

# NDB Raises \$500 Million with Debut SOFR FRN

## Case Study

The Client	NDB is a multilateral development bank with the objective of financing infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries.
The Challenge	<p>NDB wanted to explore floating rate note (FRN) issuance for the first time using the secured overnight financing rate (SOFR), a benchmark interest rate for dollar-denominated bond, loan and derivative issuance that is replacing LIBOR. In line with NDB's sustainability mandate, the net proceeds from the bond will be used for financing sustainable development activities and providing COVID-19 emergency support loans to the member countries of the bank.</p> <p>For its debut FRN, it was important for NDB to work with a bank with proven global debt capital markets capabilities and a deep understanding of FRN market dynamics, as well as a solid understanding of NDB's credit. Specifically, NDB sought a bank that could clearly communicate its rationale for FRN issuance, and had the investor relationships that would enable it to ascertain investors' risk appetite and preferences.</p>
The Solution	Citi has played a leadership role in all of NDB's funding programs, since its first USD issuance, helping it to establish its yield curve. As a trusted partner, Citi was mandated as Joint Lead Manager for the three-year \$500 million SOFR-linked floating rate Pandemic Support and Sustainable Bond. Citi leveraged its strong relationships with investors worldwide to explain NDB's motivations in targeting the FRN market and gauge investor sentiment.
The Result	The \$500 million transaction received strong interest from global investors, enabling the spread to be set at SOFR +28 basis points, 2 basis points tighter than initial price talk. The orderbook of high quality investors was led geographically by Asia, which accounted for 37.9% of the book, and followed by the Americas (33.6%) and EMEA (28.5%). "The issuance of \$500 million benchmark bond represents another important milestone for NDB, as it is our first floating-rate note and first SOFR-linked bond," says Leslie Maasdorp, NDB VP & CFO. "The bond resonated well with investors, as we are consistently targeting issuance to appeal to current investor demand. The transaction is in line with the NDB's risk-based, prudent and conservative funding and financing strategy. One of its key aspects is diversification of funding by instrument, currency, tenor and type of interest rate."