

Annual General Meeting
30th September 2020

Geneva Finance Limited

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AGM Agenda ² (MJ)

1. Chairman's address (MJ);
2. Review of March 2020 year (DOC);
3. Update since 1 April 2020 (DOC);
4. Forecast: September 2020 Result (DOC);
5. Questions on Financial Statements (Board Panel);
6. Ordinary Business to be considered (MJ);
Questions on Ordinary Business (Board Panel);
Voting on Resolutions for Ordinary Business (MJ).

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Review of March 20 year ³ (DOC)

2. Financial Overview- GROUP:

Consolidated Income Statement For the year ending 31 March 2020								
	GFL / GFL \$M	Quest \$M	SCL \$M	GCL \$M	FPT \$M	Group \$M	Mar 2019 Group \$M	Variance %
Operating Revenue	13.6	11.8	2.2	1.7	1.8	31.1	27.0	14.9%
Interest Expense	(3.1)	0.0	(0.2)	(1.1)	(0.0)	(4.4)	(4.2)	3.6%
Impaired Asset Expense	(2.5)	0.0	0.7	(0.0)	(0.0)	(1.9)	(1.7)	9.3%
Operating cost	(3.8)	(10.1)	(2.5)	(1.2)	(0.4)	(18.0)	(13.2)	36.1%
Trading Company Contribution	4.2	1.7	0.1	(0.6)	1.4	6.8	7.9	-13.4%
Non trading operating costs						(2.7)	(2.4)	11.3%
Net profit before Tax						4.1	5.4	-24.5%
Tax benefit / Tax expense						0.0	(1.0)	-101.3%
Net profit after Tax						4.1	4.4	-6.4%
<u>Attributable to:</u>								
Group						3.7	4.1	-8.6%
Non- controlling interest						0.4	0.3	20.9%
						4.1	4.4	-6.4%

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Review of March 20 year ⁴ (DOC)

2. Financial Overview- GROUP (continued):

Consolidated Balance Sheet As at 31 March 2020									
	Mar 20 GFSL \$M	Mar 20 Quest \$M	Mar 20 SCL \$M	Mar 20 GCL \$M	Mar 20 FPT \$M	*	Mar 20 Group \$M	Mar 19 Group \$M	Var %
Assets									
Net Receivables	67.9	0.0	2.8	8.2	4.0		82.9	80.9	2.4%
Net Other	9.3	27.2	6.3	(0.9)	0.6		42.6	36.8	15.8%
Total assets	77.3	27.2	9.1	7.3	4.6		125.5	117.7	6.6%
Total Liabilities	66.6	14.7	3.8	8.5	0.5		94.1	88.2	6.8%
Net Equity	10.7	12.6	5.3	(1.2)	4.1		31.3	29.6	5.9%
* Group consolidation entries are excluded where applicable									

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Review of March 20 year ⁵ (DOC)

2. Financial Overview- GROUP (continued):

- Revenue up 15.1% (Primarily Quest)

- Operating costs increased by 25.8% to \$15.9m
 - higher lending acquisition costs (volume and pricing)
 - costs associated with increased insurance premiums sold

- COVID -19 overlay provision:
 - \$625k "one of" included in profit result

- Group pre-tax profit of \$4.1m, 24.5% down on prior year

- Group after tax profit of \$3.7m was down 6%

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Review of March 20 year ⁶ (DOC)

2. Financial Overview- GROUP (continued):

- Strong profit growth achieved in:
 - Quest Insurance (up 30%)
 - The Investment in the Tonga finance operation (up 22%)
 - Consumer debt collection operation (up 219%)
- Offset by lower contributions from:
 - Geneva Financial Services (GFSL)
 - The debt litigation operation (MFL)
 - The invoice factoring business (GCL)
- How did we address this? Management and operational changes to GFSL, MFL and GCL.
- Total Assets of \$125.5m, 6.6% up on last year
- Equity to total assets ratio is 25.0% vs 25.1% prior year

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Review of March 20 year ⁷ (DOC)

2. Financial Overview- CREDIT RATING:

Quest Insurance Group Limited credit rating issued by AM Best was affirmed at current ratings being:

- a. Financial Strength Rating of B outlook stable and
- b. Issuer credit rating of bb+ outlook stable

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Review of March 20 year ⁸ (DOC)

2. Financial Overview- FUNDING:

- Securitisation Facility of \$70m, drawn to \$57.2m
 - Utilised by the lending and invoice financing businesses

- Stellar's banking facility remained unchanged at \$3.4m
 - Term has been extended to 30 June 2022

- Professional investor debt funding totals \$13.6m
 - Includes loans from Directors

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Review of March 20 year ⁹ (DOC)

2. Financial Overview- DIVIDENDS:

- Final dividend declared of 1.50 cents per share for the March 20 year (paid on 30th July 2020)
- Reduction from 2.25 cents per share
 - Response to COVID-19 uncertainties
 - Board will reassess prudence of increased returns once greater clarity is obtained on impact of the pandemic
- Dividend payments by Calendar year:

Mar 17	Aug16 (1.50 cps)		Total 1.50 cps
Mar 18	Jun 17 (2.00 cps)	Dec 17: (1.00 cps)	Total 3.00 cps
Mar 19	Jun 18 (2.25 cps)	Dec 18: (1.25 cps)	Total 3.50 cps
Mar 20	Jun 19 (2.25 cps)	Dec 19: (1.25 cps)	Total 3.50 cps
Mar 21	Jul 20 (1.50cps)		

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Review of March 20 year ¹⁰ (DOC)

2. Financial Overview- Individual Trading Operations:

- Quest Insurance Group Limited
- Federal Pacific Finance Tonga Limited
- Geneva Financial Services Limited
- Stellar Collections Limited (Including MFL operations)
- Geneva Capital Limited

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Review of March 20 year ¹¹ (DOC)

2. Financial Overview- QUEST INSURANCE:

- Reported profit of \$1.7m (up 30%)
- Premiums totalled \$13.7m for the year (up 26%)
- Direct channel = biggest growth (up 58%)
- Broker Channel followed (up 38%)
- Overall pleasing result for this operation
- Well positioned to further improve on very good performance

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Review of March 20 year 12 (DOC)

2. Financial Overview- FP Tonga:

- 60% owned
- Pre-tax profit of NZD \$1.4m (up 21.7%)
- Group's share = \$0.8m pre-tax profit (\$0.6m after tax)
- Another good performance

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Review of March 20 year ^{13 (DOC)}

2. Financial Overview- Geneva Financial Services:

- Lending business pre-tax profit result \$4.2m (down 25%)

- Last 18-24 months market experienced:
 - influx of cash
 - reduction in margins
 - easing of asset quality standards

- Poor performance due to:
 - static lending volumes
 - lower yields
 - focus to maintain asset quality not lending volumes

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Review of March 20 year 14 (DOC)

2. Financial Overview- Geneva Financial Services (continued):

- How we addressed the 2020 results:
 - personnel
 - pricing
 - increase tier 1 mix
 - Collections
 - Distribution

- Result seen so far:
 - immediate lending lift to 26% above last year (previously up 7%)
 - improved collections

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Review of March 20 year 15 (DOC)

2. Financial Overview- Stellar Collections (Including MFL Operations):

- Consolidated profit of \$0.1m, down \$0.3m

- Comprising:
 - Consumer collections operation = pre-tax profit of \$0.3m (LYR \$0.1m)
 - Offset losses from the debt litigation business (MFL) = \$0.2m (LYR profit \$0.3m)

- How we addressed the 2020 results:
 - personnel
 - operational
 - target market

- 2021 expectation:
 - Move MFL back into profit
 - Stellar and MFL benefit from the forecast economic environment

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Review of March 20 year 16 (DOC)

2. Financial Overview- Geneva Capital:

- Loss of \$0.6m for the period, 1% improvement from LYR
- Poor result linked to inherited personnel and cost structure
- How we addressed the 2020 results:
 - personnel
 - cost structure
- Result seen so far:
 - substantial improvement
- 2021 expectation:
 - business in position to move into profit
 - coming economic conditions creates a favourable environment for profit growth

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Update Since 1 April 2020 17 (DOC)

3. Events Subsequent to Balance Date:

- GCL and MFL:
 - Both loss-making operations with combined losses in the March 20 year of \$0.8m. have moved into profit on a monthly basis.

- QUEST and GFSL:
 - continued the lending/ sales growth in 2021 FY
 - GFSL is showing improved collections arrears

- COVID-19:
 - Despite good progress mentioned above, impact of COVID-19 still unclear
 - Opportunities can also arise

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Update Since 1 April 2020 ^{18 (DOC)}

3. Events Subsequent to Balance Date (continued):

COVID-19 (continued):

- Trading was severely interrupted during Lockdown stage 4 (March 2020 / April 2020):
 - a. Revenue from new business originations down 62% on the previous year.
 - b. GFSL's lending down 90%
 - c. Quest Insurance premium sales down 81%
- Company qualified for and received the wage subsidy totalling \$352k. This subsidy has not been released to profit in the March 20 year.
- Collection processes were enhanced to support customers that were impacted by the pandemic and included assessing hardship applications and payment restructures.

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Update Since 1 April 2020 ¹⁹ (DOC)

3. Events Subsequent to Balance Date (continued):

- Sale of investment:
 - QUEST Insurance holds investment in medical property
 - Valued \$3.7m in March 2020 accounts
 - Unconditionally sold and expected to settle 30 September 2020
 - Total proceeds anticipated to be \$4.1m

- Sale and/or Buyback of Minimum Holdings completed (<\$1,000 GFL shares)

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Update on Performance to September 2020 ²⁰ (DOC)

4. Forecast to 30 September 2020:

Consolidated Income Statement For the 6 month forecast to 30 September 2020				
	Forecast SEPT 20	Actual SEPT 19	VAR	VAR
	\$M	\$M	\$M	%
Pretax profit:				
Geneva Financial Services Limited	2.1	2.4	(0.3)	-11.6%
Quest Insurance Group Limited	1.3	0.9	0.4	44.6%
Stellar Collections Limited	0.2	0.2	(0.0)	-13.1%
Federal Pacific Finance Limited (Tonga)	0.7	0.7	0.1	12.0%
Geneva Capital Limited	(0.0)	(0.3)	0.3	-94.0%
	4.3	3.6	0.7	19.5%
GFNZ Group Limited (Gp Overheads)	(1.3)	(1.3)	0.0	-3.1%
Group Trading Result before Tax	3.0	2.3	0.7	33.0%
Taxation	0.0	(0.6)	0.6	-100.0%
<u>Less Non-Controlling Interest:</u>				
Federal Pacific Finance Limited (Tonga)	(0.2)	(0.2)	(0.0)	12.2%
Group Trading Result after tax	2.8	1.5	1.3	91.4%

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Update on Performance to September 2020 ²¹ (DOC)

5. Share price:

- Share price data from 31 March 2015:

Share Price	Listed Price Cents	Incr (Decr)		Pre-Tax Earnings per share cps	Dividends per Share cps	Return to Shareholders	
		p.a. %	Cum %			Pre- tax Earnings % per share	Pre- tax Div % per share
Mar-15	20.30			2.20		10.8%	0.0%
Mar-16	35.00	72.4%	72.4%	3.05		8.7%	0.0%
Mar-17	43.00	22.9%	111.8%	5.42	1.50	12.6%	3.5%
Mar-18	61.00	41.9%	200.5%	6.42	3.00	10.5%	4.9%
Mar-19	60.00	-1.6%	195.6%	7.45	3.50	12.4%	5.8%
Mar-20	41.00	-31.7%	102.0%	5.62	3.50	13.7%	8.5%
29-Sep-20	40.00	-2.4%	97.0%	6.65	2.75	16.6%	6.9%

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Update on Performance to September 2020 22 (DOC)

6. Outlook and Summary:

- It has been a difficult year
- Some operations performed very well while others required restructuring to turn around performance
- Changes have been made and despite the COVID-19 impact, the group is well positioned to return to sustainable revenue and profit growth
- Strong balance sheet
- Receivables ledgers are well provisioned

The board is looking forward to taking advantage of the opportunities the coming market will offer.

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Questions on Accounts 23 (Board)

**Questions relating to the accounts
are now invited**

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Ordinary Business to be considered ²⁴

The following ordinary resolutions will now be considered:

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Ordinary Business to be considered ²⁵

Resolution 1: Election of Director

- To re-elect Ronald Robin King as a Director of Geneva Finance Limited.

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Ordinary Business to be considered ²⁶

Resolution 2: Election of Director

- Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Malcolm Johnston be re-elected as a Director of Geneva Finance Limited.

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Ordinary Business to be considered ²⁷

Resolution 3: Election of Director

- Having been appointed during the year by the Board and holding office only until the Annual Meeting, that Daran Nair be re-elected as a Director of Geneva Finance Limited.

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Ordinary Business to be considered ²⁸

Resolution 4: Auditor remuneration

- That the Board be authorised to determine the auditor's fees and expenses for the 2021 financial year.

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Ordinary Business ²⁹

Annual Report and Financial Statements

The Annual Report and the Financial Statements for the year ended 31 March 2020 and the audit report thereon have been considered and accepted by the Board.

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GENEVA FINANCE LIMITED

Geneva Finance Limited

Annual General Meeting

30th SEPTEMBER 2020

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