

PART B

CITY UNION BANK EMPLOYEES STOCK OPTIONS SCHEME FOR WHOLE TIME DIRECTOR(s) / MANAGING DIRECTOR & CEO / CONTROL FUNCTION STAFFS AND MATERIAL RISK TAKERS (MRTs)

1. Introduction:

- This Part of the "CUB ESOS 2017" scheme will be named as ESOS FOR MRTs and this shall be applicable for Whole Time Director(s) / Managing Director & CEO/ Material Risk Takers (MRTs) of the Bank and Control Function staff collectively referred to as "the Employees".
- This terms and conditions set out in this Part B shall supersede equivalent clause mentioned in Part A and that all other terms mentioned in Part A shall be applicable for "the Employees" unless otherwise specifically amended & specified in this Part.
- In case of any ambiguity or conflict in the terms and conditions mentioned in the scheme, the extant provisions of RBI guidelines in connection with the compensation to Whole time directors / MD & CEOs / MRTs / Control Function staff of Private Sector Banks shall prevail.

2. Purpose:

To determine the modus for pay out of the non cash component in Variable Pay to "the Employees" in accordance with the RBI guidelines.

3. Definitions:

Except where the context otherwise requires as per relevant RBI guideline, the following expressions or terms shall have the meanings indicated there against.

- **"Applicable Law"** means every law relating to Employees Stock Options Schemes and Employee Stock Purchase Schemes, relevant RBI guidelines including, without limitation to, SEBI (SBEB) Regulations, SEBI (LODR) Regulations, Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, The Banking Regulation Act, 1949 and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India or any relevant jurisdiction.
- **"Clawback"** shall be as defined under the RBI guidelines on Compensation to Whole-time Directors, MRTs and Control Function Staffs of Private Sector Banks as amended from time to time.
- **"Committee"** means Compensation and Remuneration Committee of the Bank and designated as Compensation Committee for the purpose of monitoring, administering, superintending, and implementing the Scheme in compliance with SEBI (SBEB) Regulations.

- **"Grantee"** shall mean MD & CEO / MRTs as may be identified by the Bank from time to time.
- **"Malus"** shall be as per the guidelines issued by the RBI on Compensation to Whole time Directors of Private Sector Banks as amended from time to time.
- **"RBI Circular"** means RBI circular bearing reference number:
 - ❖ RBI/2019-20/89 DOR.Appt.BC.No.23/29.67.001/2019-20 dt.04.11.2019
 - ❖ DOR.GOV.REC.44/29.67.001/2021-22 dated 30.08.2021
 - ❖ Any other connected circulars / amendments as may be issued by RBI from time to time.
- **"SEBI (SBEB) Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.

4. Eligibility Criteria:

- Apart from MD & CEO, the Committee may on the basis of the criteria laid in the RBI Circular decide on the number of MRTs who are eligible for the grant of Options under this Scheme ESOS FOR MRTs.
- The Employees satisfying the eligibility criteria shall be termed as eligible Employee which includes MD & CEO also.

5. Notices and correspondence:

The Administrative office of the Bank / designated e-mail id of the Bank / option grantee shall be the designated address of correspondence for the purpose of any communication under this part of scheme.

6. Implementation & Administration:

- This part of the scheme shall be implemented in accordance with the relevant RBI circulars.
- The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme taking into account relevant RBI guideline and SEBI Law.
- Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned.

7. Pool of the Scheme:

The maximum number of Shares that may be allotted under this part of the Scheme is 20 Lakh consisting of 20 Lakh Options that may be granted under CUB – ESOS 2017 – Part B- ESOS FOR MRTs, wherein each Option shall be convertible into equal number of Shares.

8. Grant of Options:

The Committee may grant Options to "THE EMPLOYEES" in accordance with the terms and conditions of the ESOS FOR MRTs Scheme for the time being in force, RBI Circular and subject to Employee's employment terms or their continuity in the employment, and other parameters as set out by the Committee, if any.

9. Vesting of Options:

- Vesting period shall commence from the grant date and shall be minimum 1 (One) year from the grant date and may extend upto maximum of 3 (Three) years from the grant date, at the discretion of and in the manner prescribed by the Committee.
- Vesting of Options will be on a yearly basis.
- The vesting schedule of Options shall be as follows:

Time period of vesting	% of granted Options to be vested
1 st year from the grant date	30 % of the options granted
2 nd year from the grant date	30 % of the options granted
3 rd year from the grant date	40 % of the options granted

- All fraction entitlement on vesting of the options would be rounded off to nearest lower integer.

10. Exercise Price

Exercise Price" means the price payable by the Grantee for exercising the Option granted under the Plan as may be decided by the Compensation and Remuneration Committee from time to time. However, the Exercise Price shall not be less than the par value of the Equity Shares of the Bank.

11. Cessation of Employment

Subject to any exemption sought from the Securities and Exchange Board of India under SEBI (SBE) Regulations or any other applicable law, the following terms shall be applicable.

- **In the event of cessation of employment due to retirement /superannuation / other regulatory stipulations collectively referred to as "superannuation".**

All the options which are granted to the employee up to the date of "superannuation", shall vest on the date of the superannuation, and the employee shall exercise such options before the expiry of 12 months from the date of "superannuation" or the expiry of exercise period for such options, whichever is earlier.

12. Clawback and Malus

In line with the RBI Circulars and the Compensation Policy of the Bank, the deferred compensation in respect of Variable Pay shall be subject to Clawback and Malus arrangements. In the event of negative contributions to the Bank in any year as per Compensation Policy, the employee shall return to the Bank previously paid / vested remuneration upto a ceiling limit of 10% of deferred variable component granted in previous three years and whereas in case of situations triggering Malus, the Bank can prevent the vesting of all (upto 100%) or part of deferred remuneration.

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