

Inecobank CJSC

APPROVED

by Inecobank CJSC
Management Board Meeting
as of March 31, 2010
/Minutes N 07/
Chief Executive Officer

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CODE OF BANKING ETHICS

Document Code		Review 00		
MD62-03-01		Edition 01 as of 31 March, 2010		
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1 Purpose

The purpose of Code of Banking Ethics (the Code) of Inecobank CJSC (hereinafter referred to as the Bank) is to set standards of ethics of the Bank employees which should be followed in the Bank during their work and which are aimed at the enhancement of quality of services rendered in the Bank as well as ensuring effective work performed by the Bank employees.

2 Application area

Standards defined by this Code are applied by all employees of the Bank.

3 List of used materials

- ISO 9000:2000
- ISO 9001:2000
- Quality Manual
- Internal legal acts
- RA legislation

4 Definitions and abbreviations

5 Centers of Responsibility

- 5.1 Human Resources Management Department is responsible for the development of this Code.
- 5.2 The content of this Code is agreed with the Methodology Division.
- 5.3 This Code is approved by the Management Board of the Bank.
- 5.4 The Executive Staff is responsible for distributing this Regulation among its users.
- 5.5 All employees of the Bank are responsible for the fulfillment of requirements set in this Code.
- 5.6 Human Resources Management Department is responsible for making amendments to this Code.
- 5.7 Management of the Bank is responsible for tracking the compliance with the requirements under this Code by the users.

6 Amendments

7 Appendices



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8 Description

8.1 Core values of the Bank

- Result
We ensure high level of performance to ensure excellent result.
- Reliability
We are honest, trustworthy both in our work and out of work.
- Teamwork
We all carry one unified idea and consequently we work jointly to reach that goal.
- Innovation
We constantly improve our services and create more modern service options to meet constantly growing need of our Customers.
- Quality
We strive to have an excellent quality in our work which is the main competitive advantage of the Bank.
- Customer-oriented approach
Our Customers are in the core line of our activity and everything we do is aimed at the disclosure and satisfaction of their needs.
- Availability
We are available for all our Customers irrelevant of the amount of their income. We make any effort for our Customers to feel free in the Bank.

8.2 Conflict of Interests

8.2.1 The Bank employee should avoid such actions and behavior which can generate any kind of conflict of interest. Conflict of interests can be considered the situation when the employee is engaged in such activity or has such interests which can interfere the effective and impartial performance of his/her functional duties.

8.2.2 The employee shall run its private business or other activity in a way not to generate any kind of conflict of interest with the Bank or Customers of the Bank.

8.2.3 In case of existence or suspect of conflict of interests the employee is obliged to inform its direct manager on that.

8.2.4 In order to avoid conflict of interests the employee:

1. should not have any financial interests (directly or indirectly) in the competitor companies of the Bank, with the exception of cases of receiving profit upon using services rendered by other organizations (deposit, investment services, etc),
2. should not participate in resolution of such issues of the Bank or conclude such transactions in the name of the Bank in which it pursues financial interest,
3. should not accept presents of significant value, hospitalities, services from the existing or potential Customers of the Bank with the exception of hospitalities and gifts which have been accepted in accordance with the habits of business circulation (business lunches, souvenirs regarding some holidays, etc.). Upon accepting gifts or hospitalities from the Customers the employee should inform its direct manager on that.
4. the name of the Bank as well as the position of the employee shouldn't be used by him/her for the purpose of getting personal interest,
5. shouldn't participate in the new employee hiring or employee's job assessment processes if the latter is somehow a linked with it party,
6. avoid rendering service of granting loans to a party linked with him/her and direct the Customer to another employee.

8.2.5 The Bank employee should not be engaged in gambling.



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8.3 Maintenance of secret information

8.3.1 Bank employee can deal with an information that is recognized as a secret information by the RA legislation and/or internal legal acts of the Bank. Data on the ex and existing customers, partners and suppliers as well as the whole information circulating and not published within the Bank (for example internal legal acts).

8.3.2 The employee doesn't have the right to provide the secret information in writing or verbally to people which aren't employees of the Bank as well as to the employees of the Bank which do not have the right to receive such information without consent of its direct manager or written consent of the Bank's Customer. The employee shouldn't use the secret information for the purposes not relating to the activity of the Bank.

8.3.3 The employee should ensure the exclusion of information outflow under his/her possession, particularly should keep the information at a possible extent out of sight of the Customers and other employees and not to discuss it in their presence, keep the secret documentation in the locked drawer upon his/her temporary absence from the work place while lock the computer through password application.

8.4 Implementation of out-of-bank activity

8.4.1 Any activity implemented out of the Bank should not damage the image of the Bank and should not make any obstacle for full performance of service duties by the employee.

8.4.2 Before becoming engaged in the out-of-the Bank paid activity the employee should get the permission of the Chief Executive Officer of the Bank while employees of managerial positions (defined by the Article 22 under the RA Law on the "Banks and Banking") can be engaged in other paid work, with the exception of scientific, pedagogical and creative work, by the consent of only Board of the Bank.

8.4.3 Political, religious and other social work performed by the employee should not in any way put under suspicion the independence of the Bank and should not generate impression that the Bank belongs to any of already mentioned orientation. The employee doesn't have the right to implement any of the activities from the above-mentioned fields within the Bank as well as to get donations from organizations operating in those fields.

8.4.4 Employees are prohibited to offer or provide services and goods not defined by the Bank and not referring to the Bank to the employees and the Customers.

8.4.5 Employees are prohibited to provide any official or non-official information on the ex and existing Customers of the Bank to the parties having no relation with the Bank without agreeing with the Chief Executive Officer.

8.5 Utilization of Bank property and resources

8.5.1 The property of the Bank is the whole private and rented physical property, information considered to be the property of the Bank, including information on the Customers, software, etc.

8.5.2 The Bank employee bears physical responsibility for the property used by him/her and is obliged to use it with carefulness. Damaging, destroying or unauthorized take out of any property of the Bank will result in exercising of physical responsibility.

8.5.3 It is prohibited to use the Bank property for the purposes of getting personal interest or criminal action. In case of using Bank property for personal purposes the Bank may demand a refund of occurred extra expenses.

8.5.4 The Bank employee is prohibited from using the office phone (with the exception of urgent issues), computer, printer and other property for personal purposes. Cell phone numbers provided to the employees can be used for personal purposes on condition that the expenses in case of exceeding the limits set by the Bank shall be refunded.

8.5.5 The employee is obliged to maintain the Bank property in a clean and accurate status.



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8.6 Fight against money laundering and other illegal actions

- 8.6.1 The Bank employee is obliged to follow policies implemented by the Bank against terrorism financing and other illegal actions in accordance with the legislation regulating the mentioned field and requirements under the respective internal legal acts of the Bank.
- 8.6.2 If the employee has any suspect on the Customer or its action, he/she is obliged to ask for more detailed information from the Customer which will help to prevent money laundering and other illegal action. If the employee cannot be determined regarding the legacy of the transaction than he/she should apply to his/her direct manager or Financial Observations Division of the Bank.

8.7 Illegal, fraudulent or unfair action barrier

- 8.7.1 The employee should fulfill the duties under the employment contract fairly, diligently, bear responsibility for the results and consequences of his/her job. The actions of the employee should not in any way contradict the RA legislation and internal legal acts of the Bank.
- 8.7.2 Upon execution of any fraudulent, unfair or illegal action by the employee adequate sanctions defined by the RA legislation or internal legal acts of the Bank shall be imposed on him/her.
- 8.7.3 Upon suspect of executing fraudulent or unfair action by the employee a committee exercising service investigation can be called by the Management of the Bank based on the conclusion of which a decision is made on exercising penalties defined by the internal legal acts of the Bank against the employee suspected in execution of fraudulent or unfair action even until the proceeding is passed to the legislative or judicial bodies.

8.8 Relations with competitors

- 8.8.1 The Bank has adopted a policy of fair and transparent competition in relations with its competitors.
- 8.8.2 Bank employees should show a conduct corresponding to the business circulation rules in relations with the competitors.
- 8.8.3 Bank employees shouldn't come up with such expressions or show such conduct which include negative judgments about business reputation, quality of services or professionalism of employees of competitor companies of the Bank.
- 8.8.4 Misunderstandings with competitors is preferable to solve through negotiations or compromise.

8.9 Relations with partners (suppliers and customers)

- 8.9.1 The Bank keeps up with principles of honesty, impartiality, mutual respect, transparency and mutual benefit in relations with its partners giving importance to the high level of quality of rendered services and satisfaction of partners.
- 8.9.2 The employee should be followed by the following principles while communicating with the partners of the Bank:
- Courtesy and politeness contribute to the generation and distribution of positive corporate image of the Bank. The Bank employee should be polite, respectful, patient, careful and attentive in relations with the partners.
 - The most important element of communication is the ability to conduct conversation: the words like "Thank you" and "Please" create positive emotional atmosphere in relations.
 - Expressions like "I don't know", "I'm not responsible for it", "You are mistaken" are not advised to use as such answers can inevitably bring to the loss of trust against the Bank.
 - If the employee is not aware of the answer to the question by the Customer, he/she should find out the answer to that question from the authorized party or resting assured that he/she has clearly understood the question, direct the Customer to the corresponding employee. In case of being aware of the answer to the question, even if the question is out of his/her responsibility, the employee should answer the question of the Customer.
 - In conflict situations the employee should apologize to the interlocutor and get advice from his/her direct manager.
 - Any employee rendering customer service should be able to understand the need/demands of the Customer and suggest the best solution to them.



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- The employee should do the verification in the authenticity of information provided by the Customer in a way not to arise impression of existence of distrust against the Customer.
- In case of rejecting to render any Bank service the employee should submit grounded reasons to the Customer for rejection.
- The Bank employee should not discuss personal issues in his/her workplace in the presence of strangers /customers, partners, other people/.
- You should talk to the Partners using the courteous way of addressing, network in a business style and not to use “friendly” way of conduct.

8.9.3 Any employee of the Bank irrelevant of his/her position, should direct and accompany the “lost” Customer referring with this expression: “Good day, how may I help you?”.

8.9.4 In case of conflict of interests between the Bank and the partners, misunderstandings should be settled through negotiations in the atmosphere of mutual understanding. In cases when the employee is not authorized to make decisions alone on the solution of the problem, than the latter should inform his/her manager on that issue and try to solve it with the help of his/her manager.

8.9.5 The Bank employees should make the best effort towards giving quick response/solution to all complaints, claims and inquiries submitted by the partners of the Bank.

8.10 *Interrelations amongst the Bank employees*

8.10.1 Interrelations amongst the Bank employees should be based on the idea of “general purpose” of the Bank that is the joint accomplishment of the mission of the Bank.

8.10.2 To accomplish the mission of the Bank and to effectively implement the policies adopted by the Bank the employee should act within the scope of the following principles:

- Not to tell: “it’s impossible”, but to tell “how”;
- Not to tell: “it’s not my concern”;
- Be open for new ideas;
- Help others;
- Represent not only the problems but also suggestions;
- Assume responsibility for the settlement of problems;
- Focus on the result and cooperate with other employees to achieve that;
- Accept, correct mistakes and learn on them;
- Constantly improve and perfect the work performance.

8.10.3 The main principles of interrelations amongst employees at work are mutual respect, attention towards each other and mutual help. Greeting, smile and polite attitude towards each other should be the base of working style of the Bank employees.

8.10.4 It is prohibited to use offensive or disregarding expression, threat or mockery while communicating.

8.10.5 The employee should show honest and equal approach towards other employees respecting their rights and not putting any discrimination among them irrespective of their nationality, race, religion, position, etc.

8.10.6 The Bank employee has not the right to use its position to force any other employee to act not within the scope of his/her job responsibilities.

8.10.7 Upon occurrence of conflict situations among employees they should try to solve the problem with the help of direct manager or a manager with higher position or apply to the HRM Department.

8.10.8 The employee should return any belonging or document lost within the territory of the Bank to its owner or if the owner is not known to the Administration Department of the Bank which ensures the return of found belonging or document through internal means of information communication.



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8.10.9 Each employee should inform the management on any internal or external possible threat for the Bank including suspects of fraud, disclosed information on the Customers or competitors, etc.

8.10.10 It is prohibited for the Bank employee to:

- exert physical power against the Bank partners and employees,
- appear at workplace being under the influence of alcohol, drugs or toxic substances,
- engage in any kind of harassment against other employees at workplace,
- carry weapons, with the exception of those employees who carry weapons because of necessity arising from the duties set in their employment agreement,
- take out the property, materials, documents, etc. belonging to the Bank without due permission.

Telephone conversations

8.10.11 While answering the phone the employee should represent himself/herself. If the call is internal the employee should indicate the name of the unit and his/her name. If the call is external the employee should indicate also the name of the Bank.

8.10.12 Telephone calls should be answered politely and respectfully, in case of not having the answer to the given question it is necessary to transfer the call to the respective person informing beforehand the Customer on that. If the required person is not in place, the data on the caller should be asked/recorded and later ask the corresponding employee to call him/her back.

8.10.13 The telephone calls should be answered before the forth “ring/tone/” even if the calling number belongs to the employee working in the same office but who is out of office at that moment.

8.10.14 Usage of personal telephones is not encouraged during working hours. The telephone talks would better be planned to have during lunch time.

8.10.15 The ring tone of the personal phone should be set at low sound during working hours.

8.10.16 The ring tone of the telephone should be switched off at meetings, sessions, conferences.

Correspondence

8.10.17 All internal and external correspondence of the Bank should be made in business style without misspellings and shall not contain any unnecessary ideas not referring to the solution of the problem brought in the letter.

8.10.18 Every letter should contain information about sender according to the format defined by the Bank.

8.10.19 All letters sent in the name of the Bank should be written in compliance with the rules defined in the guide on Corporate Style of the Bank.

8.10.20 Official letters should be printed on the official letterhead of the Bank and be signed by the authorized parties.

8.10.21 The employees shouldn't use their personal e-mails to exchange any information regarding their work.

8.11 Maintenance of Business Environment

8.11.1 The Bank employee should take measures towards elimination of any reasons or circumstances interfering due performance of his/her duties.

8.11.2 The Bank employee is obliged to comply in different situations with the code of ethics defined by the effective RA legislation and internal legal acts of the Bank (security, appearance, etc.).

8.11.3 The employee is obliged to inform its direct manager on any situation which, according to him/her, can cause danger for the life or health. The manager cannot demand from the employee to control the work unless such danger is eliminated.

8.11.4 The employee is obliged to keep its work place clean, tidy, accurate and free from unnecessary things, materials containing trade and banking secret should be kept in the drawers and locked. Possessions which do not refer to the work of the employee should not be in the work place of the employee. Documents, office supplies and other office materials should be accurately arranged. If the employee is in direct contact with the Customers than any document received from the latter



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should be drafted and kept immediately. The existence of the document belonging to the previous Customer is impermissible before starting the work with the new Customer.

8.11.5 It is prohibited to eat at work place with the exception of use of drinks which should not be visible for the Bank partners, Customers and third parties. The use of food in the territory of the Bank is only allowed at lunch time in special places designed for it or in case if such places do not exist in the offices where customer service is not rendered. The doors of the mentioned offices should be closed, food debris should be removed and offices should be aired.

8.11.6 Smoking is prohibited in the offices. Special areas for smoking with ash-trays are separated in the territory of the Bank.

8.12 Responsibility of the employee

8.12.1 The employee is obliged to duly perform its job responsibilities complying with the requirements under the internal legal acts defined by the Bank and understanding its responsibility for the Bank, Bank’s Customers and partners.

8.12.2 The Bank ensures all the necessary working tools, adequate environment as well as salary corresponding to the specialization and qualifications of the employee for the latter to duly perform its job responsibilities.

8.12.3 The employees bear responsibility in case of violation of rules under this Code. Each manager also bears responsibility for complying with the rules under this Code by the employees under his/her direct supervision.