

31 Jul, 2020

Bank of Korea rolls over corporate bond-backed lending facility



Author **James Lim**

Theme **Banking**

Bank of Korea's monetary policy board has decided to operate the corporate bond-backed lending facility, or CBBLF, for another three months from Aug. 4 until Nov. 3.

The central bank launched the CBBLF on May 4 as a three-month standing lending facility to provide loans to eligible banks and nonbank financial institutions with high-quality corporate bonds rated at least AA- as collateral for up to six months.

The lending facility, which is capitalized at 10 trillion South Korean won, is designed as a liquidity safety net for 16 domestic banks, 23 foreign bank branches, six insurance companies, 17 securities companies and the Korea Securities Finance Corporation, according to the central bank.

Lending from the CBBLF is capped at 25% of equity capital at each borrowing institution, while lending rates are set at 85 basis points above the yield on 182-day Korean monetary stabilization bonds.

As of July 30, US\$1 was equivalent to 1,197.39 South Korean won.