

CREDIT OPINION

25 September 2025

New Issue



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RATINGS

Itau BBA Europe, S.A.

Domicile	Lisbon, Portugal
Long Term CRR	Baa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Not Assigned
Long Term Deposit	Baa3
Type	LT Bank Deposits - Fgn Curr
Outlook	Positive

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Itau BBA Europe, S.A.

New Issuer

Summary

Our analysis of [Itau BBA Europe, S.A.](#) (IBBAE) is primarily based on our forward-looking view of the creditworthiness of [Itau BBA International plc](#) (IBBAI, A3/A3 negative, baa2¹), its immediate parent, which fully owns the bank. We consider IBBAE to be highly integrated into IBBAI's platforms, products, franchise and functional management, recognizing that the entity functions as an extension of IBBAI rather than as a standalone institution. Given this high degree of integration, we consider standalone financial analysis of IBBAE to be analytically irrelevant. Instead, the ratings are anchored to IBBAI's BCA of baa2.

We expect that in case of failure, IBBAE's resolution or liquidation strategies would be considered separately from IBBAI due to distinct regulatory regimes and resolution perimeter. We have therefore conducted a standalone Loss Given Failure (LGF) analysis for IBBAE, based on IBBAE's balance sheet. Our analysis indicates a high loss given failure for both depositors and senior bondholders in a resolution scenario, resulting in a one-notch negative adjustment from the Adjusted BCA to Baa3 for the long-term deposit and the issuer ratings. We also consider that IBBAE's depositors and senior bondholders benefit from a low probability of support coming from the [Government of Portugal](#) (A3 stable), given IBBAE's limited franchise and scale, resulting in no additional uplift.

Outlook

The positive outlook assigned to IBBAE's long-term deposit and issuer ratings reflects our expectation that, over the upcoming quarters, the entity will be integrated into the newly created Luxembourg-based entity, Itau Europe S.A., as part of Itau Group's European restructuring plan. This restructuring involves transferring the majority of liabilities, including senior debt instruments, from IBBAI to the new Luxembourg entity. This transfer is expected to materially improve the loss given failure for IBBAE's junior depositors and for senior bondholders who will be migrated to the Luxembourg entity.

Factors that could lead to an upgrade

- » The BCA and ratings of IBBAE could be upgraded following an upgrade of IBBAI's BCA.
- » IBBAE's deposit and issuer ratings could also be upgraded if the bank were to increase the amount of bail-in-able debt or volume of deposits that would reduce losses for creditors in case of failure.

Factors that could lead to a downgrade

- » A downgrade of the long-term ratings is unlikely given the positive outlook and the current high loss severity assigned to these instruments.
- » The BCA and ratings of IBBAE could be downgraded following a downgrade of IBBAI's BCA.

Profile

IBBAE is the European banking subsidiary of the Itau Unibanco group, headquartered in Lisbon, Portugal. It is fully owned by IBBAI, based in UK, and indirectly held by [Itau Unibanco S.A.](#) (Ba1 stable, ba1), Brazil's largest private bank by market value (\$48.7 billion as of December 2024).

Established in 2019 and operational since February 2020, IBBAE provides banking services to corporate clients and offers term deposits to private clients via online platforms as a funding source. It also delivers investment advisory services to high-net-worth Brazilian individuals residing in Europe – particularly in Portugal – and supports Itau Unibanco's operations in the northern hemisphere as a shared services center. In 2021, IBBAE expanded its Corporate & Investment Banking (CIB) operations by establishing a branch in Luxembourg. As of June 2025, IBBAE's total assets accounted for €766 million.

As part of Itau group's European restructuring plan, IBBAE is expected to be integrated into a newly created Luxembourg-based entity. This multi-phase initiative aims to consolidate the group's European operations under a single, more efficient structure headquartered in Luxembourg, streamlining governance, reducing regulatory fragmentation, and ensuring full compliance with EU requirements for accessing EU clients. The restructuring will involve transferring the banking activities from IBBAI to the new Luxembourg entity over the coming quarters, subject to regulatory approvals.

Detailed credit considerations

The BCA is in line with its parent in the UK

IBBAE operates without a standalone commercial franchise, acting as an operational extension of its parent, IBBAI. The two entities share an integrated structure and leadership, as well as jointly developed business strategies, with IBBAE's governance and risk management fully aligned to IBBAI.

As a shared services center, IBBAE supports IBBAI's lean model and maintains substantial intercompany exposures, including loans, derivatives, and deposits. At year-end 2024, 13% of IBBAE's assets were time deposits with IBBAI, and around 11% of its liabilities were overnight funding from other Itau group entities. IBBAE's income is predominantly intragroup, with 60% of operating income from service agreements with IBBAI and other group entities. IBBAE benefits from ongoing financial support, with €225 million in capital injections since inception (including €50 million in August 2024), and its strategic role within IBBAI is underscored by its EU passporting capabilities and its function as a shared services center, supporting the group's ability to serve institutional and corporate clients across Europe.

Given this high degree of integration, IBBAE's credit profile is anchored to its parent, IBBAI. IBBAI's strengths include excellent asset quality with a stable track record of low problem loans, strong capitalisation, solid profitability, and robust liquidity. However, IBBAI faces high single-name concentration, reliance on confidence-sensitive funding, and deposit concentration in private banking. These factors are reflected in IBBAI's BCA of baa2, which serves as the reference point for IBBAE's ratings.

Support and structural considerations

Loss Given Failure (LGF) analysis

IBBAE is subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. Thus, we apply our advanced LGF analysis, using our standard assumptions. Given the retail nature of Itau BBA Europe we also assume a 10% share of junior wholesale deposits over the bank's total deposits. We take into account full depositor preference, whereby junior deposits are preferred over senior debt creditors in case of liquidation and resolution, in accordance with the law that was passed by the Portuguese government in March 2019.

Our advanced LGF analysis indicates that the junior depositors and senior bondholders of Itau BBA Europe are likely to face a high loss given failure because of the small loss-absorption capacity provided by the residual equity that we expect in resolution. This results in a one-notch negative adjustment from the bank's baa2 BCA.

Government support considerations

We set a low probability of public support to IBBAE from the Portuguese government given its limited size and franchise. Our government support analysis results in no uplift for IBBAE's ratings.

Methodology and scorecard

About Moody's bank scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 1

Rating Factors

BALANCE SHEET	IN-SCOPE (EUR MILLION)				% IN-SCOPE		AT-FAILURE (EUR MILLION)		% AT-FAILURE		
Other liabilities	254				33.2%		289		37.8%		
Deposits	488				63.8%		453		59.2%		
Preferred deposits	440				57.4%		417		54.4%		
Junior deposits	49				6.4%		37		4.8%		
Equity	23				3.0%		23		3.0%		
Total Tangible Banking Assets	766				100.0%		766		100.0%		
DEBT CLASS	DE JURE WATERFALL		DE FACTO WATERFALL		NOTCHING		LGF NOTCHING GUIDANCE VS. ADJUSTED BCA	ASSIGNED LGF NOTCHING	ADDITIONAL NOTCHING	PRELIMINARY RATING ASSESSMENT	
	INSTRUMENT	SUB-	INSTRUMENT	SUB-	DE	DE					
	VOLUME + SUBORDINATION	ORDINATION	VOLUME + SUBORDINATION	ORDINATION	JURE	FACTO					
Counterparty Risk Rating	7.8%	7.8%	7.8%	7.8%	0	0	0	0	0	baa2	
Counterparty Risk Assessment	7.8%	7.8%	7.8%	7.8%	1	1	1	1	0	baa1 (cr)	
Deposits	7.8%	3.0%	7.8%	3.0%	-1	-1	-1	-1	0	baa3	
Senior unsecured bank debt	7.8%	3.0%	3.0%	3.0%	-1	-1	-1	-1	0	baa3	
INSTRUMENT CLASS	LOSS GIVEN FAILURE NOTCHING		ADDITIONAL NOTCHING		PRELIMINARY RATING ASSESSMENT		GOVERNMENT SUPPORT NOTCHING		LOCAL CURRENCY RATING		FOREIGN CURRENCY RATING
Counterparty Risk Rating	0		0		baa2		0		Baa2		Baa2
Counterparty Risk Assessment	1		0		baa1 (cr)		0		Baa1(cr)		
Deposits	-1		0		baa3		0		Baa3		Baa3
Senior unsecured bank debt	-1		0		baa3		0		Baa3		Baa3

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.

Source: Moody's Ratings

Ratings

Exhibit 2

Category	Moody's Rating
ITAU BBA EUROPE, S.A.	
Outlook	Positive
Counterparty Risk Rating	Baa2/P-2
Bank Deposits	Baa3/P-3
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	Baa1(cr)/P-2(cr)
Issuer Rating	Baa3
PARENT: ITAU BBA INTERNATIONAL PLC	
Outlook	Negative
Counterparty Risk Rating	A2/P-1
Bank Deposits	A3/P-2
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	baa2
Counterparty Risk Assessment	A2(cr)/P-1(cr)
Issuer Rating	A3

Source: Moody's Ratings

Endnotes

¹ The bank ratings shown in this report are the bank's deposit rating, senior unsecured debt rating (where available) and Baseline Credit Assessment.

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