

## 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 are summarized as under:

	Particulars	ESOS 2013	ESOS 2019
1	Date of Shareholders' Approval	14-Aug-2014	4-May-2019
2	Total Number of Options approved under ESOP Scheme	20,92,356	50,00,000
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
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.	There is no variation in the Options during the financial year ended March 31, 2020.
8	Method used to account for ESOP	Intrinsic Value Method	Intrinsic Value Method
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.		Not Applicable as the vesting period is already over for the option granted under ESOS 2013. Further, no options have been granted under ESOS 2019.
9(2)	The impact of this difference on profits and on EPS of the company shall also be disclosed.		Not Applicable as the vesting period is already over for the option granted under ESOS 2013. Further, no options have been granted under ESOS 2019.

**B Option Movement during the year 2019-2020**

Sr. No	Particulars	ESOS 2013	Weighted Avg Exercise Price	ESOS 2019	Weighted Avg Exercise Price
1	Options Outstanding at the Beginning of the Year	3,05,000	147.25	0	NA
2	Number of Options Granted during the Year	0	NA	0	NA
3	Options Forfeited / Surrendered during the Year	0	NA	0	NA
4	Options Vested during the Year	0	NA	0	NA
5	Options Exercised during the Year	0	NA	0	NA
6	Options Lapsed during the Year	20,000	147.25	0	NA
7	Total Number of Shares Arising as a Result of Exercise of Options	0	NA	0	NA
8	Money Realised by Exercise of Options	0	NA	0	NA
9	Options Outstanding at the End of the Year	2,85,000	147.25	0	NA
10	Options Exercisable at the End of the Year	2,85,000	147.25	0	NA

**C. The Weighted Average Market Price of Options Exercised during the Year: NA****D. Weighted Average Exercise Price of Options Granted during 2019-20 whose**

(a)	Exercise price equals market price (Rs.)	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	Nil

**E. Weighted Average Fair Value of Options Granted during 2019-20 whose**

(a)	Exercise price equals market price (Rs.)	Nil
(b)	Exercise price is greater than market price	Nil
(c)	Exercise price is less than market price	Nil

**F. Employee-wise details of options granted during the financial year 2019-20 to:****(i) Senior managerial personnel**

Name	Exercise Price (Rs.)	No of Options Granted	Exercise Price (Rs.)	No of Options Granted
	No Options Granted during the Year		No Options Granted during the Year	

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

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

**(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		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 using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows:

Variables	ESOS 2013 (Weighted Average)	ESOS 2019 (Weighted Average)
1. Risk Free Interest Rate	No Options Granted during the Year	No Options Granted during the Year
2. Expected Life		
3. Expected Volatility		
4. Dividend Yield		
5. Price of the underlying share in market at the time of the option grant.(Rs.)		

**H. Disclosures in respect of grants made in three years prior to IPO under each ESOS**

Pursuant to receipt of approval of the shareholders by postal ballot on August 18, 2014, the Bank had formulated a stock option scheme called “CSB Employees Stock Option Scheme 2013” (“ESOS 2013” or “Scheme”). Pursuant to clause 26.2 of the scheme, the Board, vide resolution dated May 23, 2019, amended the scheme for the purpose of compliance with SEBI (Share Based Employee Benefits) Regulations, 2014, considering Initial Public Offering (“IPO”) of shares of the Bank in the year 2019.

The 2013 ESOS Scheme was effective from April 1, 2013. Under the Scheme, the Bank has granted 8,20,000 shares in two different tranche in the FY 2015-16 and 2,85,000 are currently in force. Remaining 5,35,000 options were lapsed over a period of time. Bank has not granted any options under the scheme in the past three years from the date of Initial Public offering of shares opened for subscription. Hence, no disclosure is required to be made in terms of SEBI Circular No. CIR/CFD/POLICY CELL/2/2015 dated June 16, 2015.

No other scheme was in force in the Bank prior to the Initial Public Offering of shares.

**I. Assumptions**

Stock Price: Closing price on National Stock Exchange on the date of grant has been considered.

Volatility: The historical volatility over the expected life has been considered to calculate the fair value.

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: Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.

**J. Disclosures in compliance with the Guidance Note on Accounting for Employee Share-based Payments as on 31<sup>st</sup> March 2020:**

The Bank has used intrinsic value method to account for the compensation cost of stock options. Intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option.

Under intrinsic value method, since exercise price of the stock options granted under the ESOS is more than the underlying value of the shares, it has not resulted in any charge to the Profit and Loss Account for the year.

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 2019-2020

Sr. No	Particulars	ESOS 2013	Weighted Avg Exercise Price	ESOS 2019	Weighted Avg Exercise Price
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2	Number of Options Granted during the Year	0	NA	0	NA
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4	Options Vested during the Year	0	NA	0	NA
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6	Options Lapsed during the Year	20,000	147.25	0	NA
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#### Weighted Average share price of Options exercised during the year – Nil

#### H. 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 in due compliance with the applicable laws. Under the Scheme, the Bank, on July 12, 2019, allotted 50,00,000 equity shares to CSB ESOS Trust, at an issue price of ₹10/- per share.

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:

SI 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	Corpus funding of ₹1,00,000/-

\* CSB ESOS Trust has borrowed an amount of ₹5,00,00,000/- from M/s Edelweiss Finvest Pvt Ltd, for the purpose of acquisition of 50,00,000 shares from CSB Bank Limited out of which 24,00,000 equity shares are pledged to M/s Edelweiss Finvest Pvt Ltd.

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

SI No.	Particulars	Details		
1.	Number of shares held at the beginning of the year;	Nil		
2.	Number of shares acquired during the year		<b>Primary Issuance</b>	<b>Secondary Acquisition</b>
		Number of shares	50,00,000	-
		Percentage of paid up capital	2.883%	-
		Weighted average cost of acquisition per share	Rs. 10/-	-
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	50,00,000		

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

The CSB ESOS Scheme 2019 currently envisages only primary acquisition of shares by the trust.

By Order of the Board

Sd/-  
**Madhavan Menon**  
 Chairman  
 (DIN: 00008542)

Place: Thrissur  
 Date : June 22, 2020