

## Employee Benefit Scheme Document

### Employee Stock Option Policy 2024 (“ESOP 2024”)

#### i. Brief Description of the ESOP 2024:

The Bank proposes to formulate and implement ESOP 2024 in terms of the relevant provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities and Contract (Rules), 1957, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI (SBEB & SE) Regulations”), the Companies Act, 2013 and the relevant rules notified thereunder, the guidelines/regulations prescribed by the Reserve Bank of India, the Foreign Exchange Management Act, 1999, and the rules, regulations and guidelines issued thereunder, the Income Tax Act, 1961, the Income Tax Rules, 1962 and such other applicable laws, rules and regulations enacted by any other statutory/regulatory authority in India.

The objective of the ESOP 2024 is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Bank. The Bank also intends to use this Policy to attract and retain talent in the Bank. The Bank views employee stock options as instruments that would enable the Employees to share the value they create for the Bank in the years to come.

ii. Total number of Options to be offered/granted under the ESOP 2024: It is proposed to create /grant/offer/issue up to 5,00,000 (Five Lakhs) options of the Bank, in one or more tranches as may be determined by the Board which shall include any Committee of the Board, from the date of approval of the ESOP 2024 by the shareholders, which shall entitle the employees one fully paid-up equity share of face value of ₹10 of the Bank against each options exercised and accordingly, up to 5,00,000 equity shares of face value of Rs.10 each fully paid-up shall be allotted to the Eligible Employees under the ESOP 2024 upon exercise.

iii. Identification of classes of employees entitled to participate and be beneficiaries in ESOP 2024: The ESOP 2024 shall be extend to:

- (i) an employee as designated by the Bank who is exclusively working in India or outside India; or
- (ii) a director of the Bank, whether a Managing / Whole time director or not, but excluding an independent director; or
- (iii) Material Risk Takers.

iv. Date of Grant: The date of grant would be the date on which the NRC approves the grant of options to the Eligible Employees.

v. Requirement of Vesting and period of Vesting: Options granted under ESOP 2024 would vest as follows:

At the end of First (1 <sup>st</sup> ) Year from the date of Grant of Options	33.33% of Options so granted
At the end of Second (2 <sup>nd</sup> ) Year from the date of Grant of Options	33.33% of Options so granted
At the end of Third (3 <sup>rd</sup> ) Year from the date of Grant of Options	Balance 33.33% of Options so granted

Unless otherwise set out in ESOP 2024, vesting of the Options would be subject to continued employment with the Bank and thus the Options would vest on passage of time in accordance with the above schedule. In addition to this, the NRC may also specify certain performance parameters subject to which the Options would Vest. The specific vesting schedule and conditions subject to which Vesting would take place would be outlined in the agreement to be executed by the Options Grantee at the time of grant of the Options.

- vi. Maximum period within which the Options shall be vested: The maximum period within which the options shall be vested is as per the vesting schedule mentioned hereinbefore. The options that have not been exercised in accordance with the provisions of the ESOP 2024 shall be deemed to have lapsed. The lapsed options can be re-issued and the maximum period within which the lapsed options shall be vested is as per the vesting schedule from the date of its re-grant.
- vii. Exercise Price or Pricing Formula: All Options to subscribe to equity shares pursuant to the ESOP 2024 shall have a purchase or Exercise Price at the Market Price. Payment of the Exercise Price along with applicable taxes, shall be made by a crossed cheque or a demand draft or NEFT or other electronic mode drawn in favour of the Bank or in such other manner as the NRC may decide.

Market Price means the latest available closing price on a Stock Exchange on which the shares of the Bank are listed on the date immediately prior to the Grant Date.

Explanation: If such shares are listed on more than one stock exchange, then the closing price of the shares on the Stock Exchange having higher trading volume shall be considered as the Market price.

- viii. Exercise period and process of exercise: The options shall be exercised by the eligible employee of the Bank, in accordance with ESOP 2024 inter-alia while in employment and post resignation within a period mentioned below:
  - a. While in employment: 5 years from the date of Vesting.
  - b. Post resignation: 3 years from the date of Vesting.

The options will be exercisable by the option grantees by a written application to the Bank expressing his/ her desire to exercise such Options along with payment of exercise price and applicable taxes in such manner and on execution of such documents, as may be prescribed from time to time. The options will lapse if not exercised within the specified exercise period.

- ix. Appraisal process for determining the eligibility of the Employees to ESOP 2024: The options shall be granted to the eligible Employees as per performance appraisal system of the Bank and the NRC may adopt any eligibility criteria for determining eligibility of any Employee or a class thereof on the basis of designation, role, and future potential of Employees as per ESOP 2024.
- x. The Maximum number of Options to be offered and issued per Employee and in aggregate: Such number as may be decided by the NRC in accordance with the ESOP 2024 and in accordance with SEBI (SBEB & SE) Regulations and other applicable laws, from time to time.
- xi. The Maximum quantum of benefits to be provided per Employee under the ESOP 2024: As per ESOP 2024 and subject to the provision of the SEBI (SBEB & SE) Regulations and other applicable laws.

- xii. Whether the ESOP 2024 is to be implemented and administered directly by the Bank or through a Trust: ESOP 2024 is implemented and administered directly by the Bank.
- xiii. Whether the ESOP 2024 involves new issue of shares by the Bank or secondary acquisition by the Trust or both: The ESOP 2024 involves issue/ allotment of fresh shares by the Bank.
- xiv. The amount of loan to be provided for implementation of the ESOP 2024 by the Bank to the Trust, its tenure, utilization, repayment terms, etc.: Not Applicable.
- xv. The Maximum percentage of secondary acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purposes of the ESOP 2024: Not Applicable.
- xvi. Statement to the effect that the Bank shall conform to the accounting policies specified in Regulation 15: The Bank shall comply with the applicable accounting policies as prescribed under Regulation 15 of SEBI (SBEB & SE) Regulations and other applicable laws.
- xvii. The method which the Bank shall use to value its Options: The Bank adopts fair value method for accounting of employee compensation cost in accordance to the guidance note on Accounting for Employee Share Based payments issued by the ICAI.
- xviii. Statement with regard to Disclosure in Directors' Report: As the Bank is adopting the fair value method, presently there is no requirement for disclosure in the Board's report.
- xix. Period of lock-in: The equity shares arising out of exercise of Vested Options will not be subject to any lock-in period after such exercise.
- xx. Terms & conditions for buyback, if any, of specified securities: Subject to the provisions of the prevailing applicable laws, the NRC shall determine the procedure for buyback of Options granted under the ESOP 2024 if to be undertaken at any time by the Bank, and the applicable terms and conditions thereof.
- xxi. Conditions under which options vested in employees may lapse e.g. in case of termination of employment for misconduct: All Vested options which are not exercised at the time of such termination due to misconduct or due to breach of Bank's policies or the terms of employment shall stand cancelled with effect from the date of such termination.
- xxii. The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee: In accordance with the ESOP 2024.
- xxiii. Listing: The equity shares allotted pursuant to the exercise of the stock options under ESOP 2024, shall be listed on BSE Limited and National Stock Exchange of India Limited subject to obtaining their in-principle approval prior to granting such options.

## Employee Stock Option Policy 2023 ("ESOP 2023")

### i. Brief Description of the ESOP 2023:

The Bank proposes to formulate and implement Fino Payments Bank Limited Employees Stock Option Policy, 2023" (hereinafter referred to as the "ESOP 2023") in terms of the relevant provisions of the Securities and Exchange Board of India Act, 1992, the Securities Contracts (Regulation) Act, 1956, the Securities and Contract (Rules), 1957, the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the Companies Act, 2013 and the relevant rules notified thereunder, the Foreign Exchange Management Act, 1999 and the rules, regulations and guidelines issued thereunder, the Income Tax Act, 1961, the Income Tax Rules, 1962 and such other applicable laws, rules and regulations enacted by any other statutory/regulatory authority in India.

The objective of the ESOP, 2023 is to reward the Employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Bank. The Bank also intends to use this Policy to attract and retain talent in the Bank. The Bank views employee stock options as instruments that would enable the Employees to share the value they create for the Bank in the years to come.

- ii. **Total number of Options to be offered/granted under the ESOP 2023:** It is proposed to grant/offer/issue up to 10,90,625 (Ten Lakh Ninety Thousand Six Hundred Twenty Five) Equity shares of the Bank, in one or more tranches as may be determined by the Board from the date of approval of the ESOP 2023 by the shareholders, which shall entitle the employees one fully paid-up equity share of face value of ₹ 10 of the Bank (as adjusted for any changes in capital structure of the Bank) against each options exercised and accordingly, up to 10,90,625 equity shares of face value of ₹ 10 each fully paid-up shall be allotted to the Eligible Employees under the ESOP 2023 upon exercise.

- iii. **Identification of classes of employees entitled to participate and be beneficiaries in ESOP 2023:** The ESOP 2022 shall be extend to:

- (i) an employee as designated by the Bank who is exclusively working in India or outside India; or
- (ii) a director of the Bank, whether a Managing / Whole time director or not but excluding an independent director;
- (iii) Material Risk Takers; or
- (iv) an employee as defined in clause (i) or (ii) of a above of the Fino Group, including any subsidiary or associate company, in India or outside India, or of a holding company of the Bank,

but does not include an employee who is not eligible to participate in the ESOP, 2023 under Applicable Law.

- iv. **Date of Grant:** The date of grant would be the date on which the NRC approves the grant of Units to the Eligible Employees.

- v. **Requirement of Vesting and period of Vesting:** Options granted under ESOP 2023 would vest as follows:

At the end of First (1 <sup>st</sup> ) Year from the date of Grant of Options	33.33% of Options so granted
At the end of Second (2 <sup>nd</sup> ) Year from the date of Grant of Options	33.33% of Options so granted
At the end of Third (3 <sup>rd</sup> ) Year from the date of Grant of Options	Balance 33.33% of Options so granted

Unless otherwise set out in ESOP 2023, vesting of the Options would be subject to continued employment with the Bank and thus the Options would vest on passage of time in accordance with the above schedule. In addition to this, the Nomination & Remuneration Committee may also specify certain performance parameters subject to which the Options would Vest. The specific vesting schedule and conditions subject to which Vesting would take place would be outlined in the agreement to be executed by the Option Grantee at the time of grant of the Options.

- vi. **Maximum period within which the Options shall be vested:** The maximum period within which the options shall be vested shall be in accordance with ESOP 2023.
- vii. **Exercise Price or Pricing Formula:** The exercise price for options shall be at 25% discount of Market Price which shall not be less than the face value of the equity shares of the Bank, (subject to any fair and reasonable adjustments thereto that may be made by the Committee on account of corporate actions of the Bank in order to comply with the SEBI (SBEB & SE) Regulations
- viii. **Exercise period and process of Exercise/ acceptance of offer:** The exercise period shall be in accordance with ESOP 2023.

The options will be exercisable by the grantees by a written application to the Bank expressing his/ her desire to exercise such Options along with payment of exercise price and applicable taxes in such manner and on execution of such documents, as may be prescribed from time to time. The options will lapse if not exercised within the specified exercise period.

- ix. **Appraisal process for determining the eligibility of the Employees to ESOP 2023:** The options shall be granted to the eligible Employees as per performance appraisal system of the Bank and the NRC at its discretion may adopt any eligibility criteria for determining eligibility of any Employee or a class thereof on the basis of designation, role, and future potential of Employees as per ESOP 2023.
- x. **The Maximum number of Options to be offered and issued per Employee and in aggregate:** Such number as may be decided by the NRC thereof in accordance with the ESOP 2023.
- xi. **The Maximum quantum of benefits to be provided per Employee under the ESOP 2023:** As per ESOP 2023 and subject to the provision of the SEBI (SBEB & SE) Regulations and other applicable laws.
- xii. **Whether the ESOP 2023 is to be implemented and administered directly by the Bank or through a Trust:** ESOP 2023 is implemented and administered directly by the Bank.
- xiii. **Whether the ESOP 2023 involves new issue of shares by the Bank or secondary acquisition by the Trust or both:** The ESOP 2023 involves issue of fresh shares by the Bank.

- xiv. **The amount of loan to be provided for implementation of the ESOP 2023 by the Bank to the Trust, its tenure, utilization, repayment terms, etc.:** Not Applicable.
- xv. **The Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the Trust for the purposes of the ESOP 2023:** Not Applicable.
- xvi. **Statement to the effect that the Bank shall conform to the accounting policies specified in regulation 15:** The Bank shall comply with the applicable accounting policies as prescribed under Regulation 15 of SEBI (SBEB & SE) Regulations and other applicable laws.
- xvii. **The method which the Bank shall use to value its Options:** : The Bank shall adopt fair value method or any other method in accordance to the guidance note on Accounting for Employee Share Based payments issued by the ICAI.
- xviii. **Statement with regard to Disclosure in Director's Report:** As the Bank is adopting the fair value method, presently there is no requirement for disclosure in the director's report. However, if in future, the Bank opts for expensing of share based employee benefits using the intrinsic value, then 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, shall be disclosed in the Directors' report and the impact of this difference on profits and on earnings per share of the Bank shall also be disclosed in the Directors' report.
- xix. **Period of lock-in:** The equity shares arising out of exercise of Vested Options will not be subject to any lock - in period after such exercise.
- xx. **Terms & conditions for buyback, if any, of specified securities:** Subject to the provisions of the then prevailing applicable laws, the NRC shall determine the procedure for buy-back of Options granted under the ESOP 2023 if to be undertaken at any time by the Bank, and the applicable terms and conditions thereof.
- xxi. **Conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct:** Vested option under the ESOP 2023 may lapse if not exercised within the specified exercise period. Pursuant to ESOP 2023 the Option may also lapse under certain circumstances as determined by the NRC even before expiry of the specified exercise period.
- xxii. **The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:** In accordance with the ESOP 2023.
- xxiii. **Listing:** The equity shares allotted pursuant to the exercise of the stock options under ESOP 2023, shall be listed on BSE Limited and National Stock Exchange of India Limited subject to obtaining their in-principle approval prior to granting such Options.

## Employee Stock Option Policy 2020 ("ESOP 2020")

### i. Brief Description of the ESOP 2020:

The objective of the ESOP 2020 is to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of the Bank. The Bank also intends to use this policy to attract and retain talent in the Bank. The Bank views employee stock options as instruments that would enable the Employees to share the value they create for the Bank in the years to come.

In view of the aforesaid objectives, ESOP 2020 contemplates grant of options to the eligible employees (which includes eligible Directors) of the Bank and/or Fino Group. Upon vesting of options, the eligible employees earn a right (but not obligation) to exercise the vested options within the exercise period and obtain Shares of the Bank subject to payment of exercise price and satisfaction of tax obligation, if any, arising thereon. The Nomination and Remuneration Committee ("NRC") administers the ESOP 2020.

### ii. Total number of options to be granted under the ESOP 2020:

Total number of options granted/to be granted under the ESOP 2020 shall not exceed 15,45,175 options.

The SBEB & SE Regulations requires that in case of any corporate action such as rights issue, bonus issue, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the number of options granted or exercise price or both. In this regard, the NRC shall adjust the number of options and/or exercise price. Accordingly, if any additional options are required to be granted by the Bank to the option grantees for making such fair and reasonable adjustment, the aforesaid ceiling of options / shares shall be deemed to be adjusted.

### iii. Identification of classes of employees entitled to participate and be beneficiaries in ESOP 2020:

(i) An employee working in India or outside India; (ii) a director of the Bank, whether a Managing / Whole time director or not but excluding an independent director; (iii) Material Risk Takers; (iv) an employee as defined in clause (i) or (ii) of above of the Fino Group, including any subsidiary or associate company, in India or outside India, or of a holding company of the Bank, but does not include an employee who is not eligible to participate in the ESOP 2020 under Applicable Law.

### iv. Requirement of Vesting and period of Vesting:

Options granted under ESOP 2020 would vest as follows:

At the Year 1 from date of grant of option	Nil
At the Year 2 from date of grant of option (i.e. after the end of first year from the date of grant of option)	33.33% of the options so granted
At the Year 3 from date of grant of option (i.e. after the end of second year from the date of grant of option)	33.33% of the options so granted
At the Year 4 from date of grant of option (i.e. after the end of third year from the date of grant of option)	33.33% of the options so granted

Unless otherwise set out in ESOP 2020, vesting of the options would be subject to continued employment with the Bank and thus the options would vest on passage of time in accordance with the above schedule. In addition to this, the NRC may also specify certain performance parameters subject to which the options would vest. The specific vesting schedule and conditions subject to which vesting would take place as outlined in the agreement to be executed by the option grantee at the time of grant of the options.

### v. Maximum period within which the options shall be vested:

The options shall be vested not later than a maximum of 3 (three) years from the date of grant of options as stated above.

vi. **Exercise Price or Pricing Formula:**

Unless otherwise approved by the NRC, all options to subscribe to equity shares pursuant to the ESOP 2020 shall have a purchase or Exercise Price at such percentage of discount determined by NRC on the fair market value of the shares.

vii. **Exercise period and process of Exercise:**

Unless otherwise set out in ESOP 2020, the exercise period would be 3 (three)\* years from the date of vesting of respective options.

The options will be exercisable by the grantees by a written application to the Bank expressing his/ her desire to exercise such options along with payment of exercise price and applicable taxes in such manner and on execution of such documents, as may be prescribed from time to time. The options will lapse if not exercised within the specified exercise period.

*\*This may undergo change subject to the approval by Members as proposed in this AGM.*

viii. **Appraisal process for determining the eligibility of the employees to ESOP 2020:**

The options shall be granted to the eligible employees as per performance appraisal system of the Bank and the NRC at its discretion may adopt any eligibility criteria for determining eligibility of any employee or a class thereof on the basis of designation, role, performance rating and future potential of employees as per ESOP 2020.

ix. **The Maximum number of options to be granted per employee and in aggregate:**

The number of options that may be granted to any specific employee shall not exceed 1% of the issued capital of the Bank at the time of the grant of options under the ESOP 2020.

x. **The Maximum quantum of benefits to be provided per employee under the ESOP 2020:**

Apart from the grant of options as stated above, no monetary benefits are contemplated under the ESOP 2020.

xi. **Whether the ESOP 2020 is to be implemented and administered directly by the Bank or through a Trust:**

ESOP 2020 is implemented and administered directly by the Bank through NRC.

xii. **Whether the ESOP 2020 involves new issue of shares by the Bank or secondary acquisition by the Trust or both:**

The ESOP 2020 involve issue of fresh shares by the Bank.

xiii. **The amount of loan to be provided for implementation of the ESOP 2020 by the Bank to the Trust, its tenure, utilization, repayment terms, etc.:**

Not Applicable.

xiv. **The Maximum percentage of secondary acquisition (subject to limits specified under the Regulations) that can be made by the Trust for the purposes of the ESOP 2020:**

Not Applicable.

xv. **Statement to the effect that the Bank shall conform to the accounting policies specified in Regulation**

The Bank shall comply with the applicable accounting policies as prescribed under Regulation 15 of SBEB & SE Regulations and other applicable laws.

xvi. **The method which the Bank shall use to value its options:**

The Bank shall adopt fair value method or any other method in accordance to the guidance note on Accounting for Employee Share Based Payments issued by the ICAI.

xvii. **Statement with regard to Disclosure in Directors' Report:**

As the Bank is adopting the fair value method, presently there is no requirement for disclosure in the Board's report. However, if in future, the Bank opts for expensing of share based employee benefits using the

intrinsic value, then 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, shall be disclosed in the Board's report and the impact of this difference on profits and on earnings per share (EPS) of the Bank shall also be disclosed in the Board's report.

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

The equity shares acquired pursuant to exercise of options shall not be subject to any lock-in and shall be freely transferable, except as restricted by applicable laws. Provided however, notwithstanding the aforementioned, employees holding shares pursuant to the exercise of the options under the ESOP 2020 will not transfer any shares to any person resident outside India, whether during the employment or after cessation of employment.

xix. **Terms & conditions for buyback, if any, of specified securities:**

Subject to the provisions of the then prevailing applicable laws, the NRC shall determine the procedure for buy-back of options granted under the ESOP 2020 if to be undertaken at any time by the Bank and the applicable terms and conditions thereof.

xx. **Conditions under which option vested in employees may lapse e.g. in case of termination of employment for misconduct:**

All the vested options which are not exercised at the time of such termination due to misconduct or due to breach of Bank's policies or the terms of employment shall stand cancelled with effect from the date of such termination.

xxi. **The specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee:**

In the event of resignation of employee or termination of employment (other than due to misconduct or breach of Bank's policies or terms of employment), all vested options can be exercised within a period of three years from the date of his/her last working day with the Bank.

xxii. **Listing:**

The equity shares to be allotted pursuant to the exercise of the stock options under ESOP 2020, shall be listed on BSE Limited and National Stock Exchange of India Limited.