

PwC Business Consulting Services LLP Registered Valuer Registration No. IBBI/RV-E/02/2022/158 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai – 400 028. Maharashtra, India.	Ernst & Young Merchant Banking Services LLP Registered Valuer Registration No. IBBI/RV-E/05/2021/155 14th Floor, The Ruby, 29, Senapati Bapat Marg, Dadar (West), Mumbai – 400 028. Maharashtra, India.
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Dated: 29 June 2023

To,

The Audit Committee/The Board of Directors, ICICI Bank Limited ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara, 390007, Gujarat, India.	The Audit Committee/The Board of Directors, ICICI Securities Limited ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai, 400025, Maharashtra, India.
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Sub: Recommendation of fair equity share exchange ratio for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities Limited and issuance of new shares of ICICI Bank Limited to the public shareholders of ICICI Securities Limited pursuant to Regulation 37 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021.

Dear Sir / Madam,

We refer to respective engagement letters of PwC Business Consulting Services LLP (“PwC BCS”) and Ernst & Young Merchant Banking Services LLP (“EY”), whereby PwC BCS and EY are appointed by ICICI Bank Limited (“ICICI Bank”) and ICICI Securities Limited (“ICICI Securities”), respectively, for recommendation of fair equity 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” or “Clients” or “Valuation Subjects”.

PwC BCS and EY are hereinafter jointly referred to as “Valuers” or “we” or “us” in this report.

The fair equity share exchange ratio for this report refers to number of equity shares of ICICI Bank which would be issued to the public shareholders of ICICI Securities on cancellation of each equity share held by the public shareholders pursuant to the Proposed Scheme of Arrangement (“Fair Equity Share Exchange Ratio”).

Our deliverable for this engagement would be a fair equity share exchange ratio report (“Fair Equity Share Exchange Ratio Report” or “Report”)



Recommendation of fair equity share exchange ratio for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities Limited and issuance of new equity shares of ICICI Bank Limited

For the purpose of this Report, we have considered the Valuation Date as 28 June 2023 (“Valuation Date”) and the valuation is based on ‘Going Concern’ premise.

SCOPE AND PURPOSE OF THIS REPORT

ICICI Bank is a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at ICICI Bank Tower, Near Chakli Circle, Old Padra Road, Vadodara 390007, Gujarat. The Corporate Identification Number of ICICI Bank is L65190GJ1994PLC021012. The equity shares of ICICI Bank are listed on BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”). ICICI Bank, a scheduled commercial bank, is engaged in the business of providing a wide range of banking and financial services including commercial banking and treasury operations. ICICI Bank reported consolidated revenue of INR 1,861.8 bn and consolidated profit after tax of INR 340.4 bn for the year ended 31 March 2023.

ICICI Securities is a public limited company incorporated under the provisions of Companies Act, 1956, having its registered office at ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400025, Maharashtra. The Corporate Identification Number of ICICI Securities is L67120MH1995PLC086241. The equity shares of ICICI Securities are listed on the BSE and NSE. ICICI Bank is the promoter of ICICI Securities and holds 74.85% of its equity shareholding as on 31 March 2023. ICICI Securities is engaged in the business of broking (institutional and retail) including allied services of extending margin trade finance and ESOP finance, distribution of financial products, merchant banking and advisory services. ICICI Securities reported consolidated revenue of INR 34.3 bn and consolidated profit after tax of INR 11.2 bn for the year ended 31 March 2023.

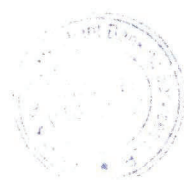
We understand that the management of the Companies (hereinafter collectively referred to as “the Management”) are evaluating a delisting of equity shares of ICICI Securities pursuant to Regulation 37 of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (“SEBI Delisting Regulations”) involving cancellation of the entire shareholding of the public shareholders of ICICI Securities and issuance of new shares of ICICI Bank through a scheme of arrangement under the provisions of Sections 230 and the other applicable provisions of the Companies Act, 2013 and other applicable law, if any.

In this connection, a Registered Valuer Report is required as per SEBI Master Circular on Scheme of Arrangement by Listed Entities dated June 20, 2023 (“SEBI Master Circular”) and Chapter XII of SEBI Operational Circular dated July 29, 2022 (“SEBI Operational Circular”) relating to listed debt securities read with Section 230 and 247 of Companies Act, 2013, and related rules.

ICICI Bank and ICICI Securities have appointed PwC BCS and EY respectively, Registered Valuers, to recommend a Fair Equity Share Exchange Ratio, for issue of ICICI Bank’s equity shares to the public shareholders of ICICI Securities for the Proposed Scheme of Arrangement, to be placed before the Audit Committee/ Independent Directors Committee/ Board of Directors of the Companies.

We understand that the Scheme of Arrangement will be effective from the date on which certified copies of the orders of the NCLT are filed by the Companies with the Registrar of Companies after receipt of necessary approvals (“Effective Date”)

The scope of our services is to conduct a relative (and not absolute) valuation of equity shares of the Companies and report a Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement in accordance with International Valuation Standards.



Recommendation of fair equity share exchange ratio for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities Limited and issuance of new equity shares of ICICI Bank Limited

The Valuers have worked independently in their analysis and arrived at different values per share of the Companies. However, to arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement, appropriate minor adjustments/rounding off have been done by the Valuers.

We have been provided with the audited financials of the Companies for the year ended 31 March 2023. We have taken into consideration the current market parameters in our analysis and have made adjustments for additional facts made known to us till the date of our Report. Further, we have been informed that all material information impacting the Companies has been disclosed to us.

We have been informed by the Management that:

- a) there would not be any capital variation in the Companies till the Proposed Scheme of Arrangement becomes effective, except issuance and / or conversion of Employee Stock Options and Employee Stock Units in normal course of the business of the Companies. In the event that either of the Companies restructure their equity share capital by way of share split / consolidation / issue of bonus shares before the Proposed Scheme of Arrangement becomes effective, the issue of shares pursuant to the Fair Equity Share Exchange Ratio recommended in this Report shall be adjusted accordingly to take into account the effect of any such corporate actions.
- b) till the Proposed Scheme of Arrangement becomes effective, neither Companies would declare any substantial dividends having materially different yields as compared to past few years.
- c) there are no unusual/abnormal events in the Companies materially impacting their operating performance/financials after 31 March 2023 till the Report date.

We have relied on the above while arriving at the Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement.

This Report is subject to the scope, assumptions, qualifications, exclusions, limitations and disclaimers detailed hereinafter. As such, the Report is to be read in totality and not in parts.

SOURCES OF INFORMATION

In connection with this exercise, we have received/obtained the following information about the Companies from the Management:

- Draft Scheme of Arrangement for the proposed delisting.
- Audited financials of the Companies for year ended 31 March 2023.
- Projected profitability of ICICI Bank and ICICI Securities
- Number of equity shares of the Companies as on the 23 June 2023 on a fully diluted basis.
- Details of Employee Stock Options and Employee Stock Units of the Companies outstanding as at 23 June 2023.
- Other relevant information and documents for the purpose of this engagement provided through emails or during discussion.

In addition, we have obtained information from public sources/proprietary databases including quarterly results.

During discussions with the Management, we have also obtained explanations, information and representations, which we believed were reasonably necessary and relevant for our exercise. The Clients have been provided with the opportunity to review the draft report (excluding the recommended Fair Equity Share Exchange Ratio) as part of our standard practice to make sure that factual inaccuracy/omissions are avoided in our Report.



PROCEDURES ADOPTED AND VALUATION METHODS FOLLOWED

In connection with this exercise, we have adopted the following procedures to carry out the valuation:

- Requested and received financial and qualitative information, and clarifications regarding past financial performance.
- Considered data available in public domain related to the Companies and its peers.
- Discussions (physical/over call) with the Management to
 - understand the business and fundamental factors that affect its earning-generating capability and historical financial performance, as available in public domain.
 - Understand the assumptions and the basis of key assumption used by the management of the Companies in developing projections.
- Undertook Industry Analysis:
 - Researched publicly available market data including economic factors and industry trends that may impact the valuation.
 - Analysed key trends and valuation multiples of comparable companies using proprietary databases subscribed by us or our network firms.
- Selected internationally accepted valuation methodology/(ies) as considered appropriate by us, in accordance with the International Valuation standards published by the International Valuation Standards Council.
- Arrived at relative valuation of Companies in order to determine the Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The services do not represent accounting, assurance, accounting / tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

The user to which this valuation is addressed should read the basis upon which the valuation has been done and be aware of the potential for later variations in value due to factors that are unforeseen at the Valuation Date. Due to possible changes in market forces and circumstances, this valuation Report can only be regarded as relevant as at the Valuation Date.

This Report has been prepared for the purposes stated herein and should not be relied upon for any other purpose. Our Clients are the only authorized users of this report and use of the report is restricted for the purpose indicated in the respective engagement letters. This restriction does not preclude the Clients from providing a copy of the Report to third-party advisors whose review would be consistent with the intended use. We do not take any responsibility for the unauthorized use of this Report.

While our work has involved an analysis of financial information and accounting records, our engagement does not include an audit in accordance with generally accepted auditing standards of the Client's existing business records. Accordingly, we express no audit opinion or any other form of assurance on this information.

This Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the Report Date; (iii) audited financials for the year ended 31 March 2023 and (iv) other information obtained by us from time to time. We have been informed that the business activities



of the Companies have been carried out in the normal and ordinary course between 31 March 2023 and the Report date and that no material changes have occurred in their respective operations and financial position between 31 March 2023 and the Report date.

An analysis of such nature is necessarily based on the prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Report.

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or wilful default on part of the Clients or Companies, their directors, employees or agents.

The Clients and their management/representatives warranted to us that the information they supplied was complete, accurate and true and correct to the best of their knowledge. We have relied upon the representations of the Clients, their management and other third parties, if any, concerning the financial data, operational data and other information, except as specifically stated to the contrary in the Report. We shall not be liable for any loss, damages, cost or expenses arising from fraudulent acts, misrepresentations, or wilful default on part of the companies, their directors, employee or agents.

Valuers are not aware of any contingency, commitment or material issue which could materially affect the Companies' economic environment and future performance and therefore, the valuation of the Companies.

We do not provide assurance on the achievability of the results forecast by the Management as events and circumstances do not occur as expected; differences between actual and expected results may be material. We express no opinion as to how closely the actual results will correspond to those projected/forecast as the achievement of the forecast results is dependent on actions, plans and assumptions of Management.

The Report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Companies will be managed in a competent and responsible manner. Further, as specifically stated to the contrary, this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not disclosed in the audited / unaudited balance sheets of the Companies, if any provided to us.

This Report does not look into the business/ commercial reasons behind the Proposed Scheme of Arrangement nor the likely benefits arising out of the same. Similarly, it does not address the relative merits of the Proposed Scheme of Arrangement as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available.

The valuation analysis and result are governed by concept of materiality.

It has been assumed that the required and relevant policies and practices have been adopted by the Companies and would be continued in the future.

The fee for the engagement is not contingent upon the results reported.

The actual equity share exchange ratio may be higher or lower than our recommendation depending upon the circumstances of the transaction, the nature of the business. The knowledge, negotiating ability and motivation of the buyers and sellers will also affect the exchange ratio achieved. Accordingly, our



Recommendation of fair equity share exchange ratio for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities Limited and issuance of new equity shares of ICICI Bank Limited

recommended Fair Equity Share Exchange Ratio will not necessarily be the equity share exchange ratio at which actual transaction will take place.

We have also relied on data from external sources to conclude the valuation. These sources are believed to be reliable and therefore, we assume no liability for the truth or accuracy of any data, opinions or estimates furnished by others that have been used in this analysis. Where we have relied on data, opinions or estimates from external sources, reasonable care has been taken to ensure that such data has been correctly extracted from those sources and /or reproduced in its proper form and context.

Any person/ party intending to provide finance/ invest in the shares/ businesses of the companies/ their holding companies/ subsidiaries/ joint ventures/ associates/ investee/ group companies, if any, shall do so after seeking their own professional advice and after carrying out their own due diligence procedures to ensure that they are making an informed decision. If any person/ party (other than the Client) chooses to place reliance upon any matters included in the Report, they shall do so at their own risk and without recourse to us.

Though the Valuers are issuing a joint report, PwC BCS will owe the responsibility only to ICICI Bank and EY will owe the responsibility only to ICICI Securities. The Valuers have been appointed under the terms of their respective engagement letters. We will not be liable for any losses, claims, damages, or liabilities arising out of the actions taken, omissions or advice given by any other person.

DISCLOSURE OF RV INTEREST OR CONFLICT, IF ANY AND OTHER AFFIRMATIVE STATEMENTS

We do not have any financial interest in the Clients, nor do we have any conflict of interest in carrying out this valuation.

Further, the information provided by the Management have been appropriately reviewed in carrying out the valuation. Sufficient time and information was provided to us to carry out the valuation.

SHAREHOLDING PATTERN

ICICI Bank Limited

The issued and subscribed equity share capital of ICICI Bank as of 31 March 2023 is INR 1,397 cr consisting of 6,982,815,731 equity shares of face value of INR 2/- each. The shareholding pattern is as follows:

Shareholding Pattern as on 31 March 2023	No. of Shares	% Shareholding
Public	5,647,615,524	80.88 %
Shares underlying depository receipts	1,335,200,207	19.12%
Grand Total	6,982,815,731	100.00 %

Source: www.bseindia.com accessed on 27 June 2023.

* We understand that ICICI Bank has granted ESOS and ESUS. The exercise of such ESOS and ESUSP may result in an increase in the issued and subscribed equity share capital of ICICI Bank.

ICICI Securities Limited

The issued and subscribed equity share capital of ICICI Securities as of 31 March 2023 is [INR 161 cr] consisting of 322,867,726 equity shares of face value of INR 5/- each. The shareholding pattern is as follows:

Shareholding Pattern as on 31 March 2023	No. of Shares	% Shareholding
Promoter	241,666,493	74.85 %
Public	81,201,233	25.15 %



Recommendation of fair equity share exchange ratio for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities Limited and issuance of new equity shares of ICICI Bank Limited

Grand Total	322,867,726	100.00 %
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Source: www.bseindia.com accessed on 27 June 2023.

* We understand that ICICI Securities has granted ESOS and ESUS. The exercise of such ESOS and ESUS may result in an increase in the issued and subscribed equity share capital of ICICI Securities.



APPROACH FOR RECOMMENDATION OF FAIR EQUITY SHARE EXCHANGE RATIO

The Scheme contemplates the Scheme of Arrangement involving cancellation of equity shares of ICICI Securities held by public shareholders and issuance of new shares of ICICI Bank to the public shareholders of ICICI Securities. Arriving at the Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement would require determining the relative value of equity shares of ICICI Bank and ICICI Securities. These values are to be determined independently, but on a relative basis for the Companies, without considering the effect of the Proposed Scheme of Arrangement.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for mergers and our reasonable judgment, in an independent and bona fide manner.

The valuation approach adopted by PwC BCS and EY is given in Annexure 1A and 1B respectively (Annexure 1A and 1B together referred to as Annexures).

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

The basis of the Scheme of Arrangement 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 would have to be determined after taking into consideration all the factors and methods mentioned herein after. Though different values have been arrived at under each of the approaches / methods as mentioned in the Annexures, for the purposes of recommending a Fair Equity Share Exchange Ratio it is necessary to arrive at a final value for each Companies. For this purpose, it is necessary to give appropriate weights to the values arrived at under each approach / method.

The Fair Equity 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 herein after considering 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.

While we have provided our recommendation of the Fair Equity Share Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Fair Equity Share Exchange Ratio. The final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Scheme of Arrangement shall take place will be with the Board of Directors of the respective Companies who should take into account other factors such as their own assessment of the Proposed Scheme of Arrangement and input of other advisors.

We have independently applied approaches/methods discussed in the Annexures, as considered appropriate, and arrived at the relative value per share of the Companies. To arrive at the consensus on the Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement, suitable minor adjustments / rounding off have been done.



PwC Business Consulting Services LLP

Ernst & Young Merchant Banking Services LLP

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In light of the above, and on a consideration of all the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the following Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement involving cancellation of equity shares of ICICI Securities and issuance of new equity shares of ICICI Bank:

67 (Sixty Seven) equity shares of ICICI Bank of INR 2/- each fully paid up for every 100 (One Hundred) equity shares of ICICI Securities of INR 5/- each fully paid up.

It should be noted that we have not examined any other matter including economic rationale for the Proposed Scheme of Arrangement per se or accounting, legal or tax matters involved in the Proposed Scheme of Arrangement.

<p>Respectfully submitted,</p> <p>PwC Business Consulting Services LLP Registered Valuer Registration No. IBBI/RV-E/02/2022/158</p> <div></div> <p>Neeraj Garg Partner IBBI Membership No.: IBBI/RV/02/2021/14036 Date: 29 June 2023 RVN: IOVRVF/PWC/2023-2024/2101</p>	<p>Respectfully submitted,</p> <p>Ernst & Young Merchant Banking Services LLP Registered Valuer Registration No. IBBI/RV-E/05/2021/155</p> <div></div> <p>Parag Mehta Partner IBBI Membership No.: IBBI/RV/05/2019/11608 Date: 29 June 2023 EYMBS/RV/2023-24/005</p>
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Annexure 1A- Approach to Valuation – PwC BCS

We have considered International Valuation Standards in carrying out our valuation analysis and delivering our valuation conclusion. There are several commonly used and accepted valuation approaches for determining the value of shares of a company, which have been considered in the present case, to the extent relevant and applicable:

1. Asset Approach - Net Asset Value method

The asset-based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. This valuation approach is mainly used in cases where the firm is to be liquidated i.e., it does not meet the 'going concern' criteria or in case where the assets base dominates earnings capability. A scheme of arrangement for delisting would normally be proceeded with, on the assumption that the companies/ business would continue as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of arrangement for delisting, with the values arrived at on the net asset basis being of limited relevance.

2. Income Approach (Discounted Cash Flows (DCF) Method)

Under the DCF method the projected free cash flows to the firm are discounted at the weighted average cost of capital/ cost of equity. The sum of the discounted value of such free cash flows is the value of the firm/ equity shareholders.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company/ business that are available to all providers of the companies'/ business' capital – both creditors and shareholders.

Appropriate discount rate to be applied to cash flows i.e., the cost of capital:

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and creditors), weighted by their relative contribution to the total capital of the company/ business. The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

3. Market Approach:

Under this approach, value of a company is assessed basis its market price (i.e. if its shares are quoted on a stock exchange) or basis multiples derived using comparable (i.e., similar) listed companies or transactions in similar companies. Following are the methods under Market Approach:



- **Market Price (MP) Method**

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in, subject to the element of speculative support that may be inbuilt in the value of the shares. But there could be situations where the value of the share as quoted on the stock market would not be regarded as a proper indicator of the fair value of the share especially where the market values are fluctuating in a volatile capital market or when the shares are thinly traded. Further, in the Proposed Scheme of Arrangement, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

- **Comparable Companies' Multiple (CCM) method**

Under this method, value of a business / company is arrived at by using multiples derived from valuations of comparable companies, as manifest through stock market valuations of listed companies. The market price, as a ratio of the comparable company's attribute such as book net worth, profit after tax, embedded value, capital employed, earnings, etc. is used to derive an appropriate multiple. This multiple is then applied to the attribute of the asset being valued to indicate the value of the subject asset. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

- **Comparable Companies' Transaction Multiples (CTM) Method**

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable transactions. This valuation is based on the principle that transactions taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

In the ultimate analysis, valuation will have to be tempered by the exercise of judicious discretion by the Valuer and judgment taking into account all the relevant factors. There will always be several factors, e.g., present and prospective competition, yield on comparable securities and market sentiment, etc. which are not evident from the face of the balance sheets, but which will strongly influence the worth of a share. The determination of a Fair Equity Share Exchange Ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. This concept is also recognized in judicial decisions. There is, therefore, no indisputable single Fair Equity Share Exchange Ratio. The Fair Equity Share Exchange Ratio rendered in this Report only represent our recommendation(s) based upon information till the date of this Report, furnished by the Management (or its representatives) and other sources, others may place a different value. The final responsibility for the determination of the Fair Equity Share Exchange Ratio at which the Proposed Scheme of Arrangement shall take place will be with the Board of Directors who should take into account other factors such as their own assessment of the Proposed Scheme of Arrangement and input of other advisors.

Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature. The valuation approaches/ methods used, and the values arrived at using such approaches/ methods by us have been tabled below.



The Fair Equity Share Exchange Ratio has been arrived at on the basis of a relative equity valuation (on a per share basis) of ICICI Bank and ICICI Securities based on the various methodologies explained herein earlier and other factors considered relevant, having regard to information base, key underlying assumptions, and limitations. Though different values have been arrived at under each of the above methodologies, it is finally necessary to arrive at a single value for the Proposed Scheme of Arrangement. It is important to note that we are not attempting to arrive at the absolute equity values of ICICI Bank and ICICI Securities but at their relative values to facilitate the determination of the Fair Equity Share Exchange Ratio for the Proposed Scheme of Arrangement. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

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 realization 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 we have calculated the values of the shares of ICICI Bank and ICICI Securities under the Asset Approach, we have considered it appropriate not to give any weightage to the same in arriving at the Fair Equity Share Exchange Ratio.

The Management has provided us with the selected set of forecast profitability estimates for standalone operations of ICICI Bank and ICICI Securities. Given nature of banking and broking operations, we have considered Dividend Discount Model ('DDM'), an adaptation of DCF method for our valuation. We have valued these key subsidiaries using Market Price/ CCM method and have added these value estimates to standalone DCF value of ICICI Bank.

For our analysis under Market Approach, we have considered the Market Price Method to arrive at the relative fair value of the shares of ICICI Bank and its key subsidiaries and ICICI Securities for the purpose of arriving at the Fair Equity Share Exchange Ratio. 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 in this case.

We 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, we have considered Price/ Book ('P/B') multiple or Price/ Earning ('P/E') multiple of listed comparable companies. We have relied on publicly available information and certain databases such as CapitalIQ, etc. to arrive at the comparable company multiple.

Comparable Companies' Transaction Multiple (CTM) method has not been used due to lack of information in the public domain on comparable transactions of similar scale. Further, the transaction multiples may include acquirer specific considerations, synergy benefits, control premium and minority adjustments.

For our final analysis and recommendation we have considered the values arrived under the Market Approach and Income Approach, to arrive at the relative value of the equity shares of ICICI Bank and ICICI Securities for the purpose of the Proposed Scheme of Arrangement.

We have considered appropriate weights to the values arrived at under the Market Approach and Income Approach.



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In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, the table below summarises our workings for valuation of ICICI Bank and ICICI Securities, and the Fair Equity Share Exchange Ratio as derived by us.

The computation of fair equity share exchange ratio for Proposed Scheme of Arrangement involving cancellation of equity shares held by public shareholders of ICICI Securities and issuance of new equity shares of ICICI Bank 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			

* Sixty dates volume weighted average price ended 28 June 2023 (as required to be considered under Regulation 37 of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021) of ICICI Bank is INR 937.9 and ICICI Securities is INR 583.6.



Annexure 1B- Approach to Valuation – EY

There are primarily three approaches in valuation (viz., Cost/Asset Approach, Market Approach and Income Approach). For any valuation, all the approaches may not be relevant and therefore will not give a fair estimate of value. Hence, the approach most suitable for that specific business / company must be applied in the valuation exercise, based on the experience and common practices adopted by valuers.

According to IVS 104 “Fair Value is the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have adapted internationally accepted valuation standards and approaches in delivering our valuation conclusion. There are several principal valuation approaches under International Valuation Standard of which we have considered only those approaches to the extent, it is applicable and relevant.

The various approaches generally adopted in valuation are as under:

1. Cost/Asset Approach: Net Asset Value method
2. Income Approach: Discounted Cash Flows (“DCF”) method
3. Market Approach: Comparable Companies’ Market Multiple (“CCM”) method, Comparable Transactions’ Multiple (CTM) method and Market Price (“MP”) method

We have used the Market Approach (i.e., MP method and CCM method) and Income Approach (i.e., DCF method) for valuation of both the Companies.

Fair valuation of the Companies factors various intangible assets whether or not recorded in the financials of the respective companies.

Cost/ Asset Approach – Net Asset Value (NAV) method: Under this approach, the net asset value method is considered, which is based on the underlying net assets and liabilities. Cost approach is not considered suitable since it does not capture the earnings potential or value of intangibles in the business. Hence, in the present valuation analysis, we have not considered NAV method.

Income Approach - Discounted Cash Flow (DCF) method: Under the DCF method the projected free cash flows to the equity shareholders are discounted at the cost of equity. The sum of the discounted value of such free cash flows is the value of the equity. Such DCF analysis involves determining the following:

- *Estimating future free cash flows:*

Free cash flows are the cash flows expected to be generated by the company that are available to the providers of the company’s capital – both debt and equity, as applicable.

- *Appropriate discount rate to be applied to cash flows i.e., the cost of capital:*

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to the capital providers (namely shareholders). The opportunity cost to the capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

We have used Discounted Cash Flow method based on the projected standalone profit after tax of ICICI Bank and consolidated profit after tax of ICICI Securities as provided to us by the Management. For ICICI Bank, projections for its key subsidiaries i.e. ICICI Prudential Life Insurance Company Limited, ICICI



Recommendation of fair equity share exchange ratio for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities Limited and issuance of new equity shares of ICICI Bank Limited

Lombard General Insurance Company Limited and ICICI Prudential Asset Management Company Limited, were not provided by the Management. Accordingly, we have valued the same based on CCM method or MP method, as considered appropriate, and added to the value of ICICI Bank as per DCF method.

Market Approach - CCM method: Under this method, one attempts to measure the value of the shares / business of a company by applying the derived market multiple based on market quotations of comparable public / listed companies, in an active market, possessing attributes similar to the business of such company - to the relevant financial parameter of the company / business. This valuation is based on the principle that such market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances. In the present valuation analysis, we have considered (i) Price/Book ("P/B") multiple for arriving at the value per equity share of ICICI Bank and separately added value of investment in key subsidiaries i.e. ICICI Prudential Life Insurance Company Limited, ICICI Lombard General Insurance Company Limited and ICICI Prudential Asset Management Company Limited which have been valued based on CCM method or MP method, as considered appropriate and (ii) Price/Earning ("P/E") multiple for arriving at the value per share of ICICI Securities.

Market Approach - MP method: Under this method, the value of shares of a company is determined by taking the average of the market capitalization of the equity shares of such companies as quoted on a recognized stock exchange over reasonable periods of time where such quotations are arising from the shares being regularly and freely traded in an active market, subject to the element of speculative support that may be inbuilt in the market price.

The equity shares of Companies are listed on NSE and BSE and are traded frequently. In these circumstances the share prices observed on NSE over a reasonable period have been considered for arriving at the value per equity share of the Companies under the Market Price method. For arriving at the market price, we have considered prices over an appropriate period up to 23 June 2023 being the last trading day before the announcement to consider the proposed delisting by the Board of Directors was submitted to the respective stock exchanges.



Recommendation of fair equity share exchange ratio for the proposed scheme of arrangement for delisting of equity shares of ICICI Securities Limited and issuance of new equity shares of ICICI Bank Limited

Fair Valuation:

We have arrived at the fair value of equity shares of both Companies by applying below mentioned weights to the value derived under various methods.

The computation of fair equity share exchange ratio for Proposed Scheme of Arrangement involving cancellation of equity shares held by public shareholders of ICICI Securities and issuance of new equity shares of ICICI Bank 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			

* Sixty dates volume weighted average price ended 28 June 2023 (as required to be considered under Regulation 37 of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021) of ICICI Bank is INR 937.9 and ICICI Securities is INR 583.6.



Certified True Copy

RAJU

NANIKRAM

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Digitally signed by RAJU NANIKRAM NANWANI
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Raju Nanwani

Company Secretary