CENTRAL BANK OF INDIA

Head Office, Chandermukhi,

Nariman Point, Mumbai – 400 021.

Central Bank of India – Employee Stock Purchase Scheme, 2019

[Framed under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014]

CENTRAL BANK OF INDIA
HEAD OFFICE: CHANDER MUKHI, NARIMAN POINT, MUMBAI – 400 021
Central Bank of India Employee Stock Purchase Scheme 2019
(CENTRAL BANK OF INDIA - ESPS 2019)

Central Bank of India is a "Corresponding New Bank" under the provisions of Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

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ISSUE OPEING DETAILS

Particulars	DATE
ISSUE OPEN FROM	19.03.2019
ISSUE TO BE CLOSED ON	27.03.2019*

* Bank reserves the right to pre-pone or post-pone issue closing date.

APPROVAL DETAILS

Date of the Compensation Committee Meeting finally approving the Scheme	18.03.2019
Date of the Compensation Committee approving the gist of Scheme	31.01.2019
Date of the Notice of EGM at which the gist of Scheme was approved	31.01.2019
Date of the EGM approving the gist of Scheme	28.02.2019
Validity of the Scheme	As detailed in the Scheme

LISTING:

The existing Equity Shares of the Bank are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), collectively referred to as "Stock Exchanges".

REGISTRAR:

Registrars	Link Intime India Private Limited CIN U67190MH1999PTC118368
Address	Unit : Central Bank of India, C-101,247 Park, L B S Marg,Vikroli (West), Mumbai 400083
Tel No.	022—49186000
Fax No.	022—49186060
Email Id.	rnt.helpdesk@linkintime.co.in
Website	www.linkintime.co.in

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1. **BRIEF HISTORY OF CENTRAL BANK OF INDIA ("BANK")**

Central Bank of India was incorporated on December 21, 1911 under the Indian Companies Act, 1882 as "The Central Bank of India Limited". The Head Office of the Bank was set up at Esplanade Road, Fort, Mumbai (then known as Bombay) which was subsequently shifted to its present location at Chandermukhi, Nariman Point, Mumbai 400 021.

- **Pre Nationalisation**

The Bank commenced business as "The Central Bank of India Limited" at Mumbai. The Central Bank Executor and Trustee Company Limited (later renamed as Centbank Financial and Custodial Services Limited and further changed to Centbank Financial Services Limited with effect from September 14, 2009) was incorporated as a subsidiary of the Bank on May 1, 1929 to undertake the trustee and executor business and act as executors, administrators and trustees.

- **Post Nationalisation**

The Bank was nationalised on July 19, 1969. After nationalisation, the Bank was renamed Central Bank of India. Apna Ghar Vitta Nigam Limited (later renamed as Cent Bank Home Finance Limited) was incorporated as a subsidiary of the Bank on May 7, 1991 to provide long term finance for the purchase or construction of houses in India.

- **Main Objects of the Bank**

Section 3(5) of the Banking Acquisition Act states as follows:
"Every corresponding new bank shall carry on and transact the business of banking as defined in clause (b) of section 5 of the Banking Regulation Act (10 of 1949) and may engage in one or more of the other forms of business specified in sub-section (1) of section 6 of that Act."

Section 5(b) of the Banking Regulation Act reads as follows:
"banking' means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawal by cheque, draft, order or otherwise."

Section 6(1) of the Banking Regulation Act reads as follows:
"Form and business in which banking companies may engage

i. In addition to the business of banking, a banking company may engage in any one or more of the following forms of business, namely—

(a) the borrowing, raising, or taking up of money; the lending or advancing of money either upon or without security; the drawing, making, accepting, discounting, buying, selling, collecting and dealing in bills of exchange, hundis, promissory notes, coupons, drafts, bills of lading, railway receipts, warrants, debentures, certificates, scrips and other instruments and securities whether transferable or negotiable or not; the granting and issuing of letters of credit, traveller's cheques and circular notes; the buying, selling and dealing in bullion and specie; the buying and selling of foreign exchange including foreign bank notes; the acquiring, holding, issuing on commission, underwriting and dealing in stock, funds, shares, debentures, debenture stock, bonds, obligations, securities and investments of all kinds; the purchasing and selling of bonds, scrips or other forms of securities on behalf of constituents or others, the negotiating of loans and advances; the

receiving of all kinds of bonds, scrips or valuables on deposit or for safe custody or otherwise; the providing of safe deposit vaults; the collecting and transmitting of money and securities;

(b) acting as agents for any Government or local authority or any other person or persons; the carrying on of agency business of any description including the clearing and forwarding of goods, giving of receipts and discharges and otherwise acting as an attorney on behalf of customers, but excluding the business of a managing agent or secretary and treasurer of a company;

(c) contracting for public and private loans and negotiating and issuing the same;

(d) the effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out of any issue, public or private, of State, municipal or other loans or of shares, stock, debentures, or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue;

(e) carrying on and transacting every kind of guarantee and indemnity business;

(f) managing, selling and realising any property which may come into the possession of the company in satisfaction or part satisfaction of any of its claims;

(g) acquiring and holding and generally dealing with any property or any right, title or interest in any such property which may form the security or part of the security for any loans or advances or which may be connected with any such security;

(h) undertaking and executing trusts;

(i) undertaking the administration of estates as executor, trustee or otherwise;

(j) establishing and supporting or aiding in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the company or the dependents or connections of such persons; granting pensions and allowances and making payments towards insurance; subscribing to or guaranteeing moneys for charitable or benevolent objects or for any exhibition or for any public, general or useful object;

(k) the acquisition, construction, maintenance and alteration of any building or works necessary or convenient for the purposes of the company;

(l) selling, improving, managing, developing, exchanging, leasing, mortgaging, disposing of or turning into account or otherwise dealing with all or any part of the property and rights of the company;

(m) acquiring and undertaking the whole or any part of the business of any person or company, when such business is of a nature enumerated or described in this sub- section;

(n) doing all such other things as are incidental or conducive to the promotion or advancement of the business of the company;

(o) any other form of business which the Central Government may, by notification in the Official Gazette, specify as a form of business in which it is lawful for a banking company to engage."

Section 3 (7) of Chapter II of the Bank Acquisition Act provides for the Bank to act as an Agent of the RBI.

ii. The corresponding new Bank shall, if so required by the Reserve Bank of India, act as agent of the Reserve Bank at all places in India where it has a branch for:

(a) Paying, receiving, collecting and remitting money, bullion and securities on behalf of any Government in India.
(b) Undertaking and transacting any other business which the Reserve Bank may from time to time entrust to it.

iii. The terms and conditions on which any such agency business shall be carried on by the corresponding new Bank on behalf of the Reserve Bank shall be such as may be agreed upon.

iv. The corresponding new Bank may transact any business or perform any function entrusted to it under Clause (I) by itself or through any agent approved by the Reserve Bank.

2. PREAMBLE

This Employee Stock Purchase Scheme has been formulated by the Compensation Committee of the Board of the Bank as authorized by Board, in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, Securities Contract Regulation Act, 1956, Securities Contracts (Regulation) Rules, 1957 (including any amendment thereto or re-enactment thereof), and approved by the Compensation Committee of the Board of Directors of the Bank at its meeting held on 28.02.2019 and by the Members at the Extra-Ordinary General Meeting of the Bank held on 28.02. 2019.

3. SHORT TITLE, EXTENT AND EFFECTIVE DATE

This Scheme shall be called the Central Bank of India – Employees Stock Purchase Scheme, 2019 (CENTRAL BANK OF INDIA- ESPS 2019).

This Scheme is in accordance with the provisions of the SBEB Regulations as amended and all other applicable regulations and provisions of law for the time being in force, and shall be subject to any modifications or amendments thereof effected from time to time by way of an ordinance or legislative enactment.

The Scheme is approved by the shareholders of the Bank at a general meeting. This Scheme shall be deemed to be effective as of the date on which the issue opens for subscription for the Eligible Employees as determined by the Compensation Committee of the Board on ESPS subject to receipt of all Statutory and Regulatory approvals. The Board of Directors and Compensation Committee thereof reserve the right to make any changes in this scheme as it may deem fit in accordance the extent SBEB Regulations and other applicable Regulations.

4. OBJECTIVES

- To enable the Bank to attract, retain and reward Employees for our Bank by sharing the value created by them and to motivate them to contribute to the growth and profitability of the Bank.
- To motivate the Employees of the Bank with incentives and reward opportunities;
- To achieve sustained growth of the Bank and the creation of shareholder value by aligning the interests of the Employees with the long-term interests of the Bank;
  and
- To create a sense of ownership and participation amongst the Employees.

5. DEFINITIONS AND ABBREVIATIONS

In this Scheme the following expressions, including their grammatical variations and cognate expressions shall, unless repugnant to the context or meaning thereof, have the meaning assigned to them respectively hereunder:

"the Issuer", "the Bank", "Central Bank of India"	Unless the context otherwise indicates or implies, refers to "Central Bank of India", constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, having its Head Office at Chandermukhi, Nariman Point Mumbai – 400021, Maharashtra, India
Act	Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970
Allottee	An Eligible Employee of the Bank to whom Equity Shares are issued and allotted pursuant to the Scheme.
Bank regulations	Central Bank of India (Shares and Meetings) Regulations, 1998
Board of Directors or Board or "BOD	The Board of Directors of the Bank or any Committee thereof.
BR Act	The Banking Regulation Act, 1949
BSE	BSE Limited.
CDSL	Central Depository Services (India) Limited.
Chairperson	The member of the Board whether whole-time or not appointed as such by the Central Government and who Chairs the meetings of the Board.
Committee of Directors or Committee	Compensation Committee of the Board of the Bank or any other Committee constituted by the Board for the purpose of the administration and superintendence of the Scheme in terms of SEBI ESPS Regulations.
Constitutional Documents	The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 read with the Banking Regulation Act, 1949 and the Nationalised Banks (Management and Miscellaneous Provisions) Scheme, 1970, the Central Bank of India (Shares and Meetings) Regulation, 1998 (including any amendment thereto or re-enactment thereof).
Corresponding New Bank	Bank as specified in column 2 of the first schedule of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.

Cut-off Date for determining eligibility criteria of Employees	15.03.2019
Depositories	CDSL and NSDL. collectively referred to as "Depositories".
Discount	Discount means the excess of the fair market value of the shares over the price at which they are issued under the CENTRAL BANK OF INDIA- ESPS 2019.
Employee or Eligible Employee	The term "Employee" or Eligible Employee shall have meaning ascribed to it under the SEBI (Share Based Employee Benefits) Regulations, 2014 for the purpose of issue of equity shares pursuant to the Scheme. It will include the employee on deputation but will not include the employee of subsidiary company.
Equity shares	The issued, subscribed and paid up equity share capital of the Bank of face of value Rs.10.00 each, and the additional equity shares of the Bank offered to Employees pursuant to this Scheme.
ESPS shares	Equity Shares allotted pursuant to/ arising out of grant of shares under CENTRAL BANK OF INDIA- ESPS 2019.
Exercise Price / Grant Price	Exercise/ Grant Price means the price per Share to be paid by the Employees for the purchase or allotment of the Shares pursuant to the CENTRAL BANK OF INDIA - ESPS 2019.
Fair Market Value	As defined in Rule 3(8)(i)&(ii) read with proviso thereto of the Income Tax Rules, 1962
GoI	Government of India
Grant	Grant means issue of Shares to Employees under the Scheme.
Grant Date	Grant Date means the date on which the Board of Directors or Compensation Committee of the Board of the Bank approves the Grant.
Market price	The latest available closing price on the stock exchange on which the shares of the Bank are listed on the relevant date. Since the equity shares of the Bank are listed on more than one stock exchange, the stock exchange where there is highest trading volume on the said date shall be considered.
MD & CEO	The Managing Director and Chief Executive Officer of the Bank.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
Offer of shares	Means and includes a communication in writing through circular or any other means from the Bank communicating, among other things, the number of equity Shares to which an Employee is entitled to apply for and seek allotment thereof, the Grant Price and other terms and conditions.
Promoter(s)/ Promoter group	The term "promoter"/ "promoter group" is the President of India acting on behalf of Government of India/ Central Government
RBI	Reserve Bank of India.
Relevant Date	The term "Relevant Date" shall have meaning ascribed to it under the SEBI (Share Based Employee Benefits) Regulations, 2014.
SEBI ESPS Regulations	SEBI (Share Based Employee Benefits) Regulations, 2014, as amended from time to time.
SCRA	Securities Contracts (Regulation) Act, 1956 as amended

SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time.
Share	Equity shares of the Bank.
Share price	The price per share to be paid by the Employees for the purchase of the Shares pursuant to the Offer of Shares under the Scheme.
Stock Exchanges	BSE and NSE where the Equity Shares of the Bank are presently listed.
Subsidiaries	Subsidiaries shall mean subsidiaries of the Bank for the time being. As on date following are the Subsidiaries of the Bank: 1. Cent Bank Home Finance Limited-Domestic 2. CentBank Financial Services Limited-Domestic
Associates	1. Indo-Zambia Bank Limited—Overseas 2. Central Madhya Pradesh GB.Chhindwara (M.P) -Domestic 3. Uttar Bihar GB.Muzaffarpur (Bihar) –Domestic 4. Uttarbanga Kshetriya GB Coochbehar (West Bengal)-Domestic
The "Scheme" or "this Scheme" or "ESPS" or "Central Bank of India- ESPS 2019".	Central Bank of India - Employee Stock Purchase Scheme 2019 under which the Bank offers shares to its employees as part of public issue or otherwise.

Words denoting the singular include the plural and vice-versa. Words referring to a gender include all genders. All other words, expressions or phrases unless defined herein shall have the same meaning as have been assigned to them under the Constitutional Documents, SEBI Guidelines or Acts, Rules, Regulations and Circulars or any statutory modifications or re-enactments thereof, as the case may be.

6. ELIGIBILITY

I. All permanent Employees and whole time directors of the Bank as on the cut-off date, (Compensation Committee Meeting Date) to be fixed for determining eligibility of Employee for participating in the Scheme, shall be eligible to participate in this Scheme ("Eligible Employees"). Employees of Subsidiaries would not be eligible.

Provided that the employees under suspension shall not be eligible to participate in the Scheme.

II. Other than Managing Director & CEO and Whole-Time Directors (Executive Directors) no Directors shall be eligible to participate in the Scheme.

III. The Board of Directors or Compensation Committee of the Board shall based on various other criteria, including one or more of the following but not limited to:

a. future performance potential of the Eligible Employee;

b. grade and merit of the Eligible Employee;

c. the criticality of the Eligible Employee in furthering Bank's interests,

Decide on which of the Eligible Employees should be offered Shares under this Scheme. Accordingly, the Compensation Committee shall make an offer, in writing, to such Employees detailing the number of shares and the price at which the offer is made under the terms and conditions of the Scheme. The Board of Directors may in its absolute discretion vary or modify such criteria and/or selection and/or the terms and conditions.

7. STATEMENT OF RISKS:

ALL INVESTMENTS IN SHARES ARE SUBJECT TO RISK AS THE VALUE OF SHARES MAY GO DOWN OR GO UP. IN ADDITION, INVESTMENT IN SHARES ARE ALSO SUBJECT TO THE FOLLOWING ADDITIONAL RISKS:

i. Concentration:

The risk arising out of any fall in value of shares is aggravated if the employee's holding is concentrated in the shares of a single company.

ii. Leverage:

Any change in the value of the share can lead to a significantly larger change in the value of their holdings.

iii. Illiquidity:

The right to apply for shares offered to them cannot be transferred to anybody, and therefore the employee cannot mitigate their risks by selling the whole or part of their entitlements before the allotment of shares and expiry of lock-in period.

iv. Vesting:

The offer will lapse if the employment is terminated prior to allotment of shares. Further, the offer made to the employee if not exercised within the period during which the issue remains open shall lapse on closure of the issue.

v. Prompt Corrective Action (PCA)

The Reserve Bank of India vide its letter dated 13th June, 2017 has put the Bank under 'Prompt Corrective Action' or 'PCA' framework in view of high Net NPA and negative ROA for two consecutive years. Under PCA framework, the Bank is taking steps to reduce NPA, and improve its profitability.

- **RISK FACTORS:**

Management perception of the risk factors for the Bank;

1. Any volatility in interest rates could adversely impact the Bank's net interest margin, the value of its fixed income portfolio, income from treasury operations and financial condition and results of operations, etc.
2. An increase in the Bank's portfolio of NPAs or provisioning requirements under applicable RBI regulations/ circulars/ directives could adversely impact the Bank's business, financial

condition and results of operations.

3. The Bank may experience delays in enforcing collateral when borrowers default on their obligations, which may adversely impact the recovery of the expected value of collateral security, exposing the Bank to a potential loss.

4. Significant fraud, system failure or calamities could disrupt Bank's business operations, financial performance and business reputation.

5. The Bank has substantial portfolio of government securities that may limit its ability to deploy funds in higher yield investments.

6. The Bank's unsecured loan portfolio is not supported by any collateral to ensure repayment of the loan, and any such non - payment may adversely affect its financial condition.

7. The Bank is involved in various legal proceedings, and any final judgment awarding material damages against the Bank could have a material adverse impact on its future financial performance and the trading price of the Equity Shares.

8. The level of restructured loans in the Bank's portfolio may increase and inadequate performance of its restructured loans could affect its business and financial performance.

9. An inability to maintain adequate levels of customer deposits or loans could materially and adversely impact the Bank's business.

10. The Bank is required to maintain its Capital Adequacy Ratio at least at the minimum level prescribed by the RBI for the Indian Banks. There can be no assurance that the Bank will be able to maintain this ratio in the future.

11. A substantial portion of the Bank's Branches are located in the States of Maharashtra, Gujarat, Uttar Pradesh, Bihar and West Bengal, making it vulnerable to risks associated with having geographically concentrated operations.

12. The Bank is required to maintain minimum Cash Reserve Ratios ("CRRs") and Statutory Liquidity Ratios ("SLRs") in accordance with the RBI guidelines, and any increase in these requirements could adversely affect its business.

13. The Bank is exposed to customers operating in various sectors and any adverse development affecting any sector to which it has significant exposure may adversely impact its business.

14. The Bank's loan portfolio contains significant exposures to corporate, retail and SME loans and particularly home loans and real estate which may lead to an increase in its impairment losses and adversely affect its financial performance.

15. The loan portfolio of the Bank contains significant advances to the agricultural sector and any change in lending rates applicable to this sector may adversely affect the Bank's future financial performance.

16. There are limitations in the scope of the procedures adopted by the Bank's statutory auditors in the audit of its financial statements.

17. The Bank relies on Correspondent Banks in other countries to facilitate foreign exchange operations. Any adversity to maintain relationships or enter new such relationships with Correspondent Banks may impact its ability to increase its foreign exchange business.

18. The Indian banking industry is very competitive and the Bank's growth strategy depends on its ability to compete effectively.

19. A significant proportion of the Bank's loans have a tenor exceeding one year, exposing it to risks associated with economic cycles and project success rates.

20. The implementation of Basel III Guidelines may have an adverse effect on the Bank.

21. There are operational risks associated with the banking and financial services industry which may have an adverse impact on the Bank's business.

22. Changing laws, rules and regulations and legal uncertainties may adversely affect the Bank's business, prospects and financial performance.

23. The Bank may not be successful in implementing its growth strategies or penetrating new markets.

24. The Bank relies on third-party service providers who may not perform their obligations satisfactorily or in compliance with law.

25. The Bank may not be able to detect money-laundering and other illegal or improper activities in a comprehensive manner or on a timely basis, which could expose it to additional liability and harm its business or reputation.

26. The Bank is subject to credit, market and liquidity risk which may have an adverse effect on its credit ratings and cost of funds.

27. If the Bank is unable to adapt and effectively integrate rapid technological changes, its business could suffer.

28. The Bank's risk profile is linked to the Indian economy and the banking and financial markets in India, which are still evolving.

29. The Bank's fixed income operations are subject to income volatility.

30. Indian regulations impose requirements for minimum advances to certain sectors which may subject the Bank to higher delinquency rates. The Bank's inability to comply with Indian priority sector lending requirements may compel it to invest in funds with a lower return than it would otherwise obtain in the market.

31. The Bank's insurance coverage could prove inadequate to satisfy potential claims, which could have a material adverse effect on its business and financial performance.

32. Any regulatory investigations, fines, sanctions and other similar penalties relating to its business operations could adversely affect its business and financial performance and harm its reputation.

33. The Bank may face cyber threats attempting to exploit its network to disrupt services to customers and/ or theft of sensitive internal data or customer information, which may cause damage to its reputation and adversely affect its business and financial performance.

34. Significant security breaches could adversely impact the Bank's business.

35. The Bank's funding is primarily short-term and if depositors do not roll over deposited funds upon maturity its business could be adversely impacted.

36. The Bank is exposed to fluctuations in foreign exchange rates which could adversely impact its business and financial performance.

37. The Bank's ability to pay dividends in the future will depend upon applicable RBI regulations and its future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

38. The Bank and its customers may engage in certain transactions in or with countries or persons that are subject to international economic sanctions.

39. The Bank may not be able to renew or maintain its statutory and regulatory permits and approvals required to operate its business and comply with provisions of SEBI Regulations.

40. The Government of India (GoI) is the promoter and major shareholder of the Bank. As such, the Government of India may give directions to the Bank to take actions which may not be in the interest of the other shareholders.

41. The legal requirement that the GoI maintain a majority shareholding interest in the Bank of at least 51.00% may limit its ability to raise appropriate levels of capital financing.

42. The Bank faces restrictions on lending to large borrowers, which may have a material impact on its business, financial condition and results of operations.

43. The Bank depends on the accuracy and completeness of information about customers and counterparties and any material misleading information may adversely impact its business and results of operations.

44. Majority of the Bank's branches and ATMs are located at leasehold premises. The Bank's operations may be materially and adversely impacted if it is unable to renew to continue utilization of any of its branches or ATMs.

45. The Bank's intellectual property rights may be subject to infringement and its business may be adversely impacted if its brand or reputation is damaged by third parties.

46. The Bank's remuneration scheme may not be as attractive as other Banks with which the Bank compete which may affect its ability to attract and maintain a skilled and committed workforce.

47. The Bank's employees are unionized and any union action may adversely affect its business.

48. The audit reports in respect of the Bank's financial statements contain certain matters of emphasis which could have an impact on its financial performance.

49. As of March 31, 2018, the Bank had certain contingent liabilities which have not been provided for in its financial statements and could adversely impact its financial condition.

50. Reduction in long term interest rates may increase the Bank's pension liabilities which may adversely impact its future financial performance and results of operations.

51. Banking companies in India, including the Bank are required to prepare financial statements under the Ind AS for periods beginning from April 1, 2019.

52. Financial instability in other countries may cause increased volatility in Indian financial markets.

53. Financial difficulty and other problems in certain financial institutions in India could adversely impact the Bank's business and the price of its equity shares.

54. Any volatility in the exchange rate may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact the Bank.

55. Any adverse change in India's credit rating by an international rating agency could material impact the Bank's business and profitability.

56. Significant changes in Indian banking regulations may adversely impact the Bank's business and its future financial performance.

57. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries would adversely impact the Indian market where the Bank's shares trade and lead to a loss of confidence and impair travel, which could reduce its customers' appetite for its products and services.

58. The Bank's business is substantially affected by prevailing economic, political and others prevailing conditions in India.

59. Statistical and industry data in this scheme may be incomplete or inadequate.

60. The Indian tax regime is currently undergoing substantial changes which could adversely impact the Bank's business and the trading price of the Equity Shares.

61. After this Issue, the price of Bank's Equity Shares may be volatile.

62. Any future issuance of Equity Shares could dilute the holdings of investors and may adversely impact the market price of the Equity Shares.

63. Investors may be subject to Indian taxes on the Equity Shares.

64. Investors will be subject to market risks until the Equity Shares credited to the investor's demat account are listed and permitted to trade.

8. ADMINISTRATION AND IMPLEMENTATION OF THE SCHEME

A. The CENTRALBANK OF INDIA - ESPS 2019 shall be implemented and administered directly by the Bank through Compensation Committee of the Board of the Bank in accordance with SEBI ESPS Regulations. All questions of interpretation of the Scheme shall be determined by the Compensation Committee and such determination shall be final and binding upon all Eligible Employees/ or persons having an interest in ESPS.

B. For the purpose of framing CENTRALBANK ESPS 2019, implementing and administration of the Scheme, Compensation Committee of the Board of the Bank has been assigned the roles, responsibilities, functions and powers of the Compensation Committee by the Board of Directors.

C. In accordance with the Scheme framed herein, the resolution passed by the Shareholders at the Extra Ordinary General Meeting of the Bank held on February 28, 2019 approving the issue of Shares under the Scheme, applicable regulations prescribed by the SEBI and subject to the regulatory requirements from time to time; the Securities Allotment Committee of the Board of the Bank, in its absolute discretion has been *inter alia*, authorized to –

i. design and approve the CENTRALBANK ESPS 2019, including formulating the detailed terms and conditions, administering and supervising the Scheme;

ii. determine, add, delete, vary or modify such criteria and/or selection and/or the terms and conditions governing the Scheme;

iii. approve engagement of Merchant Banker, Advisor or such other intermediaries as may be required for the purpose of implementation of the Scheme, to finalize their terms and conditions of appointment including commercials;

iv. approve the offer document, forms, other documents as may be required under the Scheme;

v. determining the Employees across the categories to whom the Shares shall be offered;

vi. decide the time when the shares are to be offered;

vii. decide on the quantum of Shares to be offered at various points in time; the number of tranches in which shares are to be offered and the number of shares to be granted in each tranche and to each Employee;

viii. decide on the criteria for determining the number of Shares to be offered to Employees;

ix. determine the price at which shares shall be granted under the Scheme to Eligible Employees in line with the SEBI ESPS Regulations, subject to the conditions regarding

ceiling limit etc. as may be mentioned elsewhere in the Scheme;

x. finalize the terms and conditions subject to which Shares would be offered to an Employee;

xi. finalize the terms and conditions under which shares may not be issued to an Employee under this Scheme;

xii. increase/ decrease the issue size subject to the overall ceiling of the number of shares under the Scheme;

xiii. open such Bank Accounts as may be required under the Scheme and authorise officials for operation of such account;

xiv. finalize the basis of allotment of Shares in case of over/ under subscription;

xv. make allotment of the Shares under the Scheme;

xvi. record in writing reasons for disqualifying any employee, group or class of employees, from participation in any Issue of Shares under the Scheme;

xvii. assign weightage to Bank's performance, level / scale of Employees and such other criteria for determining the offer of Shares including the quantum thereof;

xviii. obtain permissions from and report periodically to the regulatory authorities, as may be required and ensuring compliance with all guidelines applicable to the Scheme;

xix. frame suitable policies, systems and procedures to ensure that there is no violation of SEBI ESPS Regulations, by an Employee;

xx. take steps to effectively implement the Scheme;

xxi. delegate all or any of the aforesaid functions to officer/s/ group of officers in the Bank;

xxii. perform such other roles, responsibilities and do all such acts, matters, things deeds as may be necessary and incidental to the successful implementation of the Scheme.

D. The Compensation Committee of the Board of the Bank shall have powers to review the Scheme from time to time, as may be required and modify the terms and conditions of the Scheme, in case the said Committee is of the opinion that -

i. the current Scheme does not fulfill the objectives set out in the scheme;
ii. there are changes in legislation which need to be incorporated in the Scheme;
iii. implementation or improvement of the Scheme is warranted;
iv. such modifications are for the welfare of the Employees.

E. The Compensation Committee of the Board of the Bank shall ensure that the Scheme is implemented in accordance with the SEBI ESPS Regulations, as amended from time to time.

9. SHARES SUBJECT TO THE SCHEME & ENTITLEMENT TO SHARES-

- **Silent Features of Scheme**

A. The Compensation Committee of Board of Directors of the Bank in its meetings held on 31.01.2019 approved to offer upto 10,00,00,000 (Ten crore) new equity shares of the Bank under CENTRAL BANK OF INDIA EMPLOYEE STOCK PURCHASE SCHEME, 2019, subject to other Statutory and Regulatory approvals.

The brief summary of the Scheme is as under:

Total number of equity shares to be issued under the scheme	10,00,00,000
Issue price per equity share	Rs.27
Face value per equity share	Rs.10/-
Number of Equity shares prior to the scheme	335,99,53,115
Number of Equity shares post allotment considering allotment of total shares under the scheme	345,99,53,115

B. In the event of any change to the equity share capital of the Bank by reason of split, capitalization, consolidation, exchange or other changes affecting the outstanding equity capital, appropriate adjustments shall be made to the maximum number of shares to be issued under the Scheme.

A. **PRICING OF SHARES**: The Offer Price/Issue Price is Rs.27.00 (Face Value Rs.10.00 and Premium: Rs.17) Discount offered is 20.35% over the Previous working day i.e.15.03.2019 closing price of shares on National Stock Exchange of India Limited (NSE) and 19.11% over the two weeks volume weighted average price of equity shares on NSE. The discount offered over the Fair Market Value (FMV) by the Bank will be treated as perquisite to the employees.

B. ENTITLEMENT TO SHARES:

Employee Group	Scale/ Category	Total Number of Eligible Employees as on 15.03.2019	Number of Shares to be issued/offered to each employee	Total Number of Shares that may be applied under Employee group
The MD & CEO	WTD	1	13000	13000
ED	WTD	3	12000	36000
General Manager	Scale VII	26	11000	286000
Deputy General Manager	Scale VI	78	10000	780000
Assistant General Manager	Scale V	225	9000	2025000
Chief Manager	Scale IV	949	8000	7592000
Senior Manager	Scale III	2388	7000	16716000
Manager	Scale II	4667	6000	28002000
Asst. Manager	Scale I	8571	5000	42855000
Clerk/SWO	SWO	11782	3000	35346000
Sub Staff	Full Time	7046	1000	7046000
Total		35736		14,06,97,000

Employees will be free to apply for lesser, equal to or higher than the offered shares. However, equity shares proposed to be issued per employee shall not exceed 1.00% of the post issue paid-up capital of the Bank.

C. Notwithstanding anything contained herein, the total number of equity shares that may be issued under the Scheme will not be more than 10,00,00,000 (Ten Crore) equity shares.

10. GRANT OF SHARES AND ITS TERMS & CONDITIONS

A. **Exercise/ Grant Price**: The Compensation Committee of the Board of the Bank shall have the freedom to determine Exercise or Grant Price of Shares to be issued under the Scheme provided it conforms to the provisions of SEBI ESPS Regulations. The Offer Price/Issue Price is Rs.27.00 (Face Value Rs.10.00 and Premium: Rs. 17). Discount offered is 20.35% over the Previous working day i.e.15.03.2019 closing price of shares on National Stock Exchange of India Limited (NSE) and 19.11% over the two weeks volume weighted average price of equity shares on NSE. The discount offered over the Fair Market Value (FMV) by the Bank will be treated as perquisite to the employees.

B. **Term of Exercise**: Each Grant shall be exercisable at such time or times and during such period as is determined by the Compensation Committee of the Board of the Bank and set forth in the Bank's Offer of Shares and extendable up to such period of time, as the said Committee may deem appropriate.

11. MODE OF APPLYING FOR SHARES

1. The Employees to whom Shares are offered under the Scheme shall make an application to the Bank in the prescribed Application Form along with the payment of the total amount of the Share Price for upto the maximum number of Shares for which the offer has been made.

2. The shares shall be issued only in Demat form to Employees. Under no circumstances Certificate evidencing the shares allotted will be issued. Employees are advised to open Demat accounts before applying for the shares they are entitled to with any of the Depository Participants.

3. The payment shall be made by debit of Savings Account, where lien will be marked at the time of application and funds will be transferred to Central Bank of India – ESPS Account at the time of allotment. Bank will use the ASBA like internal facility for this purpose.

4. The period within which the application for seeking allotment of shares under this Scheme should be submitted by the Employees shall be decided by Compensation Committee.

5. Compensation Committee shall have, in its absolute discretion, the right to reject any application which is not complete in all respects. The application money received, if any, in respect of such rejected applications shall be refunded to the Employees within a period of 5 days after the date of rejection of the application.

12. ALLOTMENT OF SHARES

On receipt of application(s) complete in all respects as stated above, Compensation Committee shall make an allotment of Shares and credit the shares allotted to the Depository Account of the Allottee(s). Shares issued under this scheme will be ranked pari-passu with the existing equity shares issued.

13. LISTING OF SHARES

A. The Bank shall make applications to the Stock Exchanges on which the Bank's Shares are listed for in-principle approval for listing of the Shares proposed to be issued under the Scheme.

B. The Shares to be allotted under this Scheme shall be listed on the Stock Exchange(s) where the shares of the Bank are listed and shall be subject to the terms and conditions of the Uniform Listing Agreements with the Stock Exchanges.

14. RIGHTS OF THE SHAREHOLDERS

Upon allotment of shares, the applicant Employees shall become shareholders of the Bank and shall be entitled to all the rights of a shareholder including with respect to voting rights, receipt of dividend, etc. The Shares to be allotted shall rank pari-passu, in all respects, with the existing outstanding shares of the Bank.

15. LOCK IN OF SHARES

The Shares allotted in terms of the Scheme to the Eligible Employees shall be under lock-in for a minimum period of one (1) year from the date of allotment. The Lock-in period can be further extended by the Board of Directors/Compensation Committee of the Board of the Bank in order to comply with the Statutory/Regulatory/Stock Exchange (s) directions/prescriptions, if any.

16. NON-TRANSFERABILITY OF SHARES

A. The benefits granted under the Scheme to the Eligible Employees of the Bank shall not be transferable to any other person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner during the Lock-in Period referred in clause 15 above. In the event of death of an Eligible Employee in service, Shares allotted under the Scheme till that date shall vest in his/ her legal heir/ nominee. In the event of permanent disability of an Eligible Employee in service, Shares allotted to him/ her under the Scheme till that date shall vest in him/ her.

B. **CESSATION OF EMPLOYMENT/ OTHER EVENTS:**

1.1 **Notwithstanding anything elsewhere stated in this document**:

1.1.1 **In the event of cessation of employment due to death of an employee**:
The legal heirs of the deceased Employee, on submission of requisite proof, will be entitled to such shares provided that legal heirs apply for the allotment of shares with requisite payment within the issue opening period from the date of such cessation.

1.1.2 **In the event of cessation of employment due to Permanent Disability of an Employee:**
The employee himself will be entitled to all the shares so offered provided that an employee applies for the allotment of shares with requisite payment within the issue opening period from the date of such cessation.

1.1.3 **In the event of cessation of employment due to Retirement on Superannuation of an Employee:**
In case the services of an employee with the Bank ceases due to retirement on superannuation, all shares offered to him shall be permitted to be purchased by him on or before last working day in the bank.

1.1.4 **In the event of cessation of employment of an Employee due to termination with cause (i.e. negligence, fraud, professional misconduct, moral turpitude, etc.):**
In case an employee is terminated with cause, all the shares so offered shall deem to be lapsed on the termination date.

1.1.5 **In the event of cessation of employment of an Employee due to resignation or termination not with cause.**
If an employee tenders resignation or the employee is terminated without any cause, then all the shares so offered to him shall be permitted to be purchased by him on or before his last working day in the organization or before the end of offer period whichever is earlier.

1.1.6 **In the event of suspension of employment all the terms of offer shall continue and the employee shall be permitted to accept the shares during the period of offer**.

1.1.7 **In the event that an employee who has been offered shares under this Scheme is transferred or deputed to an outside Agency/Organization prior to allotment of shares, then all the terms of offer shall continue in case of such transferred or deputed employee even after the transfer or deputation.**

1.1.8 **In the event of an employee going on Long Leave/Foreign Tour or absent due to any reason beyond his control such as medical emergency etc. then all the terms of offer shall continue and the employee shall be permitted to accept the shares during the period of offer by providing a duly signed written undertaking on his behalf for the same**.

1.2 **Any other case pertaining to cessation of employment for any reason whatsoever and any/or in the case of any other event, not falling under any of the above specific clauses shall be settled by the Compensation Committee of the Board of the Bank, whose decision shall be final & binding.**

1.**3** **The above cessation cases shall only be applicable if the cessation occurs after the offer has been made and before acceptance of the offer. If in any case the cessation occurs after the acceptance of offer, then the Compensation Committee of the Board of the Bank will allot the shares as per the terms of the scheme and offer made.**

In the event where any Dispute arises between the Employee and the Bank, offer and/or acceptance made to that employee will be put on hold till it is settled by the Compensation Committee of the Board of the Bank.

17. CAPITAL STURUCTURE OF THE BANK AS ON 31.12.2018.

Particulars	Amount (Rupees in Crore)
Authorized Equity Share Capital	5000.00
Issued and Subscribed Equity Share Capital	2972.51
Paid up Equity Share Capital	2972.51

Shareholding Pattern before and after the proposed Issue :

l. No.	Category	Before the ESPS Issue Opening		After the ESPS Issue (proposed)	
		No. of Shares	Percentage Of shareholding (%)	No. of Shares	Percentage Of olding (%)
A	Promoter's (Government of India) Shareholding	261,64,81,940	88.02	261,64,81,940	85.16
B	Non-Promoter Shareholding	35,60,31,785	11.98	45,60,31,785	14.84
	Total	297,25,13,725	100.00	307,25,13,725	100.00

ANNUAL FINANCIAL INFORMATION FOR LAST FIVE YEARS ENDED MARCH, 31 (Audited) : (Rs. in crore)

Parameters	**FY 31.03.2014 Audited**	**FY 31.03.2015 Audited**	**FY 31.03.2016 Audited**	**FY 31.03.2017 Audited**	**FY 31.03.2018 Audited**
For Financial Entities					
Net worth	13918.32	15642.75	14921.76	14735.84	14845.39
Total Business	4,23,390	4,50,539	4,56,336	4,49,679	4,72,323
YoY Growth	5.25%	6.41%	1.29%	(1.46%)	5.04%
Total Deposits	2,40,069	2,55,572	2,66,184	2,96,671	2,94,839
YoY Growth	6.21%	6.46%	4.15%	11.45%	(0.62%)
Total Loans & Advances	1,83,321	1,94,967	1,90,152	1,53,008	1,77,484
YoY Growth	4.02%	6.35%	(2.47%)	(19.53%)	16.00%
Investments	86,384	95,655	89,895	93,792	1,05,295

YoY Growth	18.88%	10.73%	(6.02%)	4.34%	12.26%
CD Ratio	76.36%	76.29	71.44	51.57%	60.20%
Return on Assets	(0.47%)	0.21%	(0.48%)	(0.80%)	(1.61%)
PROFITABLITY					
Gross Income	26,350	28,303	27,825	27,537	26,659
YoY Growth	11.99%	7.41%	(1.69%)	(1.03%)	(3.19%)
Gross Expenses	23,112	24,744	25,183	24,448	23,926
YoY Growth	13.54%	7.06%	1.77%	(2.92%)	(2.14%)
Operating Profit	3,238	3,559	2,642	3,089	2,733
YoY Growth	2.05%	9.91%	(25.77%)	16.92%	(11.52%)

18. STOCK MARKET DATA FOR EQUITY SHARES OF THE BANK :

The Bank's Equity Shares are listed on the BSE and the NSE.

As of the date of this Offer, 297,25,13,725 Equity Shares of the Bank are issued, subscribed and fully paid up.

As the Equity Shares are traded on BSE and NSE, the stock market data has been given separately for each of these stock exchanges. The following tables set forth, for the period indicated, the reported high, low and volume weighted average prices of the Equity Shares on BSE and NSE and the number of Equity Shares traded on the days such high and low prices were recorded, for the Financial Years 2015-16 , 2016-17, 2017-18.

BSE

FY	High	Date of high	Number of Equity Shares traded on date of high	Volume On date of high (Rs in million)	Low (Rs)	Date of low	Number of Equity Shares traded on date of low	Volume On date of low (Rs in million)
2015-16	111.85	20-05-2015	132044	146.84	48.85	17-02-2016	70309	34.47
2016-17	109.05	30-08-2016	797813	868.05	74.15	06-04-2016	16773	12.40
2017-18	120.40	17-05-2017	202692	243.21	63.65	06-03-2018	28075	18.05

Source: www.bseindia.com Average of the daily Volume weighted average prices

NSE

FY	High (Rs)	Date of high	Number of Equity Shares traded on date of high	Volume On date of high (Rs in million)	Low (Rs)	Date of low	Number of Equity Shares traded on date of low	Volume On date of low (Rs in million)
2015-16	112.30	20-05-2015	1824763	2035.44	48.85	17-02-2016	441112	215.84
2016-17	109.05	30-08-2016	5636808	6137.71	74.40	07-04-2016	179783	132.87
2017-18	120.90	17-05-2017	1598762	243.21	63.85	06-03-2018	217353	140.45

Source: www.nseindia.com Average of the daily Volume weighted average prices (Source:www.bseindia.com and www.nseindia.com)

19. DISCLOSURES REQUIREMENTS

A. DETAILS RELATING TO THE SCHEME

On the implementation of the Scheme, the Bank shall conform to such disclosure requirements as may be prescribed by Exchanges/SEBI from time to time including but not limited to–

i. Date of Shareholders' Approval;
ii. Number of Shares issued under the Scheme;
iii. Price at which such Shares are issued;
iv. Lock-in period of such Shares;
v. Employee Group / Scale Wise details of Shares issued under the Scheme;
vi. Consideration received;
vii. Details regarding Diluted Earnings Per Share (EPS) pursuant to the issuance of Shares under the Scheme.

B. WEBSITE DISCLOSURES

The following details inter alia, shall be disclosed on the Bank's website –

i. Relevant disclosures in terms of the 'Guidance Note on Accounting for Employee Share-Based Payments' issued by ICAI or any other relevant accounting standards as prescribed from time to time;
ii. Diluted EPS on issue of shares pursuant to the Scheme shall be disclosed in accordance with 'Accounting Standard 20 - Earnings Per Share' issued by ICAI or any other relevant accounting standards as prescribed from time to time.

C. DISCLOSURE BY THE BOARD OF DIRECTORS

i. The Board of Directors in Directors' Report shall disclose any material change in the Scheme and whether the Scheme is in compliance with the SEBI ESPS Regulations;
ii. Corporate Governance Report of the Bank, as an element of Remuneration to Directors shall include the disclosure with respect to Shares allotted to Directors pursuant to the Scheme;
iii. Directors' Report shall include a web-link to the Website Disclosures made as per point 19(B) above.

D. AUDITOR'S CERTIFICATE

In accordance with the resolution passed by the Shareholders at the Extra-Ordinary General Meeting of the Bank held on February 28,2018 approving the issue of Shares under the Scheme, the Board of Directors shall at next Annual General Meeting place before the Shareholders a Certificate from the Statutory Central Auditors of the Bank that the Scheme(s) has been implemented in accordance with SEBI ESPS Regulations and in accordance with the resolution passed by the Shareholders in the General Meeting.

20. ACCOUNTING POLICIES

In line with the SEBI ESPS Regulations, the Bank shall follow the requirements of the Guidance Note on Accounting for Employee Share-based Payments or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) /Indian Accounting Standard Board from time to time, including the disclosure requirements prescribed therein.

21. MAXIMUM QUANTUM OF BENEFITS TO THE EMPLOYEE

No other benefits shall be provided to an Eligible Employee under the Scheme. The Eligible Employee shall not be entitled to any loan facility specifically for the purchase of Shares of the Bank under the Scheme.

22. NO EMPLOYMENT RIGHTS CONFERRED

Nothing contained herein shall give or confer upon any Eligible Employee the right of continuation of any employment with the Bank or interfere in any way with the right of the Bank to terminate the employment of such Eligible Employee at any time and for any reason whatsoever. Participation in the Scheme shall not afford an Eligible Employee any right to compensation or damages in the consequences of loss or termination of employment for any reason whatsoever.

23. AMENDMENT OR VARIATION OF THE TERMS OF THE SCHEME

The Bank or Compensation Committee of the Board of the Bank shall not without the approval by the Shareholders by a Special Resolution at a General Meeting, vary or amend the terms of the Scheme which may be detrimental to the interest of the Eligible Employees, unless the same is required to comply with any statutory or regulatory guidelines. The Bank shall adhere to the same procedures and formalities for obtaining shareholders' approval to the variation/ amendment as it had at the time of approval to the original Scheme. The said Committee may re-price the Shares not yet allotted if they have become unattractive due to the fall in the price of the shares in the stock market provided that such re-pricing shall not be detrimental to the interest of the Eligible Employees and the approval of the Shareholders in the General Meeting has been obtained in this regard.

Without prejudice to the above, the Compensation Committee of the Board of the Bank may without any reference to or consent of the Eligible Employee concerned, amend the Scheme to comply with any statute, regulation or guideline, which is or may hereinafter, become applicable to this Scheme.

24. FURTHER ISSUE

Nothing contained in the Scheme shall be construed to prevent the Bank, from implementing any other new scheme for granting stock options and/or share purchase rights, which is deemed by the Bank to be appropriate or in the best interests of its employees, whether or not such other action would have any adverse impact on this Scheme. No Employee or other person shall have any claim against the Bank and/or any trust for loss sustained as a result of such action.

25. TAXATION

The liability of paying taxes, if any, in respect of ESPS Shares granted pursuant to the Scheme and the Shares issued thereof shall be in accordance with the provisions of Income Tax Act, 1961 read with rules issued thereunder and/or Income Tax Laws of respective countries as applicable to Eligible Employees of Bank working abroad, if any.

The Bank shall have the absolute right to deduct from the Eligible Employee'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 shall be recovered fully on or before full and final settlement of the Eligible Employee.

26. GOVERNING LAW IN CASE OF DISPUTE

The Scheme shall be construed in accordance with the laws of India. All disputes arising out of or in connection with the Scheme shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act, 1996 including any amendment thereto or re-enactment thereof. The venue of arbitration shall be Bengaluru.

27. TERMINATION OF THE SCHEME

A. The Scheme shall terminate on the date on which all the Shares available for issuance under the Scheme shall have been issued or allotted or cancelled or surrendered under the Scheme;

or

B. The Compensation Committee of the Board of the Bank in its absolute discretion is of the opinion that the Scheme should be terminated on and from a particular date.

By order of the Compensation Committee of the Board.

FOR CENTRAL BANK OF INDIA

General Manager (HRD)
Date : 18.03.2019