

WBS RECENT MEDIA COMMENTS – GOVERNMENT GUARANTEE

Thank you for the opportunity to respond to recent media comments made in the Television One Q & A programme and later on One News.

WBS, like most financial institutions, entered the original Government Guarantee Scheme to provide investors with confidence during a period of significant financial disruption. The original Guarantee expired in October 2010. Before the original Guarantee expired the Government gave eligible institutions the opportunity to apply for extended coverage under a new Guarantee that would expire on 31 December 2011. At the time this offer was made South Canterbury Finance was in difficulty and there was uncertainty as to the impact its inevitable downfall would have on the confidence of the investing public. To preserve its ability to offer the Guarantee, should investors require it, WBS signed up for the extended Guarantee.

The ability to offer the Guarantee has subsequently proved unnecessary. WBS has not offered the Guarantee to the public since the end of January and during this time, investments from the public have increased with maturing fixed term deposits being retained at 90% plus.

It is important to note that WBS has never required the Guarantee as a necessity for its survival. In fact the new regulatory regime imposed on financial institutions by the Government merely formalizes the policies that WBS has always operated under. Its conservative business model has stood it in good stead and will continue to do so. We never got into finance company lending hence have minimal arrears and strong capital.

Mr English said that the Guarantee provided those companies covered with the time to work through whatever any issues they might have. WBS has never had any issues complying with the new regulatory framework and, as stated above, merely entered into the Guarantee scheme to give its existing investors comfort should they need it.

We have been in contact with the Office of the Minister of Finance which has confirmed that the comments made regarding WBS on the Q & A programme were taken out of context.

Once again, thank you for the opportunity to address the above issues. I would be happy to expand on any of the above comments should you wish.

KIM McCABE

Secretary

April 2011

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