DHANLAXMI BANK LIMITED

Dhanlaxmi Bank Limited Employee Stock Option Plan - 2025 ("ESOP 2025" / "Plan")



Dhanlaxmi Bank Limited

CIN: L65191KL1927PLC000307

Regd. Office: P.B No. 9, Dhanalakshmi Buildings, Naickanal, Thrissur – 680001, Kerala

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1. Name, Objectives and Term of the Plan

1.1 This Employee Stock Option Plan shall be called the "Dhanlaxmi Bank Limited Employee Stock Option Plan – 2025" ("**ESOP 2025**" / "**Plan**").

1.2 The primary objective of the ESOP 2025 is to reward the Employees for their association, dedication and contribution towards achievement of the goals of the Bank. The Bank intends to use this ESOP 2025 to attract and retain the key talents by way of rewarding their performance and motivate them to contribute to the overall corporate growth and profitability. The Bank views equity linked stock option plan as a long-term incentive tool that would assist in aligning Employees' interest with that of the shareholders while limiting the dilution in the shareholding and enable the Employees not only to become co-owners, but also to create wealth out of such ownership in future.

1.3 The ESOP 2025 is established with effect from September 23, 2026, being the date on which it was approved by the shareholders of the Bank through a special resolution. The ESOP 2025 shall remain in full force and effect until the earlier of the following:

(i) the date on which it is terminated by the Board in accordance with the provisions of the Applicable Laws;

Provided that while exercising this authority, the Board shall pass a formal resolution specifying the reasons for termination and confirming adherence to all legal and regulatory requirements. The Board shall also ensure that appropriate communication is issued to all Option Grantees, clearly outlining the termination details, treatment of Vested Options and Unvested Options, and relevant timelines. The Board shall conduct the entire process in a fair, transparent, and compliant manner, ensuring that the rights and benefits of all Option Grantees under ESOP 2025 are safeguarded; or

(ii) the date on which all Options available for Grant under the ESOP 2025 have been granted and exercised.

2. Definitions and Interpretations

2.1 Definitions

i. "**Applicable Laws**" means all the applicable laws, rules, regulations, guidelines or bye-laws relating to or governing share based employee benefits and other stock incentive scheme/plans, including, without limitation, the Companies Act read with the Companies (Share Capital & Debentures) Rules, 2014 and other applicable rules thereunder, Securities and Exchange Board of India Act, 1992, SEBI SBEB Regulations, the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relation to Securities Market) Regulations 2003, the Reserve Bank of India Guidelines on Compensation of Whole Time Directors/ Chief Executive Officers/

Material Risk Takers and Control Function Staff dated November 4, 2019, Income Tax Act 2025 and all the relevant tax, securities, exchange control or corporate laws, rules, regulations, guidelines or bye- laws of India or any relevant jurisdiction, or of any stock exchange on which the Shares of the Bank are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations, guidelines or bye-laws.

ii. **"Bank"** shall mean Dhanlaxmi Bank Limited (which expression unless it be repugnant to the context or meaning thereof, shall include its successors), a company incorporated under the provisions of the Companies Act, 1956 and registered with Reserve Bank of India as a scheduled commercial Bank having corporate identification number: L65191KL1927PLC000307 and its registered office at P.B No. 9, Dhanalakshmi Buildings, Naickanal, Thrissur – 680001, Kerala.

iii. **"Bank Policies/Terms of Employment"** mean the Bank's policies for Employees and the terms of employment as contained in the employment letter, which includes provisions requiring a desired level of performance, securing confidentiality, non-compete and non-poaching of other Employees.

iv. "**Board**" means the board of Directors of the Bank.

v. **"Closing Date"** means the last date for acceptance of a Grant by an Employee, being a date specified in the relevant letter of Grant and not later than sixty (60) days from the date of such Grant.

vi. **"Committee"** means the Nomination and Remuneration Committee of the Board, as constituted or reconstituted from time to time to administer and supervise the employee stock option plans of the Bank including this ESOP 2025, comprising of such members of the Board as provided under Section 178 of the Companies Act and Regulation 19 of the Listing Regulations to act as a compensation committee under Regulation 5 of the SEBI SBEB Regulations.

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

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

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

x. "**Employee**" means

(a) an employee as designated by the Bank, who is exclusively working in India or outside India; or
(b) a Director of the Bank, whether a whole time Director or not, including a non-executive Director who is not a Promoter or member of the Promoter Group,

but excluding an Independent Director; **but does not include**

(i) an employee who is a Promoter or a person belonging to the Promoter Group; or

(ii) a Director who, either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten per cent of the outstanding Shares of the Bank.

xi. **"Employee Stock Option" or "Options"** means an option granted to an Employee, which gives such Employee the right, but not an obligation, to purchase or subscribe at a future date Shares underlying such option at a pre-determined price.

xii. **"ESOP 2025"** or **"Plan"** means "Dhanlaxmi Bank Limited Employee Stock Option Plan – 2025", under which the Bank is authorized to grant Options to the Employees.

xiii. **"Exercise"** of an Option means submission of duly executed exercise application in all respects by an Option Grantee to the Bank to purchase or subscribe the Shares underlying the Options Vested in him, in pursuance of the ESOP 2025, in accordance with the procedure laid down by the Company for exercise of Options.

xiv. **"Exercise Period"** means such time period after Vesting within which the Option Grantee should Exercise the Options vested in him in pursuance of the ESOP 2025.

xv. **"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 ESOP 2025.

xvi. **"Grant"** means the process by which the Bank issues Options to the Employees under the ESOP 2025.

xvii. **"Grant Date"** means the date of the meeting of the Committee in which Grant of Options to the Employees is approved or any such date which may be determined by the Committee as the Grant date.

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

xviii. **"Independent Director"** means an Independent Director within the meaning of Section 149(6) of the Companies Act read with the Regulation 16(1)(b) of the Listing Regulations.

xix. **"Long Leave"** means paid or unpaid period of leave in which an Employee does not report to their job but is still employed with the Bank. Period of long leave shall be as per the Bank's leave policy.

xx. **"Listing"** means the listing of the Bank's Shares on any recognized Stock Exchange as per Applicable Laws.

xxi. "**Market Price**" means the latest available closing price of the Shares on the Stock Exchange on which the Shares of the Bank are listed, immediately prior to the Relevant Date.

Explanation- If 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.

xxii. **"Merchant Banker"** means a merchant banker as defined under Regulation 2(1)(cb) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended from time to time, which is registered under section 12 of the Securities and Exchange Board of India Act, 1992.

xxiii. **"Misconduct"** means any of the following acts or omissions by an Employee in addition to any provisions prescribed in the Bank Policies/Terms of Employment, amounting to violation or breach, as determined by the Committee after giving the Employee an opportunity of being heard:

a) dishonest statements or acts of an Employee, with respect to the Bank;
b) any misdemeanour involving moral turpitude, deceit, dishonesty, or fraud committed by the Employee;
c) gross negligence, misconduct or insubordination of the Employee in connection with the performance of his duties and obligations towards the Bank;
d) breach by the Employee of any terms of his employment agreement or the Bank's policies or other documents or directions of Bank;
e) participating or abetting a strike in contravention of any law for the time being in force;
f) misconduct as provided under the labour laws after following the principles of natural justice; or
g) Any other terms and conditions as notified by the Committee from time to time.

xxiv. **"Option Grantee"** means an Employee who has been granted an Option in pursuance of the ESOP 2025 and shall deem to include nominee/ legal heir of an Option Grantee in case of his/her death to the extent provisions of the ESOP 2025 are applicable to such nominee/ legal heir.

xxv. "**Permanent Incapacity**" means any incapacity of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps an Employee from performing any specific job, work or task which the said Employee 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.

xxvi. "**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 ("**ICDR Regulations**"), as may be amended from time to time and as may be prescribed by Reserve Bank of India, from time to time.

xxvii. **"Promoter Group"** shall have the same meaning assigned to it under the ICDR Regulations and as may be prescribed by Reserve Bank of India, from time to time.

xxviii. "**Relevant Date**" means-

i. in the case of Grant, the date of the meeting of the Committee on which the Grant is made; or

ii. in the case of Exercise, the date on which the notice of Exercise is given to the Bank by the Employee.

xxix. "**Retirement**" means retirement or superannuation of an Employee as per the policies of the Bank.

xxx. **"SEBI SBEB Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as amended and re-enacted from time to time and includes any clarifications or circulars issued thereunder.

xxxi. "**Secretarial Auditor**" means a company secretary in practice appointed by a Bank under Rule 8 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 24A of the Listing Regulations to conduct secretarial audit.

xxxii. "**Shares**" means equity shares of the Bank having face value of Rs.10/- (Rupees Ten only) each fully paid-up, including the equity shares arising out of the Exercise of Options granted under the ESOP 2025.

xxxiii. **"Stock Exchange"** means the National Stock Exchange of India Limited, BSE Limited, or any other recognized Stock Exchange in India on which the Bank's Shares are listed or to be listed in future.

xxxiv. "**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.

xxxv. **"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.

xxxvi. **"Vest"** or **"Vesting"** means earning by the Option Grantee, of the right to Exercise the Options granted to him in pursuance of the ESOP 2025.

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

xxxviii. "**Vesting Period**" means the period during which the Vesting of the Option

granted to the Employee, in pursuance of the ESOP 2025 takes place.

2.2 Interpretation

In this ESOP 2025, unless the contrary intention appears:

(a) the clause headings are for ease of reference only and shall not be relevant for 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; and
(e) a reference to a Schedule includes a reference to any part of that Schedule which is incorporated by reference.

All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Applicable Laws, and any statutory modification or re-enactment thereto, shall have the meanings respectively assigned to them in those legislations, as the context requires.

3. Authority and Ceiling

3.1 The shareholders of the Bank while approving this ESOP 2025 by way of special resolution dated September 23, 2026, have authorized the Committee to grant not exceeding 27,628,919 (Twenty Seven Million Six Hundred Twenty Eight Thousand Nine Hundred Nineteen) Options to the eligible Employees under the ESOP 2025, from time to time, in one or more tranches, exercisable into not more than 27,628,919 (Twenty Seven Million Six Hundred Twenty Eight Thousand Nine Hundred Nineteen) Shares, with each such Option conferring a right upon the Option Grantee to apply for one Share in the Bank in accordance with the terms and conditions as may be decided under the ESOP 2025.

3.2 The number of Options that may be granted under the ESOP 2025 per Employee per Grant and in aggregate (taking into account all Grants) for such Employee, shall be less than one percent of issued capital (excluding outstanding warrants and conversions) of the Bank.

3.3 The maximum quantum of benefits contemplated under the ESOP 2025 are in terms of the maximum number of Options that may be granted to an eligible Employee as specified in sub-clause 3.2 of the ESOP 2025.

3.4 If an Option expires or becomes un-exercisable due to any other reason, it shall be brought back to the Options pool as mentioned in sub-clause 3.1 and shall become available for future Grants, subject to compliance with all Applicable Laws.

3.5 Where Shares are issued consequent upon Exercise of Options under the ESOP 2025, the maximum number of Shares that can be issued under the ESOP 2025 as referred to in sub-clause 3.1 above shall stand reduced to the extent of such Shares issued.

3.6 In case of a Share split or consolidation, where the face value of the Share is less or more

than the current face value as prevailing on the date of coming into force of this ESOP 2025, the maximum number of Options available for being granted under ESOP 2025 shall stand modified accordingly, so as to ensure that the cumulative face value (number of Shares x Face value per share) prior to such Share split or consolidation remains unchanged after such Share split or consolidation.

3.7 Prior approval of shareholders by way of special resolution in the general meeting shall be obtained in case the Grant of Options to any identified Employee is equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Bank at the time of grant of Option.

4. Administration

4.1 The ESOP 2025 shall be administered by the Committee. All questions of interpretation of ESOP 2025 shall be determined by the Committee, and such determination shall be final and binding upon all persons having an interest in ESOP 2025. Neither the Committee nor any of its members shall be liable for any actions taken in good faith for the implementation of ESOP 2025. The Committee may rely upon the advice and assistance of any professional it deems appropriate in the implementation of ESOP 2025.

4.2 The administration of ESOP 2025 shall include, but not be limited to determination of the following as per provisions of the ESOP 2025 and Applicable Laws:

a) The procedure for Option allocation and the specific quantum of Options to be granted under the ESOP 2025 to the Employees, subject to the ceilings as specified in sub-clauses 3.1 and 3.2;

b) The Eligibility Criteria for Grant of Options to the Employees;

c) Terms and conditions in respect of Grant, Vesting, and Exercise of Options by the Employees, may be different for different Employees or classes thereof falling into the same tranche of Grant of Options under the ESOP 2025;

d) The specified time period within which the Employee shall Exercise the Vested Options in the event of termination or resignation or Retirement of such Employee;

e) The procedure for making a fair and reasonable 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, etc. In this regard following shall be taken into consideration by the Committee:

(i) the number and the price of Options shall be adjusted in a manner such that total value of the Options remains the same after the 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.

f) The procedure and terms for the Grant, Vesting and Exercise of Options in case of Employees who are on Long Leave;

g) The conditions under which the Options granted to Employees may lapse in case of Misconduct, whether resulting in termination of employment or not, or commission of act on part of Option Grantee resulting in adverse impact on the Bank;

h) The procedure for funding for Exercise of Options, as permitted under the Applicable Laws and mode of payment of the Exercise Price;

i) The procedure for buy-back of Options granted under ESOP 2025, 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.

j) Formulating and administering suitable policies and procedures as may be required for the implementation of the ESOP 2025;

k) The procedure for cashless Exercise of Options, if required;

l) Forms, writings and/or agreements for use in pursuance of the ESOP 2025; and

m) to deal with all incidental and related matters in connection with the items (a) to (l) above and otherwise to ensure compliance with the requirements of Applicable Laws

4.3 The Committee shall also frame suitable policies and systems to ensure that there is no violation of (a) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) (b) 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) and (c) any other regulation as may be notified by the Securities and Exchange Board of India or any other authority from time to time, by the Bank and any Employee.

4.4 The Committee shall have a right to delegate or authorize any officer of the Bank, if required and subject to the extent allowed under the Applicable Laws, such power to do specific acts and things without limitation for the Listing of Shares on recognized Stock Exchange(s) arising pursuant to Exercise of Vested Options, execution and submission of various document(s) to recognized Stock Exchange(s) or any other institution as may be deemed necessary in connection with the ESOP 2025.

5. Eligibility and Applicability

5.1 Only Employees, as defined in ESOP 2025, are eligible for being granted Options under ESOP 2025. The specific Employees to whom the Options would be granted and their Eligibility Criteria would be determined by the Committee. Any Grant to a Director or key managerial personnel shall be subject to the approvals, consents and regulatory requirements prescribed by the Reserve Bank of India and other applicable authorities from time to time, including prior approval wherever required under Applicable Laws.

5.2 While Granting the Options, the Committee would *inter alia* take into consideration the Grade, performance, merit, length of service, future potential contribution, conduct of the Employee and such other relevant factors as may be deemed appropriate by it or as instructed by the Board. However, for new joiners, the broad criteria for selection shall be basis prior work experience, applicable skills, designated job role or such other factors as determined by the Committee.

5.3 The Options granted to an Employee shall be subject to the terms and conditions set forth in this ESOP 2025 and letter of Grant.

6. Grant and Acceptance of Grant

6.1 Grant of Options

a) Grants contemplated under the ESOP 2025 shall be made on such day and month as decided by the Committee at its discretion upon recommendation of the management of the Bank.

b) Each Grant under ESOP 2025 shall be made in writing by the Bank to the eligible Employees fulfilling the Eligibility Criteria in a letter of Grant as may be approved under the ESOP 2025 from time to time, and disclosure requirements, as prescribed under Applicable Laws.

6.2 Acceptance of the Grant

a) Any Employee who wishes to accept the Grant made under this ESOP 2025 must deliver to the Bank a duly signed acceptance of the letter of Grant on or before the Closing Date specified in the letter of Grant. On receipt by the Bank of the signed acceptance, the Employee will become an Option Grantee.

b) Any Employee who fails to deliver the signed acceptance of the letter of Grant on or before the Closing Date, shall be deemed to have rejected the Grant unless the Board, or where authorized, the Committee determines otherwise.

c) Upon acceptance of the Grant in the manner described above, the Employee henceforth as an Option Grantee shall be bound by the terms, conditions and restrictions of the ESOP 2025 and the letter of Grant. The Option Grantee's acceptance of the Grant of Options under the ESOP 2025, within the time period provided, shall constitute an agreement between the Option Grantee and the Bank, to the terms of this ESOP 2025 and the letter of Grant.

d) No amount is payable by the Option Grantee at the time of Grant and until Exercise of Vested Options.

7. Vesting Schedule and Vesting Conditions

7.1 The Committee shall determine the Vesting Period for the Options, provided that the Options granted to Employees pursuant to the ESOP 2025 shall Vest within a maximum period of **4 (four) years** from the date of Grant and there shall be a minimum period of 1 (one) year between the date of Grant and Vesting of these Options.

Provided 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, all the Unvested Options shall Vest with effect from the date of death or Permanent Incapacity.

Provided further that in case of Retirement, all the Unvested Options as on the date of Retirement would continue to Vest in accordance with the original vesting schedules even after the Retirement (refer clause 8.2 for details), unless otherwise determined by the Committee in accordance with the Bank's Policies and provisions of the then prevailing Applicable Laws.

Provided further that in case where Options are granted by the Bank under the ESOP 2025 in lieu of options held by a person under a similar plan 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.

7.2 Vesting of Options would be subject to continued employment with the Bank and has not served any notice of resignation. In addition to this, the Committee may also specify certain performance criteria subject to satisfaction of which the Options would vest. The Committee shall have the authority to determine the performance parameters applicable to an Employee or a class of Employees, based on their respective roles, and to assign relative weightages to each parameter as it deems appropriate.

7.3 As a pre-requisite for a valid Vesting, an Option Grantee is required to be in employment or service of the Bank, on the date of Vesting and must neither be serving his notice for resignation of employment/ service, nor be subject to any disciplinary proceedings pending against him on such date of Vesting. In case of any disciplinary proceedings against any Option Grantee, the relevant Vesting shall be kept in abeyance until disposal of the proceedings and such Vesting shall be determined accordingly.

7.4 The specific Vesting schedule and Vesting Conditions subject to which Vesting would take place would be outlined in the document(s) given to the Option Grantee at the time of Grant of Options.

7.5 **Vesting of Options in case of an Option Grantee 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, maternity leave and sick leave, the period of leave shall be included to calculate the Vesting Period unless otherwise determined by the Committee.

8. Exercise Price and Exercise Period

8.1 **Exercise Price**

(a) The Exercise Price per Option shall be equal to the Market Price of the Share as on the date of Grant of Options i.e. the latest available closing price on a recognised Stock Exchange on which the Shares of the Bank are listed and having registered the highest trading volume on the date immediately prior to the date of Grant. However, the Exercise Price per Option shall not be less than the face value of the Share as on the date of the Grant of Options.

(b) The Exercise Price shall be specified in the letter of Grant to be issued to the Option Grantee at the time of the Grant.

(c) Payment of the Exercise Price shall be made by a crossed cheque, or a demand draft drawn in favor of the Bank or by any electronic mode or in such other manner as the Committee may decide from time to time.

8.2 **Exercise Period**

(a) **While in employment/ service**
The Exercise Period in respect of a Vested Options shall be maximum of **4 (four) years** commencing from the date of each Vesting. An Employee can Exercise all the Options vested in him, at one time or at various points of time within the Exercise Period. In case of death or Permanent Incapacity, the Committee may, at its discretion, allow such additional period for Exercise which shall not be more than 12 months from the original prescribed Exercise Period.

(b) **Exercise Period in case of separation from employment/ service**: Subject to maximum Exercise Period as specified in sub-clause 8.2(a), the treatment of Vested and Unvested Options shall be as follows:

S. No.	Events of separation	Vested Options	Unvested Options
1	**Resignation / Termination** (Other than due to Misconduct)	All the Vested Options as on the date of resignation or termination shall be exercisable by the Option Grantee on or before the **last working day or last day of**	All the Unvested Options as on the date of resignation / termination shall stand **cancelled** with effect from such date of resignation / termination.

		Exercise Period, whichever is earlier.	
2	**Termination due to Misconduct**	All the Vested Options at the time of such termination shall stand **cancelled** with effect from the date of such termination.	All the Unvested Options at the time of such termination shall stand **cancelled** with effect from the date of such termination.
3	**Retirement**	All the Vested Options as on the date of Retirement shall be **exercisable** within **12 (Twelve)** months from the date of Retirement or last day of Exercise Period, whichever is earlier.	All Unvested Options as on the date of Retirement would continue to Vest in accordance with the **original vesting schedule** even after Retirement, unless otherwise determined by the Committee in accordance with the Bank's Policies, if any, and provisions of the then prevailing Applicable Laws. Such aforesaid Vested Options, if any, can be exercised within a period of **12 (Twelve) months** from the date of such Vesting.
4	**Death**	All the Vested Options as on the date of death shall be **exercisable** by the legal heir/ nominee of such deceased Option Grantee within **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** to the Option Grantee's nominee or legal heir and shall be exercisable in the same manner as defined for Vested Options.
5	**Permanent Incapacity**	All the Vested Options may be exercised by the Option Grantee (or his nominee or legal heir) within **12 (Twelve) months** from the date of the Permanent Incapacity.	All the Unvested Options as on the date of incurring such incapacity shall **Vest immediately** with effect from such event and shall be exercisable in the same manner as defined for Vested Options.
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.

(c) The Options shall be deemed to have been exercised when an Option Grantee makes an application in writing to the Bank or by any other means as decided by the Committee, for the issuance of Shares against the Options vested in him, subject to payment of Exercise Price and compliance of other requisite conditions of Exercise.

(d) In the event of the death of an Eligible Employee who has not nominated any person(s), the Options granted shall be exercisable by the legal heir(s) or successor(s) of the deceased Employee within such time and in such manner as stipulated in sub-clause 8.2 (b). Provided, however, that the legal heir(s) or successor(s) shall be required to submit to the Committee all such documents, declarations, and/or indemnities as may be reasonably required by the Bank to establish their claim as legal heir(s) or successor(s) of the deceased Employee's estate.

8.3 The Options not exercised within the Exercise Period shall lapse and the Employee shall have no right over such lapsed or cancelled Options. In the event of any Options lapsed pursuant to the aforesaid provisions, the said lapsed Options shall be available to the Committee for Grant to such other Employees as the Committee may deem fit.

9. Lock-in

The Shares issued 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 such transferability shall remain subject to Applicable Laws, including the Bank's Code of Conduct for Prevention of Insider Trading, as amended from time to time, and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended, pursuant to which the Option Grantee may be restricted from selling or otherwise dealing in the Shares during prescribed restricted periods.

10. Nomination

The Option Grantee has to nominate a person as his/her nominee. The nominee in case of death or Permanent Incapacity of Option Grantee shall be the legal representative recognized by the Bank as the inheritor of the Option Grantee in respect of all rights and liabilities for the purposes of this ESOP 2025.

11. Other Terms and Conditions

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 issue, rights issue, dividend, voting, etc.) in respect of any Shares covered by the Grant until the Option Grantee Exercises the Options 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 4.2(e) of ESOP 2025. Only if the Options are vested and exercised and the Option Grantee is a valid holder of the Shares of the Bank, the Option Grantee would be entitled for bonus or rights Shares as shareholder of the Bank.

11.3 Options are not transferrable unless incase of death or Permanent Incapacity of the Option Grantee in which case, sub-clause 8.2 (b) will be referred to for the purpose of Exercise. No person other than the Employee to whom the Options are granted shall be entitled to exercise the Options except in the event of the death or Permanent Incapacity of the Option Grantee.

11.4 The Options shall not be transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

12. Deduction of Tax

12.1 The liability of paying taxes, if any, in respect of Options granted pursuant to this ESOP 2025 and the Shares issued pursuant to Exercise thereof shall be entirely on Option Grantee (or his nominee(s)/ legal heir(s)/ successor(s), as the case may be) and shall be in accordance with the provisions of Income Tax Act, 2025 read with 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 deliver Shares until the Bank's tax deduction obligations, if any, have been satisfied by the Option Grantee in full.

13. Malus/ Clawback

13.1 Subject to compliance of the Applicable Laws and in accordance with the Reserve Bank of India's Guidelines on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff dated November 4, 2019, as may be amended, replaced, substituted, restated from time to time, the Bank reserves the right of executing malus/ clawback arrangements with respect to Options already granted.

13.2 A malus arrangement permits the Bank to prevent Vesting of all or part of the Options granted to an Option Grantee in the event of failure to comply with the conditions for Vesting. However, the malus arrangement shall not reverse the Vesting of already Vested Options.

13.3 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 circumstances specified at the time of Grant of

Options.

14. Authority to vary terms

14.1 For the purpose of efficient implementation and administration of the ESOP 2025 and with the prior approval of the shareholders' of the Bank by way of a special resolution, the Committee may revise the terms of the ESOP 2025 and/ or terms of the Options already granted but not yet exercised under the ESOP 2025 subject to the condition that such amendment, alteration, or variation, as the case may be is not detrimental to the interest of Option Grantee.

Provided that the Bank shall be entitled to vary the terms of the ESOP 2025 to meet any regulatory requirement without seeking shareholders' approval by way of a special resolution.

14.2 The Committee may also re-price the Options which are not exercised, whether or not they have vested, if ESOP 2025 is rendered unattractive due to fall in the price of the Shares, provided that the Bank ensures that such re-pricing shall not be detrimental to the interest of the Option Grantee and approval of the shareholders by way of a special resolution has been obtained for such re-pricing.

15. Exit route in case of de-listing

If the Bank gets delisted from all the recognized Stock Exchange(s), then the Committee as authorized by the Board shall have the power to set out terms and conditions for the treatment of Vested Options and Unvested Options in due compliance with the Applicable Laws.

16. Miscellaneous

16.1 Government Regulations

This ESOP 2025 shall be subject to all Applicable Laws, and approvals from government authorities.

16.2 Foreign Exchange Laws

In case any Options are granted to any Employee being resident outside India, belonging to the Bank, working outside India, the provisions of the Foreign Exchange Management Act, 1999 and rules or regulations made thereunder as amended and enacted from time to time shall be applicable and the Bank has to comply with such requirements as prescribed from time to time in connection with Grant, Vest and Exercise of Options thereof.

16.3 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.

16.4 Unless otherwise intended, the Grant of Options does 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 Options granted to him in respect of any number of Shares or any expectation that Options might be granted to him whether subject to any condition or at all.

16.5 Neither the existence of this ESOP 2025 nor the fact that an individual has on any occasion been granted Options 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 ESOP 2025 by being granted Options on any other occasion.

16.6 The rights granted to an Option Grantee upon the grant of Options 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).

16.7 The Option Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer because of being unable to Exercise an Option in whole or in part.

16.8 Participation in ESOP 2025 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 those of the Employee alone.

17. Accounting and Disclosures

17.1 The Bank shall follow the laws/regulations applicable to accounting and disclosure related to Options, including but not limited to the IND AS 102 for Employee Share-based Payments and/ or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

17.2 Where the existing Accounting Standard does not prescribe accounting treatment or disclosure requirements for ESOP 2025, then the Bank shall comply with the relevant Accounting Standard as may be prescribed by the ICAI or any other appropriate authority from time to time.

17.3 The Bank shall make disclosures to the prospective Option Grantees containing statement of risks, information about the Bank and salient features of the ESOP 2025 in a format as prescribed under SEBI SBEB Regulations.

17.4 The Board shall, inter alia, disclose either in the Directors report or in the annexure thereto, with respect to the ESOP 2025 (including any amendments thereto), as are required to be disclosed from time to time under the Applicable Laws, including the provisions of the SEBI SBEB Regulations, the Companies Act, and any other applicable statutes, rules, or regulations.

18. Certificate from Secretarial Auditors

The Board shall at each annual general meeting place before the shareholders, a certificate from the Secretarial Auditors of the Bank that the ESOP 2025 has been implemented in accordance with the SEBI SBEB Regulations and in accordance with the shareholders' resolution approving ESOP 2025.

19. Governing Laws and jurisdiction

19.1 The terms and conditions of the ESOP 2025 shall be governed by and construed in accordance with the Applicable Laws of India including the Foreign Exchange Laws.

19.2 The Courts in Kerala shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESOP 2025.

19.3 Nothing in this clause shall however limit the right of the Bank to bring proceedings against any Employee in connection with this ESOP 2025:

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

(ii) concurrently in more than one jurisdiction.

20. Notices

20.1 All notices of communication required to be given by the Bank to an Option Grantee by virtue of this ESOP 2025 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.

20.2 Any communication to be made by an Option Grantee to the Bank in respect of ESOP 2025 shall be sent to the address mentioned below or e - mailed at:

Designation: Assistant General Manager
Address: Dhanlaxmi Bank Limited, Corporate Office, Punkunnam, Thrissur - 680002
Email: jerry.thanangadan@dhanbank.co.in

21. Listing of the Shares

21.1 Subject to receipt of necessary approvals in this regard, the Shares issued and allotted on Exercise of the Options shall be listed on the recognized Stock Exchange(s)

on which the Shares of the Bank are listed or proposed to be additionally listed.

21.2 The Bank shall appoint a Merchant Banker for the implementation of the ESOP 2025 and, where required under the Applicable Laws, for the purpose of obtaining in-principle approval from the relevant Stock Exchange(s).

22. Severability

In the event any one or more of the provisions contained in this ESOP 2025 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 ESOP 2025 in which case the ESOP 2025 shall be construed as if such invalid, illegal, or unenforceable provisions had never been set forth herein, and the ESOP 2025 shall be carried out as nearly as possible according to its original intent and terms.

23. Confidentiality

23.1 An Option Grantee must keep the details of the ESOP 2025 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.

23.2 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 of the ESOP 2025 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 ESOP 2025***----------

Venkatesh

VENKATESH H.
Company Secretary & Secretary to the Board
Dhanlaxmi Bank Limited, Regd. Office,
Naickanal, Thrissur - 680 001