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## Annexure to Directors Report for the year ended March 31, 2024

### STATUTORY DISCLOSURES REGARDING ESOS

#### A. SUMMARY OF STATUS OF ESOS GRANTED

The position of the existing scheme is summarized as under:

Particulars	SIB ESOS 2008
1 Date of Shareholders' Approval	Initial approvals by the Shareholders at 80 <sup>th</sup> Annual General Meeting held on August 18, 2008 and further amended by shareholders vide their resolution at the 85 <sup>th</sup> , 87 <sup>th</sup> , 92 <sup>nd</sup> and 93 <sup>rd</sup> Annual General Meeting of the Bank held on June 28, 2013, July 15, 2015, September 29, 2020 and August 18, 2021 respectively.
2 Total Number of Options approved under ESOS	The maximum number of Options granted to Eligible Employees of the Bank under this Scheme shall not exceed 5 % [five percent] of the total number of fully paid up Equity Shares of the Bank, from time to time, as on the date(s) of Grant of Options under this Scheme. We have obtained in-principle approval for 10,46,37,050 shares.
3 Vesting Requirements	The Options Granted under the Scheme, shall vest with the Grantee as per the schedule decided by Nomination and Remuneration Committee, in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and other SEBI Regulations/Guidelines issued in this regard.
4 Exercise Price or Pricing Formula	The Nomination and Remuneration Committee shall fix the exercise price for the Options Granted under the Scheme, based on Market price or on such other basis in compliance of provisions of Para 13, prior to the date of Nomination and Remuneration Committee meeting recommending the grant of options. Presently, we are following Fair Value method Under Black Scholes Model w. e. f. April 01, 2022.
5 Maximum Term of Options Granted	The Exercise Period for the relevant Grant shall be the period after the vesting of Options within which the Grantee should exercise his right to apply for Shares against Options vested in him in pursuance of the Scheme as mentioned under Para 9.5.c of the scheme.
6 Source of Shares (primary, secondary or combination)	Primary
7 Variation in terms of options	The scheme was last modified at the 93 <sup>rd</sup> AGM held on 18.08.2021
8 Method used to account for ESOS – Intrinsic or fair value	Intrinsic Value Method till March 31, 2021 and thereafter Fair Value Method by using Black-Scholes Model.

- 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. Refer Note no. B.9 of Schedule 18
- 9(2) The impact of this difference on profits and on EPS of the Bank shall also be disclosed. Refer Note no. B.9 of Schedule 18

#### B. OPTION MOVEMENT DURING THE FINANCIAL YEAR 2023-24

Sr. No	Particulars	Tranche 8 Exercise Price per option Rs. 18.72	Tranche 11 Exercise Price per option Rs.8.35	Tranche 12 Exercise Price per option Rs.16.50	Tranche 13 Exercise Price per Option Rs.20.00
1	Number of Options Outstanding at the Beginning of the period	308	3,99,171	11,06,194	0
2	Number of Options Granted during the Year	0	0	0	68,69,004
3	Number of Options Forfeited during the Year	308	0	0	1,44,586
4	Number of Options Vested during the Year	0	1,19,751	3,31,858	3,736
5	Number of Options Exercised during the Year	0	0	0	0
6	Number of Shares arising as a result of Exercise of Options	0	0	0	0
7	Money realized by Exercise of Options (INR), if scheme is implemented directly by the Bank	0	0	0	0
8	Loan repaid by the Trust during the year from exercise price received	N.A	N.A	N.A	N.A
9	Number of Options Outstanding at the End of the Year	0	3,99,171	11,06,194	67,24,418
10	Number of Options Exercisable at the End of the Year	0	3,99,171	11,06,194	67,24,418

#### C. THE WEIGHTED AVERAGE MARKET PRICES OF OPTIONS EXERCISED DURING THE FINANCIAL YEAR: NA

#### D. WEIGHTED AVERAGE EXERCISE PRICES OF OPTIONS GRANTED DURING FINANCIAL YEAR 2023- 24 WHOSE

(Amount in Rs.)

Sl. No.	Particulars	Tranche 13
(a)	Exercise price equals market price (Rs.) of the share	20.00
(b)	Exercise price is greater than market price of the share	NA
(c)	Exercise price is less than market price of the share	NA

**E. WEIGHTED AVERAGE FAIR VALUES OF OPTIONS GRANTED DURING FINANCIAL YEAR 2023-24 WHOSE**

(Amount in Rs.)

Sl. No.	Particulars	Tranche 13
(a)	Exercise price equals market price (Rs.) of the share	27.94
(b)	Exercise price is greater than market price of the share	NA
(c)	Exercise price is less than market price of the share	NA

**F. EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2023-24 TO:**

The Board of Directors of the Bank at its meeting held on July 31, 2023 has decided to grant 68,69,004 options under Tranche 13 of SIB ESOS- 2008 for an aggregate amount of Rs.5,45,39,891.76 being the non-cash component of the Performance Linked Incentive Scheme. This will result in grant of options to 7,164 employees at Market price of Rs.20.00 (NSE Closing Price on 27-07-2023 being the closing price of stock exchange which recorded the highest trading volumes in equity shares of the Bank and trading day immediately preceding the date on which the grant of options was approved and recommended to Board by Nomination and Remuneration Committee of Board on its meeting held on 28-07-2023). Price of options allocated to individual staff members are calculated as per Black - Scholes option premium, which is Rs.7.94 on the date of computation rounded off to the nearby number.

i) Senior managerial personnel –

Name	Designation	Options Granted Under Tranche 13 @ Rs.20.00
Mr Thomas Joseph K	EVP & Chief Business Officer	12,594
Mr Anto George T	Chief General Manager - HR & Operations	6,197
Mr Sanchay Kumar Sinha	Chief General Manager & Head - Distribution & Unsecured Retail	8,060
Mr Sony A	Senior General Manager & Chief Information Officer	6,197
Ms Biji S S	Senior General Manager & Group Business Head (Corporate & Secured Retail)	6,197
Mr Senthil Kumar	Senior General Manager & Group Business Head (Collection, Recovery & MSME)	28,967
Ms Chithra H	Senior General Manager & Chief Financial Officer	6,197
Ms Minu Moonjely	Senior General Manager & Head - Credit Underwriting	6,197
Mr Jimmy Mathew	Joint General Manager & Company Secretary	3,719
Mr Biju E Punnachalil	Joint General Manager & Chief Risk Officer	3,719

(ii) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year – None

(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 - None

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

The fair value of options granted during the Financial Year 2023-24 has been estimated on the date of grant using the Black Scholes option pricing model with the following assumptions:

Tranches	Particulars (Tranche 13)
Exercise Price per share (Rs)	20.00
Weighted Average Closing Price per share (Rs)(Fair value of Options)	27.94
Expected Volatility (%)	4.03%
Life of the options granted (Vesting and Exercise period in years)	<ul style="list-style-type: none"> <li>• Exercise Period -5 years from the date of vesting</li> <li>• Vesting Period -1-3 Years (*30% on completion of 1<sup>st</sup> Year *30% on completion of 2<sup>nd</sup> Year *40% on completion of 3<sup>rd</sup> Year)</li> </ul>
Average Risk Free Interest rate (%)	7.25,7.24,&7.27 respectively for 6 <sup>th</sup> ,7 <sup>th</sup> and 8 <sup>th</sup> Year
Expected Dividend Yield (%)	NA
Price of underlying share in the market at the time of grant of option (Rs.)	20.00
The method used and the assumptions made to incorporate the effects of expected early exercise.	As per Black Scholes Model
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility.	Using last one year closing price of NSE
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	As per Valuation report(Taking Average Option Premium of different Vesting Period)

## H. ASSUMPTIONS

**Stock Price:** The closing price of stock exchange which recorded the highest trading volumes in equity shares of the Bank and trading day immediately preceding the date on which the grant of options was approved

**Volatility:** The historical price of last one year and 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 FIMMDA/FBIL par 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.

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**I. DISCLOSURES IN COMPLIANCE WITH THE GUIDANCE NOTE ON ACCOUNTING FOR EMPLOYEE SHARE BASED PAYMENTS AS ON 31ST MARCH 2024:**

Refer Note No. B.9 of Schedule 18

**J. DILUTED EPS ON ISSUE OF SHARES PURSUANT TO ALL THE SCHEMES COVERED UNDER THE REGULATIONS SHALL BE DISCLOSED IN ACCORDANCE WITH 'ACCOUNTING STANDARD 20 - EARNINGS PER SHARE' ISSUED BY ICAI OR ANY OTHER RELEVANT ACCOUNTING STANDARDS AS PRESCRIBED FROM TIME TO TIME.**

Refer Note No. B.16 of Schedule 18

**Other details are as under: -**

<b>Money realized by exercise of options</b>	<b>Rs. 42,74,54,572.64</b>
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Pricing Formula:

a) For Tranche 1, Tranche 2, Tranche 3 Tranche 5, Tranche 6, Tranche 7& Tranche 9	a) At a discount of 10% on closing market price on Stock Exchange with the highest trading volume on the immediately preceding trading day of the dates of grant.
b) Tranche 4	b) At a discount of 45% on closing market price on Stock Exchange with the highest trading volume on the immediately preceding trading day of the date of grant.
c) Tranche 8	c) At a discount of 40.67% on closing market price on Stock Exchange with the highest trading volume on the immediately preceding trading day of the date of grant.
d) Tranche 10	d) At closing market price on Stock Exchange with the highest trading volume on the immediately preceding trading day of the date of grant.
e) Tranche 11, 12 & 13	e) Fair Value Method under Black Scholes Model

Detail of options granted to KMP & Senior Management Personnel	Refer Point F (i)
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**Weighted-average exercise prices of Options whose:**

• Exercise price equals market price	The price of the stock options granted are: Tranche 11- Rs. 8.35 Tranche 12- Rs. 16.50 Tranche 13- Rs. 20.00
• Exercise price greater than market price	Nil
• Exercise price less than the market price	Nil

**Weighted-average fair value of Options whose:**

• Exercise price either equals market price	The price of the fair value options granted are: Tranche 11- Rs. 11.64 Tranche 12- Rs. 23.28 Tranche 13- Rs. 27.94
• Exercise price greater than market price	Nil
• Exercise price less than the market price	Nil

**Impact of fair value method on net profit and on EPS:**

Had compensation cost for the ESOS outstanding being determined based on the fair value approach instead of intrinsic value method, the Bank's net profit and earnings per share would have been as indicated below:

Particulars	31-03-2024
Net Profit as reported ( Rs. in Crore)	1070.08
Basic EPS as reported ( Rs)	5.10
Diluted EPS as reported ( Rs)	5.09

- In computing the above information, certain estimates and assumptions have been made by the management which has been relied upon by the auditors.
- The RBI, vide its clarification dated August 30, 2021 on guidelines on compensation of Whole Time Directors/ Chief Executive Officers/ Material Risk Takers and Control Function staffs, advised Banks that the fair value of share-linked instruments on the date of grant should be recognized as an expense for all instruments granted after March 31, 2021.

**(V J KURIAN)**  
CHAIRMAN  
DIN : 01806859

**(P R SESHADRI)**  
MANAGING DIRECTOR & CEO  
DIN : 07820690

Place : Thrissur  
Date:30-07-2024