SMARTCASH PAYMENT SERVICE BANK LIMITED

AUDITED FINANCIAL STATEMENTS
31ST DECEMBER 2025

Table of Contents

Corporate information

Chairman	Dr. Kingsley Umadia	Independent non-executive director
Directors	Mrs. Oluseye Sandey	Independent non-executive director
	Mr. Jibril Aku	Independent non-executive director
	Jacques Barkhuizen	Non-executive director
	Ian Ferrao	Non-executive director
	Mrs. Olufunmilayo Ajayi	Independent non-executive director
	Mr Ayotunde Kuponiyi	Managing Director/Chief Executive Officer
	Mr. Lateef Dabiri	Executive Compliance Officer
	Dinesh Balsingh*	Non-executive director

*Dinesh Balsingh was appointed and confirmed by CBN on 13th May 2025

Registered Office
Plot 1664, Oyin Jolayemi Street, Victoria Island, Lagos

Auditors
Deloitte & Touché
Civic Towers
Plot GA1, Ozumba Mbadiwe Avenue,
Victoria Island, Lagos State, Nigeria
www.deloitte.com.ng

Company Secretary
Ms. Adachukwu Ubah
FRC/2024/PRO/NBA/002/627644

Bankers
Stanbic IBTC Plc
First City Monument Bank Limited
United Bank for Africa
CitiBank Nigeria Limited
Central Bank of Nigeria
Access Bank Plc
Guaranty Trust Bank Limited

RC No.
1867774

Tax Identification Number
24077345-0001

Directors' report

The Directors present their annual report on the affairs of Smartcash Payment Service Bank Limited "the Bank" together with the financial statements and auditors' report for the period ended December 31, 2025.

a. Legal form

The Bank was incorporated under the Companies and Allied Matters Act as a Private Limited Liability Company on November 30, 2021. It was licensed in April 2022 to operate a Payment Service Bank within the limits of such licence granted by the Central Bank of Nigeria.

There has been no material change in the nature of the business from the previous year.

b. Principal activity

The principal activity is to carry on the business of financial services in Nigeria including receiving deposits, processing payments and remittances, issuing debit and prepaid cards, operating electronic wallets, and other permissible services.

c. Operating results

Revenue increased by 138% while loss before tax decreased by 33.96%. Highlights of the Bank's operating results for the year under review are as follows:

Financial highlights

In thousands of naira	**2025**	**2024**
Loss before tax	**(6,090,377)**	**(9,228,549)**
Taxation	-	-
Loss after tax	**(6,090,377)**	**(9,228,549)**
Appropriations:		
Transfer to statutory reserve	-	-
Transfer to credit reserve	-	-
Transfer to retained earnings reserve	(6,090,377)	(9,228,549)

d. Dividend

No dividend payment has been recommended by the directors for the period ended December 31, 2025.

e. Directors' shareholding

There are no direct and indirect interests of directors in the issued share capital of Smartcash Payment Service Bank Limited as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of sections 301 and 302 of the Companies and Allied Matters Act (CAMA 2020).

Shareholding	**Direct Number of Ordinary Shares Held 2025 (%)**
Nil	Nil

f Director's renumeration

The Bank ensures that renumeration paid to its directors complies with provisions of the code of corporate governance issued by its regulators.

In compliance with section 26 A(i) of the corporate governance guidelines for commercial, merchant, non interest and payment service banks in Nigeria, the bank makes the disclosure of the renumeration of its directors as follows;

Directors' report (cont'd)

f Directors remuneration (cont'd)

Type of package	Description	Timing
Basic salary	Part of gross salary package for executive directors only. Reflects competitive salary package in the payment service bank sub sector and the extent to which the objectives of the bank has been met for the financial year	Monthly
Other allowances	Part of gross salary package for executive directors only. Reflects competitive salary package in the payment service bank sub sector and the extent to which the objectives of the bank has been met for the financial year	Monthly
Director fees	Paid only to independent non-executive directors	Quarterly
Sitting allowances	Paid only to independent non-executive directors	Quarterly

g Directors' interest in contracts

For the purpose of section 303(1) of the Companies and Allied Matters Act (CAMA 2020), all contracts during the year were conducted at arm's length.

Information relating to related parties is contained in Note 22 to the financial statements.

h. Property and equipment

Information relating to changes in property and equipment is provided in Note 14 to the financial statements.

i. Shareholding analysis

The shareholding pattern of the Bank as at December 31, 2025 is as stated below:

S/N	Shareholder	Number of Shares	Percentage
1.	Airtel Networks Limited	17,499,999,636	99.99%
2.	Airtel Mobile Commerce Holdings BV	364	0.001%
Total		**17,500,000,000**	**100%**

Parent company information

Smartcash Payment Service Bank Limited is a subsidiary of Airtel Networks Limited. Airtel Networks Limited is headquartered at Plot L2, Banana Island, Ikoyi, Lagos, and is the second-largest telecommunications Company in Nigeria by number of customers.

j. Donations and charitable gifts

No contributions, donations or charitable gifts were made to charitable organizations, political associations, or for any political purpose during the year ended December 31, 2025 (2024: Nil).

k. Post balance sheet events

In March 2026, Airtel Networks Limited, the parent company, deposited ₦20 billion to increase its shareholding in the Bank. The Bank has submitted all the required documentation to obtain the Central Bank of Nigeria (CBN)'s "No Objection". At the date of this report, the Bank is still awaiting CBN's approval to transfer the ₦20 billion from deposit for shares to equity. Once approved, the Bank's shareholders' funds will exceed the CBN's minimum capital requirement, and the capital adequacy ratio will surpass the required minimum of 10%.

l. Human resource

i Employment of disabled persons

It is the policy of the Bank that there should be no discrimination in considering applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop.

Directors' report (cont'd)

l. Human resource (cont'd)

i Employment of disabled persons (cont'd)
In the event of members of staff becoming disabled, efforts will be made to ensure that their employment continues and appropriate training arranged to ensure that they fit into the Bank's working environment.

ii Health, safety and welfare at work
The Bank places a high premium on the health, safety and welfare of its employees in their place of work. To this end, the Bank has various forms of insurance policies, including workmen's compensation and Group life insurance, to adequately secure and protect its employees. The Bank also has Safety, Health and Environment (S.H.E.) policies that employees are required to adhere to.

Fire prevention and fire-fighting equipment are installed in strategic locations within the Bank's premises, while occasional fire drills are conducted to create awareness amongst staff.

iii Employee involvement and training
The Bank remains committed to engaging employees through its various online, virtual and physical communication channels through which performance on Key Business drivers are shared and recommendations received from employees.

Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the Bank's policy of continuous development, training facilities are provided in well-equipped training centres. These are complemented by on-the-job training.

m. Induction and continuing education
A formal induction for new directors shall be conducted within three months of the appointment of a new director in the Bank. During the financial year under review, the Board of Director's approved the budget for its continuing education and have monitored its proper implementation.

n. Business ethics and compliance
The Bank has instituted a sound Code of Conduct Policy, which ensures that its business is conducted in conformity with the highest ethical principles, standards and integrity. It continually creates ethical awareness amongst its directors, officers and business partners to ensure full compliance with Nigerian and applicable international laws and conventions on anti-corruption, anti-money laundering and anti-terrorism.

o. Auditors
The Auditors, Deloitte & Touché having satisfied the relevant corporate governance rules on tenure in office have indicated their willingness to continue in office as auditors. In accordance with Section 357(2) of the Companies and Allied Matters Act, CAMA 2020, a resolution will be proposed at the Annual General Meeting for their reappointment and to authorize the Directors to determine their remuneration.

BY ORDER OF THE BOARD

Ms Adachukwu Ubah
Company Secretary
FRC/2024/PRO/NBA/002/627644
Plot 1664 Oyin Jolayemi Street
Victoria Island
Lagos.
March 13, 2026

Corporate Governance Report

Pursuant to the provisions of the corporate governance framework of Smartcash Payment Service Bank Limited, we hereby report the activities of the Board during the year ended December 31, 2025.

The corporate governance framework allows the Board to effectively perform its task of overseeing the management to ensure corporate fairness, transparency, and accountability in the management of the company.

The framework defines the role and duties of the Directors and the qualities required of the members of the Board of Directors. The framework also defines the Board Organisation and Governance Structure. The Board carries out its oversight functions through its various Committees.

Board of Directors
The Board has the overall responsibility for setting the strategic direction of the Bank and for oversight of management. It also ensures that good corporate governance processes and best practices are implemented across the Bank at all times. The Board of the Bank consists of persons of diverse disciplines and skills, chosen on the basis of professional background and expertise, business experience and integrity as well as knowledge of the Bank's business. Directors are fully abreast of their responsibilities, knowledgeable in the business and are therefore able to exercise good judgment on issues relating to the Bank's business. They have based on this, acted in good faith with due diligence and skill and in the overall best interest of the Bank and relevant stakeholders during the year under review.

The Board has a Charter which regulates its operations. The Charter, recently reviewed, has been approved by the Central Bank of Nigeria in line with the CBN Code of Corporate Governance.

Composition of the Board of Directors
The Board of Smartcash Payment Service Bank Limited is made up of nine (9) members; two (2) of whom are executive directors, three (3) non-executive directors, and four (4) independent non-executive directors (INED) including the chairman of the board.

Separation of Chairman and Chief Executive Officer positions
The roles of the Chairman and Managing Director (MD)/Chief Executive Officer (CEO) have always been separated and no one individual combines the two positions. The MD/CEO is empowered by the Board to manage the day-to-day responsibilities of the Bank.

The Board's accountabilities and responsibilities
The Chairman leads and manages the Board to ensure that it discharges its key functions effectively such as:

1. Reviewing and approving the strategy of the Company as presented by the Management from time to time;
2. Ensuring the integrity of the Bank's accounting and financial reporting systems;
3. Establishing policies and guidelines on the succession of the Managing Director;
4. Ensuring that the Bank has strong financial controls and reporting;
5. Communicating with shareholders;
6. Ensuring proper accountability and responsibility of the Board and its Committees;
7. Maintaining ethical standards and compliance with applicable laws.

Board committees
The Board carries out its oversight functions using its various Board committees. This makes for efficiency and allows for deeper attention to specific matters for the Board. Membership of the committees of the Board is intended to make the best use of the skills and experience of non-executive directors. The Board has established various committees with well-defined terms of reference and charters, defining their scope of responsibilities in such a way as to avoid overlap or duplication of functions. The Committees of the Board meet quarterly but may hold extraordinary sessions as the business of the Bank demands. The following are the current standing Committees of the Board:

Corporate Governance report (cont'd)

1. Board Audit and Risk Committee

The Audit and Risk Committee review the effectiveness of the Bank's systems of accounting and internal controls to ensure that the accounting and reporting policies are in accordance with legal and ethical practices. The Committee is also responsible for oversight of the Bank's risk profile, risk management framework, and the risk-reward strategy determined by the Board. The coverage of supervision includes the following: strategic risk, business/market risk, operational risk, legal risk, compliance risk, and regulatory risk.

The Committee is headed by an Independent Non-Executive Director, with another Independent Non-Executive Director and a Non-Executive Director as members. Any two present constitute a quorum. The membership of the committee during the year was as follows:

S/N	Name of Director	Designation	Position
1	Mr. Jibril Aku	Independent Non-Executive Director	Chairman
2	Mrs. Oluseye Sandey	Independent / Non-Executive Director	Member
3	Mr. Dinesh Balsingh	Non-Executive Director	Member

2. Nomination and Governance Committee

The Committee assists the Board in its supervision of compliance with the corporate governance principle set out by the regulator as well as other general corporate governance codes applicable to the Bank. Also, the Committee ensures the Bank has a succession policy and plan in place for the Chairman of the Board, the MD/CEO and other ED's, NEDs to ensure leadership continuity. The Committee deals with all matters pertaining to executive management selection and performance, including an annual evaluation of the performance of the MD/CEO and executive management.

The Committee is headed by one Independent Non-Executive Director with an Independent Non-Executive Director as member. The membership of the committee during the year is as follows:

S/N	Name of Director	Designation	Position
1	Mrs. Oluseye Sandey	Independent Non-Executive Director	Chairperson
2	Mrs. Olufunmilayo Ajayi	Independent Non-Executive Director	Member

3. Board Remuneration Committee

This Committee assists the Board in fulfilling its oversight responsibilities by providing appropriate advice and recommendations on matters relevant to the Committee's Charter in order to facilitate decision making. In addition, the Committee monitors and regularly assesses the skills, knowledge, experience and diversity of senior management. Determines and agrees on the policy for the remuneration (including pension rates and any compensation payment) of the Executive Directors of the Bank and any other senior employees of the Bank as the Board may determine from time to time (the executive management).

The Committee is headed by an Independent Non-Executive Director, One Independent Non-Executive Director and a Non-Executive Directors as members. Any two present constitute a quorum. The membership of the committee during the year is as follows:

S/N	Name of Director	Designation	Position
1	Mrs. Olufunmilayo Ajayi	Independent Non-Executive Director	Chairman
2	Mr. Jibril Aku	Independent Non-Executive Director	Member
3	Mr. Dinesh Balsingh	Non-Executive Director	Member

Corporate Governance report (cont'd)

4. Board Information Communication and Cybersecurity Committee

The Committee assists the Board in its supervision of compliance with the ICT framework and its governance principles as set out by the regulator as well as other general corporate governance codes applicable to the Bank.

The Committee carries out the following functions:

- Recommend to the board, enhancements to the company's ICT and cybersecurity structure in the interest of the Bank;
- Ensure that the Bank maintains the required infrastructure, to serve the business objective of the organization in line with best practices.
- Monitor the effectiveness of the ICT/cyber security policies and practices through reports from management that could occur through internal or external sabotage or system vulnerabilities and could potentially result in customer data breaches and/or service downtimes.
- Provide oversight over key metrics from management on cybersecurity, technology and information systems.
- Periodically review, and appropriately make recommendations to the Board, regarding the Company's budget, investments, training, and staffing levels as they relate to cybersecurity, technology, and information system; and
- Review annually the appropriateness and adequacy of the Bank's cyber insurance coverage.

The Committee is headed by a Non-Executive Director, two Independent Non -Executive Directors and a Non-Executive Director as members. Any two present constitute a quorum. The membership of the committee during the year is as follows:

S/N	Name of Director	Designation	Position
1	Mr. Jacques Barkhuizen	Non-Executive Director	Chairman
2	Mrs. Olufunmilayo Ajayi	Independent Non-Executive Director	Member
3	Mr. Dinesh Balsingh	Non-Executive Director	Member
4	Mr. Jibril Aku	Independent Non-Executive Director	Member

Corporate Governance report (cont'd)

Frequency of Board / Board Committee Meetings
The Board and its Committees met between 1st January 2025 and 31st December 2025 as follows:

Directors	Status	Board of Directors	Audit & Risk Committee	Nomination & Governance Committee	Remuneration Committee	Information & Communication Technology (ICT) and Cyber security Committee
Dates of Board and Board Committee meetings held from January – December 2025		**18-Feb-25**	**27-Jan-25**	**21-Jan-25**	**28-Jan-25**	**27-Jan-25**
		30-May-25	**28-May-25**	**28-May-25**	**21-May-25**	**20-May-25**
		31-Jul-25	**15-Jul-25**	**23-Jul-25**	**23-Jul-25**	**15-Jul-25**
		29-Oct-25	**17-Oct-25**	**21-Oct-25**	**21-Oct-25**	**17-Oct-25**
Dr. Kingsley Umadia	Independent non executive director	3	N/A	N/A	N/A	N/A
Mrs. Oluseye Sandey	Independent non executive director	4	4	4	N/A	N/A
Mr. Ayotunde Kuponiyi	Managing director/chief executive officer	4	N/A	N/A	N/A	N/A
Mr. Jibril Aku	Independent non executive director	4	4	N/A	4	4
Mr. Jacques Barkhuizen	Non executive director	4	N/A	N/A	N/A	3
Mr. Ian Ferrao*	Non executive director	4	N/A	N/A	1	N/A
Mrs. Olufunmilayo Ajayi	Independent non executive director	4	N/A	4	4	4
Mr Dinesh Balsingh**	Non executive director	3	3	N/A	3	2
Mr Lateef Dabiri	Executive compliance officer	4	N/A	N/A	N/A	N/A

*Ian Ferrao discontinued membership of the remuneration committee to comply with CBN's corporate governance code of conduct.

**Mr Dinesh Balsingh's appointment was confirmed by CBN on 13 May 2025

Executive Committee (EXCO)
The EXCO comprises the Managing Director and senior management team. The Committee meets weekly (or such other times as business exigency may require) to deliberate and take policy decisions on the effective and efficient management of the Bank. It also serves as a first review platform for issues to be discussed at the Board level. EXCO's primary responsibility is to ensure the implementation of strategies approved by the Board, provide leadership to the management team and ensure efficient deployment and management of the Bank's resources. The Managing Director, who acts as chairman of the Committee, is responsible for the day-to-day running and performance of the Bank.

Corporate Governance report (cont'd)

Other Committees
In addition to the afore-mentioned committees, the Bank has in place other standing management committees including:
a) Assets and Liabilities Committee (ALCO)
b) Information Security Steering Committee
c) Management Committee (MANCO)
d) Executive Risk Management
e) Information Technology Steering Committee

Whistle-Blowing Policy
The Bank's Whistle-Blowing Policy is available to all employees including third parties acting for or on behalf of the business. The policy is designed to encourage the disclosure of information by employees and third parties about suspected dangers and wrongdoings that could harm the Bank, a partner, an employee and/or external stakeholders in any way.

Bribery and Corruption
All employees and stakeholders of the Bank are expected to act with integrity and the highest standards of ethical business conduct that they comply with the law. The Bank's principles against bribery and corruption are reinforced in the Bank's Anti-bribery and corruption policy. The Bank has processes in place to prevent everyone including directors, management, employees, temporary employees, customers, vendors, suppliers, and any other person conducting business with the Bank from engaging in any form of corrupt activity.

Data protection
The Bank is committed to monitoring and continually improving the protection of data to meet it's privacy responsibilities to customers, staff, vendors and regulators, and to reduce expenses to legal sanction, operational loss, or reputational damage. The Bank handles data, particularly Personal Data, in the most effective manner to support and maintain its operating model.

Internal Control
All employees of the Bank are provided with a common understanding of internal control responsibilities, including basic principles of internal control covering all areas of the Bank's operation, as well as strategic business units. This is to ensure that the Bank operates ethically and in compliance with laws and regulations, safeguarding the assets, preventing and detecting fraud, ensuring completeness and accuracy of supporting accounting records and providing assurance to the Bank.

Monitoring Compliance with Corporate Governance
The Executive Compliance Officer monitors compliance with money laundering requirements and the implementation of the Code of Corporate Governance of the Bank. He reports to the Board. The Bank's Executive Compliance Officer and Company Secretary forward regular returns to the Central Bank of Nigeria and other regulatory bodies on all whistle-blowing reports and on corporate governance compliance.

BY ORDER OF THE BOARD

Ms Adachukwu Ubah
Company Secretary
FRC/2024/PRO/NBA/002/627644
March 13, 2026

Disclosure on Board renumeration policy

1. **Introduction**
Smartcash Payment Service Bank Limited has entered into a shared service agreement with it's parent company and in line with the shared service agreement has adopted the Board Renumeration policy of its parent company.

This policy describes the principles for the payment of remuneration to Board of Directors and does not apply to the staff and employees of Smartcash Payment Service Bank. The overall objective of this policy is to attract, motivate and retain qualified members of the Board of Directors that align with the interests of Smartcash Payment Service Bank Limited and their shareholders.

2. **Policy statement**
The purpose of this policy is to stipulate and clearly outline the remuneration for the Board of Directors of Smartcash Payment Service Bank Limited, in line with its Articles of Association and the Central Bank of Nigeria's Code of Corporate Governance best practices. This policy also supports the recruitment and retention of diverse Board of Directors that resonate with the vision, values, mission and strategic pillars of Smartcash Payment Service Bank Limited. In addition, this policy aims to attract talented professionals to become Board members of Smartcash Payment Service Bank Limited and the Board Committees, by introducing performance related motivational plans and remuneration programs that are intended to improve performance and to achieve the best interests of its shareholders.

3. **Consequences of non-compliance**
All Smartcash Payment Service Bank Limited employees, including executive and senior management, company secretary, shall comply with this policy and shall ensure that the Board of Directors comply with this policy.

Similarly, the Remuneration Committee, the Chief Executive Officer, Executive Compliance Officer and Chief Financial Officer of Smartcash Payment Service Bank Limited shall ensure strict compliance with this policy.

Non-compliance with the renumeration policy may lead to the termination of directorship of a Director. Failure to comply with the rules and guiding principles set out in the Articles of Association and local regulations as well as those set out in this Policy, is a material violation of this policy and may result in disciplinary action as required, including suspension or termination of employment or business relationship.

Similarly, any employee of Smartcash payment Service Bank Limited, whose function is to implement this policy, process remuneration and/or handle the travel expenses of Board Directors pursuant to this policy, who fails to comply with this policy, may face consequent management action as per Smartcash Payment Service Bank Limited's Human resource policy.

4. **General standards for remuneration**
For the avoidance of doubt, Executive Directors, Non-executive Directors and shareholder nominees (either minority or majority) of Smartcash Payment Service Bank Limited shall not be entitled to attendance fees, annual fees/remuneration. Should deviations/ deferrals be granted, the same shall be under exceptional circumstances and with the prior written endorsement of the Chief Executive Officer, Company Secretary Chief Compliance Officer and the Chief Financial Officer.

Subject to statutory requirements, Smartcash Payment Service Bank Limited has established remuneration Committees, whose responsibilities include recommending to the bank's board the remuneration of its Independent Directors in accordance with the below standards for remuneration.

Disclosure on Board renumeration policy (cont'd)

4. General standards for remuneration (cont'd)

The standards are as follows:

1. Remuneration should be aligned with shareholder interests and Smartcash Payment Service Bank Limited's long-term strategies.
2. Remuneration should reflect on the impact of the Bank's growth, revenue and performance but shall not be a percentage of the profits that are realized by the Bank
3. Remuneration shall be consistent with Smartcash payment Service Bank Limited's values, strategic pillars and the level of risks faced by the bank.
4. Market benchmarking shall be used to take into consideration the various remuneration practices applicable in the industry.
5. Unjustifiable and unexplainable increases in remuneration shall be avoided unless the reasons are recommended by the Remuneration Committee and are approved in accordance with the terms of this policy;
6. Remuneration shall take into consideration educational qualifications, experience, previous duties and responsibilities, seniority, skills as well as the level of performance;
7. Remuneration shall be fair and proportionate to the Director's responsibilities in addition to the objectives set out by the board of Smartcash Payment Service Bank Limited, to be achieved during the financial year and shall be reasonably sufficient to attract and retain highly qualified and experienced board Directors

5) Remuneration of Independent Board Director and Board of Trustees

This section shall apply to Independent Board Directors only, save for expenses and other benefits that may be provided to the other categories of Directors (i.e. Executive Directors, Non-Executive Director or Shareholder nominees). Executive directors or non-executive directors or trustees who are employees of Smartcash Payment Service Bank Limited are not entitled to additional remuneration in their capacities as Board members.

The remuneration of Smartcash Payment Service Bank Limited's Independent Directors may consist of a specified sum, an attendance fee, expense reimbursement, annual fees and other benefits. The remuneration of a Board Director shall not exceed the limit provided by the appropriate approval bodies listed below and the remuneration shall be in line with local benchmarks.

Any amendments of the remuneration shall require the prior written endorsement of the Chief Executive Officer, Chief Legal and Compliance Officer and the Chief Financial Officer of Smartcash payment Service Bank Limited as well as prior approval from the respective shareholders.

a) The Remuneration Committee
b) The local board; and
c) The respective shareholders.

In addition, an Independent Board Director must have received a formal letter of appointment from Smartcash Payment Service Bank Limited's Company Secretary, for his/her remuneration to be processed and paid out.

The Annual Directors' Report presented to the Board shall include a comprehensive statement of all the amounts paid to each Independent Board Director/Trustee during the financial year, including allowances, expenses and other benefits. Such a report should also include a statement of the number of board meetings held and the number of those meetings attended by each Board Director.

Disclosure on Board renumeration policy (cont'd)

6) Additional guidelines for remuneration and payment processes

Directors whose remuneration is tabled for approval before the Board, shall not vote on the agenda item relating to their remuneration. This shall also apply where theBoard Director is conflicted with an appointee whose remuneration is an agenda item before the Board.

Conflict of interest in this case may include a situation where the Director being a member of the Board, is a member of the same committee as the proposed appointee, i.e. in the case of a board restructuring.

Subject to the relevant approvals being obtained, Board Directors are entitled to their remuneration from the date of their first board meeting attendance to the date of their retirement or termination of membership, as the case may be.

Processing and payment of remuneration shall be prepared by the management of the Bank in accordance with this Policy and the Delegation of Authority (DoA) that is applicable in the bank.

The payment of board meeting attendance fees can either be processed in installments on a quarterly basis or on annual basis (subject to the terms of the appointment letter). Similarly, the payment terms of the annual remuneration of an Independent Board Director, if any, may be paid in quarterly or in annual installments, in line with the approval of the relevant shareholders.

For the avoidance of doubt, executive directors, non-executive directors and shareholder nominees (either minority or majority) of Smartcash Payment Service Bank Limited shall not be entitled to attendance fees, annual fees/remuneration. Should deviations/ deferrals be granted, the same shall be under exceptional circumstances and with the prior written endorsement of the Chief Executive Officer, Company Secretary Chief Compliance Officer and Chief Financial Officer.

Subject to statutory requirements, Smartcash Payment Service Bank Limited has established remuneration Committees, whose responsibilities include recommending to the bank's board the remuneration of its Independent Directors in accordance with the below standards for remuneration.

The standards are as follows:

1. Remuneration should be aligned with shareholder interests and Smartcash Payment Service Bank Limited's long-term strategies.
2. Remuneration should reflect on the impact of the Bank's growth, revenue and performance but shall not be a percentage of the profits that are realized by the Bank
3. Remuneration shall be consistent with Smartcash payment Service Bank Limited's values, strategic pillars and the level of risks faced by the bank.
4. Market benchmarking shall be used to take into consideration the various remuneration practices applicable in the industry.
5. Unjustifiable and unexplainable increases in remuneration shall be avoided unless the reasons are recommended by the Remuneration Committee and are approved in accordance with the terms of this Policy;
6. Remuneration shall take into consideration educational qualifications, experience, previous duties and responsibilities, seniority, skills as well as the level of performance;
7. Remuneration shall be fair and proportionate to the Director's responsibilities in addition to the objectives set out by the board of Smartcash Payment Service Bank Limited, to be achieved during the financial year and shall be reasonably sufficient to attract and retain highly qualified and experienced board Directors

Disclosure on Board renumeration policy (cont'd)

7) Remuneration of Independent Board Director and Board of Trustees

This section shall apply to Independent Board Directors only, save for expenses and other benefits that may be provided to the other categories of Directors (i.e. Executive Directors, Non-Executive Director or Shareholder nominees). Executive directors or non-executive directors or trustees who are employees of Smartcash Payment Service Bank Limited are not entitled to additional remuneration in their capacities as Board members.

The remuneration of Smartcash Payment Service Bank Limited's Independent Directors may consist of a specified sum, an attendance fee, expense reimbursement, annual fees and other benefits. The remuneration of a Board Director shall not exceed the limit provided by the appropriate approval bodies listed below and the remuneration shall be in line with local benchmarks.

Any amendments to the remuneration shall require the prior written endorsement of the Chief Executive Officer, Chief Legal and Compliance Officer and the Chief Financial Officer of Smartcash Payment Service Bank Limited as well as prior approval from;

a) The Remuneration Committee
b) The board of directors and:
c) The respective shareholders.

In addition, an Independent Director must have received a formal letter of appointment from Smartcash Payment Service Bank Limited's Company Secretary, for his/her remuneration to be processed and paid out.

The annual Directors' Report presented to the Board shall include a comprehensive statement of all the amounts paid to each Independent Director during the financial year, including allowances, expenses and other benefits. Such a report should also include a statement of the number of board meetings held and the number of those meetings attended by each Director.

8) Additional guidelines for remuneration and payment processes

Directors whose remuneration are tabled for approval before the Board, shall not vote on the agenda item relating to their remuneration. This shall also apply where a Director is conflicted with an appointee whose remuneration is an agenda item before the Board.

Conflict of interest in this case may include a situation where the Director being a member of the Board, is a member of the same committee as the proposed appointee i.e. in the case of a board restructuring.

Subject to the relevant approvals being obtained, Directors are entitled to their remuneration from the date of their first board meeting attendance to the date of their retirement or termination of membership, as the case may be.

Processing and payment of remuneration shall be prepared by the management of the Bank in accordance with this policy and the Delegation of Authority (DoA) that is applicable in the Bank.

The payment of board meeting attendance fees can either be processed in installments on a quarterly basis or on annual basis (subject to the terms of the appointment letter). Similarly, the payment terms of the annual remuneration of an Independent Director, if any, may be paid in quarterly or in annual installments, in line with the approval of the Bank's shareholders.

Independent Board Evaluation Report

EY
Shape the future
with confidence

Report of External Consultants on the Board Performance Evaluation of Smartcash Payment Service Bank Limited

We have performed the evaluation of the Board of Smartcash Payment Service Bank Limited ("Smartcash PSB") for the year ended 2024 in accordance with the Central Bank of Nigeria Corporate Governance Guidelines 2023 (CBN CGG 2023) and the FRC Nigerian Code of Corporate Governance 2018 (FRC NCCG 2018).

The FRC NCCG 2018 Section 14.1 states that the Board should establish a system to undertake a formal and rigorous annual evaluation of its own performance, that of its committees, the Chairman and individual Directors. This process should be externally facilitated by an independent external consultant at least once in three years.

Sub-Section 15.2 of the FRC NCCG states that the summary of the report of this evaluation should be included in the Bank's annual report and on the investors' portal.

The CBN CGG 2023 Section 10.1 also states that there shall be an annual appraisal of the Board, its Committees, Chairman and individual Directors covering all aspects of the Board structure, composition, responsibilities, processes, and relationships, as may be prescribed by the CBN from time to time.

Our approach included the review of Smartcash PSB Corporate Governance framework, and all relevant governance policies and procedures. We obtained written representation through online questionnaires administered to the Board members and conducted one on one interviews with the Directors of the Bank.

The appraisal is limited in nature, and as such may not necessarily disclose all significant matters about the Bank or reveal irregularities in the underlying information.

Based on our work, and as noted below, the Board of Smartcash Payment Service Bank has complied with the requirements of Sections 10.1 and 10.3 of the CBN CGG 2023 and Sections 14.1 and 15.1 of FRC NCCG 2018 during the year ended 31st December 2025.

For: Ernst & Young

Abiodun Ogunoiki, CFA
Partner and Head, Financial Services Risk Management, West Africa
FRC/2013/PRO/DIR/003/00000000794

Audit Committee report

The Audit Committee of Smartcash Payment Service Bank Limited hereby reports as follows:

- We are of the opinion that the accounting and reporting policies of the Bank are in accordance with legal requirements and agreed ethical practices and that the scope and planning of the audit for the financial year ended 31 December, 2025 were satisfactory and reinforce the Bank's internal control systems.

- We are satisfied that the Bank complied with all the guidelines and laws of the Central Bank of Nigeria (CBN). Disclosure of all insider-related credits in the financial statements of the Bank are also considered adequate.

- We have deliberated with the external auditors, who confirmed that necessary cooperation was received from management in the course of their statutory audit and we are satisfied with the external auditors' findings and management's responses thereon.

- The Committee reviewed the audited financial statements of the Bank for the year ended 31 December, 2025 and the auditors' report thereon.

Mr. Jibril Aku
Chairman, Audit and Risk Committee
FRC/2013/PRO/DIR/003/00000001879
March 13, 2026

Members of the Committee

Mrs. Oluseye Sandey (FRC/2016/ICAN/00000014179)

Management's annual assessment of and report on the Internal Control Over Financial Reporting

In accordance with the Section 7(2f) of the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the guidance of Financial Reporting Council of Nigeria (FRC) on management's assessment of Internal Control Over Financial Reporting for the year ended 31 December 2025, we hereby attest as follows:

i. Smartcash Payment Service Bank Limited's management is responsible for establishing and maintaining a system of internal control over financial reporting ("ICFR") and attest that the entity's ICFR were effective as of 31 December 2025.

ii. Smartcash Payment Service Bank Limited's management has designed and maintained an internal control system as recommended by the FRC's Guidance on Management Report on Internal Control Over Financial Reporting which is able to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS).

iii. That the Audited Financial Statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading.

iv. In evaluating the effectiveness of the entity's ICFR, we adopted the Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). Based on our evaluation, we attest that the Internal Control Over Financial Reporting of Smartcash Payment Service Bank is effective as of 31 December 2025.

v. Management takes responsibility to remediate deficiencies where identified. Any significant deficiencies in the design and operation of internal controls which could adversely affect the financial information of the entity has been disclosed to the independent Auditor and the Audit Committee.

vi. Our auditor, Deloitte, has issued an attestation report on management's assessment of the entity's internal control over financial reporting as of 31 December 2025. This report will be filed as part of the annual report of Smartcash Payment Service Bank Limited.

Kolawole Omoniyi
Chief Finance Officer
FRC/2018/PRO/00000018646
March 13, 2026

Mr. Tunde Kuponiyi
Managing Director/CEO
FRC/2022/PRO/DIR/003/00000024129
March 13, 2026

Certificate of Management assessment on Internal Control Over Financial Reporting

To comply with relevant statutory provisions, I hereby make the following statements regarding the internal controls of SMARTCASH PAYMENT SERVICE BANK LIMITED for the year ended 31 December 2025.

I, Kolawole Omoniyi, certify that;

a) I have reviewed this Management assessment on internal control over financial reporting of the Bank;

b) Based on my knowledge, this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, result of operations and cash flows of the entity as of, and for, the periods presented in this report.

The entity's other certifying officer(s) and I:

i. are responsible for establishing and maintaining internal controls;

ii. have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, is made known to us by others within the entity, particularly during the period in which this report is being prepared;

iii. have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

iv. have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

v. The entity's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control system, to the entity's auditors and the audit committee of the entity's board of directors (or people performing the equivalent functions):

    i. All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and

    ii. Any fraud, whether material, that involves management or other employees who have a significant role in the entity's internal control system.

vi. The entity's other certifying officer and I have identified in the report whether there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions regarding significant deficiencies and material weaknesses.

Kolawole Omoniyi
Chief Finance Officer
FRC/2018/PRO/00000018646
March 13, 2026

Certificate of Management assessment on Internal Control Over Financial Reporting

I, Ayotunde Kuponiyi, certify that;

a) I have reviewed this Management assessment on internal control over financial reporting of the Bank;

b) Based on my knowledge, this report does not contain any untrue statement of Material facts or omit to state a material fact necessary to make the statements made, in light of the circumstances under such statements were made, not misleading with respect to the period covered by this report;

c) Based on my knowledge, the financial statements and other financial information included in this report fairly present in all material respects the financial condition, result of operations and cash flows of the entity as of, and for, the periods presented in this report.

d) The entity's other certifying officer and I:

i. are responsible for establishing and maintaining internal controls;
ii. have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the entity, is made known to us by others within the entity, particularly during the period in which this report is being prepared;
iii. have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
iv. have evaluated the effectiveness of the entity's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e) The entity's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control system, to the entity's auditors and the audit committee of the entity's board of directors (or persons performing the equivalent functions):

i. All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the entity's ability to record, process, summarize and report financial information; and
ii. Any fraud, whether material, that involves management or other employees who have a significant role in the entity's internal control system.

f). The entity's other certifying officer and I have identified in the report whether there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions regarding significant deficiencies and material weaknesses.

Mr. Tunde Kuponiyi
Managing Director/CEO
FRC/2022/PRO/DIR/003/00000024129
March 13, 2026

Statement of Directors' responsibilities in relation to the financial statements

The Directors accept responsibility for the preparation of the financial statements that give a true and fair view of the statement of financial position of the Bank at the reporting date and of its profit or loss and other comprehensive income in the manner required by the Companies and Allied Matters Act, 2020 and the BOFIA Act 2020. The responsibilities include ensuring that the Bank:

i. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank and comply with the requirements of the Companies and Allied Matters Act and the BOFIA Act;

ii. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

iii. prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, that are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in compliance with:

- International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)
- the requirements of the BOFIA Act 2020;
- relevant guidelines and circulars issued by the Central Bank of Nigeria (CBN);
- the requirements of the Companies and Allied Matters Act,2020; and
- Financial Reporting Council of Nigeria Act

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made assessment of the Bank's ability to continue as a going concern and have no reason to believe that the Bank will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Jibril Aku
Director
FRC/2013/PRO/DIR/003/00000001879
March 13, 2026

Mr. Tunde Kuponiyi
Managing Director/CEO
FRC/2022/PRO/DIR/003/00000024129
March 13, 2026

Certification pursuant to Section 405 of the Companies and Allied Matters Act, 2020

We the undersigned hereby certify the following, with regards to our audited financial statements for the year ended 31 December, 2025, that:

We have reviewed the audited financial statements and based on our knowledge:

i. The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and

ii The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Bank as of and for, the periods covered by the audited financial statements;

We:

i. are responsible for establishing and maintaining internal controls;

ii. have designed such internal controls to ensure that material information relating to the Bank is made known to us by other officers of the Bank, particularly during the period in which the audited financial statement report is being prepared;

iii. have evaluated the effectiveness of the Bank's internal controls within 90 days prior to the date of its audited financial statements and;

iv. certify that Bank's internal controls are effective as of that date.

We have disclosed the following to the Bank's auditors and Board Audit Committee:

i. all significant deficiencies in the design or operation of internal controls which could adversely affect the Bank's ability to record, process, summarize and report financial data, and has identified for the Bank's auditors any material weaknesses in internal controls, and

ii. any fraud, whether material or not, that involved management or other employees who have a significant role in the Bank's internal control; and

iii. we have identified in our report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Jibril Aku
Chairman, Audit and Risk Committee
FRC/2013/PRO/DIR/003/00000001879
March 13, 2026

Mr. Tunde Kuponiyi
Managing Director/CEO
FRC/2022/PRO/DIR/003/00000024129
March 13, 2026

Deloitte.

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Assurance Report of Independent Auditor

To the Shareholders of Smartcash Payment Service Bank Limited

Assurance Report on management's assessment of controls over financial reporting

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of **Smartcash Payment Service Bank Limited** as of 31 December 2025, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ("the ICFR framework"), and the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting. Smartcash payment service bank's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control Over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the financial statements of the Bank and our report dated 31 March 2026 expressed an unmodified opinion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the bank did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the Financial Reporting Council of Nigeria Guidance on Management Report on Internal Control Over Financial Reporting.

Definition of internal control over financial reporting

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. An entity's internal control over financial reporting includes those policies and procedures that:

I. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity;

II. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and

III. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the bank's assets that could have a material effect on the financial statements.

Inherent limitations

Our procedures included the examination of historical evidence of the design and implementation of the bank's system of internal control over financial reporting for the year ended 31 December 2025. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Deloitte.

Directors' and Management's Responsibilities
The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting.

Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with the International Financial Reporting Standards (IFRS) and the ICFR framework.

Section 7(2f) of the Financial Reporting Act 2011 (As amended) further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

Our Independence and Quality Control
We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.
The firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Auditor's Responsibility and Approach
Our responsibility is to express a limited assurance opinion on the bank's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the bank did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the bank established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedures performed provides a basis for our report on the internal control put in place by management over financial reporting.

For: Deloitte & Touché
Chartered Accountants
Lagos, Nigeria
31 March 2026

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0357692

Engagement Partner David Achugamonu, FCA - FRC/2013/PRO/ICAN/004/00000000840

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Independent Auditors' Report

To the Shareholders of Smartcash Payment Service Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements **Smartcash Payment Service Bank Limited** set out on pages 26 to 67, which comprise the statements of financial position as at 31st December 2025, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the financial statements give a true and fair view of financial position of **Smartcash Payment Service Bank Limited** as at 31st December 2025, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria (Amendment) Act 2023 and the Central Bank of Nigeria circulars and guidelines.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of public interest entities in Nigeria. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Emphasis of Matter

We draw attention to Note 26 to the financial statements, which states that the parent company, Airtel Networks Limited, has deposited the sum of ₦20 billion to address the eroded shareholders' funds and capital adequacy ratio. However, as at the date of this report, the bank is yet to receive a "No Objection Approval" from the Central Bank of Nigeria.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled **Smartcash Payment Service Bank Limited** Annual Financial Statements for the year ended 31st December 2025, which includes the Directors' Report, Corporate Governance Report, Audit Committee Report, Certification of Financial Statements Pursuant to Section 405 of Companies and Allied Matters Act 2020, and Other National Disclosures as required by the Financial Reporting Council of Nigeria, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

MAKING AN IMPACT THAT MATTERS since 1845

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 obtained prior to the date of this auditor's 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 the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies and Allied Matters Act 2020, Central Bank of Nigeria Circulars ,the Financial Reporting Council of Nigeria (Amendment) Act 2023 and for such internal control as the directors determine 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 directors are responsible for assessing the Company'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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 auditor's 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 ISAs 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 ISAs, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company 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.

Deloitte.

We communicated with the 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 directors with a statement that we have complied with relevant ethical requirements regarding independence, and to 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 Legal and Regulatory Requirements
In accordance with the Fifth Schedule of Companies and Allied Matters Act, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company have kept proper books of account, so far as appears from our examination of those books.

iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

iv) In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of the Entity's internal control over financial reporting as of December 31, 2025. The work performed was done in accordance with FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on the procedures we have performed and the evidence obtained, we have issued an Unmodified conclusion in our report dated December 31, 2025. That report is included on page 21 of the financial statements.

Restriction on Distribution
The opinion expressed in these financial statements is to enable the Bank to comply with the requirement for the submission of its financial statements to the Central Bank of Nigeria in accordance with Section 26 of Banks and Other Financial Institutions Act, 2020. Consequently, these financial statements should not be distributed or made available to any third party in whole or in part pending final approval by the Central Bank of Nigeria and subsequent auditors' opinion thereon.

David Achugamonu, FCA - FRC/2013/PRO/ICAN/004/00000000840
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
31 **March 2026**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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Statement of Profit or Loss and Other Comprehensive Income

In thousands of naira	Note	31 DEC 2025	31 DEC 2024
Gross earnings*		**11,944,644**	**5,026,424**
Fees and commission income	3a	7,072,927	3,117,408
Fees and commission expenses	3b	(1,857,954)	(1,273,431)
Net fees and commission		**5,214,973**	**1,843,977**
Other income	4	4,871,717	1,909,016
Impairment on financial assets	5	(11,763)	(66,413)
Operating income		**10,074,927**	**3,686,580**
Personnel expenses	6	(2,346,834)	(1,974,505)
Depreciation and amortisation expenses	7	(5,335,889)	(3,959,671)
General and administrative expenses	8	(8,198,088)	(6,233,318)
Other operating expenses	9	(172,931)	(329,798)
Finance cost	10	(111,562)	(417,837)
Operating expenses		(16,165,305)	(12,915,129)
Loss before tax		**(6,090,377)**	**(9,228,549)**
Tax expense	11a		
Loss for the year		**(6,090,377)**	**(9,228,549)**
Other comprehensive income/(loss)		-	-
Total comprehensive loss		**(6,090,377)**	**(9,228,549)**

** Gross income is the sum of fees and commission income and other income.*

The accompanying notes and significant accounting policies form an integral part of these audited financial statements.

Statement of Financial Position

In thousands of naira	Note	31 DEC 2025	31 DEC 2024
ASSETS			
Cash and cash equivalents	12	21,145,674	10,754,921
Other assets	13	3,884,590	1,245,094
Property and equipment	14	8,350,868	7,818,829
Intangible assets	15	6,317,930	2,653,371
Total assets		**39,699,062**	**22,472,215**
LIABILITIES			
Deposits from customers	16	17,311,713	9,695,693
Accrual and provision	17	2,684,879	1,296,068
Other liabilities	18	28,341,603	14,029,210
Total liabilities		**48,338,195**	**25,020,971**
EQUITY			
Share capital	19a	17,500,000	17,500,000
Retained earnings	18b	(26,139,133)	(20,048,756)
Total equity		**(8,639,133)**	**(2,548,756)**
Total liabilities and equity		**39,699,062**	**22,472,215**

Signed on behalf of the Board on March 13, 2026, by:

Dr. Kingsley Umadia
Chairman
FRC/2024/PRO/DIR/003/620052

Mr. Ayotunde Kuponiyi
Managing Director/CEO
FRC/2022/PRO/DIR/003/00000024129

Certified by:

Kolawole Omoniyi
Chief Finance Officer
FRC/2018/PRO/001/00000018646

The accompanying notes and significant accounting policies form an integral part of these audited financial statements.

Statement of Changes in Equity

In thousands of naira	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 January 2025	17,500,000	-	(20,048,756)	(2,548,756)
Additional share capital	-			-
Loss for the year			(6,090,377)	**(6,090,377)**
Balance as 31st December 2025	**17,500,000**	**-**	**(26,139,133)**	**(8,639,133)**
Balance at 1 January 2024	5,000,000	-	(10,820,207)	(5,820,207)
Additional share capital	12,500,000			12,500,000
Loss for the year			(9,228,549)	**(9,228,549)**
Balance as 31st December 2024	**17,500,000**	**-**	**(20,048,756)**	**(2,548,756)**

The accompanying notes and significant accounting policies form an integral part of these audited financial statements.

Statement of Cash Flows

In thousands of naira	Note	31 DEC 2025	31 DEC 2024
Cashflows from operating activities			
Loss before tax		(6,090,377)	(9,228,549)
Adjustments for non-cashflow items:			
Amortisation of intangibles	7	1,304,413	1,394,338
Depreciation of property and equipment	7	4,031,476	2,565,333
Impairment allowance	5	11,763	66,413
Gain on disposal of fixed assets	4	-	(698)
		(742,725)	**(5,203,163)**
Changes in working capital			
(Increase)/decrease in other assets	13	(2,651,259)	544,504
increase in deposit from customers	16	7,616,020	4,241,635
Increase in other liabilities	18	14,312,393	10,166,113
Accruals & provisions	17	1,388,811	127,448
		19,923,240	**9,876,537**
Net cash from operating activities		**19,923,240**	**9,876,537**
Cash flows from investing activities			
Purchase of intangible assets	15	(4,198,959)	(2,715,093)
Purchase of property and equipment and capital work in progress	14	(5,333,528)	(5,618,897)
Proceeds from disposal of assets		-	25,988
Net purchase of investment securities	13	-	2,373,638
Net cash used in investing activities		**(9,532,487)**	**(5,934,364)**
Cash flows from financing activities			
Proceeds from long term borrowings		-	4,300,000
Repayment of long term debts		-	(1,800,000)
Net cash generated from financing activities		**-**	**2,500,000**
Increase in cash and cash equivalents		10,390,753	6,442,173
Cash and cash equivalents at the beginning of year		10,754,921	4,312,748
Cash and cash equivalents at end of year		**21,145,674**	**10,754,921**
Cash and cash equivalents comprise:			
Current balances with banks within Nigeria		919,303	1,584,069
Standing deposit facility with the CBN		20,226,371	9,170,852
		21,145,674	**10,754,921**

The accompanying notes and significant accounting policies form an integral part of these audited financial statements.

Notes to the Financial Statements

1 General information

Smartcash Payment Service Bank Limited was incorporated under the Companies and Allied Matters Act as a Private Limited Liability Company on 30 November, 2021. It was licensed on 29 April, 2022 to carry on the business of financial services in Nigeria including receiving cash deposits, processing payments and remittances, issuing debit and prepaid cards, operating electronic wallets, and other services.

The principal activity is to operate a Payment Service Bank within the limits of such license granted by the Central Bank of Nigeria.

2 Summary of material accounting policies

The material accounting policies adopted in the preparation of these financial statements are set out below. These policies will be applied consistently to all the years presented, unless otherwise stated.

2.1 Basis of presentation

The Bank's financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additional information required by national regulations is included where appropriate.

2.1.1 Statement of Compliance with International Financial Reporting Standards

The financial statements comprise the statement of profit or loss and other comprehensive income showing as one statement, the statement of financial position, the statement of changes in equity, the statement of cash flow and other explanatory notes. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, the Banks and other Financial Institutions Act of Nigeria, and relevant Central Bank of Nigeria circulars.

2.1.2 Functional and presentation currency

The financial statements have been prepared under the historical cost convention, except for the fair value for financial instruments. Except where indicated, financial information presented in Naira has been rounded to the nearest million.

2.1.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes that the entity will be able to meet its financial obligations as at when they fall due. There are no significant financial obligations that will impact on the entity's resources which will affect the going concern of the entity.

Management is satisfied that the entity has adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

2.1.4 Use of estimates and judgements

The preparation of these financial statements are in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Notes to the Financial Statements

2.1.5 New and revised IFRS standards in issue but not yet effective

A. New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the group has applied the following amendment to IFRS Accounting Standards issued by the IASB, which is mandatorily effective for an accounting period that begins on or after 1 January 2025. Its adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

i) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability

The group has adopted the amendments to IAS 21 for the first time in the current year. The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

B. New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

i) Amendments to IFRS 9 and IFRS 7 — Amendments to the Classification and Measurement of Financial Instruments

The amendments in Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are:

a) Derecognition of a financial liability settled through electronic transfer

The amendments permit an entity to deem a financial liability (or part of a financial liability) that is settled using an electronic payment system to be discharged (and derecognised) before the settlement date if specified criteria are met. If an entity elects to apply this accounting policy, it must do so for all settlements made through the same electronic payment system.

b) Classification of financial assets

- **Contractual terms that are consistent with a basic lending arrangement**

  The amendments provide guidance on how an entity should assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. This is intended to assist an entity to apply the requirements for assessing contractual cash flow characteristics to financial assets with features linked to environmental, social and governance (ESG) concerns.

- **Assets with non-recourse features**

  The amendments enhance the description of the term 'non-recourse', in particular to specify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

Notes to the Financial Statements

2.1.5 New and revised IFRS standards in issue but not yet effective (cont'd)

B. New and revised IFRS Accounting Standards in issue but not yet effective (cont'd)

i) Amendments to IFRS 9 and IFRS 7 — Amendments to the Classification and Measurement of Financial Instruments (cont'd)

b) Classification of financial assets (cont'd)

- **Contractually linked instruments**
  The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. Specifically, the amendments highlight that in such instruments a prioritisation of payments to the holders of financial assets using multiple contractually linked instruments (tranches) is established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of losses between the holders of different tranches. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.

ii) IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some paragraphs from IAS 1 have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:
- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the entity anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Notes to the Financial Statements

2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the IFRS requires the use of certain critical estimates. It also requires management to exercise its judgments in the process of applying the Bank's accounting policies.

The following estimates and judgments are considered key significant judgments in the preparation of these financial statements.

- Taxation – Deferred tax disclosure
- Depreciation – Useful life of assets, salvage value, depreciation method
- Amortization – Useful life of assets, salvage value, depreciation method
- Allowances for Bad Debt – Determination of period before settlement receivables are classified as bad debts

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.3 Presentation of financial statements

The Bank presents its statement of financial position broadly in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non current). Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the income statement unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the bank.

2.4 Revenue from contracts with customers

Smartcash Payment Service Bank Limited is into business of facilitation of electronic payments through the provision of services in the areas of Point-of-Sales (POS), Transaction Acquiring, Card Supply, Card Personalization, Transaction Processing, Switching and related services and other value added services.

Revenue from contracts with customers is recognised when control of services are transferred to the customer at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for those services. The Bank has generally concluded that it is the principal in its revenue arrangements.

The Bank has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Bank reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts.

2.5 Financial assets and liabilities

All financial assets and liabilities – which include derivative financial instruments – have to be recognized in the statement of financial position and measured in accordance with their assigned category

a. Initial recognition and measurement

The Bank uses trade date accounting for regular way contracts when recording financial asset transactions. Financial instruments at fair value through profit or loss are initially recognised at fair value while transaction costs, which are directly attributable to the acquisition or issue of the financial instruments, are recognised immediately through profit or loss. Financial instruments that are not carried at fair value through profit or loss are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

The Bank does not currently apply hedge accounting.

Notes to the Financial Statements

2.5 Financial assets and liabilities (cont'd)

b. Subsequent measurement
Subsequent to initial measurement, financial instruments are measured either at fair value or amortised cost depending on their classification.

c. Classification and related measurement
Management determines the classification of its financial instruments at initial recognition. Reclassification of financial assets are permitted in certain instances as discussed below:

2.5.1 Financial assets and liabilities

Measurement methods

Amortised cost and effective interest rate
The amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts and fees and points paid or received that are integral to the effective interest rate, such as origination fees. For purchased or originated credit-impaired (`POCI') financial assets — assets that are credit-impaired at initial recognition — the bank calculates the credit-adjusted effective interest rate, which is calculated based on the amortised cost of the financial asset instead of its gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

When the bank revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

Interest income
Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for:

a. POCI financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset.
b. Financial assets that are not 'POCI' but have subsequently become credit-impaired (or 'stage 3'), for which interest revenue is calculated by applying the effective interest rate to their amortised cost (i.e. net of the expected credit loss provision).

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the bank commits to purchase or sell the asset.

At initial recognition, the bank measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Notes to the Financial Statements

Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI.

2.5.1 Financial assets and liabilities (cont'd)

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognises the difference as follows:

a. When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

b. In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

2.5.1.1 Financial assets

Classification and subsequent measurement
The Bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below:

Debt instruments
Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

Classification and subsequent measurement of debt instruments depend on:

(i) The Bank's business model for managing the asset; and
(ii) Cash flow characteristics of the asset.

Based on these factors, it classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

Notes to the Financial Statements

When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

2.5.1.1 Financial assets (cont'd)

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model: the business model reflects how the bank manages the assets in order to generate cash flows. That is, whether its objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. Factors considered by the bank in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

Securities held for trading are held principally for the purpose of selling in the near term or are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

These securities are classified in the 'other' business model and measured at FVPL.

Solely Payment of Principal and Interest SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the ` SPPI test'). In making this assessment, it considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments
IAS 32R(11) Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

Gains and losses on equity investments at FVPL are included in the Net trading income' line in the statement of profit or loss.

Notes to the Financial Statements

2.5.1.2 Financial liabilities

Classification and subsequent measurement
Financial liabilities are classified as subsequently measured at amortised cost, except for:

Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss;

Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods expenses incurred are recognised on the financial liability.

Derecognition
IFRS 9(3.3.1) Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

2.5.2 Measurement of expected credit losses
ECL are a probability-weighted estimate of credit losses. They are measured as follows:

I. Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the bank expects to receive);

II. Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

III. Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Group expects to recover.

2.5.3 Reversal of impairment
For assets measured at amortised cost: If an event occurring after the impairment was recognised caused the amount of impairment loss to decrease, then the decrease in impairment loss was reversed through profit or loss.
For available-for-sale debt security: If, in a subsequent period, the fair value of an impaired debt security increased and the increase could be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss was reversed through profit or loss; otherwise, any increase in fair value was recognised through OCI.

Any subsequent recovery in the fair value of an impaired available-for-sale equity security was always recognised in OCI.

Notes to the Financial Statements

2.5.4 Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;

Debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

2.5.5 Determination of Fair Value

At initial recognition, the best evidence of the fair value of a financial instrument is the transaction price (i.e. the fair value of the consideration paid or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on valuation techniques such as discounted cash flow models and option pricing models whose variables include only data from observable markets.

Subsequent to initial recognition, for financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges and broker quotes.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Bank, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indications that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the reporting dates.

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the Bank uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The Bank uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the Bank's credit spreads widen, the Bank recognises a gain on these liabilities because the value of the liabilities has decreased. When the Bank's credit spreads narrow, the Bank recognises a loss on these liabilities because the value of the liabilities has increased.

Notes to the Financial Statements

2.5.5 Determination of Fair Value (cont'd)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Bank holds. Valuations may therefore be adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, and related controls and procedures applied, management believes that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value in the statement of financial position. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary - particularly in view of the current market developments.

To value the unquoted equity investments, two (2) approaches were used: the market approach and the income approach. Under the market approach, two (2) models were applied - the operating profit model and the free cash flow to equity (FCFE) model. For the market approach, the price to book and the price to earnings multiples were used based on information from available comparable entities. In cases when the fair value of unlisted equity investments cannot be determined reliably, the instruments are carried at cost less impairment.

The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

2.5.6 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Collateral (shares and bonds) furnished by the Bank under standard repurchase agreements and securities lending and borrowing transactions is not derecognised because the Bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

Financial assets that are transferred to a third party but do not qualify for derecognition are presented in the Statement of financial position as 'Assets pledged as collateral'.

2.5.7 Reclassification of financial assets

The Bank may choose to reclassify a non-derivative financial asset held for trading out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near-term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near-term. In addition, the Bank may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Bank has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortized cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

On reclassification of a financial asset out of the 'at fair value through profit or loss' category, all embedded derivatives are re-assessed and, if necessary, separately accounted for.

Notes to the Financial Statements

2.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.7 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized within 'interest income' and 'interest expense' in the income statement using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a Bank of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

2.8 Impairment of financial assets

Assets classified as fair value through other comprehensive income

The Bank assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or a Bank of financial assets is impaired.

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life such as goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Banked at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. An impairment loss in respect of goodwill is not reversed.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Notes to the Financial Statements

2.11 Property and equipment

All property and equipment used by the bank is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent expenditures are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance costs are charged to other operating expenses during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

- Office Equipment 2-5 years
- Computer Equipment 3 years
- Furniture and Fitting 5 years

Work in progress consists of items of property and equipment that are not yet available for use. Work in progress is carried at cost less any required impairment. An impairment loss is recognised if the asset's recoverable amount is less than cost. The asset is reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Once the items are available for use, they are transferred to relevant classes of property and equipment as appropriate.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets are subject to review for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'other operating expenses' in profit or loss.

2.12 Intangible assets

Computer software licences

Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives. Software has an expected useful life of 3-5 years.

Costs associated with developing or maintaining computer software programs are recognized as an expense incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank are recognised as intangible assets when the following criteria are met:

it is technically feasible to complete the software product so that it will be available for use;

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Notes to the Financial Statements

2.12 Intangible assets (cont'd)

Computer software licences (cont'd)

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives.

2.13 Income tax

Current income tax
There is no company income tax expense for the period as the company has no taxable profit and minimum tax is not applicable by virtue of section 33 (3) of the Companies Income Tax Act 2007 (as amended) which states that minimum tax will not apply to any company for the first four calendar years of its commencement of business.

2.14 Provisions

Provisions for restructuring costs and legal claims are recognised when: the Bank has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.15 Employee benefits

a. **Short term benefits**
Wages, salaries, paid annual leave, bonuses and non-monetary benefits are recognised as employee benefit expenses when the associated services are rendered by the employees of the Bank.

Post-employment benefits - Defined contribution plans
Obligations for contributions to defined contribution plans are recognized as an expense in the statement of Profit or Loss when they are due. The contribution payable to a defined contribution plan is in proportion to the services rendered to the entity by the employees and is recorded as an expense under "Personnel expenses". Unpaid contributions are recorded as liability.

Notes to the Financial Statements

2.15 Employee benefits (cont'd)

b. Defined contribution scheme

The bank operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act 2014. A defined contribution plan is a pension plan under which the bank pays fixed contributions into a separate entity. The bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. For defined contribution plans, the bank pays contributions to publicly or privately administered pension insurance plans on a contractual basis. The bank contributes 10% of basic salary, housing and transport allowances, with the employee contributing a further 8%. The bank has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.16 Borrowings

Borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds, when there the new ordinary shares have been issued at a premium.

2.18 Critical accounting judgements made in applying the Bank's accounting policies include:

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

Accounting policies and directors' judgements for certain items are especially critical for the Bank's results and financial situation due to their materiality.

i. Financial asset and liability classification

The Bank's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

ii. Depreciation and carrying value of property and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

Notes to the Financial Statements

2.18 Critical accounting judgements made in applying the Bank's accounting policies include (cont'd)

iii. Determination of impairment of property and equipment, and intangible assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists. The Bank applies the impairment assessment to its separate cash generating units. This requires management to make significant judgements and estimates concerning the existence of impairment indicators, separate cash generating units, remaining useful lives of assets, projected cash flows and net realisable values. Management's judgement is also required when assessing whether a previously recognised impairment loss should be reversed.

iv. Determination of recognised deferred tax balances

Management is required to make judgements concerning the recoverability of unused tax losses. Judgement is required in determining the estimated future profitability from which tax assets are expected to be realised.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the bank's accounting policies.

This note provides an overview of the areas that involve a higher degree of judgement or complexity, and major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year. Detailed information about each of these estimates and judgements is included in the related notes together with information about the basis of calculation for each affected line item in the financial statements.

Notes to the Financial Statements

Enterprise risk management

1. **OVERVIEW**

As per the Central Bank of Nigeria (CBN) Corporate Governance Guidelines 2023, issued under circular number FPR/DIR/PUB/CIR/001/078, Smartcash Payment Service Bank Limited (hereafter referred to as "the Bank" or "the PSB") is required to disclose significant risks identified during the financial year and risk management practices indicating the Board's responsibility for the entire process of risk management as well as a summary of the lapses observed by external auditors, if any.

Complementing the regulatory requirements, the diversity of our business model requires us to identify, assess, measure, aggregate and manage our risks by allocating adequate resources to our business to prevent or limit any adverse impact of material risks. Our aim is to help reinforce the PSB's resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital, and reputational profile. We actively take risks in connection with our business and as such, the following principles underpin our risk management framework:

- Risk is taken within a defined risk appetite;
- Accepted risk should be adequately compensated;
- Risk taken should be approved within the risk management framework;
- Risk should be continuously monitored and managed;
- Taking a holistic forward-looking view to identify the risks we face; and
- Assessing threats and opportunities in our operating environment.

2. **SMARTCASH PSB APPROACH TO RISK MANAGEMENT**

Executing on the vision and mission of the PSB to achieve the set objectives entails effective identification and management of a wide range of risks spanning strategic and operational as well as financial and non-financial risks. The Bank is exposed to internal and external risks as part of its ongoing operations to create and maintain value for stakeholders, and hence managing risk was imperative in supporting the execution and realization of its strategy.

During the year ended 31 December 2025, the Bank updated the Enterprise Risk Management Framework (ERMF) to reinforce and align risk policies and risk management strategies with the changing business dynamics and external environment. Our risk management strategy is to continuously elevate the Bank's stability and support the achievement of its business objectives.

3. **SUMMARY OF SIGNIFICANT RISKS IN 2025**

The ERMF sets out the Bank's approach to identification, assessment, monitoring, mitigation, and reporting risks that can positively or negatively impact achievement of the Bank's Strategic Plan and/or the continuing operations.

During the period, the Bank identified and mitigated the material risks below:

(a) Capital Risk: To ensure compliance with CBN's capital requirements, the Bank reviewed the capital position against short-, medium- and long-term strategy and engaged the principal shareholders to increase the share capital, a process which is ongoing, and scheduled to conclude in 2026. The Bank also documented its second ICAAP (Internal Capital Adequacy Assessment Process) document, which was approved by the Board and submitted to CBN in April 2025. Upon review of ICAAP, we noted that additional capital is required, taking into consideration results of the stress test that was performed and identified residual risks.

(b) Strategic Risk: Review of our business strategies and investment opportunities in 2025 resulted in a tremendous increase in revenue by 138% between 2024 and 2025 and reduced operating losses by

Notes to the Financial Statements

Enterprise risk management (cont'd)

52% in 2025. Sustained revenue growth and cost optimization will result in improved net earnings, and growth in profitability envisaged in 2026.

(c) Cybersecurity Risk: There was nil cyber incident recorded in 2025. In the face of global cybersecurity threats, the Bank implemented additional preventive and detective automated tools for real time identification and mitigation of cyber-attacks, rolled out quarterly cybersecurity training and awareness program, via bulletins, online and in-classroom trainings of the Board and all staff. Mandatory cybersecurity e-Learning was completed by all staff and desk top simulation exercises performed to enhance cybersecurity awareness.

(d) Technology and Business Continuity Risk: There was concerted effort to minimize service interruptions by stabilizing our systems. This was achieved by investing in new systems and upgrading some critical IT infrastructure and performing DR readiness tests in gold systems. The Management's IT Steering Committee and the Board Information Technology Steering Committee were regularly updated regarding the progress of key technology improvement projects and programs to minimize technology interruptions and transaction failures.

(e) Financial Crime Risk: To mitigate risk of financial crime, we strengthened our KYC procedures and system controls at onboarding for customers and agents, enhanced AML screening and transaction monitoring solutions and continued to raise AML/CFT/CPF awareness for all staff and the Board in 2025.

(f) Fraud Risk: There was one internal fraud incident in 2025, leading to termination of one staff, upon fulfilling the requirements of HR disciplinary process. Despite the minimal financial exposure, the Bank has zero fraud tolerance policy. Fraud risk management policy was reviewed within the period, with quarterly fraud risk assessments also performed. The Bank continued to strengthen internal controls and increased people capacity within Internal Controls and Fraud Monitoring Departments. The Fraud Management System was also upgraded, ensuring real time fraud detection and timely escalation. This ensures effective 24/7 fraud monitoring in the Bank.

(g) Compliance Risk: We operate in a dynamic regulatory environment. While the Bank makes every effort to comply with its regulatory obligations in line with the Bank's risk appetite, we are, however, continually faced with an uncertain and constantly evolving regulatory and policy environment. We enhanced our compliance function by implementing robust compliance risk assessments, enhanced our AML systems and reviewed our compliance monitoring process with group oversight now in place.

(h) Foreign Exchange Risk: The Bank was exposed to FX risk due to adverse currency fluctuations in 2025. As of January 2025, USD to Naira was trading at an average of N1,540, which reduced by 6.5% to an average of 1,440 in December 2025. Despite the reduction, FX fluctuation remained material to the Bank since we derive revenue in local currency (NGN), but incur some significant costs in USD, mainly technology service providers. Therefore, high exchange rates between Naira and US dollar impacted on our cost base.

Notes to the Financial Statements

Enterprise risk management (cont'd)

4. RISK MANAGEMENT PROCESS

The Enterprise Risk Management process at SmartCash seeks to comply with Central Bank of Nigeria (CBN)'s best practices on Enterprise Risk Management and comprises of four (4) key parts – Analyzing the organization to establish the risk context, risk assessment, risk treatment as well as monitoring & review. Effective communication and consultation with key stakeholders are important at all stages of the process.

Our Risk Management process is illustrated in the diagram below:

(a) Risk identification, assessment, and management

Risk identification and assessment are performed on an ongoing basis through transaction assessment, monitoring and reporting current trends and analysis, assessment of new products and initiatives, control testing and process reviews.

The measurement of risks includes the application of scenario analysis by use of historical and present data and considers whether relevant controls are in place before risks materialize. In quantifying risk, the Bank generally endeavors to aggregate risks at the entity level or the Bank as a whole.

All key controls are recorded and assessed on a regular basis, in response to triggers. Control assessments consider both the adequacy of the design and operating effectiveness of controls. Where a control is not effective, the root cause is established, and action plans implemented to improve control design or performance."

(b) Risk monitoring and reporting

The Bank actively monitors risk control measures by following the trends of the risks and their risk levels. Risk reporting provides senior management with the information they need to respond to and manage risks.

Risk mitigation or treatment plans are continuously monitored to ensure residual risks are managed within the Bank's risk appetite. The effectiveness of the Bank's risk management strategy requires continuous monitoring and review of the appropriateness of the risk criteria, analysis, treatment, and the risk management framework altogether.

Notes to the Financial Statements

Enterprise risk management (cont'd)

Business or functional Heads in first line of defense as well as Risk & Compliance functions in second line of defense continuously perform risk management reviews and report emerging and new risks to the ERMC and material risks to BARC with adequate mitigation plans.

5. RISK GOVERNANCE

The Board of Directors has ultimate responsibility for risk management. It is supported and advised by the Board Audit and Risk Committee (BARC), which oversees the management of current and future risks in line with the risk appetite approved by the Board.

The Bank has a structure of decision-making bodies that cover all significant risks and perform control and oversight of risk decisions. Risk management is performed based on a global view of the Bank's activities, with due attention to the activities in each department with potential significant exposure to the Bank.

The Board provides oversight into the management of risks and approves the strategies, policies and appetite statements that govern the Bank's operations. Governance is maintained through delegation of authority from the Board to individuals through the management hierarchy.

Senior executives are supported where required by a committee-based structure which is designed to support an effective information escalation path and support effective decision-making.

(a) Responsibilities of the Board

Main duties of the Board of Directors around risk management include:

- Approving the risk appetite and risk-management policies consistent with the risk management framework, including the establishment of risk limits in the various areas of activity.
- Providing clear guidance to senior management regarding risk management, based on the recommendations of the executive committee, headed by the MD & CEO, and ensuring that senior management takes the necessary actions to identify, measure, monitor, and control risks.
- Providing oversight into the implementation of the established risk-management policies; examining the actual risk profile and examining the processes and actions that the Bank must apply to comply with all regulatory directives concerning risk management.
- The Board reviews the Bank's internal control policies and ensures that reasonable steps are taken by management to ensure that adequate systems are being maintained.

(b) Executive Risk Management Committee

The committee, which comprises senior management of the Bank, is chaired by the Chief Risk Officer and is responsible for reviewing risk and compliance issues to ensure all material risks inherent in the activities of the Bank are identified and managed in accordance with the risk appetite. The committee ensures that material risks are reported to the Board Audit and Risk Committee of the Bank.

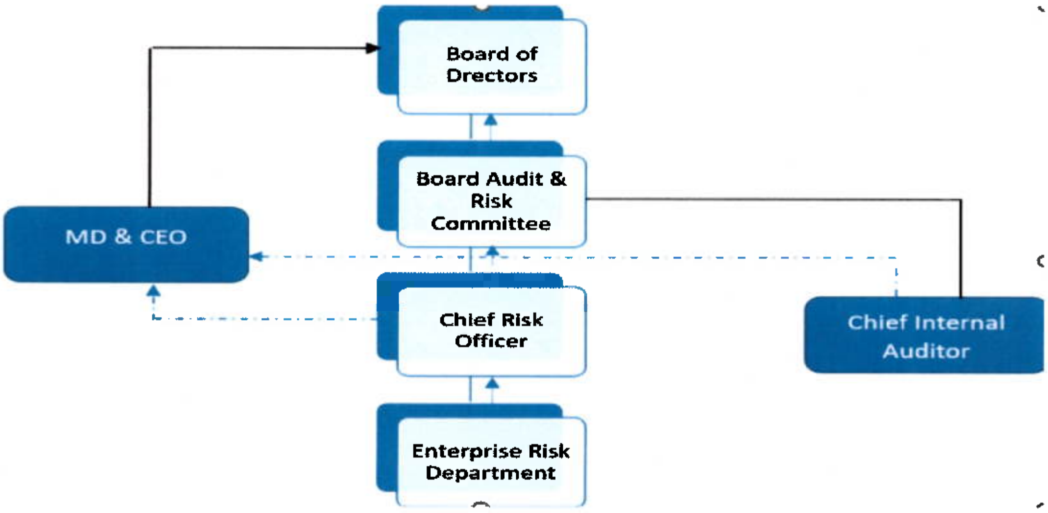
(c) Assets and Liabilities Committee (ALCO)

The Committee which comprises senior management of the Bank, is chaired by the Chief Executive Officer and is responsible for reviewing pricing of assets and liabilities to ensure that yields are optimized, funding costs minimized, while keeping the balance sheet structure consistent with the strategy of the Bank.

Notes to the Financial Statements

Enterprise risk management (cont'd)

Risk Management Organizational structure
The diagram below depicts the Bank's risk management structure:



6. THREE LINES OF DEFENSE MODEL

Effective risk management requires firm-wide risk governance. Our risk and control structure are based on the three lines of defense model as summarized below:

(a) The first line of defense includes the business units within the departments, including support and operational functions, that create or take risks, as well as the internal control units within the departments that provide internal control over the risk creators and risk takers. The management of the business lines have primary responsibility for risk decisions, that is identifying, measuring, monitoring, and controlling risks within their areas of accountability.

(b) The second line of defense consists of the control units at the Risk Management and Compliance Departments of the Bank, which are independent of the business departments. This line is responsible for providing oversight and independent constructive challenge to the effectiveness of risk decisions taken by business management, providing proactive advice and guidance, reviewing, challenging, and reporting on the risk profile of the Bank and ensuring that mitigating actions are appropriate.

(c) The third line of defense consists of Internal Audit, which operates independently and objectively. Its goals include assisting the organization in achieving its goals through supervision and ensuring that the instructions of the Board of Directors and senior management are implemented and making recommendations for the reduction of risks through improved controls.

7. RISK CULTURE

We promote a strong risk culture where employees at all levels are responsible for the management and escalation of risks and are empowered and encouraged to act as risk managers. We expect employees to exhibit behaviour that supports a strong risk culture in line with our Code of Business Conduct. To promote this, our policies require that risk-related behaviour is considered during our performance assessment and compensation processes. This expectation continues to be reinforced through communications, campaigns, and mandatory training courses for all PSB employees.
In addition, our Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

Notes to the Financial Statements

Enterprise risk management (cont'd)

8. BANK'S PRINCIPAL RISK TYPES

The Bank's activities are exposed to various risks of which the key ones are highlighted below:

(a) Compliance risk: The Bank holds that Compliance is not just the responsibility of specialist compliance staff, but it is a part of the culture of the Bank and an integral element of the Bank's entire scope of activities. It is therefore the responsibility of every business and support function and of every member of staff to conduct business in compliance with all applicable requirements. Management has implemented systems and processes to ensure adherence to the law, banking charter and policies. The Bank is committed to transparent management that emphasizes accountability, disclosure, and compliance with all relevant laws, regulations, and standards of practice.

(b) Financial crime risk: The Bank remains committed to strictly upholding and complying with international rules and standards on Anti Money Laundering (AML), Combating the Financing of Terrorism (CFT) and Preventing Proliferation Financing (PPF). The Bank, through its AML and KYC policies has implemented a robust AML, CFT and PPF compliance program aligned to international best practice. The program is overseen by an independent Money Laundering Reporting Officer (MLRO).

(c) Information and cybersecurity risk: This relates to the loss of confidentiality, integrity, or availability of information, data, or information (or control) systems. The Information Security policy governs the management and security of data and the information systems that handle these data. The Bank understands that information is an important business asset and to be suitably protected from a growing variety of threats and vulnerabilities to ensure business continuity, minimize business risk, and maximize return on investments and business opportunities.

(d) Operational risk: This arises due to inadequate or failed internal processes, people, and systems or from external events including legal risks. The Bank manages operational risk via a comprehensive operational risk management framework, and is supported by an established network of systems, policies, standards, and procedures. As part of this framework, the Bank has established a risk and control assessment process to help departments to self-assess on significant operational risks and controls, identify, and address any gaps in the design and/ or operating effectiveness of internal controls that mitigate significant operational risks.

(e) Technology risk: IT systems and infrastructures play a critical role in enabling the achievement of the Bank's strategic objectives and operational activities. ICT risk arises from inadequate information technology/systems, inadequate ICT policy and strategy or inadequate use of the Bank's information and communication technology. The Bank maintains an Information Risk Management Framework which governs the protection of Bank's information assets from all threats, whether internal or external, deliberate, or accidental, to ensure business continuity, minimize business damage and maximize return on investments and business opportunities.

(f) Fraud risks due to the intentional acts, misstatements, or omissions of internal or external parties, including misrepresentations that knowingly or recklessly mislead or attempt to mislead, with a view to obtaining a financial or other benefit or to avoid an obligation. The Bank's Fraud Risk Policy/Framework covers both internal and external frauds and aims to reinforce the Bank's values and, in this regard, has a "Zero Tolerance" approach to fraud.

(g) Capital risk: This is as result of insufficient capital to carry out the Bank's strategy and satisfy regulatory capital adequacy requirements.

Notes to the Financial Statements

Enterprise risk management (cont'd)

In planning and managing the Bank's capital, we pursue an active approach to capital management through ongoing review, and Board approval of the level and composition of our capital base against key policy objectives.

(h) Strategic risk: This relates to present or future risk to profits, capital, reputation, or status that may be caused by changes in the business environment; faulty business decisions; improper implementation of strategy or business decisions; or failure to respond to changes in the industry (e.g., competitors' actions), the economy, or technology. The strategic plan of the Bank is approved by the Board of Directors and examined and adjusted annually to the prevailing changes in the business environment in Nigeria and globally, changes in the Bank's competitive environment, and changes in the Bank's objectives.

(i) Liquidity risk: This arises from insufficient stable or diverse sources of funding to meet financial obligations as they fall due, without raising funds at unfavorable rates or resorting to distressed sale of assets or central Bank support. Liquidity risk is monitored through the liquidity ratio or limits as well as the review of the funding gap analysis looking at any funding, borrowing and deposit concentration.

The table below summarizes the maturity profile of the undiscounted cash flows of the Bank's financial assets and liabilities into relevant time bands, groupings based on the remaining period to the contractual maturity as at the reporting date. The table includes both principal and interest cash flows. Contractual maturities do not necessarily reflect actual repayments or cash flow.

Liquidity gap analysis	Jan	Feb	Mar	April-June	Jun- Dec		
Assets	0 - 30 Days	31-60 Days	61-90 Days	91-180 Days	181-365 Days	Above 1 Year	Total
Bank Balances	919,303,511	-	-	-	-	-	919,303,511
Investments	20,226,371,436	-	-	-	-	-	20,226,371,436
Interest receivable	12,343,449	-	-	-	-	-	12,343,449
Other assets	3,439,870,268	161,899,451	-	159,827	220,417,005	49,899,679	3,872,246,230
Fixed assets - Property and equipment&Intangibles	-	504,377,640	465,889,985	7,674,048,449	2,732,105,014	3,292,377,418	14,668,798,506
Total assets	24,597,888,664	666,277,091	465,889,985	7,674,208,277	2,952,522,018	3,342,277,097	39,699,063,132
Deposit Liabilities	16,852,871,248	458,840,885	-	-	-	-	17,311,712,133
Short term borrowing	-	-	-	-	-	-	-
Medium / long term borrowing	-	-	-	-	-	-	-
Interest payable	372,928,639	-	-	-	-	-	372,928,639
Tax payable	704,264,256	-	-	-	-	-	704,264,256
Other current liabilities	27,050,076,604	311,283,354	787,616,143	69,053,773	162,436,898	1,568,823,199	29,949,289,971
Total liabilities	44,980,140,748	770,124,239	787,616,143	69,053,773	162,436,898	1,568,823,199	48,338,195,000
Asset-liability gap	-20,382,252,084	-103,847,148	-321,726,158	7,605,154,503	2,790,085,120	1,773,453,898	-8,639,131,868
Cumulative gap		-20,382,252,084	-20,486,099,232	-20,807,825,389	-13,202,670,886	-10,412,585,766	-8,639,131,868

(j) Reputational risk: Reputational risk due to negative perceptions on the part of customers, counterparties, investors, debtholders, regulators, and other stakeholder, whether justified or not, regarding the Bank's business practices, actions, or inactions, will adversely affect the Bank's ability to maintain existing, or establish new business relationships and continued access to sources of funding leading to a decline in the institution's value, brand, liquidity, or customer base.

The Bank values its good reputation and protects its Brand through monitoring reputational risks and their drivers, as well as through continuous media monitoring. All staff and other parties working for or on behalf of the Bank are called upon to uphold ethical business conduct in all their business dealings.

Each of the above-mentioned Key or Principal Risk Types is managed through distinct Risk Type Frameworks and/or policies that document the overall risk management approach to ensure resilience to risk events.

Notes to the Financial Statements

Enterprise risk management (cont'd)

9. RISK RATING MATRIX

A risk rating matrix is established considering both the likelihood & impact of the risk. The risk rating matrix is a product of the risk likelihood scores and the risk impact scores as captured in the below table:

Risk Rating Matrix

		Risk Impact/Consequence			
Likelihood of Occurrence		**Minor**	**Moderate**	**Significant**	**Extreme**
	Score	1	2	3	4
Almost Certain	4	4	8	12	16
Likely	3	3	6	9	12
Possible	2	2	4	6	8
Unlikely	1	1	2	3	4

Risk Matrix Definition

Rating	Risk Rating Definition & Action Required	Rating value
Critical	The identified risk / gap requires immediate attention and will require executive sponsorship and monitoring for mitigation. Delay in addressing the issue could result in a significant and irreversible impact on profitability, enterprise value, brand value, operations, or regulatory compliance	12– 16
High	The identified risk / gap requires mitigation within the short term and will require executive sponsorship and function head monitoring for litigation. Delay in addressing the issue could result in a significant impact on profitability, enterprise value, brand value, operations, or regulatory compliance	6 – 11
Medium	The identified risk / gap requires mitigation within the medium term (3 – 6 months) and will require function head sponsorship and monitoring for rectification. Delay in addressing the issue could result in a moderate impact on profitability, enterprise value, brand value, operations, or regulatory compliance	3 – 5
	The identified risk / gap requires mitigation within the long term (6 – 12 months) and will require function head sponsorship and process owner monitoring for rectification. Delay in addressing the issue could result in a limited impact on profitability, enterprise value, brand value, operations, or regulatory compliance	1 – 2

10. CODE OF CONDUCT

The Bank maintains and has in place policies and codes of conduct that capture not only our legal obligations, but also the reasonable expectations of our stakeholders, including our customers. These policies apply to all employees and Directors of the Bank, and to anyone working on the Bank's behalf, including contractors and consultants. The Bank adopts zero tolerance to all forms of corruption, bribery, and unethical business practices. The Bank has in place a suite of policies, procedures, and practices to promote

Notes to the Financial Statements

Enterprise risk management (cont'd)

a culture of compliance, honesty and ethical behaviour including in relation to anti-money laundering and counter-terrorism financing, proliferation financing, whistle blower protection and conflicts of interest.

(a) Conflict of Interest

The Code sets out the approach to follow to ensure the Bank complies with its regulatory obligations and other related Bank policies when dealing with conflict of interest. The Conflict-of-Interest Policy provides guidance to our employees, directors, and other contractors to identify and effectively manage and monitor any actual, perceived, or potential conflicts which may arise.

(b) Insider Dealing Policy

Our Insider Dealing Policy imposes restrictions on trading in the Bank's securities by Directors, employees, and contractors (and their associates) who are in possession of price sensitive information. They are also prohibited from passing on inside information to others who may use the inside information to trade in the Bank's securities. All directors, employees and contractors shall not be involved in practices that are deemed to constitute insider trading either directly or through others such as friends, family as it is considered an abuse of the Bank's confidential information as well as a breach of their fiduciary duty.

(c) Anti-bribery and Corruption

The Bank has strong standards of integrity, ethics and conduct and supports this by complying with relevant Anti-Bribery and Corruption legislation. Therefore, our people will not directly or indirectly give, offer, or request a bribe and will not engage in corruption. Our staff, directors and contractors will not accept directly or indirectly a benefit (monetary or otherwise) given, offered, authorized, accepted, or requested as an inducement for action which is illegal, unethical or a breach of trust. We will not accept secret commissions (monetary or otherwise) from a third party, in return for agreeing to depart from our internal policies and procedures or legal obligations. Political donations may give rise to perceptions of cash for influence. Employees, Directors or third parties acting on behalf of the Bank must not make any political donations on behalf of the Bank.

(d) Whistle-blower program

The Bank is committed to a culture that encourages all people to speak up about issues or conduct that concerns them. The Code supports a culture of integrity and ethical behaviour and sets out a clear process and the protections available for those who want to raise a concern regarding suspected misconduct. This could include concerns related to financial irregularity, antibribery and corruption, internal accounting controls, questionable accounting, or auditing matters. The Bank's whistle-blower program encourages the reporting of any wrongdoing in a way that protects and supports whistleblowers. The program provides confidential and anonymous communication channels to raise concerns. The confidential and anonymous communications channels are supported and monitored independently by KPMG details of which are provided below:

(d) Whistle-blower program

The Bank is committed to a culture that encourages all people to speak up about issues or conduct that concerns them. The Code supports a culture of integrity and ethical behaviour and sets out a clear process and the protections available for those who want to raise a concern regarding suspected misconduct. This could include concerns related to financial irregularity, antibribery and corruption, internal accounting controls, questionable accounting, or auditing matters. The Bank's whistle-blower program encourages the reporting of any wrongdoing in a way that protects and supports whistleblowers. The program provides confidential and anonymous communication channels to raise concerns. The confidential and anonymous communications channels are supported and monitored independently by KPMG details of which are provided below:

- Telephone Communication: Toll free number: 07011211111
- Telephone Communication: Non-Toll-free number: +27 12 543 5381
- E-mail Communication: airtelombudsperson@kpmg.co.za."

Notes to the Financial Statements

Enterprise risk management (cont'd)

11. LOOKING AHEAD

11.1 Global Outlook

The global and domestic risk landscape entering 2026 reflects a continuation of major disruptions from 2025 alongside emerging challenges that could reshape strategic and operational priorities for financial institutions. While uncertainty persists across geopolitical, macroeconomic, technological, and regulatory domains, organizations that anticipate these shifts and adapt early will remain more resilient. Key expected developments are highlighted below.:

a) Geopolitical Realignments: Geopolitical tensions are expected to intensify as major powers continue to pursue strategic influence, redefine trade blocs, and reshape global capital and labour flows. The foreign policy direction of the United States under President Donald Trump, with aggressive military involvement seen in Venezuela and Iran, will see new geopolitical realignments through 2026. In addition, the US foreign policy is anticipated to alter the global regulatory and immigration landscape. Ongoing deportations of undocumented migrants in the U.S. will likely reduce diaspora remittances—a significant foreign exchange (FX) source for many African economies.

b) Middle East Conflicts: The new military escalation between Israel and US against Iran, prolonged Israel–Hamas and Israel–Palestine conflicts remain a major destabilizing force in the Middle East. Rising regional alignments, the potential escalation into broader conflict, and the risk of renewed extremist activity pose significant concerns for global oil markets, trade corridors, and supply-chain security.

c) Russia–Ukraine War: Despite preliminary diplomatic efforts to de-escalate hostilities, the Russia–Ukraine conflict continues to disrupt global energy and agricultural supply chains. Reduced grain exports from Ukraine and uncertainties around Russian gas supplies to Europe present ongoing inflationary pressures and supply side risks for emerging markets.

d) Global Macroeconomic Pressures: Global inflation remains elevated, with China experiencing increased cost pressures that may delay or limit Chinese backed infrastructure funding across Africa. Simultaneously, the U.S. is reassessing its commitments to international development programs in line with broader fiscal tightening. This could result in the suspension or cancellation of U.S.-funded initiatives in Africa, further reducing FX inflows and deepening funding gaps for large scale projects."

11.2 Nigeria Outlook:

Nigeria entered 2026 with renewed optimism. Economic projections suggest potential recovery contingent on sustained reforms, fiscal discipline, and successful implementation of ongoing monetary and structural policies.

Reputable analysts forecast gradual economic improvement, supported by efforts to stabilize the FX market, improve inflation outcomes, and enhance investor confidence. GDP growth is expected to trend toward 3.5%, while inflation is projected to moderate from previous highs. FX stability is expected to continue, with a trading band estimated around ₦1,300–₦1,400 per USD, assuming no major global shocks or domestic policy reversals.

Notes to the Financial Statements

Enterprise risk management (cont'd)

11.2 Nigeria Outlook (cont'd)

Against this backdrop, risk developments expected for the Nigerian financial services sector in 2026 include:

a) Intensified Multi Agency Supervision: Regulators are expected to sustain strict oversight of financial crime risks—money laundering, terrorist financing, and proliferation financing—as Nigeria works towards sustaining its removal from the FATF grey list. Financial institutions will face heightened expectations for AML/CFT controls, transaction monitoring, and customer due diligence enhancements.

b) Banking Sector Recapitalisation: Banking recapitalisation enters the finish line risk zone (M&A and execution risk). With the March 31, 2026 deadline, regulators say ~30 banks have met new minimum capital, with final verifications pending. Last mile raises and potential combinations can introduce operational, conduct, and integration risks—even as sector resilience improves post recap."

c) Tax Reforms: Landmark tax reform regime becomes operational from Jan 1, 2026 (business model impacts). The four Acts (Nigeria Tax Act, Tax Administration Act, Nigeria Revenue Service Act, Joint Revenue Board Act) consolidate and simplify taxes, introduce a Development Levy, expand digital administration, and reshape compliance. Expect policy and operational frictions in early 2026 (systems, pricing, payroll/withholding, cross border).

d) Disinflation and cautious monetary easing: After a year of aggressive tightening, the CBN delivered a first 50 bps cut to 26.5% in Feb 2026, citing an eleventh straight month of easing headline inflation (~15.1% in Jan 2026). The MPC kept other parameters tight (CRR 45%, LR 30%), signaling a gradual and conditional easing cycle—important for funding costs, asset quality assumptions, and credit modelling in Banks.

e) Enhanced Cybersecurity Vigilance: With cyber threats rising in frequency and sophistication, institutions will continue to invest heavily in threat detection, endpoint security, cloud security architecture, and third party risk management. The industry has seen an uptick in cyber enabled fraud attempts, prompting banks to harden their digital infrastructure.

11.3 Smartcash Outlook and Response Strategy

Smartcash will continue to refine its business strategy and risk management approach in anticipation of these evolving internal and external dynamics. The Bank will:

a) Conduct proactive environmental scanning to identify early warning signals and emerging risks.
b) Strengthen enterprise wide risk management frameworks in line with regulatory developments and leading industry practices.
c) Deepen the integration of risk and control self-assessment (RCSA) processes across all business units.
d) Enhance monitoring of conduct, operational, financial crime, market, cybersecurity and technology risks as the operating environment evolves.
e) Scale resilience efforts by investing in digital risk capabilities, data governance, and cyber defence tools.
f) Maintain robust compliance readiness for supervisory directives, regulatory reforms, and sector wide initiatives.

Notes to the Financial Statements

In thousands of naira		31 DEC 2025	31 DEC 2024
3a	**Fee & commission**		
	Cash out revenue – Agents	977,304	723,172
	Commission income - Airtime purchase	4,705,380	1,617,045
	Commission income – Merchants	63,844	146,326
	Bulk payment disbursement revenue	54,760	38,685
	Cash in revenue – Agents	491,320	232,822
	Other transaction fees	780,319	359,358
	Fee and commission income	**7,072,927**	**3,117,408**

On the back of increased brand visibility and investments, the Bank saw an increase of 119% in its total fee and commission income

3b	**Fee and commission expense**		
	E- settlement charges	1,029,256	598,247
	Commission expense - Cash in transactions	236,970	112,847
	Commission expense - Cash out transactions	282,711	180,922
	Commission expense – Others	191,219	68,410
	Sales commission & incentives	18,045	183,765
	Bank charges	5,537	14,337
	Other transactions fees*	94,216	114,903
	Fee and commission expense	**1,857,954**	**1,273,431**
	Net fee and commission income	**5,214,973**	**1,843,977**

**Other transaction fees represent SMS and USSD fees paid during the year.*

4	**Other income**		
	Interest income	4,645,277	1,686,710
	Gain on disposal of property and equipment	-	698
	Other operating income	226,440	221,608
		4,871,717	**1,909,016**

Interest income represents income earned on Standing Deposit Facility placed with Central Bank of Nigeria as well as interest earned on placements and bank balances held with Nigerian Banks.

5	**Impairment allowance**		
	Provision on account balances	11,763	66,413
		11,763	**66,413**

Notes to the Financial Statements

In thousands of naira	31 DEC 2025	31 DEC 2024
6 Personnel expenses		
Wages and salaries	1,817,043	1,814,386
Contributions to defined contribution plans	118,606	92,264
Employee share options*	110,729	-
Performance bonus & incentives	300,456	67,855
	2,346,834	**1,974,505**

*On July 29, 2025, a total of 1,150 Airtel Africa Plc shares (the number of shares determined by reference to a share price of GBP 1.60) was awarded to all employees of Smartcash PSB as of that date. This once-off free shares would be delivered as soon as possible after vesting on March 31, 2026. Awards over shares to lapse if employees exit before vesting date except in case of extenuating circumstances.

7 Depreciation and amortization		
Depreciation of property and equipment	4,031,476	2,565,333
Amortisation of intangibles	1,304,413	1,394,338
	5,335,889	**3,959,671**

8 General and administrative expenses		
Communication, stationery and postage	147,854	290,300
Business travel expenses	85,434	118,063
Advert, promotion and corporate gifts	2,292,968	1,696,978
Business premises and equipment repairs	372,770	372,924
Medical expenses	111,854	36,105
Telephone expenses	16,998	12,609
Directors' emolument and other expense	132,155	87,130
IT billings and software expenses	2,496,957	2,895,051
Outsourced services and training expenses	189,937	141,847
Selling and distribution expenses	2,049,064	425,024
Auditors' remuneration	27,815	39,841
Net exchange rate fluctuation	35,446	1,242
Legal and professional charges*	81,769	56,874
Subscription expenses	1,202	1,164
Local management fee	155,865	58,166
	8,198,088	**6,233,318**

*Included in the legal & professional charges are the NDIC deposit certification fee of N4,500,000.00 and ICOFR attestation fee of N5,520,000.00 paid to the external auditors. These services did not impair the independence and objectivity of the external auditor.

No other non-audit service was rendered by the external auditor in the year under review.

Notes to the Financial Statements

In thousands of naira	**31 DEC 2025**	**31 DEC 2024**
9 Operating expenses		
Insurance expenses	22,776	10,723
Regulatory and licensing	14,045	25,298
Rates and taxes*	121,376	-
Share issue expenses**	-	268,131
Other expense	14,734	25,646
	172,931	**329,798**

**WHT expense relates to payment of additional Withholding Tax (WHT) liability arising from prior year.*

***The Bank incurred the sum of ₦268Million when raising additional capital in 2024 through a debt-to-equity conversion.*

10 Finance cost

Interest expense on borrowed funds*	-	414,522
Interest expense on savings accounts	18,218	-
Interest expense on fixed term deposits	93,344	3,315
	111,562	**417,837**

*Interest expense on borrowed funds represents interest payable on borrowing from the parent company, Airtel Networks Limited. The loans were fully repaid in November 2024.

11a Tax expense

Minimum tax is payable by companies having no taxable profits for the year or where the tax on profits is below the minimum tax. However, companies in the first four calendar years of business, companies engaged in the agriculture business, or small companies are exempt from minimum tax.

In the case of Smartcash Payment Service Bank Limited, the institution is still within its first four years of operation. Under Nigerian tax regulations, newly established companies are exempt from paying minimum tax during this initial period. As such, Smartcash Payment Service Bank Limited is not liable for minimum tax until it surpasses the four-year threshold, after which the obligation will apply in line with statutory requirements.

Reconciliation of effective tax rate

In thousands of naira	**31 DEC 2025**	**31 DEC 2024**
Loss before income tax	6,090,377	9,228,550
Tax calculated at the statutory income tax rate at 33%	(2,009,824)	(3,045,422)
Net effect of:		
Impact of permanent difference	40,054	88,483
Unrecognised deferred taxation	1,969,770	2,956,939
Total income tax expense in income statement	-	-

Notes to the Financial Statements

11b Deferred tax

Deferred tax assets have not been recognized because the Bank has determined that it is not probable that future taxable profits will be available in the near future against which the Bank can utilize the benefits. The items attributable to the unrecognized deferred tax assets are as follows:

The net deferred tax asset are attributable to the following items after multiplying by the statutory tax rate.

In thousands of naira	31 DEC 2025	31 DEC 2024
Accelerated depreciation on property and equipment	7,863,129	3,831,670
Provisions	495,077	1,398,595
Tax Losses	17,244,066	14,403,022
Total Timing Difference	**25,602,272**	**19,633,287**

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

Unrelieved losses carried forward

The total unrelieved losses carried forward up to the end of 2025 financial year amounts to ₦27,373,642,124. This figure represents the cumulative reliefs available to offset against future taxable profits and is made up of the following components:

Unrelieved Business Losses: ₦17,244,064,875. These are prior and current year operating losses that remain unabsorbed and can be carried forward in line with the provisions of the Companies Income Tax Act (CITA).

Unutilized Capital Allowances: ₦10,129,577,249. These allowances, generated from qualifying capital expenditures, were not utilized in the current year and are therefore eligible to be carried forward for set-off against future taxable income.

In thousands of naira	31 DEC 2025	31 DEC 2024
12 Cash and cash equivalents		
Current balances with banks within Nigeria	919,303	1,584,069
Placements with local banks/Central Bank of Nigeria	20,226,371	9,170,852
	21,145,674	**10,754,921**
Current	21,145,674	10,754,921
Non-current	-	-
	21,145,674	**10,754,921**

Cash and cash equivalents comprise balances with other banks less than three months maturity from the date of acquisition and deposits held at call with other banks.

Notes to the Financial Statements

In thousands of naira	31 DEC 2025	31 DEC 2024
13 Other assets		
a Other financial assets:		
E-settlement receivables - NIBSS	2,336,999	1,268,884
E-settlement receivables - Interswitch	1,321,906	128,086
E-Settlement Receivable - others	1,839	1,855
Receivable from related parties (see Note 22 below)	25,016	5,413
Employee receivable	34,417	22,101
WHT receivable	14,339	2,325
Other accounts receivable	30,132	31,066
	3,764,648	**1,459,730**
Less: impairment for financial assets*	(285,093)	(273,330)
	3,479,555	**1,186,400**
Movement in provision allowance		
Balance at 1 January	**273,330**	**206,917**
Additional provision during the year	11,763	66,413
Balance at 31 December	**285,093**	**273,330**

E-Settlement receivables represent inward Interbank receivables arising from customer-initiated settlement transactions with other financial institutions.
*Impairment on financial assets represents provisions against possible losses on settlement balances receivable.

Additional impairment charge was taken in the books to regularize settlement account balances as follows:

	2025	2024
Net NIP Settlement Balances	(2,987)	(62,505)
Easypay Settlement Balances		(223)
Interswitch Settlement Balances	(7,599)	(3,322)
Individual Open Items	(1,177)	(363)
	(11,763)	**(66,413)**

In thousands of naira	31 DEC 2025	31 DEC 2024
b Other non-financial assets:		
Prepayments	405,035	58,694
	405,035	**58,694**
	3,884,590	**1,245,094**
Current	3,884,590	1,245,094
Non-current	-	-
	3,884,590	**1,245,094**

Notes to the Financial Statements

14 Property and equipment

In thousands of naira

	Leasehold improvement	Office equipment	Computer equipment	Motor vehicles	Furniture & fittings	Capital work in progress**	Total
Gross value							
Balance at 1 January 2025	**3,970**	**5,284,312**	**2,157,593**	**-**	**1,119,034**	**3,253,434**	**11,818,343**
Additions during the year	-	4,910,903	407,724	-	-	14,901	**5,333,528**
Reclassifications*	-	-	(1,050,333)	-	-	-	**(1,050,333)**
Retirement during the year	-	-	(111,405)	-	-	-	**(111,405)**
							-
Balance at 31 December 2025	**3,970**	**10,195,215**	**1,403,579**	**-**	**1,119,034**	**3,268,335**	**15,990,133**
Accumulated depreciation							
Balance at 1 January 2025	**3,970**	**2,343,640**	**1,003,297**	-	**648,607**	-	**3,999,514**
Charge for the year	-	3,376,257	398,929	-	256,290	-	**4,031,476**
Reclassifications	-	-	(280,320)	-	-	-	**(280,320)**
Retirements during the year	-	-	(111,405)	-	-	-	**(111,405)**
Balance at 31 December 2025	**3,970**	**5,719,897**	**1,010,501**	-	**904,897**	-	**7,639,265**
Balance at 1 January 2024	**3,970**	**1,742,940**	**1,587,374**	**17,338**	**1,109,600**	**1,992,930**	**6,454,152**
Additions during the year	-	3,541,488	807,408	-	9,433	1,260,568	**5,618,897**
Reclassifications	-	-	(229,353)	-	-	(64)	**(229,417)**
Disposal during the year	-	(116)	(7,836)	(17,338)	-	-	**(25,290)**
							-
Balance at 31 December 2024	**3,970**	**5,284,312**	**2,157,593**	**-**	**1,119,034**	**3,253,434**	**11,818,343**
Accumulated depreciation							
Balance at 1 January 2025	**3,970**	**441,888**	**689,949**	**11,656**	**365,583**	-	**1,513,045**
Charge for the year	-	1,901,828	380,481	-	283,024	-	**2,565,333**
Reclassifications	-	-	(67,132)	-	-	-	**(67,132)**
Eliminated on Disposal	-	(76)	-	(11,656)	-	-	**(11,732)**
Balance at 31 December 2025	**3,970**	**2,343,640**	**1,003,297**	-	**648,607**	-	**3,999,514**
Carrying amounts:							
Balance at 31 December 2025	-	**4,475,318**	**393,078**	-	**214,137**	**3,268,335**	**8,350,868**
Balance at 31 December 2024	-	**2,940,672**	**1,154,296**	-	**470,427**	**3,253,434**	**7,818,829**

- There was no capitalised borrowing costs related to the acquisition of property and equipment during the year (31 December 2024: Nil).
- There were no restrictions on title of any property and equipment during the year (31 December 2024: Nil).
- There were no property and equipment pledged as security for liabilities during the year (31 December 2024: Nil).
- There were no contractual commitments for the acquisition of property and equipment during the year (31 December 2024: Nil).
- There were no impairment losses on any class of property and equipment during the year (31 December 2024: Nil).

**Some items previously recognized as computer equipment were classified to intangibles during the year under review.*
***Items of Capital Work in Progress represent assets at the site location not yet capitalised or put into use. The total value of such during the year under review was ₦6.9bn (31 December 2024: ₦3.25bn).*

Notes to the Financial Statements

In thousands of naira	31 DEC 2025	31 DEC 2024
15 Intangible assets - Software		
Gross value		
Balance as at beginning of year	5,514,750	2,586,233
Additions during the year	4,198,959	2,715,093
Reclassifications	1,050,333	229,418
Retirement during the year	(2,200,846)	(15,994)
Balance as at end of year	**8,563,196**	**5,514,750**
Accumulated amortization		
Balance as at beginning of year	2,861,379	1,399,908
Additions during the year	1,304,413	1,394,338
Reclassifications	280,320	67,132
Retirement during the year	(2,200,846)	
Balance as at end of year	**2,245,266**	**2,861,379**
Carrying amounts:		
Balance at 31 December	**6,317,930**	**2,653,371**

	31 DEC 2025	31 DEC 2024
16 Deposits from customers		
a Retail customers:		
Individual deposits	10,136,201	4,605,416
Agent deposits	2,209,103	2,202,910
	12,345,304	**6,808,326**
b Corporate customers:		
Corporate deposits	4,966,409	2,887,367
	4,966,409	**2,887,367**
	17,311,713	**9,695,693**

Corporate customers represents deposits from corporate bodies, while retail customers represents deposits from individuals and agents.

Current	17,311,713	9,695,693
Non-current	-	-
	17,311,713	**9,695,693**

Notes to the Financial Statements

In thousands of naira	31 DEC 2025	31 DEC 2024
17 Accruals & provisions		
Provisions for employee expenses	277,324	249,961
Provisions for IT expenses	1,525,762	318,223
Provisions for marketing expenses	634,155	548,793
Others	247,638	179,091
	2,684,879	**1,296,068**
Current	2,684,879	1,296,068
Non-current	-	-
	2,684,879	**1,296,068**

18 Other liabilities		
Other financial liabilities:		
E-settlement payables - NIBSS*	4,796,639	1,532,416
Interest payable on related party loan (See Note 22 below)	372,929	372,929
Payables to related parties (See Note 22 below)	21,929,111	9,278,330
Employee benefits	107,545	92
Trade payables	389,678	2,532,463
	27,595,902	**13,716,230**
Other non-financial liabilities:		
Accrued expenses	41,437	39,841
Tax payables**	704,264	273,139
	745,701	**312,980**
	28,341,603	**14,029,210**

** E-Settlement payables represents outward interbank payables arising from customer initiated settlement transactions with other financial institutions*

*** Included in tax payables are Withholding tax(WHT), Value Added Tax (VAT) and Pay As You Earn (PAYE).*

Current	28,341,603	14,029,210
Non-current	-	-
	28,341,603	**14,029,210**

Notes to the Financial Statements

In thousands of naira		31 DEC 2025	31 DEC 2024
19a	**Share capital**		
	Authorised, issued and fully paid		
	Ordinary shares of N1 each	17,500,000	5,000,000
	Shares issued during the year	-	12,500,000
	Ordinary shares of N1 each	**17,500,000**	**17,500,000**
	Movements during the year:		
	Balance at beginning of year	17,500,000	5,000,000
	Issued during the year	-	12,500,000
	Balance at end of year	**17,500,000**	**17,500,000**
19b	**Retained earnings**		
	Accumulated losses	(20,048,756)	(10,820,207)
	Loss for the period	(6,090,377)	(9,228,549)
	Accumulated losses	**(26,139,133)**	**(20,048,756)**

20 Employees and directors

A Employees

The average number of persons employed by Smartcash Payment Service Bank Limited during the year was as follows:

	Number	Number
Executive directors	2	2
Management	7	8
Non-management	41	44
	50	**54**

Compensation for the above staff is as shown in Note 6 above

The number of employees of the Bank, excluding executive director, who received emoluments in the following ranges (excluding pension contributions) were:

	Number	Number
Less than N5,000,001	2	3
N5,000,001 - N10,000,000	7	14
N10,000,001 and above	41	37
	50	**53**

Notes to the Financial Statements

20 Employees and directors (cont'd)

In thousands of naira	31 DEC 2025	31 DEC 2024

b Directors

Directors' emoluments (In thousands of naira)
Remuneration paid to the Bank's Directors was:

Directors' fees	118,600	78,194
Sitting allowances	13,554	8,936
	132,155	**87,130**

Fees and other emoluments disclosed above include amounts paid to:

Chairman	**36,753**	**24,232**
Highest paid director	**205,844**	**138,607**

The number of directors who received fees and other emoluments (excluding pension contributions and certain benefit) in the following ranges was:

	Number	Number
Less than N10,000,001	-	-
N10,000,001 and above	6	6
	6	**6**

21 Contravention, contingent liabilities and commitments

There were no penalties paid by the Bank during the 2025 financial year.

The Bank had committed and contracted purchase orders amounting to ₦5.52 billion (2024: ₦0.99 billion) as at the reporting date.

There was no significant existing litigation against the Bank as at 31 December 2025.

Notes to the Financial Statements

22 Related party disclosure

The Bank entered into transactions with related parties during the year under review. Below are the balances due to/(from) related parties as at the end of the year under review.

In thousands of Naira			31 DEC 2025	31 DEC 2024
Name of Related Party	**Relationship**	**Nature of transaction**		
Airtel Networks Limited	Parent company	Interest on Loan	372,929	372,929
Airtel Networks Limited	Parent company	Vendor payments & Shared services	20,904,559	9,278,332
Bharti Airtel (France)	Fellow subsidiary	Managed Security Services	2,176	-
Xtelify Limited	Fellow subsidiary	Purchase of softeware	999,713	-
Nxtra Data Limited	Fellow subsidiary	Data centre services	(2,350)	-
Total			**22,277,027**	**9,651,261**

23 Capital Adequacy

SmartCash Payment Service Bank Limited monitors the adequacy of its capital using the Central Bank of Nigeria's stipulated BASEL III template.

The Central Bank of Nigeria requires Payment Service Banks in Nigeria to maintain a minimum capital adequacy ratio of 10% to provide cover for credit, market and operational risks present in the operations of Payment Service Banks in Nigeria.

Below is a presentation of SmartCash Payment Service Bank's capital adequacy at the end of the 2025 financial year

	Full impact	
Items	**2025**	**2024**
Market risk		
Operational risk	8,489,836,285	2,638,243,059
Credit risk	12,654,384,134	9,557,091,212
Total RWA	21,144,220,419	12,195,334,271
Total qualifying capital	(14,654,028,128)	(5,181,471,065)
Capital adequacy ratio	-69.31%	-42.49%
Tier 1 capital ratio	-69.31%	-42.49%

Notes to the Financial Statements

24 Recapitalization plan

The Bank closed the financial year ended 31 December 2025 with a negative shareholders' funds of – ₦8,639,136,000 (2024: – ₦2.5Billion). This meant that the Bank's capital and capital adequacy ratio were below the minimum threshold of N5,000,000,000.00 and 10% respectively set by the Central Bank of Nigeria for Payment Service Banks operating in Nigeria.

In March 2026, the parent company, Airtel Networks Limited, deposited the sum of ₦20 Billion to increase its shares in the Bank. Subject to CBN's no objection, this will be subsequently transferred to equity and the Bank's shareholders' funds would be above CBN's minimum capital requirement while capital adequacy ratio would be above the required minimum ratio of 10%.

25 Going concern

The Bank has made recurring operating losses, net current liability and an impaired minimum capital position as a result of the recurring operating losses. However, the Directors have no reason to believe the Bank will not be able to meet its obligation and remain a going concern in the foreseeable future.

In arriving at this position, the Directors evaluated quantitative and qualitative information and events known and reasonably known at the date these financial statements were issued. The following conditions were evaluated: current financial condition, liquidity sources, expected cash flows and relationship with parent company (Airtel Networks Limited).

Financial position and performance
Management is aware of the negative capital of ₦8,639,133,000 and negative capital adequacy ratio of – 69.31% of the Bank as at 31st December 2025, both of which contravene the Central Bank of Nigeria's requirements on Minimum Capital and Capital Adequacy Ratio. However, management remains confident of the Bank's going concern.

The Bank's financial performance for the 2025 financial year shows significant improvement across different key performance indicators. The Bank's gross income increased by 138% from ₦5.03 Billion in the 2024 FY to ₦11.94 Billion in the 2025 FY.

Liquidity and Profit projections
The Bank's Annual Operating Plan for the year 2026 (undergoing approval), shows projected revenue of ₦21.7 Billion for the 2026 financial year, with the Bank on course to break even in 2026 and consequently start making profits which will be retained to improve shareholder's funds. Revenue Earning Customers is also projected to grow to above 4.8 million in December 2026 from 2.1 million in December 2025.

Overall, the Directors are confident about the prospects of the business and Management's ability to effectively manage risks associated with the industry in which the Bank operates in.

26 Events after the reporting period

In March 2026, Airtel Networks Limited, the parent company, deposited ₦20 billion to increase its shareholding in the Bank. The Bank has submitted all the required documentation to obtain the Central Bank of Nigeria (CBN)'s "No Objection". At the date of this report, the Bank is still awaiting CBN's approval to transfer the ₦20 billion from deposit for shares to equity. Once approved, the Bank's shareholders' funds will exceed the CBN's minimum capital requirement, and the capital adequacy ratio will surpass the required minimum of 10%.

Statement of Value Added

In thousands of naira	31-Dec-25		31-Dec-24	%
Gross Income	11,944,644	750%	5,026,424	-153%
Interest & Commission Paid				
Local	(1,969,516)	-124%	(1,691,268)	51%
	9,975,128	626%	3,335,156	
Impairment Charge for Credit Losses	(11,763)	-1%	(66,413)	2%
	9,963,365	626%	3,268,743	-99%
Bought-In Material and Services				
Local	(8,371,020)	-526%	(6,563,116)	199%
VALUE ERODED	**1,592,346**	**100%**	**(3,294,373)**	**100%**
DISTRIBUTION				
Employees				
Wages, salaries, pensions and other employee benefits	2,346,834	147%	1,974,505	(60)
The Future				
Asset Replacement (Depreciation & Amortisation)	5,335,889	335%	3,959,671	(120)
Expansion (Reserves)	(6,090,377)	-382%	(9,228,549)	280
VALUE ADDED ADDED/(ERODED)	**1,592,346**	**100%**	**(3,294,373)**	**100%**