

NACIONAL FINANCIERA

Kind of engagement: Second Party Review and Verification

Period engagement was carried out: 08-25-2015 to 09-25-2015

Approved verifier: Sustainalytics US Inc,

Contact for engagement: 24 School Street, Suite 803, Boston, MA, 02108, U.S.A.

Engagement team leader: Vikram Puppala, vikram.puppala@sustainalytics.com +1 647 317 3694

Professional team members: Marion Oliver, marion.oliver@sustainalytics.com +1 647 317 3644

Scope:

Nacional Financiera, S.N.C, (“Nafin”), the Mexican development bank, has engaged Sustainalytics to conduct a second party review of its green bond and to provide a verification that the bond meets the requirements of the Climate Bond Standard.

Criteria

Wind Energy Projects in conformance with Climate Bond Standards

Entity’s Responsibility

Nafin is responsible to provided information and documents relating to:

- The details about the nominated wind energy projects;
- The process of management and disbursement of proceeds;
- The details about the reporting commitments including frequency, key performance indicators and expected impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the second party review of Nafin’s green bond and provided an independent opinion informing the conformance of the green bond with Climate Bond Standards.

Sustainalytics makes all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the bond.

Verifier’s Responsibility

As part of this engagement Sustainalytics held conversations with Nafin’s treasury and sustainability teams and reviewed relevant public and internal documents to assess the following:

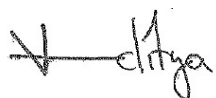
- Conformance with the Nominated Projects and Assets requirement
 - Nominated Projects’ compliance with Part B of Climate Bond Standards.
 - The Technical Criteria on Wind Energy Generation Version 0.9.
- Conformance with the Internal Processes & Controls requirements.
- Conformance with Reporting Prior to Issuance requirements.

Restriction on Distribution and Use of Report

This report along with the information provided is for the use of Nafin and Climate Bond Standard Board only and not for the use of any other external parties.

Opinion

Based on the limited assurance procedures conducted, nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects the bond issuer's 2015 Climate Bond is not in conformance with the Climate Bond Standard's Pre-Issuance Requirements.



Vikram Puppala
September 21st, 2015
215 Spadina Ave, Suite 300,
Toronto ON M5T 2C7, Canada.

Part B: Detailed Findings

Procedure Performed	Factual Findings	Error or Exceptions Identified
Verification for Nominated Projects by reviewing the project list that included project level details such as location, generating capacity, amount committed. See appendix 1	All the Nominated Projects are wind energy generation projects. Nominated Projects alignment with Technical Criteria of Wind Energy Generation version 0.9	None
Verification of process of management and disbursement of proceeds	Confirmation that the net proceeds arising from the issue of the bond will be allocated within Nafin's treasury liquidity portfolio under a special internal account and shall be used to fund, in whole or in part, the investments in Nominated Projects. Confirmation that pending such disbursements, the net proceeds from the issue of the bond may be used for low risk overnight investments and lending purposes, as well as in cash or other cash-like liquid marketable instruments.	None
Assessment of reporting commitments by reviewing an example of a report that includes the list of Nominated Projects for which the proceeds of the bond will be allocated. Key performance indicators such as energy generation capacity, estimated energy production, estimated GHG reduction were provided. See appendix 2.	Confirmation that Nafin has necessary tracking and reporting processes to conform to Climate Bond Standards reporting requirements.	None

Appendix 1:**Dirección de Proyectos Sustentables****Saldos al 30 de junio de 2015***Cifras en millones de dólares (MDD)*

	Project	Size	Location	Date amount financed	Amount Outstanding at September	Amount Expected at December	Estatus	Energy Production MWh/año
Existing Projects	Multinational funding of wind park	396 MW	OAXACA	September, 2015	16.94	51.50	Fully Funded	1,012,936
	Wind Farm	137.5 MW	OAXACA	September, 2015	27.08	24.16	Fully Funded	492,641
	Wind Farm	160 MW	OAXACA	September, 2015	43.82	42.22	Fully Funded	553,632
	Wind Farm	126 MW	NUEVO LEON	September, 2015	15.62	23.71	Disbursing	401,769
	Wind Farm	126 MW	NUEVO LEON	September, 2015	15.29	23.09	Disbursing	401,769
	Wind Farm	155.1 MW	OAXACA	September, 2015	38.38	37.86	Fully Funded	345,104
Total Existing Renewable Energy Projects					157.13	241.22		
Proposed	Wind Farm	200 MW	CORONILLA	2015	0.00	102.00	Next Closing	655,248
	Wind Farm	130 MW	ZACATECAS	2015	0.00	75.00	Next Closing	334,807
	Wind Farm	70 MW	PUEBLA	2016	0.00	69.88	Next Closing	200,000
	Wind Farm	99 MW	SONORA	2016	0.00	89.06	In negotiation	304,000
	Total Proposed Renewable Energy Projects					0.00	335.94	

Appendix 2

Project	Location	Capacity	Load Factor	Energy Production	Emission Factor	Estimated Reduction of Greenhouse Gases
		MW	P-90	MWh/año	2013	Ton CO2
Wind Farm 1	Oaxaca	250.5	38.80%	851,419	0.4999	425,625
Wind Farm 2	Oaxaca	90	37.80%	298,015	0.4999	148,978
Wind Farm 3	Oaxaca	396	29.20%	1,012,936	0.4999	506,367
Wind Farm 4	Oaxaca	164	35.40%	508,571	0.4999	254,234
Wind Farm 5	Oaxaca	160	39.50%	553,632	0.4999	276,761
Wind Farm 6	Oaxaca	137.5	40.90%	492,641	0.4999	246,271
Wind Farm 7	Baja California	155.1	25.40%	345,104	0.4999	172,517
TOTAL		1,720.50		6,780,756		3,095,444

Disclaimer

All rights reserved. No part of this second party opinion (the “Opinion”) may be reproduced, transmitted or published in any form or by any means without the prior written permission of Sustainalytics.

The Opinion was drawn up with the aim to explain why the analyzed bond is considered sustainable and responsible. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, this Opinion shall in no event be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds. The issuance and the outcome of the green bond is outside the scope of this Opinion.

The client is fully responsible for certifying and ensuring its commitments` compliance, implementation and monitoring.