

FINO PAYMENTS BANK LIMITED

Registered Office: Mindspace Juinagar, 8th Floor, Plot No. Gen 2/1/F, Tower 1, TTC Industrial Area, MIDC Shirwane, Juinagar, Navi Mumbai, Thane - 400706

CIN: L65100MH2007PLC171959 | **E-mail:** cs@finobank.com

Website: www.finobank.com | **Phone:** +91 22 7104 7000

Disclosure pursuant to the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SEBI ESOP Regulations, 2021”) – For Financial Year 2023-24

- A. Relevant disclosures in terms of the accounting standards prescribed by the Central Government in terms of Section 133 of the Companies Act, 2013 including the 'Guidance Note on Accounting for Employee Share-based Payments' issued by ICAI has been disclosed in Note no. 47 of the Notes to Financial Statements forming part of the Annual Report FY 2023-24 of the Bank.
- B. Diluted Earnings Per Share (“EPS”) pursuant to the issue of share on exercise of options calculated in accordance with Accounting Standards AS 20, ‘Earnings Per Share’ has been disclosed in the Note no. 40 of the notes to the Financial Statements forming part of Annual Report FY 2023-24 of the Bank.

C. SUMMARY OF STATUS OF EMPLOYEE STOCK OPTIONS GRANTED

(i) The description of the existing scheme is summarized as under:

| Sr. No. | Particulars | Fino Payments Bank Limited - Employees Stock Option Policy, 2020 (“ESOP 2020”) | Fino Payments Bank Limited - Employees Stock Option Policy, 2023 (“ESOP 2023”) |
|---------|----------------------------------|--|--|
| 1. | Date of Shareholder's Approval | Approved on May 17, 2021 and subsequently amended on July 24, 2021, October 12, 2021 and April 29, 2022. | Approved on September 25, 2023 |
| 2. | Total Number of Options approved | 15,45,175 (as adjusted pursuant to bonus issue) | 10,90,625 |
| 3. | Vesting requirements | The Options granted under ESOP 2020 would vest not less than one year from the date of grant of such Options, except in case of death/ permanent disablement or retirement of the employee. The vesting schedule is given below: | The Options granted under ESOP 2023 would vest not less than one year from the date of grant of such Options, except in case of death/ permanent disablement or retirement of the employee. The vesting schedule is given below: |
| | | At the Year 1 from date of grant of option | Nil of the options so granted |
| | | At the Year 2 | 33.33% of |
| | | | At the end of First (1 st) Year from the date of Grant of |
| | | | 33.33% of Options so granted |

| Sr. No. | Particulars | Fino Payments Bank Limited - Employees Stock Option Policy, 2020 (“ESOP 2020”) | Fino Payments Bank Limited - Employees Stock Option Policy, 2023 (“ESOP 2023”) |
|---------|-----------------------------------|--|---|
| | | from date of grant of option | Options |
| | | the options so granted | |
| | | At the Year 3 from date of grant of option | At the end of Second (2 nd) Year from the date of Grant of Options |
| | | 33.33% of the Options so granted | 33.33% of Options so granted |
| | | At the Year 4 from date of grant of option | At the end of Third (3 rd) Year from the date of Grant of Options |
| | | 33.33% of the Options so granted | Balance 33.33% of Options so granted |
| 4. | Exercise Price or Pricing Formula | Unless otherwise approved by the Nomination & Remuneration Committee, all equity shares including Options to subscribe to equity shares pursuant to the ESOP 2020 shall have a purchase or Exercise Price at such percentage of discount determined by Nomination and Remuneration Committee on the fair market value of the shares. | Unless otherwise approved by the Nomination & Remuneration Committee, all equity shares including Options to subscribe to equity shares pursuant to the ESOP 2023 shall have a purchase or Exercise Price at 25% of discount on the Market Price. |
| 5. | Maximum term of Options granted | As per Annexure-A | As per Annexure-A |
| 6. | Source of shares | Primary Issuance | Primary Issuance |
| 7. | Variation in terms of Options | The ESOP Scheme was approved on May 17, 2021 and subsequently amended on July 24, 2021, October 12 2021 and April 29, 2022. | During the year, no variation made in terms of options granted by the Bank. |

(ii) Method used to account for ESOPs- The compensation cost of stock options granted to eligible employees is calculated based on fair value method.

(iii) Option movement during the financial year 2023-24 is as follows:

| Sr. No. | Particulars | ESOP 2020 | ESOP 2023 |
|---------|--|-----------|-----------|
| 1. | Number of Options outstanding at the beginning of the year | 13,10,228 | 0 |
| 2. | Number of Options granted during the Year | Nil | 10,82,410 |
| 3. | Number of Options forfeited / lapsed during the year | 49,306 | NA 0 |

| Sr. No. | Particulars | ESOP 2020 | ESOP 2023 |
|---------|---|-----------|-----------|
| 4. | Number of Options vested during the year | 4,20,112 | NA |
| 5. | Number of Options exercised during the year | Nil | NA |
| 6. | Number of shares arising as a result of exercise of options | NA | NA |
| 7. | Money realized by exercise of options (₹) | NA | NA |
| 8. | Number of Options outstanding on March 31, 2024 | 12,60,992 | 10,82,410 |
| 9. | Number of Options exercisable at March 31, 2024 | 8,71,419 | Nil |

- (iv) Weighted-average Exercise Price and Weighted-average Fair Value of Options granted during the financial year 2023-24

During the year under review, no Options were exercised under ESOP 2020 and ESOP 2023, hence the disclosure is not applicable.

- (v) Employee-wise details of Options granted during the financial year 2023-24 to:
(a) Senior Managerial Personnel/ Key Managerial Personnel

| Name | Designation | Scheme | No. of Options granted during the year | Exercise Price (₹) |
|--|----------------------------------|-----------|--|--------------------|
| Mr. Rishi Gupta | Managing Director & CEO | ESOP 2020 | 175974 | 342.89 |
| | | ESOP 2023 | 320950 | 223.95 |
| Mr. Ketan Merchant | Chief Financial Officer & SEVP | ESOP 2020 | 106479 | 342.89 |
| | | ESOP 2023 | 156620 | 223.95 |
| Mr. Basavraj Loni | Company Secretary & DVP-Legal | ESOP 2020 | 8750 | 342.89 |
| | | ESOP 2023 | 14500 | 223.95 |
| Mr. Ashish Ahuja* (ceased w.e.f. July 30, 2024) | Chief Sales Officer & SEVP | ESOP 2020 | 126382 | 342.89 |
| | | ESOP 2023 | 163640 | 223.95 |
| Mr. Shailesh Pandey* | Chief Operating Office & SEVP | ESOP 2020 | 96250 | 342.89 |
| | | ESOP 2023 | 87230 | 223.95 |
| Mr. Vinod Kumar K B | Chief Information Officer & SEVP | ESOP 2020 | 45500 | 342.89 |
| | | ESOP 2023 | 44490 | 223.95 |
| Mr. Aninda | Head Risk | ESOP 2020 | 38500 | 342.89 |

| Name | Designation | Scheme | No. of Options granted during the year | Exercise Price (₹) |
|-----------------------------|-----------------------------|-----------|--|--------------------|
| Mukherjee | Management & EVP | ESOP 2023 | 32790 | 223.95 |
| Mrs. Pratima Pinto Thomas | Head Human Resource & EVP | ESOP 2020 | 33250 | 342.89 |
| | | ESOP 2023 | 14470 | 223.95 |
| Mr. Tejas Dilipkumar Maniar | Chief Digital Officer & EVP | ESOP 2023 | 29640 | 223.95 |
| Mr. Dinesh Parekh | Head Treasury & SVP | ESOP 2020 | 12250 | 342.89 |
| | | ESOP 2023 | 16060 | 223.95 |

* From April 01, 2024 Mr. Ashish Ahuja and Mr. Shailesh Pandey took up the role as Chief Sales Officer and Chief Operating Officer, respectively.

(b) Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year:

| Name | Designation | Scheme | No. of Options Granted | Exercise Price (₹) |
|---|--------------------------------|-----------|------------------------|--------------------|
| Mr. Rishi Gupta | Managing Director & CEO | ESOP 2020 | 175974 | 342.89 |
| | | ESOP 2023 | 320950 | 223.95 |
| Mr. Ketan Merchant | Chief Financial Officer & SEVP | ESOP 2020 | 106479 | 342.89 |
| | | ESOP 2023 | 156620 | 223.95 |
| Mr. Ashish Ahuja* (ceased w.e.f. July 30, 2024) | Chief Operating Officer & SEVP | ESOP 2020 | 126382 | 342.89 |
| | | ESOP 2023 | 163640 | 223.95 |
| Mr. Shailesh Pandey* | Chief Sales Officer & SEVP | ESOP 2020 | 96250 | 342.89 |
| | | ESOP 2023 | 87230 | 223.95 |

*From April 01, 2024 Mr. Ashish Ahuja and Mr. Shailesh Pandey took up the role as Chief Sales Officer and Chief Operating Officer, respectively.

(c) Identified employees who were granted option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant: NIL

(vi) Method and Assumptions used to estimate the Fair Value of Options granted during the year 2023-24

The Bank adopted the Fair Value method to account for the stock options it granted to the employees during the year. The Bank calculated the fair value of options at the time of grant, using Black-Scholes model with the following assumptions:

| Particulars | March 31, 2024 | |
|---|---|---|
| | ESOP 2020 | ESOP 2023 |
| Risk Free rate of return | 5.25% | 7.03% |
| Expected life | 3.5 Years | 4.5 Years |
| Expected volatility | 29.76% | 24.64% |
| Expected dividends | INR 0.00 | INR 0.00 |
| The price of the underlying share in the market at the time of option grant | INR 600.00 | INR 298.60 |
| The weighted average market price of Bank's shares on NSE at the time of option grant | Share was not listed | INR 298.60 |
| Method used and assumptions made to incorporate effects of expected early exercise | No assumption is considered for early exercise. The expected term for each option is calculated at the mid-point of the exercise period for each tranche. | No assumption is considered for early exercise. The expected term for each option is calculated at the mid-point of the exercise period for each tranche |
| How expected volatility was determined, including explanation of the extent to which expected volatility was based on historical volatility | Volatility is measured on the historical price of S&P BSE Bankex Index for the same duration as option term from the date of grant backwards till the option term for each individual tranche. | Volatility is measured on the historical price of S&P BSE Bankex Index for the same duration as option term from the date of grant backwards till the option term for each individual tranche. |
| Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition | <p>The following were all the inputs used:</p> <ul style="list-style-type: none"> • Share price at the date of Grant (as shared by Fino Bank team) • Expected term of each tranche (calculated basis the vesting and exercise period) • Risk free interest rate for each tranche (Zero coupon sovereign bond yields) • Volatility of historic price of S&P BSE Bankex Index for each tranche for the expected term • Expected Dividend (Nil – basis historical dividend) • Exercise Price of Option (equal to share price at the date of grant) | <p>The following were all the inputs used:</p> <ul style="list-style-type: none"> • Share price at the date of Grant (as shared by Fino Bank team) • Expected term of each tranche (calculated basis the vesting and exercise period) • Risk free interest rate for each tranche (Zero coupon sovereign bond yields) • Volatility of historic price of S&P BSE Bankex Index for each tranche for the expected term • Expected Dividend (Nil – basis historical dividend) • Exercise Price of Option (equal to share price at the date of grant) |

(vii) Disclosures in respect of grants made in three years prior to IPO

The grant of Options made under ESOP 2020 by the Bank was prior to its IPO. The details are already covered hereinbefore.

| Vested Options | | | |
|-----------------------|--|---|---|
| | Particulars | ESOP 2020 | ESOP 2023 |
| 1 | While in Employment of the Bank or Fino Group, including any subsidiary or an associate company of the Bank pursuant to an internal transfer/deputation | Can be exercised within a period of five [#] years from the date of Vesting. | Can be exercised within a period of five years from the date of Vesting. |
| 2 | Resignation / Termination (other than due to misconduct or breach of Bank policies/terms of employment) or Voluntary/ Involuntary separation from the Bank or its subsidiaries or affiliates. | All Vested Options can be exercised within a period of three years from the date of his/her last working day with the Bank. | All Vested Options can be exercised within a period of three years from the date of his/her last working day with the Bank. |
| 3 | Termination due to misconduct or due to breach of Bank Policies or the Terms of Employment | All the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination. | All the Vested Options which were not exercised at the time of such termination shall stand cancelled with effect from the date of such termination. |
| 4 | Retirement / Early Retirement approved by the Bank | All Vested Options can be exercised by the Option Grantee immediately after, but in no event later than six months from the date of Vesting or such other period as may be determined by the Nomination & Remuneration Committee. | All Vested Options can be exercised by the Option Grantee immediately after, but in no event later than six months from the date of Vesting or such other period as may be determined by the Nomination & Remuneration Committee. |

| | | | |
|---|---|---|---|
| 5 | Death | All Vested Options may be Exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than five years from the date of death. This period may further be extended at the discretion of the Nomination & Remuneration Committee. | All Vested Options may be Exercised by the Option Grantee's nominee or legal heirs immediately after, but in no event later than five years from the date of death. This period may further be extended at the discretion of the Nomination & Remuneration Committee. |
| 6 | Termination due to Permanent Disability | All Vested Options may be Exercised by the Option Grantee or, in case of his death, the nominee or legal heirs, immediately after, but in no event later than six months from the date of such disability. | All Vested Options may be Exercised by the Option Grantee or, in case of his death, the nominee or legal heirs, immediately after, but in no event later than six months from the date of such disability. |
| 7 | Abandonment*** | All the Vested Options shall stand cancelled. | All the Vested Options shall stand cancelled. |
| 8 | Separation due to reasons other than those mentioned above | The Nomination & Remuneration Committee will decide whether the Vested Options on the date of separation can be exercised by the Employee or not, and such decision shall be final. | The Nomination & Remuneration Committee will decide whether the Vested Options on the date of separation can be exercised by the Employee or not, and such decision shall be final. |

*** The Nomination and Remuneration Committee, at its sole discretion shall decide the date of cancellation of Options and such decision shall be binding on all concerned.

Subject to the approval of the shareholders of the Bank and pursuant to the recommendation of the Nomination & Remuneration Committee, the Board at its meeting held on July 31, 2024 approved to amend the exercise period for the employees in employment of the Bank or Fino Group from three years to five years from the date of Vesting.