

20 December 2021 – Neuss, Germany

Rating Update:

Creditreform Rating affirmed the unsolicited corporate issuer rating of Iberdrola S.A. at BBB+. The outlook remains stable.

Creditreform Rating (CRA) has confirmed the unsolicited corporate issuer ratings of Iberdrola S.A., Iberdrola Finanzas S.A.U., Iberdrola International B.V., Iberdrola Finance Ireland DAC, as well as the unsolicited corporate issue ratings of the long-term local currency senior unsecured notes issued by Iberdrola Finanzas S.A.U., the long-term local currency senior unsecured notes issued by Iberdrola International B.V., and the long-term local currency senior unsecured notes issued by Iberdrola Finance Ireland DAC at **BBB+** with a **stable** outlook.

Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

- Unfavorable currency developments decreased profitability
- COVID-19 continues to have a negative effect on profitability
- Issuance of several subordinated perpetual instruments
- Further acceleration of investment program
- Strong liquidity position as of Q3 2021
- New Mexico Public Regulation Commission rejects the agreement regarding PNM acquisition

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Iberdrola S.A. we have not identified any ESG factor with significant influence.

Iberdrola has made substantial progress in reducing its environmental footprint. The Group's investment plan emphasizes the need for decarbonization and allocates the bulk of investments to its Networks and Renewables business. The electricity grids play an important role in the energy transition in order to facilitate smart, efficient and flexible transmission and distribution of renewable energy and to accommodate the electrification of the global economy. Iberdrola is one of the largest renewables companies worldwide with a portfolio of 37 GW in renewables as of Q3 2021, which will increase to 60 GW by 2025 and 95 GW by 2030.

As of the end of 2020 the Group increased its own emission free installed capacity to 79.2%, significantly reducing its CO₂ emissions to 98 g/kWh (2019: 110 g/kWh), with European emissions of 50 g/kWh. Global emissions will be reduced to below 70g/kWh by 2025, and the Company is still on track to become a carbon neutral company in Europe by 2030. Iberdrola has managed to reduce its emissions in Europe by 75% since 2000. Water use in overall production has decreased to 434 m³/GWh (2019: 583 m³/GWh).

Additionally, the Group is the global leader in sustainable finance, with more than EUR 36.5 billion euros outstanding, of which EUR 19.75 billion directly correspond to green finance, and around EUR 16.7 billion to credit lines, loans or commercial paper programs subject to compliance with sustainability objectives.

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ESG factors are factors related to environment, social issues and, governance. For more information, please see the "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

The Group has come a long way with regard to the energy transition, which will reduce the need for investments in renewable energy in the future. Iberdrola set clear targets with regard to its environmental footprint, but also with regard to social and governance and intends to raise the number of women in management positions to approximately 25% by 2022 (2020: 22%), and 30% by 2025, and will also continue with its salary equality policy and continuously support the best practices in corporate governance.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

Rating result

The current unsolicited corporate issuer rating of Iberdrola S.A. attests a good level of creditworthiness representing a low to medium default risk. The main positive factors contributing to the rating result are Iberdrola's solid financial profile, as well as its large amount of regulated revenues and long-term contracts (PPA's), which significantly reduces market price and volume risks. Furthermore, the geographically well-diversified asset base and income generation also contributes to the current rating result. Regulatory risks, particularly with regard to the Networks business, are for a large extent mitigated due to the high number of different regulatory regimes.

The increasing capacity in renewables increases exposure to adverse weather conditions. However, this is for a large extent mitigated due to the high degree of diversification in terms of geography and energy source (Wind, Hydro, Solar). The high degree of renewables in Iberdrola's energy mix reduces the need for investments in the future. However, Iberdrola communicated that, in order to retain its leadership position in the energy transition, it will invest EUR 75 billion in the period between 2020 and 2025 and EUR 150 billion in the period up to 2030 to finance the continuance of its energy transition. This will result in an acceleration of its investment program, leading to increasing cash-outflows that will exceed operating cash-flow generation and currently puts the rating under pressure as credit metrics will deteriorate if the Group will not be able to find suitable equity solutions.

Outlook

The one-year outlook of the unsolicited corporate rating is stable. We believe that, due to a growing regulatory asset base and increasing generation capacity, revenue and EBITDA generation will continue to increase. We expect credit metrics to remain stable over the course of the following year. However, due to the forecasted investments, Iberdrola will have to find some durable equity solutions in order to retain its credit metrics at a healthy level in the middle- to long-term.

Best-case scenario: BBB+

In our best-case scenario for one year, we assume a rating of BBB+. We believe that an upgrade within the period of a year is unlikely due to the foreseen acceleration of its investment program, which will put pressure on credit metrics as investments in combination with its dividend policy continue to exceed cash-flow generation.

Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a rating of BBB. This could be the case if the Company's cash-flow will decrease, leading to high negative retained cash flows after investments, ultimately leading to an increase in borrowings, deteriorating the Group's credit metrics.

Business development and outlook

During 2020 the Iberdrola Group generated revenues of EUR 33,145 million (2019: EUR 36,438 million), gross margin of EUR 16,806 million (EUR 16,958 million) EBITDA of EUR 10,002 million (2019: EUR 9,894 million), EBIT of EUR 6,029 million (2019: EUR 6,020 million) and an EAT of EUR 3,611 (2019: EUR 3,466 million) and slightly improved its revenues and (operating) profit in comparison to the prior year despite the fact that the business environment was affected by the direct and indirect consequences of the COVID-19 pandemic. These are estimated to have had a negative effect of EUR 342 million on EBITDA due to reduced demand and an increase in non-payment by customers. Additionally, unfavorable currency developments reduced EBITDA by EUR 487 million, which was primarily the result of the depreciation of the Brazilian Real against the Euro. These negative effects were, to a large extent, offset by the sale of its 8.07% stake of Siemens Gamesa Renewable Energy S.A., which resulted in a gross capital gain of EUR 485 million. Adjusted by non-recurring effects the Group's EBITDA would have improved against the prior year due to a growing (regulated) asset base and solid operating performance. The net result was up from the prior year due to the abovementioned results and was slightly offset by an increase in the income tax expense. The negative currency developments in the net result were in part offset by lower net finance costs in comparison to the prior year.

Table 1: Financials of Iberdrola S.A. | Source: Iberdrola S.A. Annual report 2020, standardized by CRA

Iberdrola S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group)	CRA standardized figures ¹	
	2019	2020
Sales (million EUR)	36,438	33,145
EBITDA (million EUR)	9,894	10,002
EBIT (million EUR)	6,020	6,029
EAT (million EUR)	3,814	3,952
EAT after transfer (million EUR)	3,466	3,611
Total assets (million EUR)	113,143	112,972
Equity ratio (%)	42.32	41.84
Capital lock-up period (days)	51.07	56.58
Short-term capital lock-up (%)	35.72	36.57
Net total debt / EBITDA adj. (factor)	6.25	6.22
Ratio of interest expenses to total debt (%)	2.66	2.40
Return on Investment (%)	4.52	4.37

¹ For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

Financial key metrics in 2020 showed a stable development. At the basis of this analysis lies the 41.84% (2019: 42.32%) adjusted equity ratio. Due to significant unfavorable currency translation differences, the retirement of capital shares and dividend payments the equity balance was reduced significantly. This was offset by the issuance of a subordinated perpetual bond of EUR 3,000 million, was fully allocated to equity². The aforementioned unfavorable currency effects had a positive effect on gross financial debt, as indebtedness was reduced slightly to EUR 40,687 million (2019: EUR 41,119 million) despite the fact that the issuance of new borrowings exceeded redemptions during the business year. The significant effects of currency movements on the balance sheet had a neutral effect on credit metrics, as it both affected borrowings and equity, leading to the following key metrics of Net total debt / EBITDA adj. of 6.22 (2019: 6.25), leverage of 2.38 (2019: 2.34) and an EBIT interest coverage of 3.83 (2019: 3.47). Noteworthy is, that leverage remained predominantly stable due to the issuance of a subordinated perpetual bond, which we perceive as equity, but will, as time to maturity diminishes, be allocated to borrowings and thereby increase leverage.

In terms of reported revenue and (operating) profit during the first three quarters in 2021 Iberdrola generated EUR 28,000 million (Q3 2020: EUR 24,428 million), EBITDA of EUR 8,165 million (Q3 2020: EUR 7,375 million), EBIT of EUR 4,781 million (Q3 2020: 4,018 million) and a net profit of EUR 2,408 million (Q3 2020: EUR 2,681 million). Driven by its strong investment program the Group further expanded its (regulatory) asset base and increased installed capacity to 57,662 MW (Q3 2020: 54,032 MW). This growing (regulatory) asset base leads to higher transmission and distribution volumes of electricity and gas and increased electricity generation volumes to 122,817 GWh (Q3 2020: 120,312 GWh), ultimately leading to higher revenues. The increase in EBITDA was mostly driven by the factors mentioned above, but also due to tariff adjustments in the regulatory frameworks of the transmission and distribution networks. EBITDA generation was offset by several non-recurring effects such as the gas clawback (EUR -114 million), the reversal of Spanish levies corresponding to the years 2013 to 2016 after a ruling from the courts (EUR +417 million), but also due to COVID-19 effects on demand (EUR -128 million) and unfavorable currency effects (EUR -260 million). The effect of the Spanish gas clawback has been reversed, and the effects on the full year for 2021 will be negligible, once the Royal Decree has been amended. Reported Net Profit declined by EUR 273 million, due to the effects mentioned above, as well as an increase in taxes due to an increase in the corporate tax rate in the United Kingdom from 19% to 25%, effective 1 April 2023, which led to a recalculation of the deferred tax assets and represented a negative impact of EUR 453 million. Adjusted by all non-recurring effects, reported EBITDA and net profit would have increased by 8.7% and 5.2% respectively.

During the period between 2020 – 2025 Iberdrola plans to invest EUR 75 billion, of which EUR 68 billion organic investments. The planned organic investments according to this strategy will be allocated as following: 51% in Renewables, 40% in Networks and 9% in the Generation and Trading business. This will, according to plan increase EBITDA generation up to EUR 15 billion by 2025 and further solidify its EBITDA generation in terms of regulated revenues. In 2020 the Group made gross investments of EUR 9,246 million (2019: EUR 8,158 million), and continued its investment program during the first three quarters of 2021 with investments of EUR 7,036 million. The allocation of investments made were in line with Iberdrola's investment strategy. Cash Flow after investments in 2020 was positive at EUR 1,703 million (2019: EUR -467 million) due to

² Perpetual bonds with a maturity date of longer than 5 years will be 100% allocated to equity, with a maturity date between 1 and 5 years for 50% to equity and 50% to liabilities, and maturity date shorter than 1 year 100% to liabilities.

the sale of the stake in Siemens Gamesa Renewable Energy S.A. for a total consideration of EUR 1.1 billion. However, the Group's reported adjusted retained cash flow for 2020 and Q3 2021 were lower than the investments made in 2020 and Q3 2021, indicating that Iberdrola will have to look for external financing options, in order to finance the forecasted investments. If the Group wants to keep credit metrics stable it will need to look for further asset rotation plans or equity financing solutions.

Only a slight increase in gross financial debt to EUR 42,664 million (Q3 2020: EUR 42,274 million) was reported as a part of investments was offset by the issuance of hybrid bonds of EUR 2,000 million, which incidentally also increased reported equity and prevents a further increase in leverage. Furthermore, Iberdrola also issued a EUR 750 million hybrid instrument in 2021, which will also be used to finance the Group's investment plan. Liquidity remained strong with a total position of EUR 19,059 million, mainly consisting of cash and cash equivalents, syndicated credit facilities, undrawn loans and IFTS, which, according to Iberdrola, should be able to cover 19 months of the Group's financial needs under normal circumstances.

Iberdrola's subsidiary, Avangrid Inc. has undertaken to acquire 100% of the share capital of PNM Resources Inc., an American electric utility, which conducts regulated business, primarily in the transmission, distribution and generation of electricity in the states of New Mexico and Texas. In 2020 the Company generated operating revenues of USD 1.5 billion. The total price for the entire share capital will amount to approximately USD 4,318 million and was expected to close at the end of this year. However, on December 8 PNM Resources published, that the New Mexico Public Regulation Commission rejects the agreement that was reached with the parties in the PNM / Avangrid merger, which according to our understanding will at the very least postpone the closing of the acquisition.

The Group reported strong growth with stable development of credit metrics over recent years. Its strategy foresees a larger focus on the segments Networks and Renewables, which will further solidify its EBITDA and stable cash-flow generation. As of 30.09.2021 Iberdrola generated 87% of EBITDA out of regulated activities (Networks and Renewables), of which the price and volume risks are mitigated as cash-flows are supported by different regulatory frameworks for the transmission and distribution of electricity and gas in different countries and most of the revenues from electricity generation are fixed with PPA's.

Issue rating

In addition to the rating of Iberdrola S.A., the following issuers and their issues (see below) have been rated:

- Iberdrola International B.V.
- Iberdrola Finanzas S.A.U
- Iberdrola Finance Ireland DAC
- Long-Term Local Currency Senior Unsecured Issues issued by Iberdrola Finanzas S.A.U.
- Long-Term Local Currency Senior Unsecured Issues issued by Iberdrola International B.V.
- Long Term Local Currency Senior Unsecured Issues issued by Iberdrola Finance Ireland DAC

Issuer Rating of Iberdrola International B.V.

Iberdrola International B.V. is a company with limited liability under the laws of the Netherlands and was incorporated in 1992. The company is wholly owned by Iberdrola S.A. and its financial statements are fully consolidated in the financial statements of the Group. The issuer's principal activity is the provision of treasury services to the Iberdrola Group. The parent company issued an unconditional and irrevocable guarantee on a full-recourse basis with respect to its obligations arising from the outstanding bonds. The unsolicited corporate issuer rating of Iberdrola International B.V. is therefore equal to the rating of Iberdrola S.A. The rating result is **BBB+** with **stable** outlook.

Issuer Rating of Iberdrola Finanzas S.A.U.

Iberdrola Finanzas S.A.U. is a company operating under Spanish law and was incorporated in 2005. The company is wholly owned by Iberdrola S.A. and its financial statements are fully consolidated in the financial statements of the Group. The issuer's principal activity is the issuance of preferential shares and other marketable debt instruments in Spanish and foreign organised and secondary markets. Iberdrola S.A. has guaranteed all existing bond issuances. Since the guaranteed bond issuances represent all issued debt, the unsolicited corporate issuer rating of Iberdrola Finanzas S.A.U. is set equal to the rating of Iberdrola S.A. The rating result is therefore **BBB+** with **stable** outlook.

Issuer Rating of Iberdrola Finance Ireland DAC

Iberdrola Finance Ireland DAC is an Irish-registered company and was incorporated in 2008. The company is wholly owned by Iberdrola S.A. and its financial statements are fully consolidated in the financial statements of the Group. The issuer's principal activity is to raise financing for the Group by way of issuing debt securities. All the notes issued by Iberdrola Finance Ireland DAC are guaranteed by Iberdrola S.A. The guarantee on the notes by Iberdrola S.A. leaves no net credit risk for the issuer. The unsolicited corporate issuer rating of Iberdrola Finance Ireland DAC is therefore set equal to the rating of Iberdrola S.A. The rating result is therefore **BBB+** with **stable** outlook.

Issue Rating of the Long Term Local Currency Senior Unsecured Issues by Iberdrola Finanzas S.A.U.

This unsolicited issue rating is exclusively valid for the long-term senior unsecured issues denominated in euros, issued by Iberdrola Finanzas S.A.U. and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The Notes have been issued within the framework of Iberdrola S.A.'s EMTN-Program, most recently renewed on 25 June 2021. The issuer in the framework of this program is Iberdrola Finanzas S.A.U. The total nominal value of the bonds issued must not exceed EUR 30,000 million.

According to the prospectus as of 25 June 2021, the notes benefit from a negative pledge provision, and a cross default clause. A change of control clause is optional in the final terms of the notes. We have assigned the long-term senior unsecured issues issued by Iberdrola Finanzas S.A.U. a rating of **BBB+** with **stable** outlook. This decision is mainly based on the corporate rating of Iberdrola S.A. Other types of debt instruments or issues denominated in other currencies

have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Issue Rating of the Long Term Local Currency Senior Unsecured Issues by Iberdrola International B.V.

This unsolicited issue rating is exclusively valid for the long-term senior unsecured issues denominated in euros, issued by Iberdrola International B.V. and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The Notes have been issued within the framework of Iberdrola S.A.'s EMTN-Program. Iberdrola International B.V. is no longer an issuer under the terms of the latest base prospectus of the EMTN-program for future bond issues, most recently renewed on 25 June 2021. The last base prospectus that included Iberdrola International B.V. as an issuer dates from 1 August 2018. The Company continues to hold several outstanding bonds rated by CRA.

According to the prospectus as of 1 August 2018, the notes benefit from a negative pledge provision, and a cross default clause. A change of control clause is optional in the final terms of the notes. We have assigned the long-term senior unsecured issues issued by Iberdrola International B.V. a rating of **BBB+** with **stable** outlook. This decision is mainly based on the corporate rating of Iberdrola S.A. Other types of debt instruments or issues denominated in other currencies have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG

Issue Rating of the Long-Term Local Currency Senior Unsecured Issues by Iberdrola Finance Ireland DAC

This issue rating is exclusively valid for the long-term senior unsecured issues denominated in euros, issued by Iberdrola Finance Ireland DAC and which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The notes have been issued within the framework of Iberdrola's Global Medium Term Note Program. The last prospectus dates from 29 July 2015 and is no longer valid. The maximum amount issued under this program cannot exceed EUR 1.500 million; the issuer in the context of this program is Iberdrola Finance Ireland DAC.

According to the last prospectus of 29 July 2015, the notes benefit from a negative pledge provision and a cross default clause. We have assigned the long-term senior unsecured notes issued by Iberdrola Finance Ireland DAC a rating of **BBB+** with **stable** outlook. This decision is mainly based on the corporate rating of Iberdrola S.A. Other types of debt instruments or issues denominated in other currencies have not been rated by CRA. For a list of all currently valid ratings and additional information please consult the website of Creditreform Rating AG.

Overview

Table 2: Overview of CRA Ratings | Source: CRA

Rating objects	Detailed Information	
	Date	Rating
Iberdrola S.A.	20.12.2021	BBB+ / stable
Iberdrola International B.V.	20.12.2021	BBB+ / stable
Iberdrola Finanzas S.A.U.	20.12.2021	BBB+ / stable
Iberdrola Finance Ireland DAC	20.12.2021	BBB+ / stable
Long-Term-Local-Currency Senior Unsecured Issues issued by Iberdrola Finanzas S.A.U.	20.12.2021	BBB+ / stable
Long-Term-Local-Currency Senior Unsecured Issues – issued by Iberdrola International B.V.	20.12.2021	BBB+ / stable
Long-Term-Local-Currency Senior Unsecured Issues, issued by Iberdrola Finance Ireland DAC	20.12.2021	BBB+ / stable
Other	--	n.r.

Table 3: overview of Iberdrola International B.V. and Iberdrola Finanzas S.A.U.'s EMTN Program | Source: Iberdrola S.A.

Issue Details			
Volume	EUR 30.000.000.000	Maturity	Depending on the respective bond
Issuer	Iberdrola International B.V. ³ , Iberdrola Finanzas S.A.U.	Coupon	Depending on the respective bond
Arrangers	Barclays	Currency	Depending on the respective bond
Credit Enhancement	Unconditional and irrevocable guarantee by Iberdrola S.A.	ISIN	Depending on the respective bond

Table 4: overview of Iberdrola Finance Ireland's GMTN Program | Source: Iberdrola S.A.

Issue Details			
Volume	EUR 1.500.000.000	Maturity	Depending on the respective bond
Issuer	Iberdrola Finance Ireland DAC.	Coupon	Depending on the respective bond
Arrangers	Santander Global Banking & Markets	Currency	Depending on the respective bond
Credit Enhancement	Unconditional and irrevocable guarantee by Iberdrola S.A.	ISIN	Depending on the respective bond

All future LT LC senior unsecured Notes that will be issued by Iberdrola International B.V., Iberdrola Finanzas S.A.U. or Iberdrola Finance Ireland DAC under the current Guaranteed EMTN and GMTN program, denominated in Euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior unsecured Notes issued under the EMTN and GMTN program. Notes issued under the program in any currency other than Euro, or other types of debt instruments, have not yet been rated by CRA. For

³ Iberdrola International B.V. is no longer an issuer under the latest base prospectus of 25 June 2021

a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Appendix

Rating history

The rating history is available under:

<https://www.creditreform-rating.de/en/ratings/published-ratings.html>

Rating history

The rating history is available under <https://www.creditreform-rating.de/de/ratings/published-ratings/>

Table 5: Corporate issuer Rating of Iberdrola S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	03.05.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Table 6: Corporate issuer Rating of Iberdrola International B.V.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	03.05.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Table 7: Corporate Issuer Rating of Iberdrola Finanzas S.A.U.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	03.05.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Table 8: Corporate Issuer Rating of Iberdrola Finance Ireland DAC

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	03.05.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Table 9: LT LC Senior Unsecured issues issued by Iberdrola Finanzas S.A.U

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	03.05.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Table 10: LT LC Senior Unsecured issues issued by Iberdrola International B.V.

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	03.05.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Table 11: LT LC Senior Unsecured issues issued by Iberdrola Finance Ireland DAC

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	03.05.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable

Regulatory requirements

The rating⁴ was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

With Rated Entity or Related Third Party Participation	No
With access to Internal Documents	No
With Access to Management	No

The rating was conducted based on the following information.

List of documents

Accounting and controlling

- Consolidated annual report Iberdrola S.A. 2020
- Consolidated annual report H1 Iberdrola S.A: 2021
- Consolidated results of Q3 2021 Iberdrola S.A.

Finance

- EMTN Base Prospectus 2021
- Results spreadsheet 2020 and Q3 2021

Additional documents

- Investor presentation for the business year 2020
- Investor presentation for Q1-Q3 2021
- Press releases and internet research

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.3	29.05.2019
Non-financial Corporate Issue Ratings	1.0	October 2016
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

⁴ In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Rudger van Mook	Lead-analyst	R.vanMook@creditreform-rating.de
Artur Kapica	Analyst	A.Kapica@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Philip Michaelis	PAC	P.Michaelis@creditreform-rating.de

On 20 December 2021, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 21 December 2021. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

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