

STRICTLY CONFIDENTIAL

January 02, 2019

The Board of Directors,
Bank of Baroda,
Baroda Corporate Centre
C-26, G-Block, Bandra Kurla Complex,
Bandra (E), Mumbai -400051

Ladies / Gentlemen:

We refer to the appointment letter dated December 14, 2018 ("**Appointment Letter**") whereby Bank of Baroda ("**Transferee Bank**" or "**BOB**") has engaged JM Financial Limited ("**JM Financial**"), *inter alia*, to provide a fairness opinion to BOB on the respective Share Exchange Ratio recommended by the report dated January 02, 2019 ("**Share Exchange Ratio Report**") issued jointly by Deloitte Haskins & Sells ("**Deloitte**" or "**Valuer**") and SMSR & Co. ("**SMSR**" or "**Valuer**") (Deloitte and SMSR are collectively referred as "**Valuers**") for the proposed amalgamation of Dena Bank ("**Transferor Bank**" or "**Dena**") with BOB as a going concern ("**Proposed Amalgamation**") under a Scheme formulated and being submitted to Parliament by the Government of India in exercise of the powers conferred by section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970) after consultation with the Reserve Bank of India.

BOB has also engaged JM Financial, *inter alia*, to provide a fairness opinion to BOB on the share exchange ratio recommended by the report dated January 02, 2019 issued jointly by Deloitte and M. M. Nissim & Co. ("**Nissim**") for the proposed amalgamation of Vijaya Bank ("**Vijaya**") with BOB. BOB, Vijaya and Dena are collectively referred to as "**Banks**".

Background and Purpose

Founded in 1908, BOB is a nationalized bank with Government of India holding 63.74% equity stake as at 30 September 2018. The equity shares of BOB are listed on the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**") (BSE and NSE are together hereinafter referred to as the "**Stock Exchanges**").

Founded in 1938, Dena is a nationalized bank with Government of India holding 80.74% equity stake as on 30 September 2018. The equity shares of Dena are listed on the Stock Exchanges.

In September 2018, BOB had received a communication from the Ministry of Finance, Government of India that the Alternative Mechanism (AM) after consultation with Reserve Bank of India (RBI), had decided that BOB, Vijaya Bank and Dena Bank may consider amalgamation of the three Banks.

The proposal envisages, *inter alia*, the amalgamation of Dena into BOB, whereby equity shares of BOB will be issued to the shareholders of Dena. The Valuers have arrived at a swap ratio ("**Share Exchange Ratio**") of 110 (One Hundred and Ten) equity shares of BOB of INR 2/- each fully paid up for every 1,000 (One Thousand) equity shares of Dena of INR 10/- each fully paid up.

BOB, in terms of the Appointment Letter has requested us to issue our independent opinion to the Board of Directors of BOB on the fairness of the Share Exchange Ratio recommended by the Valuers



JM Financial Limited

Corporate Identity Number : L67120MH1986PLC038784

Regd. Office: 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.

T: +91 22 6630 3030 F: +91 22 6630 3330 www.jmfl.com

(“Fairness Opinion”).

Source of Information

For arriving at the opinion set forth below, we have received:

1. Share Exchange Ratio Report issued by the Valuers;
2. Share exchange ratio report issued jointly by Deloitte and Nissim for the proposed amalgamation of Vijaya with BOB;
3. Harmonized net worth of the Banks as at 30 September 2018, provided by the Banks, based on harmonization of accounting policies followed by the Banks;
4. Certain explanations and information from the representatives of BOB

Scope Limitations

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information that was publicly available or provided or otherwise made available to us by BOB for the purposes of this Fairness Opinion. We express no opinion, and accordingly, accept no responsibility with respect to or for such information, or the assumptions on which it is based, and, we have simply accepted this information on an “as is” basis, and, have not verified the accuracy and/or the completeness of the same from our end. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of BOB or Dena Bank and neither express any opinion with respect thereto nor accept any responsibility therefore. We have not made any independent valuation or appraisal of the assets or liabilities of BOB or Dena Bank, nor have we been furnished with any such appraisals. We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was publicly available or provided or otherwise made available to us by BOB or Dena Bank on an “as is” basis for the purposes of this Fairness Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims, and accordingly, we have not evaluated any litigation or other actual or threatened claims. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of BOB or Dena Bank.

We understand that the management of BOB, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and opinion. We have assumed that in the course of obtaining necessary regulatory or other consents, no restrictions will be imposed or there will be no delays that will have a material adverse effect on the Proposed Amalgamation. Our opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us as of the date hereof. It should be understood that although subsequent developments may affect this opinion, we do not have an obligation to update, revise or reaffirm this opinion.

In the ordinary course of business, the JM Financial group is engaged in securities trading, securities brokerage and investment activities, as well as, providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the JM Financial group may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity

①

securities or senior loans of any company that may be involved in the Proposed Amalgamation.

We express no opinion whatsoever and make no recommendation at all as to BOB's underlying decision to effect the Proposed Amalgamation. We also do not provide any recommendation to the holders of equity shares or secured or unsecured creditors of BOB with respect to the Proposed Amalgamation. We also express no opinion, and accordingly, accept no responsibility for or as to the price at which the equity shares of BOB or Dena Bank will trade following the announcement of the Proposed Amalgamation or as to the financial performance of BOB or Dena Bank following the consummation of the Proposed Amalgamation. We express no opinion whatsoever and make no recommendations at all (and accordingly take no responsibility) as to whether shareholders / investors should buy, sell or hold any stake in BOB or any of its related parties (holding company / subsidiary / associates etc.) or Dena Bank.

Conclusion

Based on our examination of the Share Exchange Ratio Report, such other information / undertakings / representations provided to us by BOB and our independent analysis and evaluation of such information and subject to the scope limitations as mentioned hereinabove and to the best of our knowledge and belief, we are of the opinion that the Share Exchange Ratio is fair for the shareholders of BOB.

Distribution of the Fairness Opinion

The Fairness Opinion is addressed only to the Board of Directors of BOB. The Fairness Opinion shall not otherwise be disclosed or referred to publicly or to any other third party without JM Financial's prior written consent.

However, BOB may provide a copy of the Fairness Opinion if requested / called upon by any regulatory authorities of India subject to BOB promptly intimating JM Financial in writing about receipt of such request from the regulatory authority. The Fairness Opinion should be read in totality and not in parts. Further, this Fairness Opinion should not be used or quoted for any purpose other than the purpose mentioned hereinabove. If this Fairness Opinion is used by any person other than to whom it is addressed or for any purpose other than the purpose stated hereinabove, then, we will not be liable for any consequences thereof and shall not take any responsibility for the same. Neither this Fairness Opinion nor its contents may be referred to or quoted to / by any third party, in any registration statement, prospectus, offering memorandum, annual report, loan agreement or any other agreement or documents given to third parties. In no circumstances however, will JM Financial or its management, directors, officers, employees, agents, advisors, representatives and controlling persons of JM Financial accept any responsibility or liability including any pecuniary or financial liability to any third party.

Yours truly,
For **JM Financial Limited**



Authorized Signatory