




CODE OF CONDUCT

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1. INTRODUCTION

1.1 Purpose of the Code of Conduct

This Code of Conduct is meant to guide each of us - employees, officers, and directors - in meeting our responsibilities to the Bank and its customers, and in making ethical business decisions. No code or policy can spell out the laws and rules of appropriate conduct and ethical behavior for every situation. This Code is intended to provide each of us with guiding principles on how to apply our own common sense, good judgment and conscience and to assist us in our work for the Bank. It does not replace the policies and procedures of the Bank. You will notice that the Code often refers you to an electronic link to the Bank's "Employee Information Center," <http://idbbankapps/hrinfocenter>, which will provide you with more information about the relevant subject and may include additional requirements with which you must comply.

Consultants, agents and temporary workers are expected to comply with the Code. Specific arrangements with such persons will vary depending on their relationship to the Bank.


This Code of Conduct applies to, and the term "the Bank" as used throughout the Code refers to, Discount Bancorp and all of its direct and indirect subsidiaries, including, without limitation, Israel Discount Bank of New York.

If you have any questions, ask before you act by speaking with your manager or by calling the Office of the General Counsel, the Chief Compliance Officer, or the Human Resources Department.

1.2 The Cornerstones of Our Code of Conduct

We take great pride in earning the trust of our customers and the business community in which we work. We continue to strive to foster the trust and confidence of our customers and each of us bears the responsibility of safeguarding this trust and confidence by adhering to high professional standards and key principles of conduct.

The Bank's Code of Conduct is intended to prevent violations of law and corporate policy, and rests on four primary cornerstones:

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- I. Honesty and Candor in Our Conduct – Banking is a business based on mutual trust, and we demand absolute honesty in all of the Bank’s affairs. The Bank’s success in the marketplace depends to a large extent on the confidence and trust of its customers. Every employee, officer and director must conduct business in a way that fully justifies the continued goodwill and trust of our customers.

- II. Integrity in Our Work with Customers, Each Other and the Public – We strive to exemplify the highest standards of personal and professional ethics in all aspects of our business.


- III. The Avoidance of Conflicts of Interest or Even the Appearance of a Conflict Each employee, officer and director must avoid engaging in any outside business or other activity that might create a conflict of interest, create a perception of impropriety, or jeopardize the Bank’s integrity or reputation.

- IV. Compliance with Laws and Regulations – The Bank actively promotes compliance with the laws, rules and regulations that govern our Bank’s business. Obeying both the letter and the spirit of the law is one of the foundations of the Bank’s ethical standards.

1.3 Current Version of the Code

The current edition of the Code of Conduct is posted on the Employee Information Center site. The Bank may change and update the Code as necessary, and all amendments are effective immediately upon posting. The Code may also be supplemented from time to time by separate communications regarding specific regulatory developments or other matters. If you are uncertain whether there has been a change or supplement to the Code on a matter of interest to you, visit the Bank’s Employee Information Center, <http://idbbankapps/hrinfocenter> or call the Office of the General Counsel.

This Code of Conduct does not create any rights to continued employment and is not an employment contract. Adherence to the Code, however, is a condition of continued employment.

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1.4 Obligation to Report Violations

If you discover events of a questionable, fraudulent or illegal nature that are, or that you believe in good faith may be, in violation of law, the guidelines set forth in this Code, or other Bank policy, you should report the matter immediately to your manager or the Office of the General Counsel at 212-551-8902. In addition, you may call the Bank's hotline at 212-551-8679. To the extent permitted by law, you may choose to remain anonymous in reporting any violation of this Code to the Office of the General Counsel or by calling the hotline. Any supervisor or manager who receives a report of a violation of this Code must immediately inform the Office of the General Counsel.

All reports of alleged violations of this Code will be promptly and thoroughly investigated, as appropriate, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take remedial action, in accordance with applicable law. All persons subject to this Code have a duty to cooperate truthfully and fully in the investigation of any alleged violation of the Code. In addition, an employee may be subject to disciplinary action, which may include termination of his or her employment, if the employee fails to cooperate or deliberately provides false or misleading information during an investigation. If it is determined that a violation of the Code has occurred, we will take prompt remedial action commensurate with the severity of the offense.

Our employees, officers, directors, and consultants must be able to express concerns relating to corporate accountability and compliance. No discrimination or retaliation will be tolerated against any person who, in good faith, reports such concerns. Anyone who retaliates against an individual under such circumstances will be subject to disciplinary action, up to and including termination of employment.

We maintain a workplace where employees who reasonably believe that they are aware of questionable accounting, internal accounting controls or auditing matters or the reporting of fraudulent financial information to the government or the financial markets may raise these concerns free of any harassment, discrimination or retaliation. If the matter of concern involves accounting, internal accounting controls or auditing, you should also consult the Bank's Whistleblower Policy, which may be read on the Bank's Employee Information Center site. This policy provides guidance on how to raise concerns and on the procedures the Bank will use to investigate such matters.

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2. CONFLICTS OF INTEREST

The Bank’s employees, officers and directors must avoid engaging in any outside business or other activity that might create a conflict of interest, create a perception of impropriety, or jeopardize the company’s integrity or reputation. A conflict of interest occurs when a personal interest interferes – or even appears to interfere - with the interests of the Bank. Each of us must avoid activities, interests or associations that might interfere, or even appear to interfere, with the independent exercise of good judgment in the conduct of his or her duties or with the best interests of our Bank, our customers and our shareholders.


As a Bank employee, officer or director, you are expected to make decisions concerning Bank business based upon the best interests of the Bank. This means you cannot consider whether the decisions you make will provide an additional benefit (or detriment) to you or an immediate relative (or close business associate). It also means that you may not use information or a business opportunity obtained in conducting the Bank’s business to gain a financial advantage or benefit for yourself or an immediate relative (or close business associate).

Employees, officers and directors may not exploit for their own personal gain opportunities or benefits that are discovered thorough the use of Bank property, information or position unless the opportunity is disclosed fully in writing to the Bank’s Board of Directors and the Board of Directors declines to pursue such opportunity.

It is impossible to foresee every potential conflict that could arise. Therefore, it is important for you to be sensitive to potential conflicts, bring them to the attention of management, the Office of the General Counsel or the Board of Directors, and to avoid them wherever possible.

2.1 Outside Business; Outside Employment

Any outside employment or business activities must not conflict with, or appear to conflict with, or otherwise interfere with, an employee’s ability to perform his or her work at the Bank. Employees may not perform work or services for, or have any independent business relationships with, any individual or organization who supplies to, purchases from, or competes with the Bank, or with any prospective customers or

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suppliers to the Bank, unless specifically approved in advance, in writing, by the Office of the General Counsel.

In general, employees may not work for, or serve as a director or officer of, or an advisor to, a competitor of the Bank. Competitors include any business the Bank is involved in, such as asset management, depository institutions, lenders, securities broker dealers.

Employees must seek approval in advance, in writing, from the Office of the General Counsel to serve in a government position, including as an elected official and as a member, employee, officer or director of a governmental agency, authority, advisory board, or other board (a public school or library board, for example).

2.2 Personal Relationships


We, as employees, officers and directors, may not act on behalf of the Bank in any transaction or business relationship involving ourselves, members of our family, or other persons or organizations with which we or our family have any significant personal connection or financial interest. These matters should be handled by an authorized unrelated employee.

2.3 Employment of Relatives and Certain Other Persons

It is the general policy of the Bank that relatives of employees, officers and directors may not be hired. There may be some exceptions with senior management approval where job positions and responsibilities of the individuals do not create potential internal conflicts. For purposes of this policy, a relative includes spouse, children, stepchildren, parents, siblings, grandparents, aunts, uncles, cousins, grandchildren, in-laws by marriage (parent-in-law, sister- or brother-in-law, son- or daughter-in-law, stepparents and their children) common-law marriage partners, and domestic partners, regardless of gender.

2.4 Corporate Opportunities

The Bank's employees, officers and directors are obligated to advance the Bank's legitimate interests to the best of their abilities whenever the opportunity arises. No one may take for themselves opportunities that the Bank could legitimately be expected to be interested in, irrespective of whether such person learns of the opportunity through the

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use of the Bank’s property, information, or position. In addition, the Bank’s property, information or position must not be used for personal gain.

2.5 Exchanging Gifts, Gratuities and Other Payments Related to Bank Business

A gift is anything of value, including cash, gift certificates, favors, services and promises to do something in the future, that you – or anyone in your family or household or with whom you have a close personal relationship, or anyone acting at your direction – either give or receive.


Accepting Gifts

The Bank is subject to the Federal Bank Bribery Law and other federal and state laws enacted to prevent impropriety in conducting business. No employee, officer, director or agent of the Bank shall, in order to obtain or retain business or for any other purpose, make any bribe, payoff or kickback payment, or give any gift, gratuity, or any form of entertainment, favor, or concession in banking activity of more than nominal value. We may not accept, directly or indirectly, any fees, gifts, frequent or excessive entertainment or any similar form of consideration intended to gain preferential treatment or terms by those doing business with or seeking to do business with the Bank, such as customers, correspondent banks or others that supply goods and services to the Bank.

If a gift or gratuity such as those described is offered or received, promptly notify your manager or the Office of the General Counsel so that it may be handled appropriately.

Exceptions to the general prohibition of accepting something of value in connection with bank business may occur when acceptance is based on a family or personal relationship existing independently of any Bank business; if the benefit (for example, meal, refreshment, entertainment) is to foster better business relations and is a reasonable business expense that would be paid by the Bank if not paid by another party; or if the gift is of reasonable value and is related to commonly recognized events or occasions, such as a promotion, wedding, retirement, birthday or holiday.

If you receive a gift that exceeds \$100 you must notify your manager to determine if the gift should be returned with an explanation that Bank standards do not permit you to

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accept such gifts. When returning the gift is not feasible, such as with perishable items, it should be anonymously donated to charity or accepted on behalf of the Bank and shared among all employees in the office.

If you are in doubt as to whether it is appropriate to accept a gift, ask your manager, the Human Resources Department, or the Office of the General Counsel.

Giving Gifts

Local laws or industry-specific regulations often limit or prohibit the giving of gifts by the Bank to an employee of a current or prospective customer or supplier. For example, broker-dealers and asset managers are generally subject to regulatory restrictions on providing gifts.


Employees may not give gifts of any value to government officials without specific approval of the Office of General Counsel.

Business related gifts not prohibited by law should be reasonable and customary in the context of the relationship with the recipient of the gift, appropriate for the occasion, and in conformity with all other Bank policies.

2.6 Political Contributions

The Bank's funds or assets may not be used for, or be contributed to, political campaigns or political parties under any circumstance without the prior written approval from the Office of the General Counsel. Of course, you remain free to make personal contributions of time or money to political candidates but you may not do so in a manner that interferes with your Bank duties or infers the Bank's endorsement of your actions. You may not use any Bank staff, facilities, equipment, or supplies.

When contemplating political contributions overseas, take great care to understand the Foreign Corrupt Practices Act and consult with the Office of the General Counsel or the Chief Compliance Officer.

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2.7 Solicitations at Work

While the Bank encourages its employees to become involved with charitable organizations, bank premises are reserved for transacting Bank business. You may be able to engage in charitable activities that do not conflict with your Bank responsibilities during working hours with the prior approval of your manager. No solicitation or distribution of literature is permitted during working hours.


Solicitation is not permitted in any area of the Bank that is a regularly frequented customer area such as the Bank floor or vault room when the areas are open to customers. Sale of merchandise is not permitted on Bank premises at any time.

3. PROTECTED INFORMATION

3.1 Confidential Information

The Bank's confidential information is a valuable asset that everyone must protect. We are all responsible for the safeguarding of confidential information, whether it is information regarding Bank business and activities, information entrusted to the Bank by our customers, or information about fellow employees.

“Confidential Information” means all Bank proprietary information such as: (i) customer information, including identifying information; (ii) information concerning the Bank's business, including without limitation accounting and unpublished financial data and information and business plans and strategies; (iii) information about Bank employees, including personal or medical histories, compensation or other terms of employment, actual or proposed promotions, hirings, resignations, disciplinary actions, terminations or reasons thereof, or other employee information; (iv) information received from third parties such as the Bank's suppliers, employees, consultants, or co-venturers; (v) technical data, trade secrets, know-how and any idea in whatever form, tangible or intangible, including without limitation, research, product plans, customer lists, markets, and computer software and programs; and (vi) any other information not generally known to the public which, if misused or disclosed, could reasonably be expected to adversely affect the Bank's business, whether or not marked as “Confidential.”

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You may not, even after you cease working for the Bank, use or disclose any confidential information.

3.2 Customer Information Privacy


Bank policy requires the protection of customer information in whatever form, i.e., electronic, paper, microfilm or other media. The privacy of customer information is to be protected in accordance with laws such as the Right to Financial Privacy Act and the Gramm-Leach-Bliley Act. Under these laws, every employee has a duty to protect the confidential nature of customers' financial and other records. In order to fulfill this obligation employees should:

- Familiarize themselves with the Bank's Privacy Policy, which Policy may be found on the Employee Information Center site;
- Authenticate individuals before discussing client matters;
- Provide access to customer information on a need-to-know basis;
- Use customer information solely for legitimate business purposes and consistent with the Bank's policies;
- Secure customer information as it is collected, used, stored, shared, transferred and discarded; and
- Report any breach or compromise of customer information to the Privacy Officer, the Office of the General Counsel, or Corporate Security.

3.3 Media, Publishing and Public Appearances

Employees may not provide nonpublic information to persons outside of the Bank, including the media, unless authorized to do so. In all cases, employees must refer media inquiries to Corporate Communications. Only designated Bank spoke-persons may provide comments to the media.

Before publishing articles, making speeches or giving interviews relating to the Bank's business, employees must receive approval from their managers or the Office of the General Counsel.

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3.4 Inside Information

Buying or selling securities while in possession of material, non-public information is prohibited, as is the communication of that information to others. Any employee, officer or director who obtains inside information about the Bank, our competitors, customers or vendors is prohibited from using that information directly or tipping (sharing with) any other person in anticipation of a securities transaction.

Information is “material” if it could have an impact on the market price of a security or if it is likely that a reasonable investor would consider the information important in deciding whether to buy, sell, or hold a security.

Information is “non-public” if it has not been publicly disclosed or otherwise widely disseminated in the financial community.


If you are uncertain if information is material, non-public information, contact the Office of the General Counsel immediately.

3.5 Trading in Securities of Clients and Suppliers

You should not invest in any securities of a customer with whom you have or recently had significant dealings or responsibility on behalf of the Bank if your investment could be perceived as based on confidential information. It is possible that your business department imposes broader restrictions. Be familiar with them.

You may not invest in the securities of any customer or vendor if you have information about that customer or vendor or are directly involved in negotiating a material contract with them.

If you own securities in a company with whom the Bank is dealing and you are involved in the deal/transaction, you must disclose your ownership to your manager and obtain approval from the Office of the General Counsel before selling those securities.

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4. OTHER BUSINESS CONDUCT

4.1 Fair Business Practices

All of us must deal fairly and in good faith with the Bank's customers, vendors, competitors and fellow employees. No one may take advantage of anyone through unethical or illegal measures, such as manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other unfair practices. It is the Bank's policy to compete for business only on the basis of the quality and price of the services to be offered and the overall benefits to customers. At no time shall employees or officers enter into any payment or other arrangement that violates this principle, lowers the ethical standards promoted by the Bank, effects the Bank's reputation, or results in violations of laws and regulations, including, but not limited to, anti-competitive arrangements and pricing.


While the Bank may, and does, employ former employees of competitors, we recognize and respect the obligations of those employees not to use or disclose the confidential information of their former employers. You may not use or disclose confidential or proprietary information that you may have gotten from past employment.

4.2 Anti-Money Laundering

The Bank complies fully with federal, state and the laws of other countries that prohibit money laundering and seek to prevent the financing of terrorist activity, such as the USA PATRIOT Act of 2001 and other laws. In addition to severe criminal penalties, violations of anti-money laundering laws will result in disciplinary action, including possible termination. Employees should immediately report any suspicious activity to their manager and to the Chief Compliance Officer. The Bank's full Bank Secrecy Act and Anti-Money Laundering Program can be found on the Employee Information Center site.

4.3 Avoiding Improper and Corrupt Payments

Federal and other laws in the United States and the laws of many countries prohibit giving, offering, or promising, directly or indirectly, anything of value corruptly to influence any government official, including any officer of a political party or a candidate

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for a political office, for the purpose of obtaining or retaining business or to secure an improper advantage (such as favorable regulatory or judicial action). Offering or paying such remuneration to any such person, either directly or through any intermediaries such as agents, attorneys or other consultants, is strictly prohibited. In addition, no employee may accept any such payments in connection with any business decision or transaction, even if such payments are customary in the particular country involved.

If an employee suspects or is concerned that any activity he or she is involved in may violate these laws, or if an employee becomes aware of any such activity by another employee, officer, or director, he or she should immediately contact the Office of General Counsel.

4.4 Making False Statements or False Entries


There are laws and regulations that prohibit and make it a crime for any person to make false statements or false entries in documents submitted to governmental entities. Therefore, it is the Bank’s policy not to engage in any false statements or practices in violation of any law. Every employee, officer or director who discovers or hears of such offenses is to immediately use the employee hotline or otherwise advise the Office of General Counsel who will take the necessary action.

4.5 Tying of Products

“Tying” arrangements, under which the availability or price of one product is conditioned on the customer’s purchase of another product, are illegal under some circumstances. The Bank’s Anti-Tying Restrictions may be read on the Bank’s Employee Information Center site, <http://idbbankapps/hrinfocenter>. If you have any questions about “tying” arrangements, contact the Office of General Counsel.

4.6 Bank Funds and Property

Our Employees are responsible for using Bank resources and property (including time, materials, equipment and proprietary information) primarily for Company business purposes and not for their personal benefit.

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Every Bank employee is personally responsible for all Bank funds over which he or she exercises control. Bank funds must be used only for Bank business purposes and every expenditure, including expense reports, must be supported by accurate and timely records.

The Bank strives to furnish employees with the equipment necessary to do their jobs efficiently and effectively. You must care for that equipment and use it responsibly for the Bank's business purposes. Incidental use of the equipment for personal uses should be kept to a minimum and cannot interfere with the Bank's business.


Employees should not have any expectation of privacy with respect to information transmitted over, received by, or stored in any electronic communications device owned, leased, or operated in whole or in part by or on behalf of the Bank. To the extent permitted by law, the Bank retains the right to access any such information at any time, either with or without an employee's or third party's knowledge, consent or approval.

4.7 Document Retention

Employees must fully comply with the Bank's document retention policies. It is a criminal offense to destroy documents that are the subject of a subpoena or other legal process. In addition, special document retention requirements have been imposed on the Bank as a result of the Cease & Desist Orders. You are expected to be familiar with the Bank's document retention policies, which you may read on the Bank's Employee Information Center site, <http://idbankapps/hrinfocenter>. If you have any questions about the retention of a document, you should consult your manager or the Office of General Counsel.

4.8 Compliance with Internal Controls

The Bank maintains and enforces a strong system of internal controls to safeguard the information and assets of the Bank, customers and shareholders. These controls are designed to ensure that business transactions are properly authorized and carried out and that all reporting is truthful and accurate. These administrative and accounting controls are the responsibility of each group at the Bank.

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All business transactions require authorization at an appropriate management level. Any employee who is responsible for the acquisition or disposition of assets for the Bank, or who is authorized to incur liabilities on the Bank's behalf, must act prudently in exercising this authority and must be careful not to exceed his or her authority.

Transactions must be properly reflected on the Bank's books and records. Although an employee may not have direct responsibility for authorizing or executing a transaction, he or she may be involved because of the reporting of information such as reporting travel or entertainment expenses or recording work hours on timecards. It is fundamentally important that all reporting be done honestly and accurately and that employees cooperate fully with both internal and independent audits. If an employee learns that another employee has violated this policy, it is incumbent upon that person to report the case immediately to his or manager.

4.9 Compliance with Law


The Bank actively promotes compliance with the laws, rules and regulations that govern the Bank's business. Obeying both the letter and spirit of the law is one of the foundations of our Bank's ethical standards.

Employees must obey the laws of all the states and countries in which the Bank operates. While no employee is expected to be an expert on every detail of all the laws that govern the Bank's business in every jurisdiction, you are expected to understand the laws and regulations applicable to your duties well enough to know when to seek advice from your manager or the Office of General Counsel.

The Bank will report any suspicious violations of law and regulations governing our business to appropriate regulatory and governmental authorities and take disciplinary action, including termination of employment, where warranted.

4.10 Cooperation with Investigations and Law Enforcement

Doing business in a regulated environment, the Bank is committed to cooperating with appropriate governmental inquiries and investigations. All governmental or regulatory requests for information, documents or investigative interviews must be communicated and/or directed immediately to the Office of the General Counsel, as appropriate.

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All employees must cooperate with such investigations, including internal Bank investigations. Failure to cooperate may result in disciplinary action, including possible termination of employment.

Bank employees are encouraged to notify their managers or the Office of the General Counsel of any inquiries or requests or demands for information from external investigators. No employee will be penalized for lawfully providing information to any regulatory or law enforcement agency, or to any Bank manager or counsel conducting an investigation of an alleged violation of federal or state laws, rules or regulations so long as you provide full and truthful information.


In those instances where Bank documents are requested, you are reminded of the obligation to preserve such material but also that such material is Bank property and as such, you should obtain permission to provide such material from the Office of the General Counsel.

5. WORK ENVIRONMENT

The Bank respects workplace laws in each jurisdiction in which the Bank does business. These laws may include, but are not limited to, equal employment opportunity statutes, the Americans with Disabilities Act, drug-free workplace mandates, and rules and regulations promoting a work environment that is free of discrimination and unlawful harassment. Any alleged violation of these laws or the Bank’s employment guidelines should be reported to the Office of the General Counsel or the Human Resources Department.

5.1 Fair and Equitable Treatment of Employees

The Bank treats employees equally, regardless of race, color, national origin, creed, religion, age, gender, marital status, sexual orientation, disability or other protected classification. We make all employment decisions such as hiring and promotion based solely on the employee’s qualifications and performance. We treat each other with the same respect and fairness that we expect to receive. This includes all forms of communication – verbal, symbolic and written. The Bank has formal and informal processes for employees to bring forth complaints regarding workplace conditions. Those

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processes do not include mean-spirited gossip or speaking badly of those with whom we work.

5.2 Diversity

The Bank is committed to providing an inclusive and nondiscriminatory working environment in which all employees are valued and given the tools to succeed. We can only achieve a high level of employee involvement and teamwork by understanding and respecting the differences among our employees. We embrace diversity at all levels of the Bank and will maintain a work environment where all employees develop and contribute to their full potential in achieving our business goals. Each of us is responsible for ensuring implementation of this policy and maintaining a business environment free of harassment and intimidation.

Similarly, you may not unlawfully discriminate in dealings with current or prospective customers and suppliers.

5.3 Harassment


The Bank does not tolerate any form of harassment whether directed at a fellow employee, a customer, or a vendor. We do not accept any inappropriate verbal or physical conduct that disrupts or interferes with another's ability to do his or her job, or that creates a hostile work environment. This includes inappropriate language, pictures, communications (whether written, electronic or telephonic) or any other personal interaction.

6. Compliance with the Code

6.1 Responsibility for Compliance

Every employee, officer and director is responsible for compliance with this Code of Conduct and all other Bank policy and procedures.

Only the Bank's Board of Directors may waive any provision of this Code for an officer or director of the Bank. The Bank will promptly disclose any waiver to the Bank's stockholders or to the public to the extent required by applicable law.

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Members of management assume a special obligation for knowing and effectively communicating to employees reporting to them the importance of complying with this Code.

This Code will be distributed to each new employee of the Bank upon commencement of employment. Managers are expected to maintain an open-door policy in responding to questions regarding this Code.

6.2 Certification

Each employee is required to certify his or her understanding of and compliance with the terms of this Code of Conduct by signing a Certification and returning it to the Human Resources Department in a timely manner. Be sure that you have taken the time to read and understand the Code before signing and returning the Certification. If, in good faith, you believe you cannot sign the Certification, you must advise your manager or the Office of the General Counsel of your reasons for not signing.



EMPLOYEE, OFFICER & DIRECTOR STATEMENT

I have read, understand and acknowledge the principles and standards of conduct contained in the Code of Conduct. I will adhere to and comply with such principles and standards. I am presently unaware of any violation of this Code that I have not reported as required.

I understand that such statement and agreement does not constitute or give rise to any contract of employment.

Please sign here: _____ Date: _____

Please print your name: _____

You must return this signed and completed form to the Human Resources Department.