

ANNEXURE TO DIRECTOR'S REPORT

The Shareholders of the City Union Bank Ltd. ("the Bank") had approved the Employees Stock Options Scheme at the Extraordinary General Meeting held on April 26, 2008. As per the Scheme, a total of 5,00,00,000 stock options were available for grant to the eligible employees of the Bank, through Primary Source.

The vested options are exercisable over a period of 5 years from the respective dates of vesting. During the financial year 2019-20 no fresh Employee stock options under CUB ESOS Scheme 2008 was granted. The option movement since inception of the scheme is detailed hereunder.

Particulars	ESOS 2008						
	Series I	Series II	Series III	Series IV	Series V	Series VI	Series VII
Total number of options granted (Including additional grant upon rights & bonus issue)	2,27,81,250	3,70,071	31,68,056	46,78,936	1,09,45,549	17,55,378	46,09,500
Pricing Formula	Rs. 13.00	Rs. 32.00	Rs. 47.00	Rs. 46.95	Rs. 93.20	Rs.88.05	Rs.179.00
Revised price due to corporate action.	Rs.11.60	Rs.26.91	Rs.34.38	Rs.38.80	Rs.77.03	Rs.72.77	0
No of options outstanding as on 01.04.2019.	0	0	0	4,13,852	44,91,238	11,16,865	46,09,500
No of additional options granted pursuant to Corporate Action during the year.	0	0	0	0	0	0	0
No. Of fresh options granted during the year	0	0	0	0	0	0	0
No of options lapsed during the year	0	0	0	12,705	88,370	20,569	2,33,000
No of options exercised during the year	0	0	0	1,74,451	21,14,036	2,94,791	2,35,125
No of shares arising as a result of exercise of option during the year	0	0	0	1,74,451	21,14,036	2,94,791	2,35,125
Variation in terms of Options	Not Applicable						
Vesting Period	1 st year – 15%, 2 nd year – 15%, 3 rd year – 15%, 4 th year – 25% and 5 th year – 30%.						
Money realized by exercise of Options during the year			0	67,68,699	16,28,44,193	2,14,51,941	14,20,87,375
Loan repaid by the Trust during the year from the exercise price received	Not applicable						
Total Number of Options outstanding at	0	0	0	2,26,696	22,88,832	8,01,505	41,41,375



the end of the year 31.03.2020								
Employee wise details of Options granted								
i) Senior Management Personnel	NIL							
ii) Any other employee who received a grant in any one year of the options amounting to 5% or more of the options granted during the year	NIL							
iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	NIL							
Allotment of shares made during the Financial Year under ESOS								
Employee wise details of the shares allotted to								
i) Senior Managerial Personnel								
Dr.N. Kamakodi	-	-	-	-	1,51,250	-	-	-
Shri. R Venkatasubramanian	-	-	-	-	22,250	-	-	-
Shri. K P Sridhar	-	-	-	-	9,075	-	-	-
Shri. V Ramesh	-	-	-	-	3,025	1,815	-	-
Shri. K Maharajan	-	-	-	-	3,025	3,025	-	-
Shri.Mohan.S	-	-	-	-	6,050	-	-	-
Shri. K Jayaraman	-	-	-	-	13,613	-	-	-
Shri. V Gopalakrishnan	-	-	-	-	16,638	-	-	-
Shri. G Sankaran	-	-	-	-	10,588	-	-	-
Shri. J Sridharan	-	-	-	-	3,025	-	-	-
Shri. S Ramesh	-	-	-	-	7,260	-	-	-
Shri.Balaji. R	-	-	-	-	12,100	-	-	-
Shri.Rajam.S	-	-	-	-	6,353	-	-	-
Shri.Ravi	-	-	-	-	4,538	3,025	-	-
ii) Any other employee who received a grant in any one year of the	NIL							



options amounting to 5% or more of the options granted during the year	
iii) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant	NIL

Employee compensation cost calculated as per the intrinsic value method for the financial year 2019-20 is NIL. If the Employee compensation cost was calculated as per fair value method as prescribed under SEBI (Share Based Employee Benefits) Regulations, 2014, the total cost to be recognized in the financial statement for the Financial Year 2019-20 would be Rs. **3,94,24,000/-**. Consequently, net profit would have been reduced by Rs. **3,94,24,000/-** and EPS would have been reduced by Re.0.053 per share.

Weighted Average Details

Weighted Avg Market Price (In Rs.)	138.88
Weighted Avg Exercise Price (In Rs.)	138.88
Weighted Avg Risk Free Interest Rate (%)	7.53
Weighted Avg Stock Volatility	0.0152
Weighted Avg Fair Value of Options (In Rs.)	41.70

The Company has adopted Black-Scholes model to arrive value of options granted under ESOS 2008 based on the following assumptions.

1. Risk Free Rate – Yield on the appropriate period Government Securities has been considered as the risk-free rate.
2. Expected Volatility – Standard Deviation of the stock returns of City Union Bank over the trailing one year period prior to the date of grant of options has been considered.
3. Expected Dividend – Based on the last dividend pay-out by the Bank.



M. Alagar

ANNEXURE I

City Union Bank Limited Stock Options - Computation of employees compensation cost for FY 2019-20

Computation of impact on profits of the Company - ESOS 2008 - FY 19-20							
Date of grant	06.12.08	25.05.10	05.10.10	29.07.13	24.01.15	21.09.15	15.12.18
No of options granted in force as on 01.04.2019	0	0	0	413852	4491238	1116865	4609500
Add: Options granted during the year due to corporate action	0	0	0	0	0	0	0
Less: Options Lapsed during the year	0	0	0	12705	88370	20569	233000
Options granted (net of employee separation) as on 31.03.2020 (A)	0	0	0	401147	4402868	1096296	4376500
Less: Options exercised during the Year	0	0	0	174451	2114036	294791	235125
Options Outstanding as on 31.03.2020	0	0	0	226696	2288832	801505	4141375
Vesting Period	5 Years - 15%, 15%, 15%, 25% and 30%						
Market Price at the time of grant (B)	13.00	32.00	47.00	46.95	93.2	88.05	179.00
Exercise Price (C)	13.00	32.00	47.00	46.95	93.2	88.05	179.00
Intrinsic Value (B-C=D)	0	0	0	0	0	0	0
Fair value of stock options (as per Black-Scholes - Model (E)	10.71	6.95	12.15	9.88	29.99	22.83	53.56
Employee Compensation Cost using Intrinsic Value of Option							
Amortised ECC for FY 19-20, over relevant vesting period	0	0	0	0	0	0	0
Less: Credit provided for lapsed options	0	0	0	0	0	0	0
Net impact on profits, for FY 19-20	0	0	0	0	0	0	0
Total impact on profits, for FY 19-20	0						
Employee Compensation Cost using Fair Value of Option							
Amortised ECC for FY 19-20, over relevant vesting period	0	0	0	0	0	7508531	35160801



Less: Credit provided for lapsed options	0	0	0	125525	2650216	469590	0
Net Impact to the profits for FY 19-20	0	0	0	-125525	-2650216	7038941	35160801
Total impact on profits, for FY 19-20	39424000						



ANNEXURE II

City Union Bank Limited Stock Options - Computation of Weighted Average Information FY 2019-20

Date of Grant	06.12.08	25.05.10	05.10.10	29.07.13	24.01.15	21.09.15	15.12.18
Total number of options granted (Including additional grant upon rights issue & bonus issue)	22781250	370071	3168056	4678936	10945549	1755378	4609500
Less: Options lapsed (Cumulative for all years)	1930342	87771	911007	1040313	1506798	87184	233000
Less: Options exercised (Cumulative for all years)	20850908	282300	2257049	3411927	7149919	866689	235125
Total Options outstanding on 31.03.2020	0	0	0	226696	2288832	801505	4141375
Cumulative Options outstanding	7458408						
Market Price as on date prior to the date of grant	13.00	32.00	47.00	46.95	93.2	88.05	179.00
Weighted Avg Market Price	138.88						
Exercise price as on date of grant	13.00	32.00	47.00	46.95	93.20	88.05	179.00
Weighted Exercise Price	0	0	0	10643377	213319142	70572515.25	741306125
Cumulative Weighted Exercise Price	1035841160						
Weighted Avg Exercise Price	138.88						
*Risk free interest rate (%)	4.51	7.20	7.20	7.44	7.8	7.7	7.35
Weighted Avg Risk Free Interest Rate	7.53						



**Expected stock volatility, based on historical deviation (%)	0.035	0.0195	0.040	0.0035	0.0438	0.0036	0.0022
Weighted Avg Stock Volatility	0.0152						
Fair Value as on date of grant (in Rs)	10.71	6.95	12.15	9.88	29.99	22.83	53.56
Weights	0	0	0	2239756.5	68642072	18298359.15	221812045
Cumulative Weights	310992232						
Weighted Avg Fair Value	41.70						

*5 years G.Sec rate at time of every grant of stock options

**Expected stock volatility, based one year share price movement preceding every grant

