

Governance Framework

Geneva Finance Limited (Geneva) listed on the New Zealand Alternative Stock Exchange (NZAX) on 1 July 2008. As a result of this listing Geneva is subject to the Governance requirements of the NZAX.

- Insider Trading
- Disclosure of Relevant Interests by Directors and Officers

Geneva is non-bank deposit taker and on 3 September 2008 the Minister of Finance announced the passing of the Reserve Bank Amendment Act, making the Reserve Bank the prudential regulator of non-bank deposit takers. Under the new arrangements the Reserve Bank's role will be to license deposit-takers, develop and enforce minimum prudential and governance requirements and apply credit rating requirements. Trustee corporations will continue to be the front-line supervisors of deposit-takers.

<http://www.rbnz.govt.nz/finstab/nbdt/index.html>

- Risk Management

Insider Trading

This policy applies to all Directors, officers and employees of Geneva and its subsidiaries who intend to trade in Geneva's listed securities. In this policy 'trade' includes buying or selling listed securities, or agreeing to do so, whether as principal or agent, but it does not include subscription for, or the issue of, new securities.

What is 'Insider Trading'?

Insider trading is trading in securities (usually shares) of a public issuer on the basis of information about that issuer that is not generally available to the market and which, if it was generally known, would be likely to materially affect the price of the issuer's securities. Refer to Appendix A for further definitions.

Purpose

This document details Geneva's policy on, and rules for dealing in the following securities (Restricted Securities):

- Geneva Finance Limited ordinary shares; and
- any other listed securities of Geneva or its subsidiaries, and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of listed securities, from time to time.

The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand.

If you do not understand any part of this policy, or how it applies to you, you should raise the matter with the Chief Financial Officer before dealing with any securities covered by this policy.

Fundamental Rule – Insider trading is prohibited at all times

If you possess "material information" (refer to definition below), then whether or not you are a Restricted Person (refer to definition below), you must not:

- trade restricted Securities;
- advise or encourage others to trade, or hold any Restricted Securities; or
- pass on the material information to others.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

The prohibition on insider trading applies not only to information concerning Geneva's shares. If a person has material information in relation to listed securities of another issuer (including futures contracts listed on an authorised futures exchange) over listed securities, that person must not trade in those securities.

Insider trading laws

As an employee of Geneva if you have any material information, it is illegal for you to:

- trade Geneva's listed securities;
- advise or encourage another person to trade or hold Geneva's listed securities;
- advise or encourage a person to advise or encourage another person to trade or hold Geneva's listed securities; or
- pass on the material information to anyone else – including colleagues, family or friends – knowing (or where you ought to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, Geneva's listed securities.

This offence, called "insider trading", can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Geneva, for any loss suffered as a result of illegal trading.

Confidential Information

In addition to the above, all employees of Geneva have a duty of confidentiality to Geneva. As a Geneva employee you must not reveal any confidential information concerning Geneva to a third party (unless that third party has signed a confidentiality agreement with Geneva and you have been authorised to disclose the confidential information), or to use confidential information in a way which may injure or cause loss to Geneva, or use confidential information to gain advantage for yourself. You should ensure that external advisors keep Geneva information confidential.

What is 'material information'?

"Material information" is information that:

- is not generally available to the market; and
- if it were generally available to the market, would have a material effect on the price of Geneva's listed securities.

Information is generally available to the market if it has been released as an NZX announcement, or investors that commonly invest in Geneva's securities can readily obtain the information (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including Geneva), and information, which is sufficiently definite to warrant disclosure to the public.

What are some examples of material information?

The following list is illustrative only. Material information could include information concerning:

- the financial performance of Geneva;
- a possible change in the strategic direction of the Geneva;
- the introduction of an important new product or service;
- a possible acquisition or sale of any assets or company by Geneva;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in Geneva's capital structure;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against Geneva; or
- any other unexpected liability, which has not been released to the market.

Exceptions

This policy does not apply to:

- acquisitions and disposals by gift or inheritance; or

- acquisitions through an issue of new listed securities, such as an issue of new shares on the exercise of options, under a rights issue, or a dividend reinvestment plan.

Short term trading discouraged

You should not engage in short term trading (the buying and selling of listed securities within a 6 month period), unless there are exceptional circumstances discussed with and approved by the Chief Financial Officer.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis and in large amounts. Therefore to reduce the risk of an allegation of insider trading, do not trade listed securities on a short term basis.

If in doubt, don't!

The rules contained in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law s not always clear. Sometimes behaviour that you consider to be ethical actually may be insider trading. If in doubt, don't!

Breaches of policy

Strict compliance with this policy is a condition of employment. The company will take disciplinary action, including dismissal, for any breach of this policy.

Monitoring of trading

Geneva may monitor the trading of directors and employees as part of the administration of this policy.

Application of policy

The Board of Geneva has approved this policy. The Board will review this policy from time to time, and employees should go through the policy each time they are considering trading.

To the extent there is any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails.

ADDITIONAL TRADING RESTRICTIONS OF RESTRICTED PERSONS

Persons covered by Restricted Securities Trading Restrictions

The additional trading restrictions set out below apply to:

- all Directors;
- the Managing Director and all senior officers of Geneva and it's subsidiaries (all Managing Director direct reports);
- trusts and companies controlled by such persons;
- all employees of Geneva within the Finance and Investments teams.

Persons covered by these additional restrictions are called "Restricted Persons". Employees and directors will be considered responsible for the actions of trusts and companies controlled by them. In this respect "control" is not to be construed in a technical way but by looking at how decisions are made in practice.

Additional trading restrictions for Restricted Persons (black-out period)

Restricted Persons are prohibited from trading in any Restricted Securities during the following specific "black-out" periods:

- 30 days prior to Geneva's half year balance date, until the first trading day after the half year results are released to NZX;
- 30 days prior to Geneva's year end balance date, until the first trading day after the full year results are released to NZX; and
- 30 days prior to the release of a prospectus for a general public offer of the same class of Restricted Securities.

Restricted Persons are not permitted to trade any Restricted Securities during a black-out period unless Geneva's Board provides a specific exemption.

Please note that if you hold material information you must not trade Restricted Securities at anytime – regardless of these periods.

Requirements after trading

A Restricted Person must advise the Chief Financial Officer promptly following completion of any trade, and the Restricted Person must comply with any disclosure obligations it has under the Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Regulations.

APPENDIX A

What is material information?

Information about a listed entity is material information if a reasonable person would expect it to have a material effect on the share price of the company if it were generally known to the market. The information must be about particular securities, and a particular listed company or companies, rather than about securities generally or public issuers generally. This is an objective test. It is irrelevant how the information insider thinks the information would affect the price of the securities.

It doesn't matter where the information originates. It could be:

- information from the company, e.g. about its business results;
- information about specific business or regulatory changes directly affecting the company;
- information from other sources about the industry in which the company operates; or
- information about or from one of its competitors.

It is the effect of the information on the price of securities that matters, rather than whether or not the information affects the underlying value of the securities.

What is information that is generally available to the market?

Information is considered to be generally available to the market if it has been published or if it is readily observable.

Information is also generally available to the market if it can be deduced, concluded or inferred from published or readily observable information.

Published information

Published information is generally available to the market if it has been made known in a way that brings, or is likely to bring, it to the attention of regular investors who are likely to be affected by it. A reasonable period of time must be allowed for the information to spread among regular investors.

The law gives one example of how information can be made known so that it will be generally available to the market, i.e. information given under a continuous disclosure obligation. This information is available immediately to participants in a registered exchange's market.

Example: If an issuer sends information to New Zealand Exchange Limited (NZX) for release to the market under the continuous disclosure requirements of the NZSX Listing Rules, the information is generally available to the market as soon as it is announced to the market through NZX. Most brokers who trade on NZX subscribe to services that give them access to market announcements. This information is usually provided electronically together with trading information.

There are other ways in which material information can be made known so that it will be generally available to the market. This depends on the type of information and the type of issuer and security. Information might be made known by appearing in:

- a daily or business newspaper, or a broadcast news report;
- public records;
- public governmental records e.g. registers held by the Companies Office;
- a publicly accessible web site; or
- a trade publication.

However, the information must have been made known in a way that it is likely to come to the attention of regular investors in the shares.

Example: If information about a pharmaceutical company appears in a specialist medical publication, that information may not be generally available to the market:

- if it has not been made known in another way; and
- if people who commonly invest in securities of pharmaceutical companies do not get information from the publication.

The length of time needed to disseminate the information after it is published depends on the type of security, the type of information, and how it was published. Information that appears in a publication regularly read by investors will take less time to be disseminated than information that appears in a publication that investors read less often.

Readily available information If information is readily available to people who commonly invest, then the information is generally available to the market. Information is readily available if it can be obtained without difficulty. Information can be readily available by observation, use of expertise, purchase from an other person, or by any other means.

Disclosure of Relevant Interests by Directors and Officers

This policy applies to all Directors and officers of Geneva and its subsidiaries who hold a "relevant interest" in Geneva securities.

Relevant Interest

If you are a director or officer and you hold a "relevant interest" in any Geneva securities, it is a New Zealand legislative requirement that you complete a Disclosure Notice. A "**relevant interest**" in Geneva securities includes where:

- you are the registered holder of Geneva securities;
- you have beneficial ownership of Geneva's securities whether directly or indirectly including via a trust; or
- you are able to control by yourself or jointly with others the acquisition or disposition of Geneva's securities by another person; or
- you have the power to control by yourself or jointly with others the exercise of any right to vote attached to a Geneva security; or
- you are able to influence a person or the board of a company which controls votes or the acquisition or disposition of Geneva securities; or
- you have or control a shareholding of 20% or more in a company that holds Geneva securities; or
- you may have any such rights in the future by virtue of any arrangement.

Shares held by immediate family members should be considered under the above criteria. If you are unsure as to whether you hold a relevant interest in Geneva securities please contact Geneva's Chief Financial Officer.

If you are an officer or director it is very important that you comply with the disclosure requirements contained in these rules, as failure to do so could cause you to be subject to a fine of up to NZ\$30,000.

Initial Disclosure

You must complete a Disclosure Notice and return it to Geneva's Chief Financial Officer to enable that Notice to be filed with NZX within 5 trading days of the date of you becoming a director or officer of Geneva.

Ongoing Disclosure

You must complete a Disclosure Notice and return it to Geneva's Chief Financial Officer within 5 trading days of acquiring or disposing of a relevant interest in Geneva's securities.

Risk Management

Geneva has a risk management policy document that sets out Geneva's underlying approach to risk management.

The policy document identifies the key aspects of the risk management process and reporting procedures. The policy is reviewed and amended, if appropriate, on annual basis by Executive Management during the annual operating planning process. The Risk Manager is responsible for setting up the necessary procedures to ensure a proper review is done, preparing the minutes of any meeting held and updating the policy for Board approval. The Risk Manager is also responsible for communications with the Trustee and obtaining the necessary Trustee approvals. It is then approved by the Board at the same time as it approves the annual operating plan.

Aim

The aim of this policy is not to eliminate risk, but rather to manage the risks involved in all Geneva's activities to maximise opportunities and minimise adversity. Effective risk management requires:

- A strategic focus;
- Forward thinking and active approaches to management;
- Balance between the cost of managing risk and anticipated benefits; and
- Contingency planning in the event that mission critical threats are realised.

Risk management also provides a system for the setting of priorities when there are competing demands on limited resources.

Overview

The generic risk management process as given in AS/NZS4360 consists of the following seven main elements:

- Communication and consult
- Establish the context
- Identify risks
- Evaluate risks
- Analyse risks
- Treat risks
- Monitor and review

A complete manual containing the Risk Management Policy and all supporting policies is maintained by the Risk Manager. Senior Managers are responsible for keeping policies related to their areas up to date, informing the relevant staff of the changes and providing the Risk Manager with an updated policy. The Risk Management Policy is available to all staff on the Company's intranet.