



Annex 1 to XacBank Board Resolution R-2025-21
dated 30 April 2025



**CHARTER OF THE NOMINATION COMMITTEE
OF THE BOARD OF DIRECTORS OF XACBANK**

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Approved by	Board of Directors
Prepared by	Board Secretariat
Related legal documents	<ul style="list-style-type: none"> ▪ Company Law ▪ The Corporate Governance Code of the Financial Regulatory Commission ▪ The Corporate Governance Code of XacBank ▪ The Internal Rules of Procedure of the Board of Directors of XacBank
Scope	Board of Directors
Amendment	Board of Directors

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Article I. Committee Purpose

- 1.1. The Nomination Committee (the "Committee") of XacBank JSC (the "Bank") is created by the Board of Directors (the "Board") of the Bank to provide assistance to the Board of Directors in fulfilling its responsibility to the shareholders, the investment community, industry regulators, and governmental agencies that regulate the activities of the Bank by:
 - 1.1.1. Identifying, evaluating and recommending to the Board best qualified candidates for election or appointment to the Board as well as for the position of the Chief Executive Officer (the "CEO");
 - 1.1.2. Overseeing processes for Board composition, diversity, and effectiveness; and
 - 1.1.3. Advise the Board on the Board's and the CEO's succession planning to ensure the long-term success of the organization.

Article II. Committee Organization and Structure

- 2.1. The Committee shall be composed of at least six (6) members of the Board of Directors, 2/3 of whom should be independent, non-executive directors.
- 2.2. The Committee Chair shall be recommended by the Board Chair and elected by the Committee members from the Committee members. The recommendation of the Board Chair is not binding on the committee members.
- 2.3. If the Committee Chair is not present at any meeting, the Committee Chair can nominate a Chair for that meeting. If the Committee Chair has not nominated any member to chair the meeting, members present shall designate one among them to serve as acting Chair for the duration of that meeting.
- 2.4. Committee members should collectively possess diverse skills, experience, and knowledge relevant to the Bank's goals and strategy, including familiarity with corporate governance, talent management, and organizational development. Each member should maintain up-to-date knowledge of relevant regulatory and governance trends.
- 2.5. The Board appoints Committee members for a term it deems appropriate, with possible reappointment. The Board retains the authority to remove or replace any Committee member or the Committee Chair at any time, with or without cause.

Article III. Committee Duties and Responsibilities

- 3.1. The Committee shall undertake the following primary responsibilities, including but not limited to:
 - 3.1.1. developing and periodically reviewing qualifications and evaluation criteria for Board membership, including their skills, knowledge, education, professional experience, and diversity considerations;
 - 3.1.2. identifying and evaluating potential candidates for directorship, taking into account the Bank's needs, applicable legal requirements, and governance best practices. In doing so, the Committee shall assess each candidate's integrity, independence, and potential conflicts of interest, and then, in consultation with the Board and in accordance with the Board Director Selection, Nomination and Succession Policy of the Bank, submit qualified candidates' nominations to the Bank of Mongolia for approval and to the shareholders;

- 3.1.3. registering Shareholder nominee candidates submitted by shareholders who shall strictly comply with Article 66 of the Company Law and Articles 32.1 and 33.3 of the Banking Law, and then forwarding these nominations directly to the Bank of Mongolia for approval and to the Board for inclusion in the shareholders' meeting agenda in strict compliance with Article 66.5 of the Company Law;
 - 3.1.4. overseeing the development of a process for the Board's annual self-assessment and peer review, ensuring individual director performance evaluations are conducted, reporting findings to the Board, and recommending improvements based on the evaluation outcomes to enhance overall Board effectiveness;
 - 3.1.5. periodically assessing the composition of the Board to ensure it aligns with the organization's strategic goals and regulatory requirements, reviewing the Board's collective skill sets, and advising on potential gaps or areas that need strengthening;
 - 3.1.6. reviewing and recommending succession plans for the Board Chair, Committee Chairs, and other key leadership positions on the Board and providing guidance on planned and emergency succession scenarios to promote continuity of leadership;
 - 3.1.7. organizing and overseeing comprehensive training and qualification programs for directors and ensuring the continuous professional development of directors, fostering their ability to make informed decisions and contribute effectively to the Board's deliberations;
 - 3.1.8. developing, periodically reviewing, and updating clear criteria for the selection of the CEO. The criteria shall include, but not be limited to, leadership competencies, banking industry experience, managerial track record, independence from any and all Influential Shareholders of the Bank, cultural fit, strategic thinking capabilities, and ethical standards;
 - 3.1.9. in the event of a planned or unplanned vacancy for the position of the CEO, after reaching an agreement with the Board, screening and evaluating potential CEO candidates (both internal and external) based on the established criteria, including assessing their ability to execute the organization's strategic priorities and manage risks effectively, then recommending to the Board the qualified candidates deemed suitable for the position of CEO; and
 - 3.1.10. drafting the terms of the agreement to be concluded with the CEO, except with respect to compensation matters, which fall under the purview of the Governance and Compensation Committee.
- 3.2. The Committee may have separate policies or procedures for specific aspects of its duties and responsibilities provided that they are approved by the Board and remain consistent with this Charter. These policies shall form an integral part of this Charter, and the Committee shall strictly comply with them. The Committee shall be held accountable to the Board in relation to a breach of this Charter and any such policy or procedure.

Article IV. Meetings and Procedures

- 4.1. Matters pertaining to the meetings and procedures of the Committee shall be governed under the Board Internal Rules of Procedure of the Bank.

- 4.2. The recommendations and resolutions of the Committee shall be adopted at a committee meeting by a super majority (two-thirds) of votes of committee members participating in the meeting.

Article V. Reporting

- 5.1. The Committee Chair (or a designated member) shall regularly report to the Board on the Committee's activities, findings, and recommendations.

Article VI. Miscellaneous

- 6.1. The Committee shall have the authority to retain, oversee, and terminate any external advisors, consultants, or search firms it deems necessary to identify Board or CEO candidates.
- 6.2. This Charter shall be reviewed biennially by the Committee to ensure it remains aligned with regulatory requirements, governance best practices, and the organization's evolving needs. The Committee shall recommend any proposed changes to the Board for approval.

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