



NOTICE NO. 2 / 2009

(PURSUANT TO SECTION 66 OF THE ISLAMIC BANKING ORDER 2008)

- 1. MAINTENANCE OF STATUTORY RESERVE FUND**
 - 2. DISTRIBUTION OF PROFITS**
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1. The requirements of Section 24(1) of the Islamic Banking Order 2008 states that every Islamic bank shall maintain a Reserve Fund and transfer to the Reserve Fund out of the net profits of each year, after due provision has been made for *zakat* and taxation, a sum determined under Section 24(1)(b)(i), (ii) and (iii) of the same.
2. For the avoidance of doubt, the Reserve Fund shall be maintained in Brunei Darussalam.
3. In accordance with Section 8 (2)(d) and Section 8(2)(e)(i) of the Islamic Banking Order 2008, the “paid-up capital’ referred to in Section 24(1)(b)(i), (ii) and (iii) of the same is as follows:-
 - (a) for an Islamic bank incorporated locally in Brunei Darussalam, a sum not less than B\$100,000,000;
 - (b) for an Islamic bank whose head office is located outside of Brunei Darussalam having a registered place of business (a branch) in Brunei Darussalam, a sum not less than B\$500,000,000.
4. All licensed Islamic banks shall effect such transfers to the Reserve Fund pursuant to Section 24(1)(b)(i), (ii) and (iii) of the Islamic Banking Order 2008 as from the financial year 2008 unless exempted pursuant to Section 24(2) or Section 125 of the same.
5. In the event of non-compliance, the attention of all licensed banks is drawn to the provision to Section 24(3) of the Islamic Banking Order 2008.



6. In the case of a licensed Islamic bank whose head office is located outside of Brunei Darussalam having a registered place of business (a branch) in Brunei Darussalam, all transfers to the Reserve Fund under Section 24(1)(b)(i), (ii) and (iii) shall be made from the net profits of each year after due provision has been made for *zakat* and taxation but before repatriation of such net profits (or any part thereof) of its branch to its head office.
7. All licensed Islamic banks shall obtain the prior approval of the Authority before the repatriation of any net profits of each year from its branch in Brunei Darussalam to its head office.

ISLAMIC BANKING ORDER AUTHORITY

Effective Date: 25 August 2009