



INVESTMENT STATEMENT FOR TERM DEPOSITS

For the purposes of the Securities Act 1978

Prepared as at 1 March 2010

PREAMBLE

IMPORTANT INFORMATION

The information in this section is required under the Securities Act 1978

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

CHOOSING AN INVESTMENT

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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READING THIS INVESTMENT STATEMENT

There may be some terms or phrases used in this Investment Statement that are new to you. To help you understand these words, we have included a glossary at the back of this Investment Statement. In addition:

- “We” means Bank of Baroda (New Zealand) Limited. “Our” and “us” have a corresponding meaning.

You should also ensure that you take the time to read Bank of Baroda (New Zealand) Limited’s General Terms and Conditions for personal banking or Bank of Baroda (New Zealand) Limited’s General Terms and Conditions for business banking (as applicable) and any other relevant documentation before making your investment decisions.

WHAT SORT OF INVESTMENT IS THIS?

Description of Securities

You are invited to deposit money for a fixed term with us.

Each Term Deposit will be in New Zealand dollars or, at your option and depending on the type of Term Deposit you enter into, United States dollars and will be for a term set by us. We will, during that term, pay interest on the deposit at:

- an interest rate fixed for the term; or
- interest rates fixed for different periods during the term.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

The Bank

Our address is:

Bank of Baroda (New Zealand) Limited
114 Dominion Road
Mount Eden
Auckland 1024
New Zealand

Alternatively
Bank of Baroda (New Zealand) Limited
PO Box 56580
Dominion Road
Auckland 1446
New Zealand

Telephone: 09-6321020
Telephone (from overseas):+64 9631020
Fax: 09 - 6385082
Email: AUCKNZ@bankofbaroda.com

Directors of Bank of Baroda (New Zealand) Limited

Mangalore Devadas Mallya
Rajen Prasad
Vijaya Vaidyanath
Satish Chander Vermani

The directors of Bank of Baroda (New Zealand) Limited may change from time to time. The directors of Bank of Baroda (New Zealand) Limited can be contacted at Bank of Baroda (New Zealand) Limited's address.

Activities

Our business is providing banking and financial services. We have been doing this since June 2010.

HOW MUCH DO I PAY?

Money Payable By You

So long as you deposit at least the minimum amount we set and no more than the maximum amount we set, you may choose how much money you want to deposit with us. Apart from any fees and charges we may impose for a Term Deposit, this amount is the only amount that you must pay us for your deposit. You can pay this amount to us at our branch at 114 Dominion Road, Mt Eden, Auckland, or at any other place we agree to allow payments to be made.

WHAT ARE THE CHARGES?

Types of Charges

There is an early termination charge if we agree to allow you to break your investment before the end of its term. This charge will be a reduction in the interest rate or rates payable on the amount repaid to you before the end of its term or such other charge as we may impose from time to time. We may deduct from your Term Deposit any amount by which interest we have already paid you on your Term Deposit exceeds the total amount of interest payable on your Term Deposit at the reduced rate or rates.

Any tax that has already been paid on interest earned cannot be refunded back to you and tax must be claimed from the Inland Revenue Department directly.

In addition to the early repayment charge, we may:

- impose fees and charges for any accounts, services or products we provide;
- recover costs in relation to any accounts, services or products we provide;
- debit any account you have with us for the amount of these fees, charges and costs (whenever they become payable); and
- change our fees and charges by giving you at least 14 days notice before we make a change.

Some of these fees, charges and costs may relate to Term Deposits. We may also deduct from your Term Deposit any government charges or levies that you (or we on your behalf) are required to pay.

Amounts of Charges

You can get details of the amounts or methods of calculation of any charges that we may impose for Term Deposits when, and after you make a deposit by:

- calling us on (09) 632 1020; or
- visiting our branch at 114 Dominion Road, Mt Eden, Auckland.

WHAT RETURNS WILL I GET?

Returns

The returns payable by us on Term Deposits are available at the end of your deposit term or before the end of its term if we agree. The returns to you will be interest on the amount you deposited with us (less any applicable tax) plus repayment of the amount

you deposited. We have not promised you any amount of returns that are quantifiable as at the date of this Investment Statement for Term Deposits and legally enforceable by you. But when you make a Term Deposit, we can tell you how much interest we will pay on it if the deposit is not broken before its maturity date.

The key factors that will determine your returns will be:

- the interest rate at which you agree to deposit your money;
- the amount you deposit;
- the term of your deposit;
- any taxes or duties imposed; and
- whether your Term Deposit is terminated early.

No reserves or retentions apply to Term Deposits.

We will repay you the amount you deposited when your Term Deposit matures. We will pay you interest on your Term Deposit on the date it matures and annually, six monthly, three monthly or monthly as agreed when you make the deposit.

Amounts due on a maturity date or interest payment date that is a Saturday, Sunday or public holiday will be paid on the next working day. If you don't tell us what to do with the amount of principal and interest payable on the maturity date, we will reinvest that amount in a further Term Deposit for the same term and at our then current rate for such a deposit.

We may withhold payment of:

- all or part of your Term Deposit; and
- where interest is due on your Term Deposit on only the maturity date, interest on your Term Deposit,

until the deposit matures.

Where your interest is due during the term of your Term Deposit, we may withhold payment of it until the next interest payment date.

We may also withhold repayment of your Term Deposit and interest payable on that amount where:

- we hold the Term Deposit as security or subject to any stopped account or other similar condition, until the secured liability or condition is satisfied;
- a partnership has been dissolved and we haven't had any legal instructions;
- we know something illegal has happened or may happen in relation to your Term Deposit;
- you are declared bankrupt;
- the Term Deposit is made subject to a property order under the Protection of Personal Property Rights Act 1988 or we think you lack the mental capacity you need to operate an account with us;
- we get notice of a third party claim for the Term Deposit;
- the law, including any court order, requires us to do so;
- we know that you have died but we have not sighted probate in respect of your estate; or

- you have breached this Investment Statement for Term Deposits or any other contract between us and you.

Tax is likely to affect your returns. We will deduct from the returns payable to you all tax and other levies that we are legally required to deduct.

We are legally liable to pay the returns to you.

Guarantee of Returns

Bank of Baroda, our parent bank, has guaranteed our payment obligations, including any payment obligation in respect of any deposit made with us. The guarantee does not apply to payment obligations where the terms of the obligation expressly provide in writing that the obligations will not have the benefit of the guarantee.

A copy of the guarantee document is included in our most recent General Disclosure Statement, which is available for you to view online on our website at www.barodanzltd.co.nz.

WHAT ARE MY RISKS?

Risks

All investing involves risk. Investment risk is the likelihood and potential impact of not getting all your money back, or getting a lower return than you expect. Generally, the higher the expected return, the higher the expected risk.

The main risks of you not recovering the amount you deposit in full or of you not receiving the returns referred to above are:

- us becoming insolvent or being put into statutory management in circumstances where our assets cannot satisfy claims ranking ahead of, and equally with, your claim, and where the guarantee described above doesn't apply to your claim or the assets of Bank of Baroda (our guarantor) are insufficient to meet your claim under the guarantee;
- the Inland Revenue Department requiring us to deduct from your Term Deposit a sum which you may owe as a taxpayer; and
- us exercising any right we have to combine our accounts or to set-off debts you owe us against the amount of your Term Deposit.

Consequences of insolvency

As a deposit holder, you generally won't be liable to pay anyone money if we become insolvent. But you may be liable to pay someone money if, in certain circumstances, we are in liquidation and:

- a payment of principal and interest by us to you other than in the ordinary course of business enabled you to receive more than you would otherwise have received, or would have been likely to have received, on our liquidation and the Court sets the payment aside; or
- your Term Deposit, in broad terms, benefited you more than us.

If the Court sets aside a payment of money by us to you, it may order you to pay the liquidator such sum as fairly represents the benefits received by you as a result of the payment. If your Term Deposit involves a transaction that benefited you more than us, the liquidator may recover from you any amount by which the value provided by us exceeded the value received by us.

We think the likelihood of you being required to pay money to any person as a result of our insolvency is extremely low.

Term Deposits are part of our unsecured and unsubordinated liabilities. The claims on our assets that will or may rank ahead of your claim as a deposit holder if we were to be put into liquidation or wound up are:

- the claims of any secured creditors;
- the claims set out in the Seventh Schedule to the Companies Act 1993 (being, in general terms, the liquidator's fees, some salary and wages and tax payable); and
- any other claims preferred by law.

The claims on our assets that will or may rank equally with your claim on our assets as a deposit holder if we are put into liquidation or wound up are all other claims for unsecured and unsubordinated liabilities except claims that are preferred by law.

CAN THE INVESTMENT BE ALTERED?

Alteration of Term Deposits

We may:

- change our terms and conditions which may apply to Term Deposits by giving you at least 14 days' notice before we make a change; and
- as noted in "Types of Charges," impose and change fees and charges.

But, once you have made a Term Deposit, neither we, you nor anyone else may change the terms and conditions which apply to that deposit.

HOW DO I CASH IN MY INVESTMENT?

Early Termination

We will consider requests for early repayment of your Term Deposit. If we agree, you can have your Term Deposit repaid before its maturity date. We will consider agreeing to this only if you ask us to do so three days before your requested Term Deposit termination date and if your Term Deposit is in cleared funds.

If we agree to this, we may pay interest on your Term Deposit at a reduced rate or impose a charge (as described under the heading "What are the Charges?"). If you have terminated only part of your Term Deposit early, we may repay all of your Term Deposit early if the amount that would otherwise remain would be less than the minimum Term Deposit amount set by us.

Right to Sell Term Deposits

You cannot sell or transfer your Term Deposit. We do not believe there is any established market for such sales.

WHO DO I CONTACT WITH INQUIRIES ABOUT MY INVESTMENT?

Enquiries

You can visit www.barodanzltd.co.nz for information on the amount of your investment. For other enquiries contact us or speak to the head of our branch at:

114 Dominion Road
Mount Eden
Auckland 1024
New Zealand

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Any complaints or problems with the Term Deposit should be directed to us or the head of our branch at:

114 Dominion Road
Mount Eden
Auckland 1024
New Zealand

If you're not satisfied with the outcome of your enquiry to us, let us know and we can initiate our complaints investigation procedures. You can do this by calling us at (09) 632 1020 or by filling in a complaint form (available at our branch at 114 Dominion Road, Mt Eden, Auckland).

However, there is the possibility that the issue has reached a "deadlock" and it may be necessary for you to refer the problem to the Banking Ombudsman. The Banking Ombudsman provides free independent assistance to investors with issues that have not been solved by us or the Trustee. The Banking Ombudsman's brochures are available at our branch or directly from the Banking Ombudsman at:

Level 11
109-111 Featherston Street
Wellington

Or

PO Box 10 573
The Terrace
Wellington 6143

Telephone: 0800 805 950

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Financial Statements and Disclosure Statement

Other information about us and Term Deposits with us is contained or referred to in our most recent disclosure statement (which includes our most recent financial statements) and in our General Terms and Conditions. Our disclosure statement can be obtained, free of charge, from our branch at 114 Dominion Road, Mt Eden, Auckland.

The disclosure statement, financial statements and other documents of or relating to us are filed on a public register at the Companies Office. These documents are available for public inspection.

Annual Information

The only type of information that we must or will give to you each year is, if applicable, a certificate stating the amount of resident or non-resident withholding tax deducted from interest paid to you for your Term Deposit.

On Request Information

The type of information that we must or will make available free of charge to you on request is:

- a copy of our most recent Investment Statement for Term Deposits;
- a copy of our most recent disclosure statement (including our most recent financial statements);
- a copy of our most recent annual report;
- a copy of Bank of Baroda's guarantee in respect of our payment obligations and its most recent annual or half yearly financial statements;
- a comparison of the actual results against any prospective financial information about Bank of Baroda (New Zealand) limited contained in any disclosure statement or advertisement;
- certain terms and conditions applicable to Term Deposits (such as current interest rates, minimum and maximum amounts and the consequences of early termination); and
- certain information concerning each of your Term Deposits (such as its principal amount, maturity date and the next date on which interest is payable).

You may request this information by calling us on (09) 632 1020 or collecting it at our branch at 114 Dominion Road, Mount Eden, Auckland.