



GUIDELINES TO ISLAMIC BANKS  
GUIDELINES NO. BU/G-2/2023/25

GUIDELINES ON LIQUIDITY RISK MANAGEMENT

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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 Islamic 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 127 of the Islamic Banking Order, 2008 and applies to all Islamic 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) and also publication issued by the Islamic Financial Services Board (IFSB) such as IFSB-12: Guiding Principles on Liquidity Risk Management for Institutions offering Islamic Financial Services (March 2012).
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