



**IBERDROLA FINANZAS, S.A.U.**

*(Incorporated with limited liability in the Kingdom of Spain)*

Euro 30,000,000,000

**Guaranteed Euro Medium Term Note Programme**

Guaranteed by

**IBERDROLA, S.A.**

*(Incorporated with limited liability in the Kingdom of Spain)*

Under the Guaranteed Euro Medium Term Note Programme (the **Programme**) described in this Base Prospectus, Iberdrola Finanzas, S.A.U. (**Iberdrola Finanzas** or the **Issuer**) may from time to time issue senior notes (the **Senior Notes**) and subordinated notes (the **Subordinated Notes** and, together with the Senior Notes, the **Notes**) subject to compliance with all relevant laws, regulations and directives. The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Iberdrola, S.A. (**Iberdrola** or the **Guarantor**, and together with the Issuer, the **Obligor**s). The aggregate principal amount of Notes outstanding and guaranteed will not at any time exceed Euro 30,000,000,000 (or the equivalent in other currencies).

This document constitutes a base prospectus (the **Base Prospectus**) for the purposes of Article 8 of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This Base Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the **CSSF**) as competent authority under the Prospectus Regulation. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed under Luxembourg and EU law pursuant to the Prospectus Regulation. Such approval by the CSSF should not be considered as an endorsement of the Issuer or the Guarantor that are the subject of this Base Prospectus nor as an endorsement of the quality of the Notes issued under the Programme. Investors should make their own assessment as to the suitability of investing in such Notes. By approving this Base Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Act dated 16 July 2019 on prospectuses for securities (the **Luxembourg Act**).

Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU) (as amended, **MiFID II**). The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the European Economic Area (**EEA**) and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Regulation. Any offer of Notes in the United Kingdom (**UK**) must be made pursuant to an exemption under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**) (the **UK Prospectus Regulation**) from the requirement to publish a prospectus under section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**) for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in the UK may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish such a prospectus for any offer of Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each issue of Notes will be set out in a final terms document in respect of Senior Notes (the **Final Terms (Senior Notes)**) or a final terms document in respect of Subordinated Notes (the **Final Terms (Subordinated Notes)**) and, together with each Final Terms (Senior Notes), the **Final Terms** which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer (such other or further stock exchanges or markets to include, if so agreed, the AIAF Mercado de Renta Fija (**AIAF**)).

The Notes may be issued in bearer form (**Bearer Notes**), in registered form (**Registered Notes**) or in bearer form exchangeable for Registered Notes (**Exchangeable Bearer Notes**). Bearer Notes may be issued in new global note (**NGN**) form and Registered Notes may be held under the new safekeeping structure (**NSS**) to allow Eurosystem eligibility. Unless otherwise specified in the Final Terms, each Tranche of Bearer Notes having an original maturity of more than one year will initially be represented by a temporary Global Note and each Tranche of Bearer Notes having an original maturity of one year or less will initially be represented by a permanent Global Note which, in each case, will (i) if the Global Notes are stated in the applicable Final Terms to be issued in NGN form, be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below); or (ii) if the Global Notes are not intended to be issued in NGN form (**Classic Global Notes** or **CGNs**), be delivered on or prior to the original issue date of the relevant Tranche to a Common Depositary (as defined below) for, Euroclear and Clearstream, Luxembourg, or as otherwise agreed between the Issuer and the relevant Dealer. Interests in temporary Global Notes will be exchangeable for interests in a permanent Global Note or, if so stated in the relevant Final Terms, for definitive Bearer Notes after the date falling 40 days after

the issue date upon certification as to non-U.S. beneficial ownership or for definitive Registered Notes at any time after the issue date. If specified in the relevant Final Terms, interests in permanent Global Notes will be exchangeable for definitive Bearer Notes or definitive Registered Notes. Registered Notes will be represented by registered certificates (each a **Certificate**), one Certificate being issued in respect of each Holder's entire holding of Registered Notes of one Series and may be represented by registered global certificates (each a **Global Certificate**). Registered Notes which are held in Euroclear and Clearstream, Luxembourg will be registered (i) if the Global Certificate is not to be held under the NSS, in the name of nominees for Euroclear and Clearstream, Luxembourg or a common nominee for both or (ii) if the Global Certificate is to be held under the NSS, in the name of a nominee of the Common Safekeeper and the relevant Certificate(s) will be delivered to the appropriate depositary, a common depositary or Common Safekeeper, as the case may be.

This document comprises a base prospectus of the Issuer for the purposes of Article 8 of the Prospectus Regulation and for the purpose of giving information with regard to the Issuer the Guarantor and the Notes which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor.

**This Base Prospectus is valid for twelve months from its date (i.e., until 31 May 2023) in relation to Notes which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

Senior Notes issued under the Programme are expected to be rated BBB+ by Standard & Poor's Global Ratings Europe Limited (**Standard & Poor's**), Baa1 by Moody's Investors Service Limited (**Moody's**), and A- by Fitch Ratings Limited (**Fitch**). Subordinated Notes issued under the Programme are expected to be rated BBB- by Standard & Poor's, Baa3 by Moody's and BBB by Fitch. As at the date of this Base Prospectus, the Guarantor has been assigned a long-term credit rating of BBB+ by Standard & Poor's, Baa1 by Moody's and BBB+ by Fitch. Standard & Poor's is established in the European Union and registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended, the **CRA Regulation**) and is included on the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>). Each of Moody's and Fitch is established in the United Kingdom and is registered under the CRA Regulation as it forms part of domestic law by virtue of the EUWA (as amended, the **UK CRA Regulation**). The ratings issued by Moody's and Fitch have been endorsed by Moody's Deutschland GmbH and Fitch Ratings Ireland Limited respectively in accordance with the CRA Regulation. Each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EU and registered under the CRA Regulation and included in the list of credit rating agencies published by ESMA on its website. Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its credit rating may not necessarily be the same as the credit rating applicable to the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union or the UK and registered under the CRA Regulation will be disclosed in the Final Terms.

In the case of any Notes which are to be admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

**Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Base Prospectus.**

*Arranger*

Barclays

*Dealers*

BBVA

BNP PARIBAS

CaixaBank

Crédit Agricole CIB

Goldman Sachs Bank Europe SE

ING

J.P. Morgan

Morgan Stanley

NatWest Markets

UniCredit

Barclays

BofA Securities

Citigroup

Deutsche Bank

HSBC

IMI - Intesa Sanpaolo.

Mizuho Securities

MUFG

Santander Corporate & Investment Banking

The date of this Base Prospectus is 1 June 2022

## IMPORTANT INFORMATION

The Issuer and the Guarantor accept responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge and belief of the Issuer and the Guarantor, the information contained in the Base Prospectus and the Final Terms is in accordance with the facts and does not omit anything likely to affect the import of such information. This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”).

References herein to **Conditions** are, in respect of Senior Notes, to the “*Terms and Conditions of the Senior Notes*” and, in respect of Subordinated Notes, to the “*Terms and Conditions of the Subordinated Notes*”.

Copies of Final Terms will be available, free of charge, from the registered office of the Issuer, the registered office of the Guarantor and the specified office set out below of each of the Paying Agents (as defined below).

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealers or the Managers, as the case may be.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of the Notes and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers. Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this document has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Arranger and the Dealers have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Base Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and include Notes that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain

jurisdictions. The Issuer, the Guarantor and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes as set out in “*Subscription and Sale*”.

### **SUITABILITY OF INVESTMENT**

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances, objectives and experience. In particular, each potential investor may wish to consider either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets;
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (f) the legal, tax, accounting and regulatory aspects of purchasing the Notes.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Notes are legal investments for it, (b) Notes can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **MAXIMUM PRINCIPAL AMOUNT**

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed Euro 30,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into Euro at the date of the agreement to issue such Notes). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement, as defined under

“*Subscription and Sale*”. Any such increase to the maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may require the production of a supplement to the Base Prospectus by the Issuer and the Guarantor.

## CERTAIN DEFINED TERMS

In this Base Prospectus, unless otherwise specified or the context otherwise requires, references to “Euro”, “euro” or “€” are to the single currency which was introduced at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty on the Functioning of the European Union, as amended (the **Treaty**), to “U.S. Dollars” or “U.S.\$” are to the lawful currency of the United States of America, to “pounds sterling”, “GBP” or “£” are to the lawful currency of the UK and to “Japanese yen”, “yen” or “¥” are to the lawful currency of Japan.

## REFERENCES TO WEBSITES AND URLs

In this Base Prospectus, references to websites or uniform resource locators (each, a **URL**) are inactive textual references and are included for information purposes only. Other than in relation to documents which are deemed to be incorporated by reference (see “*Documents Incorporated by Reference*”), the contents of any such website or URL is for information purposes only and does not form part of, or be deemed to be incorporated into, this Base Prospectus. The CSSF as competent authority has not scrutinised or approved the information on any website referred to in this Base Prospectus.

## USE OF PROCEEDS

As described in “*Use of Proceeds*” below, the Issuer's intention is to on-lent to the Group the net proceeds from the issue of any Notes to be used by the Group for general corporate purposes. The Guarantor may also choose to apply the proceeds from the issue of any Notes specifically to finance and/or refinance, in whole or in part, Eligible Green Projects (as defined under “Use of Proceeds” below) in accordance with prescribed eligibility criteria. Prospective investors should have regard to the information in “Use of Proceeds” below regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in the Notes together with any other investigation such investor deems necessary.

In particular no assurance is given by the Issuer, the Guarantor or the Dealers that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Eligible Green Projects).

Each prospective investor should have regard to the factors described in the Iberdrola Framework for Green Financing and the relevant information contained in this Base Prospectus and seek advice from their independent financial adviser or other professional adviser regarding its purchase of the Notes before deciding to invest.

The Dealers have not undertaken, nor are responsible for, any assessment of the eligibility criteria for selecting investments in Eligible Green Projects, any verification of whether the Eligible Green Projects meet such eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Issuer's website, the Iberdrola Framework for Green Financing and the Second-party Opinion (as defined below) (if any) for information. As described in “*Risk Factors – Use of Proceeds Risks*” below, a sustainability rating agency or sustainability consulting firm may be requested to issue a second-party opinion confirming that the Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for green projects set out by the International Capital Market Association (ICMA) Green Bond Principles (GBP) and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability project. No assurance or representation is given by the Issuer, the Guarantor, any of the

Dealers or any other person as to the suitability or reliability for any purpose whatsoever of the Second-party Opinion or any other opinion or certification of any third party (whether or not solicited by the Issuer or any affiliate). Any such opinion or certification is not a recommendation by the Issuer, the Guarantor, the Dealers or any other person to buy, sell or hold any such Notes and is current only as of the date it was issued.

## STABILISATION

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the stabilisation manager(s) (the Stabilisation Manager(s)) (or persons acting on behalf of any Stabilisation Manager(s)) in the relevant Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

## PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

## PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

## MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Notes will include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

#### **UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET**

The Final Terms in respect of any Notes may (if applicable) include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

#### **BENCHMARK REGULATION**

Amounts payable under the Notes may be calculated by reference to the Euro Interbank Offered Rate (**EURIBOR**), the Sterling Overnight Index Average (**SONIA**), the Secured Overnight Financing Rate (**SOFR**) or the Euro Short-Term Rate (**€STR**). As at the date of this Base Prospectus, the administrators of SONIA (the Bank of England), SOFR (the Federal Reserve Bank of New York) and €STR (the European Central Bank) do not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (**ESMA**) pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the **BMR**), while the administrator of EURIBOR (European Money Market Institute) appears on such register. As far as each of the Issuer and the Guarantor is aware, (i) the administrators of SONIA, SOFR and €STR do not fall within the scope of the BMR by virtue of Article 2 of the BMR.

#### **NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE SFA)**

Unless otherwise stated in the relevant Final Terms, all Notes shall be "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**)) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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## OVERVIEW OF THE PROGRAMME

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this document and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in “Terms and Conditions of the Notes” herein, in which event, in the case of listed Notes only and if appropriate, a drawdown prospectus will be published.*

*This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980 implementing the Prospectus Regulation. Words and expressions defined in the “Form of Notes”, “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” shall have the same meanings in this overview.*

Issuer:	Iberdrola Finanzas, S.A.U. (the <b>Issuer</b> )
Issuer’s Legal Entity Identifier (LEI):	5493004PZNZWBOUV388
Guarantor:	Iberdrola, S.A. (the <b>Guarantor</b> )
Guarantor’s LEI:	5QK37QC7NWOJ8D7WVQ45
Description:	Guaranteed Euro Medium Term Note Programme (the <b>Programme</b> ).
Arranger:	Barclays Bank Ireland PLC
Dealers:	Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank Ireland PLC, BNP Paribas, BofA Securities Europe SA, CaixaBank, S.A., Citigroup Global Markets Europe AG, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Goldman Sachs Bank Europe SE, HSBC Continental Europe, ING Bank N.V., Intesa Sanpaolo S.p.A., J.P. Morgan SE, Mizuho Securities Europe GmbH, Morgan Stanley Europe SE, MUFG Securities (Europe) N.V., NatWest Markets N.V. and UniCredit Bank AG. The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of a single Tranche or in respect of the whole Programme. References in this Base Prospectus to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons which are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent:	The Bank of New York Mellon, London Branch.
Size:	Up to Euro 30,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Issuer and the Guarantor have the option, subject to the fulfilment of certain conditions, to increase the size of the Programme.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Euro, U.S. Dollars, Australian dollars, Canadian dollars, Danish krone, Hong Kong dollars, New Zealand dollars, pounds sterling, Swedish kronor, Swiss francs or Japanese yen or in other currencies if the Issuer, the Guarantor and the Dealers so agree.

Maturities:	Any maturity subject to compliance with all relevant laws, regulations and directives. Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the UK or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the UK, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the <b>FSMA</b> ) by the Issuer.
Specified Denomination:	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealers and as indicated in the applicable Final Terms save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the specified currency and save that (a) the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA in circumstances which would otherwise require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); and (b) unless otherwise permitted by then current laws and regulations Notes which have a maturity of less than one year from their date of issue will have a minimum denomination of £100,000 (or its equivalent in another currency).
Method of Issue:	The Notes may be issued as senior notes (the <b>Senior Notes</b> ) or as subordinated notes (the <b>Subordinated Notes</b> ). The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or which may be issued in more than one Tranche on different dates). The Notes may be issued in Tranches on a continuous basis with no minimum issue size, subject to compliance with all applicable laws, regulations and directives. Further Notes may be issued as part of an existing Series.
Form of Notes:	The Notes may be issued in bearer form only ( <b>Bearer Notes</b> ), in bearer form exchangeable for Registered Notes ( <b>Exchangeable Bearer Notes</b> ) or in registered form only ( <b>Registered Notes</b> ). Bearer Notes may be issued in new global note ( <b>NGN</b> ) form. Unless otherwise specified in the relevant Final Terms, each Tranche of Bearer Notes having an initial maturity of more than one year will initially be represented by a temporary Global Note and each Tranche of Bearer Notes having an original maturity of one year or less will initially be represented by a permanent Global Note which (a) in each case, will (i) if the Global Notes are stated in the relevant Final Terms to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the <b>Common Safekeeper</b> ) for Euroclear Bank SA/NV ( <b>Euroclear</b> ) and Clearstream Banking, S.A. ( <b>Clearstream, Luxembourg</b> ); and (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the <b>Common Depositary</b> ) for, Euroclear and Clearstream, Luxembourg, or (b) in the case

of a Tranche intended to be cleared through a clearing system other than or in addition to Euroclear and Clearstream, Luxembourg or delivered outside a clearing system, be deposited as agreed between the Issuer and the relevant Dealer. No interest will be payable in respect of a temporary Global Note except as described under “*Description of Provisions Relating to the Notes while in Global Form or while Registered in the Name of a Nominee for a Clearing System*”. Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so stated in the relevant Final Terms, for definitive Bearer Notes after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership or (in the case of Exchangeable Bearer Notes) definitive Registered Notes at any time after the issue date. If specified in the relevant Final Terms, interests in permanent Global Notes will be exchangeable for definitive Bearer Notes or (in the case of Exchangeable Bearer Notes) definitive Registered Notes as described under “*Description of Provisions Relating to the Notes while in Global Form or while Registered in the Name of a Nominee for a Clearing System*”. Registered Notes will be represented by certificates (each a **Certificate**), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series and may be represented by a Global Certificate. Registered Notes which are held in Euroclear and Clearstream, Luxembourg will be registered (i) if the Global Certificate is not to be held under the new safekeeping structure (NSS), in the name of nominees for Euroclear and Clearstream, Luxembourg or a common nominee or (ii) if the Global Certificate is to be held under the NSS, in the name of a nominee of the Common Safekeeper, and the relevant Certificate(s) will be delivered to the appropriate depositary, common depositary or Common Safekeeper, as the case may be.

Issue Price:	Notes may be issued at their principal amount or at a discount or premium to their principal amount. The Issue Price will be specified in the relevant Final Terms.
Fixed Rate Notes:	Interest on Fixed Rate Notes will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest set separately for each Series by reference to EURIBOR, SONIA, SOFR and €STR as adjusted for any applicable margin as specified in the applicable Final Terms.
Zero Coupon Notes (Senior Notes only):	In respect of Senior Notes, Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest.
Resettable Rate Subordinated Notes:	Resettable Rate Subordinated Notes will bear interest on their principal amount from (and including) the Issue Date to but excluding the First Reset Date at the Initial Rate of Interest specified in the applicable Final Terms. Thereafter, this fixed rate of interest will be reset on one or more date(s) specified in the applicable Final Terms by reference to a mid-market swap rate or to a reference bond yield to maturity, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear

interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Benchmark Discontinuation:** When there is a Benchmark Event, which includes (amongst other events) permanent discontinuation of an Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, who shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate, as well as an Adjustment Spread which will be applied to such Successor Rate or Alternative Rate. In addition, the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate.

Where the Issuer determines on or prior to the relevant Reference Time that a Benchmark Transition Event, which includes (amongst other events) permanent discontinuation of a SOFR or any Benchmark Replacement, and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In addition, the Issuer may vary the Conditions as necessary to implement any Benchmark Replacement Conforming Changes necessary to reflect the adoption of such Benchmark Replacement.

**Optional Redemption:** The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed at the option of the Issuer (either in whole or in part) and/or (in the case of Senior Notes only) the Noteholders and the terms applicable to such redemption. Any such redemption in respect of Subordinated Notes may be made at the Make-Whole Amount.

**Optional Interest Deferral (Subordinated Notes only):** The Issuer may, at its sole discretion, elect to defer (in whole or in part) any payment of interest on the Subordinated Notes, subject to limited exceptions, as more particularly described in Condition 5 (*Optional Interest Deferral*) of the Subordinated Notes. Non-payment of interest so deferred shall not constitute a default by the Issuer or Guarantor under the Subordinated Notes or the Guarantor or for any other purpose.

**Status of the Senior Notes:** The Senior Notes and, where applicable, any Coupons relating to them, and the guarantee in respect of the Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations (subject to the provisions of the negative pledge below) of the Issuer and the Guarantor, respectively, all as described in Condition 3 (*Status and Guarantee*) of the Senior Notes.

**Status of the Subordinated Notes:** The Subordinated Notes and, where applicable, any Coupons relating to them, and the guarantee in respect of the Subordinated Notes will constitute subordinated and unsecured obligations of the Issuer and the Guarantor respectively, all as described in Condition 3 (*Status and Guarantee*) of the Subordinated Notes.

Subject to mandatory provisions of Spanish applicable law, in the event of the Issuer being declared in insolvency (*concurso*) under Spanish insolvency law, the rights and claims of the Holders against the Issuer in respect of or arising under the Subordinated Notes and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of all holders of Parity Obligations of the

Issuer and (iii) senior to the claims of all holders of Junior Obligations of the Issuer.

Negative Pledge (Senior Notes): The Senior Notes will contain a negative pledge as more fully set out in Condition 4 (*Negative Pledge*) of the Senior Notes. The negative pledge applies to Relevant Indebtedness of the Issuer, the Guarantor and each Relevant Subsidiary (each as defined in the Conditions).

Negative pledge (Subordinated Notes) Subordinated Notes do not benefit from any negative pledge.

Cross Default (Senior Notes): The Senior Notes will contain a cross default as more fully set out in Condition 10 (*Events of Default*) of the Senior Notes. The cross default applies to any Relevant Indebtedness incurred by the Issuer or the Guarantor which becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or the Guarantor or which is not paid when due or within any applicable grace period provided that the aggregate amount of Relevant Indebtedness is equal to or exceeds €125,000,000 or its equivalent in other currencies.

Events of Default (Subordinated Notes) Subordinated Notes do not benefit from any events of default. Holders in respect of Subordinated Notes have limited enforcement rights if an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Issuer or the Guarantor, as described in Condition 10 (*Enforcement Events and No Events of Default*)).

Waiver of set-off (Subordinated Notes) Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or the Coupons and each Holder shall, by virtue of being the Holder, be deemed to have waived all such rights of set-off.

Rating: Senior Notes issued under the Programme are expected to be rated BBB+ by Standard & Poor's Global Ratings Europe Limited (**Standard & Poor's**), Baa1 by Moody's Investors Service Limited (**Moody's**), and A- by Fitch Ratings Limited (**Fitch**). Subordinated Notes issued under the Programme are expected to be rated BBB- by Standard & Poor's, Baa3 by Moody's and BBB by Fitch.

Standard & Poor's is established in the European Union and registered under the CRA Regulation and is included on the list of credit rating agencies published by ESMA on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>).

Each of Moody's and Fitch is established in the United Kingdom and is registered under the UK CRA Regulation. The ratings issued by Moody's and Fitch have been endorsed by Moody's Deutschland GmbH and Fitch Ratings Ireland Limited respectively in accordance with the CRA Regulation. Each of Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EU and registered under the CRA Regulation and included in the list of credit rating agencies published by ESMA on its website.

As defined by Standard & Poor's, a BBB rating means that the obligations of the Obligors are 'investment grade'. There is adequate capacity to meet financial commitments, but more subject to adverse economic conditions.

The addition of the plus (+) sign indicates a ranking in the higher end of the 'BBB' rating category.

As defined by Moody's, a Baa rating means that the obligations of the Obligor are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics. The modifier 1 indicates a ranking in the higher end of the 'Baa' generic rating category.

As defined by Fitch, an A rating means that the obligations of the Obligor are expected to have low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings. The addition of the minus (-) sign indicates a ranking in the lower end of the 'A' rating category.

Notes issued under the Programme may be rated or unrated. Where an Issue of Notes is rated, its credit rating may not necessarily be the same as the credit rating applicable to the Programme. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit ratings agency established in the European Union or in the UK and registered under the CRA Regulation will be disclosed in the Final Terms.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Early Redemption (Senior Notes):	Except as provided in "Optional Redemption" above, Senior Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons or, if so specified with applicable Final Terms under Condition 6(f) ( <i>Residual Maturity Call Option</i> ) or Condition 6(g) ( <i>Redemption following a Substantial Purchase Event</i> ). Redemption at maturity will occur at par.
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If so specified with applicable Final Terms, Senior Notes may be redeemed at the option of the Noteholders under Condition 6(h) (*Redemption at the option of the Noteholders upon a Change of Control*).

Early Redemption (Subordinated Notes):	Except as provided in "Optional Redemption" above, Subordinated Notes will be redeemable at the options of the Issuer only for tax reasons following the occurrence of a Tax Event and/or a Withholding Event or, if so specified in the applicable Final Terms under Condition 6(c) ( <i>Redemption for Accounting Reasons</i> ), Condition 6(d) ( <i>Redemption for Rating Reasons</i> ), Condition 6(g) ( <i>Redemption following a Substantial Purchase Event</i> ) or Condition 6(i) ( <i>Change of Control Call Option</i> ).
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Taxation on Notes:	All payments in respect of the Notes will be made without deduction for, or on account of, withholding taxes imposed by Spain unless such taxes are required by law to be withheld. In the event that any such deduction is made, the Issuer or, as the case may be, the Guarantor, will, save in certain circumstances provided in the Conditions of the relevant Notes be required to pay additional amounts to cover any amounts so deducted.
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The Issuer considers that, according to Foral Decree 205/2008 and Royal Decree 1065/2007, it is not obliged to withhold taxes in Spain in relation to

interest paid on the Notes to any investor (whether tax resident in Spain or not) provided that the information procedures described in section “Taxation”, which do not require identification of the Noteholders, are fulfilled.

In the event that the current applicable procedures were modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, the Issuer will inform the Noteholders of such information procedures and of their implications, as the Issuer may be required to apply withholding tax on interest payments under the Notes if the Noteholders would not comply with such information procedures.

For further information regarding the interpretation of Foral Decree 205/2008 and Royal Decree 1065/2007, please refer to “*Risk Factors*”.

**Governing Law:** English law, save for the status of the Notes and the status of the corresponding Guarantee which will be governed by, and shall be construed in accordance with, Spanish law.

**Approval, listing and admission to trading:** Application has been made to the CSSF to approve this document as a base prospectus of the Issuer. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List of the Luxembourg Stock Exchange and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets agreed between the Issuer, the Guarantor and the relevant Dealer (such other or further stock exchanges or markets, to include, if so agreed, the AIAF). The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

**Rule 144A:** Offers and sales in accordance with Rule 144A under the Securities Act will be permitted if specified in the relevant Final Terms, subject to compliance with all relevant legal and regulatory requirements of the United States of America.

**Selling Restrictions:** United States, EEA, the UK, the Kingdom of Spain, Belgium, Singapore, Japan and Italy. See “*Subscription and Sale*”.

In connection with the offering and sale of a particular Tranche of Notes, additional selling restrictions may be imposed which will be set out in the relevant Final Terms.

**Substitution:** The Issuer and the Guarantor may, subject to the fulfilment of certain conditions, substitute the Issuer.

**Substitution and Variation (Subordinated Notes):** If specified in the applicable Final Terms, then the Issuer may, if it and/or the Guarantor determines that a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event has occurred, exchange the Subordinated Notes for new subordinated notes and/or vary the terms of the Subordinated Notes as provided for in Condition 11(c) (*Substitution and Variation*) of the Subordinated Notes.

## RISK FACTORS

*Prospective investors should carefully consider all the information set forth in this Base Prospectus, the applicable Final Terms and any documents incorporated by reference into this Base Prospectus, as well as their own personal circumstances, before deciding to invest in any Notes. Prospective investors should have particular regard to, among other matters, the considerations set out in this section of this Base Prospectus.*

*Each of the Issuer and the Guarantor believes that the following factors may affect its ability to fulfil its obligations in respect of the Notes. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.*

*Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Notes, at the date of this Base Prospectus, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **(I) FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER OR IN CONNECTION WITH THE NOTES**

#### **1.1 Risks relating to the Group's business activities, industries and operations**

##### *1.1.1 Regulatory and political risk*

##### Regulatory risk

The businesses of Iberdrola and its subsidiaries (**Iberdrola Group** or the **Group**) are subject to laws and regulations concerning tariffs (especially the Network business and the Renewables business) and other aspects of their activities in each of the countries in which the Group operates. In addition, the Group is subject to laws and regulations concerning environmental requirements and other aspects of its activities (such as reporting, health and safety and corporate governance). Whilst the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2021 includes regulatory information (a description of main regulatory developments in 2021 is contained in Appendix II and section 4.5 of the consolidated directors' report provides further details about regulatory risks of the Group per geographical reporting unit), prospective investors and their advisers should make their own analysis of the legislation and regulations applicable to the Group and of the impact they may have on the Group for the purposes of evaluating any investment in the Notes.

The tariffs (mainly applicable to the "Network" business) in the countries and regions where the Group operates are generally subject to periodic review by the regulatory authorities. The Group is unable to predict future changes to any of the laws or regulations applicable to its businesses or to their interpretation. The introduction of any such changes or new regulatory requirements may adversely impact the remuneration received by the Group for its regulated activities, as well its operating, capital and raw material costs, all of which could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

For further details on the legislative and regulatory context in which the Iberdrola Group operates, see also the section entitled "Description of Iberdrola, S.A.—Regulation" herein.



In addition, the Group is subject to extensive environmental protection laws and regulations that require the preparation of environmental impact studies, the maintenance of relevant authorisations, licences and permits and the fulfilment of certain other requirements.

Any such environmental authorisations and licences may not be granted or may be revoked as a result of, among others, a breach of the conditions imposed by such authorisations or may be amended and any of this could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

On 17 April, 2022 the Mexican Chamber of Deputies ruled against the proposal of the Mexican executive to reform the regulation of the energy sector contained in the Constitution. In parallel it must be noted that the entry into force of the reform of the Electricity Industry Law (the **LIE**), already approved by the Mexican Congress, has been suspended through the granting of precautionary measures (*amparos*). The ultimate impact for the Iberdrola Group of such law is currently uncertain.

As a consequence of the ongoing and steep rise in prices in international gas markets and CO2 emission allowances, and their impact on wholesale electricity prices and regulated rates for last resort retailers, in 2021 and 2022 the Spanish government has approved various measures to act in the Spanish electricity market, among which the following are worth highlighting:

- Royal Decree-Law 17/2021, of 14 September, which establishes, among others, future auctions for the sale of energy to third parties by the dominant generation operators and a gas clawback, which was partially mitigated as a result of the approval of Royal Decree-Law 23/2021, of 26 October.
- Royal Decree-Law 6/2022, of March 29, which regulates several topics, including changes to the gas clawback, an extraordinary 2022 remuneration review of the investment premium of the renewable assets and measures to accelerate renewable projects and regulate the promotion activity in Spain.
- Royal Decree-Law 10/2022, of May, which will entry into force once the European Commission gives its acceptance, establishing a temporary (12 months) gas cap adjustment mechanism to reduce the price of electricity on the wholesale market beginning at €40/MWh to reach an average of €48.8 MWh during the period. Thermal plants extra-cost will be financed by all Iberian demand not covered by a fixed-price contract (signed before April 26, 2022), until the moment the contract is renewed, reviewed or extended and by congestion rents from international interconnections.

In the event that the current high international gas and CO2 prices are prolonged over time, it cannot be ruled out that the Spanish government will approve new intervention measures during 2022, including possible mandatory future auctions for the sale of energy to third parties by the dominant generation operators, as provided in Royal Decree-Law 17/2021.

Other significant ongoing regulatory items are the review of the Standard Variable Tariff in the United Kingdom (the **UK**) and the regulated tariff in Spain, import duties on solar panels in the United States of America (the **USA** or the **US**), concentration in 2023 of tariff reviews (in the USA, Brazil and the UK), impact in the US offshore industry of the Coast Guard Authorization Act, delays in registering customers for the new market scheme in Mexico (this is preventing Iberdrola from being able to supply these customers, meaning the energy must be sold on the market instead) and the fact that the remuneration for 2017, 2018 and 2019 of the Spanish Network business is still provisional.

### Country risk

The activities of the different businesses that the Group develops are subject, to a greater or lesser extent and depending on their characteristics, to various risks inherent to the country where they operate. These risks include the following:

- Imposition of monetary limitations and other restrictions on the movement of capital.

- Changes in the trade environment and administrative policies, including import tariffs on certain equipment and services.
- Economic crisis, political instability and social riots affecting operations.
- Nationalisation or expropriation of assets.
- Currency transfer and convertibility risk.
- Cancellation of operating licenses.
- Anticipated termination of Government contracts.
- Changes in tax rates in fees and taxes and/or new taxes.
- Changes in the economic terms governing the hand-back of concessions.
- Worsening of sovereign ratings, generating an increase in country risk premiums.
- Other regulatory changes.

The results of the Group's subsidiaries, their market value and their contribution to the Group may be affected by such risks.

The main operations of the Iberdrola Group are concentrated in Spain, the UK, the USA, Brazil and Mexico, with increasing presence in other countries such as France, Germany, Portugal and Australia. The presence in countries other than those mentioned herein is not significant at a Group level from an economic point of view as of the date of this Base Prospectus, although there are growth plans in some other countries (focused in the offshore business).

### *1.1.2 Business risks*

#### Network business

The Group has presence in the regulated businesses of electricity transmission and distribution in Spain, the UK, the USA (through Avangrid, Inc. (**Avangrid**)) and Brazil (through Neoenergia, S.A. (**Neoenergia**)). In the USA, the Group also has presence in the natural gas distribution sector. The regulations of each country in which it operates establish regularly revised frameworks, guaranteeing that these businesses will receive reasonable and predictable returns. These frameworks include incentives and penalties for efficiency, service quality and, where applicable, for credit cost, which have a minor, immaterial impact overall. However, any structural and significant changes to these frameworks may represent a risk for the Network businesses.

In general, the profitability of the Iberdrola Group's Network businesses is not exposed to demand risk, except for the Brazilian subsidiaries. The Iberdrola Group's Network businesses in Spain and in the UK are not exposed to any market risk associated with energy prices, since they do not sell energy.

The Network businesses in Brazil and some of the businesses in the USA sell energy to regulated customers at a price determined by certain previously approved tariffs. The regulatory frameworks in both countries guarantee, in the ordinary course of events, that sums will be collected in subsequent tariff readjustment reviews for possible purchase price deviations of energy from those previously recognised in the tariff.

Given the above, in the case of extraordinary events (extreme drought in Brazil, catastrophic storms in the USA, pandemics, etc.), occasional temporary imbalances between payments and collections may arise which may have an impact on the cash flows of some of these businesses and potentially on profits recognised under International Financial Reporting Standards as adopted by the European Union (IFRS-EU).

## Electricity production and customer business

The Group operates in the renewables industry in Spain, the USA (through Avangrid), the UK, Mexico, Brazil (through Neoenergia) and other countries. The Group operates in the thermal generation sector in Spain, Mexico and Brazil (through Neoenergia) and the electricity and gas retail segment in Spain and the UK and, to a lesser degree, in Brazil (through Neoenergia), Italy, France, Germany and Ireland.

The Group's renewables business includes hydroelectric, wind (onshore and offshore) and photovoltaic generation, as well as storage (pumping and batteries) technologies.

- The regulatory frameworks in each country in which the Group operates are aimed at promoting the development of renewable energies based on formulae that may include premiums (on production or investment), green certificates, tax relief or regulated tariffs so that investors can obtain a sufficient and reasonable return. Any structural and significant changes to the aforementioned regulations may represent a risk for these businesses.
- The Group's Renewables businesses preferably sell their energy at a regulated rate or a fixed price through power purchase agreements (**PPAs**). The remaining market exposure of the Renewables businesses is transferred to the Liberalised business in those countries where it is present, for integrated management. The offsetting of risk positions between the wholesale unit (thermal and renewable) and the retail business largely reduces the Group's market risk.
- In addition to the above risks, the Group's renewable energy businesses may be exposed, to a greater or lesser extent, to resource risk (mainly hydraulic and wind and, to a lesser extent, solar):
- In the medium to long term, years with lower than average water and/or wind resources are offset by years with above-average overall resources. As a consequence of climate change, structural changes of the hydrological resource may be seen in the long term.
- The risk of water resources in a given year basically affects the Renewables business in Spain, and to a lesser extent the Renewables business in Brazil. The changes in output from a dry year to a wet year with respect to the average reference value can be up to - 4,000 GWh and +5,000 GWh respectively in Spain.
- The risk of wind resources in a given year affects the Renewable businesses of all countries in which the Group operates. At global level, the Group considers that this annual risk is partially mitigated by the large number of wind farms in operation and their geographical diversification.

The Group has important renewables projects under construction and development in the different countries where it operates. In the particular case of offshore wind projects, it must be highlighted that they require large investments subject to complex proceedings and entail other risks such as long construction deadlines, operating difficulties and technological risks.

The Iberdrola Group has a wide array of thermal generation plants in Spain and Mexico, a single thermal plant in Brazil and another one in the US. A significant number of the plants in Mexico and the Brazilian plant have long-term PPAs with CFE in Mexico (state-owned electricity company) and electricity distributors Coelba and Celpe in Brazil.

- The various Energy Management units supply electricity and gas to the retail activity at wholesale market prices (hourly or forward) in accordance with the usual practices of each of the countries in which the Group operates, and manage the sale and purchase of surpluses and shortfalls.
- The retail activities sell energy to end customers at fixed or indexed prices, together with other services, at such terms as may be customary in the retail markets of the countries in which they operate (Spain, the UK, Mexico, Brazil, Italy, France, Germany and Ireland). Lower than expected growth of demand could result in lower sales in terms of volume.

- The main market risks of the liberalised unit are the following:
- Market prices for electricity, both wholesale and retail, are closely correlated with the prices of fuel (oil and gas) and of the emission allowances needed to produce electricity.
- Spot prices in the wholesale electricity market exhibit marked volatility as a result of: (a) the volatility of spot prices of fuels and emission allowances, (b) fluctuating demand, (c) availability of wind or water and (d) possible operational problems in networks or power plants, or (e) extreme weather events due to climate change, with strong temporary impacts on prices and demand.
- Forward electricity prices are further influenced by projections of new generation plants coming on stream and of increases or decreases in future reserve capacity.
- In general terms: (a) margins of the wholesale unit (thermal and renewable to market) are subject to the risk of the differential between the wholesale spot price and the cost of production, and (b) margins of the retail business are subject to (i) the risk of the price differential between the wholesale spot market and forward retail prices, (ii) the degree of competition among retailers and (iii) the risk of possible regulatory intervention in the form of regulated tariffs, taxes or other obligations (i.e. energy antipoverty measures, maximum regulated prices in the UK, etc.).

The Group is exposed not only to changes in energy prices, but also to adverse movements in the prices of commodities (copper, aluminium, steel and others), with possible impact in future investment costs. When final investment decisions are taken by the Group this risk is transferred to the vendors or closed, to the extent possible. The residual risk remains but is actively monitored.

In relation to the Group's Gas supply operations, in 2021 Iberdrola Group supplied gas in Spain at prices indexed to European markets, with uncertainty associated with the difference between the purchase price and the price at which it is sold to customers or the price of gas consumed by combined cycle plants.

The Group's electricity generation in Mexico is gas-intensive. Gas prices are therefore an essential component of this risk. In 2021, approximately 66% of the electricity generated in Mexico was sold under long-term sales agreements (to the CFE and, to a lesser extent, to other major industrial customers), whereby the risk associated with the purchase price of gas used in generating this electricity is passed on.

### *1.1.3 Operational risks*

These relate to direct or indirect economic losses caused by external events or inadequate internal processes. The Group is exposed to the following operational risks, among others:

- technological failures, human error and technological obsolescence;
- operation, construction of facilities;
- supply and the supply chain;
- operational risk of market transactions.
- cybersecurity and information systems.
- the health and safety of people;
- climate change, extreme natural events and pandemics;
- sabotage and/or terrorism;

- regulatory compliance;
- reliability of financial and non-financial information;
- fraud and corruption; and
- litigation, arbitration and tax issues.

These risks could cause damage or destruction to the Group's facilities and financial losses, as well as injuries to employees and third parties, damage to the environment and reputational impact along with the ensuing lawsuits, especially in the event of power outages caused by accidents at our distribution networks and possible penalties imposed by the authorities.

Although many of these risks are unpredictable, the Group seeks to mitigate them by carrying out the necessary investments, implementing operation and maintenance procedures and programmes (supported by quality control systems), planning appropriate employee training, and taking out the required insurance covering both material damages and civil liability.

In the case of the operational risks in Spain it must be highlighted the potential impacts of the nuclear plants unavailability (partially covered by a loss of profits insurance policy over and above an excess), as well as the risks arising from the storage and handling of radioactive materials.

Climate change (which possible outcomes include less stable or predictable weather patterns) comprises several long-term risks which, to a greater or lesser extent, are not, however, new to the sector. Risks may be grouped in the following categories:

- Physical risks due to potential material impacts on facilities and the Group's operating costs and business operations. These risks could be split into acute risks and chronic risk (changes in precipitation patterns and other natural resources). In this regard, the Group is dependent upon hydrological, solar and wind conditions prevailing from time to time in the geographic regions in which its facilities are located.
- Transition risks, linked to risks arising from global decarbonisation, such as regulatory, market prices, technological, reputational and demand changes.
- Other risks, such as credit impairment of counterparties (suppliers, banks, etc.), social phenomena (humanitarian crises, impact on crops and fishing, refugee crises, epidemics, etc.) and larger competition for financial resources.

It should be noted that the main transition risks, regulatory and market risks, are largely domestic concerns. Climate change risks require strategic management in certain cases, as the case of the growth policy pursued by Iberdrola, which focuses heavily on the development of renewable energies and flexible smart grids. This risk could be considered a systemic global risk. Companies, governments and individuals can all reduce their emissions (mitigation) and/or become more resilient (adaptation). In contrast, physical risks are site-specific, related to each specific technology and relatively long-term, although they can already be felt in the short term (e.g. sometimes as a result of increased extreme weather events).

Whilst the Group has implemented risk management tools in respect of climate change and has proven experience in the management of weather events and is focusing on growing in low emissions activities (such as renewable energies, integrating smart grids, electrification of transport and flexible smart networks), there can be no assurance that the Group will not be impacted by climate change risks. This could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

With regards to cybersecurity risks, the Group companies may be affected by threats and vulnerabilities in connection with information, control systems or information and communications systems used by the Group, or by any consequences of unauthorised access to or the use, disclosure, degradation, interruption, modification

or destruction of information or information systems, including the consequences of acts of terrorism in respect of these.

Any of the below threats and vulnerabilities may impact on the Group's:

- Operations Technology (OT), such as computing and communications systems used to manage industrial operations (production, management and distribution of energy) or physical safety systems (fire protection, CCTV, alarm reception centres).
- Administration or customer interfaces, in particular violation of their personal information, under the umbrella of General Data Protection Rules (GDPR) in Europe and other countries.
- Reputation.

These risks are managed in accordance with the basic principles defined in internal rules promoting the safe use of IT and communications systems and other cyber assets, reinforcing detection, prevention, defence and response abilities before possible attacks.

Section 4.6.1 of the consolidated directors' report of the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2021 includes additional detail about this risk.

#### *1.1.4 Other ESG risks*

Whilst the Group has policies and procedures to monitor and mitigate material risks to which it is subject, under the supervision of the Board of Directors, with the support of its different committees and the management of the appropriate corporate divisions, it is subject to other non-financial risks described below.

The comprehensive risk control and management system therefore provides for the continuous monitoring and detection of emerging risks that are not strictly financial in nature which the investor community has been monitoring with growing interest in the last financial years, such as environmental aspects, the impact on society and the Group's corporate governance (**ESG**). The impact of said risks, which are reported both internally and externally, can be of a varied nature, both in economic terms and reputational terms.

While most of the risks with an ESG impact have already been described above, the risks of fraud and corruption are highlighted below. Iberdrola Group has a Compliance system consisting of a set of substantive rules, formal procedures and material actions aimed at guaranteeing compliance with ethical principles and applicable legal provisions and preventing, avoiding and mitigating risks resulting from irregular, unethical or illegal behaviours from professionals within the Group. Departments and divisions which have been directly assigned with the execution and development of this set of rules, formal procedures and material actions are also part of the Compliance system. As part of the Compliance System, the Code of Ethics and the Compliance Unit has been developed following the top domestic and international practices in terms of compliance, fraud prevention and fight against corruption.

For further information about all the risks reflected in this section 1.1, please refer to i) section 5.3 of the Integrated Report March 2022 of the Group, ii) section "Long-term risks and opportunities. Comprehensive Risk System" of the Sustainability Report 2021 of the Group, iii) section E of the Annual Corporate Governance Report 2021 of the Guarantor and iv) section 4 (which includes a description of business risks per geographical reporting unit) of the consolidated directors' report of the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2021. Specifically, with regards to climate change risk, the mitigation factors and the Task Force on Climate-related Financial Disclosures ("**TCFD**") reporting, please refer to the Sustainability Report 2021 (section I.3 "Climate Action") and Note 6 ("Climate change and the Paris Agreement") and the section 4.6.2 of the consolidated directors' report of the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2021.

## 1.2 Financial risks

The Group is structurally subject to financial risks over which it keeps a permanent control, monitoring the performance of the different financial markets where it operates and complying with the risk limits set by its risk policies.

### 1.2.1 Liquidity risk

The exposure to adverse situations in the debt or capital markets or to events resulting from the Group's economic and financial situation might hinder or prevent the Group from obtaining the financing required to properly carry on its business activities.

The Group's liquidity policy is designed to ensure that it can meet its payment obligations without having to obtain financing under unfavourable terms. For this purpose, various management measures are used, such as maintaining committed credit facilities that are adequate in terms of amount, term and flexibility, diversification in the satisfaction of financing needs through access to different markets and geographical areas, and diversification of the maturities of the debt issued.

As at 31 December 2021, the Group had a solid liquidity position in cash and enough available credit lines to comfortably comply with liquidity requirements even in the case of a greater contraction of markets.

### 1.2.2 Interest rate risk

The Group is exposed to the risk of fluctuations in market interest rates affecting cash flows and the market value of debt in respect of items in the balance sheet (debt and derivatives). In order to adequately manage and limit this risk, Iberdrola defines annually the optimal proportion of fixed and floating debt. Once the objective structure has been defined, dynamic management is carried out throughout the year assuring compliance with objective structure and risk limits: new financing at a fixed or floating rate and / or close interest rate derivatives, either to fix the interest rate (or limit its variability) of floating rate debt or to swap debt from fixed to floating rate. Derivatives may also be used to set the cost of future debt issues, provided they are highly probable.

Floating rate borrowings and cash placements are typically pegged to market rates (mainly Euribor, SONIA, Libor-dollar and the Broad National Consumer Price Index of Brazil (the *Índice Nacional de Preços ao Consumidor Amplo* or "IPCA") or the Brazilian Interbank Deposit (*Certificado de Depósito Interbancário* or "CDI") for the debt of Brazilian subsidiaries).

During 2022, in a context of extraordinary inflation rates in principal economies highly affected by the Russia-Ukraine conflict, central banks have started to abandon the low interest rates environment, increasing interest rates progressively in order to maintain inflation under control. In case of upward trend continued, risk of faster acceleration could arise.

In order to mitigate this risk, as part of the interest rate financing strategy, the Group uses interest rate derivatives to hedge the cost of the future financings considered as highly probable according to the budget or strategic plan. The Group maintains a portfolio of outstanding derivatives that protect the Group in case of future interest rate hikes.

### 1.2.3 Exchange rate risk

Currency risk resulting from fluctuations in foreign currency rates compared to the functional currency can occur in the following scenarios:

- Collections and payments for supplies, services or equipment acquisition in currencies other than the operating currency.

- Income and expenses incurred by certain foreign subsidiaries indexed to currencies other than the operating currency.
- Debt and financial expense denominated in currencies other than the operating currency.
- Consolidated profit or loss of the foreign subsidiaries (mainly US dollar, pounds sterling and Brazilian reais), since Iberdrola Group's reporting currency is the euro.
- Consolidated net equity value of investments in foreign subsidiaries.
- Expense for taxes in Mexico because the operating currency (US dollar) differs from the currency for purposes of calculation of corporate tax (Mexican peso).

The Group reduces this risk by:

- Carrying out all its economic flows in the operating currency of each Group company, provided that this is possible and economically viable and efficient, or otherwise through the use of financial derivatives.
- Financially hedging, as far as possible, the risk of transfer of earnings expected for the current year, thereby limiting the ultimate impact on Group earnings.
- Financially hedging, as far as possible, the exchange rate risk in the Mexican corporate tax, thereby limiting the ultimate impact on the earnings of Mexico and of the Group.
- Mitigating the impact on the consolidated net equity value of a hypothetical depreciation of currencies due to the Group's investments in foreign subsidiaries by maintaining an adequate percentage of foreign currency debt, as well as through financial derivatives.

Furthermore, the Group's diversification in the different geographies and the strength of the business currencies such as the Euro, the US dollar and the pounds sterling act as an important mitigating factor for the stability of the Group's results.

#### *1.2.4 Credit risk*

The Group is exposed to the credit risk arising from the possibility that counterparties (customers, suppliers, financial institutions, partners, insurers, etc.) fail to comply with contractual obligations.

This risk is properly managed and limited, depending on the type of transaction and the creditworthiness of counterparties. In particular, there is a Corporate Credit Risk Policy setting the framework and action principles for proper risk management, which are further developed at business and country level (admission criteria, approval flows, authority levels, rating tools, exposure measurement methodologies, etc.) through procedures.

With regard to credit risk on trade receivables from electricity and gas retail supply activity in the liberalised market, despite the extraordinary situation to have arisen from the COVID-19 pandemic, the historical cost of defaults has remained moderate at slightly above 1% of total turnover of this activity across all countries in which it is carried out. In the Networks businesses in Spain and the UK, no energy is supplied, and in the Networks businesses in the US and Brazil, in general, arrears are recovered through rates.

#### *1.2.5 Solvency risk*

The Group faces the risk of its financial situation getting worse and leading to a downward revision of the credit rating assigned by rating agencies, which may make financing more expensive or unavailable. In order to mitigate this risk, the Group continuously monitors the solvency and equity ratios most commonly followed by rating agencies as well as the risks that may have an impact on those ratios in order to anticipate or undertake actions aimed at correcting possible instances of non-compliance.



Moreover, communication is active with investors and rating agencies in order to explain the performance of financial indicators and their deviations, if any.

For further information about financial risks please refer to note 4 and section 4 of the consolidated directors' report of the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2021.]

### **1.3 Other risks**

#### *1.3.1 Litigation and arbitration risks*

The Group companies are party to certain in-court and out-of-court disputes within the ordinary course of their activities, the final result of which, in general, is uncertain. An adverse result could have a material adverse effect on the Iberdrola Group's business, prospects, financial condition and results of operations. However, the Group has provisioned for responsibilities arising from litigation in progress and from indemnity payments, obligations, collateral and other similar guarantees, and those aimed at covering environmental risks, according to its criteria and independent legal reports. See Notes 27, 34 and 44 of the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2021.

#### *1.3.2 The Group may engage in acquisitions and investments and disposals from time to time*

The Group may engage in acquisitions, investments and disposals of interests from time to time. There can be no assurance that the Group will identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on the Group's operating income, risks associated with unanticipated events or liabilities relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from contractual conditions that are triggered by a change of control of an acquired company.

Any failure to successfully integrate such acquisitions could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

In particular, with regards to the proposed merger between Avangrid and PNM Resources, Inc., see further details in section 4.7 of the consolidated directors' report of the Guarantor for the year ended 31 December 2021.

#### *1.3.3 Risks relating to macro-economic conditions*

Economic growth and macroeconomic conditions (for example, consumer confidence, unemployment trends and financial markets) of the countries where the Group operates can affect our operations, and even as a result of deterioration of the economy of third countries, given the high level of interconnectivity in the world today. The Group is not able to predict how the economic cycle is likely to develop in the short term or the coming years. Any further deterioration of the current economic situation in the markets in which the Group operates could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

With regards to the Russian invasion of Ukraine, it must be noted that the Group does not have any exposure to Russian gas. In Mexico the gas is procured from Mexico and USA, while in Europe, following the divestiture of our LNG portfolio to Pavillion Energy Trading & Supply Pte. Ltd. in 2020, Iberdrola procures its gas needs at the virtual trading points (gas hubs) in each country where it meets its final demand and therefore, does not import gas into any country and more specifically, does not import gas from Russia to cover its needs.

Whilst the Group has no direct exposure to Russian gas nor Russian counterparties, there can be no assurance that the Group will not be indirectly impacted by the crisis, by way of the effect of sanctions on EU economies,

(including, among others, higher interest rates and higher volatilities of exchange rates and commodity prices), possible disruptions in the supply chain and possible Russian cyber attacks.

## **(II) RISKS RELATED TO THE NOTES ISSUED UNDER THE PROGRAMME**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors.

### **2.1 Risks relating to the structure of the Subordinated Notes**

#### *2.1.1 The Issuer's obligations under the Subordinated Notes are subordinated*

The Issuer's obligations under the Subordinated Notes will be unsecured and subordinated obligations of the Issuer and will rank junior to the claims of unsubordinated and other subordinated creditors of the Issuer, except for subordinated creditors whose claims are expressed to rank *pari passu* with, or junior to, the Subordinated Notes. See Condition 3 (*Status and Guarantee*) of the Subordinated Notes. By virtue of such subordination, payments to a Holder of Subordinated Notes will, in the event of the Issuer being declared in insolvency (*concurso*) under the Spanish Insolvency Law, only be made after, and any set-off by a Holder of Subordinated Notes shall be excluded until, all obligations of the Issuer resulting from higher ranking claims have been satisfied. A Holder of Subordinated Notes may therefore recover less than the holders of unsubordinated or other subordinated liabilities of the Issuer. Subject to applicable law, no Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes and each Holder shall, by virtue of being the Holder of any Subordinated Note, be deemed to have waived all such rights of set-off. Although subordinated debt securities may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

#### *2.1.2 The Guarantee relating to the Subordinated Notes (the Subordinated Guarantee) is a subordinated obligation*

The Guarantor's obligations under the Subordinated Guarantee will be unsecured and subordinated obligations of the Guarantor. In the event of the Guarantor being declared in insolvency (*concurso*) under the Spanish Insolvency Law, the Guarantor's obligations under the Subordinated Guarantee will be subordinated in right of payment to the prior payment in full of all other liabilities of the Guarantor, except for obligations which rank equally with or junior to the Subordinated Guarantee. See Condition 3 (*Status and Guarantee*) of the Subordinated Notes.

Holders of the Subordinated Notes are advised that unsubordinated liabilities of the Guarantor may also arise out of events that are not reflected on the balance sheet of the Guarantor including, without limitation, the issuance of guarantees on an unsubordinated basis. Claims made under such guarantees will become generally unsubordinated liabilities of the Guarantor that in the insolvency of the Guarantor will need to be paid in full before the obligations under the Subordinated Guarantee may be satisfied.

#### *2.1.3. There are no events of default or cross default under the Subordinated Notes*

The Conditions of the Subordinated Notes do not provide for events of default or cross default allowing acceleration of the Subordinated Notes if certain events occur. Accordingly, if the Issuer or the Guarantor fails to meet any obligations under the Subordinated Notes or the Subordinated Guarantee, as the case may be, including the payment of any interest, investors will not have the right to require the early redemption of principal. Upon a payment default, the sole remedy available to the Holders for recovery of amounts owing in respect of any payment of principal or interest on the Subordinated Notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

#### 2.1.4 *The Subordinated Notes are undated securities*

The Subordinated Notes are undated securities, with no specified maturity date. The Issuer is under no obligation to redeem or repurchase the Subordinated Notes at any time and the Holders have no right to require redemption of the Subordinated Notes. Therefore, prospective investors should be aware that they may be required to bear the financial risks of an investment in the Subordinated Notes for an indefinite period of time and may not recover their investment in the foreseeable future.

#### 2.1.5 *The Issuer may redeem the Subordinated Notes under certain circumstances*

Holders should be aware that the Subordinated Notes may, if specified in the relevant Final Terms, be redeemed at the option of the Issuer in whole, but not in part, on the dates and at the amounts set out in the Conditions of the Subordinated Notes. This may include redemption at par or a Make-whole Amount, and will be paid together with Arrears of Interest. The Issuer may also redeem Subordinated Notes in certain other circumstances, including upon the occurrence of a Tax Law Change, an Accounting Event or a Capital Event to the extent specified in the Conditions of the Subordinated Notes.

The redemption at the option of the Issuer may affect the market value of the Subordinated Notes. During any period when the Issuer may elect to redeem or is perceived to be able to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the price at which they can be redeemed.

The Issuer may be expected to redeem the Subordinated Notes when its cost of borrowing is lower than the interest rate on the Subordinated Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. The relevant redemption amount may be less than the then current market value of the Subordinated Notes.

#### 2.1.6 *The Issuer might not be able to redeem the Subordinated Notes after a Change of Control Event*

To the extent that Change of Control Call Option is applicable, at or around the Issue Date of the Subordinated Notes, the Guarantor intends to undertake to holders of certain of its securities (**Qualifying Securities**) that following the occurrence of a Change of Control Event in respect of which the Issuer intends to deliver a notice exercising its right to redeem the Subordinated Notes under Condition 6(i) (*Change of Control Call Option*), it will do so only after making a tender offer, directly or indirectly, to all holders of Qualifying Securities to repurchase the Qualifying Securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase. As a consequence, Holders should be aware that there may not be sufficient funds to redeem the Subordinated Notes after the repurchase of Qualifying Securities.

#### 2.1.7 *It is not possible to anticipate whether the Issuer will be entitled to redeem Subordinated Notes upon the occurrence of certain events, including a Tax Law Change, an Accounting Event or a Capital Event*

As indicated under “The Issuer may redeem the Subordinated Notes in certain circumstances”, the Issuer may be entitled to redeem the Subordinated Notes. However, it is not possible to anticipate whether or not the grounds giving the Issuer the right to redeem will arise and the Issuer and the Guarantor will have no (or limited) control over whether these grounds arise. This is particularly so in the case of redemption rights which arise as a result of a Tax Law Change, an Accounting Event or a Capital Event.

If, as a result of a Tax Law Change in respect of (i) the Issuer’s obligation to make any payment under the Subordinated Notes (including any interest payment) on the next following Interest Payment Date; or (ii) the obligation of a Subordinated Loan Borrower to make any payment in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or Subordinated Loan Borrower (as the case may be) would no longer be entitled to claim a deduction in respect of computing its tax liabilities in the Kingdom of Spain, or such entitlement is materially reduced, the Issuer may be entitled to redeem the

Subordinated Notes. The direct connection between a Tax Event and the Subordinated Loan may limit the Issuer's ability to prevent the occurrence of a Tax Event, and may increase the possibility of the Issuer exercising its option to redeem the Subordinated Notes upon the occurrence thereof.

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on "Financial Instruments with Characteristics of Equity" (the **DP/2018/1 Paper**). Any final rules implemented as a result of the DP/2018/1 Paper may change, the current IFRS-EU accounting classification of financial instruments such as the Subordinated Notes as equity instruments and this may result in the occurrence of an Accounting Event. Furthermore, in February 2022, the IASB met to continue its discussions on applying IAS 32. The IASB discussed the classification of a financial instrument with a contractual obligation to deliver cash (or to settle it in such a way that it would be a financial liability) at the discretion of the issuer's shareholders and tentatively decided to explore a factors-based approach to help an entity apply its judgement when classifying these types of financial instruments as financial liabilities or as equity. This assessment is needed to determine whether an entity has an unconditional right to avoid delivering cash (or settling a financial instrument in such a way that it would be a financial liability). The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is uncertain. Accordingly, no assurance can be given as to the future classification of the Subordinated Notes from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Subordinated Notes pursuant to the Conditions.

A Rating Agency may change its rating methodology or may apply a different set of criteria after the Issue Date (due to changes in the rating previously assigned to the Issuer and/or the Guarantor or to any other reasons), and as a result (i) the Subordinated Notes may no longer be eligible (or if the Subordinated Notes have been partially or fully refinanced since the Issue Date and are no longer eligible for "equity credit" from such rating agency in part or in full as a result, all or any of the Subordinated Notes that would no longer have been eligible as a result of an amendment, clarification, change in hybrid capital methodology or change in the interpretation had they not been refinanced) for the same or a higher amount of "equity credit" attributable to the Subordinated Notes at the date of their issue or (ii) the length of time the Subordinated Notes are assigned a particular level of "equity credit" would be shortened as compared to the length of time they would have been assigned that level of "equity credit" on the initial issuance of the Subordinated Notes, in which case the Issuer may elect to redeem all of the Subordinated Notes.

#### *2.1.8 The Issuer may redeem the Subordinated Notes after a Tax Event relating to an intra-group loan*

The net proceeds of the issue of the Subordinated Notes will be on-lent by the Issuer to a Subordinated Loan Borrower pursuant to a Subordinated Loan (as defined in the Conditions of the Subordinated Notes).

The Issuer may redeem the Subordinated Notes in certain circumstances, including if, as a result of a Tax Law Change (as defined in the Conditions of the Subordinated Notes), in respect of (i) the Issuer's obligation to make any payment under the Subordinated Notes (including any interest payment) on the next following Interest Payment Date; or (ii) the obligation of a Subordinated Loan Borrower to make any payment in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or Subordinated Loan Borrower (as the case may be) would no longer be entitled to claim a deduction in respect of computing its tax liabilities in the Kingdom of Spain, or such entitlement is materially reduced.

The direct connection between a Tax Event and the Subordinated Loan may limit the Issuer's ability to prevent the occurrence of a Tax Event, and may increase the possibility of the Issuer exercising its option to redeem the Subordinated Notes upon the occurrence thereof.

#### *2.1.9 The Issuer has the right to defer interest payments on the Subordinated Notes*

The Issuer may, at its discretion, elect to defer (in whole or in part) any payment of interest on the Subordinated Notes. Any such deferral of interest payment shall not constitute a default for any purpose. See Condition 5 (*Optional Interest Deferral*) of the Subordinated Notes. Any interest in respect of the Subordinated Notes the

payment of which is deferred will, so long as the same remains outstanding, constitute Arrears of Interest (as defined in the Conditions of the Subordinated Notes). Arrears of Interest will be payable as outlined in Conditions 5(b) (*Optional Settlement of Arrears of Interest*) and 5(c) (*Mandatory Settlement of Arrears of Interest*) of the Subordinated Notes.

While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Subordinated Notes, as well as in other circumstances outlined in Condition 5(c) (*Mandatory Settlement of Arrears of Interest*) of the Subordinated Notes, and in such event, the Holders are not entitled to claim immediate payment of interest so deferred.

As a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest payments are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's and/or the Guarantor's financial condition. Investors should be aware that any deferral of interest payments or any perceived increase in the likelihood thereof may have an adverse effect on the market price of the Subordinated Notes.

#### *2.1.10 Substitution or variation of the Subordinated Notes*

There is a risk that, after the issue of the Subordinated Notes, a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event may occur which would entitle the Issuer and/or the Guarantor, without any requirement for the consent or approval of the Holders, to substitute or vary the Subordinated Notes (including the substitution of the Subordinated Notes for securities issued by a wholly-owned finance subsidiary of the Guarantor resident in a tax jurisdiction other than the Kingdom of Spain), subject to certain conditions intended to protect the interests of the Holders, so that after such substitution or variation the Subordinated Notes remain or become, as the case may be, eligible for the same or (from the perspective of the Issuer or the Guarantor) more favourable tax, accounting or ratings treatment than the treatment to which they were entitled prior to the relevant event occurring. While such substitution or variation of the Subordinated Notes is subject to certain conditions intended to protect the interests of the Holders (as a class) there can be no assurance that such substitution or variation will not have an adverse impact on the price of, and/or the market for, the Subordinated Notes or the circumstances of individual Holders.

Further, prior to the making of any such substitution or variation, the Issuer, the Guarantor and the Fiscal Agent shall not be obliged to have regard to the tax position of individual Holders or to the tax consequences of any such substitution or variation for individual Holders. No Holder shall be entitled to claim, whether from the Fiscal Agent, the Issuer, the Guarantor, or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or variation upon individual Holders. Any such substitution or variation may have an adverse impact on the price of, and/or the market for, the Subordinated Notes.

#### *2.1.11 No limitation on issuing senior or pari passu securities or other liabilities*

There is no restriction on the amount of securities or other liabilities which the Issuer or the Guarantor may issue, incur or guarantee and which rank senior to, or pari passu with, the Subordinated Notes or the Subordinated Guarantee (as the case may be). The issue of any such securities, the granting of any such guarantees or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on the insolvency, winding-up, liquidation or dissolution of the Issuer or the Guarantor (as the case may be) and/or may increase the likelihood of a deferral of interest payments under the Subordinated Notes.

If the Issuer's and/or the Guarantor's financial condition were to deteriorate, the Holders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer and/or the Guarantor were liquidated (whether voluntarily or not), the Holders could suffer loss of their entire investment.

#### *2.1.12 Any decline in the credit ratings of the Issuer and/or the Guarantor may affect the market value of the Subordinated Notes*

A credit rating agency may change its methodologies for rating securities with features similar to the Subordinated Notes in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Subordinated Notes sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Subordinated Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Subordinated Notes.

#### 2.1.13 Change of law

The Conditions of the Subordinated Notes are based on laws, tax practices, accounting and rating agencies methodologies in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to relevant law or administrative, tax, accounting practices or a change in the rating agencies methodologies after the date of this Base Prospectus.

## 2.2 Use of Proceeds Risks

*In respect of any Notes issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor*

The net proceeds from the issue of any Notes will be on-lent by the Issuer to the Guarantor to be used by the Group for general corporate purposes. The Guarantor may also choose to apply the proceeds from the issue of any Notes specifically to finance and/or refinance, in whole or in part, Eligible Green Projects (as defined under "Use of Proceeds" below) in accordance with prescribed eligibility criteria (any such Notes, **Green Bonds**). See also the section entitled "Use of Proceeds" for further detail.

Regardless of whether any Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market, no assurance is given by the Issuer, the Guarantor or the Dealers that the use of such proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Green Projects. In addition, although the Issuer or the Guarantor may agree at the time of issue of any Green Bonds to apply the proceeds of any Green Bonds so specified in, or substantially in accordance with, the eligibility criteria, it would not be an Event of Default under the Notes if the Issuer or the Guarantor were to fail to comply with such obligations for whatever reason.

In connection with the issue of "Green Bonds" under the Programme, a sustainability rating agency or sustainability consulting firm may be requested to issue a second-party opinion confirming that the Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for green projects set out by the International Capital Market Association (ICMA) Green Bond Principles (GBP) and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability project (any such second-party opinion, a **Second-party Opinion**). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding the net proceeds of the relevant issue of Notes in the form of "Green Bonds". A Second-party Opinion would not constitute a recommendation to buy, sell or hold securities and would only be current as of the date it is released. In addition, although the Guarantor may agree at the time of issue of any Green Bonds to certain reporting and use of proceeds (including in the case of certain divestments described under "Use of Proceeds") it would not be an event of default under the Notes if the Guarantor were to fail to comply with such obligations. A withdrawal of the Second-party Opinion may affect the value of such Notes and/or may have consequences for certain investors with portfolio mandates to invest in green assets. Notes issued, if any, as "Green Bonds" may not be a suitable investment for all investors seeking exposure to green assets.

Such Second-party Opinion is not incorporated in, and does not form part of, this Base Prospectus and it is available at the website of the Guarantor. No assurance is given that such Second-party Opinion correctly assesses the potential environmental impact of the issue of the Notes or the Issuer or Guarantor generally. Such Second-party Opinion generally is only current as of the date it is released and may be updated, suspended or withdrawn by the relevant provider(s) at any time. Currently the providers of green evaluations are not subject to any specific regulatory regime or other regime or oversight. Prospective investors must determine for themselves the relevance of any Second-party Opinion for the purpose of any investment in the Notes. In particular, no assurance or representation is made or given that any such Second-party Opinion reflects any present or future requirements, investment criteria or guidelines which may apply to any investor or its investments.

Any failure to apply the proceeds of any issue of Green Bonds in connection with Eligible Green Projects, or any failure to meet, or continue to meet the eligibility criteria, or the withdrawal of any Second-Party Opinion or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended by either Issuer to finance Eligible Green Projects or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Prospective investors must determine for themselves whether the proposed Green Bonds meet their requisite investment criteria and conduct any other investigations they deem necessary to reach their own conclusions as to the merits of investing in any such Green Bonds.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a “green” or an equivalently-labelled project (including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the so called EU Taxonomy), the operative provisions of which are due to enter into force over the course of 2022 and 2023) or as to what precise attributes are required for a particular project to be defined as “green” or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time or that any prevailing market consensus will not significantly change. Accordingly, no assurance is or can be given to investors in Green Bonds that any projects or uses the subject of, or related to, any Eligible Green Projects will meet any or all investor expectations regarding such “green” or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Green Projects.

## **2.3 Risks relating to payments**

### **2.3.1 *Certain Notes may be redeemed prior to maturity***

Notes may be subject to optional redemption by the Issuer or may be redeemed prior to maturity in the case of any particular Tranche of Senior Notes, if the relevant Final Terms specify that the Notes are redeemable at the Issuer’s option, for example pursuant to Condition 6(e) (*Redemption at the Option of the Issuer*) of the Senior Notes, Condition 6(f) (*Redemption, Purchase and Options*) of the Subordinated Notes, Condition 6(g) (*Redemption at the Option of the Issuer at the Make-Whole Amount*) of the Subordinated Notes, Condition 6(f) (*Residual Maturity Call Option*) of the Senior Notes, Condition 6(h) (*Redemption at the option of the Noteholders upon a Change of Control*) of the Subordinated Notes or Condition 6(g) (*Redemption following a Substantial Purchase Event*) of the Senior Notes. In certain circumstances the Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Tranche of Notes.

### **2.3.2 *Risks relating to withholding in respect of payments made by the Issuer and the Guarantor***

The Issuer considers that, pursuant to the provisions of Foral Decree of the territory of Bizkaia 205/2008 and Royal Decree 1065/2007, it is not obliged to withhold taxes in Spain on any interest paid under the Notes to any Noteholder, irrespective of whether such Noteholder is tax resident in Spain or not. The foregoing is

subject to the fulfilment of certain information procedures described in “*Taxation in Spain - Disclosure of Information in Connection with the Notes*” below.

In this regard, according to Foral Decree 205/2008 and Royal Decree 1065/2007, any interest paid by the Issuer under securities that (i) can be regarded as listed debt securities issued under Law 10/2014 and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state, will be made free of Spanish withholding tax provided that the relevant paying agent fulfils the information procedures described in “*Taxation in Spain - Disclosure of Information in Connection with the Notes*” below. The Issuer considers that the Notes meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Issuer to Holders should be paid free of Spanish withholding tax (subject to the fulfilment of the aforementioned information procedures).

Notwithstanding the above, with regard to Holders subject to Spanish Corporate Income Tax whose Notes are deposited with a Spanish resident entity acting as depositary or custodian, withholding could be made by such depositary or custodian if the Notes were considered as not compliant with the relevant exemption requirements specified in the ruling issued by the Spanish Tax Authorities (*Dirección General de Tributos*) on 27 July 2004. According to said ruling, application of the withholding exemption requires that, in addition to the Notes being traded in an organised market of an OECD country, they are placed outside Spain in another OECD country. If it was determined that such withholding exemption does not apply on the basis that the Notes were placed, totally or partially, in Spain, said depositaries or custodians could eventually make such a withholding at the applicable rate, currently 19 per cent.

In the event that the current applicable procedures were modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, including but not limited to the Bizkaia Tax Administration, the Issuer will inform the Holders of the new information procedures and of their implications, as it might be required to apply withholding tax on interest payments under the Notes if the Holders do not comply with such new information procedures.

Holders must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes. None of the Issuer, the Guarantor, the Dealers, or the Paying Agent assume any responsibility thereof.

## **2.4 Risks relating to interest**

### *2.4.1 Fixed rate securities have a market risk*

A Holder of a Note with a fixed interest rate is exposed to the risk that the price of such security falls as a result of changes in the current interest rate on the capital market (the **Market Interest Rate**). While the nominal interest rate of a Note with a fixed interest rate is fixed during the life of such security or during a certain period of time, the Market Interest Rate typically changes on a daily basis. A change of the Market Interest Rate causes the price of such Note to change. If the Market Interest Rate increases, the price of such security typically falls. If the Market Interest Rate falls, the price of a Note with a fixed interest rate typically increases. Investors should be aware that movements of the Market Interest Rate can adversely affect the price of the Notes and can lead to losses for the Holders if they sell the Notes.

### *2.4.2 Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.



#### *2.4.3 Interest rate reset in may result in a decline of yield*

A Subordinated Note with a fixed interest rate that will be reset during the term of the Subordinated Notes (as will be the case for the Subordinated Notes on each Reset Date if not previously redeemed) is exposed to the risk of fluctuating interest rate levels and uncertain interest income. Fluctuating interest rate levels make it impossible to determine the yield of such securities in advance.

#### *2.4.4 Dealer as Calculation Agent*

The Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Holders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Holders.

#### *2.4.5 Risk relating to Notes which are linked to "benchmarks"*

The regulation, reform and discontinuation of benchmarks may adversely affect the value of Notes referencing such benchmarks.

EURIBOR, swap rates and other interest rates or other types of rates and indices which are deemed to be "benchmarks" to which the interest on securities may be linked are the subject of ongoing national and international regulatory discussions and proposals for reform.

The BMR and Regulation (EU) 2016/1011 as it forms part of English law by virtue of the EUWA (the **UK BMR**) apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU and the UK respectively. These regulations could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements of any such regulation. In each case, such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark. On 11 May 2021, the working group on Euro risk-free rates published its recommendations on EURIBOR fallback trigger events and fallback rates.

On 21 September 2017, the European Central Bank announced that it would be part of a new working group tasked with the identification and adoption of a "**risk-free overnight rate**" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. On 13 September 2018, the working group on Euro risk-free rates recommended the €STR as the new risk-free rate for the euro area. The €STR was published for the first time on 2 October 2019. Although EURIBOR has been reformed in order to comply with the terms of the BMR, it remains uncertain as to how long it will continue in its current form, or whether it will be further reformed or replaced with €STR or an alternative benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the BMR, the UK BMR and any other regulations relating to benchmarks and/or possible cessation or reform of certain reference rates in making any investment decision with respect to any Notes referencing a benchmark.

The potential elimination of any benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of any Notes referencing such benchmark.

#### *2.4.6 The market continues to develop in relation to risk-free rates (including overnight rates) which are possible reference rates for the Notes*

Investors should also be aware that the market continues to develop in relation to risk-free rates, such as SONIA, SOFR and €STR as reference rates in the capital markets for sterling, U.S. Dollar and eurobonds respectively and their adoption as alternatives to the relevant interbank offered rates. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. For example, on 2 March 2020, the Federal Reserve Bank of New York, as administrator of SOFR, began publishing the SOFR Compounded Index and on 3 August 2020, the Bank of England, as administrator of SONIA, began publishing the SONIA Compounded Index.

The use of risk-free rates as reference rates for eurobonds is nascent, and may be subject to change and development in terms of the methodology used to calculate such rates, the development of rates based on risk-free rates and the development and adoption of market infrastructure for the issuance and trading of bonds referencing risk-free rates. In particular, investors should be aware that several different methodologies have been used in notes linked to such risk-free rates issued to date and no assurance can be given that any particular methodology, including the compounding formula in the Conditions of the Senior Notes, will gain widespread market acceptance. In addition, the methodology for determining any overnight rate index used to determine the Rate of Interest in respect of certain Notes could change during the life of such Notes.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to the Notes that reference such risk-free rates issued under this Base Prospectus. The Issuer may in future also issue notes referencing SONIA, the SONIA Compounded Index, SOFR, the SOFR Compounded Index, €STR or the €STR Compounded Index that differ materially in terms of interest determination when compared with any previous SONIA, the SONIA Compounded Index, SOFR, the SOFR Compounded Index, €STR or the €STR Compounded Index referenced Notes issued by it under this Base Prospectus. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Base Prospectus from time to time.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk-free rates.

Notes referencing risk-free rates may also have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing such risk-free rates, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if the relevant risk-free rates do not prove to be widely used in securities like the Notes, the trading price of such Notes linked to such risk-free rates may be lower than those of Notes referencing indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Certain administrators of risk-free rates have published hypothetical and actual historical performance data. Hypothetical data inherently includes assumptions, estimates and approximations and actual historical performance data may be limited in the case of certain risk-free rates. Investors should not rely on hypothetical or actual historical performance data as an indicator of the future performance of such risk-free rates.

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA, SONIA Compounded Index, SOFR, SOFR Compounded Index, €STR or €STR Compounded Index.

#### *2.4.7 Risk-free rates differ from interbank offered rates in a number of material respects*

Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes and some investors may be unable or unwilling to trade such Notes without changes to their IT systems both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking SONIA, SOFR or €STR become due and payable as a result of an Event of Default under Condition 10 (*Events of Default*) of the Senior Notes or Condition 10 (*Enforcement Events and No Events of Default*) of the Subordinated Notes or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

#### *2.4.8 If a Benchmark is discontinued, the rate of interest on the affected Floating Rate Notes or Fixed Rate Notes will be changed in ways that may be adverse to the holders of such Notes, without any requirement that the consent of such holders be obtained*

Under the Conditions, certain replacement provisions will apply if a benchmark (or any component part thereof) used as a reference for the calculation of interest amounts payable under the Floating Rate Notes or the Subordinated Notes were to be discontinued or otherwise become unavailable. See Condition 5(c) (*Benchmark Discontinuation:*) of the Senior Notes and Condition 4(d) (*Benchmark Discontinuation:*) of the Subordinated Notes.

In relation to the Senior Notes, where ISDA Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions of the Senior Notes provide that the Rate of Interest in respect of the Notes shall be determined by reference to the relevant Floating Rate Option in the 2006 ISDA Definitions or 2021 ISDA Definitions. Where the Floating Rate Option specified is an “IBOR” Floating Rate Option, the Rate of Interest may be determined by reference to the relevant screen rate or the rate determined on the basis of quotations from certain banks.

In relation to the Senior Notes, where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of Floating Rate Notes is to be determined, the Conditions of the Senior Notes provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available, in which case the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent. Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was discontinued.

Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Floating Rate Notes or the Subordinated Notes, as the case may be.

If the relevant IBOR is permanently discontinued and the relevant screen rate or quotations from banks (as applicable) are not available, the operation of these provisions may lead to uncertainty as to the Rate of Interest that would be applicable, and may, adversely affect the value of, and return on, the Floating Rate Notes or the Subordinated Notes, as the case may be.

If a Benchmark Event (as defined in Condition 5(c) (*Benchmark Discontinuation*:)) of the Senior Notes and Condition 4(d) (*Benchmark Discontinuation*:)) of the Subordinated Notes) occurs (which, among other events, includes the permanent discontinuation of an Original Reference Rate), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate and, in either case, an Adjustment Spread (which could be positive, negative or zero) to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate with the application of an Adjustment Spread to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to be referenced.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a successor rate or an alternative reference rate or any adjustments thereto in accordance with the relevant Conditions, the ultimate fallback (i) in relation to the Senior Notes, for a particular Interest Accrual Period may result in the Rate of Interest being equal to the Rate of Interest last determined in respect of the immediately preceding Interest Accrual Period and (ii) in relation to the Subordinated Notes, for a particular Reset Period may result in the relevant Reset Rate for the next succeeding Reset Period being equal to the last observable Reset Rate on the Relevant Screen Page. Any such consequence could have a material adverse effect on the value of and return on the Notes.

In relation to the Senior Notes, if the Issuer determines that a Benchmark Transition Event and related Benchmark Replacement Date has occurred (each as defined in Condition 5(d) (*Effect of Benchmark Transition Event*:)) of the Senior Notes) has occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purpose relating to the Senior Notes in respect of all determinations on such date and for all determinations on all subsequent dates. In connection with the implementation of a Benchmark Replacement, the Issuer will have the right to make Benchmark Replacement Conforming Changes from time to time without any requirement for the consent of approval of Holders. The selection of a Benchmark Replacement, and any decisions, determinations or elections made by the Issuer in connection with implementing a Benchmark Replacement with respect to the relevant Senior Notes in accordance with the benchmark transition provisions, including with respect to Benchmark Replacement Conforming Changes, could adversely affect the rate of interest on such Senior Notes, which could adversely affect the return on, value of and market for such Senior Notes, without any requirement that the consent of holders of such Senior Notes be obtained. Further, there is no assurance that the characteristics of any Benchmark Replacement will be similar to the Benchmark, or that any Benchmark Replacement will produce the economic equivalent of the Benchmark as a reference rate for interest on such Senior Notes.

In relation to the Subordinated Notes, notwithstanding the fallback provisions relating to Benchmark Events discussed above, no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a reduction of the amount of “equity credit” assigned to the Subordinated Notes by any Rating Agency when compared to the “equity credit” assigned to the Subordinated Notes immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Subordinated Notes for “equity credit” from any Rating Agency.

## **2.5 Risks related to Notes generally**

*2.5.1 A holder of a beneficial interest in a global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes*

Because Notes in global form are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer and/or the Guarantor.

Notes issued under the Programme may be represented by one or more global Notes. Such global Notes will be deposited with a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the global Notes. While the Notes are represented by one or more global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more global Notes the Issuer and the Guarantor will discharge their payment obligations under the Notes by making payments to the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global Notes.

Holders of beneficial interests in the global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies. Similarly, holders of beneficial interests in the global Notes will not have a direct right under the global Notes to take enforcement action against the Issuer or the Guarantor in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

In relation to any issue of Notes which under the relevant Conditions have a minimum denomination of euro 100,000 plus a higher integral multiple of another smaller amount (or, where the specified currency is not euro, its equivalent in the specified currency) (each, a **Specified Denomination**), it is possible that Notes may be traded in the clearing systems in amounts in excess of euro 100,000 (or its equivalent in the specified currency). In such a case, should definitive Notes be required to be issued, a holder who, as a result of trading, holds a principal amount of less than euro 100,000 (or its equivalent in the specified currency) in his account with the relevant clearing system at the relevant time may not receive all of his entitlement in the form of definitive Notes, and consequently may not be able to receive interest or principal in respect of all of his entitlement, unless and until such time as his holding becomes an integral multiple of a Specified Denomination. Furthermore, at any meeting of Holders while the relevant Notes are represented by a Permanent Global Note, any vote cast shall only be valid if it is in respect of a minimum of euro 100,000 (or its equivalent in the specified currency).

*2.5.2 There may not be any active trading market for the Notes*

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless, in the case of any particular tranche, such Tranche is to be consolidated with and form a single series with an outstanding Tranche of Notes). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor. Although applications have been made for the Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange, there is no assurance that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there can be no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

*2.5.3 Majority decisions bind all Holders*

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders of a Tranche of Notes including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

### **3 RISKS RELATED TO THE MARKET GENERALLY**

Set out below is a brief description of the principal market risks, including exchange rate and exchange control risks and risks relating to credit ratings.

#### **3.1 Risks relating to exchange rates and exchange control**

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (a) the Investor's Currency-equivalent yield on the Notes, (b) the Investor's Currency equivalent value of the principal payable on the Notes and (c) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### **3.2 Risks related to credit ratings**

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. A credit rating is not a statement as to the likelihood of deferral of interest on the Subordinated Notes. Holders of Subordinated Notes have a greater risk of deferral of interest payments than persons holding other securities with similar credit ratings but no, or more limited, interest deferral provisions.

In general, European regulated institutions are restricted from using credit ratings for regulatory purposes in the EEA under the CRA Regulation, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period

of time, transitional relief accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

## DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the table below which is contained within the following documents, which have previously been published and which have been filed with the CSSF shall be incorporated by reference in, and form part of, this Base Prospectus (together, the **Documents Incorporated by Reference**):

- a) an English translation of the independent auditor's report and audited non-consolidated annual accounts of Iberdrola Finanzas for the financial year ended 31 December 2021 (**Iberdrola Finanzas, 2021 Financials**) available for viewing on: [Financial statements of Iberdrola Finanzas for the year 2021.pdf](https://www.iberdrola.com/documents/20125/42025/Financial_statements_of_Iberdrola_Finanzas_for_the_year_2021.pdf);
- b) an English translation of the independent auditor's report and audited non-consolidated annual accounts of Iberdrola Finanzas for the financial year ended 31 December 2020 (**Iberdrola Finanzas, 2020 Financials**) available for viewing on: [https://www.iberdrola.com/documents/20125/42025/Financial\\_Statements\\_Iberdrola\\_Finanzas.pdf/4dbc4fb6-1c76-7ab5-cdf3-123760374c6c?t=1630402071999](https://www.iberdrola.com/documents/20125/42025/Financial_Statements_Iberdrola_Finanzas.pdf/4dbc4fb6-1c76-7ab5-cdf3-123760374c6c?t=1630402071999);
- c) an English translation of the results presentation for the three months ended 31 March 2022 (**Iberdrola, S.A. Q1 Results 2022**) available for viewing on: [https://www.iberdrola.com/documents/20125/1708762/Report\\_221Q.pdf](https://www.iberdrola.com/documents/20125/1708762/Report_221Q.pdf);
- d) an English translation of the independent auditor's report and audited consolidated annual accounts of the Guarantor for the financial year ended 31 December 2021 (**Iberdrola, S.A. 2021 Financials**) available for viewing on: [https://www.iberdrola.com/documents/20125/1606413/gsm22\\_FinancialStatements\\_AuditorsReport\\_Consolidated2021.pdf](https://www.iberdrola.com/documents/20125/1606413/gsm22_FinancialStatements_AuditorsReport_Consolidated2021.pdf);
- e) an English translation of the independent auditor's report and audited consolidated annual accounts of the Guarantor for the financial year ended 31 December 2020 (**Iberdrola, S.A. 2020 Financials**) available for viewing on: [https://www.iberdrola.com/documents/20125/42397/gsm21\\_FinancialStatements\\_AuditorsReport\\_Consolidated.pdf](https://www.iberdrola.com/documents/20125/42397/gsm21_FinancialStatements_AuditorsReport_Consolidated.pdf);
- f) the Terms and Conditions of the Notes of the Issuer set out on pages 63 to 94 (inclusive) of the Base Prospectus dated 22 June 2016 prepared by the Issuer and Iberdrola International BV (**Iberdrola International**) in connection with the Programme available for viewing on [https://www.iberdrola.com/documents/20125/42025/Base\\_Prospectus\\_2016.pdf#page=63](https://www.iberdrola.com/documents/20125/42025/Base_Prospectus_2016.pdf#page=63);
- g) the Terms and Conditions of the Notes of the Issuer set out on pages 66 to 97 (inclusive) of the Base Prospectus dated 28 July 2017 prepared by the Issuer and Iberdrola International in connection with the Programme available for viewing on: [https://www.iberdrola.com/documents/20125/42025/Base\\_Prospectus\\_2017.pdf#page=66](https://www.iberdrola.com/documents/20125/42025/Base_Prospectus_2017.pdf#page=66);
- h) the Terms and Conditions of the Notes set out on pages 70 to 101 (inclusive) of the Base Prospectus dated 1 August 2018 prepared by the Issuer and Iberdrola International in connection with the Programme available for viewing on: [https://www.iberdrola.com/documents/20125/42025/Base\\_Prospectus\\_2018.pdf#page=70](https://www.iberdrola.com/documents/20125/42025/Base_Prospectus_2018.pdf#page=70);
- i) the Terms and Conditions of the Notes of the Issuer set out on pages 41 to 75 (inclusive) of the Base Prospectus dated 25 June 2019 prepared by the Issuer and the Guarantor in connection with the Programme available for viewing on: [https://www.iberdrola.com/documents/20125/42025/base\\_prospectus\\_19.pdf#page=41](https://www.iberdrola.com/documents/20125/42025/base_prospectus_19.pdf#page=41);



- j) the Terms and Conditions of the Notes of the Issuer set out on pages 34 to 67 (inclusive) of the Base Prospectus dated 24 June 2020 prepared by the Issuer and the Guarantor in connection with the Programme available for viewing on:  
[https://www.iberdrola.com/documents/20125/42025/base\\_prospectus\\_240620.pdf#page=34;](https://www.iberdrola.com/documents/20125/42025/base_prospectus_240620.pdf#page=34;)
- k) the Terms and Conditions of the Notes of the Issuer set out on pages 38 to 85 (inclusive) of the Base Prospectus dated 25 June 2021 prepared by the Issuer and the Guarantor in connection with the Programme available for viewing on:  
[https://www.iberdrola.com/documents/20125/42025/EMTN\\_Update\\_2021\\_Base\\_Prospectus\\_Iberdrola\\_250621.pdf#page=38;](https://www.iberdrola.com/documents/20125/42025/EMTN_Update_2021_Base_Prospectus_Iberdrola_250621.pdf#page=38;)
- l) the Sustainability Report 2021 available for viewing on:  
[https://www.iberdrola.com/documents/20125/1606413/gsm22\\_IA\\_SustainabilityReport2021.pdf](https://www.iberdrola.com/documents/20125/1606413/gsm22_IA_SustainabilityReport2021.pdf);
- m) the Integrated Report 2022 available for viewing on:  
[https://www.iberdrola.com/documents/20125/1606413/gsm22\\_IA\\_IntegratedReport22.pdf](https://www.iberdrola.com/documents/20125/1606413/gsm22_IA_IntegratedReport22.pdf); and
- n) the Annual Corporate Governance Report 2021 available for viewing on:  
[https://www.iberdrola.com/documents/20125/1606413/gsm22\\_AnnualCorporateGovernance2021.pdf](https://www.iberdrola.com/documents/20125/1606413/gsm22_AnnualCorporateGovernance2021.pdf).

The information set out in the table below, which is required by the Prospectus Regulation, is contained in the Documents Incorporated by Reference

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The parts of these documents that are not listed in the cross reference list and therefore not incorporated by reference are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Copies of the Documents Incorporated by Reference are available, free of charge, from the registered office of the Issuer, the registered office of the Guarantor, from the specified offices of the Paying Agents for the time being in London and Luxembourg and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

For the avoidance of doubt, unless specifically incorporated by reference into this Base Prospectus, information contained on any website referred to in this Base Prospectus does not form part of this Base

Prospectus. The CSSF as competent authority has not scrutinised or approved the information on any website referred to in this Base Prospectus.

Any statement contained in a document that is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. To the extent that any document or information incorporated by reference to this Base Prospectus itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Base Prospectus for the purposes of the Prospectus Regulation, except where such information or documents are stated within this Base Prospectus as specifically being incorporated by reference or where this Base Prospectus is specifically defined as including such information.

### **SUPPLEMENT TO THIS BASE PROSPECTUS**

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation which, in respect of any subsequent issue of Notes to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall constitute a "Supplement to the Base Prospectus", as required by the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

### **PRESENTATION OF ALTERNATIVE PERFORMANCE MEASURES**

This Base Prospectus (including the information incorporated by reference in it), in addition to the financial information prepared under International Financial Reporting Standards as adopted by the European Union (**IFRS-EU**), includes certain alternative performance measures (**APMs**) for the purposes of Commission Delegated Regulation (EU) 2019/979, of 14 March 2019 and as defined in the Guidelines on Alternative Performance Measures issued by ESMA on 5 October 2015 (ESMA/2015/1415es). The APMs are performance measures that have been calculated using the financial information from Iberdrola and the companies within its Group, but that are not defined or detailed in the applicable financial information framework. These APMs are being used to allow for a better understanding of the financial performance of Iberdrola but should be considered only as additional information and in no case as a substitute of the financial information prepared under IFRS-EU. Moreover, the way Iberdrola defines and calculates these APMs may differ from the way these are calculated by other companies that use similar measures, and therefore they may not be comparable. Finally, please consider that certain of the APMs used in this Base Prospectus (including the information incorporated by reference in it) have not been audited. The APMs are defined on pages 83-84 of the Iberdrola, S.A. Q1 Results 2022.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of the relevant Final Terms, will be applicable to the Senior Notes in definitive form (if any) issued in exchange for the Senior Global Note(s) representing each Series and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Senior Bearer Notes or on the Senior Certificates relating to such Senior Registered Notes, details of the relevant Series being shown in the relevant Final Terms. References in these Conditions to “Senior Notes” are to Senior Notes issued by Iberdrola Finanzas, S.A.U. and are to the Senior Notes of one Series only, not to all Senior Notes which may be issued under the Programme.*

*Sentences in italics shall not form part of these terms and conditions in respect of Senior Definitive Notes.*

The euro medium term notes (the **Senior Notes**) are issued pursuant to an amended and restated agency agreement (as amended or supplemented from time to time, the **Agency Agreement**) dated 1 June 2022 between Iberdrola Finanzas, S.A.U. (the **Issuer**), Iberdrola, S.A. (the **Guarantor**), The Bank of New York Mellon, London Branch as fiscal agent (the **Fiscal Agent**), paying agent and transfer agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Senior Notes from time to time appointed, the **Paying Agents**, and each a **Paying Agent**), as transfer agent (together with the transfer agent referred to above and any additional or other transfer agents in respect of the Senior Notes from time to time appointed, the **Transfer Agent**) and as registrar (the **Registrar**) and with the benefit of a deed of covenant (the **Deed of Covenant**) dated 1 June 2022 executed by the Issuer in relation to the Senior Notes. The Guarantor has, for the benefit of the Noteholders from time to time, executed and delivered a deed of guarantee dated 1 June 2022 (the **Deed of Guarantee**) under which it has guaranteed the due and punctual payment of all amounts due by the Issuer under the Senior Notes and the Deed of Covenant as and when the same shall become due and payable (the **Guarantee**). The initial Calculation Agent(s) (if any) is specified on the Senior Notes. The Holders (as defined below) of the Senior Notes, the interest coupons (the **Coupons**) appertaining to interest bearing Senior Notes in bearer form and, where applicable in the case of such Senior Notes, talons for further Coupons (the **Talons**) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. As used in these terms and conditions (the **Conditions**), **Tranche** means Senior Notes which are identical in all respects. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents. If the Senior Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu). If so required by Spanish law, the Issuer will execute a public deed (*escritura pública*) (the **Public Deed**) before a Spanish public notary in relation to the Senior Notes and will register the Public Deed with the Commercial Registry of Biscay. The Public Deed will contain, among other information, the terms and conditions of the Senior Notes.

### 1. Form, Specified Denomination and Title

The Senior Notes are issued in bearer form (**Senior Bearer Notes**, which expression includes Senior Notes which are specified to be Exchangeable Senior Bearer Notes), in registered form (**Senior Registered Notes**) or in bearer form exchangeable for Senior Registered Notes (**Exchangeable Senior Bearer Notes**), in each case in the Specified Denomination(s) and in the Specified Currency shown in the relevant Final Terms provided that in the case of any Senior Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Senior Notes).

*All Senior Registered Notes shall have the same Specified Denomination. Where Exchangeable Senior Bearer Notes are issued, the Senior Registered Notes for which they are exchangeable shall have the*

*same Specified Denomination as the lowest specified denomination of the Exchangeable Senior Bearer Notes.*

Senior Bearer Notes are issued with Coupons (and, where appropriate, a Talon or Talons) attached, save in the case of Senior Notes which do not bear interest, in which case references to interest (other than in relation to interest due after the Maturity Date), Coupon and Talons in these Conditions are not applicable. Senior Registered Notes are represented by senior registered certificates (**Senior Certificates**), each Senior Certificate representing a holding of one or more Senior Registered Notes by the same Noteholder.

Title to the Senior Bearer Notes and Coupons and Talons shall pass by delivery. Title to the Senior Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, **Noteholder** or **Holder** (in relation to a Senior Note, Coupon or Talon) means the bearer of any Senior Bearer Note, Coupon or Talon or the person in whose name a Senior Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them herein, the absence of any such meaning indicating that such term is not applicable to the Senior Notes.

All capitalised terms which are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the Senior Definitive Notes.

## **2. Exchanges of Exchangeable Senior Bearer Notes and Transfers of Senior Registered Notes**

### **(a) Exchange of Exchangeable Senior Bearer Notes**

Subject as provided in Condition 2(f), Exchangeable Senior Bearer Notes may be exchanged for the same aggregate principal amount of Senior Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Senior Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Senior Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Senior Registered Notes may not be exchanged for Senior Bearer Notes. Senior Bearer Notes of one Specified Denomination may not be exchanged for Senior Bearer Notes of another Specified Denomination. Senior Bearer Notes which are not Exchangeable Senior Bearer Notes may not be exchanged for Senior Registered Notes.

### **(b) Transfer of Senior Registered Notes**

One or more Senior Registered Notes may be transferred upon the surrender of the Senior Certificate representing such Senior Registered Notes to be transferred together with the form of transfer endorsed on such Senior Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Senior Registered Notes represented by one Senior Certificate, a new Senior Certificate in respect of the balance not transferred will be issued to the transferor. In the case of a transfer of Senior Registered Notes to a person who is already a Holder of Senior Registered Notes, a new Senior Certificate representing the enlarged holding shall only be issued against surrender to the Transfer Agent of the Senior Certificate representing the existing holding.

**(c) Exercise of Options or Partial Redemption in Respect of Senior Registered Notes**

In the case of an exercise of an option by the Issuer or a Noteholder in respect of, or a partial redemption of, a holding of Senior Registered Notes represented by a single Senior Certificate, a new Senior Certificate shall be issued to the Noteholder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Senior Registered Notes of the same holding having different terms, separate Senior Certificates shall be issued in respect of those Senior Notes of that holding that have the same terms. New Senior Certificates shall only be issued against surrender of the existing Senior Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Senior Registered Notes to a person who is already a Holder of Senior Registered Notes, a new Senior Certificate representing the enlarged holding shall only be issued against surrender to the Transfer Agent of the Senior Certificate representing the existing holding.

**(d) Delivery of new Senior Certificates**

Each new Senior Certificate to be issued pursuant to Conditions 2(a), 2(b) or 2(c) will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the Noteholder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the Noteholder entitled to the new Senior Certificate to such address as may be specified in such request for exchange or form of transfer.

**(e) Exchange free of charge**

Exchange and transfer of Senior Notes and Senior Certificates on registration, transfer, partial redemption or exercise of an option will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

**(f) Closed periods**

No Noteholder may require the transfer of a Senior Registered Note to be registered or an Exchangeable Senior Bearer Note to be exchanged for a Senior Registered Note (i) during the period of 15 days ending on the due date for redemption of that Senior Note, (ii) during the period of 15 days prior to any date on which Senior Notes may be redeemed by the Issuer at its option pursuant to Condition 6(e), or (iii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Senior Bearer Note called for redemption may, however, be exchanged for a Senior Registered Note in respect of which the Senior Certificate is simultaneously surrendered not later than the relevant Record Date.

**(g) Restricted Securities**

For so long as any Senior Registered Note is outstanding and is a “*restricted security*” (as defined in Rule 144(a)(3) under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and during any period in relation thereto during which it is neither subject to Sections 13 or 15(d) of the United States Exchange Act of 1934 (as amended) (the **Exchange Act**) nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer and the Guarantor will make available on request to each Holder of such Senior Note in connection with any resale thereof and to any prospective purchaser of such Senior Note from such Noteholder, in each case upon request, the information specified in and meeting the requirements of Rule 144A(d)(4) under the Securities Act.



### 3. Status and Guarantee

#### (a) Status of Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and (without prejudice to the provisions of Condition 4) unsecured obligations of the Issuer and (subject to any applicable statutory exceptions and unless they qualify by law as subordinated credits (*créditos subordinados*) under Article 281.1 of the Legislative Royal Decree 1/2020, of 5 May (*Real Decreto Legislativo 1/2020, de 5 de mayo, por el que se aprueba el texto refundido de la Ley Concursal*) (the **Spanish Insolvency Law**)) rank (i) *pari passu* and rateably without any preference among themselves and (ii) at least *pari passu* with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

*In the event of insolvency (concurso) of the Issuer, under the Spanish Insolvency Law claims relating to the Senior Notes (which are not subordinated pursuant to Article 281.1 of the Spanish Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Spanish Insolvency Law. Ordinary credits rank below credits against the insolvency estate (créditos contra la masa) and credits with a general or special privilege (créditos con privilegio general o especial). Ordinary credits rank above subordinated credits and the rights of shareholders. Interest on the Senior Notes accrued but unpaid as at the commencement of any insolvency proceeding (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, accrual of interest on the Senior Notes shall be suspended as from the date of any declaration of insolvency (concurso) of the Issuer.*

#### (b) Guarantee

- (i) The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Senior Notes and Coupons on an unsubordinated basis.
- (ii) The obligations of the Guarantor in respect of Senior Notes constitute direct, unconditional, unsubordinated and (without prejudice to Condition 4) unsecured obligations of the Guarantor and (subject to any applicable statutory exceptions and unless they qualify by law as subordinated credits under Article 281.1 of the Spanish Insolvency Law) rank *pari passu* with all other unsubordinated and unsecured indebtedness and monetary obligations involving or otherwise related to borrowed money of the Guarantor, present and future. Its obligations in that respect are contained in the Deed of Guarantee.

### 4. Negative Pledge

#### (a) So long as any of the Senior Notes or Coupons remain outstanding (as defined in the Agency Agreement):

- (i) neither the Issuer nor the Guarantor will create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest (**Security**) (other than Permitted Security) upon the whole or any part of its undertaking, assets or revenues present or future to secure any Relevant Indebtedness, or any guarantee of or, indemnity in respect of, any Relevant Indebtedness;
- (ii) each of the Issuer and the Guarantor will procure that no other person creates or permits to subsist any Security (other than Permitted Security) upon the whole or any part of the undertaking, assets or revenues present or future of that other person to secure (A) any of the Issuer's Relevant Indebtedness or the Guarantor's Relevant Indebtedness, or any guarantee of or indemnity in respect of any of the Issuer's Relevant Indebtedness or the Guarantor's Relevant Indebtedness or (B) where the person in question is a Subsidiary of the Guarantor,

any of the Relevant Indebtedness of any person other than (1) that Subsidiary of the Guarantor or (2) if that Subsidiary is not a Relevant Subsidiary, any other Subsidiary of the Guarantor (which is not the Issuer or a Relevant Subsidiary), or in each case any guarantee of, or indemnity in respect, of any such Relevant Indebtedness; and

- (iii) each of the Issuer and the Guarantor will procure that no person other than the Guarantor gives any guarantee of, or indemnity in respect of, any of its Relevant Indebtedness,

unless, at the same time or prior thereto, the Issuer's obligations under the Senior Notes and Coupons or, as the case may be, the Guarantor's obligations under the Guarantee (aa) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, or (bb) have the benefit of such other security, guarantee, indemnity or other arrangement as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

- (b) For the purposes of these Conditions:

**Permitted Security** means any Security created in respect of any Relevant Indebtedness of a company which has merged with the Guarantor or one of its Subsidiaries or which has been acquired by the Guarantor or one of its Subsidiaries, provided that such security was already in existence at the time of the merger or the acquisition, was not created for the purpose of financing the merger or the acquisition and is not increased in amount and not extended following the merger or the acquisition.

**person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having a separate legal personality.

**Relevant Indebtedness** means any present or future indebtedness for borrowed money of the Guarantor, the Issuer or any other person or entity in the form of, or represented by, bonds, notes, debentures, loan stock or other securities which are or are capable of being quoted, listed or ordinarily dealt in on any stock exchange, over the counter market or other securities market (for which purpose any such bonds, notes, debentures, loan stock or other securities shall be deemed not to be capable of being so quoted, listed or ordinarily dealt in if the terms of the issue thereof expressly so provide).

**Relevant Subsidiary** means a Subsidiary of the Guarantor which is incorporated in a country whose sovereign debt is rated A or more by Standard & Poor's (or any equivalent rating) and whose total assets or revenues or EBITDA (consolidated if it has Subsidiaries) represent 7 per cent. or more of the consolidated total assets, revenues or EBITDA of the Guarantor and its Subsidiaries for the time being, EBITDA for these purposes being the aggregate of (a) "profits from operations" (after adding back "depreciation and amortisation charge, allowances and provisions") and (b) "results of companies accounted for using the equity method".

**Subsidiary** means at any particular time: (i) any company which is then directly or indirectly controlled, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned, by the first person and/or one or more of its subsidiaries, and (ii) in relation to the Guarantor, a company which fulfils the definition in paragraph (i) above and which is included in the Consolidated Financial Statements on a fully integrated basis.

**Consolidated Financial Statements** means the most recently published: (i) audited consolidated annual accounts of the Guarantor, as approved by the annual general meeting of its shareholders and audited by an independent auditor; or, as the case may be, (ii) unaudited (but subject to a limited review by an independent auditor) condensed consolidated half-year or quarterly financial statements of the Guarantor, as approved by its Board of Directors, in each case prepared in accordance with IFRS-EU.

For a company to be “controlled” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

## **5. Interest and Other Calculations**

### **(a) Interest on Fixed Rate Senior Notes**

Each Fixed Rate Senior Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and, in the case of the Broken Amount, will be payable on the particular Interest Payment Date(s).

### **(b) Interest on Floating Rate Senior Notes**

#### **(i) Interest Payment Dates**

Each Floating Rate Senior Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown thereon, Interest Payment Date shall mean each date which falls the number of months or other period specified as the Interest Period in the relevant Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

#### **(ii) Business Day Convention**

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

#### **(iii) Rate of Interest for Floating Rate Senior Notes**

The Rate of Interest in respect of Floating Rate Senior Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified in the relevant Final Terms as being applicable.

(A) ISDA Determination for Floating Rate Senior Notes

Where ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (1) if the Final Terms specify either “2006 ISDA Definitions” or “2021 ISDA Definitions” as the applicable ISDA Definitions:
  - (I) the Floating Rate Option (as defined in the relevant ISDA Definitions) is as specified in the relevant Final Terms;
  - (II) the Designated Maturity (as defined in the relevant ISDA Definitions), if applicable is a period specified in the relevant Final Terms; and
  - (III) the relevant Reset Date (as defined in the relevant ISDA Definitions) is as specified in the relevant Final Terms;
  - (IV) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the relevant ISDA Definitions), Compounding is specified to be applicable in the relevant Final Terms and:
    - a) Compounding with Lookback is specified as the Compounding Method in the relevant Final Terms, Lookback is the number of Applicable Business Days (as defined in the relevant ISDA Definitions) specified in the relevant Final Terms; or
    - b) Compounding with Observation Period Shift is specified as the Compounding Method in the relevant Final Terms, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
    - c) Compounding with Lockout is specified as the Compounding Method in the relevant Final Terms, (a) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms;
  - (V) if the specified Floating Rate Option is an Overnight Floating Rate Option (as defined in the relevant ISDA Definitions), Averaging is specified to be applicable in the relevant Final Terms and:
    - a) Averaging with Lookback is specified as the Averaging Method in the relevant Final Terms, Lookback is the number of

Applicable Business Days (as defined in the ISDA Definitions) as specified in relevant Final Terms; or

- b) Averaging with Observation Period Shift is specified as the Averaging Method in the relevant Final Terms, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Observation Period Shift Additional Business Days (as defined in the ISDA Definitions), if applicable, are the days specified in the relevant Final Terms; or
  - c) Averaging with Lockout is specified as the Averaging Method in the relevant Final Terms, (a) Lockout is the number of Lockout Period Business Days (as defined in the ISDA Definitions) specified in the relevant Final Terms, and (b) Lockout Period Business Days, if applicable, are the days specified in the relevant Final Terms; and
- (VI) if the specified Floating Rate Option is an Index Floating Rate Option (as defined in the relevant ISDA Definitions) and Index Provisions are specified to be applicable in the relevant Final Terms, the Compounded Index Method with Observation Period Shift shall be applicable and, (a) Observation Period Shift is the number of Observation Period Shift Business Days (as defined in the relevant ISDA Definitions) specified in the relevant Final Terms and (b) Observation Period Shift Additional Business Days (as defined in the relevant ISDA Definitions), if applicable, are the days specified in the relevant Final Terms;
- (2) in connection with any Compounding Method, Averaging Method or Index Method specified in the relevant Final Terms, references in the ISDA Definitions to:
- (I) “Confirmation” shall be deemed to be references to the relevant Final Terms;
  - (II) “Calculation Period” shall be deemed to be references to the relevant Interest Accrual Period;
  - (III) “Termination Date” shall be deemed to be references to the Maturity Date; and
  - (IV) “Effective Date” shall be deemed to be references to the Interest Commencement Date;
- (3) if the Final Terms specify “2021 ISDA Definitions” as the applicable ISDA Definitions:
- (I) “Administrator/ Benchmark Event” shall be disappplied; and
  - (II) if the Temporary Non-Publication Fallback in respect of any specified Floating Rate Option is specified to be “Temporary Non-Publication – Alternative Rate” in the Floating Rate Matrix of the 2021 ISDA Definitions, the reference to “Calculation Agent

Alternative Rate Determination” in the definition of “Temporary Non- Publication – Alternative Rate” shall be replaced by “Temporary Non-Publication Fallback – Previous Day’s Rate”.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

- (B) Screen Rate Determination for Floating Rate Senior Notes (other than Floating Rate Senior Notes which reference SONIA, SOFR or €STR)

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate specified in the Final Terms is not SONIA, SOFR or €STR, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (I) If the Relevant Screen Page is not available or, if sub paragraph (B)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (B)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (II) if paragraph (I) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the

Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Screen Rate Determination for Floating Rate Senior Notes which reference SONIA, SOFR or €STR

(1) Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined, Index Determination is specified in the relevant Final Terms as not applicable and the Reference Rate specified in the relevant Final Terms is SONIA, SOFR or €STR:

(I) where the Calculation Method in respect of the relevant Senior Notes is specified in the relevant Final Terms as being **Compounded Daily**, the Rate of Interest applicable to the Senior Notes for each Interest Accrual Period will (subject to Condition 5(c) or Condition 5(d), as the case may be, and subject as provided below) be the Compounded Daily Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; and

(II) where the Calculation Method in respect of the relevant Series of Senior Notes is specified in the relevant Final Terms as being **Weighted Average**, the Rate of Interest applicable to the Senior Notes for each Interest Accrual Period will (subject to Condition 5(c) or Condition 5(d), as the case may be, and subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

(2) Where **SONIA** is specified as the Reference Rate in the relevant Final Terms, subject to Condition 5(c), if, in respect of any Business Day, the Calculation Agent determines that the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:

- (I) (x) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day; plus (y) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- (II) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant Business Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and, in each case, **r** shall be interpreted accordingly.

Notwithstanding the paragraph above, and without prejudice to Condition 5(c), in the event of the Bank of England publishing guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent shall, in accordance with the instructions of the Issuer, follow such guidance to the extent practicable and to the extent such guidance does not increase obligations or duties of the Calculation Agent in order to determine the SONIA rate, for purposes of the Senior Notes, for so long as the SONIA rate is not available or has not been published by the authorised distributors.

- (3) Where **SOFR** is specified as the Reference Rate in the relevant Final Terms, subject to Condition 5(d), if, in respect of any Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the Relevant Screen Page (and **r** shall be interpreted accordingly).
- (4) Where **€STR** is specified as the Reference Rate in the relevant Final Terms, subject to Condition 5(c), if, in respect of any Business Day, the Calculation Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be the €STR for the first preceding Business Day on which the €STR was published on the Relevant Screen Page (and **r** shall be interpreted accordingly).
- (5) In the event that the Rate of Interest for the relevant Interest Accrual Period cannot be determined in accordance with the foregoing provisions by the Calculation Agent, subject to Condition 5(c) or 5(d), as the case may be, the Rate of Interest for such Interest Accrual Period shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period), (ii) if there is no such preceding Interest Determination Date and the relevant Interest Accrual Period is the first



Interest Accrual Period for the Senior Notes, the initial Rate of Interest which would have been applicable to such Senior Notes for the first Interest Accrual Period had the Senior Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum or Minimum Rate of Interest applicable to the first Interest Accrual Period) or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Accrual Period is not the first Interest Accrual Period for the Senior Notes, the Rate of Interest which applied to the immediately preceding Interest Accrual Period.

- (6) If the relevant Senior Notes become due and payable in accordance with Condition 10, the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Senior Notes became due and payable and the Rate of Interest on such Senior Notes shall, for so long as any such Note remains outstanding, be that determined on such date.
- (7) For the purposes of this Condition 5(b)(iii)(C):

If **Payment Delay** is specified in the relevant Final Terms as being applicable, all references in these Conditions to interest on the Senior Notes being payable on an Interest Payment Date shall be read as reference to interest on the Senior Notes being payable on an Effective Interest Payment Date instead;

**Applicable Period** means,

- (I) where **Lag, Lock-out** or **Payment Delay** is specified as the Observation Method in the relevant Final Terms, Interest Accrual Period; and
- (II) where **Observation Shift** is specified as the Observation Method in the relevant Final Terms, Observation Period;

**Business Day** or **BD**, means, (i) where **SONIA** is specified as the Reference Rate, any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London; (ii) where **SOFR** is specified as the Reference Rate, any day which is a U.S. Government Securities Business Day and is not a legal holiday in New York and is not a date on which banking institutions in those cities are authorised or required by law or regulation to be closed; and (iii) where **€STR** is specified as the Reference Rate, a TARGET Settlement Day;

**Compounded Daily Reference Rate** means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the relevant Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent as at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{r_i - p_{BD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

**D** is the number specified in the relevant Final Terms;

**d** means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

**d<sub>0</sub>** means, for the relevant Applicable Period, the number of Business Days in such Applicable Period;

**€STR** means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate for such euro Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank as at the date of this Base Prospectus at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central Bank (the **ECB's Website**) in each case, on or before 9:00 a.m. (Central European Time) on the Business Day immediately following such Business Day;

**i** means, for the relevant Applicable Period, a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant Business Day in chronological order from, and including, the first Business Day in such Applicable Period;

**Lock-out Period** means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

**n<sub>i</sub>**, for any Business Day **i** in the Applicable Period, means the number of calendar days from, and including, such Business Day "**i**" up to but excluding the following Business Day;

**New York Federal Reserve's Website** means the website of the Federal Reserve Bank of New York as at the date of this Base Prospectus at <http://www.newyorkfed.org>, or any successor website of the Federal Reserve Bank of New York;

**Observation Period** means, in respect of the relevant Interest Accrual Period, the period from, and including, the date falling **p** Business Days prior to the first day of such Interest Accrual Period (and the first Interest Accrual Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is **p** Business Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling **p** Business Days prior to such earlier date, if any, on which the Senior Notes become due and payable);

**p** means, for any Interest Accrual Period:

- (I) where **Lag** is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified (x) where in the relevant Final Terms SOFR is specified as the Reference Rate, two Business days and (y) otherwise, five Business Days);
- (II) where **Lock-out** is specified as the Observation Method in the relevant Final Terms, zero;
- (III) where **Observation Shift** is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no

such number is specified (x) where in the relevant Final Terms SOFR is specified as the Reference Rate, two Business days and (y) operative, five Business Days);

**r** means:

- (I) where in the relevant Final Terms **SONIA** is specified as the Reference Rate and either **Lag** or **Observation Shift** is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day;
- (II) where in the relevant Final Terms **SOFR** is specified as the Reference Rate and either **Lag** or **Observation Shift** is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day;
- (III) where in the relevant Final Terms **€STR** is specified as the Reference Rate and either **Lag** or **Observation Shift** is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (IV) where in the relevant Final Terms **SONIA** is specified as the Reference Rate and **Lock-out** is specified as the Observation Method:
  - (x) in respect of any Business Day **i** that is a Reference Day, the SONIA rate in respect of the Business Day immediately preceding such Reference Day, and
  - (y) in respect of any Business Day **i** that is not a Reference Day (being a Business Day in the Lock-out Period), the SONIA rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date);
- (V) where in the relevant Final Terms **SOFR** is specified as the Reference Rate and **Lock-out** is specified as the Observation Method:
  - (x) in respect of any Business Day **i** that is a Reference Day, the SOFR in respect of the Business Day immediately preceding such Reference Day, and
  - (y) in respect of any Business Day **i** that is not a Reference Day (being a Business Day in the Lock-out Period), the SOFR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date);
- (VI) where in the relevant Final Terms **€STR** is specified as the Reference Rate and **Lock-out** is specified as the Observation Method:
  - (x) in respect of any Business Day **i** that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day, and
  - (y) in respect of any Business Day **i** that is not a Reference Day (being a Business Day in the Lock-out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the

relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date);

- (VII) where in the relevant Final Terms **SONIA** is specified as the Reference Rate and **Payment Delay** is specified as the Observation Method, in respect of any Business Day, the SONIA rate in respect of such Business Day, **provided however that**, in the case of the last Interest Accrual Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, **r** shall be the SONIA rate in respect of the Rate Cut-off Date;
- (VIII) where in the relevant Final Terms **SOFR** is specified as the Reference Rate and **Payment Delay** is specified as the Observation Method, in respect of any Business Day, the SOFR in respect of such Business Day, **provided however that**, in the case of the last Interest Accrual Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, **r** shall be the SOFR in respect of the Rate Cut-off Date; and
- (IX) where in the relevant Final Terms **€STR** is specified as the Reference Rate and **Payment Delay** is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day, **provided however that**, in the case of the last Interest Accrual Period, in respect of each Business Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, **r** shall be the €STR in respect of the Rate Cut-off Date;

**Reference Day** means each Business Day in the relevant Interest Accrual Period, other than any Business Day in the Lock-out Period;

**$r_{i.pBD}$**  means the applicable Reference Rate as set out in the definition of **r** above for, (i) where, in the relevant Final Terms, **Lag** is specified as the Observation Method, the Business Day (being a Business Day falling in the relevant Observation Period) falling **p** Business Days prior to the relevant Business Day **i** or, (ii) otherwise, the relevant Business Day **i**;

**SOFR** means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Federal Reserve's Website, in each case on or about 5.00 p.m. (New York City Time) (the **SOFR Determination Time**) on the Business Day immediately following such Business Day;

**SONIA** means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day;

**U.S. Government Securities Business Day** means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association (or any successor thereto) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

**Effective Interest Payment Date** means any date or dates specified as such in the relevant Final Terms;

**Rate Cut-off Date** has the meaning given in the relevant Final Terms;

**TARGET Settlement Day** means any day on which TARGET2 is open for the settlement of payments in euro;

**Weighted Average Reference Rate** means:

- (I) where **Lag** is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and
- (II) where **Lock-out** is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period, **provided however that** for any calendar day of such Interest Accrual Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.

(D) Index Determination

Where Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate of Interest is to be determined and Index Determination is specified in the relevant Final Terms as being applicable, the Rate of Interest applicable to the Senior Notes for each Interest Accrual Period will be the compounded daily reference rate for the relevant Interest Accrual Period, calculated in accordance with the following formula and to the Relevant Decimal Place, all as determined and calculated by the Calculation Agent on the relevant Interest Determination Date plus or minus (as indicated in the relevant Final Terms) the Margin:

$$\left( \frac{\text{Compounded Index End}}{\text{Compounded Index Start}} - 1 \right) \times \frac{\text{Numerator}}{d}$$

where:

**Compounded Index** shall mean either SONIA Compounded Index, SOFR Compounded Index or €STR Compounded Index, as specified in the relevant Final Terms;

**Compounded Index End** means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the Interest Payment Date for such Interest Accrual Period, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from such Interest Accrual Period);

**Compounded Index Start** means the relevant Compounded Index value on the day falling the Relevant Number of Index Days prior to the first day of the relevant Interest Accrual Period.

**d** is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

**€STR Compounded Index** means the compounded daily €STR rate as published at 9:15 a.m. (Central European Time) by the European Central Bank (or a successor administrator of €STR) on the European Central Bank's Market Information Dissemination (MID) platform and Statistical Data Warehouse, or any successor source;

**Index Days** means, in the case of the SONIA Compounded Index, London Banking Days, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days and in the case of the €STR Compounded Index, TARGET Settlement Days;

**London Banking Day** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**Numerator** shall, unless otherwise specified in the relevant Final Terms, be 365 in the case of the SONIA Compounded Index, 360 in the case of the SOFR Compounded Index and the €STR Compounded Index;

**Relevant Decimal Place** shall, unless otherwise specified in the relevant Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index and €STR Compounded Index, and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.00000005 being rounded upwards);

**Relevant Number** shall, unless otherwise specified in the relevant Final Terms, be five in the case of the SONIA Compounded Index and €STR Compounded Index, and two in the case of the SOFR Compounded Index;

**SOFR Compounded Index** means the compounded daily SOFR rate, as published at 3:00 p.m. (New York time) by the Federal Reserve Bank of New York (or a successor administrator of SOFR) on the website of the Federal Reserve Bank of New York, or any successor source; and

**SONIA Compounded Index** means the compounded daily SONIA rate as published at 10:00 a.m. (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source.

Provided that a Benchmark Event has not occurred in respect of SONIA or €STR or a Benchmark Transition Event and its related Benchmark Replacement Date has not

occurred in respect of SOFR, as the case may be, if, with respect to any Interest Accrual Period, the relevant Compounded Index Start and/or Compounded Index End is not published by the administrator, the Calculation Agent shall calculate the Rate of Interest for that Interest Accrual Period in accordance with Condition 5(b)(iii)(C) as if Index Determination was not specified in the relevant Final Terms as being applicable. For these purposes, (i) the Reference Rate shall be deemed to be SONIA in the case of SONIA Compounded Index, €STR in the case of €STR Compounded Index and SOFR in the case of SOFR Compounded Index, (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Observation Shift, (iv) the Observation Look-back Period shall be deemed to be the Relevant Number, (v) D shall be deemed to be the Numerator and (vi) in the case of SONIA, the Relevant Screen Page will be determined by the Issuer in consultation with the Calculation Agent. If a Benchmark Event has occurred in respect of SONIA or €STR, the provisions of Condition 5(c) shall apply *mutatis mutandis* in respect of this Condition 5(b)(iii)(D) or if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provision of Condition 5(d) shall apply *mutatis mutandis* in respect of this Condition 5(b)(iii)(D), as applicable.

(E) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in the Applicable Final Terms in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified in the Applicable Final Terms as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified in the Applicable Final Terms as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent, or failing which the Issuer, (acting in good faith and in a commercially reasonable manner, and in consultation with an independent financial institution or an independent financial adviser with appropriate expertise appointed by the Issuer) shall determine such rate at such time and by reference to such sources as it determines appropriate.

**Applicable Maturity** means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Benchmark Discontinuation:**

- (i) *Independent Adviser*: If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(c)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(c)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(c) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer,

the Paying Agents, or the Noteholders for any determination made by it, pursuant to this Condition 5(c).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(c)(i), prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Senior Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(c)(i).

- (ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
  - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Senior Notes (subject to the operation of this Condition 5(c)); or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Senior Notes (subject to the operation of this Condition 5(c)).
- (iii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- (iv) *Benchmark Amendments:* If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(c) and the Independent Adviser determines (a) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(c)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5(c)(iv), the Issuer shall comply with the rules of any stock exchange on which the Senior Notes are for the time being listed or admitted to trading.

- (v) *Notices, etc.:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(c) will be notified



promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable, binding on all parties, and shall specify the effective date of the Benchmark Amendments, if any.

Notwithstanding any other provision of this Condition 5(c), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(c), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

- (vi) *Survival of Original Reference Rate:* Without prejudice to the obligations of the Issuer under Condition 5(c)(i), (ii), (iii) and (iv), the Original Reference Rate provided for in Condition 5(b) will continue to apply unless and until a Benchmark Event has occurred.
- (vii) *Definitions:* As used in this Condition 5(c):

**Adjustment Spread** means either (x) a spread (which may be positive, negative or zero) or (y) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) if Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**Alternative Rate** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(c)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Senior Notes.

**Benchmark Amendments** has the meaning given to it in Condition 5(c)(iv).

**Benchmark Event** means:

- (A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

- (B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Senior Notes; or
- (E) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, the Original Reference Rate is (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market and such representativeness will not be restored; or
- (F) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs B and C above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, or as the case may be, (b) in the case of sub-paragraph D above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph E above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in international debt capital markets appointed by the Issuer under Condition 5(c)(i).

**Original Reference Rate** means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Senior Notes.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as

applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

**(d) Effect of Benchmark Transition Event:**

Where the relevant Reference Rate applicable to the Senior Notes is SOFR (or the then-current Benchmark which has replaced SOFR), in addition and notwithstanding the provisions above in Condition 5(c), as applicable, this Condition 5(d) shall apply.

- (i) **Benchmark Replacement:** If the Issuer or its designee determines on or prior to the relevant Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Senior Notes in respect of all determinations on such date and for all determinations on all subsequent dates.
- (ii) **Benchmark Replacement Conforming Changes:** In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (iii) **Decisions and Determinations:** Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 5(d), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the sole discretion of the Issuer or its designee, as applicable, and, notwithstanding anything to the contrary in the documentation relating to the Senior Notes, shall become effective without consent from the Noteholders or any other party. None of the Fiscal Agent, the Calculation Agent nor any Paying Agents will have any liability for any determination made by or on behalf of Issuer or its designee in connection with a Benchmark Transition Event or a Benchmark Replacement.

In no event shall the Fiscal Agent, the Calculation Agent nor any Paying Agents be responsible for determining if a Benchmark Transition Event has occurred or any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon, the business day convention, interest determination dates or any other relevant methodology for calculating any such substitute or successor benchmark. In connection with the foregoing, the Fiscal Agent, the Calculation Agent and each Paying Agent will be entitled to conclusively rely on any determinations made by Issuer or its designee and will have no liability for such actions taken at the direction of the Issuer or its designee.

In the event that the Rate of Interest for the relevant Interest Accrual Period, as applicable, cannot be determined in accordance with the foregoing provisions by the Issuer or its designee, the Rate of Interest for such Interest Accrual Period shall be (i) that determined as at the immediately preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest (as specified in the relevant Final Terms) is to be applied to the relevant Interest Accrual Period from that which applied to the immediately preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that immediately preceding Interest Accrual Period), or (ii) if there is no such preceding Interest Determination Date and the relevant Interest Accrual Period is the first Interest Accrual Period for the Senior Notes, the initial Rate of Interest which would have been applicable to such Senior Notes for the first Interest Accrual

Period had the Senior Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum or Minimum Rate of Interest applicable to the first Interest Accrual Period), or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Accrual Period is not the first Interest Accrual Period for the Senior Notes, the Rate of Interest which applied to the immediately preceding Interest Accrual Period.

For the purposes of this Condition 5(d):

**Benchmark** means, initially, SOFR; **provided that** if the Issuer or its designee determines on or prior to the Reference Time that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR or the then-current Benchmark, then **Benchmark** means the applicable Benchmark Replacement.

**Benchmark Replacement** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the sum of: (I) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (II) the Benchmark Replacement Adjustment;
- (B) the sum of: (I) the ISDA Fallback Rate and (II) the Benchmark Replacement Adjustment; or
- (C) the sum of: (I) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. Dollar-denominated floating rate notes at such time and (II) the Benchmark Replacement Adjustment.

**Benchmark Replacement Adjustment** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. Dollar-denominated floating rate notes at such time.

**Benchmark Replacement Conforming Changes** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Issuer or its designee decide may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decide that adoption of any portion of such market practice is not administratively feasible or if the Issuer

or its designee determine that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determine is reasonably necessary).

**Benchmark Replacement Date** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) in the case of sub-paragraph (A) or (B) of the definition of **Benchmark Transition Event**, the later of (I) the date of the public statement or publication of information referenced therein and (II) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or
- (B) in the case of clause (C) of the definition of **Benchmark Transition Event**, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

**Benchmark Transition Event** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, **provided that**, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

**designee** means a designee as selected and separately appointed by the Issuer as designee for the Senior Notes in writing.

**ISDA Fallback Adjustment** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark.

**ISDA Fallback Rate** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**Reference Time** with respect to any determination of the Benchmark means (I) if the Benchmark is SOFR, the SOFR Determination Time, and (II) if the Benchmark is not SOFR, the time determined by the Issuer or its designee after giving effect to the Benchmark Replacement Conforming Changes.

**Relevant Governmental Body** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

**Unadjusted Benchmark Replacement** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

**(e) Interest on Zero Coupon Senior Notes**

Where a Note the interest basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (calculated in accordance with Condition 6(d)).

**(f) Accrual of Interest**

Interest shall cease to accrue on each Senior Note on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 up to (and excluding) the Relevant Date (as defined in Condition 8).

**(g) Margin, Maximum/Minimum Interest Rates and Redemption Amounts, and Rounding**

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes **unit** means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means 0.01 Euro.

**(h) Calculations**

The amount of interest payable per Calculation Amount in respect of any Senior Note for any period shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount of each Senior Note by the Day Count Fraction specified in the relevant Final Terms save that, where an Interest Amount (or a formula for its calculation) is specified in respect of such period, the amount of interest payable per Calculation Amount in respect of such Senior Note for such period will equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

**(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine the Rate of Interest and calculate the Interest Amounts in respect of each Specified Denomination of the Senior Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or the Optional Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Senior Notes which is to make a further calculation upon receipt of such information and, if the Senior Notes are listed on a stock exchange or other relevant authority and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of a Rate of Interest, the Interest Amount, the Interest Payment Date, the Final Redemption Amount, Early Redemption Amount and Optional Redemption Amount, or (ii) in all other cases, as soon as practicable but in no event later than the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period in accordance with these Conditions. If the Senior Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Senior Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amounts so calculated need be made. The determination of each Rate of Interest, Interest Amount, Final Redemption Amount, the Early Redemption Amount and the Optional Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

**(j) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**2006 ISDA Definitions** means, in relation to a Series of Senior Notes, the 2006 ISDA Definitions as amended, supplemented or updated as at the Issue Date of the first Tranche of the Senior Notes of the relevant Series, as published by the International Swaps and Derivatives Association, Inc. (copies of which may be obtained at [www.isda.org](http://www.isda.org)).

**2021 ISDA Definitions** means, in relation to a Series of Senior Notes, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions (including each Matrix (and any successor Matrix thereto), as defined in such 2021 ISDA Interest Rate Derivatives Definitions) as at the Issue Date of the first Tranche of the Senior Notes of the relevant Series, as published by the International Swaps and Derivatives Association, Inc. (copies of which may be obtained at [www.isda.org](http://www.isda.org)).

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Senior Note for any period of time (whether or not constituting an Interest Period, the **Calculation Period**):

- (i) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **Actual/360** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **30/360**, **360/360** or **Bond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and
- “D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 32 and D2 is greater than 29, in which case D2 will be 30;

- (v) if **30E/360** or **Eurobond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:



- “Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and
- “D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and
- “D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

- (vii) if **Actual/Actual (ICMA)** is specified in the relevant Final Terms:

- (i) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (A) the actual number of days in such Determination Period and (B) the number of Determination Periods in any year;
- (ii) where the Calculation Period is longer than one Determination Period, the sum of:

- (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year; and
- (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year,

where:

**Designated Maturity** means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and

**Determination Period** means the period from and including a Determination Date in any year to but excluding the next Determination Date.

**Determination Date** means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

**Euro-zone** means the member states of the European Union that are participating in the third stage of European Monetary Union.

**Interest Accrual Period** means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on, but excluding, the next succeeding Interest Period Date.

**Interest Amount** means the amount of interest payable and, in the case of Fixed Rate Senior Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

**Interest Commencement Date** means the date of issue of the Senior Notes (the **Issue Date**) or such other date as may be specified in the relevant Final Terms.

**Interest Determination Date** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the relevant Final Terms.

**Interest Period** means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

**Interest Period Date** means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

**ISDA Definitions** means the 2006 ISDA Definitions or the 2021 ISDA Definitions, as specified in the relevant Final Terms, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified in the relevant Final Terms.

**Rate of Interest** means the rate of interest payable from time to time in respect of the Senior Notes and which is either specified, or calculated in accordance with the provisions, in the relevant Final Terms.

**Reference Banks** means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer.

**Reference Rate** means the rate specified as such in the relevant Final Terms.

**Relevant Business Day** means:

- (i) in the case of a currency other than euro, a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for that currency; and/or
- (ii) in the case of euro, a day on which TARGET2 is open for the settlement of payments in euro; and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is specified, generally in each of the Business Centres so specified.

**Relevant Screen Page** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms (or any successor replacement page, section, caption, column or other part of a particular information service).

**Specified Currency** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Senior Notes are denominated.

**TARGET2 Business Day** means a day on which the TARGET2 System is operating.

**TARGET2 System** means the Trans European Automated Real Time Gross Settlement Express Transfer system (TARGET2) which was launched on 19 November 2007 or any successor thereto.

**(k) Change of Interest Basis**

If Changes of Interest Basis is specified in the relevant Final Terms as being applicable, the Final Terms will indicate the relevant Interest Periods to which the Fixed Rate Senior Note provisions, Floating Senior Rate Note provisions and/or Zero Coupon Note provisions shall apply.

**(l) Calculation Agent**

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to the Senior Notes and for so long as any Senior Notes are outstanding. Where more than one Calculation Agent is appointed in respect of the Senior Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**6. Redemption, Purchase and Options**

**(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Final Redemption Amount (which is its principal amount i.e., at par) on the Maturity Date specified on each Note.

**(b) Redemption for taxation reasons**

The Senior Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time, on giving not less than 15 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Kingdom of Spain or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligations cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such Additional Amounts if a payment in respect of the Senior Notes (or the Guarantee, as the case may be) were then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent a certificate signed by a director of the Issuer (or the Guarantor, as the case may be) stating that the Issuer (or the Guarantor, as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer (or the Guarantor, as the case may be) so to redeem have occurred.

**(c) Purchases**

The Issuer, the Guarantor and any of the Guarantor's Subsidiaries may at any time purchase Senior Notes (provided that all unmatured Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

**(d) Early Redemption of Zero Coupon Senior Notes**

- (i) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date upon redemption of such Note pursuant to Condition 6(b), Condition 6(e), Condition 6(f), Condition 6(g), Condition 6(h), Condition 6(i), or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Senior Notes if they were discounted back to their Issue Price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b), Condition 6(e), Condition 6(f), Condition 6(g), Condition 6(h), Condition 6(i), or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final

Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(f).

**(e) Redemption at the Option of the Issuer**

If Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 60 days' irrevocable notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, all or, if so provided some of the Senior Notes on any Optional Redemption Date. Any such redemption of Senior Notes shall be at their Optional Redemption Amount (as specified in the relevant Final Terms) together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Senior Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified in the relevant Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the relevant Final Terms.

If Make-Whole Amount is specified in the relevant Final Terms, the Optional Redemption Amount as determined by the Financial Adviser will be the higher of (a) 100 per cent. of the principal amount outstanding of the Senior Notes to be redeemed and (b) the sum of the present values of the principal amount outstanding of the Senior Notes to be redeemed and the Remaining Term Interest on such Senior Notes (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at (i) the Reference Note Rate plus the Redemption Margin or (ii) the Discount Rate, in each case as specified in the relevant Final Terms. If the Make-whole Exemption Period is specified as applicable and the Issuer gives notice to redeem the Senior Notes during the Make-whole Exemption Period, the Optional Redemption Amount will be 100 per cent. of the principal amount outstanding of the Senior Notes to be redeemed.

All Senior Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the serial numbers of the Senior Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements or other relevant authority requirements. So long as the Senior Notes are listed on the Luxembourg Stock Exchange and the rules of that stock exchange so require, the Issuer shall, once in each year in which there has been a partial redemption of the Senior Notes, cause to be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) a notice specifying the aggregate nominal amount of Senior Notes outstanding and a list of the Senior Notes drawn for redemption but not surrendered. So long as the Senior Notes are listed and/or admitted to trading on any other exchange, notices required to be given to the Holders of the Senior Notes shall also be published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Senior Notes are listed and/or admitted to trading.

In these Conditions:

**Discount Rate** will be as set out in the relevant Final Terms.

**FA Selected Note** means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Senior Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Senior Notes and of a comparable maturity to the remaining term of the Senior Notes.

**Financial Adviser** means the entity so specified in the relevant Final Terms or, if not so specified or if such entity is unable or unwilling to act, any financial adviser selected by the Issuer.

**Make-whole Exemption Period** will be as set out in the relevant Final Terms.

**Redemption Margin (s)** will be as set out in the relevant Final Terms.

**Reference Note** shall be the note so specified in the relevant Final Terms or, if not so specified or if no longer available, the FA Selected Note.

**Reference Note Price** means, with respect to any date of redemption: (a) the arithmetic average of the Reference Government Note Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Note Dealer Quotations or (b) if the Financial Adviser obtains fewer than four such Reference Government Note Dealer Quotations, the arithmetic average of all such quotations.

**Reference Note Rate** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Note, assuming a price for the Reference Note (expressed as a percentage of its principal amount) equal to the Reference Note Price for such date of redemption.

**Reference Date** will be set out in the relevant notice of redemption, such date to fall no earlier than the date falling 30 days prior to the date of such notice.

**Reference Government Note Dealer** means each of five banks selected by the Issuer which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate note issues.

**Reference Government Note Dealer Quotations** means, with respect to each Reference Government Note Dealer and any date for redemption, the arithmetic average, as determined by the Financial Adviser, of the bid and offered prices for the Reference Note (expressed in each case as a percentage of its principal amount) at the Quotation Time specified in the relevant Final Terms on the Reference Date quoted in writing to the Financial Adviser by such Reference Government Note Dealer.

**Remaining Term Interest** means with respect to any Senior Note, the aggregate amount of scheduled payment(s) of interest on such Senior Note for the remaining term of such Senior Note determined by the Financial Adviser on the basis of the rate of interest applicable to such Senior Note from and including the date on which such Note is to be redeemed by the Issuer in accordance with this Condition 6(e).

**(f) Residual Maturity Call Option**

If a Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 60 days' irrevocable notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders, or such other notice period as may be specified in the relevant Final Terms, (which notice shall specify the date fixed for redemption (the **Residual Maturity Call Option Redemption Date**)), redeem all (but not only some) of the outstanding Senior Notes at their principal amount together with interest accrued to, but excluding, the date fixed for redemption, which shall be no earlier than (i) three months before the Maturity Date in respect of Senior Notes having a maturity of not more than ten years or (ii) six months before the Maturity Date in respect of Senior Notes having a maturity of more than ten years; or in either case, such shorter time period as may be specified in the relevant Final Terms.

For the purpose of the preceding paragraph, the maturity of not more than ten years or the maturity of more than ten years shall be determined as from the Issue Date of the Senior Notes.

All Senior Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(f).

**(g) Redemption following a Substantial Purchase Event**

If a Substantial Purchase Event is specified in the relevant Final Terms as being applicable and a Substantial Purchase Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders, or such other notice period as may be specified in the relevant Final Terms (which notice shall be irrevocable), redeem the Senior Notes in whole, but not in part, at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption.

All Senior Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(g).

A **Substantial Purchase Event** shall be deemed to have occurred if at least 75 per cent. of the aggregate principal amount of the Senior Notes (which for these purposes shall include any further Senior Notes issued in accordance with Condition 13) is purchased by the Issuer, the Guarantor or any Subsidiary of the Guarantor (and in each case is cancelled in accordance with Condition 6(j)).

**(h) Redemption at the option of the Noteholders upon a Change of Control**

If a Change of Control Put Option is specified in the relevant Final Terms as being applicable, at any time while any Note remains outstanding, each Holder of Senior Notes will have the option (the **Change of Control Put Option**) to require the Issuer to redeem or, at the Issuer's option, to procure the purchase of such Senior Notes on the Optional Redemption Date at the Optional Redemption Amount (plus interest accrued to, but excluding the Optional Redemption Date) (both terms as defined below), if a Change of Control Event has occurred and is continuing (a **Put Event**).

A **Change of Control** shall be deemed to have occurred at each time that any person or persons acting in concert (**Relevant Persons**) or any person or persons acting on behalf of such Relevant Persons, acquire(s) control, directly or indirectly, of the Guarantor.

A **Change of Control Event** shall be deemed to occur if a Change of Control occurs and, during the Change of Control Period, a Rating Downgrade occurs.

**control** means: (a) the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor; or (b) the right to appoint and/or remove all or the majority of the members of the Guarantor's Board of Directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

**Change of Control Period** means the period commencing on the date that is the earlier of: (1) the date of the occurrence of the relevant Change of Control; and (2) the date of the earliest Potential Change of Control Announcement (if any), and ending on the date which is 270 days after the date of the occurrence of the relevant Change of Control.

**Potential Change of Control Announcement** means any public announcement or public statement by the Issuer, the Guarantor, any actual or potential bidder or any advisor thereto relating to any potential Change of Control.

**Rating Agency** means any of the following: (a) Standard & Poor's Global Ratings Europe Limited (**S&P**); (b) Moody's Investors Service Limited (**Moody's**); (c) Fitch Ratings Limited (**Fitch Ratings**);

or (d) any other credit rating agency of equivalent international standing specified from time to time by the Issuer in the relevant Final Terms and, in each case, their respective successors or affiliates.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if: (A) within the Change of Control Period the rating previously assigned to the Guarantor by any Rating Agency is: (x) withdrawn; (y) ceases to be an Investment Grade Rating; or (z) if the rating assigned to the Guarantor by any Rating Agency which is current at the time the Change of Control Period begins is below an Investment Grade Rating, that rating is lowered one full rating notch by any Rating Agency (for example BB+ to BB by S&P), provided that a Rating Downgrade shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing or lowering the rating does not publicly announce or otherwise confirms in writing to the Issuer that the reduction or withdrawal was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control; or (B) at the time of the Change of Control there is no rating assigned to the Guarantor.

**Investment Grade Rating** means: (1) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (2) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories); and (3) with respect to Fitch Ratings, any of the categories from and including AAA to and including BBB- (or equivalent successor categories).

**Optional Redemption Amount** means, for the purposes of this Condition 6(h), an amount equal to par or such other amount specified in the relevant Final Terms.

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a **Put Event Notice**) to the Fiscal Agent, the Paying Agents and the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Change of Control Put Option, as well as the date upon which the Put Period (as defined below) will end and the Optional Redemption Date (as defined below).

To exercise the Change of Control Put Option to require redemption or, as the case may be, purchase of a Note under this section, the holder of that Note must transfer or cause to be transferred its Senior Notes to be so redeemed or purchased to the account of the Fiscal Agent specified in the Change of Control Put Option Notice for the account of the Issuer within the period (the **Put Period**) of 45 days after the Put Event Notice is given together with a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Option Notice**) and in which the holder may specify a bank account to which payment is to be made under this Condition.

The Issuer shall redeem or, at the option of the Issuer, procure the purchase of the Senior Notes in respect of which the Change of Control Put Option has been validly exercised as provided above, and subject to the transfer of such Senior Notes to the account of the Fiscal Agent for the account of the Issuer as described above on the date which is the fifth Business Day following the end of the Put Period (the **Optional Redemption Date**). Payment in respect of any Note so transferred will be made in the Specified Currency to the holder to the bank account denominated in the Specified Currency specified in the Put Option Notice on the Optional Redemption Date via the relevant account holders.

**(i) Redemption at the Option of the Noteholder**

If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any such Senior Note, upon the Holder of such Senior Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the relevant Final Terms) redeem such Senior Note on the Optional Redemption Dates at its Optional Redemption Amount together with interest accrued to the date fixed for redemption. It may be that



before a Put Option can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise such option the Noteholder must deposit such Senior Note with any Paying Agent (in the case of Senior Bearer Notes) or the Senior Certificate representing such Senior Note(s) with the Registrar or any Transfer Agent (in the case of Senior Registered Notes) at its specified office, together with a duly completed option exercise notice (**Exercise Notice**) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Senior Note or Senior Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(j) Cancellation**

All Senior Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's Subsidiaries may be surrendered for cancellation, in the case of Senior Bearer Notes, by surrendering each such Senior Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Senior Registered Notes, by surrendering the Senior Certificate representing such Senior Notes to the Registrar and, in each case, if so surrendered, will, together with all Senior Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Senior Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Senior Notes shall be discharged.

**(k) Other Senior Notes**

The Early Redemption Amount payable in respect of any Note, upon redemption of such Note pursuant to Condition 6(b) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified in the relevant Final Terms.

**7. Payments and Talons**

**(a) Senior Bearer Notes**

Payments of principal and interest in respect of Senior Bearer Notes will, subject as mentioned below, be made, where applicable, against presentation and surrender of the relevant Senior Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the Noteholder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency and, in the case of Euro, by cheque drawn down or by transfer to, a Euro account to which Euro may be credited or transferred as specified by the payee.

**(b) Senior Registered Notes**

- (i) Payments of principal in respect of Senior Registered Notes will be made against presentation and surrender of the relevant Senior Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Senior Registered Notes will be paid to the person shown on the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**). Payments of interest on each Senior Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank

in the principal financial centre of the country of the currency concerned and mailed to the Noteholder (or to the first named of joint Noteholders) of such Senior Note at its address appearing in the Register maintained by the Registrar. Upon application by the Noteholder to the specified office of the Registrar or any Transfer Agent before, the Record Date and subject as provided in Condition 7(a) above, such payment of interest may be made by transfer to an account in the specified currency designated by the Noteholder with a bank in the principal financial centre of the country of that currency.

**(c) Payments in the United States**

Notwithstanding the foregoing, if any Senior Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Senior Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) Payments Subject to Law, etc**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). No commission or expenses shall be charged to the Noteholders in respect of such payments.

**(e) Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar or any Transfer Agent and to appoint additional or other agents provided that the Issuer and the Guarantor will at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Senior Registered Notes, (iii) a Transfer Agent having a specified office in at least two major European cities (including Luxembourg so long as the Senior Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require) in relation to Senior Registered Notes, (iv) a Calculation Agent where the Conditions so require one, (v) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Senior Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require), (vi) a Paying Agent having a specified office in a city in continental Europe outside the European Union and (vii) such other agents as may be required by any other stock exchange on which the Senior Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Senior Notes denominated in U.S. Dollars in the circumstances described in Condition 7(c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

**(f) Unmatured Coupons and unexchanged Talons**

- (i) Upon the due date for redemption of those Senior Notes, Senior Bearer Notes which comprise Fixed Rate Senior Notes, should be surrendered for payment together with all unmaturing Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmaturing Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount then due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Senior Bearer Note comprising a Floating Rate Senior Note, unmaturing Coupons relating to such Senior Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Senior Bearer Note, any unexchanged Talon relating to such Senior Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Senior Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Senior Notes is presented, where applicable, for redemption without all unmaturing coupons and any unexchanged Talon relating to it, and where any Senior Bearer Note is presented, where applicable, for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date as the case may be, shall only be payable against presentation, where applicable (and surrender if appropriate) of the relevant Senior Bearer Note or Senior Certificate representing it, as the case may be. Interest accrued on a Senior Note which only bears interest after its Maturity Date shall be payable on redemption of such Senior Note against presentation, where applicable, of the relevant Senior Note or Senior Certificate representing it, as the case may be.

**(g) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Senior Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 9).

**(h) Non-Business Days**

If any date for payment in respect of any Senior Note or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), **business day** means a day which is:

- (i) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business: (A) in, as regards Senior Bearer Notes, the relevant place of presentation (if presentation is required) and (B) in such jurisdictions as shall be specified as **Financial Centres** in the relevant Final Terms; and
- (ii) (A) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the specified currency, on which foreign exchange transactions may be carried on in the specified currency in the principal financial centre of the country of such currency; or (B) (in the case of a payment in Euro) where payment is to be made by payment to an account, a day on which the TARGET2 System is operating.

**(i) Redenomination, Renominalisation and Reconventioning**

- (i) *Notice of redenomination:* If the country of the Specified Currency becomes, or announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents, designate a date (the **Redenomination Date**), being an Interest Payment Date under the Senior Notes falling on or after the date on which that country becomes a Participating Member State.
- (ii) *Redenomination:* Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
  - (a) the Senior Notes shall be deemed to be redenominated into Euro in the specified denomination of Euro 0.01 with a principal amount for each Senior Note equal to the principal amount of that Senior Note in the Specified Currency, converted into Euro at the rate for conversion of such currency into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); *provided, however, that*, if the Issuer determines, with the agreement of the Fiscal Agent that market practice in respect of the redenomination into Euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Senior Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
  - (b) if Senior Notes have been issued in definitive form:
    - (A) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Senior Notes) will become void with effect from the date (the **Euro Exchange Date**) on which the Issuer gives notice (the **Euro Exchange Notice**) to the Noteholders that replacement Senior Notes and Coupons denominated in Euro are available for exchange (provided that such Senior Notes and Coupons are available) and no payments will be made in respect thereof;
    - (B) the payment obligations contained in all Senior Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Senior Notes in accordance with this Condition 7) shall remain in full force and effect;
  - (c) new Senior Notes and Coupons denominated in Euro will be issued in exchange for Senior Notes and Coupons denominated in the Specified Currency in such manner as

the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and

- (d) all payments in respect of the Senior Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely by Euro cheque drawn on, or by credit or transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in a country in which banks have access to the TARGET2 System.
- (iii) *Interest:* Following redenomination of the Senior Notes pursuant to this Condition 7, where Senior Notes have been issued in definitive form, the amount of interest due in respect of the Senior Notes will be calculated by reference to the aggregate principal amount of the Senior Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder.
- (iv) *Interpretation:* In this Condition:

**Participating Member State** means a member state of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty; and

**Treaty** means the Treaty establishing the European Community, as amended.

## 8. Taxation

### (a) Additional Amounts

All payments of principal and interest in respect of the Senior Notes and the Coupons by or on behalf of the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any authority therein or thereof having power to tax (each a **Taxing Authority**), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or required pursuant to an agreement described in Section 1471(b) of the Code. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (the **Additional Amounts**) as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Senior Notes or (as the case may be) Coupons, in the absence of such withholding or deduction. Notwithstanding this, no Additional Amounts shall be payable with respect to any payment in respect of any Senior Note or Coupon or (as the case may be) under the Deed of Guarantee:

- (i) to, or to a third party on behalf of, a Holder of a Senior Note or Coupon who is liable for taxes, duties, assessments or governmental charges in respect of such Senior Note or Coupon by reason of his having some connection with the Kingdom of Spain other than the mere holding of the Senior Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the thirtieth such day; or
- (iii) to, or to a third party on behalf of, a Noteholder in respect of whom the Issuer (or an agent acting on behalf of the Issuer) has not received such information as may be necessary to allow payments on such Senior Note to be made free and clear of withholding tax or deduction on

account of any taxes imposed by a Tax Jurisdiction, including when the Issuer (or an agent acting on behalf of the Issuer) does not receive such information concerning such Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Foral Decree 205/2008 and Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities; or

- (iv) presented for payment in the Kingdom of Spain; or
- (v) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

**(b) Tax Credit Payment**

If any Additional Amounts are paid by the Issuer or, as the case may be, the Guarantor under this Condition for the benefit of any Noteholder and such Noteholder in its sole discretion, determines that it has obtained (and has derived full use and benefit from) a credit against, a relief or remission for, or repayment of, any tax, then, if and to the extent that such Noteholder in its sole opinion, determines that (i) such credit, relief, remission or repayment is in respect of or calculated with reference to the Additional Amounts paid pursuant to this Condition; and (ii) its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled, such Noteholder shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Issuer or, as the case may be, the Guarantor such amount as such Noteholder shall in its sole opinion, determine to be the amount which will leave such Noteholder (after such payment) in no worse after tax position than it would have been in had the additional payment in question not been required to be made by the Issuer or, as the case may be, the Guarantor.

**(c) Tax Credit Clawback**

If any Noteholder makes any payment to the Issuer or, as the case may be, the Guarantor pursuant to this Condition and such Noteholder subsequently determines in its sole opinion, that the credit, relief, remission or repayment in respect of which such payment was made was not available or has been withdrawn or that it was unable to use such credit, relief, remission or repayment in full, the Issuer or, as the case may be, the Guarantor shall reimburse such Noteholder such amount as such Noteholder determines in its sole opinion, is necessary to place it in the same after tax position as it would have been in if such credit, relief, remission or repayment had been obtained and fully used and retained by such Noteholder, such amount not exceeding in any case the amount paid by the Noteholder to the Issuer or, as the case may be, the Guarantor.

**(d) Tax Affairs**

Nothing in Conditions 8(b) and 8(c) shall interfere with the right of any Noteholder to arrange its tax or any other affairs in whatever manner it thinks fit, oblige any Noteholder to claim any credit, relief, remission or repayment in respect of any payment made under this Condition in priority to any credit, relief, remission or repayment available to it nor oblige any Noteholder to disclose any information relating to its tax or other affairs or any computations in respect thereof.

**(e) Definitions**

As used in these Conditions, **Relevant Date** in respect of any Senior Note or Coupon means the date on which payment in respect thereof first becomes due or if any amount of the money payable is

improperly withheld (or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 14 that, upon further presentation of the Senior Note (or relative Senior Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Senior Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it; (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and (iii) “principal” and/or “interest” shall be deemed to include any Additional Amounts which may be payable under this Condition.

## 9. Prescription

Claims against the Issuer and, as the case may be, the Guarantor for payment in respect of the Senior Notes and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## 10. Events of Default

If any of the following events (each an **Event of Default**) occurs and is continuing, the Holder of a Note of any Series may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note, together with accrued interest to the date of payment, shall become immediately due and payable:

- (a) *Non-Payment*: default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Senior Notes; or
- (b) *Breach of Other Obligations*: the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations under or in respect of the Senior Notes, the Agency Agreement or the Deed of Guarantee which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent by any Noteholder; or
- (c) *Cross-Default*: (i) subject as provided below, any Relevant Indebtedness incurred by the Issuer or the Guarantor becomes due and payable prior to its stated maturity otherwise than at the option of the Issuer or the Guarantor, as the case may be, or, provided that no event of default on such Relevant Indebtedness, however described, has occurred, at the option of any person entitled to such Relevant Indebtedness, or (ii) any Relevant Indebtedness of the Issuer or of the Guarantor is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or the Guarantor fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of any Relevant Indebtedness, provided that the aggregate amount of the Relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(c) have occurred equals or exceeds €125,000,000 or its equivalent in other currencies.

Paragraph (c) shall not apply to Relevant Indebtedness which was incurred before 27 July 2007, provided that this exception shall not be applicable if such Relevant Indebtedness (I) has become (or is declared to become) due and payable, and (II) is not paid in full when so due and payable; or

- (d) *Enforcement Proceedings*: any distress, attachment, execution or other legal process which is material in the context of the issue and offering of the Senior Notes is levied, enforced or sued

on or against any part of the property, assets or revenues of the Issuer or the Guarantor or any of the Guarantor's Relevant Subsidiaries and is not discharged or stayed within 90 days; or

- (e) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or the Guarantor or any of the Guarantor's Relevant Subsidiaries which is material in the context of the issue and offering of the Senior Notes becomes enforceable and any step is taken to enforce it (including the taking of possession by or the appointment of a receiver, administrative receiver, manager or other similar person); or
- (f) *Insolvency*: (i) the Issuer or the Guarantor or any Relevant Subsidiary becomes, or is adjudicated to be, insolvent or is adjudicated to be unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer or the Guarantor or any Relevant Subsidiary or the whole or any material part of the undertaking, assets and revenues of the Issuer or the Guarantor or any Relevant Subsidiary is appointed (or application for any such appointment is made), (iii) the Issuer or the Guarantor or any Relevant Subsidiary takes any action for a general readjustment or deferment of its obligations or makes a general assignment or arrangement or composition with or for the benefit of its creditors generally or declares a moratorium in respect of its indebtedness or guarantees given by it, or (iv) any other proceeding is commenced in respect of the Issuer or the Guarantor or any Relevant Subsidiary which requires the application of priorities pursuant to (or equivalent to) any applicable Spanish laws; or
- (g) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or the Guarantor or any Relevant Subsidiary, or the Issuer or the Guarantor or any Relevant Subsidiary shall cease or through an official action of its board of directors threaten to cease to carry on all or a substantial part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Relevant Subsidiary, whereby the undertaking or assets of the Relevant Subsidiary are transferred to or otherwise vested in (A) the Issuer or the Guarantor or another Subsidiary or (B) any other person provided, in this case, that the undertaking or assets are transferred to that person for full consideration on an arm's length basis and the proceeds of the consideration are applied as soon as practicable in the Guarantor's or the Subsidiary's business or operations or (iii) in the case of the Issuer, whereby the undertakings or assets of the Issuer are transferred to or otherwise vested in the Guarantor or any entity wholly owned by the Guarantor; or (iv) to comply with any mandatory requirements of law, regulation, directive or rule applicable to the Guarantor or any of its Relevant Subsidiaries in connection with the reorganisation of the energy sector relevant to the Guarantor or any of its Relevant Subsidiaries; or
- (h) *Authorisation and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Senior Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Senior Notes and the Deed of Guarantee admissible in evidence in the courts of the Kingdom of Spain is not taken, fulfilled or done; or
- (i) *Illegality*: it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Senior Notes or the Deed of Guarantee; or



- (j) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs including, but not limited to, *concurso*; or
- (k) *Guarantee*: the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

In this Condition, “Relevant Indebtedness”, “Relevant Subsidiary” and “Subsidiary” shall have the respective meanings given to them in Condition 4(b).

## **11. Meetings of Noteholders and Modifications**

### **(a) Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Senior Notes (including these Conditions insofar as the same may apply to such Senior Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Senior Notes or any date for payment of interest thereon, (ii) to reduce or cancel any premium payable on redemption of the Senior Notes, (iii) to reduce the rate or rates of interest in respect of the Senior Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method for calculating the Amortised Face Amount, (vi) to change the currency or currencies of payment or specified denomination of the Senior Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

A modification of any of these Conditions in accordance with Condition 5(c) (*Benchmark Discontinuation*) does not need to be approved by an Extraordinary Resolution of Noteholders in order to be effective.

*These Conditions may be amended, modified, or varied in relation to any Series of Senior Notes by the terms of the relevant Final Terms in relation to such Series.*

### **(b) Modification of Agency Agreement**

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not, in the opinion of the Issuer or the Guarantor (as the case may be), reasonably be expected to be prejudicial to the interests of the Noteholders.

## **12. Replacement of Senior Notes, Senior Certificates, Coupons and Talons**

If a Senior Note, Senior Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of the Senior Bearer Notes, Coupons or Talons) and the Registrar (in the case of Senior Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for such purpose, and notice of whose designation is given to Noteholders in accordance with Condition 14, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and

indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Senior Note, Senior Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Senior Notes, Senior Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Senior Notes, Senior Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **13. Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Senior Notes and so that the same shall be consolidated and form a single series with such Senior Notes, and references in these Conditions to “Senior Notes” shall be construed accordingly.

### **14. Notices**

Notices to the Holders of Senior Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. With respect to Senior Registered Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange (so long as such Senior Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of that exchange so require), any notices must also be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

Notices to the Holders of Senior Bearer Notes will be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). With respect to Senior Bearer Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange, any notice must be also published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice will be validly given if published in another leading English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Holders of Coupons and Talons shall be deemed for all purposes to have notice of the contents of any notice to the Holders of Senior Bearer Notes in accordance with this Condition.

So long as the Senior Notes are listed and/or admitted to trading, notices required to be given to the Holders of the Senior Notes pursuant to these Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Senior Notes are listed and/or admitted to trading.

Until such time as any definitive Senior Notes are issued and so long as any Senior Global Note is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg there may, be substituted for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the day on which the notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Senior Note or Senior Notes, with a Paying Agent. Whilst any of the Senior Notes are represented by a Global Note, such notice may be given by any Noteholder to such Paying Agent

via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as such Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **15. Substitution of the Issuer**

(a) The Issuer and the Guarantor may at any time, without the consent of the Noteholders, substitute for the Issuer (x) the Guarantor or (y) any company which is wholly-owned by the Guarantor (the **Substitute**) upon notice by the Issuer, the Guarantor and the Substitute to be given in accordance with Condition 14 and, in the case of Senior Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange or on any other exchange, to such exchange, provided that:

- (i) no Event of Default has occurred in respect of the Senior Notes;
- (ii) no payment in respect of the Senior Notes or the Coupons (as the case may be) is at the relevant time overdue;
- (iii) the Substitute shall, by means of a deed poll in the form scheduled to the Agency Agreement as Schedule 8 (the **Deed Poll**), agree to indemnify each Noteholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
- (iv) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Senior Notes, Coupons, Talons and Deed of Covenant shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Deed Poll;
- (v) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Senior Notes, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect;
- (vi) the Substitute shall have become party to the Agency Agreement with any appropriate consequential amendments, as if it had been an original party to it;
- (vii) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognised standing in each jurisdiction referred to in (iii) above, in Spain and in England as to the fulfilment of the requirements of this Condition 15 and the other matters specified in the Deed Poll and that the Senior Notes, Coupons and Talons are legal, valid and binding obligations of the Substitute;
- (viii) each stock exchange on which the Senior Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Senior Notes will continue to be listed on such stock exchange;
- (ix) Standard & Poor's and/or Moody's and/or Fitch, as the case may be, shall have confirmed that following the proposed substitution of the Substitute, the credit rating of the Senior Notes will not be adversely affected, save where the Substitute is the Guarantor;

- (x) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings in the courts of England arising out of or in connection with the Senior Notes; and
  - (xi) in the case of Senior Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange, a prospectus supplement is filed with such exchange.
- (b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Senior Notes and the Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Senior Notes and under the Agency Agreement, and where the Substitute is the Guarantor, the Guarantor shall be released from its obligations under the Guarantee.
  - (c) After a substitution pursuant to Condition 15(a), the Substitute may, without the consent of any Noteholder, effect a further substitution. All of the provisions specified in Conditions 15(a) and 15(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.
  - (d) After a substitution pursuant to Conditions 15(a) or 15(c) any Substitute may, without the consent of any Noteholder, reverse the substitution, *mutatis mutandis*.
  - (e) In the event of a substitution pursuant to Condition 15(a), the governing law of Condition 3(a) shall be amended to the governing law of the jurisdiction of incorporation of the Substitute and, if the jurisdiction of incorporation of the Substitute is not Spain, Condition 3(a) shall be modified so as to reflect a substantially equivalent ranking for Noteholders which, in the opinion of the Issuer, the Substitute and the Guarantor, would have applied had there been no substitution.
  - (f) The Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent. Copies of such documents will be available free of charge at the specified office of each of the Paying Agents.

## 16. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Senior Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court or any jurisdiction in connection with, the winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Senior Note or Coupon which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Senior Note or Coupon, the Issuer, failing whom the Guarantor, shall indemnify the Noteholder, as the case may be, against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Senior Note or Coupon or any other judgment or order.

## **17. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Senior Notes, the Coupons and the Talons and all matters arising from or connected therewith, including any non-contractual obligations arising from or connected therewith, are governed by and shall be construed in accordance with, English law. The status of the Senior Notes as described in Condition 3(a) and the status of the Guarantee as described in Condition 3(b)(ii) are governed by, and shall be construed in accordance with, Spanish law.

### **(b) English courts**

The courts of England have exclusive jurisdiction to settle any dispute (a **Dispute**) arising from or connected with any Senior Notes, Coupons or Talons.

### **(c) Appropriate forum**

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

### **(d) Rights of the Noteholders to take proceedings outside England**

Condition 17(b) (English courts) is for the benefit of the Noteholders only. As a result, nothing in this Condition 17 prevents any Noteholder from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

### **(e) Process Agent**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to SPW Investments Limited, 4th Floor, 1 Tudor Street, London, EC4Y 0AH, UK or, if different, its registered office for the time being or at any address of the Issuer in England at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and not to Proceedings elsewhere.

## **18. Rights of Third Parties**

No person shall have any right to enforce any term or condition of any Senior Note under the Contracts (Rights of Third Parties) Act 1999.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following is the text of the terms and conditions which, subject to completion in accordance with the provisions of the relevant Final Terms, will be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for the Subordinated Global Note(s) representing each Series and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Subordinated Bearer Notes or on the Subordinated Certificates relating to such Subordinated Registered Notes, details of the relevant Series being shown in the relevant Final Terms. References in these Conditions to “Subordinated Notes” are to Subordinated Notes issued by Iberdrola Finanzas, S.A.U. and are to the Subordinated Notes of one Series only, not to all Subordinated Notes which may be issued under the Programme.*

*Sentences in italics shall not form part of these terms and conditions in respect of Definitive Subordinated Notes.*

The securities (the **Subordinated Notes**) are issued pursuant to an amended and restated agency agreement (as amended or supplemented from time to time, the **Agency Agreement**) dated 1 June 2022 between Iberdrola Finanzas, S.A.U. (the **Issuer**), Iberdrola, S.A. (the **Guarantor**), The Bank of New York Mellon, London Branch as fiscal agent (the **Fiscal Agent**), paying agent and transfer agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Subordinated Notes from time to time appointed, the **Paying Agents**, and each a **Paying Agent**), as transfer agent (together with the transfer agent referred to above and any additional or other transfer agents in respect of the Subordinated Notes from time to time appointed, the **Transfer Agent**) and as registrar (the **Registrar**) and with the benefit of a deed of covenant (the **Deed of Covenant**) dated 1 June 2022 executed by the Issuer in relation to the Subordinated Notes. The Guarantor has, for the benefit of the Noteholders from time to time, executed and delivered a deed of guarantee dated 1 June 2022 (the **Deed of Guarantee**) under which it has guaranteed the due and punctual payment of all amounts due by the Issuer under the Subordinated Notes and the Deed of Covenant as and when the same shall become due and payable (the **Guarantee**). The initial Calculation Agent(s) (if any) is specified on the Subordinated Notes. The Holders (as defined below) of the Subordinated Notes, the interest coupons (the **Coupons**) appertaining to interest bearing Subordinated Notes in bearer form and, where applicable in the case of such Subordinated Notes, talons for further Coupons (the **Talons**) are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. As used in these terms and conditions (the **Conditions**), **Tranche** means Subordinated Notes which are identical in all respects. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents. If the Subordinated Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu). If so required by Spanish law, the Issuer will execute a public deed (*escritura pública*) (the **Public Deed**) before a Spanish public notary in relation to the Subordinated Notes and will register the Public Deed with the Commercial Registry of Biscay. The Public Deed will contain, among other information, the terms and conditions of the Subordinated Notes.

### 1. Form, Specified Denomination and Title

The Subordinated Notes are issued in bearer form (**Subordinated Bearer Notes**) or in registered form (**Subordinated Registered Notes**), in each case in the Specified Denomination(s) and in the Specified Currency shown in the relevant Final Terms provided that in the case of any Subordinated Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Subordinated Notes).

Subordinated Bearer Notes are issued with Coupons (and, where appropriate, a Talon or Talons) attached. Subordinated Registered Notes are represented by registered certificates (**Subordinated**

**Certificates**), each Certificate representing a holding of one or more Subordinated Registered Notes by the same Noteholder.

Title to the Subordinated Bearer Notes and Coupons and Talons shall pass by delivery. Title to the Subordinated Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, **Noteholder** or **Holder** (in relation to a Subordinated Note, Coupon or Talon) means the bearer of any Subordinated Bearer Note, Coupon or Talon or the person in whose name a Subordinated Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them herein, the absence of any such meaning indicating that such term is not applicable to the Subordinated Notes.

All capitalised terms which are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the Subordinated Definitive Notes.

## **2. Transfers of Subordinated Registered Notes**

### **(a) Transfer of Subordinated Registered Notes**

One or more Subordinated Registered Notes may be transferred upon the surrender of the Subordinated Certificate representing such Subordinated Registered Notes to be transferred together with the form of transfer endorsed on such Subordinated Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Subordinated Registered Notes represented by one Subordinated Certificate, a new Subordinated Certificate in respect of the balance not transferred will be issued to the transferor. In the case of a transfer of Subordinated Registered Notes to a person who is already a Holder of Subordinated Registered Notes, a new Subordinated Certificate representing the enlarged holding shall only be issued against surrender to the Transfer Agent of the Subordinated Certificate representing the existing holding.

### **(b) Exercise of Options or Partial Redemption in Respect of Subordinated Registered Notes**

In the case of an exercise of an option by the Issuer in respect of, or a partial redemption of, a holding of Subordinated Registered Notes represented by a single Subordinated Certificate, a new Subordinated Certificate shall be issued to the Noteholder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Subordinated Registered Notes of the same holding having different terms, separate Subordinated Certificates shall be issued in respect of those Subordinated Notes of that holding that have the same terms. New Subordinated Certificates shall only be issued against surrender of the existing Subordinated Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Subordinated Registered Notes to a person who is already a Holder of Subordinated Registered Notes, a new Subordinated Certificate representing the enlarged holding shall only be issued against surrender to the Transfer Agent of the Subordinated Certificate representing the existing holding.

### **(c) Delivery of new Subordinated Certificates**

Each new Subordinated Certificate to be issued pursuant to Condition 2(a) or 2(b) will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in

the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the Noteholder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the Noteholder entitled to the new Subordinated Certificate to such address as may be specified in such request for exchange or form of transfer.

**(d) Exchange free of charge**

Exchange and transfer of Subordinated Notes and Subordinated Certificates on registration, transfer, partial redemption or exercise of an option will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

**(e) Closed periods**

No Noteholder may require the transfer of a Subordinated Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Subordinated Note, (ii) during the period of 15 days prior to any date on which Subordinated Notes may be redeemed by the Issuer at its option pursuant to Conditions 6(e) or 6(e), or (iii) after any such Subordinated Note has been drawn for redemption in whole or in part. .

**(f) Restricted Securities**

For so long as any Subordinated Registered Note is outstanding and is a “*restricted security*” (as defined in Rule 144(a)(3) under the United States Securities Act of 1933 (as amended) (the **Securities Act**) and during any period in relation thereto during which it is neither subject to Sections 13 or 15(d) of the United States Exchange Act of 1934 (as amended) (the **Exchange Act**) nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act, the Issuer and the Guarantor will make available on request to each Holder of such Subordinated Note in connection with any resale thereof and to any prospective purchaser of such Subordinated Note from such Noteholder, in each case upon request, the information specified in and meeting the requirements of Rule 144A(d)(4) under the Securities Act.

**3. Status and Guarantee**

**(a) Status and Subordination of Subordinated Notes and Coupons**

- (i) Status of Subordinated Notes and Coupons:** The Subordinated Notes and the Coupons constitute direct, unsecured and subordinated obligations of the Issuer (senior only to Junior Obligations of the Issuer) and shall at all times rank *pari passu* and without any preference among themselves.
- (ii) Subordination of the Subordinated Notes:** Subject to mandatory provisions of Spanish applicable law, in the event of the Issuer being declared in insolvency (*concurso*) under Spanish insolvency law, the rights and claims of the Noteholders against the Issuer in respect of or arising under the Subordinated Notes and the Coupons will rank (i) junior to the claims of all holders of Senior Obligations of the Issuer, (ii) *pari passu* with the claims of all holders of Parity Obligations of the Issuer and (iii) senior to the claims of all holders of Junior Obligations of the Issuer.



(b) **Guarantee**

- (i) **Guarantee:** The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Subordinated Notes and Coupons on a subordinated basis.
- (ii) **Status of the Guarantee:** The obligations of the Guarantor in respect of Subordinated Notes constitute direct, unsecured and subordinated obligations of the Guarantor (senior only to Junior Obligations of the Guarantor) and shall at all times rank *pari passu* and without any preference among themselves.
- (iii) **Subordination of the Guarantee:** Subject to mandatory provisions of Spanish applicable law, in the event of the Guarantor being declared in insolvency (*concurso*) under Spanish insolvency law, the rights and claims of all Noteholders against the Guarantor in respect of or arising under the Guarantee will rank (i) junior to the claims of the holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of the holders of all Parity Obligations of the Guarantor and (iii) senior to the claims of the holders of all Junior Obligations of the Guarantor.

(c) Subject to applicable law, no Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Subordinated Notes or the Coupons and each Noteholder shall, by virtue of being the Noteholder, be deemed to have waived all such rights of set-off.

(d) In these Conditions:

**Consolidated Financial Statements** means the most recently published: (i) audited annual consolidated financial statements of the Guarantor, as approved by the annual general meeting of its shareholders and audited by an independent auditor; or, as the case may be, (ii) unaudited (but subject to a “review” from an independent auditor) condensed consolidated half-year or quarterly financial statements of the Guarantor, as approved by its Board of Directors, in each case prepared in accordance with IFRS-EU.

**Junior Obligations** means the Junior Obligations of the Guarantor and the Junior Obligations of the Issuer.

**Junior Obligations of the Guarantor** means all obligations of the Guarantor issued or incurred directly or indirectly by it, which rank or are expressed to rank junior to the Guarantee, including Ordinary Shares of the Guarantor and any other shares (*acciones*) in the capital of the Guarantor (and, if divided into classes, each class thereof).

**Junior Obligations of the Issuer** means all obligations of the Issuer, issued or incurred directly or indirectly by it, which rank or are expressed to rank junior to the Subordinated Notes, including Ordinary Shares of the Issuer and any other shares (*acciones*) in the capital of the Issuer (and, if divided into classes, each class thereof).

**Ordinary Shares of the Guarantor** means ordinary shares in the capital of the Guarantor.

**Ordinary Shares of the Issuer** means ordinary shares in the capital of the Issuer.

**Outstanding Hybrid Securities** means the securities specified in the relevant Final Terms.

**Parity Obligations** means the Parity Obligations of the Guarantor and the Parity Obligations of the Issuer.

**Parity Obligations of the Guarantor** means all obligations of the Guarantor which are either (i) issued directly by the Guarantor and which rank or are expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee or (ii) issued by any Subsidiary of the Guarantor and where the terms of such obligations benefit from a guarantee or support agreement entered into by the Guarantor which ranks or is expressed to rank *pari passu* with the Guarantor's obligations under the Guarantee (which include the guarantee granted by the Guarantor in connection with each of the Outstanding Hybrid Securities).

**Parity Obligations of the Issuer** means all obligations of the Issuer, issued or incurred directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Subordinated Notes.

**Senior Obligations of the Guarantor** means all obligations of the Guarantor, including subordinated obligations of the Guarantor according to Spanish insolvency law, other than Parity Obligations of the Guarantor and Junior Obligations of the Guarantor.

**Senior Obligations of the Issuer** means all obligations of the Issuer, including subordinated obligations of the Issuer according to Spanish insolvency law, other than Parity Obligations of the Issuer and Junior Obligations of the Issuer.

**Subsidiary** means at any particular time: (i) any company which is then directly or indirectly controlled, or more than 50 per cent. of whose issued equity share capital (or equivalent) is then beneficially owned, by the first person and/or one or more of its subsidiaries, and (ii) in relation to the Guarantor, a company which fulfils the definition in paragraph (i) above and which is included in the Consolidated Financial Statements on a fully integrated basis.

For a company to be "controlled" by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

#### **4. Interest and Other Calculations**

##### **(a) General**

The Subordinated Notes bear interest at the Rate of Interest from (and including) the Interest Commencement Date in accordance with the provisions of this Condition 4.

Subject to Condition 5, interest shall be payable on the Subordinated Notes with respect to any Interest Period in arrear on each Interest Payment Date in each case as provided in this Condition 4. If a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will, subject to Condition 5, amount to the Broken Amount so specified and, will be payable on the particular Interest Payment Date(s).

##### **(b) Interest Accrual**

The Subordinated Notes will cease to bear interest from (and including) the date of redemption thereof pursuant to Condition 6 or the date of any substitution thereof pursuant to Condition 11(c) unless, upon due presentation, payment of all amounts due in respect of the Subordinated Notes is not made, in which event interest shall continue to accrue in respect of unpaid amounts on the Subordinated Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

**(c) Rate of Interest**

Unless previously redeemed or repurchased and cancelled in accordance with these Conditions and subject to the further provisions of this Condition 4, the Subordinated Notes will bear interest on their principal amount as follows:

- (i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date, at the Initial Rate of Interest each as specified in the relevant Final Terms;
- (ii) from (and including) the First Reset Date to (but excluding) (x) the Second Reset Date or (y) if no such Second Reset Date is specified in the relevant Final Terms, the date of redemption or substitution of all the Subordinated Notes, at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest.

Interest will be payable annually in arrear on each Interest Payment Date specified in the relevant Final Terms, commencing on the first Interest Payment Date (as specified in the relevant Final Terms) following the Interest Commencement Date, subject to Condition 5, if applicable.

**(d) Benchmark Discontinuation:**

- (i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(d)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(d)(iv)). In making such determination, the Independent Adviser appointed pursuant to this Condition 5(d) shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Noteholders for any determination made by it, pursuant to this Condition 5(d).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(d)(i), prior to the relevant Reset Determination Date, the Rate of Interest (or relevant component part thereof) applicable to the next succeeding Interest Period shall be equal to the last observable Original Reference Rate on the Relevant Screen Page, as determined by the Independent Adviser. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(d)(i).

- (ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:
  - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future

payments of interest on the Subordinated Notes (subject to the operation of this Condition 5(d)); or

- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Subordinated Notes (subject to the operation of this Condition 5(d)).
- (iii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.
- (iv) *Benchmark Amendments:* If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(d) and the Independent Adviser determines (a) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (b) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(d)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5(d)(iv), the Issuer shall comply with the rules of any stock exchange on which the Subordinated Notes are for the time being listed or admitted to trading.

- (v) *Notices, etc.:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4(d) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable, binding on all parties, and shall specify the effective date of the Benchmark Amendments, if any.

Notwithstanding any other provision of this Condition 5(d), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(d), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, wilful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, wilful default or fraud) shall not incur any liability for not doing so.

- (vi) *Survival of Original Reference Rate:* Without prejudice to the obligations of the Issuer under Condition 5(d)(i), (ii), (iii) and (iv), the Original Reference Rate provided for in Condition 5(c) will continue to apply unless and until a Benchmark Event has occurred.
- (vii) *No Successor Rate etc. if reduction of "equity credit":* Notwithstanding any other provision of this Condition 4(d), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected

to (i) result in a reduction of the amount of “equity credit” assigned to the Subordinated Notes by any Rating Agency when compared to the “equity credit” assigned to the Subordinated Notes immediately prior to the occurrence of the relevant Benchmark Event from such Rating Agency or (ii) otherwise prejudice the eligibility of the Subordinated Notes for “equity credit” from any Rating Agency.

(viii) **Definitions:** As used in this Condition 4(d):

**Adjustment Spread** means either (x) a spread (which may be positive, negative or zero) or (y) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (B) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (C) if Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**Alternative Rate** means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(d)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Subordinated Notes.

**Benchmark Amendments** has the meaning given to it in Condition 5(d)(iv).

**Benchmark Event** means:

- (A) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or
- (B) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Subordinated Notes; or

- (E) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, the Original Reference Rate is (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (F) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs B and C above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, or as the case may be, (b) in the case of sub-paragraph D above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph E above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

**Independent Adviser** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in international debt capital markets appointed by the Issuer under Condition 5(d)(i).

**Original Reference Rate** means the Reset Rate (or any correspondent part thereof) used to determine the Rate of Interest.

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

**(e) Accrual of Interest**

Interest shall cease to accrue on each Subordinated Note on the due date for redemption or the date of any substitution thereof unless payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 up to (and excluding) the Relevant Date (as defined in Condition 8).

**(f) Margin, Maximum/Minimum Interest Rates and Redemption Amounts, and Rounding**

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Periods, in the case of (y), calculated in accordance with these Conditions by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes **unit** means, with respect to any currency other than Euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to Euro, means 0.01 Euro.

**(g) Calculations**

The amount of interest payable per Calculation Amount in respect of any Subordinated Note for any period shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount of each Subordinated Note by the Day Count Fraction specified in the relevant Final Terms save that, where an Interest Amount (or a formula for its calculation) is specified in respect of such period, the amount of interest payable per Calculation Amount in respect of such Subordinated Note for such period will equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Periods.

**(h) Determination and Publication of Rates of Interest, Interest Amounts, Early Redemption Amounts and Optional Redemption Amounts**

The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, determine the Rate of Interest and calculate the Interest Amounts in respect of each Specified Denomination of the Subordinated Notes for the relevant Interest Period, calculate the Early Redemption Amount or the Optional Redemption Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Subordinated Notes which is to make a further calculation upon receipt of such information and, if the Subordinated Notes are listed on a stock exchange or other relevant authority and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of a Rate of Interest, the Interest Amount, the Interest Payment Date, the Early Redemption Amount and Optional Redemption Amount, or (ii) in all other cases, as soon as practicable but in no event later than the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of

adjustment) without notice in the event of an extension or shortening of the Interest Period in accordance with these Conditions. If the Subordinated Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Subordinated Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amounts so calculated need be made. The determination of each Rate of Interest, Interest Amount, the Early Redemption Amount and the Optional Redemption Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

**Day Count Fraction** means, in respect of the calculation of an amount of interest on any Subordinated Note for any period of time (whether or not constituting an Interest Period, the **Calculation Period**):

- (i) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **Actual/365 (Fixed)** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **Actual/360** is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if **30/360**, **360/360** or **Bond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and
- “D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 32 and D2 is greater than 29, in which case D2 will be 30;



- (v) if **30E/360** or **Eurobond Basis** is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and
- “D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

- “Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;
- “Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;
- “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;
- “D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and
- “D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D2 will be 30; and

- (vii) if **Actual/Actual (ICMA)** is specified in the relevant Final Terms:

- (i) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of (A) the actual number of days in such Determination Period and (B) the number of Determination Periods in any year;
- (ii) where the Calculation Period is longer than one Determination Period, the sum of:
  - (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year; and
  - (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of (I) the actual number of days in such Determination Period and (II) the number of Determination Periods in any period of one year,

where:

**Determination Period** means the period from and including a Determination Date in any year to but excluding the next Determination Date.

**Determination Date** means the date specified as such in the relevant Final Terms or, if none is so specified, the Interest Payment Date.

**Euro-zone** means the member states of the European Union that are participating in the third stage of European Monetary Union.

**First Reset Date** means the date specified as such in the relevant Final Terms, provided, however, that if the date specified in the relevant Final Terms is not a Relevant Business Day, then such date shall be postponed to the next day that is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day.

**First Reset Period** means the period from (and including) the First Reset Date until (but excluding) (x) the Second Reset Date or (y) if no such Second Reset Date is specified in the relevant Final Terms, the date of redemption or substitution of all the Subordinated Notes.

**First Reset Rate of Interest** means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Margin as specified in the relevant Final Terms.

**Initial Rate of Interest** means the initial rate of interest specified as such in the relevant Final Terms.

**Interest Amount** means the amount of interest payable (including any Broken Amount, as the case may be), subject to Condition 5.

**Interest Commencement Date** means the date of issue of the Subordinated Notes (the **Issue Date**) or such other date as may be specified in the relevant Final Terms.

**Interest Period** means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

**Margin(s)** means the margin(s) specified as such in the relevant Final Terms.

**Mid-Swap Rate** means, unless otherwise specified in the relevant Final Terms, in relation to a Reset Determination Date and subject to Condition 4(d), the rate for swaps in the Specified Currency:

- (i) with a term equal to the relevant Reset Period;
- (ii) commencing on the relevant Reset Date; and
- (iii) payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Subordinated Notes during the relevant Reset Period (or, if such rate with such frequency of payments is not displayed on the Relevant Screen Page at or around the Reset Rate Time, the rate with the next closest frequency of payments converted in accordance with market convention to a rate with the frequency with which scheduled interest payments are payable on the Subordinated Notes),

which appears on the Relevant Screen Page, as at approximately the Reset Rate Time on such Reset Determination Date, all as determined by the Calculation Agent.

Subject to the operation of Condition 4(d), in the event that the relevant Mid-Swap Rate does not appear on the Relevant Screen Page on the relevant Reset Determination Date, the Mid-Swap Rate will be the Reset Reference Bank Rate on such Reset Determination Date.

**Mid-Swap Rate Quotations** means, in relation to any Reset Period, the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on the basis of the Day Count Fraction specified in the relevant Final Terms, as determined by the Calculation Agent) of a fixed-for-floating interest rate swap in the Specified Currency which (i) has a term equal to the relevant Reset Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (each as specified in the relevant Final Terms) (calculated on the basis of the Day Count Fraction specified in the relevant Final Terms, as determined by the Calculation Agent).

**Mid-Swap Floating Leg Benchmark Rate** has the meaning specified as such in the relevant Final Terms.

**Mid-Swap Maturity** has the meaning specified as such in the relevant Final Terms.

**Rate of Interest** means the rate of interest payable from time to time in respect of the Subordinated Notes and which is either specified, or calculated in accordance with the provisions, in the relevant Final Terms.

**Reference Bond** means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of a leading independent investment, merchant or commercial bank that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the relevant Reset Period.

**Reference Bond Price** means, with respect to any Reset Determination Date (i) the arithmetic mean of the Reference Government Bond Dealer Quotations for such Reset Determination

Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five, but more than one, Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations, or (iii) if only one Reference Government Bond Dealer Quotation is received, the amount of that quotation so received.

**Reference Bond Rate** means the rate per annum equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

**Reference Government Bond Dealer** means each of five banks (selected by the Issuer on the advice of a leading independent investment, merchant or commercial bank), or their affiliates and respective successors, which are primary dealers or market makers in the market for securities such as the Reference Bond.

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic mean, as determined by the Calculation Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at approximately the Reset Rate Time on the relevant Reset Determination Date, quoted in writing to the Issuer and the Calculation Agent by such Reference Government Bond Dealer.

**Relevant Business Day** means:

- (i) in the case of a currency other than euro, a day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for that currency; and/or
- (ii) in the case of euro, a day on which TARGET2 is open for the settlement of payments in euro; and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is specified, generally in each of the Business Centres so specified.

**Relevant Screen Page** means such page, section, caption, column or other part of a particular information service as may be specified in the relevant Final Terms (or any successor replacement page, section, caption, column or other part of a particular information service).

**Reset Date** means the First Reset Date, the Second Reset Date and every Subsequent Reset Date as specified in the relevant Final Terms.

**Reset Determination Date** means, in respect of the First Reset Period, the second Relevant Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Relevant Business Day prior to the Second Reset Date and, in respect of each Reset Period thereafter, the second Relevant Business Day prior to the first day of each such Reset Period, or, in each case, such other date specified in the relevant Final Terms.

**Reset Period** means the First Reset Period or a Subsequent Reset Period.

**Reset Rate** means:

- (i) if Mid Swap is specified in the relevant Final Terms, the Mid Swap Rate; or

- (ii) if Reference Bond is specified in the relevant Final Terms, the Reference Bond Rate.

**Reset Rate Time** the time specified as such in the relevant Final Terms.

**Reset Reference Bank Rate** means the percentage rate determined by the Calculation Agent on the basis of the Mid-Swap Rate Quotations provided by five leading swap dealers in the interbank market selected by the Issuer on the advice of a leading independent investment, merchant or commercial bank (the **Reset Reference Banks**) to the Calculation Agent at approximately the Reset Rate Time in the principal financial centre of the Specified Currency on the relevant Reset Determination Date. If (a) at least three quotations are provided, the Mid-Swap Rate will be determined by the Calculation Agent on the basis of the arithmetic mean (or, if only three quotations are provided, the median) of the quotations provided, eliminating the highest quotation (or, in the event of equality one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest); (b) if only two quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided; (c) if only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided; and (d) if no quotations are provided, the Reset Reference Bank Rate for the relevant period will be equal to the last observable mid-swap rate for swap transactions in the Specified Currency, having a term equal to the relevant Reset Period, on the Relevant Screen Page, as determined by the Calculation Agent.

**Second Reset Date** means the date specified as such in the relevant Final Terms, provided, however, that if the date specified in the relevant Final Terms is not a Relevant Business Day, then such date shall be postponed to the next day that is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day.

**Specified Currency** means the currency specified as such in the relevant Final Terms or, if none is specified, the currency in which the Subordinated Notes are denominated.

**Subsequent Reset Date** means the date specified as such in the relevant Final Terms, provided, however, that if the date specified in the relevant Final Terms is not a Relevant Business Day, then such date shall be postponed to the next day that is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day.

**Subsequent Reset Period** means the period from (and including) the Second Reset Date to (but excluding) the next Reset Date, and each successive period from (and including) a Reset Date to (but excluding) the next succeeding Reset Date.

**Subsequent Reset Rate of Interest** means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the applicable Margin as specified in the relevant Final Terms.

**TARGET2 Business Day** means a day on which the TARGET2 System is operating.

**TARGET2 System** means the Trans European Automated Real Time Gross Settlement Express Transfer system (TARGET2) which was launched on 19 November 2007 or any successor thereto.

**(j) Calculation Agent**

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to the Subordinated Notes and for so long as any

Subordinated Notes are outstanding. Where more than one Calculation Agent is appointed in respect of the Subordinated Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**(k) Step-up after Change of Control Event**

If Change of Control Event and Step Up after Change of Control Event are specified as being applicable in the relevant Final Terms, then this Condition 5(k) shall apply.

Notwithstanding any other provision of this Condition 4, if the Issuer does not elect to redeem the Subordinated Notes in accordance with Condition 6(i) following the occurrence of a Change of Control Event, the then currently applicable Rate of Interest, and each subsequent Rate of Interest otherwise determined in accordance with the provisions of this Condition 4, on the Subordinated Notes shall be increased by the Step Up Margin (as specified in the relevant Final Terms) with effect from (and including) the date on which the Change of Control Event occurred.

**5. Optional Interest Deferral**

**(a) Deferral of Interest Payments**

If Optional Interest Payment is specified as applicable in the relevant Final Terms, the Issuer may, subject as provided in Conditions 5(b) and 5(c) below, elect in its sole discretion to defer (in whole or in part) any interest payment that is otherwise scheduled to be paid on an Interest Payment Date in accordance with these Conditions by giving notice (a **Deferral Notice**) of such election to the Noteholders in accordance with Condition 14, the Fiscal Agent and the Paying Agents not more than 14 and not less than seven days prior to the relevant Interest Payment Date. Any such interest payment that the Issuer has elected to defer pursuant to this Condition 5(a) and that has not been satisfied is referred to as a **Deferred Interest Payment**.

If any interest payment is deferred pursuant to this Condition 5(a) then such Deferred Interest Payment shall itself bear interest (such further interest being **Additional Interest Amount** and, together with the Deferred Interest Payment, **Arrears of Interest**), at the relevant Rate of Interest applicable from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the date on which such Deferred Interest Payment is paid in accordance with Condition 5(b) or 5(c), in each case such further interest being compounded on each Interest Payment Date.

Non-payment of interest deferred pursuant to this Condition 5(a) shall not constitute a default by the Issuer or the Guarantor under the Subordinated Notes or the Guarantee or for any other purpose.

**(b) Optional Settlement of Arrears of Interest**

Arrears of Interest may be satisfied at the option of the Issuer, in whole or in part, at any given time (the **Optional Deferred Interest Settlement Date**) following delivery of a notice to such effect given by the Issuer to the Noteholders in accordance with Condition 14, the Fiscal Agent and the Paying Agents not more than 14 and no less than seven days prior to the relevant Optional Deferred Interest Settlement Date informing them of its election to satisfy such Arrears of Interest (or part thereof) and specifying the relevant Optional Deferred Interest Settlement Date.

If amounts in respect of Deferred Interest Payments and Additional Interest Amounts are paid in part:

- (i) all unpaid amounts of Deferred Interest Payment shall be payable before any of the Additional Interest Amounts;
- (ii) Deferred Interest Payments accrued for any period shall not be payable until full payment has been made of all Deferred Interest Payments that have accrued during any earlier period and the order of payment of the Additional Interest Amounts shall follow that of the Deferred Interest Payment to which it relates; and
- (iii) the amount of Deferred Interest Payment or Additional Interest Amounts payable in respect of any of the Subordinated Notes in respect of any period, shall be pro rata to the total amount of all unpaid Deferred Interest Payments or, as the case may be Additional Interest Amounts accrued on the Subordinated Notes in respect of that period to the date of payment.

**(c) Mandatory Settlement of Arrears of Interest**

Notwithstanding the provisions of Condition 5(b), the Issuer shall pay any outstanding Arrears of Interest in whole, but not in part, on the first occurring Mandatory Settlement Date following the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

Notice of the occurrence of any Mandatory Settlement Date shall be given to the Noteholders in accordance with Condition 14, the Fiscal Agent and the Paying Agents not more than 14 and no less than seven Business Days prior to the relevant Mandatory Settlement Date.

In these Conditions:

**Affiliates** means an entity that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Guarantor.

**Mandatory Settlement Date** means the earliest of:

- (i) as soon as reasonably practicable (but not later than the seventh day) following the date on which a Compulsory Arrears of Interest Settlement Event occurs;
- (ii) on the next scheduled Interest Payment Date on which the Issuer does not elect to defer in whole the interest accrued in respect of the relevant Interest Period; or
- (iii) the date on which the Subordinated Notes are redeemed or repaid in accordance with Condition 6 or become due and payable in accordance with Condition 10.

**A Compulsory Arrears of Interest Settlement Event** shall have occurred if:

- (i) a Dividend Declaration is made in respect of any Junior Obligations or any Parity Obligations (other than in respect of any Dividend Declaration made exclusively in Ordinary Shares of the Guarantor); or
- (ii) the Guarantor or any of its subsidiaries has repurchased, redeemed or otherwise acquired any Junior Obligations or any Parity Obligations,

save, in the case of:

- (a) any such Dividend Declaration or such redemption, repurchase or acquisition that is mandatory under the terms of any such Parity Obligations;
- (b) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor that is made pursuant to a buy-back program approved under Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse;

- (c) any Dividend Declaration in respect of any such dividend, distribution or payment by the Issuer to the Guarantor,
- (d) any Dividend Declaration or repurchase which is required to be validly resolved on, declared, paid or made in respect of, share option, or free share allocation plan in each case reserved for directors, officers and/or employees of the Guarantor or any of its Affiliates or any associated liquidity agreements or any associated hedging transactions;
- (e) any purchase of Ordinary Shares of the Guarantor by or on behalf of the Guarantor as part of an intra-day transaction that does not result in an increase in the aggregate number of Ordinary Shares of the Guarantor held by or on behalf of the Guarantor as treasury shares at 8.30 a.m. Madrid time on the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred;
- (f) any repurchase or acquisition of Parity Obligations that is made for a consideration less than the aggregate nominal or par value of such Parity Obligations that are purchased or acquired;
- (g) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from mandatory obligations or hedging of any convertible securities issued by the Issuer or the Guarantor; or
- (h) any repurchase or acquisition of Ordinary Shares of the Guarantor resulting from the settlement of existing equity derivatives after the Interest Payment Date on which any outstanding Deferred Interest Payment was first deferred.

**Dividend Declaration** means the authorisation by resolution of the general meeting of shareholders or the board of directors or other competent corporate body (as the case may be) of the Issuer or the Guarantor (as applicable) of the payment, or the making of, a dividend or other distribution or payment (or, if no such authorisation is required, the payment, or the making of, a dividend or other distribution or payment).

A Compulsory Arrears of Interest Settlement Event shall not occur pursuant to paragraph (i) above in respect of any pro rata payment of deferred or arrears of interest on any Parity Obligations which is made simultaneously with a pro rata payment of any Arrears of Interest provided that such pro rata payment of deferred or arrears of interest on a Parity Obligation is not proportionately more than the pro rata settlement of any such Arrears of Interest.

## **6. Redemption, Purchase and Options**

### **(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below, the Subordinated Notes are undated securities with no specified maturity date. The Subordinated Notes may not be redeemed at the option of the Issuer other than in accordance with Condition 6(b), 6(c), 6(d), 6(e), 6(f), 6(g), 6(h), or 6(i).

### **(b) Redemption for taxation reasons**

If, immediately prior to the giving of the notice referred to below, a Tax Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable) and subject to Condition 6(j), redeem the Subordinated Notes in whole, but not in part, in accordance with these Conditions at any time, in each case at (i) their Early Redemption Amount (in the case of a Tax Event if the Optional Redemption Date falls before the first day of the Relevant Period) or (ii) their principal amount (in the case of (a) a Withholding Tax Event or (b) a Tax Event if the Optional Redemption Date falls on or after the first



day of the Relevant Period), together, in each case, with any accrued and unpaid interest up to (but excluding) the Optional Redemption Date and any outstanding Arrears of Interest.

In these Conditions:

**Optional Redemption Date** means the date fixed for redemption of the Subordinated Notes pursuant to Condition 6.

**Relevant Period** means the period specified in the relevant Final Terms.

A **Tax Event** shall be deemed to have occurred if, as a result of a Tax Law Change, in respect of (i) the Issuer's obligation to make any payment under the Subordinated Notes (including any interest payment) on the next following Interest Payment Date; or (ii) the obligation of the Subordinated Loan Borrower to make any payment in favour of the Issuer under the Subordinated Loan on the next following due date for such payment, the Issuer or the Subordinated Loan Borrower (as the case may be) would no longer be entitled to claim a deduction in respect of computing its tax liabilities in Spain, or such entitlement is materially reduced.

For the avoidance of doubt, a Tax Event shall not occur if (i) payments of interest under the Subordinated Loan by the Subordinated Loan Borrower or (ii) any payments under the Subordinated Notes by the Issuer are not deductible in whole or in part for Spanish corporate income tax purposes solely as a result of general tax deductibility limits set forth by Articles 16 and 63 of Law 27/2014 dated 27 November, on Corporate Income Tax or Articles 25 bis, 47 and 89 bis of Bizkaia Corporate Income Tax Act approved by Foral Law 11/2013 dated 5 December (*Norma Foral 11/2013, de 5 de diciembre, del Impuesto sobre Sociedades*), as applicable, as at 16 November 2021.

**Tax Law Change** means a change in or proposed change in, or amendment to, or proposed amendment to, the laws or regulations of Spain or, in either case, any political subdivision or any authority thereof or therein having power to tax, including, without limitation, any treaty to which Spain is a party, or any change in the official or generally published interpretation of such laws or regulations, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretations thereof that differs from the previously generally accepted position in relation to similar transactions, which change, amendment or interpretation becomes or would become, effective after the Issue Date.

**Subordinated Loan** means the subordinated loan specified in the relevant Final Terms, made by the Issuer to the Subordinated Loan Borrower, pursuant to which the proceeds of the issue of the Subordinated Notes are on-lent to the Subordinated Loan Borrower.

**Subordinated Loan Borrower** means Iberdrola, S.A. or such other entity specified in the relevant Final Terms.

A **Withholding Tax Event** shall be deemed to occur if as a result of a Tax Law Change, in making any payments in respect of the Subordinated Notes or the Guarantee the Issuer or the Guarantor has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts in respect of the Subordinated Notes or the Guarantee that cannot be avoided by the Issuer or the Guarantor, as the case may be, taking measures reasonably available to it.

(c) **Redemption for Accounting Reasons**

If Accounting Event is specified in the relevant Final Terms as being applicable and immediately prior to the giving of the notice referred to below, an Accounting Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14, the Noteholders or such other notice period as may be specified in the relevant Final Terms (which notice shall be irrevocable) and subject

to Condition 6(j), redeem the Subordinated Notes in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Optional Redemption Date falls before the first day of the Relevant Period, or (ii) at their principal amount if the Optional Redemption Date falls on or after the first day of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Optional Redemption Date and any outstanding Arrears of Interest.

In these Conditions:

An **Accounting Event** shall be deemed to occur if the Issuer or the Guarantor has received, and notified the Noteholders in accordance with Condition 14 that it has so received, a letter or report of a recognised accountancy firm of international standing, stating that, as a result of a change in the accounting rules or methodology (or in each case the application thereof) after the Issue Date (the earlier of such date that the aforementioned change is officially announced in respect of IFRS-EU or officially adopted or put into practice, the **Accounting Event Adoption Date**), the Subordinated Notes may not or may no longer be recorded as “equity” in full in any of the consolidated financial information of the Guarantor pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of preparing the annual, semi-annual or quarterly consolidated financial information of the Guarantor. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date. The period during which the Issuer may notify the redemption of the Subordinated Notes as a result of the occurrence of an Accounting Event shall start on, and include the Accounting Event Adoption Date. For the avoidance of doubt such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

**IFRS-EU** means International Financial Reporting Standards, as adopted by the European Union.

**(d) Redemption for Rating Reasons**

If Capital Event is specified in the relevant Final Terms as being applicable and immediately prior to the giving of the notice referred to below, a Capital Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days’ notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14, the Noteholders or such other notice period as may be specified in the relevant Final Terms (which notice shall be irrevocable) and subject to Condition 6(j), redeem the Subordinated Notes in accordance with these Conditions in whole, but not in part, at any time, in each case (i) at their Early Redemption Amount if the Optional Redemption Date falls before the first day of the Relevant Period, or (ii) at their principal amount if the Optional Redemption Date falls on or after the first day of the Relevant Period, together with any accrued and unpaid interest up to (but excluding) the Optional Redemption Date and any outstanding Arrears of Interest.

In these Conditions:

A **Capital Event** shall be deemed to occur if the Issuer or the Guarantor has, directly or via publication by such Rating Agency, received, and notified the Noteholders in accordance with Condition 14 that it has so received, confirmation from any Rating Agency that, due to any amendment to, clarification of, or change in hybrid capital methodology or a change in the interpretation thereof, in each case occurring or becoming effective after the Issue Date, (i) the Subordinated Notes will no longer be eligible (or if the Subordinated Notes have been partially or fully refinanced since the Issue Date and are no longer eligible for “equity credit” from such Rating Agency in part or in full as a result, all or any of the Subordinated Notes that would no longer have been eligible as a result of such amendment, clarification, change in hybrid capital methodology or change in the interpretation had they not been refinanced) for the same or a higher amount of “equity credit” (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the

characteristics of an ordinary share) attributed to the Subordinated Notes at the Issue Date (or, if “equity credit” is not assigned to the Subordinated Notes by the relevant Rating Agency on the Issue Date, at the date on which “equity credit” is assigned by such Rating Agency for the first time) or (ii) the length of time the Subordinated Notes are assigned a particular level of “equity credit” by that Rating Agency would be shortened as compared to the length of time they would have been assigned that level of “equity credit” by that Rating Agency on the initial issuance of the Subordinated Notes.

**Relevant Period** means the period specified in the relevant Final Terms.

**(e) Purchases**

The Issuer, the Guarantor and any of the Guarantor's Subsidiaries may at any time purchase Subordinated Notes (provided that all unmatured Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

**(f) Redemption at the Option of the Issuer**

If Par Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 60 days' irrevocable notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem, the Subordinated Notes in whole, but not in part, on any Par Call Date(s). Any such redemption of Subordinated Notes shall be at their principal amount or such other Optional Redemption Amount specified in the relevant Final Terms together with interest accrued to the date fixed for redemption and any outstanding Arrears of Interest.

All Subordinated Notes in respect of which any such notice is given shall redeem on the date specified in such notice in accordance with this Condition.

In these Conditions, **Par Call Date(s)** means any dates specified in the relevant Final Terms and any dates falling within the Relevant Period.

**(g) Redemption at the Option of the Issuer at the Make-Whole Amount**

If Make-Whole Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 60 days' irrevocable notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders (or such other notice period as may be specified in the relevant Final Terms) redeem the Subordinated Notes in whole, but not in part, on any date (other than on any Par Call Date) at the Make-Whole Amount together with interest accrued to the date fixed for redemption and any outstanding Arrears of Interest.

All Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In these Conditions:

**Discount Rate** will be as set out in the relevant Final Terms.

**FA Selected Note** means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Subordinated Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Subordinated Notes and of a comparable maturity to the remaining term of the Subordinated Notes, assuming for this purpose only that the Subordinated Notes mature on (A) if the Optional Redemption Date occurs prior to the first day of the Relevant Period, the first day of the Relevant Period or

(B) if the Optional Redemption Date occurs after the First Reset Date, the next succeeding Interest Payment Date.

**Financial Adviser** means the entity so specified in the relevant Final Terms or, if not so specified or if such entity is unable or unwilling to act, any financial adviser selected by the Issuer.

**Make-Whole Amount** means as determined by the Financial Adviser will be the higher of (a) 100 per cent. of the principal amount outstanding of the Subordinated Notes to be redeemed and (b) the sum of the present values of the scheduled payments of principal and the Remaining Term Interest on such Subordinated Notes (exclusive of interest accrued (including any Arrears of Interest) to the Optional Redemption Date) up to and discounted from: (A) if the Optional Redemption Date occurs prior to the first day of the Relevant Period, the first day of the Relevant Period or (B) if the Optional Redemption Date occurs after the First Reset Date, the next succeeding Interest Payment Date (such date, in the case of (A) and (B), the **Discount Date**), in each case, to the Optional Redemption Date on an annual basis at the higher of (X), being (i) the Reference Note Rate plus the relevant Redemption Margin or (ii) the Discount Rate, in each case as specified in the relevant Final Terms and (Y) 0 (zero) per cent. If the Make-whole Exemption Period is specified as applicable and the Issuer gives notice to redeem the Subordinated Notes during the Make-whole Exemption Period, the Optional Redemption Amount will be 100 per cent. of the principal amount outstanding of the Subordinated Notes to be redeemed.

**Make-whole Exemption Period** will be as set out in the relevant Final Terms.

**Redemption Margin(s)** will be as set out in the relevant Final Terms.

**Reference Note** shall be the note so specified in the relevant Final Terms or, if not so specified or if no longer available, the FA Selected Note.

**Reference Note Price** means, with respect to any date of redemption: (a) the arithmetic average of the Reference Government Note Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Note Dealer Quotations or (b) if the Financial Adviser obtains fewer than four such Reference Government Note Dealer Quotations, the arithmetic average of all such quotations.

**Reference Note Rate** means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Note, assuming a price for the Reference Note (expressed as a percentage of its principal amount) equal to the Reference Note Price for such date of redemption.

**Reference Date** will be set out in the relevant notice of redemption, such date to fall no earlier than the date falling 30 days prior to the date of such notice.

**Reference Government Note Dealer** means each of five banks selected by the Issuer which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate note issues.

**Reference Government Note Dealer Quotations** means, with respect to each Reference Government Note Dealer and any date for redemption, the arithmetic average, as determined by the Financial Adviser, of the bid and offered prices for the Reference Note (expressed in each case as a percentage of its principal amount) at the Quotation Time specified in the relevant Final Terms on the Reference Date quoted in writing to the Financial Adviser by such Reference Government Note Dealer.

**Remaining Term Interest** means with respect to any Subordinated Note, the aggregate amount of remaining scheduled payment(s) of interest on such Subordinated Note determined by the Financial Adviser on the basis of the rate of interest applicable to such Subordinated Note from and including

the date on which such Subordinated Note is to be redeemed by the Issuer in accordance with this Condition 6(g) up to the Discount Date.

**(h) Redemption following a Substantial Purchase Event**

If a Substantial Purchase Event is specified in the relevant Final Terms as being applicable and a Substantial Purchase Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders or such other notice period as may be specified in the relevant Final Terms (which notice shall be irrevocable) and subject to Condition 6(j), redeem the Subordinated Notes in whole, but not in part, at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption and any outstanding Arrears of Interest.

All Subordinated Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(h).

A **Substantial Purchase Event** shall be deemed to have occurred if at least 75 per cent. of the aggregate principal amount of the Subordinated Notes (which for these purposes shall include any further Subordinated Notes issued in accordance with Condition 13) is purchased by the Issuer, the Guarantor or any Subsidiary of the Guarantor (and in each case is cancelled in accordance with Condition 6(k)).

**(i) Change of Control Call Option**

If Change of Control Call Option is specified in the relevant Final Terms as being applicable and immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Fiscal Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders or such other notice period as may be specified in the relevant Final Terms (which notice shall be irrevocable) and subject to Condition 6(l), redeem the Subordinated Notes in whole, but not in part, in accordance with these Conditions at any time, in each case at the Optional Redemption Amount, together with any accrued and unpaid interest up to (but excluding) the Optional Redemption Date and any outstanding Arrears of Interest.

All Notes in respect of which any such notice is given shall redeem on the date specified in such notice in accordance with this Condition.

In these Conditions:

A **Change of Control** shall be deemed to have occurred at each time that any person or persons acting in concert (**Relevant Persons**) or any person or persons acting on behalf of such Relevant Persons, acquire(s) control, directly or indirectly, of the Guarantor.

A **Change of Control Event** shall be deemed to occur if a Change of Control occurs and, during the Change of Control Period, a Rating Downgrade occurs.

**control** means: (a) the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor; or (b) the right to appoint and/or remove all or the majority of the members of the Guarantor's Board of Directors or other governing body, in each case whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

**Change of Control Period** means the period commencing on the date that is the earlier of: (1) the date of the occurrence of the relevant Change of Control; and (2) the date of the earliest Potential

Change of Control Announcement (if any), and ending on the date which is 270 days after the date of the occurrence of the relevant Change of Control.

**Optional Redemption Amount** means, for the purposes of this Condition 6(i), an amount equal to par or such other amount specified in the relevant Final Terms.

**Potential Change of Control Announcement** means any public announcement or public statement by the Issuer, the Guarantor, any actual or potential bidder or any advisor thereto relating to any potential Change of Control.

**Rating Agency** means any of the following: (a) Standard & Poor's Global Ratings Europe Limited (**S&P**); (b) Moody's Investors Service Limited (**Moody's**); (c) Fitch Ratings Limited (**Fitch Ratings**); or (d) any other credit rating agency of equivalent international standing specified from time to time by the Issuer in the relevant Final Terms and, in each case, their respective successors or affiliates.

A **Rating Downgrade** shall be deemed to have occurred in respect of a Change of Control if: (A) within the Change of Control Period the rating previously assigned to the Guarantor by any Rating Agency is: (x) withdrawn; (y) ceases to be an Investment Grade Rating; or (z) if the rating assigned to the Guarantor by any Rating Agency which is current at the time the Change of Control Period begins is below an Investment Grade Rating, that rating is lowered one full rating notch by any Rating Agency (for example BB+ to BB by S&P), provided that a Rating Downgrade shall be deemed not to have occurred in respect of a particular Change of Control if the Rating Agency withdrawing or lowering the rating does not publicly announce or otherwise confirms in writing to the Issuer that the reduction or withdrawal was the result, in whole or part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control; or (B) at the time of the Change of Control there is no rating assigned to the Guarantor.

**Investment Grade Rating** means: (1) with respect to S&P, any of the categories from and including AAA to and including BBB- (or equivalent successor categories); (2) with respect to Moody's, any of the categories from and including Aaa to and including Baa3 (or equivalent successor categories); and (3) with respect to Fitch Ratings, any of the categories from and including AAA to and including BBB- (or equivalent successor categories).

**(j) Precondition to Redemption**

Prior to serving any notice of redemption pursuant to this Condition 6 (other than Conditions 6(f) and 6(g)), the Guarantor shall,

- (i) deliver to the Fiscal Agent a certificate signed by an authorised officer of the Guarantor stating that the relevant requirement or circumstance giving rise to the right to redeem is satisfied;
- (ii) in the case of a Tax Event or Withholding Tax Event deliver to the Fiscal Agent an opinion of independent legal or other tax advisers to the effect set out in paragraph (i) above;
- (iii) in the case of an Accounting Event, deliver to the Fiscal Agent the relevant letter or report from the relevant accountancy firm; and
- (iv) in the case of a Capital Event, deliver to the Fiscal Agent the relevant confirmation from the relevant Rating Agency.

Any such certificate, opinion, letter, report or confirmation referred to in paragraphs (i) to (iv) above shall, absent manifest error, be final and binding on all parties.

**(k) Cancellation**

All Subordinated Notes purchased by or on behalf of the Issuer, the Guarantor or any of the Guarantor's Subsidiaries may be surrendered for cancellation, in the case of Subordinated Bearer Notes, by surrendering each such Subordinated Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Subordinated Registered Notes, by surrendering the Subordinated Certificate representing such Subordinated Notes to the Registrar and, in each case, if so surrendered, will, together with all Subordinated Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Subordinated Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Subordinated Notes shall be discharged.

**7. Payments and Talons**

**(a) Subordinated Bearer Notes**

Payments of principal and interest in respect of Subordinated Bearer Notes will, subject as mentioned below, be made, where applicable, against presentation and surrender of the relevant Subordinated Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the Noteholder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency and, in the case of Euro, by cheque drawn down or by transfer to, a Euro account to which Euro may be credited or transferred as specified by the payee.

**(b) Subordinated Registered Notes**

- (i) Payments of principal in respect of Subordinated Registered Notes will be made against presentation and surrender of the relevant Subordinated Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Subordinated Registered Notes will be paid to the person shown on the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**). Payments of interest on each Subordinated Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the Noteholder (or to the first named of joint Noteholders) of such Subordinated Note at its address appearing in the Register maintained by the Registrar. Upon application by the Noteholder to the specified office of the Registrar or any Transfer Agent before, the Record Date and subject as provided in Condition 7(a) above, such payment of interest may be made by transfer to an account in the specified currency designated by the Noteholder with a bank in the principal financial centre of the country of that currency.

**(c) Payments in the United States**

Notwithstanding the foregoing, if any Subordinated Bearer Notes are denominated in U.S. Dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York

City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Subordinated Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) Payments Subject to Law, etc**

All payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement). No commission or expenses shall be charged to the Noteholders in respect of such payments.

**(e) Appointment of Agents**

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Calculation Agent, the Registrar or any Transfer Agent and to appoint additional or other agents provided that the Issuer and the Guarantor will at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Subordinated Registered Notes, (iii) a Transfer Agent having a specified office in at least two major European cities (including Luxembourg so long as the Subordinated Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require) in relation to Subordinated Registered Notes, (iv) a Calculation Agent where the Conditions so require one, (v) Paying Agents having a specified office in at least two major European cities (including Luxembourg so long as the Subordinated Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require), (vi) a Paying Agent having a specified office in a city in continental Europe outside the European Union and (vii) such other agents as may be required by any other stock exchange on which the Subordinated Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Subordinated Notes denominated in U.S. Dollars in the circumstances described in Condition 7(c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 14.

**(f) Unmatured Coupons and unexchanged Talons**

- (i) Upon the due date for redemption of those Subordinated Notes, Subordinated Bearer Notes which comprise Fixed Rate Subordinated Notes, should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of



principal so paid bears to the total principal due) will be deducted from the Early Redemption Amount or Optional Redemption Amount then due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

- (ii) Upon the due date for redemption of any Subordinated Bearer Note unmatured Coupons relating to such Subordinated Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Subordinated Bearer Note, any unexchanged Talon relating to such Subordinated Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Subordinated Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Subordinated Notes is presented, where applicable, for redemption without all unmatured coupons and any unexchanged Talon relating to it, and where any Subordinated Bearer Note is presented, where applicable, for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Subordinated Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date as the case may be, shall only be payable against presentation, where applicable (and surrender if appropriate) of the relevant Subordinated Bearer Note or Subordinated Certificate representing it, as the case may be.

**(g) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Subordinated Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 9).

**(h) Non-Business Days**

If any date for payment in respect of any Subordinated Note or Coupon is not a business day, the Noteholder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7(h), **business day** means a day which is:

- (i) a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business: (A) in, as regards Subordinated Bearer Notes, the relevant place of presentation (if presentation is required) and (B) in such jurisdictions as shall be specified as **Financial Centres** in the relevant Final Terms; and
- (ii) (A) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the specified currency, on which foreign exchange transactions may be carried on in the specified currency in the principal financial centre of the country of such currency; or (B) (in the case of a payment in Euro) where payment is to be made by payment to an account, a day on which the TARGET2 System is operating.

(i) **Redenomination, Renominalisation and Reconventioning**

- (i) *Notice of redenomination:* If the country of the Specified Currency becomes, or announces its intention to become, a Participating Member State, the Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders and the Paying Agents, designate a date (the **Redenomination Date**), being an Interest Payment Date under the Subordinated Notes falling on or after the date on which that country becomes a Participating Member State.
- (ii) *Redenomination:* Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
- (a) the Subordinated Notes shall be deemed to be redenominated into Euro in the specified denomination of Euro 0.01 with a principal amount for each Subordinated Note equal to the principal amount of that Subordinated Note in the Specified Currency, converted into Euro at the rate for conversion of such currency into Euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations); *provided, however, that*, if the Issuer determines, with the agreement of the Fiscal Agent that market practice in respect of the redenomination into Euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each listing authority, stock exchange and/or quotation system (if any) by which the Subordinated Notes have then been admitted to listing, trading and/or quotation and the Paying Agents of such deemed amendments;
- (b) if Subordinated Notes have been issued in definitive form:
- (A) all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Subordinated Notes) will become void with effect from the date (the **Euro Exchange Date**) on which the Issuer gives notice (the **Euro Exchange Notice**) to the Noteholders that replacement Subordinated Notes and Coupons denominated in Euro are available for exchange (provided that such Subordinated Notes and Coupons are available) and no payments will be made in respect thereof;
- (B) the payment obligations contained in all Subordinated Notes denominated in the Specified Currency will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Subordinated Notes in accordance with this Condition 7) shall remain in full force and effect;
- (c) new Subordinated Notes and Coupons denominated in Euro will be issued in exchange for Subordinated Notes and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice; and
- (d) all payments in respect of the Subordinated Notes (other than, unless the Redenomination Date is on or after such date as the Specified Currency ceases to be a sub-division of the Euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely by Euro cheque drawn on, or by credit or transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with a bank in a city in a country in which banks have access to the TARGET2 System.

(iii) *Interest*: Following redenomination of the Subordinated Notes pursuant to this Condition 7, where Subordinated Notes have been issued in definitive form, the amount of interest due in respect of the Subordinated Notes will be calculated by reference to the aggregate principal amount of the Subordinated Notes held (or, as the case may be, in respect of which Coupons are presented for payment) by the relevant holder.

(iv) *Interpretation*: In this Condition:

**Participating Member State** means a member state of the European Union which adopts the Euro as its lawful currency in accordance with the Treaty.

**Treaty** means the Treaty establishing the European Community, as amended.

## 8. Taxation

### (a) Additional Amounts

All payments of principal and interest in respect of the Subordinated Notes and the Coupons by or on behalf of the Issuer or (as the case may be) the Guarantor under the Deed of Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any authority therein or thereof having power to tax (each a **Taxing Authority**), unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or required pursuant to an agreement described in Section 1471(b) of the Code. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts (the **Additional Amounts**) as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been received in respect of the Subordinated Notes or (as the case may be) Coupons, in the absence of such withholding or deduction. Notwithstanding this, no Additional Amounts shall be payable with respect to any payment in respect of any Subordinated Note or Coupon or (as the case may be) under the Deed of Guarantee:

- (i) to, or to a third party on behalf of, a Noteholder of a Subordinated Note or Coupon who is liable for taxes, duties, assessments or governmental charges in respect of such Subordinated Note or Coupon by reason of his having some connection with the Kingdom of Spain other than the mere holding of the Subordinated Note or Coupon; or
- (ii) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the thirtieth such day; or
- (iii) to, or to a third party on behalf of, a Noteholder in respect of whom the Issuer (or an agent acting on behalf of the Issuer) has not received such information as may be necessary to allow payments on such Subordinated Note to be made free and clear of withholding tax or deduction on account of any taxes imposed by a Tax Jurisdiction, including when the Issuer (or an agent acting on behalf of the Issuer) does not receive such information concerning such Noteholder's identity and tax residence as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Foral Decree 205/2008 and Royal Decree 1065/2007 eventually made by the Spanish Tax Authorities; or
- (iv) presented for payment in the Kingdom of Spain; or
- (v) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof) or

an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement).

**(b) Tax Credit Payment**

If any Additional Amounts are paid by the Issuer or, as the case may be, the Guarantor under this Condition for the benefit of any Noteholder and such Noteholder in its sole discretion, determines that it has obtained (and has derived full use and benefit from) a credit against, a relief or remission for, or repayment of, any tax, then, if and to the extent that such Noteholder in its sole opinion, determines that (i) such credit, relief, remission or repayment is in respect of or calculated with reference to the Additional Amounts paid pursuant to this Condition; and (ii) its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled, such Noteholder shall, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Issuer or, as the case may be, the Guarantor such amount as such Noteholder shall in its sole opinion, determine to be the amount which will leave such Noteholder (after such payment) in no worse after tax position than it would have been in had the additional payment in question not been required to be made by the Issuer or, as the case may be, the Guarantor.

**(c) Tax Credit Clawback**

If any Noteholder makes any payment to the Issuer or, as the case may be, the Guarantor pursuant to this Condition and such Noteholder subsequently determines in its sole opinion, that the credit, relief, remission or repayment in respect of which such payment was made was not available or has been withdrawn or that it was unable to use such credit, relief, remission or repayment in full, the Issuer or, as the case may be, the Guarantor shall reimburse such Noteholder such amount as such Noteholder determines in its sole opinion, is necessary to place it in the same after tax position as it would have been in if such credit, relief, remission or repayment had been obtained and fully used and retained by such Noteholder, such amount not exceeding in any case the amount paid by the Noteholder to the Issuer or, as the case may be, the Guarantor.

**(d) Tax Affairs**

Nothing in Conditions 8(b) and 8(c) shall interfere with the right of any Noteholder to arrange its tax or any other affairs in whatever manner it thinks fit, oblige any Noteholder to claim any credit, relief, remission or repayment in respect of any payment made under this Condition in priority to any credit, relief, remission or repayment available to it nor oblige any Noteholder to disclose any information relating to its tax or other affairs or any computations in respect thereof.

**(e) Definitions**

As used in these Conditions, **Relevant Date** in respect of any Subordinated Note or Coupon means the date on which payment in respect thereof first becomes due or if any amount of the money payable is improperly withheld (or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 14 that, upon further presentation of the Subordinated Note (or relative Subordinated Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Subordinated Notes, Early Redemption Amounts, Optional Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it; (ii) “interest” shall be deemed to include all Arrears of Interest, all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it; and (iii) “principal” and/or “interest” shall be deemed to include any Additional Amounts which may be payable under this Condition.

## **9. Prescription**

Claims against the Issuer and, as the case may be, the Guarantor for payment in respect of the Subordinated Notes and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## **10. Enforcement Events and No Events of Default**

There are no events of default in respect of the Subordinated Notes.

However, if an order is made or an effective resolution passed for the winding-up, dissolution or liquidation of the Issuer or the Guarantor, then without notice from the Holder of any Subordinated Note to the Fiscal Agent, each Subordinated Note shall immediately become due and payable at its principal amount together with any accrued and unpaid interest and any outstanding Arrears of Interest.

In such case the Holder of a Subordinated Note may, at its sole discretion, institute steps in order to obtain a judgment against the Issuer and/or the Guarantor for any amounts due in respect of the Subordinated Notes, including but not limited to proving and/or claiming in the winding-up, dissolution, liquidation or insolvency proceeding of the Issuer or the Guarantor for such amount.

Each Noteholder may, at its discretion and without further notice, institute such proceedings as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor under the Subordinated Notes or the Guarantee but in no event shall the Issuer or the Guarantor by the virtue of such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

No remedy against the Issuer or the Guarantor, other than as referred to in this Condition 10 shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Subordinated Notes or the Guarantee or in respect of any other breach by the Issuer or the Guarantor of any of their respective other obligations under or in respect of the Subordinated Notes or the Guarantee.

## **11. Meetings of Noteholders, Modifications and Substitution and Variation**

### **(a) Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Subordinated Notes (including these Conditions insofar as the same may apply to such Subordinated Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of redemption of the Subordinated Notes or any date for payment of interest thereon, (ii) to reduce or cancel any premium payable on redemption of the Subordinated Notes, (iii) to reduce the rate or rates of interest in respect of the Subordinated Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Early Redemption Amount or the Optional Redemption Amount, (vi) to change the currency or currencies of payment or specified denomination of the Subordinated Notes, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

A modification of any of these Conditions in accordance with Condition 4(d) (*Benchmark Discontinuation*) does not need to be approved by an Extraordinary Resolution of Noteholders in order to be effective.

*These Conditions may be amended, modified, or varied in relation to any Series of Subordinated Notes by the terms of the relevant Final Terms in relation to such Series.*

**(b) Modification of Agency Agreement**

The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not, in the opinion of the Issuer or the Guarantor (as the case may be), reasonably be expected to be prejudicial to the interests of the Noteholders.

**(c) Substitution and Variation**

If Substitution and Variation is specified in the relevant Final Terms as being applicable and at any time after the Issue Date of the Subordinated Notes, the Issuer and/or the Guarantor determines that a Tax Event, a Withholding Tax Event, an Accounting Event or a Capital Event has occurred, the Issuer may, as an alternative to an early redemption of the Subordinated Notes, on any applicable Interest Payment Date, without the consent of the Noteholders, (i) exchange the Subordinated Notes (the **Exchanged Subordinated Notes**) into new Subordinated Notes of the Issuer, the Guarantor or any wholly-owned direct or indirect subsidiary of the Guarantor (a **Substitute Issuer**) with a guarantee of the Guarantor, or (ii) vary the terms of the Subordinated Notes (the **Varied Subordinated Notes**), so that in either case (A) in the case of a Tax Event, in respect of (I) the Issuer's (or Substitute Issuer's) obligation to make any payment of interest under the Exchanged Subordinated Notes or Varied Subordinated Notes; or (II) the obligation of the Subordinated Loan Borrower to make any payment of interest in favour of the Issuer (or the Substitute Issuer) under the Subordinated Loan (or any replacement thereof between the Subordinated Loan Borrower and the Substitute Issuer), the Issuer, the Subordinated Loan Borrower or the Substitute Issuer (as the case may be) is entitled to claim a deduction or a higher deduction (as the case may be) in respect of interest paid when computing its tax liabilities in Spain or in the taxing jurisdiction of the Substitute Issuer (as the case may be), as compared with the entitlement (in the case of the Issuer and the Subordinated Loan Borrower) after the occurrence of the relevant Tax Event, (B) in the case of a Withholding Tax Event, in making any payments in respect of the Exchanged Subordinated Notes or Varied Subordinated Notes or the Exchanged or Varied Guarantee (as defined below) the Issuer, the Guarantor or the Substitute Issuer are not required to pay a greater amount of Additional Amounts in respect of the Exchanged Subordinated Notes or Varied Subordinated Notes or the Exchanged or Varied Guarantee, (C) in the case of an Accounting Event, the aggregate nominal amount of the Exchanged Subordinated Notes or Varied Subordinated Notes (as the case may be) is recorded as "equity" to the maximum extent possible in any of the consolidated financial information of the Guarantor pursuant to IFRS-EU or any other accounting standards that may replace IFRS-EU for the purposes of preparing the annual, semi-annual or quarterly consolidated financial information of the Guarantor, or (D) in the case of a Capital Event, the aggregate nominal amount of the Exchanged Subordinated Notes or Varied Subordinated Notes (as the case may be) is assigned "equity credit" (or such other nomenclature that the relevant Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) by the relevant Rating Agency that is equal to or greater than that which was assigned to the Subordinated Notes on the Issue Date (or, if "equity credit" is not assigned to the Subordinated Notes by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency).

Any such exchange or variation shall be subject to the following conditions:

- (i) the Issuer giving not less than 15 nor more than 60 days' notice to the Fiscal Agent, the Paying Agent and, in accordance with Condition 14, the Noteholders;

- (ii) the Issuer complying with the rules of any stock exchange (or any other relevant authority) on which the Subordinated Notes are for the time being admitted to trading, and (for so long as the rules of such exchange require) the publication of any appropriate supplement, listing particulars or offering circular in connection therewith, and the Exchanged Subordinated Notes or Varied Subordinated Notes continue to be admitted to trading on the same stock exchange as the Subordinated Notes if they were admitted to trading immediately prior to the relevant exchange or variation;
- (iii) the Exchanged Subordinated Notes or Varied Subordinated Notes shall: (A) rank at least *pari passu* with the ranking of the Subordinated Notes prior to the exchange or variation, (B) have the benefit of a guarantee (the **Exchanged or Varied Guarantee**) from the Guarantor on terms not less favourable to Noteholders than the terms of the Guarantee (as reasonably determined by the Issuer or Substitute Issuer and the Guarantor) and (C) benefit from the same or more favourable interest rates and the same Interest Payment Dates, the same Reset Date(s) and early redemption rights (provided that the relevant exchange or variation may not itself trigger any early redemption right), the same rights to accrued interest or Arrears of Interest and any other amounts payable under the Subordinated Notes which, in each case, has accrued to the Noteholders and has not been paid, the same rights to principal and interest, and, if publicly rated by a Rating Agency immediately prior to such exchange or variation, at least the same credit rating immediately after such exchange or variation by each such Rating Agency (as the case may be), as compared with the relevant rating(s) immediately prior to such exchange or variation (as determined by the Issuer or Substitute Issuer and the Guarantor using reasonable measures available to it including discussions with the relevant Rating Agency to the extent practicable) (D) shall not contain terms providing for the mandatory deferral of interest and (E) not contain terms providing for loss absorption through principal write-down or conversion to shares;
- (iv) the preconditions to redemption set out in Condition 6(j) having been satisfied and the terms of the exchange or variation (in the sole opinion of the Issuer or Substitute Issuer or the Guarantor, as the case may be) not being prejudicial to the interests of the Noteholders, including compliance with paragraph (iii) above, as certified to the benefit of the Noteholders by an authorised officer of the Guarantor, having consulted with an independent investment bank of international standing, and any such certificate shall, absent fraud or manifest error, be final and binding on all parties. However, a change in the governing law of the provisions of Condition 3(a) to the laws of the jurisdiction of incorporation of the Substitute Issuer, in connection with any substitution pursuant to this Condition 11(c), shall be deemed not to be prejudicial to the interests of the Holders and, if the jurisdiction of incorporation of the Substitute is not Spain, Condition 3(a) shall be modified so as to reflect a substantially equivalent ranking for Noteholders which, in the opinion of the Issuer, the Substitute and the Guarantor, would have applied had there been no substitution; and
- (v) the issue of legal opinions addressed to the Fiscal Agent (copies of which shall be made available to the Noteholders at the specified offices of the Fiscal Agent during usual office hours) for the benefit of the Noteholders from one or more international law firms of good reputation selected by the Issuer or the Guarantor and confirming (x) that each of the Issuer and the Guarantor has capacity to assume all rights, duties and obligations under the Exchanged Subordinated Notes or Varied Subordinated Notes and the Exchanged or Varied Guarantee (as the case may be) and has obtained all necessary corporate or governmental authorisation to assume all such rights and obligations and (y) the legality, validity and enforceability of the Exchanged Subordinated Notes or Varied Subordinated Notes.

## 12. Replacement of Subordinated Notes, Subordinated Certificates, Coupons and Talons

If a Subordinated Note, Subordinated Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the

specified office of the Fiscal Agent (in the case of the Subordinated Bearer Notes, Coupons or Talons) and the Registrar (in the case of Subordinated Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for such purpose, and notice of whose designation is given to Noteholders in accordance with Condition 14, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Subordinated Note, Subordinated Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Subordinated Notes, Subordinated Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Subordinated Notes, Subordinated Certificates, Coupons or Talons must be surrendered before replacements will be issued.

### **13. Further Issues**

The Issuer may from time to time without the consent of the Noteholders create and issue further notes having the same terms and conditions as the Subordinated Notes and so that the same shall be consolidated and form a single series with such Subordinated Notes, and references in these Conditions to “Subordinated Notes” shall be construed accordingly.

### **14. Notices**

Notices to the Holders of Subordinated Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. With respect to Subordinated Registered Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange (so long as such Subordinated Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of that exchange so require), any notices must also be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

Notices to the Holders of Subordinated Bearer Notes will be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). With respect to Subordinated Bearer Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange, any notice must be also published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice will be validly given if published in another leading English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Holders of Coupons and Talons shall be deemed for all purposes to have notice of the contents of any notice to the Holders of Subordinated Bearer Notes in accordance with this Condition.

So long as the Subordinated Notes are listed and/or admitted to trading, notices required to be given to the Holders of the Subordinated Notes pursuant to these Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Subordinated Notes are listed and/or admitted to trading.

Until such time as any definitive Subordinated Notes are issued and so long as any Subordinated Global Note is held in its entirety on behalf of Euroclear and/or Clearstream, Luxembourg there may,



be substituted for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the day on which the notice was given to Euroclear and/or Clearstream, Luxembourg, as appropriate.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Subordinated Note or Subordinated Notes, with a Paying Agent. Whilst any of the Subordinated Notes are represented by a Global Note, such notice may be given by any Noteholder to such Paying Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as such Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

## **15. Substitution of the Issuer**

- (a) The Issuer and the Guarantor may at any time, without the consent of the Noteholders, substitute for the Issuer (x) the Guarantor or (y) any company which is wholly-owned by the Guarantor (the **Substitute**) upon notice by the Issuer, the Guarantor and the Substitute to be given in accordance with Condition 14 and, in the case of Subordinated Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange or on any other exchange, to such exchange, provided that:
- (i) no payment in respect of the Subordinated Notes or the Coupons (as the case may be) is at the relevant time overdue;
  - (ii) the Substitute shall, by means of a deed poll in the form scheduled to the Agency Agreement as Schedule 8 (the **Deed Poll**), agree to indemnify each Noteholder against any tax, duty, assessment or governmental charge which is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Deed of Covenant and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution;
  - (iii) where the Substitute is not the Guarantor, the obligations of the Substitute under the Deed Poll, the Subordinated Notes, Coupons, Talons and Deed of Covenant shall be unconditionally and irrevocably guaranteed by the Guarantor by means of the Deed Poll;
  - (iv) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Subordinated Notes, Coupons, Talons and Deed of Covenant represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of the Guarantor have been taken, fulfilled and done and are in full force and effect;
  - (v) the Substitute shall have become party to the Agency Agreement with any appropriate consequential amendments, as if it had been an original party to it;
  - (vi) legal opinions shall have been delivered to the Fiscal Agent from lawyers of recognised standing in each jurisdiction referred to in paragraph (iii) above, in Spain and in England as to the fulfilment of the requirements of this Condition 15 and the other matters specified in the Deed Poll and that the Subordinated Notes, Coupons and Talons are legal, valid and binding obligations of the Substitute;
  - (vii) each stock exchange on which the Subordinated Notes are listed shall have confirmed that, following the proposed substitution of the Substitute, the Subordinated Notes will continue to be listed on such stock exchange;

- (viii) each Rating Agency has confirmed that upon such substitution becoming effective the Subordinated Notes will either still be eligible for the same, or a higher amount of, “equity credit” (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as is attributed to the Subordinated Notes on the date immediately prior to such substitution or such eligibility or attribution will not be adversely affected;
  - (ix) if applicable, the Substitute has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings in the courts of England arising out of or in connection with the Subordinated Notes;
  - (x) one authorised officer of the Issuer or one authorised officer of the Substitute shall have certified to the Fiscal Agent that, following consultation with an independent investment bank of international repute, an independent financial adviser with appropriate expertise or independent counsel of recognised standing (where appropriate in the Issuer’s or Substitute’s opinion), the Issuer or, as the case may be, the Substitute has concluded that such substitution (A) will not result in the Substitute having an entitlement, as at the date such substitution becomes effective, to redeem the Subordinated Notes as a result of a Tax Event, a Capital Event, an Accounting Event, a Change of Control Event, a Substantial Purchase Event or a Withholding Tax Event and (B) will not result in the terms of the Subordinated Notes immediately following such substitution being materially less favourable to holders than the terms of the Subordinated Notes immediately prior to such substitution; and
  - (xi) in the case of Subordinated Notes admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange, a prospectus supplement is filed with such exchange.
- (b) Upon the execution of the Deed Poll and the delivery of the legal opinions, the Substitute shall succeed to, and be substituted for, and may exercise every right and power, of the Issuer under the Subordinated Notes and the Agency Agreement with the same effect as if the Substitute had been named as the Issuer herein, and the Issuer shall be released from its obligations under the Subordinated Notes and under the Agency Agreement, and where the Substitute is the Guarantor, the Guarantor shall be released from its obligations under the Guarantee.
  - (c) After a substitution pursuant to Condition 15(a), the Substitute may, without the consent of any Noteholder, effect a further substitution. All of the provisions specified in Conditions 15(a) and 15(b) shall apply *mutatis mutandis*, and references in these Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substitute.
  - (d) After a substitution pursuant to Conditions 15(a) or 15(c) any Substitute may, without the consent of any Noteholder, reverse the substitution, *mutatis mutandis*.
  - (e) In the event of a substitution pursuant to Condition 15(a), the governing law of Condition 3(a) shall be amended to the governing law of the jurisdiction of incorporation of the Substitute and, if the jurisdiction of incorporation of the Substitute is not Spain, Condition 3(a) shall be modified so as to reflect a substantially equivalent ranking for Noteholders which, in the opinion of the Issuer, the Substitute and the Guarantor, would have applied had there been no substitution.
  - (f) The Deed Poll and all documents relating to the substitution shall be delivered to, and kept by, the Fiscal Agent. Copies of such documents will be available free of charge at the specified office of each of the Paying Agents.

## **16. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Subordinated Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court or any jurisdiction in connection with, the winding-up or dissolution of the Issuer or the Guarantor or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Subordinated Note or Coupon which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Subordinated Note or Coupon, the Issuer, failing whom the Guarantor, shall indemnify the Noteholder, as the case may be, against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it will be sufficient for the Noteholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Subordinated Note or Coupon or any other judgment or order.

## **17. Governing Law and Jurisdiction**

### **(a) Governing Law**

The Subordinated Notes, the Coupons and the Talons and all matters arising from or connected therewith, including any non-contractual obligations arising from or connected therewith, are governed by and shall be construed in accordance with, English law. The status of the Subordinated Notes as described in Condition 3(a) and the status of the Guarantee as described in Condition 3(b)(ii) are governed by, and shall be construed in accordance with, Spanish law.

### **(b) English courts**

The courts of England have exclusive jurisdiction to settle any dispute (a **Dispute**) arising from or connected with any Subordinated Notes, Coupons or Talons.

### **(c) Appropriate forum**

The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

### **(d) Rights of the Noteholders to take proceedings outside England**

Condition 17(b) (English courts) is for the benefit of the Noteholders only. As a result, nothing in this Condition 17 prevents any Noteholder from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

### **(e) Process Agent**

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to SPW Investments Limited, 4th Floor, 1 Tudor Street, London, EC4Y 0AH, UK or, if different, its registered

office for the time being or at any address of the Issuer in England at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the specified office of the Fiscal Agent appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and not to Proceedings elsewhere.

## **18. Rights of Third Parties**

No person shall have any right to enforce any term or condition of any Subordinated Note under the Contracts (Rights of Third Parties) Act 1999.

## USE OF PROCEEDS

An amount equal to the net proceeds of the issue of each Tranche of Notes will be on-lent or deposited with another member of the Group and used either:

- a) for the general corporate purposes of such Group member; or
- b) to finance and/or refinance, in whole or in part, Eligible Green Projects, in which case the relevant Notes will be identified as “Green Bonds” in the title of the Notes in the applicable Final Terms.

For the purpose of this section:

**Eligible Green Projects** are projects which comply with the eligibility criteria from time to time as set out in the Iberdrola Framework for Green Financing (available at [https://www.iberdrola.com/documents/20125/42169/Iberdrola\\_Framework\\_for\\_Green\\_Financing.pdf/5d2f964c-a785-0f6f-de35-9eae0fc83fc0?t=1630655010198](https://www.iberdrola.com/documents/20125/42169/Iberdrola_Framework_for_Green_Financing.pdf/5d2f964c-a785-0f6f-de35-9eae0fc83fc0?t=1630655010198)).

Neither the Framework for Green Financing, nor the above website are incorporated in or form part of this Base Prospectus.

## **DESCRIPTION OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM OR WHILE REGISTERED IN THE NAME OF A NOMINEE FOR A CLEARING SYSTEM**

### **1. Initial Issue of Notes**

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form or if the Global Certificates are to be held under the NSS, they will be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear and Clearstream, Luxembourg. If the Global Notes in NGN form or the Global Certificates held under the NSS are intended to be eligible collateral for Eurosystem monetary policy, depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or under the NSS, respectively, the clearing systems will be notified whether or not such Global Notes or Global Certificates are intended to be held in a manner which would allow Eurosystem eligibility and, if so, will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper.

Global notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the **Common Depositary**) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg if the Registered Note is not to be held under the NSS, or in the name of a nominee of the Common Safekeeper if the Registered Note is to be held under the NSS, and delivery of the relevant Global Certificate to the Common Depositary or Common Safekeeper, as the case may be, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### **2. Relationship of Accountholders with Clearing Systems**

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (**Alternative Clearing System**) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by

such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### **3. Exchange**

#### **3.1 Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) if the relevant Final Terms indicate that such Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see **Subscription and Sale**), in whole, but not in part, for the Definitive Notes defined and described below; and
- (b) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

#### **3.2 Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.3 below, in part for Definitive Notes or, in the case of paragraph 3.3 below, Registered Notes:

- (a) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Fiscal Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (b)
  - (i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or
  - (ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a nominal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a nominal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

#### **3.3 Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (a) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and

the part submitted for exchange is to be exchanged for Registered Notes, or (b) for Definitive Notes if principal in respect of any Notes is not paid when due.

### 3.4 Transfer of Notes Represented by Global Certificates

If the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by the Global Certificate may only be made in part:

- (a) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (b) upon or following any failure to pay principal in respect of any Notes when it is due and payable; or
- (c) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (a) or (b) above, the holder of the Notes represented by the Global Certificate has given the Registrar not less than 30 days' notice. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the Certificate is issued to the transferee upon transfer shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

### 3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (a) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (b) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Base Prospectus, **Definitive Notes** means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement/Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### 3.6 Exchange Date

**Exchange Date** means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given



and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

#### **4. Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Base Prospectus. The following is a summary of certain of those provisions:

##### **4.1 Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(h) (*Non-Business Days*).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where **Clearing System Business Day** means Monday to Friday inclusive except 25 December and 1 January.

##### **4.2 Notices**

So long as any Notes are represented by a permanent Global Note and such permanent Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Holder of the permanent Global Note. Any such notice shall be deemed to have been given to Noteholders on the day on which the notice was given to the clearing system. So long as the Notes are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange and the rules of such exchange so require, notices in respect of such Notes shall be published in a daily newspaper having circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

#### **4.3 Prescription**

Claims against the Issuer in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

#### **4.4 Meetings**

In respect of Notes issued by the Issuer, the holder of a permanent Global Note or of the Notes represented by a Global Certificate will be treated as being two persons for the purpose of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of Notes for which such Global Note may be exchanged.

#### **4.5 Purchase and Cancellation**

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

#### **4.6 Default**

Each Global Note and Global Certificate provides that the holder may cause such Global Note, or a portion of it, or one or more Registered Notes represented by such Global Certificate to become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the principal amount of such Global Note or Registered Notes which is becoming due and repayable. Following the giving of a notice of an Event of Default by or through a common depository for Euroclear and Clearstream, Luxembourg or if the holder of a Global Note or Registered Notes represented by a Global Certificate so elects, the Global Note or Registered Notes represented by the Global Certificate will become void as to the specified portion and the persons entitled to such portion as accountholders with a clearing system will acquire direct enforcement rights against the Issuer under the terms of the Deed of Covenant.

#### **4.7 Issuer's Option**

No drawing of Notes will be required under Condition 6 in the event that the Issuer exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with Euroclear or Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg and shall be reflected in the records of Euroclear and/or Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion (as the case may be).

#### **4.8 Noteholder's Options**

Any Noteholders' option may be exercised by the holder of a Global Note giving notice within the time limits specified in the Conditions to the Fiscal Agent or any Paying Agent (in the case of Bearer Notes) or to the Registrar or the Transfer Agent (in the case of Registered Notes) of the principal amount of Notes in respect of which the option is exercised and at the same time, where the Note is a CGN, presenting such Global Note for endorsement of exercise.

#### **4.9 NGN nominal amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, shall be entered in the records

of the relevant clearing systems and, upon any such entry being made, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

## DESCRIPTION OF THE GUARANTEE

*This is a description of the principal terms of the guarantee dated 1 June 2022 given by the Guarantor in respect of the Notes issued under this Guaranteed Euro Medium Term Note Programme. It does not restate the Deed of Guarantee in its entirety.*

### 1. Guarantee and Indemnity

1(A) The Guarantor has unconditionally and irrevocably guaranteed:

- (1) to each Noteholder the due and punctual payment of any and every sum or sums of money which the Issuer shall at any time be liable to pay under or pursuant to any Note as and when the same shall become due and payable and has agreed unconditionally to pay to such Noteholder, forthwith upon demand by such Noteholder and in the manner and currency prescribed by the Conditions for payments by the Issuer thereunder, any and every sum or sums of money which the Issuer shall at any time be liable to pay under or pursuant to such Note and which the Issuer shall have failed to pay at the time such demand is made; and
- (2) to each Relevant Account Holder the due and punctual payment of all amounts due to such Relevant Account Holder under the Deed of Covenant as and when the same shall become due and payable and has agreed unconditionally to pay to such Relevant Account Holder, forthwith on demand by such Relevant Account Holder and in the manner and in the currency prescribed by the Conditions for payments by the Issuer thereunder, any and every sum or sums of money which the Issuer shall at any time be liable to pay under or pursuant to the Deed of Covenant and which the Issuer shall have failed to pay at the time demand is made.

1(B) As a separate, additional and continuing obligation, the Guarantor has unconditionally and irrevocably undertaken to each Noteholder and each Relevant Account Holder that, should any amount referred to in Clause 1(A) not be recoverable from the Guarantor thereunder for any reason whatsoever (including, without limitation, by reason of any Note, any provision of any Note, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law) then, notwithstanding that the same may have been known to such Noteholder or Relevant Account Holder, the Guarantor will, as a sole, original and independent obligor, upon first written demand under Clause 1(A), make payment of such amount by way of a full indemnity in such currency and otherwise in such manner as is provided for in the Notes or the Deed of Covenant (as the case may be) and indemnify each Noteholder and each Relevant Account Holder against all losses, claims, costs, charges and expenses to which it may be subject or which it may incur under or in connection with the terms and conditions of the Notes, the Deed of Covenant or the Deed of Guarantee.

### 2. Taxes and Withholdings

In the event that any payments made by the Guarantor under the Deed of Guarantee are or become subject to withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Kingdom of Spain or any authority therein or thereof having power to tax, the Guarantor has undertaken to the Noteholders and the Relevant Account Holders that it will use its best endeavours, subject to all applicable laws, regulations and guidelines and for so long as it is required to make any such withholding or deduction, to effect payment under the Deed of Guarantee to the Noteholders and Relevant Account Holders through the Issuer, or in such other manner so as to ensure that no such withholding or deduction is required.

If payments made to the Noteholders or the Relevant Account Holders under the Deed of Guarantee through the Issuer or in such other manner so as to ensure that no such withholding or deduction is required, are or become illegal or contrary to the then applicable regulations or guidelines, the

Guarantor has provided a covenant in favour of each Noteholder and each Relevant Account Holder that it will duly perform and comply with its obligations expressed to be undertaken in Condition 8.

### **3. Preservation of Rights**

- 3(A) The obligations of the Guarantor contained in the Deed of Guarantee shall be deemed to be undertaken as sole or principal debtor.
- 3(B) The obligations of the Guarantor contained in the Deed of Guarantee shall constitute and be continuing obligations notwithstanding any settlement of account or other matters or things whatsoever and, in particular but without limitation, shall not be considered satisfied by any partial payment or satisfaction of all or any of the Issuer's obligations under any Note or the Deed of Covenant and shall continue in full force and effect in respect of each Note and the Deed of Covenant until final repayment in full of all amounts owing by the Issuer thereunder and total satisfaction of all the Issuer's actual and contingent obligations thereunder.
- 3(C) Neither the obligations of the Guarantor contained in the Deed of Guarantee nor the rights, powers and remedies conferred upon the Noteholders, the Relevant Account Holders or any of them by the Deed of Guarantee or by law shall be discharged, impaired or otherwise affected by:
- (1) the winding-up or dissolution of the Issuer or analogous proceeding in any jurisdiction or any change in its status, function, control or ownership; or
  - (2) any of the obligations of the Issuer under any of the Notes or the Deed of Covenant being or becoming illegal, invalid or unenforceable in any respect; or
  - (3) time or other indulgence being granted or agreed to be granted to the Issuer in respect of its obligations under any of the Notes or the Deed of Covenant; or
  - (4) any amendment to, or any variation, waiver or release of, any obligation of the Issuer under any of the Notes or the Deed of Covenant; or
  - (5) any other act, event or omission which, but for this Clause 3(C), would or might operate to discharge, impair or otherwise affect the obligations of the Guarantor herein contained or any of the rights, powers or remedies conferred upon the Noteholders, the Relevant Account Holders or any of them by the Deed of Guarantee or by law.
- 3(D) Any settlement or discharge between the Guarantor and the Noteholders, the Relevant Account Holders or any of them shall be conditional upon no payment to the Noteholders, the Relevant Account Holders or any of them by the Issuer or any other person on the Issuer's behalf being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Noteholders and the Relevant Account Holders shall each be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- 3(E) No Noteholder or Relevant Account Holder shall be obliged before exercising any of the rights, powers or remedies conferred upon it by the Deed of Guarantee or by law:
- (1) to make any demand of the Issuer, other than (in the case of the Holder of a Bearer Note) the presentation of the relevant Note; or
  - (2) to take any action or obtain judgment in any court against the Issuer; or

- (3) to make or file any claim or proof in a winding-up or dissolution of the Issuer and, save as aforesaid, the Guarantor hereby expressly waives, in respect of each Note, presentment, demand and protest and notice of dishonour.
- 3(F) The Guarantor has agreed that so long as any amounts are or may be owed by the Issuer under any of the Notes or the Deed of Covenant or the Issuer is under any actual or contingent obligations thereunder, the Guarantor shall not exercise rights which the Guarantor may at any time have by reason of performance by the Guarantor of its obligations hereunder:
- (1) to be indemnified by the Issuer; and/or
- (2) to claim any contribution from any other guarantor of the Issuer's obligations under the Notes or the Deed of Covenant; and/or
- (3) to take the benefit (in whole or in part) of any security taken pursuant to, or in connection with, any of the Notes or the Deed of Covenant issued by the Issuer, by all or any of the persons to whom the benefit of the Guarantor's obligations are given; and/or
- (4) to be subrogated to the rights of any Noteholder or Relevant Account Holder against the Issuer in respect of amounts paid by the Guarantor pursuant to the provisions of the Deed of Guarantee.
- 3(G) The obligations of the Guarantor under the Deed of Guarantee will at all times rank as described in Condition 3 of the Notes.

#### **4. Law and Jurisdiction**

- 4(A) **Governing Law:** The Guarantor has agreed that the Deed of Guarantee and all matters arising from or connected with it, including any non-contractual obligations arising out of or in connection with it, are governed by and shall be construed in accordance with English law.
- 4(B) **English courts:** The Guarantor has agreed that the courts of England will have exclusive jurisdiction to settle any dispute (a **Dispute**), arising from or connected with the Deed of Guarantee (including a dispute regarding the existence, validity or termination of the Deed of Guarantee) or the consequences of its nullity.
- 4(C) **Appropriate forum:** The Guarantor has agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 4(D) **Rights of the Noteholders and Relevant Account Holders:** It is agreed in the Deed of Guarantee that Clause 4(B) (English courts) is for the benefit of the Beneficiaries (as defined in the Deed of Covenant) only. As a result, it has been agreed that nothing in Clause 4 (Law and Jurisdiction) prevents the Noteholders and Relevant Account Holders from taking proceedings relating to a Dispute (**Proceedings**) in any other courts with jurisdiction. To the extent allowed by law, the Noteholders and Relevant Account Holders may take concurrent Proceedings in any number of jurisdictions.
- 4(E) **Process agent:** The Guarantor has agreed that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to SPW Investments Limited, 4th Floor, 1 Tudor Street, London, EC4Y 0AH, UK or, if different, its registered office for the time being or at any address of the Guarantor in Great Britain at which process may be served on it in accordance with Part 34 of the Companies Act 2006. If such person is not or ceases to be effectively appointed to accept service of process on behalf of the Guarantor, the Guarantor has agreed that it shall, on the written demand of any Noteholder or Relevant Account Holder addressed and delivered to the Guarantor appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder or

Relevant Account Holder shall be entitled to appoint such a person by written notice addressed to the Guarantor and delivered to the Guarantor. The Guarantor has agreed that nothing in this paragraph shall affect the right of any Noteholder or Relevant Account Holder to serve process in any other manner permitted by law. This clause applies to Proceedings in England and to Proceedings elsewhere.

**5. Contracts (Rights of Third Parties) Act 1999**

A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## DESCRIPTION OF IBERDROLA FINANZAS, S.A.U.

### General information

The legal name of the Issuer is Iberdrola Finanzas, S.A.U. (**Iberdrola Finanzas**), a wholly-owned subsidiary of Iberdrola, incorporated on 16 February 2005 as a corporation (*sociedad anónima*) under the laws of Spain. Iberdrola Finanzas operates under the laws of Spain. The registered office of Iberdrola Finanzas is Plaza Euskadi 5, 48009 Bilbao, Spain, with telephone number +34 94 415 1411. Iberdrola Finanzas is registered at volume 4525, sheet BI-41875, page 89, entry no. 1 in the Biscay Commercial Registry. Iberdrola Finanzas was incorporated for an indefinite period.

The Legal Entity Identifier (LEI) code of Iberdrola Finanzas is 5493004PZNZWWBOUV388.

### Share capital

As at 31 December 2021, the issued and paid-up share capital of Iberdrola Finanzas was €100,061,000, divided into 100,061 ordinary registered shares of €1,000 each. The whole of the issued and paid-up share capital of Iberdrola Finanzas is owned by Iberdrola. There are currently no arrangements in place, the operation of which may at a future date result in a change of control of Iberdrola Finanzas. There are no measures in place to ensure that the control of Iberdrola Finanzas by Iberdrola is not abused.

### Business

The corporate purpose of Iberdrola Finanzas is the issuance of debt securities, whether on a subordinated basis or not, which are to be traded on the Spanish and international organised secondary markets. The net proceeds from the issuance of the debt securities will be deposited within Iberdrola and used for the general corporate purposes of Iberdrola and its subsidiaries or to finance and/or refinance, in whole or in part, Eligible Green Projects, as defined in this Base Prospectus. Iberdrola Finanzas is dependent on Iberdrola to service its obligations under these debt securities.

### Management

Iberdrola Finanzas is managed by a board of directors which are detailed in the following table:

Name	Function
Mr. J. Martínez Pérez .....	Chairman
Mr. G.J. Colino Salazar .....	Member
Mr. D. Alcain López.....	Member
Mr. D. Fernández Molina.....	Member

The business address of each director of Iberdrola Finanzas is Plaza Euskadi 5, 48009, Bilbao, Spain.

No conflict of interest has been notified to Iberdrola Finanzas between the duties of the directors of Iberdrola Finanzas and their private interests or other duties. None of the directors of Iberdrola Finanzas performs any activities outside Iberdrola Finanzas that are significant with respect to Iberdrola Finanzas.

### Material contracts

The material contracts entered into by Iberdrola Finanzas (other than in its ordinary course of business) which are relevant to its ability to meet its obligations in respect of the Programme are the Dealership Agreement, the Agency Agreement, the Deed of Covenant and each public deed (*escritura pública*) entered into in respect of Notes issued under the Programme.



## DESCRIPTION OF IBERDROLA, S.A.

### General information

The legal name of the Guarantor is Iberdrola, S.A. (**Iberdrola**) operating under the commercial name Iberdrola. It is a listed corporation which was incorporated in the Kingdom of Spain for an indefinite period on 19 July 1901. Iberdrola operates under the laws of Spain. Iberdrola is registered in volume 17 of the Companies Section, page 114, sheet 901 (current BI-167-A), entry no. 1 in the Biscay Commercial Registry. Its present name was adopted at the General Shareholders' Meeting held on 1 November 1992, formalised in a deed executed on 12 December 1992 and recorded with the Biscay Commercial Registry in volume BI-223 of the General Companies Section, page 156, sheet BI-167-A, entry no. 923, following the merger of Iberduero, S.A. and Hidroeléctrica Española, S.A.

The Iberdrola Group is now one of the world's leading private electricity companies in terms of market capitalisation and the number of customers it serves. Iberdrola is the parent company of a group of companies carrying out activities primarily in the electricity and gas industries, in the Kingdom of Spain and other countries, with a significant presence in the United Kingdom, the United States of America, Mexico, Brazil, and International (mainly continental Europe, Germany, France, Italy among others). With the scope and under the conditions established in applicable regulations in each territory, the activities carried out in such industries may be classified into regulated activities and liberalised activities.

Iberdrola's registered offices are in Bilbao (Spain), at Plaza Euskadi, n°.5, 48009 Bilbao, with telephone number +34 94 415 14 11.

The Legal Entity Identifier (LEI) code of Iberdrola is 5QK37QC7NWOJ8D7WVQ45. Iberdrola's website is [www.iberdrola.com](http://www.iberdrola.com).

### Share capital and major shareholders

Iberdrola's shares are listed on the Spanish stock exchange and admitted to listing on the Spanish electronic stock market, energy sector, electricity sub-sector, and are included in the IBEX-35 index. In addition, since 23 June 2003, Iberdrola's shares have been included in the FTSE EuroStoxx 100 index and, since 1 September 2003, in the EuroStoxx 50 index.

As of the date of this Base Prospectus, there were 6,437,563,000 shares in issue all of which are fully subscribed and paid up at a par value of €0.75 each, resulting in a share capital of €4,828,172,250. As at 31 December 2021, there were 6,366,088,000 shares of Iberdrola in issue, all of which are fully subscribed and paid up, resulting in a share capital of €4,774,566,000. The nominal value of each share is €0.75. As at 31 December 2021, the closing price was €10.41, resulting in a market capitalisation of €66,271 million. All of Iberdrola's shares are ordinary shares, represented in book-entry form and the book-entry registry is kept by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. Unipersonal (Iberclear), domiciled at Palacio de la Bolsa, Plaza de la Lealtad, 1, 28014 Madrid, Spain.

According to information available to Iberdrola, no single person (or group of persons) controls Iberdrola. Nonetheless, based on publicly available information, at 31 December 2021 significant shareholders holding more than 3 per cent. of Iberdrola's ordinary share capital were (a) Qatar Investment Authority holding an 8.69 per cent. interest through Qatar Holding LLC (6.26 per cent.) and DIC Holding LLC Luxembourg II, S.A.R.L. (2.43 per cent.); (b) Blackrock, Inc. with an indirect interest of 5.16 per cent. through Blackrock Group; and (c) Norges Bank with a direct interest of 3.36 per cent.

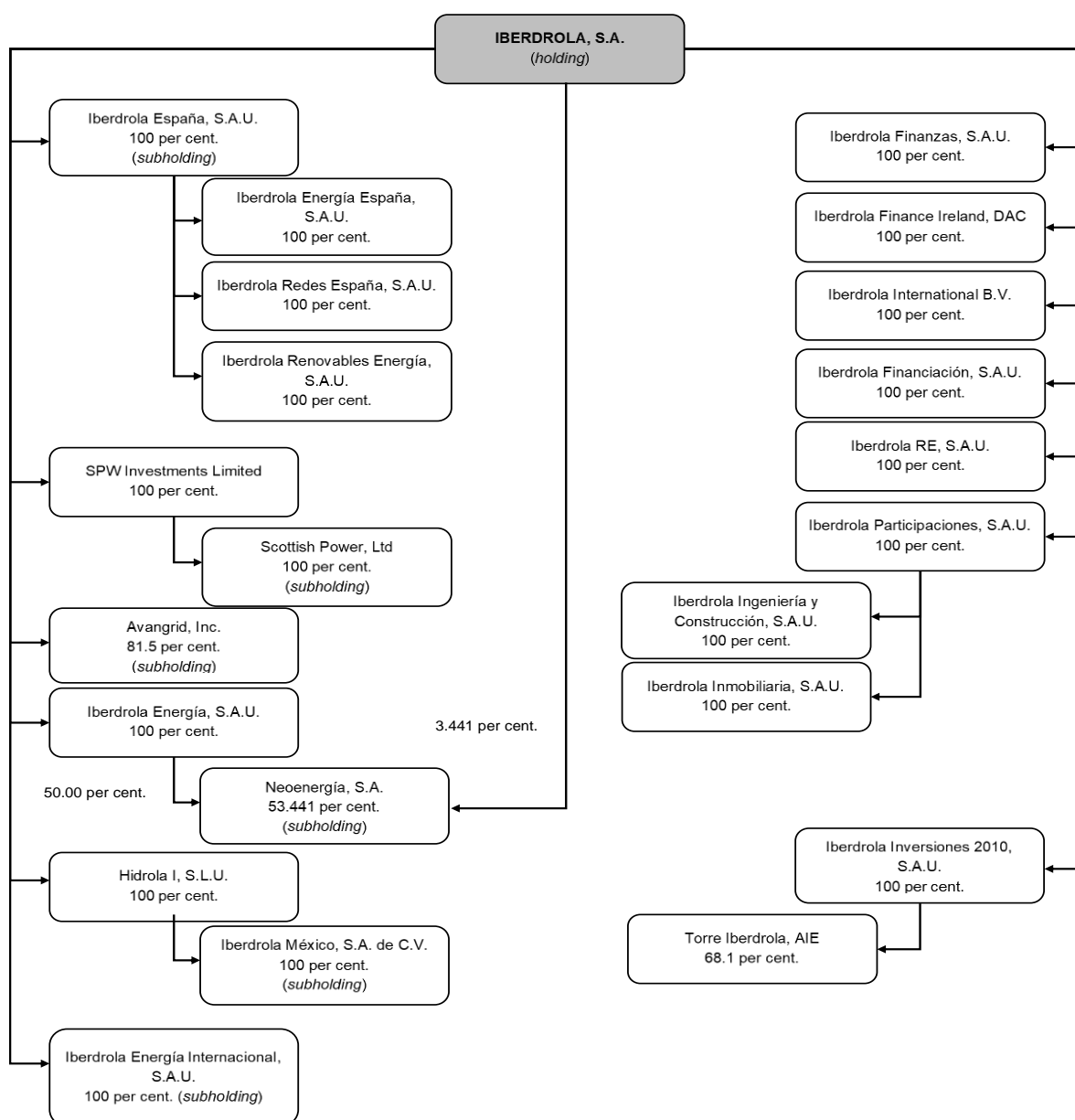
### Recent developments

Iberdrola undertook to subscribe 81.5% of the share capital increase of Avangrid, Inc. (Avangrid) announced on 12 May 2021, a listed subholding company of the Group in the USA, to finance the acquisition of PNM Resources, Inc. (which is pending completion), and pay off the U.S.\$3,000 million loan extended by Iberdrola

to Avangrid in December 2020. The investment made by Iberdrola amounts to U.S.\$3,260 million. The remaining U.S.\$740 million of Avangrid's share capital increase, has been subscribed by Qatar Investment Authority (QIA), which holds 8.71% of the share capital of Iberdrola. Accordingly, following the share capital increase, Iberdrola maintains its current holding of 81.5% of the share capital of Avangrid and QIA has a direct shareholding of approximately 4% in Avangrid,

## Organisational structure

The corporate structure of the principal subsidiaries of the Iberdrola Group as at the date of this Base Prospectus is as follows:



## Business

The Iberdrola Group is split into five strategic divisions (see table below). The Group's principal activities are the generation, the supply and the distribution of electricity and gas but, as shown in the table below, the Group is also involved in other businesses. The Group operates primarily in Spain but also has significant other

investments, particularly in the UK, the USA, Mexico, Brazil and primarily Continental Europe, through Iberdrola Energy International (IEI).

The economic and financial information of the Iberdrola Group is structured as follows:

### **Network Business**

This includes the energy Transmission and Distribution businesses, as well as those businesses of any other regulated nature, originating in Spain, the UK, the USA and Brazil.

### **Generation and Retail Business**

This includes the energy Generation and Supply businesses that the Iberdrola Group operates in Spain and continental Europe, the UK, the USA, Brazil, Mexico and other jurisdictions under IEI.

### **Renewables Business**

Activities relating to renewable energies (hydro, wind and others) are located in Spain, the UK, the USA, Mexico, Brazil and other jurisdictions under IEI.

### **Other Businesses**

This is a grouping of the non-energy businesses of the Group.

### **Corporation**

This encompasses the costs of the Iberdrola Group structure for the administrative services of the corporate areas that are later billed to the other companies through specific service contracts. This group includes also discontinued activities.

Percentage of Group EBITDA for the years ended 31 December 2021 and 2020 based on the Group's audited consolidated annual accounts:

<b>Business</b>	<b>Description</b>	<b>2021</b>	<b>2020</b>
Network	Includes all of the energy transmission and distribution activities and any other regulated activity originated in Spain, the UK, the USA and Brazil	44.9 per cent.	47.7 per cent.
Generation and supply	Includes the electricity generation and sales businesses carried on by the Group in Spain the UK, the USA, Mexico and IEI	7.5 per cent.	25.6 per cent.
Renewables	Includes activities relating to renewable energies in Spain, the UK, the USA, Mexico, Brazil and IEI	46.0 per cent.	25.8 per cent.
Other	Includes the non-energy businesses	0.3 per cent.	-0.0 per cent.
Corporation		1.3 per cent.	0.8 per cent.

## General

As at 31 December 2021, the Group's consolidated installed capacity was 55,551 MW (52,401 MW as at 31 December 2020).

The breakdown of the Group's capacity by technology and by country is shown in the following tables:

	31.12.2021			31.12.2020			
	Consolidated	Managed		Consolidated	Managed		
By technology	at EBITDA	by investee	Total 2021	at EBITDA	by investee	Total 2020	Var. Consolidated MW
	level	companies (*)		level	companies (*)		
Renewables	35,419	2,717	38,136	32,263	2,659	34,922	3,214
Onshore	18,971	509	19,480	18,125	450	18,575	905
Offshore	1,258	-	1,258	1,258	-	1,258	-
Hydro	11,654	2,194	13,848	10,669	2,195	12,864	984
Minihydro	283	2	285	301	2	303	-18
Solar and others (**)	3,253	12	3,265	1,910	12	1,922	1,343
Nuclear	3,177	-	3,177	3,177	-	3,177	-
Gas combined cycle	15,821	-	15,821	15,821	-	15,821	-
Cogeneration	1,134	51	1,185	1,140	51	1,191	-6
Coal	-	-	-	-	-	-	-
Installed Capacity (MW)	55,551	2,768	58,319	52,401	2,71	55,111	3,208

	31.12.2021			31.12.2020			
	Consolidated	Managed		Consolidated	Managed		
By country	at EBITDA	by investee	Total 2021	at EBITDA	by investee	Total 2020	Var. Consolidated MW
	level	companies (*)		level	companies (*)		
Spain	28,117	311	28,428	26,384	252	26,636	1,792
United Kingdom	2,993	15	3,008	2,849	15	2,864	144
United States	8,899	248	9,147	8,574	248	8,822	325
Mexico	10,683	-	10,683	10,672	-	10,672	11

Brazil	2,353	2,194	4,547	1,885	2,195	4,080	467
IEI	2,506	-	2,506	2,037	-	2,037	469
<b>Installed Capacity (MW)</b>	<b>55,551</b>	<b>2,768</b>	<b>58,319</b>	<b>52,401</b>	<b>2,710</b>	<b>55,111</b>	<b>3,208</b>

(\*) Includes the proportional MW share

(\*\*) Solar capacity measured in MWdc

The main changes during 2021 were:

(a) In Spain:

- Onshore wind decreased by 228 MW due to the sale of 295 MW in the wind farms that formed part of an agreement with Mapfre. In addition, there was the commissioning of 67 MW in the wind farms of El Puntal II 15 MW, Valdesantos 13 MW, Verdigueiro 37 MW and the installation of 2 MW in the wind farm of Cordel Vidural.
- In photovoltaic solar power: module installation work has been completed at the Ceclavín-Oriol (111 MW), Puertollano (100 MW), Arenales (150 MW), Francisco Pizarro (517 MW), Majada Alta (32 MW), San Antonio (46 MW), Barcience (15 MW), Campo Arañuelo (11 MW), Alaraz (2 MW) and Revilla-Vallejera (2 MW) plants.
- Hydroelectric power includes the Tâmega project (998 MW) in Portugal. Work also continues on the Tâmega hydroelectric complex, with Daivões (118 MW) and Gouvães (880 MW) expected to come fully on stream in the first half of 2022, once the system operator (REN) energises the evacuation lines to the national transmission grid, at which time each of the three generators at Daivões and the four generators at Gouvães will come into operation.
- In addition, 31 MW of mini-hydro have been removed, 13 MW of ordinary regime and 18 MW of special regime.
- In battery storage projects, the following capacity/power 3 MW are installed in Campo Arañuelo, 5 MW in Puertollano and 6 MW in Abadiño.
- In thermal the changes in 2021 relate to the reduction of 6 MW at the cogeneration plant Eneryworks Villarrobledo.

(b) In the UK:

- In onshore wind, 36 MW were installed at Beinn An Tuirc III (28 MW) and Halsary (8 MW) farms.
- In solar photovoltaic, the installation of the Carland Cross hybrid project (10 MW) has been completed.
- In battery storage, the start-up of several projects continues, with 50 MW installed at Gorman Bess, 45 MW at Whitelee in Scotland and 3 MW at Barnesmore Bess in Ireland in 2021.

(c) In the USA:

- 223 MW of onshore wind power is incorporated in the following wind farms: Golden Hills 190 MW, Roaring Brook 18 MW, La Joya 2 MW and the repowering of the Trimont 7 MW and Klondike II 6 MW wind farms.
- In solar photovoltaic, installation of the modules for the Lund Hill plant continues, with 101 MW of the 194 MW to be installed.

(d) In Mexico:

- 11 MW installed at the PIER IV wind farm.
- In Brazil, work continues on onshore wind power in the Chafariz complex in the state of Paraíba, consisting of a total of 15 wind projects with a total capacity of 472 MW, having closed the year with 468 MW installed and only 3 MW of the Chafariz 3 project still pending, meaning that the farm has already begun partial production.

(e) In IEI:

- In onshore
  - o In Australia, construction work continued on Port Augusta, a 317 MW hybrid wind-solar project, which will become one of the largest hybrid renewable energy plants in the southern hemisphere. All the wind turbines of this hybrid project (210 MW) have been installed and the first GWh were exported in December 2021.
  - o In Greece, the Mikronoros wind farm (33.6 MW) ended the year with 13 MW installed.
  - o In Poland, 113 MW are added following the purchase of the Zopowy and Korytnica 1 wind farms.
- In photovoltaic capacity:
  - o 3 MW were added: At the Port Augusta hybrid project in Australia, 54 MW of the 106.9 MW of solar PV to be installed at the plant have been installed.
  - o At the Montalto di Castro plant in Italy, 19.8 MW out of a total of 23.4 MW have been installed.
  - o In Portugal, the first 9.4 MW of the 27.4 MW Algeruz 2 plant have been installed.
- Storage projects: the 50 MW Wallgrove storage project has been completed and entered commercial operation in December 2021, and work has started on the 245.5 MW Avonlie project. Electricity generation during the year ended 31 December 2021 grew by 0.22 per cent. to 155,150 GWh (154,804 GWh in 2020). The breakdown of the Group's generation by country and by technology for the years ended 31 December 2021 and 2020 is shown in the following table:

31.12.2021			31.12.2020			Var. Consolidated %
By technology	Consolidated	Managed	Consolidated	Managed	Total 2020	
	at EBITDA	by investee	at EBITDA	by investee		
	Level	companies (*)	level	companies (*)		

Renewables	65,174	8,776	73,950	60,402	7,664	68,066	7.9
Onshore	40,586	989	41,575	38,507	896	39,403	5.4
Offshore	4,617	-	4,617	4,380	-	4,380	5.4
Hydro	16,619	7,755	24,374	15,274	6,760	22,034	8.8
Minihydro	624	6	630	674	8	682	-7.4
Solar and others	2,728	26	2,754	1,567	-	1,567	74.1
Nuclear	23,193	-	23,193	24,316	-	24,316	-4.6
Gas combined cycle	59,963	-	59,963	63,673	-	63,673	-5.8
Cogeneration	6,820	340	7,160	6,176	375	6,551	10.4
Coal (**)	-	-	-	237	-	237	-100
<b>Net Production</b>	<b>155,150</b>	<b>9,116</b>	<b>164,266</b>	<b>154,804</b>	<b>8,039</b>	<b>162,843</b>	<b>0.2</b>

31.12.2021				31.12.2020			
By country	Consolidated	Managed	Total 2021	Consolidated	Managed	Total 2020	Var. Consolidated %
	at EBITDA	by investee		at EBITDA	by investee		
	Level	companies (*)		level	companies (*)		
Spain	60,186	782	60,968	59,105	749	59,854	1.8
United Kingdom	6,708	9	6,717	6,664	14	6,678	0.7
United States	22,014	570	22,584	21,607	516	22,123	1.9
Mexico	54,296	-	54,296	57,517	-	57,517	-5.6
Brazil	7,374	7,755	15,129	6,361	6,760	13,121	15.9
IEI	4,572	-	4,572	3,550	-	3,550	28.8
<b>Net Production</b>	<b>155,150</b>	<b>9,116</b>	<b>164,266</b>	<b>154,804</b>	<b>8,039</b>	<b>162,843</b>	<b>0.2</b>

(\*) Includes the proportional GWh share

(\*\*) Iberdrola Group has closed all its coal capacity in Spain by 2020.

## Group results

As a consequence of the current situation of the energy markets and the actual operation of these markets in the electricity production- final customer relationship, the Group's businesses are reported with a

differentiation between network activities (regulated) and energy production and customer activities as a whole (both with renewable and conventional sources), in order to better reflect the evolution of these businesses.

In 2021, the Iberdrola Group redefined the format of its consolidated income statement, eliminating the heading “Gains/(losses) on non-current assets”.

The items comprising this entry are now classified as follows:

1. (Gains)/losses on disposal of fixed assets and on loss of control of consolidated holdings are presented under the section “Other operating results”, forming part of EBITDA.
2. Profit (loss) sharing and results from loss of significant influence of equity holdings are presented under the heading “Results of companies accounted for using the equity method”.

In accordance with accounting regulations, the change has been applied retroactively to 2020, with an effect of an increase of EUR 28 million in EBITDA for 2020 (which was re-stated for comparative purposes).

Due to their impact on the figures included therein, it is necessary to highlight three non-recurring effects recorded in the year at net profit level:

1. Net gain effect of court rulings and legal measures in Spain during the year (€800 million).
2. Increase of the corporate tax rate in the United Kingdom from 19% to 25%, effective 1 April 2023. This modification involved recalculating the Group’s deferred taxes and represented a negative impact of €455 million.
3. The implementation of efficiency measures, with an impact of €166 million, which will allow for the optimisation of future results.

## NETWORK (Regulated)

The Iberdrola Group distributed a total of 237,752 GWh in 2021, an increase in electricity demand of 5.7% compared to 2020 (224,997 GWh distributed).

	2021	2020	Var. Consolidated %
Spain	90,962	88,390	2.9
United Kingdom	32,221	31,738	1.5
United States	38,756	38,012	2.0
Brazil	75,813	66,857	13.4
<b>Distributed Electricity (GWh)</b>	<b>237,752</b>	<b>224,997</b>	<b>5.7</b>
United States	61,365	59,134	3.8
<b>Distributed gas (GWh)</b>	<b>61,365</b>	<b>59,134</b>	<b>3.8</b>

Electricity supply points under management reached 33.9 million as at 31 December 2021 (32.3 million in 2020).



Managed Supply Points (Millions)	2021	2020
Spain	11.3	11.2
United Kingdom	3.6	3.5
United States	2.3	2.3
Brazil	15.7	14.3
<b>Electricity</b>	<b>32.9</b>	<b>31.3</b>
United States	1.0	1.0
<b>Gas</b>	<b>1.0</b>	<b>1.0</b>
<b>Total supply points</b>	<b>33.9</b>	<b>32.3</b>

In 2021, the regulated business obtained consolidated results of €1,466 million after tax, a decrease of 6.1 per cent. from the previous year (€1,562 million in 2020).

## Spain

The regulated business in Spain obtained consolidated results of €769 million after tax in 2021 (€805 million in 2020).

During the year ended 31 December 2021, Iberdrola distributed 90,962 GWh, a 2.9 per cent. increase compared with the same period of the previous year (88,390 GWh in 2020) and distributed to more than 11.3 million customers (11.2 million customers in 2020).

## UK

The regulated business in the UK obtained consolidated results of €110 million after tax in 2021 (€312 million in 2020).

As at 31 December 2021, Iberdrola distributed to more than 3.6 million customers (3.5 million customers in 2020). The volume of energy distributed during the year 2021 was 32,221 GWh (31,738 GWh in 2020), representing an increase of 1.5 per cent. when compared to the same period of the previous year.

## United States

The regulated business in the United States obtained consolidated results of €285 million after tax in 2021 (€229 million in 2020).

As at 31 December 2021, Avangrid, the US network subsidiary of Iberdrola, had 2.3 million electricity supply points (2.3 million in 2020). The energy distributed during the year 2021 was 38,756 GWh (38,012 GWh in 2020), representing an increase of 2 per cent. when compared to the same period of the previous year.

The number of gas users in the United States as at 31 December 2021 was 1 million (1 million in 2020), with 61,365 GWh (59,134 GWh in 2020) supplied during the year then ended, representing an increase of 3.8 per cent. when compared to the same period of the previous year.

## **Brazil**

The regulated business in Brazil obtained consolidated results of €302 million after tax in 2021 (€216 million in 2020).

The number of customers served by the Brazilian distribution companies as at 31 December 2021 was 15.7 million (14.3 million in 2020) and a total of 75,813 GWh (66,857 GWh in 2020) was distributed during the year then ended.

## **ELECTRICITY PRODUCTION & CUSTOMERS (Non-regulated)**

In 2021, the non-regulated business obtained consolidated results of €2,478 million after tax (€1,652 million in 2020), an increase of 50 per cent. from the previous year. Excluding the impact of the one-off impact of court rulings of €800 million in Spain the increase would have been 1.5 per cent.

## **Spain**

The non-regulated business in Spain obtained consolidated results of €2,253 million after tax in 2021, or €1,453 million adjusted by the non-recurring €800 million mentioned, (€947 million in 2020).

As at 31 December 2021, the installed capacity, consolidated at EBITDA level, of Iberdrola in Spain totalled 28,117 MW of which 18,949 MW are renewable (26,384 MW in 2020, 17,210 renewables).

In 2021, the Group produced 60,186 GWh (59,105 GWh in 2020) of electrical energy, 1.8 per cent. higher than in 2020. Of this production 27,978 GWh in 2021 and 25,545 GWh in 2020 were renewable.

In 2021 the Group supplied in Spain 87,481 GWh (94,991 GWh in 2020) of electrical energy, a 7.9 per cent. decrease.

## **UK**

The non-regulated business in the UK obtained consolidated losses of €218 million after tax in 2021 (profit of €241 million in 2020).

The installed capacity, consolidated at EBITDA level, totalled 2,993 MW (2,849 MW in 2020), and produced 6,708 GWh (6,664 GWh in 2020), both capacity and production are renewable.

In 2021, 19,383 GWh of electricity and 26,094 GWh of gas was supplied to customers, 4.6% and 6.8% more than in 2020, respectively.

## **United States**

The non-regulated business in United States obtained consolidated net profit of €52 million after tax in 2021 (€8 million losses in 2020).

The installed capacity in United States reached 8,899 MW as at 31 December 2021, 8,059 renewables, (8,574 MW in 2020, 7,734 renewable). The production in 2021 was 22,014 GWh, 18,830 GWh renewable (21,607 GWh in 2020, 18,856 GWh renewable).

## **Mexico**

The non-regulated business in Mexico obtained consolidated results of €345 million after tax in 2021 (€404 million in 2020).

As at 31 December 2021, the installed capacity of the Group in Mexico reached 10,683 MW (10,672 MW in 2020). In 2021 the Group produced 54,296 GWh (57,517 GWh in 2020) of electrical energy, 5.6 per cent. less than in 2020. The renewable capacity and production in 2021 was 1,335 MW and 2,947 GWh.

Electricity sales in 2021 amounted to 55,046 GWh, up 4.7 per cent. on 2020 (52,558 GWh).

## **Brazil**

The non-regulated business in Brazil obtained consolidated results of €30 million after tax in 2021 (€27 million in 2020).

As at 31 December 2020, the installed capacity of Iberdrola in Brazil reached 2,353 MW (1,885 MW in 2020). The renewable capacity in Brazil in 2021 was 1,820 MW (1,352 MW in 2020).

The Group produced 7,374 GWh of electrical energy, 4,180 GWh renewable, (6,361 GWh in 2020, 3,921 GWh renewable).

## **IEI**

The non-regulated business in rest of countries obtained consolidated gains of €14 million after tax in 2021 (gains of €44 million in 2020).

The installed capacity reached 2,506 MW (2,037 MW in 2020) and produced 4,572 GWh (3,550 GWh in 2020) of electrical energy. Of the 2021 capacity 2,263 MW were renewable (1,794 MW).

Electricity sales at the international division grew by 3.0 per cent. in 2021 and amounted to 10,229 GWh (10,540 GWh in 2020) and gas sales increased by 33.9 per cent. to 1,869 GWh (1,396 GWh in 2020).

## **OTHER BUSINESSES AND CORPORATION**

In 2021, Other Businesses obtained consolidated gains of €33 million after tax (€482 million gains in 2020), largely impacted by the sale of the stake held in Siemens–Gamesa, and Corporation and others obtained consolidated losses of €92 million after tax (€85 million losses in 2020).

## **REGULATION**

The Iberdrola Group operates in a highly regulated environment. An overview of such laws and regulations is available at Appendix II of the audited consolidated annual accounts of the Guarantor for the year ended 31 December 2021, which are incorporated by reference herein. Although this overview contains all the information that, as at the date of this Base Prospectus, Iberdrola considers material in the context of the issue of the Notes, it is not an exhaustive account of all applicable laws and regulations. Prospective investors and/or their advisers should make their own analysis of the legislation and regulations applicable to the Iberdrola Group and of the impact they may have on the Iberdrola Group and any investment in the Notes and should not rely on this overview only. See also “*Risk Factors—Risk factors that may affect the issuer’s and the guarantor’s ability to fulfil their obligations under the notes—Legal and regulatory risks*” above.

## Insurance

The Group maintains insurance which provides cover against a number of risks, including property damage, fire, flood, third party liability and business interruption.

However, this insurance does not completely eliminate operational risk, since it is not always possible to transfer it to insurance companies and, in addition, cover is always subject to certain limitations.

## Employees

In 2021 and 2020, the Iberdrola Group's average workforce totalled 38,702 and 35,637 respectively.

The average number of employees in the consolidated group corresponds to all the employees in fully consolidated companies, as well as the employees of the joint ventures determined based on the percentage ownership.

## Board of Directors of the Guarantor

As at the date of this Base Prospectus, the Board of Directors of Iberdrola is made up of the following 14 Directors:

Name	Title	Business address	Type of Director	Principle activity outside of the Board of Directors of the Guarantor
Mr. José Ignacio Sánchez Galán <sup>(1)</sup>	Chairman and Chief Executive Officer	Bilbao, Plaza Euskadi 5	Executive	N/A
Mr. Juan Manuel González Serna <sup>(1)(4)</sup>	First Vice-chair and Lead Independent Director	Bilbao, Plaza Euskadi 5	External Independent	Chair of the Cerealto Siro Foods and founding trustee and chairman of Fundación Grupo SIRO.
Mr. Anthony L. Gardner <sup>(1)(3)</sup>	Second Vice-chair	Bilbao, Plaza Euskadi 5	External Independent	Managing Partner of the Private Equity Group of Brookfield Business Partners L.P.
Mr. Íñigo Víctor de Oriol Ibarra <sup>(4)</sup>	Member	Bilbao, Plaza Euskadi 5	Other external	N/A
Ms. María Helena Antolín Raybaud <sup>(3)</sup>	Member	Bilbao, Plaza Euskadi 5	Other external	Vice-chair of the Board of Directors and member of the Management Committee of Grupo Antolin Irausa.
Mr. Manuel Moreu Munaiz <sup>(1)(4)</sup>	Member	Bilbao, Plaza Euskadi 5	External Independent	Chairman of Seaplace, sole director of H.I. de

				Iberia Ingeniería y Proyectos and Howard Ingeniería y Desarrollo, and member of the Board of Directors of Tubacex.
Mr. Xabier Sagredo Ormaza <sup>(2)</sup>	Member	Bilbao, Plaza Euskadi 5	External independent	Chair of the Board of Trustees of Bilbao Bizkaia Kutxa Fundación Bancaria-Bilbao Bizkaia Kutxa Banku Fundazioa and of BBK Fundazioa.
Mr. Francisco Martínez Córcoles	Member	Bilbao, Plaza Euskadi 5	Other external	N/A
Ms. Sara de la Rica Goiricelaya <sup>(5)</sup>	Member	Bilbao, Plaza Euskadi 5	External Independent	Director of Fundación ISEAK.
Ms. Nicola Mary Brewer <sup>(5)</sup>	Member	Bilbao, Plaza Euskadi 5	External Independent	N/A
Ms. Regina Helena Jorge Nunes <sup>(2)</sup>	Member	Bilbao, Plaza Euskadi 5	External Independent	Founding partner and CED of RNA Capital and independent director of IRB-Brasil Resseguros S.A.
Mr. Ángel Jesús Acebes Paniagua <sup>(1)(3)</sup>	Member	Bilbao, Plaza Euskadi 5	External Independent	Founding partner and director of MA Abogados  Estudio Jurídico, S.L.P., managing partner of Michavila Acebes Abogados, S.L.P. and  sole director  and professional partner  of Doble A Estudios y Análisis, S.L.P.
Ms. María Ángeles Alcalá Díaz <sup>(2)</sup>	Member	Bilbao, Plaza Euskadi 5	External Independent	Commercial Law professor at

				University of Castilla-La Mancha and counsel advisor of Ramón y Cajal Abogados, S.L.P.
Ms. Isabel García Tejerina <sup>(5)</sup>	Member	Bilbao, Plaza Euskadi 5	External Independent	Senior Advisor at Ernst & Young España, S.A. Independent director of Primafrío, S.L. and of Avanza Previsión Compañía de Seguros, S.A.

- (1) Executive Committee.
- (2) Audit and Risk Supervision Committee.
- (3) Appointments Committee.
- (4) Remuneration Committee.
- (5) Sustainable Development Committee.

The Secretary of the Board of Directors is Mr. Julián Martínez-Simancas Sánchez, the First Deputy Secretary is Mr. Santiago Martínez Garrido, and the Second Deputy Secretary is Ms. Ainara De Elejoste Echebarría.

There are no potential conflicts of interest between the Board members' duties to Iberdrola and their private interests or other duties. All potential conflict of interest situations involving the Board members were avoided by operation of the procedures set forth in the applicable rules and regulations described in section D.6 of the Annual Corporate Governance Report 2021. In particular, Article 44 of the Regulations of the Board of Directors provides that directors who become involved in a conflict of interest (i) shall give written notice thereof to the Board of Directors, specifically to the Secretary of the Board, and (ii) shall not attend or participate in the deliberation and voting on those matters regarding which the director is involved in a conflict of interest. Additionally, transactions by Iberdrola with directors and significant shareholders are subject to the approval of the Board and disclosed in the financial and corporate governance information (Article 48 of the Regulations of the Board of Directors). Conflicts of interest with officers or any other professionals within the Group are regulated in the Code of Ethics.

Iberdrola's Annual Corporate Governance Report 2021 is available on the internet at [www.iberdrola.com](http://www.iberdrola.com). Iberdrola's website also provides further information about the General Shareholders' Meeting, the updated composition of the Board of Directors and its Committees, as well as the curriculum vitae, other activities developed, and interest in the share capital held by each one of the members thereof. Iberdrola's website ([www.iberdrola.com](http://www.iberdrola.com)) does not form part of this Base Prospectus.

## Management Structure

As at the date of this Base Prospectus, the persons responsible for the day-to-day management of Iberdrola and their functions are as follows:

Chairman & Chief Executive Officer (CEO):	Mr. José Ignacio Sánchez Galán <sup>(1)</sup>
Business CEO:	Mr. Armando Martínez Martínez
Finance, Control and Corporate Development (CFO):	Mr. José Sainz Armada
Corporate Development Director:	Mr. Pedro Azagra Blázquez
General Secretary:	Mr. Santiago Martínez Garrido
Internal Audit Director:	Ms. Sonsoles Rubio Reinoso <sup>(2)</sup>
Risk Management and Internal Assurance Director:	Mr. Juan Carlos Rebollo Liceaga <sup>(2)</sup>
Director of Compliance:	Ms. María Dolores Herrera Pereda <sup>(3)</sup>
Director of the Networks Business:	Ms. Elena León Muñoz
Director of the Renewable Energy Business:	Mr. Xabier Viteri Solaun
Director of Liberalized Business:	Mr. Aitor Moso Raigoso
Director of Purchasing and Services:	Mr. Asís Canales Abaitua

- (1) Reporting to the Board of Directors.
- (2) Functional dependence of the Audit and Risk Supervision Committee.
- (3) Dependence of the Sustainable Development Commission.

## Material contracts

The material contracts entered into by the Group (other than in its ordinary course of business) and which are relevant to its ability to meet its obligations in respect of the Notes are the Dealership Agreement, the Agency Agreement and the Deed of Guarantee.

## SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in an amended and restated dealership agreement dated 1 June 2022 (as amended or supplemented from time to time, the **Dealership Agreement**) between the Issuer, the Guarantor, the Arranger and the Permanent Dealers, the Notes will be offered on a continuous basis by the Issuer, to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealership Agreement also provides for Notes to be issued in syndicated Tranches which are jointly and severally underwritten by two or more Dealers.

The Issuer failing whom, the Guarantor, has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealership Agreement may be terminated in relation to all the Dealers or any of them by the Issuer or, in relation to itself and the Issuer only, by any Dealer, at any time on giving not less than ten business days' notice. The Dealership Agreement provides that the obligation of any Dealer to subscribe for Notes under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant Notes.

### United States of America

Regulation S Category 2, TEFRA D (as defined below), unless TEFRA C (as defined below) is specified as applicable in the relevant Final Terms. Rule 144A eligible if so specified in the relevant Final Terms.

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (as amended) (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether the provisions of U.S. Treasury regulation section 1.163-5(c)(2)(i)(C) (or substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (**TEFRA C**), the provisions of U.S. Treasury regulation section 1.163-5(c)(2)(i)(D) (or substantially identical successor U.S. Treasury regulation section including, without limitation, substantially identical regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (**TEFRA D**), or neither the provisions of TEFRA C nor TEFRA D (**TEFRA not applicable**) will apply to the issuance of Notes.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that except as permitted by the Dealership Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (a) as part of their distribution at any time (b) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, or the Fiscal Agent by such Dealer or, in the case of Notes issued on a syndicated basis, the Lead Manager, except in accordance with Rule 903 of Regulation S under the Securities Act or, as provided below, in accordance with Rule 144A thereunder, within the United States or to, or for the account or benefit of U.S. persons, and it will have sent to each Dealer to which it sells Notes a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of U.S. persons.



In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirement of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act (if available).

Such Dealers as may be specified in the relevant Final Terms may offer and sell Notes in accordance with Rule 144A under the Securities Act (**144A Resale**) subject to compliance with all applicable United States selling restrictions.

In connection with any such 144A Resale, each relevant Dealer will be required to represent and agree that (a) neither it nor any person acting on its behalf has made or will make offers or sales of Notes by any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) and (b) if required by law, it will deliver to each qualified institutional buyer purchasing a Note or Notes from it a Base Prospectus.

Each Series of Notes may also be subject to such further United States selling restrictions as the Issuer and the relevant Dealer may agree and as indicated in the relevant Final Terms.

### **Prohibition of Sales to EEA Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation, and
- b) the expression **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### **Prohibition of Sales to UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer

would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation, and

- b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### Other United Kingdom regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

### Spain

Neither the Notes nor this Base Prospectus has been approved or registered in the administrative registries of the Spanish Securities Markets Commission (*Comisión Nacional del Mercado de Valores*). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes may not be offered, sold, distributed or re-sold in Spain except (i) in circumstances which do not require the registration of a prospectus in Spain; (ii) by institutions authorised to provide investment services in Spain under Royal Legislative Decree 4/2015 of 23 October (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores* (the **Spanish Securities Market Law**)), Royal Decree 217/2008 of 15 February (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión*) and related legislation to provide investment services in Spain; and (iii) in accordance with the provisions of the Spanish Securities Market Law and further developing legislation.

### Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended: the **FIEA**). Each Permanent Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of,

a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Belgium**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold or otherwise made available, and will not offer, sell or otherwise make available, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time.

## **Singapore**

This Base Prospectus has not been registered as a prospectus with the MAS, and the Notes will be offered pursuant to exemptions under the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (**SFA**). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

**Notification under Section 309B of the SFA** - Unless otherwise stated in the applicable Final Terms, all Notes shall be “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Base Prospectus or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree no. 58 of 24 February 1998 (the **Financial Services Act**) and Italian CONSOB regulations, all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation and Article 34-ter of CONSOB regulation No. 11971 of 14 May 1999 (the **Issuers Regulation**), as amended from time to time, and applicable Italian laws.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the **Banking Act**) and CONSOB Regulation No. 20307 of 15 February 2018 (implementing Legislative Decree 58 of 24 February 1998), all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

## General

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes or possession or distribution of the Base Prospectus or any other offering material or any Final Terms in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, notwithstanding the specific selling restrictions set out herein, it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus, any other offering material, in all cases at its own expense.

Each Dealer has undertaken, and each further Dealer appointed under the Programme will be required to undertake, that it will obtain any consent, approval or permission required by it for the subscription, offer or sale by it of any Notes or possession or distribution by it of the Base Prospectus or any other offering material under the applicable laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any subscription offer or sale.

## FORM OF FINAL TERMS (SENIOR NOTES)

**[MiFID II product governance / Professional investors and ECPs only target market** – solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Senior Notes has led to the conclusion that: (i) the target market for the Senior Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, MiFID II); and (ii) all channels for distribution of the Senior Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]* Any person subsequently offering, selling or recommending the Senior Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Senior Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market** – solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Senior Notes has led to the conclusion that: (i) the target market for the Senior Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Senior Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market]* Any person subsequently offering, selling or recommending the Senior Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Senior Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Senior Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Senior Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Senior Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Senior Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Senior Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Senior Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA) –** In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(1) of the SFA), that the Senior Notes [are] [are not] prescribed capital markets products (as defined in the CMP Regulations 2018) and are [Excluded]/ [Specified] Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>1</sup>

Final Terms dated [●]

**Iberdrola Finanzas, S.A.U.**

*(incorporated with limited liability in the Kingdom of Spain)*  
Legal Entity Identifier (LEI): 5493004PZNZWBOUV388

Issue of

[Aggregate Nominal Amount of Tranche] [Title of Senior Notes]  
*[Indicate in title if the Senior Notes are green bonds, i.e. if issued to finance Eligible Green Projects]*

Guaranteed by

**Iberdrola, S.A.**

Legal Entity Identifier (LEI): 5QK37QC7NWOJ8D7WVQ45

Under the EUR 30,000,000,000

**Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of Senior Notes issued by Iberdrola Finanzas, S.A.U. set forth in the Base Prospectus dated 1 June 2022 [and the supplement to the Base Prospectus dated [●] [and [●]] which [together] constitute a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**). This document constitutes the Final Terms of the Senior Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information to comply with Article 8(5) of the Prospectus Regulation. Full information on the Issuer, the Guarantor and the offer of the Senior Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and the Final Terms have been published on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu), and are available for viewing at [www.iberdrola.com](http://www.iberdrola.com) and copies may be obtained from [address].]

*(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date. The Conditions of the original issue being tapped should be reviewed to ensure that they would not require the final terms documenting the further issue to include information which is no longer permitted in final terms. Where the final terms documenting the further issue would need to include such information, it will not be possible to tap using final terms and a drawdown prospectus (incorporating the original Conditions and final terms) will instead need to be prepared.)*

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<sup>1</sup> Legend to be included on front of the Final Terms if the Senior Notes do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) of Senior Notes issued by Iberdrola Finanzas, S.A.U. set forth in the Base Prospectus dated [22 June 2016/28 July 2017/1 August 2018/25 June 2019/24 June 2020/25 June 2021] which are incorporated by reference in the Base Prospectus dated 1 June 2022. This document constitutes the Final Terms of the Senior Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 1 June 2022 [and the supplement to the Base Prospectus dated [●]] in order to obtain all the relevant information to comply with Article 8(5) of the Prospectus Regulation, which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**), save in respect of the Conditions which are extracted from the Base Prospectus dated [22 June 2016/28 July 2017/1 August 2018/25 June 2019/24 June 2020/25 June 2021] and incorporated by reference into the Base Prospectus dated 1 June 2022. Full information on the Issuer, the Guarantor and the offer of the Senior Notes is only available on the basis of the combination of these Final Terms and each Base Prospectus dated [22 June 2016/28 July 2017/1 August 2018/25 June 2019/24 June 2020/25 June 2021] and 1 June 2022 [and the supplement to the Base Prospectus dated [●]]. The Base Prospectus and the Final Terms have been published on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu) and are available for viewing at [www.iberdrola.com](http://www.iberdrola.com) and copies may be obtained from [address].]

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable may be deleted). Italics denote guidance for completing Final Terms.)*

*(When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*

1.
  - (i) [Series Number: [ ]]
  - (ii) [Tranche Number: [ ]]
  - (iii) Date on which the Senior Notes will be consolidated and form a single Series: The Senior Notes will be consolidated, form a single series and be interchangeable for trading purposes with the existing notes with Series number [ ] on [the Issue Date/exchange of the Senior Temporary Global Note for interests in the Senior Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount admitted to trading: [ ]
  - (i) [Series: [ ]]
  - (ii) [Tranche: [ ]]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus [ ] corresponding to the accrued interest for the period commencing on and including [ ] to, but excluding, the Issue Date].

5. (i) Specified Denominations: [ ]
- (ii) Calculation Amount: [ ]
6. (i) Issue Date: [ ]
- (ii) [Interest Commencement Date: [ ]/[Issue Date]/[Not Applicable]
7. Maturity Date: *[Specify date or for Floating rate notes – Interest Payment Date falling in or nearest to [specify month and year]] [(NB: The Maturity Date [should not be/may need to be not] less than one year after the Issue Date)]*
8. Interest Basis: [[ ] per cent. Fixed Rate] (see item 12 below)
- [[ ] Month  
[EURIBOR/SONIA/SOFR/€STR] +/- [ ] per  
cent. Floating Rate] (see item 13 below)
- [Zero Coupon] (see item 14 below)
- (see paragraph [12]/[13]/[14] below)
9. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [12/13] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [12/13] applies] [Not Applicable]
10. Put/Call Options: [Put Option]
- [Change of Control Put Option]
- [Issuer Call]
- [Residual Maturity Call Option]
- [Substantial Purchase Event]
- [(see paragraph [15]/[16]/[17]/[18]/[19] below]
- [Not Applicable]
11. [Date [Board] approval for issuance of [ ] [and [ ], respectively]]  
Senior Notes [and Guarantee] obtained:
- (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Senior Notes or related Guarantee)*

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. Fixed Rate Senior Note Provisions [Applicable/Not Applicable]



*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Rate[(s)] of Interest: [ ] per cent. per annum  
payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date.
- (iii) Fixed Coupon Amount[(s)]: [ ] per Calculation Amount
- (iv) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
- (v) Day Count Fraction: [Actual/Actual]/[Actual/Actual(ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[BondBasis]/[30E/360]/[EurobondBasis]/[30E/360(ISDA)]/[Actual/Actual(ICMA)]
- (vi) Determination Dates: [ ] in each year][Not Applicable] *(only relevant where Day Count Fraction is Actual (Actual (ICMA)). In such a case, insert regular payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*

### **13. Floating Rate Senior Note Provisions**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Interest Period(s): [[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
- (ii) Specified Interest Payment Dates: [[ ] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]]
- (iii) Interest Period Date: [[ ] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (iv) below/, not subject to any adjustment[, as the Business Day Convention in (iv) below is specified to be Not Applicable]]][Not Applicable]

*(Not applicable unless different from Interest Payment Date)*

- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (v) Business Centre(s): [ ] [Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination]/[ISDA Determination]
- (vii) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent) [ ]
- (viii) Screen Rate Determination:
- Index Determination: [Applicable/Not Applicable]  
  
*Insert only if Index Determination is not applicable:*
  - Reference Rate: [ ] [Month] [EURIBOR/SONIA/SOFR/€STR] [Not Applicable]
  - Reference Banks [ ]
  - Interest Determination Date(s): [Insert for *EURIBOR*: Second TARGET2 Business Day prior to the start of each Interest Accrual Period] [*Insert for Compounded Daily or Weighted Average Calculation Method (Index Determination Not Applicable)*: [Second] [Business Day] prior to the relevant Interest Payment Date] [*Insert for Index Determination*: The day falling the Relevant Number of Index Days prior to the relevant Interest Payment Date [and Relevant Number means [*insert number being two or greater*]] [ ]/[The date falling [ ] Business Days prior to the first day of each Interest Accrual Period]/ [First day of each Interest Accrual Period]/[The [first, second, third etc.] Business Day immediately preceding the Interest Payment Date for each Interest Accrual Period (or immediately preceding such earlier date, if any, on which the Senior Notes are due and payable).][*provide details*]/  
  
[The Interest Payment Date at the end of each Interest Accrual Period; provided that the Interest Determination Date with respect to the last Interest Accrual Period prior to the Maturity Date or the date fixed for redemption will be the Rate

Cut-off Date *(Include this wording for Payment Delay only)*]

*(To be at least 5 Business Days before the relevant Interest Payment Date where the Reference Rate is SONIA, SOFR or €STR, without the prior agreement of the Fiscal Agent.)*

- Effective Interest Payment Date: [The date falling [ ] Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Senior Notes before the Maturity Date, the date fixed for redemption (include for Payment Delay only)]/[Not Applicable]

*(Effective Interest Payment Dates should be at least 5 Business Days after the Interest Payment Dates, unless otherwise agreed with the Fiscal Agent.)*

- Relevant Screen Page: [ ]/[Bloomberg Page SONIO/N Index]/[New York Federal Reserve's Website]/[ECB's Website]

- Calculation Method: [Weighted Average/Compounded Daily/Not Applicable]

- Observation Method: [Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]

- Observation Look-back Period: [ ]/[Not Applicable]

*(The Observation Look-back Period should be at least as many Business Days before the Interest Payment Date as the Interest Determination Date. "Observation Look-back Period" is only applicable where "Lag" or "Observation Shift" is selected as the Observation Method; otherwise, select "Not Applicable".)*

- D: [365/360/[•]]/[Not Applicable]]

- Rate Cut-off Date [The date falling [ ] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable (include for Payment Delay only)]/[Not Applicable]

*(The Rate Cut-off Date should be at least 5 Business Days prior to the Maturity Date or the date fixed for redemption, unless otherwise agreed with the Fiscal Agent.)*

*Insert only if Index Determination is applicable:*

- SONIA Compounded Index: [Applicable/Not Applicable]
- SOFR Compounded Index: [Applicable/Not Applicable]
- €STR Compounded Index: [Applicable/Not Applicable]
- Interest Determination Date: [      ]/[The day falling the Relevant Number of Index Days prior to the relevant Interest Payment Date, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from the relevant Interest Accrual Period)]
- Relevant Decimal Place: [      ]/[As per the Conditions]  
  
*(This should be a number that is five or greater where Compounded Daily SONIA or Compounded Daily €STR is applicable and two or greater where Compounded Daily SOFR is applicable.)*
- Relevant Number: [      ]/[As per the Conditions]
- Numerator: [      ]/[As per the Conditions]
- (ix) ISDA Determination:
  - Floating Rate Option: [      ]  
  
*(if the Rate of Interest is determined by linear interpolation in respect of an interest period, insert the relevant interest period(s) and the relevant two rates used for such determination)*
  - ISDA Definitions: [2006 ISDA Definitions/2021 ISDA Definitions]
  - Designated Maturity: [      ]
  - Reset Date: [      ]  
  
*(In the case of a EURIBOR based option, the first day of the Interest Period)*
  - Compounding [Applicable/Not Applicable]  
  
*(If not applicable delete the remaining sub-paragraphs of this paragraph)*
  - [Compounding Method [Compounding with Lookback]

- Lookback: [●] Applicable Business Days]
  - [Compounding with Observation Period Shift
  - Observation Period Shift: [●] Observation Period Shift Business Days
  - Observation Period Shift Additional Business Days: [●]/[Not Applicable]]
  - [Compounding with Lockout
  - Lockout: [●] Lockout Period Business Days]
  - Lockout Period Business Days: [●]/[Applicable Business Days]]
- Averaging
  - [Applicable/Not Applicable]
  - (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- [Averaging Method:
  - [Averaging with Lookback
  - Lookback: [●] Applicable Business Days]
  - [Averaging with Observation Period Shift
  - Observation Period Shift: [●] Observation Period Shift Business Days
  - Observation Period Shift Additional Business Days: [●]/[Not Applicable]]
  - [Averaging with Lockout
  - Lockout: [●] Lockout Period Business Days
  - Lockout Period Business Days: [●]/[Applicable Business Days]]
- Index Provisions
  - [Applicable/Not Applicable]
  - (If not applicable delete the remaining sub-paragraphs of this paragraph)*
- [Index Method
  - Compounded Index Method with Observation Period Shift
  - Observation Period Shift: [●] Observation Period Shift Business Days
  - Observation Period Shift Additional Business Days: [●]/[Not Applicable]]

(x)	Linear Interpolation:	[Applicable – the Rate of interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> )/Not Applicable]
(xi)	Margin(s):	[+/-][ ] per cent. per annum
(xii)	Minimum Rate of Interest:	[ ] per cent. per annum
(xiii)	Maximum Rate of Interest:	[ ] per cent. per annum
(xiv)	Day Count Fraction:	[Actual/Actual]/[Actual/Actual(ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[BondBasis]/[30E/360]/[EurobondBasis]/[30E/360(ISDA)]/[Actual/Actual(ICMA)]
<b>14.</b>	<b>Zero Coupon Senior Note Provisions</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Amortisation Yield:	[ ] per cent. per annum
(ii)	Day Count Fraction:	[Actual/Actual]/[Actual/Actual(ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[BondBasis]/[30E/360]/[EurobondBasis]/[30E/360(ISDA)]/[Actual/Actual(ICMA)]

## PROVISIONS RELATING TO REDEMPTION

<b>15.</b>	<b>Call Option</b>	[Applicable/Not Applicable]  <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount:	[[ ] per Calculation Amount][Make-Whole Amount]
(iii)	Make-whole Amount:	[Applicable/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	(a) Reference Note:	[[ ]/Not Applicable] <i>(If not applicable, delete the remaining subparagraphs of this paragraph)</i>
	Redemption Margin:	[ ]
	Financial Adviser:	[ ]
	Quotation Time:	[ ]

- (b) Discount Rate: [[ ]/Not Applicable]
- (c) Make-whole Exemption Period: [Not Applicable]/[From (and including) [ ] to (but excluding) [ ]/the Maturity Date]]
- (iv) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (v) Notice periods: Minimum period: [ ] days
- Maximum period: [ ] days *(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*

## 16. Put Option

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice period: Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

## 17. Change of Control Put:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Amount: [[ ] per Calculation Amount

(ii) Notice periods:

Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]*

## **18. Residual Maturity Call Option**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Notice Period:

Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

(ii) Date fixed for redemption:

[ ]

## **19. Substantial Purchase Event**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Notice Period:

Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*



20. **Final Redemption Amount** [[ ] per Calculation Amount]

21. **Early Redemption Amount**

Early Redemption Amount(s) payable on [ ] per Calculation Amount

redemption for taxation reasons or on Event of Default and/or the method of calculating the same:

*(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

## GENERAL PROVISIONS APPLICABLE TO THE SENIOR NOTES

22. (a) Form of Senior Notes:

Senior Bearer Notes:

[Senior Temporary Global Note exchangeable for a Senior Permanent Global Note exchangeable for Senior Definitive Notes in the limited circumstances specified in the Senior Permanent Global Note.]

[Senior Temporary Global Note exchangeable for Senior Definitive Notes]

[Senior Permanent Global Note exchangeable for Senior Definitive Notes in the limited circumstances specified in the Senior Permanent Global Note.]

[Senior Permanent Global Note exchangeable for Senior Registered Notes in the circumstances specified in the Senior Permanent Global Note.]

[Senior Bearer Notes may not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]  
*(Include for Senior Bearer Notes that are to be offered in Belgium)*

Senior Registered Notes:

[Regulation S Senior Global Note (U.S.\$/€ [ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]

[Rule 144A Senior Global Note (U.S.\$ [ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]

(b) New Global Note: [Yes] [No]

*[only applicable to Senior Bearer Notes]*

23. Financial Centre(s) or other special provisions relating to Payment Dates: [ ] [Not Applicable]

*(Note that this paragraph relates to the date and place of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraphs 12(ii))*

24. Talons for future Coupons to be attached to Senior Definitive Notes: [Yes, as the Senior Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

25. Consolidation provisions: [Not Applicable/The provisions in Condition 13 apply]

26. Calculation Agent: [ ] [Fiscal Agent]

### THIRD PARTY INFORMATION

[ ] has been extracted from [ ]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: .....

By: .....

Duly authorised

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Luxembourg Stock Exchange]
- (ii) Admission to trading: [Application has been made for the Senior Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange][*other relevant regulated market*] with effect from [ ]] [Application is expected to be made for the Senior Notes to be admitted to trading on [*relevant regulated market*] [Not Applicable.]
- (Where documenting a fungible issue, indicate that the original Senior Notes are already admitted to trading.)*
- (iii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Ratings: [The Senior Notes are not expected to be rated][The Senior Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Senior Notes of this type issued under the Programme generally]:
- [insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].*
- (The above disclosure should reflect the rating allocated to Senior Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*
- [According to [ ] as published by Standard & Poor's Global Ratings Europe Limited, a rating by Standard & Poor's Global Ratings Europe Limited of [ ] indicates [ ].
- According to [ ] as published by Moody's Investors Service Limited, a rating by Moody's Investors Service Limited of [ ] indicates [ ].
- According to [ ] as published by Fitch Ratings Limited, a rating by Fitch Ratings Limited of [ ] indicates [ ].]
- [Insert the legal name of the relevant credit rating agency entity] is established in the European*

Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such *[insert the legal name of the relevant credit rating agency entity]* is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union, and is registered under the CRA Regulation [(and, as such is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency]*. While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that ratings issued in third countries may continue to be used in the EU by relevant market participants for a transitional period ending on 30 April 2012.]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings *[[have been]/[are expected to be]]* endorsed by *[insert the legal name of the relevant EU-registered credit rating agency entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU-registered credit*

*rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such *[insert the legal name of the relevant EU credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[ *[EITHER:]* and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [ *[OR:]* although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant non-EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority [and *[insert the legal name of the relevant credit rating agency]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency entity]*[, although notification of the corresponding registration

decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[So far as the Issuer is aware, no person involved in the offer of the Senior Notes has an interest material to the offer.] The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

### 4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

Reasons for the offer: /See “Use of Proceeds” in Base Prospectus/Give details]

Estimated net proceeds:

### 5. FIXED RATE SENIOR NOTES ONLY – YIELD

Indication of yield:

### 6. OPERATIONAL INFORMATION

ISIN:

Common Code:

Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/give name(s) and address(es)]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation “yes” simply means that the Senior Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (ICSDs), being

Euroclear and Clearstream, Luxembourg as common safekeeper, [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] *[include this text for registered notes which are to be held under the NSS]* and does not necessarily mean that the Senior Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Senior Notes are capable of meeting them the Senior Notes may then be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]*[include this text for registered notes]*. Note that this does not necessarily mean that the Senior Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 7. DISTRIBUTION

- |     |   |   |
|-----|---|---|
| (a) | Method of distribution:                     | [Syndicated/Non-syndicated]   |
| (b) | If syndicated, names of Managers:           | [Not Applicable/give names]   |
| (c) | Date of [Subscription] Agreement:           | [     ]   |
| (d) | Stabilisation Manager(s) (if any):          | [Not Applicable/ <i>give name</i> ]   |
| (e) | If non-syndicated, name of relevant Dealer: | [Not Applicable/ <i>give name</i> ]   |
| (f) | U.S. Selling Restrictions:                  | [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]] |

## FORM OF FINAL TERMS (SUBORDINATED NOTES)

**[MiFID II product governance / Professional investors and ECPs only target market** – solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Subordinated Notes has led to the conclusion that: (i) the target market for the Subordinated Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, MiFID II); and (ii) all channels for distribution of the Subordinated Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Subordinated Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Subordinated Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**[UK MiFIR product governance / Professional investors and ECPs only target market** – solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Subordinated Notes has led to the conclusion that: (i) the target market for the Subordinated Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**UK MiFIR**); and (ii) all channels for distribution of the Subordinated Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*] Any person subsequently offering, selling or recommending the Subordinated Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Subordinated Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Subordinated Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Subordinated Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Subordinated Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Subordinated Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Subordinated Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Subordinated Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.



[Notification under Section 309B(1)(c) of the Subordinated Notes and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA) – In connection with Section 309B of the SFA and the Subordinated Notes and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(1) of the SFA), that the Subordinated Notes [are] [are not] prescribed capital markets products (as defined in the CMP Regulations 2018) and are [Excluded]/ [Specified] Investment Products (as defined in the Monetary Authority of Singapore (the **MAS**) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>2</sup>

Final Terms dated [●]

**Iberdrola Finanzas, S.A.U.**

*(incorporated with limited liability in the Kingdom of Spain)*

Legal Entity Identifier (LEI): 5493004PZNZWBOUV388

Issue of

[Aggregate Nominal Amount of Tranche] [[●] Year Non-Call] [Undated Subordinated Reset Rate  
Guaranteed Subordinated Notes]

*[Indicate in title if the Subordinated Notes are green bonds, i.e. if issued to finance Eligible Green Projects]*

Guaranteed on a subordinated basis by

**Iberdrola, S.A.**

Legal Entity Identifier (LEI): 5QK37QC7NWOJ8D7WVQ45

Under the EUR 30,000,000,000

**Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of Subordinated Notes issued by Iberdrola Finanzas, S.A.U. set forth in the Base Prospectus dated 1 June 2022 [and the supplement to the Base Prospectus dated [●] [and [●]] which [together] constitute a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**). This document constitutes the Final Terms of the Subordinated Notes described herein for the purposes of Article 8(4) of the Prospectus Regulation and must be read in conjunction with such Base Prospectus [as so supplemented] in order to obtain all the relevant information to comply with Article 8(5) of the Prospectus Regulation. Full information on the Issuer, the Guarantor and the offer of the Subordinated Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus and the Final Terms have been published on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu). and are available for viewing at [www.iberdrola.com](http://www.iberdrola.com) and copies may be obtained from [address].

*(Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable may be deleted). Italics denote guidance for completing Final Terms.)*

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<sup>2</sup> Legend to be included on front of the Final Terms if the Subordinated Notes do not constitute prescribed capital markets products as defined under the CMP Regulations 2018.

*(When completing final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.)*

1.
  - (i) [Series Number: [ ]]
  - (ii) [Tranche Number: [ ]]
  - (iii) Date on which the Subordinated Notes will be consolidated and form a single Series: The Subordinated Notes will be consolidated, form a single series and be interchangeable for trading purposes with the existing Subordinated Notes with Series number [ ] on [the Issue Date/exchange of the Subordinated Temporary Global Note for interests in the Subordinated Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [date]][Not Applicable]
2. Specified Currency or Currencies: [ ]
3. Aggregate Nominal Amount admitted to trading: [ ]
  - (i) [Series: [ ]]
  - (ii) [Tranche: [ ]]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus [ ] corresponding to the accrued interest for the period commencing on and including [ ] to, but excluding, the Issue Date].
5.
  - (i) Specified Denominations: [ ]
  - (ii) Calculation Amount: [ ]
6.
  - (i) Issue Date: [ ]
  - (ii) [Interest Commencement Date: [ ]/[Issue Date]
7. Interest Basis: [[ ] per cent. Resettable Rate Subordinated Notes  
(see paragraph 13 above)
8. Interest Deferral - Optional Interest Payment: [Applicable/Not Applicable]
9. Relevant Period(s): [ ] [Any day falling in the period from (and including) [ ] [to (but excluding) [ ])].
10. Put/Call Options: [Par Call Option]  
[Make-Whole Call Option]

[Change of Control Call Option]

[Substantial Purchase Event]

[Accounting Event]

[Capital Event]

[(see paragraph[s] [14]/[15]/[16]/[17]/[18]/[19]  
below]

[Not Applicable]

11. Substitution and Variation: [Applicable/Not Applicable]

12. [Date [Board] approval for issuance of [ ] [and [ ], respectively]]  
Subordinated Notes [and Guarantee]  
obtained:

*(N.B. Only relevant where Board (or similar)  
authorisation is required for the particular tranche  
of Subordinated Notes or related Guarantee)*

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

### 13. Resettable Rate Provisions

- |        |  |  |
|--------|--|--|
| (i)    | Initial Rate of Interest:                | [ ] per cent. per annum  |
| (ii)   | Interest Payment Date(s):                | [ ] in each year   |
| (iii)  | Broken Amount(s):                        | [[ ] per Calculation Amount, payable on the<br>Interest Payment Date falling [in/on] [ ]][Not<br>Applicable] |
| (iv)   | Reset Rate:                              | [Mid-Swap] [Reference Bond]  |
| (v)    | Mid-Swap Rate:                           | [ ]  |
| (vi)   | Mid-Swap Maturity:                       | [ ]  |
| (vii)  | Mid-Swap Floating Leg Benchmark<br>Rate: | [ ]  |
| (viii) | First Reset Date:                        | [ ]  |
| (ix)   | Second Reset Date:                       | [ ] [Not Applicable]   |
| (x)    | Subsequent Reset Date(s):                | [ ] [Not Applicable]   |
| (xi)   | Margin(s):                               | [+/-][ ] per cent. per annum   |

*(Specify different Margins for different periods if appropriate)*

- (xii) Minimum Rate of Interest: [ ] per cent. per annum
- (xiii) Maximum Rate of Interest: [ ] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual]/[Actual/Actual(ISDA)]/[Actual/365(Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[EurobondBasis]/[30E/360(ISDA)]/[Actual/Actual(ICMA)]
- (xv) Reset Determination Dates: [[ ] in each year][As per Conditions]
- (xvi) Relevant Screen Page: [ ]
- (xvii) Reset Rate Time: [ ] [11.00 a.m. in the principal financial centre of the Specified Currency]
- (xviii) Business Centre(s): [ ][Not Applicable]
- (xix) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent) [ ]
- (xx) Step Up after Change of Control Event: [Applicable/Not Applicable]
- (xxi) Step Up Margin after Change of Control Event: [5] per cent. per annum

## PROVISIONS RELATING TO REDEMPTION

### 14. Par Call Option

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Par Call Date(s): [Specify dates] [Each Interest Payment Date]
- (ii) Optional Redemption Amount: [[ ] per Calculation Amount]
- (iii) Notice periods: Minimum period: [ ] days  
Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements)*

*which may apply, for example, as between the Issuer and the Agent.)*

## 15. Make-Whole Call Option

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

### (i) Optional Redemption Amount (Make Whole Amount):

#### (a) Reference Note:

[[ ]/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

#### Redemption Margin(s):

[ ] (Specify if different Make-whole Margins apply within certain date ranges)

#### Financial Adviser:

[ ]

#### Quotation Time:

[ ]

#### (b) Discount Rate:

[[ ]/Not Applicable]

#### (c) Make-whole Exemption Period:

[Not Applicable]/[From (and including) [ ] [to (but excluding) [ ]]]

### (ii) Notice periods:

Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent.)*

## 16. Change of Control Call Option:

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

### (i) Optional Redemption Amount:

[[ ] per Calculation Amount

### (ii) Notice periods:

Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and*

*custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)]*

*[For the avoidance of any doubt, the following text does not form part of the Conditions: At or around the Issue Date, the Guarantor intends to undertake with and for the benefit of all holders of certain of its securities (**Qualifying Securities**) that, for so long as any of the Subordinated Notes is outstanding, following the occurrence of a Change of Control Event in respect of which it intends to deliver a notice exercising its right to redeem the Subordinated Notes under Condition 6(i) it will do so only after making a tender offer, directly or indirectly, to all holders of Qualifying Securities to repurchase their respective Qualifying Securities at their respective aggregate nominal amounts together with any interest accrued until the day of completion of the repurchase.]*

**17. Substantial Purchase Event**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Notice Period:

Minimum period: [       ] days

Maximum period: [       ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

**18. Accounting Event**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Notice Period:

Minimum period: [       ] days

Maximum period: [       ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements*

*which may apply, for example, as between the Issuer and the Agent)*

**19. Capital Event**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

Notice Period:

Minimum period: [ ] days

Maximum period: [ ] days

*(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

**20. Early Redemption Amount**

Early Redemption Amount(s) payable on redemption when applicable and/or the method of calculating the same: [[ ] per Calculation Amount]]

**GENERAL PROVISIONS APPLICABLE TO THE SUBORDINATED NOTES**

21. (a) Form of Subordinated Notes:

Bearer Subordinated Notes:

[Subordinated Temporary Global Note exchangeable for a Subordinated Permanent Global Note exchangeable for Subordinated Definitive Notes in the limited circumstances specified in the Subordinated Permanent Global Note.]

[Subordinated Temporary Global Note exchangeable for Subordinated Definitive Notes]

[Subordinated Permanent Global Note exchangeable for Subordinated Definitive Notes in the limited circumstances specified in the Subordinated Permanent Global Note.]

[Subordinated Bearer Notes may not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.] *(Include for Subordinated Bearer Notes that are to be offered in Belgium)*

Subordinated Registered Notes:

[Regulation S Subordinated Global Note (U.S.\$/€ [ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]

[Rule 144A Subordinated Global Note (U.S.\$ [ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]

(b) New Global Note: [Yes] [No]

*[only applicable to Subordinated Bearer Notes]*

(c) New Safekeeping Structure [Yes] [No]

*[only applicable to Subordinated Registered Notes]*

22. Financial Centre(s) or other special provisions relating to Payment Dates: [ ] [Not Applicable]

*(Note that this paragraph relates to the date and place of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub-paragraphs 12(ii))*

23. Talons for future Coupons to be attached to Subordinated Definitive Notes: [Yes, as the Subordinated Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

24. Consolidation provisions: [Not Applicable/The provisions in Condition 13 apply]

25. Outstanding Hybrid Securities [ ]

*(List those that are outstanding as at the Issue Date of the first Tranche of Subordinated Notes)*

26. Subordinated Loan: [ ]

27. Subordinated Loan Borrower: [ ] [Iberdrola, S.A.]

28. Calculation Agent: [ ] [Fiscal Agent]



**THIRD PARTY INFORMATION**

[ ] has been extracted from [ ]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

Signed on behalf of the Guarantor:

By: .....

By: .....

Duly authorised

Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Luxembourg Stock Exchange]
- (ii) Admission to trading: [Application has been made for the Subordinated Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange][*other relevant regulated market*] with effect from [ ]] [Application is expected to be made for the Subordinated Notes to be admitted to trading on [*relevant regulated market*] [Not Applicable.]
- (Where documenting a fungible issue, indicate that the original Subordinated Notes are already admitted to trading.)
- (iii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

- Rating Agency: [As per Conditions] [ ]
- Ratings: [The Subordinated Notes are not expected to be rated][The Subordinated Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Subordinated Notes of this type issued under the Programme generally]:
- [*insert details*]] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].
- (The above disclosure should reflect the rating allocated to Subordinated Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)
- [According to [ ] as published by Standard & Poor's Global Ratings Europe Limited, a rating by Standard & Poor's Global Ratings Europe Limited of [ ] indicates [ ].
- According to [ ] as published by Moody's Investors Service Limited, a rating by Moody's Investors Service Limited of [ ] indicates [ ].
- According to [ ] as published by Fitch Ratings Limited, a rating by Fitch Ratings Limited of [ ] indicates [ ].]

*[Insert the legal name of the relevant credit rating agency entity]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such *[insert the legal name of the relevant credit rating agency entity]* is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union, and is registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency]*. While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that ratings issued in third countries may continue to be used in the EU by relevant market participants for a transitional period ending on 30 April 2012.]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings *[[have been]/[are expected to be]]* endorsed by *[insert the legal name of the relevant EU-registered credit rating agency entity]* in

accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[ *EITHER:*] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [ *OR:*] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

[[*Insert legal name of the relevant credit rating agency*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant competent authority [and [*insert the legal name of the relevant credit rating agency*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union, disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant*

*non-EU credit rating agency entity*][, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

[Replacement Intention:

*For the avoidance of any doubt, the following text does not form part of the Conditions: The Guarantor intends (without thereby assuming any obligation) at any time that it or the Issuer will redeem or repurchase the Subordinated Notes only to the extent that the aggregate principal amount of the Subordinated Notes to be redeemed or repurchased does not exceed such part of the net proceeds received by the Guarantor or any subsidiary of the Guarantor on or prior to the date of such redemption or repurchase from the sale or issuance by the Guarantor or such subsidiary to third party purchasers (other than group entities of the Guarantor) of securities which are assigned by S&P, at the time of sale or issuance, an aggregate “equity credit” (or such similar nomenclature used by S&P from time to time) that is equal to or greater than the “equity credit” assigned to the Subordinated Notes to be redeemed or repurchased at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of the Subordinated Notes), unless:*

*(i) the rating assigned by S&P to the Guarantor is the same as or higher than the long-term corporate credit rating assigned to the Guarantor on the date when the most recent additional hybrid security was issued (excluding refinancings without net new issuance) and the Guarantor is of the view that such rating would not fall below this level as a result of such redemption or repurchase, or*

*(ii) in the case of a repurchase or a redemption, taken together with other relevant repurchases or redemptions of hybrid securities of the Group, such repurchase or redemption is of less than (a) 10 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in*

*any period of 12 consecutive months or (b) 25 per cent. of the aggregate principal amount of the outstanding hybrid securities of the Group in any period of 10 consecutive years, or*

*(iii) in the case of a repurchase or redemption, such repurchase or redemption relates to an aggregate principal amount of Subordinated Notes which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Guarantor's hybrid capital to which S&P then assigns equity content under its prevailing methodologies, or*

*(iv) the Subordinated Notes are redeemed pursuant to a [Tax Event, a Capital Event, an Accounting Event, a Change of Control Event, a Substantial Purchase Event or a Withholding Tax Event], or*

*(v) if the Subordinated Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase, or*

*(vi) such redemption or repurchase occurs on or after the Reset Date falling on [●].]*

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

[So far as the Issuer is aware, no person involved in the offer of the Subordinated Notes has an interest material to the offer.] The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and [its/their] affiliates in the ordinary course of business. *(Amend as appropriate if there are other interests)*]

### **4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

Reasons for the offer: [[ ]/See "Use of Proceeds" in Base Prospectus/Give details]

Estimated net proceeds: [ ]

### **5. FIXED RATE SUBORDINATED NOTES ONLY – YIELD**

Indication of yield: [ ]

### **6. OPERATIONAL INFORMATION**

ISIN: [ ]

Common Code: [ ]

Any clearing system(s) other than Euroclear and Clearstream Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

Names and addresses of additional Paying Agent(s) (if any): [Not Applicable/give name(s) and address(es)]

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes. Note that the designation “yes” simply means that the Subordinated Notes are intended upon issue to be deposited with one of the International Central Securities Depositories (ICSDs), being Euroclear and Clearstream, Luxembourg as common safekeeper, [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] *[include this text for registered Subordinated Notes which are to be held under the NSS]* and does not necessarily mean that the Subordinated Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Subordinated Notes are capable of meeting them the Subordinated Notes may then be deposited with one of the ICSDs as common safekeeper [and registered in the name of a nominee of one of the ICSDs acting as common safekeeper]*[include this text for registered Subordinated Notes]*. Note that this does not necessarily mean that the Subordinated Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 7. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [Not Applicable/give names]
- (c) Date of [Subscription] Agreement: [     ]

- (d) Stabilisation Manager(s) (if any): [Not Applicable/*give name*]
- (e) If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- (f) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]



## TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of Spain of acquiring, holding and disposing of Notes and receiving any payments under the Notes. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

The following is a general description of certain Spanish tax considerations. The information provided below does not purport to be a complete overview of tax law and practice currently applicable in Spain and is subject to any changes in law and the interpretation and application thereof, which could be made with retroactive effect.

This taxation summary solely addresses the principal Spanish tax consequences of the acquisition, the ownership and disposal of Notes issued by the Issuer after the date hereof held by a holder of Notes. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (*Territorios Forales*). Where in this summary English terms and expressions are used to refer to Spanish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Spanish concepts under Spanish tax law. This summary assumes that each transaction with respect to the Notes is at arm's length.

This overview is based on the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date. References in this section to Noteholders include the beneficial owners of the Notes, where applicable.

Any prospective investors should consult their own tax advisers who can provide them with personalised advice based on their particular circumstances. Likewise, investors should consider the legislative changes which could occur in the future.

### 1. Introduction

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this document:

- (i) of general application, Additional Provision One of Law 10/2014, of 26 June, on supervision and solvency of credit entities (**Law 10/2014**) as well as Foral Decree 205/2008, of 22 December (**Foral Decree 205/2008**) and Royal Decree 1065/2007 of 27 July (**Royal Decree 1065/2007**), as amended;
- (ii) for individuals resident for tax purposes in Spain which are subject to the Personal Income Tax (**PIT**), Law 35/2006, of 28 November, on the PIT and on the Partial Amendment of the Corporate Income Tax Law, the Non-Residents Income Tax Law and the Net Wealth Tax Law, as amended (the **PIT Law**), and Royal Decree 439/2007, of 30 March, passing the PIT Regulations, as amended, along with Law 19/1991, of 6 June, on Net Wealth Tax, as amended, and along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax, as amended (the **PIT Regulations**);
- (iii) for legal entities resident for tax purposes in Spain which are subject to the Corporate Income Tax (**CIT**), Law 27/2014, of 27 November, governing the CIT, and Royal Decree 634/2015, of 10 July, passing the CIT Regulations (**CIT Regulations**), as amended; and
- (iv) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Non-Resident Income Tax (**NRIT**), Royal Legislative Decree 5/2004, of 5 March, passing the Consolidated Text of the NRIT Law, as amended and Royal Decree 1776/2004, of 30 July, passing

the NRIT Regulations, as amended and along with Law 29/1987, of 18 December, on the Inheritance and Gift Tax, as amended.

Whatever the nature and residence of the Noteholder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax passed by Royal Legislative Decree 1/1993, of 24 September and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December regulating such tax.

## **2. Individuals with Tax Residency in Spain**

### **2.1 Personal Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)**

Individuals with tax residency in Spain are subject to PIT on a worldwide basis. Accordingly, income obtained from the Notes will be taxed in Spain when obtained by persons that are considered resident in Spain for tax purposes. The fact that a Spanish company pays interest or guarantees payments under a Note will not lead an individual or entity being considered tax-resident in Spain.

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the PIT Law, and therefore must be included in the investor's PIT savings taxable base pursuant to the provisions of the aforementioned law and taxed at a flat rate of 19 per cent. on the first €6,000, 21 per cent. for taxable income between €6,000.01 and €50,000, 23 per cent. for taxable income between €50,000.01 and €200,000 and 26 per cent. for taxable income exceeding €200,000.

As a general rule, both types of income are subject to a withholding tax on account at the rate of 19 per cent.

However, it should be noted that Foral Decree 205/2008 and Royal Decree 1065/2007 established certain procedures for the provision of information which are explained under section “*–Taxation in Spain – Disclosure of Information in Connection with the Notes*” below and that, in particular, in the case of debt listed securities issued under Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state, as the Notes issued by Iberdrola Finanzas:

- (i) it would not be necessary to provide the Issuer with the identity of the Noteholders who are individuals resident in Spain for tax purposes or to indicate the amount of income attributable to such individuals; and
- (ii) interest paid to all Noteholders (whether tax resident in Spain or not) should be paid free of Spanish withholding tax provided that the information procedures are complied with.

Therefore, Iberdrola Finanzas understands that, according to Foral Decree 205/2008 and Royal Decree 1065/2007, it has no obligation to withhold any tax amount for interest paid on the Notes, other than the Zero Coupon Notes with a duration of more than 12 months, corresponding to Noteholders who are individuals with tax residency in Spain provided that the information procedures (which do not require identification of the Noteholders) are complied with.

In addition, with respect to Zero Coupon Notes, the information procedures set out in the PIT Regulations would also need to be observed.

For that reason, in the case of Zero Coupon Notes, the Issuer will proceed to reimburse them provided that the Noteholder thereof accredits their prior acquisition and the corresponding acquisition price by means of the legally required certificate that has been issued by a Spanish financial institution or established in Spain. In accordance with the legislation currently in force, in case of failure to provide such certificate, the Issuer will not proceed to pay to the holder the reimbursement thereof.

Nevertheless, Spanish withholding tax at the applicable rate (currently 19 per cent.) may have to be deducted by other entities (such as depositaries or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in the Spanish territory.

The amounts withheld, if any, may be credited by the relevant investors against its final PIT liability.

Regarding the interpretation of Foral Decree 205/2008 and Royal Decree 1065/2007 and the information procedures, please refer to section “*Risk Factors—Risks relating to withholding in respect of payments made by the Issuer and the Guarantor*” above.

## 2.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals with tax residency in Spain are subject to Net Wealth Tax on a worldwide basis, to the extent that their net wealth exceeds €700,000 generally, although this threshold may be different depending on the relevant Autonomous Community. Therefore, they should take into account the value of the Notes which they hold as at 31 December each year, the applicable rates ranging between 0.2 per cent. and 3.5 per cent. although the final tax rates may vary depending on any applicable regional tax laws, and some reductions may apply.

## 2.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 7.65 per cent. and 81.6 per cent. although the final tax rate may vary depending on any applicable regional tax laws and some reductions and tax benefits may apply.

# 3. **Legal Entities with Tax Residency in Spain**

## 3.1 Corporate Income Tax (*Impuesto sobre Sociedades*)

Legal entities with tax residency in Spain are subject to CIT on a worldwide basis.

Both interests periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and must be included in the profit and taxable income of legal entities with tax residency in Spain and will be subject to CIT at the current general rate of 25 per cent. following the CIT rules.

Pursuant to Section 61.s of the CIT Regulations, there is no obligation to make a withholding on income obtained by taxpayers subject to Spanish CIT (which for the avoidance of doubt, include Spanish tax resident investment funds and Spanish tax resident pension funds) from financial assets traded on organised markets in OECD countries. However, in the case of Notes held by a Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest and income deriving from the transfer may be subject to withholding tax at the current rate of 19 per cent. Such withholding may be made by the depositary or custodian if the Notes do not comply with the exemption requirements specified in the ruling issued by the Spanish Tax Authorities (“*Dirección General de Tributos*”) dated 27 July 2004 (that is, placement of the Notes outside of Spain in another OECD country and admission to listing of the Notes on an organised market in an OECD country other than Spain). The amounts withheld, if any, may be credited by the relevant investors against their final CIT liability.

Notwithstanding the above, according to Foral Decree 205/2008 and Royal Decree 1065/2007, in the case of listed debt instruments issued under Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state (such as the Notes issued by Iberdrola Finanzas), interest paid to investors should be paid free of Spanish withholding tax. The foregoing is subject to certain information procedures having been fulfilled. These procedures are described in “*–Taxation in Spain — Disclosure of Information in Connection with the Notes*” below.

Therefore, Iberdrola Finanzas considers that, pursuant to Foral Decree 205/2008 and Royal Decree 1065/2007, it has no obligation to withhold any tax on interest paid on the Notes in respect of Noteholders who are Spanish CIT taxpayers, provided that the information procedures are complied with.

Likewise, in relation to the Zero Coupon Notes, the information procedures set out in the CIT Regulations would also need to be observed. In this respect, it is necessary to distinguish the procedure to be followed in the case of Notes issued in accordance with the Law 10/2014 or Zero Coupon Notes with a duration equal to or less than 12 months, from the procedure applicable to the Zero Coupon Notes with a duration of more than 12 months.

In the case of Zero Coupon Notes with a duration of more than 12 months, the Issuer will proceed to reimburse them provided that the holder thereof accredits their prior acquisition and the corresponding acquisition price by means of the legally required certificate that has been issued by a Spanish financial institution or established in Spain. In accordance with the legislation currently in force, in case of failure to provide such certificate, the Issuer will not proceed to pay to the holder the reimbursement thereof.

Regarding the interpretation of Foral Decree 205/2008 and Royal Decree 1065/2007 and the information procedures, please refer to section “*Risk Factors—Risks relating to withholding in respect of payments made by the Issuer and the Guarantor*” above.

### 3.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Legal entities who are resident in Spain for tax purposes are not subject to Net Wealth Tax.

### 3.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Legal entities who are resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax.

## 4. **Individuals and Legal Entities with no Tax Residency in Spain**

### 4.1 Non Resident Income Tax (*Impuesto sobre la Renta de no Residentes*)

#### (a) ***With permanent establishment in Spain***

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers. See “*Taxation in Spain—Legal Entities with Tax Residency in Spain—Corporate Income Tax (Impuesto sobre Sociedades)*”.

In the same way, the reimbursement of Zero Coupon Notes with a duration of more than 12 months will follow the same procedure as those for Spanish Corporate Income Tax taxpayers.

#### (b) ***With no permanent establishment in Spain***

Both interest payments periodically received and income deriving from the transfer, redemption or repayment of the Notes, other than Zero Coupon Notes with a duration of more than 12 months, obtained by individuals or legal entities who have no tax residency in Spain, being NRIT taxpayers with no permanent establishment in Spain, are exempt from such NRIT.

In order for such exemption to apply, it is necessary to comply with the information procedures, in the manner detailed under “—*Taxation in Spain — Disclosure of Information in Connection with the Notes*” as set out in Article 55 of Foral Decree 205/2008 and Article 44 of Royal Decree 1065/2007.

In the case of Zero Coupon Notes with a duration of more than 12 months, the Spanish Issuer would not be obliged to withhold taxes in Spain to Non-Resident Income Tax taxpayers if the Noteholder provides the Issuer with a certificate of tax residence issued by the tax authorities of the relevant country. Also, the Noteholder shall accredit the prior acquisition and the corresponding acquisition price of the corresponding Zero Coupon Note by means of the legally required certificate that has been issued by a Spanish financial institution or established in Spain.

In accordance with the legislation currently in force, in the case of failure to provide the certificate in relation to the prior acquisition and the corresponding acquisition price, the Issuer will not proceed to pay to the holder the reimbursement thereof.

#### 4.2 Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Individuals who are resident in a country with which Spain has entered into a double tax treaty in relation to Net Wealth Tax would generally not be subject to such tax. Otherwise, non-Spanish resident individuals whose properties and rights are located in Spain, or that can be exercised within the Spanish territory, exceed €700,000 on the last day of any year, would be subject to Net Wealth Tax for such year, at the applicable rates ranging between 0.2 per cent. and 3.5 per cent.

Noteholders who are not tax residents in Spain may be entitled to apply the specific regulations of the Autonomous Community where their most valuable assets are located and which trigger this Spanish Net Wealth Tax due to the fact that they are located or are to be exercised or must be fulfilled within the Spanish territory.

Non-resident legal entities are not subject to Spanish Net Wealth Tax.

#### 4.3 Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Individuals who do not have tax residency in Spain and acquire ownership or other rights over the Notes by inheritance, gift or legacy will not be subject to Inheritance and Gift Tax in Spain if the country in which such individual resides has entered into a double tax treaty with Spain in relation to Inheritance and Gift Tax. In the absence of such treaty between the individual’s country of residence and Spain, the individual will be subject to Inheritance and Gift tax in accordance with the applicable regional and state legislation.

Generally, non-Spanish tax resident individuals are subject to Spanish Inheritance and Gift Tax according to the rules set forth in the state legislation. However, if the deceased or the donee is not tax resident in Spain, the applicable rules will be those corresponding to the relevant Autonomous Communities according to the law.

The tax rate, after applying all relevant factors, ranges between 7.65 per cent. and 81.6 per cent.

Non-resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to Inheritance and Gift Tax. They will be subject to Non-Resident Income Tax. If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of the treaty will apply. In general, tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

#### **Payments made by the Guarantor**

In the opinion of the Guarantor, any payments of principal and interest made by the Guarantor under the Guarantee may be characterised as an indemnity and, accordingly, be made free and clear of, and without

withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Spain or any political subdivision or authority thereof or therein having power to tax.

However, although no clear precedent, statement of law or regulation exists in relation thereto, in the event that the Spanish Tax Authorities take the view that the Guarantor has validly, legally and effectively assumed all the obligations of the Issuer under the Notes subject to and in accordance with the Guarantee, they may attempt to impose withholding tax in Spain on any payments made by the Guarantor in respect of interest. In this case, should Law 10/2014 be applicable (e.g., in the case of payments to be made by the Guarantor in respect of Notes issued by Iberdrola Finanzas in the form of Global Notes), the Guarantor, in accordance with Law 10/2014, Foral Decree 205/2008 and Royal Decree 1065/2007, would not be obliged to withhold taxes in Spain on any interest paid under the Guarantee to the Noteholders, that (i) can be regarded as listed debt securities issued under Law 10/2014; and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OCDE member state, provided that the Fiscal Agent fulfils with the information procedures described in *“Taxation – Taxation in Spain – Disclosure of Information in connection with the Notes”* below.

On the contrary, if Law 10/2014 is not applicable to the Notes, payments of interest made under the Guarantee to the Noteholders may be subject to Spanish withholding tax at the applicable rate (currently 19 per cent.) unless the recipient is either (a) resident for tax purposes in a Member State of the European Union, other than Spain, not acting through a territory considered as a non-cooperative jurisdiction pursuant to Spanish law (as defined by the Law 36/2006, of 29 November, on prevention measures and actions against tax fraud, as amended through Law 11/2021, of 9 July, and as amended) nor through a permanent establishment in Spain, provided that such person submits to the Guarantor the relevant tax residence certificate, issued by the competent Tax Authorities, each certificate being valid for a period of one year beginning on the date of the issuance, (b) resident in a country which has entered into a Tax Treaty with Spain which provides for the exemption from withholding of interest paid under the Notes, provided that such person submits to the Guarantor the relevant tax resident certificate, issued by the competent Tax Authorities, each certificate being valid for a period of one year beginning on the date of the issuance, or (c) a Spanish Corporate Income Taxpayer, provided that the Notes have been admitted to trading on the Luxembourg Stock Exchange’s regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange, as initially envisaged. Tax treaties could reduce this hypothetical withholding taxation.

### **Obligation to inform the Spanish Tax Authorities of the Ownership of the Notes**

With effect as from 1 January 2013, Law 7/2012, of 29 October, as implemented by Royal Decree 1558/2012, of 15 November, introduced annual reporting obligations applicable to Spanish residents (i.e. individuals, legal entities, permanent establishments in Spain of non-resident entities) in relation to certain foreign assets or rights.

Consequently, if the Notes are deposited with or placed in the custody of a non-Spanish entity, Noteholders who are resident in Spain will be obliged, if certain thresholds are met as described below, to declare before the Spanish Tax Authorities, between 1 January and 31 March, the ownership of the Notes held on 31 December of the immediately preceding year (e.g. to declare between 1 January 2023 and 31 March 2023 the Notes held on 31 December 2022).

This obligation would only need to be complied with if certain thresholds are met: specifically, if the only rights/assets held abroad are the Notes, this obligation would only apply if the value of the Notes together with other qualifying assets held on 31 December exceeds €50,000 (with the corresponding valuation to be made in accordance with Wealth Tax rules). If this threshold is met, a declaration would only be required in subsequent years if the value of the Notes together with other qualifying assets increases by more than €20,000 as against the declaration made previously. Similarly, cancellation or extinguishment of the ownership of the Notes before 31 December should be declared if such ownership was reported in previous declarations.

## **Taxation in Spain - Disclosure of Information in Connection with the Notes**

### Disclosure of Information in Connection with Interest Payments

In accordance with section 5 of Article 55 of Foral Decree 205/2008 and section 5 of Article 44 of Royal Decree 1065/2007 and provided that the Notes issued by Iberdrola Finanzas are initially registered for clearance and settlement in Euroclear and Clearstream Luxembourg, the Paying Agent designated by Iberdrola Finanzas would be obliged to provide Iberdrola Finanzas (or the Guarantor in relation to the payments made under the Deed of Guarantee) with a declaration (the form of which is set out in the Agency Agreement), which should include the following information:

- (i) description of the Notes
- (ii) date of payment of the interest income derived from such Notes;
- (iii) total amount of interest derived from the Notes; and
- (iv) total amount of interest allocated to each non-Spanish clearing and settlement entity involved.

According to section 6 of Article 44 of Royal Decree 1065/2007, the relevant declaration will have to be provided to Iberdrola Finanzas (or the Guarantor, as the case may be) on the business day immediately preceding each Interest Payment Date. If this requirement is complied with, Iberdrola Finanzas (or the Guarantor) will pay gross (without deduction of any withholding tax) all interest under the Notes to all Noteholders (irrespective of whether they are tax resident in Spain).

In the event that the Paying Agent designated by Iberdrola Finanzas were to fail to provide the information detailed above, according to section 7 of Article 55 of Foral Decree 205/2008 and section 7 of Article 44 of Royal Decree 1065/2007, Iberdrola Finanzas (or the Guarantor, as the case may be) or the Paying Agent acting on its behalf would be required to withhold tax from the relevant interest payments at the general withholding tax rate (currently, 19 per cent.). If on or before the 10th day of the month following the month in which the interest is payable, the Paying Agent designated by Iberdrola Finanzas were to submit such information, Iberdrola Finanzas (or the Guarantor) or the Paying Agent acting on its behalf would refund the total amount of taxes withheld.

Notwithstanding the foregoing, Iberdrola Finanzas has agreed that in the event that withholding tax were required by law, Iberdrola Finanzas, failing which the Guarantor, would pay such additional amounts as may be necessary such that a Noteholder would receive the same amount that he would have received in the absence of any such withholding or deduction, except as provided in “*Terms and Conditions of Notes. 8. Taxation*”.

In the event that the current applicable procedures were to be modified, amended or supplemented by, amongst others, a Spanish law, regulation, interpretation or ruling of the Spanish Tax Authorities, Iberdrola Finanzas would inform the Noteholders of such information procedures and of their implications, as Iberdrola Finanzas (or the Guarantor, as the case may be) may be required to apply withholding tax on interest payments under the Notes if the Noteholders were not to comply with such information procedures.

The Guarantor is subject to the same reporting requirements in relation to listed Notes issued by Iberdrola Finanzas.

### Disclosure of Noteholder Information in Connection with the Redemption or Repayment of Zero Coupon Notes

In accordance with Article 55 of Foral Decree 205/2008 and Article 44 of Royal Decree 1065/2007, in the case of Zero Coupon Notes with a maturity of 12 months or less, the information obligations established in Section 44 (see “—*Disclosure of Information in Connection with Interest Payments*” above) will have to be complied with upon the redemption or repayment of the Zero Coupon Notes.

If the Spanish tax authorities considered that such information obligations must also be complied with for Zero Coupon Notes with a longer term than 12 months, the Issuer will, prior to the redemption or repayment of such Notes, adopt the necessary measures with the Clearing Systems in order to ensure its compliance with such information obligations as may be required by the Spanish tax authorities from time to time.

### **The Proposed Financial Transaction Tax (EU FTT)**

The European Commission published in February 2013 a proposal (the **Commission's Proposal**) for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (excluding Estonia, the **participating Member States**). Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the EU FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

In the ECOFIN meeting of 17 June 2016, the FTT was discussed between the EU Member States. It has been reiterated in this meeting that participating Member States envisage introducing an FTT by the so-called enhanced cooperation process.

The proposed Directive defines how the EU FTT would be implemented in participating Member States. It involves a minimum 0.1 per cent. tax rate for transactions in all types of financial instruments, except for derivatives that would be subject to a minimum 0.01 per cent. tax rate.

On 3 December 2018, the finance ministers of France and Germany outlined a joint proposal for a limited FTT based on a system already in place in France. Under the new proposal, the tax obligation would apply only to transactions involving shares issued by domestic companies with a market capitalisation of over €1 billion.

However, the Commission's Proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and participating Members States may withdraw.

Prospective Noteholders are advised to seek their own professional advice in relation to the EU FTT.

### **The Spanish financial transactions tax**

The Law 5/2020, dated 15 October 2020, on the Tax on Financial Transactions (the **FTT Law**) has implemented the tax in Spain (the **Spanish FTT**). According to the FTT Law, the Spanish FTT is aligned with the French and Italian financial transactions taxes. Specifically, the Spanish FTT is levied at a rate of 0.2 per cent. on certain acquisitions of listed shares issued by Spanish companies whose market capitalisation exceeds €1 billion, regardless of the jurisdiction of residence of the parties involved in the transaction. The Spanish FTT does not apply in relation to an issue of Notes under the Programme. However, the FTT Law could be modified and therefore there can be no assurance that the Spanish FTT would not apply to an issue of Notes in the future. Prospective Noteholders are advised to seek their own professional advice in relation to the Spanish FTT.



## GENERAL INFORMATION

1. Application has been made to the CSSF to approve this document as a base prospectus of the Issuer. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II. However, Notes may be issued pursuant to the Programme which will not be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange nor listed on the official list of the Luxembourg Stock Exchange nor any other stock exchange or which will be listed on such stock exchange as the Issuer, the Guarantor and the relevant Dealer(s) may agree.
2. The update of the Programme and the Issue of the Notes was authorised by a resolution of the board of managing directors of Iberdrola Finanzas on 26 May 2022. The giving of the guarantee in respect of the Notes was authorised by resolutions of the board of directors of the Guarantor passed on 10 May 2022 and by a resolution of the shareholders' meeting of the Guarantor passed on 18 June 2021. The Issuer and the Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.
3. Each permanent Bearer Note and definitive Bearer Note having a maturity of more than one year, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
4. None of the Issuer, the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have had in the recent past a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.
5. Since 31 December 2021, there has been no material adverse change in the prospects of Iberdrola Finanzas nor, since 31 December 2021, has there been any significant change in the financial position or financial performance of Iberdrola Finanzas.
6. Since 31 December 2021, there has been no material adverse change in the prospects of the Guarantor or the Group nor, since 31 March 2022, has there been any significant change in the financial position or financial performance of the Guarantor or the Group.
7. Notes will be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.
8. The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions.
9. In relation to any Tranche of Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

10. For the period of 12 months following the date of this Base Prospectus, the following documents (with English translations, where appropriate) will be available on the website of the Issuer and Guarantor <https://www.iberdrola.com/shareholders-investors/investors/fixed-income/programmes>:
- (a) the Deed of Guarantee (Senior Notes) and the Deed of Guarantee (Subordinated Notes);
  - (b) the *Estatutos* of Iberdrola Finanzas and the Guarantor (with English translations, in each case);
  - (c) the Documents Incorporated by Reference;
  - (d) this Base Prospectus;
  - (e) the Agency Agreement;
  - (f) Iberdrola Framework for Green Financing;
  - (g) Second-party opinion on the Sustainability of Iberdrola's Framework for Green Financing; and
  - (h) any future prospectus supplements, further prospectuses, information memoranda and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which were admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

For the period of 12 months following the date of this Base Prospectus, the following documents (with English translations, where appropriate) will be available, during usual business hours on any weekday (public holidays excepted), at the office of the registered offices of the Issuer and the Guarantor and the office of the Fiscal Agent and the Registrar and each of the Paying Agents and Transfer Agents:

- (a) the Agency Agreement (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates in respect of Registered Notes, the Coupons, the Receipts and the Talons); and
  - (b) the Deed of Covenant.
11. KPMG Auditores, S.L. has audited the Spanish language consolidated annual accounts as at and for each of the years ended 31 December 2021 and 2020 of the Guarantor prepared in accordance with International Financial Reporting Standards as adopted by European Union (IFRS-EU), issuing audit reports without modifications.
12. KPMG Auditores, S.L. has audited the Spanish language annual accounts as at and for each of the years ended 31 December 2021 and 2020 of Iberdrola Finanzas prepared in accordance with the Spanish General Chart of Accounts, issuing audit reports without modification.
13. KPMG Auditores, S.L. (independent auditors) located at Paseo de la Castellana 259C, 28046 Madrid, Spain, is a member of the *Instituto de Censores Jurados de Cuentas de España* and is registered in the Official Registry of Accounting Auditors (*Registro Oficial de Auditores de Cuentas*). KPMG

Auditores, S.L. was appointed as the independent auditor of the Guarantor and Iberdrola Finanzas for 2017, pursuant to the resolution of the shareholders' meeting of the Guarantor held on 31 March 2017 and the sole shareholder's meeting of Iberdrola Finanzas held on 3 July 2017.

14. The Issuer does not intend to provide any post-issuance information, except if required by any applicable laws and regulations.
15. Certain of the Dealers and their affiliates have engaged, and may in the future engage, in lending, investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, potential conflicts of interest may arise between the Calculation Agent (if any) and Noteholders (including when a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption. For the purpose of this paragraph, the term "affiliates" also includes parent companies.
16. The Issuer has appointed BNP Paribas Securities Services, Luxembourg Branch to act as Listing Agent. BNP Paribas Securities Services Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

## **ISSUER AND GUARANTOR**

### **Iberdrola Finanzas, S.A.U.**

Plaza Euskadi 5  
48009 Bilbao  
Spain

### **Iberdrola, S.A.**

Plaza Euskadi 5  
48009 Bilbao  
Spain

## **ARRANGER**

### **Barclays Bank Ireland PLC**

One Molesworth Street  
Dublin 2  
DO2RF29  
Ireland

## **DEALERS**

### **Banco Bilbao Vizcaya Argentaria, S.A.**

Calle Saucedá 28  
Edificio Asia  
28050 Madrid  
Spain

### **Banco Santander, S.A.**

Calle Juan Ignacio Luca de Tena 11  
Edificio la Magdalena Planta 1  
28027 Madrid  
Spain

### **Barclays Bank Ireland PLC**

One Molesworth Street  
Dublin 2  
DO2RF29  
Ireland

### **BNP PARIBAS**

16, boulevard des Italiens  
75009 Paris  
France

### **BofA Securities Europe SA**

51 rue la Boétie  
75008 Paris  
France

### **CaixaBank, S.A.**

Pintor Sorolla, 2-4  
46002 Valencia  
Spain

### **Citigroup Global Markets Europe AG**

Reuterweg 16  
60323 Frankfurt am Main  
Germany

### **Crédit Agricole Corporate and Investment Bank**

12, Place des Etats-Unis  
CS 70052 – 92547 Montrouge Cedex  
France

### **Deutsche Bank Aktiengesellschaft**

Mainzer Landstrasse 11-17  
60329 Frankfurt am Main  
Germany

### **Goldman Sachs Bank Europe SE**

Marienturm, Taunusanlage 9-10  
D-60329 Frankfurt am Main  
Germany

**HSBC Continental Europe**

38, avenue Kléber  
75116 Paris  
France

**ING Bank N.V.**

Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**Intesa Sanpaolo S.p.A.**

Divisione IMI Corporate & Investment Banking  
Via Manzoni 4  
20121 Milan  
Italy

**J.P. Morgan SE**

Taunustor 1 (TaunusTurm)  
60310 Frankfurt am Main  
Germany

**Mizuho Securities Europe GmbH**

Taunustor 1  
60310 Frankfurt am Main  
Germany

**Morgan Stanley Europe SE**

Grosse Gallusstrasse 18  
60312 Frankfurt-am-Main  
Germany

**MUFG Securities (Europe) N.V.**

World Trade Center, Tower H, 11th Floor  
Zuidplein 98  
1077 XV Amsterdam  
The Netherlands

**NatWest Markets N.V.**

Claude Debussylaan 94  
Amsterdam 1082 MD  
The Netherlands

**UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

**AGENTS****FISCAL AGENT AND PAYING AGENT****The Bank of New York Mellon, London Branch**

One Canada Square  
London E14 5AL  
United Kingdom

**LUXEMBOURG PAYING AGENT AND REGISTRAR****The Bank of New York Mellon SA/NV, Luxembourg Branch**

Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

**LISTING AGENT****BNP Paribas Securities Services, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855 Luxembourg

## **LEGAL ADVISERS**

*To the Issuer and the Guarantor as to English and  
Spanish law*

### **Allen & Overy**

c/ Serrano, 73  
28006 Madrid  
Spain

*To the Dealers as to English and Spanish law*

### **Linklaters, S.L.P.**

c/ Almagro, 40  
28010 Madrid  
Spain

## **AUDITORS**

### **KPMG Auditores, S.L.**

Paseo de la Castellana 259C  
28046 Madrid  
Spain