



Kingdom of Bahrain
National Audit Office

Future Generation Reserve

**Financial Statements
For the year ended 1 December 2025**

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Independent Auditor's Report

Their Excellency Board of Directors - Future Generation Reserve

Opinion

We have audited the financial statements of Future Generation Reserve (the Reserve), which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information as indicated in pages from (3) to (17).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Reserve as at 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Standards).

Basis for Opinion

We conducted our audit in accordance with the National Audit Office Law and the International Standards of Supreme Audit Institutions (ISSAIs) issued by the International Organization of Supreme Audit Institutions (INTOSAI). Our responsibilities under those standards are further described in the "Responsibilities of the National Audit Office for the audit of the financial statements section" of our report. The National Audit Office is independent of the Reserve in accordance with the ISSAIs Code of Ethics requirements and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS standard, 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 Reserve'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 Reserve or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the National Audit Office 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, we exercise professional judgement and maintain professional skepticism 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 Reserve's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Reserve.
- 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 Reserve'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 Reserve 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 Reserve 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.

Ahmed bin Mohammed Al Khalifa
Auditor General
National Audit Office

21 May 2026

**Future Generation Reserve
Statement of Financial Position
As at 31 December 2025**

(Expressed in United States Dollars)

	Note	2025	2024
<u>Assets</u>			
<u>Non-Current Assets</u>			
Financial assets measured at fair value through other comprehensive income (FVOCI)	3	17,036,943	14,621,454
Investment properties	4	82,645,154	58,628,770
Total Non-Current Assets		99,682,097	73,250,224
<u>Current Assets</u>			
Financial assets measured at fair value through profit or loss (FVPL)	5	879,898,235	754,829,621
Receivables	6	23,301,269	23,993,309
Cash and cash equivalents	7	106,706,690	72,170,684
Total Current Assets		1,009,906,194	850,993,614
Total Assets		1,109,588,291	924,243,838
<u>Liabilities and Equity</u>			
<u>Current Liabilities</u>			
Accruals and other payables	8	9,663,154	6,252,877
Total Current Liabilities		9,663,154	6,252,877
<u>Equity</u>			
Accumulated funds	9	707,924,076	621,722,667
Retained earnings		392,753,016	296,835,738
Investment fair value reserve		(751,955)	(567,444)
Total Equity		1,099,925,137	917,990,961
Total Liabilities and Equity		1,109,588,291	924,243,838

Salman bin Khalifa Al Khalifa
Chairman

Ali bin Salman Al Khalifa
Chief Executive Officer

The notes on pages (7) to (17) form an integral part of these financial statements

Future Generation Reserve
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2025

(Expressed in United States Dollars)			
	Note	2025	2024
Change in fair value of financial assets measured at FVPL	5	92,992,534	63,929,927
Realised gains on redemption of financial assets measured at FVPL	5	7,612,752	455,836
Change in fair value of investment properties Revaluation	4	(10,044,869)	(56,061)
Dividend and interest income	10	4,889,563	6,523,952
Reimbursement of expenses by Ministry of Finance and National Economy (MOFNE)	11	8,084,224	7,105,998
General and administrative expenses	11	(8,084,224)	(7,105,998)
Foreign exchange gain		215,495	323,157
Other income		251,803	35,971
Government Grant – Royal Grant "Land"	4	-	917,763
Net profit for the year		95,917,278	72,130,545
Other comprehensive income			
Change in fair value of financial assets measured at FVOCI	3	(184,511)	1,470,644
Total other comprehensive (loss) / income		(184,511)	1,470,644
Total comprehensive income for the year		95,732,767	73,601,189

Salman bin Khalifa Al Khalifa
Chairman

Ali bin Salman Al Khalifa
Chief Executive Officer

The notes on pages (7) to (17) form an integral part of these financial statements

Future Generation Reserve
Statement of Changes in Equity
For the year ended 31 December 2025

	(Expressed in United States Dollars)			
	Accumulated funds	Retained earnings	Fair value reserve	Total
2025				
Opening balance at 1 January	621,722,667	296,835,738	(567,444)	917,990,961
Net profit for the year	-	95,917,278	-	95,917,278
Other comprehensive loss for the year	-	-	(184,511)	(184,511)
Contributions earned from oil sales	86,201,409	-	-	86,201,409
Closing balance at 31 December	707,924,076	392,753,016	(751,955)	1,099,925,137
2024				
Opening balance at 1 January	542,706,181	224,705,193	(2,038,088)	765,373,286
Net profit for the year	-	72,130,545	-	72,130,545
Other comprehensive income for the year	-	-	1,470,644	1,470,644
Contributions earned from oil sales	79,016,486	-	-	79,016,486
Closing balance at 31 December	621,722,667	296,835,738	(567,444)	917,990,961

The notes on pages (7) to (17) form an integral part of these financial statements

Future Generation Reserve
Statement of Cash flows
For the year ended 31 December 2025

(Expressed in United States Dollars)			
	Note	2025	2024
<u>Cash flows from operating activities</u>			
Net profit for the year		95,917,278	72,130,545
<u>Adjustments</u>			
Dividend and interest income	10	(4,889,563)	(6,523,952)
Management and custody fees incurred directly from financial assets measured at FVTPL	5	4,462,754	3,277,521
Change in fair value of investment properties	4	10,044,869	56,061
Government grant – Royal Grant "Land"	4	-	(917,763)
Operating profit before changes in working capital		105,535,338	68,022,412
<u>Changes in working capital</u>			
Financial assets measured at FVPL		(129,531,368)	(164,774,100)
Fixed deposits		-	66,565,764
Receivables		(1,172,158)	(15,601,066)
Accruals and other payables		3,410,277	2,728,422
		(21,757,911)	(43,058,568)
Dividend income received		962,516	1,281,242
Interest income received		4,031,634	7,215,269
Net cash used in operating activities		(16,763,761)	(34,562,057)
<u>Cash flows from investing activities</u>			
Net changes in investment properties	4	(34,061,253)	1,661,034
Additions in financial assets measured at FVOCI	3	(2,600,000)	(1,900,000)
Net cash used in investing activities		(36,661,253)	(238,966)
<u>Cash flows from financing activities</u>			
Contributions received from oil sales		87,961,020	82,267,032
Net cash generated from financing activities		87,961,020	82,267,032
Net increase in cash and cash equivalents		34,536,006	47,466,009
Cash and cash equivalents at the beginning of the year	7	72,170,684	24,704,675
Cash and cash equivalents at the end of the year	7	106,706,690	72,170,684

The notes on pages (7) to (17) form an integral part of these financial statements

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

1. Incorporation and Background Information

The Future Generation Reserve (the Reserve) was established, in accordance with Law No. (28) of 2006 promulgated on 17 July 2006, as a legal personality, having financial and administrative independence. According to the mentioned law and its amendments, the Reserve is funded through the contribution from the oil revenue for the Reserve based on the barrel of crude oil price levels exported outside the Kingdom of Bahrain, the contribution to the Reserve started as of 1st January 2007.

The Reserve operates independently, and its objective is to invest funds for the future generation. The Reserve is governed by a Board of Directors comprising a Chairman (H.E. the Minister of Finance and National Economy) and eight directors in accordance with Decree No. (2) of 2007 and its amendments, to include:

- Undersecretary of Financial Affairs at the Ministry of Finance and National Economy (Deputy Chairman).
- Chairman of Legislation and Legal Opinion Commission.
- Chief Executive Officer of Economic Development Board.
- Mr. Nader Kareem Al Maskati.
- Mr. Nabil Saleh Abdel-Aal
- Mrs. Najla Mohammad Al Shirawi.
- Mr. Ali Mousa Shafae.
- Mr. Abdullah Abdulrazzaq Bukhowa.

On 17th June 2021 Shaikh Ali bin Salman Al Khalifa was appointed as the Chief Executive Officer (CEO) of the Future Generations Reserves Council according to Decree No. (74) of 2021.

2. Summary of material accounting policies

2-1 Standards used in preparation of the financial statements

The financial statements of the Reserve have been prepared in accordance with International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as well as the requirements of Law No. (28) of 2006 regarding the Future Generations Reserve Fund.

2-2 Basis of preparation

The financial statements have been prepared under the accrual basis, and historical cost convention, except for the measurement at fair value of financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and investment properties.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

2-3 Functional and presentation currency

The financial statements are prepared and presented in United States Dollar (USD), which is the Reserve's functional and presentation currency. It is the currency that represents the primary economic environment in which the Reserve operates.

2-4 Investment properties

Investment properties include land and/or property completed, under construction or redeveloped that are being held for rental yield or capital appreciation purposes or both. A property is classified as investment property when the definition of investment properties is met. Investment property is measured initially at its cost, including related transaction costs, the carrying amount also includes the cost of replacing part of the investment property at the time the cost was incurred if the evidentiary criteria is met. After initial recognition, investment property is carried at fair value which reflects active market prices at the date of the statement of financial position. Fair value changes are recognised in the statement of profit or loss and other comprehensive income of the period incurred. Fair value is evaluated annually by an independent external valuer by applying a model recommended by the International Valuation Standards Council.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. The difference between the net disposal proceeds and the fair value of the investment property is recognised in the statement of profit or loss and other comprehensive income of the period in which the property is derecognised. Furthermore, a property is transferred from/to investment property when there is change in use. For a transfer from investment property to owner-occupied properties, the subsequent accounting cost is the fair value at the date of change in use. If owner-occupied properties are transferred to investment properties, the Reserve measures the properties based on investment properties policy till the date of change of use. The gain or loss on disposal of investment properties is determined as the difference between the net disposal proceeds and the fair value of the investment property in the financial statements for the entire prior period.

2-5 Financial assets

Financial assets are classified in accordance with IFRS (9) into two categories, those measured at fair value (either through other comprehensive income or through profit or loss), and those measured at amortised cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses incurred are recorded in either the statement of profit or loss, or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. As for investments in equity instruments, this will depend on whether the Reserve's management chose at the time of initial recognition to account for the investment in equity at fair value through other comprehensive income. Investments in debt instruments can only be reclassified when changes in the business model occur. The reclassification is made at the beginning of the reporting period following the change.

At initial recognition, the Reserve measures a financial asset at its fair value plus (in the case of a financial asset not measured at fair value through profit or loss (FVTPL)) transaction costs

Future Generation Reserve

Notes to the Financial Statements

For the year ended 31 December 2025

that are directly attributable to the acquisition of the financial asset. Transaction costs related to financial assets measured at fair value through profit or loss are recognised as expenses in the statement of profit or loss.

Subsequent measurement of financial assets depends on the business model for managing the asset and the contractual terms of the cash flows, as follows:

- **Amortised cost:** a financial asset is measured at amortised cost if the asset is held to collect contractual cash flows (where those cash flows represent principal payments and income). Gains or losses are recognised in the statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised in the statement of profit or loss using the effective interest rate method.
- **Fair value through other comprehensive income (FVOCI):** financial assets are measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (where those cash flows represent principal payments and income). Changes in carrying amount are transferred through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses are recognised in the statement of profit or loss. When the financial assets are derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.
- **Fair value through profit or loss (FVPL):** financial assets are measured at fair value through profit or loss when they do not meet the criteria of financial assets measured at amortised cost or at fair value through other comprehensive income. Gains or losses on debt investments measured at fair value through profit or loss that are not part of the hedging relationship are included in the statement of profit or loss and presented in net in the profit or loss account under other profit/(loss) in the period in which they arise. Interest income from these financial assets is recognised in profit or loss using the effective interest rate method.

Financial assets are derecognised when the contractual rights to receive the cash flows from the assets have expired or when the assets and all the risks and rewards of ownership rights have been transferred. Assets are assessed on a prospective basis for the expected credit losses associated with debt instrument assets measured at amortised cost and at fair value through other comprehensive income. The Reserve's management recognises such loss allowance at the date of each financial statement.

2-6 Receivables

Receivables are initially recognised at cost, minus the impairment provision. An impairment provision of receivables is recorded when there is objective evidence that the Reserve will not be able to collect all amounts in accordance with the original terms of the receivable.

2-7 Fixed deposits

Fixed deposits carry original maturities ranging from over three months to up to twelve months from the date of inception.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

2-8 Cash and cash equivalent

Cash and cash equivalents comprise of cash on hand, balances with banks and short-term deposits with original maturities of three months or less from the date of inception.

2-9 Accruals and other payables

Accruals and other payables are recognised when services are received, whether billed or not.

2-10 Revenues

Revenues are recorded on the accrual basis, regardless of when it will be collectable, unless collectability is in doubt.

2-11 Government Grant

Government grant is recognised, including non-monetary grants at fair value, only when there is reasonable assurance that the entity will comply with any condition attached to the grant and the grant will be received.

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis. A grant relating to assets is presented as deferred income. The grant is recognised as income in the year of receipt if there are no conditions attached and it is an asset with infinite life such as freehold land.

2-12 Expenses

Expenses are recorded on the accrual basis, accrued expenses are recorded during the period incurred regardless of when they will be paid.

2-13 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions in the Reserve's books. Foreign currency assets and liabilities are translated into the functional currency using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation of monetary items are included in the statement of profit or loss and other comprehensive income. Non-monetary items recorded in foreign currencies are translated using the exchange rates at the dates of the transactions. Non-monetary items recorded at fair value in foreign currencies are translated using the exchange rates at the date of when the fair value was determined.

2-14 New standards, amendments and interpretations

There are no new standards, amendments, or interpretations effective as of 1 January 2025, expected to have a material impact on the financial statements of the Reserve. Additionally, the Reserve has not early adopted any of the new standards, amendments, or interpretations that are effective for financial periods beginning on 1 January 2026, as the Reserve intends to adopt them as they become effective.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

2-15 Going concern of the Reserve

The Reserve's Board of Directors assesses the Reserve's ability to continue as a going concern in accordance with Law No. (28) of 2006 and ensuring that the Reserve has the necessary resources for its future business continuity, by periodically reviewing and evaluating the financial position of the Reserve. Furthermore, the Reserve's liquidity is sufficient to meet the working capital requirements and estimated funds required to meet the liabilities as and when they become due in the short and long term. The financial statements have been prepared based on the going concern basis of accounting.

3. Financial assets measured at fair value through other comprehensive income (FVOCI)

(Expressed in United States Dollars)

	2025	2024
Opening balance at 1 January	14,621,454	11,250,810
Additions	2,600,000	1,900,000
Change in fair value of financial assets measured at FVOCI	(184,511)	1,470,644
Closing Balance	17,036,943	14,621,454

The following table compares the cost and fair value of the investment as at 31 December 2025:

(Expressed in United States Dollars)

	At fair value	At cost	Difference
Private equity	17,036,943	17,788,898	(751,955)
Total	17,036,943	17,788,898	(751,955)

4. Investment properties

The Reserve holds three investment properties (2024: two investment properties) consisting of a commercial building under construction and two freehold lands all located in the Kingdom of Bahrain and are intended to be held for rental income and/or capital appreciation. These investment properties are measured at fair value determined by independent professional valuers who hold recognised and relevant professional qualifications. The fair values have been determined based on the residual valuation approach and comparable method.

The fair values of the Reserve's investment properties are categorized into level 3 of the fair value hierarchy (2024: level 3).

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

The movement in investment in properties during the year was as follows:

(Expressed in United States Dollars)

	Investment Property under construction	Freehold land	Total
2025			
Opening balance at 1 January	57,767,068	861,702	58,628,770
Additions	24,030,203	10,031,050	34,061,253
Change in fair value	(11,298,843)	1,253,974	(10,044,869)
Closing balance	70,498,428	12,146,726	82,645,154
2024			
Opening balance at 1 January	59,428,102	-	59,428,102
Additions	7,647,478	-	7,647,478
Adjustments	(9,308,512)	-	(9,308,512)
Government grant – Royal grant “Land”	-	917,763	7,647,478
Change in fair value	-	(56,061)	(56,061)
Closing balance	57,767,068	861,702	58,628,770

5. Financial assets measured at fair value through profit or loss (FVPL)

(Expressed in United States Dollars)

	2025	2024
Opening balance at 1 January	754,829,621	593,333,042
Additions	139,500,000	143,713,783
Disposals at fair value	(110,573,918)	(43,325,446)
Change in fair value of financial assets measured at FVPL	92,992,534	63,929,927
Realised gains on redemption of financial assets measured at FVPL*	7,612,752	455,836
Management and custody fees incurred directly from financial assets measured at FVTPL	(4,462,754)	(3,277,521)
Closing balance	879,898,235	754,829,621

* Realised gain incurred on the redemption of financial assets measured at FVPL pertains to the gain of the investments during the financial year ended 31 December.

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

The following table compares the cost and fair value of each type of investment as at 31 December 2025:

(Expressed in United States Dollars)			
	At fair value	At cost	Difference
Fixed income	301,056,347	218,951,333	82,105,014
Equity	347,977,624	247,293,727	100,683,897
Alternatives	180,049,873	164,875,244	15,174,629
Multi-Asset funds	50,814,391	38,141,306	12,673,085
Total	879,898,235	669,261,610	210,636,625

6. Receivables

(Expressed in United States Dollars)		
	2025	2024
Contribution Receivables	2,838,441	4,598,052
Management, custody fees and other reimbursable expenses by MOFNE	5,578,967	4,628,532
Accrued interest on deposits	88,411	219,960
Banks and other counterparties receivables	9,587,434	9,369,430
Prepayments	5,011,091	5,007,370
Dividends receivables	196,925	169,965
Total	23,301,269	23,993,309

7. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, balances with banks, and short-term deposits with maturities not exceeding three months, bearing interest rates ranging from 4% to 4.5% per annum (2024: 4.6% to 5.4% per annum) in line with prevailing market interest rates.

(Expressed in United States Dollars)		
Currency	2025	2024
United States Dollars	95,248,322	60,288,997
Great Britain Pounds	290,004	74,221
Euros	1,234	-
Bahraini Dinars	11,167,130	11,807,466
Total	106,706,690	72,170,684

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

8. Accruals and other payables

	(Expressed in United States Dollars)	
	2025	2024
Construction payables	9,165,903	5,740,235
Management & Custody Fees Payable	351,425	308,499
Other payables	145,826	204,143
Total	9,663,154	6,252,877

9. Accumulated Funds

According to Law No. (28) of 2006 and its changes, the Reserve receives a contribution of (One) US dollar deducted from the price of each barrel of crude oil exported outside the Kingdom of Bahrain whose price exceeds (40) US dollars and does not exceed (80) US dollars, provided that this deducted amount increases to become two US dollars if the price of a barrel of crude oil exceeds (80) US dollars and does not exceed (120) US dollars, and the deducted amount increases to become three US dollars if the price of a barrel of crude oil exceeds (120) US dollars. On 18 April, 2022, Law No. (16) of 2022 was issued, specifically amending Article (1) of the aforementioned law. This amendment involved a gradual increase in the amounts deducted from oil revenues, proportionate to the rise in oil prices. On 29 January 2025, the aforementioned Article was further amended in accordance to Law No. 5 of 2025. The new law continues to build upon the basis established by its predecessors. These contributions are considered as equity contributions and are directly recognised in accumulated funds.

10. Dividend and interest income

	(Expressed in United States Dollars)	
	2025	2024
Dividend income on investments	989,478	1,182,847
Interest income from bank balances and deposits	3,900,085	5,341,105
Total	4,889,563	6,523,952

11. Reimbursement of General and administrative expenses by Ministry of Finance and National Economy

As per article (13) of Law No. (25) of 2008 general and administrative expenses incurred by the Reserve are reimbursed by the Ministry of Finance and National Economy (MOFNE). The total reimbursement received from MOFNE for fiscal year ended 31 December 2025 was 8,084,224 USD. The breakdown of the Reserve's expenses for the year are as follows:

	(Expressed in United States Dollars)	
	2025	2024
Management and custody fees	6,823,289	5,792,876
Staff expenses	805,294	821,509
Other general and administrative expenses	294,058	314,073
Board of Director's remuneration	138,298	154,255
Auditing fees	23,285	23,285
Total	8,084,224	7,105,998

Future Generation Reserve
Notes to the Financial Statements
For the year ended 31 December 2025

12. Fair value hierarchy

The Reserve uses the following hierarchy in determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table sets out the fair value hierarchy of the Reserve's financial assets:

	(Expressed in United States Dollars)		
	Level 1	Level 3	Total
As at 31 December 2025			
Financial assets measured at FVPL			
Fixed Income	243,022,451	58,033,896	301,056,347
Equity	347,977,624	-	347,977,624
Alternatives	117,169,201	62,880,672	180,049,873
Multi-Asset funds	50,814,391	-	50,814,391
Financial assets measured at FVOCI			
Private Equity	-	17,036,943	17,036,943
As at 31 December 2024			
Financial assets measured at FVPL			
Fixed Income	248,939,545	55,491,409	304,430,954
Equity	290,813,599	-	290,813,599
Alternatives	49,694,749	64,587,230	114,281,979
Multi-Asset funds	45,303,089	-	45,303,089
Financial assets measured at FVOCI			
Private Equity	-	14,621,454	14,621,454

There were no transfers between levels during the years 2025 and 2024.

13. Assets and liabilities and risk management

Assets and liabilities included in the Statement of Financial Position: include financial assets measured at fair value through other comprehensive income, investment properties, financial assets measured at fair value through profit or loss, receivables, fixed deposits, cash and cash equivalent and accruals and other payables. Accounting policies relating to each item are disclosed in the notes associated with each item.

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For the year ended 31 December 2025

Interest rate risk is the risk of change in the value of financial instruments as a result of market fluctuations in interest rates. Interest rates on Reserve deposits are calculated at the date of inception, so changes in interest rates correspond to the renewal of deposits upon maturity. Reserve assets and liabilities are not affected by interest rate risks.

Fair value measurement is the amount at which any asset can be exchanged, or any obligation can be settled between two parties who are familiar with the details of the transaction on a commercial basis.

Liquidity risk: is the risk of the Reserve's inability to obtain the funds needed to meet obligations associated with financial assets and liabilities. Liquidity risk can result from Reserve's inability to sell its financial assets at the appropriate speed and at a value close to its fair value. Liquidity risk is managed by ensuring that sufficient cash is available on an ongoing basis to enable the Reserve to meet its future obligations when due.

Foreign exchange risk is the risk of change in the value of assets and financial liabilities as a result of fluctuations in the exchange rate of foreign currencies, and differences resulting from exchange rate changes are recorded in the statement of profits, losses, and other comprehensive income.

14. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties in the case of the Reserve are limited to the Ministry of Finance and National Economy. Transactions with the related parties are governed by the applicable laws and decrees.

- a) A summary of the related party transactions with the Ministry of Finance and National Economy are as follows:

	(Expressed United States Dollars)	
	For the year ended 31 December	
	2025	2024
Contributions earned from oil sales (Note 9)	86,201,409	79,016,486
Reimbursement of General and administrative expenses by MOFNE (Note 11)	8,084,224	7,105,998

- b) A summary of the related party balances with the Ministry of Finance and National Economy are as follows:

	(Expressed United States Dollars)	
	As at 31 December	
	2025	2024
Contribution Receivables (Note 6)	2,838,441	4,598,052
Management and custody fees receivables (Reimbursable expenses by MOFNE) (Note 6)	5,578,967	4,628,532

Future Generation Reserve **Notes to the Financial Statements** **For the year ended 31 December 2025**

The Reserve uses the facilities and premises of the Ministry of Finance and National Economy to conduct its operations.

c) Board of Director's remuneration:

The Future Generations Reserve Board, established pursuant to Article (4) of Law No. (28) of 2006 and its amendments, is a board with financial responsibilities whose establishment is stipulated by law. The Board members are paid the remuneration prescribed by the Prime Minister's Decision No. (25) of 2015, and pursuant to Article (4) of Decree No. (25) of 2008 concerning the operating procedures of the Future Generations Reserve Board.

Such remuneration is paid solely to the members of the Reserve Board and does not include the executive management or the personnel of the reserve.

The directors' remunerations during the year ended 31 December 2025 were USD 138,298 (2024: USD 154,255).

15. Financial commitments

Financial commitments represent amounts related to investment and other contracts that have been committed but not fully paid, the reserve's financial commitments are as follows:

(Expressed in United States Dollars)		
	2025	2024
Alternatives	25,362,965	30,327,852
Investment property	40,391,563	42,572,435
Total	65,754,528	72,900,287

16. Subsequent Event

Since 28 February 2026, certain parts of the Middle East region, including the Kingdom of Bahrain, have experienced a noticeable escalation in geopolitical tensions, which has contributed to increased levels of instability and uncertainty across the region. Accordingly, the Reserve has assessed the potential implications of these events on its operations and financial position. Based on the information available as of the date of issuance of the financial statements, the Reserve's core operations have not been subject to any material changes requiring adjustments to the financial statements as at 31 December 2025, as these events have been assessed as non-adjusting events in accordance with International Accounting Standard (IAS) 10 "Events after the Reporting Period".