

CITI ISLAMIC INVESTMENT BANK E.C.

ANNUAL FINANCIAL STATEMENTS

31 December 2021

Commercial registration	:	35731-1 (registered with Central Bank of Bahrain as an Islamic wholesale investment bank)
Ultimate holding company	:	Citibank Inc., USA
Office	:	Citibank House Al Seef District P.O. Box 548, Manama, Kingdom of Bahrain Telephone 17588588, Fax 17588654
Directors	:	Naveed Kamal (Chairman) Mohammed Jaffer Nini (Deputy Chairman) Omer Emre Karter Kamal Benkabbou Michel Sawaya Iman Abdel Khalek Imad Ali (Chief Executive Officer)
Auditors	:	KPMG Fakhro, Bahrain

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2021

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REPORT OF THE BOARD OF DIRECTORS
as at 31 December 2021

US\$ 000's

I have the pleasure to present our annual report including the audited financial statements of Citi Islamic Investment Bank E.C. (the "Bank" or "CIIB") for the year ended 31 December 2021.

FINANCIAL PERFORMANCE

The financial highlights of the Bank for the year 2021 are as follows:

	2021 US\$ 000	2020 US\$ 000
Total Income	2,792	2,654
Profit for the year	959	1,115
Total Assets	15,344	15,051
Total Equity	14,539	14,580

Net income is slightly lower for the year as compared to the year 2020 mainly as a result of higher expenses, our revenue were higher mainly on fees from restricted investment account. In terms of restricted investment accounts, the overall yield environment continued to put pressure on the Bank's spreads. However, this was offset by the increase in the average deals from US\$ 63 million in 2020 to an average of US\$ 97 million in 2021.

FINANCIAL INDICATORS

The key financial indicators of the Bank for the past five years are as follows:

	2021	2020	2019	2018	2017
Return on average equity (ROAE)	6.59%	7.70%	7.18%	8.50%	3.67%
Return on average assets (ROAA)	6.31%	7.50%	7.06%	8.36%	3.57%
Cost to income ratio	65.65%	57.98%	60.39%	50.59%	66.85%
Earnings per share (USD\$)	0.096	0.112	0.104	0.118	0.048

No event has occurred subsequent to 31 December 2021 to date which would have a material effect on the 2021 financial statements.

As part of the Bank obligation to maintain utmost transparency, we are pleased to attach the table below that shows the remuneration the Executive Management for the fiscal year ending 31st December 2021. No remuneration was paid to the Board of Directors since that all member of the board are a Citi employees and are compensated for their respective roles in their business segment and geography.

Management compensation:

Executive management	Total paid salaries and allowances	Total paid remuneration (Bonus)	Any other cash/ in kind remuneration	Aggregate Amount
Remuneration of the CEO	304	5	Nil	309

On behalf of the Board of Directors.
Citi Islamic Investment Bank E.C.


 Naveed Kamal
 Chairman

ORPORATE GOVERNANCE

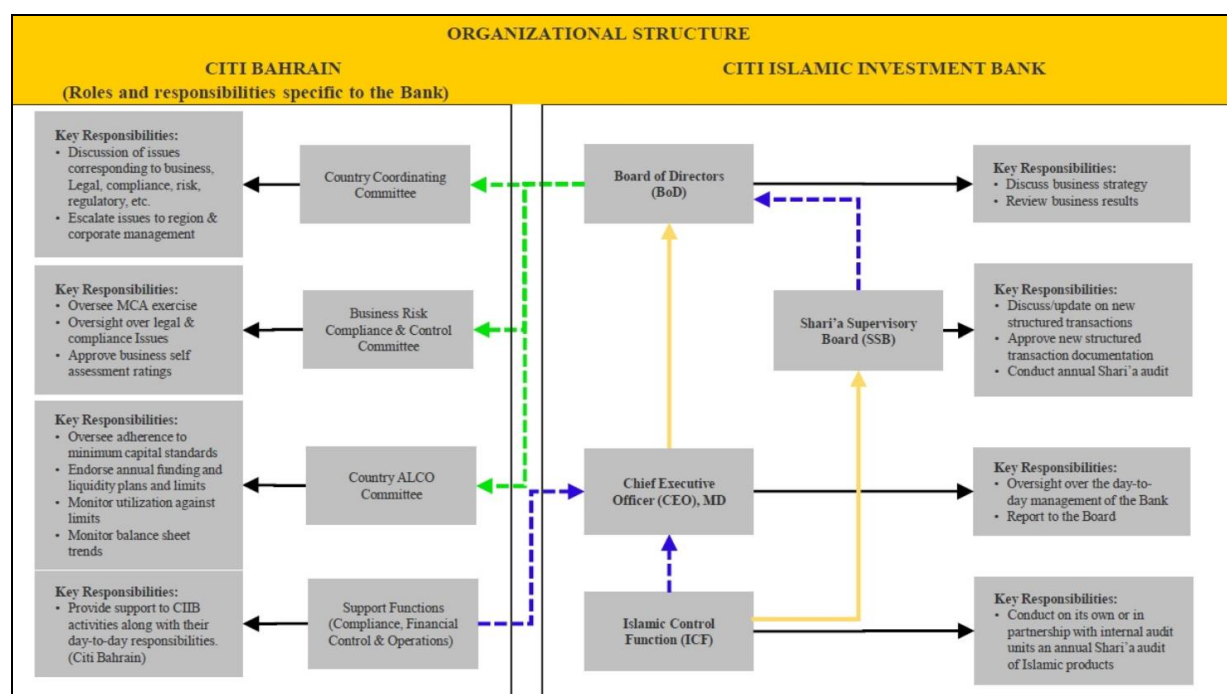
A) FRAMEWORK

The Bank's Board of Directors comprise seven executive directors. The Directors on a regular basis maintain oversight over the activities of the Bank. The nature of the Bank's business is two-fold: offering a Shari'a compliant Murabaha-based investment product to Islamic Financial Institutions and Corporates and to provide structuring services to other Citigroup entities in respect of markets, capital market and risk management transactions. The Bank at present does not offer, or intend to offer, any asset products.

Michel Sawaya (Directors, CIIB) the Citi Country Officer ("CCO") of Citibank, N.A., Bahrain Branch ("Citibank") chairs the combined Country Coordinating Committee ("CCC") and the Business Risk Compliance and Control Committee ("BRCC") of all Citigroup Inc. entities in the Kingdom of Bahrain, in which the CEO of the Bank / CIIB is also a member and participates representing CIIB. Furthermore, the Bank's Shari'a Supervisory Board conducts meetings on a frequent basis in order to review and approve all Islamic transactions undertaken by the Bank.

B) ORGANISATION STRUCTURE

The Bank operates with certain functions and services outsourced to Citibank, and currently has two employees. Since the scope of activities of the Bank is fairly limited, it utilises services from the various Citibank departments via Intra Citi Service Agreements.



C) COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors of the Bank consist of the following:

- 1) Mr. Naveed Kamal (Chairman - Executive Director)
- 2) Mr. Mohammed Jaffer Nini (Deputy Chairman - Executive Director)
- 3) Mr. Omer Emre Karter (Board Member - Executive Director)
- 4) Mr. Kamal Benkabbou (Board Member - Executive Director)
- 5) Mr. Michel Sawaya (Board Member - Executive Director)
- 6) Ms. Iman Abdel Khalek (Board Member - Executive Director)
- 7) Mr. Imad Ali (Chief Executive Officer - Executive Director)

CORPORATE GOVERNANCE

The Board of Directors are appointed for a period of three years subject to re-appointment.

Profile of the Directors

1. Mr. Naveed Kamal – Board member – Executive Director

Profession	:	Banker
Business title	:	Managing Director – Head of Corporate Banking, Middle East and North Africa (MENA)
Experience in years	:	30 years
Qualifications	:	Master of Business Administration
Start of term	:	14 January 2020

Naveed is the Chairman of EMEA Emerging Markets Corporate Banking. He was the Head of Corporate Banking, MENA and has been based in Dubai from 2004 until 2021. Naveed was previously Head of Corporate Banking for the UAE and responsible for managing relationships with our most important clients in Dubai and Abu Dhabi having developed the business through several economic cycles.

Naveed has also managed Citi's Public Sector client relationships across MENA and built up strong partnerships with several governments and GREs in the region.

2. Mr. Mohammed Jaffer Nini – Deputy Chairman – Executive Director

Profession	:	Banker
Business title	:	Managing Director, Chief Financial Officer – EMEA Emerging Markets Cluster
Experience in years	:	31 years
Qualifications	:	Fellow Chartered Accountant
Start of term	:	8 April 2012

Mr. Mohammed Jaffer Nini is the Managing Director and Chief Financial Officer of Citi for EMEA Emerging Markets Cluster. He is responsible for Finance function in the region across all businesses and products.

Mr. Nini has been with Citi for last 27 years working in Pakistan, Saudi Arabia, Egypt and the UAE. Before joining Citi, he worked with PwC as an Audit Manager. He is a Fellow member of the Institute of Chartered Accounts of Pakistan.

Mr. Nini was assigned as Deputy Chairman for Citi Islamic Investment Bank effective from 16 June 2014.

CORPORATE GOVERNANCE

3. **Mr. Omer Emre Karter** – Board member – Executive Director

Profession	: Banker
Business title	: CEO & Board Member, Citi Turkey
Experience in years	: 25 years
Qualifications	: M.Sc. in Intl Business and Finance – New Hampshire College, Manchester, NH, USA
Start of term	: 14 January 2020

Emre Karter is Chief Executive Officer and Board Member of Citi Turkey.

Prior to his current role, he was the Treasury and Trade Solutions Cluster Head for Middle East, North Africa, based in Dubai, UAE. In this role, Emre Karter was responsible for driving Citi's market-leading Treasury and Trade Solutions. In addition to his responsibilities, he was also Governance Head for Citi's Non-Presence Countries (NPC) in Central Asia and Transcaucasia.

Emre Karter's other previous experience include; managing the Transaction Services business for Russia, CIS, Central and Eastern Europe, Turkey; and several Sales & Coverage roles, where he led origination and execution activities Citi's Multinational, Financial Institutions client segments, based in Turkey.

Emre joined Citi in Turkey in 1996 and held various positions in Corporate Bank as a Banker, followed by an assignment in Brussels coordinating the multinational (GSG) franchise across Central and Eastern Europe, Middle East and Africa.

Emre holds a B.Sc. in Management from Bilkent University and a M.Sc. in International Business and Finance from New Hampshire College.

4. **Mr. Kamal Benkabbou** – Board member – Executive Director

Profession	: Banker
Business title	: Head of Global Investor Sales
Experience in years	: 15 years
Qualifications	: Masters in Management from ESCP Europe in France
Start of term	: 25 th October 2021

Kamal works in Citi's Global Markets & Securities Services Division. He is in charge of Global Investor Sales for the Middle East and North Africa. His team covers Sovereign Wealth Funds, Pension Funds, Central Banks and Banks. The team provides Global Markets coverage to regional institutional investors across assets classes.

Kamal has over 15 years Investment Banking experience in Paris, London and Dubai. He joined Citi in 2011 as a member of MENA Investor Sales. Prior to Citi, Kamal worked 5 years at Barclays Capital as Markets coverage for MENA Financial Institutions. He started his career as M&A Analyst at Lazard.

September 2019 – Current: Citi, Head MENA of Investor Sales, based in Dubai, UAE

August 2011 – September 2019: Citi, MENA Investor Sales, based in Dubai, UAE

July 2009 – August 2011: Barclays, MENA Institutional Sales, based in Dubai, UAE

October 2006 – July 2009: Barclays, MENA Institutional Sales, based in London, UK

September 2004 – September 2005: Lazard, Investment Banking Analyst, Paris, France

Kamal holds a Masters in Management from ESCP Europe in France (2006). He also holds a qualification in Islamic Finance (IFQ).

CORPORATE GOVERNANCE

5. **Mr. Michel Sawaya**– Board member – Executive Director

Profession	: Banker
Business title	: CEO of Citibank Bahrain
Experience in years	: 26 years
Qualifications	: Bachelor of Business Administration and a Bachelor of Science in Biology from the American University of Beirut
Start of term	: 25 th October 2021

Michel Sawaya was appointed as the Citi Country Officer of Citi Bahrain with effect from 5th of May 2021. Prior to this appointment and since April 2016 Michel was the CCO and Head of Corporate Banking for Citi Lebanon. He joined Citi in October 1995 as part of a team responsible for the reestablishment of the franchise in the country. Since that time, he has held several positions in Operations, Technology and Internal Controls before moving to Treasury Trade Solutions in June 2006, where he expanded that role to become Head of TTS for Levant Cluster in 2010. In 2013, Michel was appointed as Head of Corporate Banking in addition to his role as the Lebanon TTS Head. He holds a Bachelor of Business Administration and a Bachelor of Science in Biology from the American University of Beirut.

As part of Michel's community involvement, he is a Board Member at the American Chamber of Commerce in Bahrain and Injaz Junior Achievement Bahrain, a non-profit organization dedicated to educating students about work readiness, entrepreneurship and financial literacy through hands-on training programs. He also is a board member at the Bahrain International School Association.

6. **Ms. Iman Abdel Khalek** – Board member – Executive Director

Profession	: Banker
Business title	: Head of CMO MENA
Experience in years	: 20 years
Qualifications	: BA in Business Administration from the American University in Cairo
Start of term	: 25 th October 2021

Iman is responsible for Citigroup's Central Eastern Europe, Middle East & North Africa Debt Capital Markets Business, based in Dubai.

In her current role, Iman advises sovereigns, corporates and financial institutions on access to the International Bond & Sukuk markets. She leads origination and execution efforts and has experience with the vast majority of the region's landmark financings over the last 10 years.

Iman's career spans 20 years with Citi. She joined Citibank in 2000 as a Management Associate where she worked in risk and corporate bank before moving to UAE in 2004 to cover financial institutions and Abu Dhabi corporates. In 2007, Iman joined the Islamic Finance team and in 2009 joined debt capital markets. In addition to being a product specialist in debt capital markets, Iman acquired credit, client coverage, and structuring expertise through her various roles at Citi.

Iman holds a BA in Business Administration from the American University in Cairo.

CORPORATE GOVERNANCE

7. Mr. Imad Ali – Board member – Executive Director

Profession	: Banker
Business title	: CEO of Citi Islamic Investment Bank E.C.
Experience in years	: 19 years
Qualifications	: Master's in Comparative Laws from Islamic University Malaysia
Start of term	: 18 th May 2021

Mohammed Imad Ali is Chief Executive Officer for Citi Islamic Investment Bank E.C. ("CIIB"), a locally incorporated subsidiary of Citigroup based in Bahrain which is engaged in wholesale banking on Islamic principles, and serves as the global headquarter for Citigroup's Islamic banking business. Imad is the Executive Board Member of CIIB and also head of the Murabaha desk, which is part of TTS business.

Imad in his earlier role has been head of Islamic Control Function for CIIB for 11 years. Prior to CIIB, Imad worked in Shari'a Compliance department in HSBC Amanah, Dubai, advising on Shari'a matters. Prior to his working at HSBC Amanah, Imad worked as a lawyer with the Islamic finance team at Dentons, a British law firm, in Dubai.

Imad obtained his master's degree in comparative laws from Islamic University Malaysia specializing in Islamic banking jurisprudence and is currently finalizing his Phd. He has read law and is admitted as a lawyer in India.

D) FUNCTIONS OF THE BOARD OF DIRECTORS:

The Board is responsible for the overall business performance and strategy of the Bank.

The Board establishes the objectives of the Bank, the adoption of strategy and annual review thereof, management structure and responsibilities and the systems and controls framework. It monitors management performance and the implementation of strategy by management, keeps watch over conflicts of interest and prevents abusive related party transactions.

The Board delegates to management the responsibility for the day-to-day management of the Bank in accordance with policies, guidelines and parameters set by the Board.

The Board of Directors is accountable to shareholders for the creation and delivery of strong sustainable financial performance and long-term shareholder value. To achieve this, the Board approves and monitors the Bank's strategy and financial performance, within a framework of sound corporate governance and effective risk management.

The Board of Directors of the Bank has responsibility for:

- 1 Preparation and fair presentation of financial statements in accordance with the Financial Accounting Standards for Islamic Financial Institutions issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") and for such internal controls as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
- 2 The Bank's undertaking to operate in accordance with Islamic Shari'a rules and principles.
- 3 Complying with the Bahrain Commercial Companies Law 2001, the Central Bank of Bahrain Financial Institutions Law 2006 and applicable regulations of the rulebook issued by the Central Bank of Bahrain.

CORPORATE GOVERNANCE

- 4 Making available to the auditors access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation, other matters and additional information required for the purpose of the audit and unrestricted access to persons within the entity from whom it is necessary to obtain audit evidence.

E) BOARD MEETINGS

As per the internal policies, the Board members are required to meet at least four times a year.

Summary of meetings of Board of Directors and attendance during the year:

Board Member	22 March 2021	28 June 2021	30 September 2021	6 December 2021	% of attendance
Mr. Atiq Rehman	Yes*	-	-	-	100%
Mr. Mohammed Jaffer Nini	Yes*	Yes*	Yes*	Yes*	100%
Mr. Naveed Kamal	Yes*	Yes*	Yes*	Yes*	100%
Mr. Imad Ali	Yes*	Yes*	Yes*	Yes*	100%
Mr. Omer Emre Karter	Yes*	Yes*	No*	Yes*	75%
Mr. Michel Sawaya	-	-	-	Yes	100%
Mr. Kamal Benkabbou	-	-	-	Yes*	100%
Me. Iman Abdel Khalek	-	-	-	Yes*	100%
% of attendance	100%	100%	75%	100%	

* Attendance via video conference call.

F) CODE OF ETHICS

The Board has adopted Citigroup Inc.'s Code of Ethics for Financial Professionals governing all the Bank employees. A copy of the Code of Ethics is available on Citigroup website.

G) CODE OF CONDUCT

The Board has adopted Citigroup Inc.'s Code of Conduct, which outlines the laws, rules, regulations and Citi policies that govern the activities of Citi and sets the standards of business behaviour and ethics that apply across Citigroup. The Code of Conduct applies to every director, officer and employee of the Bank. All employees, directors and officers are required to read and follow the Code of Conduct. In addition, other persons performing services for CIIB are subject to the Code of Conduct by contract or agreement. A copy of the Code of Conduct is available on Citigroup website at www.citigroup.com.

H) CHANGES IN THE STRUCTURE OF THE BOARD DURING THE YEAR

No changes during the year.

I) SHARI'A COMPLIANCE

CIIB business has a dedicated internal Islamic Control Function and a Shari'a Supervisory Board ("SSB") to ensure Shari'a compliance of its activities on an ongoing basis throughout the year complying with the Shari'a Standards of AAOIFI. The Islamic Control Function and the SSB also conduct Shari'a Audit every year.

J) SOCIAL RESPONSIBILITY

The Bank discharges its social responsibility at a group level in Bahrain. Together with Citibank CIIB contributes/ donates to charitable organisations and participates in various community initiatives.

CORPORATE GOVERNANCE

K) COMMUNICATIONS POLICY

The disclosure policy applies to all modes of communication to the public including written, oral and electronic communications. These disclosures are made on a timely basis in a manner required by applicable local and international laws and regulatory requirements. Information on new products or any change in existing products will be placed on the Bank's website www.citibank.com/ciib/ and / or published in the media. Product details are also shared with customers through brochures and / or advertisements.

L) COMPLAINT HANDLING

The Bank takes disputes and complaints from all customers very seriously. These have the potential for a breakdown in relationships and can adversely affect the Bank's reputation. Left unattended these can also lead to litigation and possible censure by the regulatory authorities. The Bank has a comprehensive policy on handling of external complaints. No complaints were lodged with the Bank during the year.

M) MATERIAL TRANSACTIONS

Given the size of the organisation most of the transactions are subject to review and approval by the Board of Directors. For day-to-day operations, the Board has delegated authority to the management / CEO to approve transactions. All transactions are subject to the wider Citigroup policies and approval processes. All non-routine transactions outside the normal course of business shall be subject to approval by the Board of Directors.

N) COMPLIANCE WITH HC MODULE

In relation to the corporate governance requirements as specified in the HC module, the Bank has a practice to explain its non-compliance if any to its shareholders at the annual general meeting. Further, the Bank has been exempted by the CBB vide letter dated 3 May 2012 from the requirements under paragraphs 1.2.7, 1.8, 1.9, 3.2, 3.3, 4.2 to 4.4, and 5.1 to 5.5, and vide letter dated 19 March 2012 from paragraphs 1.4.6, 1.4.8 and 1.5.2, subject to an annual re-assessment, whereby the CBB has the right to revoke the exemptions as it sees fit.

O) COMPLIANCE WITH SG MODULE

In relation to the Shari'a Governance requirements as specified in the SG module, the Bank has been exempted by the CBB vide letter dated 11 December 2017 from the requirements under paragraphs SG-1.1.2, SG-2.3.3, SG-2.3.9, SG-2.3.29 and SG-4.

In reference to SG-2.5.4, none of the Bank's SSB members are part of the Corporate Governance Committee for CIIB given the scale and scope of CIIB's business as the Committee is merged in the one-Citi CCC.

P) REMUNERATION POLICIES

The Bank's employees are remunerated as per the Citigroup compensation policies. The operations, compliance and other support functions are carried out by Citibank N.A., Bahrain as per a service level agreement between CIIB and Citibank N.A., Bahrain. No remuneration is awarded by the Bank to the Board of Directors of the Bank. The Sharia Supervisory Board is paid attendance fee for the meetings held which is as per the resolution approved by the Board. The Shari'a Supervisory Board total remunerations for 2021 was USD 136 thousand which is as per the resolution approved by the Board.

Citi Islamic Investment Bank follows Citigroup's global compensation philosophy which is governed by Citigroup Global Remuneration Committee.

Citigroup Inc's Global Remuneration Committee which is known as the Personnel and Compensation Committee ("P&C Committee") is a duly constituted committee of the Board of Directors of the overall US parent company, Citigroup Inc. The P&C Committee draws on considerable experience of the non-executive directors of the Board of Citigroup Inc., and is empowered to draw upon internal and external expertise and advice as it determines appropriate.

CORPORATE GOVERNANCE

The EMEA Remuneration Oversight Group (EMEA ROG) is an executive group to provide EMEA wide oversight and governance support across EMEA.

The following are members of the EMEA Remuneration Oversight Group: EMEA Senior HR Officer (Chair); CEO of CGML, UK CCO, and Cluster Head for UK, Jersey, and Israel; CEO of CEP; CEO of CGME, and Cluster Head of Europe; Head of CBNA London Branch, CBNA EMEA Regional Coordinator, and EMEA Chief Administrative Officer; EMEA Head of Legal; EMEA Chief Risk Officer; EMEA Chief Financial Officer; EMEA Head of Compliance; Cluster Head of EMEA Emerging Markets.

The P&C Committee retains ultimate oversight of Citi's remuneration matters.

Citi's global compensation principles are developed and approved by the P&C Committee in consultation with management, independent consultants and Citi's senior risk officers. The P&C Committee comprises independent directors who have experience evaluating compensation structures, especially for senior executives. Citi's compensation principles are designed to advance Citi's business strategy by attracting, retaining and motivating the best talent available to execute the strategy, while ensuring, among other things, unnecessary or excessive risk-taking is not encouraged.

The Link between Remuneration and Performance

Citi is committed to responsible compensation practices and structures. Citi seeks to balance the need to compensate its employees fairly and competitively based on their performance, while assuring that their compensation reflects principles of risk management and performance metrics that reward long-term contributions to sustained profitability.

Citi's compensation programmes aim to enhance stockholder value through the practice of responsible finance, facilitate competitiveness by attracting and retaining the best talent, promote meritocracy by recognising employee contributions and manage risk through sound incentive compensation practices.

Individual Performance Assessment and Award Determination Process

Citi has an annual performance management process which operates through the Performance Management module of the cloud-based enterprise application Workday.

The performance assessment is based on individually tailored goals as well as Manager/Business cascaded goals and an assessment against Citi's Core Leadership Principles which align an employee's individual performance and development with Citi's culture (and strategic objectives). The appraisal process also incorporates risk management and non-financial performance factors by business areas.

Employees are assessed on a Bi-Annual basis with Ratings only being awarded during the Year End Performance Management process. As part of this Performance management process, Individuals complete a self-appraisal against their individual goal and Citi's Leadership Principles. This is followed by a discussion between the individual and their manager. The Managers complete their appraisal of the individual against their goals and can incorporate Feedback from peers and other Citi Colleagues through the Workday 360 Feedback process. The Manager also considers any other metrics that may be pertinent to their business (and the employees' performance) and records this in Workday to record the individual's performance and contribution. Employees are awarded a Goals (What) rating by the manager based on the performance factors identified for the individual. The employee is also awarded a Leadership rating (How) which describes how the employee achieved their goals linked to Citi's Leadership Principles. Both ratings are given equal weighting when assessing an employee's overall performance for the year.

CORPORATE GOVERNANCE

Managers must carefully consider the risk metrics pertinent to their business unit when determining individual performance ratings, especially when applying any discretion that results in an individual compensation outcome varying from the level implied by the performance of their business unit. All employees are assigned a Risk and Controls goals which clearly outlines Citi's expectations in this area and every employee's responsibility for sound Risk and Controls practices.

Identified Staff are also subject to a Risk and Control Assessment (RCA) review process under which the control functions (i.e., Finance, Risk and Internal Audit and Legal) provide an independent evaluation of the individuals risk behaviours. The RCA process is included in the performance evaluation system to inform the performance review conducted by the identified staff's manager. The RCA process is conducted for the Mid-Year and Year End Performance Management processes for every in-scope employee.

Remuneration of Control Function Employees

Citi takes several measures to avoid conflicts of interest between the business and Control Functions. They are:

- Employees engaged in control functions have direct reporting lines that are separate from the business and those reporting lines within the control functions are responsible for the reward of those employees both in terms of year end compensation, salary increases and promotion.
- The control functions are allocated a bonus pool separate from the revenue generating businesses and decisions about allocations of those pools are made within the Control Functions themselves.
- Compensation (both salary and variable incentive) for the Control Functions is tested in line with external market data to gauge whether it is in keeping with the market. The level of variable remuneration for Control Function employees is determined by reference to performance against objectives that are set and assessed within their respective functions.

Use of Stock as Deferred Variable Compensation

In general, amounts subject to Citi's mandatory deferral policy are deferred into shares or share-linked instruments. A portion of deferred remuneration may be in the form of deferred cash and/ or phantom units related to Citi's share price for regulatory or other reasons.

The Capital Accumulation Program ("CAP") and Citigroup Stock Award Program ("CSAP") are the main programmes under which Citi may make awards of stock to selected employees.

Certain senior executives are subject to stock ownership commitments, further aligning the executives' interests with those of stockholders and other stakeholders.

Deferred stock awards made to identified staff are subject to Performance Based Vesting ("PBV"). The trigger for application of a PBV reduction of a tranche of unvested deferred stock is the emergence of pre-tax losses in the relevant "reference business" of the individual. If there are pre-tax losses in the reference business, a portion of the deferred stock tranche is forfeited, the proportion of which is based on the extent of the losses and prior year net profits.

Use of Deferred Cash as Deferred Compensation

Identified staff or staff subject to other regulations may have a portion of their incentive compensation delivered in the form of deferred cash awards, subject to ("PBV"). PBV for the deferred cash portion of the award is a discretionary feature. If it is determined that a Material Adverse Outcome ("MAO") has occurred and that a given Identified Staff is deemed to have had "significant responsibility" for that MAO, then a discretionary reduction may be made to the unvested portion of the deferred cash award. Determinations of when a MAO has occurred, which (if any) Identified Staff have significant responsibility for the MAO and what reductions to awards will be made, are all based on the facts and circumstances of a given outcome.

CORPORATE GOVERNANCE

The Bank's employees currently do not meet remuneration thresholds that would require deferral or delivery of compensation in shares or share linked instruments. The total value of remuneration awards for the current fiscal year 2021 are as follows:

Total value of remuneration awards for the current fiscal year 2021 USD,000	Unrestricted	Deferred
Fixed remuneration:		
- Cash-based	USD 256	Nil
-Shares and share-linked instruments	Nil	Nil
- Other	USD 98	Nil
Variable remuneration:		
- Cash-based	USD 5	Nil
-Shares and share-linked instruments	Nil	Nil
- Other	Nil	Nil

Note: Above figures are for the two employees of Citi Islamic Investment Bank E.C. who were existing during the year.

SHARI'A SUPERVISORY BOARD REPORT as at 31 December 2021



SHARI'A SUPERVISORY BOARD REPORT

14th Rajab 1443 AH
15th February 2022 AD

SHARI'A SUPERVISORY BOARD REPORT TO THE SHAREHOLDERS

On the Activities of Citi Islamic Investment Bank E.C. for the financial year ending 31st December 2021

In the name of Allah, The Beneficent, The Merciful

Prayers and Peace upon the Last Apostle and Messenger, Our Prophet Mohammed, His Family and Companions.

In compliance with our terms of appointment, the Shari'a Supervisory Board ("SSB") hereby presents the following report to the Shareholders on the activities of Citi Islamic Investment Bank E.C. ("CIIB") for the financial year ending 31st December 2021.

Respective responsibility of the Board of Directors and the SSB

The SSB confirms that as a general principle and practice, CIIB's management is responsible for ensuring that it conducts its business in accordance with Islamic Shari'a rules and principles. The SSB's responsibility is to form an independent Shari'a opinion based on our review of the Bank's operations and to prepare this report.

Basis of opinion

In compliance with the Shari'a Governance and based on SSB's Fatawa, pronouncements, resolutions and the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") standards, the SSB through its periodic meetings have reviewed the internal Shari'a audit plan and Shari'a audit reports and examined the documents and transactions by conducting a sample-test method to ensure its compliance with the Shari'a rules and principles. In addition, the SSB has reviewed the Independent External Shari'a Compliance Audit ("IESCA") report. The SSB in collaboration with the Islamic Control Function ("ICF") has reviewed contracts, agreements, Sukuk structures, documentations, related policies, consolidated Financial Statements and attached notes for the year ended 31st December 2021.

Opinion

Based on our review, the SSB is satisfied that:

1. The contracts, agreements transactions and dealings entered into by the Bank that have been reviewed by the SSB are in compliance with the Shari'a rules and principles.
2. The allocation of profits and charging of losses 'if any' on investments conform to the basis that had been approved by the SSB and in accordance with Shari'a rules and principles.
3. No earnings resulted by means prohibited by the Shari'a rules and principles.
4. The Bank is not obliged to pay Zakah as per Shari'a rules and principles. Further, the Bank does not collect or pay Zakah on behalf of its shareholders and investors in restricted investment accounts.
5. The Bank is in compliance with Shari'a rules and principles, SSB's Fatawa, pronouncements and resolutions, Shari'a related policies and procedures, AAOIFI's Shari'a standards, relevant rulings of the Centralised Shari'a Supervisory Board ("CSSB") and the regulations, resolutions and directives issued by the CBB.

We pray to Allah the Almighty to grant us all success and prosperity.

Members of CIIB's Shari'a Supervisory Board

His Eminence Sheikh
Dr. Nazih Hammad, Chairman

His Eminence Sheikh
Dr. Nedham Yaqoobi, Member

His Eminence Sheikh
Dr. Mohamed Elgari, Member



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Independent auditors' report

To the Shareholders of

Citi Islamic Investment Bank E.C.

Manama, Kingdom of Bahrain

Opinion

We have audited the accompanying financial statements of Citi Islamic Investment Bank E.C. (the "Bank") which comprise the statement of financial position as at 31 December 2021, the statements of income, changes in owner's equity, cash flows and changes in restricted investment accounts and sources for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2021, and results of its operations, changes in owners' equity, its cash flows and changes in restricted investment accounts for the year then ended in accordance with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions ("AAOIFI") as modified by the Central Bank of Bahrain (the "CBB").

In our opinion, the Bank has also complied with the Islamic Shariah Principles and Rules as determined by the Bank's Shariah Supervisory Board during the year ended 31 December 2021.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions ("ASIFIs") issued by AAOIFI. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Bank in accordance with AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions, together with the ethical requirements that are relevant to our audit of the financial statements in the Kingdom of Bahrain, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The board of directors is responsible for the other information. The other information comprises the annual report but does not include the financial statements and our auditors' report thereon. Prior to the date of this auditors' report, we obtained the board of directors' report and other sections which forms part of the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Board of Directors for the Financial Statements

The board of directors is responsible for the Bank's undertaking to operate in accordance with Islamic Sharia Rules and Principles as determined by the Bank's Shariah Supervisory Board.

The board of directors is also responsible for the preparation and fair presentation of the financial statements in accordance with FAS as modified by CBB, and for such internal control as the board of directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ASIFIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ASIFIs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Conclude on the appropriateness of the board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Independent auditors' report
Citi Islamic Investment Bank E.C. (continued)

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Regulatory Requirements

As required by the Commercial Companies Law and Volume 2 of the Rulebook issued by the Central Bank of Bahrain, we report that:

- a) the Bank has maintained proper accounting records and the financial statements are in agreement therewith;
- b) the financial information contained in the chairman's report is consistent with the financial statements;
- c) we are not aware of any violations during the year of the Commercial Companies Law, the CBB and Financial Institutions Law No. 64 of 2006 (as amended), the CBB Rule Book (Volume 2, applicable provisions of Volume 6 and CBB directives), the CBB Capital Markets Regulations and associated resolutions, the Bahrain Bourse rules and procedures or the terms of the Bank's memorandum and articles of association that would have had a material adverse effect on the business of the Bank or on its financial position; and
- d) satisfactory explanations and information have been provided to us by management in response to all our requests.

The engagement partner on the audit resulting in this independent auditors' report is Mahesh Balasubramanian.

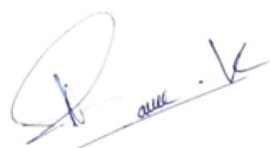
KPMG Fakhro
 Partner Registration Number 137
 24 February 2022

STATEMENT OF FINANCIAL POSITION
as at 31 December 2021

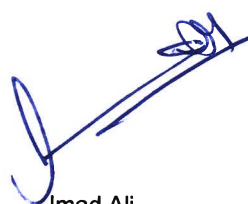
US\$ 000's

	Note	2021	2020
ASSETS			
Bank balances		1,558	1,462
Murabaha receivables	3	13,003	12,998
Other assets	4	783	591
Total assets		15,344	15,051
LIABILITIES AND EQUITY			
Liabilities			
Payables and other accrued expenses		805	471
Total liabilities		805	471
Equity			
Share capital	5	10,000	10,000
Statutory reserve		3,673	3,577
Retained earnings		866	1,003
Total equity		14,539	14,580
Total liabilities and equity		15,344	15,051

The financial statements were approved by the Board of Directors on February 24th, 2022 and signed on its behalf by:



Naveed Kamal
Chairman



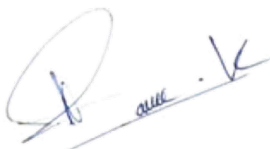
Imad Ali
Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of these financial statements.

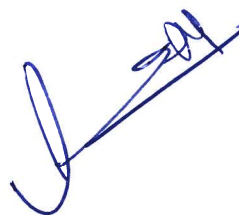
INCOME STATEMENT**for the year ended 31 December 2021**

US\$ 000's

	Note	2021	2020
INCOME			
Income from advisory services	6	2,352	2,437
Fee from restricted investment accounts		405	97
Income from Murabaha contracts		35	120
Total income		2,792	2,654
EXPENSES			
Staff cost	7	356	383
Other expenses	8	1,477	1,156
Total expenses		1,833	1,539
PROFIT FOR THE YEAR		959	1,115



Naveed Kamal
Chairman



Imad Ali
Chief Executive Officer

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

US\$ 000's

	Share capital	Statutory reserve	Retained earnings	Total
Balance at 1 January 2021	10,000	3,577	1,003	14,580
Profit for the year	-	-	959	959
Total recognised income and expense for the year	-	-	959	959
Dividends paid for 2020	-	-	(1,000)	(1,000)
Transfer to statutory reserve	-	96	(96)	-
As at 31 December 2021	10,000	3,673	866	14,539

	Share capital	Statutory reserve	Retained earnings	Total
Balance at 1 January 2020	10,000	3,465	931	14,396
Profit for the year	-	-	1,115	1,115
Total recognised income and expense for the year	-	-	1,115	1,115
Dividends paid for 2019	-	-	(931)	(931)
Transfer to statutory reserve	-	112	(112)	-
As at 31 December 2020	10,000	3,577	1,003	14,580

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2021

US\$ 000's

	2021	2020
OPERATING ACTIVITIES		
Receipt of advisory income	2,345	2,437
Receipt of income from Murabaha contracts	34	120
Receipt of income from restricted investment accounts	405	97
Payments to employees and suppliers	(842)	(597)
Management fees paid	(841)	(789)
Net cash from operating activities	1,101	1,268
FINANCING ACTIVITIES		
Dividends paid	(1,000)	(931)
Net cash used in financing activities	(1,000)	(931)
Net increase in cash and cash equivalents	101	337
Cash and cash equivalents at 1 January	14,460	14,123
Cash and cash equivalents at 31 December	14,561	14,460
Cash and cash equivalents comprise:		
Bank balances	1,558	1,462
Murabaha receivables	13,003	12,998
	14,561	14,460

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF CHANGES IN RESTRICTED INVESTMENT ACCOUNTS
for the year ended 31 December 2021

US\$ 000's

	2021	2020
As at 1 January	378,519	390,663
Net deposits / (withdrawals)	579,790	(15,092)
Gross income	2,103	3,045
Bank's income as an agent	(405)	(97)
As at 31 December	960,007	378,519

The Bank acts as an agent for deposit Murabaha transactions for its customers and invests the funds only in commodity Murabaha transactions on behalf of its customers.

The accompanying notes 1 to 18 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

USD 000's

1 REPORTING ENTITY

Citi Islamic Investment Bank E.C. (the "Bank") was incorporated in the Kingdom of Bahrain as an exempt closed shareholding Bank on 29 June 1996. 99.99% of the Bank's shares are owned by Citicorp Banking Corporation, USA and 0.01% of the Bank's shares are owned by Citicorp Global Holding Inc., USA. CitiBank Inc., USA is the ultimate parent for the Bank. The Bank operates as Wholesale Islamic Investment Bank under a licence granted by the Central Bank of Bahrain (the "CBB").

The Bank's principal activities are to undertake and carry out banking and investment activities in compliance with the principles of Islamic Shari'a.

The Bank's activities are supervised by a Shari'a Supervisory Board (the "SSB") consisting of three members. The role of the SSB is defined in a separate agreement between the Bank and SSB members. The Financial Control and administrative activities of the Bank are carried out by Citibank N.A., Bahrain under intra Citi service agreements between the two parties.

The transactions, balances and results reported in these financial statements are those of Citi Islamic Investment Bank E.C. Bahrain, only and accordingly do not include the results of other Islamic banking activities carried out by Citibank N.A. or any of its affiliates worldwide.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been applied consistently to all periods presented in the financial statements unless stated otherwise.

(a) Statement of Compliance

The financial statements of the Bank have been prepared in accordance with applicable rules and regulations issued by the Central Bank of Bahrain (the "CBB") including the CBB circulars on regulatory concessionary measures in response to Coronavirus (COVID-19) issued during the year. These rules and regulations require the adoption of all Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation of Islamic Financial Institutions (AAOIFI), except for:

- i. Recognition of modification losses on financial assets arising from payment holidays provided to customers impacted by COVID-19 without charging additional profits, in equity instead of the profit or loss account as required by FAS issued by AAOIFI. Any other modification gain or loss on financial assets are recognised in accordance with the requirements of applicable FAS; and
- ii. Recognition of financial assistance received from the government in response to its COVID-19 support measures that meets the government grant requirement, in equity, instead of the profit or loss account as required by the statement on "Accounting implications of the impact of COVID-19 pandemic" issued by AAOIFI to the extent of any modification loss recognised in equity as a result of (i) above. In case this exceeds the modification loss amount, the balance amount is recognised in the profit or loss account. Any other financial assistance is recognised in accordance with the requirements of FAS (refer to Note 9).

The Bank incurred no modification loss and therefore (i) above did not apply to the Bank.

The above framework for basis of preparation of the financial statements is hereinafter referred to as "Financial Accounting Standards as modified by the CBB".

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2021**

USD 000's

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

The modification to accounting policies have been applied retrospectively and did not result in any change to the financial statements reported for the comparative period.

In line with the requirement of AAOIFI and the CBB Rulebook, for matters that are not covered by AAOIFI standards, the Bank uses guidance from the relevant International Financial Reporting Standards.

(b) Basis of Preparation

The financial statements are prepared on the historical cost basis. The preparation of financial statements may require the use of certain critical accounting estimates. It also may require management to exercise its judgement in the process of applying the Bank's accounting policies. There were no significant estimates and judgement made in the process of preparation of financial statements for the year ended 31 December 2021.

The Bank classifies its expenses by the nature of expense method.

(c) New Standards, Amendments and Interpretations Effective from 1 January 2021

There were no new standards, amendments and interpretations adopted during the year.

(d) New Standards, Amendments and Interpretations Issued but not yet Effective

The following new standards and amendments to standards are effective for financial years beginning after 1 January 2022 with an option to early adopt. However, the Bank has not early adopted any of these standards. Adoption of these standards are not expected to have a significant impact on the Bank's financial statements.

- FAS 38 Wa'ad, Khiyar and Tahawwut
- FAS 39 Financial Reporting for Zakah
- FAS 1 General Presentation and Disclosures in the Financial Statements
- FAS 32 Ijarah

(e) Functional and Presentation Currency

Items included in the financial statements of the Bank are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in US dollars, which is the Bank's functional and presentation currency.

(f) Foreign Currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(g) Murabaha Receivables

Murabaha receivables comprise placements with Citicorp Banking Corporation, Bahrain. Murabaha receivables are stated at amortised cost less impairment allowances, if any. Murabaha receivables are impaired when they are considered to be uncollectible. The deferred income relating to Murabaha contracts is netted off against the related receivable for the purpose of presentation in the financial statements.

(h) Income from Murabaha Contracts

Income from Murabaha contracts is recognised on a time-apportioned basis over the period of the contract.

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2021**

USD 000's

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(i) Restricted Investment Accounts**

Restricted investment accounts represent assets acquired using funds provided by holders of restricted investment accounts and their equivalent and managed by the Bank as an agent. The restricted investment accounts are exclusively designated for investment in specified instruments as directed by the investments account holders. Restricted investment accounts are not included in the Bank's statement of financial position and are considered as funds under management.

(j) Income from Advisory Services

Income from advisory services is measured at the fair value of the consideration received and receivable and recognised at a point in time when the service is provided and income is earned. This is usually when the Bank has performed all significant acts in relation to the service, and it is highly probable that the economic benefits from the transaction will flow to the Bank and income can be reliably measured.

(k) Income from Restricted Investment Accounts

The Bank's share of fee charged as an agent to restricted investment accounts are normally recognised on the basis of the Bank's entitlement to receive such revenue from the restricted investment accounts, as per agreed contractual terms, except when the Bank elects to waive its entitlement in favour of its customers.

(l) Statutory Reserve

In accordance with the requirements of the Commercial Companies Law, a minimum of 10% of the net profit is appropriated to a statutory reserve, until it reaches 50% of the paid-up share capital. This reserve is not normally distributable, except in the circumstances stipulated in the Commercial Companies Law.

(m) Employee Benefits

All short term employee benefits are recognised in the income statement. Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance scheme, which is a "defined contribution scheme" in nature under IAS 19 'Employee Benefits', and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. Contributions by the Bank are recognised as an expense in income statement when they are due.

(n) Segment Reporting

The Bank's activities are limited to carrying out banking and investment advisory activities in compliance with the principles of Islamic Shari'a. The Bank does not have any reportable segments and the revenue, assets, liabilities and performance is evaluated on an entity basis. Accordingly, no segment information is reported in these financial statements.

(o) Trade Date Accounting

All "regular way" purchases and sales of financial assets are recognised on trade date, i.e. the date that the Bank contracts to purchase or deliver the asset. Regular way purchases or sale are purchases or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(p) Provisions

A provision is recognised in the balance sheet when the Bank has a legal or constructive obligation as a result of a past event that can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

(q) Offsetting

Financial assets and liabilities are offset only when there is a legal or religious enforceable right to set off the recognised amounts and the Bank intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2021**

USD 000's

2 SIGNIFICANT ACCOUNTING POLICIES (continued)**(r) Impairment of financial instruments**

The Bank recognises loss allowances for Expected Credit Losses ("ECL") on financial assets measured at amortised cost.

The Bank measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment including forward-looking information.

The Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Bank applies a three-stage approach to measuring ECL on financial assets carried at amortised cost and debt instruments classified as FVOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

Stage 1: 12-month ECL

Stage 1 includes financial assets on initial recognition and that do not have a significant increase in credit risk since initial recognition or that have low credit risk. 12-month ECL is the expected credit losses that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset weighted by the probability that the loss will occur in the next 12 months.

Stage 2: Lifetime ECL - not credit impaired

Stage 2 includes financial assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument. Expected credit losses are the weighted average credit losses with the life-time probability of default ('PD').

Stage 3: Lifetime ECL - credit impaired

Stage 3 includes financial assets that have objective evidence of impairment at the reporting date in accordance with the indicators specified in the CBB's rule book. For these assets, lifetime ECL is recognised.

Measurement of ECLs

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The Bank measures expected credit loss using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2021**

USD 000's

2 SIGNIFICANT ACCOUNTING POLICIES (continued)*Write-off*

The gross carrying amount of a financial asset is written off when the Bank has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Bank individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Bank expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

3 MURABAHA RECEIVABLES

	2021	2020
Gross contract value	13,010	13,007
Less: Deferred profits	(6)	(4)
Less: Expected credit loss	(1)	(5)
	13,003	12,998

All Murabaha receivables are financed through equity. Profit and/ or principal repayment in respect of Murabaha receivables are not past due at 31 December 2021.

4 OTHER ASSETS

	2021	2020
Prepayments	35	35
Other receivables	748	556
	783	591

5 SHARE CAPITAL

	2021	2020
<i>Authorised</i> 20,000,000 shares of US\$ 1 each	20,000	20,000
<i>Subscribed, issued and paid-up</i> 10,000,000 shares of US\$ 1 each	10,000	10,000

Dividends declared for the year amounted to 863 thousand (2020: US\$ 1,000 thousand).

6 INCOME FROM ADVISORY SERVICES

Income from advisory services is earned by the Bank in its capacity as an agent for Shari'a compliant structuring and arranging execution of Islamic financing deals. The Bank mainly provides such advisory services in relation to financing deals in which other CitiBank entities originate/ participate. For such deals, advisory income is recognised only on completion of the transaction. The revenue recognition of fees earned from syndication is dependent upon the level of participation of CitiBank in the syndication, the aggregate fees received by CitiBank and the fees received by other participants. The fee earned on each financing transaction is shared between the Bank and other Citibank entities on an agreed proportion by way of a charge as per the service level agreement. The Bank recognises revenue at a point in time only when it is highly probable that it will be entitled to its share of income from participation in each deal. The Bank recognises revenue, net of expenses paid to other Citibank entities as part of syndication.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

USD 000's

7 STAFF COST

	2021	2020
Salaries and benefits	351	367
Social security costs	5	16
	356	383

8 OTHER EXPENSES

	2021	2020
Shari'a Supervisory Board expenses	143	91
Management fees	841	789
Head office charges	301	149
Professional fees	50	8
CBB license fees	35	34
Travel expenses	-	2
Others	107	83
	1,477	1,156

9 GOVERNMENT GRANTS

The Government of Kingdom of Bahrain has announced various economic stimulus programmes to support businesses in these challenging times.

During the year, the Bank has received grants towards Bahraini for staff cost of USD nil (2020: USD 22 thousand) from the government as part of its COVID-19 measures which was adjusted against staff cost for the year.

10 RELATED PARTY TRANSACTIONS

A significant portion of the Bank's transactions in the normal course of business are with other branches of Citibank N.A. and other companies of CitiBank. All transactions are subject to controls embedded in respective processes in line with the CitiBank policies and procedures.

The significant income, expenses and balances arising from dealing with related parties included in the financial statements are as follows:

	2021	2020
Murabaha receivables	13,003	12,998
Bank balances	1,558	1,462
Other assets	748	538
Other payables	662	432
Income from advisory services	2,263	2,189
Income from Murabaha contracts	35	120
Key management personnel	308	293
Shari'a Supervisory Board expenses	143	91
Management fees	841	789
Head office charges	301	149

No remuneration is being paid to the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

USD 000's

11 ZAKAH

The Bank is not obliged to pay Zakah. Further, the Bank does not collect or pay Zakah on behalf of its shareholders and investors in restricted investment accounts.

12 SHARI'A SUPERVISORY BOARD

The Bank's Shari'a Supervisory Board consists of three Islamic scholars who review the Bank's compliance with general Shari'a principles and specific fatwas, rulings and guidelines issued. Their review primarily includes examination of evidence relating to the documentation and procedures adopted by the Bank to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

13 CONCENTRATION OF ASSETS, LIABILITIES AND RESTRICTED INVESTMENT ACCOUNTS

The concentration of the Bank's credit exposures on financial instruments and the distribution of other assets and liabilities as at 31 December 2021 were as follows:

(a) Sectoral Classification
31 December 2021

	Banks and financial institutions	Inter-Bank	Others	Total
Bank balances	-	1,558	-	1,558
Murabaha receivables	-	13,003	-	13,003
Other assets	-	748	-	748
Total assets	-	15,309	-	15,309
Payables and other accrued expenses	75	662	65	802
Total liabilities	75	662	65	802
Restricted investment accounts	582,016	-	377,991	960,007

31 December 2020

	Banks and financial institutions	Inter-Bank	Others	Total
Bank balances	-	1,462	-	1,462
Murabaha receivables	-	12,998	-	12,998
Other assets	6	538	12	556
Total assets	6	14,998	12	15,016
Payables and other accrued expenses	-	431	26	457
Total liabilities	-	431	26	457
Restricted investment accounts	378,519	-	-	378,519

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2021**

USD 000's

13 CONCENTRATION OF ASSETS, LIABILITIES AND RESTRICTED INVESTMENT ACCOUNTS
(continued)**(b) Geographical Distribution**

31 December 2021	Middle East	Asia	Europe	Americas	Total
Bank balances	-	-	-	1,558	1,558
Murabaha receivables	13,003	-	-	-	13,003
Other assets	328	-	19	401	748
Total assets	13,331	-	19	1,959	15,309
Payables and other accrued expenses	771	20	11	-	802
Total liabilities	771	20	11	-	802

31 December 2020	Middle East	Asia	Europe	Americas	Total
Bank balances	-	-	-	1,462	1,462
Murabaha receivables	12,998	-	-	-	12,998
Other assets	337	-	33	186	556
Total assets	13,335	-	33	1,648	15,016
Payables and other accrued expenses	448	-	9	-	457
Total liabilities	448	-	9	-	457

Restricted Investment AccountsAmericas
Middle East

2021	2020
377,991	-
582,016	378,519

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

USD 000's

14 MATURITY PROFILE

This note presents the expected maturity profile of assets and liabilities of the Bank. The contractual maturity of the assets and liabilities is not significantly different from the profile presented below.

31 December 2021

	Within 8 days	9 days to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year	Total
Bank balances	1,558	-	-	-	-	1,558
Murabaha receivables	-	5,003	8,000	-	-	13,003
Other assets	-	564	184	-	-	748
Total assets (a)	1,558	5,567	8,184	-	-	15,309
Payables and other accrued expenses	607	66	118	-	11	802
Total liabilities (b)	607	66	118	-	11	802
Net (a-b)	951	5,501	8,066	-	(11)	14,507

31 December 2020

	Within 8 days	9 days to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year	Total
Bank balances	1,462	-	-	-	-	1,462
Murabaha receivables	-	5,000	7,998	-	-	12,998
Other assets	-	522	34	-	-	556
Total assets (a)	1,462	5,522	8,032	-	-	15,016
Payables and other accrued expenses	408	33	16	-	-	457
Total liabilities (b)	408	33	16	-	-	457
Net (a-b)	1,054	5,489	8,016	-	-	14,559

The maturity profile of restricted investment accounts:

31 December 2021

	Within 8 days	9 days to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Total
Restricted investment accounts	260,003	690,002	10,002	-	960,007

31 December 2020

	Within 8 days	9 days to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Total
Restricted investment accounts	352,491	26,028	-	-	378,519

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2021

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15 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

OVERVIEW

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Bank include bank balances, accrued income on restricted investment accounts and Murabaha receivables. Financial liabilities of the Bank include payables and other accrued expenses.

The Bank has the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risks
- Operational risk

This note presents information about the Bank's exposure to each of the above risks and the Bank's management of capital.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Bank's risk management framework is aligned with CitiBank risk policies and procedures.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, continually assessing the creditworthiness of counterparties and securing exposures by collateral, where appropriate.

Exposure to Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
Bank balances	1,558	1,462
Murabaha receivables	13,003	12,998
Other financial assets	748	556
	15,309	15,016

The Bank's exposure to credit risk on these financial assets is limited as the Murabaha receivables and the bank balances are placed with CitiBank entities. During the year, there have been no transfer of exposures between various stages. All the exposures are classified as stage 1 and the expected credit loss is also allocated to stage 1. There are no exposures which are past due as at 31 December 2021 (2020: Nil).

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15 *RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)***LIQUIDITY RISK**

Liquidity risk is the Bank's inability to meet a financial commitment to a customer, creditor, or investor when due, on account of maturity mis-match between assets and liabilities. This risk is dimensioned and continuously monitored through limits on maximum cumulative outflow across various tenors.

The Bank's exposure to liquidity risk is limited as it does not have any significant liabilities. For maturity profile of assets and liabilities refer to note 14.

LCR has been developed to promote short-term resilience of a bank's liquidity risk profile. The LCR requirements aim to ensure that a bank has an adequate stock of unencumbered high quality liquidity assets (HQLA) that consists of assets that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day stressed liquidity period. The stock of unencumbered HQLA should enable the Bank to survive until day 30 of the stress scenario, by which time appropriate corrective actions would have been taken by management to find the necessary solutions to the liquidity crisis.

LCR is computed as a ratio of Stock of HQLA over the net cash outflows over the next 30 calendar days. Effective from 30 June 2019, the Bank is required to maintain LCR greater than 100%. As of 31 December 2021, the Bank's LCR ratio was 2247% (2020: 3873%).

NSFR is to promote the resilience of banks' liquidity risk profiles and to incentivise a more resilient banking sector over a longer time horizon. The NSFR will require banks to maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood that disruptions to a bank's regular sources of funding will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability.

NSFR as a percentage is calculated as "Available stable funding" divided by "Required stable funding". Effective from 31 December 2019, the Bank is required to maintain NSFR ratio greater than 100%. As of 31 December 2021, the Bank's NSFR ratio was 532% (2020: 574%).

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, profit rates and equity prices will affect the Bank's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Bank does not have a trading portfolio and is therefore not exposed to equity price risk.

The Central Bank of Bahrain introduced Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio (NSFR) during 2019.

PROFIT RATE RISK

Profit rate risk arises due to different timing of re-pricing of the Bank's assets and liabilities. The Bank's profit rate risk arises from Murabaha receivables and is considered limited due to the short-term nature of Murabaha receivables.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the Bank's earning will be affected as a result of fluctuations in currency exchange rates. The Bank's exposure to foreign exchange risk is limited as most of its transactions are in US\$ which is the Bank's functional and presentational currency or in Bahraini dinars which is pegged to US\$.

NOTES TO THE FINANCIAL STATEMENTS**for the year ended 31 December 2021**

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15 *RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)***OPERATIONAL RISK**

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Bank manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values represent the amount at which an asset could be exchanged or a liability settled, in a transaction between knowledgeable, willing parties in an arm's length transaction. Differences can therefore arise between the book values under the historical cost method and fair value estimates.

The estimated fair values of the financial assets and liabilities are not significantly different from their book values as the items are primarily short-term in nature.

17 CAPITAL MANAGEMENT

The Bank's lead regulator, the CBB, sets and monitors capital requirements for the Bank. In implementing the current capital requirements, the CBB requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets. The CBB's capital adequacy framework is based on the Basel III accord which became effective 1 January 2015 and IFSB guidelines. The Bank has adopted the standardised approach to credit and market risk management and the basic indicator approach for the operational risk management. The Bank's policy is to maintain sufficient capital to sustain investor and market confidence and to support future development of the business.

The Bank's regulatory capital position at 31 December was as follows:

	2021	2020
Tier 1 Capital	14,539	14,580
Tier 2 Capital	1	5
Total capital base (tier 1 + tier 2)	14,540	14,585
Total risk-weighted assets	12,473	11,582
Total regulatory capital expressed as a percentage of total risk weighted assets	116.57%	125.92%

The Bank has complied with all externally imposed capital requirements throughout the year.

18 Net stable funding ratio

The CBB's Net Stable Funding Ratio (NSFR) regulations became effective on 31 December 2019. The objective of the NSFR is to promote the resilience of banks' liquidity risk profile and to incentivise a more resilient banking sector over a longer time horizon. The NSFR requires banks to maintain a stable funding profile in relation to assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the likelihood of disruptions to a bank's regular sources of funding that will erode its liquidity position in a way that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits over-reliance on short-term wholesale funding, encourages better assessment of funding risk across all on-balance sheet and off-balance sheet items, and promotes funding stability. The NSFR is calculated in accordance with the Liquidity Risk Management module guidelines issued by the CBB. The minimum NSFR ratio has reduced from 100% to 80%

The tables below provides information on the Bank's NSFR:

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for the year ended 31 December 2021

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18 Net stable funding ratio (continue)

The NSFR (as a percentage) as at 31 December 2021 is calculated as follows:

Item	Unweighted value (before applying factors)				Total weighted value"
	No specified maturity	Less than 6 months	More than 9 months and less than one year	Over one year	
Available Stable Funding (ASF)					
Capital:					
Regulatory capital	14,539	-	-	1	14,540
Other capital instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	-	-	-	-	-
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	-	-	-	-
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	795	-	12	12
Total ASF	14,539	795	-	13	14,552
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	1,558	-	-	-	-
Deposits held at other financial institutions for operational purposes	-	13,010	-	-	1,951
Performing financing and sukuk/securities:					
Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	-	-	-	-
Performing financing to nonfinancial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
"Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs"	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	-	-	-	-	-
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	783	-	-	-	783
OBS items	-	-	-	-	-
Total RSF	2,341	13,010	-	-	2,734
NSFR (%)					532%

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2021

USD 000's

18 Net stable funding ratio (continue)

The NSFR (as a percentage) as at 31 December 2020 is calculated as follows:

Item	Unweighted value (before applying factors)				Total weighted value"
	No specified maturity	Less than 6 months	More than 6 months and less than one year	Over one year	
Available Stable Funding (ASF)					
Capital:					
Regulatory capital	14,578	-	-	6	14,584
Other capital instruments	-	-	-	-	-
Retail deposits and deposits from small business customers:					
Stable deposits	-	-	-	-	-
Less stable deposits	-	-	-	-	-
Wholesale funding:					
Operational deposits	-	-	-	-	-
Other wholesale funding	-	-	-	-	-
Other liabilities:					
NSFR Shari'a-compliant hedging contract liabilities	-	-	-	-	-
All other liabilities not included in the above categories	-	471	-	-	-
Total ASF	14,578	471	-	6	14,584
Required Stable Funding (RSF):					
Total NSFR high-quality liquid assets (HQLA)	1,462	-	-	-	-
Deposits held at other financial institutions for operational purposes	-	13,007	-	-	1,951
Performing financing and sukuk/securities:					
Performing financing to financial institutions secured by Level 1 HQLA	-	-	-	-	-
Performing financing to financial institutions secured by non-level 1 HQLA and unsecured performing financing to financial institutions	-	-	-	-	-
Performing financing to nonfinancial corporate clients, financing to retail and small business customers, and financing to sovereigns, central banks and PSEs, of which:	-	-	-	-	-
With a risk weight of less than or equal to 35% as per the CBB Capital Adequacy Ratio guidelines	-	-	-	-	-
Performing residential mortgages, of which:					
With a risk weight of less than or equal to 35% under the CBB Capital Adequacy Ratio Guidelines	-	-	-	-	-
Securities/sukuk that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
Other assets:					
Physical traded commodities, including gold	-	-	-	-	-
"Assets posted as initial margin for Shari'a-compliant hedging contracts and contributions to default funds of CCPs"	-	-	-	-	-
NSFR Shari'a-compliant hedging assets	-	-	-	-	-
NSFR Shari'a-compliant hedging contract liabilities before deduction of variation margin posted	-	-	-	-	-
All other assets not included in the above categories	590	-	-	-	590
OBS items	-	-	-	-	-
Total RSF	2,052	13,007	-	-	2,541
NSFR (%)					
					574%

Supplementary Public Disclosure for the year ended 31 December 2021
Reporting on Financial Impact of COVID-19 (unaudited)

The COVID-19 pandemic has severely impacted global health, financial markets, consumer and business spending, and economic conditions in all of the jurisdictions where Citi operates. The extent of the future pandemic impacts remains uncertain but may include, among other impacts, disruption of the global supply chain, higher inflation or interest rates, financial market volatility, increase in credit costs for Citi, and public health impacts. The pandemic may continue to have negative impacts on Citi's businesses and overall results of operations and financial condition.

Supplementary Public Disclosure for the year ended 31 December 2021
Reporting on Financial Impact of COVID-19 (unaudited)

On 11 March 2020, the COVID-19 outbreak was declared, a pandemic by the World Health Organization (WHO) and has rapidly evolved globally. This has resulted in a global economic slowdown with uncertainties in the economic environment. Global equity and commodity markets, and in particular oil prices, have also experienced great volatility and a significant drop in prices. The estimation uncertainty is associated with the extent and duration of the expected economic downturn and forecasts for key economic factors including GDP, employment, oil prices etc. This includes disruption to capital markets, deteriorating credit markets and liquidity concerns. Authorities have taken various measures to contain the spread including implementation of travel restrictions and quarantine measures. The pandemic as well as the resulting measures and policies have had some impact on the Bank. The Bank is actively monitoring the COVID-19 situation, and in response to this outbreak, has activated its business continuity plan and various other risk management practices to manage the potential business disruption on its operations and financial performance.

In preparing the financial statements, judgements made by management in applying the Bank's accounting policies and sources of estimation are subject to uncertainty regarding the potential impacts of the current economic volatility and these are considered to represent management's best assessment based on available or observable information.

Government assistance and subsidies:

Governments and central banks across the world have responded with monetary and fiscal interventions to stabilise economic conditions. The Government of Kingdom of Bahrain has announced various economic stimulus programmes ("Packages") to support businesses in these challenging times.

The Bank has not received any reimbursement for staff cost or utilities bills from the government as part of its COVID-19 measures for the period ended 31 December 2021.