.6	65.7	63.9	63.5	62.8	62.1	62.3	61.8	59.6

The increase in interest income has been used in conjunction with cost management activities to streamline processes and boost operational efficiencies. To capture the risk of potential losses in the IBOC portfolio resulting from those uncertain economic conditions, management continued to monitor how economic conditions, including a potential recession, impact the loan portfolio and has factored those forecasts into the allowance for credit loss calculation. IBOC's loan portfolio includes commercial, real estate, personal, home improvement, automobile, and other installment and term loans. With interest rates rising, IBOC can charge higher interest rates on these loans, increasing net interest income. Furthermore, as a financial holding company, IBOC may also be able to invest in higher-yielding fixed-income securities, such as government bonds or corporate bonds, which could also boost its interest income. Lastly, as interest

¹ Estimated ex-dividend date.

² Estimated dividend payment date.

³ Shares in millions.

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rates remain high, depositors may demand higher returns on their savings, and IBOC may need to offer higher interest rates to remain competitive. Considering the current interest rate environment, we maintain our EPS estimate for 2025 of \$7.00 with a projected annual EPS growth of 8.0% for the following years. This is lower than the company's CAGR of 13.8% since 2015, but leads to an EPS estimate of \$10.29 by 2030. In addition, International Bancshares's DPS had a 10-year and five-year CAGR of 9.6% and 12.1%, respectively, and the company has consistently increased the dividend payments for the last 16 years.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	12.7	14.3	15.7	12.6	12.5	12.0	10.7	9.1	6.9	9.1	10.1	11.0
Avg. Yld.	2.2%	2.1%	1.8%	1.8%	2.7%	3.5%	2.7%	2.7%	2.8%	2.2%	2.0%	2.0%

International Bancshares trades at a forward P/E of 10.1, lower than its long- and medium-term average P/E of 11.6 and 9.6, respectively. Considering the bank’s resiliency, we have assumed a stable P/E of 11.0 to value the stock by 2030, in-line with its normalized historical averages, suggesting a target price of \$113.

Safety, Quality, Competitive Advantage, & Recession Resiliency

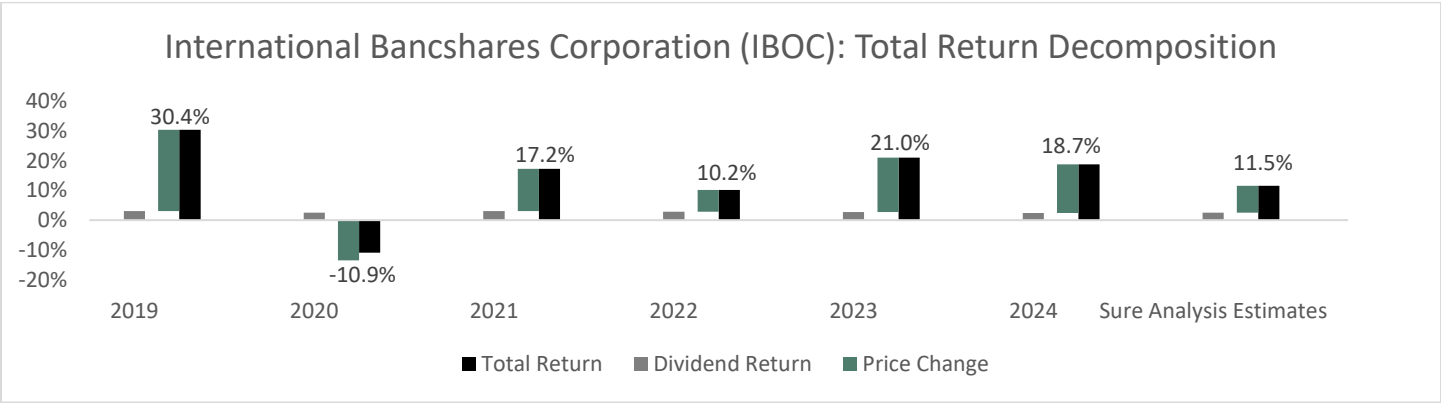
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	28%	30%	28%	23%	34%	42%	29%	25%	19%	20%	20%	22%

International Bancshares has a competitive advantage due to its strong presence in the Texas border region and Mexico, which allows it to serve a diverse and growing customer base. During the 2008 recession, IBOC demonstrated strong performance, with low loan losses and stable earnings, indicating its resilience to economic downturns. Additionally, IBOC has maintained a conservative approach to debt management, with a low debt-to-equity ratio, indicating a solid financial position and ability to weather market fluctuations. IBOC has consistently paid dividends over the past 16 years, with a stable payout ratio of around 28%, suggesting that the bank can potentially continue to increase its dividend distributions in the rising interest rate environment.

Final Thoughts & Recommendation

Looking ahead, International Bancshares is well-positioned to benefit from an economic recovery in the U.S. and the Texas border region, where the bank has a significant presence. Additionally, IBOC's exposure to the Mexican market provides an additional growth opportunity as the country continues to be a key trading partner with the U.S. and experiences economic growth. Thus, we maintain our buy rating premised upon the 11.5% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 8.0%, 2.0% dividend yield, and multiple expansion.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	508	506	527	578	589	538	594	675	833	834
SG&A Exp.	139	142	144	150	155	136	132	139	146	159
D&A Exp.	26	25	25	26	28	28	25	22	22	23
Net Profit	137	134	157	216	205	167	254	300	412	409
Net Margin	26.9%	26.4%	29.9%	37.3%	34.8%	31.1%	42.8%	44.5%	49.5%	49.0%
Free Cash Flow	184	164	183	208	282	298	281	369	447	460
Income Tax	70	63	64	57	55	44	68	82	112	100

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	11,773	11,804	12,185	11,872	12,113	14,029	16,046	15,501	15,070	15,740
Cash & Equivalents	273	269	265	317	257	1,997	3,209	2,088	651	353
Acc. Receivable	32	32	34	37	37	38	31	46	65	72
Goodwill & Int.	283	283	283	283	283	283	283	283	283	283
Total Liabilities	10,107	10,079	10,346	9,932	9,995	11,851	13,738	13,457	12,620	12,940
Long-Term Debt	667	894	1,356	866	761	571	571	146	120	119
Total Equity	1,666	1,725	1,839	1,940	2,118	2,178	2,308	2,045	2,448	2,797
LTD/E Ratio	0.40	0.52	0.74	0.45	0.36	0.26	0.25	0.07	0.05	0.04

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	1.1%	1.1%	1.3%	1.8%	1.7%	1.3%	1.7%	1.9%	2.7%	2.7%
Return on Equity	8.4%	7.9%	8.8%	11.4%	10.1%	7.8%	11.3%	13.8%	18.3%	15.6%
ROIC	5.3%	5.4%	5.4%	7.2%	7.2%	5.9%	9.0%	11.8%	17.3%	14.9%
Shares Out.	66.6	66.3	66.8	66.6	65.7	63.9	63.5	62.8	62.2	62.3
Revenue/Share	7.63	7.64	7.89	8.68	8.96	8.43	9.35	10.74	13.39	13.38
FCF/Share	2.76	2.48	2.73	3.13	4.29	4.67	4.43	5.87	7.18	7.38

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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