

ANNEXURE-I

DISCLOSURES UNDER SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 AND/OR THE COMPANIES ACT, 2013

A. SUMMARY OF STATUS OF ESOPs GRANTED

The position of the existing schemes is summarized as under:

Particulars		ESOS 2013	ESOS 2019
1	Date of Shareholders' Approval	18-Aug-2014	4-May-2019
2	Total Number of Options approved under ESOP Scheme	20,92,356	Total options reserve stood at 1,66,72,791 options and sourcing of corresponding number of shares shall be from (i) fresh issue of up to 80,00,000 equity shares to the ESOS Trust and (ii) secondary acquisition of up to 86,72,791 shares by the Trust
3	Vesting Requirement	The period of Vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) years ("Vesting Period"), unless the Committee decides for a longer/ shorter Vesting Period, subject to Applicable Laws.	Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant.
4	Exercise Price or Pricing Formula	The Exercise Price of the Option shall not be lower than the fair market value of the Share as on the Grant Date for each relevant Grant. The Committee shall determine the fair market value of the Share for the relevant Grant, from time to time, in its sole discretion and keeping in view the relevant Applicable Laws.	The Exercise Price per Option shall be determined by the Committee which shall not be lesser than the face value of Shares as on date of Grant.
5	Maximum Term of Options Granted	The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.	The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant.
6	Source of Shares	Primary	Primary & Secondary

7	Variation in terms of ESOP	Changes made in the scheme, vide Board resolution dated May 23, 2019 only for the purpose of compliance of the scheme with SEBI (Share Based Employee Benefits) Regulations, 2014. All the changes made in the scheme has not affected interest of the employee to whom options were granted, in anyway.	<p>The Scheme was amended at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve by an additional quantum of 1,16,72,791. The source of corresponding number of shares equivalent to 1,16,72,791 options shall be in the form of (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.</p> <p>Being a Pre-IPO Scheme, in terms of Regulation 12(1) of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), any fresh grant of Options can be made under ESOS 2019 in case such ESOS 2019 is in compliance with the SEBI SBEB Regulations and ratified by the members of the Bank post IPO. Accordingly, the ESOS 2019 was placed before the members at the Annual General Meeting held on July 20, 2020 for ratification though the ESOS 2019 and as well as the Trust as originally introduced were already in conformity with the SEBI SBEB Regulations and ratification obtained.</p> <p>No options were granted prior to the amendment of the scheme.</p>
8	Method used to account for ESOP	Intrinsic Value Method	Intrinsic Value Method

Note :

- (i). *This quantum of secondary acquisition is capped at 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is line with the statutory ceiling prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations")*
- (ii). *Acquisition of shares by the Trust in any financial year shall not exceed the ceilings, which is currently, shall not exceed two per cent of the paid up equity capital as at the end of the previous financial year, prescribed in SEBI SBEB Regulations as amended from time to time. Trust shall not deal in derivatives, and shall undertake only delivery based transactions for the purposes of secondary acquisition and for the purpose of the Plan*
- (iii). *Pursuant to the Board, vide resolution dated May 23, 2019, the Bank decided not to make any fresh grants under the ESOS scheme-2013, under any circumstances and the scheme would continue only to facilitate exercise of the options, already granted under the scheme and the scheme will continue till such period (exercise of the option granted) only. Post allotment of 30,000 shares pursuant to exercise of options granted in 2015 and the rest of the options granted, were lapsed over a period of time, the Scheme stands automatically discontinued with effect from March 31, 2021, as per Board, vide resolution dated May 23, 2019.*

9(1)	Where the company opts for expensing of the options using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options shall be disclosed.	<div>ESOS 2013</div> <div>Not Applicable as the vesting period is already over for the option granted under ESOS 2013.</div> <div>ESOS 2019</div> <table><thead><tr><th>Grant</th><th>Intrinsic Value</th><th>Fair Value</th><th>Difference</th><th>No. of Options</th><th>Total Difference</th></tr></thead><tbody><tr><td>Grant – I</td><td>215.10</td><td>218.86</td><td>3.76</td><td>3,55,000</td><td>13,35,483.24</td></tr><tr><td>Grant – II</td><td>210.35</td><td>214.10</td><td>3.75</td><td>1,00,000</td><td>3,75,185.37</td></tr><tr><td>Grant – III</td><td>163.35</td><td>176.73</td><td>13.38</td><td>4,33,150</td><td>57,94,253.47</td></tr></tbody></table>	Grant	Intrinsic Value	Fair Value	Difference	No. of Options	Total Difference	Grant – I	215.10	218.86	3.76	3,55,000	13,35,483.24	Grant – II	210.35	214.10	3.75	1,00,000	3,75,185.37	Grant – III	163.35	176.73	13.38	4,33,150	57,94,253.47
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9(2)	The impact of this difference on profits and on EPS of the company shall also be disclosed.	<div>ESOS 2013</div> <div>Not Applicable as the vesting period is already over for the option granted under ESOS 2013.</div> <div>ESOS 2019</div> <div>The stock-based compensation cost calculated as per the intrinsic value method for the period April 1, 2020 to March 31, 2021 before tax is ₹ 77,49,906.97/-. If the stock-based compensation cost was calculated as per the fair value method prescribed by SEBI, the total cost to be recognised in the financial statements for the period April 1, 2020 to March 31, 2021 before tax would be ₹ 79,01,125.73/-.The effect of adopting the fair value method on the net income and earnings per share is presented below:</div> <table><thead><tr><th>Particulars</th><th>March 31,2021</th></tr></thead><tbody><tr><td>Net Profit (as reported) (₹ in crores)</td><td>218.40</td></tr><tr><td>Add: Stock based employee compensation expense included in net income (₹ in crores)</td><td>0.58</td></tr><tr><td>Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)</td><td>0.59</td></tr><tr><td>Net Loss (Proforma) (₹ in crores)</td><td>218.39</td></tr><tr><td>Earnings per share: Basic (in ₹)</td><td></td></tr><tr><td>As reported</td><td>12.59</td></tr><tr><td>Proforma</td><td>12.59</td></tr><tr><td>Earnings per share: Diluted (in ₹)</td><td></td></tr><tr><td>As reported</td><td>12.59</td></tr><tr><td>Proforma</td><td>12.59</td></tr></tbody></table>	Particulars	March 31,2021	Net Profit (as reported) (₹ in crores)	218.40	Add: Stock based employee compensation expense included in net income (₹ in crores)	0.58	Less: Stock based employee compensation expense determined under fair value based method (proforma) (₹ in crores)	0.59	Net Loss (Proforma) (₹ in crores)	218.39	Earnings per share: Basic (in ₹)		As reported	12.59	Proforma	12.59	Earnings per share: Diluted (in ₹)		As reported	12.59	Proforma	12.59		
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B. OPTION MOVEMENT DURING THE YEAR 2020-21

Sr. No	Particulars	ESOS 2013	Weighted Avg Exercise Price	ESOS 2019	Weighted Avg Exercise Price
1	Number of Options Outstanding at the Beginning of the Year	2,85,000	147.25	0	NA
2	Number of Options Granted during the Year	0	NA	10,38,150	37.12
3	Number of Options Forfeited / Surrendered during the Year	0	NA	0	NA
4	Number of Options Vested during the Year	0	NA	0	NA
5	Number of Options Exercised during the Year	30,000	147.25	0	NA
6	Number of Options Lapsed during the Year	2,55,000	147.25	1,50,000*	10.00
7	Total Number of Shares Arising as a Result of Exercise of Options	30,000	NA	0	NA
8	Money realised by Exercise of Options	44,17,500	147.25	NA	NA
9	Loan repaid by the Trust during the year from exercise price received	NA	NA	Not applicable for the FY 21	Not applicable for the FY 21
9	Number of Options Outstanding at the End of the Year	0	NA	8,88,150	41.70
10	Number of Options Exercisable at the End of the Year	0	NA	0	NA

* Cancellation of options granted due to resignation.

C. THE WEIGHTED AVERAGE MARKET PRICE OF OPTIONS EXERCISED DURING THE YEAR: NA

D. WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING 2020-21 WHOSE (Amount in ₹)

(a)	Exercise price equals market price (₹)	NA
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	37.12

E. WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2020-21 WHOSE (Amount in ₹)

(a)	Exercise price equals market price (₹)	NA
(b)	Exercise price is greater than market price	NA
(c)	Exercise price is less than market price	200.82

F. EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2020-21 TO:

(i) Senior managerial personnel

Name	Designation	ESOS 2019	
		Exercise Price (₹)	No of Options Granted
Mr. C. VR. Rajendran	Managing Director & CEO	₹ 75/-	4,33,150
Mr. Pralay Mondal	President - Retail, SME, Technology and Operations	₹ 10/-	3,00,000
Mr. Neeraj Dhawan*	Chief Credit Officer	₹ 10/-	1,50,000
Mr. Harsh Kumar	Chief Human Resource Officer	₹ 10/-	40,000
Mr. Shyam Chandher Mani	Head- SME& NRI	₹ 10/-	15,000
Mr. Narendra Dixit	Head- Retail Banking	₹ 10/-	1,00,000

* Cancellation of options granted due to resignation.

(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year

Name	Designation	ESOS 2019	
		No of Options Granted	% to total options granted during the year
Mr. C. VR. Rajendran	Managing Director & CEO	4,33,150	41.72%
Mr. Pralay Mondal	President - Retail, SME, Technology and Operations	3,00,000	28.90%
Mr. Neeraj Dhawan	Chief Credit Officer	1,50,000*	14.45%
Mr. Narendra Dixit	Head Retail Banking	1,00,000	9.63%

* Cancellation of options granted due to resignation

(iii) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.

Name	No of Options Granted	% to total options granted	No of Options Granted	% to total options granted
No Options Granted during the Year				

G. METHOD AND ASSUMPTIONS USED TO ESTIMATE THE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR:

The fair value has been calculated by using the Black Scholes Option Pricing model. The fair value of options granted under the ESOS 2019 during the period has been estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

Variables	Date of grant (October 30, 2020)	Date of grant (December 15, 2020)	Date of grant (March 30, 20201)
No. of Options	3,55,000	1,00,000	4,33,150
Average Dividend Yield	0%	0%	0%
Expected Volatility	52.98%	51.86%	48.60%
Risk free interest rate	4.66% to 6.21%	4.52% to 6.23%	5.21%
Expected life of options	5-9 years	5-9 years	3 years with an outer limit of March 31, 2024
Expected forfeiture	NIL	NIL	NIL
Stock Price	₹ 225.10	₹ 220.35	₹ 238.35

H. ASSUMPTIONS

Stock Price	Closing price on National Stock Exchange one day prior to the date of grant has been considered.
Expected Volatility	Expected volatility has been computed by considering the historical data on daily volatility in bank's share price from the date of listing.
Risk-free Rate of Return	The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.
Exercise Price	Exercise Price of each specific grant has been considered.
Time to Maturity:	Time to Maturity / Expected Life of options is the period for which the Bank expects the options to be live.
Expected Divided Yield	0%

I. DISCLOSURES IN COMPLIANCE WITH THE GUIDANCE NOTE ON ACCOUNTING FOR EMPLOYEE SHARE-BASED PAYMENTS AS ON 31ST MARCH 2021:

Bank uses Intrinsic Value Method for accounting the value of Options granted under the Scheme. Further details, refer to the para 5.3 of the Notes forming part of the financial statement for the year ended March 31, 2021, of the Annual Report. (Disclosures are provided in accordance with the guidance note -(GN (A) 18 (Issued 2005), Guidance Note on Accounting for Employee Share-based Payments) read with the Indian Accounting Standard (Ind AS) 102 on Share based payment.

Description of the ESOP

Particulars	ESOS 2013	ESOS 2019
Vesting requirements	The period of Vesting shall range from a minimum of 3 (three) years from the date of Grant and normally shall not exceed a maximum of 5 (five) years ("Vesting Period"), unless the Committee decides for a longer/ shorter Vesting Period, subject to Applicable Laws.	Vesting Period for any Options granted under this Scheme shall be subject to statutory minimum period of 1 (One) year from the date of Grant during which no Vesting shall be allowed. Subject to this statutory minimum period, any staggered Vesting prescribed for any Grant shall be over a Vesting schedule of minimum of 3 (Three) years and maximum of 10 (Ten) years from the date of Grant.
Maximum term of options granted	The Exercise Period for the relevant Grant shall be a period commencing from the relevant Vesting Date for the respective tranche and shall end with the expiry of 10 years from the relevant Grant Date or such other period as may be decided by the Committee for each Grant.	The exercise period in respect of a vested option shall be a period commencing from the relevant vesting date of such option and shall end with the expiry of 10 (Ten) years or such other shorter period as approved by the Committee from the date of grant of such option. Thus, expiry of exercise period in respect of options granted in a tranche of grant shall be same for all options in such tranche of grant.
Method of Settlement	Equity Settled	Equity Settled.

Number and Weighted average Exercise price of options

Option Movement during the year 2020-21

Sr. No	Particulars	ESOS 2013	Weighted Avg. Exercise Price	ESOS 2019	Weighted Avg. Exercise Price
1	Number of Options Outstanding at the Beginning of the Year	2,85,000	147.25	0	NA
2	Number of Options Granted during the Year	0	NA	10,38,150	37.12
3	Number of Options Forfeited / Surrendered during the Year	0	NA	0	NA
4	Number of Options Vested during the Year	0	NA	0	NA
5	Number of Options Exercised during the Year	30,000	147.25	0	NA
6	Number of Options Lapsed during the Year	2,55,000	147.25	1,50,000	10.00
7	Total Number of Shares Arising as a Result of Exercise of Options	30,000	NA	0	NA
8	Money realised by Exercise of Options	44,17,500	147.25	NA	NA
9	Number of Options Outstanding at the End of the Year	0	NA	8,88,150	41.70
10	Number of Options Exercisable at the End of the Year	0	NA	0	NA

Weighted Average share price of Options exercised during the year	ESOS 2013	ESOS 2019
	147.25	NA

Range of Exercise price and weighted average remaining contractual life of Outstanding Options

Scheme	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (₹)	Range of Exercise Price (₹)
ESOS 2013	Nil	NA	NA	NA
ESOS 2019	8,88,150	5.14	41.70	10-75

J. DETAILS RELATED TO TRUST

(i) General information on all schemes

The CSB ESOS Scheme 2019 shall be administered through an employee stock option trust ("ESOS Trust") in the nature of an irrevocable employee welfare trust, set up in May 2019 in due compliance with the applicable laws. Under the Scheme, the Bank can allot a maximum of 50 lakh shares to the Trust, over a period of time. Accordingly, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹ 10/- per share.

The Scheme was amended at the Annual General meeting of the Bank held on July 20, 2020, inter alia, to increase the Options Reserve from 50,00,000 equity shares by an additional quantum of 1,16,72,791. The sourcing of corresponding number of additional shares shall be from (i) fresh issue of shares up to 30,00,000 shares and (ii) secondary acquisition by the Trust up to 86,72,791 shares. With this, the total Options Reserve under ESOS 2019 stood at 1,66,72,791 options. A few other modifications were also made in the scheme as per the prevailing regulations and also to effect change of name of the Bank in the Scheme document.

Under the trust route, the Bank allots shares to the trust and the trust will transfer the shares to the eligible employees at the time of exercise of option by eligible employees on meeting terms of grant fixed by the Nomination & Remuneration Committee. The details of the CSB ESOS Trust as required under Regulation 14 of SEBI (Share Based Employee Benefits) Regulations 2014 is furnished below:

Sl No.	Particulars	Details
1.	Name of the Trust	CSB ESOS Trust
2.	Details of the Trustee(s)	1. Mr. S.S. Narayanan, CSB Bank Limited, CSB Bhavan, St. Mary's College Road, Thrissur – 680020, Kerala, India. 2. Mr. Ragesh M, CSB Bank Limited, CSB Bhavan, St. Mary's College Road, Thrissur – 680020, Kerala, India.
3.	Amount of loan disbursed by company / any company in the group, during the year	Nil [^]
4.	Amount of loan outstanding (repayable to Bank / any company in the group) as at the end of the year	Nil [^]
5.	Amount of loan, if any, taken from any other source for which Bank / any company in the group has provided any security or guarantee*	Nil [^]
6.	Any other contribution made to the Trust during the year	NIL Initial contribution in the form of Corpus funding of ₹ 1,00,000/- was made in the financial year 2019-20

* CSB ESOS Trust has borrowed ₹58,081,631/- from M/s IIFL Finance Limited to close the loan, equal to the borrowed amount, initially availed from M/s Edelweiss Finvest Pvt Ltd for the purpose of acquisition of 50,00,000 shares from CSB Bank Limited and this connection, 8,20,000 equity shares out of 50,00,000 allotted to the trust were pledged with M/s IIFL Finance Limited.

[^] In terms of Reserve Bank of India Master circular- Loans and Advances- Statutory and other Restrictions dated July 1, 2015, the banks are not allowed to extend advances to employees trusts set up by them for the purpose of purchasing their own shares under ESOS/ESOP / from the secondary market.

(ii) Brief details of transactions in shares by the Trust

Sl No.	Particulars	Details		
1.	Number of shares held at the beginning of the year (April 1, 2020);	50,00,000		
2.	Number of shares acquired during the year		Primary Issuance	Secondary Acquisition
		Number of shares	NIL	NIL
		Percentage of paid up capital	NA	NA
		Weighted average cost of acquisition per share	NA	NA
		Number of shares acquired during the year as a percentage of paid up equity capital as at the end of the previous financial year	NA	NA
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	Nil		
4.	Number of shares held at the end of the year(March 31, 2021)	50,00,000		

(iii) In case of secondary acquisition of shares by the Trust:

The quantum of secondary acquisition is capped at 1,16,72,791 shares which constitute 5 % (Five percent) of the paid-up equity share capital of the Bank as on March 31, 2020, which is in tune with the statutory ceiling prescribed under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations").

Acquisition of shares by the Trust in any financial year shall not exceed two percent of the paid up equity capital as at the end of the previous financial year as per SEBI SBEB Regulations as amended from time to time.

No shares were acquired by the trust from Secondary Market.

By Order of the Board

Sd/-
Madhavan Aravamuthan
Chairman
(DIN: 01865555)

Place: Thrissur
Date: July 05, 2021