International Bancshares Corporation (IBOC)

Updated July 31st, 2026, by Yiannis Zourmpanos

Key Metrics

Current Price:	$76	**5 Year Annual Expected Total Return:**	8.7%	**Market Cap:**	$4.75 B
Fair Value Price:	$72	**5 Year Growth Estimate:**	8.0%	**Ex-Dividend Date:**	08/14/26[1]
% Fair Value:	106%	**5 Year Valuation Multiple Estimate:**	-1.2%	**Dividend Payment Date:**	08/28/26[2]
Dividend Yield:	1.9%	**5 Year Price Target**	$105	**Years Of Dividend Growth:**	17
Dividend Risk Score:	A	**Sector:**	Financials	**Rating:**	Hold

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 7th, 2026, the company announced results for the first quarter of 2026. IBOC reported Q1 GAAP EPS of $1.64, beating the market's estimates by $0.02 and revenue of $228.7 million that was up 5.4% YoY.

International Bancshares reported another quarter of steady growth, supported by a favorable interest rate environment, expanding loan balances, and disciplined deposit management. Net interest income benefited from growth in both the investment and loan portfolios, while lower interest expense reflected management's ongoing efforts to optimize deposit pricing without compromising customer relationships. The bank continued to strengthen its balance sheet during the quarter, with total assets, net loans, and deposits all increasing from year-end levels, underscoring healthy customer activity and sustained franchise momentum. Management attributed the performance to its long-standing focus on prudent balance sheet management, liquidity, and cost discipline, which have helped the company consistently deliver industry-leading profitability across varying economic environments.

Looking ahead, management remains focused on maintaining strong operational execution through disciplined asset-liability management, rigorous expense controls, and continued investment in efficiency initiatives, including the use of artificial intelligence to enhance internal processes. The company believes these efforts will support sustainable long-term performance while preserving its conservative risk profile. International Bancshares ended the quarter with approximately $16.8 billion in total assets, $9.5 billion in net loans, and $12.6 billion in deposits, reflecting continued organic growth across its core banking franchise. With a diversified presence spanning 165 banking facilities and 247 ATMs across 75 communities in Texas and Oklahoma, the company remains well positioned to capitalize on regional economic strength while continuing to prioritize customer service, balance sheet resilience, and shareholder value.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.03	$2.38	$3.27	$3.13	$2.63	$4.01	$4.79	$6.62	$6.57	$6.62	***$6.52***	***$9.58***
DPS	$0.60	$0.66	$0.75	$1.05	$1.10	$1.15	$1.20	$1.26	$1.32	$1.40	***$1.46***	***$2.35***
Shares[3]	66.3	66.8	66.6	65.7	63.9	63.5	62.8	62.1	62.3	62.3	***61.9***	***59.8***

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

[1] Estimated ex-dividend date.
[2] Estimated dividend payment date.
[3] Shares in millions.

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.

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 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 2026 of $6.52 in line with analysts' estimates with a projected annual EPS growth of 8.0% for the following years. This is lower than the company's CAGR of 14.0% since 2016, but leads to an EPS estimate of $9.58 by 2031. In addition, International Bancshares's DPS had a 10-year and five-year CAGR of 9.9% and 4.9%, respectively, and the company has consistently increased the dividend payments for the last 17 years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	14.3	15.7	12.6	12.5	12.0	10.7	9.1	6.9	9.1	10.0	***11.7***	***11.0***
Avg. Yld.	2.1%	1.8%	1.8%	2.7%	3.5%	2.7%	2.7%	2.8%	2.2%	2.1%	***1.9%***	***2.2%***

International Bancshares trades at a forward P/E of 11.7, which is above its long- and medium-term average P/E of 11.3 and 9.2, respectively. Considering the bank's resiliency, we have assumed a stable P/E of 11.0 to value the stock by 2031, suggesting a target price of $105.

Safety, Quality, Competitive Advantage, & Recession Resiliency

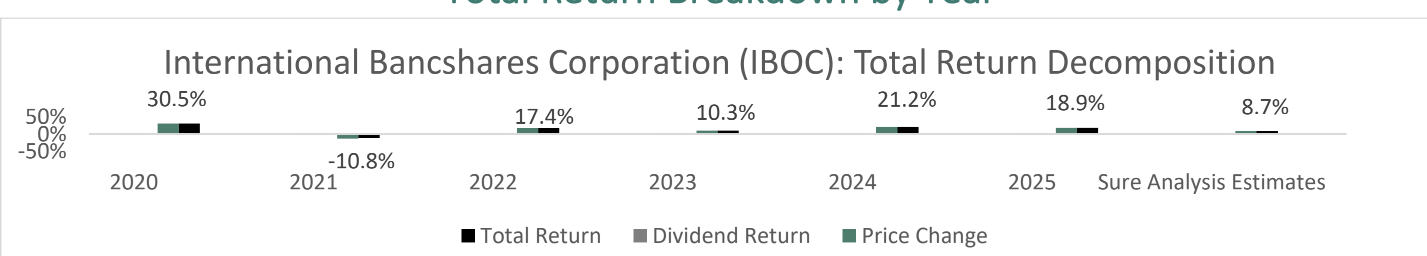
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	30%	28%	23%	34%	42%	29%	25%	19%	20%	21%	***22%***	***25%***

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 22% 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. We rate shares as a hold premised upon the 8.7% annualized total returns for the medium-term, derived from the forecasted earnings-per-share growth of 8.0%, the 1.9% dividend yield, and multiple compression.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	506	527	578	589	538	594	675	833	834	1,054
SG&A Exp.	142	144	150	155	136	132	139	146	159	-
D&A Exp.	25	25	26	28	28	25	22	22	23	23
Net Profit	134	157	216	205	167	254	300	412	409	412
Net Margin	26.4%	29.9%	37.3%	34.8%	31.1%	42.8%	44.5%	49.5%	49.0%	39.1%
Free Cash Flow	164	183	208	282	298	281	369	447	460	495
Income Tax	63	64	57	55	44	68	82	112	100	108

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	11,804	12,185	11,872	12,113	14,029	16,046	15,501	15,070	15,740	16,680
Cash & Equivalents	269	265	317	257	1,997	3,209	2,088	651	353	536
Acc. Receivable	32	34	37	37	38	31	46	65	72	-
Goodwill & Int.	283	283	283	283	283	283	283	283	283	283
Total Liabilities	10,079	10,346	9,932	9,995	11,851	13,738	13,457	12,620	12,940	13,430
Long-Term Debt	894	1,356	866	761	571	571	146	120	119	119
Total Equity	1,725	1,839	1,940	2,118	2,178	2,308	2,045	2,448	2,797	3,252
LTD/E Ratio	0.52	0.74	0.45	0.36	0.26	0.25	0.07	0.05	0.04	0.22

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	1.1%	1.3%	1.8%	1.7%	1.3%	1.7%	1.9%	2.7%	2.7%	2.5%
Return on Equity	7.9%	8.8%	11.4%	10.1%	7.8%	11.3%	13.8%	18.3%	15.6%	13.6%
ROIC	5.4%	5.4%	7.2%	7.2%	5.9%	9.0%	11.8%	17.3%	14.9%	11.1%
Shares Out.	66.3	66.8	66.6	65.7	63.9	63.5	62.8	62.2	62.3	62.3
Revenue/Share	7.64	7.89	8.68	8.96	8.43	9.35	10.74	13.39	13.38	16.92
FCF/Share	2.48	2.73	3.13	4.29	4.67	4.43	5.87	7.18	7.38	7.95

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