KARUR VYSYA BANK EMPLOYEES' UNION
(Affiliated to AIBEA)

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Circular No. 38 / 48 / 2026 August 11, 2026

Dear Comrades,

We append hereunder text of our letter dated 10.8.2026 addressed to the management regarding the **request for review and removal of the gating Conditions under KVB ESOS 2025 Scheme** for the information of our Members.

Yours comradely,

T. Sekar

T . SEKAR
GENERAL SECRETARY

KVBEU/38/46/2026 August 10, 2026

To
The Managing Director & Chief Executive Officer
The Karur Vysya Bank Limited
Central Office
Karur

Reg: Request for Review and Removal of Gating Conditions under KVB ESOS 2025 Scheme
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Dear Sir,

We refer to Circular No. 201/2026-INF dated 28.07.2026 issued by our Human Resources Department regarding the grant of Stock Options to eligible employees under the KVB ESOS 2025 Scheme. We appreciate the Management's initiative to recognise employees' contribution by introducing the ESOS Scheme.

However, after carefully examining the circular and its annexures, we wish to place on record our concern regarding the vesting conditions prescribed for workmen employees. Though the Scheme is announced for all eligible employees, the conditions imposed for vesting substantially restrict a large section of workmen from receiving its intended benefit.

This issue has already been brought to the notice of the Management through our earlier representations, discussions, and as part of our recent Charter of Demands. We had specifically requested that the ESOS benefit be extended to all eligible employees without imposing restrictive gating conditions. Unfortunately, the present circular has retained and further strengthened such conditions.

Karur Vysya Bank has successfully completed 110 years of distinguished service. The Bank's sustained growth, profitability and reputation have been built through the collective efforts of employees across all cadres. Every Customer Service Associate, Office Assistant, Officer and Executive has contributed to the Bank's success. Therefore, the wealth created by the institution should be shared in an equitable manner among all categories of employees. The ESOS introduced by the Bank was originally conceived as an Employee Ownership Scheme, intended to encourage employees to become stakeholders in the institution and participate in its long-term growth. Accordingly, the ESOS Schemes introduced during 2008 and in the subsequent ESOS schemes eligible employees across all cadres were granted stock options based on eligibility, continuity of service and satisfactory conduct. There were no restrictive performance-linked gating conditions which could deprive an otherwise eligible employee of the benefit of ESOS. Similarly, in 2017 (Circular No. 413/2017 dated 05.10.2017), though the Bank introduced an Employee Reservation Portion under the Rights Issue instead of an ESOS, it continued the same philosophy by providing employees with an opportunity to participate in the ownership of the Bank. Though structurally different from ESOS, the Rights Issue reaffirmed the principle that employees should share in the Bank's growth. However, a significant departure from this philosophy occurred with the introduction of the 2020 ESOS Scheme (Circular No. 423/2020 dated 03.12.2020). For the first time, the Bank introduced performance-linked gating conditions. Vesting of shares became dependent upon performance parameters such as CDS ratings, APR, Branch Business Score and other conditions, resulting in situations where even eligible employees with long and unblemished service could receive only partial vesting or even zero vesting. At that time itself our Employees Union represented to the Management to remove this gating conditions and extended ESOS scheme to our eligible Workmen. However, the same was not favourably considered by the Management.

We also invite your kind attention to ESOS Circular No. 423/2020 dated 03.12.2020, while the earlier Scheme was not entirely equitable, the KVB ESOS 2025 Scheme has imposed even more stringent eligibility conditions on workmen employees.

- Branch CSB – 50 and above.
- Annual Assessment Report – 60 and above.

In contrast, the ESOS 2025 Scheme prescribes considerably stricter conditions viz.

- Average Branch/Business Unit CSB of 60 and above (70 and above for Lite & HNI Branches).
- Minimum 60% Annual Assessment for workmen in branches.
- Minimum 70% Annual Assessment for workmen in other offices.
- Denial of ESOS to all employees of a branch if the prescribed CSB is not achieved, irrespective of individual performance.

At the same time, the revised ESOS framework appears to substantially enhance the benefits available to the executive cadre while simultaneously imposing stricter eligibility conditions on workmen employees. This has created a genuine perception that the revised Scheme primarily favours executives, even though the Bank's outstanding performance is the result of the collective efforts of employees at every level.

These conditions place workmen employees at a distinct disadvantage for reasons beyond their control.

Our Concerns

1. Individual Performance Overlooked

The Scheme links ESOS vesting to overall branch performance. Consequently, an employee who has discharged his or her duties diligently throughout the year may still lose the benefit solely because the branch has not achieved the prescribed CSB. This is inconsistent with the objective of recognising individual contribution.

2. Limited Control over Business Parameters

Workmen employees, particularly Customer Service Associates and Office Assistants, are primarily entrusted with operational, customer service, compliance and support functions. They have no control lending decisions, liability mobilisation or strategic planning, which largely determine the Branch CSB.

3. Branch Performance Depends on Several External Factors

Branch performance is influenced by location, market potential, customer profile, staffing, competition and managerial decisions. Denying ESOS benefits to workmen based on such factors is neither fair nor consistent with the principles of equitable performance evaluation.

4. More Stringent Than the Earlier Scheme

The eligibility criteria under the 2025 Scheme are significantly more stringent than those under the 2020 ESOS Scheme, thereby reducing the opportunity for many deserving employees to participate in the Scheme.

5. Impact on Employee Morale

ESOS is intended to promote ownership, commitment and long-term association with the Bank. Restrictive vesting conditions, however, may unintentionally discourage employees by excluding many sincere performers for reasons beyond their control.

6. Inconsistent with the Objective of Inclusive Growth

The circular recognises that every employee contributes to the Bank's growth. The present vesting conditions do not fully reflect this principle, as a substantial number of eligible workmen may remain excluded despite rendering dedicated service.

Further, we would like to state that Permanent Part-time Employees are also part and parcel of the total workforce of our Bank and they should also be extended this ESOS scheme.

We submit that the Bank has delivered an outstanding financial performance during the current year, recording a net profit of **Rs.2,510 crore**. This remarkable achievement is the result of the collective efforts of employees across all cadres, whose dedication has contributed to business growth, operational excellence, customer service and regulatory compliance. The significant appreciation in the Bank's market value and share price is a reflection of this collective endeavour.

We sincerely appreciate the Management's visionary leadership in steering the Bank towards sustained growth and profitability and welcome its decision to share this success with employees through the ESOS Scheme.

When the Bank's success is the outcome of collective effort, the benefits arising therefrom should also be shared equitably among all eligible employees. While performance-based recognition is understandable, the ESOS benefit should not become unattainable for a large section of workmen employees due to conditions beyond their control.

The ESOS Scheme seeks to foster a sense of ownership and belonging among employees. This objective can be realised only when every deserving employee feels recognised and included. The present vesting conditions, however, create an impression those workmen employees are being subjected to restrictive criteria that effectively deny them the announced benefit, which may adversely affect employee morale and undermine the very spirit of partnership and ownership that the Scheme seeks to promote.

In the interest of fairness, employee motivation and industrial harmony, we earnestly request the Management to:

1. ***Remove the performance based gating conditions to workmen employees.***
2. ***Extend ESOS benefits to all eligible employees (including Permanent Part-time Employees) who satisfy the prescribed service eligibility criteria, without linking vesting to Branch CSB and other individual / collective performance parameters.***

We, therefore, request your kind intervention to review the present vesting conditions and issue suitable amendments so that the benefits of the KVB ESOS 2025 Scheme are extended to all deserving employees in its true spirit.

We look forward to your favourable consideration.

Yours faithfully,

Sd/-
T.Sekar
General Secretary