

Summary of the valuation methods, rationale and assumptions considered for arriving at the share exchange ratio

1. ICICI Bank Limited ("ICICI Bank") appointed PwC Business Consulting Services LLP ("PwC BCS") bearing registration number IBBI/RV-E/02/2022/158 and ICICI Securities Limited ("ICICI Securities") appointed Ernst & Young Merchant Banking Services LLP ("EY") bearing registration number IBBI/RV-E/05/2021/155, as independent valuers for recommendation of Fair Equity Share Exchange Ratio ("Share Exchange Ratio") for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities, involving cancellation of the entire shareholding of the public shareholders of the ICICI Securities and issuance of new equity shares of ICICI Bank to the public shareholders of ICICI Securities pursuant to Regulation 37 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 ("Proposed Scheme of Arrangement").

ICICI Bank and ICICI Securities are hereinafter jointly referred to as "Companies" and individually referred to as "Company".

PwC BCS and EY are hereinafter jointly referred to as "valuers".

2. Both the valuers carried out the valuation independently and recommended the Share Exchange Ratio vide a joint report dated June 29, 2023.
3. The summary of the valuation report as submitted by the valuers is as under:

The computation of Share Exchange Ratio by PwC BCS is tabulated below

Valuation Approach	ICICI Bank		ICICI Securities	
	Value per Share of ICICI Bank (INR)	Weight	Value per Share of ICICI Securities (INR)	Weight
Cost/Asset Approach	309.8	0%	95.4	0%
Income Approach – DCF method (i)	1,046.2	20%	690.2	20%
Market Approach				
Multiples method (ii)	948.7	40%	728.2	40%
Market Price method (iii)	930.2	40%	539.7	40%
Relative Value per Share (Weighted Average of (i),(ii) and (iii))	960.8		645.2	
Fair Equity Share Exchange Ratio (Rounded)	0.67			

The computation of Share Exchange Ratio by EY is tabulated below

Valuation Approach	ICICI Bank		ICICI Securities	
	Value per Share of ICICI Bank (INR)	Weight	Value per Share of ICICI Securities (INR)	Weight
Cost/Asset Approach	309.8	0%	95.4	0%
Income Approach – DCF method (i)	1,030.8	20%	672.5	20%
Market Approach				
CCM method (ii)	943.5	40%	726.1	40%
Market Price method (iii)	930.2	40%	539.7	40%
Relative Value per Share (Weighted Average of (i),(ii) and (iii))	955.6		640.8	
Fair Equity Share Exchange Ratio (Rounded)	0.67			

The valuers have considered commonly used and accepted valuation approaches (as under) in carrying out the valuation analysis and delivering the valuation conclusion.

Approach	Description	Application
Income approach	Indicates the value of a business enterprise based on the discounted value of the cash flows that the business can be expected to generate in the future	The valuers were provided with the selected set of forecast profitability estimates for standalone operations of ICICI Bank and ICICI Securities. Given the nature of banking and broking operations, valuers have considered Dividend Discount Model ('DDM'), an adaptation of DCF method for the valuation. They have valued the key subsidiaries using Market Price/ Comparable Companies' Market Multiple (CCM) method and have added these value estimates to standalone DCF value of ICICI Bank
Market approach	Indicates the value of a business enterprise based on a comparison of the valuation subject to comparable publicly traded companies and an analysis of statistics derived from transactions in its industry as well as prior transactions involving the subject of the valuation	<ul style="list-style-type: none"> Market Price Method - For determining the market price, the volume weighted share price of ICICI Bank and its key subsidiaries and ICICI Securities over an appropriate period has been considered Multiples Method - Valuers have considered it appropriate to compute equity value of ICICI Bank and ICICI Securities and/or their subsidiaries/ joint ventures/ associates through mix of Comparable Multiples method based on asset base and/or earning capacity, as may be suitable to each entity, after providing for appropriate adjustments, as may be considered appropriate. Considering the stage of operations of the Company, industry within which it operates and the current profitability status of the Company, they have considered Price/ Book ('P/B') multiple or Price/ Earning

Approach	Description	Application
		('P/E') multiple of listed comparable companies. Valuers have relied on publicly available information and certain databases such as CapitalIQ, etc. to arrive at the comparable company multiple ▪ Comparable Transactions' Multiple (CTM) has not been used due to paucity of relevant transactions and limited information available in the public domain
Net asset approach	Indicates the value of a business enterprise by adjusting the assets and liabilities appearing in the balance sheet of the company which is being valued as at the valuation date. Net current assets as on the valuation date, are added to the fixed assets and contingent liabilities which are likely to materialise are subtracted	In the current analysis, the arrangement involving delisting of ICICI Securities is proceeded with on the assumption that on delisting, the Subsidiary Company will continue as a going concern and an actual realisation of the operating assets is not contemplated. In such a going concern scenario, the relative earning power, as reflected under the Income and Market approaches, is of greater importance to the basis of amalgamation/ merger, with the values arrived at on the net asset basis being of limited relevance. Hence, while valuers have calculated the values of the shares of ICICI Bank and ICICI Securities under the Asset Approach, they have considered it appropriate not to give any weightage to the same in arriving at the Share Exchange Ratio

The Share Exchange Ratio has been arrived at on the basis of value of equity shares of the Companies based on the various approaches/methods explained above and detailed in the valuation report and is based on various qualitative factors relevant to each company, business dynamics and growth potentials of the businesses of the Companies, information base and key underlying assumptions and limitations. Valuers have adopted the Discounted Cash Flow ("DCF") method, Comparable Companies' Market Multiple ("CCM") method and Market Price ("MP") method by assigning appropriate weightages to arrive at the Share Exchange Ratio of 67 (Sixty Seven) equity shares of ICICI Bank of ₹ 2/- each fully paid up for every 100 (One Hundred) equity shares of ICICI Securities of ₹ 5/- each fully paid-up.

- ICICI Bank appointed JM Financial Limited ("JM Financial") (SEBI Registration No.: INM000010361) and ICICI Securities appointed BofA Securities India Limited ("BofA") (SEBI Registration No.: INM000011625), both SEBI registered Merchant Bankers, to provide their respective independent opinion to the Board of Directors of the respective Companies on the fairness of Share Exchange Ratio arrived at by the valuers, from a financial point of view.
- JM Financial and BofA, submitted their respective fairness opinions vide their reports dated June 29, 2023, certifying that the Share Exchange Ratio provided in the valuation report is fair, from a financial point of view.
- The valuation report issued by the valuers and the fairness opinion provided by JM Financial was placed before the Board of Directors of ICICI Bank at its meeting held on June 29, 2023.

7. The valuation report issued by the valuers and the fairness opinion provided by BofA was placed before the Board of Directors of ICICI Securities at its meeting held on June 29, 2023.

For ICICI Bank Limited

For ICICI Securities Limited

Mr. Abhinek Bhargava
Head – Investor Relations & Strategy

Mr. Harvinder Jaspal
Chief Financial Officer