

Disclosure as per SEBI Guidelines

A SUMMARY OF STATUS OF EMPLOYEE STOCK OPTIONS GRANTED

THE POSITION OF THE EXISTING SCHEMES IS SUMMARISED AS UNDER:

Sr. No.	Particulars	IDFC FIRST BANK ESOS 2015
1.	Date of Shareholder's Approval	Date of EGM: December 09, 2014 Date of 1 st AGM: September 29, 2015 Date of 2 nd AGM: July 27, 2016 Date of 5 th AGM: July 25, 2019
2.	Total Number of Options approved under ESOS	As on March 31, 2022, the ESOS pool consisted of 38,47,92,241 Stock Options.
3.	Vesting requirements	Options granted under IDFC FIRST Bank ESOS-2015 would vest not less than one year from the date of grant of such Options.
4.	Exercise Price or Pricing Formula	Exercise Price shall be as decided by the Nomination and Remuneration Committee ('NRC'), subject to a minimum of the face value per share.
5.	Maximum term of Options granted	Options granted under IDFC FIRST Bank ESOS-2015 would vest not less than one year from the date of grant of such Options. The Employee Stock Options granted shall be capable of being exercised within a maximum period of three (3) years from the date of vesting of the respective Employee Stock Options or such other period as may be decided by NRC.
6.	Source of shares	The Scheme is implemented and administered directly by the Bank by way of issue of equivalent Primary shares against exercise of Options.
7.	Variation in terms of ESOS	There is no variation in terms of ESOS during the financial year ended March 31, 2022.
8.	Method used to account for ESOS	Intrinsic Value Method.

The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2021-22 is ₹ 1,51,92,738/-. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognized in the financial statements for the year 2021-22 would be ₹ 47,57,65,560/-.

The Bank follows the intrinsic value method to account for its stock-based employee compensation plans for employees other than Chief Executive Officer / Material Risk Takers (MRTs) and Control Function Staff. Further, the Bank recognises fair value of share-linked instruments on the date of grant as an expense for all instruments granted after the accounting period ending March 31, 2021 for Chief Executive Officer / Material Risk Takers and Control Function Staff.

The effect of adopting the fair value method on the profit and earnings per share is presented below:

B ADJUSTED PROFORMA NET PROFIT / LOSS AND EARNING PER SHARE

Particulars	₹ (in crore)
Net Profit / Loss as reported	145.49
Add: Intrinsic Value Compensation Cost	1.52
Less: Fair Value Compensation Cost *	47.58
Adjusted Pro-Forma Net Profit / Loss	99.43

Particulars	₹ (in crore)
Earnings Per Share: Basic	
As Reported (₹)	0.23
Adjusted Pro-Forma (₹)	0.16
Earnings Per Share: Diluted	
As Reported (₹)	0.23
Adjusted Pro-Forma (₹)	0.16

* Does not include fair value of stock-based compensation estimated on date of grant using Black-Scholes model for "Whole Time Directors / Chief Executive officers / Material Risk Takers and Control Function Staff" amounting to ₹ 14.50 crore already accounted under "payment to and provisions for employees" in Schedule 16 of the Financial Statements.

(Additionally, refer **Note 18.54** of the disclosures in Notes forming part of financial statements of the Bank)

C OPTION MOVEMENT DURING THE YEAR 2021-22

Sr. No.	Particulars	Numbers
1	Number of Options outstanding at the beginning of the year	25,98,00,114
2	Number of Options granted during the year	4,05,55,216
3	Re-instated Stock Options	8,000
4	Number of Options Forfeited / Surrendered during the year	1,24,86,185

Sr. No.	Particulars	Numbers
5	Number of Options Vested during the year	2,31,24,270
6	Number of Options Exercised during the year	1,87,54,795
7	Number of Options Lapsed during the year	89,80,493
8	Total number of shares arising as a result of exercise of options	1,87,54,795
9	Money realized by exercise of options (₹)	74,81,31,522
10	Number of Options outstanding at the end of the year	26,01,41,857
11	Number of Options exercisable at the end of the year	15,01,94,656

D WEIGHTED AVERAGE EXERCISE PRICE AND WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2021-22

WEIGHTED AVERAGE EXERCISE PRICE OF OPTIONS GRANTED DURING 2021-22 WHOSE

Sr. No.	Particulars	Details
a.	Exercise price equals market price (₹)	53.01
b.	Exercise price is greater than market price	NA
c.	Exercise price is less than market price	53.35

WEIGHTED AVERAGE FAIR VALUE OF OPTIONS GRANTED DURING 2021-22 WHOSE

Sr. No.	Particulars	Details
a.	Exercise price equals market price (₹)	22.87
b.	Exercise price is greater than market price	Nil
c.	Exercise price is less than market price	25.65

E EMPLOYEE-WISE DETAILS OF OPTIONS GRANTED DURING THE FINANCIAL YEAR 2021-22 TO:

(i) Senior Managerial Personnel

Name	Designation	No. of Options Granted	Exercise Price (₹)
Mr. V. Vaidyanathan	Managing Director & CEO	29,99,748	53.35
Mr. Madhivanan B.	Chief Operating Officer	18,00,000	53.35
Mr. Pradeep Natarajan	Head – Retail Assets	12,50,000	53.35
Mr. Amit Kumar	Head – Retail Liabilities (Ceased as on February 28, 2022)	12,50,000	53.35
Mr. Paritosh Mathur	Head – Wholesale Banking	8,00,000	53.35

Name	Designation	No. of Options Granted	Exercise Price (₹)
Mr. Pankaj Sanklecha	Chief Risk Officer (Deceased on February 8, 2022)	7,00,000	53.35
Mr. Chetan Sanghvi	Chief Risk Officer (Appointed w.e.f. February 8, 2022)	3,00,000	53.35
Mr. Adrian Andrade	Chief Human Resources Officer	7,00,000	53.35
Mr. Sudhanshu Jain	Chief Financial Officer & Head – Corporate Centre	10,00,000	53.35
Mr. Satish Gaikwad	Head – Legal & Company Secretary	2,50,000	53.35

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

Name	Designation	No. of Options Granted	Exercise Price (₹)
Mr. V. Vaidyanathan	Managing Director & CEO	29,99,748	53.35

(iii) Identified employee(s) 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	Designation	No. of Options Granted	Exercise Price (₹)
NIL	NIL	NIL	NIL

F METHOD AND ASSUMPTIONS USED TO ESTIMATE THE FAIR VALUE OF OPTIONS GRANTED DURING THE YEAR 2021-22

The fair value has been calculated using the Black Scholes Option Pricing model.

The Assumptions used in the model are as follows:

Sr. No.	Variables	Weighted Avg.
1	Risk Free Interest Rate	5.48%
2	Expected Life (in years)	4.50
3	Expected Volatility	43.80%
4	Expected Dividend (₹)	0
5	Weighted Average Price of the underlying share in market at the time of the option grant (₹)	53.01

ASSUMPTIONS

Risk-free rate of return: The risk-free interest rate being considered for the calculation is the interest rate applicable for maturity equal to the expected life of the stock options based on the zero-yield curve for Government Securities.

Time to Maturity: Time to Maturity / Expected Life of stock options is the period for which the Bank expects the Options to be live.

Volatility: Volatility is the measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of volatility used in the Black-Scholes Options pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

Expected dividend yield: Expected dividend yield has been calculated based on the dividend declared for 1 financial

year prior to the date of grant. The dividend yield has been derived by dividing the dividend per share by the market price per share on the date of grant.

Stock Price: The closing market price one day prior to the date of grant on National Stock Exchange ('NSE') has been considered for the purpose of option valuation.

No other feature has been considered for fair valuation of Options except as mentioned in 'point F' above.