



## Press Release

# KfW Bankengruppe, NEFCO, Banco Santander and Eolia Renovables conclude Carbon Finance Transaction in Mexico

Frankfurt, 16.09.2010

## German KfW and NEFCO purchase up to 4.6 million carbon credits from two Mexican Wind Farm projects developed by Eolia Renovables

For further information:

Press Office

Dr. Charis Pöthig  
Phone: +49 (0)69 7431 4683  
charis.poethig@kfw.de

KfW Bankengruppe  
Palmengartenstraße 5 - 9  
60325 Frankfurt

Responsible:  
Dr. Michael Helbig  
Communication Department  
presse@kfw.de  
www.kfw.de

KfW Bankengruppe, the German promotional bank, the Spanish Banco Santander, the Nordic Environment Finance Corporation, NEFCO, and the Spanish private equity fund, Eolia Renovables, have announced today a landmark deal whereby KfW and NEFCO will buy up to 4.6 million tonnes of Certified Emissions Reductions (CERs) from two wind farms developed by Eolia Renovables. Banco Santander will monetize the future income derived from the sale of those CERs.

The CERs will be generated from two wind farms sites in Oaxaca State, Mexico, with a combined capacity of 324 MW. Both projects are being developed by Eolia Renovables under the Self-Consumption scheme included in the Mexican Public Electric Service Act. The first windmills are expected to be in operation by August 2011 and the full operation of both Wind Farms is expected by August 2012.

The transaction takes the form of a carbon collateralization structure based on the CERs purchased by KfW and NEFCO. Under this structure, the future receivables derived from the Emission Reductions Purchase Agreement fronted by KfW will be relied upon by Banco Santander as the main source of repayment. This is possible due to the top credit rating of KfW Bankengruppe.

The transaction was funded by Bancomext making use of two sustainable credit lines - one with the European Investment Bank, EIB and the other with the German KfW.

Bernhard Zander, Director of KfW's Carbon Fund, said: "This transaction demonstrates how carbon finance can become an efficient instrument for financing large scale renewable energy projects. We are very proud



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30 to cooperate with Banco Santander, NEFCO and Eolia Renovables in  
this innovative approach".

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NEFCO Vice President Ash Sharma stated "NEFCO is pleased to par-  
ticipate in this groundbreaking transaction, which is both its largest deal  
35 and its first in the Latin American market. The projects fits the NeCF  
project portfolio well, which is currently 100% renewable energy."

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The Wind Farm projects will increase the percentage of renewable  
sourced power in Mexico Grid, promoting the growth of renewable ca-  
40 pacity, diversifying the power mix of the Mexican grid and reducing Mex-  
ico's dependence on hydrocarbons. Therefore, they will contribute sig-  
nificantly to the sustainable development of the region. One of the main  
contributions is the environmental improvement; through the reduction of  
greenhouse gas emissions by displacing fossil-fuel based electricity. In  
45 addition, it will reduce other pollutants (CO, NOx, SO<sub>2</sub>) resulting from the  
power generation industry in Mexico.

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### Notes to Editors:

#### 50 **KfW**

KfW Bankengruppe promotes economic, social and ecological develop-  
ment worldwide. As a promotional bank under the ownership of the Fed-  
eral Republic of Germany and the German federal states, it offers sup-  
55 port to encourage sustainable improvement in economic, social, ecologi-  
cal living and business conditions, among others in the areas of small  
and medium sized enterprise, entrepreneurialship, environmental protec-  
tion, housing, infrastructure, education finance, project and export fi-  
nance, and development cooperation.

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KfW Carbon Fund is a purchase programme for emission certificates  
under the Kyoto Protocol Mechanisms. Through KfW Carbon Fund and  
related activities, KfW seeks to contribute with innovative approaches to  
the development of carbon markets. More information about KfW Car-  
65 bon Fund can be found at [www.kfw.de/carbonfund](http://www.kfw.de/carbonfund)



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### About NEFCO

70 The Nordic Environment Finance Corporation (NEFCO) is an international financial institution owned by the five Nordic countries and mainly finances environmental-related projects and investments, in order to generate positive environmental effects for the Nordic region. The Carbon Finance and Funds (CFF) operations of NEFCO expanded in both volume and scope in 2009 and 2010, against a backdrop of difficult economic conditions globally and political uncertainty regarding international climate policy. The 100 million euro NeCF has been active in sustainable energy investments in Asia, Latin America and Africa, and has recently launched a 30 million euro capital raising exercise. NEFCO's pioneering Baltic Sea Region Testing Ground Facility (TGF), a 35-million-euro regional carbon finance facility, concluded its active procurement and entered fund administration phase in 2009. Both funds are structured as public-private partnerships with investments from governments and private sector utilities and industrial companies and act as compliance vehicles that purchase Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) from projects that reduce greenhouse gas (GHG) emissions under the Kyoto Protocol. Further information can be found at [www.nefco.org/cff](http://www.nefco.org/cff)

### About Santander

90 Banco Santander (SAN.MC, STD.N, BNC.LN) is a retail and commercial bank, based in Spain, with presence in 10 main markets. At the close of June 2010, Santander was the largest bank in the euro zone by market capitalization and, at the end of 2009, fourth in the world by profit. 95 Founded in 1857, Santander had EUR 1,366 billion in managed funds at June 30, 2010. Santander has 13,671 branches – more than any other international bank – and 170,000 employees serving 90 million customers. It is the largest financial group in Spain and Latin America, with leading positions in the United Kingdom and Portugal and a broad presence in Europe through its Santander Consumer Finance arm. In the 100 first half of 2010, Santander registered EUR 4,445 million in net attributable profit.

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Dr. Charis Pöthig  
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[charis.poethig@kfw.de](mailto:charis.poethig@kfw.de)

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105 Asset & Capital Structuring forms part of the Corporate & Investment  
Banking area within Santander Global Banking & Markets. As well as  
being the area responsible for the Bank's primary carbon finance activi-  
ties, it also has a mandate to invest the Bank's capital in re-newable  
energy, energy efficiency and climate change projects. For further infor-  
mation about the activities of Asset & Capital Structuring or to discuss  
110 potential opportunities, please contact either :

Oswaldo Rance Cachafeiro (Head A&CS Mexico)  
orange@santander.com.mx ; Phone: +52 55 5269 2836; or  
Justin Bryon (Director A&CS Mexico)  
115 jbryon@santander.com.mx; Phone: +52 55 5257 8102.

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### About Eolia Renovables

120 Eolia Renovables ([www.eolia.com](http://www.eolia.com)) is one of the leading independent  
European wind and photovoltaic solar power producers. Its growth strat-  
egy is predicated on taking equity interests in mid-sized renewable en-  
ergy companies. Its founding shareholders include specialist alternative  
asset managers, independent developers and some of Spain's most  
important institutional investors.

125 N+1 Eolia SGEGR, the management firm for Eolia Renovables, is the  
only entity in its class in Spain as it is devoted exclusively to managing  
renewable energy endeavours. N+1 Eolia is part of the N+1 Group  
([www.nmas1.com](http://www.nmas1.com)), an independent entity specialised the provision of  
130 value added financial products and services. Its activities can be  
grouped into two core business lines: alternative asset management and  
corporate financial advisory services. The N+1 Group currently has over  
€2.5 billion of assets under management and has offices in Madrid, Bar-  
celona, Frankfurt and Luxembourg and a headcount of 130.

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#### KfW Bankengruppe:

140 Dr. Charis Pöthig,  
Phone: +49(69)7431-4683,  
E-Mail: [charis.poethig@kfw.de](mailto:charis.poethig@kfw.de)

#### Press contact NEFCO:

Mikael Sjövall  
Phone +358 50 3535 045  
E-Mail : [mikael.sjovall@nefco.fi](mailto:mikael.sjovall@nefco.fi)

For further information:

Press Office

Dr. Charis Pöthig  
Phone: +49 (0)69 7431 4683  
[charis.poethig@kfw.de](mailto:charis.poethig@kfw.de)

#### Eolia Renovables:

145 Juan Filiberto Martínez  
Phone: +34 91 745 84  
Email: [juan.martinez@nmas1.es](mailto:juan.martinez@nmas1.es)

#### Santander Global Banking

##### Markets:

Gerardo Ancira Martínez  
Phone: +52 55 52578124  
Email:  
[hgancira@santander.com.mx](mailto:hgancira@santander.com.mx)

KfW Bankengruppe  
Palmengartenstraße 5 - 9  
60325 Frankfurt

Responsible:  
Dr. Michael Helbig  
Communication Department  
[presse@kfw.de](mailto:presse@kfw.de)  
[www.kfw.de](http://www.kfw.de)