



GUIDELINES TO BANKS
GUIDELINES NO. BU/G-1/2023/24

GUIDELINES ON LIQUIDITY RISK MANAGEMENT

1. Liquidity risk is the risk to earnings or capital resulting from a **bank's** inability to meet its obligations as they come due, without incurring unacceptable losses.
2. These Guidelines on Liquidity Risk Management ["**these Guidelines**"] set forth the Authority's supervisory expectations on liquidity risks and the key elements of effective liquidity risk management.
3. These Guidelines further articulate sound principles and practices that should be embedded in the liquidity risk management framework of banks and cover areas such as governance, funding strategy, maintenance of liquidity cushion, intragroup liquidity management and contingency funding plan.
4. The Liquidity Risk Management Guidelines as elaborated upon further in **ANNEX 1** are issued pursuant to section 126 of the Banking Order, 2006 and applies to all banks in Brunei Darussalam [**hereinafter referred to as "bank(s)"**].
5. The broad principles and standards under these Guidelines are aligned with the publication issued by the Basel Committee on Banking Supervision on "Principles for Sound Liquidity Risk Management and Supervision" (September 2008).
6. These Guidelines are not exhaustive and subject to revision from time to time as deemed necessary by the Authority.
7. These Guidelines takes effect from 1 July 2024.

MANAGING DIRECTOR
BRUNEI DARUSSALAM CENTRAL BANK

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