

CENTRAL BANCORP, INC.
CODE OF ETHICS
FOR
DIRECTORS, OFFICERS AND EMPLOYEES

GENERAL PHILOSOPHY

The honesty, integrity and sound judgment of our directors, officers and employees is essential to Central Bancorp's reputation and success.

This Code of Ethics governs the actions and working relationships of directors, officers and employees of Central Bancorp, Inc. and its subsidiaries (collectively, "Central Bancorp") with current and potential customers, consumers, fellow employees, competitors, government and self-regulatory organizations, the media, and anyone else with whom Central Bancorp has contact. These relationships are essential to the continued success of Central Bancorp as a financial services provider.

This Code of Ethics:

- Requires the highest standards for honest and ethical conduct, including proper and ethical procedures for dealing with actual or apparent conflicts of interest between personal and professional relationships.
- Requires full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by Central Bancorp with governmental and regulatory agencies.
- Requires compliance with applicable laws, rules and regulations.
- Addresses potential or apparent conflicts of interest and provides guidance for directors, officers and employees to communicate those conflicts to Central Bancorp.
- Addresses misuse or misapplication of Central Bancorp property and corporate opportunities.
- Requires the highest level of confidentiality and fair dealing within and outside the Central Bancorp environment.
- Requires reporting of any illegal behavior.

IDENTIFICATION OF SENIOR EXECUTIVE AND FINANCIAL OFFICERS

Certain provisions of this Code of Ethics apply to senior executive and financial officers but not to other employees. For purposes of this Code of Ethics, Central Bancorp's senior executive and financial officers shall consist of all officers with the title of Senior Vice President or higher, as well as Central Bank's Vice President and Controller. Except where otherwise specifically stated herein, this Code of Ethics applies to all directors, officers and employees.

CONFLICTS OF INTEREST

A "conflict of interest" occurs when your private interest interferes or appears to interfere in any way with the interests of Central Bancorp. Any position or interest, financial or otherwise, which could materially conflict with your performance as a director, officer or employee of Central Bancorp, or which affects or could reasonably be expected to affect your independence or judgment concerning transactions between Central Bancorp, its customers, suppliers or competitors or otherwise reflects negatively on Central Bancorp, would be considered a conflict of interest. You are expected to avoid all situations that might lead to a real or apparent material conflict between your self-interest and your duties and responsibilities as a director, officer or employee of Central Bancorp. If a material conflict of interest cannot be avoided, an officer or employee must disclose the conflict to his or her immediate supervisor and abstain from advocating or making any decision on behalf of Central Bancorp with respect to the matter in which he or she has an interest. In the case of directors, whenever a director has an interest in any matter before the Board no matter how small, he or she should fully disclose the material facts of this interest at the start of discussion. Depending on the nature of the interest, the director may need to leave the Boardroom for the duration of the discussion so as not to hinder free and open debate. In all events, an interested director shall abstain from voting on any matter in which he or she has an interest.

CONFIDENTIALITY

Nonpublic information regarding Central Bancorp or its businesses, employees, customers and suppliers is confidential. As a Central Bancorp senior executive or financial officer, you are trusted with confidential information. You are only to use such confidential information for the business purpose intended. You are not to share confidential information with anyone outside of Central Bancorp, including family and friends, or with other employees who do not need the information to carry out their duties. All directors, officers and employees remain under an obligation to keep all information confidential even if your employment with Central Bancorp ends.

The following is a non-exclusive list of confidential information:

- (i) Trade secrets, which include any business or technical information, such as formula, program, method, technique, compilation or information that is valuable because it is not generally known.
- (ii) All rights to any invention or process developed by an employee using Central Bancorp facilities or trade secret information, from any work for Central Bancorp, or relating to Central Bancorp's business, is considered to be "work-for-hire" under the United States copyright laws and shall belong to Central Bancorp.
- (iii) Proprietary information such as customer lists and customers' confidential information.

Public and media communications involving Central Bancorp must be made only by Central Bancorp's Chief Executive Officer or his designee.

CORPORATE OPPORTUNITIES

Using confidential information about Central Bancorp or its businesses, directors, officers, employees, customers, consumers or suppliers for personal benefit or disclosing such information to others outside your normal duties is prohibited.

Title 18 U.S. Code, Section 215, makes it a criminal offense for any Central Bancorp employee to corruptly:

- (i) solicit for himself or herself or for a third party anything of value from anyone in return for any business, service or confidential information of Central Bancorp; or
- (ii) accept anything of value (other than normal authorized compensation) from anyone in connection with the business of Central Bancorp, either before or after a transaction is discussed or consummated.

Directors, officers and employees are prohibited from:

- (i) Personally benefiting from opportunities that are discovered through the use of Central Bancorp property, contacts, information or position.
- (ii) Accepting employment or engaging in a business (including consulting or similar arrangements) that may conflict with the performance of your duties or Central Bancorp's interest.
- (iii) Soliciting, demanding, accepting or agreeing to accept anything of value from any person in conjunction with the performance of your employment or duties at Central Bancorp.

- (iv) Acting on behalf of Central Bancorp in any transaction in which you or your immediate family has a significant direct or indirect financial or other interest.

There are certain situations in which you may accept a personal benefit from someone with whom you transact business such as:

- (i) Gifts of a reasonable value based on a family or personal relationship where that relationship is the obvious motivating factor for the gift.
- (ii) Accepting a gift of a reasonable value in recognition of a commonly recognized event or occasion (such as a promotion, new job, wedding, retirement or holiday). An award in recognition of service and accomplishment may also be accepted without violating these guidelines so long as the gift is of reasonable value.
- (iii) Accepting something of value if the benefit is available to the general public under the same conditions on which it is available to you.
- (iv) Accepting meals, refreshments, travel arrangements and accommodations and entertainment of reasonable value in the course of a meeting or other occasion to conduct business or foster business relations.
- (v) Advertising or promotional material with an insignificant value.
- (vi) Awards for recognition of service or accomplishment from civic, charitable, educational, or religious organizations.

Any Central Bancorp employee who is in receipt of a gift that is outside the boundaries stated above, must report the gift to the Treasurer of Central Bancorp. The employee must furthermore turn over the gift to the care of the Treasurer of Central Bancorp. Employees may contact the Treasurer or the Director of Human Resources to report in advance and obtain approval/disapproval of questionable or borderline gifts or offer of gifts.

INSIDER TRADING

It is both unethical and illegal to buy, sell, trade or otherwise participate in transactions involving Central Bancorp common stock or other security while in possession of material information concerning Central Bancorp that has not been released to the general public, but which when released may have an impact on the market price of the Central Bancorp common stock or other equity security. It is also unethical and illegal to buy, sell, trade or otherwise participate in transactions involving the common stock or other security of any other company while in possession of similar non-public material information concerning such company. Directors, officers and employees are

advised that they are required to comply with the Central Bancorp, Inc. Insider Trading Policy. Directors, senior executive and financial officers and certain employees with access to sensitive information (those employees with such access have been notified by the Chief Financial Officer) are advised that they are required to comply with the Central Bancorp, Inc. Special Trading Procedures for Directors, Officers and Certain Employees with Access to Sensitive Information. Any questions concerning the propriety of participating in a Central Bancorp or other company stock or other security transaction should be directed to the Chief Financial Officer at (617) 629-4229. Copies of the Insider Trading Policy and the Special Trading Procedures are available to those subject to the policies from Central Bancorp's Chief Financial Officer.

EXTENSIONS OF CREDIT

Central Bancorp's subsidiary bank may extend credit to any officer, director, or principal shareholder or employee of Central Bancorp only in compliance with Massachusetts and federal law and regulations and Central Bank's Loan Policy. A copy of the Loan Policy is available from Central Bancorp's Chief Financial Officer.

OUTSIDE BUSINESS RELATIONSHIPS

Directors and senior executive and financial officers should disclose all new directorships or potential directorships to the Chairman of the Audit Committee of the Board of Directors in order to avoid any conflicts of interest. Senior executive and financial officers of Central Bancorp are prohibited from holding outside employment. Other employees should notify their supervisors of outside directorships or employment to ensure it does not create a conflict of interest.

Central Bancorp encourages civic, charitable, educational and political activities as long as they do not interfere with the performance of your duties at Central Bancorp.

FAIR DEALING

Each director, officer and employee should undertake to deal fairly with Central Bancorp's customers, suppliers, competitors and employees. Additionally, no one should take advantage of another through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practices.

Senior executive and financial officers and other employees must disclose prior to or at their time of hire the existence of any employment agreement, non-compete or non-solicitation agreement, confidentiality agreement or similar agreement with a former employer that would in any way restrict or prohibit the performance of any duties or responsibilities of their positions with Central Bancorp. Copies of such agreements should be provided to the Senior Vice President of Human Resources to permit evaluation of the agreement in light of the employee's position. In no event shall an employee use any trade secrets, proprietary information or other similar property, acquired in the course of his or her employment with another employer, in the performance of his or her duties for or on behalf of Central Bancorp.

Directors, officers and employees should not directly or indirectly accept bequests under a will or trust if such bequests have been made to them because of their employment or service with Central Bancorp.

PROTECTION AND PROPER USE OF CENTRAL BANCORP PROPERTY

All directors, officers and employees should protect Central Bancorp's property and assets and ensure their efficient and proper use. Theft, carelessness and waste can directly impact Central Bancorp's profitability, reputation and success. Permitting Central Bancorp property (including data transmitted or stored electronically and computer resources) to be damaged, lost, or used in an unauthorized manner is strictly prohibited. Directors, officers and employees may not use corporate, bank or other official stationery for personal purposes.

COMPLIANCE WITH LAWS, RULES AND REGULATIONS

This Code of Ethics is based on Central Bancorp's policy that all directors, officers and employees comply with the law. While the law prescribes a minimum standard of conduct, this Code of Ethics requires conduct that often exceeds the legal standard.

PREPARATION OF PERIODIC REPORTS FILED WITH GOVERNMENTAL AND REGULATORY AGENCIES

Particular care is required in the preparation of Central Bancorp's filings ("Securities Reports") with the Securities and Exchange Commission ("SEC") pursuant to the Securities Act of 1933, as amended and the Securities Exchange Act of 1934, as amended and the rules and regulations of the SEC thereunder (collectively, the "Securities Laws"), as well as Central Bancorp's filings and communications (collectively, "Regulatory Reports") with federal and Massachusetts bank regulatory authorities. It is essential that Central Bancorp's Securities Reports contain full, fair, accurate, timely and understandable disclosure and otherwise comply with the letter and spirit of the Securities Laws for the protection of Central Bancorp and its stockholders and to engender public confidence in the information provided by Central Bancorp in its Securities Reports. Similarly, it is essential that Central Bancorp's Regulatory Reports contain full, fair, accurate, timely and understandable disclosure and otherwise comply with the letter and spirit of applicable federal and state banking laws and regulations ("Banking Laws"). Accordingly, the directors, senior executive and financial officers and other officers and employees involved in the preparation of Securities Reports and Regulatory Reports must use their best efforts to ensure that Central Bancorp's Securities Reports and Regulatory Reports and other public communications made by Central Bancorp contain full, fair, accurate, timely and understandable disclosure and that Central Bancorp at all times complies in all material respects with the letter and spirit of the Securities Laws and the Banking Laws.

REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOR AND VIOLATIONS OF THIS CODE OF ETHICS

All directors, officers and employees are expected to demonstrate the ability to properly manage their personal finances, particularly the prudent use of credit. Central Bancorp recognizes that its customers must have faith and confidence in the honesty and character of its senior executive and financial officers. In addition to the importance of maintaining customer confidence, there are specific laws that outline the actions Central Bancorp must take regarding any known, or suspected, crime involving the affairs of Central Bancorp. With regard to financial affairs, Central Bancorp employees must make a criminal referral in the case of any known, or suspected, theft, embezzlement, check/debit card fraud, kiting, misapplication or other defalcation involving Central Bancorp funds or Central Bancorp personnel in accordance with Central Bancorp's Bank Secrecy Act Policy.

Fraud is an element of business that can significantly affect the reputation and success of Central Bancorp. You must report known or suspected criminal activity involving Central Bancorp or its employees, violations of laws, rules, regulations or this Code of Ethics to the Senior Vice President of Human Resources or to the Chief Financial Officer. If you are unable to report the activity or violation to the Senior Vice

President of Human Resources or the Chief Financial Officer, then you may report the activity or violation to the Chairman of the Audit Committee. In addition, directors, officers and employees are directed to Central Bancorp's Complaint Procedures for Accounting, Internal Accounting Controls and Auditing Matters (the "Accounting Complaint Procedures") for procedures for the submission of good faith complaints or concerns regarding accounting, internal accounting controls or auditing matters.

Reporting the activity will not subject you to discipline absent a knowingly false report, and no supervisor or officer may discharge, demote, suspend, threaten, harass or discriminate in any manner against an employee who is seeking in good faith to lawfully report any violation of this Code of Ethics. Any concerns specifically regarding questionable accounting or auditing matters may be submitted in a confidential, anonymous manner in accordance with Accounting Complaint procedures established by the Audit Committee.

ADMINISTRATION AND WAIVER OF CODE OF ETHICS

This Code of Ethics shall be administered and monitored by the Central Bancorp Senior Vice President of Human Resources. Any questions and further information on this Code of Ethics should be directed to this individual.

It is also the responsibility of the Senior Vice President of Human Resources to obtain a signed certificate that each director, officer and employee has read and understands the guidelines and will comply with them.

Directors, officers and employees of Central Bancorp are expected to follow this Code of Ethics at all times. Generally, there should be no waivers to this Code of Ethics. However, in rare circumstances conflicts may arise that necessitate waivers. Waivers will be determined on a case-by-case basis by the Audit Committee of the Board of Directors. The Audit Committee of the Board of Directors shall have the sole and absolute discretionary authority to approve any deviation or waiver from this Code of Ethics. Any waiver and the grounds for such waiver by directors, officers or employees shall be promptly disclosed to stockholders in a Current Report on Form 8-K.

Known or suspected violations of this Code of Ethics will be investigated and may result in disciplinary action up to and including immediate termination of employment in the case of employees.

Central Bancorp will provide to any person without charge, upon request, a copy of this Code of Ethics. Such request should be made, in writing, to: Corporate Secretary, Central Bancorp, Inc., 399 Highland Avenue, Somerville, MA 02144.