

Code Of Ethics And Whistleblower Policy

FOR TRUSTEES, OFFICERS AND EMPLOYEES

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CODE OF ETHICS FOR TRUSTEES, OFFICERS AND EMPLOYEES

I. Introduction

This Code of Ethics reaffirms the basic policies of ethical conduct expected of Trustees, officers and employees of Ulster Savings Bank, and any and all of its subsidiaries (collectively, the “Bank”).

II. Honesty and Candor in all our Activities

A. Banking is a Business Based on Mutual Trust

It is the policy of the Bank that all Trustees, officers and employees will conduct their affairs with the highest standards of trustworthiness, honesty and integrity. The foundation of our business is trust and public confidence. As bankers, we bear special responsibilities for high standards in our personal and professional behavior.

Basic to this policy is the requirement that all Trustees, officers and employees shall comply with:

1. the spirit and letter of all laws and regulations which relate to the Bank’s activities;
2. all internal policy directives and regulations; and
3. all internal and external investigations in order to resolve allegations of wrongdoing.

B. Full, Fair, Accurate and Timely Public Disclosures

Trustees shall oversee the integrity of the accounting and financial reporting systems of the Bank, including independent audits and systems of internal control and the engagement of external auditors. Trustees shall oversee the process and adequacy of reports, disclosures and communications. The Bank’s disclosures should be full, fair, accurate, timely and understandable. No trustee shall knowingly conceal or falsify information, misrepresent material facts or omit material facts to mislead the Bank’s regulators, investors or independent public auditors.

C. The Maintenance of Personal Integrity Requires Constant and Continuous Personal Attention

Trustees, officers and employees shall not offer, solicit, or accept personal fees, commissions, or other forms of remuneration in connection with their duties as Trustees, officers and employees of the Bank. Trustees, officers and employees shall not offer, solicit, or accept gifts, gratuities, or other benefits of significant value to or from customers (or potential customers) or suppliers.

Trustees, officers and employees must avoid any conflict between personal interests and the interests of the Bank. Trustees, officers and employees shall disclose transactions involving their families, customers, or suppliers of the Bank to avoid any conflict of interest or any appearance of impropriety. Trustees, officers and employees shall not make any express or implied commitments with respect to the Bank without prior authorization in accordance with appropriate procedures. All commitments should be clearly and promptly expressed to the customer in writing.

Any outside business activities shall be disclosed annually on the attached Disclosure Statement. If there are none to report, Trustees, officers and employees are to indicate “none”. Trustees, officers and employees shall comply at all times with the accounting policies established by the Bank. All corporate records shall accurately reflect the relevant transactions. Any errors or discrepancies shall be corrected immediately. All financial statements shall conform to generally accepted accounting principles.

D. The Bank Places Personal Honesty and Integrity at the Pinnacle of Our Value System

Trustees, officers and employees who have knowledge of any illegal or possibly unethical conduct affecting the Bank are expected to immediately report the same as hereinafter provided. Complete candor of our Trustees, officers and employees with the Board of Trustees, our Bank counsel, internal or external auditors or regulators is essential. Any factual concealment, regardless of reasons, will be considered a violation of this Code of Ethics.

III. Fairness in all our Dealings

A. All Our Activities must be Based on Fairness and Mutual Respect

Officers and employees are to maintain high standards in employment practices. The letter and spirit of all State and Federal employment statutes and regulations shall be observed.

Officers and employees shall treat each other with respect, consideration, and understanding. Job-related problems shall be discussed openly; any differences shall be resolved promptly. No harassment shall be tolerated.

Customers, potential customers, and the communities we serve shall be treated with equal respect. This requires courteous service, ethical business conduct, and proper recognition of all applicable laws and customs.

B. Fair Competition is Both a Legal and Ethical Mandate

Trustees, officers and employees shall not hold discussions, nor enter into arrangements with competitors regarding competitive policies. Frequently, however, banking involves cooperation and the use of consortia. In these cases,

discussions must be limited to the specific transaction involved. If any Trustee, officer or employee has doubts about the propriety of any such discussions, the matter should be referred to the Bank's counsel.

IV. Avoidance of Conflicts of Interest

A. Every Conceivable Conflict of Interest

Bankers gain confidential knowledge of the financial affairs of their customers and other parties. It is imperative that we maintain the trust of our customers and the public by avoiding every conceivable conflict between personal interests and the interests of the Bank. Likewise, in order to maintain and safeguard this trust, it is equally necessary to avoid even the appearance of a conflicted interest. Thus (unless consent is obtained), Trustees, officers and employees shall not act on behalf of the Bank in conducting any transactions involving customers with whom they or their families have significant financial or other connections.

Trustees, officers and employees must also be careful to avoid excessive speculation or risk in their personal financial activities. Banking is a prudent business and Trustees, officers and employees should be careful to avoid overextension in their personal as well as business dealings.

B. Breach of Confidence shall be Avoided

Trustees, officers and employees shall scrupulously avoid the use of confidential or "inside" information in personal transactions.

Trustees:

1. Trustees should avoid any conflicts of interest between themselves and the Bank. A conflict of interest arises when a person's private interest interferes in any way – or even appears to interfere – with the interests of the Bank as a whole. A conflict can arise when a trustee takes actions or has interests that make it difficult to perform his or her work objectively and effectively for the Bank. Conflicts of interest also arise when a trustee, or a member of his or her family, receives improper personal benefits as a result of his or her status as a trustee of the Bank. "Family" shall include a person's spouse, parents, children, siblings, mothers-in-law and fathers-in-law, sisters-in-law and brothers-in-law, cousins, nephews, nieces (including in-laws) and ancestors and descendants and their spouses. Any situation that involves, or appears to involve, a conflict of interest must be reported to the Chair of the Board, who in turn shall report the issue to the Board of Trustees. In the event that the Chair of the Board is the subject of an investigation, the Vice Chair of the Board shall serve in his/her stead with respect to such investigation. For example, a trustee must disclose his or her financial interest as well as non-financial interest, or the financial or non-financial interest of any member of his or her family, or any of his or her business associates in any transaction being considered by the Board. In addition, trustees must disclose information regarding their interests in organizations doing business with the

Bank. Trustees must also disclose their status with any organization that benefits from a relationship with the Bank such as vendors, contractors, or as a recipient of charitable gifts. Trustees must disclose intra-Board relationships that may pose a conflict such as professional or business relationship.

The term “financial interest” shall mean an economic interest including an interest as an owner, partner, stockholder or holder of debt. The term “non-financial interest” shall mean any direct association.

The term “business associate” shall mean any entity or individual with whom the trustee has a business relationship (outside of Ulster Savings Bank), including but not limited to (i) any Bank or organization (other than Ulster Savings Bank) of which such trustee is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities (a “10 percent beneficial owner”), (ii) any other partner, officer or 10 percent beneficial owner of any such Bank or organization and (iii) any trust or other estate in which such trustee has a substantial beneficial interest or as to which such trustee serves as a trustee or in a similar fiduciary capacity.

2. It is imperative that all trustees exercise good faith by disclosing information relating to conflicts or potential conflicts of interest. Trustees must recuse themselves from discussing and voting on any issue before the Board that could result in a conflict, self-dealing or other circumstance wherein their position as trustees would be detrimental to the Bank or result in a noncompetitive, favored or unfair advantage to either themselves, the organization with direct financial / non-financial interest, the organization they are affiliated with, or their associates.

In the event of a conflict, the Trustee(s) in question shall define the nature of the conflict, answer any questions if asked, and be excused from the meeting prior to any and all discussion and action. At the completion of the discussion and any action, the Trustee will be asked to rejoin the meeting. The results may then be shared if the non-interested Trustees determine that is appropriate. The conflicted Trustee shall not engage or comment. The minutes of the meeting shall note the Trustee(s) who were excused and that they rejoined the meeting upon the completion of the matter. Any disputes pertaining to procedures shall be resolved by the Chair of the meeting if possible and by a majority vote if there is not unanimous support of the Chair’s decision.

3. Trustees must not engage in any conduct or activity that is inconsistent with the Bank’s best interests or that disrupts or impairs the Bank’s relationship with any person or entity with which the Bank has or proposes to enter into a business or contractual relationship.

4. A trustee, or any member of his or her family, should not offer, solicit or accept gifts in those instances where the gift is being made in order to influence

the trustee's actions as a Bank Board member, or where the offer, solicitation or acceptance of such gift gives the appearance of a conflict of interest.

5. Trustees should not accept compensation for services performed for the Bank from any source other than the Bank.

C. Confidential Information Must Always be Properly Safeguarded

Confidential information regarding customers, employees, or others shall be safely maintained and safeguarded. Such information shall not be discussed internally or externally except when required by law or in the normal and direct conduct of the Bank's business. Use of confidential customer information must be restricted to that which is absolutely necessary in the proper and legitimate conduct of the Bank's business.

D. Every Effort Must be Expended in Order to Protect the Privacy of Customers

Trustees, officers and employees must always be conscious that random or innocent remarks concerning the Bank's customers may be misinterpreted and can otherwise violate the integrity of the Bank's relationships. It is noted that there is a growing requirement of public disclosure concerning the business of banks.

In any case, the following may not be disclosed:

1. Bank examination reports or other reports filed or prepared for the Bank's regulators;
2. the Bank's or customers' proprietary information such as, but not limited, to planned mergers and acquisitions, investments, earnings, cash flow, identity of customers, business plans, marketing strategies, or business opportunities;
3. computer-based data, codes or passwords; and
4. material inside information which might influence an investment decision. In this regard, there are laws prohibiting the improper use of insider information. The term "insider" is very broad and may cover not only Trustees, officers and employees, but also their family and friends. Therefore, any information not generally available to the public must be treated with the utmost confidence and must never be used by Trustees, officers and employees in connection with the purchase or sale of securities.

E. Responsible and Successful Banking Requires Involvement with Many Organizations

The Bank values the outside involvement of its Trustees, officers and

employees in profit and non-profit organizations. However, conflicts of interest must be avoided in these involvements.

Trustees, officers and employees must secure approval of the Board of Trustees prior to serving as officers or Trustees of any outside for-profit enterprises. The Bank may require adequate prior written assurances that their involvement will not create a conflict of interest. Under Federal and State law, it is prohibited under some circumstances for Trustees and officers to serve in similar positions with nonaffiliated depository institutions. Guidance on management interlock restrictions should be sought from Bank counsel.

Service with non-profit and charitable organizations is encouraged. There are cases, however, where conflicts of interest or breaches of customer confidentiality could result from such service. Should any such difficulty arise, the general counsel's office should be consulted.

V. Integrity in the Use of Corporate Resources

A. All Corporate Resources Must be Treated as Valuable Assets

In banking, perhaps more than any other field, it is vital that we treat all of our resources, including our corporate names, as valuable assets. Trustees, officers and employees shall in no instance use these assets in any way that is or could be interpreted as imprudent, improper, or for personal benefit. The use of data processing resources and the information contained therein shall be scrupulously maintained and controlled.

Contributions of money, goods, or services by the Bank in support of a candidate for office or political parties of candidates are illegal.

As to individual political involvement, the Bank encourages its Trustees, officers and employees to participate in political activity on their own time. Such participation is entirely voluntary, and no Trustee, officer or employee shall be reimbursed or compensated for these involvements.

The Bank regularly engages the services of brokers, suppliers, dealers, appraisers, consultants, and advisors. These services must be chosen on the basis of their quality and cost effectiveness alone. No fees or commissions shall be payable to such individuals except for business purposes.

B. The Bank Competes for Business Solely on the Basis of Quality and Price

Trustees, officers and employees shall never enter into any arrangement nor make any payment, which violates the above principle, lowers the Bank's ethical standards, or could conceivably bring disrepute to the Bank. Gifts, payments of money, bribes, kickbacks, and lavish entertainment intended to buy business or influence are strictly prohibited.

Even though a certain practice may not be unlawful as judged by the morals of the marketplace, Trustees, officers and employees shall strive to maintain the highest ethical standards in all business dealings of the Bank.

C. Loan and Investment Decisions Must be Made in a Responsible and Prudent Manner

Loan applications will be approved or denied based solely on objective criteria which criteria shall be documented in the loan file. Full disclosure of all information relating to a proposed loan shall be made by the employees handling the application. Likewise, the Bank's investment decisions shall be based solely on objective criteria and shall not be influenced by conflicted interests. Trustees are not eligible to borrow from the Bank.

D. Bequests, Legacies, and Fiduciary Appointments

Customers sometimes seek to express appreciation to Trustees, officers or employees through legacies or appointments under their wills. Unless the bequest and/or appointment are based upon a relationship outside the Bank, such bequest or arrangement should be declined.

VI. Banking Industry Privacy Principles

The following are the Bank's Privacy Principles. You are expected to comply with this policy.

The banking industry has a responsibility to safeguard customer's private financial information, and we at the Bank are committed to upholding that responsibility.

We will always value the trust of our customers and the importance of keeping their personal financial information confidential.

We will use the information responsibly in order to provide our customers with significant benefits, including fraud prevention, improved products and services and to comply with laws and regulations.

We will not reveal any private financial information to third parties for their own independent use unless instructed by our customer, or unless it is to help complete a customer's transaction, or as permitted or required by law.

We will establish procedures to maintain accurate information and respond in a timely manner to our customer's requests to change or correct information.

We will require the companies we do business with to abide by our privacy policy to maintain the confidentiality of our customer's information.

We hold our Trustees, officers and employees to the highest standard of conduct

in ensuring the confidentiality of customer information.

We will use a combination of safeguards to protect our customers against the criminal use of their information and to prevent unauthorized access to it.

VII. Disclosure Statement and Compliance

Management should ensure information in the Bank's Code of Ethics policy is relayed to the officers, employees and Board of Trustees through periodic training. Training provides staff and Board members with necessary resources to enhance their understanding and address questions. Upon election to the Board of Trustees and annually thereafter, all Trustees shall complete a Disclosure Statement. Upon employment and annually thereafter, all officers and employees shall complete a Disclosure Statement. This statement will require Trustees, officers and employees to acknowledge that they have read this Code of Ethics, they have not violated its provisions, nor are they aware of any violations. Any conduct which may be in violation of this Code of Ethics must be fully disclosed.

Should a situation arise where any Trustee, officer or employee is aware of irregularities or non-compliance with the provisions of this Code of Ethics on the part of any other Trustee, officer or employee, confidential disclosure of such must be reported as hereinafter provided. Retaliation will not be tolerated against any Trustee, officer or employee who discloses information in good faith.

Violations of this Code of Ethics may constitute grounds for disciplinary action up to and including termination of service as a Trustee, officer or employee.

VIII. Whistleblower Policy

The Bank has established whistleblower procedures under the authority and supervision of the Audit Committee of the Board of Trustees for:

- A. The receipt, retention and treatment of complaints received by the Bank regarding questionable accounting, internal accounting controls or audit matters, and
- B. The confidential, anonymous submission by employees of the Bank of concerns regarding questionable accounting, internal accounting controls, or auditing matters.

The procedures provide a means for employees to communicate upstream, and anonymously if so desired, other than through their direct supervisor. It is the policy of the Board of Trustees that no one imposes retribution on employees that report improprieties.

All accounting, internal auditing or audit matter complaints should be directed to the Chair of the Audit Committee of the Board of Trustees who may be directly contacted through the contact information provided in the directory of the Bank's employees, to the

Bank's Whistleblower Reporting telephone line at **845-481-0410**, and/or to the following mailing address: **192 Schwenk Drive, Kingston, New York 12401**. This contact information is for the exclusive use of the Chair of the Audit Committee. In the event the Chair of the Audit Committee is unavailable, the Audit Committee would designate an alternative contact. All matters raised will be forwarded to the Bank's Audit Committee for review and for appropriate action. The Audit Committee shall investigate each matter and will report on its findings to the reporting person, if so identified.

The Audit Committee shall maintain records of all reports of the aforesaid improprieties and record their findings, recommendations and actions.

IX. Reporting of Violations of Code of Ethics

Trustees should promote ethical behavior and take steps to ensure the Bank: (1) encourages employees to talk to supervisors, managers and other appropriate personnel when in doubt about the best course of action in a particular situation; (2) encourages employees to report violations of laws, rules, regulations or the Bank's Code of Conduct for Employees to the appropriate personnel; and (3) informs employees that the Bank will not allow retaliation for reports made in good faith.

All Trustees, officers and employees of the Bank are required to report irregularities or non-compliance with the provisions of this Code of Ethics. These can include embezzlement or fraudulent activity. Such reports from officers and employees of the Bank shall be directed to any of the following:

1. Ethics Officer
2. President & CEO
3. VP/Human Resources
4. Reporting employee's Manager
5. Chair of the Audit Committee of the Board of Trustees (see contact information in Section VIII above)
6. Chair of the Board of Trustees
7. Vice Chair of the Board of Trustees

Such reports may be directed to the aforementioned persons through their contact information provided in the Bank's directory of employees or to the Bank's Ethics Reporting telephone line at **844-420-0044**, **Spanish speaking at 800-216-1288**. **You may also submit by e mail to reports@lighthouse-services.com (Please include the Bank's name with your report), or you may fax to (215) 689-3885**. You may also submit a report at www.lighthouse-services.com/ulstersavings or by mail to the following mailing address: **192 Schwenk Drive, Kingston, New York, 12401**. The Ethics Reporting telephone line, e mail, website, fax and address are intended to provide a method for anonymously reporting these matters.

All reports concerning a Trustee or Trustees of Ulster Savings Bank shall be referred to the Board of Trustees for review and determination.

Accordingly, this Code is intended to serve as a source of guiding principles for trustees. The Chair of the Board of Trustees is charged with the implementation and administration of this Code. In the event that the Chair of the Board is the subject of an investigation, the Vice Chair of the Board shall serve in his/her stead with respect to such investigation. Trustees shall bring questions about particular circumstances that may implicate one or more of the provisions of this Code to the attention of either of said officers who shall investigate same and report the results of such investigation to the Board of Trustees for its resolution of the matter.

X. Protection Against Retaliation

Anyone making a protected disclosure or filing a complaint concerning a violation or suspected violation of this policy must be acting in good faith and have reasonable grounds for believing the information disclosed indicated a violation of the policy.

Anyone who knowingly, or with reckless disregard for the truth gives false information or knowingly makes a false report of wrongful conduct or a subsequent false report of retaliation, will be subject to disciplinary action up to and including termination. Allegations that are not substantiated yet are made in good faith are not subject to disciplinary action.

No individual who makes a protected disclosure will suffer harassment, retaliation, or adverse employment consequences. Any person who retaliates against any individual who makes a protected disclosure is subject to discipline up to and including termination. This anti-retaliation policy is intended to encourage and enable employees and others to raise and resolve serious concerns within the Bank.

Protected disclosures may be made on a confidential basis by an individual to a designated official. Protected disclosures and investigatory records will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation and with the need to resolve the matter.

A designated official receiving a protected disclosure will notify the disclosing individual and acknowledge receipt of the reported violation or suspected violation within 10 working days for most issues and within 24 hours for alleged criminal or environmental violation. All reports will be promptly investigated within 45 calendar days and appropriate corrective action will be taken if warranted by the investigation.

XI. Amendments

The Code may only be amended by two-third majority vote of the Board.

XII. Periodic Review of Code

The Board will review the adequacy of the Code annually for consistency with practices appropriate to the Bank and will make revisions to the Code as appropriate.