



Annex to XacBank Board Resolution B-2024-36
dated 21 August 2024



SUCCESSION PLANNING POLICY FOR THE EXECUTIVE MANAGEMENT

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Additions, changes, revisions of this policy	Board of Directors
Reference Code	

1. PURPOSE AND PRINCIPLES

1.1. The purpose is as follows:

- 1.1.1. A succession plan for the executive team (Chief Level Officers, further referred to as the “**Executives**”) of XacBank JSC (the “**Bank**”) is essential for ensuring the stability and continuity of the institution's key executive management positions.
- 1.1.2. Identifying potential successors for key senior executive management positions ensures that the Bank has a robust leadership pipeline and can smoothly transition through planned or unplanned leadership changes.
- 1.1.3. Succession planning addresses both short-term and long-term needs. The short-term planning prepares for unexpected and expected short-term events, such as an Executive taking a vacation or a business trip, leaving suddenly, or being unable to work due to health reasons.
- 1.1.4. Long-term planning, on the other hand, is about aligning the succession plan with the Bank's future goals and vision. It involves identifying and nurturing the development of future leaders who can drive the Bank forward in the years to come.

1.2. The goals are as follows:

- 1.2.1. To identify, retain, and attract the best talent for senior executive positions.
- 1.2.2. To promote ongoing leadership, management development, coaching, and mentorship for talent within the organization.
- 1.2.3. To minimize business disruption in case of key leadership turnover.
- 1.2.4. To preserve the institutional know-how and knowledge transfer to the successors.

1.3. To achieve the above goals, the principles adopted by the Bank are as follows:

- 1.3.1. The Bank's guiding principle is to help talents develop to the full extent of their potential and, where possible, to help them achieve realistic goals that satisfy individual and organizational requirements.
- 1.3.2. Promotion from within the organization is one of the most important employee motivators. Therefore, the Bank is firmly committed to promotion from within whenever qualified talent is available for key positions.
- 1.3.3. The Bank is fully committed to focusing on diversity and inclusion and ensuring that a wide range of perspectives are considered in leadership roles.

2. GOVERNANCE AND OVERSIGHT

- 2.1. The Governance, Nomination and Compensation Committee (the “**GNCC**”) and the Board of Directors (the “**Board**”) oversee the succession planning process for executive roles.
- 2.2. The Chief Executive Officer (the “**CEO**”) ensures the implementation of the succession planning policy and provides the Board with annual updates on the succession of executive roles.

- 2.3. The Human Resources Management Division facilitates succession planning, including talent assessment, development programs, and documentation.
- 2.4. The Executives identify potential successors within their teams and support their development.

3. SHORT-TERM PLAN: INTERIM OR EMERGENCY SUCCESSION PLAN

- 3.1. The CEO is responsible for ensuring continuous coverage of executive duties critical to the ongoing operations and the organization's sustainability on a day-to-day basis.
- 3.2. The CEO passes a resolution requiring the Executives to substitute for each other during planned holidays, business travels, and unplanned short-term absences. All Executives are part of the Executive Committee, and most are members of the Asset-Liability Committee and the Risk Management Committee to ensure career development and coordination.
- 3.3. The CEO shall document a separate emergency plan with designated internal interim successors for the CEO and other senior managers, as well as for critical roles to ensure immediate continuity.
- 3.4. The CEO shall communicate the emergency plan to relevant stakeholders.

4. LONG-TERM PLAN: SUCCESSION PLANNING PROCESS

- 4.1. **Key Positions.** The CEO shall identify potential succession candidates for the key executive positions (refer to Annex 1), and review and update the list of key or critical positions annually.
- 4.2. **Talent Assessment.** Annual performance reviews and potential assessments shall be conducted to identify individuals who show the potential needed for progression into targeted positions and leadership within the Bank. Talent reviews will include a combination of performance appraisals, potential assessments, competency evaluations, and 360-degree feedback for managerial employees.
- 4.3. **Development Programs.** Development plans shall be created to fill the gaps for potential successors by providing relevant training opportunities, rotational assignments, mentoring, coaching, and development support.
- 4.4. **Monitoring and Review.** Succession plans shall be annually reviewed to track progress and update development plans based on feedback and performance. The succession plan shall be adjusted as necessary to align with organizational changes and goals.

5. STRATEGIC LEADERSHIP DEVELOPMENT PLAN

- 5.1. **Identifying Skill Sets.** Skills required to meet the Bank's strategic short-term and long-term objectives shall be identified. The skills and knowledge we have in-house for each position shall be assessed. Soft skills (problem-solving, teamwork, communication, etc), hard skill sets (technical skills), and knowledge gaps shall be determined.

- 5.2. **Identifying Candidates.** Internal candidates shall be identified and potential external candidates shall be sought if necessary. Each person's future potential: skills, motivation, and ability to grow and adapt, shall be evaluated.
- 5.3. **Development Plan for Grooming Candidates.** Each candidate shall be groomed according to their skill set, desired trajectory, and potential. Performance management is geared toward helping employees reach their potential. The skills set gap shall be closed by self-responsibility, training, mentorship, and cross-departmental rotational assignment.
- 5.4. **New Hires.** The Bank will consider new hires to diversify its skill sets, bring new knowledge, and close the executive team's skills-set gap. The Bank shall ensure the transition of new hires into the organization to build the Bank knowledge. Hiring early at mid-level management is ideal for a smooth transition into an executive position.
- 5.5. **Evaluate and Retain Candidates.** The progress shall be evaluated and development plans for each executive-level position shall be re-calibrated. Retention programs shall be developed and implemented to help ensure key Executives will stay with the Bank, are motivated, and perform at the highest level. A plan shall be developed to minimize the risk of unplanned departures.

6. IMPROVING BENCH STRENGTH PROCESS

- 6.1. As the Bank grows, deep bench strength becomes more critical. Therefore, younger talent with high potential to fill senior and mid-level positions (department and division head level) shall be developed and groomed.
- 6.2. Critical functions and skills required to meet strategic objectives shall be identified along with gaps and levels in the organizations to strengthen the bench.
- 6.3. **Identifying Internal Talent.** Critical functions and skills required to meet strategic objectives shall be identified. Each person's potential, including hard and soft skills, motivation, and ability to grow and adapt shall be evaluated. Employees will be promoted at the Department or Division level.
- 6.4. **Internal Promotions.** The Bank is firmly committed to promotions from within whenever qualified talent is available for key positions.
- 6.5. **Attracting Talent from Outside.** If there is a skill set or personnel gap, and no qualified candidates are available internally, the Bank shall search for potential external candidates (upgrading talent). Each person's potential, including hard and soft skills, motivation, ability to grow and adapt, and cultural fit assessment with the Bank shall be evaluated.

7. RELATED PARTY AND CONFLICT OF INTEREST

- 7.1. Compliance. The succession planning policy must comply with existing internal policies, ensuring that all actions and decisions are thoroughly evaluated to avoid any related party relationships or potential conflicts of interest.

8. REVIEW OF POLICY

- 8.1. The GNCC and the Board will review this Policy as required and every so often to ensure it remains consistent with the Bank's objectives and responsibilities.

[End of document]

ANNEX 1: List of Key Executive Positions

#	TITLES	ABBR	JOB GRADE
1	Chief Executive Officer	CEO	G11
2	Chief Financial Officer	CFO	G10
3	Chief Retail Banking Officer	CRBO	G9
4	Chief Business Banking Officer	CBBO	G9
5	Chief Leasing Officer	CLO	G9
6	Chief Risk Officer	CRO	G8
7	Chief Information Technology Officer	CITO	G8
8	Chief Operations Officer	COO	G8
9	General Counsel/Corporate Secretary	GC/ CS	G8
10	Chief Auditor	CA	G8
11	Chief Business Development Officer	CBDO	G8