

February 21, 2025

BSE Limited Corporate Relationship Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051
BSE Scrip Code: 500247, 958687, 974396, 974682, 974924, 975387	NSE Symbol: KOTAKBANK, KMBL, KMB26, KMB29, KMB30

Dear Sirs,

Sub: Intimation under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to our letter dated February 21, 2025, we wish to inform you that, on February 20, 2025, the members of the Bank have approved the adoption of the Kotak Mahindra Performance Linked Restricted Stock Unit Scheme 2025 (“PRSU Scheme”). In this regard, please find below, details in accordance with the ‘Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities’ issued by the SEBI bearing serial number SEBI/HO/CFD/PoD2/CIR/P/0155 and dated November 11, 2024:

Sr. No.	Particulars	Remarks
1.	Whether the scheme is in terms of SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	Yes
2.	Total number of shares covered by these PRSUs	90,00,000 (Ninety Lakh) fully paid-up equity shares of face value of Rs. 5/- (Rupees Five) each
3.	Pricing formula	Exercise price shall be the face value of the shares at the time of grant of the Performance Linked Restricted Stock Units (“PRSU”)
4.	Time within which PRSUs may be exercised	The exercise period shall be the period commencing from the vesting date and ending on 1 (One) year from the vesting date of the PRSUs.
5.	Brief details of significant terms	As given in the salient features annexed herewith as Annexure 1. The PRSU Scheme is also available on the website of the Bank at https://www.kotak.com/en/investor-relations/governance/sebi-listing-disclosures.html

Kotak Mahindra Bank Ltd.
CIN: L65110MH1985PLC038137

Registered Office:
27 BKC, C 27, G Block,
Bandra Kurla Complex,
Bandra (E), Mumbai 400051,
Maharashtra, India.

T +91 22 61660001
www.kotak.com



Kotak Mahindra Bank

The same is also being made available on the Bank's website at <https://www.kotak.com/en/investor-relations/governance/sebi-listing-disclosures.html>

We request you to take the above on record and disseminate to all concerned.

Thanking you,

Yours faithfully,

For Kotak Mahindra Bank Limited

**Avan Doomasia
Company Secretary**

Encl. as above

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Annexure 1

The salient features of the Kotak Mahindra Performance Linked Restricted Stock Unit Scheme 2025 (“PRSU Scheme”) are, as follows:

1. **Brief description of the PRSU Scheme:**

In line with the objectives of the PRSU Scheme, as mentioned above, the Kotak Mahindra Bank Limited (“Bank”) proposes to adopt and implement the PRSU Scheme in terms of the applicable provisions of the SBEB & SE Regulations, the Companies Act, 2013 and the relevant rules notified thereunder and other applicable laws, rules and regulations enacted by any statutory / regulatory authority(ies) in India.

The Compensation Policy of the Bank, which factors in the ‘Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function staff’ issued by the Reserve Bank of India (“RBI”) on November 4, 2019, permits the Bank to offer variable compensation in the form of share-linked instruments.

The NRC is designated to act as the ‘Compensation Committee’ and its powers shall be limited to the administration and superintendence of the PRSU Scheme and would, subject to the provisions of the Scheme and applicable law, be in accordance with the authority delegated to it, in this regard, from time to time. In respect of any issues or queries arising on interpretation or implementation of the PRSU Scheme, the decision of the Board of Directors of the Bank (“Board”) or the Nomination and remuneration Committee of the Bank (“NRC”) shall be final and binding on all concerned.

The PRSU Scheme shall be deemed to have come into force on the date of receipt of the members’ approval to the Scheme, i.e., the effective date. The Performance Linked Restricted Stock Units (“PRSUs”) under the PRSU Scheme may be granted during a period of 5 (Five) years from the effective date and, thereafter, no new grants shall be permitted under this PRSU Scheme.

The Scheme shall remain in effect until the occurrence of any of the following events, whichever is earlier:

- (i) all PRSUs granted under the PRSU Scheme have been exercised and / or have expired by reasons of lapse of time or otherwise; or
- (ii) any event, including the occurrence of a corporate action, pursuant to which the Bank is to lose its existence, specifically being the effective date of any court / tribunal / the Reserve Bank of India (“RBI”) / competent authority sanctioned scheme or the date on which a winding up order is passed against the Bank or any order passed by the RBI / competent authority.

2. **The total number of PRSUs to be offered and granted:**

A maximum of 90,00,000 (Ninety Lakh) PRSUs may be offered and granted under the PRSU Scheme, which on exercise, would entitle not more than 90,00,000 (Ninety Lakh) equity shares of face value of Rs. 5/- each of the Bank, subject to any adjustment as may be required due to any corporate action or change in capital structure of the Bank.

The PRSUs would be granted under the PRSU Scheme by way of reducing the limit of 2,00,00,000 (Two Crore) equity shares (equivalent to 1.01% of the issued equity shares of the Bank, as at December 31, 2024) that was approved by the Bank’s shareholders at the time of adoption of the Kotak Mahindra Equity Option Scheme 2023 (“ESOP Scheme 2023”) on December 22, 2023. Once the PRSU Scheme is approved by the

members of the Bank, the total number of shares available for issuance under the ESOP Scheme 2023, shall stand reduced from 2,00,00,000 (Two Crore) equity shares to 1,10,00,000 (One Crore Ten Lakh) equity shares, on account of reservation, allocation and migration of 90,00,000 (Ninety Lakh) equity shares for issuance under the PRSU Scheme.

Since the issuance and allotment of shares pursuant to exercise of PRSUs under the PRSU Scheme along with the issuance and allotment of shares under the ESOP Scheme 2023 would not exceed 2,00,00,000 (Two Crore) equity shares, it would not result in additional dilution in the issued share capital of the Bank. Further, the PRSUs granted under the PRSU Scheme that have lapsed / forfeited before their exercise by the PRSU grantee, shall stand forfeited and shall not be available for any further grants under the PRSU Scheme.

The Board / NRC, on the basis of the recommendations of the management of the Bank and the Board / NRC of its subsidiary, as the case may be, thereafter decide on the employees eligible to be granted PRSUs, in one or more series and the terms and conditions of the grant in a documented plan ("Plan Series"). The Board / NRC shall vary or modify the terms and conditions of the grant for any employee or class of employees, only after considering the interests of all stakeholders and such variation or modification shall not be done if it is (i) not in accordance with the PRSU Scheme, (ii) detrimental to the interests of the employees and (iii) not in compliance with applicable law, regulations, guidelines, as may be in force from time to time.

The Award letter shall specify the grant date, number of PRSUs granted, the exercise price, the vesting date / schedule, vesting conditions (upon fulfilment of which the vesting shall take place), exercise period and other terms and conditions thereof.

3. Identification of classes of employees entitled to participate and be beneficiaries in the scheme:

The following classes of employees / directors shall be entitled to participate and shall be the beneficiaries under the PRSU Scheme:

- (i) an employee as designated by the Bank, who is exclusively working for the Bank in India or outside India and satisfies the criteria for eligibility as may be determined by the Board / NRC, from time to time; or
- (ii) the Managing Director & Chief Executive Officer ("MD & CEO") or a Whole-time Director ("WTD") of the Bank; or
- (iii) an employee or a Managing Director ("MD") or Chief Executive Officer ("CEO") or WTD of a wholly-owned subsidiary of the Bank, in India or outside India.

but shall not include:

- (a) an employee who is a Promoter or a person belonging to the Promoter Group of the Bank; or
- (b) a director who, either himself or through his / her relative or through any body corporate, directly or indirectly, holds more than 10% (Ten Per Cent) of the outstanding shares of the Bank; or
- (c) Non-Executive director.

The Board / NRC may, from time to time, based on the recommendation of the management of the Bank and the Board / NRC of its subsidiary, as the case may be, make grants of PRSUs to employees from Level 1 (One) (being MD / CEO and WTDs) to Level 8 (Eight) (being grade M6) of 13 (Thirteen) Levels in the Bank and to the employees of its subsidiaries, in equivalent grades / levels. In the event of change in the Level structure, the Board / NRC shall determine the Level structure for the purpose of the PRSU Scheme, as near to the current structure as possible and in the equivalent grades / levels of a subsidiary.

The PRSU Scheme aims to cover front-line managers, employees with specialized skills, middle managers and senior leaders, to ensure close alignment on performance objectives, for all covered employees across these levels in accordance with the PRSU Scheme. The grant of PRSUs will aid in accelerating the focus on strategy and growing the business, developing a skilled, committed talent pool of front-line, middle managers and senior leaders and specialists and employee retention through competitive total compensation, thereby de-risking the strategy.

The grants made under the PRSU Scheme, including those to the Managing Director (MD) / Chief Executive Officer (CEO), whole-time directors (WTD), material risk takers and leaders in control functions, shall be in conformity with the prevalent regulatory guidelines on executive compensation, promoting responsible finance.

The grants to the MD / CEO and WTDs of the Bank and its subsidiaries would be based on or subject to regulatory approvals, as may be required and applicable.

In any Plan Series under the PRSU Scheme, of the total employees covered, about 70% employees shall be from Levels 4 (Four) to 8 (Eight) and further, about 55% of the PRSUs granted shall be allocated to employees in these levels.

The maximum number of PRSUs that may be and granted to an eligible employee under the PRSU Scheme shall not exceed 20,000 (Twenty Thousand) PRSUs in a financial year (which shall be adjusted in lieu of corporate action or change in capital structure). Further, the maximum number of PRSUs that may be granted to an employee under the PRSU Scheme shall not exceed 1,00,000 (One Lakh) PRSUs (which shall be adjusted in lieu of corporate action or change in capital structure).

In respect of grant to employees of a subsidiary, no grants shall be made to employees of a subsidiary company, unless it is a wholly-owned subsidiary company of the Bank, at the time of such grant. Further, any PRSUs granted but not vested in an employee of a subsidiary of the Bank shall lapse in the event of such subsidiary ceasing to be a wholly-owned subsidiary company of the Bank.

4. **Requirements of vesting and period of vesting:**

Vesting Conditions:

All PRSUs granted under the PRSU Scheme shall vest only upon the achievement of the performance parameters mentioned under the vesting conditions and assessment of such achievement will be made by the Board / NRC at the vesting of each tranche to the grantee.

The vesting conditions shall consist of the following Bank and individual performance parameter(s):

- (1) Any or in combination of or all of the following Bank performance parameters on a consolidated basis in the ordinary course of business, after adjusting for any extraordinary items:

- (i) Book Value per share
- (ii) Return on Equity
- (iii) Asset Quality
- (iv) Return on Asset
- (v) Profitability / Growth in Earnings

The Board / NRC would determine the applicable performance parameter(s) from the above, and weightage for each Plan Series, based on macro-economic conditions and other such conditions likely to impact the sectoral / business performance outlook. The performance parameter(s) and the weightage for each such parameter(s) shall be communicated to the employee(s) in the award letter issued at the time of grant and will not be subject to any subsequent changes by the Board / NRC, except in the case of a force majeure event.

(2) Individual performance:

With a minimum of ‘Achiever’ / ‘Meets Expectations’ or equivalent rating (against the defined goal sheet for each year) or higher on such determined goals as part of the annual performance appraisal process.

Vesting for employees for a Plan Series under the PRSU Scheme at the senior levels will essentially be based on level of achievement against the Bank’s performance parameters alone, though the individual’s performance against individual goals and conduct has to be at acceptable level (with the minimum qualifying performance level being an equivalent of “Achiever” / “Meets Expectations” against goals for the year as part of the annual performance appraisal process.) At other levels, it will be a combination of level of achievement against Bank’s performance parameters and individual performance as also conduct for the year, with greater emphasis on individual performance. Individual performance will be assessed through the annual performance appraisal system for the vesting year(s), with the minimum qualifying performance level being an equivalent of “Achiever” / “Meets Expectation” against goals for the year.

For each Plan Series that is operative, the Bank shall disclose in its subsequent annual reports, details of Bank’s performance parameters and weightage, the target achievement for each of the performance parameters and achievement during the year, basis which the vesting of the PRSUs was allowed, count of employees covered, number of PRSUs granted, count of employees whose PRSUs vested, number of PRSUs due for vesting as per the vesting schedule and number of PRSUs vested as per vesting schedule on meeting the vesting conditions.

Please refer to Sr. No. 20 of the salient features below, for the illustration.

Set out below is the table outlining the weightages assigned to Bank and individual performance parameters depending on the employees’ level in the organisation:

Exhibit 1:

Levels	Weightage of Bank performance versus individual performance	
	Bank	Individual
MD / CEO and WTDs (being Level 1), Levels 2 and 3	100%	0%
Levels 4 and 5	85%	15%
Levels 6, 7 and 8	50%	50%

The vesting of PRSUs granted shall be in accordance with the below-mentioned combined level of achievement (i.e., Bank and individual performance):

Exhibit 2:

Level of achievement (Bank performance and Individual performance)	Percentage of PRSUs to be vested
<85%	Nil
85% to <90%	50%
90% to <100 %	75%
100% and >100%	100%

Illustrated below is the way the Bank's performance and individual performance and the weightages will be applied to determine eligibility for vesting.

(a) Illustration for employees at Levels 1, 2 and 3:

100 units due for vesting as per the vesting schedule in a year	Methodology	Weightage	Achievement	Units eligible for vesting
Bank performance	% Achievement against target	100% (a)	96%^ (b)	
Individual performance*	Equivalent of minimum 'Achiever' / 'Meets Expectations'	0% (c)	Achieved criteria ^ (d)	
Combined level of achievement	$(a \times b) + (c \times d)$		96%	
Level of achievement (Bank performance and Individual performance)	90% to <100% (Combined level of achievement as per Exhibit 2)		75% (e)	
Units eligible for vesting	Achievement score (e) x units due for vesting as per vesting schedule in a year			75

(b) Illustration for employees at Levels 4 and 5:

100 units due for vesting as per the vesting schedule in a year	Methodology	Weightage	Achievement	Units eligible for vesting
Bank performance	% Achievement against target	85% (a)	35%^ (b)	
Individual performance*	Equivalent of minimum 'Achiever' / 'Meets Expectations'	15% (c)	Achieved criteria ^ (d)	

100 units due for vesting as per the vesting schedule in a year	Methodology	Weightage	Achievement	Units eligible for vesting
Combined level of achievement	(a x b) + (c x d)		45%	
Level of achievement (Bank performance and Individual performance)	<85% (Combined level of achievement as per Exhibit 2)		0% (e)	
Units eligible for vesting	Achievement score (e) x units due for vesting as per vesting schedule in a year			0

(c) Illustration for employees at Levels 6, 7 and 8:

100 units due for vesting as per the vesting schedule in a year	Methodology	Weightage	Achievement	Units eligible for vesting
Bank performance	% Achievement against target	50% (a)	75%^ (b)	
Individual performance*	Equivalent of minimum 'Achiever' / 'Meets Expectations'	50% (c)	Achieved criteria^ (d)	
Combined level of achievement	(a x b) + (c x d)		88%	
Level of achievement (Bank performance and Individual performance)	85% to <90% (Combined level of achievement as per Exhibit 2)		50% (e)	
Units eligible for vesting	Achievement score (e) x units due for vesting as per vesting schedule in a year			50

* if the Individual rating falls below equivalent of 'Achiever' / 'Meets Expectation' level, then the units eligible for vesting would be Nil. Minimum equivalent of 'Achiever' / 'Meets Expectations' level results into 100% Achieved criteria.

^ where (b) is the assumed level of achievement of Bank performance parameter and (d) is the assumed minimum rating ('Achiever' / 'Meets Expectations') of the employee for the purpose of the aforesaid illustrations.

The grants under the PRSU Scheme are aimed at accomplishing the medium to long term strategy of the Bank and will have a four-year vesting schedule. Any PRSUs not vested on account of non-achievement of the Bank's performance parameters in the previous tranches, shall vest in the last tranche of the vesting schedule, on achievement of 100% of the cumulative targets against the Bank's performance parameters

or compounded target of the Plan Series, whichever is applicable. This would be subject to the Individual rating not being below equivalent of 'Achiever' / 'Meets Expectation' level in each of the years of the Plan Series.

The vested PRSUs can be exercised at the exercise price at one time or at various points of time within the exercise period.

For the period of vesting, please refer to Sr. No. 5 of the salient features below.

Prior to the vesting of each tranche of PRSUs, the employees shall be intimated vide a vesting intimation advice regarding the status of vesting against the performance parameters laid down in the award letter and the consequent number of PRSUs that would be vested. Accordingly, the employee shall be eligible to exercise the said PRSUs (which have vested) during the exercise period.

The vesting of PRSUs granted to employees may expire or lapse or forfeit or accelerate, etc. (as the case may be) in the following circumstances, as determined under the PRSU Scheme:

- (i) Cessation of employment for 'cause': In case an employee ceases to be in service of the Bank or its subsidiary for 'cause', all PRSUs outstanding (whether vested or not) on the date of cessation of employment, shall expire forthwith and the employee shall not be permitted to exercise any right in respect thereof.
- (ii) Resignation or termination of employment: In the event of resignation or termination of employment (for a reason other than 'cause') or cessation of employment of an employee for any other reason (except superannuation), all PRSUs granted and not vested on the date of cessation (i.e., date of notice), shall expire forthwith.
- (iii) Transfer or deputation or secondment to another division / function or wholly-owned subsidiary (or between wholly-owned subsidiaries inter se): In the event that an employee who has been granted PRSUs is transferred, deputed or seconded to another division / function in the Bank or to its wholly-owned subsidiary (or between its wholly-owned subsidiaries inter se), prior to vesting, the vesting as per the terms of the award letter shall continue in case of such transferred, deputed or seconded employee even after the transfer, deputation or secondment.
- (iv) Superannuation: In case of superannuation of PRSU grantee (in accordance with the policies and rules of the Bank and its subsidiary), the rights and obligations under the PRSUs outstanding in such PRSU grantee shall continue to vest in his / her hands as per the vesting schedule provided in the award letter issued. For this purpose, the individual performance is deemed to have been met for the remaining period (i.e., after superannuation) of the Plan Series, but will be subject to meeting the criteria of Bank's performance.

Further, vesting shall be conditional upon he / she not being in employment of or being associated in any advisory or any other capacity (contractual or otherwise) with any other entity in the banking or financial services sector and their regulators, in India or abroad, as on the date of vesting of PRSUs, unless specifically approved by the Board / NRC of the Bank.

- (v) Suspension or Misconduct: In case of employees to whom PRSUs are granted but not vested, where such employee has been suspended or against whom an enquiry is being conducted for any reason, the PRSUs granted shall stand suspended and shall not vest until the suspension is

revoked or the enquiry is completed and the concerned employee has been absolved of all allegations by giving reasons in writing by the Board / NRC. In case where such employee has been found guilty of misconduct, whether or not he / she is dismissed or discharged, the Board / NRC shall determine the eligibility of such an employee as regards the vesting of any unvested PRUSs and / or exercise of any vested PRSUs and / or whether PRSUs (whether vested or not), in part or full, should lapse or otherwise. If an employee who has superannuated is found guilty of misconduct, the Board / NRC shall determine the eligibility of such superannuated employee as regards vesting of any unvested PRSUs and / or exercise of any vested PRSUs and / or whether PRSUs (whether vested or not), in part or full, should lapse or otherwise.

- (vi) **Force majeure event:** The Board / NRC, in its discretion may permit the PRSUs already granted for any PRSU grantee or class of PRSU grantees, to be vested and exercised within such time and as per such terms and conditions as it may determine or the vesting conditions may be altered, such that it is not prejudicial to the interest of the PRSU grantees, if so necessitated on account of a Force majeure event.
- (vii) **Death or permanent incapacitation:** In the event of (i) a death of PRSU grantee while in Bank's or subsidiary's employment or after superannuation; or (ii) permanent incapacitation while in the Bank's or subsidiary's employment or after superannuation, the rights and obligations under the PRSUs granted and outstanding in such PRSU grantee shall vest in his / her legal heirs or his / her nominees in case of death and in his / her hands in case of permanent incapacitation, with effect from the date of death or permanent incapacitation and the minimum vesting period of 1 (One) year shall not be applicable.
- (viii) **Conduct and / or performance:** Granted PRSU may be cancelled / lapsed / reduced in respect of employees on account of their conduct and / or performance and / or on account of any regulatory action for non-compliance by the grantee, if the MD / CEO of the Bank or the Board / NRC of a subsidiary makes such a recommendation to the Board / NRC of the Bank. Any decision of the Board / NRC in this regard would be final.
- (ix) **Ceasing to be a wholly-owned subsidiary:** Any PRSUs granted but not vested in an employee of a subsidiary of the Bank shall lapse in the event of such subsidiary ceasing to be a wholly-owned subsidiary of the Bank.

5. **Maximum period within which PRSUs shall be vested:**

The vesting shall commence only after the expiry of 1 (One) year from the date of the grant of the PRSUs to the employee and shall vest over the period of 4 (Four) years from the grant date in four tranches as per any one of the three schedule options given below, as determined and communicated by the Board / NRC, at the time of issuance of award letter for each such grant(s):

Year of vesting / schedule	Option-A	Option-B	Option-C
End of year-1	25%	20%	10%
End of year-2	25%	20%	20%
End of year-3	25%	30%	30%
End of year-4	25%	30%	40%

In case where the PRSUs are granted by the Bank in lieu of PRSUs held by the same person in another company which has merged, demerged, arranged or amalgamated with the Bank, the period during which

the PRSUs granted by the other company were held by such employee, shall be adjusted against the minimum vesting period of 1 (One) year as aforementioned.

6. Exercise price or pricing formula:

The exercise price shall be the face value of the shares at the time of the grant. This is to align the interests of employees across levels with the performance of the Bank and its wholly-owned subsidiary companies, ensuring affordability for the grantees with a view to incentivizing the achievement of sustainable growth, value creation and value sharing with the employees.

Each PRSU would entitle the employee, on exercise, to acquire 1 (One) share each of the Bank or such adjusted numbers of such face value, as may be determined by the Board / NRC, in accordance with the provisions of the PRSU Scheme.

7. Exercise period and process of exercise / acceptance of offer:

Exercise period while in employment:

The exercise period shall be the period commencing from the vesting date and ending on 1 (One) year from the vesting date of the PRSUs, except in case of the employee being suspended.

Exercise period in the case of cessation of employment:

- (i) Resignation or termination other than 'cause' or cessation of employment for any other reason (except superannuation): In such situations, the employee may exercise his / her vested PRSUs up to his / her last working day in the Bank or subsidiary, failing which all the unexercised PRSUs shall lapse irrevocably and the rights thereunder shall be extinguished.
- (ii) In case of superannuation: In the event of superannuation of PRSU grantee, the PRSUs outstanding shall continue to vest as per the vesting schedule provided in the award letter, considering only Bank's performance level and can be exercised on or before the expiry of the date / period specified in the vesting schedule and on fulfilment of such terms and conditions as stated under the award letter, failing which all the unexercised PRSUs shall lapse irrevocably and the rights thereunder shall be extinguished.
- (iii) In case of death or permanent incapacitation: In case of death or permanent incapacitation (as the case may be), all vested PRSUs as on that date shall be exercised by the legal heirs / nominees or employees (as the case may be), before the expiry of 12 (twelve) months from the date of death or permanent incapacitation of such employee or the prescribed exercise period for such PRSUs, whichever is earlier, unless such time period is extended by Board / NRC, failing which all the unexercised PRSUs shall lapse irrevocably and the rights there under shall be extinguished, without any further action.
- (iv) Transfer or deputation or secondment to another division / function or wholly-owned subsidiary (or between wholly-owned subsidiaries inter se): In the event that an employee who has been granted PRSUs is transferred, deputed or seconded to another division / function in the Bank or transferred, deputed or seconded, to a wholly-owned subsidiary (or between wholly-owned subsidiaries inter se), the exercise as per the terms of award letter shall continue even after the transfer, deputation or secondment.

Process of exercise:

The PRSU grantee may exercise the PRSUs, *inter alia*, by submitting an application (online or physical) to the Bank accompanied by payment of the full amount equivalent to the exercise price of the shares along with the applicable tax amount and such other writing or through any other process defined by the Bank, after which the equity shares would be allotted.

Exercise conditions:

The Board / NRC may:

- (i) not permit the exercise of any PRSUs granted (whether vested or not) to an employee, in the event of the employee being found to be involved in fraud, misfeasance, gross negligence, breach of trust, misconduct, etc. and in such an event, the rights under the PRSUs (whether vested or not) shall lapse forthwith without any claim on, or recourse to the Bank or the subsidiary;
- (ii) if the exercise of PRSUs within the exercise period, is prevented by any law or regulation in force, defer or not to permit the exercise of PRSUs till such time as it is prohibited by the applicable laws or regulations and in such an event, the Bank or subsidiary shall not be liable to pay any compensation or similar payment to the employee for any loss suffered due to such refusal. Notwithstanding anything contrary contained in the PRSU Scheme, the Board / NRC shall have the power to extend the exercise period in such case.

Provided, further, that the Board / NRC shall have the power to cancel all or any of the PRSUs granted under the PRSU Scheme, if so required under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, no compensation shall be payable to the PRSU Grantee for such cancelled PRSUs.

8. The appraisal process for determining the eligibility of employees for the Scheme:

The Board / NRC may, from time to time, based on the recommendation of the management of the Bank and the Board / NRC of its subsidiary, make grants of PRSUs to Employees from Level 1 (One) (being MD / CEO and WTDs) to Level 8 (Eight) (being grade M6) of 13 (Thirteen) levels in the Bank and to the employees of its subsidiaries in equivalent grades / levels. In the event of change in the Level structure, the Board / NRC shall determine the Level structure for the purpose of the PRSU Scheme, as near to the current structure as possible and in the equivalent grades / levels of a subsidiary.

The employees to whom the PRSUs would be granted, would be determined by the Board / NRC in accordance with the PRSU Scheme. The eligibility criteria for grant of PRSUs for employees shall be based on their role, past performance (as per Bank's or its wholly-owned subsidiary's performance appraisal system), capability and potential and criticality of skills and experiences of the individual for achieving the business strategy.

The PRSU Scheme aims to cover front-line managers, employees with specialized skills, middle managers and senior leaders, to ensure close alignment on performance objectives, for all covered employees across these levels in accordance with the Scheme. The grant of PRSUs will aid in accelerating the focus on strategy and growing the business, developing a skilled, committed talent pool of front-line, middle managers and senior leaders and specialists and employee retention through competitive total compensation, thereby de-risking the strategy.

In any Plan Series under the PRSU Scheme, of the total employees covered, about 70% employees shall be from Levels 4 (Four) to 8 (Eight) and further, about 55% of the total PRSUs shall be granted to employees in such levels.

The maximum number of PRSUs that may be and granted to an eligible employee under the PRSU Scheme shall not exceed 20,000 (Twenty Thousand) PRSUs in a financial year (which shall be adjusted in lieu of corporate action or change in capital structure). Further, the maximum number of PRSUs that may be granted to an Employee under the PRSU Scheme shall not exceed 1,00,000 (One Lakh) PRSUs (which shall be adjusted in lieu of corporate action or change in capital structure).

9. **Maximum number of PRSUs to be offered and issued per employee and in aggregate, if any**

A maximum of 90,00,000 (Ninety Lakh) PRSUs may be offered and granted under the PRSU Scheme, which on exercise would entitle not more than 90,00,000 (Ninety Lakh) equity shares of face value of Rs. 5/- each of the Bank, subject to any adjustment as may be required due to any corporate action or change in capital structure of the Bank.

The maximum number of PRSUs that may be and granted to an eligible employee under the PRSU Scheme shall not exceed 20,000 (Twenty Thousand) PRSUs in a financial year (which shall be adjusted in lieu of corporate action or change in capital structure). Further, the maximum number of PRSUs that may be granted to an Employee under the PRSU Scheme shall not exceed 1,00,000 (One Lakh) PRSUs (which shall be adjusted in lieu of corporate action or change in capital structure).

10. **Maximum quantum of benefits to be provided per employee under the scheme:**

The maximum number of PRSUs that may be granted to an eligible employee under the PRSU Scheme shall not exceed 20,000 (Twenty Thousand) PRSUs in a financial year (which shall be adjusted in lieu of corporate action or change in capital structure). Further, the maximum number of PRSUs that may be granted to an eligible employee under the PRSU Scheme shall not exceed 1,00,000 (One Lakh) PRSUs (which shall be adjusted in lieu of corporate action or change in capital structure).

The fair value of the PRSUs so granted shall be treated as part of the variable compensation of the said employees.

11. **Whether the scheme is to be implemented and administered directly by the Bank or through a trust:**

The PRSU Scheme shall be implemented and administered directly by the Bank.

12. **Whether the scheme involves new issue of shares by the Bank or secondary acquisition by the trust or both:**

The PRSU Scheme involves new issuance of 90,00,000 (Ninety Lakh) PRSUs entitling the PRSU holders to subscribe to an aggregate of 90,00,000 (Ninety Lakh) fully paid-up equity shares of the Bank.

The PRSUs would be granted under the PRSU Scheme by way of reducing the limit of 2,00,00,000 (Two Crore) equity shares (equivalent to 1.01% of the issued equity shares of the Bank, as at December 31, 2024) that was approved by the Bank's shareholders at the time of adoption of ESOP Scheme 2023 by way of postal ballot on December 22, 2023. Once the PRSU Scheme is approved, the total number of options available for the purposes of grant under the ESOP Scheme 2023 shall stand reduced to 1,10,00,000 (One Crore Ten Lakh) options pursuant to reservation, allocation and migration of 90,00,000 (Ninety Lakh) equity shares for issuance under the PRSU Scheme.

Since the issuance and allotment of shares pursuant to exercise of PRSUs under the PRSU Scheme along with the issuance and allotment of shares under the ESOP Scheme 2023 would not exceed 2,00,00,000 (Two Crore) equity shares, it would not result in additional dilution in the issued share capital of the Bank.

13. **The amount of loan to be provided for implementation of the scheme by the Bank to the trust, its tenure, utilization, repayment terms, etc.:**

Not applicable.

14. **Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme:**

Not applicable.

15. **A statement to the effect that the Bank shall conform to the accounting policies specified in regulation 15:**

The Bank shall conform to the applicable accounting policies prescribed under the SBEB & SE Regulations, or such other policy(ies) as may be prescribed under any other law with respect to accounting for PRSUs, including by the RBI or any other regulatory authority.

16. **The method which the Bank shall use to value its PRSUs:**

The Bank shall follow the fair value method for the valuation of the PRSUs, calculated in accordance with the Guidance Note on Accounting for Employee Share-Based Payments, as may be prescribed by the Institute of Chartered Accountants of India or prescribed under the relevant accounting standard, as may be applicable to the Bank, from time to time.

The fair value of PRSUs pertaining to employees of subsidiaries shall be recovered from the respective subsidiaries.

The fair value of the PRSUs so granted shall be treated as part of the variable compensation of the said employees.

17. **Period of lock-in:**

The equity shares issued under the PRSU Scheme shall not be subject to any transfer restrictions or lock-in restrictions, except as may be required for compliance of any regulatory / statutory / judicial requirements from time to time.

18. **Terms & conditions for buyback, if any, of specified securities covered under these regulations.**

None.

19. **Malus and clawback**

The benefits accrued and / or availed under the PRSU Scheme shall be subject to *malus and clawback* conditions, in accordance with the regulatory guidelines and / or policies of the Bank and its subsidiary. The Bank and its subsidiary shall be entitled to recover from the employee or from anyone who ceases to be an employee on account of resignation, termination (with / without cause) and those who have superannuated, subject to applicable laws, an amount corresponding to the PRSUs granted or vested under the PRSU Scheme or any benefit derived through any PRSUs granted under the PRSU Scheme, whether the employee is in employment or not at the time of recovery, in the event of any disciplinary action taken against the PRSU grantee.

20. **Disclosures**

Every year, the Bank shall disclose data of the grants awarded during the year in the annual report.

For clarity, given below, is an example for illustration purposes only:

1st year of issuance of grants		
Levels	Number of employees granted PRSUs	Number of PRSUs granted
MD / CEO and WTDs (being Level 1), Levels 2 and 3	30	4,500
Levels 4 to 8	70	5,500
Total		10,000

For each Plan Series that is operative, the Bank shall disclose in its subsequent annual reports, the details of Bank's performance parameters and weightage, the target achievement for each of the performance parameters and achievement during the year, basis which the vesting of the PRSUs was allowed, count of employees covered, number of PRSUs granted, count of employees whose PRSUs vested, number of PRSUs due for vesting as per the vesting schedule and number of PRSUs vested as per vesting schedule on meeting the vesting conditions.

Indicative Illustration:

If the Bank's performance parameters for a grant under the Plan Series is 'Book Value per share', then:

- i) To arrive at the target for the 1st tranche vesting, the actual book value per share is taken at the base year and indexed at 100
- ii) For the 1st tranche vesting (expected vesting after 12 months from grant), target is set at 120
- iii) The actual achievement of the target at the end of 12 months, is at 118 as against 120
- iv) The disclosure in the annual report for the 1st tranche vesting would include the following:
 - a) Bank's performance parameter: Book value per share growth
 - b) Weightage: XX%
 - c) Base year value: 100

- d) Target: 120
- e) Actuals: 118
- f) Level of achievement for Bank's performance parameter: 98%
- g) The proportion of units may be further adjusted at individual level based on levels and individual performance / conduct
- h) Units eligible for vesting as per Exhibit 2 (as provided in Sr. No. 4 of the salient features above): 75%
- i) Details of vesting

1st tranche of vesting				
Levels	Number of Employees covered in the Plan Series	Number of Employees whose PRSUs vested in the Plan Series	No. of PRSUs due for vesting as per vesting schedule (Option A)	No. of PRSUs vested as per vesting schedule (Option A) on meeting vesting conditions
MD / CEO and WTDs (being Level 1), Levels 2 and 3	30	27	1,125	801
Levels 4 to 8	70	63	1,375	979
Total			2,500	1,780

21. Others

(i) Amendment or Termination of the Scheme

The Board, to the extent permissible in the SBEB & SE Regulations and applicable law, may from time to time suspend, withdraw or terminate the Scheme. Any material amendments / variations to this Scheme shall be done by the Board / NRC only with the prior approval of the members. However, while making such amendment or alteration to the Scheme, the interest of all the other stakeholders shall also be considered.

The term 'material amendments / variations' shall, *inter alia*, include the following:

- a. the alteration to the duration of the PRSU Scheme;
- b. the maximum quantum of PRSUs to be granted per employee and in aggregate under the PRSU Scheme or alteration to the pool size;
- c. the conditions under which the PRSUs may vest in employees and may lapse in case of cessation of employment including termination of employment for 'cause' as defined under the PRSU Scheme;
- d. the exercise period within which an employee can exercise the vested PRSUs;
- e. the specified time period within which the employee shall exercise the vested PRSUs in the event of termination or resignation;
- f. the vesting period;
- g. the vesting conditions in respect of employees covered under the PRSU Scheme; and
- h. the alteration to the conditionalities set out under the PRSU Scheme for the purposes of exercise of PRSUs.

Further, the Board / NRC shall not, without the approval of the members, amend the PRSU Scheme to increase the aggregate number of shares which may be issued pursuant to the provisions of the

PRSU Scheme on exercise or surrender of PRSUs or upon grants except as otherwise stated elsewhere in the PRSU Scheme and as per the SEBI Regulations.

(ii) Compliance with Applicable Laws

In the event of any variation between the provisions of the Scheme and the SBEB & SE Regulations, the provisions of the SBEB & SE Regulations shall prevail over the PRSU Scheme and the provisions of the PRSU Scheme shall be deemed to have been amended so as to be read in consonance with the SBEB & SE Regulations.

The Board / NRC may without any reference to or consent of the employees concerned, amend the Scheme or grant or any agreement to comply with any law, regulation or guideline.