

**INTERNATIONAL BANCSHARES CORPORATION**  
**CODE OF ETHICS**  
**AND BUSINESS CONDUCT**

**INTERNATIONAL BANCSHARES CORPORATION AND  
SUBSIDIARY BANKS AND  
AFFILIATED COMPANIES**

**CODE OF ETHICS AND BUSINESS CONDUCT  
(Amended and Restated November 2018)**

Each of the employees, officers and directors of International Bancshares Corporation, its subsidiaries and its affiliates (“**IBC**”) represent IBC to our shareholders, our customers, potential customers and the public at large. Maintaining the highest standards of professional and ethical conduct is essential in preserving our integrity in the communities we serve.

IBC’s Code of Ethics and Business Conduct provides a framework within which we can measure our personal and business lives and the quality of our conduct to ensure that IBC engages in honest and ethical conduct, and creates a corporate culture that deters wrongdoing.

Dennis E. Nixon  
Chairman of the Board and President

## STATEMENT OF POLICY

It is the policy of International Bancshares Corporation, its subsidiaries and affiliated companies (“**IBC**”) to adhere to the highest legal and ethical standards applicable to our business. IBC’s business is conducted in strict observance of both the letter and spirit of all applicable laws. The integrity of each director and employee (officers and employees are defined collectively as “employees”) is of utmost importance. This Code of Ethics and Business Conduct (this “**Code**”) applies to all directors and employees of IBC.

## RESPONSIBILITY AND PURPOSE

All directors and employees owe a duty to IBC and its customers and shareholders to conduct themselves at all times with integrity and in accordance with this Code, and to avoid any improper behavior. **All directors and employees are responsible for understanding this Code, for maintaining conduct in compliance with this Code, and for reporting any suspected violations of this Code as provided for herein.** The purpose of this Code is to:

- Promote honest and ethical conduct, including fair dealing and the ethical handling of conflicts of interest;
- Promote full, fair, accurate and timely disclosure where required;
- Promote compliance with applicable laws and regulations;
- Promote prompt internal reporting of violations;
- Ensure the protection of IBC’s business interests, including corporate opportunities and confidential information; and
- Deter wrongdoing.

Because this Code does not cover every situation or circumstance, this Code should be viewed as the baseline of expected behavior and a resource where questions of legal or ethical conduct arise. Directors and employees must practice fair dealing, honesty and integrity in every aspect of dealing with other IBC employees, the public, the business community, shareholders, customers, suppliers, competitors and government authorities.

### **I. To Whom Should You Report**

All directors and employees have a duty to adhere to this Code and all other IBC policies and to report any suspected or actual unethical or illegal conduct of such person or any other director or employee. For your convenience attached as an Appendix to this Code is the contact information for each person who may be contacted in connection with a violation or potential violation of this Code and the contact’s respective area, except where an alternative contact is otherwise expressly provided for in this Code (e.g., to a direct manager).

### **II. Acting Ethically.**

IBC and its directors and employees will adhere to the highest legal and ethical standards applicable to its business. The integrity of our institution and people is of utmost importance. Even the appearance of legal or ethical impropriety will be avoided. Each director and employee shall not take unfair advantage through manipulation, concealment, abuse of privileged information,

knowing misrepresentation or omission of material facts, or other unfair-dealing practices. All persons shall be treated with dignity and respect and they shall not be unreasonably interfered with in the conduct of their duties and responsibilities.

#### **A. Conflicts of Interest**

Generally, all directors and employees have a primary responsibility, and duty of loyalty, to IBC and must avoid any activities that may interfere, or have the appearance of interfering, with the performance of this duty and responsibility. All actions by directors and employees should be based solely on the best interest of IBC, without regard to personal, family or any other considerations. Each director and employee is responsible for identifying and managing all actual or apparent conflicts of interest and should conduct himself or herself at all times as to avoid any actual or apparent conflicts of interest.

##### ***What is a “Conflict of Interest?”***

A “conflict of interest” exists when an individual’s real or perceived private interest interferes, or even appears to interfere, with IBC’s best interests, such as (i) when a director or employee takes actions or has an interest that may make it difficult to perform his or her work objectively and effectively, (ii) when any such individual, or a member of his or her family, receives improper personal benefits or preferential treatment as a result of his or her position with IBC, or (iii) when the individual has other interests, duties, loyalties, responsibilities or obligations that are, or may be viewed as being, inconsistent with IBC’s business. Directors and employees should avoid conflicts of interest, whether actual or apparent, between personal or professional relationships, involving loans, investments, gifts, entertainment or any other activity that may interfere with the independent and objective exercise of judgment.

Conflicts of interest may be difficult to recognize or identify, but the following factors should be considered when determining whether a conflict of interest may exist:

- Could the activity or transaction be perceived by others as a conflict, improper behavior or violation of this Code?
- If the facts were made public, would you or IBC be embarrassed?
- Is the activity being offered or requested in an attempt to improperly influence any party’s judgment?
- Could IBC, its shareholders or customers be unfairly disadvantaged by the activity or transaction?
- Could participation in the activity or transaction affect your judgment or ability to be objective with respect to any business decision?
- If the activity or transaction involves an outside activity or transaction, will the time required interfere with your ability to effectively carry out your responsibilities to IBC, its shareholders or customers?
- Could the activity enhance or support a competitor’s position or give the competitor an unfair advantage over IBC?

***Transactions involving a Conflict of Interest.*** A director or employee shall not handle or approve on behalf of IBC any transaction which is or could be viewed as a conflict of interest because of a material connection with the individual or a related person or entity. Personal interest which might affect directly or indirectly the proper exercise of judgment shall be avoided. Employees must immediately report any actual or apparent conflicts of interest to their manager or the Chief Audit Executive (the “CAE”).

Any transaction between IBC and any director, principal shareholder or employee or their immediate family (or entity in which any of them have a substantial interest) must be disclosed and approved in advance.

The receipt of gifts and entertainment may cause a conflict of interest to arise. A conflict of interest may arise when you give or receive gifts or entertainment to or from customers, prospective customers, or third parties. Before accepting any gift or other item of value from a third party, a director or employee should consider whether the receipt of such gift or item creates, or could be perceived to create, a conflict of interest. You are referred to Section B below for further discussion with respect to IBC’s policy related to the receipt of gifts and entertainment.

#### ***Director and Officer Disclosure of Certain Interests***

If a director has a financial interest, either directly or indirectly in any transaction with IBC, such director shall disclose the financial interest to the Board of Directors of the respective IBC entity in order for the disinterested directors of the Board of Directors to decide if a conflict of interest exists.

All officers must disclose to the CAE any material transaction or relationship that could reasonably give rise to a conflict of interest.

#### ***Certain Permitted Transactions***

***Loans by IBC to a Director or Employee.*** While the lending activity of IBC is limited, any loan by International Bancshares Corporation to any director, employee or related interest or affiliate of any such individual shall be made in accordance with the provisions of the Lending Policy of International Bancshares Corporation and shall be approved in accordance with the requirements of such Lending Policy (as amended from time to time) and applicable laws and regulations.

***Loans by a Subsidiary Bank of IBC to a Director, or Employee.*** Any loan by any subsidiary bank of International Bancshares Corporation to any director, employee or related interest or affiliate of any such individual shall be made in accordance with the provisions of the Lending Policy of such subsidiary bank and shall be approved in accordance with the requirements of such Lending Policy and applicable laws and regulations.

Any other business between IBC and any executive officer, director, or principal shareholder must be a result of arm’s length negotiation and sufficient documentation

shall be provided to ascertain the fairness of the transaction as of the time it is authorized or approved by the Board of Directors.

Any transaction of value with a customer that may result in a benefit to a director or employee even though conducted on an arm's length basis should be reported to the CAE if the amount exceeds \$120,000, and in the event of a transaction involving the Chief Executive Officer, to the Chair and Vice Chair of the Board of Directors.

***Disclosure of and Questions about Potential Conflicts.*** If you are aware of any conflict of interest, potential or perceived conflict of interest, you should report it to the Internal Audit Services Compliance Contact as set forth in Section IV below. If you have questions about identifying a potential conflict of interest, you should contact your manager or the CAE to make an appropriate determination.

## **B. Compliance with Laws, Rules, Regulations and Policies**

Every director and employee of IBC is expected to understand, respect and comply with all of the laws, rules, regulations, policies and procedures that apply to them in their position with IBC, to understand the training requirements necessary to comply and is expected to take responsibility for, and hold others accountable for, compliance with all of the above. Directors and executive officers who have questions in this regard should communicate such questions to the CAE or the Audit Committee Chair. All other employees who have such questions should address those questions to the employee's manager, supervisor, the CAE or the appropriate designated representative on the attached Appendix, in accordance with that designated representative's area of responsibility. For example, the Human Resource Compliance Review Committee is responsible for ensuring the Company's compliance with labor and employment laws and oversees all human resource functions. Questions regarding the applicable laws, regulations and policies and the training requirements necessary to comply with the labor and employment laws should be directed to the Executive Vice President – Human Resources Director. In no case shall an employee or director use illegal (theft, bribery, misrepresentation, or espionage) or unethical means or methods when acting on IBC's behalf.

***Insider Investments.*** It is against IBC policy, and in many circumstances illegal, for a director or employee to profit from undisclosed information relating to IBC or any other company. The Statement of Company Policy on Securities Trade by Directors, Officers and Employees (the "***Trading Policy***") is incorporated into this Code and a violation of the Trading Policy shall be a violation of this Code. Generally, a director or employee may not purchase or sell (i) any of IBC's securities while in possession of material nonpublic information relating to IBC, or (ii) securities of any other company while in possession of any material nonpublic information relating to that company.

A director or employee who is uncertain about the legal rules involving a purchase or sale of IBC securities, or any securities of companies that he or she is familiar with by virtue of his or her work for IBC, should consult the Trading Policy before making any such purchase or sale.

***Gifts and Entertainment.*** Federal law (including the Federal Bank Bribery Act) makes it a criminal offense for directors or employees (i) to solicit for themselves or for a third party (other than IBC) anything of value from anyone in return for any business, service or confidential information from IBC or about IBC or its customers, or (ii) to accept anything of value (other than authorized compensation and benefits) from anyone in connection with the business of IBC, either before or after a transaction is discussed or consummated. Any gift or gratuity from present or former customers, suppliers or shareholders should be declined to avoid any appearance of impropriety or undue influence, with the following exceptions:

- reasonable business meals or events;
- modest holiday gifts;
- gifts based upon a family relationship or close personal relationship generally pre-dating your involvement with IBC;
- acceptance of loans from other banks or financial institutions on terms generally available to the public at large; or
- acceptance of discounts or rebates on merchandise or services on terms generally available to the public at large or on terms generally available to IBC employees.

These permissible gifts or gratuities should only be accepted when it is clear that the donor is not trying to exert any improper influence over the director or employee in connection with a transaction involving IBC, the gift cannot be construed as a bribe, kickback, payoff or illegal payment, and the gift or gratuity is unsolicited. Any gift, rebate or benefit outside of these limited exceptions must be rejected or approved in advance by the CAE.

***Questionable or Improper Payments.*** The use of any funds or assets of IBC for any unlawful or improper gifts or payments to customers, government employees or other third parties is strictly prohibited.

The Foreign Corrupt Practices Act (“***FCPA***”) broadly prohibits United States firms and persons from offering money or “anything of value” to any foreign government official for the purpose of influencing such official. The consequences of violating the FCPA are extremely severe, including possible civil and criminal penalties for both IBC and individuals, including employees. In the United States, nothing of value (for example, gifts or entertainment) may be provided to government personnel unless clearly permitted by law and any applicable regulation.

Therefore, no payment from IBC’s funds or assets shall be made to or for the benefit of a representative of any domestic or foreign government (or subdivision thereof), labor union, or any current or prospective customer or supplier for the purpose of improperly obtaining a desired government action, or any sale, purchase, contract or other commercial benefit. This prohibition applies to direct or indirect payments made through third parties and employees as well as is intended to prevent bribes, kickbacks or any other form of payoff.

Under the FCPA, so-called “facilitating payments” made in foreign countries to low-level government employees may be permissible in certain circumstances. All such payments must be pre-authorized by the CAE.

Commercial business development activities provided by IBC for suppliers or customers which is reasonable in nature, frequency and cost is permitted. Reasonable business development would cover for example, a lunch, dinner, or occasional athletic or cultural event, or gifts of nominal value (approximately \$100 or less for FCPA purposes or \$250 for non-FCPA related transactions). This would also include allowing use of IBC’s facilities from time to time with permission from the CEO of the particular IBC entity where the facility is located. At all times IBC must remain within the limits of the FCPA.

No political contributions may be charged, directly or indirectly, to an IBC entity. Extension of corporate hospitality to public officials should be appropriate to the occasion to avoid compromising the integrity and reputation of the official and IBC, and should be performed in the expectation that it will become public knowledge.

### **C. Fair Dealing**

Each IBC director and employee has an important contribution to make to IBC's overall objective of providing high quality banking and bank-related services to our customers at a reasonable profit in an ethical, competent and professional manner. To accomplish this objective, it is imperative that we deal honestly with our customers, suppliers, partners, service providers, auditors, attorneys, shareholders, competitors and the public at large, but also in our relations with each other, both as individuals and entities, within IBC. Therefore, no director or employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, knowing misrepresentation of material facts, or any unfair dealing practice.

### **D. Outside Opportunities; Personal Responsibilities**

IBC directors and employees must conduct their personal and non-IBC affairs in such fashion that their duties and responsibilities to IBC are not jeopardized, and ethical and/or legal questions do not arise with respect to their association or work with IBC. Compliance with this Code is the responsibility of every director and employee, both with regard to their own affairs and with respect to reporting any possible violations of which they may become aware.

***Outside Employment.*** All full-time employees are expected to devote their full-time and effort to IBC and outside employment is discouraged. Outside employment will only be permitted in very rare cases and where prior written approval is secured from the Chief Executive Officer of the IBC entity where the individual is employed. No approval will be granted if (i) the employment would directly or indirectly, conflict, be incompatible, or interfere with the business operations of IBC or the duties assigned to the employee in the course of the employee’s employment with IBC, (ii) reflect unfavorably upon IBC, (iii) the employee’s employment with IBC would give them an advantage over others engaged in

competition with the employee's personal business or vocational pursuits; or (iv) if in the sole discretion of IBC the approval would not be in the best interest of IBC.

All employees who want employment outside of IBC are required to complete a form which may be obtained from Corporate Human Resources requesting approval to obtain work outside of the bank.

***Community and Political Activities.*** Community and political activities of IBC's directors and employees are encouraged provided that participation (i) is solely a matter of personal choice, (ii) is accomplished in a legal manner, (iii) does not interfere with the discharge of work, duties or responsibilities owed IBC, (iv) is done in a manner clearly indicating the director or employee does not speak or act for IBC, and (v) such director or employee does not use his or her position with IBC in any way to further political position or career.

***Serving in Directorships or Public Office.*** Corporate directorships, election or appointment to public office, commissions, boards, etc., may not be accepted by an employee without prior approval of International Bancshares Corporation's Chief Executive Officer. Any approval shall not imply that the employee is serving at the direction or desire of IBC, or that IBC will benefit from such service. No IBC indemnity or liability shall attach with respect to such service except as shall be specifically directed and approved in advance in writing by International Bancshares Corporation's Chief Executive Officer and such written approval should refer explicitly to the office and individual being approved. Without the prior approval of IBC's Board of Directors, no director or employee shall serve on the Board of Directors of any non-IBC entity:

- that competes with IBC;
- that is in substantial default to any IBC entity on any loan, contract or other obligation, or
- where substantial controversy or litigation exists or is threatened by or against such entities.

Notwithstanding the foregoing, employees may serve on the board of a non-profit even if the non-profit has an account relationship with the Bank, but the employee is still required to complete the permission form from Corporate Human Resources.

### **III. Protection of Information and Assets**

#### **A. Confidential and Insider Information**

Nonpublicly disclosed information obtained from customers, suppliers and other third parties, as well as such information generated internally with respect to customers, suppliers, employees and IBC's own affairs, shall be safeguarded and shall not be used or disclosed except in the proper conduct of our business. This extends to communications made through electronic mediums including social media, to the extent the information has not been made public. IBC's business and reputation depend on the commitment of all directors and

employees to protect confidential information. Directors and employees must maintain the confidentiality of all information so entrusted to them, except when disclosure is authorized or legally mandated. In addition, this information should never be used for personal advantage or benefit.

## **B. Recordkeeping**

Accurate recordkeeping and proper data storage are important to IBC's integrity and reputation. All records and data in IBC's control must be identified, retained, managed and disposed of as directed by IBC.

## **C. Corporate Assets**

Directors and employees should protect IBC's assets and ensure their efficient and legitimate use. Theft, embezzlement or misappropriation of any item of value is strictly prohibited and any suspected or reported incidents of fraud or theft will be investigated immediately. IBC's assets include both tangible and intangible items, including proprietary information and intellectual property such as trade secrets, patents, trademarks, copyrights, as well as business and marketing plans and databases. Unauthorized use or distribution of IBC's assets, including the items set forth above, is prohibited and could be illegal and result in civil or criminal penalties.

No director or employee shall appropriate to his/her own personal use or benefit, or the private interests of others, other than a de minimis amount, any corporate property, service or advantage. However, loan discounts, free checking, other such discounts, and services, etc. provided to directors or employees are valid where permitted by law and where extended to all similarly situated directors or employees, and when they have been duly brought to the attention of and approved by the management of IBC.

#### **D. Corporate Opportunities**

Directors and employees owe a duty to IBC to advance IBC's business interests when the opportunity to do so arises. Directors and employees are prohibited from taking (or directing to a third party) a business opportunity that is discovered through the use of corporate property, information or position, unless IBC has already been offered the opportunity and rejected it. More generally, directors and employees are prohibited from using corporate property, information or position for personal gain and from competing with IBC. Sometimes the line between personal and IBC benefits is difficult to draw, and sometimes there are benefits to both the individual and IBC in certain activities. Directors and employees who intend to make use of IBC property or services in a manner not solely for the benefit of IBC should have those activities pre-approved by the CAE.

#### **IV. Disclosure Obligations**

Each director or employee involved in IBC's disclosure process, including the Chief Executive Officer, the Chief Financial Officer and the officers and professionals serving in a finance, accounting, treasury, tax, or other investors relation roles (the "*Senior Financial Officers*"), is required to be familiar with and fully comply with IBC's disclosure controls and procedures and internal control over financial reporting, to the extent relevant to his or her area of responsibility, so that IBC's public reports and documents filed with the Securities and Exchange Commission ("*SEC*") comply in all material respects with the applicable federal securities laws and SEC rules. In addition, each such person having direct or supervisory authority regarding these SEC filings or IBC's other public communications concerning its general business, results, financial condition and prospects should, to the extent appropriate within his or her area of responsibility, consult with other IBC executive officers and employees and take other appropriate steps regarding these disclosures with the goal of making full, fair, accurate, timely and understandable disclosure.

Each director or employee who is involved in IBC's disclosure process, including without limitation the Senior Financial Officers, must:

- Familiarize himself or herself with the disclosure requirements applicable to IBC as well as the business and financial operations of IBC,
- Not knowingly misrepresent, or cause others to misrepresent, facts about IBC to others, whether within or outside IBC, including to IBC's independent auditors, governmental regulators and self-regulatory organizations,
- Properly review and critically analyze proposed disclosure for accuracy and completeness (or, where appropriate, delegate this task to others),
- Refrain from directly or indirectly taking any action to fraudulently influence, coerce, manipulate or mislead IBC's independent public auditors for the purpose of rendering the financial statements of IBC misleading, and

- Cooperate fully with IBC accounting and internal audit departments, as well as IBC's independent accountants and counsel.

## **V. Reporting Obligations**

### **A. Unethical or Illegal Conduct**

As previously indicated, directors and employees have a duty to adhere to this Code and all other IBC policies, and except as otherwise specifically provided herein, to report any suspected or actual unethical or illegal conduct of such person or any other director or employee to the CAE or another appropriate designated representative on the attached Appendix, in accordance with that designated representatives area of responsibility.

Failure to report any suspected unethical or illegal conduct is itself a violation of this Code. If any director or employee is uncertain as to the best course of action in a specific situation, the director or employee should contact the CAE immediately for assistance. If in doubt, directors and employees should err on the side of reporting. IBC values open communication with its directors and employees, therefore, to the extent practicable, all reports will be dealt with anonymously and confidentially. Any retaliation against any director or employee who in good faith reports an actual or suspected violation is strictly prohibited. If any such conduct is reported to the incorrect designated representative on the attached Appendix, such designated representative will report such conduct to the appropriate designated representative.

#### **(i) Violations or Potential Violations by Directors or Executive Officers**

If a violation or potential violation of this Code by a director or executive officer is reported, the CAE (or other designated representative from the Appendix, as applicable) shall report that violation or potential violation to the Audit Committee. The Audit Committee will take all appropriate action to conduct an investigation of any matters reported to them, in order to ensure that enforcement of this Code is objective, consistent and prompt. If the Audit Committee determines that a violation has occurred, they will inform the Board of Directors. Upon being notified that a director or executive officer has committed a violation of this Code, and if requested by the Board after having received a recommendation from the Audit Committee, the Board of Directors will take such disciplinary or preventative action as it deems appropriate, up to and including dismissal and, in the event of a criminal or other serious violations of the law, notification of appropriate governmental authorities. Note the Board of Directors, in certain circumstances, could choose to notify the authorities before the completion of an investigation.

#### **(ii) Violations or Potential Violation by All Other Employees**

If a violation or potential violation of this Code by any other employee is reported, the CAE (or other designated representative from the Appendix, as applicable) will take all appropriate action to conduct an investigation of any matters reported, in order to ensure that enforcement of this Code is objective, consistent and prompt. If the CAE (or other

designated representative from the Appendix, as applicable) determines that a violation has occurred, he or she will inform the Chief Executive Officer of the respective IBC entity involved. The Chief Executive Officer may request a recommendation from the CAE and/or the reporting person. After receiving that recommendation and in conjunction with input from Corporate Human Resources, the Chief Executive Officer will make any disciplinary decisions relating to the employee's violation, deemed appropriate up to and including dismissal and, in the event of a criminal or other serious violations of the law, notification of appropriate governmental authorities. Note in certain circumstances, the Chief Executive Officer may choose to notify the authorities before the completion of an investigation. Any disciplinary decision or decision to notify the authorities shall be reported to the Chairman of the Board of International Bancshares.

All directors and employees are required to cooperate in any internal investigations of misconduct.

IBC reserves the right and, if appropriate, will seek restitution of any bonus, commission, stock, stock options or other compensation received by any director, executive officer or employee as a result of such person's intentional or knowing fraudulent or illegal conduct or misconduct, including the making of a material misrepresentation contained in IBC's financial statements.

## **B. Fraud**

IBC has also implemented an anonymous Fraud Hotline to assist in IBC's enterprise risk management, corporate governance and fraud protection efforts. This line is for employees, customers, and others to report, among other things, possible instances of bank fraud committed by employees, customers, or others. Bank fraud includes financial statement fraud, Bank Secrecy Act violations, and other types of fraud such as bribes and kickbacks, cash asset misappropriations or misconduct. You are encouraged but not required to leave contact information. The message you leave will be forwarded to the appropriate department for review and investigation. IBC may make disclosures to the local, state, or Federal law enforcement as necessary. All messages will be treated with confidentiality, as is practicable and as permitted by applicable law.

The Fraud Hotline number is 1 800 894-6076.

### **C. Content of Reported Information**

IBC is very interested in the information anyone has to provide. The more details you are able to share, the easier it will be for IBC to determine if a crime and/or violation was committed. At a minimum, to the extent you have the following information, please provide it:

- Date/Time of Activity
- Location of Activity
- Who committed the alleged act or violation?
- What exactly happened?
- Where did the alleged action or violation take place?
- When did it happen?
- How was the alleged act or violation committed?
- Do you know why the person committed the alleged act or violation?
- Who else has knowledge of the alleged act or violation?
- Did you report this alleged act or violation to anyone else? If yes, who?
- Would you like to be contacted regarding your report?

### **VI. Administration of Code**

Overall administration of this Code is the responsibility of IBC's Internal Audit Services, the Audit Committee and the Chief Executive Officer of each respective IBC entity. Generally, interpretation and clarification as to the applicability of this Code to a particular situation should be sought from the CAE. If a matter involves an executive officer, the matter should be directed to the Audit Committee to interpret and clarify this Code. The Audit Committee shall refer any unusual situations or circumstances to the Board of Directors, and, if asked, may make a recommendation for specific action to be taken.

All substantive amendments to this Code will be first approved by the Audit Committee of IBC and then by the Board of Directors.

Internal Audit Services will appropriately audit internal compliance with this Code and report the results thereof. Various compliance and other reports may be required and will be filed as directed by the Audit Committee or appropriate IBC management.

From time to time, IBC may waive some provisions of this Code. Any waiver of this Code for directors, executive officers or Senior Financial Officers may be made only by the Board of Directors and must be disclosed, along with the reasons for the waiver, within four (4) business days as required by the SEC and The Nasdaq Listing rules. Any waiver for employees other than directors, executive officers and Senior Financial Officers may be made only by Internal Audit Services.

## APPENDIX

1. You should contact the CAE if you have questions or concerns about (i) potential or apparent conflicts of interest, (ii) the permissibility of gifts, rebates or similar benefits, or making “facilitating payments” in a foreign country, (iii) the use of IBC resources for anything that is not solely for the benefit of IBC, (iv) financial, accounting, or audit related matters, (v) the general administration of this Code, or (vi) who is the appropriate designated representative under this Code to whom you should report. The CAE’s contact information is as follows:

William J. Cuellar  
Executive Vice President and Chief Audit Executive  
8770 Tesoro Dr.  
San Antonio, Texas 78217  
Ph: 210-829-3219  
Fax: 210-829-3236  
E-mail: wcuellar@ibc.com

2. You should contact the Executive Vice-President, Operations, Chief Executive Compliance Officer and Corporate Bank Secrecy Act Officer if you have questions or concerns about (i) the Bank Secrecy Act, (ii) safe and fair lending practices, and (iii) bank operations, generally. The Chief Compliance Officer’s contact information is as follows:

Dalia Martinez  
Executive Vice President, Operations,  
Chief Executive Compliance Officer, and  
Corporate Bank Secrecy Act Officer  
1200 San Bernardo Ave.  
Laredo TX 78042-1359  
Ph: (956) 726-6653  
Fax: (956) 726-6635  
E-mail: dmartinez@ibc.com

3. You should contact the Executive Vice-President, Corporate Human Resources Director if you have questions or concerns about any employment related issue. The Executive Vice-President, Corporate Human Resources Director’s contact information is as follows:

Rosie Ramirez  
Executive Vice President, Corporate Human Resources Director  
1200 San Bernardo Ave.  
Laredo TX 78042-1359  
Ph: (956) 726-6651  
Fax: (956) 726-6647  
E-mail: RosalindaRamirez@ibc.com

4. You should contact the Audit Committee Chair if you have questions or concerns about any director or executive officer or the CAE having committed a potential violation of this Code. The Audit Committee Chair's contact information is as follows:

Doug Howland  
IBC Audit Committee Chair  
110 Sunset Dr  
Laredo TX 78041

### **Code of Ethics and Business Conduct Acknowledgment Form**

By signing below, I acknowledge that I have received and thoroughly read a copy of the International Bancshares Corporation Code of Ethics and Business Conduct (the “Code”) and that I have any questions about it answered. I understand the Code and my responsibility to conform to the standards set forth by the Code and to report immediately to any known violations of the Code or the law as set forth in the Code. I agree to promptly seek guidance on any matter regarding ethics that may arise on which I need additional clarification.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Branch

\_\_\_\_\_  
Bank

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Employees of International Bancshares Corporation are required to complete the above form as indicated; detach it from the booklet, and return the completed form to the Chief Audit Executive.