

NON-BANK DEPOSIT TAKER (NBDT) PRUDENTIAL DISCLOSURE (as at 30 September 2011)

A significant number of regulations have been introduced for Non-Bank Deposit Takers in the wake of the numerous finance company collapses between 2006 and 2010. This page is a summary of key disclosures relating to those new regulations.

WBS Capital Adequacy

WBS Risk Weighted Capital vs **Regulatory Minimum**

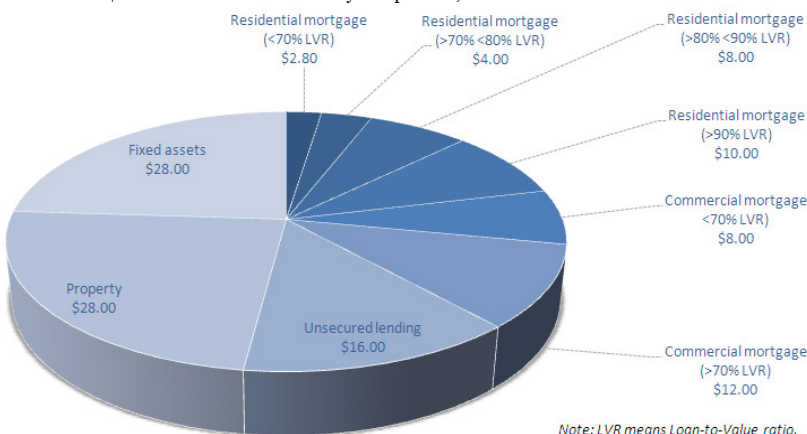
12.6% vs **8.0%**

Risk weighted capital (also called "capital adequacy") is an indication of the amount of financial buffer held by a financial institution in the form of capital before it would incur a loss of depositor's funds in the event of financial shocks, hardship or forced asset sales.

A higher level of risk weighted capital indicates an institution has more capital or invests in less risky assets, or some combination of these two.

Non-Bank Deposit Taker Capital Adequacy Risk Weightings

Regulations stipulate that a NBDT has a minimum of \$8 of capital for every \$100 it invests. This capital is then adjusted by the degree of risk associated with the class of asset that the \$100 is invested in. The following chart shows the amount of capital a NBDT needs in order to invest \$100 in different assets and by comparison, the relative risk of the various assets.



WBS Governance

This page is a summary of a significant amount of technical information. The detailed information from which this document is produced (or parts thereof) is reported regularly to the following experts in order that they may assess the wellbeing of the organisation. All such third-party oversight benefits investors.

Agency	Capacity	Frequency
RBNZ	Regulator	Monthly
Fitch Ratings	Rating agency	Annual
KPMG	Auditor	6 monthly
Trustee Executors	Trustee	Weekly
BNZ/Westpac	Financiers	Monthly
Independent directors	Directors	Monthly

WBS Credit Rating

Rating: BB+
Agency: Fitch Ratings
Outlook: Stable
Review: 7-Sep-11

Credit ratings are a subjective indication by skilled and experienced analysts of the probability of a missed payment (default).

Please note :

"+" or "-" modifiers may be appended to a rating to denote relative status within major rating categories.

Scale	Strength
AAA	Extremely Strong
AA	Very Strong
A	Strong
BBB	Adequate
BB	Less Vulnerable
B	More Vulnerable
CCC	Vulnerable
CC	Highly Vulnerable
D	Default

WBS Liquidity

Liquidity is the ability of a NBDT to raise cash to meet its financial obligations in a timely manner.

All NBDT trust deeds are required to specify minimum quantitative liquidity requirements that are appropriate for the NBDT's business.

WBS trust deed requirement:

- Total Liquid Assets must be 15% of Total Tangible Assets (TTA) less Shareholders Funds (SF) if SF are 7% or greater, but less than 8%, of TTA;
- Total Liquid Assets must be 12.5% of TTA less SF if SF are 8% or greater, but less than 9%, of TTA;
- Total Liquid Assets must be 10% of TTA less SF if SF are 9% or greater, but less than 12%, of TTA;
- Total Liquid Assets must be 7.5% of TTA less SF if SF are 12% or greater of TTA;

Current status:

Trust Deed requirement: **7.5%**
 Actual liquidity: **29.8%**

WBS Risk Management Programme

Status: Complying with regulations

Regulations stipulate that all NBDTs must have a trustee approved risk management programme.

WBS Credit Concentration

A primary credit concentration in the Wairarapa is a key aspect of WBS' identity. As such, WBS is specifically exposed to the economic climate of the Wairarapa.

All large loan exposures are secured and have more than a single asset as security at conservative lending ratios. The trust deed specifies limits for individual loans and for the 10 largest borrowers collectively. The status of all large loans are reported on monthly.

Capitalised Interest

Loans with capitalising interest
\$7.5m

WBS currently has no limit on loans with capitalised interest. However, all such loans are reported monthly to the Trustee and are subject to rigorous assessments of asset valuation and the borrower's ability to service the loan.

WBS Related Party Lending

Current related party lending **\$1.6m**
 Maximum allowable **\$2.25m**

Up to a maximum of 15% of capital is permitted under the trust deed.

All related party lending is done on an arms-length basis.