

PRIVATE AND CONFIDENTIAL

Ref: Inv. Bk/M&A/GD/18-19/194

Dated: January 2nd 2019

The Board of Directors

Dena Bank

Dena Corporate Centre, C-10,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai - 400051,
India

Dear Members on the Board,

Subject: Fairness Opinion on the Share Exchange Ratio for the proposed amalgamation of Dena Bank and Bank of Baroda (the "Transaction")

This is with reference to our appointment vide letter dated November 16th 2018 ("Appointment Letter") ref no.: DB/HO/IRC/400/2018 wherein we have been requested to provide fairness opinion to the Board of Directors of Dena Bank on the Share Exchange Ratio relating to the proposed amalgamation of Dena Bank and Bank of Baroda.

1. Background and Scope of Engagement:

We understand that Dena Bank and Bank of Baroda are envisaged to be amalgamated by a Scheme of Amalgamation under Sections Sec. 9 (2) (c) of The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. For this purpose, Dena Bank and Bank of Baroda have appointed Chartered Accountant firms: SMSR & Co. LLP and Deloitte Haskins & Sells (collectively referred to as "Valuers") respectively to prepare a Valuation Report and recommend a Share Exchange Ratio for distribution of equity shares of Bank of Baroda to the equity shareholders of Dena Bank ("Share Exchange Ratio").

(Wholly Owned Subsidiary of IDBI Bank Limited)



To arrive at the relative value of equity shares of respective Banks, the Valuers have considered following methods,

- Assets Approach - Net Assets Value Method, considering harmonized accounts,
- Market Approach – Market Price Method and
- Market Approach – Comparable Companies Multiple Method

The Valuers did not consider Income Approach as the Banks had not provided future projections.

As per the Valuation Report dated January 2nd 2019 the Valuers have recommended the Share Exchange Ratio to be 110 (One Hundred Ten) equity shares of Bank of Baroda of INR 2/- each fully paid up for every 1000 (One Thousand) equity shares of Dena Bank of INR 10/- each fully paid up.

As required by SEBI Circular CIR/CFD/CMD/16/2015, dated November 30, 2015, Dena Bank has invited us to review the valuation reports dated January 2nd 2019 prepared by the valuers and provide a Fairness Opinion as to whether the Share Swap Ratio arrived at is fair and reasonable. This fairness opinion is being provided solely to the Board of Directors of Dena Bank and strictly within this context and is not intended to represent the valuation at which such a transaction is carried out, and does not address Bank of Baroda (or any other party's) underlying business decision to proceed with or effect any commercial decisions relating to the proposed amalgamation.

For the avoidance of doubt, this fairness opinion is not to be construed as financial advice in relation to the sale of, or subscription for, any shares in Dena Bank or Bank of Baroda to any person.

2. Source of Information:

In arriving at the opinion set forth below, we have relied on the following:

1. Valuation Report dated January 2nd 2019 prepared by Deloitte Haskins & Sells (Chartered Accountants) and SMSR & Co. LLP (Chartered Accountants).
2. Historical financial information of the Banks as on September 30th 2018.
3. Harmonized net worth of the Banks as on September 30th 2018 based on harmonization of accounting policies followed by the Banks.
4. Additional information provided at the Microsoft data room by the banks. Information including but not limited to those mentioned hereinabove.
5. Data available on NSE, Bloomberg & Capitaline.



3. Scope Limitations and Disclaimers:

- This fairness opinion is being provided solely to and from the perspective of Board of Directors of Dena Bank and only in connection with the Transaction.
- This fairness opinion is confidential and is provided pursuant to and subject to the terms of our appointment and terms of business.
- It is being made available for information purposes only and on a confidential basis.
- This opinion is for the exclusive use of Board of Directors of Dena Bank and it may be disclosed to such persons and authorities as may be required under Law.
- This opinion must not be copied, reproduced, distributed or passed, in whole or in part, to any other person at any time without our prior written consent.

Each recipient acknowledges that some or all of the information contained in the opinion is or may be inside information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each recipient undertakes not to use any information contained in the opinion for any unlawful purpose.

This opinion does not constitute an offer or invitation or a solicitation of any offer or invitation for the sale or purchase of securities or of any of the assets, business or undertaking of Dena Bank or Bank of Baroda. In addition, it is not intended to form the basis of or act as an inducement to enter into any contract or investment activity, and should not be considered as a recommendation by us, Dena Bank or any other person in relation to Dena Bank.

The information used for this opinion, which does not purport to be comprehensive, has been provided to us by Dena Bank and its advisors and/or obtained from publicly available sources. We have assumed the accuracy of the information so received and this has not been verified by us. No representation or warranty, express or implied, is or will be given by us or our respective directors, officers, employees or advisers or any other person as to the accuracy or completeness of this opinion and, so far as permitted by law, no responsibility or liability is accepted for the accuracy or sufficiency thereof, or for any errors, omissions or misstatements, negligent or otherwise, relating thereto.



In particular, but without limitation, (subject as aforesaid) no representation or warranty, express or implied, is given as to the achievement or reasonableness of, and no reliance should be placed on, any projections, targets, estimates or forecasts and nothing in this opinion is or should be relied on as a promise or representation as to the future. Accordingly, (subject as aforesaid) neither us, nor any of our respective directors, officers, employees or advisers, nor any other person, shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this opinion or any other written or oral communication with the recipient or its advisors in connection with its evaluation of Dena Bank & Bank of Baroda and (save in the case of fraudulent misrepresentation or wilful non-disclosure) any such liability is expressly disclaimed.

The receipt of this opinion by any person is not to be taken as constituting the giving of investment opinion by us to any such person, nor to constitute such person our client.

For avoidance of any doubts, it is clarified that fees payable to IDBI Capital Markets & Securities Limited by Dena Bank is not in any way contingent upon nature of opinion provided to Dena Bank.

4. Conclusion:

In our opinion, in the given circumstances, based on all relevant factors, information and subject to the scope limitations & disclaimers on the date hereof, the Share Exchange Ratio as recommended by the Valuers, is fair and reasonable.

Yours Faithfully

For and on behalf of

IDBI Capital Markets & Securities Limited




Mr Girish Deshpande
Sr. Vice President