International Bancshares Corporation (IBOC)

Updated December 22nd, 2025, by Yiannis Zourmpanos

Key Metrics

Current Price:	$70	**5 Year Annual Expected Total Return:**	11.9%	**Market Cap:**	$4.37 B
Fair Value Price:	$77	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	02/13/26[1]
% Fair Value:	91%	**5 Year Valuation Multiple Estimate:**	1.9%	**Dividend Payment Date:**	02/27/26[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 November 6th, 2025, the company announced results for the third quarter of 2025. IBOC reported Q3 GAAP EPS of $1.74.

International Bancshares Corporation posted solid third-quarter results, extending its track record of steady profitability despite a shifting rate environment. Net income for the quarter ended September 30, 2025, rose to $108.4 million. That translates into nearly 9% growth in both earnings per share and net income. For the first nine months of 2025, net income increased to $305.4 million, or $4.91 per diluted share, reflecting continued strength in interest income from the bank's investment and loan portfolios. While higher deposit rates pressured interest expense, results benefited from a lower provision for credit losses, helping offset margin headwinds.

Balance sheet growth remained healthy as the company entered the final quarter of the year. Total assets increased to approximately $16.6 billion as of September 30th, 2025, up from $15.7 billion at year-end 2024, while net loans grew to about $9.2 billion from $8.7 billion. Deposits also expanded to roughly $12.5 billion, underscoring continued customer engagement across IBC's footprint. Management highlighted disciplined balance sheet and liquidity management, strong cost controls, and new AI-driven efficiency initiatives as key priorities heading into year-end. With 166 facilities serving communities across Texas and Oklahoma, IBOC remains focused on delivering consistent performance and maintaining its standing among the top-performing publicly traded banks in the U.S.

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***
Shares[3]	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

[1] Estimated ex-dividend date

[2] Estimated dividend payment date

[3] Shares in millions.

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 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 4.9%, 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	***10.0***	***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 10.0, which is in the middle of 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, suggesting a target price of $113.

Safety, Quality, Competitive Advantage, & Recession Resiliency

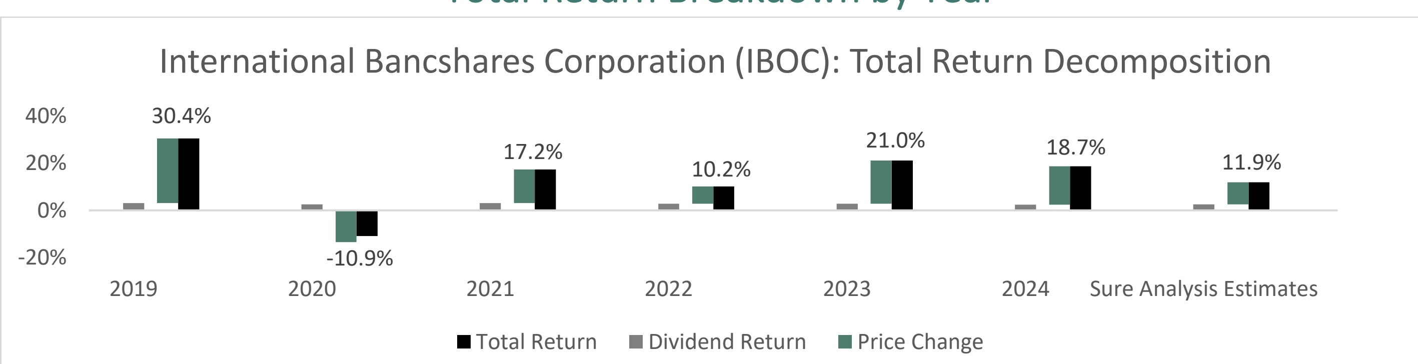
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	28%	30%	28%	23%	34%	42%	29%	25%	19%	20%	***20%***	***22%***

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 raised its dividend over the past 16 years, with a projected payout ratio of around 20% for this year, 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 strong economy 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 11.9% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 8.0%, the 2.0% dividend yield, and multiple expansion.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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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.