

TERMS AND CONDITIONS OF APPOINTMENT OF INDEPENDENT DIRECTORS

The broad terms and conditions of appointment of Independent Directors are reproduced hereunder:

A. TERMS OF APPOINTMENT

The terms of appointment of Independent Director will be governed by the provisions of the Companies Act, 2013 ('Act'), Rules made thereunder, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Banking Regulation Act, 1949, Guidelines issued by the Reserve Bank of India, Memorandum and Articles of Association of Capital Small Finance Bank Limited ('Bank').

The Independent Director will be appointed for such tenure as may be decided by the Board on the recommendation of Nomination and Remuneration Committee and approved by the Shareholders of the Bank and subject to the maximum tenure as prescribed under the and Banking Regulation Act, 1949.

The independent director shall, at the first meeting of the board in which he participates as a director and thereafter at the first meeting of the board in every financial year or whenever there is any change in the circumstances which may affect his status as an independent director, submit a declaration that he meets the criteria of independence as provided in Section 149 (6) of the Companies Act, 2013, Regulation 16 (1) (b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and under any other provision of the Act and Listing Regulations and that he is not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his ability to discharge his duties with an objective independent judgment and without any external influence.

The independent director shall not be liable to retire by rotation.

B. INDUCTION ON BOARD COMMITTEES

Based on the skill/expertise of the independent directors, the Board may induct an Independent Director on various Board level Committees as Member or to chair such Committees. The responsibilities of Independent Director as a member or Chairperson of the committee shall be as per the role, functions and responsibilities of the respective Committees.

C. DISCLOSURES, OTHER DIRECTORSHIPS AND BUSINESS INTERESTS

The Independent Director shall, during the term of his office as Independent Director of the Bank, promptly notify to the Bank of any change in his directorships, memberships or Chairmanships in Committees or any other business Interest in other Companies under the provisions of the Act and Listing Regulations. He shall also provide such other disclosures and information as may be required under the applicable laws.

Independent Director shall, upon becoming aware of any potential conflict of interest with his position as Independent Directors of the Company, promptly disclose the same to the Chairman or the Company Secretary of the Bank.

So long as the Director is serving as an Independent Director of the Bank, he may hold position of Director in other Companies provided the number of companies in which he holds office as a Director shall not exceed the maximum limit stipulated under the Act and Listing Regulations.

So long as the Director is serving as an Independent Director of the Bank he may become a Member or a Chairperson of Committee in the Companies in which he is a Director provided the number of his chairmanships or memberships in Committees in all the Companies where he is Director shall not exceed the maximum limit stipulated under the Act and Listing Regulations.

So long as they are a director in the Bank, they cannot be appointed as a director in any other bank

D. DUTIES AND RESPONSIBILITIES

Independent Director shall abide by the Code of Conduct for members of the Board of Directors and Senior Management of Capital Small Finance Bank Limited.

Independent Director shall abide by the 'Code for Independent Directors' as outlined in section 149(8) of the Act read with Schedule IV to the Act and duties of directors as provided in the Act (including Section 166 of the Act) and Listing Regulations.

As member of the Board, the Independent Director along with other Directors will be collectively responsible for meeting the objectives of the Board which *inter alia* includes

- meeting the requirements under the Companies Act, 2013 and the Rules made thereunder, the Banking Regulation Act, 1949 the Securities and

Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 and other applicable laws;

- Overseeing the maintenance of high standards of Values and ethical conduct of business
- providing guidance in the area of expertise of Independent Director.

Independent Director shall devote such time as is prudent and necessary for the proper performance of his role, duties and responsibilities as Independent Director of the Bank.

Independent Director shall regularly attend the meetings of the Board, Committee in which he is a member and General meetings of shareholders.

Independent Director shall perform all the other duties as may be assigned to him by the Board from time to time.

E. REMUNERATION

1. Their remuneration of an Independent Director will be as under:

- a. Sitting fees for attending the Board meetings, Committee meetings as may be decided by the Board;
- b. Any other fee/Commission as may be decided by the Board subject to the provisions of the Act, Listing Regulations, the Banking Regulations Act, 1949 and as per the Nomination and Remuneration policy of the Bank
- c. Reimbursement of expenses incurred by the Director in connection with attending the Board meetings, Board Committee meetings, general meetings and in relation to the business of the Bank

2. Independent Director shall not be entitled to any stock option.

F. PERFORMANCE EVALUATION

The performance evaluation of independent directors shall be done by the entire Board of Directors, excluding the director being evaluated.

On the basis of the report of performance evaluation, it shall be determined whether to extend or continue the term of appointment of the independent director.

G. CHANGES OF PERSONAL DETAILS

Independent Director shall promptly intimate the Company Secretary and the Registrar of Companies in the prescribed manner, of any change in address or other contact and personal details provided to the Bank.

H. DISENGAGEMENT

The directorship of the Independent Director on the Board of the bank shall cease in accordance with law. The Bank may disengage Independent Director prior to completion of his term subject to compliance of relevant provisions of the Act, Listing Regulations and other applicable law.

Independent Director may also resign from the directorship of the Bank by giving a notice in writing to the Bank stating the reasons for resignation. The resignation shall take effect from the date on which the notice is received by the Bank or the date, if any, specified by them in the notice, whichever is later.

FOR CAPITAL SMALL FINANCE BANK LIMITED

SD/-
AMIT SHARMA
COMPANY SECRETARY & COMPLIANCE OFFICER
Membership No. F10888