



Informe de Auditoría de Iberdrola Finanzas, S.A.U.

(Together with the annual accounts and directors' report of Iberdrola Finanzas, S.A.U. for the year ended 31 December 2020)

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)



KPMG Auditores, S.L.
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48009 Bilbao

Independent Auditor's Report on the Annual Accounts

(Translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

To the Sole Shareholder of Iberdrola Finanzas, S.A.U.

REPORT ON THE ANNUAL ACCOUNTS

Opinion

We have audited the annual accounts of Iberdrola Finanzas, S.A.U. (the "Company"), which comprise the balance sheet at 31 December 2020, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

In our opinion, the accompanying annual accounts give a true and fair view, in all material respects, of the equity and financial position of the Company at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework (specified in note 2 to the accompanying annual accounts) and, in particular, with the accounting principles and criteria set forth therein.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Accounts section of our report.

We are independent of the Company in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the annual accounts pursuant to the legislation regulating the audit of accounts in Spain. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Most Relevant Aspects of the Audit

The most relevant aspects of the audit are those that, in our professional judgement, have been considered as the most significant risks of material misstatement in the audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Recoverability of current and non-current loans and receivables from Group companies and associates (see notes 8 and 17 to the annual accounts)

Non-current and current investments in Group companies and associates included in the annual accounts at 31 December 2020 amount to Euros 6,407,795 thousand and Euros 276,347 thousand, respectively, and represent 99.99% of the Company's total assets. These amounts comprise loans and receivables carried at amortised cost. The Company's exposure, in terms of credit risk, to Iberdrola, S.A. (sole shareholder) and Iberdrola Financiación, S.A.U. (Group company) could have a significant impact on the Company's financial statements.

Taking into account the circumstances indicated in the previous paragraph, and that the loans extended by the Company and those received from third parties outside the Group are secured by Iberdrola, S.A., the analysis of the Iberdrola Group's financial position should be considered a key audit matter.

Our audit procedures included assessing the design and implementation of the key controls related to the valuation process, assessing the existence of impairment indicators identified by the Company, holding meetings with Company management to discuss its conclusions on the recoverability of loans extended to Group companies taking into account its knowledge of the Iberdrola Group's financial position, assessing the Group's financial position by accessing available financial information, assessing the terms and conditions established in loan contracts, and assessing Iberdrola, S.A.'s credit ratings published by the Standard & Poor's, Fitch and Moody's rating agencies. We also assessed whether the disclosures included in the annual accounts meet the requirements of the applicable financial reporting framework.

Other Information: Directors' Report

Other information solely comprises the 2020 directors' report, the preparation of which is the responsibility of the Company's Directors and which does not form an integral part of the annual accounts.



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Our audit opinion on the annual accounts does not encompass the directors' report. Our responsibility for the directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the directors' report with the annual accounts, based on knowledge of the entity obtained during the audit of the aforementioned annual accounts, and assessing and reporting on whether the content and presentation of the directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the directors' report is consistent with that disclosed in the annual accounts for 2020 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibilities for the Annual Accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they give a true and fair view of the equity, financial position and financial performance of the Company in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the preparation and presentation of the annual accounts.

Auditor's Responsibilities for the Audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit



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evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the audit committee of the entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the entity's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the significant risks communicated to the audit committee of Iberdrola Finanzas, S.A.U., we determine those that were of most significance in the audit of the annual accounts of the current period and which are therefore the most significant risks.



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We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.

On the Spanish Official Register of Auditors ("ROAC") with No. S0702

(Signed on original in Spanish)

David España Martín

On the Spanish Official Register of Auditors ("ROAC") with No. 22,690

16 April 2021

CONTENTS

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	<u>Page</u>
Balance Sheet at 31 December 2020	2
Income Statement for the year ended 31 December 2020	3
Statement of Changes in Equity for the year ended 31 December 2020	4
Statement of Cash Flows for the year ended 31 December 2020	6
Notes to the annual accounts	
1 Company activity	7
2 Basis of presentation of the annual accounts	7
3 Distribution of profit/application of losses	8
4 Accounting principles	8
5 Financial risk management	13
6 Use of estimates	14
7 Categories and measurement of financial instruments	15
8 Investments in Group companies and associates	16
9 Equity	20
10 Issue of bonds and other marketable securities	21
11 Average supplier payment period. "Reporting Requirement". Third Additional Provision of Law 15/2010 of 5 July	25
12 Taxation	26
13 Income and expenses	28
14 Remuneration of senior management	28
15 Remuneration of board of directors	29
16 Information on compliance with article 229 of the Spanish Companies Act	29
17 Related party balances and transactions	29
18 Audit fees	31
19 Events after the reporting period	31
Directors' report for 2020	33
Proposed distribution of profit 2020	35

IBERDROLA FINANZAS, S.A.U. (Sociedad Unipersonal)

Balance Sheet at 31 December 2020

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

ASSETS	Notes	2020	2019 (*)
NON-CURRENT ASSETS		6,407,805	5,638,905
Non-current investments in Group companies and associates	8, 17.1	6,407,795	5,638,895
Loans to companies		6,407,795	5,638,895
Deferred tax assets	12.4	10	10
CURRENT ASSETS		276,921	1,534,781
Trade and other receivables	12.1	-	188
Current tax assets		-	188
Current investments in Group companies and associates	8, 17.1	276,347	1,534,354
Loans to companies		151,443	1,512,578
Other financial assets		124,904	21,776
Cash and cash equivalents		574	239
Cash		574	239
TOTAL ASSETS		6,684,726	7,173,686
LIABILITIES	Notes	2020	2019 (*)
EQUITY	9	127,179	125,796
CAPITAL AND RESERVES			
Capital		100,061	100,061
Registered capital		100,061	100,061
Reserves		30,177	30,177
Legal and statutory reserves		236	236
Other reserves		29,941	29,941
Prior years' profit and loss		(4,442)	(3,855)
Prior years' losses		(4,442)	(3,855)
Profit/(loss) for the year		1,383	(587)
NON-CURRENT LIABILITIES		6,407,779	5,638,877
Non-current payables	10	6,407,779	5,638,877
Bonds and other marketable securities		6,407,779	5,638,877
CURRENT LIABILITIES		149,768	1,409,013
Current payables		148,686	1,408,308
Bonds and other marketable securities	10	148,686	1,408,308
Group companies and associates, current	17.1	657	695
Trade and other payables		425	10
Current tax liabilities	12.1	425	-
Other payables		-	10
TOTAL EQUITY AND LIABILITIES		6,684,726	7,173,686

(*) The balance sheet at 31 December 2019 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the balance sheet at 31 December 2020.

IBERDROLA FINANZAS, S.A.U. (Sociedad Unipersonal)
Income Statement for the year ended 31 December 2020

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Notes	2020	2019 (*)
CONTINUING OPERATIONS			
Revenues	13.1,		
Finance income from marketable securities and other financial instruments of Group companies and associates	17.2	147,616	191,418
		147,616	191,418
Other operating expenses		(67)	(411)
External services		(44)	(333)
Taxes		(23)	(78)
RESULTS FROM OPERATING ACTIVITIES		147,549	191,007
Finance costs	13.2	(145,701)	(191,791)
Group companies and associates	17.2	(3,940)	(4,175)
Other		(141,761)	(187,616)
Exchange gains/(losses)	13.3	(28)	12
NET FINANCE COST		(145,729)	(191,779)
PROFIT/(LOSS) BEFORE INCOME TAX		1,820	(772)
Income tax	12.3	(437)	185
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		1,383	(587)
PROFIT/(LOSS) FOR THE YEAR		1,383	(587)

(*) The income statement for 2019 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the income statement for the year ended 31 December 2020.

IBERDROLA FINANZAS, S.A.U. (Sociedad Unipersonal)

Statement of Changes in Equity for the year ended 31 December 2020

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

A) Statement of Recognised Income and Expense for the year ended 31 December 2020

	Notes	2020	2019 (*)
PROFIT/(LOSS) FOR THE YEAR		1,383	(587)
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-
TRANSFERS TO THE INCOME STATEMENT		-	-
TOTAL AMOUNTS TRANSFERRED TO THE INCOME STATEMENT		-	-
TOTAL RECOGNISED INCOME AND EXPENSE		1,383	(587)

(*) The statement of recognised income and expense for 2019 is presented for comparative purposes only. The notes to the accompanying annual accounts form an integral part of the statement of recognised income and expense for the year ended 31 December 2020.

IBERDROLA FINANZAS, S.A.U. (Sociedad Unipersonal)

B) Statement of Changes in Equity for the year ended 31 December 2020

(Expressed in thousands of Euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Capital	Reserves	Prior years' profit/loss	Profit/(loss) for the year	TOTAL
2019 OPENING BALANCE (*)	100,061	30,177	(3,128)	(727)	126,383
Total recognised income and expense	-	-	-	(587)	(587)
Transactions with shareholders or owners					
Application of loss	-	-	(727)	727	-
2019 CLOSING BALANCE (*)	100,061	30,177	(3,855)	(587)	125,796
2020 OPENING BALANCE	100,061	30,177	(3,855)	(587)	125,796
Total recognised income and expense	-	-	-	1,383	1,383
Transactions with shareholders or owners					
Application of loss	-	-	(587)	587	-
2020 CLOSING BALANCE	100,061	30,177	(4,442)	1,383	127,179

(*) The statement of changes in equity for 2019 is presented for comparative purposes only.

The notes to the accompanying annual accounts form an integral part of the statement of changes in equity for the year ended 31 December 2020.

IBERDROLA FINANZAS, S.A.U. (Sociedad Unipersonal)
Statement of Cash Flows for the year ended 31 December 2020
(Expressed in thousands of Euros)
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Notes	2020	2019 (*)
Profit/(loss) for the year before tax		1,820	(772)
Adjustments for:		(1,887)	361
Finance income	13.1	(147,616)	(191,418)
Finance costs	13.2	145,701	191,791
Exchange (gains)/losses	13.3	28	(12)
Changes in operating assets and liabilities		(10)	10
Trade and other payables		(10)	10
Other cash flows from operating activities		3,539	3,578
Interest paid		(174,225)	(187,109)
Interest received		177,672	190,471
Income tax received		148	223
Other amounts received/(paid)		(56)	(7)
CASH FLOWS FROM OPERATING ACTIVITIES		3,462	3,177
Payments for investments		(1,009,820)	(151,938)
Group companies and associates		(1,009,820)	(151,938)
Proceeds from sale of investments		1,400,000	378,479
Group companies and associates		1,400,000	378,479
CASH FLOWS FROM INVESTING ACTIVITIES		390,180	226,541
Proceeds from and payments for financial liability instruments		(393,307)	(229,738)
Issue			
Bonds and other marketable securities		906,693	148,741
Redemption and repayment of			
Bonds and other marketable securities		(1,300,000)	(378,479)
CASH FLOWS USED IN FINANCING ACTIVITIES		(393,307)	(229,738)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		335	(20)
Cash and cash equivalents at beginning of year		239	259
Cash and cash equivalents at year end		574	239

(*) The statement of cash flows for 2019 is presented for comparative purposes only.
The notes to the accompanying annual accounts form an integral part of the statement of cash flows for the year ended 31 December 2020.

IBERDROLA FINANZAS, S.A.U. (Sociedad Unipersonal)

Notes to the annual accounts for the year ended 31 December 2020

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

1. COMPANY ACTIVITY

Iberdrola Finanzas, S.A.U. (Sociedad Unipersonal) (hereinafter the Company) was incorporated on 16 February 2005, with unlimited duration, in accordance with the Spanish Companies Act.

The statutory activity of the Company is the issue of preferential shares and other marketable debt instruments in Spanish and foreign secondary markets.

Its registered office is in Bilbao, Plaza Euskadi 5.

The Company provided the financing obtained on the debt markets to its sole shareholder, Iberdrola S.A. (hereinafter, and interchangeably, the "sole shareholder" or "IBERDROLA") until 7 December 2016, except in the period from 23 March 2010 to 7 April 2011 (both inclusive), during which it provided the financing obtained on the debt markets to Iberdrola Financiación, S.A.U. (hereinafter "Iberdrola Financiación"). As of 7 December 2016 it provided the entire financing obtained on the markets to Iberdrola Financiación and I-DE Redes Eléctricas Inteligentes, S.A.U. (formerly Iberdrola Distribución Eléctrica, S.A.U.) (hereinafter "I-DE"), companies which are wholly owned by the sole shareholder. It also extended a loan to Iberdrola Renovables Offshore Deutschland, GmbH (hereinafter "Iberdrola Renovables Offshore Deutschland") with the funds obtained through a capital increase in 2013. This transaction expired in 2020.

In addition, the Company provides financing to certain IBERDROLA Group companies (see note 17).

2. BASIS OF PRESENTATION OF THE ANNUAL ACCOUNTS

2.1 Accounting standards applied

The annual accounts were prepared in accordance with the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November 2007, which was amended in 2016 by Royal Decree 602/2016 of 2 December 2016, and other prevailing legislation.

These annual accounts have been authorised for issue by the Company's directors and are expected to be approved by the sole shareholder with no changes.

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional currency, unless otherwise stated

Article 107 of Law 62/2003 of 30 December 2003, on tax, administrative and social measures, introduces provision sixteen to article 525 of the Spanish Companies Act, stipulating that companies which have issued securities that are admitted to trading on a regulated market of any European Union member state, and which only prepare individual annual accounts, in accordance with prevailing legislation, are to disclose the main changes in equity and profit or loss that would have arisen had International Financial Reporting Standards as adopted by European Union regulations (IFRS-EU) been applied. At 31 December 2020 and 2019 there are no differences in equity and profit or loss with respect to the balances that would be presented under IFRS.

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2.2 True and fair view

The annual accounts have been prepared on the basis of the auxiliary accounting records of the Company, and prevailing accounting legislation, to give a true and fair view of the equity, financial position and results of operations of the Company.

The statement of cash flows has been prepared to give a true and fair view of the source and application of monetary assets representing the Company's cash and cash equivalents.

2.3 Comparative information

In accordance with prevailing Spanish legislation, these annual accounts for 2020 also include, for each individual caption in the balance sheet, the income statement, the statement of changes in equity and the statement of cash flows for the year then ended, comparative figures for the previous year. The notes to the annual accounts also include quantitative information for the prior year.

3. DISTRIBUTION OF PROFIT

The Board of Directors of the Company plans to submit for approval to the sole shareholder the following distribution of 2020 profit:

(Thousands of Euros)	2020
Basis of allocation:	
Profit for 2020	1,383
Total	1,383
Distribution:	
Legal reserve	138
Prior years' losses	1,245
Total	1,383

4. ACCOUNTING PRINCIPLES

4.1 Financial instruments

4.1.1. Classification and measurement of financial assets and financial liabilities

The financial assets and financial liabilities held by the Company are classified in the following categories:

a) Loans and receivables

These include financial assets originating from the sale of goods or services relating to the Company's trading operations and other receivables from non-trading operations that are not equity instruments or derivatives, are receivable in a fixed or determinable amount and are not traded on an active market.

Financial assets included in this category are initially recognised at fair value. After initial recognition, they are subsequently measured at amortised cost. Interest accrued is recognised in the income statement using the effective interest rate method.

Nevertheless, loans and receivables maturing in less than one year which do not have a contractual interest rate are initially and subsequently measured at nominal amount when the effect of not discounting the cash flows is immaterial.

b) *Debts and payables*

These include financial liabilities arising from the purchase of goods or services in the ordinary course of the Company's trade operations, and other non-trade payables that are not derivative instruments.

Financial liabilities are initially measured at fair value which, in the absence of evidence to the contrary, is the transaction price, which is equivalent to the fair value of the consideration received. Transaction costs that are directly attributable form part of the initial measurement. After initial recognition, financial liabilities included in this category are measured at amortised cost. Interest accrued is recognised in the income statement using the effective interest method.

Nonetheless, trade payables falling due within one year for which there is no contractual interest rate, and called-up equity holdings expected to be settled in the short term are measured both initially and subsequently at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

4.1.2. *Interest received from financial assets*

Interest generated by financial assets after their acquisition is taken to income. Interest is recognised using the effective interest method.

Upon initial measurement of financial assets, accrued explicit interest receivable at the measurement date is recognised separately, based on maturity. For this purpose, explicit interest is the interest obtained by applying the contractual interest rate of the financial instrument.

4.1.3. *Impairment of financial assets*

The Company regularly assesses whether a financial asset or group of financial assets is impaired.

a) *Loans and receivables*

The carrying amount of a financial asset or group of financial assets is impaired when there is objective evidence that an impairment loss on an asset or group of assets carried at amortised cost has been incurred due to one or more events occurring since initial recognition that lead to a reduction or delay in estimated future cash flows.

The amount of the impairment loss on these financial assets is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate used on the date of initial recognition. For variable income financial assets, the effective interest rate corresponding to the reporting date of the annual accounts under the contractual conditions is used. Impairment losses on a group of financial assets are calculated using models based on statistical formulas or methods.

Impairment losses, as well as reversals when the amount of the loss decreases due to a subsequent event, are recognised in profit or loss. Impairment can be reversed up to the limit of the carrying amount that would have been recognised if no impairment loss had been recognised.

4.1.4. Derecognition of financial assets

The Company derecognises a financial asset, or part thereof, when the contractual rights to receive cash flows from the asset have expired or are transferred and all the risks and rewards incidental to ownership have been substantially transferred. This is assessed by comparing the Company's exposure to changes in the amounts and schedule of cash flows net of the transferred asset before and after the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, the financial asset is derecognised when it has not retained control of the asset, which is determined based on the transferee's ability to transfer the asset. When the Company retains control of the asset, it continues to recognise the asset at the amount of the Company's exposure to changes in the fair value of the transferred asset; i.e. to the extent of its continuing involvement, and recognises the related liability.

When the financial asset is derecognised, the difference between the consideration received less directly attributable transaction costs, taking into account any new asset acquired less any liability assumed, and the carrying amount of the financial asset plus any cumulative amounts recognised directly in equity determines the related gain or loss and is recognised in the income statement for the year.

The Company does not derecognise financial assets when it retains substantially all the risks and rewards incidental to ownership of the transferred financial asset, but instead recognises a financial liability for the same amount as the consideration received.

4.1.5. Derecognition of financial liabilities

The Company derecognises a financial liability when the obligation is discharged.

If there is an exchange of debt instruments, between the Company and the counterparty, and the conditions thereof are substantially different, the original financial liability is derecognised and the new financial liability is recognised. The difference between the carrying amount of a financial liability, or part of that liability, that has been derecognised and the consideration paid, including attributable transaction costs and any asset transferred (other than cash) or liability assumed, is recognised in profit or loss for the reporting period in which it arises.

The Company considers the terms to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

If there is an exchange of debt instruments, and the conditions thereof are not substantially different, the original financial liability is not derecognised and the carrying amount is adjusted for the fees paid. The amortised cost of the financial liability is determined applying the effective interest rate, which is the rate that equates the carrying amount of the financial liability at the modification date to the cash flows to be paid under the new conditions.

4.2 Foreign currency transactions

Transactions in foreign currency are initially recorded at the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the reporting date. Exchange gains and losses that arise in the translation process, including those arising from the settlement of balance sheet items, are recognised in the income statement.

4.3 Cash and cash equivalents

This heading includes cash, current bank accounts and deposits and temporary purchases of assets that comply with the following characteristics:

- They can be converted into cash.
- At the time of acquisition their maturity is less than three months.
- They have no significant risk of change in value.
- They form part of the Company's usual cash management policy.

In the statement of cash flows, occasional bank overdrafts that form a part of the Company's cash management are recognised as a decrease in cash and cash equivalents.

4.4 Income tax

The Company files consolidated tax returns with certain Group companies.

Income tax expense is calculated as the sum of the current tax resulting from the application of the corresponding tax rate to taxable income for the year, after all tax credits and deductions have been taken into account, plus changes in deferred tax assets and liabilities. Tax deductions and credits are recognised in the companies that generate them.

The income tax expense is recognised in the income statement except in cases where this tax relates to items recognised in equity, in which case the associated tax is also recognised in equity.

Current tax assets and liabilities are the estimated amounts payable to or receivable from public entities, in accordance with the tax rates in force at the reporting date, and including any other tax adjustment from prior years.

Temporary differences between the tax base of assets and liabilities and their carrying amount in the annual accounts generate deferred tax liabilities.

The Company recognises deferred tax liabilities for all taxable temporary differences, except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

The Company recognises deferred tax assets for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that the tax group will have taxable profit available against which these can be utilised, except for when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

At each reporting date, the Company assesses both recognised and any previously unrecognised deferred tax assets. On the basis of this assessment, the Company derecognises previously recognised assets if their recoverability is no longer probable or recognises any previously unrecognised deferred tax assets provided that it is probable that the tax Group will generate sufficient future tax gains to allow these assets to be utilised.

Unless there is evidence to the contrary, it is not considered probable that the tax group will have sufficient taxable income when future recovery is expected to occur more than ten years from the reporting date. Conversely, it is considered probable that the tax group will generate sufficient taxable profit to recover deferred tax assets when there are taxable temporary differences which are expected to reverse in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

Deferred tax assets and liabilities are measured at the standard tax rates that are expected upon reversal, in accordance with approved prevailing tax laws and based on the manner in which the deferred tax asset or liability can reasonably be expected to be recovered or settled. Changes to the carrying amounts of deferred tax assets and liabilities are recognised in the income statement, except when the related deferred tax assets and liabilities are recognised directly in equity.

Deferred tax assets and liabilities are measured without taking into account the impact of the time value of money.

4.5 Classification of assets and liabilities as current and non-current

Assets and liabilities are classified as current and non-current in the balance sheet. Accordingly, they are classified as current when linked to the operating cycle of the Company and expected to be sold, consumed, realised or settled within a maximum period of one year.

4.6 Income and expenses

Income and expenses are allocated on an accruals basis, irrespective of collections and payments.

Revenue from services rendered is measured at the fair value of the consideration received or receivable, less any discounts, rebates or similar items, as well as indirect taxes levied on transactions which can be passed on to third parties.

In addition, revenue from the rendering of services is recognised when the outcome of the transaction can be reliably estimated, considering the stage of completion at the reporting date. When the outcome of a transaction involving the rendering of services cannot be reliably estimated, revenue is recognised only to the extent of the expenses recognised that are considered recoverable.

The Company, as a financing entity of the IBERDROLA Group, includes revenue accrued from financing extended to Group companies under "Revenues" in the accompanying income statement.

4.7 Related party transactions

Related party transactions are accounted for in accordance with the criteria indicated above.

5. FINANCIAL RISK MANAGEMENT

The IBERDROLA Group is exposed to certain inherent financial market risks due to the different countries and sectors where it operates, as well as its activities, that can prevent the Company from achieving its objectives and executing its strategies successfully.

In particular, the IBERDROLA Group's financing and financial risk policy and corporate credit risk policy, approved by the IBERDROLA Group's board of directors, identify the risk factors described below which may affect the Company. The Company has an organisation and systems that enable it to identify, measure and manage the financial risks to which it is exposed.

The activity with financial instruments exposes the Company to credit, market and liquidity risks. Since the Company is a financing entity of the IBERDROLA Group, the Company's exposure to these risks should be assessed in the environment of the IBERDROLA Group.

Credit risk

The Company is exposed to credit risk deriving from the possible failure of its counterparties to comply with contractual obligations, i.e. the possibility of not recovering financial assets at the amount recognised and within the established term.

Credit risk is adequately managed and limited in accordance with the type of transaction and the creditworthiness of the counterparties. Specifically, there is a corporate credit risk policy which establishes the framework and guidelines for correctly managing risk.

At 31 December 2020 the entire credit risk is materialised with the sole shareholder and with the IBERDROLA Group companies Iberdrola Financiación and I-DE. Nonetheless, the maximum risk that the Company assumes on loans extended to these entities is capped at Euros 2 million, as the parent, IBERDROLA, will compensate the Company for any defaults in excess of this amount. The Company does not consider the possible effect of this risk on the Company's annual accounts to be significant.

Interest rate risk

Interest rate risk arises from possible losses due to changes in the fair value or the future cash flows of a financial instrument because of variations in market interest rates.

The directors consider the Company's exposure to this risk as insignificant, given that the Company follows the practice of lending to its sole shareholder and to the IBERDROLA Group companies Iberdrola Financiación and I-DE in the same conditions (term, nominal amount and benchmark interest rate) as which it obtains market financing through the issue of liabilities.

Note 10 contains details of all bond issues and other Company securities together with their respective features at the 2020 and 2019 closing dates.

Currency risk

Currency risk arises from possible losses due to changes in the fair value or the future cash flows of a financial instrument because of variations in market interest rates. The Company's exposure to foreign currency risk mainly arises from loans extended and issues made in foreign currency.

As the Company maintains symmetrical operations in the same currency in both assets and liabilities of its balance sheet and with the same maturity dates, the directors consider this risk to be insignificant, and limited to current account balances in foreign currencies.

Liquidity risk

Liquidity risk is the risk that the Company might not hold, or have access to, sufficient liquid funds at a suitable cost to settle its payment obligations.

As mentioned previously, the Company matches the due dates of its assets (loans to the sole shareholder and to Group companies) and issued liabilities, so this risk would only materialise in the event that its sole shareholder is unable to fulfil its commitments with the Company, which include those commitments acquired with the Company by Iberdrola Financiación and I-DE. Consequently, this risk should be assessed in the environment of the IBERDROLA Group which, considering its credit rating and sources of liquidity, is deemed negligible.

6. USE OF ESTIMATES

Certain assumptions and estimates were made by the Company in the preparation of these annual accounts. The main aspects requiring the use of estimates in the preparation of these annual accounts are as follows:

- Impairment of loans and receivables:

As disclosed in note 4.1.3., the Company analyses the accounting and equity situation of counterparties to which it has extended financing in order to detect indications that the financial assets may be impaired. If there is objective evidence that a financial asset carried at amortised cost is impaired, it calculates the impairment loss, which is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate used for initial recognition.

- Effect of COVID-19:

In relation to the impact of the COVID-19 pandemic on the recoverable amount of investments in Group companies and associates, no additional indications that financial assets are impaired have been identified, mainly because it is not expected to have a significant negative effect on the Iberdrola Group's long-term business plans, and therefore, there is not expected to be any deterioration in IBERDROLA's capacity to meet its payment obligations with the Company or to guarantee payment in the event a Group company defaults.

Although these estimates have been made based on the best information available at the date these annual accounts were authorised for issue, it is possible that future events will require that they be modified (upwards or downwards) in future periods, which would be done prospectively, recognising the effects of the change in estimates in future periods.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

7. CATEGORIES AND MEASUREMENT OF FINANCIAL INSTRUMENTS

At 31 December 2020 and 2019 the carrying amount and fair value of financial instruments in each of the categories of financial assets and liabilities, except for balances with public entities and cash and cash equivalents, are as follows:

(Thousands of Euros)	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
<i>Loans and receivables</i>				
Loans to companies	6,559,238	7,140,182	7,151,473	7,671,095
Other financial assets	124,904	124,904	21,776	21,776
Total	6,684,142	7,265,086	7,173,249	7,692,871
Financial liabilities				
<i>Debts and payables</i>				
Bonds and other marketable securities	6,556,465	7,106,298	7,047,185	7,535,389
Other financial liabilities	657	657	695	695
Trade and other payables	-	-	10	10
Total	6,557,122	7,106,955	7,047,890	7,536,094

The fair value of listed financial liability instruments is their market price. The fair value of financial assets associated with these listed liabilities is the valuation of the liability corrected for the effect of cash flows relative to the interest rate spread between both transactions.

Fair value of the remaining financial instruments was determined by discounting the cash flows of discounted future payments using market rates applicable at the measurement date.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

8. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Movement during 2020 and 2019 in current and non-current loans to Group companies and associates is as follows:

(Thousands of Euros)	Balance at 01.01.2020	Additions and charges	Transfers	Disposals, derecognitions or reductions	Foreign currency valuation	Balance at 31.12.2020
Non-current						
Principal loans to Group companies (note 17.1)	5,638,895	906,693	(68,922)	-	(68,871)	6,407,795
Total non-current	5,638,895	906,693	(68,922)	-	(68,871)	6,407,795
Current						
Principal loans to Group companies (note 17.1)	1,394,829	5,545	68,922	(1,400,000)	-	69,296
Accrued interest	117,749	142,071	-	(177,673)	-	82,147
Total current	1,512,578	147,616	68,922	(1,577,673)	-	151,443
Total	7,151,473	1,054,309	-	(1,577,673)	(68,871)	6,559,238

(Thousands of Euros)	Balance at 01.01.2019	Additions and charges	Transfers	Disposals, derecognitions or reductions	Foreign currency valuation	Balance at 31.12.2019
Non-current						
Principal loans to Group companies (note 17.1)	6,835,988	148,730	(1,394,642)	-	48,819	5,638,895
Total non-current	6,835,988	148,730	(1,394,642)	-	48,819	5,638,895
Current						
Principal loans to Group companies (note 17.1)	369,030	5,434	1,394,642	(378,479)	4,202	1,394,829
Accrued interest	122,236	185,984	-	(190,471)	-	117,749
Total current	491,266	191,418	1,394,642	(568,950)	4,202	1,512,578
Total	7,327,254	340,148	-	(568,950)	53,021	7,151,473

The current portion of other financial assets with Group companies and associates at 31 December 2020 and 2019 reflects the balance of the reciprocal current account in Euros with IBERDROLA.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The maturity of outstanding loans to Group companies and associates at 31 December 2020 and 2019, broken down by currency, is as follows:

(Thousands of Euros)	Balance at 31.12.20	Maturity						
		2021	2022	Current			Non-current	
				2023	2024	2025	2026 and thereafter	Total non-current
Euros	5,473,442	69,920	-	199,984	998,050	1,774,154	2,431,334	5,403,522
US Dollar	40,786	-	-	-	-	40,786	-	40,786
Pound Sterling	768,668	(624)	220,048	-	549,244	-	-	769,292
Norwegian Krone	170,616	-	-	-	-	-	170,616	170,616
Japanese Yen	23,579	-	-	23,579	-	-	-	23,579
Accrued interest	82,147	82,147	-	-	-	-	-	-
Total	6,559,238	151,443	220,048	223,563	1,547,294	1,814,940	2,601,950	6,407,795

(Thousands of Euros)	Balance at 31.12.19	Maturity						
		2020	2021	Current			Non-current	
				2022	2023	2024	2025 and thereafter	Total non-current
Euros	5,961,827	1,395,454	75,000	-	199,971	997,165	3,294,237	4,566,373
US Dollar	44,831	-	-	-	-	-	44,831	44,831
Pound Sterling	819,925	(625)	-	234,744	-	585,806	-	820,550
Norwegian Krone	182,597	-	-	-	-	-	182,597	182,597
Japanese Yen	24,544	-	-	-	24,544	-	-	24,544
Accrued interest	117,749	117,749	-	-	-	-	-	-
Total	7,151,473	1,512,578	75,000	234,744	224,515	1,582,971	3,521,665	5,638,895

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Details of the loans that comprise “Loans to companies” at 31 December 2020 are as follows:

Transaction	Counterparty	(Thousands)		Interest rate	Transaction date	Maturity date
		Nominal	Currency			
Intercompany loan	Iberdrola, S.A.	75,000	EUR	SP CPI + 1.5029%	15.03.2006	15.03.2021
Intercompany loan	Iberdrola, S.A.	3,000,000	JPY	2.699%	31.03.2008	31.03.2023
Intercompany loan	Iberdrola, S.A.	500,000	GBP	7.404%	29.01.2009	29.01.2024
Intercompany loan	Iberdrola, S.A.	200,000	GBP	6.029%	01.07.2009	01.07.2022
Intercompany loan	I-DE Redes Eléctricas Inteligentes, S.A.U.	100,000	EUR	5.837%	02.05.2014	10.03.2023
Intercompany loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.099%	07.12.2016	07.03.2024
Intercompany loan	Iberdrola Financiación, S.A.U.	250,000	EUR	3-m Euribor + 0.769%	20.02.2017	20.02.2024
Intercompany loan	Iberdrola Financiación, S.A.U.	100,000	EUR	1.766%	20.02.2017	20.02.2029
Intercompany loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	1.099%	07.03.2017	07.03.2025
Intercompany loan	Iberdrola Financiación, S.A.U.	110,000	EUR	1.881%	10.05.2017	30.10.2030
Intercompany loan	Iberdrola Financiación, S.A.U.	1,000,000	NOK	2.799%	18.05.2017	18.05.2027
Intercompany loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.349%	13.09.2017	13.09.2027
Intercompany loan	Iberdrola Financiación, S.A.U.	735,000	EUR	1.720%	29.11.2017	29.11.2029
Intercompany loan	Iberdrola Financiación, S.A.U.	800,000	NOK	3.109%	03.05.2018	03.05.2028
Intercompany loan	Iberdrola Financiación, S.A.U.	30,000	EUR	1.227%	13.06.2018	13.06.2025
Intercompany loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.349%	28.06.2018	28.10.2026
Intercompany loan	Iberdrola Financiación, S.A.U.	50,000	USD	3.823%	21.12.2018	08.12.2025
Intercompany loan	Iberdrola Financiación, S.A.U.	100,000	EUR	3-m Euribor + 0.749%	04.12.2019	04.12.2023
Intercompany loan	Iberdrola Financiación, S.A.U.	750,000	EUR	0.974%	14.04.2020	16.06.2025

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Details of the loans that comprise “Loans to companies” at 31 December 2019 are as follows:

Transaction	Counterparty	(Thousands)	Currency	Interest rate	Transaction date	Maturity date
		Nominal				
Intercompany loan	Iberdrola, S.A.	75,000	EUR	SP CPI + 1.5029%	15.03.2006	15.03.2021
Intercompany loan	Iberdrola, S.A.	3,000,000	JPY	2.699%	31.03.2008	31.03.2023
Intercompany loan	Iberdrola, S.A.	500,000	GBP	7.404%	29.01.2009	29.01.2024
Intercompany loan	Iberdrola, S.A.	200,000	GBP	6.029%	01.07.2009	01.07.2022
Intercompany loan	Iberdrola Financiación, S.A.U.	1,100,000	EUR	4.224%	23.03.2010	23.03.2020
Intercompany loan	I-DE Redes Eléctricas Inteligentes, S.A.U.	100,000	EUR	5.837%	02.05.2014	10.03.2023
Intercompany loan	Iberdrola Renovables Offshore Deutschland, GmbH	100,000	EUR	1.262%	02.11.2015	02.11.2020
Intercompany loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.099%	07.12.2016	07.03.2024
Intercompany loan	Iberdrola Financiación, S.A.U.	250,000	EUR	3-m Euribor + 0.769%	20.02.2017	20.02.2024
Intercompany loan	Iberdrola Financiación, S.A.U.	100,000	EUR	1.766%	20.02.2017	20.02.2029
Intercompany loan	Iberdrola Financiación, S.A.U.	1,000,000	EUR	1.099%	07.03.2017	07.03.2025
Intercompany loan	Iberdrola Financiación, S.A.U.	110,000	EUR	1.881%	10.05.2017	30.10.2030
Intercompany loan	Iberdrola Financiación, S.A.U.	1,000,000	NOK	2.799%	18.05.2017	18.05.2027
Intercompany loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.349%	13.09.2017	13.09.2027
Intercompany loan	Iberdrola Financiación, S.A.U.	575,000	EUR	1.720%	29.11.2017	29.11.2029
Intercompany loan	Iberdrola Financiación, S.A.U.	200,000	EUR	3-m Euribor + 0.449%	05.02.2018	05.02.2020
Intercompany loan	Iberdrola Financiación, S.A.U.	800,000	NOK	3.109%	03.05.2018	03.05.2028
Intercompany loan	Iberdrola Financiación, S.A.U.	30,000	EUR	1.227%	13.06.2018	13.06.2025
Intercompany loan	Iberdrola Financiación, S.A.U.	750,000	EUR	1.349%	28.06.2018	28.10.2026
Intercompany loan	Iberdrola Financiación, S.A.U.	50,000	USD	3.823%	21.12.2018	08.12.2025
Intercompany loan	Iberdrola Financiación, S.A.U.	100,000	EUR	3-m Euribor + 0.749%	04.12.2019	04.12.2023

Loans to Group companies and associates accrue average annual interest of 2.21% and 2.68% at 31 December 2020 and 2019, respectively.

Most significant transactions in 2020

On 2 April 2020 the loan arranged on 29 November 2017 with Iberdrola Financiación, S.A.U. for an amount of Euros 575,000 thousand was increased by Euros 160,000 thousand, maintaining the same maturity and interest rate (29 November 2029 and 1.720%).

On 14 April 2020 the Company entered into a loan agreement with the Group company Iberdrola Financiación for an amount of Euros 750,000 thousand, with a discount of 0.216% on the nominal, maturing on 16 June 2025 and with an annual fixed rate of interest of 0.974%. Finance income for the interest accrued at 31 December 2020 amounts to Euros 5,120 thousand, which the Company has recognised under Revenues – Finance income from marketable securities and other financial instruments of Group companies and associates in the accompanying income statement (see note 13.1).

Most significant transactions in 2019

On 17 January 2019 the loan arranged with Iberdrola Financiación, S.A.U. for an initial amount of Euros 60,000 thousand on 10 May 2017 was increased by Euros 50,000 thousand, maintaining the same maturity and interest rate (30 October 2030 and 1.881%).

On 4 December 2019 the Company entered into a loan agreement with the Group company Iberdrola Financiación, S.A.U. for an amount of Euros 100,000 thousand, maturing on 4 December 2023 with interest pegged to 3-month Euribor plus a spread of 0.749%.

9. EQUITY

9.1 Registered capital

At 31 December 2020 and 2019 share capital is represented by 100,061 registered shares of Euros 1,000 par value each. The Company's entire share capital is fully subscribed and paid by its sole shareholder, IBERDROLA.

9.2 Legal reserve

In accordance with the Spanish Companies Act, until the balance of the legal reserve is equivalent to at least 20% of share capital, it cannot be distributed to shareholders and can only be used to offset losses if no other reserves are available for this purpose. This reserve can also be used to increase share capital provided that the balance left on the reserve is at least equal to 10% of the nominal amount of the total share capital after the increase.

At the 2020 and 2019 reporting dates, the legal reserve had not been fully appropriated.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

10. ISSUE OF BONDS AND OTHER MARKETABLE SECURITIES

Movement in current and non-current bonds and other marketable securities during 2020 and 2019 was as follows:

(Thousands of Euros)	Balance at 01.01.2020	Additions and charges	Transfers	Disposals, derecognitions or reductions	Foreign currency valuation	Balance at 31.12.2020
Non-current						
Bonds and other marketable securities	5,638,877	906,693	(68,920)	-	(68,871)	6,407,779
Total non-current	5,638,877	906,693	(68,920)	-	(68,871)	6,407,779
Current						
Bonds and other marketable securities	1,294,000	6,374	68,920	(1,300,000)	-	69,294
Accrued interest	114,308	135,387	-	(170,303)	-	79,392
Total current	1,408,308	141,761	68,920	(1,470,303)	-	148,686
Total	7,047,185	1,048,454	-	(1,470,303)	(68,871)	6,556,465

(Thousands of Euros)	Balance at 01.01.2019	Additions and charges	Transfers	Disposals, derecognitions or reductions	Foreign currency valuation	Balance at 31.12.19
Non-current						
Bonds and other marketable securities	6,735,131	148,741	(1,293,814)	-	48,819	5,638,877
Total non-current	6,735,131	148,741	(1,293,814)	-	48,819	5,638,877
Current						
Bonds and other marketable securities	365,397	9,066	1,293,814	(378,479)	4,202	1,294,000
Accrued interest	118,703	178,550	-	(182,945)	-	114,308
Total current	484,100	187,616	1,293,814	(561,424)	4,202	1,408,308
Total	7,219,231	336,357	-	(561,424)	53,021	7,047,185

The maturity of outstanding issues at 31 December 2020 and 2019, broken down by currency, is as follows:

(Thousands of Euros)	Balance at 31.12.20	Maturity						
		2021	2022	Current			Non-current	Total non-current
				2023	2024	2025	2026 and thereafter	
Euros	5,473,419	69,916	-	199,984	998,050	1,774,140	2,431,329	5,403,503
US Dollar	40,786	-	-	-	-	40,786	-	40,786
Pound Sterling	768,673	(622)	220,048	-	549,247	-	-	769,295
Norwegian Krone	170,616	-	-	-	-	-	170,616	170,616
Japanese Yen	23,579	-	-	23,579	-	-	-	23,579
Accrued interest	79,392	79,392	-	-	-	-	-	-
Total	6,556,465	148,686	220,048	223,563	1,547,297	1,814,926	2,601,945	6,407,779

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(Thousands of Euros)	Balance at 31.12.19	2020	2021	Maturity					Total non-current
				Current			Non-current		
				2022	2023	2024	2025 and thereafter		
Euros	5,860,974	1,294,623	75,000	-	199,971	997,165	3,294,215	4,566,351	
US Dollar	44,831	-	-	-	-	-	44,831	44,831	
Pound Sterling	819,931	(623)	-	234,745	-	585,809	-	820,554	
Norwegian Krone	182,597	-	-	-	-	-	182,597	182,597	
Japanese Yen	24,544	-	-	-	24,544	-	-	24,544	
Accrued interest	114,308	114,308	-	-	-	-	-	-	
Total	7,047,185	1,408,308	75,000	234,745	224,515	1,582,974	3,521,643	5,638,877	

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

A breakdown by maturity of future payment commitments of unaccrued interest at 31 December 2020 and 2019, considering that the prevailing interest rates and exchange rates remain constant until maturity, is as follows:

(Thousands of Euros)	2021	2022	2023	2024	2025	2026 and thereafter	Total
Euros	66,667	64,923	64,923	58,772	51,192	92,251	398,728
US Dollar	1,519	1,519	1,519	1,519	1,519	-	7,595
Pound Sterling	53,830	53,790	40,583	40,583	-	-	188,786
Norwegian Krone	4,842	4,842	4,842	4,842	4,842	11,966	36,176
Japanese Yen	630	630	630	-	-	-	1,890
Total	127,488	125,704	112,497	105,716	57,553	104,217	633,175

(Thousands of Euros)	2020	2021	2022	2023	2024	2025 and thereafter	Total
Euros	103,633	57,376	56,245	56,245	49,718	123,918	447,135
US Dollar	1,670	1,670	1,670	1,670	1,670	1,670	10,020
Pound Sterling	57,406	57,412	57,412	43,316	43,316	-	258,862
Norwegian Krone	5,182	5,182	5,182	5,182	5,182	17,988	43,898
Japanese Yen	655	655	655	655	-	-	2,620
Total	168,546	122,295	121,164	107,068	99,886	143,576	762,535

Details of issues of bonds comprising the balance of bonds and other marketable securities at 31 December 2020 are as follows:

Transaction	(Thousands) Nominal	Currency	Issue rate	Interest rate	Transaction date	Maturity date	Settlement of interest
Private bond	75,000	EUR	At par	SP CPI + 1.50%	15.03.2006	15.03.2021	Annual
Private bond	100,000	EUR	99.80%	5.81%	10.03.2008	10.03.2023	Annual
Public bond	750,000	EUR	99.18%	1.00%	07.12.2016	07.03.2024	Annual
Private bond	250,000	EUR	At par	3-month Euribor + 0.67%	20.02.2017	20.02.2024	Quarterly
Private bond	100,000	EUR	At par	1.67%	20.02.2017	20.02.2029	Annual
Public bond	1,000,000	EUR	99.36%	1.00%	07.03.2017	07.03.2025	Annual
Private bond	110,000	EUR	At par	1.78%	10.05.2017	30.10.2030	Annual
Public bond	750,000	EUR	99.05%	1.25%	13.09.2017	13.09.2027	Annual
Private bond	735,000	EUR	At par	1.62%	29.11.2017	29.11.2029	Annual
Private bond	30,000	EUR	99.87%	1.13%	13.06.2018	13.06.2025	Annual
Public bond	750,000	EUR	99.06%	1.25%	28.06.2018	28.10.2026	Annual
Private bond	100,000	EUR	101.41%	3-month Euribor + 0.65%	04.12.2019	04.12.2023	Quarterly
Public bond	500,000	GBP	99.06%	7.37%	29.01.2009	29.01.2024	Annual
Private bond	200,000	GBP	99.55%	6.00%	01.07.2009	01.07.2022	Half-yearly
Private bond	3,000,000	JPY	At par	2.67%	31.03.2008	31.03.2023	Annual
Private bond	1,000,000	NOK	At par	2.70%	18.05.2017	18.05.2027	Annual
Private bond	800,000	NOK	At par	3.01%	03.05.2018	03.05.2028	Annual
Private bond	50,000	USD	At par	3.72%	21.12.2018	08.12.2025	Half-yearly
Public bond	750,000	EUR	99.784%	0.875%	14.04.2020	16.06.2025	Annual

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Details of issues of bonds comprising the balance of bonds and other marketable securities at 31 December 2019 are as follows:

Transaction	(Thousands) Nominal	Currency	Issue rate	Interest rate	Transaction date	Maturity date	Settlement of interest
Public bond	1,100,000	EUR	99.26%	4.13%	23/03/2010	23/03/2020	Annual
Private bond	75,000	EUR	At par	SP CPI + 1.50%	15/03/2006	15/03/2021	Annual
Private bond	100,000	EUR	99.80%	5.81%	10/03/2008	10/03/2023	Annual
Public bond	750,000	EUR	99.18%	1.00%	07/12/2016	07/03/2024	Annual
Private bond	250,000	EUR	At par	3-month Euribor + 0.67%	20/02/2017	20/02/2024	Quarterly
Private bond	100,000	EUR	At par	1.67%	20/02/2017	20/02/2029	Annual
Public bond	1,000,000	EUR	99.36%	1.00%	07/03/2017	07/03/2025	Annual
Private bond	110,000	EUR	At par	1.78%	10/05/2017	30/10/2030	Annual
Public bond	750,000	EUR	99.05%	1.25%	13/09/2017	13/09/2027	Annual
Private bond	575,000	EUR	At par	1.62%	29/11/2017	29/11/2029	Annual
Private bond	200,000	EUR	At par	3-month Euribor + 0.35%	05/02/2018	05/02/2020	Quarterly
Private bond	30,000	EUR	99.87%	1.13%	13/06/2018	13/06/2025	Annual
Public bond	750,000	EUR	99.06%	1.25%	28/06/2018	28/10/2026	Annual
Private bond	100,000	EUR	101.41%	3-month Euribor + 0.65%	04/12/2019	04/12/2023	Quarterly
Public bond	500,000	GBP	99.06%	7.37%	29/01/2009	29/01/2024	Annual
Private bond	200,000	GBP	99.55%	6.00%	01/07/2009	01/07/2022	Half-yearly
Private bond	3,000,000	JPY	At par	2.67%	31/03/2008	31/03/2023	Annual
Private bond	1,000,000	NOK	At par	2.70%	18/05/2017	18/05/2027	Annual
Private bond	800,000	NOK	At par	3.01%	03/05/2018	03/05/2028	Annual
Private bond	50,000	USD	At par	3.72%	21/12/2018	08/12/2025	Half-yearly

All of the above issues are marketable securities on the Luxembourg Stock Exchange.

The average interest cost of the Company's portfolio of bonds and other marketable securities in 2020 and 2019 was 2.16% and 2.71%, respectively.

At 31 December 2020 all of the Company's existing bond issues are secured by IBERDROLA.

Additionally, at 31 December 2020 there are bond issues amounting to Euros 5,735,279 thousand in the European market whose maturity could be affected by or would require additional guarantees in the event of a change in control in the Parent (IBERDROLA) and this occurred in the manner and with the consequences established in each contract.

Most significant transactions in 2020

On 2 April 2020 the issue arranged on 29 November 2017 for Euros 575,000 thousand was increased by Euros 160,000 thousand, maintaining the same maturity and coupon (29 November 2029 and 1.62%).

On 14 April 2020 the Company placed a bond issue on the Euromarket for an amount of Euros 750,000 thousand, with a discount of 0.216% on the nominal, maturing on 16 June 2025 and with a fixed annual coupon of 0.875%. Finance costs for the interest accrued at 31 December 2020 amounted to Euros 4,708 thousand, which was recognised under Finance costs - Other in the accompanying income statement (see note 13.2).

On 24 June 2020 the Company updated its Euro Medium Term Notes Programme (EMTN), valid for one year and through which it can issue straight bonds listed on the Luxembourg Stock Exchange. In 2019, the annual update occurred on 25 June.

Most significant transactions in 2019

On 17 January 2019 the issue arranged on 10 May 2017 for an initial amount of Euros 60,000 thousand was increased by Euros 50,000 thousand, maintaining the same maturity and coupon (30 October 2030 and 1.78%)

On 4 December 2019 the Company placed a bond issue on the Euromarket for an amount of Euros 100,000 thousand, maturing on 4 December 2023 and with a variable coupon pegged to 3-month Euribor plus a spread of 0.65%.

11. AVERAGE SUPPLIER PAYMENT PERIOD. "REPORTING REQUIREMENT", THIRD ADDITIONAL PROVISION OF LAW 15/2010 OF 5 JULY 2010

Details of the information required for 2020 and 2019 are as follows:

Number of days	2020	2019
Average supplier payment period	32.6	7.6
Transactions paid ratio	32.6	7.1
Transactions payable ratio	31.6	27.8

Thousands of Euros	2020	2019
Total payments made	142	435
Total payments outstanding	-	10

The information in the table above has been prepared in accordance with Law 15/2010 of 5 July 2010, amending Law 3/2004 of 29 December 2004, which establishes measures to combat late payments in commercial transactions, and in accordance with the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 January 2016 regarding the information that must be disclosed in the notes to annual accounts on average payment periods to suppliers in commercial transactions. The specifications with which such information has been prepared are the following:

- Transactions paid ratio: amount in days of the ratio between the sum of the amount of each of the transactions paid and the number of paydays, and in the denominator, the total amount of payments made during the year.
- Transactions payable ratio: amount in days of the ratio between the sum of the amount of the outstanding payment transaction and the number of unpaid days, and in the denominator, the total amount of outstanding payments.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

- Suppliers: trade payables included under current liabilities in the balance sheet in respect of balances payable to suppliers for goods or services.

Suppliers of fixed assets and lease finance payables are not included.

- Fees, royalties, indemnities etc. are not included as they are not commercial transactions.

12. TAXATION

12.1 Public entities

Details of balances payable to and receivable from public entities at 31 December 2020 and 2019 are as follows:

(Thousands of Euros)	2020	2019
Public entities, receivable:		
Taxation authorities, income tax (a)	-	188
Total	-	188
Public entities, payables		
Taxation authorities, income tax (a)	425	-
Total	425	-

- (a) At 31 December 2020 and 2019, this heading reflects income tax for 2020 and 2019, respectively, receivable from/payable to the company representing the tax Group in which the Company is included.

12.2 Income tax

The Company files taxes under Vizcaya tax law.

In 2020 the Company filed consolidated income tax returns as a subsidiary of consolidated tax group 02415BSC, a group of companies which opted with effect as of 1 January 2015 to apply the consolidated tax regime set out in Vizcaya Provincial Law 11/2013 of 5 December 2013 on income tax and of which IBERDROLA is the Parent and representative company as it formed a part thereof in 2020. In 2019, Iberdrola Inversiones 2010, S.A. was the representative company.

Group 02415BSC is comprised of 24 companies.

A reconciliation of the individual accounting profit/loss with the individual taxable income/tax loss for corporate income tax for 2020 and 2019 is as follows:

(Thousands of Euros)	2020	
	Income statement Increases/(Decreases)	Income and expense recognised directly in equity Increases/(Decreases)
Income and expenses for the period	1,383	-
Income tax	437	-
Temporary differences:		
- Originating in current year	-	-
- Originating in prior years	-	-
Taxable income	1,820	-

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(Thousands of Euros)	2019	
	Income statement Increases/(Decreases)	Income and expense recognised directly in equity Increases/(Decreases)
Income and expenses for the period	(587)	-
Income tax	(185)	-
Temporary differences:		
- Originating in current year	-	-
- Originating in prior years	-	-
Taxable loss	(772)	-

12.3 Accounting income tax expense

A breakdown of income tax between current and deferred taxes is as follows:

(Thousands of Euros)	2020	2019
	Income statement	Income statement
Effective tax (income)/expense		
Current	437	(185)
Deferred	-	-
Total	437	(185)

The income tax expense/(income) accrued in 2020 and 2019 is as follows:

Thousands of Euros	2020	2019
Accounting profit/(loss) before income tax	1,820	(772)
Adjusted accounting profit/(loss)	1,820	(772)
Gross tax	437	(185)
Accrued income tax (income)/expense	437	(185)

12.4 Deferred tax

Movement in deferred tax assets during 2020 and 2019 is as follows:

(Thousands of Euros)	31.12.19	Credit (debit) to the income statement	31.12.20
Deferred tax assets:			
Tax credits for loss carryforwards and deductions	10	-	10
Total	10	-	10

(Thousands of Euros)	01.01.19	Credit (debit) to the income statement	31.12.19
Deferred tax assets:			
Tax credits for loss carryforwards and deductions	10	-	10
Total	10	-	10

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

12.5 Tax inspections

At the date of authorisation for issue of these annual accounts, the Company has open to inspection the main applicable taxes for 2017 and subsequent fiscal years, with the exception of income tax, which is open to inspection for 2016 and subsequent fiscal years. In accordance with prevailing legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or the inspection period of four years has elapsed.

The Company's directors and, where applicable, its tax advisors consider that no significant additional liabilities will arise for the Company as a result of the years open to inspection.

13. INCOME AND EXPENSES

13.1 Revenues

Details of this item of the income statements for 2020 and 2019 are as follows:

(Thousands of Euros)	2020	2019
Finance income from marketable securities and other financial instruments of Group companies and associates	147,616	191,418
Total	147,616	191,418

13.2 Finance costs

Details of finance costs during 2020 and 2019 are as follows:

(Thousands of Euros)	2020	2019
Interest on payables to Group companies	3,940	4,175
Interest on other payables		
Interest on bonds, obligations and other ⁽¹⁾	141,761	187,616
Total	145,701	191,791

(1) This amount includes an expense of Euros 824 thousand in 2020 and Euros 3,627 thousand in 2019 corresponding to transaction costs on the modification of a financial liability in 2010. This amount impacted 2019 as finance costs are higher than finance income. This financial liability matured in 2020.

13.3 Exchange gains/losses

Exchange losses in 2020 amounted to a net loss of Euros 28 thousand (2019: a net gain of Euros 12 thousand).

14. REMUNERATION OF SENIOR MANAGEMENT

The board of directors carries out the functions of senior management, understood as individuals with the authority and responsibility for planning, management and control of the Company's activities, and note 15 is thus applicable to this note.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

15. REMUNERATION OF THE BOARD OF DIRECTORS

During the period to which these annual accounts refer, as well as in 2019, the members of the Company's board of directors accrued no remuneration in their capacity as such.

No loans or advances have been extended to the directors, nor is any amount reflected in the balance sheets for 2020 and 2019 in respect of this item from prior years.

In 2020 and 2019 IBERDROLA, as parent of the group of companies to which the Company belongs, assumed the directors' public liability insurance premiums to cover damage or loss incurred in the performance of their duties.

At 31 December 2020 and 2019, the Company has not extended any guarantees to, nor has it assumed any commitments with former or current members of the board of directors in respect of pensions or life insurance, nor has it carried out any transactions with them other than those described in this note.

On 31 January 2020, the sole shareholder of the Company appointed Mr. Daniel Alcain López to the Company's board, effective as of that date.

On 11 March 2021, the sole shareholder of the Company decided to reappoint Mr. Jesús Martínez Pérez and Mr. Guillermo José Colino Salazar as board members. It also decided to appoint Mr. Diego Fernández Molina to the board.

16. INFORMATION REQUIRED BY ARTICLE 229 OF THE SPANISH COMPANIES ACT

In compliance with article 229 of the Spanish Companies Act, which was introduced by Royal Decree-Law 1/2010 of 2 July 2010, and amended by Law 31/2014 of 3 December 2014, to improve corporate governance, the members of the board of directors declare that they and any persons related to them, have not had any direct or indirect conflicts of interest with the Company.

17. RELATED PARTY BALANCES AND TRANSACTIONS

All transactions that the Company has carried out with related parties are with its sole shareholder, and with the IBERDROLA Group companies Iberdrola Financiación, I-DE and Iberdrola Renovables Offshore Deutschland. The transaction with the latter expired in 2020.

The transactions detailed below are part of the ordinary business activity and have been carried out under normal market conditions.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

17.1 Balances with Group companies and associates

Loans to Group companies and associates

Details of current and non-current loans to Group companies and associates in the balance sheets at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020			2019		
	Current	Non-current	Total	Current	Non-current	Total
Iberdrola, S.A.	74,375	792,887	867,262	(625)	920,108	919,483
Iberdrola Financiación, S.A.U.	(5,066)	5,514,924	5,509,858	1,295,467	4,618,816	5,914,283
I-DE Redes Eléctricas Inteligentes, S.A.U.	(13)	99,984	99,971	(13)	99,971	99,958
Iberdrola Renovables Offshore Deutschland, Gmbh	-	-	-	100,000	-	100,000
Accrued interest receivable	82,147	-	82,147	117,749	-	117,749
Total	151,443	6,407,795	6,559,238	1,512,578	5,638,895	7,151,473

The transactions above mainly comprise loans extended to various IBERDROLA Group companies for the same amount as debt issues placed on the Euromarket in different currencies. Information on the maturities of loans extended is disclosed in note 8.

Other financial assets with Group companies and associates

Details of the current portion of other financial assets with Group companies and associates at 31 December 2020 and 2019 are as follows:

Thousands of Euros	2020	2019
	Receivables	Receivables
Current		
Iberdrola, S.A.	124,904	21,776
Total	124,904	21,776

The balance receivable from IBERDROLA reflects the reciprocal current account contract denominated in Euros. Interest is settled annually by capitalising it on 1 January each year, and the interest rates are as follows:

- Balances receivable from IBERDROLA: 3-month EURIBOR + 0.1625%
- Balances payable to IBERDROLA: 3-month EURIBOR + 0.1625%

Guarantees with Group companies and associates

Thousands of Euros	2020	2019
	Payables	Payables
Current		
Iberdrola, S.A. ⁽¹⁾	657	695
Total	657	695

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

(1) This amount corresponds to the interest accrued payable on internal guarantees extended by IBERDROLA to the Company each time an issue is placed. The associated finance cost is Euros 3,940 thousand and Euros 4,175 thousand in 2020 and 2019, respectively.

17.2 Related party transactions

The transactions detailed below are part of the ordinary business activity and have been carried out under normal market conditions.

The most significant transactions carried out in 2020 and 2019 were as follows:

(Thousands of Euros)	2020	2019
	Group entities or subsidiaries	Group entities or subsidiaries
Expenses and income		
Finance costs with Iberdrola, S.A.	3,940	4,175
Receipt of services from Iberdrola, S.A.	13	282
Total expenses	3,953	4,457
Finance income from marketable securities and other financial instruments of Group companies and associates		
Iberdrola, S.A.	57,371	69,568
Iberdrola Financiación, S.A.U.	83,340	114,738
Remaining Group companies	6,905	7,112
Total income	147,616	191,418

18. AUDIT FEES

Fees relating to audit services provided by the auditor to the Company during 2020 amount to Euros 40 thousand. During 2019 the fees relating to audit services provided by the previous auditor amounted to Euros 7 thousand.

In 2020 the auditor of accounts provided audit-related services amounting to Euros 8 thousand. In 2019 the auditor of accounts provided audit-related services amounting to Euros 25 thousand.

19. EVENTS AFTER THE REPORTING PERIOD

With effect 1 January 2021, the loan contracts extended by the Company to the sole shareholder and Iberdrola Financiación were novated. As a result of this novation, the Company's margin is lower, so its annual results are expected to fall. The new methodology is due to application of the full competition principle and is aligned with the recent OECD Transfer Pricing Guidance on Financial Transactions published on 11 February 2020.

On 30 January 2021, Royal Decree 1/2021 of 12 January 2021 was published amending the following: the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 of 16 November 2007; the Spanish General Chart of Accounts for Small and Medium-sized Enterprises approved by Royal Decree 1515/2007 of 16 November 2007; the Standards for the Preparation of Consolidated Annual Accounts approved by Royal Decree 1159/2010 of 17 September 2010; and standards adapting the Spanish General Chart of Accounts for non-profit entities approved by Royal Decree 1491/2011 of 24 October 2011. Furthermore, on 13 February 2021, the Spanish Accounting and Auditing Institute (ICAC) published the Resolution of 10 February 2021, issuing standards for recognition, measurement and the preparation of annual accounts with respect to the recognition of revenue from the delivery of goods and services.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The changes to the standards are applicable to accounting periods beginning on or after 1 January 2021 and focus on the criteria for recognition, measurement and disclosure of revenue from the delivery of goods and services, financial instruments, hedge accounting, measurement of inventories of listed commodities traded by brokers, and the definition of fair value.

In this regard, the individual annual accounts for the first accounting period beginning on or after 1 January 2021 shall include comparative information but there is no obligation to restate the information from the prior accounting period. The comparative information shall be restated only where all the criteria approved by the Royal Decree can be applied without incurring a retrospective bias, and without prejudice to the exceptions established in the transitional provisions.

The standards are generally applied retrospectively, albeit with alternative practical expedients. However, hedge accounting is applied prospectively, the criteria for classifying financial instruments can be applied prospectively and the criteria for revenue from sales and services rendered can be applied prospectively to contracts starting from 1 January 2021 onwards.

The directors of the Company are currently undertaking an assessment of the applicable transition options and the accounting impacts that these changes will have, although at the date of authorising these individual annual accounts for issue they do not yet have sufficient information to conclude on the outcome of this analysis.

No significant events have taken place since 31 December 2020.

IBERDROLA FINANZAS, S.A.U. (Sociedad Unipersonal)

Directors' Report for the year ended 31 December 2020

1. SIGNIFICANT EVENTS FOR 2020

Key indicators of the IBERDROLA FINANZAS, S.A.U. income statement.

Revenues in 2020 amounted to Euros 147,616 thousand and mainly derived from interest accrued on loans extended to Groups companies and associates.

Operating expenses totalled Euros 67 thousand.

Net finance cost amounted to Euros 145,729 thousand, mainly on account of interest accrued on bonds and other marketable securities.

The Company made a pre-tax profit of Euros 1,820 thousand, while the income tax expense totalled Euros 437 thousand, resulting in a net profit of Euros 1,383 thousand for the period compared to a loss of Euros 587 thousand in 2019.

2. BUSINESS PERFORMANCE

The Company was incorporated on 16 February 2005 with the sole purpose of issuing preferential shares and other marketable debt instruments in Spanish and foreign secondary markets.

The Company provided the financing obtained on the debt markets to its sole shareholder, Iberdrola S.A. (hereinafter, and interchangeably, the "sole shareholder" or "IBERDROLA") until 7 December 2016, except in the period from 23 March 2010 to 7 April 2011 (both inclusive), during which it provided the financing obtained on the debt markets to Iberdrola Financiación, S.A.U. (hereinafter "Iberdrola Financiación"). As of 7 December 2016 it provided the entire financing obtained on the markets to Iberdrola Financiación and I-DE Redes Eléctricas Inteligentes, S.A.U. (formerly Iberdrola Distribución Eléctrica, S.A.U.) (hereinafter "I-DE"), companies which are wholly owned by the sole shareholder. It also extended a loan to Iberdrola Renovables Offshore Deutschland, GmbH (hereinafter "Iberdrola Renovables Offshore Deutschland") with the funds obtained through a capital increase in 2013. This transaction expired in 2020.

During 2020, the Company continued to service the debt of existing bond issues as well as place new issues. In June, it renewed its Euro Medium Term Notes Programme ("EMTN").

3. MAIN RISK FACTORS

The IBERDROLA Group is exposed to certain inherent financial market risks due to the different countries and sectors where it operates, as well as its activities, that can prevent the Company from achieving its objectives and executing its strategies successfully.

In particular, the IBERDROLA Group's financing and financial risk policy and corporate credit risk policy, approved by the IBERDROLA Group's board of directors, identify the risk factors which may affect the Company. The Company has an organisation and systems that enable it to identify, measure and manage the financial risks to which it is exposed.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

The activity with financial instruments exposes the Company to credit, market and liquidity risks. Since the Company is a financing entity of the IBERDROLA Group, the Company's exposure to these risks should be assessed in the environment of the IBERDROLA Group.

4. ENVIRONMENTAL ISSUES

The Company has no environmental liabilities, expenses, assets, provisions or contingencies that could have a significant effect on its equity, financial position or results. Consequently, these notes to the annual accounts do not include any specific disclosures regarding environmental issues.

5. OUTLOOK FOR 2021

Company activity for 2021 will focus on placing issues under its EMTN programme and lending the funds obtained to Iberdrola Financiación, as well as servicing the debt of existing bond issues.

6. RESEARCH AND DEVELOPMENT ACTIVITIES

The Company did not incur any research and development expenses during the year.

7. OWN SHARES AND CAPITAL REDUCTION

The Company does not hold any own shares at 31 December 2020.

8. FINANCIAL DERIVATIVES AND HEDGING TRANSACTIONS

The Company has no derivative financial instruments at 31 December 2020.

9. COMPLIANCE WITH ARTICLE 262.1 OF THE SPANISH COMPANIES ACT IN RELATION TO THE AVERAGE SUPPLIER PAYMENT PERIOD

As described in note 11 to the annual accounts, the Company's average supplier payment period was 32 days in 2020.

10. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are disclosed in note 19 to the annual accounts.

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

PROPOSED DISTRIBUTION OF PROFIT

The Board of Directors of the Company plans to submit for approval to the sole shareholder the following distribution of 2020 profit:

(Thousands of Euros)	2020
Basis of allocation:	
Profit for 2020	1,383
Total	1,383
Distribution:	
Legal reserve	138
Prior years' losses	1,245
Total	1,383