Bandhan Bank Limited

Bandhan Bank Employee Stock Option Plan Series 1 (‘ESOP Scheme’) – Disclosure for the financial year 2025-26

[Pursuant to Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulation, 2021]

A. Disclosure under Guidance Note on Accounting for Employee Share-based Payments:

The Board of Directors (the ‘**Board**’) of Bandhan Bank Limited (the ‘**Bank**’), on the basis of recommendation of Nomination and Remuneration Committee (‘**NRC**’), has approved the Bandhan Bank Employee Stock Option Plan Series 1 (‘**ESOP Scheme**’), on July 26, 2017 for issue of stock options to eligible employees and directors of the Bank.

The Shareholders of the Bank at the Extra-Ordinary General Meetings held on November 23, 2017 and December 20, 2017 have approved the ESOP Scheme and the grant of Employee Stock Option (‘**Options**’) to the employees of the Bank. For the purpose of initial grant as Tranche 1, the shareholders had accorded approval for grant of options not exceeding 22,20,725 Options constituting 0.20% of then issued and paid-up equity share capital of the Bank. These grants were made before the Initial Public Offerings (‘**IPO’**) of the Bank. Accordingly, in terms of Regulation 12 of the SEBI (Share Based Employee Benefits) Regulation, 2014 (‘**SEBI SBEB**’), the Shareholders of the Bank at 5th Annual General Meeting held on June 28, 2019 have ratified the ESOP Scheme of the Bank and based on the recommendation of the Board, have accorded its approval for increase in the total numbers of Options for grant under the ESOP Scheme from 22,20,725 to 5,47,57,052 Options. Further, the Shareholders of the Bank, on the basis of recommendation of the Board, has approved certain amendments in the ESOP Scheme and increase in the aggregate number of Options to be granted thereunder, by creating additional 2,57,91,518 Options i.e. from existing 5,47,57,052 Options to 8,05,48,570 Options, through Postal Ballot on March 01, 2026. The said approval accords the Board or any Committee including the NRC, which the Board has constituted, to create, offer and grant Options, from time to time, in one or more tranches, to an employee as designated by the Bank, who is exclusively working in India or outside India; or 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.

This ESOP Scheme was framed in accordance with the SEBI SBEB replaced with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (‘**SEBI SBEBSE’**), and as applicable at the time of the grant. The accounting for the stock options has been in accordance with the SEBI SBEBSE, to the extent applicable.

ESOP Scheme provides for the issuance of Options by the Board and/ or the NRC at the closing price on the Indian stock exchange with the highest trading volume as of the working day preceding the date of grant. The Options would vest not earlier than one year and not later than four years from the date of the grant. The period in which the options may be exercised cannot exceed five years from date of the vesting.

Vesting of Option would be subject to continued employment and has not served any notice of resignation. Vesting of Options in case of death, permanent disability, retirement / early retirement would be guided by the ESOP Scheme of the Bank.

Further, pursuant to the provisions of the 'Scheme of Amalgamation' of erstwhile GRUH Finance Limited ("**GRUH**") with the Bank, the Bank has granted Options under the ESOP Scheme under Tranche 2, with the revised exercise price, to the eligible employees who were holding stock options under the erstwhile GRUH's Employee Stock Option Scheme-2015 (GRUH ESOS-2015) and are presently the employees of the Bank.

B. Activity in the options outstanding under the Employee Stock Option Plan as of March 31, 2026:

i. Activity in the Options outstanding under the ESOP Scheme – Tranches 1 to 7

Sl. No.	Particulars	FY 2025-26		FY 2024-25	
		Number of options	Weighted average exercise price (amt. in ₹)	Number of options	Weighted average exercise price (amt. in ₹)
1.	Options outstanding at the beginning of year	4,83,15,851	268.27	3,99,71,840	317.76
2.	Options granted during the year	27,96,778	157.93	1,30,17,308	140.11
3.	Options forfeited during the year	15,21,282	252.53	32,91,018	311.44
4.	Options expired during the year	17,64,611	430.44	13,80,871	389.76
5.	Options exercised during the year	7,182*	135.34	1,408	180.00
6.	Options outstanding at the end of year	4,78,19,554	256.36	4,83,15,851	268.27
7.	Options exercisable	2,73,04,108	303.58	1,97,82,288	348.55

**Includes 6,273 Options exercised in the month of March 2026, whereas allotment was made in the month of April 2026.*

ii. The following table summarises the information about Options outstanding as at March 31, 2026:

Sr. No.	Plan	Range of exercise price (amt. in ₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (amt. in ₹)
1	ESOP Scheme – Tranches 1 to 7	135.34 to 538.75	478,19,554	4.50	256.36

The following table summarises the information about Options outstanding as at March 31, 2025:

Sr. No.	Plan	Range of exercise price (amt. in ₹)	Number of shares arising out of options	Weighted average remaining life of options (in years)	Weighted average exercise price (amt. in ₹)
1	ESOP Scheme – Tranches 1 to 7	135.34 to 539.22	4,83,15,851	5.23	268.27

C. Fair value methodology

The weighted average fair value of stock option granted during the year was ₹66.84. The fair value of options used to compute the proforma net profit and earnings per equity share have been estimated on the dates of each grant using the binomial option-pricing model. The Bank estimates the volatility based on the historical prices of its equity shares. The various assumptions considered in the pricing model for the ESOPs granted during the year ended March 31, 2026 are:

Particulars	March 31, 2026
Dividend yield (%)	0-0.95%
Expected volatility (%)	'34.94%, 36.37%, 37.06%, 47.37%
Risk-free interest rate (%)	'5.93%, 6.07%, 6.19%, 6.30%
Expected remaining life of the options (years)	0.20 - 8.87 years

The expected volatility reflects the assumption that is indicative of future trends, which may also not necessarily be the actual outcome.

The Bank measures the cost of ESOP using the Fair valuation method w.e.f. April 01, 2021. Had the Bank used the fair value model to determine compensation for options granted before April 01, 2021, its profit after tax and earnings per share as reported would have changed as indicated below:

(₹ in crore)

Particulars	Year ended March 31, 2026	Year ended March 31, 2025
Profit after tax as reported*	1,223.56	2,745.30
Add: ESOP cost using the intrinsic value method	-	-
Less: ESOP cost (net of taxes) using the fair value method	11.85	2.54
Proforma profit after tax	1,211.71	2,742.76
Weighted Average Number of equity shares	1,61,09,71,407	1,61,09,70,817
Weighted Average Number of equity shares *(including dilutive potential equity share)*	1,61,25,81,341	1,61,11,40,600
Earnings Per Share		
Basic		
- As reported (₹)	7.60	17.04
- Proforma (₹)	7.52	17.03
Diluted		
- As reported (₹)	7.59	17.04
- Proforma (₹)	7.51	17.02

**includes additional cost of ₹ 183.07 crores during year ended March 31, 2025 as employees stock option expenses on account of RBI advisory.*

D. Scheme Specific Disclosures

i) General Disclosures

Sl. No.	Particulars	Disclosure
1	Date of Shareholder's approval	November 23, 2017, December 20, 2017, June 28, 2019 and March 01, 2026
2	Total Number of Options approved under ESOP Scheme*	8,05,48,570 Options
3	Vesting requirements	The options have a vesting schedule and vest over a period of 4 years (25% each year). The vesting is subject to vesting conditions including *inter alia*, continued employment and that the employee has not served any notice of resignation.
4	Exercise Price or pricing formula#	It shall be the latest available closing price, prior to the date of the meeting of the NRC on which the options are granted, on the stock exchange on which the shares of the Bank are listed, but shall not be less than the face value of an equity share of the Bank. Since the

Sl. No.	Particulars	Disclosure
		shares of the Bank are listed on both National Stock Exchange of India Limited and BSE Limited, the stock exchange where there is highest trading volume on the said date shall be considered.
5	Maximum term of options granted	Five years from the date of vesting and the options have a vesting schedule and vest over a period of 4 years (25% each year).
6	Source of Shares	Primary
7	Variation in terms of options	Not applicable
8	Method used for accounting of ESOP (Intrinsic or fair value)	Intrinsic value method till March 31, 2021 Fair Value from April 01, 2021
9	Fair value related Disclosure: a) Increase in the employee compensation cost computed at fair value over the cost computed using intrinsic cost method b) Net profit, if the employee compensation cost had been computed at fair value c) Basic EPS, if the employee compensation cost had been computed at fair value d) Diluted EPS, if the employee compensation cost had been computed at fair value	a) Rs.11.85 crore b) Rs. 1,211.71 crore c) Rs. 7.52 per share d) Rs. 7.51 per share
10	Weighted average exercise price of the options whose: a) Exercise price equals market Price b) Exercise price exceeds market Price c) Exercise price is less than market Price	a) Weighted average exercise price of the Options granted during FY 2025-26 - Rs.157.93 b) Nil c) Nil
11	Weighted average fair value of the options whose: a) Fair Value equals market fair value b) Fair value exceeds market fair value c) Fair value is less than market Fair Value	a) Weighted average fair value of the Options granted during FY 2025-26 - Rs. 66.84 b) Nil c) Nil

**The Shareholders have approved the grant of 21,90,000 Options and 30,725 Options on November 23, 2017 and December 20, 2017, respectively, and at 5th Annual General Meeting held on June 28, 2019 have accorded its approval to increase the total number of Options to be granted under 'ESOP Plan Series 1' upto 5,47,57,052 options which included 22,20,725 options approved earlier for grant vide Shareholders special resolutions dated November 23, 2017 and December 20, 2017. Further, the Shareholders through postal ballot on March 01, 2026 approved an increase in aggregate number of Options by 2,57,91,518 Options i.e. from 5,47,57,052 Options to 8,05,48,570 Options.*

#Includes 22,20,725 options granted pre-IPO at a pre-determined grant price of Rs. 180 per Option.

ii) Option movement during the financial year 2025-26

Particulars	ESOP Scheme
Number of Options outstanding at the beginning of the year	4,83,15,851
Number of Options granted during the year	27,96,778
Number of Options forfeited during the year	15,21,282

Particulars	ESOP Scheme
Number of Options expired during the year	17,64,611
Number of Options exercised during the year	7,182
Number of shares arising as a result of exercise of options	*7,182
Money realized by exercise of options during the year (₹ in Crore)	0.097
Loan repaid by the trust during the year from exercise price	NA
Number of Options outstanding at the end of the year	4,78,19,554
Number of Options vested during the year	96,47,622
Number of Options exercisable at the end of the year	2,73,04,108

**Includes 6,273 Options exercised in the month of March 2026, whereas allotment of equity shares was made in the month of April 2026.*

iii) Employees details who were granted the options during the financial year 2025-26

Sr. No	Particulars	Name of Employee	Designation of employee	No of options granted	Exercise Price (amt. in ₹)
1	Details of grants to WTDs	Ratan Kumar Kesh	Executive Director & Chief Operating Officer	3,25,642	166.99
		Rajinder Kumar Babbar	Executive Director & Chief Business officer	3,18,341	166.99
2	Details of grants to Senior Managerial personnel*	Santanu Banerjee	Head-HR	2,49,253	153.05
		Nand Kumar Singh	Head-Credit Administration & Asset Operations	2,01,460	153.05
		Arindam Sarkar	Head-Treasury	1,94,022	153.05
		Navin Sharma	Chief Audit Executive	1,50,000	167.08
		Vishal Wadhwa	Head-Emerging Entrepreneurs Business	1,13,342	153.05
		Suresh Chandran	Head-Branch Banking, Current Accounts, Affluent, TPP & Govt. Business	1,08,246	153.05
		Indranil Banerjee	Company Secretary	72,010	153.05
		Amitava Goswami	Chief Compliance Officer	59,481	153.05
		Ravindra Baburaya Gadiyar	Head-Commercial & Retail Credit	26,418	153.05
		Biju E Punnachalil	Chief Risk Officer	13,680	167.08
2	Employees who were granted, during any one year, options amounting to 5% or more of the options granted during the year.				9
3	Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Bank under the grant				NIL

** As per Regulation 16(1)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*