CSB Bank Limited
CIN: L65191KL1920PLC000175
Regd. Office: CSB Bhavan, Post Box No. 502, St. Mary's College Road
Thrissur, Kerala, Pin- 680020, INDIA

CSB Bank Employee Stock Option Scheme 2026

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1. **Name, Objectives and Term of the Scheme**

1.1 This employee stock option scheme shall be called the 'CSB Bank Employee Stock Option Scheme 2026' ("**ESOS 2026**" / "**Scheme**").

1.2 The underlying objective of ESOS 2026 is to enable the Employees, present and future, to get a share in the value they help create for the organization over a period of time. The Bank strongly believes that an equity component in the compensation goes a long way in aligning the objectives of an individual with those of the Bank. Other key objectives of ESOS 2026 are, among others, to attract, retain and motivate critical senior talents with the Employee Stock Options as compensation tool.

1.3 The ESOS 2026 is established with effect from [●date] being the date of its approval by the shareholders of the Bank by way of a special resolution and shall continue to be in force until (i) its termination by the Bank as per provisions of the Applicable Laws, or (ii) the date on which all of the Employee Stock Options available for issuance under the ESOS 2026 have been issued and exercised, whichever is earlier.

2. **Definitions and Interpretations**

In this Scheme, unless the context clearly indicates a contrary intention, the following words or expressions shall have the meaning assigned herein:

2.1 **Definitions**

i. "**Accounting Guidelines**" means Guidance Note on Accounting for Employee Share-based Payments and/ or any relevant Accounting Standard(s) as prescribed by the Institute of Chartered Accountants of India or any other authority from time to time, as applicable to the Bank for financial reporting in connection with transactions in the Employee Stock Options undertaken under the Scheme as required under the SEBI SBEB Regulation and other Applicable Laws from time to time.

ii. "**Applicable Laws**" means every law relating to the Employee Stock Options, including and without limitation the Companies Act, the Banking Regulations Act, 1949, the Securities and Exchange Board of India Act, 1992, the SEBI SBEB Regulations read with the rules or requirements of the recognized Stock Exchanges on which the Shares are listed and all relevant tax, securities, exchange control or corporate laws or amendments thereof including any circular, notification issued thereunder, of India or of any relevant jurisdiction.

iii. "**Bank**" means CSB Bank Limited, a banking company limited by shares, incorporated under the Indian Companies Act, 1913 having Corporate Identification Number U65191KL1920PLC000175 and its registered office at P.B. No. 502, CSB Bhavan, St.

Mary's College Road, Thrissur - 680 020, India.

iv. **"Bank Policies/Terms of Employment"** mean the Bank's policies for employees and the terms of employment as contained in the Employment Letter and any other rules / bye-laws issued from time to time including that issued under the Applicable Laws.

v. **"Beneficiary(ies)"** means the eligible Employee who holds the Options granted under the Scheme and includes the person(s) who is/ are legal heirs or nominees of such eligible Employee on his/her eventual death during the continuance of employment or service.

vi. "**Board**" means the Board of Directors of the Bank.

vii. **"Cause"** shall include negligence, fraud, professional misconduct, breach of trust, moral turpitude, committing or abetting any illegal activity, violating any Bank Policies/Terms of Employment or any other applicable code of conduct, absence from office for a substantial period of time without any valid reason or authority, or any other actions or circumstances of similar nature as may be decided by the Committee in its absolute discretion.

vii. "**Committee**" means the Nomination & Remuneration Committee of the Board, as constituted or reconstituted from time to time to administer and supervise the employee stock option schemes of the Bank including this Scheme, comprising of such members of the Board as provided under Section 178 of the Companies Act, 2013 and Regulation 19 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, to act as the compensation committee under Regulation 5 of the SEBI SBEB Regulations.

viii. "**Companies Act**" means the Companies Act, 2013 and rules made thereunder and includes any statutory modifications or re-enactments thereof.

ix. "**Compensation Policy**" means such policy of the Bank being formulated and implemented under the relevant guidelines or master directions issued by the Reserve Bank of India from time to time for governing the compensation of the Directors and other Employees of the Bank.

x. "**Director**" means a member of the Board of the Bank.

xi. "**Eligibility Criteria**" means the criteria as may be determined from time to time by the Committee for granting the Employee Stock Options to the Employees.

xii. "**Employee**" means, (a) an employee as designated by the Bank, who is exclusively working in India or outside India; or (b) a whole-time or executive Director of the Bank, but excluding:

(i) an Employee or Director who is a Promoter or belongs to the Promoter Group;

(ii) any such Director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Bank; and

(iii) an Independent Director.

xiii. **“Employee Stock Option”** means an option granted to an eligible Employee, which gives such Employee the right, but not an obligation, to subscribe at a future date Shares underlying such option at a pre-determined price.

xiv. "**Employment Letter**" means a letter appointing a person as an Employee of the Bank and giving out the terms and conditions of such employment.

xv. “**ESOS 2026**” means the ‘CSB Bank Employee Stock Option Scheme 2026’ under which the Bank is authorized to grant Employee Stock Options to the Employees.

xvi. “**Exercise**” of an Option means expression of an intention by an Option Grantee to the Bank to subscribe the Shares underlying the Options vested in him, in pursuance of the ESOS 2026, in accordance with the procedure laid down by the Bank for Exercise of such Options.

xvii. “**Exercise Period**” means such time period after Vesting within which the Option Grantee should exercise the Options vested in him in pursuance of the ESOS 2026.

xviii. “**Exercise Price**” means the price approved by Committee being payable by an Option Grantee in order to exercise the Options granted to him in pursuance of the ESOS 2026.

xix. “**Grant**” means issue of Options to the eligible Employees under the ESOS 2026.

xx. “**Grant Date**” means the date on which the Committee approves the Grant.

Explanation: For accounting purposes, the Grant Date will be determined in accordance with applicable Accounting Guidelines.

xxi. “**Grant Letter**” means the written communication issued by the Bank intimating the Grant under ESOS 2026 and relevant terms and conditions, in the form of a letter or through any electronic communication.

xxii. **“Independent Director”** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

xxiii. “**Market Price**” means the latest available closing price on a recognised Stock Exchange on which the Shares of the Bank are listed on the date immediately prior to the date of the meeting of the Committee on which the Grant is made.

Explanation: If such Shares are listed on more than one recognised Stock Exchange, then the closing price on the recognised Stock Exchange having higher trading volume shall be considered as the market price.

xxiv. **"Option"** means an Employee Stock Option within the meaning of this Scheme.

xxv. **"Option Grantee"** means an eligible Employee who has been granted an Employee Stock Option in pursuance of the ESOS 2026 and for the limited purposes of this Scheme deems to include a Beneficiary being the legal heir or nominee of such Option Grantee upon his eventual death while in employment or service.

xxvi. "**Permanent Incapacity**" means any disability or incapacitation of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Option Grantee from performing any specific job, work or task which the said Option Grantee was capable of performing immediately before such disablement, as determined by the Committee based on a certificate of a medical expert identified by the Committee.

xxvii. "**Promoter"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

xxviii. **"Promoter Group"** shall have the same meaning assigned to it under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

xxix. "**Retirement**" means retirement or superannuation as per the rules of the Bank.

xxx. "**Secretarial Auditor**" means a company secretary in practice appointed by the Bank under rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 to conduct secretarial audit pursuant to regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

xxxi. **"Scheme"** means ESOS 2026 as herein defined.

xxxii. **"SEBI SBEB Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended and reenacted from time to time and includes any clarifications, circulars, notifications, or frequently asked questions issued thereunder.

xxxiii. "**Shares**" means equity shares of the Bank having face value of Rs. 10/- (Rupees Ten) each fully paid-up.

xxxiv. **"Stock Exchange"** means the National Stock Exchange of India Ltd., BSE Ltd., or any other recognized Stock Exchange in India on which the Bank's Shares are listed during continuance of this Scheme.

xxxv. "**Unvested Option**" means an Option in respect of which the relevant Vesting Conditions have not been satisfied and as such, the Option Grantee has not become eligible to exercise the Option.

xxxvi. "**Vested Option**" means an Option in respect of which the relevant Vesting Conditions have been satisfied and the Option Grantee has become eligible to exercise the Option subject to fulfillment of Exercise conditions.

xxxvii. "**Vesting**" means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOS 2026.

xxxviii. "**Vesting Condition**" means the condition prescribed if any subject to satisfaction of which the Options granted would vest in an Option Grantee.

xxxix. "**Vesting Period**" means the period during which the Vesting of the Option granted to the eligible Employee, in pursuance of the ESOS 2026 takes place.

2.2 Interpretation

In this Scheme, unless the contrary intention appears:

a) the clause headings are for ease of reference only and shall not be relevant to interpretation;

b) a reference to a clause number is a reference to its sub-clauses;

c) words in singular number include the plural and vice versa;

d) words importing a gender include any other gender;

e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference; and

f) the terms defined above shall for the purposes of this Scheme have the meanings herein specified and terms not defined above shall have the meanings as defined in the Companies Act or Applicable Laws, as the context requires. Reference to any Act, Rules, Statute or Notification shall include any statutory modifications, substitution or re-enactment thereof.

3. Authority and Ceiling

3.1 The shareholders of the Bank have approved the ESOS 2026 vide special resolution dated [● date] authorizing the Committee to grant not exceeding **20,00,000 (Twenty Lakh)** Employee Stock Options under the ESOS 2026 to the eligible Employees, in one or more tranches, from time to time, exercisable into not more than equal number of Shares of face value of Rs.10/- (Rupees Ten) each fully paid up, with each Option conferring a right upon the Option Grantees to apply for one Share to be issued by the Bank upon Exercise thereof, subject to the terms and conditions as may be determined by the Committee in accordance with the provisions of ESOS 2026 and the Applicable Laws.

3.2 The maximum number of Options that may be granted per Employee per Grant and in aggregate of all Grants taken together for such Employee under ESOS 2026 shall be less than **1% (One**

Percent) of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of Grant of Options.

3.3 If an Employee Stock Option expires or becomes un-exercisable due to any other reason, it shall become available for future Grants, subject to compliance with all Applicable Laws.

3.4 Where a Share is issued by the Bank consequent upon Exercise of an Option under the ESOS 2026, the maximum number of Shares that can be further issued under ESOS 2026 as referred to in Sub-clause 3.1 above shall stand reduced to the extent of Shares issued.

3.5 In case of a Share split where the face value of the Shares is reduced below Rs. 10/-, the maximum number of Options available for being granted under ESOS 2026 specified at Sub-clause 3.1 shall stand increased accordingly, so as to ensure that the cumulative face value (number of Shares x Face value per Share) of the total Shares after such Share split remains unchanged. Similarly, the Options reserved at Sub-clause 3.1 shall undergo an adjustment in case of corporate actions as specified at Sub-clause 4.4(f) of this Scheme.

3.6 Prior approval of the shareholders of the Bank shall be obtained by way of special resolution in case the Grant of Options to any identified Employee during any one year shall be equal to or exceeding 1% (One Percent) of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of Grant of Options.

4. Supervision and Administration

4.1 This ESOS 2026 shall be supervised and administered by the Committee. All the functions relating to superintendence of this ESOS 2026 shall stand possessed with the Committee in which case the rights, powers, duties or liabilities of the Board to the extent delegated along with that contemplated under the SEBI SBEB Regulations and the Bank's Compensation Policy shall be discharged by the Committee. All the questions of interpretation of this ESOS 2026 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in this ESOS 2026.

4.2 Neither the Committee nor any of its members shall be liable for any actions taken in good faith for the implementation of the Scheme.

4.3 The Committee may rely upon the advice and assistance of any professional it deems appropriate in implementation of the Scheme.

4.4 The Committee shall in accordance with this ESOS 2026 and Applicable Laws, determine the following:

(a) The Eligibility Criteria of the Employees for Grant of Options under this ESOS 2026;

(b) The quantum of Employee Stock Options to be granted under this ESOS 2026 per Employee, subject to the ceilings as specified in Sub-clauses 3.1 and 3.2;

(c) The time and frequency of the Options to be granted and vested;

(d) Prescribe performance measures (in consultation with the Bank's Human Resources Department, if required) for the purpose of identifying the eligible Employees and determining the Grant(s) / Vesting Condition(s)/Vesting Period/Vesting Schedule, as may be required;

(e) Obtaining permissions from, making periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable in this regard;

(f) The procedure for making a fair and reasonable adjustment to the entitlement including adjustment to the number of Options and to the Exercise Price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard, the following shall, inter alia, be taken into consideration:

 (i) the number and Exercise Price of Options shall be adjusted in a manner such that total value of the Options in the hands of the Option Grantee remains the same after such corporate action; and

 (ii) the Vesting Period and the life of the Options shall be left unaltered as far as possible to protect the rights of the Option Grantees.

(g) Determine the procedure for funding of Exercise, if required;

(h) Prescribe the conditions under which Vested Options or Unvested Options may be withdrawn or reduced or may lapse;

(i) Determine the treatment of the Options held by an Eligible Employee in case of suspension/termination of services or in case of any pending inquiries;

(j) The procedure and terms for the Grant, Vesting and Exercise of Options in case of Option Grantees who are on a long leave;

(k) The procedure for buy-back of specified securities issued under the SEBI SBEB Regulations if to be undertaken at any time by the Bank, and the applicable terms and conditions, including:

 (i) permissible sources of financing for buy-back;

 (ii) any minimum financial thresholds to be maintained by the Bank as per its last financial statements; and

(iii) limits upon quantum of specified securities that the Bank may buy-back in a financial year.

(l) Decide all other matters that must be determined in connection with an Option under the Scheme;

(m) Such other acts as permitted under the Companies Act, 2013 and the SEBI SBEB Regulations; and

(n) Frame any byelaws, rules or procedures as it may deem fit including approval of the forms, writings and/or agreements for the effective administration of ESOS 2026.

4.5 The Committee shall frame suitable policies and procedures to ensure that there is no violation of the securities laws including the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended from time to time, the Bank and the Employees.

5. Eligibility and Applicability

5.1 Only Employees are eligible for being granted Employee Stock Options under ESOS 2026. The specific Employees to whom the Options may be granted and their Eligibility Criteria would be determined by the Committee. Appraisal process for determining the eligibility of the Employees will be based on designation, period of service, loyalty, work ethics, moral, performance linked parameters such as work performance and such other criteria as may be determined by the Committee at its sole discretion, from time to time.

5.2 Every aspect of the Grant to be made to the Directors shall be determined by the Committee alone and, where appropriate, would be sent to the Reserve Bank of India for its approval.

5.3 Eligibility for Grant of an Option under this Scheme shall not entitle an eligible Employee for any options or benefits under any other plan/scheme of the Bank.

5.4 The Grant of Option(s) to the eligible Employee(s) may not be uniform and may be different on account of the role and performance appraisal of the eligible Employee or any other factors, as may be determined by the Committee from time to time.

5.5 Each Option, upon Exercise, will entitle the Option Grantee to 1 (one) Share. Such Shares issued and allotted by the Bank under the Scheme shall rank *pari passu* in all respects with the existing fully paid equity shares of the Bank of same class.

5.6 The Scheme shall be applicable to the Bank, and any successor company thereof. The Employee

Stock Options granted to an Employee shall be subject to the terms and conditions set forth in this Scheme and in the Grant Letter.

6. Grant and Acceptance of Grant

6.1 Grant of Options

Each Grant of Option under the ESOS 2026 shall be made in writing by the Bank to the eligible Employees in such form as may be approved under ESOS 2026 from time to time. Unless otherwise decided by the Committee, the form of the Grant Letter shall be similar to the draft as provided in **Annexure A** hereof.

6.2 Acceptance of the Grant

(a) Any eligible Employee who intends to accept the Grant made under this Scheme must deliver to the Bank a duly signed acceptance of the Grant by way of a letter ("Acceptance Letter") on or before the specified cut-off date ("Closing Date") from the date of the Grant as specified in the Grant Letter. Unless otherwise decided by the Committee, the form of the Acceptance Letter shall be similar to the draft as provided in **Annexure B** hereof.

(b) On duly receipt by the Bank of the signed Acceptance Letter, the eligible Employee will become an Option Grantee. On failure to deliver such acceptance before the specified date, shall result in rejection of the Grant and lapse of Options unless the Committee determines otherwise.

(c) Upon acceptance of the Grant, it shall be deemed as if the provisions of the Scheme read with the terms and conditions specified in the Grant Letter are the entire understandings and an agreement between the Bank and the Option Grantee.

7. Vesting Period and Vesting Conditions

7.1 Vesting Period for any Options granted under this Scheme shall be subject to **statutory minimum of 1 (One) year** from the Grant Date during which no Vesting shall be allowed. Subject to this statutory minimum period, any Vesting prescribed for any Grant shall be over a staggered Vesting schedule of 3 (Three) years and **maximum of 10 (Ten) years** from the Grant Date.

Provided that in case where Options are granted by the Bank under the Scheme in lieu of options held by a person under a similar scheme in another company ("Transferor Company") which has merged or amalgamated with the Bank, the period during which the options granted by the Transferor Company were held by him may be adjusted against the minimum Vesting Period required under this Sub-clause, at the discretion of the Committee.

Provided further that in the event of death or Permanent Incapacity of an Option Grantee, the minimum Vesting Period of 1 (One) year shall not be applicable and in such instances, the Options shall vest on the date of death or date of incurring the Permanent Incapacity.

7.2 The Committee may, at its sole decision, decide the proportion of Options which shall vest each year during the Vesting schedule which may be different for different Employees or any class thereof. However, the specified Vesting Period and Vesting schedule are liable to be modified with a view to comply with any legal or disciplinary actions particularly with reference to malus and clawback requirements of this Scheme read with relevant guidelines of the Reserve Bank of India.

7.3 Except in case of death, Permanent Incapacity and Retirement of the Option Grantee, the Vesting of Options would be subject to continued employment with the Bank subject to the condition that the Option Grantee has not served any notice of resignation or not being served any notice of termination. The Committee in addition to this pre-requisite, may prescribe certain performance criteria subject to achievement of which Vesting may be allowed. In case, any performance criteria are prescribed as Vesting Condition, Vesting shall be allowed only on achievement of such conditions.

7.4 Subject to exceptions specified in Sub-clause 7.3, the Options shall vest subject to performance-based Vesting, the criteria being a mix of annual corporate and individual performance, as applicable, with a predefined threshold, achievement below which will result in no Vesting for that year. These criteria will include achievement in terms of operational and/ or financial performance parameters of the Bank as specified by the Committee. Vesting in case of personnel whose remuneration and Options entitlement are regulated under the relevant RBI guidelines, shall be subject to additional conditions as to reduction/ clawback of Vesting which may be even reduced to zero in line with deterioration in the financial performance of the Bank.

7.5 In the event of suspension (not termination/ dismissal) or commencement of any disciplinary proceedings/ enquiry against any Option Grantee, the Vesting of Options shall cease immediately from the date of suspension or date of commencement of such disciplinary proceeding/ enquiry and continue to remain ceased up to the disposal of such proceeding/ enquiry. In case of reinstatement, Vesting shall be allowed as per original Vesting schedule ignoring any cessation thereof. In case of termination from employment/ service, the provisions of serial number 2 in the table given in Sub-clause 8.2(b) of the Scheme shall apply.

7.6 The specific Vesting schedule and Vesting Condition shall be intimated to the eligible Employees in the Grant Letter.

7.7 **Vesting of Options in case of Option Grantees on long leave**

The period of leave shall not be considered in determining the Vesting Period in the event the

Option Grantee is on a sabbatical. In all other events including approved earned leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Committee as per Sub-clause 4.4 (j) of the Scheme.

8. Exercise

8.1 Exercise Price

(a) The Exercise Price per Option shall be determined by the Committee which shall not be less than the face value of Shares as on Grant Date.

(b) Payment of the Exercise Price or any amount under ESOS 2026, if any, shall be made by a demand draft, online payment / wire transfer of funds, drawn in favour of the Bank, or in such other manner as the Committee may approve from time to time.

8.2 Exercise Period

(a) **While in employment/ service**
The Exercise Period in respect of a Vested Option shall be a period commencing from the relevant Vesting date of such Option and shall end with the expiry of **10 (Ten) years** or such other shorter period as approved by the Committee from the Grant Date of such Option.

(b) **Exercise Period in case of separation from employment/ service**
The Vested Options and Unvested Options shall be subject to treatment as per provisions outlined hereinbelow:

S. No.	Separations	Vested Options	Unvested Options
1	**Resignation / Termination** (other than due to Cause)	All the Vested Options as on date of submission of resignation/ date of termination shall be exercisable by the Option Grantee immediately after, but in no event later than **2 (Two)** months from the date of such resignation / termination, or the expiry of the Exercise Period, whichever is earlier.	All the Unvested Options on the date of submission of resignation / date of termination shall stand **cancelled** with effect from that date.
2	**Termination due to Cause**	All the Vested Options which were not exercised at the time of such termination shall stand **cancelled** with effect from	All the Unvested Options on the date of such termination shall stand **cancelled** with effect from the termination date.

		the date of such termination.	
3	**Retirement / early Retirement approved by the Bank**	All the Vested Options as on date of such Retirement/ early Retirement can be exercised by the Option Grantee immediately after, but in no event later than **12 (Twelve)** months from the date of such Retirement/ early Retirement, or the expiry of the Exercise Period, whichever is later.	All the Unvested Options as on date of such Retirement/ early Retirement shall continue to vest in his / her hands as per the vesting schedule and be exercised within the Exercise Period provided in the grant letter. For this purpose, the individual performance is deemed to have been met for the remaining period (i.e., after Retirement/ early Retirement), but will be subject to meeting the criteria of Bank's performance. Further, the 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 Options, unless specifically approved by the Committee.
4	**Death**	All the Vested Options as on the date of death may be exercised by the deceased Option Grantee's nominee or legal heir immediately after, but in no event later than **12 (Twelve)** months from the date of death of the Option Grantee.	All the Unvested Options as on the date of death shall **vest immediately** and may be exercised in the manner prescribed for Vested Options. Such Options may be exercised by the deceased Option Grantee's nominee or legal heir immediately after, but in no event later

			than **12 (Twelve)** months from the date of death of the Option Grantee.
5	**Termination due to Permanent Incapacity**	All the Vested Options as on the date of Permanent Incapacitation may be exercised by the Option Grantee immediately after, but in no event later than **12 (Twelve)** months from the date of such incapacitation.	All the Unvested Options as on date of Permanent Incapacitation shall **vest immediately** with the Option Grantee and may be exercised in the manner prescribed for Vested Options. Such Options as on the date of Permanent Incapacitation may be exercised by the Option Grantee immediately after, but in no event later than **12 (Twelve)** months from the date of such incapacitation.
6	**Termination due to any other reason apart from those mentioned above**	The Committee shall decide whether the Vested Options as on that date can be exercised by the Option Grantee or not, and such decision shall be final.	All Unvested Options on the date of such termination shall stand **cancelled** with effect from that date.

8.3 At any time before the Exercise of the Vested Options, in the event of suspension (but not termination) or commencement of any disciplinary proceedings/ enquiry against any Option Grantee, exercise of the Vested Options held by such Option Grantee shall be kept in abeyance till completion of such disciplinary proceeding/ enquiry. In case of reinstatement, period for which Exercise was kept in abeyance shall be added to the relevant Exercise Period and Exercise shall be allowed as if there was no abeyance. In case of termination from employment/ service, the provisions of serial number 2 in the table given in Sub-clause 8.2(b) of the Scheme shall apply.

8.4 **Process of Exercise**

(a) An Option Grantee intending to exercise Vested Options shall make an application in writing to the Bank in such form as prescribed, from time to time, for the issuance of the Shares against the Options exercised, subject to payment of the Exercise Price, applicable taxes and compliance of other requisite conditions of Exercise. Unless otherwise provided by the Committee, the form shall be similar to the format provided in **Annexure C** ("Exercise Letter").

(b) Exercise Price is payable at the time of Exercise and not at the time of Grant or Vesting. In case Vested Options are not exercised, the Exercise Price received if any, shall be refunded.

(c) An Option Grantee can exercise all Vested Options at one time or at various points of time within the prescribed Exercise Period. However, no fraction of a Vested Option shall be exercisable in its fractional form.

8.5 **Lapse of Options**

Vested Options not exercised within the prescribed Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options.

9. Non-transferability of Options

9.1 Options are not transferrable except in case of death of an Option Grantee in which case, relevant provisions of Sub-clause 8.2 (b) will be referred to for the purpose of Exercise. No person other than the Employee to whom the Employee Stock Option is granted shall be entitled to exercise the Employee Stock Option except in the event of the death of the Option Grantee.

9.2 The Employee Stock Option shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

10. Lock-in of Shares (Post Exercise)

10.1 The Shares transferred upon Exercise of Options shall be freely transferable and shall not be subject to any lock-in period restriction after such Exercise.

Provided however that the Shares issued upon Exercise cannot be transferred for such period from the date of allotment as may be required under the Code of Conduct of the Bank for Prevention of Insider Trading, read with the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015, as amended from time to time.

11. Right as a Shareholder

11.1 Nothing herein is intended to or shall give the Option Grantee any right or status of any kind as a shareholder of the Bank (for example, bonus shares, rights shares, dividend, voting, etc.) in respect of any Shares covered by the Grant until the Option Grantee exercises the Employee Stock Option and becomes a registered holder of the Shares of the Bank.

11.2 If the Bank issues bonus or rights Shares, the Option Grantee will not be eligible for the bonus or rights Shares in the capacity of an Option Grantee. However, an adjustment to the number of Options or the Exercise Price or both would be made in accordance with Sub-clause 4.4(f) of ESOS 2026. Only when the Vested Options are exercised and the Option Grantee has become a valid holder of the Shares of the Bank as on record date for bonus or rights issue of Shares, then such Option Grantee would be entitled for bonus or rights Shares as shareholder of the Bank.

12. Deduction/ recovery of Tax

12.1 The liability of paying taxes, if any, in respect of Employee Stock Options granted pursuant to this Scheme and the Shares issued pursuant to Exercise thereof shall be entirely on the Option Grantee and shall be in accordance with the provisions of Income Tax Act, 2025 read with the rules issued thereunder and/or Income Tax Laws of respective countries as applicable to eligible Employees working abroad, if any.

12.2 The Bank shall have the right to deduct from the Option Grantee's salary or recover any tax that is required to be deducted or recovered under the Applicable Laws. In case of non–continuance of employment, the outstanding amount of the tax shall be recovered fully on or before full and final settlement.

12.3 The Bank shall have no obligation to issue the Shares until the Bank's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

13. Nomination

13.1 An Option Grantee may nominate, from time to time, any Beneficiary(ies) to whom any benefit under the Scheme is to be delivered in case of his death. Each subsequent nomination shall revoke all prior nominations by such Option Grantee. Any such nomination shall normally be allowed in favour of immediate family members only and shall be in a form prescribed by the Bank, substantially provided in **Annexure D** ("Nomination Form") hereof. The nomination will be effective only when filed by the Option Grantee in writing with the Bank before the expiry of the Options held by the Option Grantee and duly acknowledged as received by the Bank. In the event of any dispute with regard to nominations, the last nomination provided by the Option Grantee shall be regarded as final nomination and shall be binding.

14. Authority to vary terms

14.1 The Committee may, if it deems necessary, vary the terms of ESOS 2026, subject to the Applicable Laws and the condition of the shareholders' approval by way of special resolution in such manner which is not detrimental to the interest of the Option Grantees.

14.2 However, the Bank shall be entitled to vary the terms of the Scheme to meet any regulatory requirements without seeking shareholders' approval by way of special resolution.

15. Malus/ Clawback

15.1 Notwithstanding anything contained elsewhere in this Scheme, the Bank reserves the right of executing malus/ clawback arrangements in respect of Options already granted, vested or exercised, as the case may be. Options granted under the Scheme are always subject to malus and clawback as may be exercised by the Bank in the circumstances specified in the guidelines issued by the Reserve Bank of India.

15.2 A malus arrangement permits the Bank to prevent Vesting of all or part of the Options granted to an Option Grantee. However, the malus arrangement shall not reverse the Vesting of already Vested Options.

15.3 A clawback, on the other hand, is a contractual agreement between the Option Grantee and the Bank, being evidenced on the acceptance of the Grant, in which case the Option Grantee shall relinquish any benefit that accrued to or return any benefit that is received by such Option Grantee to the Bank under certain circumstances.

16. Miscellaneous

16.1 Government Regulations

This ESOS 2026 shall be subject to all Applicable Laws, and approvals from governmental authorities.

16.2 Inability to obtain authority

The inability of the Bank to obtain authority from any regulatory body having jurisdiction over the Bank, or under any Applicable Laws, for the lawful issuance and sale of any Shares hereunder shall relieve and wholly discharge the Bank of any and all liability in respect of the failure to issue or sell such Shares.

16.3 Unless otherwise intended, the Grant of an Employee Stock Option may not form part of the Option Grantee's entitlement to compensation or benefits pursuant to his contract of employment nor does the existence of a contract of employment between any person and the Bank give such person any right or entitlement to have an Employee Stock Option granted to him in respect of any number of Shares or any expectation that an Employee Stock Option might be granted to him whether subject to any condition or at all.

16.4 Neither the existence of this Scheme nor the fact that an individual has on any occasion been granted an Employee Stock Option shall give such individual any right, entitlement or expectation that he has or will in future have any such right, entitlement or expectation to participate in this Scheme by being granted an Employee Stock Option on any other occasion.

16.5 The rights granted to an Option Grantee upon the grant of an Employee Stock Option shall not afford the Option Grantee any rights or additional rights to compensation or damages in consequence of the loss or termination of his office or employment with the Bank for any reason whatsoever (whether or not such termination is ultimately held to be wrongful or unfair).

16.6 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise an Employee Stock Option in whole or in part.

16.7 Participation in ESOS 2026 shall not be construed as any guarantee of return on equity investment. Any loss due to fluctuations in the market price of the Shares and the risks associated with the investments are that of the Option Grantee alone.

17. Certificate from the Secretarial Auditors

17.1 The Board shall shall at each annual general meeting place before the shareholders a certificate from the Secretarial Auditors of the Bank that the Scheme has been implemented in accordance with the SEBI SBEB regulations and in accordance with the resolution of the Bank in the general meeting.

18. Accounting and Disclosures

18.1 The Bank shall follow the laws/regulations applicable to accounting and disclosure related to Employee Stock Options, including but not limited to the Accounting Guidelines as per Regulations 14 and 15 of the SEBI SBEB Regulations.

19. Notices

19.1 All notices of communication required to be given by the Bank to an Option Grantee by virtue of this ESOS 2026 shall be in writing and shall be sent to the address of the Option Grantee available in the records of the Bank; or Delivering the communication(s) to the Option Grantee in person with acknowledgement of receipt thereof; or Emailing the communication(s) to the Option Grantee at the official email address provided, if any, during the continuance of employment or at the email address provided by the Option Grantee after cessation of employment.

19.2 Any communication to be given by an Option Grantee to the Bank in respect of ESOS 2026 shall be sent at the address mentioned below or e - mailed at:

The Company Secretary

CSB Bank Limited
CSB Bhavan, Post Box No. 502, St. Mary's College Road
Thrissur, Kerala, Pin- 680020, INDIA
Email: board@csb.co.in

20. Governing Laws and jurisdiction

20.1 The terms and conditions of the ESOS 2026 shall be governed by and construed in accordance with the Applicable Laws of India in particular any relevant rules, regulations or guidelines issued by the Reserve Bank of India.

20.2 The Courts in Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOS 2026.

20.3 Nothing in this Clause shall however limit the right of the Bank to bring proceedings against any Employee in connection with this ESOS 2026:

(i) in any other court of competent jurisdiction; or

(ii) concurrently in more than one jurisdiction.

21. Severability

21.1 In the event any one or more of the provisions contained in this Scheme shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect the other provisions of this Scheme in which case the Scheme shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the Scheme shall be carried out as nearly as possible according to its original intent and terms.

22. Confidentiality

22.1 An Option Grantee must keep the details of the ESOS 2026 and all other documents in connection thereto strictly confidential and must not disclose the details with any of his peer, colleagues, co-employees or with any employee and/ or associate of the Bank or that of its affiliates. In case Option Grantee is found in breach of this Clause, the Bank shall have undisputed right to terminate any agreement/Grant and all unexercised Options shall stand cancelled immediately. The decision and judgment of the Committee regarding breach of this Clause on confidentiality shall be final, binding and cannot be questioned by Option Grantee. In case of non-adherence to the provisions of this Clause, the Committee shall have the authority to deal with such cases as it may deem fit.

22.2 On acceptance of the Grant of Option offered by the Bank, it shall be deemed that as if the

Option Grantee has authorized the Bank to disclose information relating to the Option Grantee during the process of implementation and administration of the Scheme or while availing any consulting or advisory services thereof or any other incidental services to its officers, professional advisors, agents and consultants on a need-to-know basis.

-------------END OF SCHEME-------------

CSB Bank Limited

CSB Bank Employee Stock Option Scheme 2026

Annexure – A

GRANT LETTER

Date: [●]

From
The Nomination & Remuneration Committee,
CSB Bank Limited
P.B. No. 502, CSB Bhavan,
St. Mary's College Road,
Thrissur - 680 020

To
Name of the Employee:
Employee Grade/Code:

Dear Mr./Ms. ____________

The CSB Bank Limited ("**Bank**") is currently at an exciting phase in its endeavor towards sustained and planned growth. We believe that our business has a bright future, and the efforts of our employees will play a key role in helping the Bank realize this potential. At this time, we would like to extend a token of our appreciation and gratitude for your valued present/future contribution in building the Bank.

We are happy to inform that you have been selected to be covered under the CSB Bank Employee Stock Option Scheme 2026 ("**ESOS 2026**" or "**Scheme**"). A copy of the Scheme along with SEBI Disclosure is enclosed herewith. You are requested to study the same carefully and familiarize yourself with its terms and conditions.

Accordingly, by this Grant Letter, we are pleased to offer you [●*number of options*] Options by virtue of which you will be eligible to subscribe equivalent number of Shares of the Bank, subject to the terms and conditions of the Scheme and Acceptance of Grant. The details of the Grant of Options are as follows:

<table>
<tr><td>Number of Options Granted</td><td colspan="2">[●]</td></tr>
<tr><td>Grant Date</td><td colspan="2">[●]</td></tr>
<tr><td rowspan="2">Vesting Date(s) and Percentages</td><td>[●]</td><td>[●]</td></tr>
<tr><td>[●]</td><td>[●]</td></tr>
<tr><td>Vesting Conditions</td><td colspan="2">As may be communicated by the Committee in consultation with the Human Resource Department from time to time.</td></tr>
<tr><td>Exercise Price per Option</td><td colspan="2">[●]</td></tr>
<tr><td>Exercise Period</td><td colspan="2">[●]</td></tr>
</table>

This Grant Letter is as per the terms and conditions given in ESOS 2026 and is strictly confidential.

The offer is valid till [●] ("**Closing Date**") and shall lapse if the **Acceptance Letter** is not received by the Bank on or before the close of business on the Closing Date. If the offer is acceptable to you, kindly sign the **Acceptance Letter** as a token of your acceptance. The Acceptance Letter is annexed as Annexure B to the Scheme. Kindly note that you will be required to have an operational dematerialized account at the time of Exercise of your Options and in the event you do not have an existing dematerialized account, we request you to kindly open and maintain the same as on the Exercise Date.

We look forward to working with you under a long term partnership to build a stronger and more profitable Bank in future.

All capitalized terms used herein shall have the same meaning as provided in ESOS 2026.

Yours sincerely,
For **CSB Bank Limited**

[Authorised Signatory]

Annexure – B

ACCEPTANCE LETTER

Date: [●]

To
The Nomination & Remuneration Committee,
CSB Bank Limited
P.B. No. 502, CSB Bhavan,
St. Mary's College Road,
Thrissur - 680 020

Kind attention: Mr./Ms. [*Bank to insert name of the person to whom the communication should be sent*]

Ref: CSB Bank Employee Stock Option Scheme 2026

Dear Sir/ Ma'am,

This is in reference to the Grant Letter dated [●] offering me [●] Options under the CSB Bank Employee Stock Option Scheme 2026 ("**ESOS 2026**"). I hereby accept the Grant of [●] made to me by the Grant Letter under the ESOS 2026.

I have received a copy of ESOS 2026 and have had an opportunity to review and understand the content thereof. I undertake to be bound by the terms and conditions of ESOS 2026 and understand that acceptance of the Grant results in a mutual agreement to comply with the provisions of the ESOS 2026 with a view to obtain any benefit thereunder.

I undertake that at the time of Exercise, I will have an operational dematerialized account, details of which will be forwarded to the Committee along with the Exercise Letter. I further agree to submit to all decisions of the Committee as may be taken from time to time and confirm that all such decisions pertaining to my Options shall be binding on me.

Yours faithfully

Signature

(Name of Employee)

(Designation of the Employee)

(Employee Code: [●])

Annexure – C

EXERCISE LETTER

Date: [●]

To
The Nomination & Remuneration Committee,
CSB Bank Limited
P.B. No. 502, CSB Bhavan,
St. Mary's College Road,
Thrissur - 680 020

Kind attention: Mr./Ms. [*Bank to insert name of the person to whom the communication should be sent*]

Ref: CSB Bank Employee Stock Option Scheme 2026

Dear Sir(s),

This is with reference to the Grant Letter dated [●] offering me [●] Options under the ESOS 2026 and my Acceptance Letter dated [●].

[●number] Options have Vested in me on [● date of Vesting] in accordance with the ESOS 2026. Effective [●date] of [● month], [● year], I hereby Exercise my right to subscribe the Shares of the Bank against the Vested Options.

I understand and acknowledge that until the allotment of the Shares (as evidenced by the appropriate entry on the books of the Bank), no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Options, notwithstanding the Exercise of the Option.

I understand that I may suffer tax consequences as a result of subscription or disposition of the Shares. I represent that I have consulted / will consult any tax consultants of my choice in connection with the subscription or disposition of the Shares and that I am not relying on the Bank for any tax advice.

I am enclosing herewith a cheque in favour of the Bank with no. [●] dated [●] for INR [●], drawn on [●] bank, towards the payment of Exercise Price and also a cheque in favour of the Bank with no. [●] dated [●] for INR [●], drawn on [●] bank, towards the payment of Exercise Price.

Requisite details for the said allotment of Shares are provided in Annexure to this Exercise Letter.

Yours sincerely,

Signature
(Name of Employee)

ANNEXURE TO LETTER OF EXERCISE (ESOS 2026)

Name of Employee	[●]
Employee ID	[●]
IT PAN/GIR No. & Circle/Ward	[●]

<table>
<tr><td>Address</td><td>[●]</td></tr>
<tr><td colspan="2">Demat Account Details

DP ID _____________________ Client ID (Account No.) ________________

Depository Participant (DP)'s :-

Name: ____

Address:
____</td></tr>
</table>

Dated:

***Instructions**: Please write the names exactly in the same manner as provided in the Demat Account.*

Annexure – D

NOMINATION FORM

Date: [●]

To
The Nomination & Remuneration Committee,
CSB Bank Limited
P.B. No. 502, CSB Bhavan,
St. Mary's College Road, Thrissur - 680 020

Kind Attn.: [*Bank to insert name of the person to whom the communication should be sent*]

Ref: CSB Bank Employee Stock Option Scheme 2026

Dear Sir,

I hereby, nominate the following person(s) as my beneficiary (ies) for claiming the benefits under the terms and conditions of CSB Bank Employee Stock Option Scheme 2026.

Name of Employee in Full
NOMINEE DETAILS
Name in Full *Relationship with the Employee* *Address* *Age* *Guardian (in case nominee is a minor)*
GUARDIAN DETAILS
Name in Full *Relationship with Nominee* *Address*

This nomination form shall be valid unless replaced by me with a new nomination form of a later date. Kindly acknowledge receipt and confirm the recording of the nomination.

Yours sincerely,

Signature

(Name of Employee)/ (Designation of the Employee)

Note: *If more than one person is nominated as beneficiary, the proportion of the benefits to be claimed by each nominee to be provided by the employee.*