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***EMPLOYEES' STOCK INCENTIVE
MASTER SCHEME- 2022***

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EMPLOYEES' STOCK INCENTIVE MASTER SCHEME - 2022 (‘ESIS - 2022’) or (‘the Master Scheme’) or (‘the Scheme’)

PREFACE

This ESIS-2022 has been framed in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“SBEB Regulations”) and the resolution of the members of HDFC Bank Limited (‘the Bank’) passed by way of postal ballot on May 14, 2022, duly authorizing the Nomination and Remuneration Committee to Grant Restricted Stock Units (RSUs) not exceeding 10,00,00,000 (ten crore) RSUs equivalent to 10,00,00,000 (ten crore) Equity Shares of the Bank of the face value Re. 1/- each fully paid-up, in one or more tranches, to the present and future eligible Employees as defined in the Master Scheme. The Master Scheme has been approved and instituted on [■]. Grants under the Scheme can be made over a period of four years from the date of approval by members i.e. up to May 13, 2026 and the Scheme would remain valid till the date when the RSUs granted under this Scheme have been exercised or have been lapsed or forfeited as determined by the Nomination and Remuneration Committee.

CLAUSE A: DEFINITIONS

Unless repugnant to the context or meaning hereof, the following terms as used in ESIS- 2022 shall have the following meanings:

1. “Applicable Law” includes every law, rule, regulation or bye-law relating to ESOP Schemes/Plans, Restricted Stock Units (RSUs) and such other stock incentive scheme/plans, including, without limitation, the Companies Act, 2013, the SBEB Regulations, the Securities and Exchange Board Of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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, and all the relevant tax, securities, exchange control or corporate laws, rules, regulations or bye- laws of India or any relevant jurisdiction, or of any stock exchange on which the Equity Shares of the Bank are listed or quoted and includes, any amendment, modification, alteration or re-enactment made to such laws, rules, regulations or bye-laws.
2. “Applicable Tax” shall mean taxes (including perquisite taxes) or any other cess, duty, surcharge or any such amount by whatever name called in the nature thereof levied by the Government from time to time.

Perquisite tax shall mean the amount of tax payable by the Employee at the time of exercising of the RSUs. In terms of the amended provisions of the Finance Act, 2009, the RSUs granted to the Employee shall be deemed to be perquisites. The perquisite value calculated as the difference between the Exercise Price and the fair market value of the shares being quoted on the stock exchange on the date of Exercise, will be subject to tax at the marginal rate applicable to each Employee. Such perquisite tax shall be recovered from the Employee at the time of Exercise of RSUs. The fair market value will be calculated as per the relevant Income Tax Rules existing at the time of such Exercise.

3. “Associate company” shall have the same meaning as defined under Section 2(6) of the Companies Act, 2013, as amended from time to time.
4. “Bank” shall mean HDFC Bank Limited.
5. “Nomination and Remuneration Committee” (NRC) means a committee of Board of Directors of the Bank as constituted by the Board of Directors from time to time, by whatever name called, in accordance with Regulation 19 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015 and other Applicable Laws, and entrusted with authority to formulate, implement and administer the ESIS-2022.

6. “Date of Vesting” shall mean the date on which the Employee is given the right to apply for Equity Shares of the Bank against the RSUs granted to him under this ESIS-2022.
7. “Date of Resignation” / “Date of Termination” shall mean the day after which the Employee ceases to be in the employment of the Bank or of the Subsidiary or Associate company, as the case may be.
8. “Employee” shall mean:
 - (i) any permanent employee of the Bank, present as well as future, which expression shall include the Managing Director & CEO and Whole Time Directors of the Bank, and shall include any employee of the Bank who has been deputed / seconded by the Bank to any company which is a Subsidiary, or an Associate company of the Bank.
 - (ii) an Employee of the Bank who upon Grant of RSUs under the ESIS-2022 is transferred / moved by the Bank to a Subsidiary or Associate company or thereafter to another Subsidiary or Associate company (subject to the requirements of the relevant Subsidiary/ Associate company), and for this purpose such Employee resigns from the services of the Bank and joins the Subsidiary or Associate company (or subsequently such another Subsidiary or Associate company as above, as the case may be) prior to Vesting of such RSUs, such person shall be treated as an “Employee” to the extent of Vesting of such RSUs already granted under the ESIS-2022 up to the date of his resignation from the Bank, however not for any fresh Grant of RSUs from and after the date of his/her such resignation from the Bank.
9. “Employee Stock Incentive Scheme” / “Scheme” / “Master Scheme”/ “ESIS– 2022” shall mean this scheme.
10. “Exercise” shall mean the act of making an application by the Employee to the Bank for issue of Equity Shares against the RSUs vested in the Employee in pursuance of ESIS-2022.
11. “Exercise Period” shall mean the period from the Date of Vesting of the RSUs during which the Employees shall be entitled to Exercise the RSUs from time to time, and such period shall not exceed a period of four (4) years from the date of the respective Vesting of the RSUs.
12. “Exercise Price” shall mean the price communicated to the Employee at the time of Grant of the RSUs, being the face value of the Equity Shares of the Bank i.e. Re.1/- for each RSU (as adjusted for any changes in capital structure of the Bank), and shall be in compliance with the accounting standards specified under the SBEB Regulations, including any 'Guidance Note on Accounting for employee share-based Payments' issued in that regard from time to time.
13. “Grade” shall mean the job band, designation, position, etc. by whatever name called, in which an Employee is classified in the organizational structure of the Bank from time to time.
14. “Grant” means the issue of RSUs to Employees under the ESIS-2022.
15. “Promoter” means promoter as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
16. “Promoter Group” means promoter group as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time.
17. “RSU Grantee” shall mean an Employee to whom RSU is granted in pursuance of the ESIS-2022.

18. “Restricted Stock Unit(s)” or “RSU(s)” means a restricted stock unit granted in pursuance of this ESIS-2022, comprising of a right but not an obligation entitling an Employee to apply for an equivalent number of Equity Shares of the Bank at the Exercise Price mentioned hereinabove and subject to the requirements of Vesting and Exercise as mentioned in this ESIS-2022.
19. “Shares” or "Equity Shares" shall mean equity shares of the Bank having a face value of Re. 1/- each per equity share.
20. “Subsidiary” shall mean any ‘subsidiary company’ of the Bank as per Section 2 (87) of the Companies Act, 2013, as amended from time to time.
21. “Vesting” shall mean the process by which the RSU Grantee is given the right to apply for Equity Shares in the Bank against the RSUs granted to him/ her in pursuance of this ESIS-2022.
22. “Vesting Period” shall mean the period during which the Vesting of the RSUs granted to the RSU Grantee, in pursuance of the ESIS-2022 takes place.
23. “Vested RSUs” shall mean the RSUs in respect of which the relevant Vesting Period has been completed and the RSU Grantee has become eligible to Exercise the RSUs.
24. “Unvested RSUs” shall mean the RSUs in respect of which the relevant Vesting Period is not completed and as such, the RSU Grantee has not become eligible to Exercise the RSUs.

CLAUSE B: NOMINATION AND REMUNERATION COMMITTEE (NRC)

Pursuant to the powers granted to it vide the resolution passed by the Members by way of Postal Ballot on May 14, 2022, the NRC has formulated the ESIS- 2022. In the event of any clarifications being required on the interpretation or application of the ESIS-2022, the same shall be referred to the NRC. The decision of the NRC shall be final and binding in this regard. The power of NRC, in this regard, *inter alia*, includes the authority to determine, and or undertake the following:

- (a) eligibility criteria for Grant of RSUs;
- (b) time when the RSUs are to be granted, and mechanism for the Grant of RSUs;
- (c) number of RSUs to be granted to each RSU Grantee;
- (d) grounds for cancellation of RSUs;
- (e) Vesting Period
- (f) Vesting conditions
- (g) treatment of RSUs in case of termination of employment for misconduct/misdemeanor, subject to disciplinary proceedings, or in case of death, or permanent disability, or otherwise;
- (h) approve forms, writings and/or agreements for use in pursuance of the Scheme; and
- (i) to give directions and/or instructions as may be necessary to give effect to any modification, alteration, amendment, suspension, withdrawal or termination of the RSUs or the ESIS- 2022 as a whole.
- (j) formulate suitable policies and procedures as may be required for the implementation of the Scheme, including authorizing officials of the Bank to act as RSU managers from time to time, and undertake actions as required in terms of Applicable Laws (including Part-B of Schedule I of the SBEB Regulations).

In the event of a rights issue of Equity Shares or any security convertible into Equity Shares; bonus issues of Equity Shares or any security convertible into Equity Shares; acquisition of any other entity by the Bank; merger of any other entity with the Bank; sale of division and/or any other corporate action including action which results in an increase in the equity share capital of the Bank, the NRC shall at its discretion, consider and approve such

adjustment as to the number of RSUs granted as per the then applicable acts, rules and regulations, as it may deem fit.

The NRC shall subject to Applicable Laws have the discretion and the authority from time to time to vary any of the terms of the ESIS-2022, provided, however, that the terms and conditions will not be varied such that they may be detrimental to the interests of the RSU Grantees.

CLAUSE C: ELIGIBLE EMPLOYEES

All Employees as defined in this Scheme, subject to Grade, performance, merit, length of service, future potential contribution, conduct of the Employee and such other relevant factors as may be deemed appropriate by NRC, are eligible for the Grant of the RSUs under the ESIS-2022. The Grant of RSUs shall be made over a period of 4 (four) years from the date of approval by the shareholders in terms of the shareholders' resolution dated May 14, 2022.

The Employees to whom the NRC shall resolve that the aforesaid RSUs be granted would be informed of the same by way of a separate communication.

An Employee who is a Promoter or belongs to the Promoter Group shall not be eligible to participate in the ESIS-2022. Further, Independent Directors of the Bank and Director(s) who either themselves or through relatives/ body corporate hold more than 10% of the outstanding Equity Shares of the Bank shall not be eligible to participate in the ESIS-2022. Further, the maximum number of RSUs to be granted to an individual Employee under the ESIS-2022 shall not exceed 15,000 (Fifteen Thousand) per annum.

CLAUSE D: CRITERIA FOR GRANT OF RSUs

While Granting the RSUs, the NRC 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. The NRC will determine the quantum/ proportion of RSUs that may be granted. Such RSUs shall be granted based on one or more of the pre-defined performance conditions listed below as may be determined by the NRC on a case-to-case basis as applicable for the function / role. The NRC may vary the conditions and the weightages assigned to each of such conditions. For Employees at senior levels, there will be higher weightages for the organizational performance and business unit performance conditions. The number of RSUs made available to a particular class / cadre of Employees may vary at the discretion of the NRC.

1. **Organizational Performance:** The Bank will consider the following factors while assessing its sustained performance: i) Total Shareholders' Return ii) Asset Quality iii) Return on Asset iv) Profitability v) Return on Equity vi) Relative performance vis-à-vis peers. Further, the NRC may choose to compare the above parameters with the performance of the Bank's peers, wherever appropriate.
2. **Business Unit Performance:** Business leaders accountable for the performance of their individual business units shall be assessed basis the sustained performance of the business lines under their charge. The subject RSUs of business leaders may be granted in part or in whole depending on the achievement against performance thresholds of their respective business lines.
3. **Individual Performance:** Annual appraisal process shall form a key criteria for the Grant of RSUs. The performance rating criteria for the Grant of RSUs shall be determined and approved by the NRC every year.

CLAUSE E: DATE OF GRANT OF RSUs

The date of passing the resolution by the NRC for Grant of RSUs to an Employee shall be the date of Grant of RSUs.

CLAUSE F: PRICING

As approved by the Members vide their resolution on May 14, 2022, the Exercise Price of the RSUs shall be the face value of the Equity Shares of the Bank i.e. Re. 1/- each. In addition, the Employee will also be responsible to pay to the Bank the amount equivalent to the value of the Applicable Tax, such as perquisite tax, by whatever name called, payable on Exercise of the RSUs in accordance with the provisions of the Income Tax Act, 1961 at the relevant time.

CLAUSE G: VESTING OF RSUs

1. Subject to Clause H, the RSUs granted to Employees pursuant to the ESIS-2022 shall vest within a maximum period of 5 (five) years from the date of Grant and there shall be a minimum period of 1 (one) year between the Grant of RSUs and Vesting of these RSUs. Notwithstanding anything contained hereinabove, in case of death or permanent disability of a RSU Grantee, the minimum vesting period of 1 (one) year shall not apply.
2. The RSUs may be granted in tranches and may vest in tranches. In the event that an Employee, who has been granted RSUs under the ESIS-2022, is transferred or deputed to an Associate company / Subsidiary prior to Vesting, the Vesting as per the terms of Grant shall continue in case of such transferred or deputed Employee even after the transfer or deputation.
3. Vesting of RSUs would be subject to conditions as may be specified by the NRC in stock incentive letter including performance parameters, and continued employment or directorship (as the case may be) with the Bank. Subject to Applicable Laws, in the event of subdued or negative financial performance of the Bank and/or the relevant line of business in any year, Vesting of RSUs for the reference year will be moderated accordingly and could even be zero.

CLAUSE H: THE EFFECT OF DEATH, PERMANENT DISABLEMENT, RETIREMENT, RESIGNATION, TERMINATION OF THE EMPLOYMENT, DISCIPLINARY PROCEEDINGS ETC. ON THE VESTING OF RSUs

1. Death of an Employee

In case of a death of an Employee to whom the RSUs are Granted, all RSUs that have been Granted to the Employee as on the date of his / her death shall vest immediately as on the date of death, and shall be exercisable by his/her nominees and in the absence of any nominee, by the Employee's legal heirs and successors. To enable the Employees to nominate persons in respect of the RSUs, specific nomination forms (physical/electronic) shall be made available to the Employees from time to time. All such Vested RSUs shall be exercisable by the legal heirs/ successors and/ or nominees as the case may be, within the Exercise Period as determined by the NRC, which shall not exceed a period of 4 (four) years from the date of the Vesting of the RSUs.

2. Permanent disability

In case an Employee suffers a permanent disability /incapacity while in employment and consequently his/her employment with the Bank comes to an end, all the RSUs granted to him / her as on the date of permanent disablement/ incapacitation, shall vest in him / her as on the date of permanent disability/incapacity. All such Vested RSUs shall be exercisable by the Employee, within the Exercise Period as determined by the NRC, which shall not exceed a period of 4 (four) years from the date of the Vesting of the RSUs.

3. Resignation / Termination of employment / Disciplinary Proceedings

- (i) In the event of resignation or termination of the employment of the Employee with the Bank or with the Subsidiary or Associate company, as the case may be, all RSUs not vested as on the Date of Resignation/ Date of Termination shall stand forfeited, or be treated in the manner as may be determined by the NRC at its discretion. The Vested RSUs shall be exercisable by the Employee within the period as determined by the NRC, provided however, that the resignation or termination is not on account of 'misconduct' or 'misdemeanor' on part of the Employee. The NRC shall have absolute discretion in determining whether there has been any 'misconduct' or 'misdemeanor' on the part of the Employee and the decision of the NRC shall be final and binding in this regard. If the resignation/ termination is on account of misconduct or misdemeanor of the Employee, all RSUs granted to such Employee, whether vested or unvested, shall lapse forthwith.
- (ii) In the event an RSU Grantee is subject to any disciplinary proceedings, the NRC shall be the authority to determine the treatment of the RSUs granted to such individual, including suspension or cancelling all RSUs granted as it may deem fit.

4. Retirement of an Employee

In case the Employee, including a director to whom the RSUs are Granted, retires or vacates his/her office upon reaching the age of superannuation as per the Bank's rules or upon expiry of any extension thereof or on account of any directives, statutory provisions, clarifications or guidelines of the Reserve Bank of India (other than a directive, provision, clarification or guideline relating to the misconduct or misdemeanor of an Employee) then in such case, Vesting of Unvested RSUs shall take place as per the pre-defined schedule approved by the NRC at the time of Grant of RSUs, or as may be determined by the NRC. All such Vested RSUs shall be exercisable by the Employee, within the Exercise Period as determined by the NRC, which shall not exceed a period of 4 (four) years from the date of the respective Vesting of the RSUs, or a shorter period as may be determined by the NRC.

5. Merger and Amalgamation

The RSUs granted hereunder shall not be affected by any takeover, merger, amalgamation of any other entity with the Bank or vice versa. The treatment of RSUs in such cases would be determined by the NRC.

6. Transfer or deputation of an Employee

- (i) In the event that a RSU Grantee is deputed / seconded by the Bank to any company which is a Subsidiary, or an Associate company of the Bank prior to Vesting or Exercise, the Vesting or Exercise as per the terms of Grant shall continue in case of such deputed / seconded Employee even after the deputation or secondment.
- (ii) In accordance with the Applicable Laws, in the event that RSU Grantee of the Bank has been transferred/ moved by the Bank to a Subsidiary or Associate company of the Bank or thereafter to another Subsidiary or Associate company (subject to the requirements of the relevant Subsidiary or Associate company), and for this purpose such RSU Grantee resigns from the services of the Bank and joins the Subsidiary or Associate company (or subsequently such another Subsidiary or Associate company as above, as the case may be) prior to Vesting of such RSUs, the Vesting of such RSUs granted under this ESIS-2022 up to the date of his resignation from the Bank, shall continue in accordance with the provisions of this ESIS-2022 even after such transfer / movement.

7. Corporate Actions

In the event of a rights issue of Equity Shares or any security convertible into Equity Shares; bonus issues of Equity Shares or any security convertible into Equity Shares; consolidation/ reverse split of the equity shares; sale of division; and/or any other corporate action including actions which result in an increase in the Equity Share capital of the Bank, the Bank through the NRC, at its discretion, will make a fair and reasonable adjustment to the number of RSUs as may be deemed necessary to ensure that the interest of the Employees is not prejudiced.

In this regard the NRC shall include the following into consideration:

- (i) the number shall be adjusted in the manner such that the total value of the RSUs remains the same after the corporate action; and
- (ii) the Vesting Period and the life of the RSUs shall be left unaltered as far as possible to protect the rights of the RSUs Grantee.

The NRC shall be authorized to make the requisite adjustment in case of a corporate action, and take any other action as may be required to be undertaken in such case. Provided however, that the terms of adjustment may not be detrimental to the interests of the RSU Grantees.

CLAUSE I: EXERCISING OF RSUs

From the Date of Vesting of the RSUs, the Employees shall be entitled to Exercise the RSUs from time to time within such period as may be prescribed by the NRC, which period shall not exceed a period of 4 (four) years from the date of the respective Vesting of the RSUs. The RSUs would be exercisable by the said Employees by payment of the consideration amount and submitting the requisite application form after which the Equity Shares of the Bank would be allotted.

CLAUSE J. LAPSE OF RSUS AND GRANTING THEREOF

Without prejudice to the provisions of Clause G, the RSUs vested in an Employee shall lapse upon the expiry of such number of years as may be specified at the time of grant of RSUs under each tranche but not exceeding 4 (four) years from the date of such vesting. If the RSUs are not exercised by the concerned Employee within the period that may be specified at the time of grant of RSUs under each tranche, the right of the employee to apply for Equity Shares shall stand forfeited and such RSUs shall forthwith lapse.

In the event of any RSUs lapsed pursuant to the aforesaid provisions, the said lapsed RSUs shall be available to the NRC for Grant to such other Employees as the NRC may deem fit.

CLAUSE K: NON-TRANSFERABILITY OF THE RSUs

The RSUs granted to an RSU Grantee shall not be transferable to any other person. Except in case of death of a RSU Grantee, no other person shall be entitled to the RSUs.

CLAUSE L: TAX LIABILITY

The liability of paying Applicable Taxes, if any, on the RSUs Granted / Vested pursuant to this ESIS-2022, shall be entirely on the RSU Grantees and shall be in accordance with the provisions of the Income Tax, Act, 1961 and the rules framed there under as amended from time to time.

The Bank shall be entitled to collect the tax at source and recover any tax that may be levied on the Bank from time to time by any regulatory authorities during Granting / Vesting of RSUs or otherwise from its past and present Employees who have been granted RSUs while being an Employee.

CLAUSE M: APPLICABILITY OF MALUS AND CLAWBACK

The benefits accrued and/ or availed under this ESIS-2022 including by virtue of Grant and Vesting of RSUs, shall be subject to the Malus and Clawback provisions under the Bank's Compensation Policy, as may be amended, replaced, restated, substituted from time to time, or as may be communicated by the Bank to the Employees, or as per the revisions to the employment contracts/terms, 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.

CLAUSE N: RIGHTS AS A SHAREHOLDER

The Employee shall not be able to exercise any rights including right to receive any dividend or vote at any meeting of the Bank or in any manner enjoy the benefits as a shareholder in respect of the RSUs granted or vested in him/ her until he/ she is allotted the requisite Equity Shares upon exercising his/ her RSUs so granted in accordance with this ESIS-2022. All Equity Shares issued consequent to such Exercise shall rank *pari passu* with the then existing Equity Shares of the Bank for all purposes.

CLAUSE O: INTERPRETATION

Any dispute or disagreement which may arise under, or as a result of, or pursuant to, or in connection with this ESIS-2022 shall be referred to the NRC for determination and any such determination / decision/ interpretation by the NRC shall be binding on all persons/parties concerned.

CLAUSE P: REGULATORY APPROVALS

It is clarified that Granting of RSUs to whole time directors shall be subject to the approval of Reserve Bank of India. On receipt of the approval referred to above, the intimation of receipt of such approval and the Grant of the RSUs shall be given to such directors. Provided that the date of Grant of the RSUs to such directors shall be in any event deemed to be the date of original Grant and not the date of approval of the Reserve Bank of India.

CLAUSE Q: GOVERNING LAW AND JURISDICTION

The terms and conditions of the ESIS-2022 shall be governed by and construed in accordance with the laws of India.

The courts of Mumbai, India shall have jurisdiction in respect of any and all matters, disputes or differences arising in relation to or out of this ESIS-2022.

GENERAL RISKS

Participation in this ESIS-2022 shall not be construed as any guarantee of return on the equity investment. Any loss due to fluctuations in the market price of the equity and the risks associated with the investment shall be borne by the Employee alone.

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