



Bank of India (NZ) Limited

Investment Statement for Term Deposits

For the purposes of the Securities Act 1978. Prepared as at 06 October 2011

Introduction

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.

	Page
What sort of investment is this?	3
Who is involved in providing it for me?	3
How much do I pay?.....	3
What are the charges?	3
What returns will I get?.....	4
What are my risks?	6
Can the investment be altered?	7
How do I cash in my investment?.....	7
Who do I contact with inquiries about my investment?	8
Is there anyone to whom I can complain if I have problems with the investment?	8
What other information can I obtain about this investment? ..	8

In addition to the information in this document, important information can be found in the current disclosure statement for Bank of India (New Zealand) Limited. You should also refer to, and if you invest in a Term Deposit are bound by, our General Terms and Conditions. You are entitled to a copy of that disclosure statement and the General Terms and Conditions on request at any branch of Bank of India (New Zealand) Limited free of charge. You can also access a copy of either document on Bank of India (New Zealand) Limited's website at www.bankofindia.co.nz.

What sort of investment is this?

Description of securities

You are invited to deposit money for a fixed term with Bank of India (New Zealand) Limited ("we", "us" or "our").

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?

Names and address

The issuer is Bank of India (New Zealand) Limited at 10 Manukau Road, Epsom, Auckland. Bank of India (New Zealand) Limited was incorporated in New Zealand on 9 October 2008 and is a registered bank under the Reserve Bank of New Zealand Act 1989.

Directors of the issuer

Bank of India (New Zealand) Limited's directors at the date of this investment statement are:

Peter Jesse Holland
Tarun Parbhu Kanji
Banavar Ananthramaiah Prabhakar
Paladugu Nageshwar Rao

The directors of Bank of India (New Zealand) Limited may change from time to time without notice to customers. Refer to the Companies Office website at www.business.govt.nz/ companies for the most up-to-date list of directors.

Our activities

Our business is providing banking and financial services. We have been doing this since October 2011.

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 any of our branches, or at any other place we agree to allow payments to be made.

WHAT ARE THE CHARGES?

Type of charges

There are early termination charges if we agree to allow you to break your investment before the end of its term. These charges will be a flat fee of \$50 and 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.

The reduced rate of interest applying to investments withdrawn prior to the maturity date will normally be 1% per annum below the applicable rate for the actual period the deposit was kept with us. Take the example of a sixth month term deposit bearing an interest rate of 5.50%p.a., with interest to be paid at maturity. If, after four months, we approve your request to withdraw the full amount of your deposit, and the rate on offer for four months at the time the

investment was made was 3.50%p.a., then the interest due on your investment will be 2.50%p.a.

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.

We will determine the actual amount of any interest and/or principal to be deducted having regard to all relevant factors. We will advise you of this amount when the deposit is repaid early.

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 09-9265797; or
- visiting any of our branches.

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 available standard rates of interest and their corresponding terms are described at www.bankofindia.co.nz and can change at any time.

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;
- the investment type;
- interest payment frequency;
- any taxes or duties imposed; and
- whether your Term Deposit is terminated early.

If you have a Term Deposit denominated in United States dollars, your return in New Zealand dollar terms will be affected by changes in the value of the United States dollar relative to the value of the New Zealand dollar.

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 six monthly, three monthly or monthly as agreed when you make the deposit. These payments will be made in New Zealand dollars or, if different, the currency of the term deposit, as applicable.

Amounts due on a maturity date or interest payment date that is a non business day (i.e. Saturday, Sunday or public holiday) will be paid on the next business day. If you do not 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 only due on your Term Deposit on 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 and 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, or have agreed with you, to deduct.

Unless we hold a copy of a current resident withholding tax exemption certificate for you from Inland Revenue, we are legally required to deduct resident withholding tax direct from any interest credited or paid to you. If you have not informed us of your IRD number we may need to make this deduction at a higher tax rate than you would normally pay.

Unless we pay an approved issuer levy, if you are a non-resident for New Zealand tax (and do not have a fixed establishment in New Zealand) purposes, we are legally required to deduct non-resident withholding tax from any interest credited or paid to you and pay that amount to the Inland Revenue Department. If we pay an approved issuer levy you authorise us to deduct the amount of such levy from any interest credited or paid to you. You are required to advise us when you obtain New Zealand tax residency

For the purposes of determining our liability to deduct withholding tax, we will assume that you are a New Zealand resident unless you satisfy us otherwise.

If you have a Term Deposit denominated in United States dollars, you may be liable for tax on any gains in the value of the currency of that deposit relative to the New Zealand dollar over the term of that deposit.

This description of the tax treatment of Term Deposits is intended as a general guide only. We recommend that you seek your own tax advice prior to investing.

We are legally liable to pay the returns to you.

Guarantee of Term Deposits

Term Deposits are guaranteed by our parent bank, Bank of India. Bank of India unconditionally guarantees for the benefit of each creditor the due and punctual payment by Bank of India (New Zealand) Limited of each and every obligation (whether at stated maturity, upon acceleration or otherwise) now or hereafter owing or to become owing by Bank of India (New Zealand) Limited to the creditor during the term of the guarantee. There are no limits on the amount of obligations guaranteed under the guarantee. There are no material conditions applicable to the guarantee other than non-performance by the principal obligor. The deed of guarantee does not have an expiry date. The guarantee is not secured by a mortgage or other charge.

Bank of India (New Zealand) Limited does not have a guarantee under the New Zealand deposit guarantee scheme.

Refer to our latest disclosure statement which can be found on our website at www.bankofindia.co.nz for further information about the guarantee. A copy of the guarantee can be found on our website at www.bankofindia.co.nz.

What are my risks?

Risks

All investing involves 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 India (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.

If you have a Term Deposit denominated in United States dollars, there is also a risk that the value of the money you deposited could fall relative to the value of the New Zealand dollar during the term.

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, benefitted 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 benefitted 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 in 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 will generally not alter the material terms (interest rate, term and interest payment frequency) of your investment.

However, 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" above, impose and change fees and charges.

How do I cash in my investment?

Early Termination

We will repay the principal sum to you on maturity of the Term Deposit. When you make your deposit, we may agree that you can have some or all of your Term Deposit repaid before its maturity date. Otherwise, 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 and 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?"), unless we agreed otherwise when you made your deposit. 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, transfer, assign, mortgage or charge your rights to your Term Deposit, including any credit balances (other than to us), without our prior written consent. We do not believe there is any established market for the sale of Term Deposits.

Who do I contact with inquiries about my investment?

Inquiries

You can make inquiries about your Term Deposits to any of our staff at any of our branches or by calling us on 09-9265797 during normal business hours.

Please note that our staff will not be able to give you financial advice in relation to a particular Term Deposit (such as providing recommendations and opinions in relation to acquiring or disposing of a particular Term Deposit). We suggest that you contact a professional financial adviser if such advice is required. Our staff will, however, be able to provide you with factual information about a particular Term Deposit or provide advice in relation to Term Deposits generally.

Is there anyone to whom I can complain if I have problems with the investment?

Complaints

Any complaints or problems with the Term Deposit should be directed to any of our staff at our branches, by calling us on 09-9265797 or by completing and returning our feedback form obtainable online at www.bankofindia.co.nz or at any of our branches.

If you have a complaint, we will make sure the right person responds to you within 5 working days, if we cannot resolve it immediately. We will explain if and why we cannot resolve the problem and let you know when you can expect to hear back from us. We will follow up with you after the resolution, to make sure you are happy with the outcome.

If you are not satisfied, we will ask our senior management team and/or any other team that we consider appropriate to review the problem.

If you are still unhappy after we have been through our internal procedures, then you may want to contact the Banking Ombudsman (phone: 0800 805 950, email: help@bankombudsman.org.nz, post: Banking Ombudsman, P O Box 10-573, The Terrace, Wellington).

Bank of India (New Zealand) Limited abides by the Code of Banking Practice, which is a set of formal standards that all members of the New Zealand Bankers Association have agreed to. The Code promotes good banking practices by outlining the minimum standards that all banks must meet in their relationships with their customers

What other information can I obtain about this investment?

Financial Statements and Disclosure Statement

Other information about us and our Term Deposits 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 any of our branches or our website at <http://www.bankofindia.co.nz>.

The disclosure statement, financial statements and other documents of or relating to us are filed on a public register at the Companies Office which can be accessed at www.business.govt.nz/companies. 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 India's guarantee in respect of our payment obligations and its most recent annual or half yearly financial statements;
- 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 09-9265797 or coming in to any of our branches.

Bank of India (New Zealand) Limited

10 Manukau Road, Epsom, Po Box 99491, Auckland 1023, ph: +64 9 926 5797, Fax: +64 9 926 5719

Bank of India (NZ) Limited is a wholly owned subsidiary of Bank of India

email: boinz.operations@bankofindia.co.in

www.bankofindia.co.nz