

INDEPENDENT AUDITOR'S REPORT

To the Members of
ICICI Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of ICICI Bank Limited ('the Bank' or 'the Holding Company'), its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), and its associates, which comprise the Consolidated Balance Sheet as at 31 March 2021, the Consolidated Profit and Loss Account, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the branches, subsidiaries, and associates, the aforesaid consolidated financial statements give the information required by the section 29 of the Banking Regulation Act, 1949, as well as the Companies Act, 2013 ('Act') and circulars and guidelines issued by the Reserve Bank of India, in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the consolidated state of affairs of the Group and its associates as at 31 March 2021, their consolidated profit, and their consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and its associates, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI'), together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraphs 17 through 19 of the other matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw attention to Schedule 18.19 of the accompanying consolidated financial statements, which describes the uncertainties due to the outbreak of SARS-CoV-2 virus (COVID-19). The impact of these uncertainties on the Group's results is significantly dependent on future developments.

Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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6. We have determined the matters described below to be the key audit matters to be communicated in our report.

a. Information Technology ('IT') systems and controls impacting financial reporting in relation to the Bank	
Key Audit Matter	How the key audit matter was addressed
<p>The IT environment of the Bank is complex and involves a large number of, independent and inter-dependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank. Appropriate IT general controls and application controls are required to ensure that such IT systems are able to process the data, as required, completely, accurately and consistently for reliable financial reporting.</p> <p>The accuracy and reliability of the financial reporting process depends on the IT systems and the related control environment, including:</p> <ul style="list-style-type: none"> ➤ IT general controls over user access management and change management across applications, networks, database, and operating systems; ➤ IT application controls. <p>Due to the importance of the impact of the IT systems and related control environment on the Bank's financial reporting process, we have identified testing of such IT systems and related control environment as a key audit matter for the current year audit.</p>	<p>In assessing the integrity of the IT systems relevant for financial reporting, we involved our IT experts to obtain an understanding of the IT infrastructure and IT systems relevant to the Bank's financial reporting process for evaluation and testing of relevant IT general controls and IT application controls.</p> <p>Access rights were tested over applications, operating systems, networks, and databases, which are relied upon for financial reporting. We also assessed the operating effectiveness of controls over granting, removal and periodical review of access rights. We further tested segregation of duties, including preventive controls to ensure that access to change applications, the operating system or databases in the production environment were granted only to authorized personnel.</p> <p>Other areas that were assessed under the IT control environment, included password policies, security configurations, business continuity and controls around change management.</p> <p>We also evaluated the design and tested the operating effectiveness of key automated controls within various business processes. This included testing the integrity of system interfaces, the completeness and accuracy of data feeds, system reconciliation controls and automated calculations.</p> <p>Where deficiencies were identified, we tested compensating controls or performed alternate procedures.</p>

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b. Identification and provisioning for non-performing assets ('NPAs') in relation to the Bank

As at 31 March 2021, the Group has reported total loans and advances (net of provisions) of ₹ 7,918,014 million (2020: ₹ 7,062,461 million) of which ₹ 7,337,291 million* (2020: ₹ 6,452,900 million*) relates to the Bank.

(Refer schedule 9)

* the amounts relating to the Bank are before consolidation adjustments including intercompany eliminations, if any.

Key Audit Matter	How the key audit matter was addressed
<p>The identification of NPAs and provisioning for advances is made in accordance with the extant RBI regulations or host country regulations, in the case of international branches. Based on our risk assessment, the following are significant in assessment of the NPA provisions:</p> <ul style="list-style-type: none"> ➤ Recognition of defaults, in accordance with the criteria set out in the RBI Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRAC norms) or in accordance with the host country regulations, as applicable. Further, the Bank is also required to identify NPAs by applying certain qualitative aspects; ➤ Implementation of the "COVID 19 Regulatory Package-Asset Classification and Provisioning" announced by the RBI on 17 April 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), and "Resolution Framework for COVID-19 related Stress" (the 'Resolution Framework') issued by the RBI on 06 August 2020, which were collectively considered by the management in identification and provisioning of non-performing assets. On the basis of an estimate made by the management, a provision of ₹ 74,750 million was held by the Bank as at 31 March 2021 on account of likely increase in defaults due to the impact of COVID-19 on recoverability of loans and assets of the Bank. The Bank has also revised its internal provisioning policy of retail loans to address aforesaid risk. The basis of estimation of the additional provisions and the assumptions used for aforesaid additional provision are subject to periodic review by the Bank as these depend on future developments including the rate of spread of COVID-19, the effectiveness of current and future steps taken by the government and central banks to mitigate the economic impact and the time 	<p>We understood the process and controls and tested the design and operating effectiveness of key controls, including IT based controls, focusing on the following:</p> <ul style="list-style-type: none"> ➤ Identification and classification of NPAs in line with RBI IRAC norms and certain qualitative aspects; ➤ Periodic internal reviews of asset quality; ➤ Assessment of adequacy of NPA provisions; ➤ Periodic valuation of collateral for NPAs; and ➤ Implementation of the RBI circulars. <p>To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed as to whether there was a need to classify such loans as NPAs.</p> <p>With respect to provisions recognised towards NPAs, we selected samples based on high risk industry sectors identified by the Bank, such as shipping, rigs, power, mining, and oil and gas exploration. For the samples selected, we re-performed the provision calculations including valuation of collaterals and compared our outcome to that prepared by the management and challenged various assumptions and judgements which were used by the management. We also held discussions with the management of the Bank on high risk industry sectors and measures taken by the management monitor to such assets.</p> <p>We read the RBI Annual Financial Inspection report for the financial year ended 2020 and other communication with regulators.</p> <p>With respect to those borrowers to whom a moratorium was granted in accordance with the RBI circulars, on a sample basis, we tested that such moratorium was granted and implemented in the systems in accordance with the board approved policy. On a test check basis, we tested the loans to ensure that identification of NPAs, provisions created, and asset classification were in accordance with the requirements of the RBI circulars. Further, with respect to the additional provisions made by the Bank on account of the impact of the COVID-19 pandemic, we understood and challenged the underpinning assumptions used by the Bank for such</p>

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it takes for the economic activities to return to pre-pandemic levels.

- The measurement of provision under RBI guidelines is also dependent on the ageing of overdue balances, secured / unsecured status of advances, stress and liquidity concerns in certain sectors and valuation of collateral. The provision on NPAs at certain overseas branches requires estimation of amounts and timing of expected future cash flows and exit values.

Implementation of the RBI circulars also required the Bank to implement changes in its base Information Technology applications to extend the relief packages and moratorium period to the customers as announced by the Government.

Considering the significance of the above matters to the financial statements, the heightened regulatory inspections, additional complexities in the current year on account of impact of COVID-19 and significant auditor attention required, we have identified this as a key audit matter for the current year audit

estimate by considering our understanding of the risk profiles of the customers of the Bank and other relevant publicly available macro-economic factors pertaining to impact of COVID-19.

With respect to the Resolution Framework, ensured that the Bank's board approved policy was in accordance with the RBI requirements. On a test check basis, we ensured that the restructuring was approved and implemented, and provisions made on such restructured loans in accordance with the Bank's board approved policy and the Resolution Framework.

We assessed the appropriateness and adequacy of disclosures against the relevant accounting standards and RBI requirements relating to NPAs including the additional disclosures required to be made in accordance with the RBI circulars.

c. Provisions for litigation and taxation and contingent liabilities in relation to the Bank

As at 31 March 2021, the Group has reported 'Claims against the Group not acknowledged as debts' of ₹ 88,167 million (2020: ₹ 73,591 million), of which the following relate to the Bank:

(₹ in million)

Particulars	Included under contingent liabilities	
	At 31.03.2021	At 31.03.2020
Legal cases	3,303	3,300
Taxes	70,465	59,940
Total claims against the Bank not acknowledged as debts	73,768	63,240

(Refer schedule 12)

Key Audit Matter	How the key audit matter was addressed
<p>As at 31 March 2021, the Bank has ongoing legal and tax cases with varied degrees of complexities. This indicates that a significant degree of management judgement is involved in determining the appropriateness of provisions and related disclosures.</p> <p>Significant management judgement is needed in determining whether an obligation exists and whether a provision should be recognised as at the reporting date, in accordance with the accounting criteria set under Accounting Standard 29 - Provisions, Contingent Liabilities and Contingent</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <p>We tested the design and operating effectiveness of the Bank's key controls over the estimation, monitoring and disclosure of provisions and contingent liabilities.</p> <p>For significant legal matters, we sought external confirmations and also reviewed the confirmations obtained by the management from external legal counsels and corroborated with management's documented conclusions on the assessment of outstanding litigations against the Bank.</p>

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<p>Assets ('AS 29'), or whether it needs to be disclosed as a contingent liability. Further, significant judgements are also involved in measuring such obligations, the most significant of which are:</p> <ul style="list-style-type: none"> ➤ Assessment of liability: Judgement is involved in the determination of whether an outflow in respect of identified material matters are probable and can be estimated reliably; ➤ Adequacy of provisions: The appropriateness of assumptions and judgements used in the estimation of significant provisions; and ➤ Adequacy of disclosures of provision for liabilities and charges, and contingent liabilities. <p>Considering the significance of the above matter to the financial statements, and significant auditor attention required to test such estimates, we have identified this as a key audit matter for current year audit.</p>	<p>In respect of taxation matters, we involved our tax specialists to gain an understanding of the current status of the outstanding tax litigations, including understanding of various orders / notices received by the Bank and the management's grounds of appeals before the relevant appellate authorities, and critically evaluated the management's assessment of the likelihood of the liability devolving upon the Bank, in accordance with the principles of AS 29.</p> <p>For the significant provisions made, we understood, assessed and challenged the adequacy of provisions recognised by the management. We also reviewed the historical accuracy of the provisions recognised to determine the efficacy of the process of estimation by the management.</p> <p>Further, we assessed whether the disclosures related to significant litigation and taxation matters were appropriate and adequate in terms of whether the potential liabilities and the significant uncertainties were fairly presented.</p>
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d. Valuation of derivatives in relation to the Bank

As at 31 March 2021, the Group has reported notional value of derivatives of ₹ 28,765,529 million (2020: ₹ 28,417,030 million), of which the following relate to the Bank:

(₹ in million)

Particulars	Included under	At 31.03.2021	At 31.03.2020
Notional value of derivatives	Contingent liabilities	25,062,638*	23,649,552*

(Refer schedule 12)

* the amounts relating to the Bank are before consolidation adjustments including intercompany eliminations, if any.

Key Audit Matter	How our audit addressed the key audit matter
<p>Derivatives are valued through models with external inputs. The derivatives portfolio of the Bank primarily includes transactions which are carried out on behalf of its clients (and are covered on a back-to-back basis) and transactions to hedge the Bank's interest and foreign currency risk.</p> <p>A significant degree of management judgement is involved in the application of valuation techniques through which the value of the Bank's derivatives is determined. The financial statement risk arises particularly with respect to complex valuation models, valuation parameters, and inputs that are used in determining fair values.</p> <p>Considering the significance of the above matter to the financial statements, significant management estimates and judgements, and auditor attention required to test such estimates and judgements, we have identified this as a key audit matter for current year audit.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <p>We included our valuation experts as a part of our audit team to obtain an understanding, evaluate the design, and test the operating effectiveness of the key controls over the valuation processes, including:</p> <ul style="list-style-type: none"> ➤ independent price verification performed by a management expert; and ➤ model governance and validation. <p>On a sample basis, our valuation experts performed an independent reassessment of the valuation of derivatives, to ensure compliance with the relevant RBI regulations, reasonableness of the valuation methodology and the inputs used.</p> <p>Further our valuation experts assisted us in challenging the appropriateness of significant models and methodologies used in valuation.</p>

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7. The joint auditors, Walker Chandiook & Co. LLP, Chartered Accountants, and B S R & Co LLP, Chartered Accountants, of ICICI Prudential Life Insurance Company Limited, vide their audit report dated 19 April 2021, have expressed an unmodified opinion on the financial statements. Based on consideration of their report, we have determined the matters described below to be the key audit matters to be communicated in our report:

a. Information technology systems relating to ICICI Prudential Life Insurance Company Limited	
Key Audit Matter	How the key audit matter was addressed
<p>The Company is highly dependent on information systems and controls to process and record large volume of transactions, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>In addition, due to the COVID-19 situation, IT systems have been made accessible to employees on a remote basis which has resulted in increasing challenges around the data protection.</p> <p>Due to the pervasive nature, complexity and importance of the impact of the IT systems and related control environment on the Company's financial reporting process, testing of such IT systems and related control environment has been identified as a key audit matter for the current year audit.</p>	<p>Involvement of IT specialists in assessment of the IT systems and controls over financial reporting, which included carrying out the following key audit procedures:</p> <ul style="list-style-type: none"> ➤ Understood General IT Controls (GITC) over key financial accounting and reporting systems (referred to as "in-scope systems") which covered access controls, program/ system changes, program development and computer operations i.e. job processing, data/ system backup and incident management; ➤ Understood the IT infrastructure i.e. operating systems and databases and related data security controls in remote working scenario due to COVID-19; ➤ Tested controls over IT infrastructure covering user access including privilege users and system changes; ➤ Evaluated design and operating effectiveness for in-scope systems and application controls which covered segregation of duties, system interfaces, completeness and accuracy of data feeds and system reconciliation controls; ➤ Evaluated policies and strategies adopted by the Company in relation to operational security of key information infrastructure, data and client information management and monitoring and crisis management; and ➤ Assessed whether controls have remained unchanged during the year or were changed after considering controls around change management process.

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b. Valuation of Investments relating to ICICI Prudential Life Insurance Company Limited

As at 31 March 2021, ICICI Prudential Life Insurance Company Limited reported investments of ₹ 2,122,119 million* (2020: ₹ 1,512,562 million*).

(Refer schedule 8)

* the amounts relating to ICICI Prudential Life Insurance Company Limited are before consolidation adjustments including intercompany eliminations, if any.

Key Audit Matter	How the key audit matter was addressed
<p>The Company's investment portfolio consists of Policyholders investments (unit linked and non-linked) and Shareholders investments. The Company's investment portfolio represents 99 percent of the Company's total assets as at 31 March 2021. The investments are valued in accordance with the accounting policy framed as per Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (the "Investment Regulations") issued by IRDAI and / or policies approved by the Board of Directors of the Company (collectively 'the accounting policy').</p> <p>Investments in unit linked portfolio of ₹ 1,385,492 million are valued based on observable inputs as per their accounting policy and gains/losses are recognized in Revenue account. These unit linked portfolio investments do not represent an area of higher risk of material misstatement, however, are considered as a key audit matter due to their materiality to the standalone financial statements.</p> <p>Investments in non-linked and shareholders portfolio of ₹ 736,627 million are valued as per their accounting policy, basis which:</p> <ul style="list-style-type: none"> ➤ the unrealized gains/ losses arising due to changes in fair value of listed equity shares and mutual fund units are taken to the "Fair Value Change Account" in Balance Sheet; and ➤ debt securities and unlisted equity shares are valued at historical cost. <p>Further, these investments in the non-linked and shareholders portfolio are assessed for impairment as per the Company's investment policy which involves significant management judgement.</p> <p>Further, there may be increased economic stress in various sectors due to the COVID-19 pandemic and which may have an impact on the valuation of investments, which is relevant in undertaking impairment assessment.</p> <p>Hence, the valuation of investments (including impairment assessment) was considered to be one of the areas which would require significant auditor attention and one of the matter of most significance in the standalone financial statements.</p>	<p>The following key audit procedures were carried out:</p> <ul style="list-style-type: none"> ➤ Understood the Company's process and tested the controls on the valuation of investments; ➤ Tested the design, implementation and operating effectiveness of key controls over the valuation process, including the Company's assessment and approval of estimates and assumption used for valuation including key authorization and data input controls thereof; ➤ Assessed valuation methodologies with reference to Investment Regulations issued by IRDAI and the Company's own Board approved valuation policy; ➤ For selected samples of listed investments, performed independent price checks using external quoted prices and by agreeing the inputs which were used in the Company's valuation techniques to external data; ➤ For selected samples of cost measured investments, tested the Company's assessment of impairment and evaluated whether the same was in accordance with the Company's impairment policy; and ➤ Evaluated how the Company has factored in the impact of COVID-19 disruptions in the investment valuation process (including impairment assessment).

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8. The joint auditors of ICICI Lombard General Insurance Company Limited, vide their audit report dated 17 April 2021, have expressed an unmodified opinion on the financial statements. Based on consideration of their report, we have determined the matter described below to be a key audit matter to be communicated in our report:

a. Information Technology Systems and Controls (IT Controls):	
Key Audit Matter	How the key audit matter was addressed
<p>The company is highly dependent on its complex IT architecture comprising hardware, software, multiple applications, automated interfaces and controls in systems for recording, storing and reporting financial transactions.</p> <p>Large volume of transactions that are processed on daily basis as part of its operations, which impacts key financial accounting and reporting items such as premium income, claims, commission expenses and investments among others.</p> <p>There exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated.</p> <p>The controls implemented by the entity in its IT environment determine the integrity, accuracy, completeness, and the validity of the data that is processed by the applications and is ultimately used for financial reporting. These controls contribute to mitigating risk of potential misstatements caused by fraud or errors.</p> <p>The Audit approach relies on automated controls and therefore procedures are designed to test control over IT systems, segregation of duties, interface and system application controls over key financial accounting and reporting systems.</p>	<p>Key audit procedures included, but were not limited to the following:</p> <p>Obtained an understanding of the entity's IT related control environment. Furthermore, conducted a risk assessment and identified IT applications, databases and operating systems that are relevant for the Company's financial reporting.</p> <p>For the key IT systems relevant to reporting of financial information, areas of audit focus included access, program change management, automated transaction and interface controls:</p> <p>In particular:</p> <ul style="list-style-type: none"> ➤ Obtained an understanding of the entity's IT environment and key changes if any during the audit period that may be relevant to the audit. ➤ Sample tested the design, implementation and operating effectiveness of the General IT controls over the key IT systems that are critical to financial reporting. This included evaluation of entity's controls to ensure segregation of duties and appropriate access rights. ➤ Controls over changes to software applications were evaluated to verify whether the changes were approved, tested in an environment that was segregated from operation and moved to production by appropriate users. ➤ Evaluated the design and tested the operating effectiveness of critical & key automated controls within various business processes. This included testing the integrity of system interfaces, the completeness and accuracy of data feeds, system reconciliation controls and automated calculations. ➤ Also reviewed the Information System Audit Reports to assess the impact of observations and management's response if any on financial reporting. <p>Results of the tests has provided audit evidence which have been used to draw conclusions including reporting.</p>

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b. Investments of ICICI Lombard General Insurance Company Limited

As at 31 March 2021, ICICI Lombard General Insurance Company Limited reported investments of ₹ 308,922 million* (2020: ₹ 263,267 million*).

(Refer schedule 8)

* the amounts relating to ICICI Lombard General Insurance Company Limited are before consolidation adjustments including intercompany eliminations, if any.

Key Audit Matter	How the key audit matter was addressed
<p>The Company's investments represent 71.1% of the assets as at March 31, 2021 which are to be valued in accordance with accounting policy framed as per the extant regulatory guidelines.</p> <p>The valuation of all investments should be as per the investment policy framed by the Company which in turn should be in line with IRDAI Investment Regulations and Preparation of Financial Statement Regulations. The valuation methodology specified in the regulation is to be used for each class of investment.</p> <p>The Company has a policy framework for Valuation and impairment of Investments. The Company performs an impairment review of its investments periodically and recognizes impairment charge when the investments meet the trigger/s for impairment provision as per the criteria set out in the investment policy of the Company. Further, the assessment of impairment involves significant management judgment.</p> <p>The classification and valuation of these investments was considered one of the matters of material significance in the financial statements due to the materiality of the total value of investments to the financial statements and further due to the market volatility impact caused due to global pandemic COVID-19 on the value of investments.</p>	<p>Audit procedures on Investments included the following:</p> <ul style="list-style-type: none"> ➤ Understood Management's process and controls to ensure proper classification and valuation of Investment. ➤ Verified and obtained appropriate external confirmation for availability and ownership rights related to these investments. ➤ Tested the design, implementation, management oversight and operating effectiveness of key controls over the classification and valuation process of investments. ➤ Test-checked valuation of different class of investments to assess appropriateness of the valuation methodologies with reference to IRDAI Investment Regulations along with Company's own investment policy. ➤ Examining the rating downgrades by credit rating agencies and assessing the risk of impairments to various investments. ➤ Reviewed the Company's impairment policy and assessed the adequacy of its impairment charge on investments outstanding at the year end. <p>Based on procedures above, found the company's impairment, valuation and classification of investments in its financial statements in all material respects to be fair.</p>

INDEPENDENT AUDITOR'S REPORT (Contd.)

c. Scheme of demerger of Bharti Axa General Insurance Limited's insurance business ("Insurance Undertaking") to ICICI Lombard General Insurance Limited

(Refer Schedule 18.17)

Key Audit Matter	How the key audit matter was addressed
<p>During the year, the Company has reported a Scheme of Demerger approved by Board of Directors of the Company between the company and Bharati Axa General Insurance Limited (Bharti Axa), whereby, the Insurance undertaking of Bharti Axa is demerged and merged with the Company from the Appointed Date i.e. April 1, 2020, subject to various regulatory approvals, which is under process at the year end.</p> <p>This transaction involving issue of 35,756,194 additional equity shares (7.9% of paid-up capital) of the company, is significant for suitable financial reporting.</p>	<p>Obtained an understanding of the regulatory framework involved in such large acquisition, the process adopted including the strength and reputation team of advisors, Audit procedures include following;</p> <ul style="list-style-type: none"> ➤ Reviewed due diligence report, valuation reports and other expert advisory reports and manner in which these have been dealt with in decision making. ➤ Read the transaction documents, including approved Scheme of Demerger and identified pertinent terms relevant to the accounting and disclosure requirement for the transaction. Assessed and confirmed the Company's conclusion on proposed accounting and disclosure treatment of the Scheme and its compliance with Accounting Standard 14: Accounting for Amalgamations (AS-14). ➤ Read the minutes of meeting of Board of Directors, its Committees, and Members of the Company. ➤ Enquired about the progress of the transaction as at the year-end to confirm the appropriateness of treatment in the financial statement. ➤ Obtained and reviewed details of commitments and expenditure incurred related to the transaction for validating the accounting treatment thereof. <p>Results of tests has provided audit evidence which have been used to draw conclusions including the reporting.</p>

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Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Management's Discussion and Analysis, Directors' Report, including annexures to the Directors' Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

9. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Bank, in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and provisions of section 29 of the Banking Regulation Act, 1949 and circulars and guidelines issued by Reserve Bank of India ('RBI') from time to time. Further, in terms of the Act, the respective Board of Directors of the companies and the trustees of the trusts included in the Group and of its associates covered under the Act, are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
10. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
11. The respective Board of Directors of the companies and the trustees of trusts included in the Group are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

12. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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13. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or its associates to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial results/ financial information/ financial statements of the entities within the Group and its associates, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
14. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
15. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Other Matters

17. We did not audit the financial statements of 3 international branches of the Bank included in the consolidated financial statements, whose financial statements reflects total assets of ₹ 596,868.5 million as at 31 March 2021, and total revenue, total net loss after tax, and net cash inflows of ₹ 9,716.9 million , ₹ 6,068.9 million and ₹ 108,879.3 million respectively for the year ended on that date, as considered in the consolidated financial statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such branches, is based solely on the reports of their branch auditors.
18. We did not audit the financial statements of 13 subsidiaries, whose financial statements reflect total assets of ₹ 1,385,458.7 million as at 31 March 2021 and total revenues, total net profit after taxes, and net cash inflows of ₹ 202,972.6 million, ₹ 35,194.9 million, and ₹ 49,180.8 million, respectively, for the year ended on that date. The consolidated financial statements also include the Group's share of net profit of ₹ 1,231.9 million for the year ended 31 March 2021, in respect of 3 associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors, whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, is based solely on the reports of the other auditors.
19. We have jointly audited with another auditor, the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 2,170,346.2 million as at 31 March 2021 and total revenue, total net profit after tax, and net cash inflows of ₹ 436,218.0 million, ₹ 9,601.5 million, and ₹ 12,930.5 million, respectively, for the year ended on that date. For the purpose of our opinion on the consolidated financial statements, we have relied upon the work of such other auditors, to the extent of work performed by them.
20. The consolidated financial statements also include the Group's share of net profit of ₹ 211.0 million for the year ended 31 March 2021, in respect of 4 associates, whose financial statements/information have not been audited. These financial statements/information have been furnished to us by the management and our report on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on such management certified financial statements/information. In our opinion and according to the information and explanation given to us by the management, these financial statements/information are not material to the Group.
21. The joint auditors, Walker Chandiook & Co LLP, Chartered Accountants, and B S R & Co. LLP, Chartered Accountants, of ICICI Prudential Life Insurance Company Limited, vide their audit report dated 19 April 2021, have expressed an unmodified opinion and have reported in the 'Other Matter' section that, 'The actuarial valuation of liabilities for life policies in force and policies in respect of which premium has been discontinued but liability exists as at 31 March 2021 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31 March 2021 has been duly certified by the Appointed Actuary and in her opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India ('IRDAI') and the Institute of Actuaries of India in concurrence with the Authority'. The joint auditors have relied upon the Appointed Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in the standalone financial statements of the Company.
22. The joint auditors of ICICI Lombard General Insurance Company Limited, vide their audit report dated 17 April 2021, have expressed an unmodified opinion and have reported in the 'Other Matter' section that, 'The actuarial valuation of liabilities in respect of Incurred But Not Reported (the "IBNR"), Incurred But Not Enough Reported (the "IBNER") and Premium Deficiency Reserve (the "PDR") is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities, that are estimated using statistical methods as at 31 March 2021 has been duly certified by the Appointed Actuary and in his opinion, the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with IRDAI'. The joint auditors have relied upon the Appointed Actuary's certificate in this regard for forming their opinion on the valuation of liabilities for outstanding claims reserves and the PDR contained in the financial statements of the Company.

INDEPENDENT AUDITOR'S REPORT (Contd.)

23. Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the management.

Report on Other Legal and Regulatory Requirements

24. The Consolidated Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of section 29 of the Banking Regulation Act, 1949 and section 133 of the Act, read with rule 7 of the Companies (Rules), 2014 (as amended).
25. As required by section 197(16) of the Act in relation to managerial remuneration, based on the information and explanations given to us, and on the consideration of the reports of the other auditors, referred to in paragraphs 17 through 19 of the other matters section above, on separate financial statements of the subsidiaries and associates, we report that in cases where the remuneration was paid, the subsidiaries and associates covered under the Act paid remuneration to their respective directors during the year in accordance with the provisions of and the limits laid down under section 197 read with Schedule V to the Act, except in the case of one subsidiary, ICICI Home Finance Company Limited, where the auditors have reported that the managerial remuneration has exceeded the limits prescribed under section 197 of the Act and is subject to the approval of the shareholders of ICICI Home Finance Limited, by way of a special resolution, which will be sought in the ensuing annual general meeting. Further, for the 4 associates, as referred to paragraph 20 above, whose financial statements/information have not been audited, in absence of reporting by statutory auditors of such entities with respect to compliance of the provisions of section 197 read with Schedule V of the Act during the year ended 31 March 2021, we are unable to comment on such compliance for the said entities as required to be reported by us under section 197(16) of the Act. Further, since the Holding Company is a banking company, as defined under Banking Regulation Act, 1949, the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess remuneration has been paid in accordance with the aforesaid section, is not applicable.
26. Further, as required by section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries and associates, we report, to the extent applicable, that:
- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law, relating to the presentation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
 - c) the consolidated financial statements dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid consolidated financial statements comply with Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended), to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 and taken on record by the Board of Directors of the Holding Company and the reports of statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and associate companies are disqualified as on 31 March 2021, from being appointed as a director in terms of section 164(2) of the Act;
 - f) with respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies and associate companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

INDEPENDENT AUDITOR'S REPORT *(Contd.)*

- g) with respect to the other matters to be included in the Auditor's Report, in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates, as detailed in schedule 18.6 to the consolidated financial statements;
 - ii. provisions have been made in these consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, and on long-term contracts, including derivative contracts, as detailed in schedule 18.6 to the consolidated financial statements;
 - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiary companies, and associate companies during the year ended 31 March 2021;
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782
UDIN: 21105782AAAACP5030

Place: Mumbai
Date: 24 April 2021

ANNEXURE A

to the Independent Auditor's Report of even date to the members of ICICI Bank Limited on the consolidated financial statements for the year ended 31 March 2021

Independent Auditor's Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of ICICI Bank Limited ('the Holding Company' or 'the Bank') and its subsidiaries (the Holding Company and its subsidiaries, together referred to as 'the Group'), and its associates as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, and its associate companies, which are companies covered under the Act, as at that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary companies, and its associate companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, and its associate companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraphs, below are sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies, and its associate companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. An entity's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with generally accepted accounting principles. An entity's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the

ANNEXURE A (Contd.)

entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements, in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorisations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Owing to the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies and associate companies, the Holding Company, its subsidiary companies, and its associate companies, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Group, considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other matters

9. The auditors of ICICI Prudential Life Insurance Company Limited have reported, 'The actuarial valuation of liabilities for life policies in force and policies in respect of which premium has been discontinued but liability exists as at 31 March 2021 has been certified by the Appointed Actuary as per the IRDA Financial Statements Regulations, and has been relied upon by us, as mentioned in "Other Matters" of our audit report on the standalone financial statements for the year ended 31 March 2021. Accordingly, our opinion on the internal financial controls with reference to standalone financial statements does not include reporting on the design and operating effectiveness of the management's internal controls over the valuation and accuracy of the aforesaid actuarial valuation'.
10. The auditors of ICICI Lombard General Insurance Company Limited have reported, 'The actuarial valuation of liabilities in respect of Incurred But Not Reported (the "IBNR"), Incurred But Not Enough Reported (the "IBNER") and Premium Deficiency Reserve (the "PDR") is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities, that are estimated using statistical methods as at 31 March 2021 has been duly certified by the Appointed Actuary and in his opinion, the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI.

The said actuarial valuations of liabilities for outstanding claims reserves and the PDR have been relied upon by us as mentioned in "Other Matters" paragraph in our Audit Report on the financial statements for the year ended 31 March 2021. Accordingly, our opinion on the internal financial controls with reference to financial reporting does not include reporting on the adequacy and operating effectiveness of the internal financial controls over the valuation and accuracy of the aforesaid actuarial liabilities'.

11. We did not audit the internal financial controls with reference to financial statements in so far as it relates to 9 subsidiaries, which are companies covered under the Act, whose financials reflect total assets of ₹ 820,829.1 million as at 31 March 2021 and total revenue, total net profit after tax, and net cash inflows of ₹ 185,956.9 million, ₹ 32,907.6 million, and ₹ 30,778.0 million, respectively, for the year ended on that date.

ANNEXURE A (Contd.)

12. We have jointly audited with another auditor, the internal financial controls with reference to financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 2,170,346.2 million as at 31 March 2021 and total revenue, total net profit after tax, and net cash inflows of ₹ 436,218.0 million, ₹ 9,601.5 million, and ₹ 12,930.5 million, respectively, for the year ended on that date.
13. The consolidated financial statements also include the Group's share of net profit of ₹ 1,198.9 million for the year ended 31 March 2021, in respect of 1 associate, which is a company covered under the Act, whose internal financial controls with reference to financial statements has not been audited by us.
14. Our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company, its subsidiary companies, and its associate companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies, and associate company, is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of the matters with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Sudhir N. Pillai

Partner

Membership No.: 105782

UDIN: 21105782AAAACP5030

Place: Mumbai

Date: 24 April 2021